



Dear friend,

Sol Meliá is pleased to announce the purchase of 70% of the company ALCAJAN XXI S.L. (owner of the Paradisus Palma Real) from G.I. CARTERA, S.A. – a subsidiary of Caja de Ahorros del Mediterráneo (CAM) – for 10.2 million Euros. After finalising the purchase, Sol Meliá will own 100% of the share capital of the mentioned company.

The purchase includes the luxury 350-room Paradisus Palma Real resort in Punta Cana (Dominican Republic), which opened in December 2005, 372 additional units for the Sol Meliá Vacation Club (SMVC), and 200,000 square metres of land for potential future development. The resort provides outstanding facilities including a 2,625 m² Spa, access to the best golf course in the region, El Cocotal (27 holes), 6 splendid restaurants and, for business travellers, a divisible meeting area spread over 3,800 m², an additional six meeting rooms, and a multi-function hall of almost 4,000 m², all of them fitted with the very latest modern technology.

The Dominican Republic, and particularly Punta Cana, are currently considered one of the most attractive destinations in the whole Caribbean both for North American and European visitors, and has experienced constant growth. The capacity for growth in Punta Cana, the very attractive value for money it provides compared to other destinations, and the excellent quality of the product itself are behind the profitability of the resort. The performance of the resort at the beginning of 2006 has exceeded company expectations.

The acquisition of Paradisus Palma Real forms part of the purchases and disposals within the company asset rotation strategy, understood to be an important and recurrent aspect of company business. The entire project involves an investment of 88 million Euros, 50 million of which is financed with bank debt. The estimated EBITDA multiple is 9.8 times for 2006 and 6.7 times for the second year of operations, considering both the hotel business and the Sol Meliá Vacation Club business.



investors.relations@solmelia.com
SOL MELIÁ
Gremio Toneleros, 24
07009 Palma de Mallorca
Tel.: +34 971 22 45 43



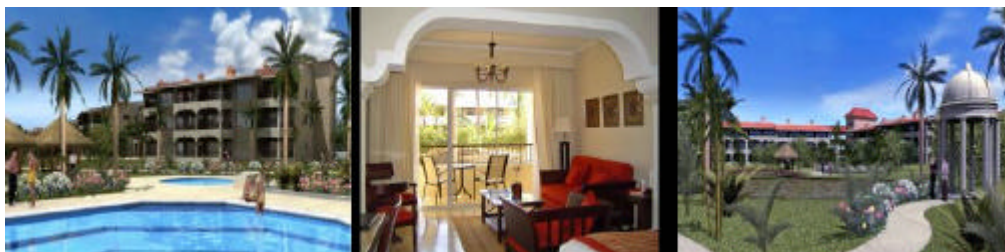
SOL MELIÁ 50 YEARS
PASSION FOR SERVICE



Paradisus Palma Real complies with the Sol Meliá acquisition criteria: a) purchase of assets at an EBITDA multiple of less than 10 times, b) improvement in company Return On Capital Employed (ROCE), c) strategically relevant (improvement in brand image, development in priority markets, and complementary to the real estate business via Sol Meliá Vacation Club), as well as d) extending the portfolio in a high-profitability destination with property complementary to the existing portfolio. In 2005 the company sold assets at an EBITDA multiple of 24.6 times and made acquisitions at an EBITDA multiple of 8.9 times. From 2006 onwards, Sol Meliá is committed to the sale of 100 million Euros worth of assets every year.

The Paradisus Palma Real is the eighth Paradisus Resort worldwide, joining the Paradisus Riviera Cancún in Mexico, Paradisus Puerto Rico, Paradisus Río de Oro in Holguín (Cuba), Paradisus Varadero in Cuba, Paradisus Tenerife (under development), Paradisus Playa Conchal in Costa Rica, and Paradisus Punta Cana in the Dominican Republic.

Paradisus PALMA REAL:



investors.relations@solmelia.com
SOL MELIÁ
Gremio Toneleros, 24
07009 Palma de Mallorca
Tel.: +34 971 22 45 43