MELIÃ HOTELS INTERNATIONAL

YEAR END RESULTS 2015

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · Paradisus RESORTS · MELIÃ HOTELS & RESORTS · INNSIDE BY MELIÃ · TRYP BY WYNDHAM · Sol hotels&resorts · CLUB MELIÃ

(Million Euros)	dic-15	dic-14	
REVENUES	**1.738,2**	**1.495,0**	**16%**
EBITDAR	436,8	353,2	24%
EBITDA	**293,1**	**227,5**	**29%**
EBIT	163,9	130,8	25%
TOTAL FINANCIAL PROFIT (LOSS)	58,5	64,8	10%
EARNINGS BEFORE TAXES	101,6	56,8	79%
NET PROFIT	**40,5**	**31,9**	**27%**
NET PROFIT ATTRIBUTABLE	36,0	30,4	18%
EBITDA ex capital gains	**245,8**	**212,6**	**16%**
Operational Ratios			
REVPAR	74,4	64,6	15%
EBITDA MARGIN	16,9%	15,2%	164 bp
EBITDA MARGIN (ex - capital gains)	*14,5%*	*14,4%*	17 bp

* Puerto Rico adjusted in Figures 2014 as "Continuing Operations"

Business performance:

- At the operating level, EBITDA reached €293Mn, a +29% increase vs last year, thanks to the excellent performance of the hotel business, showing a 15.1% RevPAR increase (90% explained by prices), while hotel business margin in owned & leased improved by 218 bps. RevPAR excluding Venezuela went up 15.8% (88% explained by prices).
- The strengthening of the 4Q RevPAR figure is partially explained by the adjustment of the Venezuelan bolivar to SICAD II exchange rate in Dec. '14 for the full year; together with the strong evolution of the resorts in the Caribbean and the Canary Islands, and sustained growth in European cities. TOP players in 4Q continue to record successful results: Meliá Milano (+56% in RevPAR), Meliá Vienna (+25%), Gran Meliá Palacio de Isora (+23%), Paradisus La Esmeralda (+18%) & Paradisus La Perla (+10%), ME London (+17%).
- The recovery of urban Spain is confirmed with a 17.5% RevPAR increase in 2015
- Net profit was up 18.3% despite the impact of higher taxes result of an inspection to verify compliance with tax obligations and duties over the period 2009-2012.
- Excluding the impairment and the extra taxes, Net profit increased more than 200% (+€67Mn).
- Highlighted the performance of Melia.com, that reached €336Mn sales, a 27% increase versus last year.

Debt Management

- 2nd consecutive year of debt reduction, reaching a total Net Debt of €768.8 mn, -216 versus last year. Current debt level stays similar to '07, one of the best years in Melia's history. Ratio Net Debt to EBITDA reached 2.6 times.
- Successful evolution of Financial Expenses accounting €36 mn savings vs '14 thanks to lower debt and a decrease in the average cost of debt that reached 4.36%.

Development Strategy

- Meliá's pipeline reached 62 hotels and 16,000 rooms at year end, of which 2 have already opened in the first quarter 2016 (the Sol Costa Atlantis in Tenerife and the Meliá Braco Village in Jamaica). In 2016 the Company has also already signed 2 additional contracts, the Innside Doha and the Meliá Lombok Tangkong in Indonesia.
- The Company aims to continue to achieve its challenging development objectives and expects to add 20-25 new hotel contracts over the year and a new opening every 2 weeks.

Outlook 2015

- In 2016, RevPAR evolution will be explained by the performance of the Company's resorts worldwide, and particularly in the Mediterranean. Meliá's expertise in "bleisure" destinations will also allow sustainable growth. City hotels in Spain will benefit from the upward trend in domestic consumption, but the Company is still somewhat cautious about its performance pending greater visibility with regard to the macro-environment.
- Meliá's forecast for the 1Q points towards a mid-to-high single digit RevPAR increase while for the full year it is expected a mid single digit growth.

***Gabriel Escarrer**, Vice-President & CEO of Meliá Hotels International,*

Dear all,

I am pleased to report these encouraging 2015 results reflecting an excellent performance both from the operational and financial standpoints, and representing a reliable indicator that the Company is making progress based on a sound strategy.

From a strategic standpoint, in 2015 the Company comes to the end of a cycle reaping the benefits of the Strategic Plan for 2012-2014 which took place within a challenging environment. During this period, Meliá consolidated its role as a hotel management Company, both through the opening of new hotels under management agreements, and also through strategic agreements with partners that allowed us to generate added value for our Company. Additionally, over the period, Meliá become more international than ever thanks to an ambitious development programme that enabled the Company to enter new growing markets such as the English-speaking Caribbean, key cities in the United States, and important markets in the Middle East such as Dubai or Qatar, all while retaining its leadership position in the resorts segment in Spain and traditional markets where Company expertise make it one of the top players in the hospitality industry.

But perhaps, one of the most successful aspects of the previous Strategic Plan was the positive achievements based on our focus on Revenue Culture which aimed to maximize the opportunities created by new technologies and our extensive commercial experience to improve results, enabling melia.com to position itself as our most important distribution channel.

On the financial level, during the period Meliá reduced debt by more than 200 million euros, while also reducing average financing costs and improving financial results, meeting market expectations, and thus allowing us the Company generate greater credibility and confidence.

Overall, we may say that we managed to overcome the trickiest years while also becoming stronger and healthier to be better prepared to face the implementation of new Strategic Plan for 2016-2018 with enthusiasm. With regard to the new Strategic Plan, the key priorities are:

- *Continue with the strengthening of our powerful brands with innovative and attractive products and experiences for our guests which will allow us to attract new types of customers and a new generation of travellers. In this regards, we want to leverage on our differential intangible assets: brands, data, Customer Relation Management while implementing an overall business intelligence & analytics approach.*

- *Consolidate the transformation of our commercial model trough revenue optimization, maximizing the contribution of the Meliá System in key segments and markets; increasing the importance of the loyalty model.*

• Consolidate a strategic vision of revenue and added value sustained by our commercial strength and extensive sales network, and especially by new technologies in which the "Melia Digital" strategy will generate a clear competitive advantages.

• Consolidate our presence in key markets through selective growth, promoting sustainable growth in leisure and urban-leisure destinations (the so-called "bleisure" destinations), a new segment in which we are pioneers.

• Consolidate the real estate role as an owner and developer; enhancing the quality of our portfolio and promoting projects and initiatives that optimize our assets.

• With regard to the organisation, we aim to build an increasingly more competitive organisation supported by a pool of international talent which are able to encourage a cultural transformation.

• All this will be accompanied by a creditworthy financial model, that will be able to handling the economic cycles, minimizing the potential risks.

It is expected that all the above-mentioned items will contribute to improving operational results and Meliá's financial situation. Although further details regarding our Strategic Plan are expected to be released once the markets estabilize, we are able to advance the general feelings that the Company has as it faces 2016.

In this regards, the Meliá strategy to renovate and transform products in traditional coastal destinations in Spain and the Mediterranean, together with a number of international macroeconomic and security factors, make the Company expect an excellent performance in 2016 in the resort segment. In urban hotels, the "bleisure" segment in first and second-tier cities in both EMEA and Asia Pacific are growing in importance, while city hotels in Spain will benefit from the upward trend in domestic consumption this year at least, pending greater visibility around political stability needed to ensure continuity in the country's development.

To end this letter, I would just like to remind you that 2016 is the Company's 60th anniversary, and we are proud to celebrate our anniversary in a position which is stronger than ever before. Even more important for us is the fact that along the way the Company has achieved significant milestones in corporate social responsibility, an example of which is the progress in corporate reputation and international recognition through nomination for the "best corporate reputation amongst travel companies in Spain" awards by the prestigious MERCO index.

