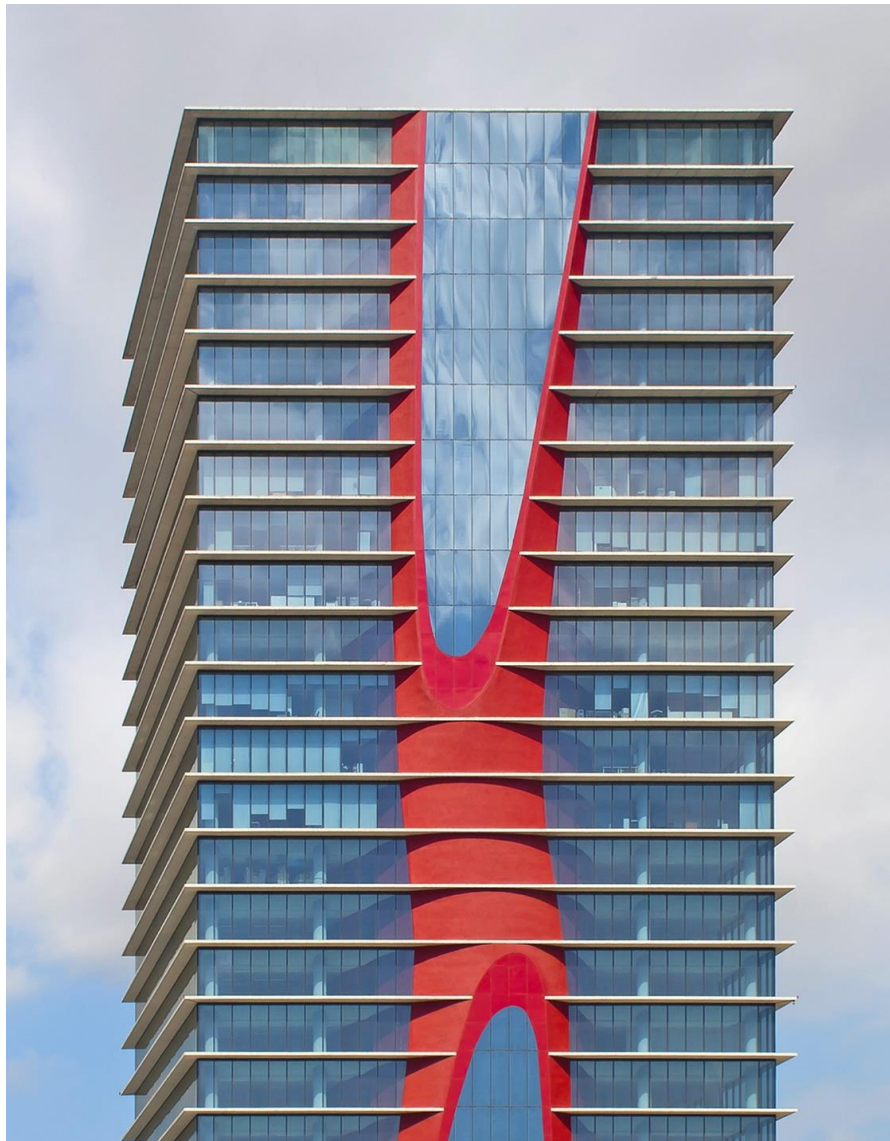


# REALIA



**January-March 2016 Results**

*3 May 2016*

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## 1.- SUMMARY

### REVENUE AND RESULTS

- Total revenue in 1Q 2016 was €25,43m, 9,23% better than in 1Q 2015 (+2,1 million euros). This improvement in the financial results is mainly due to an increase in sales in the Residential business (+3,4 million euros) even though income has gone down in the Commercial Property business (-1,3 million euros).
- EBITDA remained stable at 10 million euros.
- As of 31 March 2016, net result for the group was €58,65m and earnings before taxes reached €62,67m.
- Results have been favored by a positive financial result of €51,21m, due to the haircut on the first three milestones payments of the Residential debt (€54m).

