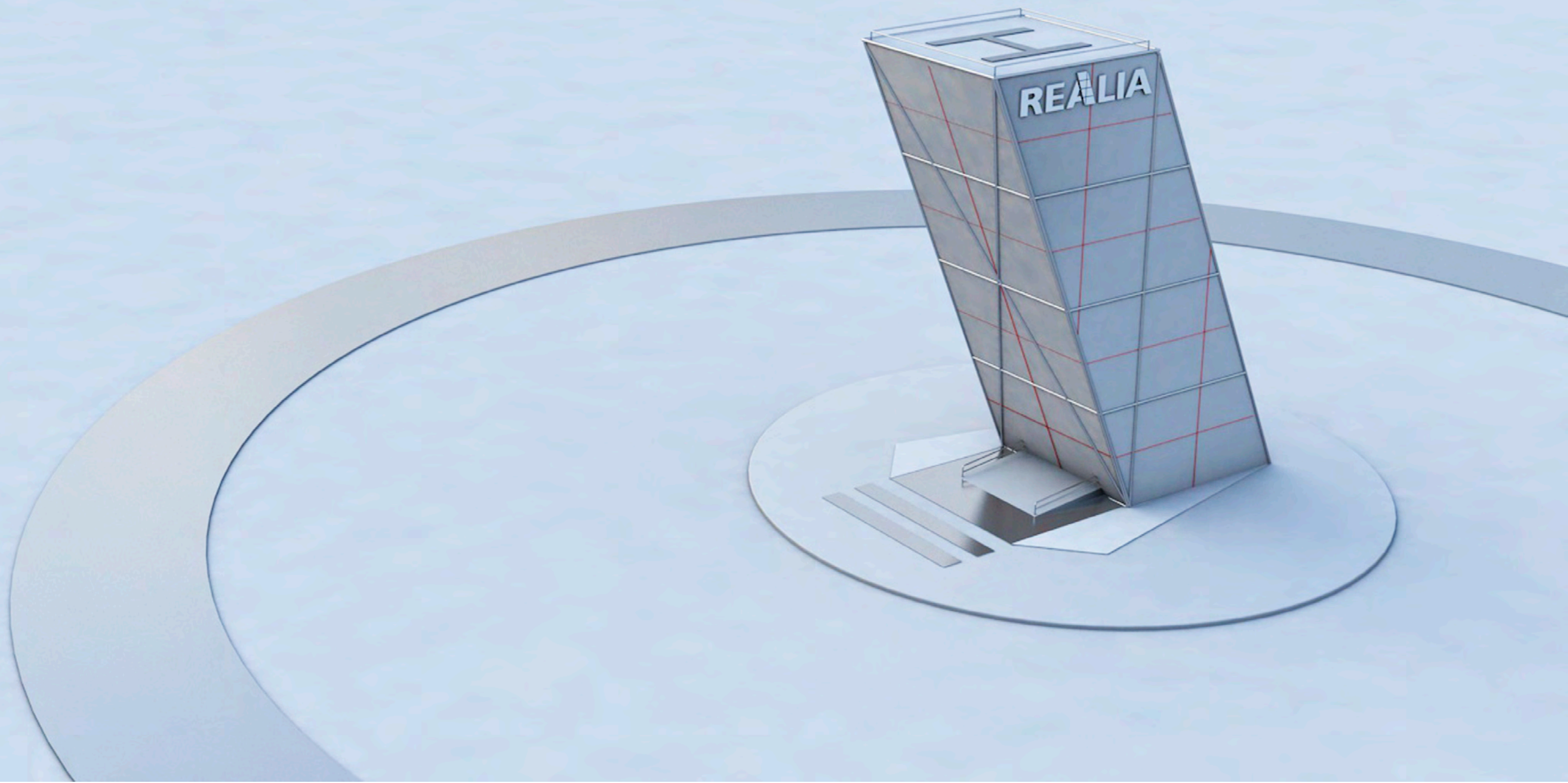




Annual and Corporate Responsibility Report

2020



About this Report



REALIA presents this Annual and Corporate Responsibility Report to report on its economic and social performance during fiscal year 2020. This Report offers complete and accurate information about the economic, social and sustainability performance of REALIA and its subsidiaries during 2020.

REALIA

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Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails



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REALIA, a responsible company
Achievement of objectives
Stakeholders
Shareholders and Investors
Employees
Customers
Suppliers
Community
Charities
Environmental Management / Sustainability



1. Letter from the Chairman

Letter from the Chairman

Dear shareholders,

2020 has been the most challenging year for the company we have experienced in recent times. The COVID 19 crisis had an unprecedented human and economic impact in our recent history, but despite this, we can say with pride that the company has been able to rise to the challenge. In a year-on-year GDP decline of 10.8%, REALIA has been able to overcome all the difficulties and end the year with positive results. Let my first words be a sincere tribute to all those who, with their dedication, have made this possible, and a message of support and solidarity to all those who have suffered the effects of this pandemic.

