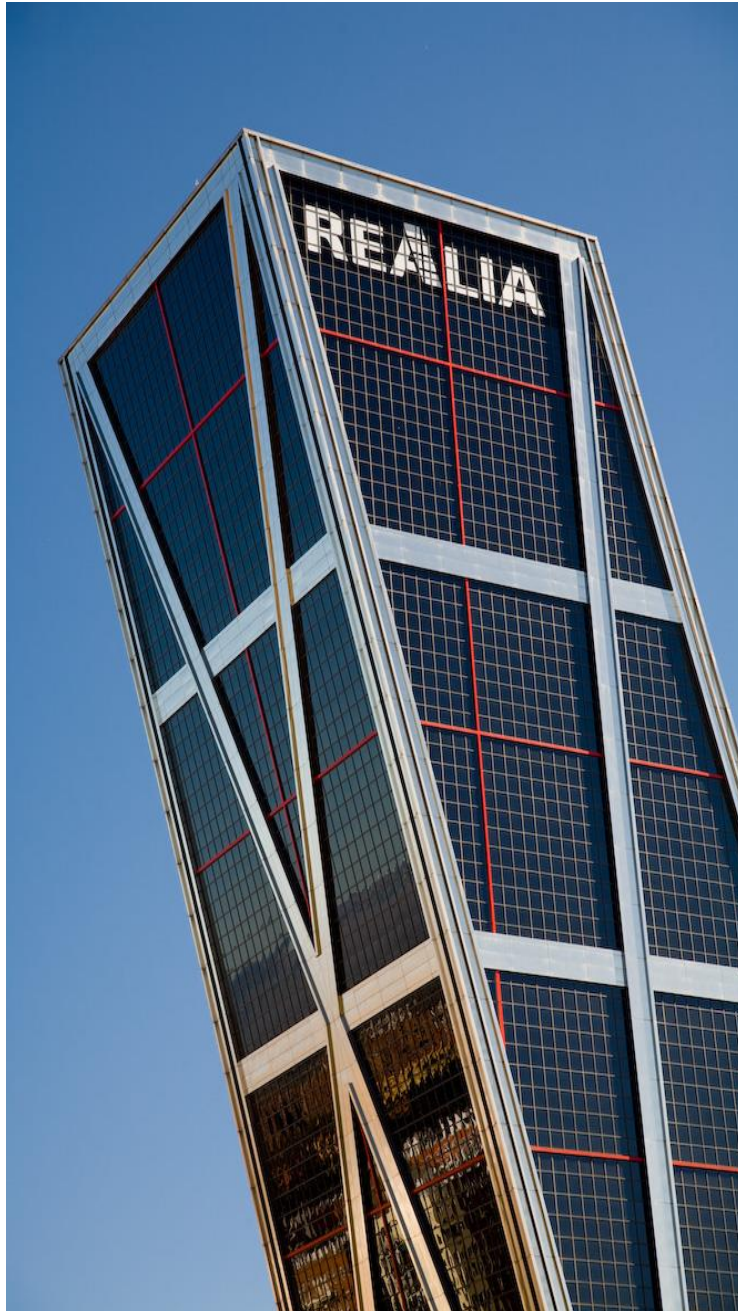


REALIA



January - June 2014 Results

22 July 2014

Summary

SIIC DE PARIS SALE

- Last May, Realia signed an agreement with Eurosic to sell the total stake that Realia Patrimonio holds in SIIC de Paris at 22 Euro per share for a total consideration of €559m.
- At the close of this report, the suspensive conditions have been complied and, shortly, it will be done at a rate of 21,43 euro per share, with a deduction of dividends received of 0,57 euro per share.
- As of 30 June 2014, The Group Consolidated Income doesn't include SIIC de Paris sale. Assets and liabilities are reclassified to "Non-current Assets Held for Sale" and "Liabilities Linked to Non-current Assets Held for Sale". Likewise, the result appears as "Profit from Discontinued Operations" and no longer appears as "Income, Margins and Operating Data".
- Result attributable to the controlling company for the sale of SIIC de Paris will provide with a positive result of €3,9m.
- The data of previous reports are adjusted to produce comparable data.