### 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 took place (€89M and €94m respectively). The third milestone payment date was put forward.
- Last April, the payment of the outstanding debt (€183,5m) was due. This payment has allowed a haircut of €72,367m with financial entities.
- Inversora Carso has acquired from Sareb the equity loan granted to Realia in 30 September 2009 for an amount of €50m. On its acquisition date, this loan showed a balance of €61,3m. This loan can be paid with a haircut or capitalized through the issue of 29.994.610 shares. Finally, Inversora Carso has announced its intention to be paid within one year and at market interest rates 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 takeover bid prospectus has been filed and submitted for approval at the Spanish National Securities Market Commission (CNMV).

### INDEBTEDNESS

- Realia has reduced its gross financial debt by €757m, reaching €953m, 44% lower than in 2015.
- The net financial result reached €51,21m, due to the haircut on the Residential portfolio debt (€54m).
- As of 31 March 2016, Realia has a net financial debt of €925m, 15% better than in March 2015 and €28,3m in cash and equivalents.

**COMMERCIAL PROPERTY**

- Gross rental income amounted €18,7m (74% of the total income). It fell by 6%, mainly due to the office building “Los Cubos” which went vacant. This situation has made rents to fall by 4 million euros a year or 1 million euros in each quarter of the year.
- Overall occupancy levels (office building “Los Cubos” not included) reached 91,8% vs. 90,7% in 2015.

**LAND AND HOMEBUILDING**

- Realia has delivered 27 units for a total amount of €5m.
- As of 31 March 2016, there is a total stock of 558 units (homes, small retail and offices) finished non-delivered (18 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 1.867.066 sqm.

**2.- FINANCIAL HIGHLIGHTS**

(€mm)	1Q 2016	1Q 2015	Var. (%)
<b>Total Revenue</b>	<b>25,4</b>	<b>23,3</b>	<b>9,2</b>
Rental Income	18,2	20,0	-9,0
<b>EBITDA</b>	<b>10,1</b>	<b>10,3</b>	<b>-1,9</b>
<b>Net Result (Group share)</b>	<b>58,6</b>	<b>2,6</b>	<b>2.135,8</b>
<b>Net Financial Debt</b>	<b>925</b>	<b>1.092</b>	<b>-15,3</b>
<b>Nº Shares (mm)</b>	<b>460,8</b>	<b>307,4</b>	<b>49,9</b>
<b>Earnings per Share (€)</b>	<b>0,127</b>	<b>0,009</b>	<b>1.391,5</b>

**3.- OPERATIONAL HIGHLIGHTS**

	1Q 2016	1Q 2015	Var. (%)
<b>Commercial Property</b>			
<b>GLA (sqm)</b>	<b>418.890</b>	<b>418.856</b>	<b>0,0</b>
<b>Occupancy rate (%)</b>	<b>91,8</b>	<b>90,7</b>	<b>1,2</b>
<b>Land &amp; Homebuilding</b>			
<b>Pre-sales</b>			
Total value of contracts (€mm)	5,0	3,1	<b>62,1</b>
Units	27	21	<b>28,6</b>
<b>Land Bank Consolidated (sqm)</b>	<b>1.867.066</b>	<b>1.875.586</b>	<b>-0,4</b>
<b>Nº Employees</b>	<b>97</b>	<b>101</b>	<b>-4,0</b>

Number of Employees	31 March 2016	31 March 2015	Var. (%)
<b>Total (*)</b>	<b>97</b>	<b>101</b>	<b>-4,0</b>
Realia Business	44	49	<b>-10,2</b>
Realia Patrimonio	4	4	<b>0,0</b>
Hermanos Revilla (*)	48	47	<b>2,1</b>
Realia Polska	1	1	<b>0,0</b>

(\*) It includes 37 people working at reception and concierge services in buildings

