Meliá Hotels International, S.A. and its subsidiaries

Report on limited review of condensed interim consolidated financial statements as of June 30, 2018

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

REPORT ON LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Meliá Hotels International, S.A.:

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Meliá Hotels International, S.A. (hereinafter, "the parent company") and its subsidiaries (hereinafter, "the group"), which comprise the balance sheet as at June 30, 2018, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all condensed and consolidated, for the six months period then ended. The parent company´s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended June 30, 2018 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

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Emphasis of Matter

We draw attention to Note 2, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2017. Our conclusion is not modified in respect of this matter.

Other Matters

Interim consolidated directors´ Report

The accompanying interim consolidated directors' Report for the six months period ended June 30, 2018 contains the explanations which the parent company´s directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2018. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Meliá Hotels International, S.A. and its subsidiaries´ accounting records.

Preparation of this review report

This report has been prepared at the request of the Audit Commission in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Original signed in Spanish
Mireia Oranias

July 30, 2018

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND CONDENSED CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR 2017

Consolidated Balance Sheet

(Thousand €)	Note	30/06/2018	31/12/2017 (Restated)
NON-CURRENT ASSETS			
Goodwill	8	60,714	60,714
Other intangible assets	8	100,958	102,194
Property, Plant and Equipment	8	1,707,474	1,683,356
Investment property		153,411	135,900
Investments measured using the equity method	9	223,761	229,644
Other non-current financial assets	10.1	198,095	173,550
Deferred tax assets		203,495	202,989
TOTAL NON-CURRENT ASSETS		**2,647,907**	**2,588,345**
CURRENT ASSETS			
Inventories		36,329	34,000
Trade and other receivables		285,348	275,474
Current tax assets		45,038	54,961
Other current financial assets	10.1	44,249	48,684
Cash and other cash equivalents		459,577	331,885
TOTAL CURRENT ASSETS		**870,541**	**745,005**
TOTAL GENERAL ASSETS		**3,518,448**	**3,333,351**
EQUITY			
Share capital	11.1	45,940	45,940
Share premium		1,120,649	1,120,303
Reserves		431,053	392,882
Treasury shares	11.2	(14,677)	(15,023)
Retained earnings		181,648	120,161
Other equity instruments			
Translation differences		(550,752)	(532,378)
Other measurement adjustments		(2,112)	(1,704)
Profit/(loss) for the year attributed to parent company		61,759	124,057
NET INCOME ATTRIBUTED TO THE PARENT COMPANY		1,273,508	1,254,238
Non-controlling shareholdings		18,449	26,556
TOTAL NET EQUITY		**1,291,956**	**1,280,794**
NON-CURRENT LIABILITIES			
Preference shares & Bonds and other negotiable securities	10.2	3,984	
Bank loans	10.2	765,361	644,515
Other non-current financial liabilities	10.2	10,083	9,414
Capital grants and other deferred income		395,100	384,005
Provisions	15.1	41,480	40,876
Deferred tax liabilities		161,873	167,107
TOTAL NON-CURRENT LIABILITIES		**1,377,881**	**1,245,916**
CURRENT LIABILITIES			
Bonds and other negotiable securities	10.2	68,767	71,610
Bank loans	10.2	201,893	209,482
Trade creditors and other payables		449,332	443,275
Current tax liabilities		14,966	17,496
Other current liabilities	10.2	113,653	64,778
TOTAL CURRENT LIABILITIES		**848,611**	**806,640**
TOTAL GENERAL LIABILITIES AND NET EQUITY		**3,518,448**	**3,333,351**

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Consolidated Profit and Loss Account

(Thousand €)	Note	30/06/2018	30/06/2017 (Restated)
Operating income	**6**	**879,173**	**899,368**
Supplies		(96,585)	(107,462)
Staff costs		(259,078)	(247,531)
Other expenses		(285,050)	(326,639)
EBITDAR (*)		**238,461**	**217,735**
Leases		(83,311)	(73,659)
EBITDA (*)		**155,150**	**144,076**
Amortisation and depreciation	8		
EBIT (*)		**96,956**	**85,121**
Exchange differences		(4,382)	(19,009)
Borrowings		(14,032)	(15,001)
Other financial income		5,251	5,653
Net financial income (expense)		**(13,162)**	**(28,357)**
Profit /(Loss) of associates and joint ventures		**(1,199)**	**19,368**
NET INCOME BEFORE TAX		**82,595**	**76,132**
Income Tax	13	(20,649)	(19,033)
NET INCOME		**61,946**	**57,099**
a) Attributed to parent company		61,759	57,596
b) Attributed to minority interests		187	(498)
BASIC EARNINGS PER SHARE IN EUROS		**0.27**	**0.25**
DILUTED EARNINGS PER SHARE IN EUROS		**0.27**	**0.25**

(*) See definitions in Note 2.2

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Consolidated Statement of Comprehensive Income

(Thousand €)	30/06/2018	30/06/2017 (Restated)
Net consolidated income	**61,946**	**57,099**
Other comprehensive income		
Items that will not be transferred/reclassified to results		
Actuarial gains and losses in post-employment plans	(1,316)	(38)
Equity consolidated companies	(698)	(4,586)
Other results attributed to equity	15,677	10,516
Total Items that will not be transferred to results	**13,663**	**5,892**
Items that may be subsequently transferred/reclassified to results		
Cash flow hedges	(372)	1,408
Translation differences	(19,342)	(58,997)
Equity consolidated companies	127	701
Tax effect	93	(352)
Total ittems that may be transferred to results	**(19,494)**	**(57,240)**
Total Other comprehensive results	**(5,831)**	**(51,348)**
TOTAL COMPREHENSIVE INCOME	**56,115**	**5,751**
a) Attributed to the parent company	57,075	10,334
b) Attributed to minority interests	(959)	(4,583)

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Secretary of the Board

Consolidated Statement of Changes in Net Equity

(Thousand €)	Capital	Share premium	Other reserves	Treasury shares	Retained earnings	Measurement adjustments	Net income of parent company	Total result	Minority interest	Total NET EQUITY
BALANCE AT 01/01/2018	**45,940**	**1,120,303**	**392,882**	**(15,023)**	**120,161**	**(534,082)**	**124,057**	**1,254,238**	**26,556**	**1,280,794**
Total recognised income and expenses			**(996)**		**15,094**	**(18,782)**	**61,759**	**57,075**	**(959)**	**56,116**
Distribution of dividends			(38,333)					(38,333)	(1,413)	(39,745)
Operations with treasury shares		346	(346)	346				346		346
Other operations with shareholders/owners					(1,596)			(1,596)	(5,704)	(7,300)
Operations with shareholders or owners		**346**	**(38,679)**	**346**	**(1,596)**			**(39,582)**	**(7,117)**	**(46,699)**
Distribution 2017 net income			77,070		46,987		(124,057)			
Other variations			776		1,001			1,778	(31)	1,746
Other variations in net equity			**77,846**		**47,988**		**(124,057)**	**1,778**	**(31)**	**1,746**
BALANCE AT 30/06/2018	**45,940**	**1,120,649**	**431,053**	**(14,677)**	**181,648**	**(552,864)**	**61,759**	**1,273,508**	**18,449**	**1,291,957**
BALANCE AT 01/01/2017	**45,940**	**1,121,070**	**342,606**	**(14,256)**	**327,444**	**(403,190)**	**100,693**	**1,520,307**	**43,307**	**1,563,614**
Accounting policies changes Effect					(246,020)			(246,020)		(246,020)
Adjusted opening balance	**45,940**	**1,121,070**	**342,606**	**(14,256)**	**81,424**	**(403,190)**	**100,693**	**1,274,288**	**43,307**	**1,317,594**
Total recognised income and expenses			**(30)**		**6,866**	**(54,098)**	**57,596**	**10,334**	**(4,583)**	**5,751**
Distribution of dividends			(27,045)					(27,045)	(1,734)	(28,779)
Operations with treasury shares		(8)	8	(8)				(8)		(8)
Other operations with shareholders/owners					5,423			5,423	(15,530)	(10,107)
Operations with shareholders or owners		**(8)**	**(27,037)**	**(8)**	**5,423**			**(21,631)**	**(17,264)**	**(38,895)**
Distribution 2016 net income			80,186		20,507		(100,693)			
Other variations					(198)			(198)	(129)	(327)
Other variations in net equity			**80,186**		**20,308**		**(100,693)**	**(198)**	**(129)**	**(327)**
BALANCE AT 30/06/2017	**45,940**	**1,121,062**	**395,725**	**(14,264)**	**114,022**	**(457,288)**	**57,596**	**1,262,792**	**21,330**	**1,284,122**

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Consolidated Cash Flow Statement

(Thousand €)	Note	30/06/2018	30/06/2017 (Restated)
1. OPERATING ACTIVITIES			
Net Income before tax		82,595	76,132
Result adjustments:			
Amortisation /depreciation and impairment		58,194	58,955
Profit/(loss) from companies carried by the equity method		1,199	(19,368)
Net financial income		13,162	28,357
EBITDA		155,150	144,076
Other result adjustments		15,138	(5,119)
Trade and other receivables		(19,367)	7,048
Other assets		(17,039)	2,900
Trade creditors and other payables		21,908	(8,277)
Other Liabilities		(728)	(3,712)
Income taxes paid		(4,239)	(24,406)
Total net cash flows from operating activities (I)		**150,822**	**112,509**
2. INVESTMENT ACTIVITIES			
Dividends received		1,729	28,630
Investment (-):			
Investments in associates and joint ventures			(35,301)
Business combination			(7,834)
Loans to associates and joint ventures	14	(8,719)	(28,956)
Property, plant and equipment, intangible assets and investment property	8	(94,780)	(66,244)
Non-current financial investments		(12,418)	(13,004)
Divestments (+):		(18,198)	(3,530)
Property, plant and equipment, intangible assets and investment property	8	3,275	141
Non-current financial investments			1,427
Current financial investments		3,351	4,515
Total net cash flows from investment activities (II)		**(125,760)**	**(120,157)**
3. FINANCING ACTIVITIES			
Dividend payments (-)			(3,475)
Treasury stock	11.2	346	(8)
Debt interest paid (-)		(12,448)	(13,897)
Debt issue	10.2	368,400	150,323
Debt redemption and repayment	10.2	(260,488)	(93,674)
Total net cash flows from financing activities (III)		**95,810**	**39,269**
4. GROSS INCREASE/ DECREASE IN CASH OR EQUIVALENTS (I+II+III)		**120,873**	**31,621**
5. Effect of exchange rate changes in cash or equivalents (IV)		**6,819**	**(8,824)**
6. Effect of changes in the scope of consolidation (V)		**0**	**0**
7. NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)		**127,692**	**22,797**
8. Cash and cash equivalents at the beginning of the year		**331,885**	**366,775**
9. Cash and cash equivalents at the year end (7+8)		**459,577**	**389,572**

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Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Note 1. Group's Corporate Information

The parent company, Meliá Hotels International, S.A., is a Spanish public limited company that was incorporated in Madrid on 24 June 1986 under the registered name of Investman, S.A. On 1 June 2011, the General Shareholders' Meeting approved the change of name to Meliá Hotels International, S.A. The Company is entered in the Mercantile Registry of the Balearic Islands, Corporate volume 1335, sheet No PM 22603, entry 3rd. In 1998 the Company moved its registered address to Calle Gremio Toneleros, 24, Palma de Mallorca.

Meliá Hotels International, S.A. and its subsidiaries and associates (hereinafter the "Group" or the "Company") form a Group comprising companies that are mainly engaged in tourist activities in general, and more specifically, in the management and operation of hotels under ownership, lease, management or franchise arrangements, as well as in vacation club operations. The Group is also engaged in the promotion of all types of businesses related to the tourism and hotel industry or leisure and recreational activities, as well as the participation in the creation, development and operation of new businesses, establishments or companies, in the tourism and hotel industry or any other recreational or leisure activities. Likewise, some companies within the Group also carry out real estate activities by taking advantage of the synergies obtained in hotel development as a result of the dynamic expansion process undertaken.

In any event, the activities that special laws reserve for companies which meet certain requirements that are not met by the Group are expressly excluded from the corporate purpose; in particular, the activities that the law restricts to Collective Investment Institutions or to Stock Market intermediary firms, are excluded.

The activity of the Company's different segments is developed in over 40 countries throughout the world and 4 continents, with a prominent presence in South America, the Caribbean and Europe, and it is the absolute leader in Spain. The strategic focus on international expansion has led it to become the leading Spanish hotel chain with presence in China, the United States, and the United Arab Emirates.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Note 2. Basis of Presentation

These condensed consolidated interim financial statements for the first six months to 30 June 2018 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and should be read together with the consolidated annual accounts for the year ended 31 December 2017.

The Meliá Hotels International Group's consolidated annual accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) in force at 30 June 2018, published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The present condensed consolidated interim financial statements have been formulated by the Board of Directors of Meliá Hotels International, S.A. at its meeting held on 30 July 2018. Likewise, these financial statements have been subjected to a limited review by an auditor.

The figures on the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in net equity, cash flow statement, and the accompanying explanatory notes to the accounts are stated in Euro, rounded to thousands, except where otherwise indicated.

The Group's condensed consolidated interim financial statements have been prepared on a historical cost basis, except for those items listed under the headings "Investment property" and "Derivative financial instruments", which are measured at fair value. It should be mentioned that the balances from the Venezuelan Group companies have been restated at current cost, in accordance with IAS 29, since Venezuelan economy is considered as hyperinflationary.

This year the Group has adopted the standards approved by the European Union whose application was not obligatory in 2017:

- ✓ Amendment of IFRS 4: by applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts".
- ✓ IFRS 9 "Financial instruments".
- ✓ IFRS 15 "Revenues from contracts with customers".
- ✓ Amendment of IFRS 15: "Clarifications to the IFRS 15 - Revenues from contracts with customers"
- ✓ Improvement project. 2014 - 2016 cycle:
  Amendment of IFRS 1: "First-time Adoption of International Financial Reporting Standards" and IAS 28: "Investments in associates and joint ventures".
- ✓ Amendment of IFRS 2: "Classification and evaluation of transactions with share-based payments".
- ✓ Amendment of IAS 40: "Transfer of investment property".
- ✓ IFRIC 22 "Foreign currency transactions and advance consideration".

The accounting policies applied are consistent with those of the previous year, considering the adoption of the standards and interpretations mentioned in the previous paragraph, and, except as provided below with regard to IFRS 15, they have no material effect on the consolidated financial statements or the financial situation of the Group.

IFRS 15 "Revenues from contracts with customers"

The new IFRS 15 "Revenues from contracts with customers" entered into force on 1 January 2018, with no impacts on the revenue recognition of the Group's main operating segment (hotel business), but it has modified the revenue recognition model of the vacation club business.

Given the characteristics of the existing contracts with customers of the vacation club, and once the five-stage analysis established in the Standard has been completed, the Company has concluded that the revenues from such contracts must be recognised under this new Standard as customers make use of the weeks to which they are entitled through the purchase of the corresponding memberships (see Note 3).

The Group has opted to apply retrospectively the new standard and, therefore, the comparative information has been restated based on the effects that the application of the new revenue recognition model would have had on such financial statements had it been applied from the date of execution of such contracts. Additional breakdowns in this respect are included in Note 2.3.

