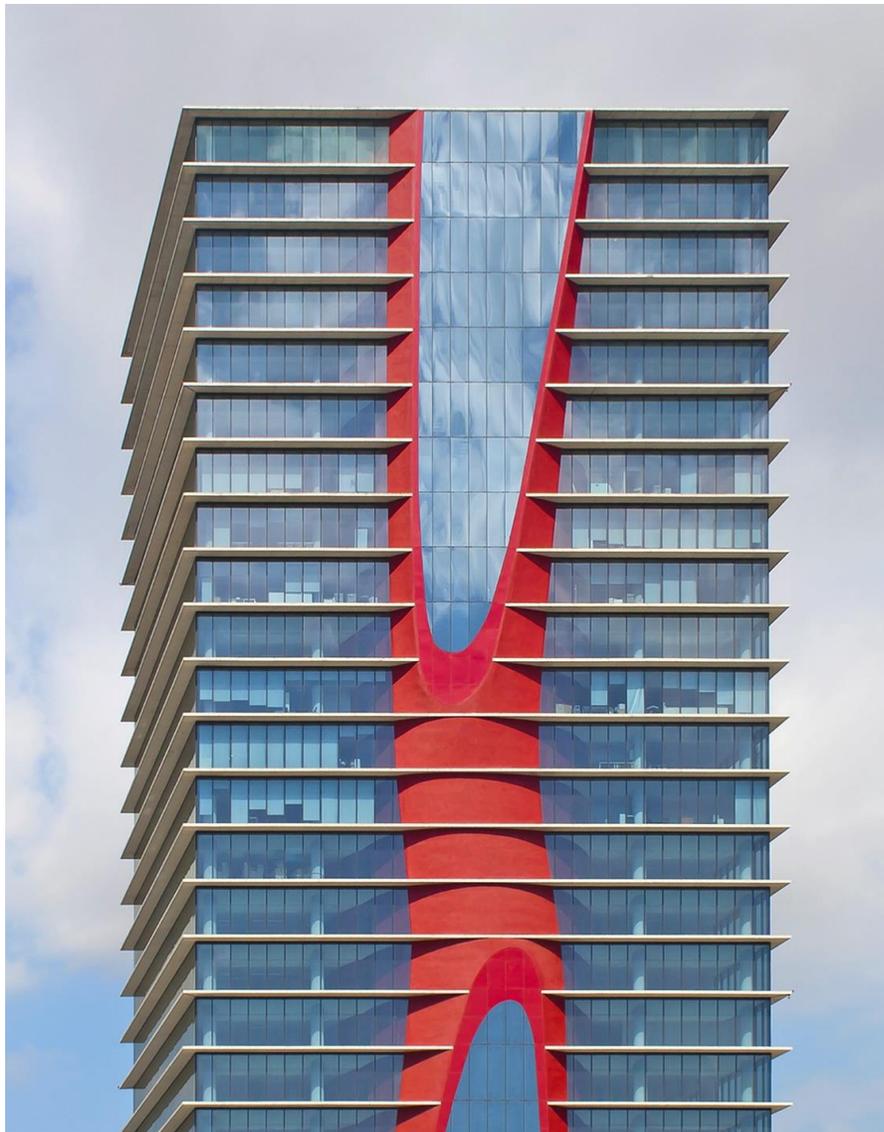


REALIA



January-March 2017 Results

8 May 2017

TABLE OF CONTENTS

- 1.- Summary**
- 2.- Financial Highlights**
- 3.- Operational Highlights**
- 4.- Consolidated Income Statement**
- 5.- Consolidated Balance Sheet**
- 6.- Financial Structure**
- 7.- Commercial Property**
- 8.- Land and Homebuilding (Residential)**
- 9.- Stock Data**
- Appendix – Glossary of APMs(*)**

(*) This report includes a set of Alternative Performance Measures (APMs), defined in the herewith included Appendix, as recommended by ESMA (European Securities and Markets Authority).