In this turbulent and complicated environment, REALIA grew its revenues up to 104.3€ in 2020, an increase of 7.5% over the previous year, quite an achievement, especially if we consider the drop in the property area, mainly due to the support measures granted by the Group to its tenants. Of this revenue, 79.0 M€ (-4.1% compared to 2019) correspond to the property segment. On the other hand, revenues from the property development area increased to 23.0M€ (+86.9% compared to 2019) mainly due to the start of delivery of new developments.

This increase in revenue, together with the containment of operating costs, and a 13.7% reduction in overheads, generated an EBITDA of 51.9 M€, an increase of 4.8% over 2019; it is worth noting that despite all the difficulties we went through this year, the company reached positive EBITDA figures in all its business areas.

Contrary to the previous year, in 2020 REALIA had to create provisions to the property development area, mainly due to the impact of the pandemic, for an amount of 14.3 M€ (15.4 M€ for the valuation of inventory and 1.1 M€ for the reversal of other provisions). As a consequence of COVID 19, the valuation of property assets made by independent experts had a negative impact of -24.6 M€.

Despite all this, the combination of EBITDA, Provisions and the Results of asset valuations mentioned above, together with the improvement in financial expenditures, led to the generation of a BAI of 7.7 M€ and a BDI of 6.1 M€, 2.1 M€ of which correspond to the earnings attributed to the parent company.

At 31 December 2020, real estate assets of the REALIA Group, valued according to the RICS methodology by independent experts CBRE and Tinsa, had a market value of 1,907.9 M €, 1.4% lower than in 2019. Out of these, 1,519.6 M€ correspond to assets in the property area, and the rest, to residential housing assets (land, developments and finished product), for an amount of 388.4 M €.

As a result, the net net asset value (NNAV) of the Group amounts to 1,059.0 M€, which represents a valuation of the company at a price of 1.31€ per share, 0.8% higher than in 2019.

At year-end 2020, REALIA has a stock of 428 units (mainly homes and retail premises) finished or under construction, 156 of which are pre-sold or sold. Additionally, it owns a land portfolio, in different stages of planning, of 5,753,724 m2 of gross surface area, with an estimated buildable area of 1,621,875 m2, most of them in Madrid, Central Region and Andalusia.

Regarding the property business, this continued to show its strength during 2020, despite all the difficulties suffered. Revenues from rents went down only 2.2% from 2019, due to the support measures granted to our tenants, mainly in shopping centers, as a result of the commitment and responsibility of the company with its customers and with society. An additional example of its commitment to people and the health of its employees is the increase in expenses and investments allocated to the prevention of the spread of the pandemic. Overall occupancy of buildings for tertiary use has also increased from 93.6% in 2019 to 93.9% in 2020.

With regard to the development of housing for rent, the company started the lease of the first building in Tres Cantos, Madrid, in July 2020 and despite COVID 19, ended the year with 66% of the homes rented, and an additional 10% in progress, expected to conclude lease contracts during the current year. On the other hand, the company continued the necessary arrangements to develop two more of its land plots, which will allow it to market 195 additional homes for lease in the coming years.

REALIA will continue to strive for the improvement of all its economic and financial ratios, just like in previous years. This year, we have increased our revenues again, improved the EBITDA and reduced our net financial debt by 3.4% (a novation of the syndicated loan was signed in April 2020, at better interest rates and extended maturity). In spite of the existing uncertainties, REALIA remains committed to become one of the most profitable companies in the sector.

Knowing all the current uncertainties and risks, which cannot be avoided, it is expected that 2021 will be a positive year for REALIA. Although it can be foreseen that the levels of rent and occupancy of the property business will not recover to their figures before the health crisis, the positive evolution of COVID 19 and the extraordinary portfolio of the company contribute to our optimism. This, together with the expected deliveries of new construction in the current year, lead us to take a very favorable outlook on 2021, and hope that in the following years the economic recovery of our country, in which the real estate sector must and will play an important role, will consolidate. For this reason, we have to be positive and affirm that our sector and our company will continue to grow and improve its results and improving its results and management indicators.

Letter from the Chairman

I would therefore like to end this letter with a message of hope. Progress in the fight against the pandemic, which is already clearly bearing fruit, will lead to a rapid reactivation of activity, which makes us look to the future with the utmost optimism. We will therefore continue to work with all our energy to continue to grow and contribute value to all our shareholders and to society as a whole.

I do not want to finish without once again thanking all the professionals of REALIA for their efforts during all this time and publicly acknowledge their commitment to face all the difficulties we have suffered, that made possible the results achieved this year.

Juan Rodríguez Torres.