**4.- CONSOLIDATED INCOME STATEMENT**

(€mm)	1Q 2016	1Q 2015	Var. (%)
<b>Total Revenue</b>	<b>25,4</b>	<b>23,3</b>	<b>9,2</b>
Rents	18,2	20,0	-9,0
Sale of assets	0,4	0,0	
Homebuilding	5,0	3,1	62,4
Land sales	1,0	0,0	
Other	0,9	0,2	271,6
<b>Total Gross Margin</b>	<b>12,0</b>	<b>13,0</b>	<b>-7,7</b>
Rents	12,6	14,1	-10,4
Homebuilding	-0,6	-1,1	44,0
Overheads	-1,9	-2,4	19,1
Other costs	-0,1	-0,4	87,4
<b>EBITDA</b>	<b>10,1</b>	<b>10,3</b>	<b>-1,9</b>
Amortization	-0,1	-0,1	10,0
Depreciation	0,9	1,4	-35,4
<b>EBIT</b>	<b>10,9</b>	<b>11,5</b>	<b>-5,9</b>
Fair value appraisal result	0,0	0,0	
Financial result	51,2	-5,5	1.032,7
Equity method	0,6	0,5	31,9
<b>Earnings before taxes</b>	<b>62,7</b>	<b>6,5</b>	<b>863,1</b>
Taxes	-2,1	-2,0	-7,0
<b>Results after taxes</b>	<b>60,5</b>	<b>4,5</b>	<b>1.241,7</b>
Minority Interests	1,9	1,9	0,2
<b>Net Results (Group share)</b>	<b>58,6</b>	<b>2,6</b>	<b>2.135,8</b>

- Company total revenue amounted €25,4m, 9,2% better than in 1Q 2015, due to an increase of sales in the Residential business (€5m vs.€3,1m in 1Q 2015).
- Commercial Property business has gone down (€18,2m vs €20m in 1Q 2015). This portfolio concentrates 72% of the group revenue and more than 100% of the total gross margin.
- EBITDA remained stable at 10 million euros, although it has slightly fallen by 2%, as the office building “Los Cubos” went vacant.
- Financial results reached €51,2m vs €-5,5m in 1Q 2015. These results are due to a haircut of €54m reached with the holders of the loan for the Residential business, for the payment of the first three milestones.

- Provisions for €0,89m have been reversed, mainly due to finished and half-finished residential products (€0,93m).
- Net income has amounted €58,6m vs €2,6m in 1Q 2015. Earnings before taxes reach €62,7m vs €6,5m last year.

**5.- CONSOLIDATED BALANCE SHEET**

(€mm)	31 March 2016	31 March 2015		31 March 2016	31 March 2015
Tangible fixed assets	5	6	Equity	573	409
Investment property	1.356	1.322	Minority shareholders	225	222
Inventories	372	401	Financial debt	953	1.710
Accounts receivable	19	18	Current creditors	24	26
Treasury and equivalents	28	619	Other liabilities	225	215
Other assets	218	217			
<b>Total Assets</b>	<b>1.999</b>	<b>2.583</b>	<b>Total Liabilities</b>	<b>1.999</b>	<b>2.583</b>

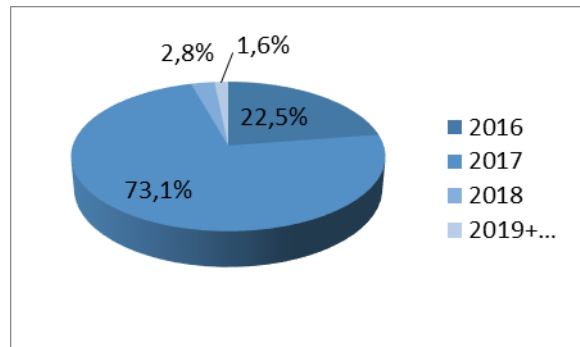
**6.- FINANCIAL STRUCTURE**

	REALIA Patrimonio	REALIA Business	1Q 2016	1Q 2015	Var. (%)
	Commercial Property	Land & Homebuilding			
Syndicated loans	681	201	882	1.629	-45,9
Other loans	62	11	72	78	-7,3
Interests	0	1	1	6	-85,0
Debt formalisation expenses	-2	0	-2	-3	36,7
<b>Total Gross Financial Debt</b>	<b>740</b>	<b>212</b>	<b>953</b>	<b>1.710</b>	<b>-44,3</b>
Cash and equivalents	19	9	28	619	-95,4
<b>Total Net Financial Debt</b>	<b>721</b>	<b>203</b>	<b>925</b>	<b>1.091</b>	<b>-15,3</b>

- In December 2015, a restructuring agreement was reached with the holders of the debt (€802,76m) for the Residential business (Puffin Real Estate Lda, CF Aneto and Goldman Sachs International). The main aspects of the agreement were the following: anticipating the loan maturity date, establishing a new payment calendar dividing the debt in four payment milestones, establishing a haircut of 9% on the existing debt.