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Secretary of the Board

IFRS 9 "Financial instruments"

After the entry into force of IFRS 9 "Financial instruments" on 1 January 2018, the Group applies retrospectively the measurement bases given in such standard, and no changes have been made to the comparative financial statements as a result of such application.

The Group applies the simple approach to recognise the expected losses mainly related to the "Trade and other receivables" heading. Given the classification of the hotel customer, no changes in the impairment previously measured pursuant to IAS 39 have been recognised.

The standards issued prior to the date of preparation of these condensed consolidated interim financial statements and which will enter into force in subsequent dates are the following:

- ✓ IFRS 16 "Leases".
- ✓ Amendment of IFRS 9: "Prepayment features with negative compensation"
- ✓ Amendment of IAS 28 and IFRS 10: "Sale or contribution of assets between an investor and its associates or joint ventures".
- ✓ IFRS 17 "Insurance contracts".
- ✓ IFRIC 23 "Uncertainty over income tax treatments".
- ✓ Amendment of IAS 28: "Long-term interest in associates and joint ventures".
- ✓ Annual improvements of the IFRS (2015-2017 cycle): IFRS 3 "Business combinations", IFRS 11 "Joint Agreements", IAS 12 "Income taxes" and IAS 23 "Borrowing costs".
- ✓ Amendment of IAS 19: "Plan amendment, curtailment or settlement".

Except for the contents of the Group's consolidated financial statements at the end of 2017 with regard to the entry into force of IFRS 16, it is not expected that the adoption of the abovementioned standards will have significant impacts on the Group's financial statements.

2.1. True image

The condensed consolidated interim financial statements have been prepared on the basis of the internal accounting records of the parent company, Meliá Hotels International, S.A., and the accounting records of the other companies included in the scope of consolidation as at 30 June 2018, duly adjusted according to the accounting principles established in the IFRS, and fairly present the equity, financial position and the results of operations of the Company.

2.2 Alternative performance measures

In accordance with the guidelines published by the ESMA (European Securities and Markets Authority), on 5 October 2015 (ESMA//2015/1415es), the main alternative performance measures used by the Company are listed below, as well as the basis on which they are calculated, such measures being regarded as the measures of future or past financial performance, financial position or cash flows.

- ✓ EBITDAR: Earnings before interest, tax, depreciation, amortisation and hotel rent.
- ✓ EBITDA: Earnings before interest, tax, depreciation and amortisation.
- ✓ EBIT: Earnings before interest and tax / operating profit.
- ✓ Net Debt: Calculated as the difference between bank debt and short- and long-term securities issues, less Cash and cash equivalents.
- ✓ % Occupancy: The ratio obtained by dividing the occupied rooms (excluding free admissions) by the available rooms. Available rooms means the number of physical rooms multiplied by the number of days the room has been ready to be occupied. Likewise, occupied rooms are calculated as the number of days the physical rooms have been effectively occupied during the period.
- ✓ RevPar (Revenue Per available room): Revenue per available room is the result of dividing the total room revenue by the number of rooms available.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

- ✓ ARR (Average room rate): The average room rate is calculated by dividing the total room revenue by the occupied rooms (excluding free admissions).

- ✓ GOP (Gross Operating Profit): The gross operating profit is calculated as the difference between revenues and operating costs, as defined in the USALI (Uniform System of Accounts for the Lodging Industry) account structure.

2.3 Comparability

The comparison of the interim financial statements refers to six-month periods ended 30 June 2018 and 2017, except for the consolidated balance sheet, which compares the period ended 30 June 2018 with that of 31 December 2017.

After the entry into force of IFRS 15 on 1 January 2018, the Group has opted to apply such standard retrospectively for the purposes of improving the comparability of the presented financial statements. Such retrospective application has had significant impacts on the Group's balance sheet as at 31 December 2017 and also, although less significant, on the income statement for the first half of 2017.

The main impacts on the balance sheet as at 31 December 2017 are as follows:

- ➢ New addition under the heading "Capital grants and other deferred income" in the amount of EUR 358.4 million for the performance obligations outstanding on that date, corresponding to the weeks not yet enjoyed by club customers, net of the marketing costs directly attributable to the execution of such contracts.

- ➢ An increase under the heading "Property, plant and equipment" in the amount of EUR 33.7 million for the assets derecognised at the time as they were considered as asset disposals (19.3 correspond to the reclassification of the inventories of vacation club remaining at the end of the previous year).

- ➢ An increase under the heading "Deferred tax assets" in the amount of EUR 80.7 million for the differences arising from the application of the new standard, with respect to the tax criteria applied in the countries in which the Group conducts its vacation club business (mainly in Dominican Republic and Mexico).

- ➢ Decrease of EUR 242 million in the Group's consolidated equity, mainly due to the recognition in equity as at 1 January 2017 of the differences arising from the application of the new standard.

2.4. Seasonal nature of the operations

Historically, most of the turnover of the Company takes place during the third quarter of the year. This is because the months of July, August and September are high season for the resort hotels of the Company, which account for 59 % of the rooms of the Group.

Hotel EBITDA for the third quarter represents approximately 36% of annual hotel EBITDA.

2.5. Accounting valuations and estimates

The directors have prepared the Group's condensed consolidated interim financial statements using judgements, estimates and assumptions which have an effect on the application of the accounting policies as well as on assets, liabilities, income and expenses and the breakdown of contingent assets and liabilities at the issuance date of the present interim financial statements.

The main judgements made by the management when applying the Group's accounting policies and the main sources of uncertainty in the estimate were the same as those applied in the consolidated annual accounts for the year ended 31 December 2017, except for:

Corporate income tax expense

Tax accrued on the results of the interim period is calculated on the basis of the best estimate of the weighted average tax rate expected to be applicable at the end of the financial year. The estimated amount for the income tax expense for the interim period may vary in subsequent periods provided the estimates of the annual income tax rate change in the same way.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Exchange rate to be applied to the consolidation of Venezuelan subsidiaries

During the first half of 2018 and due to the complex political and economic situation in Venezuela, the Company considers that the official exchange rates do not reflect the economic situation of the country and, therefore, has decided to internally estimate the exchange rate that is most appropriate for the consolidation of the financial statements of its subsidiaries in Venezuela.

The cumulative inflation rate applied for the revaluation of the net assets located in this country was 3.039% in June, based on studies carried out by independent experts. The exchange rate calculated on the basis of this percentage at the end of June is 989,621.6 bolívares Fuertes per each U.S dollar.

The impact of the devaluation of the bolívar on the first half of the year amounts to EUR 23.1 million, as shown in the Exchange differences heading in the consolidated Balance Sheet.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Note 3. Accounting Policies

Except as stated below, the applied accounting policies are consistent with those of the preceding year.

The exceptional items are presented and described separately in the corresponding notes to the condensed consolidated interim financial statements when necessary to provide a better understanding of the Group's results. These are significant items of income or expense that have been presented separately due to the importance of their nature or amount.

3.1. Revenue recognition

Vacation Club Sales

The revenues from Vacation Club sales, regardless of the period for which the usage rights of the units sold are transferred, are recognised as such rights are enjoyed by the customers.

The sales made to such customers are recognised under the heading "Capital grants and other deferred income" until they are recognised as revenues in the consolidated income statement, which are reduced by the percentage of expenses directly attributable to the sales which mainly relate to the sales commissions paid by the Group.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Note 4. Financial Risk Management Policies

The Group's activities are exposed to diverse financial risks: market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Meliá Hotels International Group, by means of the management applied, tries to minimise the possible adverse effects on its consolidated financial statements.

The condensed consolidated interim financial statements do not include all information and disclosures on financial risk management which are mandatory for the annual financial statements, and should therefore be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

There have been no changes in the risk management department or in any risk management policy since the end of the preceding year.

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Note 5. Scope of Consolidation

The significant changes in the Group's scope of consolidation during the first half of 2018 are detailed below.

5.1 Business combinations

No business combinations have been recognised in the first half of 2018 and 2017.

5.2 Other scope changes

During the first half of 2018, the following changes have been made to the scope of consolidation:

Acquisition of minority interests

During the first half of 2018, the Group has acquired for the sum of EUR 7.3 million a 25% interest in the company Idiso Hotel Distribution, S.A., which until now was held by minority interests. Such transaction had a negative impact on the net equity attributable to the controlling company in the amount of EUR 1.3 million.

Acquisition of additional stake in companies accounted for using the equity method

The Group has acquired an additional stake through the purchase of apartments in the Owners' Community of the Melia Costa del Sol hotel, increasing its stake by 0.16%, and in the Owners' Community of the Melia Castilla hotel increasing its stake by 0.14%, with no significant impacts on the consolidated interim financial statements.

During the first half of 2017, the following changes have been made to the scope of consolidation:

Additions

In June, the company Renasala S.L., which is 30% owned by Meliá Group, was included in the scope of consolidation. On 30 June 2017, this company acquired 100% of the shares in the following companies: Torremolinos Beach Property, S.L., San Antonio Beach Property, S.L., Palmanova Beach Property, S.L., Puerto del Carmen Beach Property, S.L. and Starmel Hotels Op, S.L., which own and operate, respectively, the hotels Sol Príncipe, Sol House Ibiza, Sol Palmanova and Sol Lanzarote.

The company Renasala, S.L. and its subsidiaries have been included in the scope of consolidation of Meliá Group using the equity method, the value of the Group's shareholding amounting to EUR 10.6 million, which has been disbursed by Meliá Hotels International, S.A. for the purposes of acquiring 30% of Renasala, S.L.

Likewise, in June 2017, the company Starmel Hotels Op2, S.L. joined the Group, in which an indirect interest of 20% is held by Meliá Group, with no significant impacts on the Group's financial statements.

Disposals

During the first half of 2017, the take-over merger of the company Innwise Management S.L. by its parent company Idiso Hotel Distribution, S.A. was concluded, with no significant impacts on the Group's financial statements.

Acquisition of minority interests

In April 2017, the Group acquired for EUR 0.3 million, an option to purchase minority interests in the company Sierra Parima, S.A., which operates a shopping centre in the Dominican Republic, now being 100% consolidated and the corresponding minority interests in the amount of EUR 15.5 million being removed from the Group's balance sheet, as reflected in the Statement of Changes in Equity.

Acquisition of additional stake in companies accounted for using the equity method

The Group acquired an additional stake through the purchase of apartments in the Owners' Community of the Melia Costa del Sol hotel, increasing its stake by 0.49%, with no significant impacts on the consolidated interim financial statements.

5.3 Name changes

During the first half of 2018 and 2017 no name changes were carried out.

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Note 6. Segment reporting

The identified business segments, which are the same as those detailed in the consolidated annual accounts for 2017, constitute the organisational structure of the company and their results are reviewed by the highest decision-making authority in the entity.

6.1 Information by operating segments

The following table shows the information by segments on the volume of revenue and earnings for the first half of 2018:

		Hotel						
(Thousand €)	Hotel Management	Hotel business	Other business assoc with hotel management	Real Estate	Club Melia	Corporate	Eliminations	30/06/2018
Operating income	137,072	745,718	32,398	18,447	39,552	68,181	(162,195)	**879,173**
EBIT	**33,363**	**70,527**	**1,368**	**14,443**	**2,560**	**(25,305)**		**96,956**

Within the hotel management segment, there was EUR 71.1 million in management fees. This segment also includes EUR 8.7 million for services provided to associated companies.

The main inter-segment transactions are related to the hotel management activity, which includes EUR 89.5 million basically invoiced to the hotel business segment for management fees and reserve commissions. The corporate segment also includes income from inter-segment transactions for a total amount of EUR 50.8 million.

For comparison purposes, the changes in the scope for the first half of 2017 are shown below:

		Hotel						
(Thousand €)	Hotel Management	Hotel business	Other business assoc with hotel management	Real Estate	Club Melia	Corporate	Eliminations	30/06/2017
Operating income	144,033	763,662	38,140	4,065	30,530	71,965	(153,028)	**899,368**
EBIT	**33,118**	**75,756**	**2,667**	**(97)**	**601**	**(26,924)**		**85,121**

Within the hotel management segment, there was EUR 78.9 million in management fees. This segment also included EUR 8.8 million for services provided to associated companies.

The main inter-segment transactions were related to the hotel management activity, which included EUR 97.3 million basically invoiced to the hotel business segment for management fees and reserve commissions. The corporate segment also included income from inter-segment transactions for a total amount of EUR 45.2 million.

6.2 Information by geographic areas

The following table shows the segmentation by geographic areas of the volume of operating revenues generated during the first half of 2018 and 2017:

(Thousand €)	30/06/2018	30/06/2017
Spain	470,881	445,296
EMEA (*)	174,752	165,670
América	324,444	368,789
Asia	2,246	1,690
Eliminations	(93,150)	(82,078)
Total income	**879,173**	**899,368**

(*) EMEA (Europe, Middle East, Africa) :
Includes regions of Africa, Middle East and rest of Europe, excluding Spain

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Note 7. Paid Dividends

The parent company of the Group paid no dividends during the first half of 2018.

On 6 June 2018, the General Shareholders' Meeting approved the distribution of a gross dividend of EUR 0.1681 per share, excluding treasury shares, for which the amount of EUR 38.3 million of the parent company's profit for the year has been drawn down, and paid during the period of preparation of these condensed consolidated interim financial statements.

In the first half of 2017, the General Shareholders' Meeting approved a gross dividend of EUR 0.1315 per share, excluding treasury shares, for which the amount of EUR 27 million was disbursed, and which become effective during the second half of 2017.

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Note 8. Property, Plant and Equipment and Intangible Assets

The changes recorded during the first half of 2018 were as follows:

(Thousand €)	Goodwill	Other intangible assets	Property, Plant and Equipment
Balance at 01/01/2018	60,714	102,194	1,683,356
Additions		10,123	96,684
Disposals		(762)	(9,643)
Depreciation		(9,468)	(48,726)
Exchange differences		(1,128)	(14,197)
Balance at 30/06/2018	**60,714**	**100,958**	**1,707,474**

Section Additions of Other Intangible Assets includes EUR 5 million of software applications, within the technological innovation project developed by the Company for the creation of a new technology framework for hotel management, and through which the Company seeks to improve the technological services offered to its customers.

The amount of EUR 2 million of Transfer Rights is also included, which relates to the acquisition of the operating rights of two hotels under management in Spain.

With regard to Property, plant and equipment, EUR 31.5 million are included in Additions for investments carried out in Dominican Republic, especially emphasizing additions in Works in progress in the amount of EUR 25.5 million in the company Infinity Vacations Dominicana, incorporated in 2017 and which is building a new development linked to the Circle product. On the other hand, the revaluation of property, plant and equipment in Venezuela according to the inflation mentioned in Note 2, has represented an increase of EUR 16.9 million.

In addition, EUR 31.9 million have been invested in Spain and EUR 6.4 in other European countries in hotel renovations.

The Exchange differences have generated decreases in property, plant and equipment due to the devaluation of the bolívar and the Brazilian real in the amount of EUR 18.4 million and EUR 2.9 million, respectively. These disposals have been partially offset by the appreciation of the Mexican peso and the US dollar, in the amount of EUR 5.4 million and EUR 2 million, respectively.