Chairman





2. REALIA today

Main aggregates

Financial indicators

Company Profile



REVENUES

104.29 M.€

76% Property

24% Property development and Land

ASSET VALUATION

2020 (GAV)

1,907.9 M.€



2 Business Lines



Property

RENTAL OF OFFICES AND
SHOPPING CENTERS

41 buildings on lease

4 Plots of land for Tertiary use
0.13 M. m² of buildable land

2 plots of land for Residential
homebuilding development
0.02 M. m² m2 of buildable
space

TOTAL ASSET VALUATION (GAV):
1,519.60 M.€ (80%)



Property Development & Land

428 units (Homes + commercial
premises)

41 single-family plots

1.6 M. m2 of buildable land

TOTAL ASSET VALUATION GAV):
388.4 M. €. (20 %)

41 BUILDINGS ON LEASE

(7 SHOPPING CENTERS)

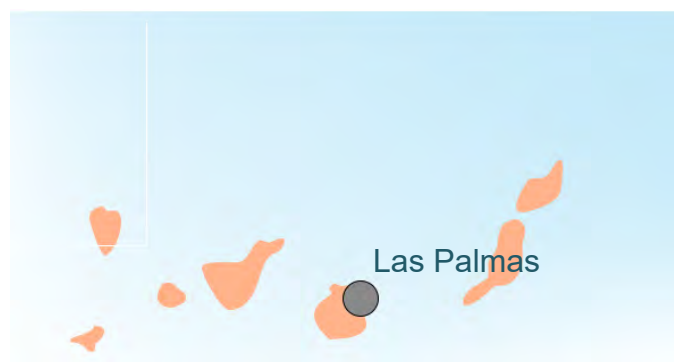
0.13 Million m2 of buildable space for tertiary use

