

REALIA



January-September 2014 Results

12 November 2014

Summary

SIIC DE PARIS SALE

- Last May, Realia signed an agreement with Eurosic to sell the total stake that Realia Patrimonio held in SIIC de Paris at 22 Euros per share for a total consideration of €559m.
- In July 2014, the suspensive conditions were complied and the value of the transaction amounted €544,4m at a rate of 21,43 Euro per share with a deduction of dividends received of 0,57 Euro per share.
- Attributable net profit from the sale of SIIC de Paris was €4,2m.
- This transaction has reduced the net financial debt by €1.033m: €489m of SIIC de Paris debt and €544m from the net cash proceeds.
- Previous periods are adjusted to produce comparable data.

RESULTS

- Total revenue amounts to €89,66m, an increase of 15,9% vs. 3Q 2013, due to the increase in sales of homes and land bank.
- The rental business represents 65,5% of the total income and more than 100% of the gross margin.
- The gross margin has decreased by 25,8% due to losses on the sales of land bank and homebuilding, before the reversal of provisions.
- General expenses have decreased by 14,1% vs. 3Q 2013.
- Attributable net profit is €-14,7m vs. €-17,2m in 3Q 2013, showing an improvement of 15%.

FINANCIAL SITUATION

- Realia has reduced its net financial debt by €1.075m vs. €1.709m in 3Q 2013. It has decreased by 37,1% (once deducted 2013 SIIC de Paris debt).
- As of 30 June 2014, all the interest rate coverage expired. At current interest rates, financial costs would have a positive annual impact on P&L of €24m.

COMMERCIAL PROPERTY

- Gross rental income, excluding SIIC de Paris, has been €58,72m (including expenses charges to tenants), in line with the results obtained in 2013 (slightly decreased by 3,2%).
- The office occupancy level has reached 90,9% and shopping centers 87,6%, while total occupancy levels have reached 90,6%, an increase of 1,5% vs. 3Q 2013.

RESIDENTIAL DEVELOPMENT

- Realia has delivered 120 homes in 3Q 2014 for a total amount of €22,2m vs. €10,6m in 3Q 2013. There has been an increase of 109%.
- Through its polish subsidiary, the Company has sold land bank in Warsaw with a buildable area of 50.000 sqm for €7,7m, generating capital losses of €-0,14m (net of provisions).
- There is a total stock of 686 units (homes, commercial premises and offices) finished non-delivered (22 pre-sold). There are also 58 land plots to be sold for family houses.

FINANCIAL HIGHLIGHTS (*)

(€mm)	9M 2014	9M 2013	Var. (%)
Total revenue	89,66	77,36	15,9
Rental income	58,68	59,89	-2,0
EBITDA	22,0	31,2	-29,5
Net results (Group share)	-14,67	-17,26	15,0
Net financial debt	1.075	1.709	-37,1
Nº Shares (mm)	307,4	277,4	10,8
Earnings per share (€)	-0,05	-0,06	23,3

(*) 2014 results follow the new International Financial Reporting Standards (IFRS concerning listed companies). SIIC de Paris sale has been taken into account. To make the companies analysis, 2013 figures have been adapted.

OPERATIONAL HIGHLIGHTS

	9M 2014	9M 2013	Var. (%)
Commercial Property			
GLA (sqm)¹	418.183,0	418.183,0	0,0
Occupancy rate (%)	90,6	89,3	1,5
Land & Homebuilding			
Home deliveries			
Value (€mm)	22,2	10,6	109,3
Units	120,0	78,0	53,8
Pre-sales backlog (€m)	4,4	13,1	-66,5
Land bank consolidated (sqm m)²	1,9	2,3	-17,4
Nº Employees³	100	119	-16,0

¹ SIIC de Paris GLA is not included in 2013 and 2014.

² DUSE buildability is not included (Airport neighbourhood – Seville: 647.186 sqm) in 2013 and 2014.

³ SIIC de Paris employees are not included.

Number of Employees	9M 2014	9M 2013	Var. (%)
Total	100	119	-16%
Realia Business	50	65	-23%
Realia Patrimonio	4	6	-33%
Hermanos Revilla	45	47	-4%
Realia Polska	1	1	0%

(*) It includes 34 people working at reception and concierge services in buildings.

