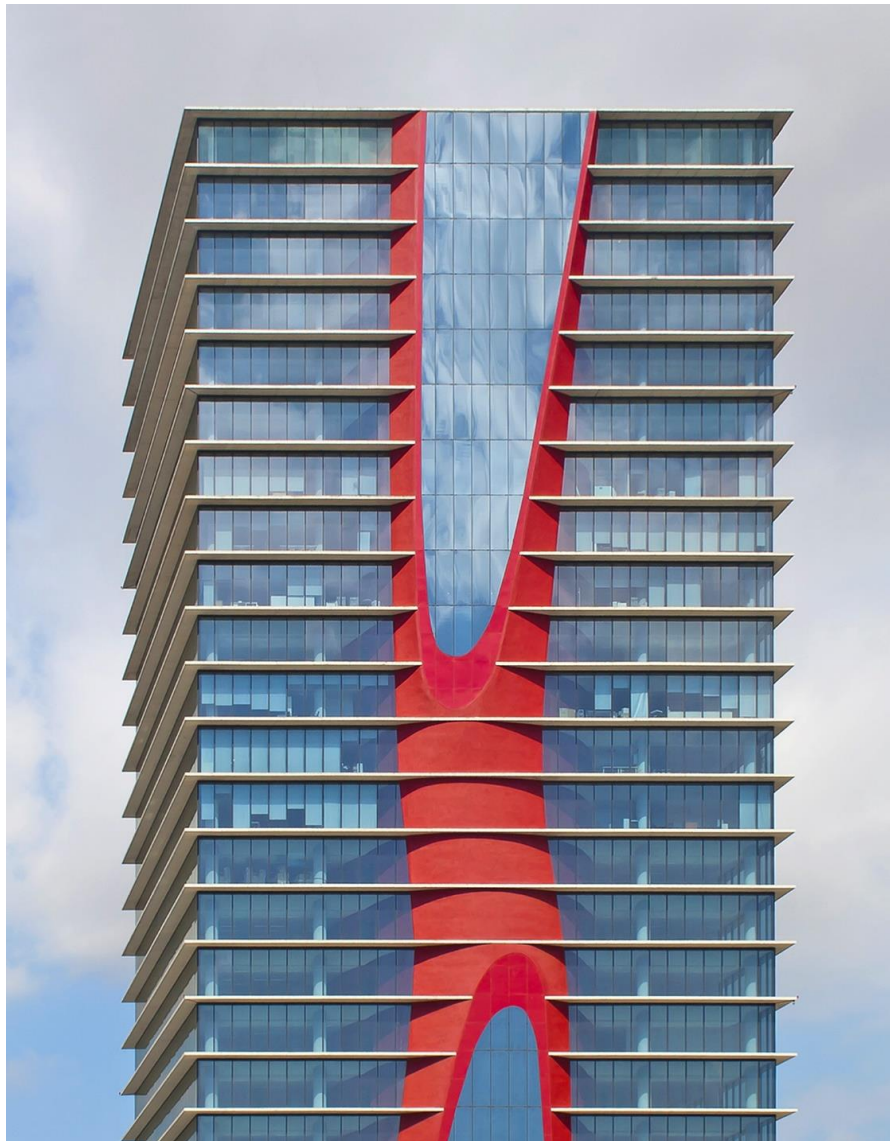


REALIA



January-September 2016 Results

25 October 2016

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1.- SUMMARY

REVENUE AND RESULTS

- Total revenue in 3Q 2016 was €71,7m, 1% lower than in 3Q 2015. Even though income in the Residential business has reached €+2,1m, income in the Commercial Property business has gone down (€-1,1m) due to the office building “Los Cubos” being vacant.
- EBITDA has reached €30,2m vs €30,5m in 3Q 2015.
- As of 30 September 2016, Earnings before taxes reached €97,1m and Net result (Group share) was €89,2m. This result reflects the following extraordinary impacts:
 1. As of 30 September 2016, an independent asset valuation of the Residential business concluded with its lesser value, €61,4m. Provisions for an amount of €1,1m were made against Finished residential product and an amount of €44,6m against the land value (land bank and land with residential developments under construction).
 2. Variation on the fair value of property investments reached €9,3m.
 3. A positive result of €113m is due to haircuts on the Residential debt (€72m) and on the Equity loan acquired by Inversora Carso from Sareb (€41m).
 4. The impossibility of recovering a debt related to a land sale has been recognized (the debtor is insolvent). Provisions for an amount of €5,5m were made.
- Recurrent Net Result (Group share) reaches €17,6m vs €8,8m in 3Q 2015.