Best regards
Gabriel Escarrer

1. REPORT ON HOTEL OPERATIONS: EVOLUTION PER AREA

RevPAR in 2015 increased by 15.1%, a 90% explained by prices (+13.4%)

The strengthening of the 4Q RevPAR figure (+33.4%) is partially explained by the adjustment of the Venezuelan bolivar to SICAD II exchange rate in Dec. '14 for the full year; together with the strong evolution of the resorts in the Caribbean and the Canary Islands, and sustained growth in European cities.

Without the adjustments in the Exchange Rate mentioned above, RevPAR would have increased by 10.9%, in line with the evolution reported in the previous quarters.

AMERICA

RevPAR for owned and leased hotels in the Americas grew by 20.6%, with ARR increasing by 21.3% and occupancy fell by 0.6%, affected by the Venezuelan Exchange adjustments.

Recall that the main impacts regarding the Exchange Rate in Venezuela were:

- In 4Q 2014 the Company made an adjustment for the full year 2014 (from 12 VEF/ US dollar to SICAD II, which translated in 50VEF / US dollar).

- In 2015 figures are negatively influenced by the change to the SIMADI exchange rate (currently near 200 VEF / US Dollar).

RevPAR in America excluding Venezuela increased by +24.6%; 3.8% in US dollars.

By area:

The best performance was seen in Mexico (RevPAR +27.7% in EUR and 6.4% in $), highlighting the performance of the Paradisus Cancun which has improved total revenues by around 35% since it was rebranded. Also emphasize in Playa del Carmen resorts evolution which in its fourth year of operations generated more than 36 million dollars of EBITDA, becoming the first contributor to our P&L.

RevPAR in the Dominican Republic improved by 24.5% in EUR (3.6% in dollar terms), 100% of which explained by price increases. These numbers are particularly satisfactory bearing in mind that the destination is being affected by the weakness of the Russian travel market, which decreased by around 80% compared to the previous year, as well as a slowdown in the groups segment partially linked to the appreciation of the US dollar.

EMEA (+PREMIUM)

RevPAR for owned and leased hotels grew by +11.2%, entirely explained by improved ARR.

The most important achievements in this area were:

FRANCE

The infamous last quarter of 2015 caused by the terrorist attacks of November 13th has had a significant negative effect on Paris. Meliá's Hotels in the city centre have seen a -12% decrease in revenues vs 4Q 2014, basically due to a dramatic drop in demand and booking cancellations. It is worth mentioning that the Company managed to partially contain the RevPar decrease achieving better figures than our competitive set, wehere RevPAR fell by almost -18%. On the positive side, the better performance of the Melia Paris La Defense is of note due to a lesser dependence on the leisure travel market.

GERMANY

As has been the case throughout the year, Germany had a very solid performance in the last quarter, with an increase in RevPar of +6.4%, after parallel growth in both volume and ARR. All of the hotels in Dusseldorf saw significant increases over the previous year, such as Innside Dusseldorf Seestern (+49% RevPar), Innside Dusseldorf Derendorf (+34%

RevPar) or Innside Dusseldorf Hafen (+20% RevPar). Other destinations such as Wolfsburg or Munich have also been strong contributors to an excellent quarter that ends a very good year for the destination.

Also in the German-speaking market, of note is the change of pace in the performance of the Melia Vienna, which has seen RevPar growth near 25% vs Q4 2014, with figures also looking very promising for the beginning of 2016.

ITALY

This is the end of an excellent year for Italy, where we have registered record figures in most of the Meliá properties. The Milan EXPO ended, but that did not put an end to the extraordinary performance of Melia hotels in Milan, where the Melia Milan has had its best quarter versus the previous year. The latest addition to the city, the ME Milan, ended a remarkable opening year outperforming Company expectations in the last quarter of 2015, with RevPar +25% above budget.

The fourth quarter coincides with the low season in Rome, where our Gran Melia Rome hotel performed in line with the previous year, nevertheless closing a fantastic year with +9.3% Revpar growth versus 2014, and a record ARR of 374 euros, in line with the finest hotels in the destination.

PREMIUM SPAIN

During the 4Q most of the resort hotels in Spain are closed (ME Mallorca, ME Ibiza, Melia de Mar, etc.), meaning that 4Q is the time to check the strength of the urban inventory. In this regards, the Company is proud to say that the result is very solid, showing revenue growth versus last year of over +15%. It is also worth mentioning that all of this increase comes via ARR growth as occupancy remains at the same level as 2014.

The bases of this growth in the most important cities were the Gran Melia Félix in Madrid (+22%), and Melia Barcelona Sky (+14%).

Last, but of course not least, is the extraordinary performance of our flagship Gran Melia Palacio de Isora. RevPar growth of +23% versus 4Q 2014, once again achieved via ARR, due to significant improvements in the distribution of the Red Level Service and Suites. This flagship hotel has contributed with near 17.5 million euros EBITDA to the Company, a 20% above last year.

UK

Even though this has been a challenging year for Meliá's hotels in the UK, it is good to see that 4Q seems to demonstrate a change in the trend, with the Company coming out of a negative trend with commendable growth of +1.4%, mostly due to the recovery of the Melia White House and even more so to the solid performance of ME London, that has grown +7% versus last year with an ARR near 300 pounds.

MEDITERRANEAN

The RevPAR for the Mediterranean division in 2015 grew by +8.7%, with 7.5% of that growth due to price increases.

We must remember that growth in the fourth quarter is centered on the Canary Islands, where the last quarter in 2015 was a record period for the region, intensified from November onwards due to the increasing differences between Russia and Turkey. It should also be noted that in the last quarter the Company added one additional hotel in the Canary Islands, the Meliá Hacienda del Conde in Tenerife, which successfully began operations under a management agreement.

Geopolitical instability in general has also benefited the hotel industry in Cape Verde, where the Company has around 1,500 rooms under management.

Growing demand allowed the Company to manage the situation with a view to maximizing revenues through price increases partially linked to a greater contribution from melia.com. Another interesting note is that melia.com sales in the last quarter of 2015 increased by almost 50% in Company hotels in the Mediterranean region.

SPAIN

RevPAR in Spain increased by 13.1%. These positive results were possible due to a consistent recovery across all customer segments -both business and leisure -, that has allowed the Company to maintain its leadership in resorts and also in "bleisure" (urban leisure) destinations. The key headlines for each area are as follows:

MADRID

The fourth quarter ended with a similar trend to the previous quarters, with an increase in the leisure, business and MICE (Meetings, Incentives, Congresses and events) segments. There was also an increase in the lay-overs segment, leading to better results in hotels near the airport. The airport business in our hotels has increased by 55% compared to the previous year.

Of particular note is the performance of the Meliá Galgos which has improved its results more than 25% versus last year after its refurbishment.

HOTELS IN NORTHERN SPAIN

The increase in demand, thanks to the weather conditions of the region and the increase of flights, together with the fact that some of our hotels have been improved has been a key factor to apply revenue rules and selling more aggressively. Highlighted results obtained for instance in Bilbao or Zaragoza.

HOTELS IN SOUTHERN SPAIN

The positive performance of the leisure segment is reflected in strong results in Marbella, Cadiz, Granada and Seville. Seville also benefited from significant congresses activity, making 2015 a record year in terms of the number of events held.

HOTELS IN EASTERN SPAIN

A positive quarter in Catalonia, Valencia and Palma de Mallorca in the east of Spain. Of special note is the contribution of the hotels specialized in the M&E segment with significant increases of revenues vs the previous year, for instance Meliá Valencia(+14,1%), Meliá Sitges (+11,5%) or Meliá Palas Atenea (+9,6%). Alicante as destination is also a very strong player in the Region.