0.02 Million m2 of buildable space for residential rent

428 HOMES + COMMERCIAL PREMISES

41 SINGLE-FAMILY HOUSING PLOTS

1.6 1.6 MILLION M2 OF BUILDABLE SPACE IN READY-FOR-CONSTRUCTION LAND

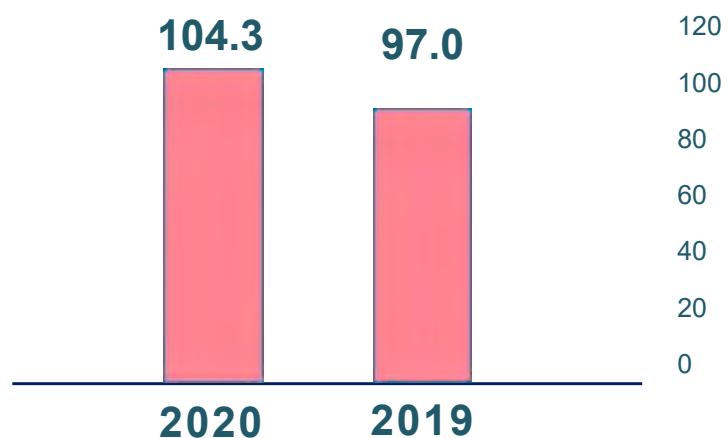


LOCATION OF ASSETS



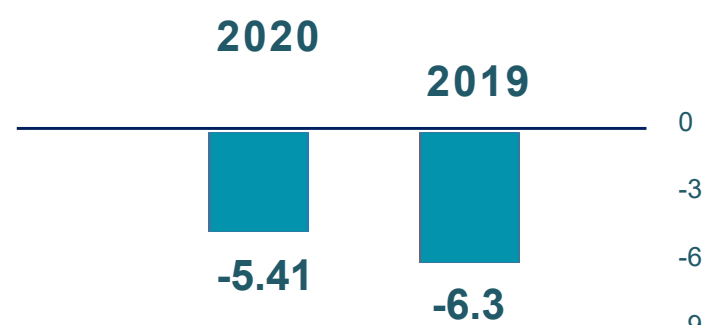
REVENUES

Million euros



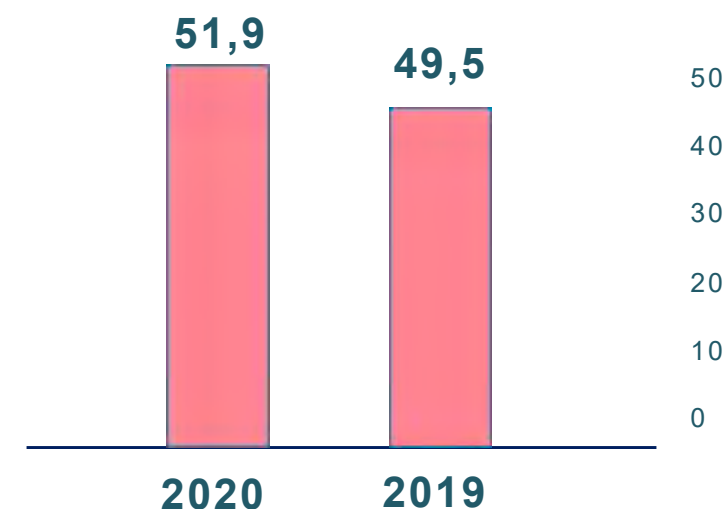
OVERHEAD

Million euros



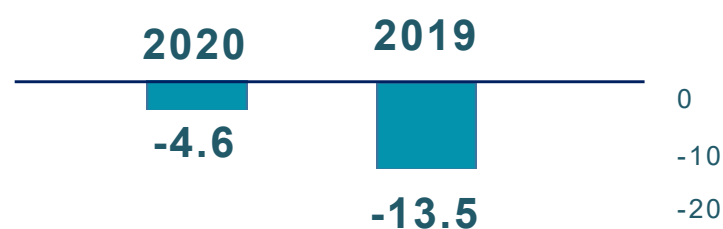
EBITDA

Million euros



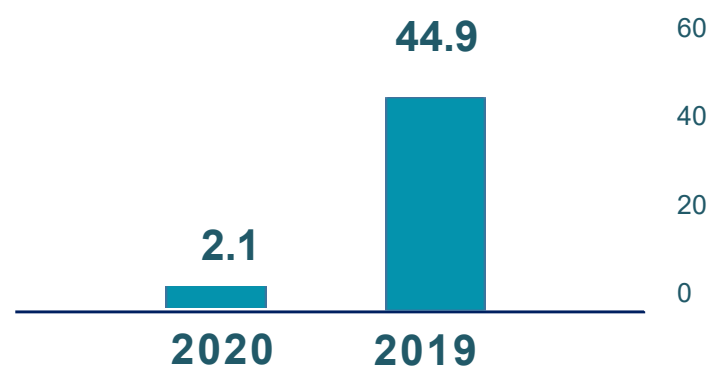
FINANCIAL PROFIT OR LOSS

Million euros



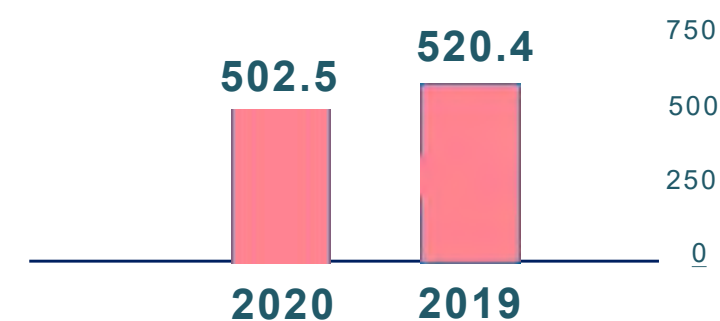
NET EARNINGS

Million euros



NET FINANCIAL DEBT

Million euros



Mission



To develop, manage and operate all types of real estate assets, and to offer high-quality real estate services to companies and individuals with the purpose of creating value for the shareholder, through efficient asset selection and management, excellent service, innovation linked to eco-efficiency and responsible management.

Vision



REALIA works to maintain its position as a major player in the sector, recognized and admired by society, which it serves through the establishment of relations of trust and mutual benefit with its stakeholders.

Values



CUSTOMER SERVICE

One of our most critical assets is our satisfied customers. In our customer relations, we place the interests of our customers at the same level as our own.



TRANSPARENCY AND GOOD GOVERNANCE

Realia wants to be recognized in the sector as the company with the best Corporate Governance standards. We strive to act honestly, fairly and transparently, with impeccable conduct in our relations with our stakeholders.



LEADERSHIP VOCATION

REALIA stands out for its vocation to achieve excellence in all areas of activity of the company.



DIALOGUE

To maintain relations of trust and mutual benefit with its stakeholders.

