

Tryp Palma, Mallorca



Paramount Hotel, New York



GM Cancun, Mexico

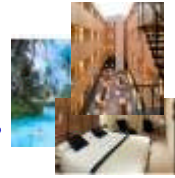


XII Iberian Small & Mid Cap Conference Banco Santander

Madrid, February 8th 2006



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SOL MELIA S.A.

corporate strength

Hotel management
bussiness

Innovate in the value
proposal to costumers

Asset management
bussiness

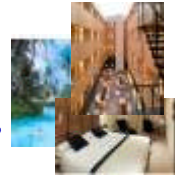
Maximize real estate asset
profitability

The asset management business should be considered together with the hotel business as an important and recurrent part of our operation

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RESPONSABILITY



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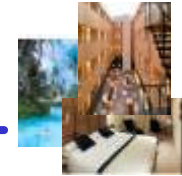
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Paradisus Riviera Cancún (Mexico)

1. Asset Rotation
2. Condo-Hotels
3. Sol Melia Vacacion Club (SMVC)

Diferences between room value CBRE Vs. AA and land value Vs. book value



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SOCIAL
RESPONSABILITY

	CB Richard Ellis				
	Hotel Value	Plots of land value	Plots of land Book Value	Diferences between plots of land book value and R.E Plots of land value	% Plots of land value Vs. Book value
H.Spain	2.802,1	1.082,2	317,9	764,4	240%
H. Europe	487,6	263,0	19,5	243,5	1246%
H. LatAm	797,7	135,0	95,6	39,4	41%
Plots of land not constructed	-	78,8	14,9	63,9	429%
Total	4.087,4	1.559,1	447,9	1.111,2	248%

	Rooms value CBRE Vs AA			
	CBRE (2004)	American Appraisal (2001)	%	C.A.G.R.
Spain	134.865	99.326	36%	10,7%
Europe	311.168	250.504	24%	7,5%
LatAm in \$	192.110	143.747	34%	10,1%

AA: American Appraisal

CBRE Valuation: An approach to NNAV



Data in millions of Euros

ASSET	CRITERIA	VALUE (€ Mn.)	€/share
OWNED ROOMS	Valuation by CB Richard Ellis (Dec. 2004)	3.997,1	21,6
LEASE, MGT & FRANCHISE CONTRACTS	Valuation by American Appraisal (2001) ⁽¹⁾	580,0	3,1
OTHER NON-HOTEL ASSETS	Valuation by CB Richard Ellis (Dec. 2004)	51,0	0,1
PLOTS OF LAND	Valuation by CB Richard Ellis (Dec. 2004)	78,8	0,4
SUB - TOTAL GROSS ASSET VALUE		4.706,9	25,5
TOTAL NET DEBT ⁽²⁾	Book Value	(1.073,4)	(5,8)
MINORITIES ⁽²⁾	Book Value	(62,7)	(0,3)
NET ASSET VALUE (NAV)		3.570,7	19,3
NAV per share		19,3	
Discount of NAV		-40,5%	
Equity		(800,1)	
Capital Gains		2.770,7	
Taxes (0,15 of Capital Gains)	15,0%	(415,6)	
Total Fiscal Credits		192,0	
NAV NET OF TAXES (NNAV)		3.347,1	18,1
NNAV per share		18,11	
Share price 01/02/2006		11,50	
Discount of NNAV		-36,5%	

⁽¹⁾ New valuation by American Appraisal under process.

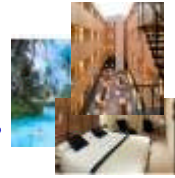
⁽²⁾ Up to June 2005

For this calculation, the hotels Tryp Macarena, Meliá Torremolinos and the 50% of the Meliá Zaragoza have not been taking into consideration.

Sol Meliá trades at a 36.5 % discount to its Net Asset Value net of Taxes of 18.11 Euros per share

NNAV: Net Asset Value after taxes

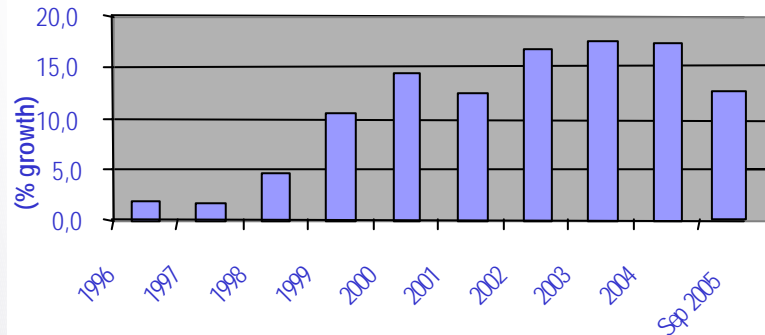
1. Asset Rotacion Rationale



- Evolution of Spanish Real Estate market:

GAV evolution of Real Estate companies

Spanish housing price evolution (sq. m.)



Source: Spanish Department of Housing

	GAV 2001	GAV 2002	GAV 2003	GAV 2004	% Growth
Colonial	2.181	2.344	2.614	3.514	17%
Metrovacesa	3.403	3.598	5.014	5.540	18%
Urbis	2.307	2.517	3.281	3.985	20%
Fadesa	1.484	3.214	5.071	7.094	68%
TOTAL	9.375	11.673	15.980	20.133	29%

Source: Company Data

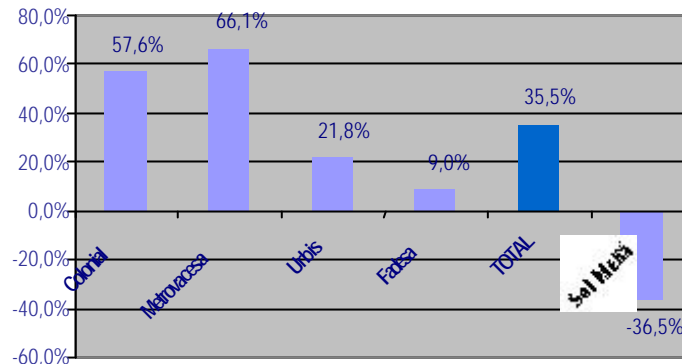
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HOTEL
BUSINESS

CORPORATE
SOCIAL
RESPONSABILITY

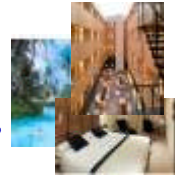
- Sol Meliá's NNAV discount vs. Spanish Real Estate co.