HOTEL STATISTICS OWNED & LEASED 15 / 14 (in Euros)

			% Occupancy	RevPAR	A.R.R.	Available rooms
AMERICA		**2015**	71,5%	84,1	117,6	2.082,6
	% o/ 2014		**-0,6%**	**20,6%**	**21,3%**	**5,0%**
		2014	71,9%	69,7	97,0	1.982,9
EMEA		**2015**	72,8%	105,3	144,6	3.373,1
	% o/ 2014		**0,1%**	**11,2%**	**11,0%**	**6,3%**
		2014	72,7%	94,7	130,2	3.174,5
MEDITERRANEAN		**2015**	72,4%	52,3	72,3	2.505,6
	% o/ 2014		**1,2%**	**8,7%**	**7,5%**	**-15,6%**
		2014	71,5%	48,1	67,3	2.967,4
SPAIN		**2015**	67,0%	53,8	80,3	3.340,0
	% o/ 2014		**4,9%**	**13,1%**	**7,8%**	**0,62%**
		2014	63,9%	47,6	74,5	3.319,4
TOTAL		**2015**	70,8%	74,4	105,2	11.301,3
	% o/ 2014		**1,5%**	**15,1%**	**13,4%**	**-1,2%**
		2014	69,7%	64,6	92,7	11.444,2

HOTEL REVENUES SPLIT OWNED & LEASED 15 / 14 (Million Euros)

		Room Revenues	F&B and Other	Total Revenues	Total Expenses (*)	EBITDA
AMERICA	**2015**	161,2	252,1	413,3	305,0	108,3
	% o/ 2014	**16,6%**	**33,3%**	**26,2%**	**23,4%**	**35,0%**
	2014	138,3	189,1	327,4	247,2	80,2
EMEA	**2015**	355,2	156,3	511,5	444,6	66,9
	% o/ 2014	**18,2%**	**8,3%**	**15,0%**	**12,8%**	**31,5%**
	2014	300,6	144,3	444,9	394,0	50,9
MEDITERRANEAN	**2015**	131,1	74,6	205,7	189,2	16,5
	% o/ 2014	**-8,2%**	**-11,7%**	**-9,5%**	**-6,2%**	**-35,3%**
	2014	142,8	84,4	227,3	201,7	25,5
SPAIN	**2015**	179,7	72,7	252,4	244,4	8,0
	% o/ 2014	**13,8%**	**6,7%**	**11,6%**	**5,1%**	**-223,6%**
	2014	157,9	68,2	226,1	232,6	-6,5
TOTAL	**2015**	827,2	555,7	1.382,9	1.183,2	199,7
	% o/ 2014	**11,8%**	**14,3%**	**12,8%**	**10,0%**	**33,0%**
	2014	739,6	486,1	1.225,7	1.075,5	150,2

* Includes rentals

Management Model at Meliá Hotels International

Total Fee Revenues including owned, leased and third party hotels, increased nearly 19.5 million euros compared to 2014.

Management fees from third parties totaled 54.6 million euros, 11.3 million euros higher than in 2014. The difference is mainly explained by the increase in fees from Cuba (+ 5.5 million euros) and the Mediterranean region (4.4 million euros), mainly explained by the contribution of the hotels sold to Starwood Capital (previously owned hotels). Spain division increased by 1.9 million Euros mainly thanks to the higher contribution of the hotels located in Madrid.

Positive numbers are compensated by the slower evolution of Brazil due to the macroeconomic situation in the country.

The evolution of America, excluding Brazil and Cuba, was flat, with the better performance of Meliá Nassau neutralising the impact of the closure of the ME Cabo and Meliá Cabo Real in Mexico which are undergoing refurbishment after the impact of Hurricane Odile in September 2014, together with the positive evolution of the ME Cancún.

For a better understanding about the evolution of the management model EBITDA, it should be considered the following extraordinary items:

- In 2014 the Company capitalized 4.6 million euros expenditures linked to works & maintenance in hotels.
- Last year Meliá also recognized 3.2 million Euros compensation of damages.

Million Euros	2015	2014
Total Revenues	**234.2**	**213.5**
Fees Owned & Leased hotels	81.3	73.1
Management Fees Third Parties	54.6	43.3
Other Revenues	98.4	97.0
Total Expenses	**189.9**	**159.3**
EBITDA	**44.3**	**54.2**

Other Hotel Revenues

The Other Hotel Business item basically includes the contribution of casinos, golf facilities and Sol Caribe Tours, a tour operator based in Latin America.

Compared with last year, the better performance is linked to the higher contribution from Sol Caribe Tours due to greater revenues, combined with the impact of the appreciation of the US dollar and the greater contribution of the casinos.

Hotel Business Outlook

As we usually do at the beginning of the year, the Company would like to provide an initial preview of what we expect from 2016.

Regarding the future performance of the resorts worldwide, the situation in America points towards a positive year, although it is true that 2016 has begun with a certain handicap related to the Zika virus. While it is true that the Company has not perceived any significant impact, Meliá is managing the situation to reduce the impact of a possible increase in cancellations due to the issue. Even taking into account this potential impact, results in America in Q1 will be above the previous year's figures thanks to the improvement of room rates. It should also be taken into account that 2016 includes the results for the recently incorporated Meliá Braco Village, which has recorded a solid performance in its first month of operations, and which will considerably improve from March once the hotel renovation is completely finished. It should also be remembered that in the coming months the company will open two new flagship hotels, the Innside New York and the ME Miami, which will certainly contribute to greater success in the Americas in 2016.

The performance of Mediterranean resorts, on the other hand, will be influenced by the positive momentum for Spain as a travel destination given its current status as a "safe haven destination" due to political unrest in competing destinations, particularly North Africa.

According to the data currently available regarding progress with negotiations with tour operators, everything points towards a better summer season in 2016 than in 2015. Although it is still early days, the most important markets are already performing above the 2015 figures, especially in the UK where we have seen double-digit growth in bookings. The German market also points towards mid-single-digit growth. With regard to the Spanish market, the Company remains moderately cautious given that the market usually tends book far less in advance than other markets. Above all, one of the most important factors is the fact that the Company is achieving significant price increases in negotiations with the main tour operators.

In terms of destinations, within the Mediterranean resorts the Company is specially optimistic about the expected performance of the Balearic Islands, and specially the island of Minorca where the Company expects to set new records. In Minorca, Ibiza and Mallorca the Company will benefit from the product renovations and repositioning carried out recently mainly through our Sol brand which will now allow Meliá to take advantage of better market conditions. In this regards, some of the success stories of note are the repositioning of the Meliá Cala Galdana, the Sol Beach House Menorca, and the Sol Beach House Cala Blanca. In 2016 the Company will also benefit from the rebranding of the Meliá Antillas Barbados (which in 2015 was operated under the Sol brand) and the Sol House Ibiza Sant Antoni.

In the Canary Islands, the Company still expects further improvements in all the islands even after such a successful 2015. Tour operator schedules for 2016 include new flights to Fuerteventura, Lanzarote and La Palma. Additionally, in 2016 the Company has also added the Sol Costa Atlantis and Meliá la Hacienda del Conde Hotels.

In mainland Spain prospects are also strong with Benidorm at the top of the list of most popular destinations in 2016, especially for the UK market.

The outlook for Spanish cities is based on on-the-books sales for 1Q which are around 2.5 million euros above last year's figures, making the Company confident that 2016 will see the consolidation of the recovery, benefiting from the upward trend in domestic consumption, though pending greater visibility around the political stability needed to ensure continuity in the country's recovery.

The current pace of growth is healthy in all of the Spanish cities (both tier I and tier II), very positive news taking into consideration that the lack of snow is penalizing our ski resorts in Sierra Nevada (Granada, Spain). On the positive side, the first quarter comparison will also be affected by the earlier Easter Holidays compared to last year.

Meliá would also like to take this opportunity to report that the Spain region will also see the disaffiliation of underperforming hotels, the refurbishment of the Meliá Lebreros and Tryp Apolo, and the loss of the Tryp Ambassador (now Gran Meliá Palacio de los Duques) which will now be included within the EMEA portfolio after its re-branding.

Outside Spain, cities in Europe are also registering a positive first quarter 2016 and are expected to maintain healthy rates of growth for the whole year. The main highlights by country are the following:

- In the 1Q, Germany is seeing results above expectations, taking into consideration that in 2016 the country will host a greater number of Trade Fairs. Also in the "German-speaking" market figures look excellent for the Meliá Vienna.