- According to this agreement, in December 2015 the first milestone of total €365,2m was paid with the cash balance available in the Company. In order to pay the second milestone, the Company made a capital increase of €89m. In January 2016 the second and third debt milestone payments of total €183m was due.
- The remaining fourth payment of total €183,5m was paid in advance, on 7th April 2016. Therefore, the haircut of €72,4m is consolidated. To afford this payment, the Company applied for a loan, on market conditions, at a spanish financial entity. In the first quarter of 2016, there has been a haircut of €54m on the first three payment milestones.
- As of 31 March 2016, cash and equivalents reached €28,3m. Therefore, the net financial debt (with financial institutions) was of €924,5m vs €1.091m in 1Q 2015. Due to a capital increase (€89m) and haircuts (€54m) the debt has decreased by €166m. The remaining amount is cash balance.
- As of 31 March 2016, 95,6% of the total debt matures in 2016 and 2017. Following the fourth payment milestone, most of the debt with maturity in 2016 has been postponed to 2018.
- The next challenge will be refinancing Realia Patrimonio syndicated loan agreement (€681m maturing in April 2017).

**Gross Debt Maturity**





**7.- COMMERCIAL PROPERTY**
Rents <sup>(1)</sup>

(Thousands of Euros)	1Q 2016	1Q 2015	Var. (%)
Rental income	15.495	17.202	-9,9%
Other income	4.272	4.325	-1,2%
<b>Total Revenue</b>	<b>19.767</b>	<b>21.527</b>	<b>-8,2%</b>
As Cancelas (50%) + self-consumption	1.601	1.557	2,8%
<b>IAS revenue</b>	<b>18.166</b>	<b>19.970</b>	<b>-9,0%</b>
Expenses incurred	-5.737	-5.656	-1,4%
Other Expenses	-1.053	-1.126	6,5%
<b>Gross Margin</b>	<b>12.977</b>	<b>14.745</b>	<b>-12,0%</b>
Margin As Cancelas (50%) + self-consumption	786	655	20,0%
<b>IAS Margin</b>	<b>12.191</b>	<b>14.090</b>	<b>-13,5%</b>
<b>Margin (%)</b>	<b>83,8%</b>	<b>85,7%</b>	<b>-2,3%</b>

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

Rental Income (LfL) <sup>(2)</sup>

## Breakdown of rents by sector

(Thousands of Euros)	1Q 2016	1Q 2015	Var. (%)	GLA (sqm)	Ocup. 1Q 2016 (%)	Ocup. 1Q 2015 (%)
<b>Offices</b>	<b>10.382</b>	<b>10.792</b>	<b>-3,8%</b>	<b>226.184</b>	<b>90,6%</b>	<b>90,2%</b>
CBD	4.979	5.469	-9,0%	84.409	91,6%	95,3%
BD	1.918	2.216	-13,4%	42.123	95,6%	93,5%
Periphery	3.485	3.108	12,1%	99.652	87,6%	82,8%
<b>Retails &amp; Leisure</b>	<b>4.312</b>	<b>4.591</b>	<b>-6,1%</b>	<b>135.337</b>	<b>91,6%</b>	<b>88,9%</b>
<b>Other</b>	<b>801</b>	<b>801</b>	<b>0,0%</b>	<b>39.045</b>	<b>100,0%</b>	<b>100,0%</b>
<b>Total Revenue</b>	<b>15.495</b>	<b>16.184</b>	<b>-4,3%</b>	<b>400.566</b>	<b>91,8%</b>	<b>90,7%</b>

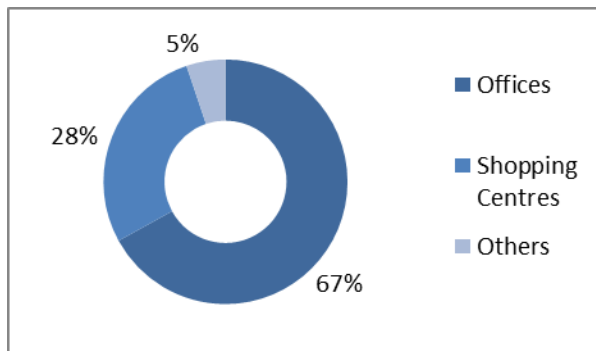
## Breakdown of rents by geographical area