1.- SUMMARY

REVENUE AND RESULTS

- Total revenue was €23,3m, 8,6% lower than in 2016, as income in the Land & Homebuilding business has gone down by 20,8%. On the other hand, rental income in the Commercial Property business has gone up by 4,5%.
- EBITDA reached € 9,9m, -1,3% lower than the previous year.
- As of 31 March 2017, earnings before taxes reached €9,4m and net result (Group share) was €5,2m vs €58,6 m in 1Q 2016. Results were favored in 1Q 2016 by a positive financial result of €51,2m. This result was mainly due to haircuts on the first three milestone payments concerning the Residential debt (€54m).
- 2016 haircuts excluded, recurrent net result (Group share) has gone up by 16,9% (€5,2m vs €4,4m in 1Q 2016).

INDEBTNESS

- As of 31 March 2017, Realia gross financial debt reached €847m, €106m lower than in March 2016 and €4m lower than in December 2016.
- The net financial result reached €-1,5m and the weighted average interest rate on gross debt reached 0,53%.
- As of 31 March 2017, Realia has €109m in cash and equivalents and its net financial debt reached €738m, 20,2% lower than in March 2016.
- On 27 April 2017, Realia Patrimonio has obtained a new debt financing and has cancelled the syndicated loan signed in 2007 which had an outstanding debt of €678m. The new loan agreement has been signed, with a new syndicated bank, for an amount of €582m and it will have a term of up to seven years.

COMMERCIAL PROPERTY

- Gross rental income were €14,9m (64% on the total income), 4,5% better than the previous year.
- Overall occupancy levels reached 93,8% vs 91,8% in March 2016.

LAND AND HOMEBUILDING

- Realia has delivered 21 units for a total amount of €4m, 20,8% lower than the previous year. In 2016 it reached €5m.
- As of 31 March 2017, there is a stock of 470 units (homes, small retail and offices) finished non-delivered (24 pre-sold). There are also 41 land plots for single-family housing for sale in a development.
- Realia land bank has a buildable area of 1.851.392 sqm.

2.- FINANCIAL HIGHLIGHTS

(€mm)	1Q 2017	1Q 2016	Var. (%)
Total Revenue	23,3	25,4	-8,5
Rental Income	14,9	14,3	4,5
EBITDA	9,9	10,1	-1,3
Net Result (Group share)	5,2	58,6	-91,2
Net Financial Debt	738	925	-20,2
Nº Shares (mm)⁽¹⁾	644,2	460,1	40,0
Earnings per Share (€)	0,008	0,127	-93,7

⁽¹⁾ Treasury shares not included

3.- OPERATIONAL HIGHLIGHTS

	1Q 2017	1Q 2016	Var. (%)
Commercial Property			
GLA (sqm)	405.834	400.566	1,3
Occupancy rate (%)	93,8	91,8	2,2
Land & Homebuilding			
Pre-sales			
Total value of contracts (€mm)	4,0	5,0	-20,8
Units	21	27	-22,2
Land Bank Consolidated (sqm)	1.851.392	1.868.677	-0,9
Nr Employees	93	97	-4,1

Number of Employees	31 March 2017	31 March 2016	Var. (%)
Total ⁽²⁾	93	97	-4,1
Realia Business	41	44	-6,8
Realia Patrimonio	4	4	0,0
Hermanos Revilla ⁽²⁾	47	48	-2,1
Realia Polska	1	1	0,0

⁽²⁾ It includes 35 people working at reception and concierge services in buildings

4.- CONSOLIDATED INCOME STATEMENT

(€mm)	1Q 2017	1Q 2016	Var. (%)
Total Revenue	23,3	25,4	-8,6
Rents	14,9	14,3	4,5
Expenses provision	3,8	3,9	-1,8
Sale of assets	0,0	0,4	-100,0
Homebuilding	4,0	5,0	-20,8
Land sales	0,0	1,0	-100,0
Services	0,3	0,1	416,7
Other	0,2	0,8	-69,6
Total Gross Margin	11,9	12,0	-1,5
Rents	12,8	12,6	1,1
Homebuilding	-1,1	-0,7	-66,7
Services	0,2	0,1	200,0
Overheads	-1,9	-1,9	1,6
Other costs	0,0	-0,1	40,0
EBITDA	9,9	10,1	-1,3
Amortization	-0,1	-0,1	10,0
Depreciation	0,4	0,9	-52,8
EBIT	10,3	10,8	-5,4
Fair value appraisal result	0,0	0,0	
Financial result	-1,5	51,2	-102,9
Equity method	0,6	0,6	-2,3
Earnings before taxes	9,4	62,7	-85,1
Taxes	-2,3	-2,1	-8,7
Results after taxes	7,0	60,5	-88,4
Minority Interests	1,9	1,9	-1,7
Net Results (Group share)	5,2	58,6	-91,2
Recurrent Net Results (Group share)	5,2	4,4	16,9