NNAV 2004 Premium



	GAV 2004	NNAV	NNAV per share (€)	Share Price (€)	NNAV 2004 Premium
Colonial	5.343	1.813	32,4	51,0	57,6%
Metrovacesa	5.540	2.450	34,6	57,5	66,1%
Urbis	3.985	1.756	13,8	16,8	21,8%
Fadesa	7.094	3.424	30,7	33,5	9,0%
TOTAL	21.962	9.443			35,5%
Sol Meliá	4.707	3.347	18,1	11,50	-36,5%

Source: Company Data



- **Forecasted volume**
 - 100 million Euros on a yearly basis within its asset management strategy in both single asset disposals and condo-units sales.

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- **Conditions of Disposal:**
 - EBITDA multiple accretive (not less than 12x)
 - Low ROCE
 - Properties in consolidated destinations
 - Brand inconsistency

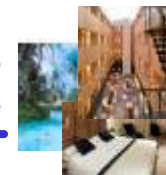
- **Conditions Acquisition:**
 - Asset price below 10x EBITDA
 - ROCE upside
 - Strategic fit

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Through Asset Rotation, the Asset Management Division is focused on the crystallization of hidden value of Company assets while taking advantage of the opportunities of acquisitions in Sol Meliá's core markets.

1. Latest Divestments / Investment



Divestments

	Asset	Location	Price	Profit (€m)	EV/EBITDA (x)
2005	Tryp Macarena	Sevilla (Spain)	42,0	24	19,4
2005	Melia Torremolinos	Costa del Sol (Spain)	23,0	17,4	61,6
2005	Melia Las Palmas	Canary Islands (Spain)	34,0	17,5	23,4
2005	50% Melia Zaragoza	Zaragoza (Spain)	21,3	8,7	25,7
2005	Tryp Alcano	Granada (Spain)	3,7	2,0	16,7
Total 2005			124,0	69,5	24,6

	1H04	2004	1H05	2005
Sale	11,5	17,7	42,0	102,7
Ebitda Asset	8,9	13,8	24,0	60,9
Net Profit	7,8	12,1	21,6	54,8

() 2005 does not include M. Zaragoza*

Investments

	Asset	Location	Price	EV/EBITDA (x)
2005	50% Tenerife Sol Society	Tenerife (Spain)	28,7	7,0
2005	Paradisus Palma Real	Punta Cana (Dom. Rep)	88,0	9,8
			117	8,9

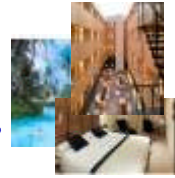
The Company has executed the sale of 124 million Euros worth of assets at a combined **EBITDA** multiple of 24.6x which compares with the 8.9 x Ebitda multiple on the acquisition side.

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1. Recent divestments: rationale



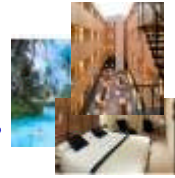
- **Case study “Sale & Lease” deal: Tryp Macarena (329)**
 - 42 mn at 19.0x EBITDA'04 multiple, 24 mn of capital gains.
- **Case study “Sale & Mgmt” deal: M. Las Palmas (310)**
 - 34 mn at a 23.4x EBITDA'04 multiple, 17.5 mn of capital gains.
- **Case study “ Outright Sale” : M. Torremolinos (283)**
 - 23 mn at a 62x EBITDA'04 multiple, 17.4 mn of capital gains.
- **Case study “Sale & Development” : M. Zaragoza (247)**
 - Sale of 50% for a full hotel value of 42.5 mn at 26x Ebitda multiple.
- **Case study “ brand inconsistency” : T. Alcano (97)**
 - 3.7 mn at a 16.7x EBITDA'04 multiple, 2 mn of capital gains.

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1. Recent acquisitions: rationale



- **Case Study “Hotel acquisition”:** 50% Tenerife Sol
 - acquisition of the 50% stake of My Travel.
 - 3 hotels (1,215 rooms) in Canary Islands
 - 28.75 mn at a 7.0x Ebitda multiple.
- **Case Study “Development”:** Paradisus Palma Real (Dom. Rep.)
 - 350 Hotel rooms, 372 Sol Meliá Vacation Club units plus 200,000 sq m. of land
 - Investment of 88 mn Euros at 9.8x Ebitda’06 and 6.7x in 2nd year of operation

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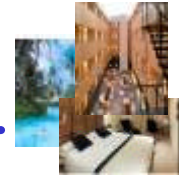
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Paradisus Palma Real

2. Condo hotels



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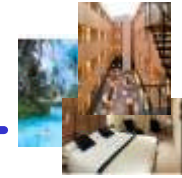
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Meliá Castilla, Madrid

2. Condo hotels: a “win-win-win” situation



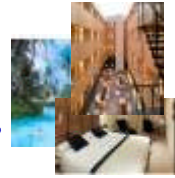
- **Developers:**
 - ✓ Remain attracted by the ability to minimize risk and achieve high returns by using proceeds from pre-sales to finance construction
 - ✓ Selling on a room basis implies a wider investor market
 - ✓ Fixed Asset becomes a Liquid Asset
 - ✓ High demand for the product
 - ✓ Possibilities for new expansion and new management contracts
 - ✓ Branding and Cost leverage
- **Branded hotel operators:**
 - ✓ View condo-hotels as an attractive source of greater distribution and high-margin licensing and recurring management fees.
- **Individual owners:**
 - ✓ Benefit from personal usage of the unit, exposure to real estate at low interest rates, and potential capital appreciation.
 - ✓ Like a traditional vacation home, owners can use their home when they want. However, unlike a traditional home, they have the option of participating in property's rental program and sharing in the revenue the home generates.
 - ✓ Ownership is 100% hassle-free as all maintenance and rental issues are handled by a professional, in-house management company.