(Thousands of Euros)	1Q 2016	1Q 2015	Var. (%)	GLA (sqm)	Ocup. 1Q 2016 (%)	Ocup. 1Q 2015 (%)
<b>Madrid</b>	<b>11.079</b>	<b>11.945</b>	<b>-7,2%</b>	<b>249.284</b>	<b>93,2%</b>	<b>93,2%</b>
CBD	5.146	5.643	-8,8%	79.552	92,4%	96,4%
BD	2.364	2.661	-11,2%	49.365	96,3%	94,5%
Periphery	3.569	3.641	-2,0%	120.367	92,6%	89,6%
<b>Barcelona</b>	<b>1.146</b>	<b>965</b>	<b>18,7%</b>	<b>32.321</b>	<b>82,1%</b>	<b>78,4%</b>
<b>Other</b>	<b>3.270</b>	<b>3.274</b>	<b>-0,1%</b>	<b>118.961</b>	<b>91,5%</b>	<b>88,4%</b>
<b>Total Revenue</b>	<b>15.495</b>	<b>16.184</b>	<b>-4,3%</b>	<b>400.566</b>	<b>91,8%</b>	<b>90,7%</b>

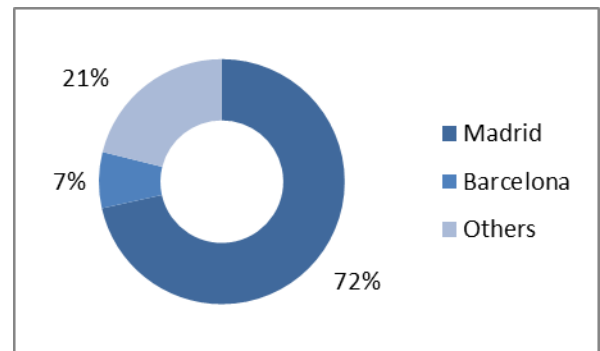
<sup>(2)</sup> Homogeneous surfaces and rents (office building Los Cubos is not included and vacant at present)

- Total rental income (rents and expenses) have reached €18,2m (72% of the total income). It has gone down by 9%, mainly because of the vacant office building “Los Cubos” in Madrid (1 million euros per a quarter of a year).
- Office rental income has gone down by 3,8% in the 1Q 2015. There has been an occupancy of 90,6% (office building “Los Cubos” not included). 9% of contracts will mature in 2016.
- Office rental income has improved in Barcelona. There has been an occupancy increase in Torre REALIA BCN (82,1% vs 78,4%). On the other hand, in Madrid, the occupancy stays steady but, as the office building “Los Cubos” has gone vacant, there has been an impact on rents even though the occupancy level of other buildings.
- Because of some negotiations in the shopping centre Plaza Nueva Leganés, Retail & Leisure rental income has gone down by 6,1%, even though occupancy has reached 91,6% vs 88,9% in 2015. 19% of contracts will mature in 2016.