CONSOLIDATED INCOME STATEMENT (*)

(€mm)	9M 2014	9M2013	Var. (%)
Total Revenue	89,7	77,4	15,9
Rents	58,7	59,9	-2,0
Sale of assets	0,0	0,8	-94,7
Homebuilding	22,2	10,6	109,3
Land sales	7,7	3,4	123,3
Other	1,1	2,7	-60,5
Total Gross Margin	30,6	41,2	-25,8
Rents	40,8	42,1	-3,1
Sale of assets	0,0	0,8	-94,7
Homebuilding	-5,2	-2,3	-123,9
Land sales	-4,8	1,0	-572,3
Other	-0,3	-0,4	13,2
Overheads	-8,6	-10,0	14,1
EBITDA	22,0	31,2	-29,5
Amortization	-11,6	-12,2	5,2
Depreciation	11,7	-15,6	175,0
EBIT	22,1	3,3	561,7
Financial resul	-33,9	-28,1	-20,7
Equity method	0,3	0,5	-35,8
Earnings before taxes	-11,4	-24,2	52,8
Taxes	-4,3	0,1	-4.844,4
Result discontinued activities	1,9	18,5	-89,7
Results after taxes	-13,8	-5,6	-144,3
Minority Interests	0,9	11,6	-92,5
Net Results (Group share)	-14,7	-17,2	15,0

(*) 2014 results follow the new International Financial Reporting Standards (IFRS) concerning listed companies. SIIC de Paris sale has been taken into account. To make the comparative analysis, 2013 figures have been adjusted.

- Realia has implemented the new International Financial Reporting Standards (IFRS) which applies to companies with no shareholding control. From now on, the Company will deliver its results following the equity accounting method.
- Last July, the Company signed an agreement with the French Company Eurosic to sell the total stake that Realia Patrimonio held in SIIC de Paris. This transaction has meant a result attributable to the controlling Company of €4,2m.

- EBITDA has decreased by 29,5% (€22m vs. €31,2m in 3Q 2013), mainly because of the margin drop in rental business and land bank sales.
- Financial results have amounted €-33,85m in 3Q 2014 vs €-28,05m in 3Q 2013. In 2013, Realia obtained a haircut for €17m on its debt. Without that impact, financial costs would have improved by 25% in 2014 vs. previous year.
- There has been a reversal of provisions amounting €11,7m (€6,4m homebuilding, €4,4m land and €0,9 other).
- 3Q 2014 net income attributable is of €-14,7m vs. €17,2m in 3Q 2013. There has been an improvement of 15%.

CONSOLIDATED BALANCE SHEET

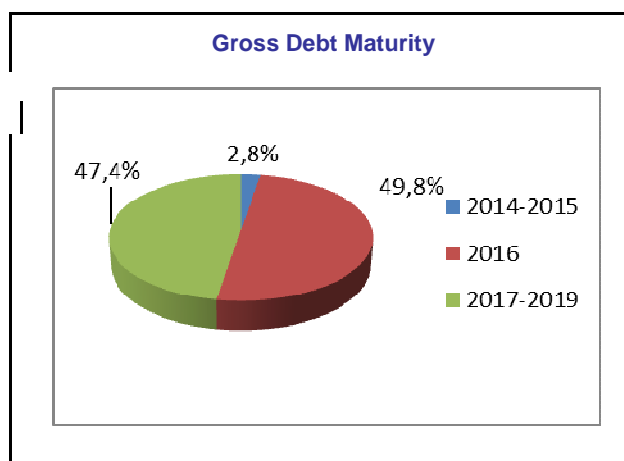
(€mm)	9M 2014	2013		9M 2014	2013
Tangible fixed assets	6	9	Equity	190	191
Investment property	855	2.264	Minority shareholders	134	515
Inventories	422	450	Financial debt	994	1.669
Accounts receivable	17	49	Current creditors	33	48
Treasury and equivalents	626	121	Other liabilities	813	713
Other assets	239	243			
Total Assets	2.165	3.136	Total Liabilities	2.165	3.136

- Assets are accounted at their lowest value, either at their acquisition value or at their value in the market.
- 2014 results follow the new International Financial Reporting Standards (IFRS) concerning listed companies.
- The difference between 3Q 2014 and 3Q 2013 are mostly due to SIIC de Paris sale.