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2. Condo hotels: Case Study



■ Case study :Condo-units at Paradisus Puerto Rico

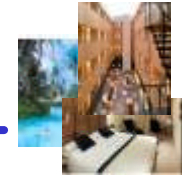
- The Company will start to sell, the first phase of condo-hotels of the Paradisus Puerto Rico as part of the total **144 units** at 320k – 350k dollars
 - Partial recovery of capital invested while maintaining the control of the hotel rooms.
 - The owner enjoys 30 days of guaranteed use, and 60 days without a guaranteed reservation, the rest of the year the unit is a part of the hotel.
 - The revenues distribution is made by a pool system, revenues depends on the room price.
 - Benefit are shared between the condo-owner and the hotel.
 - The owners have all access to the public areas of the hotel, and very important discounts in restaurants, spa and golf.

■ Further condo-hotel developments will be coming on stream as in 122 apartments of the GM Caracas and 120 apartments in Meliá Zaragoza.

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HOTEL
BUSINESS

CORPORATE
SOCIAL
RESPONSABILITY



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Paradisus Puerto Rico

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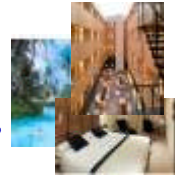


Gran Meliá Caracas (Venezuela)



Meliá Zaragoza (Spain)

3. SMVC Objectives & Synergies



- **Objectives:**

- Entering in the fastest growing business in our industry
- Maximizing the ROCE of the existing portfolio and new developments
- Brand penetration and further expansion
- Maximizing occupancy levels
- Increasing the alternative housing to our traditional clientele

- **Synergies with Hotel Business:**

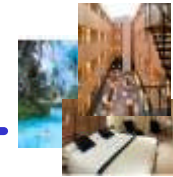
- Higher per capita spending levels resulting in increased profitability for the services: F&B, Health & Beauty, Spa, etc.
- Possibility of re-selling the non-use of allotted weeks
- Additional revenue stream derived from financing of consumers receivable
- Higher consumer fidelity derived from benefits provided by Sol Meliá Vacation Network

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3. Update on Sol Melia Vacation Club



- In 2005, SMVC revenues will be generated by sales in existing units in Mexico, Dominican Republic and Puerto Rico

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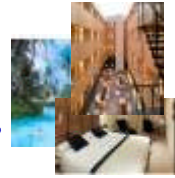
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	2004	2005	2006
■ GM Cancún (Mex)			
■ M. Puerto Vallarta (Mex)		– M. Turquesa (Mex)	– P. Palma Real
■ M. Caribe-Tropical (Dominican Rep.)		– P. Puerto Rico	– M. Cozumel (Mex)
			– Spain

- In Europe, SMVC will start the sales and marketing processes in new projects in the Canary Islands, Malaga and in the Balearic Islands.
- SMVC will represent some 10% of consolidated EBITDA by 2007 (vs. 2% in 2003)

3. Sol Meliá Vacation Club



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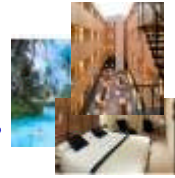
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Gran Meliá Cancún (Mexico)



Meliá Caribe Tropical (Dominican Rep.)



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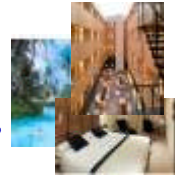
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Tryp Barcelona Aeropuerto (Barcelona)

1. Brand Equity
2. Distribution channels

Drivers of growth in 2006 (1)



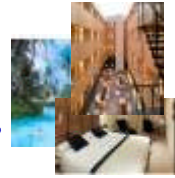
- Sales of SMVC continue to increase in America along with new projects in Spain.
- Sales of condo units continue to increase in America. Asset rotation sales and acquisitions will both generate free cash flow boosting Company's future growth
- Financial expenses decrease.
- Progressive recovery of Spanish cities likely to continue in 2006.

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RESPONSABILITY

Drivers of growth in 2006 (2)

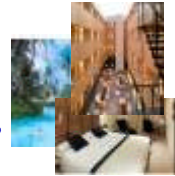


- Resort business continues to improve helped by refurbishment of Meliá Gorriones (575 rooms) and increase in our own channels of distribution.
- Positive underlying performance in the Americas. Opening of Paradisus Palma Real Hotel (350 rooms) and SMVC (372 units). Possible further acquisitions.
- The Cancun area, seriously affected by Hurricane Wilma , will be functioning as normal throughout 1Q06. Insurance coverage includes loss of business.
- Improvement Southern American operations driven by Gran Meliá Caracas.

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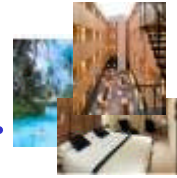
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- CRM(*): Customer knowledge
- MaS Programme: Loyalty
- Brand Equity

(*) Customer Relationship Management



- Revitalizing Sol Meliá's brands
- Developing new niche markets and new brand experiences
- Developing of JV with strategic partners: Hard Rock Hotels, Warner Bros., The Stein Group, etc.