- Company total revenue amounted €23,3m, 8,6% lower than in 1Q 2016. It is mainly due to lower income in Land & Homebuilding business (€4m vs €6m in 1Q 2016).
- Rental income €14,9m vs €14,3m in 1Q 2016 (overhead costs non-included). This revenue represents 64% of the income and 100% of the gross margin.
- EBITDA remains in €9,9m, 1,3% lower than the previous year. It is due to lower margins on the Residential business.
- Financial results reached €-1,5m vs €51,2m in 1Q 2016. It is due to the impact of a haircut for €54m on the first three milestones payments concerning the Residential debt.
- Provisions for €0,42m have been reversed: €0,55m for residential finished product; €0,02m for land bank, Costa Esuri (Huelva); €-0,08m for land deterioration; and -0,07 for other deteriorations in commercial operations.
- As of 31 March 2017, earnings before taxes reached €9,4m vs €62,7m in 1Q 2016. Net result (Group share) in 1Q 2017 reached €5,2m vs €58,6m in 1Q 2016.
- Excluding extraordinary effects in 2016, recurrent net result reached €5,2m vs €4,4m in 1Q 2016 (16,9% better).

5.- CONSOLIDATED BALANCE SHEET

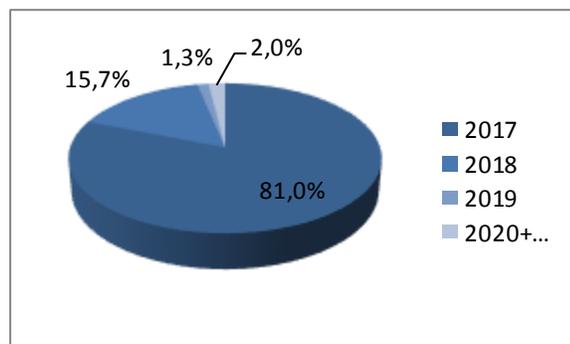
(€mm)	31 March 2017	31 March 2016		31 March 2017	31 March 2016
Tangible fixed assets	5	5	Equity	782	573
Investment property	1.357	1.356	Minority shareholders	233	225
Inventories	313	372	Financial debt	847	953
Accounts receivable	11	19	Current creditors	23	24
Treasury and equivalents	109	28	Other liabilities	177	225
Other assets	268	218			
Total Assets	2.063	1.999	Total Liabilities	2.063	1.999

6.- FINANCIAL STRUCTURE

	REALIA Patrimonio	REALIA Business	1Q 2017	1Q 2016	Var. (%)
	Commercial Property	Land & Homebuilding			
Syndicated loans	678	0	678	882	-23,1
Other loans	61	108	169	72	133,7
Interests	0	0	0	1	-66,7
Debt formalisation expenses	-1	-0	-1	-2	57,9
Total Gross Financial Debt	739	108	847	953	-11,2
Cash and equivalents	49	59	109	28	283,4
Total Net Financial Debt	689	49	738	925	-20,2

- Following the restructuring agreement with the holders of the debt for the Residential business and following the last capital increase, Realia reached a gross financial debt for an amount of €847m, as of 31 March 2017. This debt was 11,2% lower than in 1Q 2016 and, as of 31 December 2016, it got reduced by €4m.
- As of 31 March 2017, cash and equivalents reached €109m. Therefore, the net financial debt reached €738 m (vs €925m in 1Q 2016 and vs €750m as of 31 December 2016).
- As of 31 March 2017, the weighted average interest rate of the gross debt reached 0,53%.
- As of 31 March 2017, the breakdown of the Group gross debt maturity is the following::

Gross Debt Maturity



7.- COMMERCIAL PROPERTY
Rents IAS

(Thousands of Euro)	1Q 2017	1Q 2016	Var. (%)
Rental income IAS	14.925	14.278	4,5%
Provisions	3.825	3.888	-1,6%
Disposal of tangible fixed assets	0	437	-100,0%
Other income	35	129	-72,9%
Total Revenue IAS	18.785	18.732	0,3%
Buildings common charges	-5.239	-5.344	2,0%
Other charges	-770	-760	-1,3%
Gross Margin IAS	12.776	12.628	1,2%
Margin IAS (%)	85,6%	88,4%	-3,2%

