

REALIA



January-June 2016 Results

27 July 2016

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1.- SUMMARY

REVENUE AND RESULTS

- Total revenue in 1H 2016 was €49,6m, 1% lower than in 1H 2015, as income in the Commercial Property business has gone down by 6% (€-2,6m) mainly due to the office building “Los Cubos” being vacant.
- EBITDA has reached €19,7m, 3% better than last year. It is due to better margins of the Residential business and costs cutting.
- As of 30 June 2016, Earnings before taxes reached €140,9m and attributable net income was €130,3m.
- Results have been favoured by a positive financial result of €113m. This result is mainly due to haircuts on the Residential debt (€72m) and on the Equity loan acquired by Inversora Carso from Sareb (€41m), as well as changes in the fair value of investment property (€9,3m). If these impacts wouldn't have been considered, Net result (Group share) would have reached €11,1m vs €6m in 2015.
- As of 30 June 2016, NNAV has reached €680m (€1,48 per share) vs E552m (€1,2 per share). This result is mainly due to debt haircuts (€113m).

FINANCIAL AND SHAREHOLDING RESTRUCTURING

- In December 2015, a refinancing agreement was reached with the holders of the loan (€802,76m) for the Residential business. This agreement anticipated the maturity date of the loan and provided with four milestone payments and a haircut of 9%.
- In December 2015, the payment of the first milestone was due (€365,2m) and in January 2016 the payments of the second and third milestones (€89m and €94m respectively). In April 2016 the outstanding debt (€183,5m) was due in advance. This payment has allowed a haircut of €72,4m with financial entities. In order to face this last payment, a 2-year loan was signed with a financial entity on market terms.
- Inversora Carso has acquired from Sareb the equity loan granted to Realia in 2009 for an amount of €50m. On its acquisition date, this loan showed a balance of €61,3m. This loan will be paid in one year on market interests with a haircut of 67%.
- In January 2016, Inversora Carso announced its intention to launch a VTO for 100% of Realia at a price of 0,80 Euro per share. The VTO was approved in April by the Spanish National Securities Market Commission (CNMV) and it finalized in May 2016, with an approval of 0,033%.
- Following this second VTO, the Company shareholding structure is the following:
 - FCC: 36,91%
 - Inversora Carso: 30,33%
 - Free Float: 32,76%

INDEBTNESS

- Realia has reduced its gross financial debt by €762m, reaching €927m on 30 June 2016, 45% lower than in 2015.
- The financial result reached €109,1m, due to haircuts (€113m).
- As of 30 June 2016, Realia has a net financial debt of €890m, 18% lower than in June 2015 and €37,4m in cash and equivalents.

ASSETS VALUATION

- As of 30 June 2016 a new asset valuation of the Commercial Property business has taken place. Realia assets have a market value of €1.862m, 0,2% higher than in December 2015.
- 76,5% of the value are Commercial Property assets (€1.424m) and the outstanding 23,5% belongs to Residential business.

COMMERCIAL PROPERTY

- Gross rental income amounted (including expenses charged to tenants) €36,4m (73,4% of the total income). It fell by 8% mainly due to the office building “Los Cubos” being vacant with an annual impact of 4 million euros.
- Overall occupancy levels (“Los Cubos” not included) reached 91,8% vs 90,6% in 2015.

LAND AND HOMEBUILDING

- Realia has delivered 53 units for a total amount of €10,5m.
- As of 30 June 2016, there is a total stock of 532 units (homes, small retail and offices) finished non-delivered (15 pre-sold). There are also 57 land plots for single-family housing for sale in a development.
- Realia land bank has a buildable area of 1.850.914 sqm.

2.- FINANCIAL HIGHLIGHTS

(€mm)	1H 2016	1H 2015	Var. (%)
Total Revenue	49,6	50,2	-1
Rental Income	36,4	39,4	-8
EBITDA	19,7	19,2	3
Net Result (Group share)	130,3	14,9	774
Net Financial Debt	890	1.082	-18
Nº Shares (mm)	460,8	307,4	50
Earnings per Share (€)	0,283	0,048	483

3.- OPERATIONAL HIGHLIGHTS

	1H 2016	1H 2015	Var. (%)
Commercial Property			
GLA (sqm)*	404.807	418.847	0
Occupancy rate (%)	91,8	90,6	1
Land & Homebuilding			
Pre-sales			
Total value of contracts (€mm)	10,5	9,8	7
Units	53	52	2
Land Bank Consolidated (sqm)	1.850.914	1.870.289	-1
Nº Employees	94	100	-6

(*) Office building "Los Cubos" (18.324 sqm) not included

Number of Employees	30 June 2016	30 June 2015	Var. (%)
Total (*)	94	100	-6
Realia Business	42	48	-13
Realia Patrimonio	4	4	0
Hermanos Revilla (*)	47	47	0
Realia Polska	1	1	0

(*) It includes 36 people working on reception and concierge service in buildings

4.- CONSOLIDATED INCOME STATEMENT

(€mm)	1H 2016	1H 2015	Var. (%)
Total Revenue	49,6	50,2	-1
Rents	36,4	39,4	-8
Sale of assets	0,4	0,1	340
Homebuilding	10,5	9,8	7
Land sales	0,9	0,0	
Other	1,4	1,0	47
Total Gross Margin	23,9	24,7	-3
Rents	24,9	27,4	-9
Homebuilding	-1,0	-2,8	64
Overheads	-4,1	-5,0	18
Other costs	0,0	-0,5	93
EBITDA	19,7	19,2	3
Amortization	-0,2	-0,2	13
Depreciation	1,2	4,4	-74
EBIT	20,7	23,4	-12
Fair value appraisal result	9,3	13,4	-31
Financial result	109,1	-10,5	1.139
Equity method	1,9	1,6	19
Earnings before taxes	140,9	27,9	405
Taxes	-5,4	-7,5	27
Results after taxes	135,5	20,4	563
Minority Interests	5,2	5,5	-5
Attributable net income	130,3	14,9	772
Recurrent Net Results (Group share)	11,1	6	85

- Company total revenue amounted €49,6m, 1% lower than in 2015, mainly due to lower Commercial Property income (€36,4m vs €39,4m in 1S 2015) following the vacancy of "Los Cubos".
- Although rents have gone down, they still represent 73,4% of the income and more than 100% of the gross margin.
- EBITDA has reached €19,7m, 3% better than last year. It is due to better margins of the Residential business and costs cutting. Overheads have decreased by 18%.