The Stein Group



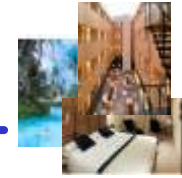
R&D Kitchen Sol Meliá

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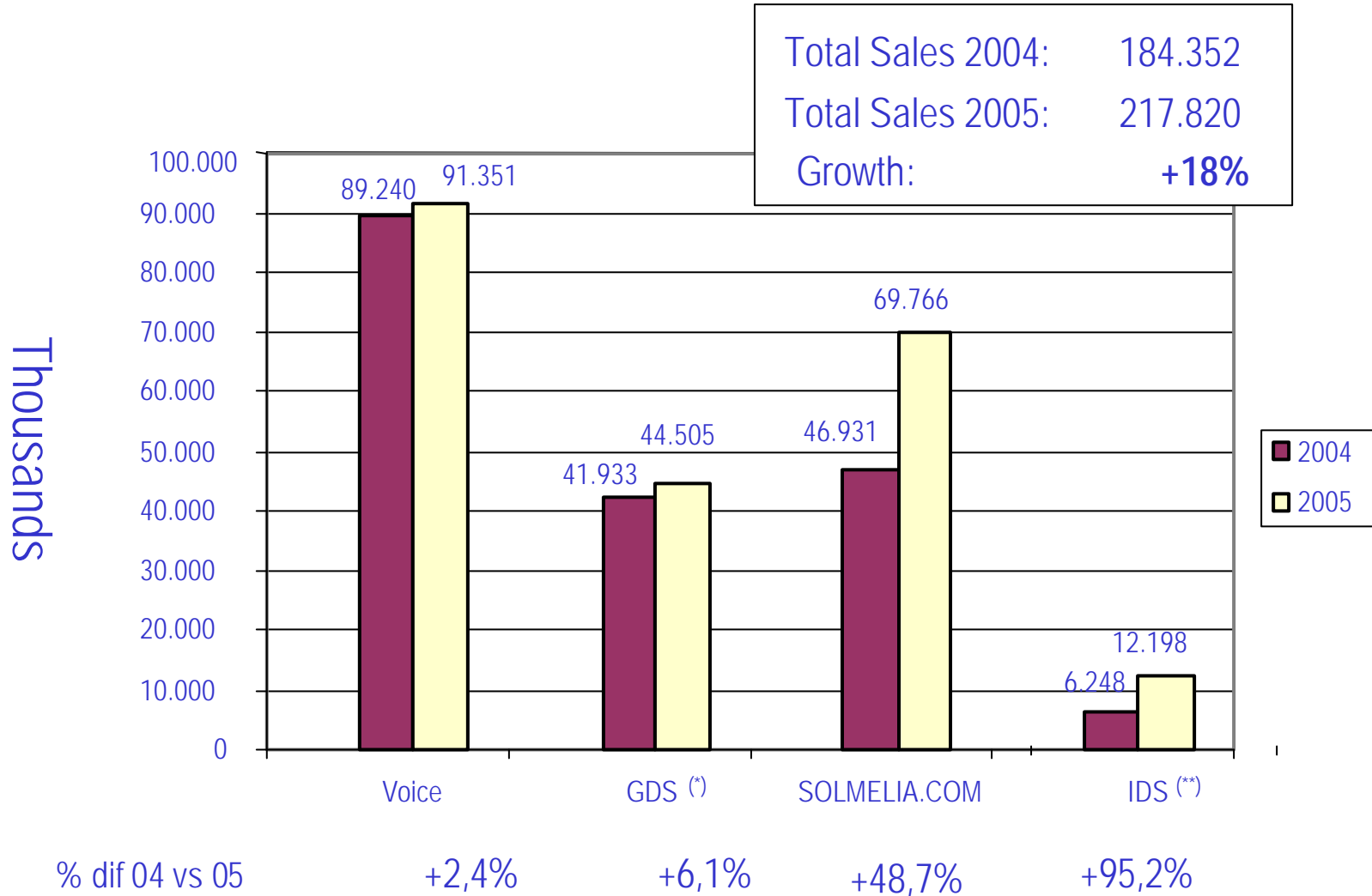
Sales of owned channels



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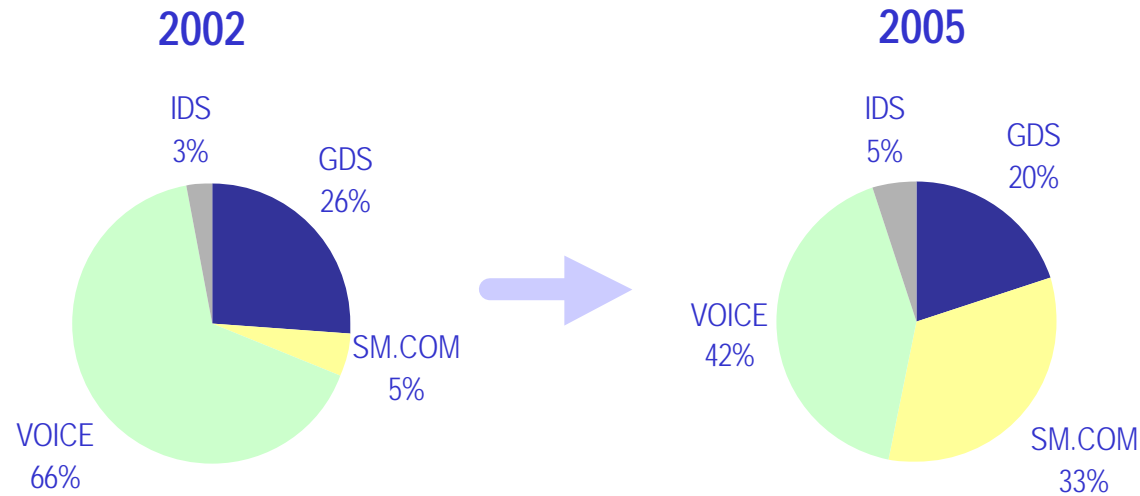
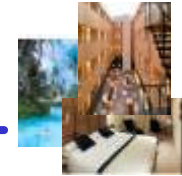
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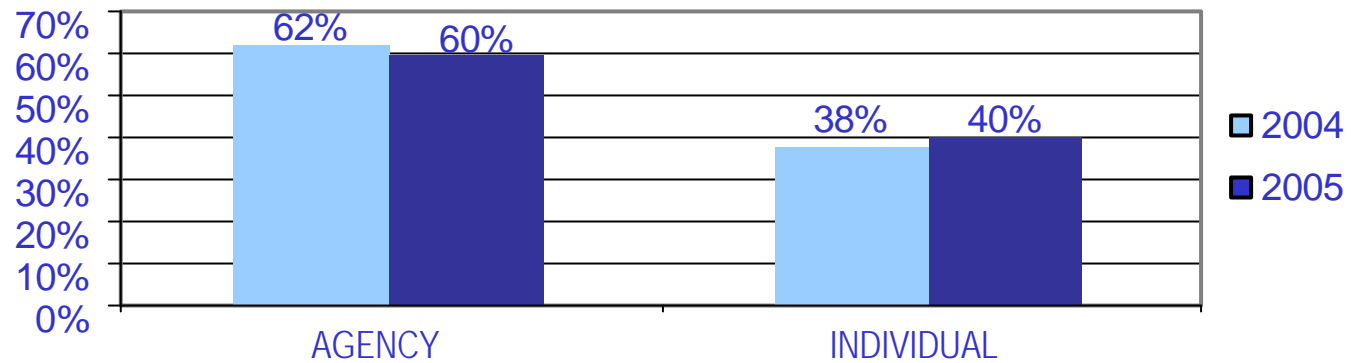


