

REALIA



January - September 2013 Results

6 November 2013

Highlights 3Q 2013

FINANCIAL SITUATION

- Realia has reached an agreement with the financial entities that hold the debt of the residential business, extending its maturity to June 30th 2016 and reducing the amount of the syndicate to 792 million euro.
- The Business Plan associated to the agreement requires a minimum repayment of 17,4 million euro over the life of the loan.
- Until maturity of the loan, Realia commits to look for investors that contribute cash to the company to repay total or partially the debt. Banks could take residential assets to complete total repayment.

RESULTS

- The Commercial Property business concentrates the bulk of the activity of the company, representing 87% of the total income and 100% of the gross margin. Additionally, half of total rental revenues are generated in Paris.
- After the cost reduction efforts, ordinary general expenses (staff, overheads) decrease by 18,2% versus prior year. Extraordinary items, linked to the debt restructuring, cause a more modest reduction (5,6%).
- Financing costs reflect a haircut on the debt of 17 million euro agreed during the restructuring.
- Net income amounts to -17,3 million euro, of which 12,7 million euro are due to assets write-downs.

COMMERCIAL PROPERTY

- SIIC de Paris sold two non-strategic assets in 3Q for 21,9 million euro making a consolidated capital gain (on Realia's books) of 1,3 million euro.
- There is a 2% deterioration in occupancy during the quarter, due to the end of the lease of Tour Coface (La Défense, 27.536 sqm), partially offset by new let of 11.523 sqm in the same building.

RESIDENTIAL DEVELOPMENT

- Realia has pre-sold 94 units (14,4million euro) as of Sept. 2013 YTD.

PERSONNEL

- There is a staff restructuring process on going that will imply a reduction of 26 people.

Financial Highlights (30 September 2013)

(€mm)	9M 2013	9M 2012	Var. (%)
Total Revenue	146,3	155,4	-5,9
Income	125,1	130,7	-4,3
EBITDA	81,7	93,8	-13,0
Net Result (Group share)	-17,3	-14,4	20,1
Net Financial Debt	2.182	2.169	0,6
Nº Shares (mm)	277,4	277,4	0,0
Earnings per Share (€)	-0,06	-0,05	24,7

Operational Highlights (30 September 2013)

	9M 2013	9M 2012	Var. (%)
Commercial Property			
GLA (sqm)	597.834,0	608.359,0	-1,7
Operational	570.497,0	553.953,0	3,0
In Progress	27.337,0	54.406,0	-49,8
Occupancy rate (%)	88,6	90,4	-2,0
Land & Homebuilding			
Pre-sales			
Total value of contracts (€mm)	14,4	17,1	-15,8
Homes	94,0	85,0	10,6
Pre-sales backlog (€m)	13,0	13,6	-4,4
Land Bank Consolidated (sqm m) ¹	2,9	3,3	-12,1
Nº Employees	133,0	146,0	-8,9

¹ Including down payments of land and land from housing developments without activity.

Number of Employees	(Without ERE)
Total	117
Realia Business	49
Realia Patrimonio	6
Hermanos Revilla (*)	47
SIIC de Paris	14
Realia Polska	1

(*) It includes 34 people assigned to specific buildings (reception, ...)

Consolidated Income Statement

(€mm)	9M 2013	9M2012	Var. (%)
Total Revenue	146,3	155,4	-5,8
Rents	125,1	130,7	-4,3
Sale of assets	2,1	3,7	-43,8
Homebuilding	10,7	11,1	-3,3
Land sales	3,4	3,8	-8,5
Other	5,0	6,3	-19,4
Total Gross Margin	94,6	107,6	-12,1
Rents	94,1	99,7	-5,6
Sale of assets	2,1	3,7	-45,2
Homebuilding	-2,2	1,2	-281,7
Land sales	1,0	3,0	-66,3
Other	-0,4	-0,1	280,0
Overheads	-13,0	-13,7	-5,6
EBITDA	81,7	93,9	-13,0
Amortization	-27,9	-27,2	2,6
Depreciation	-16,2	-8,0	102,5
EBIT	37,6	58,7	-36,0
Financial Resul	-42,8	-60,0	-28,7
Other Results		-1,5	-100,0
Earnings before taxes	-5,2	-2,9	84,2
Taxes	-0,4	7,2	-105,6
Result after taxes	-5,6	4,3	-229,9
Minority Interests	11,6	18,8	-38,3
Net Result (Group share)	-17,3	-14,5	19,4