Rents – Operational Data ⁽¹⁾

(Thousands of Euro)	1Q 2017	1Q 2016	Var. (%)
Rental income	16.113	15.510	3,9%
Other income	4.250	4.403	-3,5%
Total Revenue	20.363	19.913	2,3%
Expenses incurred	-5.619	-5.735	2,0%
Other Expenses	-1.061	-1.055	-0,6%
Gross Margin	13.683	13.123	4,3%
Margin (%)	84,9%	84,6%	0,4%

(1) The data in this chart are operational. The data from As Cancelas appear proportionally (50%).

- Total rental income (expenses charged to tenants not included) reached €14,9m (64% of the total income), It has increased by 4,5% vs 1Q 2016, due to better occupancy (93,8% vs 91,8%).
- Margin on rents has reached 85,6% (data IAS).

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

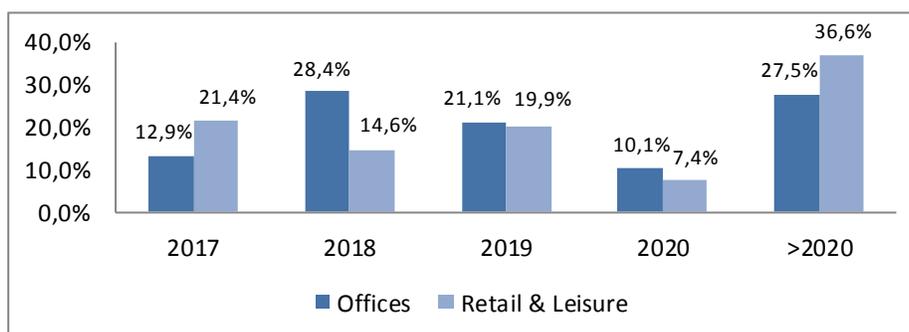
(Thousands of Euros)	1Q 2017	1Q 2016	Var. (%)	GLA (sqm)	Ocup. 1Q 2017 (%)	Ocup. 1Q 2016 (%)
Offices	10.979	10.381	5,8%	226.721	94,8%	90,6%
CBD	5.372	4.979	7,9%	84.412	94,2%	91,6%
BD	1.975	1.918	3,0%	42.653	99,8%	95,6%
Periferia	3.632	3.485	4,2%	99.656	93,2%	87,6%
Retails & Leisure	4.263	4.327	-1,5%	135.856	90,1%	91,6%
Other	871	801	8,7%	43.257	100,0%	100,0%
Total Revenue	16.113	15.510	3,9%	405.834	93,8%	91,8%

Breakdown of rents by geographical area

(Thousands of Euros)	1Q 2017	1Q 2016	Var. (%)	GLA (sqm)	Ocup. 1Q 2017 (%)	Ocup. 1Q 2016 (%)
Madrid	11.516	11.079	3,9%	249.818	95,9%	93,2%
CBD	5.470	5.146	6,3%	79.555	95,5%	92,4%
BD	2.426	2.364	2,7%	49.895	99,9%	96,3%
Periferia	3.619	3.569	1,4%	120.367	94,6%	92,6%
Barcelona	1.293	1.146	12,8%	32.325	97,5%	82,1%
Other	3.304	3.285	0,6%	123.691	88,5%	91,5%
Total Revenue	16.113	15.510	3,9%	405.834	93,8%	91,8%

⁽²⁾ Homogeneous surfaces (Like for Like)

- Office rental has shown the better performance. Rental income has gone up by 5,8% and occupancy has improved from 90,6% to 94,8%.
- For geographical area, rents in Madrid and Barcelona have improved. It is due to better occupancy in both towns.
- Retail & Leisure rental income has gone down slightly, 1,5%. It is due to occupancy going down in this same percentage.
- In 2017, 12,9% of office lease contracts and 21,4% of shopping centres lease contracts will expire.