- Financial results reached €109,1m vs €-10,5m in 1H 2015. This improvement is due to the mentioned haircuts for an amount of €113m, as well as for a lower amount and cost of debt.
- Provisions for €1,2m have been reversed, mainly due to finished Residential product (2 million euros).
- Net income has amounted €130,3m vs €14,9m in 1S 2015. As of 30 June 2016, earnings before taxes reach €140,9m vs €27,9m in 2015. These results have been favoured by the impact of the haircuts on the financial result, as well as the valuation of property at its fair market value (€9,3m vs €13,4m in June 2015).
- As of 30 June 2016, recurring net income would have been €11,1m vs €6m in 2015.

5.- CONSOLIDATED BALANCE SHEET

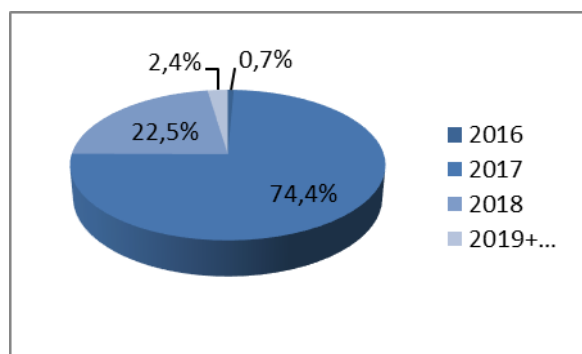
(€mm)	30 June 2016	30 June 2015		30 June 2016	30 June 2015
Tangible fixed assets	5	6	Equity	644	421
Investment property	1.367	1.335	Minority shareholders	228	226
Inventories	367	396	Financial debt	927	1.690
Accounts receivable	17	20	Current creditors	26	27
Treasury and equivalents	37	608	Other liabilities	186	219
Other assets	217	218			
Total Assets	2.011	2.583	Total Liabilities	2.011	2.583

6.- FINANCIAL STRUCTURE

	REALIA Patrimonio	REALIA Business			
	Commercial Property	Land & Homebuilding	1H 2016	1H 2015	Var. (%)
Syndicated loans	678		678	1.610	-58
Other loans	58	193	250	73	242
Interests	0	0	1	9	-95
Debt formalisation expenses	-2	-0	-2	-3	38
Total Gross Financial Debt	735	193	927	1.690	-45
Cash and equivalents	27	11	37	608	-94
Total Net Financial Debt	708	182	890	1.082	-18

- As of 30 June 2016 and following the restructuring agreement with the holders of the debt for the Residential business, Realia has a gross financial debt with financial institutions for an amount of €927,3m, €762,5m lower than in June 2015.
- As of 30 June 2016, cash and equivalents reached €37,4m. Therefore, the net financial debt with financial institutions reached €890m vs €1.082m last year. The debt has decreased by €192m due to a capital increase (€89m), haircuts (€72m) and cash flow generation (€30,7m).
- As of 30 June 2016, the weighted average interest rate of the gross debt reaches 0,56% vs 1,28%.
- The next challenge will be refinancing Realia Patrimonio syndicated loan agreement (€678m) maturing in April 2017.
- As of June 2016, the breakdown of the Group gross debt maturity is the following:

Gross Debt Maturity



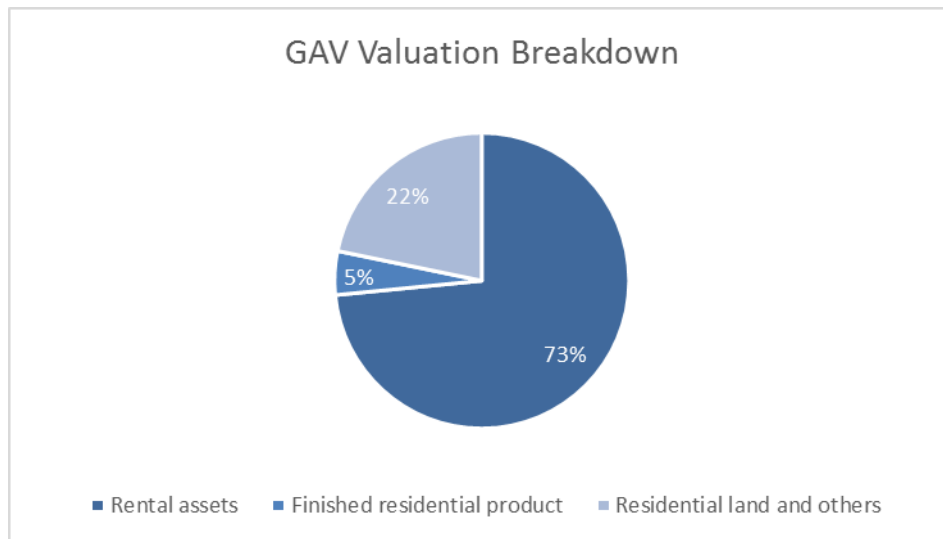
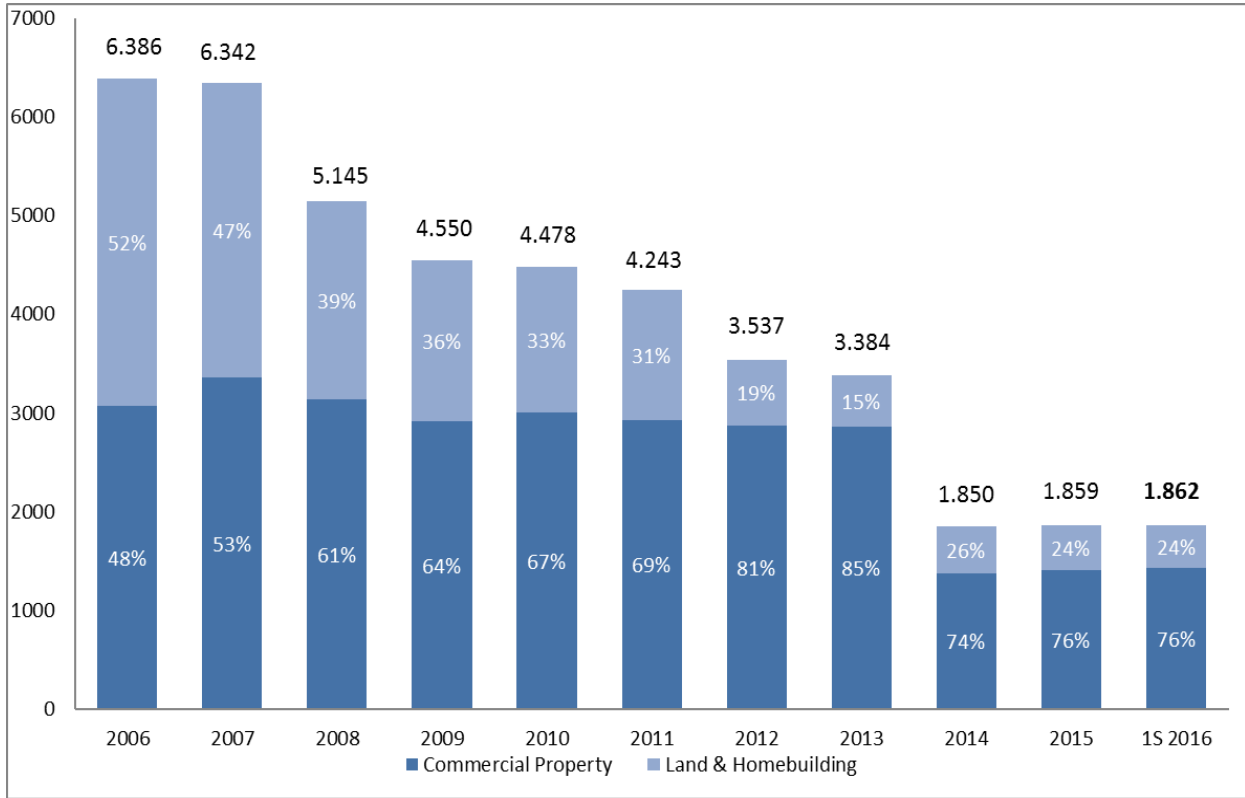
7.- ASSETS VALUATION

- The assets valuation (Realia Patrimonio and subsidiarie) has been performed by CBRE (CB Richard Ellis), as of 30 June 2016.
- The Residential business assets and subsidiaries have not suffered any other valuation since December 2015. Therefore, they show the value given by TINSA at this date, adjusted by stock reduction.

(€mm)	1H 2016	1H 2015	Var. (%)
Rental assets	1.367,6	1.353,3	1,1
Commercial land	56,1	56,1	0,0
TOTAL RENTAL ASSETS	1.423,7	1.409,4	1,0
Finished residential product	89,0	99,3	-10,4
Residential land	349,3	350,0	-0,2
TOTAL RESIDENTIAL ASSETS	438,3	449,3	-2,5
TOTAL ASSETS	1.861,9	1.858,7	0,2

- The Rental assets valuation has increased slightly by 1,1% due to better market conditions. This improvement has mainly taken place in prime assets, which mainly compose the portfolio.
- The stock of finished residential product has lowered by 10,4%. This figure shows the stock reduction over this period of time.
- As of 30 June 2016, the market value of the total assets portfolio reached €1.862m. There isn't a significant variation since that date.
- The Commercial Property business represents 76,5 % of the total GAV and the Residential business represents the outstanding 23,5%.

Gross Asset Value (GAV)



Commercial Property Valuation

	Nº Buildings	sqm	GAV 1H 2016 ¹	GAV 2015 ¹	Var. (%)	LfL (%) ²	Value €/sqm	Yield 1S 2016 (%) ³	Yield 2015 (%) ³
Offices	27	226.184	950	934	1,7	1,7	4.199	5,2%	5,4%
CBD ⁴	12	84.409	521	507	2,8	2,8	6.170	4,5%	4,8%
BD ⁵	3	42.123	155	154	0,5	0,5	3.668	5,7%	6,0%
Periferia/Others	12	99.652	274	273	0,5	0,4	2.754	6,1%	6,2%
Retail & Leisure	7	135.366	277	279	-0,7	-0,7	2.046	7,4%	7,8%
Other Assets⁶	6	43.257	85	84	0,4	0,4	1.953	3,7%	3,7%
Total in Rental	40	404.807	1.311	1.297	1,1	1,1	3.239	5,5%	5,8%
Land⁷	3	146.301	113	113	0,0	0,0	770		
Total	43	551.108	1.424	1.409	1,0	1,1	2.583		

¹GAV in €mm

²Compares homogeneous assets in operation.