- The Commercial Property business continues showing a recurrent income stream, representing 87% of the total income and 100% of the total gross margin.
- Half of total rental revenues are generated in Paris.
- After the cost reduction efforts, ordinary general expenses (staff, overheads) decrease by 18,2% versus prior year. Extraordinary items, linked to the debt restructuring, cause a more modest reduction (5,6%).
- Financing costs reflect a haircut on the debt of 17 million euro agreed during the restructuring.
- Provisions for residential assets amount 12,7 million euro, of which 9,5 million euro reflect price adjustments on the portfolio for sale (homes). Additionally, value adjustments on the Commercial Property portfolio, amount to 3,5 million euro.

Consolidated Balance Sheet

(€mm)	9M 2013	2012		9M 2013	2012
Tangible Fixed Assets	8	9	Equity	160	455
Investment Property	2.321	2.419	Minority Shareholders	495	529
Inventories	554	844	Financial Debt	1.791	2.328
Accounts Receivable	55	56	Current Creditors	52	61
Treasury and Equivalents	146	159	Other Liabilities	768	276
Other Assets	182	162			
Total Assets	3.266	3.649	Total Liabilities	3.266	3.649

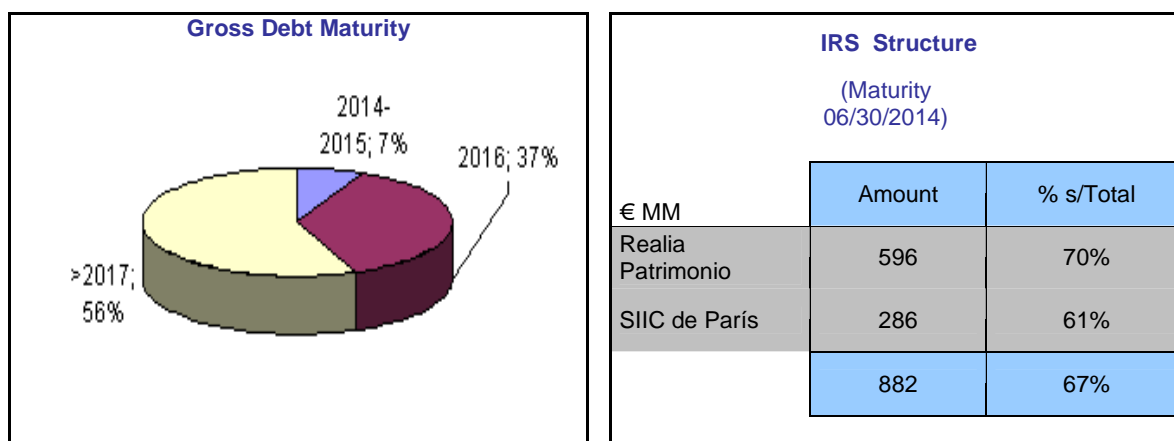
Assets are booked at the acquisition cost, not at its market value

Financial Structure

	Commercial Property			Land & Homebuilding			Total
	RP + Sub.	SdP	Total RP	RB	Subsid.	Total RB	
Syndicated Loans	847	471	1.318	792		792	2.110
Other Loans	77	35	112	34	72	106	218
Total Gross Financial Debt	924	506	1.430	826	72	898	2.328
Cash and equivalents	83	34	117	21	8	29	146
Total Net Financial Debt	841	472	1.313	805	64	869	2.182