Expiry of lease contracts on annual rents


8.- RESIDENTIAL BUSINESS (LAND & HOMEBUILDING)

(€mm)	1Q 2017	1Q 2016	Var. (%)
Revenues			
Homebuilding	4,0	5,0	-20,8
Land sales & Others	0,2	1,6	-87,1
Total Revenues	4,2	6,6	-37,0
Costs			
Sale costs	-3,7	-6,2	40,2
Other costs	-1,6	-1,2	-38,3
Total Costs	-5,3	-7,3	27,8
Homebuilding Margin	-1,1	-0,7	-65,2
Homebuilding Margin (%)	-26%	-10%	-162,3
Provisions Reversal	0,6	0,9	-39
Margin (Provisions not included)	-0,5	0,2	-325

Residential portfolio

- Revenue from the Land & Homebuilding business amounted €4,2m, 37% lower than in the previous year.
- Gross margin reaches €-1,1m. Once deducted the reversal of provisions for an amount of €0,6m in finished residential product, the Residential business has reached €-0,5m.
- Realia has delivered 21 units (homes, small retail, offices and land plots) vs 27 units the previous year, for an amount of €4m vs €5m in 2016 (20% lower).
- In addition, a lower number of deposit agreements have been signed: 27 units (vs 29 units in 1Q 2016), for an amount of €6,1m (vs €6,4m).

Deliveries	Nr Units	Revenue €MM
Madrid/Centre	12	2,9
Levante	0	0,0
Catalonia	1	0,1
Andalusia	8	0,9
Poland	0	0,0
Total	21	4,0

Home stock evolution	1Q 2017	1Q 2016	Var. (%)
Pre-sales			
Number of units	27	29	-6,9%
Total value of contracts (€MM)	6,1	6,4	-4,9%
Deliveries			
Number of homes	21	27	-22,2%
Total value of contracts (€MM)	4,0	5,0	-20,2%
Stock at eoP			
Number of units (land plots included)	487	582	-16,3%

As of 31 March 2017, Realia has a total stock of 470 units (homes, small retail and offices) finished non-delivered, of which 24 are pre-sold and 446 are for sale (107 in Madrid and Centre, 181 in Andalusia, 91 in Levante, 54 in Catalonia, 12 in Portugal and 1 in Poland).

- There are also 41 plots for single-family housing for sale in a development (15 in Catalonia and 26 in Andalusia).
- The breakdown of these homes is the following: 76,4% first homes and 23,6% second homes.

Land Bank

- As of 31 March 2017, Realia has a gross land bank of 5.738.160 sqm and a buildable area of 1.851.392 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

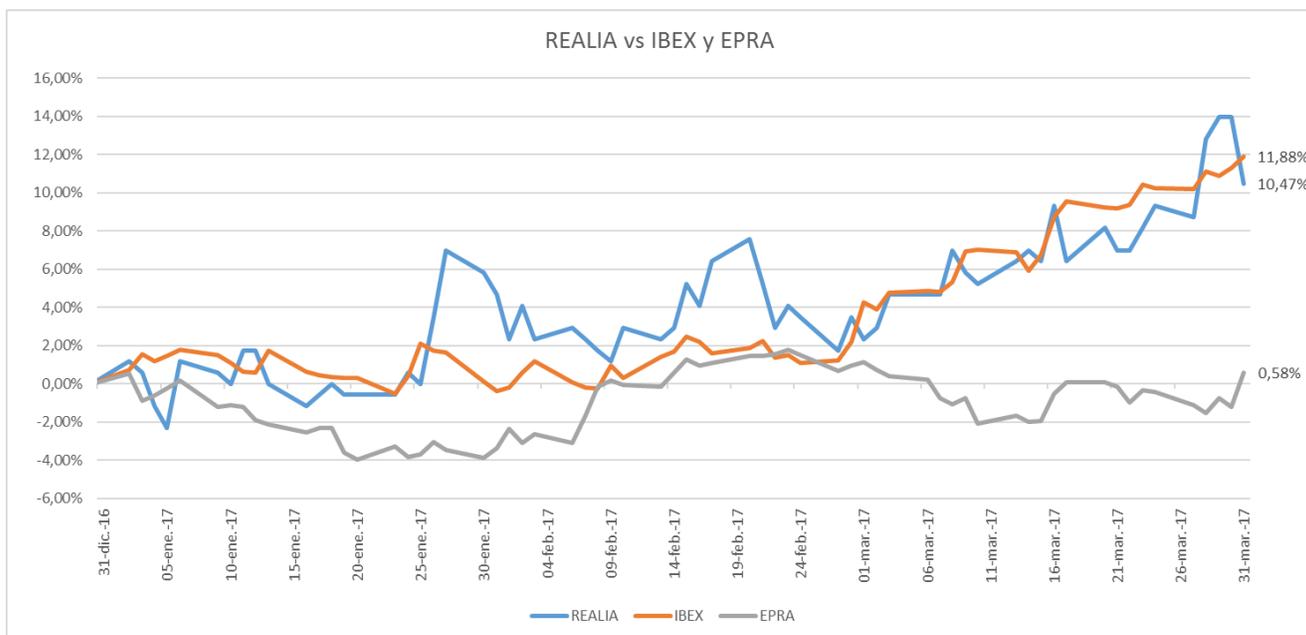
	Buildability area (sqm)
Zoning	520.787
Planning	647.270
Urbanization	213.596
Projects	469.740
Total	1.851.392