- In the UK, the ME London is expected to reach cruiser speed in 2016, with an average rate for the year of almost 300 pounds, and with a 75% occupancy rate while the Innside Manchester, after opening in May 2015, will continue with its positioning process

- In Italy prospects are also strong, even though our properties in Milan will not benefit from the hosting of the EXPO which occurred in 2015.

- In France the first quarter pick-ups are recovering little by little. Since the terrorist attack, the situation remains sluggish for Paris city centre. However the superb performance of the new Meliá Paris la Defense will allow the Company to recover the gap.

- To end with EMEA, in the Middle East the Company is making progress in adapting its marketing and sales strategy to consolidate its presence, and expects figures in Dubai or Doha to also strengthen in 2016.

Based on the information above, for the year 2016 the Company expects a mid-single digit RevPAR increase mainly due to price increases.

DEVELOPMENT

Additions (13 hotels / 2,167 rooms)

In 2015 the Company added 13 hotels with 2,167 rooms to its portfolio. 77% of the new rooms are managed or franchised, with the other 23% added through lease agreements. The latter come from only 3 hotels added in the whole of 2015 under leases, all them in the EMEA region and representing core hotels in strategic markets: Meliá La Défense (France), ME Milan Il Duca (Italy), and the Innside Manchester (UK).

The EMEA region also benefited from the opening of the Meliá Doha (Qatar), Tryp Leiria (Portugal) and Meliá Il Campione (Italy).

In Spain, the Mediterranean region incorporated the Meliá La Hacienda del Conde (Tenerife) in the third quarter, while Spain as a region itself incorporated the Tryp Castellon Center and Tryp Valencia Feria. The latter two contracts - together with the Tryp Leiria in Portugal mentioned previously - are included within the agreement with Wyndham which aims to jointly expand the Tryp by Wyndham footprint worldwide.

Further afield, the Asia Pacific region continues to be a strategic focus for growth for the company with the opening of the Meliá Danang (Vietnam) and the Sol the Imperial Boat House Beach (Thailand), the latter being the first hotel added through the strategic agreement signed last November with TCC Land Asset World which foresees the opening of three hotels over the next three years.

The Brazil region also increased its portfolio in 2015 through the opening of the Meliá Ibirapuera in Sao Paulo.

Disaffiliations (8 hotels / 1,416 rooms)

The most active region for disaffiliations was Spain where the company disaffiliated 4 hotels: 1 unprofitable lease agreement at the Tryp Oviedo, and 3 managed or franchised hotels: the Meliá Palacio Tudemir, the Meliá Golf Vichy Catalan and the Marbella La Quinta Golf & Spa.

In EMEA the company cleaned up its portfolio after removing the Meliá Roma Aurelia Antica (Italy) and Meliá Sinai in Egypt, a market in which Meliá currently only operates 3 properties under management.

Future additions (Pipeline at the Year End reached 62 hotels / 16,085 rooms)

In 2015 the Company signed 25 new hotels of which 5 already opened in 2015 (as described in "Additions" chapter) and therefore they are not included in the pipeline at the year end.

As a result of this, the pipeline at the end reached 62 hotels (16,085 rooms) thanks to the efforts to strengthen internationalization while also boosting presence in those traditional markets that generate value for Meliá and its brands.

At this point, it is opportune to specify that a 82% of our pipeline will be incorporated under management formulas, while only a 18% are lease contracts, being important for us that all this lease contracts are located in strategic markets that meet Company's requirements in terms of quality, productivity and safety, such as Germany, U.K, United States or Italy. On the other hand, recall that the focus will be the maintenance of Melia leadership in the resorts segment while reinforcing our presence in bleisure destinations.

Of these 62 hotels, 2 hotels have opened in January 2016: the Sol Costa Atlantis in Tenerife (289 rooms under lease agreement) taking advantage of the strong momentum in Mediterranean resorts and the Company expertise in the Canary Islands; and the Meliá Braco Village in Jamaica (226 rooms under management) that extends the Meliá footprint in the English-speaking Caribbean.

On the other hand, in 2016 the pace of new agreements is expected to remain the same, with 25-30 new hotels being added to the pipeline , which implied one new signature every two weeks. Year to date, in 2016 the Company has announced the signature of 2 hotels, the Innside Doha and the Meliá Lombok Tangkong.

Regarding the first, Meliá has made further progress in its growth and positioning strategy in emerging Middle East markets with a new hotel in Doha (Qatar). The hotel will be operated under the Innside by Meliá brand and will open in 2017, becoming the third hotel for the Company in Qatar, together with the Meliá Doha, which opened in 2015, and the future ME Doha. Regarding the second hotel, Meliá continues to grow in Indonesia, its most important destination in Asia Pacific in which it is committed to increasing its leadership, by which during the 1Q Meliá has signed an agreement for the opening of the Meliá Lombok Tangkong in Gili Tangkong.

In terms of hotel openings, the forecast based on the pipeline as it stood on 31st December is for Meliá to open 20-25 hotels over the year:

America (12 hotels / 2,325 rooms): Of the 13 hotels in the pipeline, 5 are scheduled to open in 2016 (included the Meliá Braco Village opened in January) including: the Meliá Cartagena (154) in Colombia and 3 hotels in the United States: the ME Miami (129) and Meliá Costa Hollywood (227) in Miami, and the Innside New York NoMad, the only lease contract in the pipeline in the Americas.

Asia (20 hotels; 4,827 rooms): Within the framework of the new Strategic Plan 2016-2018 one of the most important objectives for the company is to increase its presence in Asia, as reflected in the current pipeline in the region which makes up 27% of the global rooms pipeline.

In recent years, the Company has made great efforts to detect strategic partners which could contribute to the consolidation of Meliá's presence in the region, the fruit of which is a current pipeline which includes the opening in 2016 of 8 hotels (1.823 rooms) all under management agreement:

- 4 are in Indonesia: Meliá Surabaya (250), Innside Makassar (139), Sol Legian (136) and Sol Kuta Bali (110)

• 2 in China: the Innside Zhengzhou (328) and the Meliá Shanghai Hongqiao.

• and two additional contracts in Myanmar and Vietnam with the opening of the Meliá Yangon and Sol Phu Quoc, respectively.

EMEA (20 hotels; 4,006 rooms): The pipeline in EMEA is well balanced between lease and management agreements.

Going into 2016 the current pipeline includes the opening of 3 leased hotels under the Innside brand in Germany (Innside Frankfurt, Innside Aachen and Innside Leipzig) and 2 managed hotels in Italy and Morocco.

Mediterranean (3 hotels; 1725 rooms): One of the agreements has been already opened (the Sol Costa Atlantis), while another 2 hotels in Cape Verde are expected to open (one of them in 2016).

Brazil (4 hotels; 1178 rooms): Including 2 hotels which are expected to open in 2016 before the Olympic Games in Río de Janeiro, with the highlight being the Gran Meliá Nacional Rio with 472 rooms located in Rio itself.

Cuba (3 hotels; 2024 rooms); Cuba where Meliá currently operates 39% of hotel rooms in the island remains one of the key markets for the Company.