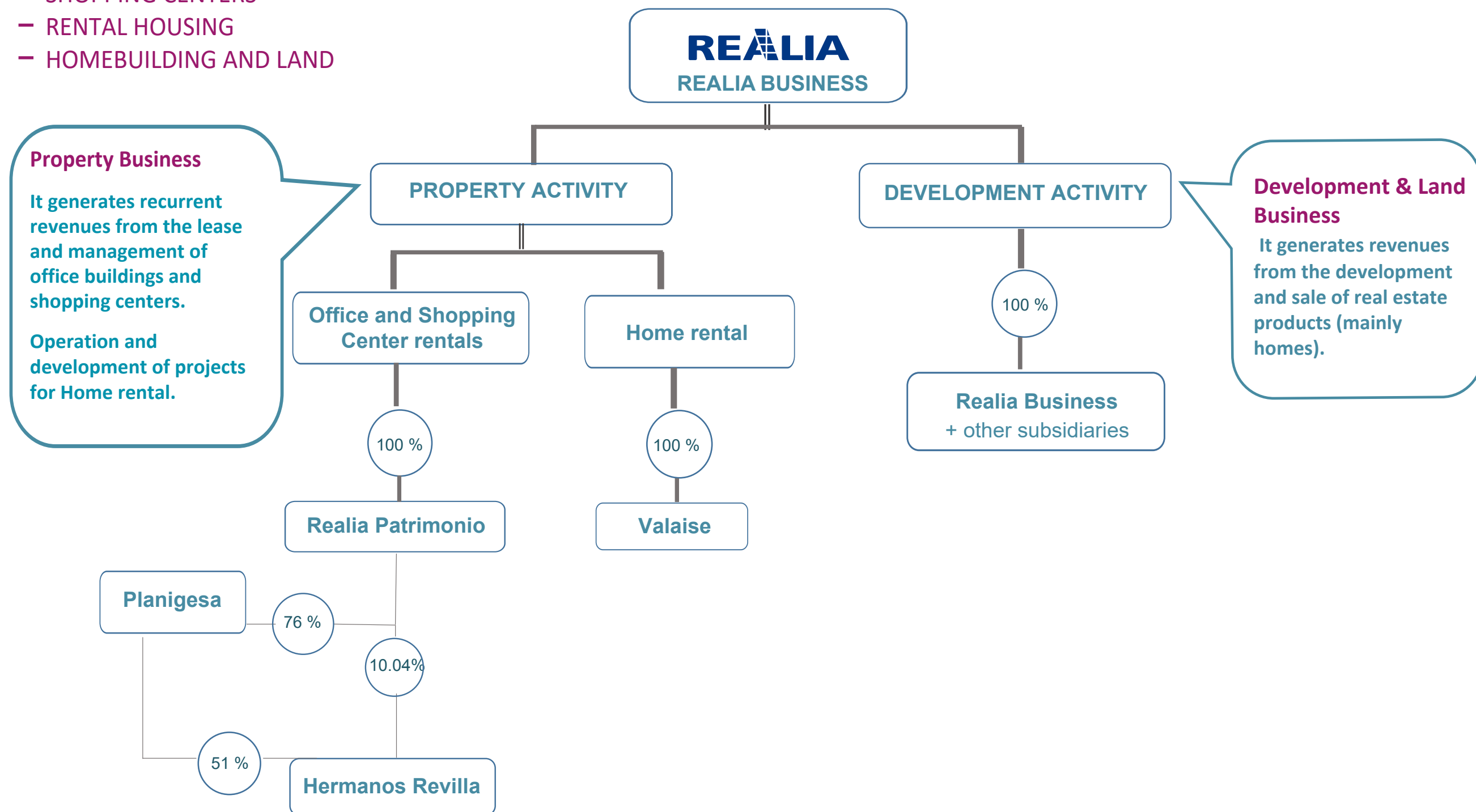


INNOVATION

Constant search for solutions that contribute added value to the company and to society. Quality as the basis for growth.

REALIA IS ENGAGED IN THE DEVELOPMENT, MANAGEMENT AND OPERATION OF:

- OFFICE BUILDING
- SHOPPING CENTERS
- RENTAL HOUSING
- HOMEBUILDING AND LAND





3. Evolution of the Company

Economic and sectoral environment
Strategy

Results for the year

Financial situation

Asset valuation

Consolidated Balance Sheet

Stock Market evolution

Economic and sectoral environment

The following sources were consulted in the preparation of this section: CG Capital Europe 2020 Spanish Real Estate Market 2020 - CBRE Real Estate Market Outlook España - Deloitte Impacto Covid 19 mercado Inmobiliario - Servihabitat Trends Informe Mercado Residencial en España 2020 - JLL España Informe Oficinas - JLL Informe Anual Retail - BNP Paribás Real Estate 4T - BNP Paribás Informe Mercado de Inversión - Savills Aguirre Newman análisis situación mercado Retail - ASPRIMA Informe sectorial - Instituto Nacional de Estadística - Ministerio de Transportes, Movilidad y Agenda urbana.

2020 has been a year when the world was shaken by the Covid-19 pandemic, and Spain was severely affected, with nearly 3.18 million cases and 72,000 deaths (as of March 12, 2021).