INDEBTNESS

- Realia has reduced its gross financial debt by €812m, reaching €941m, 46% lower than in 3Q 2015 (Equity loan for an amount of 60 million Euros acquired to Sareb plus bank interests for 1 million Euros, to make data comparable, were included in 2015)
- Haircuts have favoured a positive net financial result of €107,5m. If haircuts wouldn't apply, financial cost would reach €-5,5m vs €-15,2m in 3Q 2015.
- As of 30 September 2016, Realia has a net financial debt of €900m, 20% lower than in September 2015 and €41m in cash and equivalents.

COMMERCIAL PROPERTY

- Gross rental income (rents, expenses, fixed assets sale and others) amounted €55,9m, 6% lower than the previous year. It is mainly due to the office building “Los Cubos” being vacant, under refurbishment at present. This situation has reduced rents by 4,1 million euros a year (1 million Euros a trimester).
- In homogeneous terms, overall occupancy levels reached 92,3% vs 90,8% in 2015.

LAND AND HOMEBUILDING

- Realia has delivered 69 units for a total amount of €13,4m, 19% higher than in 2015 (€11,3m).
- As of 30 September, there is a stock of 515 units (homes, small retail and offices) finished non-delivered (12 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) | 3Q 2016 | 3Q 2015 | Var. (%) |
|---------------------------------|--------------|--------------|------------|
| Total Revenue | 71,7 | 72,2 | -1 |
| Rental Income | 43,6 | 47,5 | -8 |
| EBITDA | 30,2 | 30,5 | -1 |
| Net Result (Group share) | 89,2 | 18,4 | 384 |
| Net Financial Debt | 900 | 1.130 | -20 |
| Nº Shares (mm) | 460,8 | 307,4 | 50 |
| Earnings per Share (€) | 0,194 | 0,060 | 223 |

3.- OPERATIONAL HIGHLIGHTS

| | 3Q 2016 | 3Q 2015 | Var. (%) |
|-------------------------------------|------------------|------------------|-----------|
| Commercial Property | | | |
| GLA (sqm) | 404.807 | 418.856 | -3 |
| Occupancy rate (%) | 92,3 | 90,8 | 2 |
| Land & Homebuilding | | | |
| Pre-sales | | | |
| Total value of contracts (€mm) | 13,4 | 11,3 | 19 |
| Units | 69 | 60 | 15 |
| Land Bank Consolidated (sqm) | 1.850.914 | 1.870.289 | -1 |
| Nº Employees | 94 | 100 | -6 |

| Number of Employees | 30/09/2016 | 30/09/2015 | 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) | 3Q 2016 | 3Q 2015 | Var. (%) |
|-------------------------------------|--------------|-------------|-------------|
| Total Revenue | 71,7 | 72,2 | -1 |
| Rents | 43,6 | 47,5 | -8 |
| Expenses provision | 11,7 | 11,7 | -1 |
| Sale of assets | 0,4 | 0,1 | 340 |
| Homebuilding | 13,4 | 11,3 | 19 |
| Land sales | 0,9 | 0,0 | |
| Other | 1,6 | 1,6 | 6 |
| Total Gross Margin | 36,2 | 38,2 | -5 |
| Rents | 37,8 | 41,1 | -8 |
| Homebuilding | -1,6 | -2,9 | 44 |
| Overheads | -5,9 | -7,0 | 15 |
| Other costs | -0,1 | -0,7 | 86 |
| EBITDA | 30,2 | 30,5 | -1 |
| Amortization | -0,3 | -0,4 | 17 |
| Depreciation | -48,5 | 4,3 | -1.223 |
| EBIT | -18,6 | 34,4 | -154 |
| Fair value appraisal result | 9,3 | 13,4 | -31 |
| Financial result | 107,5 | -15,2 | 809 |
| Equity method | -1,0 | 2,1 | -150 |
| Earnings before taxes | 97,1 | 34,7 | 180 |
| Taxes | -3,7 | -9,1 | 59 |
| Results after taxes | 93,4 | 25,6 | 264 |
| Minority Interests | 4,2 | 7,2 | -41 |
| Net Results (Group share) | 89,2 | 18,4 | 384 |
| Recurrent Net Results (Group share) | 17,6 | 8,8 | 100 |