For comparison purposes, the changes for the first half of 2017 were as follows:

(Thousand €)	Goodwill	Other intangible assets	Property, Plant and Equipment
Balance at 01/01/2017	60,769	109,314	1,728,447
Additions		7,243	82,621
Disposals		(1,886)	(5,063)
Depreciation		(9,923)	(49,032)
Exchange differences	(40)	(2,295)	(48,860)
Balance at 30/06/2017	**60,730**	**102,453**	**1,708,113**

Section Additions of Other Intangible Assets included EUR 2.1 million of software applications, within the technological innovation project developed by the Company for the creation of a new technology framework for hotel management, and through which the Company seeks to improve the technological services offered to its customers.

Within the Additions of Property, Plant and Equipment, EUR 34.4 million were included for the renovation of hotels in Spain, as well as EUR 18.1 million as a consequence of the impact of the hyperinflation in Venezuela. Additionally, investments in the amount of EUR 12 million were made in Paradisus Los Cabos hotel, whose owner company was fully consolidated by 100% of the shareholding in December 2016.

The Exchange differences arising in the period mainly related to the devaluation of the bolívar, the Dominican peso and the dollar in the amount of EUR 30.9 million, EUR 20.8 million and EUR 7.9 million, respectively. The appreciation of the Mexican peso partially offset these impacts, with a positive contribution of EUR 11.6 million.

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Note 9. Investments Measured Using the Equity Method

The financial investments representing shareholdings in associates and joint ventures have been measured by applying the equity method.

The following table shows the changes in these shares during the first half of 2018 and 2017:

(Thousand €)	2018	2017
Balance on January 1	**229,644**	**190,101**
Profit / (Loss) on associates and joint ventures	(1,199)	19,368
Additions	431	11,877
Disposals	(2,962)	(37,378)
Exchange differences	(2,153)	(3,485)
Balance at 30/06/2018	**223,761**	**180,482**

The disposals for the half of the year mainly relate to the dividend distribution in the amount of EUR 2.6 million.

Likewise, the negative exchange differences relate, almost in their entirety, to the devaluation of the Venezuelan bolívar.

The Additions during the first half of 2017 related basically to the inclusion in the scope of consolidation of the company Renasala, S.L., in the amount of EUR 10.6 million, as mentioned in Note 5.

The amount appearing in the heading "Profit /(loss) on associates and joint ventures", mainly arose from the profit generated by the company Starmel Hotels, J.V., through the sale of 5 of its subsidiaries owning and operating, respectively, 4 resort hotels in Spain, to the company Renasala, S.L. (see Note 5), which generated a profit for the Group of EUR 20.6 million.

The disposals for the half of the year mainly related to the dividend distribution and the share premium of the company Starmel Hotels J.V., S.L. in the amount of EUR 35 million.

The negative exchange differences due to the devaluations of the pound and the Venezuelan bolívar amounted to EUR 1.9 million and EUR 2 million, respectively.

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Note 10. Other Financial instruments

10.1 Financial assets

The following table shows the breakdown by financial instrument categories included in the heading of Other Financial Assets under non-current and current assets in the balance sheet as at 30 June 2018 and 31 December 2017:

(Thousand €)	30/06/2018			31/12/2017		
	Long term	Short term	Total	Long term	Short term	Total
1. Other financial instruments at fair value through other comprehensive income:						
- Cash flow hedges				247		247
2. Financial instruments at fair value through the income statement:						
- Trading portfolio		328	328		375	375
3. Loans and receivables:						
- Loans to associates	124,173	33,230	157,403	122,457	17,331	139,788
- Other loans	42,895	9,302	52,196	13,549	26,521	40,070
- Others	26,999	1,389	28,388	33,269	4,457	37,726
4. Available for-sale financial assets:						
- Unlisted equity instruments	4,029		4,029	4,029		4,029
TOTAL	**198,095**	**44,249**	**242,344**	**173,550**	**48,684**	**222,234**

The main changes in the loans to associates section are explained in Note 14 on related parties.

10.2 Pasivos Financieros

The following table shows the breakdown by financial instrument categories under the headings Debentures and other marketable securities, Bank borrowings and Other financial liabilities under non-current and current liabilities in the balance sheet as at 30 June 2018 and 31 December 2017:

(Thousand €)	30/06/2018			31/12/2017		
	Long term	Short term	Total	Long term	Short term	Total
1. Other financial instruments at fair value through other comprehensive income:						
- Cash flow hedges	2,280	1,145	3,424	1,743	1,556	3,299
2. Financial instruments at fair value through the income statement:						
- Trading portfolio	1,817	1,229	3,047	2,256	1,412	3,668
3. Other financial liabilities at amortised cost:						
- Bonds and other marketable securities	3,984	68,767	72,751		71,610	71,610
- Bank borrowings	765,361	201,893	967,254	644,515	209,482	853,997
- Other financial liabilities	5,986	111,279	117,266	5,415	61,809	67,224
TOTAL	**779,428**	**384,313**	**1,163,742**	**653,929**	**345,869**	**999,798**

The increase in Other financial liabilities is mainly generated by the dividend to be paid as mentioned in Note 7 in the amount of EUR 38.3 million. Likewise, an increase in the amount of EUR 15.7 million with associates as mentioned in Note 14, is also included.

The movements relating to Debentures and other marketable securities, as well as the Bank Borrowings are explained in the Cash Flow Statement, under the heading "Financial flows".

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Note 11. Equity

11.1 Share capital

As at 30 June 2018 the share capital of Meliá Hotels International, S.A. consists of 229,700,000 bearer shares of EUR 0.2 nominal value each, fully subscribed and paid-up.

All these shares carry the same rights and are listed on the stock exchange (Spain), except for the treasury shares.

The voting rights held by the major shareholders with a direct and indirect shareholding in Meliá Hotels International, S.A. as at 30 June 2018, compared to the end of 2017, are as follows:

	30/06/2018	31/12/2017
Shareholder	Shareholding %	Shareholding %
Hoteles Mallorquines Consolidados, S.A.	22.58	22.58
Hoteles Mallorquines Asociados, S.L.	13.21	13.21
Hoteles Mallorquines Agrupados, S.L.	11.18	11.18
Majorcan Hotels Luxembourg, S.A.R.L.	5.03	5.03
Other (less than 3% individual)*	48.00	48.00
TOTAL	100.0%	100.00%

(*) Including Norges Bank's stake, which at the end of june 2018 did not exceed 3%

11.2 Treasury shares

Breakdown and movements of treasury shares are as follows:

(Thousand €)	Shares	Average Price €	Balance
Balance at 31/12/2017	1,722,464	8.72	15,023
Additions	4,944,959	11.77	58,188
Disposals	(4,974,459)	11.77	(58,535)
Balance at 30/06/2018	1,692,964	8.67	14,677

As at 30 June 2018, the total number of treasury shares held by the Company was 1.69 million, which represents 0.737% of the share capital.

As at 30 June 2018, there are no shares loaned to banks.

The price of Meliá Hotels International, S.A.'s shares at the end of the first half of 2018 was EUR 11.74. At the end of 2017 the share price was EUR 11.50.

For comparison purposes, movements from 1 January to 30 June 2017 were as follows:

(Thousand €)	Shares	Average Price €	Balance
Balance at 31/12/2016	1,661,766	8.58	14,256
Additions	6,564,246	12.82	84,182
Disposals	(6,566,203)	12.82	(84,174)
Balance at 30/06/2017	1,659,809	8.59	14,264

As at 30 June 2017, the total number of treasury shares held by the Company was 1.66 million, which represented 0.723% of the share capital.

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Note 12. Evolution of the Average Staff Numbers

The average number of Group employees during the first half of 2018 and 2017 is shown in the table below:

(Thousand €)	2018	2017
Men	14,398	12,640
Women	10,748	9,192
TOTAL	**25,146**	**21,832**

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Note 13. Corporate Income Tax

The corporate income tax expense is recognised by estimating the direction of the weighted average tax rate expected for the full financial year. The estimated average annual tax rate for the year as at 31 December 2018 is 25%. The estimated tax rate for the six-month period ended 30 June 2017 was also 25%.

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Note 14. Information on Related Parties

The following are considered to be related parties:

- Associates and joint ventures accounted for by using the equity method.
- Significant shareholders of the controlling company
- Executives and members of the Board of Directors.

All transactions with related parties are arm's length transactions under market conditions.

14.1 Transactions with associates and joint ventures

Commercial transactions

Commercial transactions carried out with associates and joint ventures mainly relate to hotel management activities and other related services.

During the first half of 2018, the Group has continued its commercial transactions in relation to associates and joint ventures as it has been doing in 2017.

Financing transactions

Among the main changes in the balances held by the Group with associates at 30 June 2018 compared to the end of 2017 it is worth mentioning an increase in short-term loans to associates to the companies Jamaica DevCo S.L., Melia Zaragoza S.L. and Adprotel Strand S.L. in the amount of EUR 7.6 million, EUR 6.2 million and EUR 4.2 million, respectively.

On the other hand, payables to associates to the company Fourth Project amounted to EUR 15.7 million.

Guarantees and security deposits

There has been no significant changes in the guarantees the Group has with respect to the liabilities recorded in associates or joint ventures.

14.2 Transactions with significant shareholders

Balances by type of transaction carried out with significant shareholders of the Group during the first half of the year are as follows:

(Thousand €)	Transaction type	30/06/2018	30/06/2017
Hoteles Mallorquines Asociados, S.L.	Goods purchase		111
Hoteles Mallorquines Asociados, S.L.	Services provided		15
Hoteles Mallorquines Asociados, S.L.	Services received	637	368
	TOTAL	637	495

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14.3 Transactions with executives and members of the Board of Directors.

Remuneration and other benefits paid to directors and senior management during the first half are as follows:

(Thousand €)	30/06/2018	30/06/2017
Attendance fees	428	361
Executive directors remuneration	801	721
Senior management remuneration	1,415	1,333
TOTAL	2,644	2,415

The Company has not assumed any obligations and has not made or granted any advance payments or loans to the Directors.

Set out below is a breakdown of transactions conducted by the Group with its directors or senior management during the first half of 2018 and 2017:

(Thousand €)	Operation type	30/06/2018	30/06/2017
Mr. Juan Vives Cerda	Services received	21	19
Mr. Juan Vives Cerda	Services rendered	169	148
	TOTAL	190	166

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Note 15. Provisions and Contingencies

15.1 Provisions

The Group maintains an amount of EUR 41.5 million in non-current liabilities in respect of provisions for liabilities and charges. The breakdown of the type of obligations for the periods ending 30 June 2018 and 31 December 2017, respectively, is as follows:

(Thousand €)	30/06/2018	31/12/2017
Provision for retirement, seniority bonus and personnel obligations	10,787	9,776
Provision for taxes	5,726	5,830
Provision for onerous contracts	3,551	3,694
Provision for liabilities	21,416	21,576
Total	**41,480**	**40,877**

As at 30 June, the Group assessed the commitments established in collective agreements based on actuarial studies and an accrued amount of EUR 13.5 million has been estimated. As at 31 December 2017, the accrued amount was EUR 12.3 million.

Moreover, the balance of the externalised commitments was EUR 2.7 million in June 2018, presenting liabilities at their net value. At the end of 2017, the balance for this item amounted to EUR 2.5 million.

The technical interest rate applied for the assessment of such commitments as at 30 June was 1.20 %, while as at 31 December 2017, it was 1.38%.

15.2 Contingencies

The Group has commitments with third parties in respect of assets and liabilities not recognised on the balance sheet, due to the limited probability that they will entail an outflow of funds in the future.

During the first half of 2018 guarantees in the amount of EUR 28.1 million for hotels under management have been cancelled, particularly, the guarantee in the amount of EUR 21.6 million for the Gran Melia Nacional de Río hotel, since the Group has exited from such hotel following the early termination of the lease agreement on 31 March 2018, mainly due to the delay on the part of the owner in the construction of the convention centre attached to the hotel, as well as other defaults, which forced the Group to withdraw from such hotel in protection of its shareholders' interests.

Such contractual breaches led the Group to request for arbitration for the protection of its interests and, during the period of preparation of these financial statements, an answer from the hotel owner has been received. Once the arguments from both parties have been assessed, the Company does not see the need to create a provision in respect thereof.

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Note 16. Events after the Reporting Date

Payment of Dividends

On 11 July 2018, the Company has proceeded to the dividend distribution approved by the General Shareholders' Meeting on 6 June, in the total amount of EUR 38.3 million, after deducting the Company's treasury shares at the date of distribution. The approved gross dividend was EUR 0.1681 per share.

Sale of hotels

On 11 July 2018, the Group signed an agreement for the sale of the hotels Meliá Sevilla, Sol La Palma and Sol Jandía Mar, located in Sevilla, Santa Cruz de Tenerife and Fuerteventura respectively, in the amount of EUR 73.4 million, generating a net capital gain of EUR 6.6 million.

The sale was made to ATOM HOTELES SOCIMI, S.A. (ATOM), a real estate investment company owned, among others, by the company Bankinter, S.A. After the informed sales and according to the arrangements reached with ATOM, the hotels will continue to be operated by the Company through lease agreements with variable rental income for five-year periods, with a maximum of 4 extensions at the discretion of Meliá and to a maximum of 25 years.

Scope changes

On 26 July 2018, the Group acquired 50% of the company Proyectos Corporativos Noah II, S.L. (PCNII), through the underwriting of a capital increase in the amount of EUR 47.4 million. Meliá's total disbursement amounts to EUR 84.3 million, since a shareholder loan of EUR 36.9 million to PCNII is included. The mentioned company owns:

- 50% of the company Adprotel Strand, S.L., current owner of the Me London hotel, a strategic asset for Meliá, located in London, United Kingdom, which comprises 157 rooms and which the Group operates under lease since 2012. At the time of acquisition of such shareholding in PCNII, Meliá was the direct holder of the remaining 50% of the shareholding of the company Adprotel Strand, S.L.

- The hotels Sol Pelícanos Ocas (with 794 rooms, located in Benidorm, Spain) and Palma Bellver by Meliá (with 384 rooms, located in Palma, the Balearic Islands). Meliá will continue to manage these two hotels under operating lease agreements.

As a result of this transaction, the company Adprotel Strand, S.L., will be owned 75% by the Group (50% direct stake and 25 % indirect stake), and will be included in the consolidated financial statements from the date abovementioned using the full consolidation method and the relevant business combination being recognised.

The interim measurement of this business combination includes assets in the amount of EUR 242.1 million (including property, plant and equipment in the amount of GPB 195 million) and liabilities in the amount of EUR 138 million (including a bank debt in the amount of GBP 60.7 million).

The other assets held by PCN II will be incorporated in the Group by using the equity method.

Asset valuation

On the date of preparation of these condensed consolidated interim financial statements and management report, the Group has presented before its Board of Directors the result of the valuation of real estate assets carried out by the firm Jones Lang Lasalle (JLL), which specialises in Hotel & Hospitality Consultancy Services. The valuation establishes their market value as at 30 June 2018 and includes:

a) The assets consolidated in the Financial Statements using the full consolidation method. These assets, whose final valuation has been concluded, amount to EUR 3,758 million.

b) The assets owned by associates and joint ventures which are accounted for using the equity method. In this case, the value is adjusted according to the Group's percentages of ownership in each of the companies and amounts to EUR 628 million, this amount being an approximate figure, since the final valuation is still pending to be concluded. Once the valuation is concluded, which is expected by the end of September, and provided that the amount differs significantly from the one mentioned above, the final result will be informed to the market.