RESULTS

- Total revenue amounts to €62,5m, an increase of 20% vs. 1H 2013, due to the increase in sales of homes and land bank.
- The rental business represents 63,5% of the total income and more than 100% of the gross margin.
- The gross margin has decreased by 27,6% due to losses on the sales of land bank and lower rental income.
- General expenses have decreased by 18% vs. 1H 2013.
- Attributable net profit is €-18,6m vs. €-28m in 1H 2013, showing an improvement of 33,7%. SIIC de Paris sale will provoke a positive impact of 33,7% on Discontinued Activities. If, as of 30 June 2014, this transaction would have been taken into account in the Group Consolidated Income, net Income attributable to the Controlling Company would have totalled €-11,2m, improving by 60% with respect to the same period in 2013.

FINANCIAL SITUATION

- Realia has reduced its financial debt by €1.702m vs. €1.857m in 1H 2013. It has decreased by 8,3%, once deducted SIIC de Paris debt in both financial years.
- The sale of SIIC de Paris, that will take place in July, will allow a reduction of €1,033m (€489m as a reduction of the gross debt and €544m for the cash generation).
- As of 30 June 2014, the interest rate coverage has expired. If the interest rate remains with no coverage, the lowest cost of the debt will have a positive annual impact of €24m on the Balance Sheet.

COMMERCIAL PROPERTY

- Gross rental income, excluding SIIC de Paris revenue, has been €39,7m (including expenses charged to tenants), in line with the results obtained in 2013 (slightly decreased by 2%).

- The office occupancy levels in Spain have reached 91,5%, confirming the stability of the business in Madrid and in Barcelona. The shopping centres occupancy levels reached 87,8%, while total occupancy level has reached 91%.

RESIDENTIAL DEVELOPMENT

- Realia has delivered 75 homes in 1H 2014 for a total amount of €14,4m, an increase of 121% vs. 1H 2013.
- 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 731 units (homes, offices and retail) finished non delivered (36 pre-sold).

FINANCIAL HIGHLIGHTS (*)

(€mm)	1H 2014	1H 2013	Var. (%)
Total Revenue	62,5	52,1	20,0
Rental Income	39,7	40,1	-1,0
EBITDA	15,0	21,6	-30,6
Net Result (Group share)	-18,6	-28,0	-33,7
Net Financial Debt	1.631	1.732	-5,8
Nº Shares (mm)	307,4	277,4	10,8
Earnings per Share (€)	-0,06	-0,10	-39,7

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

OPERATIONAL HIGHLIGHTS

	1H 2014	1H 2013	Var. (%)
Commercial Property			
GLA (sqm) ¹	418.122	418.122	0,0
Occupancy rate (%)	91,0	89,4	1,8
Land & Homebuilding			
Home Deliveries			
Value (€mm)	14,4	6,5	121,5
Units	75	52	44,2
Pre-sales backlog (€mm)	7,0	12,4	-43,4
Land Bank Consolidated (sqm m) ²	1,9	2,9	-34,7
Nº Employees	101	129	-21,7

¹ SIIC de Paris GLA is not included.

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	1H 2014	1H 2013	Var. (%)
Total (*)	101	129	-22%
Realia Business	50	75	-33%
Realia Patrimonio	4	6	-33%
Hermanos Revilla (*)	46	46	0%
Realia Polska	1	2	-50%

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

CONSOLIDATED INCOME STATEMENT (*)

(€mm)	1H 2014	HS 2013	Var. (%)
Total Revenue	62,5	52,1	20,0
Rents	39,7	40,1	-1,0
Sale of assets	0,0	0,5	-92,0
Homebuilding	14,4	6,5	121,5
Land sales	7,7	2,8	173,0
Other	0,7	2,2	-68,1
Total Gross Margin	20,5	28,3	-27,6
Rents	27,9	28,1	-0,5
Sale of assets	0,0	0,5	-92,0
Homebuilding	-2,5	-0,9	174,7
Land sales	-4,8	0,9	-624,2
Other	-0,2	-0,3	-23,1
Overheads	-5,5	-6,7	-17,9
EBITDA	15,0	21,6	-30,6
Amortization	-7,8	-8,1	-3,6
Depreciation	8,6	-18,5	-146,7
EBIT	15,8	-5,0	-417,1
Financial Results	-27,9	-29,9	-6,9
Equity method	0,2	0,5	-55,3
Earnings before taxes	-11,9	-34,4	-65,5
Taxes	-1,4	0,3	-586,2
Result Discontinued activities	-5,7	14,6	-139,1
Results after taxes	-19,0	-19,5	-2,7
Minority Interests	-0,4	8,5	-105,1
Net Result (Group share)	-18,6	-28,0	-33,7

(*) 2014 results follow the new International Financial Reporting Standards (IFRS) concerning listed companies. The accounting treatment of SIIC de Paris 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 May, the Company signed an agreement with the French Company Eurosic to sell at 22 Euro per share the total stake that Realia Patrimonio holds in SIIC de Paris (dividends produced will be deducted in the date de transaction will take place). The final sale price has been of €559m.