- Company total revenue amounted €71,7m, 1% lower than in 2015, mainly due to lower Commercial Property income (€43,6m vs €47,5m) despite residential business sales improvement (€13,4m vs €11,3m in 2015).
- EBITDA has gone down slightly, €30,2m. Better margins of the Residential business and cost cutting compensate for the lower Commercial Property income.

- Financial results reached €107,5m vs €-15,2m in 3Q 2015. This variation is due to haircuts for an amount of €113m, as well as for a lower amount and cost of debt (€941m gross debt with an average cost of 0,55% vs €1.753m in 3Q 2015 with an average cost of 1,25%). Financial cost would reach €-5,5m vs €-15,2m in 3Q 2015, if haircuts would not apply.
- As of 30 September 2016 an independent asset valuation of the Residential business concluded with its lesser value, €61,4m (sold residential product has not been included in this comparative analysis).

| (€mm) | 3Q 2016 | 1H 2016 | Var. (%) |
|---------------------------------------|------------|------------|---------------|
| Land portfolio & Others | 290 | 349 | -17,1% |
| Finished Residential Product | 84 | 85 | -1,6% |
| Total Value Residential Assets | 373 | 434 | -14,0% |

- This new value should make the NNAV to go down by 0,11 € per share.
- Following a new asset valuation and the land sale to a Company which has become insolvent, provisions reached €-48,5m, due to adjustments in Finished residential product and in land.

| Breakdown provisions (€mm) | 3T 2016 |
|--------------------------------------|--------------|
| Reversal of provisions | 2,7 |
| Finished residential product | -1,1 |
| Land with developments under constr. | -5,8 |
| Land | -38,8 |
| Others (clients, proceedings,...) | -5,5 |
| Total | -48,5 |

- Earnings before taxes reached €97,1m vs €34,7m in 3Q 2015. Net results (Group share) reached €89,2m vs €18,4m in 3Q 2015.
- Recurrent net results (Group share) reached €17,6m vs €8,8m in 3Q 2015. Haircuts and variation on the fair value of property investments and provisions have not applied.

5.- CONSOLIDATED BALANCE SHEET

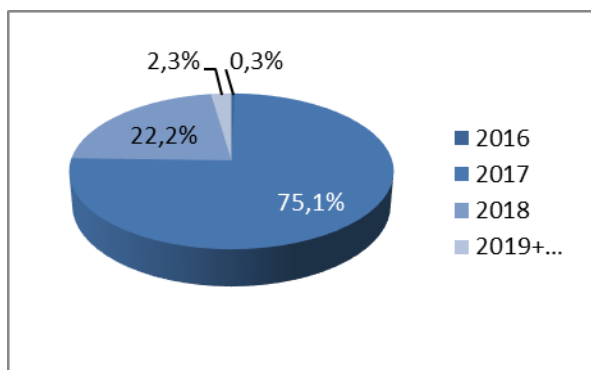
| (€mm) | 30 Sept. 2016 | 30 Sept. 2015 | | 30 Sept. 2016 | 30 Sept. 2015 |
|--------------------------|---------------|---------------|--------------------------|---------------|---------------|
| Tangible fixed assets | 5 | 5 | Equity | 603 | 427 |
| Investment property | 1.368 | 1.338 | Minority shareholders | 227 | 227 |
| Inventories | 320 | 394 | Financial debt | 941 | 1.753 |
| Accounts receivable | 12 | 20 | Current creditors | 26 | 26 |
| Treasury and equivalents | 41 | 622 | Other liabilities | 170 | 161 |
| Other assets | 221 | 215 | | | |
| Total Assets | 1.968 | 2.594 | Total Liabilities | 1.968 | 2.594 |