Meliá Yangoon | Myanmar

	01/01/2015		ADDITIONS		LOSSES		31/12/2015		SIGNED		TOTAL GROUP	
	H	R	H	R	H	R	H	R	H	R	H	R
AMERICA	**67**	**23.815**	**2**	**378**	**-1**	**-151**	**68**	**24.245**	**19**	**5.527**	**87**	**29.772**
Owned Hotels	14	5.903	0	0	0	0	14	5.883	0	0	14	5.883
Leased hotels	0	0	0	0	0	0	1	236	2	784	3	1.020
Management & Franchised	53	17.912	2	378	-1	-151	53	18.126	17	4.743	70	22.869
EMEA	**72**	**12.893**	**6**	**1.136**	**-2**	**-467**	**73**	**13.231**	**20**	**4.006**	**93**	**17.237**
Owned Hotels	12	2.765	0	0	0	0	13	3.049	0	0	13	3.049
Leased hotels	38	6.546	3	709	-1	-270	39	6.606	10	1.868	49	8.474
Management & Franchised	22	3.582	3	427	-1	-197	21	3.576	10	2.138	31	5.714
MEDITERRANEAN	**81**	**28.067**	**1**	**117**	**-1**	**-308**	**81**	**27.871**	**3**	**1.725**	**84**	**29.596**
Owned Hotels	23	7.131	0	0	0	0	12	3.323	0	0	12	3.323
Leased hotels	18	5.597	0	0	-1	-308	21	6.464	1	289	22	6.753
Management & Franchised	40	15.339	1	117	0	0	48	18.084	2	1.436	50	19.520
SPAIN	**81**	**15.003**	**2**	**205**	**-4**	**-490**	**82**	**15.069**	**0**	**0**	**82**	**15.069**
Owned Hotels	9	2.458	0	0	0	0	9	2.458	0	0	9	2.458
Leased hotels	43	7.105	0	0	-1	-118	42	7.078	0	0	42	7.078
Management & Franchised	29	5.440	2	205	-3	-372	31	5.533	0	0	31	5.533
ASIA PACIFIC	**8**	**2.505**	**2**	**331**	**0**	**0**	**10**	**2.836**	**20**	**4.827**	**30**	**7.663**
Owned Hotels	0	0	0	0	0	0	0	0	0	0	0	0
Leased hotels	0	0	0	0	0	0	0	0	0	0	0	0
Management & Franchised	8	2.505	2	331	0	0	10	2.836	20	4.827	30	7.663
TOTAL OWNED HOTELS	**58**	**18.257**	**0**	**0**	**0**	**0**	**48**	**14.713**	**0**	**0**	**48**	**14.713**
TOTAL LEASED HOTELS	**99**	**19.248**	**3**	**709**	**-3**	**-696**	**103**	**20.384**	**13**	**2.941**	**116**	**23.325**
TOTAL MANAGEMENT & FRANCHISED	**152**	**44.778**	**10**	**1.458**	**-5**	**-720**	**163**	**48.155**	**49**	**13.144**	**212**	**61.299**
TOTAL MELIÁ HOTELS INT.	**309**	**82.283**	**13**	**2.167**	**-8**	**-1.416**	**314**	**83.252**	**62**	**16.085**	**376**	**99.337**

REAL ESTATE

In 2015 total Income in the Real Estate business reached 69.9 million Euros, of which 61.2 million euros are linked to assets disposals and asset revaluations.

Within the framework of the asset rotation activity, the main milestones have been:

- The sale of 6 resort hotels in to a new Joint Venture Company owned 80% by a subsidiary of the Starwood Capital Group and 20% by Meliá, which generated 178.2 million euros (net cash of approximately €150 Mn) and capital gains at the EBITDA level of 40.1 million euros.

- The sale of the resort complex Calas de Mallorca (Majorca, Spain) with 875 rooms. The transaction amounts to 23.6 million euros and 3.3 million euros capital gains.

- The sale of the hotel Sol Falcó with 450 rooms (Minorca, Spain). The transaction amounts to 20 million euros and generated a capital gain of 3.9 million euros.

Taking into consideration the above, total capital gains at the EBITDA level in 2015 reached 47.3 million Euros compared to 14.9 million euros in 2014 linked to the sale of the Sol Aloha Puerto.

For a better understanding of the Real Estate Ebitda evolution, should be also considered that in 2015 the Company has generated 2.6 million Euros linked to asset revaluations while in 2014 this concept implied the generation of 8.4 million Euros, mainly due to the re-expression of the balances of the Venezuelan companies of the Group -in accordance with IAS 29 on the basis that this country is a hyper-inflationary economy.

Going into 2016, the Company aims to generate additional assets sales taking advantage of the real estate cycles in the different strategic markets and consolidating the Joint Venture model as a dynamic and essential element in Meliá's strategy which aims to strengthen the Company's role as a hotel manager.

CLUB MELIÁ

Sales at Club Meliá grew helped by the appreciation of the US dollar compared to the euro, given that almost all of the Club Meliá revenues are in dollars.

The number of weeks sold was slightly below the previous year, in part due to the slowdown of sales in Puerto Rico linked to the asset disposal process which penalizes Club Meliá sales, and also due to sales reductions to customers from some emerging markets in order to avoid country risk, such as Argentina, Brazil or Venezuela.

Regarding the activity in Mexico, the strong appreciation of the US dollar versus the Mexican Peso is strongly affecting the local market (which is the main client in Mexico) given that the payment currency is in dollars.

To conclude with the evolution of the Club in 2015, stress that since the third quarter the Company has closed its Sales and Marketing activity in Spain. While Club Meliá will continue attending to existing customers, the Company will not sell any additional units in Spain, something that had a greater impact in the fourth quarter of 2015.

Going into the future, the Strategic Plan 2016-2018 will focus on:

- The redefinition of the product and service strategy and its positioning within the Company Brand Map.

- Re-design and implementation of a lead generation strategy focused on the digital area

- Define, optimize and standardize the sales process; and

- Identify new opportunities with strategic partners.

More information about the implications of the new Strategic Plan will be released in the coming months.

OVERHEAD DEPARTMENTS

Recall that this item only includes the overheads in Meliá Hotels International.

For a better understanding about the Overheads performance, the significant extraordinary items were:

- The evolution of the onerous contracts that had an impact 2015 vs 2014 of around 7.5 million euros, taking into consideration that a contract becomes onerous when the inevitable costs of fulfilling the contractual obligations exceed the expected economic benefits. Estimated future results from rental agreements are reviewed annually based on expected cash flows from the relevant cash-generating units, applying a suitable discount rate. Should costs exceed benefits, the Group recognizes a provision for the difference. In this regards, the Company reduced provisions in 2014 by 5.7 million euros, while in 2015 the Company recognised 1.8 million Euros provision.

- Should be also considered that 2014 figure was impacted by an extraordinary adjustment related to the MeliaRewards loyalty programme and its points accumulation mechanism given that 2014 registered a positive impact of around +5.4 million euros as a result of a provision regularization –taking into consideration that points that pass their expiry date cannot be redeemed.


Gran Meliá Palacio de los Duques | Madrid

Dec 2015

	HOTELS								
	MANAGEMENT MODEL	Hotel Business Owned & Leased	Other "hotel" business	AGGREG HOTELS	REAL ESTATE	CLUB MELIA	OVERHEADS	TOTAL AGGR.	CONSO
REVENUES	234,2	1.382,9	69,6	1.686,7	69,9	127,4	125,5	2.009,5	1.738,2
EXPENSES	186,3	1.043,4	63,8	1.293,6	17,6	107,3	148,7	1.567,2	1.301,4
EBITDAR	47,9	339,5	5,7	393,2	52,2	20,1	-23,2	442,3	436,8
% EBITDAR	20%	25%	8%	23%	75%	16%	-18%	22%	25%
RENTALS	3,6	139,8	0,3	143,8	0,0	0,0	5,5	149,2	143,7
EBITDA	44,3	199,7	5,4	249,4	52,2	20,1	-28,6	293,1	293,1
% EBITDA	19%	14%	8%	15%	75%	16%	-23%	15%	17%
AMORTIZ	1,0	112,3	1,0	114,2	0,4	1,4	13,0	129,1080	129,1
EBIT	43,3	87,4	4,4	135,2	51,8	18,7	-41,7	164,0	163,9