(*) GDS: Global distribution system (**) Third parties web sites

Owned channels weighting evolution



Agencies vs individuals weighting



Sales 2005: 129.4 € mill ; +13%

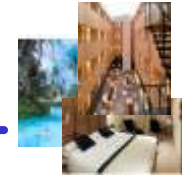
88.4 € mill^(*) ; +27%

NOTE: 2005 figures up to December (*) 75% of sales generated by MaS loyal customers

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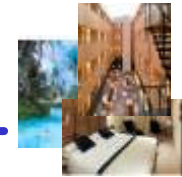


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MAIN IDEA

TO SUPPORT LOCAL SUSTAINABLE DEVELOPMENT ACTIVITIES IN THE COMPANY'S FACILITIES.

SUPPORT RESOURCES

1. INFRASTRUCTURE
2. USED ASSETS DONATION
3. SPONSORSHIP AND PUBLICITY

MAIN PROGRAMMES

1. **OCUPATIONAL TRAINING** · Providing underprivileged people the access to the job market.
2. **PURCHASES** · Support the purchases to charities and companies disabled workers.
3. **EMPLOYEE** · Facilitate the employees social responsibility
4. **NGO's** · Offer services to the NGO's under special conditions.
5. **SPORTS** · Sport events related to social responsibility .

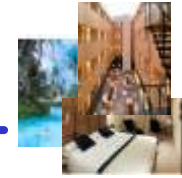
AIMED TO:

1. **COSTUMERS** · Increasing the costumers social responsibility.
2. **ACCESSIBILITY** · Making the hotel access easier for disabled people
3. **ENTERPRISE FORUM** · Participate in debate forums and work groups.
4. **INVESTORS** · Attract investors with interest to participate in companies socially responsible.

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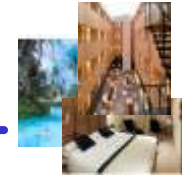
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Corporate Social SOL MELIA	2001	2002	2003	2004
Nº Projects	131	205	628	852
ONG's & Foundations	71	145	360	470
Investment	78.232	384.859,74	1.153.043,30	1.203.475,92
Special Employment Center	1.718.817	3.763.771,35	3.775.270,88	3.892.564,70

CORPORATE SOCIAL RESPONSABILITY ¹ EXPENSE

CORPORATE SOCIAL RESPONSABILITY = INVESTMENT = DEVELOPMENT



- This document contains market assumptions, different sourced information and forward-looking statements with respect to the financial condition, result of operations, business, strategy and the plans of Sol Meliá and its subsidiaries
- Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors
- Analysts and investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this presentation. Sol Meliá undertake no obligation to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Sol Meliá business or strategy or to reflect the occurrence of unanticipated events

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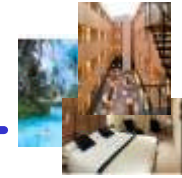
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Appendix



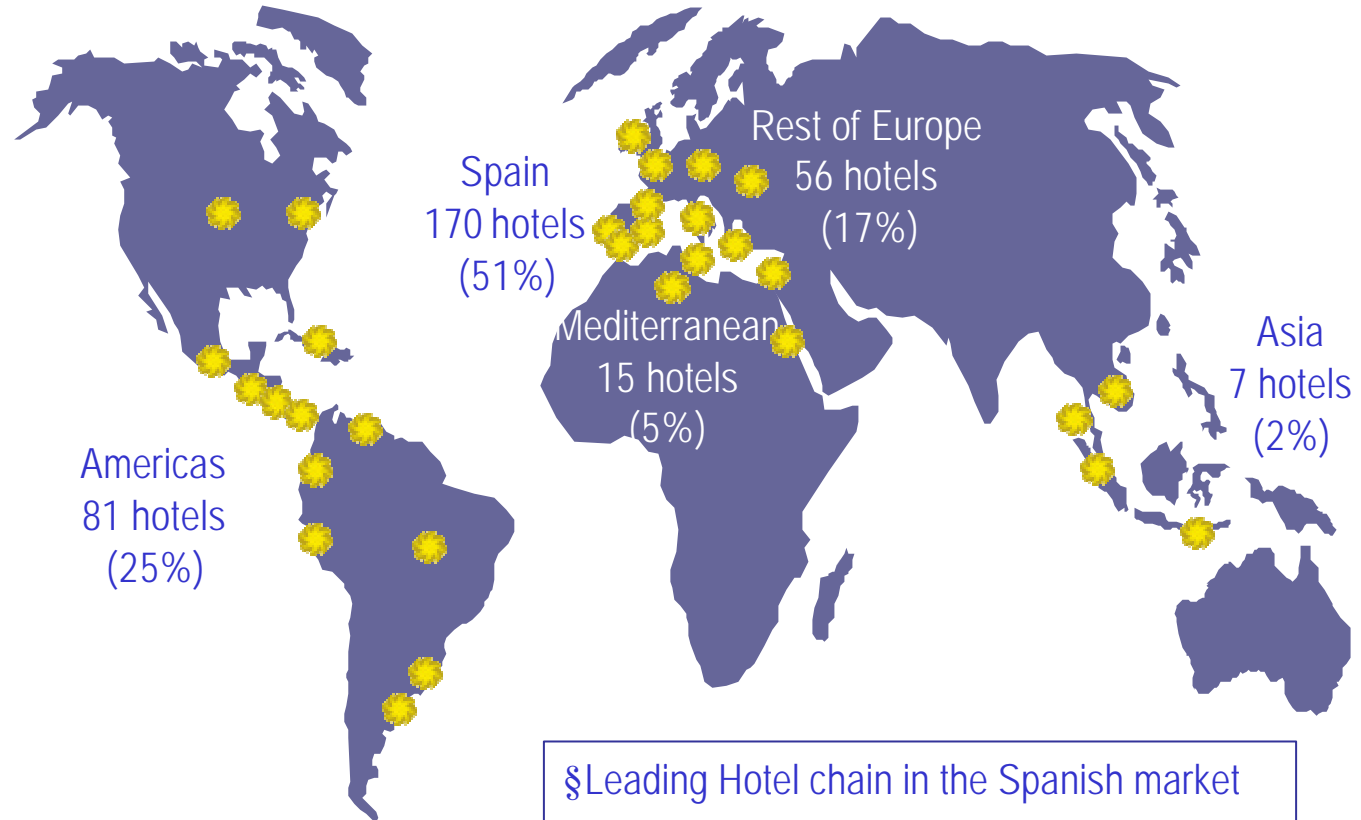
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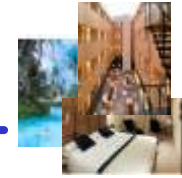
HOTEL
BUSINESS