6.- FINANCIAL STRUCTURE

| | REALIA Patrimonio | REALIA Business | 3Q 2016 | 3Q 2015 | Var. (%) |
|-----------------------------------|---------------------|---------------------|------------|--------------|------------|
| | Commercial Property | Land & Homebuilding | | | |
| Syndicated loans | 678 | | 678 | 1.682 | -60 |
| Other loans | 54 | 210 | 264 | 72 | 268 |
| Interests | 0 | 0 | 1 | 1 | -62 |
| Debt formalisation expenses | -1 | -0 | -1 | -3 | 44 |
| Total Gross Financial Debt | 731 | 210 | 941 | 1.753 | -46 |
| Cash and equivalents | 31 | 10 | 41 | 622 | -93 |
| Total Net Financial Debt | 700 | 200 | 900 | 1.130 | -20 |

- Following the restructuring agreement with the holders of the debt for the Residential business and after adding the outstanding debt (haircut non-included) of the equity loan acquired by Inversora Carso from Sareb, Realia had a gross financial debt for an amount of €941m, 46% lower than in 3Q 2015 (€1.753m).
- As of 30 September 2016, cash and equivalents reached €41m. Therefore, the net financial debt reached €900m vs €1.130m in 2015.
- As of 30 September 2016, the weighted average interest rate of the gross debt paid reached 0,55% vs 1,25% in 2015.
- The next challenge will be refinancing Realia Patrimonio syndicated loan agreement (€678m) maturing in April 2017.
- As of 30 September 2016, the breakdown of the gross debt maturity is the following:

Gross Debt Maturity



7.- COMMERCIAL PROPERTY
Rents ⁽¹⁾

| (Thousands of Euros) | 3Q 2016 | 3Q 2015 | Var. (%) |
|---|---------------|---------------|--------------|
| Rental income | 47.143 | 50.863 | -7,3% |
| Expenses | 13.045 | 13.047 | 0,0% |
| Total Revenue | 60.187 | 63.909 | -5,8% |
| As Cancelas (50%) + self-consumption | 4.917 | 4.709 | 4,4% |
| IAS revenue | 55.270 | 59.200 | -6,6% |
| Expenses incurred | -16.999 | -16.954 | -0,3% |
| % Expenses incurred | -77% | -77% | 0,3% |
| Other Expenses | -3.227 | -3.658 | 11,8% |
| Gross Margin | 39.962 | 43.297 | -7,7% |
| Margin As Cancelas (50%) + self-consumption | 2.172 | 2.217 | -2,0% |
| IAS Margin | 37.790 | 41.080 | -8,0% |
| Margin (%) | 84,8% | 85,1% | -0,4% |

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

- Total IAS Rental income (including expenses charged to tenants) reached €55,3m. It has decreased by 6,6% due to a loss of income for the office building “Los Cubos” being vacant (one million Euros a trimester).
- Commercial Property Gross IAS margin reached €37,8m, which means a margin on rents of 84,8%.
- In homogeneous terms, rental income remains virtually unchanged. Office building “Los Cubos” non-included (as the following charts show).

Rental income (Lfl) ⁽²⁾
Breakdown of rents by sector (homogeneous surfaces)

| (Thousands of Euros) | 3Q 2016 | 3Q 2015 | Var. (%) | GLA (sqm) | Ocup. 3Q 2016 (%) | Ocup. 3Q 2015 (%) |
|------------------------------|---------------|---------------|-------------|----------------|-------------------|-------------------|
| Offices | 31.830 | 31.805 | 0,1% | 226.184 | 93,5% | 90,0% |
| CBD | 15.715 | 15.822 | -0,7% | 84.409 | 95,5% | 90,2% |
| BD | 5.715 | 6.232 | -8,3% | 42.123 | 95,1% | 95,1% |
| Periphery | 10.400 | 9.751 | 6,7% | 99.652 | 91,2% | 86,8% |
| Retails & Leisure | 12.830 | 12.594 | 1,9% | 135.366 | 88,0% | 89,4% |
| Other | 2.483 | 2.398 | 3,6% | 43.257 | 99,8% | 100,0% |
| Total Revenue | 47.142 | 46.796 | 0,7% | 404.807 | 92,3% | 90,8% |

⁽²⁾ Homogeneous surfaces (the office building “Los Cubos” being vacant and under refurbishment is not included in this chart)