- The sale of SIIC de Paris is subject to some suspensive clauses. At the close of this report, the authorisation of the transaction by the French bodies remains outstanding. Therefore, all assets and liabilities have been reclassified as Non-current Assets Held for Sale and Liabilities Linked to Non-current Assets Held for Sale. SIIC de Paris results are gathered in the Income Statement under the heading Profit from Discontinued Operations.
- As of 30 June 2014, the following headings and amounts have been included:
 - Non-current Assets Held for Sale 1,444.1 million euros
 - Non-current Liabilities Held for Sale 541.8 million euros
 - Profit from Discontinued Operations (5.7) million euros
- As for today, the suspensive conditions have been complied and, shortly, the transaction of €544,4m will be done at a rate of 21,43 euro per share, with a deduction of 0,57 euro per share, from dividends.
- This transaction will appear on the coming Consolidated Financial Reports as follows:

	Results from SIIC de Paris sale		
	Previous	SdP sale	After
Profit from Discontinued Operations	-5,7	7,3	1,6
Group Share	-3,4	7,3	3,9

- Concerning the financial debt, the sale of SIIC de Paris will allow a reduction by 1,033 million euros (€489m as a reduction of the gross debt and €544m for the cash generation).
- Company total revenue in 1H 2014 amounted €62,5m, an increase of 20% vs. the same period in 2013.
- Commercial Property business concentrates the bulk of the activity of the company, 63,5% of its income and 100% of its gross margin.
- EBITDA has decreased by 30,6% (€15m vs. €21,6m in 2013), mainly because of the margin drop in rental business and land bank sales.
- Compared to 1H 2013, financial costs have reduced by 6,9% and general expenses 17,9%.
- There has been a reversal of provisions amounting to €8,6m: €7,6m as net reversal of impairment losses and 1 million euro as reversal of proceedings and others.
- 1H 2014 net income attributable is of €-18,6m in 1H 2013, there has been an improvement of 33,7%. As of 30 June 2014, taking into account SIIC de Paris sale in the Group Consolidated improving, Net Income attributable to the Controlling Company would have totalled €-11,2m, increased by 60% with respect to the same period in 2013.

CONSOLIDATED BALANCE SHEET

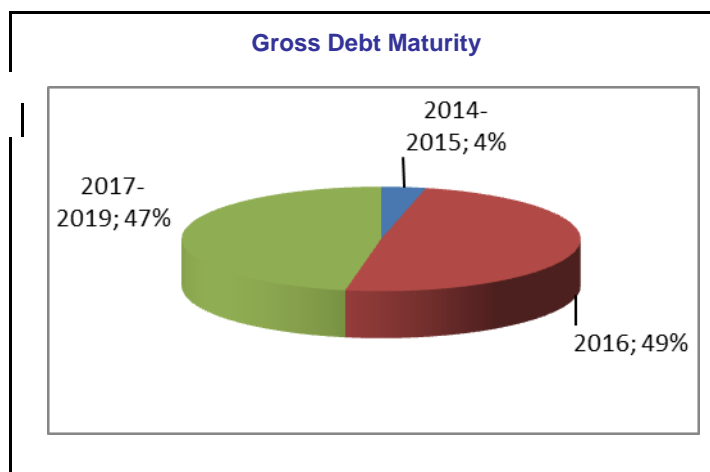
(€mm)	1H 2014	2013		1H 2014	2013
Tangible fixed assets	6	9	Equity	186	191
Investment property	858	2.364	Minority shareholders	503	515
Non-current Assets Held for Sale	1.447	3	Financial debt	995	1.669
Inventories	429	450	Liabilities Linked to Assets for Sale	542	0
Accounts receivable	17	49	Current creditors	32	48
Treasury and equivalents	70	121	Other liabilities	812	713
Other assets	243	140			
Total Assets	3.070	3.136	Total Liabilities	3.070	3.136

- Assets are accounted at their lowest value, either at their acquisition value or at their value in the market.
- In the Consolidated Balance Sheet, SIIC de Paris appears under the headings: Non-current Assets Held for Sale and Liabilities Linked to Assets for Sale.