FINANCIAL STRUCTURE

	Commercial Property	Land & Homebuilding	9M 2014	9M 2013	Var. (%)
	REALIA Patrimonio	REALIA Business			
Syndicated loans	838	793	1.631	1.639	-0,5
Other loans	52	22	74	170	-56,6
Interests	0	0	1	13	-96,2
Debt formalisation expenses	-4		-4	-5	24,0
Total Gross Financial Debt	887	815	1.702	1.817	-6,4
Cash and equivalents	584	42	626	108	479,8
Total Net Financial Debt	303	773	1.075	1.709	-37,1

- As of 30 September 2014, after SIIC de Paris sale, Realia has a Total Gross Financial Debt of €1.702m vs. €1.817m in 3Q 2013 and Cash and Equivalents of €626m. Therefore, its Total Net Financial Debt reaches €1.075m vs. €1.709m in 3Q 2013, it has decreased 37,1%.
- 49,8% of the total debt matures in 2016 and 47,4% in 2017 or after.
- As of 30 June 2014, all the interest rate coverage expired. At current interest rates, financial costs would have a positive annual impact on P&L of €24m.



COMMERCIAL PROPERTY
Rents (*)

(€mm)	9M 2014	9M 2013
Rental income	49,4	51,4
Expenses charged to tenants	13,2	12,6
Total Revenues	62,6	64,0
Expenses incurred	-16,5	-15,5
Other expenses	-3,4	-3,8
Gross Margin	42,7	44,7
Margin (%)	86,40%	86,96%

(*) the data in this chart don't follow the new International Financial Reporting Standards (IFRS). These are operating data of the business and the data of the participated companies (As Cancelas and Setecampos) appear proportionally, excepting SIIC de Paris that doesn't appear.

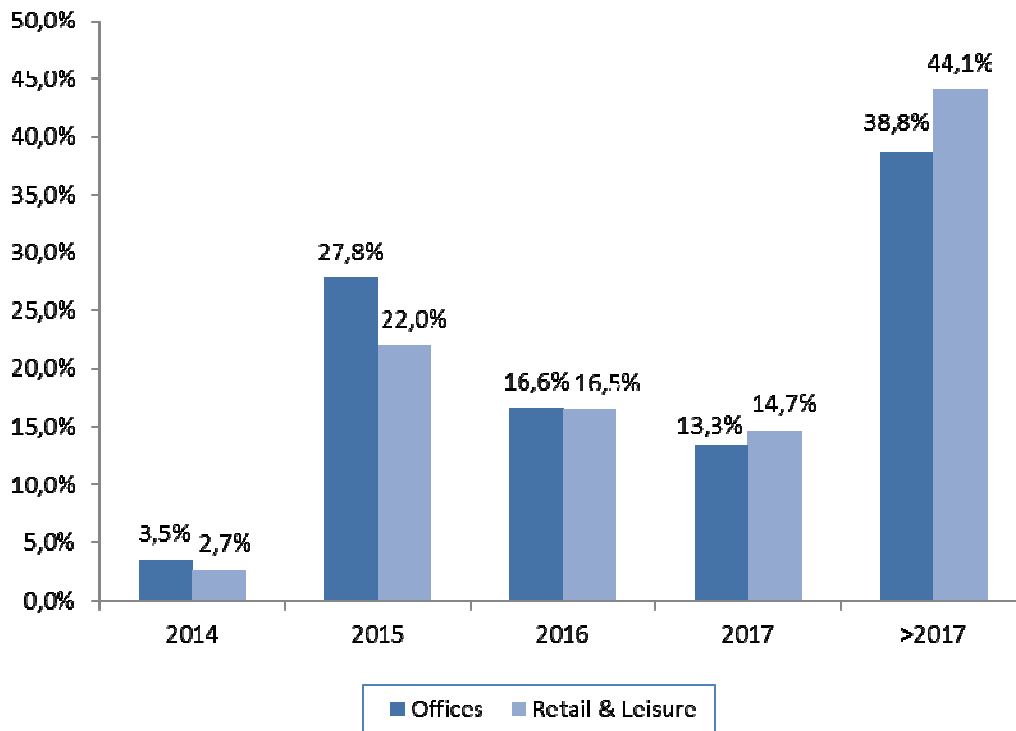
Rental income

(€mm)	9M 2014	9M 2013	Var. (%)	Like for Like (%)	Occup. (%)
Offices	35,2	36,2	-2,6%	-2,6%	90,9
Retails & Leisure	13,3	14,3	-7,0%	-7,0%	87,6
Others	0,9	0,9	0,1%	0,1%	100,0
Total Revenues	49,4	51,4	-3,8%	-3,8%	90,6