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1. Company's situation

During the first half of 2018, regarding those aspects related to the organizational structure of Meliá Hotels International, SA, its organization chart, as well as its operation, there have been no significant changes, so the information available in the 2017 Consolidated Annual Accounts and its corresponding Management Report, is considered as the most up-to-date information.

2. Evolution and results of the businessess

The following includes a breakdown of the results for each of the operating segments in which the Company is structured.

2.1 HOTEL BUSINESS

The evolution of the Global Hotel Business of the Company is summarized in the following KPIs:

(€ Millions)	H1 2018	H1 2017	% change
Total Aggregated Revenues	**745.7**	**763.7**	**-2.3%**
Owned	394.5	422.1	
Leased	351.2	341.6	
Of which Room Revenues	**460.5**	**457.2**	**0.7%**
Owned	206.7	216.3	
Leased	253.8	240.9	
EBITDAR	**197.5**	**198.9**	**-0.7%**
Owned	117.0	122.9	
Leased	80.5	76.0	
EBITDA	**115.1**	**121.9**	**-5.6%**
Owned	116.4	122.9	
Leased	-1.3	-1.0	
EBIT	**70.5**	**75.8**	**-6.9%**
Owned	86.0	90.2	
Leased	-15.4	-14.4	

The evolution of the Management Model by revenue source is included in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**137.1**	**144.0**	**-4.8 %**
Third Parties Fees	25.4	31.0	
Owned & Leased Fees	45.6	47.4	
Other Revenues	66.0	65.6	
Total EBITDA Management Model	**34.4**	**34.7**	**-0.8%**
Total EBIT Management Model	**33.4**	**33.1**	

Other Revenues includes €34.2M in H1 2018 and €30.6M in H1 2017 not directly attributable to any specific division.

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Regarding other businesses related to the Hotel Business, the evolution has been the following:

(€ Millions)	H1 2018	H1 2017	% change
Revenues	32.4	38.1	-15.1%
EBITDAR	2.7	3.5	
EBITDA	1.9	3.1	
EBIT	1.4	2.7	

Revenues include €19.8M in H1 2018 and €26.8 in H1 2017 that correspond with the activities of Sol Caribe Tours.

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned & Leased					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Hotels	**71.4%**	**1.5**	**115.9**	**-0.2%**	**82.8**	**1.9%**
Total Hotels (same store basis)	**72.4%**	**0.5**	**117.9**	**-1.1%**	**85.4**	**-0.3%**
America	73.9%	-0.1	119.6	-8.5%	88.4	-8.7%
EMEA	70.8%	0.9	151.5	-0.9%	107.3	0.4%
Spain	70.7%	3.4	99.3	3.0%	70.2	8.1%
Mediterranean	72.4%	-0.8	79.3	5.4%	57.4	4.2%
Brazil	24.3%	1.4	117.9	-31.6%	28.7	66.5%

Available Rooms in H1 2018 for Owned & Leased hotels were 5.6 million (5.6 million in H1 2017).

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Hotels	**67.2%**	**-0.8**	**101.2**	**-5.1%**	**68.0**	**-6.2%**
Total Hotels (same store basis)	**68.4%**	**-0.7**	**103.3**	**-4.9%**	**70.6**	**-5.9%**
America	72.4%	0.4	120.5	-5.6%	87.3	-5.1%
EMEA	69.8%	1.0	150.8	0.4%	105.3	2.0%
Spain	69.8%	3.5	99.1	2.7%	69.2	8.1%
Mediterranean	70.4%	-1.3	77.3	2.1%	54.4	0.2%
Cuba	62.5%	-8.9	86.8	-19.6%	54.3	-29.7%
Brazil	53.8%	4.1	77.5	-11.3%	41.7	-4.0%
Asia	58.3%	2.7	69.8	-9.0%	40.7	-4.6%

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 11.4 million (11.4 million in H1 2017).

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The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Global Hotels	**321**	**80,861**	**315**	**80,757**
Management	120	35,408	112	34,752
Franchise	48	9,743	49	9,812
Owned	47	14,272	47	14,340
Leased	106	21,438	107	21,853

Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Global Hotels	**15**	**4,318**	**17**	**4,684**	**20**	**4,715**	**11**	**2,458**	**63**	**16,175**
Management	12	3,483	13	3,991	14	3,322	11	2,458	50	13,254
Franchise	1	171	1	120	2	264	0	0	4	555
Owned	1	392	0	0	0	0	0	0	1	392
Leased	1	272	3	573	4	1,129	0	0	8	1,974

The following section includes an analysis of the hotel business evolution for each of our divisions:

AMERICA

The evolution of the Hotel Business for the America's division is summarized in the following KPIs:

(€ Millions)	H1 2018	H1 2017	% change
Total Aggregated Revenues	**233.3**	**272.5**	**-14.4%**
Owned	218.9	256.3	
Leased	14.5	16.2	
Of which Room Revenues	**102.3**	**115.0**	**-11.0%**
Owned	89.9	101.7	
Leased	12.4	13.4	
EBITDAR	**82.7**	**87.2**	**-5.2%**
Owned	78.9	84.0	
Leased	3.8	3.2	
EBITDA	**77.4**	**81.7**	**-5.2%**
Owned	78.9	84.0	
Leased	-1.5	-2.4	
EBIT	**63.2**	**65.2**	**-3.0%**
Owned	64.9	67.6	
Leased	-1.6	-2.4	

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The evolution of the Management Model by revenue source is included in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**31.1**	**35.7**	**-13.0%**
Third Parties Fees	2.3	2.4	
Owned & Leased Fees	16.2	18.7	
Other Revenues	12.6	14.5	

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned & Leased					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total America	**73.9%**	**-0.1**	**119.6**	**-8.5%**	**88.4**	**-4.6%**
Total America (same store basis)	**77.5%**	**-1.6**	**121.7**	**-6.8%**	**94.2**	**-8.6%**
Mexico	78.1%	1.9	122.0	-8.5%	95.3	-6.2%
Dominican Republic	77.6%	-5.1	116.9	-5.0%	90.7	-10.9%
Venezuela	43.5%	-1.7	87.2	-39.1%	38.0	-41.4%
USA	78.5%	-0.7	145.3	-7.9%	114.0	-8.6%

Available Rooms in H1 2018 for Owned & Leased hotels were 1.2 million (1.2 million in H1 2017).

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total America	**72.4%**	**0.4**	**120.5**	**-5.6%**	**87.3**	**-5.1%**
Total America (same store basis)	**75.2%**	**-0.3**	**121.5**	**-8.6%**	**91.4**	**-9.0%**
Mexico	76.6%	1.6	129.0	-9.5%	98.8	-7.5%
Dominican Republic	77.6%	-5.1	116.9	-5.0%	90.7	-10.9%
Venezuela	43.5%	-1.7	87.2	-39.1%	38.0	-41.4%
USA	74.6%	0.5	153.3	-5.7%	114.4	-5.0%

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 1.5 million (1.6 million in H1 2017).

The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Total America	**27**	**8,900**	**27**	**8,890**
Management	8	1,856	8	1,850
Franchise	2	214	2	214
Owned	15	6,281	15	6,277
Leased	2	549	2	549

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Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total America	**2**	**532**	**1**	**498**	**3**	**796**	**2**	**356**	**8**	**2,182**
Management	1	140	1	498	3	796	2	356	7	1,790
Franchise	0	0	0	0	0	0	0	0	0	0
Owned	1	392	0	0	0	0	0	0	1	392
Leased	0	0	0	0	0	0	0	0	0	0

The different openings and disaffiliations that took place in the division during the period are listed below:

Hotels	Country / City	Type of Contract	Number of Rooms
Openings			
-	-	-	-
Disaffiliations			
-	-	-	-

Our America division posted a positive performance in general terms during the first half of the year, with the main metrics of the underlying business improving on a constant currency basis vs the same period last year, despite that it posted a mixed set of results in Q1, the high season for the region. In this regard, our hotels managed to improve profitability as a result of the different initiatives implemented on a region-wide basis to optimize our operations. However, it must be highlighted that reported figures have been affected by a number of aspects that negatively impacted our results, being the most relevant ones the severe depreciation suffered by the USD against the EUR; the political situation in Venezuela, which heavily impacted the Venezuelan Bolivar; the effect of Hurricanes Maria and Irma in Puerto Rico, where our hotel will remain closed until late 2018; as well as by the travel alerts and warnings that affected some areas of the region. All of these aspects come to explain the slight decline in revenues vs Q2 2017, but we partially offset them thanks to the higher contribution of certain hotels that are still in ramp up, including Paradisus Los Cabos, Innside NY NoMad and ME Miami.

When looking at specific countries, our hotels located in Mexico struggled during the period as a result of certain insecurity issues and a sargassum (seaweed) problem that affected a number of touristic destinations, including Los Cabos and Playa del Carmen, plus a tropical storm that slightly impacted our operations in Los Cabos. In the Dominican Republic, the robust and increasing demand from international visitors benefitted our hotels and helped us to offset the increase in supply shown in the main touristic areas of the country, particularly among lower segments. Finally, in the United States, our three hotels Meliá Orlando, Innside NY NoMad and ME Miami benefitted from the increasing demand of both MICE and groups segments, while in Jamaica our operations were slightly affected by a travel alert as a result of certain internal security issues.

Outlook

We remain optimistic for the third quarter of the year in our America division and expect to improve past year's figures, as in Q3 2017 our operations were hit by Hurricanes Irma and Maria plus the earthquake that took place in Mexico, and foresee high occupancy rates in both July and August. Furthermore, it must be highlighted that Meliá Caribe Tropical is being refurbished and therefore will not be available for sale, thus negatively impacting the expected performance of the hotel.

Portfolio and Pipeline

We have not added any hotels to our American portfolio during H1, although we announced a new resort in Mexico (Paradisus Playa Mujeres, management, 392 rooms) that will reinforce our presence in the luxury segment of the country once it opens by 2019. For the rest of the year, we will open Grand Reserve at Paradisus Palma Real (Dominican Republic, owned, 432 rooms) and Tryp Lima (Peru, management, 140 rooms), while in the meantime we will continue focusing on improving efficiency levels of our current hotels in order to improve margins and searching for potential opportunities in high growth regions benefitting from positive market dynamics.

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EUROPE, MIDDLE EAST & AFRICA (EMEA)

The evolution of the Hotel Business for the EMEA's division is summarized in the following KPIs:

(€ Millions)	H1 2018	H1 2017	% change
Total Aggregated Revenues	**265.6**	**260.8**	**1.8%**
Owned	98.1	99.1	
Leased	167.4	161.7	
Of which Room Revenues	**185.7**	**181.3**	**2.4%**
Owned	69.3	69.9	
Leased	116.4	111.4	
EBITDAR	**61.8**	**63.1**	**-2.1%**
Owned	23.5	25.7	
Leased	38.3	37.5	
EBITDA	**25.8**	**29.5**	**-12.4%**
Owned	23.5	25.7	
Leased	2.3	3.8	
EBIT	**10.7**	**14.4**	**-25.3%**
Owned	14.1	16.1	
Leased	-3.4	-1.7	

The evolution of the Management Model by revenue source is included in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**26.4**	**26.3**	**0.5%**
Third Parties Fees	0.6	0.6	
Owned & Leased Fees	14.7	14.7	
Other Revenues	11.1	11.0	

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned & Leased					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total EMEA	**70.8%**	**0.9**	**151.5**	**-0.9%**	**107.3**	**0.4%**
Total EMEA (same store basis)	**70.9%**	**0.7**	**153.0**	**-0.1%**	**108.5**	**1.0%**
Spain	69.0%	-1.3	205.3	2.0%	141.8	0.1%
United Kingdom	70.7%	-2.5	164.0	-0.5%	115.9	-3.9%
Italy	71.3%	71.3	210.4	1.5%	149.9	11.0%
Germany	70.0%	0.4	106.9	-2.1%	74.8	-1.6%
France	80.3%	11.3	181.1	2.4%	145.5	19.3%

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Available Rooms in H1 2018 for Owned & Leased hotels were 1.7 million (1.7 million in H1 2017).

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total EMEA	**69.8%**	**1.0**	**150.8**	**0.4%**	**105.3**	**2.0%**
Total EMEA (same store basis)	**70.6%**	**0.9**	**152.1**	**0.1%**	**107.3**	**1.4%**
Spain	66.2%	-2.6	201.6	1.0%	133.5	-2.8%
United Kingdom	70.7%	-2.5	164.0	-0.5%	115.9	-3.9%
Italy	70.4%	6.3	211.1	1.1%	148.5	11.0%
Germany	70.0%	0.4	106.9	-2.1%	74.8	-1.6%
France	80.3%	11.3	181.1	2.4%	145.5	19.3%

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 1.9 million (1.9 million in H1 2017).

The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Total EMEA	**75**	**12,814**	**77**	**13,396**
Management	8	971	10	1,396
Franchise	14	2,027	13	1,915
Owned	13	3,020	13	3,029
Leased	40	6,796	41	7,056

Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total EMEA	**2**	**209**	**6**	**981**	**8**	**1,781**	**0**	**0**	**16**	**2,971**
Management	1	38	2	288	2	388	0	0	5	714
Franchise	1	171	1	120	2	264	0	0	4	555
Owned	0	0	0	0	0	0	0	0	0	0
Leased	0	0	3	573	4	1,129	0	0	7	1,702

The different openings and disaffiliations that took place in the division during the period are listed below:

Hotels	Country / City	Type of Contract	Number of Rooms
Openings			
ME Sitges Terramar	Spain / Sitges	Management	213
Meliá Setubal	Portugal / Setubal	Franchise	112
Disaffiliations			
-	-	-	-

The EMEA region was posted a positive performance during the first half of the year. In general terms, mostly of the areas improved their results vs the same period last year, with some exceptions related to specific aspects that are discussed below.

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Germany / Austria

Our hotels located in Germany improved the trend of the first quarter of the year, despite the decline that we witnessed in the Berlin market as a result of the bankruptcy of Air Berlin plus the fell in volumes in Dusseldorf due to a lack of significant trade fairs. In this regard, we would like to highlight the positive performance of our hotels located in Munich, as well as the higher contribution of a number of hotels in ramp up, including Hamburg Hafen, Aachen, Leipzig or Frankfurt Oostend, among others.

United Kingdom

Despite that market conditions remained tough, the city of London has benefitted from the recovery of national and international demand that started past year during the first semester of the year. This year, we expect this trend to consolidate, although the first half of the year has been a no growth quarter not only for our hotels, but also for the market. In this regard, and despite the increase in supply, we continued focusing on further penetrating our ME London product into premium and luxury segments, as well as on improving the current facilities of Meliá White House, where we fully refurbished The Level product in order to adapt it to the needs of our most demanding guests, and that will definitely help us to continue increasing both sales and prices in the following months.