³Yield: passing rents (assuming 100% occupancy) divided by the assets GAV

⁴Central Business District

⁵Business District, excluding CBD

⁶Warehouse in Logroño and other assets such as commercial premises, parking spaces ...

⁷Building in refurbishment and land bank in Aguacate Str., La Noria, Park Central (22@) and Leganés

- As of 30 June 2016, the assets market value reached €1.424m, 1% higher than in December 2015, mainly due to an improvement of the value of the office portfolio.

Main assets by market value (GAV)

Assets	Location	Use	GLA
Torre REALIA	Madrid	Offices	28.424
Torre REALIA BCN	Barcelona	Offices	31.960
Plaza Nueva Parque Comercial	Leganés	Retail	52.675
Salvador de Madariaga 1	Madrid	Offices	24.868
María de Molina 40	Madrid	Offices	9.684
C.C. Ferial Plaza	Guadalajara	Retail	31.997
Edificio Los Cubos	Madrid	Offices	18.324
Albasanz 16	Madrid	Offices	19.551
Príncipe de Vergara 132	Madrid	Offices	8.804
C.N. Méndez Álvaro	Madrid	Offices	13.248

Land and Homebuilding (Residential) valuation

- As of December 2015, the asset valuation for the Residential portfolio has been made by the independent expert TINSA according to the ECO Method.
- This valuation has been adjusted for sales during 1H 2016. The residential business valuation reached €438m in June 2016.

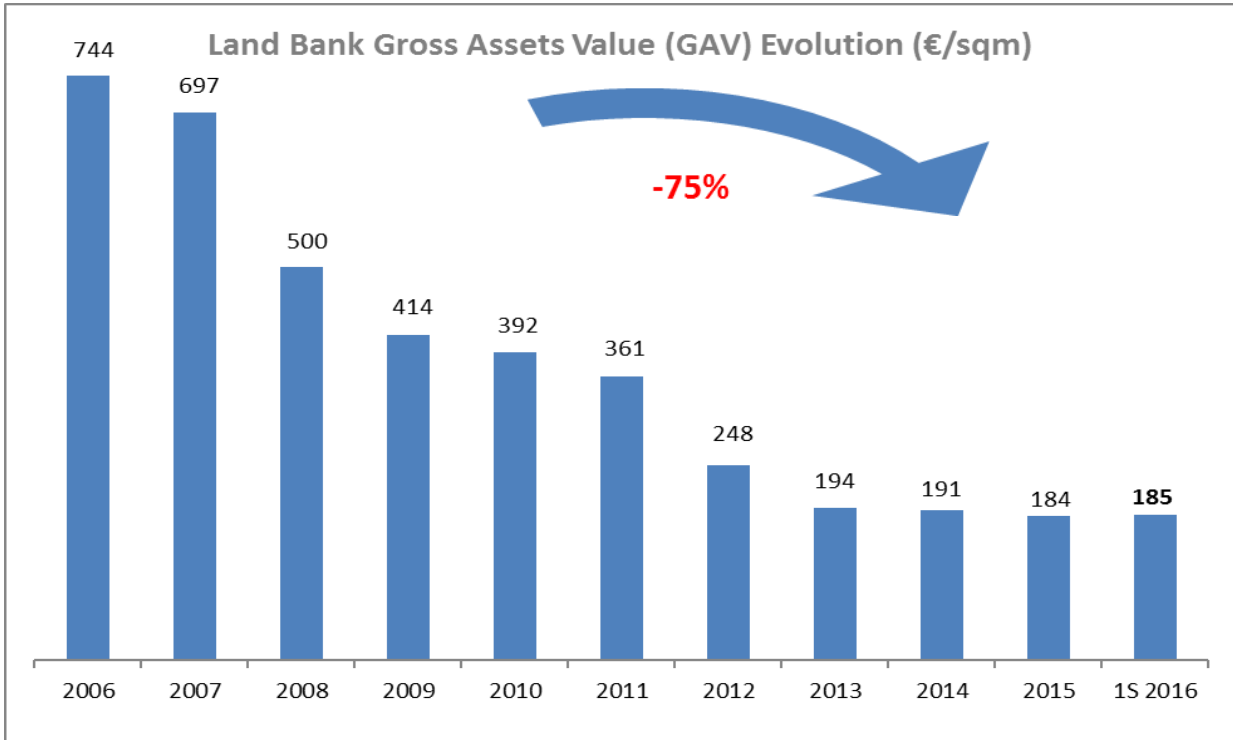
(€mm)	1H 2016	2015	Var. (%)
Land bank and others (*)	349	350	-0,2%
Finished projects	89	99	-10,4%
Total value residential assets	438	449	-2,4%

(*) It includes Hato Verde Golf Course

- The slight adjustment on the land value has been done on a plot of land for residential use in Santiago de Compostela.
- The market value of the land portfolio amounted €349m and the unit value reached 185 €/sqm.