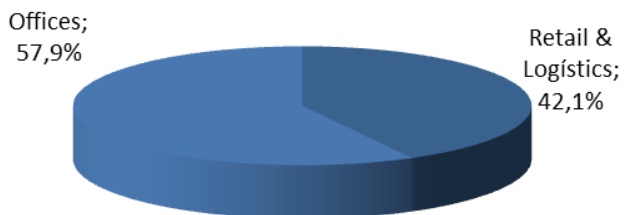
- Rental income has decreased 3,8% mainly due to the contracts renegotiation, especially in shopping centers. The global occupancy has reached 90,6%, compared to 3Q 2013, it has increased 1,5%.
- Office rental income has reached €35,2m, it has decreased 2,6% compared to 3Q 2013. The level of occupancy is slightly going up to 90,9% compared to 87,8% in 3Q 2013.
- Retail & Leisure rental income has decreased by 7% due to low sales which have made necessary some negotiations of lease renewals. Occupancy has lowered slightly, it has reached 87,6% in 3Q 2014 vs. 88,6% in 3Q 2013.

Expiry of lease contracts on annual rents

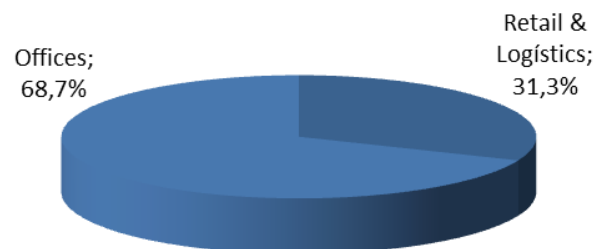
(Considering break option)



GLA (SQM) per use



Passing rents



LAND AND HOMEBUILDING (RESIDENTIAL)

(€mm)	9M 2014	9M 2013	Var. (%)
Revenues			
Homebuilding	22,2	10,6	109,3
Land sales	7,7	3,4	123,3
Total Revenues	29,9	14,1	112,7
Gross Margin			
Homebuilding	-5,2	-2,3	-123,9
Land sales	-4,8	1,0	-572,3
Total Gross Margin	-9,9	-1,3	-669,0
Homebuilding Margin (%)	-23,2%	-21,7%	
Land Sales Margin (%)	-62,3%	29,4%	

- There has been an increase of client visits to our Sales Offices. In consequence, sales have improved.
- Revenue from Land and Homebuilding area amounted €29,9m, 112% higher than in 3Q 3013. Even though income has increased, margins remain negative. Considering the reversal of provisions, the margin has been of €0,8m.
- In 1Q 2014 land bank in Warsaw (Wilanow district) was sold for a total amount of €7,7m, 4,5% lower than its appraised value as of December 2013. The gross margin €-4,76m, there has been a reversal of provisions amounting €4,62m and the final amount obtained has been of €-0,14m.

Sold Land Bank (€mm)	Sales	GAV	Var. (%)
Wilanov (Poland)	7,7	8,0	-4,5
Total Revenues	7,7	8,0	-4,5

- Realia has delivered 120 units (homes, commercial premises and offices) vs. 78 units in 3Q 2013 for an amount of €22,2m (109% more than in 3Q 2013):

Deliveries	Nº Units	Revenues €MM
Madrid/Centre	54	11,2
Levante	13	3,1
Cataluña	25,5	3,7
Poland	2	0,3
Andalusia	16	2,2
Canary Islands	5,5	0,5
Portugal	4	1,1
Total	120	22,1