- On September 27th, 2013 Realia signed, once fulfilled the suspensive conditions, the agreement reached in July 26th, applicable to the restructuring and extension of the 847 million euro syndicated loan related to its residential business. The agreement has obtained a favourable opinion from the independent expert named to this purpose by the Spanish Trade Register.
- The main characteristics of the agreement are:
 - A separate agreement with two Banks has been reached for a total amount of 54 million euro, and one of them has taken a haircut of 17 million euro and get repaid in cash by the Company. As a consequence, the syndicate is now composed by 5 Entities and 792 million euros.
 - Maturity of the loan 30th June 2016; Business Plan that includes only sales of the residual portfolio and implies a minimum repayment of 17,4 million euros.
 - Spread of 200b.p. of which 150 get accumulated to the principal of the loan until maturity.

- Realia commits to actively look for investors who would contribute cash (or by selling assets) to achieve a substantial repayment of the outstanding debt. The agreement also contemplates that total repayment would be completed by delivering residential assets to the syndicate.
 - FCC and SAREB could capitalize their subordinated loans (114 million euro) at any time, according to the terms approved by the last shareholders meeting in June.
- Realia has cash and cash equivalents for 146 million euro.
 - Debt maturities:
 - 7% in 2014-2015
 - 37% in 2016
 - 56% in 2017 and beyond
 - Realia Patrimonio and SIIC de Paris have two outstanding IRS's for 882 million euro, at an average rate of 4,58%, and maturity 30th June 2014.



Commercial Property

Rental Income

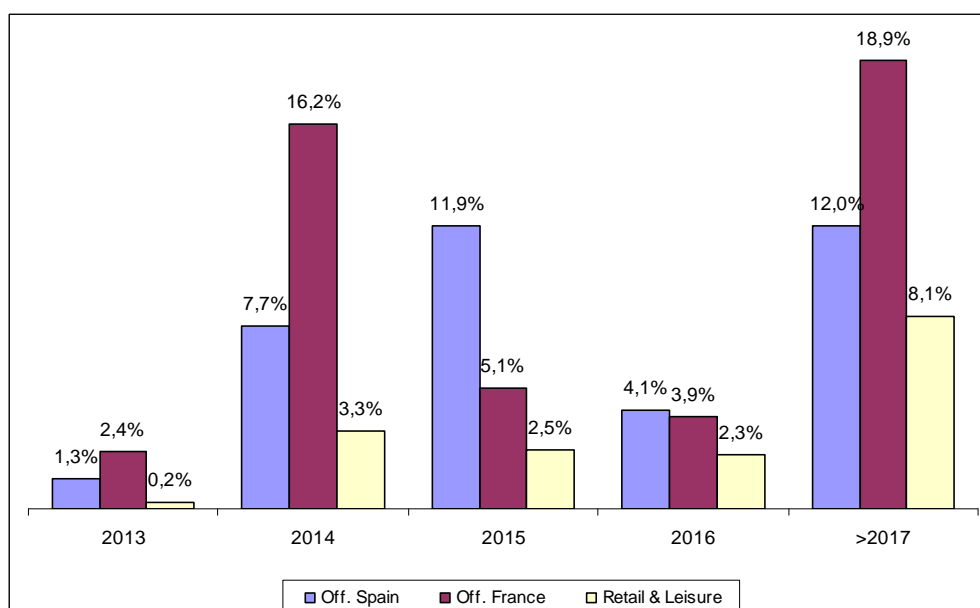
(€m)	9M 2013	9M 2012
Rental income	105,1	109,5
Expenses charged to tenants	20,0	21,1
Total Revenues	125,1	130,7
Expenses incurred	27,9	27,9
Other Expenses	3,1	3,1
Gross Margin	94,1	99,7
Margin (%)	89,52%	90,98%