CORPORATE
SOCIAL
RESPONSABILITY

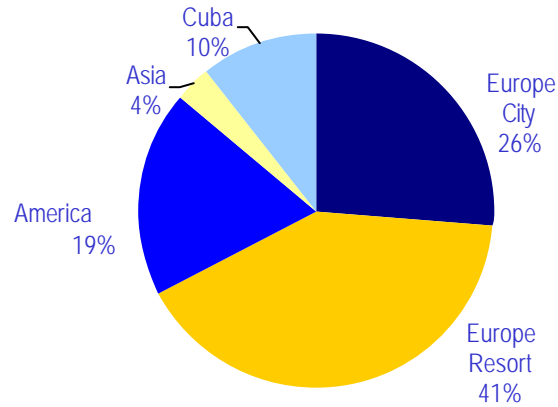


- § Leading Hotel chain in the Spanish market
- § Leading in LatAm and the Caribbean
- § Leading Resort Hotel chain in the world

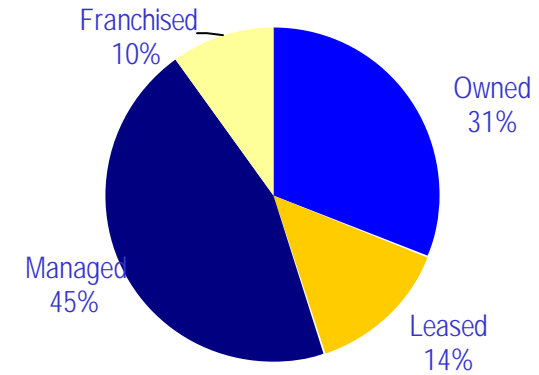
Note: % of rooms. Data as September 2005