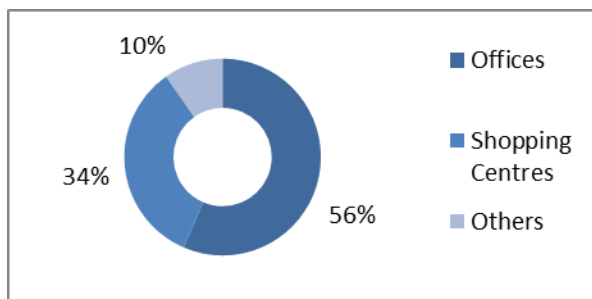
**Rents by sector**



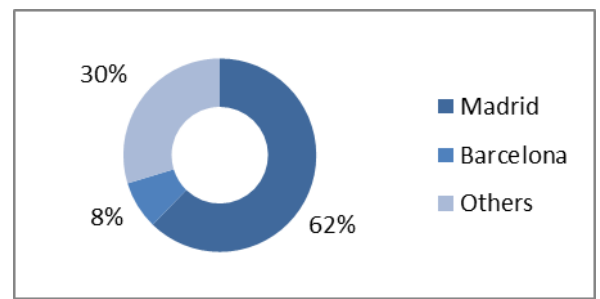
**Rents by geographical area**



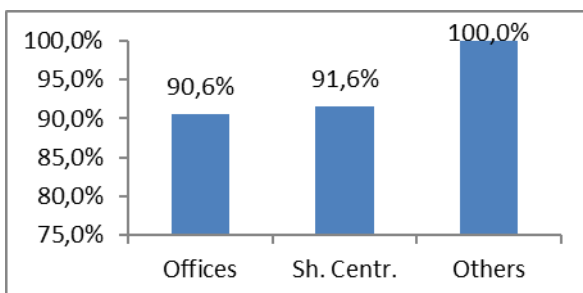
**GLA by sector**



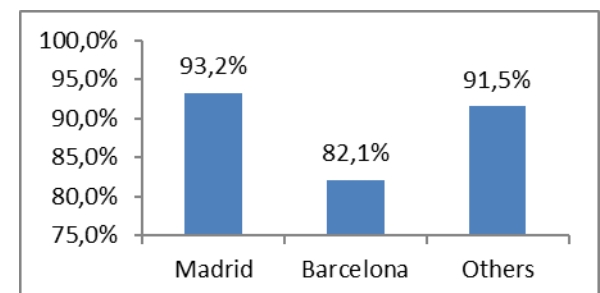
**GLA by geographical area**



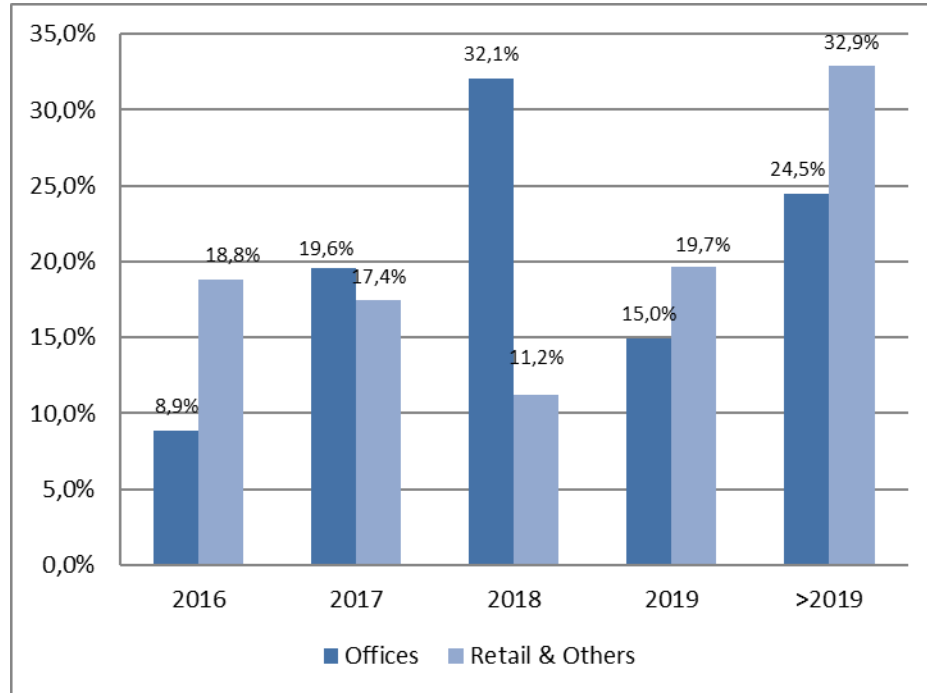
**Occupancy by sector**



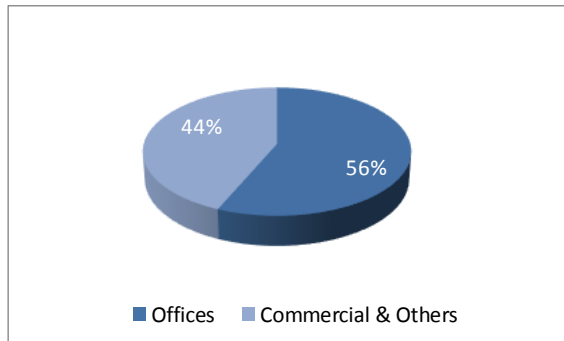
**Occupancy by geographical area**



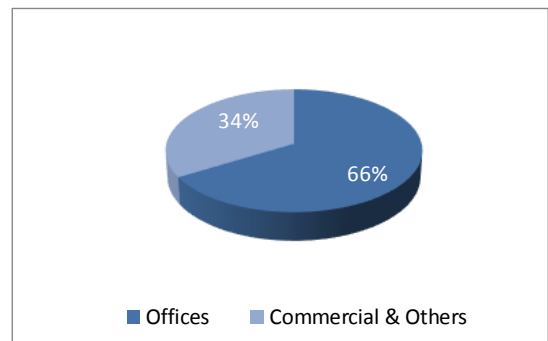
**Expiry of lease contracts on annual rents**  
(considering the option of anticipated cancellations)



**GLA per use (sqm)**



**Passing Rents**



**8.- LAND AND HOMEBUILDING (RESIDENTIAL)**

(€mm)	1Q 2016	1Q 2015	Var. (%)
<b>Revenues</b>			
Homebuilding	5,0	3,1	62,1
Land sales & Others	1,7	0,2	745,0
<b>Total Revenues</b>	<b>6,7</b>	<b>3,3</b>	<b>103,6</b>
<b>Costs</b>			
Sale costs	-6,2	-3,7	-65,3
Other costs	-1,2	-0,6	-85,5
<b>Total Costs</b>	<b>-7,3</b>	<b>-4,3</b>	<b>-68,2</b>
<b>Homebuilding Margin</b>	<b>-0,6</b>	<b>-1,1</b>	<b>42,9</b>
<b>Homebuilding Margin (%)</b>	<b>-9%</b>	<b>-32%</b>	<b>71,9</b>

Residential Portfolio

- Revenue from the Land & Homebuilding business amounted €6,7m.
- Gross margin reaches €-0,6. Once deducted the reversal of provisions for an amount of €0,9m in finished residential product, the Residential business has reached €0,3m.