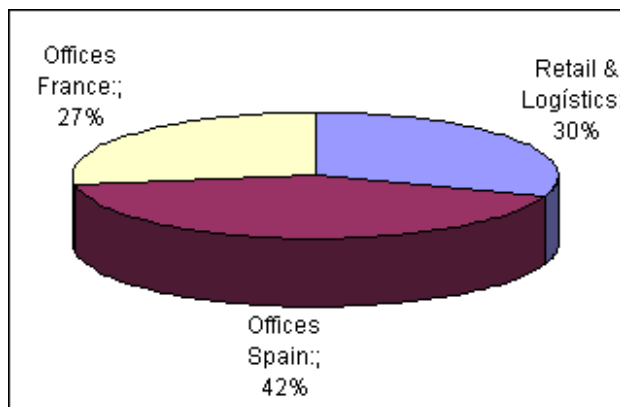
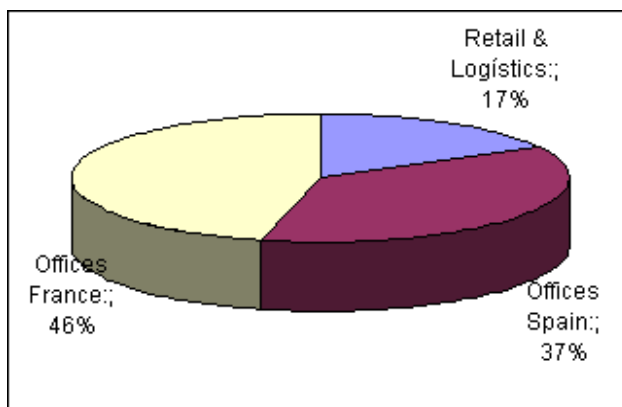
(€m)	9M 2013	9M 2012	Var. (%)	Like for Like (%)	Ocupación (%)
Offices	89.917	96.964	-7,3	-5,2	87,8
Spain	36.183	41.658	-13,1	-13,1	88,6
France	53.734	55.306	-2,8	0,1	86,5
Retails & Leisure	14.311	11.631	23,0	-9,1	87,8
Others	895	948	-5,6	-5,6	100,0
Total Revenues	105.124	109.543	-4,0	-5,7	88,6

- Rental income decreased 4% in 3Q 2013 mainly on the Spanish office segment.
- Spanish offices rental income has decreased -13.1% due to several reasons:
 - The extraordinary income in 1Q 2012 of 1,5 million euro from the compensation received from a tenant due to the early termination of a lease.
 - The impact of some downward rent reviews in 3Q 2013 for the rest of 2013 and FY2014. There are only 9% of contracts maturing in Spain.
- French offices like-for-like rental income keep stable, after some fall in occupancy.
- There is a 2% deterioration in occupancy during the quarter, due to the end of the lease of Tour Coface (La Défense, 27.536 sqm), partially offset by new let of 11.523 sqm in the same building.
- Shopping Centres rental income increased 23% due the exploitation of “As Cancelas” from the 4Q 2012. However, *like for like* decreased 9% because of the decline in consumption.

Expiry % of lease contracts including break options

(Passing rents)



GLA per use (sqm)

Passing Rents Dec. 2012


Pipeline

Pipeline	Location	Use	GLA	Total Investment	Incurred Investment	Annual Rent Expected	Opening
163 Malesherbes (1)	Paris	Offices	1.294	5,5	1,8	0,9	2.014
36 Rue del Liège (1)	Paris	Offices	1.600	2,6	0,9	0,8	2.013
22/24 Vendôme (1)	Paris	Offices	1.650	3,4	2,3	1,1	2.013
Les Miroirs (1)	Paris	Offices	22.793	44,0	43,9	9,7	2.013
Total			27.337	55,5	48,9	12,5	

(1) Under refurbishment

- Realia, through its French subsidiary SIIC de Paris, continues increasing investments in Paris to renovate and modernize progressively the French office portfolio.