France

Our hotels located in Paris posted a remarkable performance during the first half of the year, extending the positive trend shown over the past quarters and delivering the strongest numbers within the EMEA region, with our hotels registering an impressive double-digit RevPAR growth vs the same period last year, well above STR initial expectations for the city. Also, all of our hotels posted double-digit RevPAR growth rates, being a significant example Meliá Paris La Defense, due to the recovery of the MICE and transient segments. Moreover, we recovered the occupancy levels that we achieved prior to the 2015 terrorist attacks. Going forward, we will continue focusing on quality sales, disintermediation, as well as on increasing the contribution of our superior rooms and improving sales through Meliá.com.

Italy

The strong recovery that we have witnessed in Italy over the past months, particularly in Milano, boosted the performance of our hotels located in the country during the first half of the year, including those located in Rome, which posted a solid and robust growth during the low-season period. Also, our hotels located in Capri, Genova and Campione closed a positive quarter, with steady increases of RevPAR vs the same period last year.

Premium Spain

Urban: The unstable weather conditions during Easter plus the tough market conditions, particularly in Barcelona, where the destination has not fully recovered from the political uncertainties and economic instability, which negatively impacted the transient and mainly the MICE segment, are the main causes that explain the performance of our urban hotels in Spain during the first half vs the same period last year, despite the positive performance of those hotels located in Madrid and Seville, being a significant example Gran Meliá Palacio de los Duques, which partially offset the aforementioned negative effects.

Resorts: Our Spanish resorts posted a mixed set of results during the first half of the year, as they were influenced by the performance posted by Gran Meliá Palacio de Isora given the high importance of its operations within the region, as a result of the unstable weather conditions suffered by the country over the period and the changes shown in demand patterns, where the recovery of certain destinations, such as Turkey, is having an impact on specific customer segments, particularly in the Canary Islands. On the positive side, we would like to highlight the performance of ME Sitges Terramar, a hotel that opened recently and thus is still in ramp up, but that however became very popular due to its unique style and trendiness.

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Africa

The rest of the hotels that we operate within our EMEA division also posted a positive semester, being significant examples Meliá Zanzibar and Meliá Serengeti Lodge, which soon will become a reference hotel for those searching for unique and unforgettable experiences and safari adventures in a breathtaking environment such as the Serengeti National Park.

Outlook

We have positive expectations for the third quarter of the year in EMEA, as the economic conditions, the stable demand and the political stability of the region will continue boosting our operations. On a country basis, the main aspects that are worth mentioning are the following:

In Germany, we are optimistic and expect a mid-single digit RevPAR growth, mainly explained by prices, as a result of the higher contribution of our hotels in ramp up, while in the UK we foresee a mid-single digit RevPAR growth (in GBP), mostly via prices. In France, expectations are positive in Paris and we expect a double-digit RevPAR growth, of over +20.0%, that will not only boost our revenues, but the overall profitability of our hotels located in the city. In our hotels located in Italy we also expect further growth, with RevPAR expected to increase by a mid-single digit vs the same period last year thanks mainly to the contribution of Rome during its high season. Finally, in Spain we expect to partially offset the recent RevPAR decline posted by our urban hotels in the following quarters of the year, particularly by taking advantage of the expected recovery of the main markets, while for our Spanish resorts we expect to improve past year's figures, as we will launch different commercial campaigns aimed at offsetting the impact of the lower prices offered by competitors in alternative destinations.

Portfolio and Pipeline

During the first semester of the year, we added 2 new hotels to our portfolio in EMEA, ME Sitges Terramar (Spain, Management, 213 Rooms) and Meliá Setubal (Portugal, Franchise, 112 Rooms), that will increase our footprint in both countries and, in the case of the former, to face the needs of the leisure luxury segment. Additionally, we signed an additional one, Meliá Desert Palm (Dubai, management, 38 rooms) that we expect to open in Q3 2018 along with Meliá Maputo (Mozambique, franchise, 171 rooms), with the latter being our first hotel in the country. Going forward, we will continue implementing several actions to better position our hotels among premium segments, as well as to increase our presence in countries and destinations benefitting from the current positive macro environment.

MEDITERRANEAN

The evolution of the Hotel Business for the Mediterranean's division is summarized in the following KPIs:

(€ Millions)	H1 2018	H1 2017	% change
Total Aggregated Revenues	**94.7**	**89.0**	**6.4%**
Owned	30.6	29.9	
Leased	64.1	59.1	
Of which Room Revenues	**62.0**	**58.6**	**5.9%**
Owned	19.1	19.2	
Leased	42.9	39.4	
EBITDAR	**14.4**	**13.3**	**7.9%**
Owned	4.1	4.0	
Leased	10.3	9.4	
EBITDA	**1.6**	**1.6**	**0.5%**
Owned	4.1	4.0	
Leased	-2.5	-2.4	
EBIT	**-4.1**	**-3.9**	**-2.8%**
Owned	1.2	1.2	
Leased	-5.3	-5.2	

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The evolution of the Management Model by revenue source is included in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**13.7**	**13.2**	**4.4%**
Third Parties Fees	6.7	6.1	
Owned & Leased Fees	5.3	5.0	
Other Revenues	1.8	2.1	

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned & Leased					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Mediterranean	**72.4%**	**-0.8**	**79.3**	**5.4%**	**57.4**	**4.2%**
Total Mediterranean (same store basis)	**72.0%**	**-0.2**	**80.4**	**4.1%**	**57.9**	**3.7%**
Spain	72.4%	-0.8	79.3	5.4%	57.4	4.2%
Cape Verde	-	-	-	-	-	-

Available Rooms in H1 2018 for Owned & Leased hotels were 1.1 million (1.1 million in H1 2017).

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% %	€	% %
Total Mediterranean	**70.4%**	**-1.3**	**77.3**	**2.1%**	**54.4**	**0.2%**
Total Mediterranean (same store basis)	**71.5%**	**0.2**	**78.3**	**1.9%**	**56.0**	**2.1%**
Spain	71.8%	-1.2	78.0	3.2%	56.0	1.6%
Cape Verde	69.6%	4.3	74.9	-2.2%	52.2	4.2%

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 2.4 million (2.3 million in H1 2017).

The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Total Mediterranean	**81**	**24,817**	**76**	**23,778**
Management	28	8,904	24	8,131
Franchise	19	5,908	19	5,908
Owned	10	2,609	10	2,610
Leased	24	7,396	23	7,129

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Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total Mediterranean	**3**	**854**	**4**	**1,638**	**1**	**308**	**3**	**600**	**11**	**3,400**
Management	2	582	4	1,638	1	308	3	600	10	3,128
Franchise	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0
Leased	1	272	0	0	0	0	0	0	1	272

The different openings and disaffiliations that took place in the division during the period are listed below:

Hotels	Country / City	Type of Contract	Number of Rooms
Openings			
Sol Beach House at Meliá Fuerteventura	Spain / Fuerteventura	Management	142
Disaffiliations			
-	-	-	-

Our Mediterranean division posted a positive set of results during the first half of the year, with both revenues and prices improving past year's figures (O&L). In this regard, and despite the negative impact in our operations of the recovery in the number of tourists visiting certain destinations such as Turkey, where hotels have significantly lower prices than in Spain, the flow of visitors coming to Spain extended the positive trend consolidated in 2017, in which the country became the second most visited country in the world. Furthermore, it must be highlighted that H1 figures have been affected by the fact that the Easter Break took place in the last week of March, in contrast with 2017 when it took place in April, as well as by the refurbishments and repositionings implemented in certain hotels, such as Meliá Salinas, Sol La Palma and Sol Costablanca, in order to adapt them to the demanding upper segments.

If we observe specific areas within the region, our hotels located in the Balearic Islands had a positive performance in the period, with both prices and occupancy rates growing at a healthy pace in Mallorca, Menorca and Ibiza, and despite the slight decline shown by price-sensitive UK and German visitors, which opted for cheaper alternative destinations.

In the Canary Islands, it must be highlighted the positive performance of our hotels during high season and the semester in general terms, despite that the Easter Break took place in Q1 and Meliá Salinas was partially closed, thus limiting the number of rooms available for sale. However, in our Coasts hotels prices rose and our hotels posted a positive performance vs the same period last year, although occupancy rates slightly deteriorated, as Sol Costablanca and Meliá Costa del Sol were partially closed during the period and weather conditions did not help at all to our interests.

Finally, the results posted by our hotels located in Cape Verde were also positive, with occupancy rates surging vs H1 2017, although prices slightly fell as a result of the not so good as expected contribution of certain hotels that are still in ramp up.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Outlook

For Q3, which is the strongest quarter of the year for the Mediterranean division, as it represents the high season in Spain (July, August and September), we have positive expectations for all of the areas and expect a rise in both prices and occupancy rates. In this regard, OTB sales for the third quarter are +4.1% vs the same period last year, with 60.0% of the increase explained by occupancy rates, while we have witnessed a decline in the number of clients that book through TOs that has been offset by an increase in those buying their trips through meliá.com and OTAs, being this trend associated with the shift in demand towards alternative destinations. Furthermore, we are excited with a number of new openings, such as Sol Marbella Estepona – Atalaya Park and The Plaza Calviá Beach, the brand new landmark project developed in collaboration with the public sector that will come to transform the Magaluf area with a shopping and leisure complex comprising a 5.000 sqm mall plus 3 hotels connected through the largest hanging pool in Europe located in the roof, and that will come to reinforce our presence in the destination and the resilience of our operations, particularly during low season months.

Portfolio and Pipeline

During the first half of the year, we reopened Sol Beach House at Meliá Fuerteventura (Spain, Management, 142 Rooms) and in the meantime, we have been focusing on refurbishments and repositionings aimed at improving our current facilities and adapting them to our new standards. Moreover, in 2018 we expect to open Meliá Budva Petrovac (Montenegro, Management, 114 rooms), which will be our first hotel in the country and that will enhance our footprint in a vibrant area with a strong growth potential that has been recently benefitting from positive market dynamics. Finally, it must be noted that in July we sold Sol La Palma (Santa Cruz de Tenerife, 473 rooms) and Sol Jandía Mar (Fuerteventura, 294 rooms), although we will continue operating both hotels under lease contracts.

SPAIN (URBAN)

The evolution of the Hotel Business for the Spain's division is summarized in the following KPIs:

(€ Millions)	H1 2018	H1 2017	% change
Total Aggregated Revenues	**150.6**	**139.3**	**8.1%**
Owned	47.0	36.9	
Leased	103.6	102.4	
Of which Room Revenues	**109.5**	**101.0**	**8.4%**
Owned	28.4	25.6	
Leased	81.1	75.4	
EBITDAR	**39.8**	**37.9**	**5.2%**
Owned	10.5	9.2	
Leased	29.3	28.6	
EBITDA	**12.3**	**11.8**	**4.2%**
Owned	9.9	9.2	
Leased	2.4	2.6	
EBIT	**3.2**	**2.8**	**11.8%**
Owned	5.8	5.3	
Leased	-2.6	-2.4	

The evolution of the Management Model by revenue source is included in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**17.1**	**17.1**	**0.1%**
Third Parties Fees	3.4	3.4	
Owned & Leased Fees	9.5	8.9	
Other Revenues	4.3	4.7	

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned & Leased					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Spain	**70.7%**	**3.4**	**99.3**	**3.0%**	**70.2**	**8.1%**
Total Spain (same store basis)	**70.7%**	**2.4**	**95.7**	**1.5%**	**67.7**	**5.1%**
Spain	70.0%	3.4	99.3	3.0%	70.2	8.1%

Available Rooms in H1 2018 for Owned & Leased hotels were 1.6 million (1.6 million in H1 2017).

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Spain	**69.8%**	**3.5**	**99.1**	**2.7%**	**69.2**	**8.1%**
Total Spain (same store basis)	**69.7%**	**2.7**	**96.5**	**1.2%**	**67.2**	**5.2%**
Spain	69.8%	3.5	99.1	2.7%	69.2	8.1%

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 2.1 million (2.1 million in H1 2017).

The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Total Spain	**72**	**13,744**	**74**	**13,996**
Management	11	3,217	11	3,217
Franchise	12	1,468	14	1,649
Owned	9	2,362	9	2,424
Leased	40	6,697	40	6,706

Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total Spain	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Management	0	0	0	0	0	0	0	0	0	0
Franchise	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

The different openings and disaffiliations that took place in the division during the period are listed below:

Hotels	Country / City	Type of Contract	Number of Rooms
Openings			
-	-	-	-
Disaffiliations			
Tryp Madrid Getafe Los Ángeles	Spain / Getafe	Franchise	121
Tryp Mallorca Santa Ponsa	Spain / Santa Ponsa	Franchise	60

During the first half of the year, our non-premium urban hotels located in Spain posted a positive performance in general terms. In this regard, the main highlights for each of the areas that are included within the country are discussed below:

Central Area - Madrid

Our Madrid hotels posted a mixed performance during the first half of the year vs H1 2017, despite the positive performance of recently repositioned hotels during the first months of the year. In this regard, occupancy rates rose while ARR slightly declined due to the negative impact of certain international congresses that took place in June 2017 but that however were not held this year, which affected the overall performance of the MICE segment, plus some bank holidays that took place in May that worsened the overall figures. However, we partially offset those effects thanks to the good performance posted by the transient leisure segment and by hotels like Meliá Barajas, Tryp Alameda Aeropuerto, Tryp Cibeles and Tryp Chamartín.

Southern Spain

The positive performance of the Southern Area over the past quarters continued in the first half of the year, with both occupancy rates and prices growing at a healthy rate. This positive performance has been mainly explained by the MICE segment, which boosted the results of a number of our hotels located mainly in Seville and particularly during April and May. On the negative side, the individual segment slightly declined vs the same period last year due to a combination of factors such as the fact that the Easter break too place in March, the unstable weather conditions during the period and the slightly worse performance during the Seville Fair, since last year it took place in the same days as the May break in Madrid.

Eastern Spain

The Eastern Area posted an increase in revenues vs H1 2017 explained by a rise in both occupancy rates and prices. However, when comparing figures, it must be noted that Innside Palma Bosque was closed in Q2 2017 due to a deep refurbishment process plus the fact that Meliá Palma Bay opened in April 2017. Having said that, the aspects that explain this positive performance have been the increasing demand posted by both groups and individual segments, particularly in Palma de Mallorca, plus the rise shown by the MICE segment, since Palma de Mallorca has become a key destination to held international and national congresses and corporate events, and even though the unstable situation in Barcelona, which is negatively impacting the MICE segment, although we expect to offset this impact thanks to the individual segment, for which we are implementing different online campaigns with OTAs and readjusting our dynamic pricing strategy.