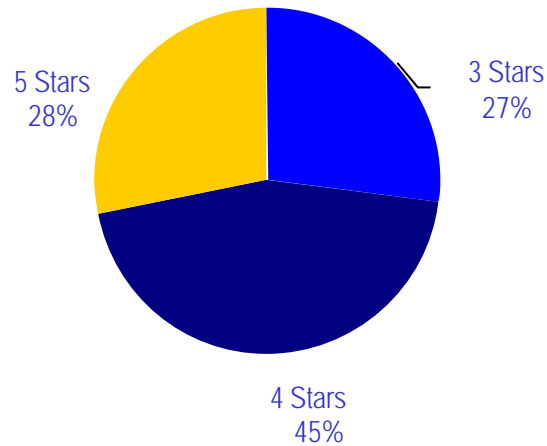
Room Portfolio by Geography



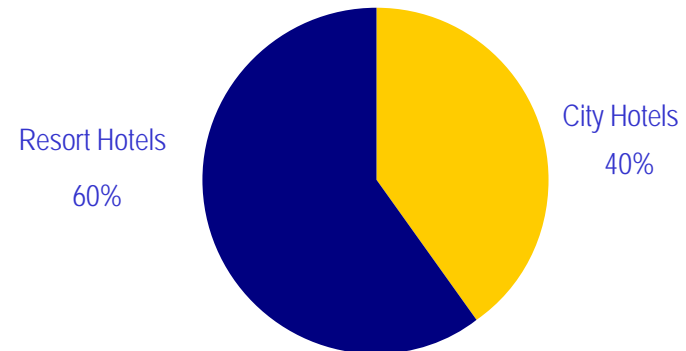
Room Portfolio by OwnerShip



Room Portfolio by Category



Room Portfolio by Segment

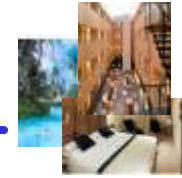


NOTE: by number of rooms

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RESPONSABILITY

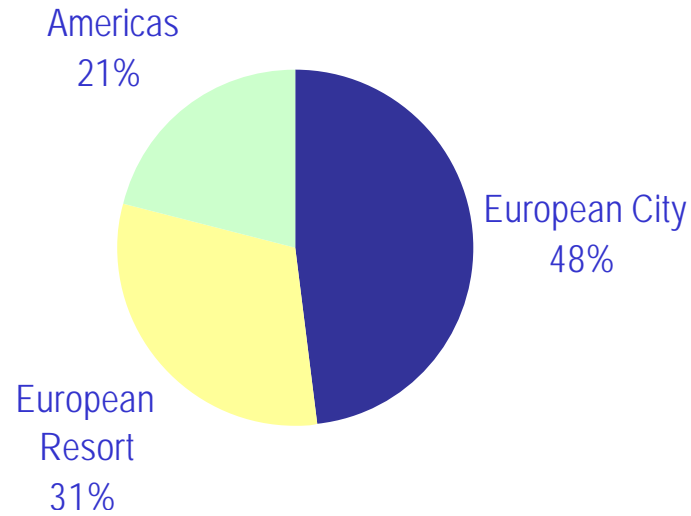


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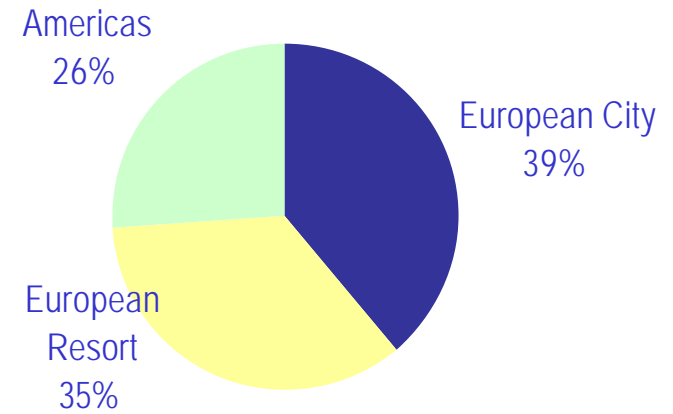
HOTEL
BUSINESS

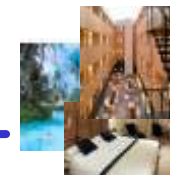
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Revenues Contribution



EBITDA contribution





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BUSINESS

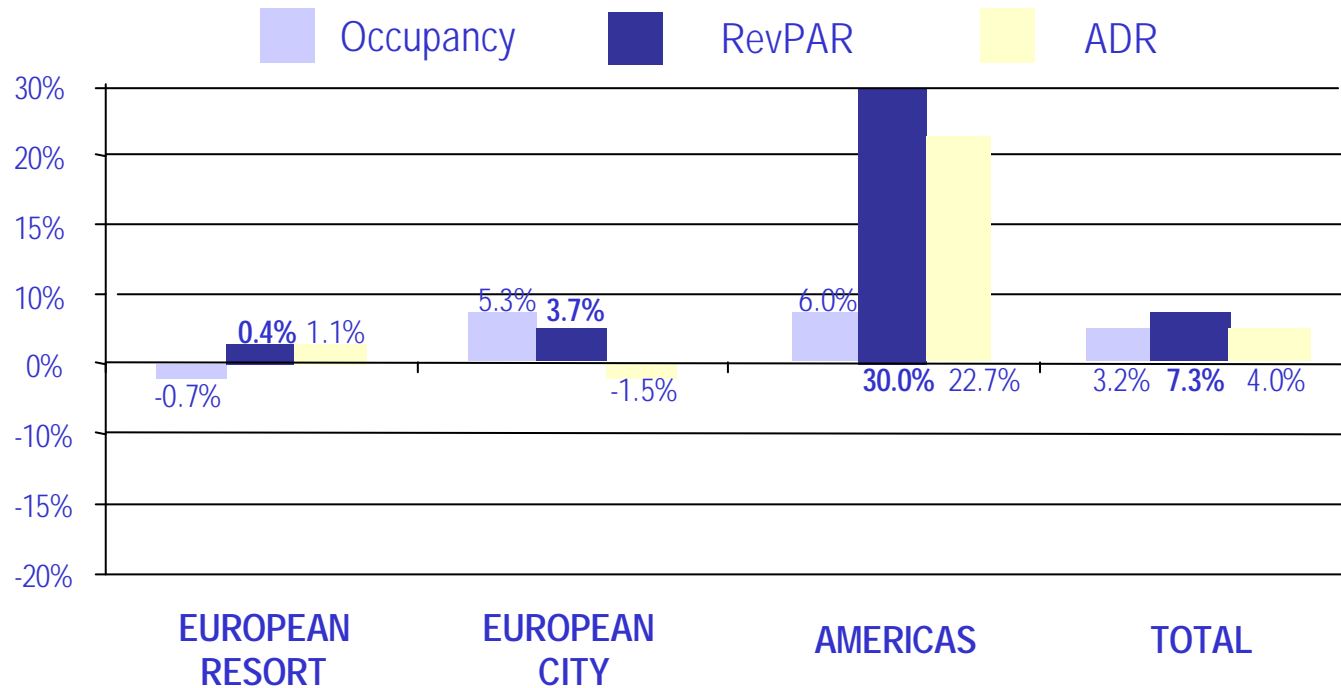
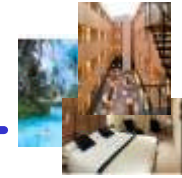
CORPORATE
SOCIAL
RESPONSABILITY

- The performance is largely explained by:
- **Real Estate Business**
 - ✓ The asset management activity with the disposal of the Melia las Palmas ,and the Sol Melia Vacation Club, where revenues have gone up by 108%
- **Hotel Business**
 - ✓ Second quarterly improvement in Spanish city business through Q3, (RevPar +6.2)
 - ✓ Positive summer season reflected in 86% occupancy rate in the European Resort Division.