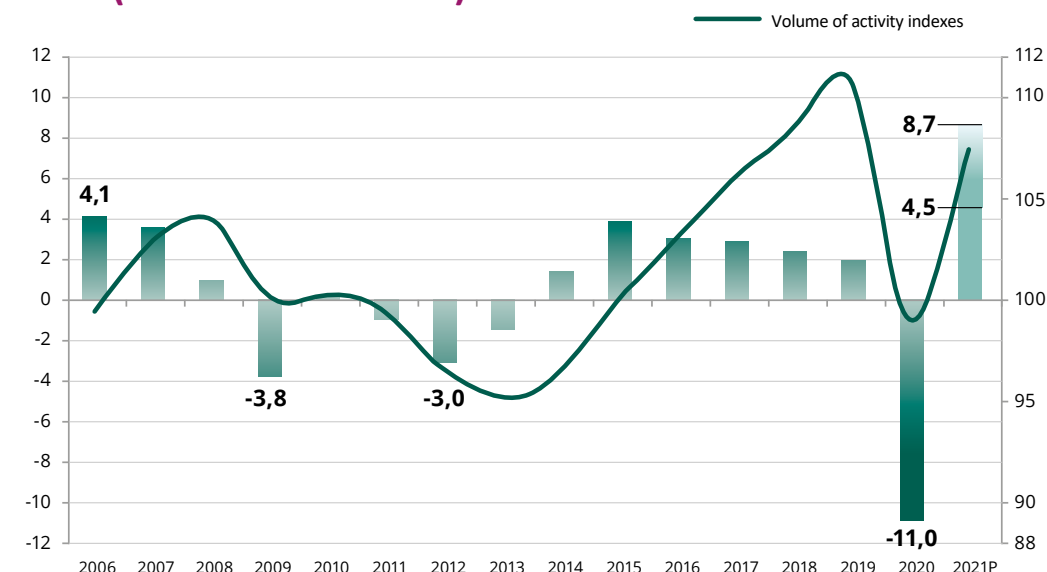
After an initial wave that triggered one of the most severe lockdown measures in Europe, lasting three months, the second and third waves in our country had a milder impact than in most of our European neighbors. More than 1.5 million people (3.2% of the Spanish population) have already received the full dose of Covid-19 vaccine (as of March 12, 2021) and vaccination is expected to accelerate in the second quarter of 2021, once the supply of vaccines increases substantially.

Covid-19 has had a strong negative impact on the global economy, and dragged down Spain's GDP to historical lows. The recession suffered this year was the greatest since 1936, when the economy plummeted by more than 26%. As a consequence of the measures taken and their impact on the economy, our country suffered a historical drop of 11% in its GDP in 2020, despite the positive reaction in the third and fourth quarters, with a growth of 16.4% and 0.4% respectively. Until now, the greatest drop in GDP, 3.8%, was recorded in 2019, during the financial crisis, but the Covid crisis has beaten all records and 2020 was the worst year for GDP since the start of the historical series, in 1970. Additionally, it is the first time the GDP has decreased since 2013, when it fell by 1.4%.

The economic forecasts still depend on the epidemiological evolution, even though strong growth is expected in 2021, as restrictions ease and the population is vaccinated.

According to data from the CEB, the macroeconomic scenario relies on the forecast that the worldwide growth will recover in 2021. This will be motivated by the continuity of expansive monetary policies and the fiscal incentives, once the distribution of European funds starts. Spain will receive 72,000 Million euros (approximately 6% of the Spanish GDP) from the plan approved by the European Union, 26,000 Million of which have been included in the National Budget for 2021. The forecasts for 2021 are optimistic and GDP is expected to grow by 6.3%. Fiscal and monetary policies will create a positive environment for recovery: CPI is expected to remain moderately low during 2021 and 2022 (+1.1% / +1.8% for both years), and interest rates to remain negative during 2021 and 2022 (-0.3% to -0.5%).

GDP (% annual variation)



Note: the period highlighted for 2021 indicates the possible evolution of the GDP growth as a function of the evolution of the economic activity

Source: INE and CEPREDE forecast

Chart taken from the Residential home market Report in Spain 2020 by Servihabitat Feb.2021

Economic indicators for Spain and EU

| Spain | | | | | European Union* | | | |
|---|------|-------|------|------|-----------------|------|------|------|
| | 2019 | 2020 | 2021 | 2022 | 2019 | 2020 | 2021 | 2022 |
| GDP (annual %) | 2.0 | -11.1 | 6.3 | 5.9 | 1.3 | -7.1 | 4.2 | 4.9 |
| Employment (annual %) | 2.3 | -3.0 | 0.4 | 2.7 | 1.2 | -1.8 | 0.1 | 1.6 |
| Employment in the office sector (annual %)* | 2.2 | -4.4 | 0.1 | 3.0 | 1.2 | -1.8 | 0.3 | 1.5 |
| Unemployment rate | 14.1 | 15.6 | 17.3 | 16.4 | 7.6 | 8.0 | 9.1 | 8.4 |
| Private consumption (annual %) | 0.9 | -13.3 | 6.4 | 6.1 | 1.4 | -8.1 | 3.8 | 5.5 |
| Average CPI | 0.7 | -0.3 | 1.1 | 1.1 | 1.2 | 0.3 | 1.2 | 1.4 |
| 10-year bond, average | 0.7 | 0.4 | 0.3 | 0.8 | 0.4 | 0.1 | -0.1 | 0.4 |