Northern Spain and East (Levante)

Both areas, Northern and East-Levante, improved their results in the first half of the year vs H1 2017 thanks to the positive evolution shown by the transient and groups segments, particularly in cities such as San Sebastián, Benidorm and La Coruña, plus the higher contribution of successfully repositioned hotels, such as Tryp Coruña and Tryp Sebastián Orly. Furthermore, both MICE and negotiated segments posted an increase in hotels like Meliá Valencia, Meliá María Pita and Meliá Bilbao, and even though our overall figures were partially affected by the increasing importance of unregulated supply in Alicante.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Outlook

We have positive expectations for our urban hotels located in Spain for Q3. In Madrid, we foresee an increase in revenues thanks to improved occupancy rates and the higher contribution of hotels such as Meliá Princesa, Meliá Serrano and Meliá Castilla, despite the drop expected for September in the MICE segment. In Southern Spain, cities like Seville, Malaga and Cadiz will benefit from higher volumes, while in Eastern Spain our hotels located in Palma will improve past year's figures during high season and despite the slight decline expected in Barcelona. Finally, in the Northern and East-Levante area we also foresee an increase in domestic demand in cities such as Alicante, Valencia and La Coruña thanks to the expected rise in the leisure demand and the MICE segment in hotels like Meliá Villaitana and Meliá Alicante.

Portfolio and Pipeline

During the first half of the year we disaffiliated 2 hotels in our Spanish portfolio: Tryp Madrid Getafe Los Ángeles (Getafe, Franchise, 121 Rooms) and Tryp Mallorca Santa Ponsa (Santa Ponsa, Franchise, 60 Rooms) as part of our actively managed portfolio strategy and having had a very limited impact in our fees' generation capabilities. In the short term, we do not expect to add any hotels to our urban portfolio in Spain, as we are now focused on adding value to our existing properties through refurbishments and repositionings aimed at further penetrating into premium segments.

CUBA

All of our hotels in Cuba are operated under management contracts and as a result are included within our Management Model, being its main financial metrics shown in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**8.9**	**15.1**	**-41.2%**
Third Parties Fees	8.5	14.9	
Other Revenues	0.4	0.3	

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Cuba	**62.5%**	**-8.9**	**86.8**	**-19.6%**	**54.3**	**-29.7%**
Total Cuba (same store basis)	**62.7%**	**-8.5**	**89.1**	**-19.5%**	**55.9**	**-29.1%**

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 2.2 million (2.2 million in H1 2017).

The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Total Cuba	**32**	**12,567**	**28**	**12,517**
Management	32	12,567	28	12,517
Franchise	0	0	0	0
Owned	0	0	0	0
Leased	0	0	0	0

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Secretary of the Board

Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total Cuba	**3**	**1,804**	**1**	**142**	**3**	**781**	**0**	**0**	**7**	**2,727**
Management	3	1,804	1	142	3	781	0	0	7	2,727
Franchise	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0

The different openings and disaffiliations that took place in the division during the period are listed below:

Hotels	Country / City	Type of Contract	Number of Rooms
Openings			
La Unión San Carlos	Cuba / Cienfuegos	Management	49
Jagua	Cuba / Cienfuegos	Management	173
Gran Hotel Camagüey	Cuba / Camagüey	Management	72
Meliá Colón	Cuba / Camagüey	Management	58
Disaffiliations			
-	-	-	-

Our operations in Cuba extended the slight improvement shown since the first months of the year. The main factors that come to explain the performance during the first half of the year have been the negative impact of Hurricanes Irma and Maria, as the main TOs reopened the destination with a severe delay, thus limiting our capabilities to properly market our rooms during the high season. Also, this situation aggravated by the crisis of Cubana de Aviación, that resulted in the cancelations of all internal and external connections, with the exception of routes from/to Madrid and Argentina. Additionally, there has been a severe decline in the number of US visitors due to certain imposed travel restrictions that affected US tourism in the country. To top it off, a number of our hotels, including Paradisus Rio de Oro, Meliá Cayo Guillermo and Meliá Las Dunas, have been partially closed as a result of different refurbishments and to modernize technical equipment and facilities, that reduced the number of rooms available during the period.

Considering all the above-mentioned aspects, RevPAR (in USD) fell sharply vs the same period last year, being explained by a severe reduction in both occupancy rates and prices. In this regard, our hotels located in La Habana and Santiago de Cuba were the ones affected to the most by this situation and closed the quarter with severe declines in RevPAR. Furthermore, sales through our direct channel meliá.com dropped particularly as a result of the negative impact that the reduction in the number of visitors from the United States had in our hotels located in La Habana. In order to recover and partially offset the deterioration in the figures posted by our hotels, we have been working closely with the Cuban Government and we have launched a set of measures and commercial actions aimed at attracting visitors from alternative feeder markets, as well as to benefit from the increasing demand of tourists from Spain, Russia and Mexico, plus the recovery shown by internal demand, which we expect will help us to revert the negative trend of the division by year end.

Outlook

The different factors that have been impacting our operations in Cuba during the first half of the year are expected to continue having a negative impact in the performance of our hotels in Q3, although we expect that the situation will stabilize. In this context, we foresee a mid-single digit decline in RevPAR (in USD) explained by prices, as we expect a recovery in occupancy rates vs the same period last year. In addition, it must be noted that during Q4 2017 we were negatively impacted by the effects of Hurricane Irma, as 11 of our hotels were closed for a number of weeks.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Portfolio and Pipeline

We have not added any hotels to our portfolio in Cuba during H1, although we will continue seeking opportunities to increase our presence in the country over the following months. In this regard, in January we opened 4 new hotels and a few months ago we signed 8 hotels that will allow us to reinforce our leadership position in the country and to extend our footprint. Furthermore, we expect to open 3 new hotels in the country by year end, all of them under management contracts: Meliá Internacional (Varadero, 946 rooms), Paradisus Los Cayos (Cayo Santa María, 802 rooms) and Meliá San Carlos (Cienfuegos, 56 rooms).

ASIA

All of our hotels in Asia are operated under management contracts and as a result are included within our Management Model, being its main financial metrics shown in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**3.5**	**3.6**	**-3.0%**
Third Parties Fees	2.4	1.9	
Other Revenues	1.1	1.7	

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Asia	**58.3%**	**2.7**	**69.8**	**-9.0%**	**40.7**	**-4.6%**
Total Asia (same store basis)	**62.0%**	**5.3**	**81.1**	**8.2%**	**50.3**	**18.3%**
Indonesia	53.1%	0.5	62.5	1.1%	33.2	2.1%
China	63.5%	3.2	65.4	-7.8%	41.5	-3.0%
Vietnam	71.4%	14.8	90.0	-8.8%	64.3	15.1%

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 0.8 million (0.7 million in H1 2017).

The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Total Asia	**20**	**4,869**	**18**	**4,617**
Management	20	4,869	18	4,617
Franchise	0	0	0	0
Owned	0	0	0	0
Leased	0	0	0	0

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total Asia	**5**	**919**	**5**	**1,425**	**5**	**1,049**	**6**	**1,502**	**21**	**4,895**
Management	5	919	5	1,425	5	1,049	6	1,502	21	4,895
Franchise	0	0	0	0	0	0	0	0	0	0
Owned	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0

The different openings and disaffiliations that took place in the division during the period are listed below:

Hotels	Ciudad/País	Type of Contract	Number of Rooms
Openings			
Lavender Boutique Hotel	Vietnam / Ho Chi Minh	Management	107
Amena Residences and Suites	Vietnam / Ho Chi Minh	Management	75
Disaffiliations			
-	-	-	-

The Asian region has remained as an important component for our global operations during the first half of the year, as it not only contributed to a greater extent to our consolidated numbers, but also became an important feeder market for a number of our hotels located in EMEA and, particularly, in the Caribbean, where we witnessed an increasing demand from Chinese, Japanese and Korean tourists. This has been possible due to the different targeted commercial campaigns launched and aimed at increasing the penetration and strength of our brands among upper segments, plus the strong efforts made over the past months in repositionings and refurbishments in order to adapt our hotels to higher standards and to sophisticated guests demands. Having said this, and considering that a number of hotels in the region are still in ramp up, thus affecting the overall performance of the division, we would like to highlight that our managed hotels located in Asia posted a significant increase in revenues (in USD) and improved profitability levels vs the same period last year.

If we analyze the results on a country basis, our hotels in China closed H1 extending the positive trend shown in the first months of the year, thanks to the fact that all of our hotels in the country are new and modern plus the different initiatives launched at increasing the penetration and reputation of our brands through further agreements with Ctrip, as well as a result of long-term strategic agreements with Tier 1 partners, such as Greenland and Greentown, among others. In this regard, we expect an organic growth of 2-3 hotels per year in order to operate 15 hotels, as well as to have 10 hotels in the pipeline in the country by 2020.

In Indonesia, our operations in Bali fully recovered from the negative impact of the Agung Volcano eruption that took place in late 2017 and the destination is operating normally, being this key when explaining the positive performance of our hotels in the quarter, which increased revenues and profitability vs H1 2017, while in Vietnam we benefitted from the strong potential of the country, the increasing number of international visitors and its political stability, which reinforced the attractiveness of the destination.

In Thailand, the single hotel that we operate in the country closed at the beginning of Q2 to fully refurbish and reposition the property and will re-open in Q3 2019, but however we have positive expectations for our operations in the country, where we expect to operate 5 hotels by 2021, while in Malaysia and Myanmar our managed hotels recorded positive numbers and improved past year's figures.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

Outlook

We have positive expectations for our hotels located in Asia, as Q3 represents the high season of the year and the market dynamics remain robust in the region, with both leisure demand and the number of international visitors expected to grow at a healthy rate. In this regard, we expect to improve past year's numbers in important areas in terms of contribution, such as China and Bali, as well as a consolidation of the positive performance in Vietnam, which will become a key country for our operations in Asia over the following years once we incorporate new hotels in Hanoi, Ho Chi Minh and other resort destinations of the country, that will help us to further penetrate into the resort segment and among upper-end international clients.

Portfolio and Pipeline

During the first semester of the year we added 2 new hotels to our Asian portfolio located in Vietnam and that will be operated under management contracts: Lavender Boutique Hotel (107 Rooms) and Amena Residences and Suites (75 Rooms), which were added to our portfolio as white label hotels but that will become part of our Innside brand (Innside Saigon Central and Innside Saigon Mariamman) after a deep refurbishment and repositioning process. Additionally, we signed new hotels in the region: 1 hotel in Vietnam (Meliá Saigon Central, 72 Rooms), 1 in Thailand (Meliá Mai Khao Phuket, 101 Rooms) and 1 in China, Gran Meliá Jincheng Lake Chengdu (China, 270 Rooms), which will allow us to further penetrate in the region and to reinforce our leadership position in the resorts and bleisure segments. For the rest of the year, we intend to open 4 additional hotels in Asia, all of them under management contracts: Meliá Ba Vi Mountain Retreat (Vietnam, 55 rooms), Meliá Bandung Dago (Indonesia, 254 rooms), Meliá Shanghai Parkside (China, 150 rooms) and Gran Meliá Zhengzhou (China, 388 rooms).

BRAZIL

The evolution of the Hotel Business for the Brazil's division is summarized in the following KPIs:

(€ Millions)	H1 2018	H1 2017	% change
Total Aggregated Revenues	**1.5**	**2.0**	**-24.2%**
Owned	0.0	0.0	
Leased	1.5	2.0	
Of which Room Revenues	**1.1**	**1.3**	**-17.2%**
Owned	0.0	0.0	
Leased	1.1	1.3	
EBITDAR	**-1.2**	**-2.7**	**+56.0%**
Owned	0.0	0.0	
Leased	-1.2	-2.7	
EBITDA	**-2.1**	**-2.7**	**+23.7%**
Owned	0.0	0.0	
Leased	-2.1	-2.7	
EBIT	**-2.6**	**-2.7**	**+4.9%**
Owned	0.0	0.0	
Leased	-2.6	-2.7	

The evolution of the Management Model by revenue source is included in the following table:

(€ Millions)	H1 2018	H1 2017	% change
Total Management Model Revenues	**2.2**	**2.5**	**-12.6%**
Third Parties Fees	1.5	1.7	
Owned & Leased Fees	0.1	0.1	
Other Revenues	0.6	0.7	

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

The following table includes the occupancy rates, ARR and RevPAR by management type, as well as the % change vs the same period last year:

	Owned & Leased					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Brazil	**24.3%**	**-**	**117.9**	**-**	**28.7**	**-**
Total Brazil (same store basis)	**-**	**-**	**-**	**-**	**-**	**-**

Available Rooms in H1 2018 for Owned & Leased hotels were 0.6 million (0.07 million in H1 2017).

	Owned, Leased & Managed					
	Occupancy		ARR		RevPAR	
(€ Millions)	%	% (p.p.)	€	% change	€	% change
Total Brazil	**53.8%**	**4.1**	**77.5**	**-11.3%**	**41.7**	**-4.0%**
Total Brazil (same store basis)	**55.9%**	**1.1**	**76.3**	**-11.3%**	**42.6**	**-9.4%**

Available Rooms in H1 2018 for Owned, Leased & Managed hotels were 0.5 million (0.6 million in H1 2017).

The breakdown of hotels and rooms by management type as of June 2018 and December 2017 is included below:

	Current Portfolio			
	30/06/2018		31/12/2017	
(€ Millions)	Hotels	Rooms	Hotels	Rooms
Total Brazil	**14**	**3,150**	**15**	**3,563**
Management	13	3,024	13	3,024
Franchise	1	126	1	126
Owned	0	0	0	0
Leased	0	0	1	413

Also, the current pipeline for the upcoming years is the following:

	Pipeline									
	2018		2019		2020		Onwards		Total	
(€ Millions)	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Total Brazil	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Management	0	0	0	0	0	0	0	0	0	0
Franchise	0	0	0	0	0	0	0	0	0	0
Leased	0	0	0	0	0	0	0	0	0	0

The different openings and disaffiliations that took place in the division during the period are listed below:

Hotels	Country / City	Type of Contract	Number of Rooms
Openings			
-	-	-	-
Disaffiliations			
Gran Meliá Nacional de Rio	Brazil / Rio de Janeiro	Leased	413

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

The Brazilian economy extended the positive trend of the past year, when it posted a GDP increase of +1.0% for the first time since 2014 after having emerged from a deep recession, during the first half of the year, which combined with political stability promoted a stable macro environment and increased security levels that benefitted internal demand and the attractiveness of the main touristic destinations for international visitors. This situation, which is expected to stabilize in the following months, will continue boosting the hospitality sector, being particularly benefitted the MICE and leisure segments, as business travels will recover thanks to prosper business conditions while leisure destinations will continue attracting a higher number of tourists.

Having said that, our hotels located in Brazil closed a positive period and improved past years' results on a like-for-like basis thanks to the higher number of events that took place in the country during April and May, which boosted the MICE and groups segments. Taking all of this into consideration, we managed to improve both occupancy rates and prices vs the same period last year, as well as to improve margins and increase the efficiency levels of the division thanks to the different actions taken to continue optimizing the structure of our operations in the country.

Finally, we would like to highlight the improvement of sales through our direct channel Meliá.com in local currency thanks to a number of new initiatives implemented ranging from targeted marketing campaigns aimed at increasing conversion rates by offering new payment options to our clients to effectively managing our relationships with the main internet providers to increase the profitability of our operations, as well as to attract a higher number of visitors from specific feeder markets, particularly Europe.

Outlook

For Q3, and despite that July has been historically a low-volume month for being a vacation period, we foresee an increasing demand in August. In September, there will be uncertainties as a result of the Presidential Elections that will took place in October. Furthermore, we would like to remind that our operations will not be negatively impacted by the losses posted by Gran Meliá Nacional de Rio, as we disaffiliated the hotel and terminated the lease contract at the end of March.