Dec 2014

	HOTELS								
	MANAGEMENT MODEL	Hotel Business Owned & Leased	Other "hotel" business	AGGREG HOTELS	REAL ESTATE	CLUB MELIA	OVERHEADS	TOTAL AGGR.	CONSO
REVENUES	213,5	1.225,7	48,4	1.487,6	37,0	112,6	85,2	1.722,3	1.495,0
EXPENSES	158,9	944,8	44,4	1.148,1	11,5	95,7	112,2	1.367,5	1.141,8
EBITDAR	54,7	280,9	4,0	339,6	25,5	16,9	-27,1	354,9	353,2
% EBITDAR	26%	23%	8%	23%	69%	15%	-32%	21%	0%
RENTALS	0,5	130,7	0,2	131,4	0,0	0,0	-4,0	127,4	125,7
EBITDA	54,2	150,2	3,8	208,2	25,5	16,9	-23,0	227,5	227,5
% EBITDA	25%	12%	8%	14%	69%	15%	-27%	13%	0%
AMORTIZ	0,9	81,3	0,9	83,1	0,8	2,1	10,7	96,7	96,7
EBIT	53,3	68,9	2,9	125,0	24,7	14,8	-33,7	130,8	130,8

3. COMMITMENT AND CORPORATE SOCIAL RESPONSIBILITY

Meliá has managed to consolidate its corporate reputation and CSR strategy, becoming a market leader in the tourism industry, particularly in Spain. This consolidation is confirmed by the important advances in the company position in some of the rankings that measure corporate reputation, as well as by the numerous awards received during the year:

- Corporate Reputation 18th Position (△13)
- MERCO Responsability Index- 21st Position (△43)
- MERCO Talent - 20th Position (△11)
- CDP - Top "A+ List" (99A) globally and amongst 113 Leading Companies
- Renovation as global TOP Member
- Second Prize UNWTO Social Innovation
- Best European Hotel Chain and Company with the most nominations in the history of the awards

RSC KEY FIGURES

113
Hotels Participating

665
Initiatives Reported

30.754
Employees Involved

302.871
Cliente Participating

1.453.389
Beneficiaries*

802.613 €
Direct Economic Impact

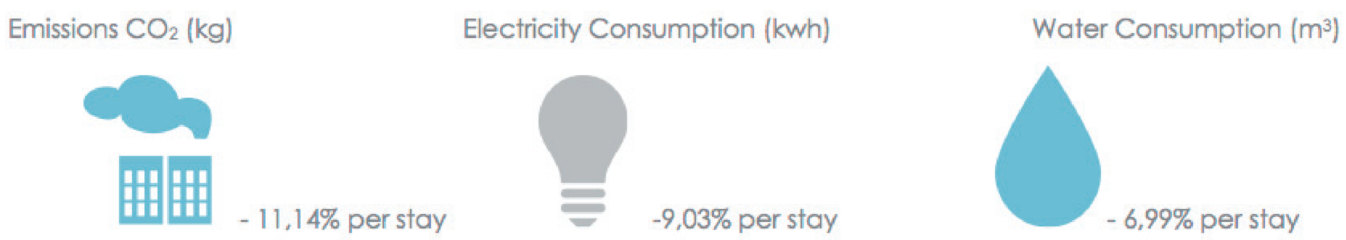
* Direct and indirect

Meliá continues to strengthen its social commitment and positioning to support children together with UNICEF. With the backing of its stakeholders, in 2015 it has raised €414,000 to help children in the Dominican Republic, Mexico, Brazil, Venezuela and Asia Pacific.

In parallel, Meliá has also made progress in measuring the impact of international Social Responsibility initiatives. After the definition of its global model, it has promoted the regionalization of its strategy and the maximization of the impact in destinations in which it operates through the direct involvement of its hotels.

Meliá's strategic focus on its commitment to contribute to the fight against climate change has been seen in different initiatives which aim as its main objective to reduce CO2 emissions and energy and water consumption per hotel stay. The SAVE programme, currently implemented in 77% of the portfolio, is complemented by company and third-party investments and by cooperation with Energy Saving Companies (ESCO). This partnership is now in operation in 15 hotels, having generated operating improvements of around 20% in the reduction of energy consumptions as well as economic savings in excess of a million euros in these business units.

The impact of these actions has enabled the company to reduce, when comparing the period 2007-2011 with 2012-2015, the following indicators:



Its equivalent economic impact, on the same basis of calculation, has led Meliá to achieve savings in energy costs of 6,4 million euros.

In addition to this, the contract signed in 2014 and renewed in 2015 with the Electric Company ENDESA for all of the hotels in Spain (47% of the entire hotel portfolio) in order to use Green Energy , has also made a significant contribution to achieving the objectives regarding reducing emissions by a total of 58,298 tCO2, including the addition of 21 new hotels in its measurement.

4. INCOME STATEMENTS

Note: At the end of 2013 the Company included the profit and loss account generated by the assets in Puerto Rico, reduced by the loss of asset value in the country at the "Results from Discontinued Operations" line, taking into consideration principles of prudence and anticipating the possible withdrawal from the entire business in Puerto Rico.

In December 2015 given that the sale is not considered to be highly probable in the short term and given the country's default situation, the Company has included again its results as "Result from continuing operations" in the consolidate statements.

For a comparable purposes, 2014 figures have also been adjusted.

Revenues

Total consolidated revenues increased by 16.3%. Hotel revenues increased by 12.9% thanks to a 15.1% improvement in RevPAR, 90% of which is explained by an increase in the Average Room Rate. Club Meliá also reported good figures, with 30.9% growth. The contribution of the Real Estate division increased by +32.9 million euros compared with the same period last year due to higher capital gains from asset disposals.

Excluding changes in the scope, the impact of the appreciation of the USD against the EUR, capital gains from asset disposals, the impact of the change to SIMADI exchange rate of the Venezuelan Bolivar, and some other extraordinary items, total revenues would have increased by 8.5%

Operating Expenses

Raw materials, Personnel expenses and Other operating expenses increased by 14.0%, 5.8% and 20.9% respectively, affected by the changes in the perimeter, the appreciation of the USD, and the devaluation of the Bolivar. On a like-for like basis, the evolution of expenses would be as follows: Raw materials +5.2%, Personnel expenses +3.2% and Other operating expenses +9.6%.

Rental expenses grew by 14.3%. It should be noted that in 2014 the Company reduced the existing onerous contracts provision by 5.7 million euros, while in 2015 the Company has accounted for a 1.8 million euros provision. On a comparable basis, rentals increased by 10.5 million euros due to:

- The incorporation of the Innside Wolfsburg, the Tryp Estepona Valle Romano, Meliá La Defense, the Innside Manchester and the ME Milan.

- The change in the management contract of the Sol Aloha Costa del Sol, Meliá Jardines del Teide and Meliá Orlando hotels, partially offset by the Meliá Milano -that changed from a rented to an owned hotel.

- Partially offset by the renegotiation of some leases.

EBITDA

All the above mentioned factors allowed Meliá to register an improvement in EBITDA of +28.8% (EBITDA excluding capital gains +15.6%).

The "Depreciations & Amortizations" item increased by 32.5 million euros mainly due to the accounting of Puerto Rico as continued operations and the recognition of its impairment at the Depreciation level (since September 2015 included as "Discontinued Operations"); the consolidation of the Meliá Milano since June 2015, offset by the change of regime of the hotels included in the joint venture with Starwood Capital.

At the "Profit/(Loss) from Associates and JV" level, the better result is explained by the better results of Evertmel (resort complex in Magaluf - Mallorca), Altavista Hotelera (Meliá Barcelona Sky) and the "Comunidad de Propietarios Meliá Castilla", as well as the contribution of the hotels sold to Starwood Group in June 2015.

TAXES

At the end of 2014, an inspection began into corporation tax for 2009 to 2012, both inclusive, and of value added tax and deductions and payments on account from July 2010 to December 2012 of the Tax Group of Melia Hotels International S.A. These actions remain open without any notification having been received of any proposed tax adjustments. The Company is cooperating with the authorities and expects to reach a satisfactory agreement.