FINANCIAL STRUCTURE

	Commercial Property	Land & Homebuilding			1H 2014	1H 2013
	Total RP	RB	Subsid.	Total RB		
Syndicated loans	838,3	782,8	0,0	782,8	1.621,1	1.693,0
Other loans	49,8	17,7	7,9	25,6	75,4	182,0
Interests	0,1	9,3	0,0	9,3	9,4	-13,0
Debt formalisation expenses	-4,2	0,0	0,0	0,0	-4,2	-5,0
Total Gross Financial Debt	884,0	809,3	7,9	817,7	1.701,7	1.857,0
Cash and Equivalents	47,3	18,1	5,0	23,1	70,4	121,3
Total Net Financial Debt	836,7	791,2	2,9	794,6	1.631,3	1.735,7

- As of 30 June 2014, SIIC de Paris gross debt (with credit and assimilated entities) reaches €1.701,7m vs. €1.857m in 1H 2013, there has been a decrease of 8,4%.
- As of A 30 June 2014, Realia net financial debt reaches €1.631,3m vs. €1.735,7m in 1H 2013, there has been a decrease of 6% and there are Treasury and Equivalents for an amount of €70,4m.
- 49% of the total debt matures in 2016 and 47% in 2017 or after.
- As of 30 June 2014, the interest rate coverage has expired. If the interest rate remains with no coverage, the lowest cost of the debt will have a positive annual impact of €24m on the Balance Sheet.



COMMERCIAL PROPERTY

Rents (*)

(€mm)	1H 2014	1H 2013
Rental income	33,0	34,5
Expenses charged to tenants	9,0	8,4
Total Revenues	42,0	42,9
Expenses incurred	-10,9	-11,3
Other Expenses	-2,6	-1,6
Gross Margin	28,5	30,0
Margin (%)	86,4%	87,0%

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

Rental income

(€mm)	1H 2014	1H 2013	Var. (%)	Like for Like (%)	Ocup. 1H 2014 (%)	Ocup. 1H 2013 (%)
Offices	23,8	24,0	-1,1%	-1,1%	91,5%	88,7%
Retail & Leisure	8,6	9,9	-12,3%	-12,4%	87,8%	87,9%
Others	0,6	0,6	3,2%	3,1%	100,0%	100,0%
Total Revenues	33,0	34,5	-4,3%	-4,3%	91,0%	89,4%

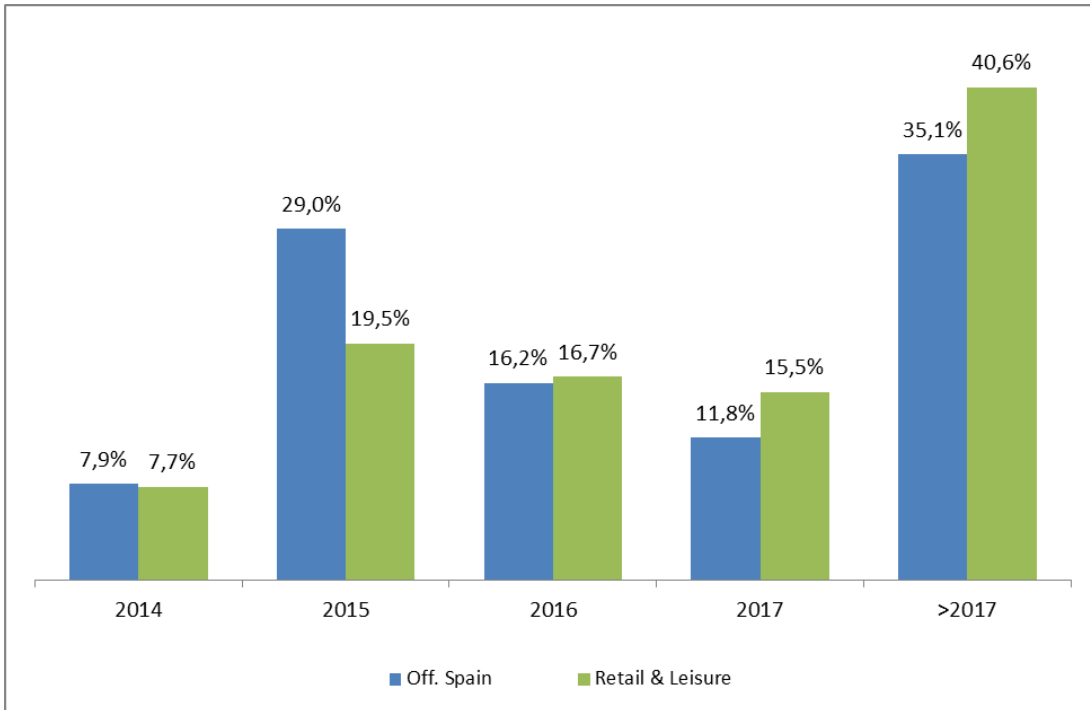
- Rental income has decreased 4,3% mainly due to the contracts renegotiation, specially in shopping centers. The global occupancy of assets has reached 91%, compared to 1H 2013, it has increased 1,6%.
- Spanish office rental income is stable in €23,8m. The level of occupancy is slightly going up to 91,5%, due to the quality and exceptional location of the assets. The main occupancy