(Million Euros)	Sept 05	Sept 04 (*)	%
Revenue	876.2	816.5	7.3%
Expenses (ex – Op. leases)	(595.1)	(565.4)	5.3%
EBITDAR	281.1	251.1	12.0%
Rental expenses	(46.4)	(42.9)	8.1%
EBITDA	234.8	208.2	12.8%
Depreciation and amortisation	(80.8)	(81.1)	-0.4%
EBIT	153.9	127.0	21.2%
Total financial Result	(60.1)	(61.6)	(-2.4%)
Profit/(loss) from equity inv.	0.5	1.3	(-63.3%)
Continuing EBT	94.3	66.8	41.3%
Discounting Operations	0.0	0.0	
Profit before taxes and minorities	94.3	66.8	41.3%
Net Profit	84.9	58.8	44.5%
Net Profit attributable	82.5	56.1	47.1%

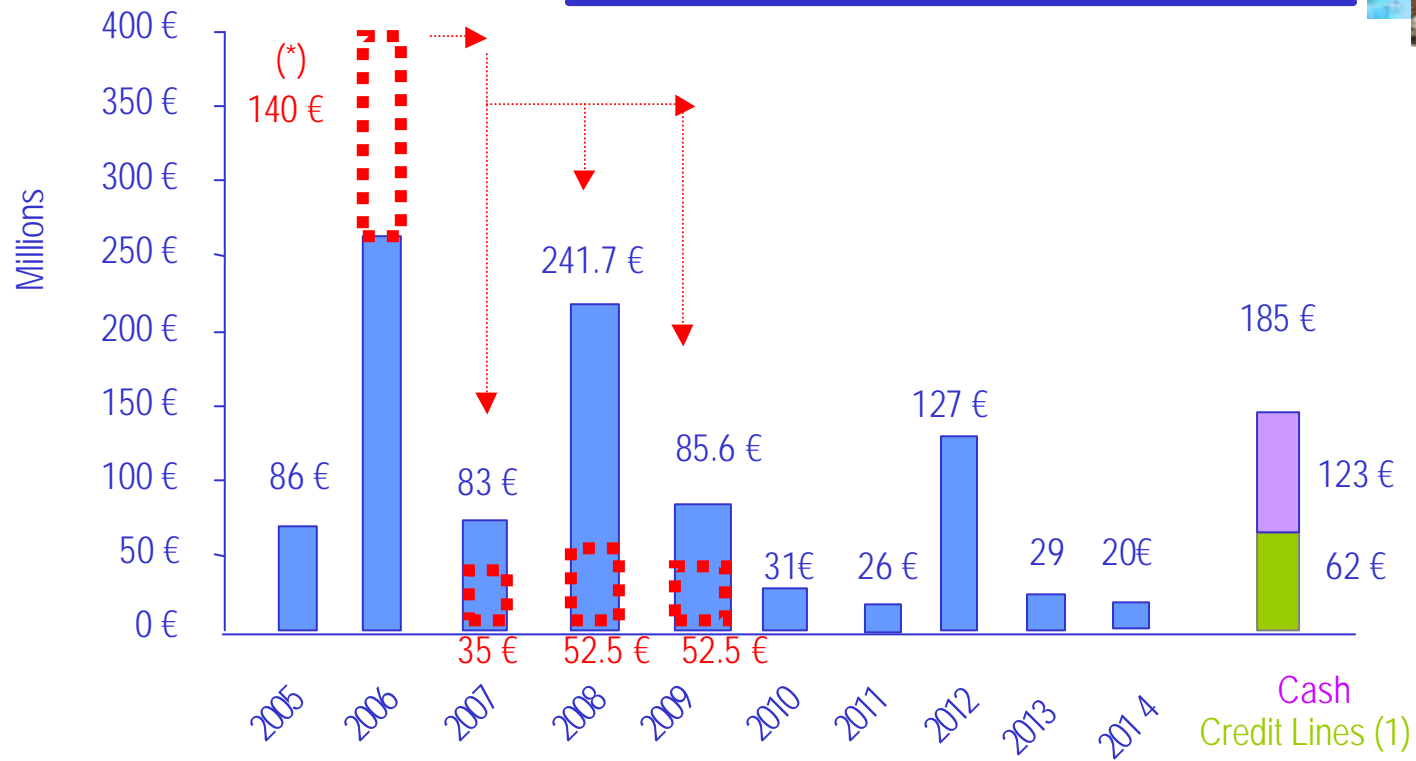
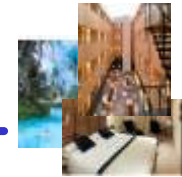
(*) Pro - Forma

Note: P&L under IFRS basis.

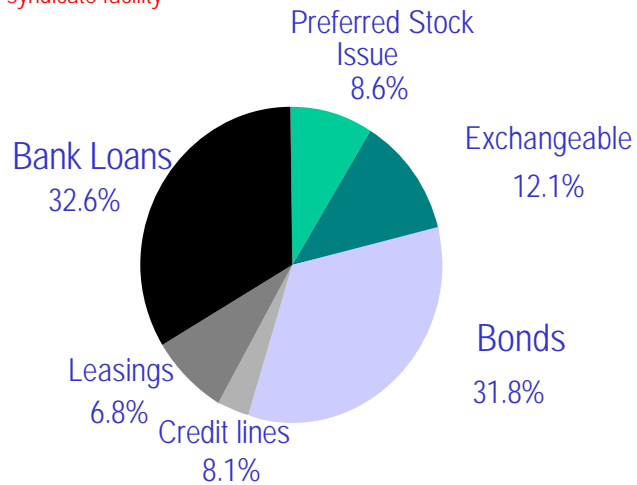


- European Resort: Alicante and the Balearic Islands keep on leading the way with +5.3% and +2.6% respectively.
- Americas: strong performance favoured by the contribution of the Paradisus Puerto Rico and the recovery of the Gran Meliá Caracas.
- European City: Revpar increased by 3.7% thanks to the evolution of the Spanish cities in the Q2 where Revpar grew by 5.9%.
- Total RevPar increase by 7.3% mainly due to the evolution of the hotels in America.

Debt by maturity / nature



(*) Include latest syndicate facility



(1) Total Credit Lines €157 m 35

ASSET MANAGEMENT BUSINESS
HOTEL BUSINESS
CORPORATE SOCIAL RESPONSABILITY