Land Bank Gross Asset Value (GAV)

	Gross land sqm	Building land sqm	GAV 1H 2016 MM €	GAV 1H 2016 €/sqm	GAV 2015 MM €	GAV 2015 €/m ²	% Var.
Zoning	3.307.598	520.787	25	48	25	48	-1%
Planning	1.760.683	646.142	57	88	57	85	4%
Urbanization	191.076	213.596	70	326	70	326	0%
Project	483.140	470.388	191	407	192	411	-1%
Total	5.742.497	1.850.914	343	185	344	184	1%

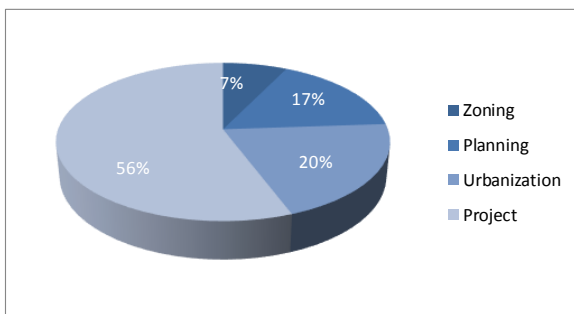


2006-2011 Valuation according to the RICS Method

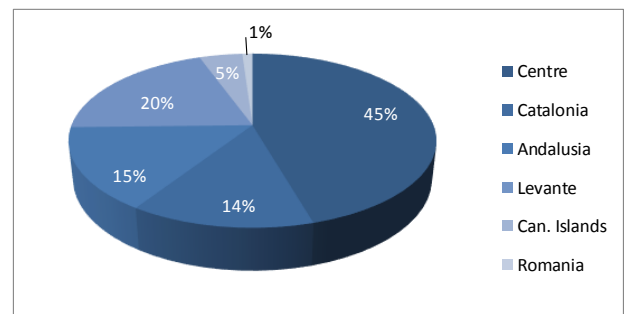
2012-2015 Valuation according to the RICS Method

Land GAV Breakdown (€m)

By urbanistic situation



By geographical area



8.- NET ASSET VALUATION (NNAV)

(€mm)	COMMERCIAL PROPERTY		RESIDENTIAL		TOTAL		Var. %
	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	
Total GAV*	1.441	1.427	421	431	1.862	1.859	0,2
Minorities	278	275	9	10	287	285	0,8
GAV Realia	1.162	1.152	413	422	1.575	1.574	0,1
Book value of assets	790	792	373	379	1.163	1.171	-0,7
Latent capital gains	372	360	40	42	412	403	2,3
Tax	93	90	10	11	103	101	2,3
Latent capital gains after tax	279	270	30	32	309	302	2,3
Adjustments (NIC 40 en 2015)					-273	-264	
Equity					644	514	25,3
NNAV after tax					680	552	23,3
Number of shares (treasury shares not includes, in millions)					460,1	460,1	0,0
NNAV (after tax) per share (€)					1,48	1,20	23,3

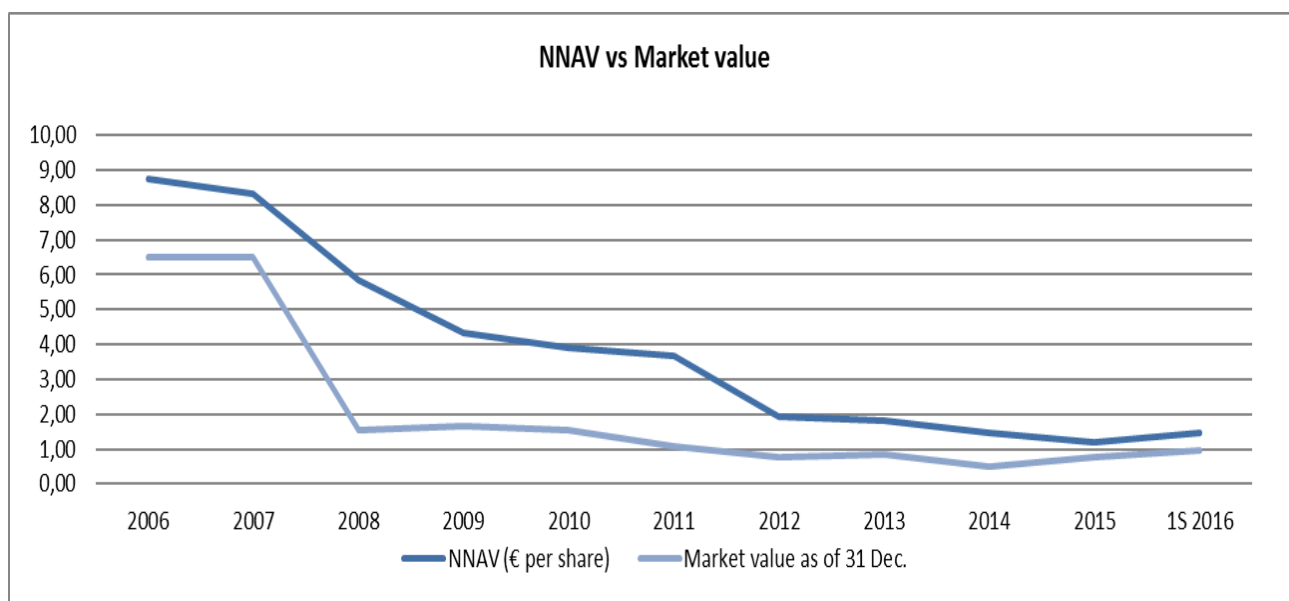
- As of 30 June 2016, Realia net asset value (NNAV) is 1,48 Euro per share. 23,3% higher than in December 2015, due to haircuts.
- As of 30 June 2016, Realia stock price was 0,98 Euro per share, a discount of 34% on NNAV.