By geographical area

	Buildability area sqm
Centre	901.679
Catalonia	92.888
Andalusía	677.142
Levante	150.231
Can. Islands	18.541
Romania	10.912
Total	1.851.392

9.- STOCK DATA

- The closing stock price (€ per share) has been 0,95 Euro. It has increased by 10,47% vs 2016. IBEX 35 has performed +11,88% and EPRA (european real estate companies) has gone up by 0,58%.



31 March 2017	
Closing stock price (€ / share)	0,95
Market cap. EoP (€)	612.567.558
High of the period (€ /share)	0,99
Low of the period (€ / share)	0,83
Average market place (€ / share)	0,90
Daily trading volume(€)	267.981
Daily trading volume (shares)	296.444

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APPENDIX – GLOSSARY OF APMs**Gross Margin:**

Results directly attributable to the business activity. Company's total revenue (net revenue, other operating revenues and sale of assets) minus direct costs (variation in stock of finished product or product in the pipeline, depreciations, other operating charges - overheads deducted -, disposal of assets and other results).

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):

Operating result (profit or loss) deducted from provisions for depreciation and variation in operating provisions.

EBIT (Earnings Before Interest and Taxes):

Operating profit plus change in the value of investment property and result for variation between assets value and impairment of assets.

Recurrent Result:

Net result attributable to the parent Company without effects of extraordinary items such as haircuts, provisions and change in the value of investment property.

Gross Financial Debt:

Current and non-current loans with credit institutions plus current and non-current financial liabilities. Financing from equity loans and debts with suppliers of fixed assets are not included

Net Financial Debt (NFD):

Gross financial debt minus cash and cash equivalents.

EPRA Net Net Asset Value (NNAV):

Equity attributable to the parent Company, adjusted for any latent capital gains of current assets and own use at market value and deducting the taxes that will be borne for these capital gains, considering tax regulation at the time of the calculation

EPRA Net Net Asset Value (NNAV) per share:

It is calculated by dividing EPRA NNAV into number of shares outstanding (treasury shares not included).

EPRA (European Public Real Estate Association):

Association of European listed property companies that recommend standards of best practices.

Earnings per share:

It is calculated by dividing the result attributable to the parent Company and the number of shares outstanding (treasury shares not included) at the end of the referred period.

Loan to Value (LTV):

The LTV ratio is calculated by dividing the Net Financial Debt (NFD) into the GAV, replacement asset value, (assets market value plus transaction costs, performed by two independent appraisers: (CB Richard Ellis, valuation according to the RICS Method and Tinsa, valuation according to the ECO Method).

GAV (Liquidation Value):

Assets valuation performed by independent appraisers (Tinsa and CBRE).

BD:

Business District

CBD:

Central Business District

Rents like for like:

Comparison of rents from different periods. Investments/divestments, projects, refurbishments and other adjustments as indemnities are not included.

GAV like for like:

Comparison of valuation data from different periods, investments/divestments non-included.

Occupancy:

Surface area occupied by the rental assets portfolio divided by the surface of the portfolio in operation.

Yield:

Annualized rents, considering 100% occupancy divided by GAV of assets in operation (percentage rate).

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