- Realia has delivered 27 units (homes, small retail, offices and land plots) vs 21 units the previous year, for an amount of €5m vs €3,1m in 1Q 2015 (62% better).
- There has been a lower number of deposit contracts but for higher amounts: 9 units vs 33 units and €6,4m vs €5,3m.

Deliveries	Nº Units	Revenue €MM
Madrid/Centre	10	2,1
Levante	7	1,7
Catalonia	7	0,9
Andalusia	2	0,2
Poland	1	0,1
<b>Total</b>	<b>27</b>	<b>5,0</b>

Home stock evolution	1Q 2016	1Q 2015	Var. (%)
<b>Pre-sales</b>			
Number of units	29	33	-12,1%
Total value of contracts (€MM)	6,4	5,3	20,2%
<b>Deliveries</b>			
Number of homes	27	21	28,6%
Total value of contracts (€MM)	5,0	3,1	62,1%
<b>Stock at eoP</b>			
Number of units (land plots included)	597	663	-10,0%

- Realia has a total stock of 558 units (homes, small retail and offices) finished non-delivered, of which 18 are pre-sold and 540 are for sale (171 in Madrid and Centre, 194 in Andalusia, 99 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: 77,7% first homes and 22,3% second homes.

**Land Bank**

- As of 31 March 2016, Realia has a gross land bank of 5.723.861 sqm and a buildable area of 1.867.066 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) (\*)**

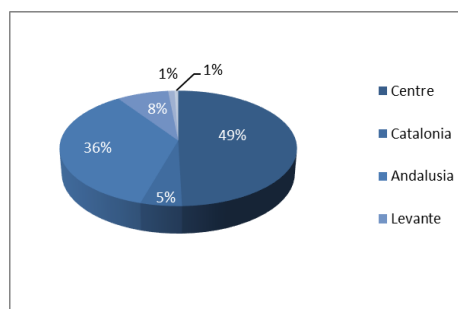
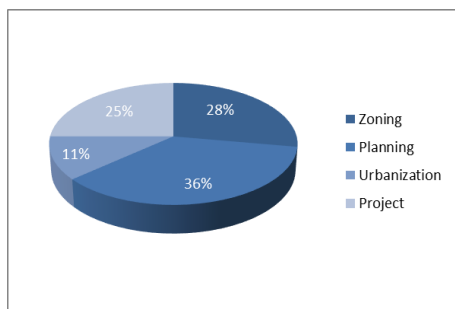
By urbanistic stage