CONSOLIDATED EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	644,35
Adjustments:	
+ Intangible fixed assets capital gains (own use)	6,26
+ Capital gains stock	29,86
ADJUSTED EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	680,47
Number of shares (treasury shares not included)	460.141.398
NNAV PER SHARE	1,48

Net Asset Value Evolution (NNAV)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	1H 2016
NNAV (€mm)	2.426	2.258	1.576	1.195	1.077	1.012	530	556	449	552	680
NNAV (€ per share)	8,75	8,31	5,83	4,34	3,91	3,67	1,92	1,81	1,46	1,20	1,48
Share price as of June 30th ¹	6,50	6,50	1,55	1,66	1,56	1,09	0,75	0,83	0,51	0,76	0,98
Discount NNAV	-26%	-22%	-73%	-62%	-60%	-70%	-61%	-54%	-65%	-37%	-34%

¹ 2006 stock price is the IPO price (June 2007)



9.- COMMERCIAL PROPERTY

Rents ⁽¹⁾

(Thousands of Euros)	1H 2016	1H 2015	Var. (%)
Rental income	30.959	33.768	-8,3%
Other income	8.735	8.795	-0,7%
Total Revenue	39.695	42.563	-6,7%
As Cancelas (50%) + self-consumption	3.315	3.183	4,1%
IAS revenue	36.380	39.380	-7,6%
Expenses incurred	-11.417	-11.315	-0,9%
Other Expenses	-2.123	-2.443	13,1%
Gross Margin	26.155	28.805	-9,2%
Margin As Cancelas (50%) + self-consumption	1.305	1.405	-7,1%
IAS Margin	24.850	27.400	-9,3%
Margin (%)	84,5%	85,3%	-1,0%

⁽¹⁾ These figures are operating data of the business. The data of As Cancelas appear proportionally (50%).

- Rental income (included expenses charged to tenants) reached €36,4m (73% of the total income). It has decreased by 7,6% due to a loss of income for “Los Cubos” being vacant (1 million Euros per quarter). This impact does not appear on the following charts showing rental income:

Rental income (Lfl)⁽²⁾

Breakdown of rents by sector (homogeneous surfaces)

(Thousands of Euros)	1H 2016	1H 2015	Var. (%)	GLA (sqm)	Ocup. 1H 2016 (%)	Ocup. 1H 2015 (%)
Offices	20.851	21.459	-2,8%	226.184	91,8%	90,0%
CBD	10.158	10.859	-6,5%	84.409	94,2%	92,8%
BD	3.840	4.225	-9,1%	42.123	95,9%	95,1%
Periferia	6.853	6.375	7,5%	99.652	88,1%	84,4%
Retails & Leisure	8.491	8.672	-2,1%	135.366	89,0%	89,0%
Other	1.617	1.600	1,1%	43.257	100,0%	100,0%
Total Revenue	30.959	31.731	-2,4%	404.807	91,8%	90,6%

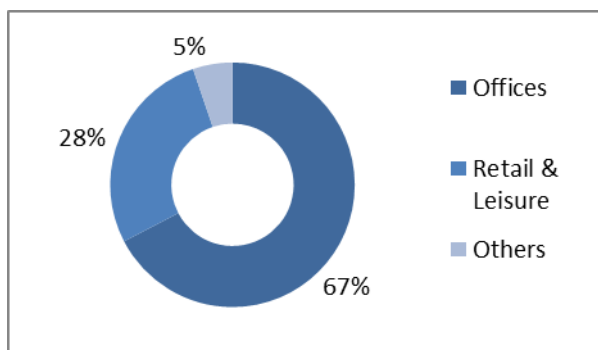
Breakdown of rents by geographical area (homogeneous surfaces)

(Thousands of Euros)	1H 2016	1H 2015	Var. (%)	GLA (sqm)	Ocup. 1H 2016 (%)	Ocup. 1H 2015 (%)
Madrid	22.320	23.481	-4,9%	249.285	93,5%	92,6%
CBD	10.506	11.198	-6,2%	79.553	95,1%	93,8%
BD	4.731	5.117	-7,5%	49.365	96,5%	95,6%
Periferia	7.084	7.166	-1,1%	120.367	91,3%	90,0%
Barcelona	2.217	1.974	12,3%	32.321	82,1%	81,8%
Other	6.422	6.277	2,3%	123.201	90,7%	88,5%
Total Revenue	30.959	31.732	-2,4%	404.807	91,8%	90,6%

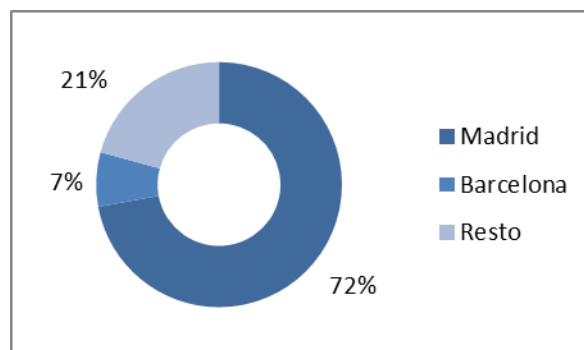
⁽²⁾ Homogeneous surfaces and rents (office building "Los Cubos" not included, vacant at present)

- Office lease contracts have slightly fallen, even though their occupancy has risen. It is mainly due to by: (i) the expiry of some lease contracts causing some rents have ceased and (ii) due to rent reduction in the renegotiation of some lease contracts.
- Office rental has improved in Barcelona, due to an increase in the rents and occupancy of Torre Realia BCN.
- Retail & Leisure rental income has gone down by 2,1%, mainly due to negotiations in Plaza Nueva Leganés Shopping Centre.