Land and Homebuilding

(€mm)	9M 2013	9M 2012
Revenues		
Homebuilding	10,7	11,1
Land sales	3,4	3,8
Total Revenues	14,1	14,9
Gross Margin		
Homebuilding	-2,2	1,2
Land sales	1,0	3,0
Total Gross Margin	-1,2	4,2
Homebuilding Margin (%)	-20,6%	10,8%
Land Sales Margin (%)	29,4%	78,9%

- Home sales continue affected due to the difficulties in obtaining financing from potential buyers.
- Realia has delivered 78 homes in 3Q 2013 for a total amount of 10,7 million euro:

Deliveries	Nº Units Homes	Revenues €MM
Polonia	25	2,8
Levante	14	2,1
Andalucía	9	1,2
Madrid / Centro	14	2,0
Cataluña	9	1,4
Canarias	5	0,5
Portugal	2	0,7
Total	78	10,7

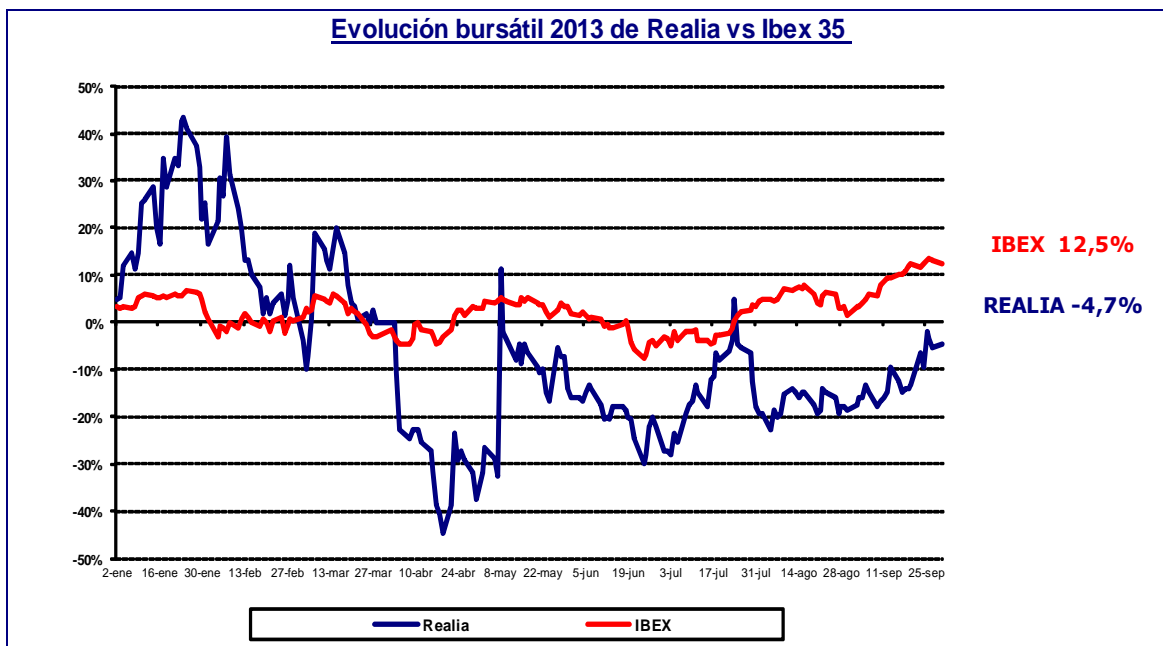
- Pre-sales amounted to 94 homes in 3Q 2013 for a total amount of 14,4 million euro:

Home stock evolution	9M 2013	9M 2012
Pre-sales		
Number of units	94,0	85,0
Total value of contracts (€MM)	14,4	17,1
Deliveries		
Number of homes	78,0	63,0
Total value of contracts (€MM)	10,7	11,1
Available Stock at EoP		
Number of units	817,0	923,0
Total value of contracts (€MM)	219,2	246,5

- Realia has a total stock of 859 homes (136 under construction and 723 finished) of which 42 had already been pre-sold.

Stock Data

	9M 2013
Closing Stock Price (€ per share)	0,715
Market cap. EoP (€)	198.324.322
High of the period (€ per share)	1,15
Low of the period (€ per share)	0,4
Daily Trading Volume (€)	464.083
Daily Trading Volume (shares)	641.949



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