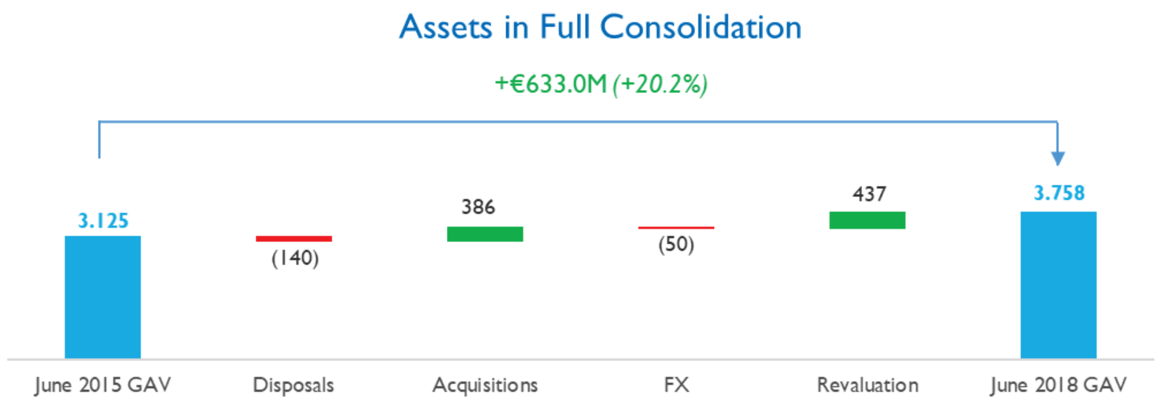
Portfolio and Pipeline

We have not added any hotels to our Brazilian portfolio and we do not intend to add any in the short term after having disaffiliated Gran Meliá Nacional de Rio at the end of March, as we will continue focusing on improving the profitability levels of the division, optimizing its current structure, as well as on increasing the penetration of our brands to better position ourselves within the bleisure and leisure segments, particularly among premium clients, as this will increase our resilience levels if the economic cycle enters into a decline period.

2.2 REAL ESTATE & ASSET VALUATION

Along with this earnings release, we have published the results of the new valuation of our fully-owned assets, which has been performed by JLL, a leading independent appraiser. In this regard, the updated GAV rose by +23.2% vs June 2015 valuation to €4.386B. Within this figure, €3.758B correspond to the value of our fully-owned assets, while the remaining €628M reflects the value of equity method assets. However, in this regard, the equity method figure is an estimate, as the valuation is still ongoing and will not be finished until late September.

NAV stands at €15.2 per share, which compares with the €12.5 per share of the latest valuation that dates back from June 2015 and thus implies an increase of +21.3%. In addition, we would like to highlight that, as a result of this new valuation, there has been a revaluation of certain of our fixed assets that resulted in a capital gain of €12.6M at EBITDA level, which compares with no capital gains generated in H1 2017.



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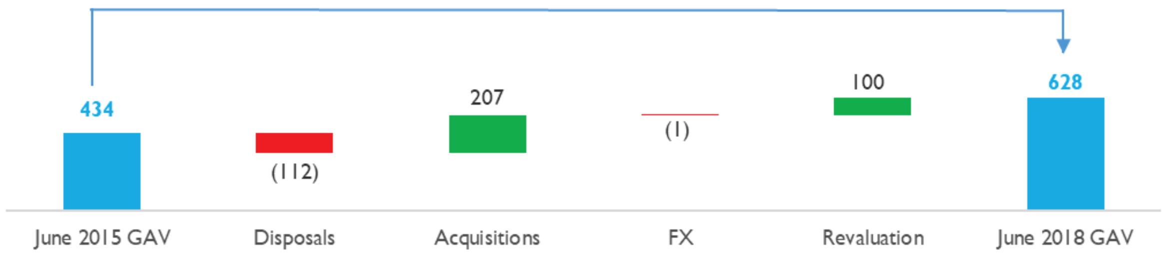
Secretary of the Board

Assets in Equity Method

+€194.0M (+44.7%)



Assets in Full Consolidation	June 2018
Value of Fully-Owned Assets	€3,758M
Total Rooms	14,323
Average Price per Room	€253,588
% change Price per Room since 2015	+36.8%
Discount Rate / Exit Yield	10.68% / 7.58%

Assets in Equity Method	June 2018
Value of Assets in Equity Method	€628M

A detailed overview of the valuation conducted by JLL is shown below.

Hotels Valuation Per Room	Type	2015	2018	June 2018
Hotels LATAM		€213,504	€243,043	+13.8%
Hotels Spain	Urban	€204,193	€243,611	+19.3%
	Resort	€113,337	€211,310	+86.4%
Hotels Europe		€312,231	€415,674	+33.1%
TOTAL HOTELS VALUATION		**€185,314**	**€253,588**	**+36.8%**

Results of the Valuation		Type	2015	2018	June 2018
Hotels	America		€1,257M	€1,630	+29.7%
Hotels Spain	Spain	Urban	€696M	€718M	+3.2%
		Resort	€623	€679	+9.0%
	Rest of Europe		€407	€605	+48.6%
TOTAL HOTELS			**€2,983M**	**€3,632M**	**+21.7%**
Real Estate	America		€59M	€42M	-29.4%
	Europe		€9M	€13M	+52.0%
TOTAL REAL ESTATE			**€68M**	**€54M**	**-18.7%**
Other Assets	America		€52M	€51M	-2.6%
	Europe		€22M	€21M	-7.8%
TOTAL OTHER ASSETS			**€74M**	**€72M**	**-4.2%**
TOTAL ASSETS CONSOLIDATION METHOD			**€3,125M**	**€3,758**	**+20.2%**
TOTAL ASSETS EQUITY METHOD			**€434M**	**€628M**	**+44.8%**

Finally, we would like to mention that in July we closed the sale of 3 of our hotels: Meliá Sevilla, Sol La Palma and Sol Jandía Mar, located in Seville, Santa Cruz de Tenerife and Fuerteventura, respectively. The hotels were sold to Atom, a Spain-based REIT backed, among others, by Spanish-bank Bankinter. The deal, which encompasses both in the strategy of adaptation of our hotels to our brands attributes, as well as in the asset rotation strategy for our non-core assets by taking advantage from the real estate market momentum, generated total proceeds of €73.4M and a net capital gain at EBITDA level of €6.6M, although it must be highlighted that the transaction is an event disclosed after the reporting period and thus will be reflected in Q3 results. Furthermore, as part of the agreement, we will continue operating the hotels under lease contracts for a 5-year period that could be extended, at our sole discretion, for up to a maximum of 25 years.

Moreover, as part of the agreement, Atom commits itself to invest €20.0M in CAPEX in the hotels located in the Canary Islands that will increase the value of the properties, being the latest of our Sol brand hotels to be fully refurbished and repositioned.

2.3 CLUB MELIÁ & THE CIRCLE

Important disclosure: The division results have been affected by the implementation of the accounting principles included in IFRS 15. In this regard, both 2018 and 2017 restated revenues and EBITDA are lower than the figures prior to the implementation of the new standard. According to the new standard, a long-term liability has been recognized in our balance sheet in order to reflect payments received from clients for services not delivered yet. Once the services are delivered, the liability will flow into equity through the P&L. For comparison purposes, during H1 2017 the impact was of around -€15.2M in revenues and -€1.6M in EBITDA, although the figures have been negatively impacted by the severe depreciation suffered by the USD against the EUR.

This year is being an exciting period for The Circle, as we will be able to fully capitalize on a vast number of opportunities that our brand-new resort located in Punta Cana (Dominican Republic) will offer to our guests once it starts to operate by the end of the year. In this regard, this new opening will allow us to customize the selling process to adapt it to the different idiosyncrasies of each of our potential clients in terms of nationality, needs and likes, thus increasing sales conversion ratios and penetration among premium audiences. In this regard, the first half of the year has been positive in general terms when looking at the main financial and operating metrics of the business, as reflected by the increases shown by migrations from the former product to the new one, average price per contract and total revenues in local currency, despite that the second quarter of the year has been historically the period with the lowest volumes of the year for our timesharing business, that Easter break took place in Q1 and that we were negatively impacted by a minor fire originated in the kitchen of Meliá Caribe Tropical.

In order to revert the situation, as well as to increase the new members and migrations from the former Club Meliá product to the new one, we have been focusing on several commercial strategies aimed at increasing the attractiveness of The Circle and thus conversion rates, including the launching and marketing of a new package with a lower amount of available options intended for the low season period, which does not consider making the product cheaper but to provide limited benefits keeping constant the price per option chosen, as well as reinforcing the American salesforce to further penetrate among US customers.

When looking at the performance of the new The Circle product in Punta Cana, we managed to limit the negative impact of the low season period in revenues thanks to the above-mentioned marketing strategies, which including digital campaigns, and to improve past year's figures even though the number of potential clients dropped vs the same period last year and that the resort which will be the core of the product will not be fully operative and open until December. On the other hand, the Club Meliá product in Mexico further penetrated into potential clients, particularly among those invited to the selling showrooms, thus partially offsetting the slight reduction in revenues as a result of the decline in the average price per contract that resulted from the lower quality of clients during the low season period.

For the third quarter of the year, we expect that the different marketing and commercial actions taken will start to bear fruit and foresee a positive evolution of both products, particularly The Circle, although it will not yield optimal results until the new resort located in Punta Cana is operating normally, being this particularly relevant for the next high season period that will commence in late 2018 and that will last until Q1 2019.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

3. Environmental, social and governance

ENVIRONMENTAL

Our commitment to fight against climate change and to reduce emissions is embedded in our strategy in order to comply with the different public commitments assumed by the Company. Over the last 10 years, we have been implementing a number of energy and hydric efficiency programmes in all of our business units by using energy generated from renewable sources in countries such as Spain and Italy.

Meliá considers critical the mobilization of the tourism industry to fight against climate change, as according to Global Risk Report, 4 of the 5 main risks that will have a greater impact over the next decade are related with climate change (extreme weather events, natural disasters or water crisis, among others). Also, after the approval of the Sustainable Development Goals (SDG) by the United Nations in 2015, Meliá has deepened in the understanding and prioritization of those SDGs that are aligned with its activity and therefore are considered as appropriate to be integrated into its strategy.

	TARGETS	INITIATIVES	COMMITTMENTS 2020
6	**WATER** Ensure availability and sustainable management	Flow regulators Awareness of employees and customers Use of sustainable products	↓ **8%** water per stay
7	**RENEWABLE ENERGY** Guarantee access to affordable, safe, sustainable and modern energy	100% renewable source electric power Initiatives in energy efficiency Energy Management System (ISO 50001)	↑ Green energy **70%** of total consumption
11	**INFRASTRUCTURES & SUSTAINABLE COMMUNITIES** Cities and settlements in sustainable environments	Identify and quantify the impact of our activity on society Sustainable mobility	↑ Certified Portfolio **52%**
12	**SUSTAINABLE CONSUMPTION & PRODUCTION** Ensure sustainable consumption and production patterns	Increase the purchase of proximity products Selection of suppliers with sustainable criteria Monitoring waste generation Elimination use of single-use plastics	↑ Sustainable clauses signed **60%** * Supplier's Code of Ethics signed **60%** * Local suppliers **90%**
13	**ACTION AGAINST CLIMATE** Adopt measures to combat climate change and its effects	Reduce the impact of our activity Establish greenhouse gas (GHG) reduction objectives	↓ **18.4%** CO2 per stay

MAIN INDICATORS – H1 2018

-25.54 % ↓	-29.39% ↓	- 8.72% ↓	-8.61% ↓
CO_2 EMISSIONS (Kg)	CO_2 EMISSIONS PER STAY (Kg)	ENERGY CONSUMPTION PER STAY (Kwh)	WATER CONSUMPTION PER STAY (m^3)

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The following section includes the different improvements related to environmental matters that we had in the period.

Renewable Energy

Meliá is committed to the use of energy generated from renewable sources since 2014. Currently, this represents 100% of its energy consumption in Spain and Italy. During this year, we signed an agreement by which our hotels located in France will start to use green energy next year, which will represent 52% of the total consumption of the Company. Next steps will be to continue signing agreements to use renewable energy in our hotels located in the rest of the European countries and to analyze current market regulations and options for the other locations where Meliá operates.

Infrastructures & Sustainables

Over the first half of the year, we have been integrating sustainable criteria in the different refurbishments carried out. One of the most significant examples is the recently opened Calviá Beach The Plaza, an example of a sustainable building where a number of innovative measures have been installed, including a CO2 heat pump, home automation systems for energy management in facilities, chillers with heat recovery, solar street lamps, gray water treatment systems, as well as several charging points for electric cars.

Responsible Consumption

In June, the Company publicly committed to reduce the use of single-use plastics. In this regard, a roadmap has been set so that, over the last months of the year, all single-use plastic elements (bottles, bags, glasses, coasters, cutlery, straws, etc.) will be progressively replaced by sustainable materials. Next year, other initiatives related to the different cosmetics offered in the rooms will be launched.

Climate Actions

During the first six months of the year, different energy improvement proposals have been implemented in our hotels, by using rigorous economic and technical feasibility criteria. In this regard, energy efficiency initiatives were launched in a total of 29 hotels, which required an investment of €713,589. Also, at the beginning of June, the process for certification of the Company's Environmental Management System (ISO 14001) was initiated and will come to reinforce the ISO 50001 obtained last year, which certifies our Energy Management System. These two initiatives confirm our strong commitment to externally validate the energy management systems used.

SOCIAL

Contributing to improving the professional quality of our industry is one of the commitments acquired by Meliá in all the locations where it operates, in addition to offering, in a balanced way, opportunities for employability and training for groups at risk. Together with strategic partners, the Company consolidated several projects and promoted new and ambitious initiatives. In the first quarter of 2018, the 4th edition of "First Professional Experience" was launched, a project focused on the comprehensive training of young people at risk of social exclusion in Spain. In this regard, Meliá already has two “school hotels” to support an initiative that, for 5 months, will allow 20 young people to be part of a full training process and to improve their opportunities to obtain employment in the future.

Last April, Meliá and Obra Social La Caixa (1st Foundation in Spain) signed a collaboration agreement to promote the employment of people at risk of social exclusion through the "Incorpora Programme“. This program aims to boost the hiring of vulnerable groups, as well as to provide advice, training and information to the participating companies. The agreement was signed by the Executive Vice President & CEO of Meliá, Gabriel Escarrer, and the Deputy General Director of the La Caixa Foundation, Marc Simón. As part of this agreement, Meliá has committed itself to integrate more than 220 people by initially involving 30 hotels in Spain, although the number of hotels participating in the programme will increase during the next year.

As a family-owned company, Meliá is strongly committed with the rights of children and, as a result of the strategic alliance renewed with UNICEF in 2016, has set the goal of raising at least €400,000 per year until 2020. Also, targets for 2018 will be added to the more than €1.4M raised by Meliá since 2015, which will be dedicated to support projects for those children selected by this entity.