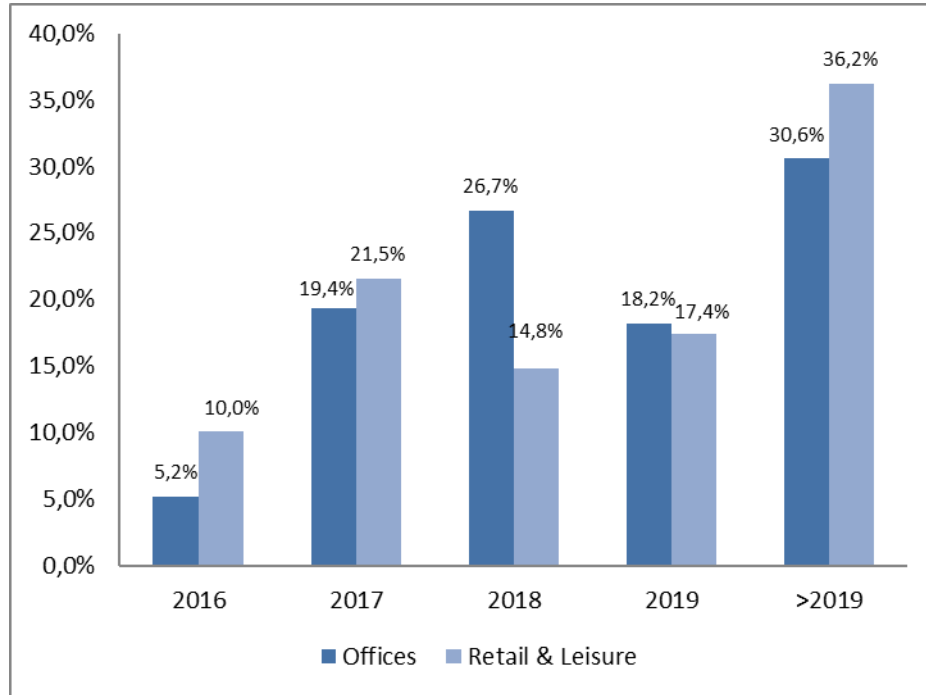
Rents by sector



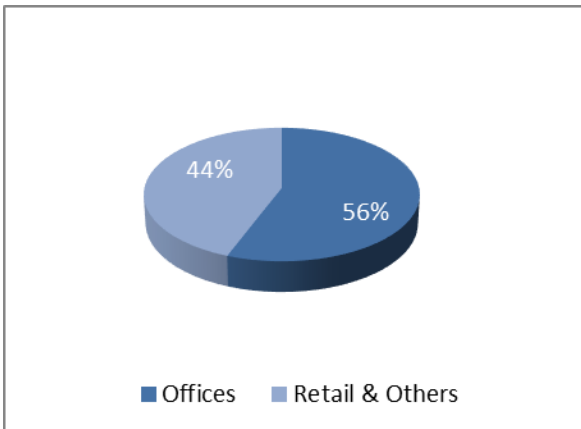
Rents by geographical area



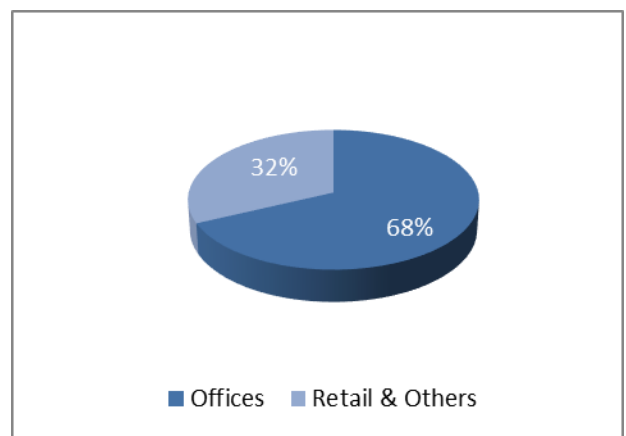
Expiry of lease contracts on anual rents
 (Considering the option of anticipated cancellation)



GLA by sector



Passing rents



10.- LAND AND HOMEBUILDING (RESIDENTIAL)

(€mm)	1H 2016	1H 2015	Var. (%)
Revenues			
Homebuilding	10,5	9,8	7
Land sales & Others	2,1	0,9	143
Total Revenues	12,6	10,6	19
Costs			
Sale costs	-11,6	-11,5	-1
Other costs	-2,0	-1,9	-5
Total Costs	-13,6	-13,4	-2
Homebuilding Margin	-1,0	-2,7	64
Homebuilding Margin (%)	-8%	-26%	70

Residential Portfolio

- Revenue from the Land & Homebuilding business amounted €12,6m, 9% higher than last year.
- Gross margin reaches €-1m. Once deducted the reversal of provisions for an amount of €2m in finished residential product, the Residential business has reached €1m.
- Realia has delivered 53 units (homes, small retail, offices and land plots), vs 52 units the previous year, for an amount of €10,5m vs €9,8m in 2015 (7% better).
- Residential average price has gone from €188.500 in 1H 2015 to €198.100 in 1H 2016. It has gone up by 4,8%.

Home stock evolution	1H 2016	1H 2015	Var. (%)
Pre-sales			
Number of units	54	48	13%
Total value of contracts (€MM)	11,4	9,2	24%
Deliveries			
Number of homes	53	52	2%
Total value of contracts (€MM)	10,5	9,8	7%
Stock at eoP			
Number of units	574	649	-12%

- As of 30 June 2016, Realia has a total stock of 532 units (homes, small retail and offices) finished non-delivered, of which 15 are pre-sold and 517 are for sale (151 in Madrid and Centre, 193 in Andalusia, 97 in Levante, 59 in Catalonia, 14 in Portugal and 3 in Poland).
- There are also 57 plots for single-family housing for sale in a development (30 in Catalonia and 27 in Andalusia).
- The breakdown of these homes is the following: 77% first homes and 23% second homes.