According to the best available information and circumstances at the date of issue of this note, the Company does not yet know the final outcome of any potential tax contingencies. Whatever the final outcome, the Company believes that it may significantly and mainly affect tax credits pending application by the Tax Group based on the different interpretation which the Tax Administration may adopt concerning tax credits already applied by the Group. As a result the Company has estimated and registered provisions amounting to 33 million euros to address the aforementioned potential outcome.

The Company has performed an analysis of the potential impact on the years under inspection and does not envisage that any changes would have a significant impact on the consolidated accounts for future years.

Meliá Doha | Qatar

(Million Euros)	December 2015	December 2014	
Revenues Split:			
Total HOTELS	1.686,7	1.487,6	
Management Model	234,2	213,5	
Hotel Business Owned & Leased	1.382,9	1.225,7	
Other Hotel Business	69,6	48,4	
Real Estate Revenues	69,9	37,0	
Club Meliá Revenues	127,4	112,6	
Overheads	125,5	85,2	
Total Revenues Aggregated	2.009,5	1.722,3	
Eliminations on consolidation	-271,3	-227,3	
Total Consolidate Revenues	**1.738,2**	**1.495,0**	**16,3%**
Raw Materials	-214,8	-188,4	
Personnel expenses	-463,3	-437,8	
Other operating expenses	-623,3	-515,6	
Total Operating Expenses	**-1.301,4**	**-1.141,8**	**14,0%**
EBITDAR	**436,8**	**353,2**	
Rental expenses	-143,7	-125,7	
EBITDA	**293,1**	**227,5**	**28,8%**
Depreciation and amortisation	-129,1	-96,7	
EBIT (OPERATING PROFIT)	**163,9**	**130,8**	**25,3%**
Financial Expense	-70,7	-107,1	
Other Financial Results	1,8	17,6	
Exchange Rate Differences	10,4	24,6	
Total financial profit/(loss)	**-58,5**	**-64,8**	**9,7%**
Profit / (loss) from Associates and JV	-3,8	-9,2	
Profit before taxes and minorities	**101,6**	**56,8**	**78,9%**
Taxes	-61,1	-25,0	
Group net profit/(loss)	**40,5**	**31,9**	**27,2%**
Minorities	4,5	1,5	
Profit/(loss) of the parent company	**36,0**	**30,4**	**18,3%**

Meliá Cala Galdana | Menorca, Spain

5. BALANCE SHEET

Assets

The increase in "Goodwill" of 25.5 Mn euros is due to the consolidation of Inmotel Inversiones Italia S.R.L. (owner of the Meliá Milano hotel).

The decrease in "Tangible Assets" of -88.8 million Euros is mainly linked to the book value of the assets sold (152.5 Mn euros), the amortization and depreciation for the period (114.6 Mn euros) including the impairment of Puerto Rico assets (28.6 Mn euros) and the exchange differences mainly related to the change to SIMADI exchange rate of the Venezuelan Bolivar, all partially offset by the maintenance capex and the consolidation of the Meliá Milano.

"Investment in associates" decreased by -13.4 Mn euros due to the net effect of the incorporation of the new joint ventures related to the deal with the Starwood Capital Group, partially offset by the integration by the full consolidation method of Inmotel Inversiones Italia S.R.L (Meliá Milano), after the Company purchased 100% of the participation.

(Million Euros)	**Dec 2015**	**Dec 2014**	
ASSETS			
NON-CURRENT ASSETS			
Goodwill	61,0	35,5	
Other Intangibles	97,7	102,1	
Tangible Assets	1.550,7	1.639,5	
Investment Properties	139,1	133,0	
Investments in associates	179,4	192,7	
Other non-current financial assets	231,3	224,0	
Deferred tax assets	132,2	149,4	
TOTAL NON-CURRENT ASSETS	**2.391,3**	**2.476,2**	**-3,4%**
CURRENT ASSETS			
Inventories	109,8	97,8	
Trade and other receivables	250,0	249,2	
Tax assets on current gains	28,6	24,3	
Other current financial assets	30,2	31,4	
Cash and cash equivalents	348,6	337,3	
TOTAL CURRENT ASSETS	**767,2**	**740,0**	**3,7%**
TOTAL ASSETS	**3.158,6**	**3.216,2**	**-1,8%**

(Million Euros)	Jun 2015	Dec 2014	
EQUITY			
Issued capital	39,8	39,8	
Share premium	877,3	865,2	
Reserves	296,8	316,0	
Treasury shares	-39,9	-52,0	
Results from prior years	301,4	259,8	
Other equity instruments	108,7	108,7	
Translation differences	-353,8	-344,4	
Other adjustments for changes in value	-2,8	-10,3	
Profit attributable to parent company	36,0	30,4	
EQUITY ATTRIBUTABLE TO THE PARENT CO.	1.263,6	1.213,3	
Minority interests	50,9	54,7	
TOTAL NET EQUITY	**1.314,5**	**1.268,0**	**3,7%**
NON CURRENT LIABILITIES			
Issue of debentures and other marketable securities	223,1	314,0	
Bank debt	494,9	652,5	
Other non-current liabilities	16,4	18,7	
Capital grants and other deferred income	29,1	16,6	
Provisions	49,5	36,9	
Deferred tax liabilities	161,7	147,7	
TOTAL NON-CURRENT LIABILITIES	**974,7**	**1.186,4**	**-17,8%**
CURRENT LIABILITIES			
Issue of debentures and other marketable securities	115,0	3,7	
Bank debt	284,4	351,1	
Finance lease creditors	392,9	318,6	
Trade and other payables	26,1	21,2	
Liabilities for current income tax	51,0	67,2	
Other current liabilities			
TOTAL CURRENT LIABILITIES	**869,3**	**761,8**	**14,1%**
TOTAL LIABILITIES AND EQUITY	**3.158,6**	**3.216,2**	**-1,8%**


Sol House Taghazout | Morocco

6. FINANCIAL RESULTS AND DEBT

FINANCIAL RESULTS

Financial results improved by 9.7% compared to the previous year due to the net effect of:

a) Reduction in "Bank financing" of €-36.4 Mn due to the lower gross debt and improved average interest rate compared to 2014 (4.36% in 2015 vs 4.84% in 2015)

b) Lower income in "Other financial results" of €15.9 Mn, mainly due to lower financial expenses related to the restatement of accounts in Venezuela due to the adjustment for hyperinflation, offset by lower interest income from associates due to the reduction / capitalization of loans and the reduction of interest on deposits.

c) €-14.2 Mn in the "Exchange rate differences", motivated mainly by the appreciation of the USD versus the EUR (greater in 2014 compared to 2015) together with the devaluation of the Bolivar in Venezuela and the Brazilian Real.

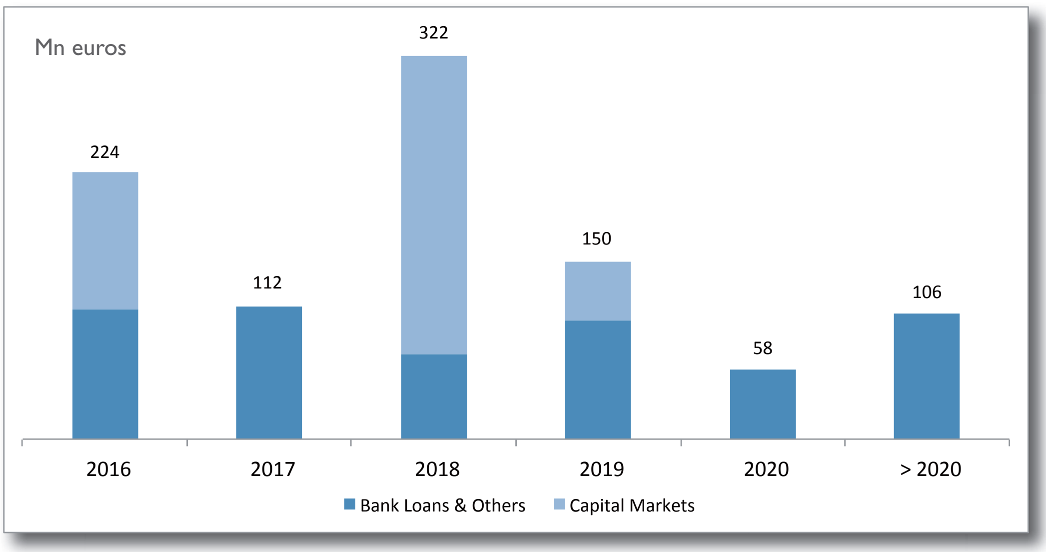
(thousands euros)	12M 2015	12M 2014
Exchange differences	10.409	24.649
Borrowings	(70.707)	(107.101)
Interest Capital Markets	(29.824)	(48.143
Interest bank loans and others	(40.883)	(59.958)
Other financial incomes	1.756	17.631
Net Financial Income	**(58.542)**	**(64.821)**

DEBT

Company Net Debt decreased compared to December 2014 by € 216 Mn to €768.8 Mn, largely explained by the positive performance of the free cash flow generation and the asset disposals, partially offset by the purchase last June of 58.5% of the Company that owns Melia Milano which was in the hands of third parties.