Note: Data from the Eurozone
Indicators show annual growth

Source: Oxford Economics, January 2021

Chart taken from the Spain Office Report JLL Spain, March 2021

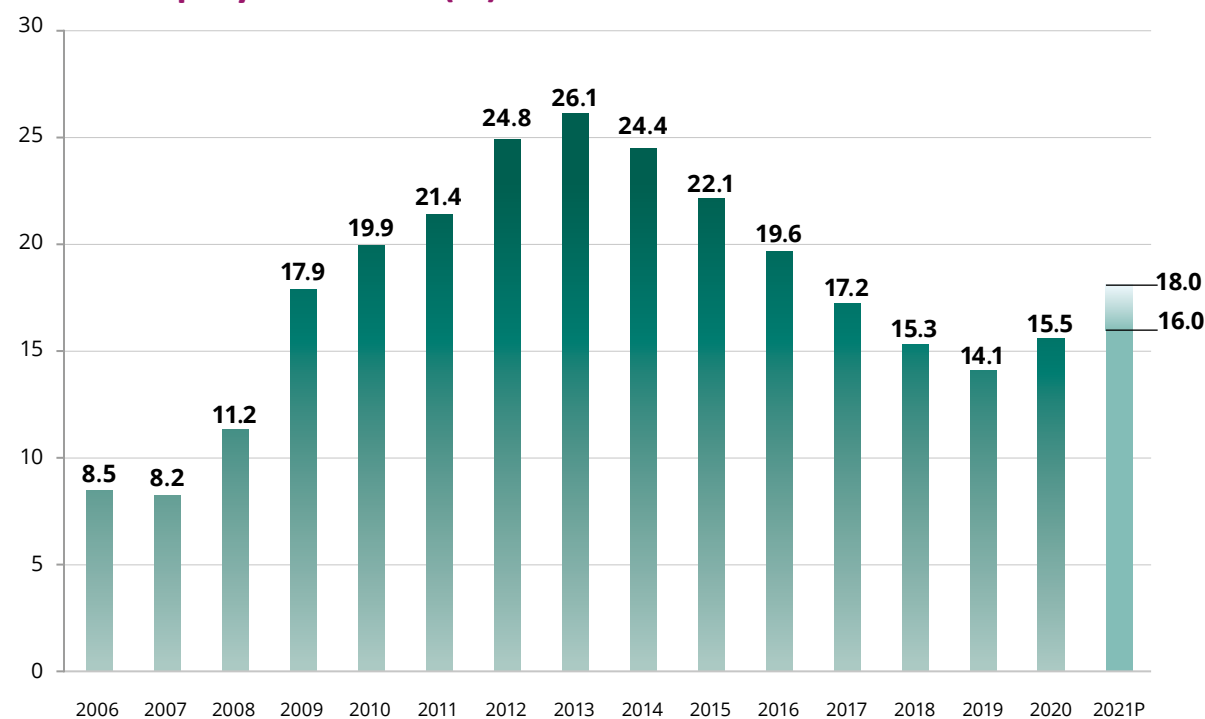
Economic and sectoral environment

The severe contraction of the economic activity due to Covid-19 has influenced the behavior of consumers and companies, clearly affected by variables such as confidence or employment.

Unemployment rate in Spain has reversed the downward trend of recent years, and increased to 16.1% in December 2020, or 3.7 million people. At the end of 2020, nearly 750,000 workers were affected by the temporary employment regulation procedures (“ERTE”), mainly in the hotel sector, although the Economic Forecast Center (CEPREDE) indicates that these percentages will remain far from those originated by the 2008 crisis, standing at 15.5% in 2020 and 16-18% in 2021. Despite the potential growth of GDP, it will not be strong enough to recover the total number of employed people.

After 2019, which was very positive for tourism (84 million of international tourists), the number of foreign visitors dropped by 77% in 2020, damaging one of the main drivers of the Spanish economy (12.5% of the GDP in 2019). A partial recovery of the sector is foreseen for the third quarter of 2021, with a gradual return of international tourism.

Unemployment rate (%)