Land Bank

- As of June 2016, Realia has a gross land bank of 5.742.497 sqm and a buildable area of 1.850.914 sqm, 25% of this land bank is in the pipeline and 49% of this land bank is located in Madrid and in the Centre area of Spain.

Land Bank Breakdown (Buildability by sqm) (*)

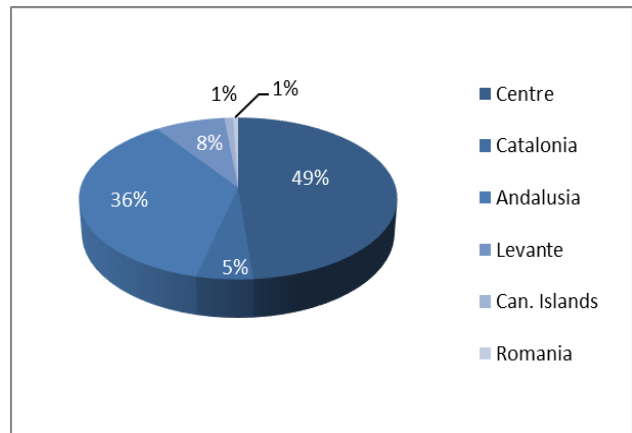
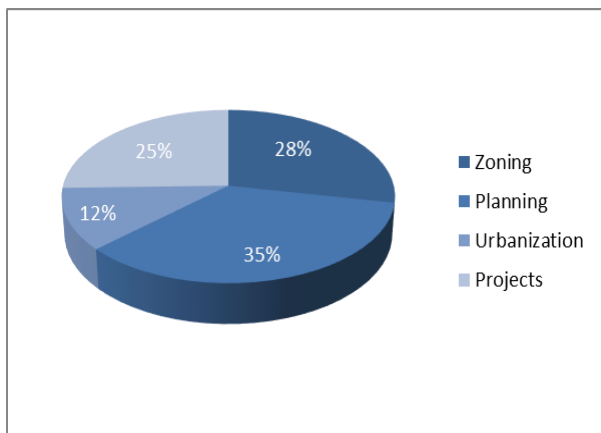
By urbanistic stage

	Buildability area (sqm)
Zoning	520.787
Planning	646.142
Urbanization	213.596
Projects	470.388
Total	1.850.914

By geographical area

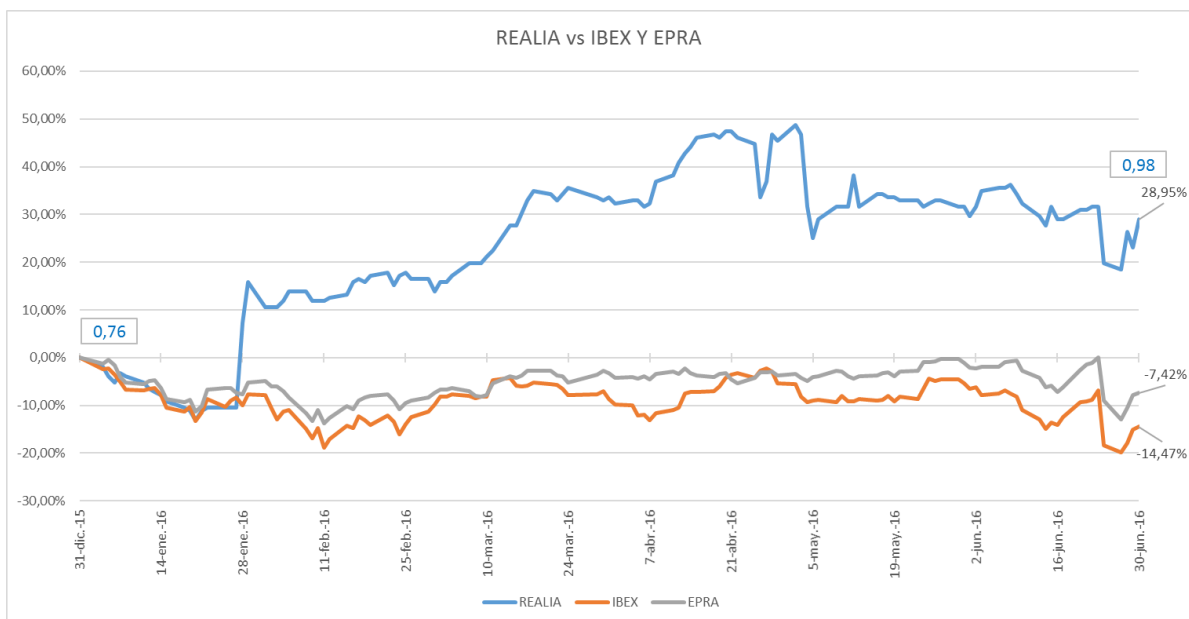
	Buildability area (sqm)
Centre	900.552
Catalonia	93.536
Andalusia	677.142
Levante	150.231
Can. Islands	18.541
Romania	10.912
Total	1.850.914

(*) DUSE buildability is not included (547.141 sqm in Poligono Aeropuerto – Sevilla)



11.- STOCK DATA

- The closing stock price (€ per share) has been 0,98 Euro. It increased by 28,95% vs 2015. IBEX 35 has performed -14,47%, and EPRA (european real estate companies) has gone down by -7,42%.



30 June 2016	
Closing stock price (€ per share)	0,980
Market cap. EoP (€)	451.536.370
High of the period (€ per share)	1,165
Low of the period (€ per share)	0,640
Average market price (€ per share)	0,910
Daily trading volume (€)	474.566
Daily trading volume (shares)	523.886

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