improvement appear in Avenida de Bruselas (+35,6%), Torre Realia (+7,1%) and Torre Realia Bcn (+5,1%).

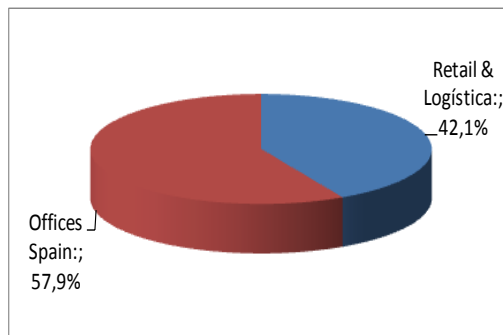
- Retail & Leisure rental income has decreased by 12,3% due to low sales which have made necessary some negotiations of lease renewals.

Expiry on lease contracts on anual rents

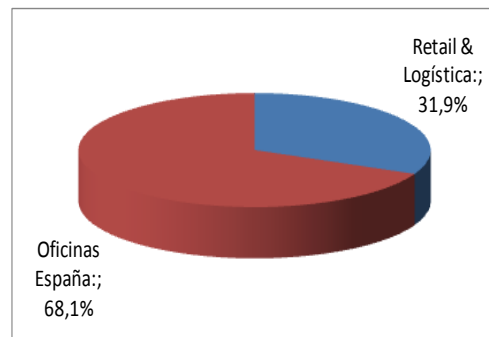
(Considering the option of the anticipated cancellations)



GLA (SQM) per use



Passing Rents



LAND AND HOMEBUILDING (RESIDENTIAL)

(€mm)	1H 2014	1H 2013	Var. (%)
Revenues			
Homebuilding	14,4	6,5	121,5
Land sales	7,7	2,8	173,0
Total Revenues	22,1	9,3	137,0
Gross Margin			
Homebuilding	-2,5	-0,9	174,7
Land sales	-4,8	0,9	-624,2
Total Gross Margin	-7,3	0,0	
Homebuilding Margin (%)	-17,3	-14,0	
Land Sales Margin (%)	-62,2	32,4	

- Home sales continue affected by the general economic situation and the difficulties in obtaining financing to potential buyers. Nevertheless, in the last months, we have noticed client visits to our Sales Offices have increased and in consequence, the sales as well.
- Revenue from Land and Homebuilding area amounted €22,1m, 137% higher than in 1H 2013. Even though income has increased, margins remain negative.
- 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 has been of €-4,76m, there has been a reversal of provisions amounting €4,62 m, 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 75 units (homes, comercial premises and offices) vs. 52 units in 1H 2013 for an amount of €14,4m (121,5% more than in 1H 2013):

Deliveries	Nº Units Homes	Revenues €MM
Madrid/Centre	32	7,3
Levante	9	2,2
Cataluña	14,5	2,1
Poland	2	0,3
Andalucía	12	1,7
Canary Islands	3,5	0,3
Portugal	2	0,5
Total	75	14,4