In 2015, the Company achieved a ratio of net debt to EBITDA excluding capital gains of 3.1 times, below Meliá's initial target of 3.5 times. Facing 2016 the goal of the company is to achieve a level below 3.0 times.

The debt maturity profile is as follows, excluding credit facilities:



7. CASH FLOW STATEMENT

Cash flow from operating activities (€+270.6 Mn) includes gross capital gains generated through the asset rotation activity.

Cash flow from investment activities (€+39.3 Mn) is primarily explained by:

- the investments made in fixed assets and property investments, (€-64.2 Mn) linked to maintenance capex,
- the payments to associates (€-72.4 Mn) after compensating payments and proceeds from third parties, the majority of these amounts are related with the purchase of a 58,5% stake in Inmotel Inversiones Italia S.R.L (owner of the Meliá Milano Hotel) last June 2015 –that represented 48 Mn in cash, and the 20% contribution to the joint venture with Starwood Capital –that represented an investment of 18.5 Mn euros.
- offset by the sales of assets (€+174.5 Mn)

Cash flow from financing activities reached €-309.5 Mn including the issue and amortization of debt, together with the interest paid.

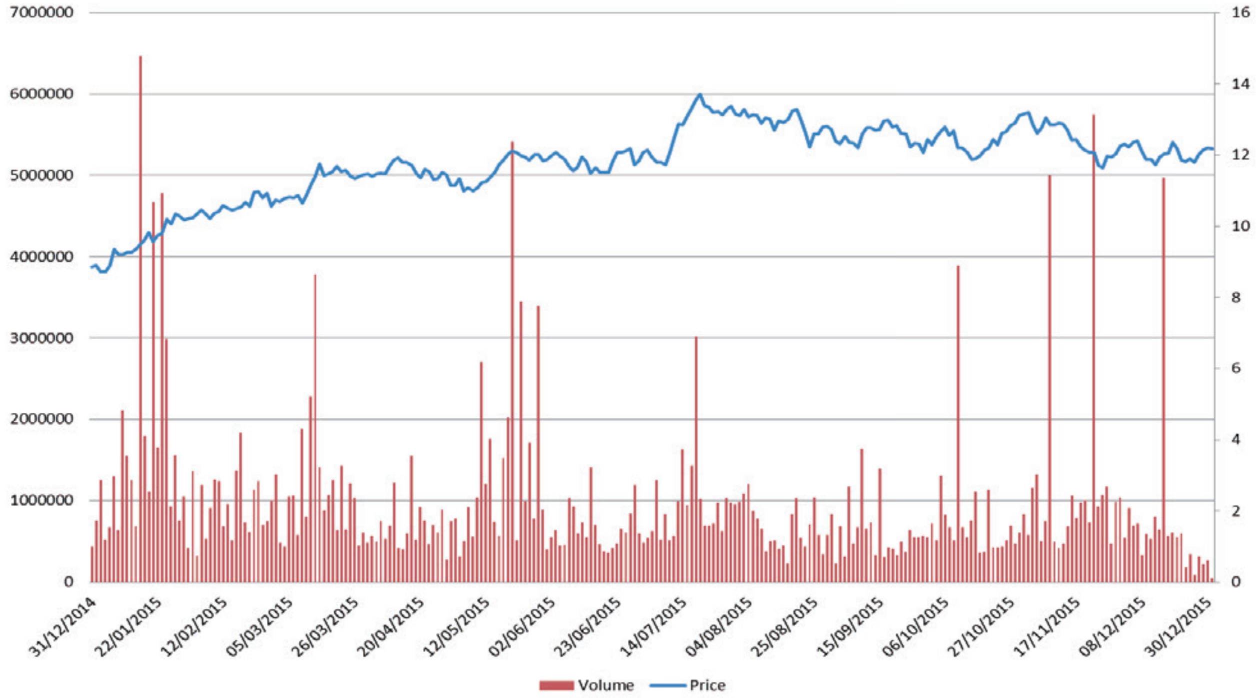
Mn euros

CASH FLOWS FROM OPERATING ACTIVITIES	**270,6**
Proceeds from operating activities	307,4
Proceeds / (payments) from profit taxes	-36,8
Other proceeds / (payments) from operating activities	0,0
CASH FLOWS FROM INVESTING ACTIVITIES	**39,3**
Payments for investing activities:	**-185,8**
Companies of the Group, associates and business units	-121,2
Fixed assets, intangible assets and property investments (Company Gross Capex)	-64,2
Other financial assets	-0,4
Other assets	0,0
Proceeds on sale:	**223,8**
Companies of the Group, associates and business units	48,8
Fixed assets, intangible assets and property investments	174,5
Other financial assets	0,5
Other assets	0,0
Other cash flows from investing activities:	**1,3**
Proceeds from dividends	1,3
Proceeds from interests	0,0
CASH FLOWS FROM FINANCING ACTIVITIES	**-309,5**
Proceeds and (payments) for equity instruments:	**-2,4**
Issue	0,0
Amortisation	0,0
Acquisition	-2,4
Sell	0,0
Proceeds and (payments) for financial liabilities:	**-236,2**
Issue	244,9
Repayment and Amortization	-481,1
Dividends paid and payments for other equity instruments:	**-6,9**
Other cash flows from financing activities:	**-64,0**
Interest paid	-65,2
Other proceeds and (payments) from financing activities	1,3
EFFECT OF EXCHANGE RATE CHANGES	**10,9**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**11,3**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**337,3**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR PERIOD	**348,6**

8. MELIÁ ON THE STOCK MARKET

The stock price decreased by -2.1% during the fourth quarter of 2015. The Ibex Medium Cap rose by +5.5% and the Ibex 35 decreased by -0.2%.

For the 12 months 2015, the stock price rose by +37.5%.



	1Q2015	2Q2015	3Q2015	4Q2015	**2015**
Average daily volume (thousands shares)	1.303,6	958,3	751,3	919,7	**980,1**
Meliá performance	30%	3%	5%	-2%	**37%**
Ibex Medium Cap performance	21%	-6%	-5%	6%	**14%**
Ibex 35 performance	12%	-7%	-11%	0%	**-7%**

	31/12/2015	**31/12/2014**
Number of shares	199.053.048	184.776.777
Average daily volume (thousands shares)	980,10	767,26
Maximum share price (euros)	13,71	9,93
Minimum share price (euros)	8,73	7,33
Last price	12,18	8,86
Market capitalisation (millions euros)	2.424,47	1.637,12
Dividend (euros)	0,03	0,04

Source: Bloomberg

NOTE: Meliá's shares are listed on the IBEX Medium Cap and FTSE4Good Ibex index.

On January 2015, 14,3Mn newly-issued ordinary shares to attend partially the conversion of the convertible bond were admitted to trading to the Spanish Stock Exchanges.

Dividends were paid out on August 5th, 2015

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