	Buildability (sqm)
Zoning	517.994
Planning	669.961
Urbanization	213.596
Project	465.515
<b>Total</b>	<b>1.867.066</b>

By geographical area

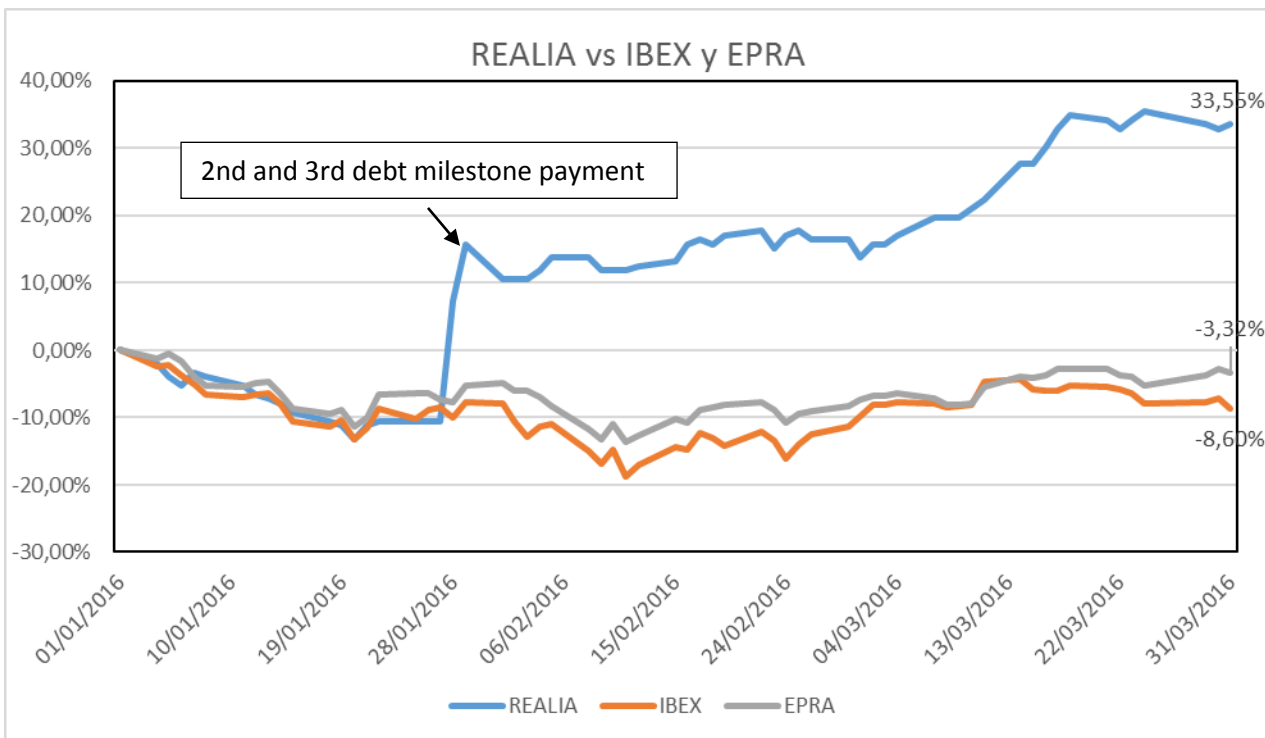
	Buildability (sqm)
Centre	924.371
Catalonia	93.034
Andalusia	669.977
Levante	150.231
Canary Islands	18.541
Rumanía	10.912
<b>Total</b>	<b>1.867.066</b>

(\*) DUSE buildability is not included (547.141 sqm Polígono Aeropuerto – Sevilla)



**9.- STOCK DATA**

- The closing stock Price (€ per share) has been 1,015 Euro. It increased by 33,55% vs. 2015. IBEX 35 has performed -8,60% and EPRA (european real estate companies) has gone down by -3,32%.



31 March 2016	
Closing Stock Price (€ per share)	1,015
Market cap. EoP (€)	467.662.669
High of the period (€ per share)	1,06
Low of the period (€ per share)	0,64
Average of the period (€ per share)	0,85
Daily Trading Volume (€)	686.965
Daily Trading Volume (shares)	579.953

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