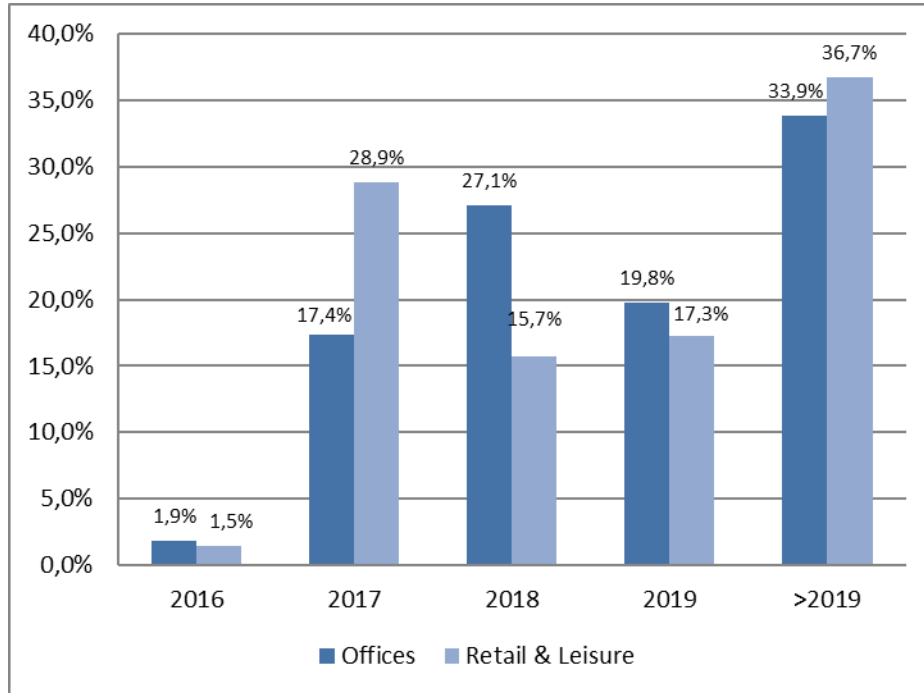
Breakdown of rents by geographical area (homogeneous surfaces)

| (Thousands of Euros) | 3Q 2016 | 3Q 2015 | Var. (%) | GLA (sqm) | Ocup. 3Q 2016 (%) | Ocup. 3Q 2015 (%) |
|----------------------|---------------|---------------|--------------|----------------|-------------------|-------------------|
| Madrid | 34.038 | 34.594 | -1,6% | 249.285 | 93,8% | 92,4% |
| CBD | 16.209 | 16.334 | -0,8% | 79.553 | 96,7% | 91,0% |
| BD | 7.052 | 7.569 | -6,8% | 49.365 | 95,8% | 95,6% |
| Periferia | 10.777 | 10.691 | 0,8% | 120.367 | 91,0% | 91,5% |
| Barcelona | 3.452 | 3.048 | 13,2% | 32.321 | 92,9% | 83,5% |
| Other | 9.653 | 9.154 | 5,5% | 123.201 | 89,3% | 89,1% |
| Total Revenue | 47.142 | 46.796 | 0,7% | 404.807 | 92,3% | 90,8% |

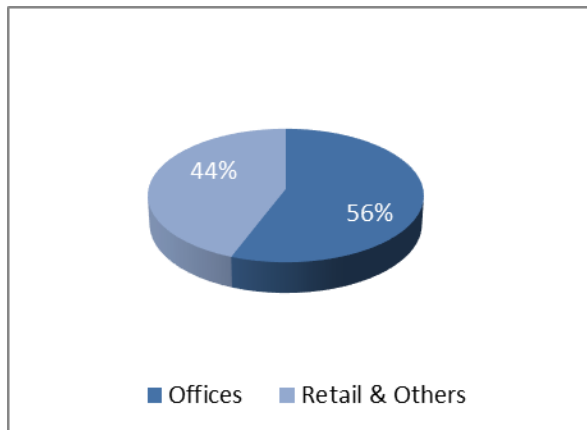
⁽²⁾ Homogeneous surfaces (the office building "Los Cubos" being vacant and in refurbishment is not included in this chart)