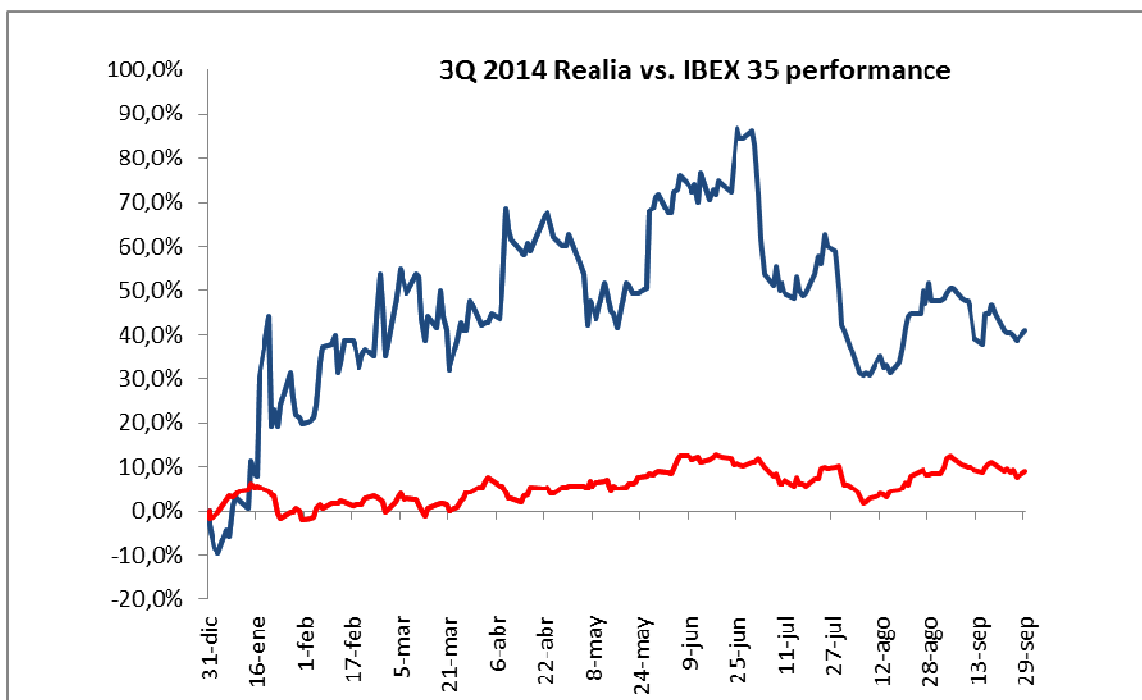
- Pre-sales amounted 111 units in 3Q 2014 for an amount of €18,6m, 29,6% higher than in 3Q 2013:

Home stock evolution	9M 2014	9M 2013	Var. (%)
Pre-sales			
Number of units	111	94	18,1%
Total value of contracts (€MM)	18,6	14,4	29,6%
Deliveries			
Number of homes	120	78	53,8%
Total value of contracts (€MM)	22,2	10,6	109,3%
Stock at eoP			
Number of units	722	817	-11,6%
Total value of contracts (€MM)	173,0	219,2	-21,1%

- Realia has a total stock of 686 units (homes, commercial premises and offices), of which 22 are pre-sold non-delivered and 664 available for sale (227 in Madrid, 215 in Andalusia, 121 in Levante, 79 in Catalonia 1 in Canary Islands, 16 in Portugal and 5 in Poland). There are also 58 land plots to be sold for family houses (30 in Catalonia and 28 in Andalusia).
- The breakdown of these homes stock is the following: 76% first homes and 24% second homes.

STOCK DATA

- The closing stock price has been 1,17 Euros, it has increased by 41%. IBEX 35 has performed +9,2%.



IBEX: 9,2% REALIA: 41,0%

	9M 2014
Closing stock price (€ per share)	1,17
Market cap. EoP (€)	359.623.990
High of the period (€ per share)	1,64
Low of the period (€ per share)	0,74
Daily trading volume (€)	2.177.486
Daily trading volume (shares)	1.824.383

Contact details

Tel: +34 91 353 44 09

E-mail: inversores@realia.es / accionistas@realia.es

LEGAL DISCLOSURE

The accounting statements contained in this document have been verified by independent third parties through the performance of a limited review, which offers limited assurance as regards the scope of the work performed. That review was performed in accordance with the ISRE 2410 standard issued by the International Federation of Accountants (IFAC).

Neither the Company nor its consultants and representatives accept any liability whatsoever, for negligence or otherwise, for damages or losses derived from the use of this document and the information contained herein.

This document is neither an offer nor an invitation to acquire or subscribe shares, in accordance with provisions of Spain's Securities Market Law 24/1998 of 28 July, Royal Decree-Law 5/2005 of 11 March, and/or Royal Decree 1310/2005 of 4 November, and their implementing regulations.

Additionally, this document is neither an offer to buy nor a request to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractual, nor can it be used or construed as a contract or any other type of commitment.