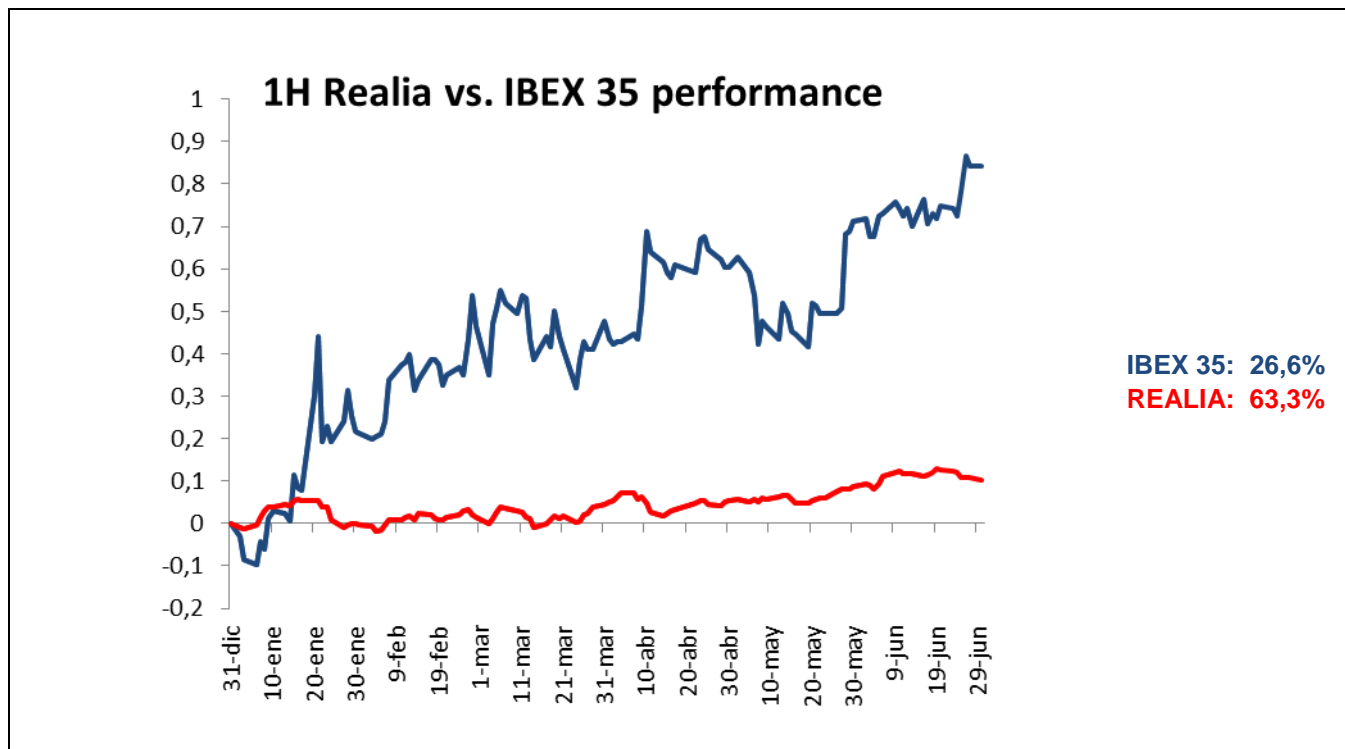
- Pre-sales amounted 78 homes in 1H 2014 for an amount of €13,1m, 43,6% higher than in 1H 2013:

Home stock evolution	1H 2014	1H 2013	Var. (%)
Pre-sales			
Number of units	78	67	16,4%
Total value of contracts (€MM)	13,1	9,2	43,6%
Deliveries			
Number of homes	75	52	44,2%
Total value of contracts (€MM)	14,4	6,5	121,5%
Stock at eoP			
Number of units	754	845	-10,8%
Total value of contracts (€MM)	182,1	227,2	-19,9%

- Realia has a total stock of 731 finished units (homes, comercial premises and offices), of which 36 are pre-sold non-delivered and 696 available for sale (240 in Madrid, 220 in Andalusia, 125 in Levante, 86 in Catalonia, 3 in Canary Island, 17 in Portugal and 5 in Poland).
- The breakdown of these homes stock is the following: 76% first homes and 24% second home.
- Realia has 58 residential plots of land to be sold.

STOCK DATA

- The closing stock price (€ per share) has been 1,53 euros, it has increased by 84,3%. IBEX 35 has performed +10,1%.



	1Q2014
Closing Stock Price (€ per share)	1,53
Market cap. EoP (€)	470.277.526
High of the period (€ per share)	1,64
Low of the period (€ per share)	0,74
Daily Trading Volume (€)	2.866.303
Daily Trading Volume (shares)	2.422.393

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LEGAL DISCLOSURE

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