- In homogeneous terms, office rental income stays stable. Occupancy reaches 93,5% vs 90% in 3Q 2015.
- Office rental has improved in Barcelona, due to an increase in rents and occupancy of Torre Realia BCN (92,9% vs 83,5% in 3Q 2015). This improvement is due to commercial efforts and, mainly, to the arrival of a new tenant in July (3.059 sqm).
- Office occupancy has gone up in Madrid CBD reaching 96,7% and it has stayed stable in the remaining offices. As a whole, office rents have gone down by 1,6%. The arrival of new tenants and contracts renegotiations in the following locations: Alfonso XII, Salvador de Madariaga, Acanto 22, Goya 6, Goya 8 and Torre Realia have caused rents to go down in Madrid CBD and mainly in BD.
- Retail & Leisure rental income has gone up by 1,9% even though occupation has gone down by 1,4%. It is mainly due to contract renegotiations in Ferial Plaza and As Cancelas shopping centres.

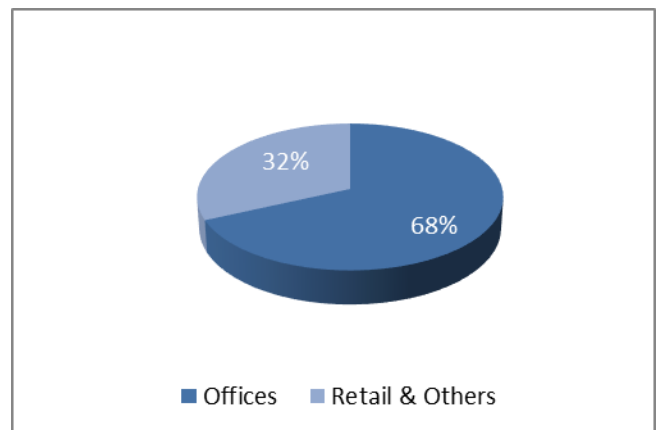
Expiry of lease contracts on annual rents
 (Considering the option of anticipated cancellation)



GLA by sector



Passing rents



8.- LAND AND HOMEBUILDING (RESIDENTIAL)

| (€mm) | 3Q 2016 | 3Q 2015 | Var. (%) |
|--|--------------|--------------|------------|
| <u>Revenues</u> | | | |
| Homebuilding | 13,4 | 11,3 | 19 |
| Land sales & Others | 2,3 | 1,4 | 64 |
| Total Revenues | 15,7 | 12,7 | 23 |
| <u>Costs</u> | | | |
| Sale costs | -14,6 | -12,9 | -13 |
| Other costs | -2,8 | -2,7 | -2 |
| Total Costs | -17,4 | -15,7 | -11 |
| Homebuilding Margin | -1,6 | -2,9 | 45 |
| Homebuilding Margin (%) | -10% | -23% | 55 |
| Reversal of provisions Res. Fin Prod. | 2,6 | 3,4 | -24 |
| MargIn (discounting provisions) | 1,0 | 0,5 | 111 |

Residential portfolio

- Revenue from the Land & Homebuilding business amounted €15,7m, 23% higher than last year.
- Gross margin reaches €-1,6m but it has improved by 55% reaching -10%. Once deducted the reversal of provisions in Finished residential product, the Residential business has reached 1 million Euros vs 0,5 million Euros in 2015.