In this process of cultural and digital transformation in which we have been recently focused, we would like to highlight and celebrate having reached one of the agreed commitments in terms of diversity and equal opportunities. Currently, the percentage of women in management positions with responsibilities assigned to revenue generation stands at 65%, being this a historic milestone for the Company.

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GOVERNANCE

The entry into force of European Directive 2014/95 / EU of the European Parliament and of the European Council, required large companies to incorporate non-financial information expressly and with a global perspective. In this regard, Meliá published, during the first quarter of this year, its first 2017 Integrated Annual Report. This document provides more information, visibility and transparency to stakeholders. As a result of this change, we updated our materiality analysis, with the aim of being able to better respond to the expectations of our stakeholders. In addition, the synergies detected between the material issues and the strategic focus of the Company strengthen the alignment with external interests.

The Report refers to the labeled as the "Year of Sustainable Tourism" by the General Assembly of the United Nations. The incorporation of the International Integrated Reporting Council (IIRC) criteria, as well as the Global Reporting Initiative (GRI) guidelines, have allowed the Company to significantly improve the way by which it explains its recent evolution and future expectations.

To progress in the consolidation of the Corporate Governance Model, the Company has approved important corporate policies which will be published in the coming weeks and that, in addition to facing market demands, increased its transparency levels. These include the Privacy Policy (aligned with the GDPR requirements), Procurement and Contracting of Responsible Services, Human Rights, Philanthropy, Tax Strategy and Relations with Stakeholders. On the other hand, Meliá has already published policies that were approved in 2017, but that however have been recently disclosed to strengthen its public commitments. Among these are those related to Environment, Control, Analysis and Assessment of Risks, Anticorruption and Information Security. When looking at Human Rights, the impacts that the Company could have in this matter were analyzed and identified. These risks reinforced Meliá's current risk map after having defined the process, report and mitigation of possible impacts. The identification of the main risks has been carried out according to the Company's own operation and its impact on people and the environment were analyzed by following the commitments and guiding principles of the Human Rights Policy.

Meliá has developed a training programme for those people with skills and responsibilities associated with the treatment and access to personal data. Through this training programme, around 300 people received specific training in GDPR and an online training module has been made available to all those who manage personal information and which will be a must for all new joiners involved in managing this type of information.

Some significant advances in 2018 and that are significantly contributing to strengthen the Company's cultural transformation, continuous improvement and a model that transmits Meliá's commitments along its supply chain, have been the update of the Purchases' strategy, the approval of the first Suppliers Code of Ethics and the update of the sustainability questionnaire for suppliers that allowed the Company to redefine its goals in this matter. Through all these tools, Meliá provides greater coherence to its supply model and strengthens the relationship with suppliers based on its values, Code of Ethics and public commitments assumed.

In this questionnaire, corrective measures linked to the results have been incorporated. Also, another improvement when managing the supply chain has been the revision of the definition of critical suppliers, as a result of the expansion and incorporation of new countries in the Company's portfolio. This process integrates for its evaluation three criteria: volume of purchases, critical components and country of origin, and differentiates suppliers according to their level of risk in order to improve our management and relationship with them.

Additionally, Meliá has reviewed and updated its Code of Ethics, which was initially approved in 2012, in accordance with the new approaches reflected in its regulatory body.

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Secretary of the Board

REPUTATION AND ACKNOWLEDGMENTS

Over the first half of the year, Meliá has achieved a number of national and international recognitions. Among them, we would like to highlight those that position the Company as a leading company on its sector, such as the fact of having been included in the "Annual Report of the Most Valuable Brands of Spain", published by Brand Finance, or the "Business of the Year in Spain" award by the European Business Awards.

In this process of cultural and digital transformation in which we have been recently focused, we would like to highlight and celebrate having reached one of the agreed commitments in terms of diversity and equal opportunities. Currently, the percentage of women in management positions with responsibilities assigned to revenue generation stands at 65%, being this a historic milestone for the Company.

In the Institutional Investor "2018 All-Europe Executive Team Survey", Meliá's relationship and constant dialogue with investors were widely recognized after having included its Investor Relations Head, Stéphane Baos, in the "Top 3 of IR professionals" and appointed Gabriel Escarrer Jaume as one of "Europe's best CEO".

Gabriel Escarrer was also awarded as "Top Leader of the Family-Owned Business" by European Family Business and highlighted as one of the "Best Business Managers in Spain", by the Business Success Study.

The Company has also been recognized with the "Influentials of the Spain Brand" award by El Confidencial and Herbert Smith Freehil, as well as with the "Happiest Company to work for and Most Empathetic Company of the IBEX 35" award by Adecco and SUMMA, respectively. Moreover, the "Responsible Tourism" and the "Rethink Hotel" awards came to reinforce the strong commitment of the Company with social and environmental matters.

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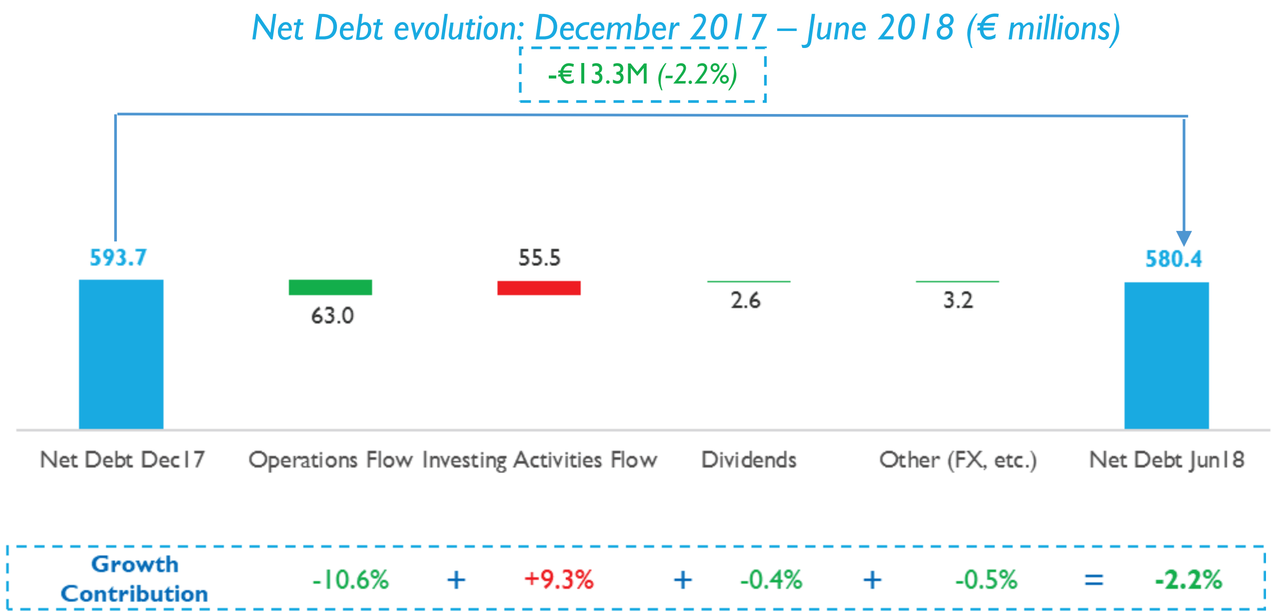
Secretary of the Board

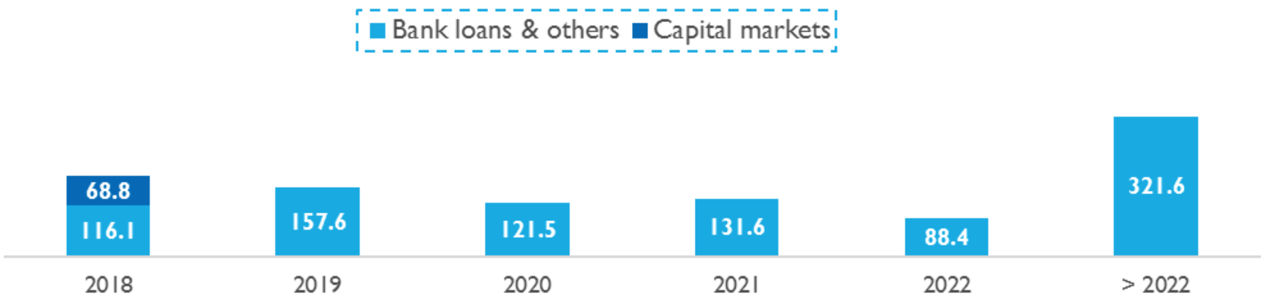
4. Liquidity and capital resources

During the first six months of the year, Net Debt fell by -€13.3M and reached +€580.4M at the end of the period, which contrast with the increase of +€31.4M during H1 2017. In addition, we managed to lengthen our debt maturity, as well as to increase the USD-denominated debt, which now represents around 20.0% of our total debt (vs 5.0% in 2015). Moreover, as in previous quarters, we have been focusing on adding additional value to our current properties in order to adapt them to market demands, as well as to better position our brands among upper end customers. Furthermore, our management team reiterate our strong commitment to close the year with a Net/Debt EBITDA leverage ratio of 2.0x.

The following graph shows the evolution of Net Debt during the first half of the year:



Furthermore, the maturity profile of current debt is shown below. The figures exclude credit facilities (million euros).



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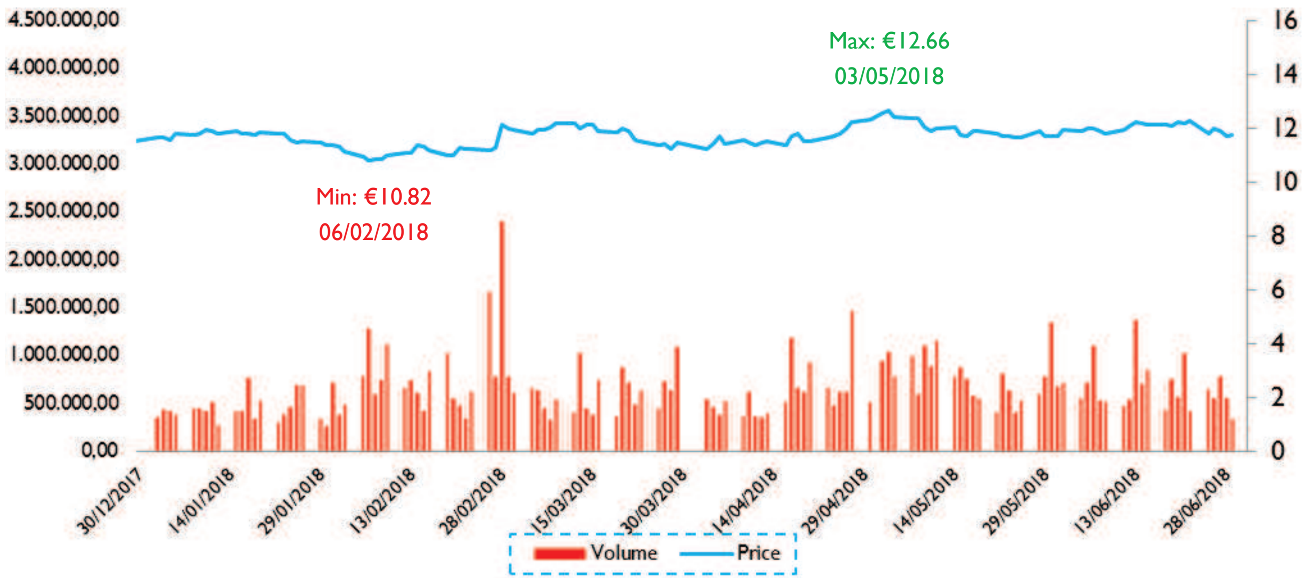
Secretary of the Board

5. Other information

5.1 STOCK MARKET

Our stock price rose by +4.4% in Q2 2018, outperforming the IBEX 35 Index (+0.8%). On a yearly basis, our stock price increased by +2.1%, while the IBEX 35 Index declined by -4.2%.

The following graph shows the evolution of the stock price and volume during the first half of 2018:



	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Average daily volume (thousand shares)	627.38	693.88	-	-	660.63
Meliá performance	-0.1%	+4.4%	-	-	+2.1%
Ibex 35 performance	-4.4%	+0.8%	-	-	-4.2%

	June 2018	2017
Number of shares (millions)	229.70	229.70
Average daily volume (thousands shares)	660.60	714.88
Maximum share price (euros)	12.66	13.89
Minimum share price (euros)	10.82	10.42
Last Price (euros)	11.74	11.5
Market capitalization (million euros)	2.696.68	2.641.55
Dividend (euros)	0.17	0.13

Source: Bloomberg

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

The main highlights of Meliá Hotels International in the stock market during the first half of 2018 are listed below:

- On July 10, 2018, a €0.1681 ordinary dividend per share was paid to shareholders.

5.2 DIVIDEND POLICY

For the 2018 Financial Year, the dividend payout stood at 30.0% of the Net Profit Attributed to the Parent Company, which was €128.7M. This payout remained the same as in 2017.

5.3 ENVIRONMENTAL RISKS

The Consolidated Annual Accounts do not include any item that should be considered in the specific document related to environmental information, according to the Order of the Ministry of Justice dated October 8, 2001.

6. Events after the reporting period

Note 16 of the Interim Financial Statements includes a detail of the different events that took place between the closing date of the reporting period and the date this management report was finished and that might have an impact on the financial information of the Company.

Mr Luis Mª Díaz de Bustamante y Terminel
Secretary of the Board

PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND CONDENSED CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE FIRST HALF OF THE YEAR 2018

The preparation of these condensed consolidated interim financial statements and the condensed consolidated interim management report was approved by the Board of Directors at its meeting held on 30 July 2018.

The undersigned directors state that, to the best of their knowledge, the condensed consolidated interim financial statements have been prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial position and results of Meliá Hotels International Group, and that the condensed consolidated interim management report includes an accurate analysis of the business development and results and the position of the Group, together with the description of the main risks and uncertainties faced by the Company.

This document is issued in 58 sheets, all of them signed by the Secretary of the Board, and being this last sheet signed by all Directors, except for Mr. Fernando D'Ornellas Silva, who attends this meeting by teleconference under the provisions of article 18.2 of the Board Regulations, and the Chairman and Mr. Juan Vives Cerdá, being their absence duly justified, and whose full representation, vote and signature are delegated to the Proprietary Director Hoteles Mallorquines Consolidados, S.A, which hereby signs on their behalf.

Signed Mr. Gabriel Escarrer Juliá
(Represented by por Hoteles Mallorquines Consolidados, S.A.)
Chairman

Signed Mr. Gabriel Escarrer Jaume
Vice-Chairman and Chief Executive Officer

Signed by Mr. Juan Vives Cerdá
Honorary Vice-Chairman

Signed by Mr. Sebastián Escarrer Jaume
Director

Signed Hoteles Mallorquines Consolidados, S.A.
(Represented by Dña. María Antonia Escarrer Jaume)
Director

Signed Mr. Juan Arena de la Mora
Director

Signed Mr. Francisco Javier Campo García
Director

Signed Mr. Fernando D'Ornellas Silva
Director

Signed Mr. Alfredo Pastor Bodmer
Director

Signed Mrs. Carina Szpilka Lázaro
Director

Signed Mr. Luis Mª Díaz de Bustamante y Terminel
Secretary and Independent Director