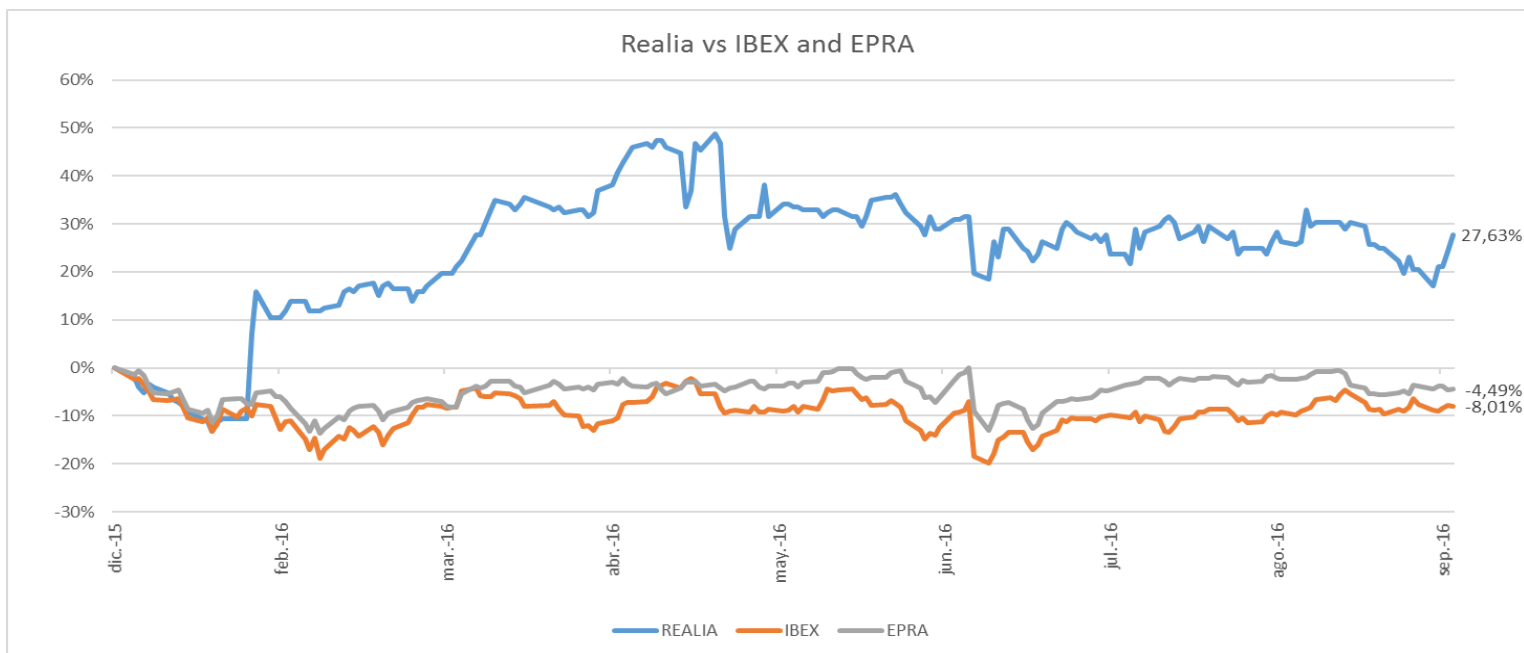
| Deliveries | Nr Units | Revenue MM € |
|---------------|-----------|--------------|
| Madrid/Centro | 39 | 8,2 |
| Levante | 11 | 2,7 |
| Catalonia | 10 | 1,5 |
| Andalusia | 8 | 0,9 |
| Poland | 1 | 0,1 |
| Total | 69 | 13,4 |

| Home stock evolution | 3Q 2016 | 3Q 2015 | Var. (%) |
|--------------------------------|---------|---------|----------|
| Pre-sales | | | |
| Number of units | 71 | 55 | 29% |
| Total value of contracts (€MM) | 14,3 | 10,6 | 35% |
| Deliveries | | | |
| Number of homes | 69 | 60 | 15% |
| Total value of contracts (€MM) | 13,4 | 11,3 | 19% |
| Stock at eoP | | | |
| Number of units | 560 | 644 | -13% |

- In this period, Realia has delivered 69 units (homes, small retail and offices) for an amount of €13,4m vs 60 units delivered in 2015 for an amount of €11,3m. Deliveries have gone up by 19% .
- 71 deposit agreements were signed for an amount of €14,3m vs €10,6m in 3Q 2015, 29% more than the previous year.
- As of September 2016, Realia has a total stock of 515 units (homes, small retail and offices) finished non-delivered, of which 12 are pre-sold and 503 are for sale (141 in Madrid and Centre area, 190 in Andalusia, 97 in Levante, 58 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 homes breakdown is the following: 77,1% first homes and 22,9% second homes.

9.- STOCK DATA

- The closing data price (€ per share) has been 0,97 Euro. It increased by 27,63% vs 2015. IBEX 35 has performed -8,01% and EPRA (European Real Estate Companies) has gone down by -4,49%.



| | 30 Sept. 2016 |
|------------------------------------|----------------------|
| Closing stock price (€ per share) | 0,970 |
| Market cap. EoP (€) | 446.928.856 |
| High of the period (€ per share) | 1,165 |
| Low of the period (€ per share) | 0,640 |
| Average market Price (€ per share) | 0,913 |
| Daily trading volume (€) | 370.246 |
| Daily trading volumen (shares) | 336.769 |

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