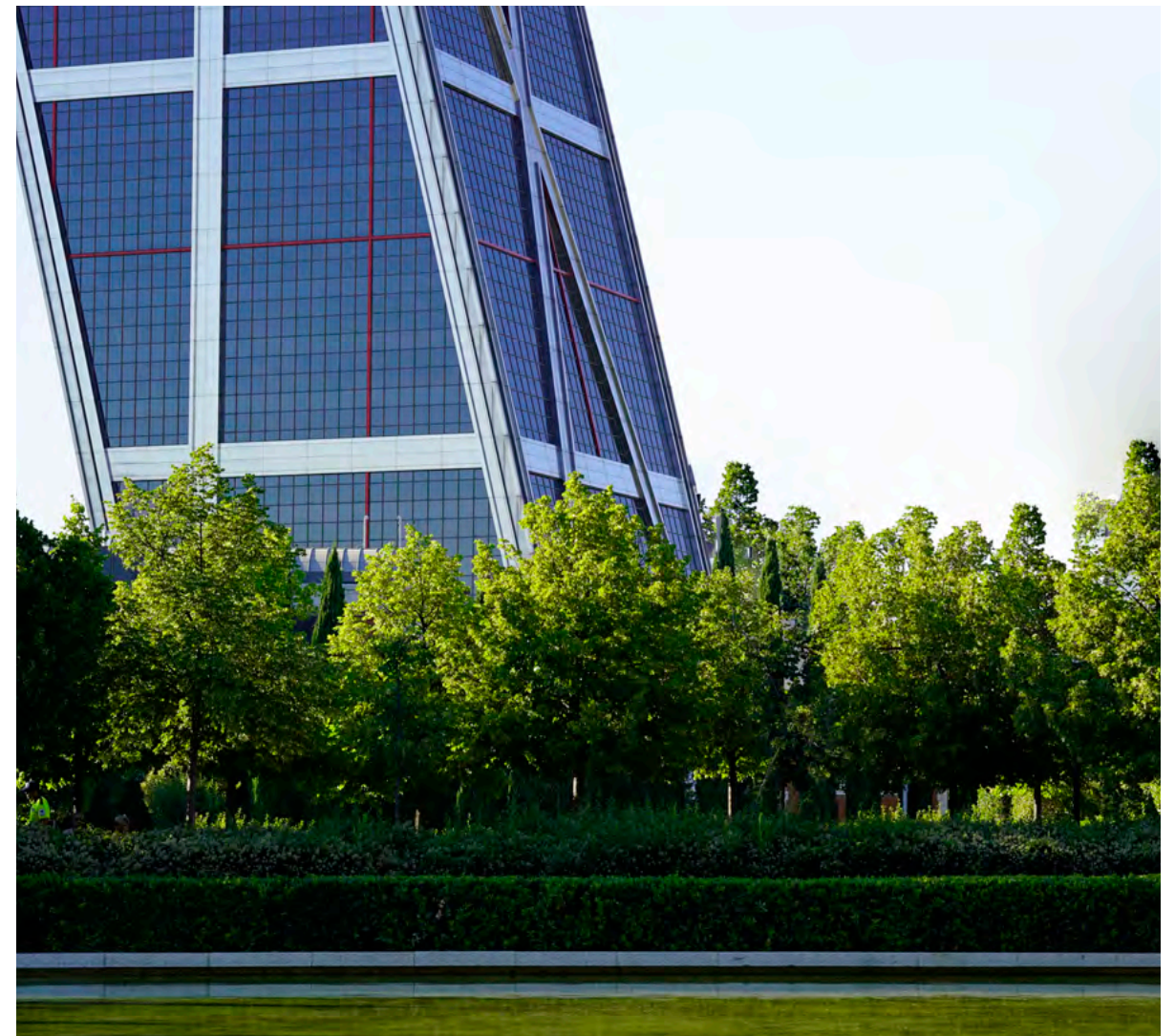
Note: the period highlighted in 2021 indicates the possible evolution of the unemployment rate as a function of the evolution of the economic activity.

Source: INE and CEPREDE forecast
Note: P (forecast)

Chart taken from the Spanish Residential Market Report 2020, Servihabitat

Although the health crisis had an undeniable impact on the real estate sector, it was not one of the activities more severely hit during the last year. The Spanish real estate market is solid and mature, and endured with resignation the effect of Covid-19; the impact of the pandemic on the sector were moderate, both in terms of transactions and prices. After a long recovery following the 2008 crisis, the sector finds itself today in a much more stable position to face the scenario created by the coronavirus.

The combination of low short-term interest rates for a longer time, low inflation and a significant period of asset purchase means that the long-term interest rates will also remain at low levels during the next two years, good news for the real estate sector, which will remain attractive.



Investment market in Spain

The pandemic has caused a severe adjustment in the global economy, more marked in countries like Spain, where two of the pillars of the economy, the service sector and tourism, have been seriously affected.

In the medium term, there are two factors that may limit the potential growth of private consumption and public investment: the increase in the unemployment rate and the growth of the public deficit, which will raise the public debt up to levels close to 118% of the GDP. As a clearer picture of the impact of the pandemic on the marketplace has emerged, decision making has gradually recovered. The activity recorded during the last quarter of the year has been very positive and consolidated the real estate sector as a leader in alternative investment.

Investments in the real estate market reached 9,487 M€ in 2020, 24% lower than in 2019, versus an approximate drop of 20% in mainland Europe. 73% of investments in Spain in 2020 were foreign capital. In the fourth quarter. The investment volume reached 2,700 M€, doubling the figure for the second quarter, a terrible quarter during which the country was practically paralyzed as in an attempt to stop the spread of the virus. The investment market has picked up some activity, even though it is slowing down and deals are being delayed over time. By 2021, investment volumes are expected to increase by 15-20% compared to 2020.

Some sectors have suffered setbacks during this crisis, such as residence halls for students, senior citizen homes, etc., but they will recover quickly for they respond to vital needs. These are attractive sectors in Spain, since there is a shortage of supply to match the demand and they offer stable cash flows.

The lack of product reached a volume of 1,428 M€ in the Industrial-Logistics sector, even though this figure did not reflect the strong interest of investors. Nonetheless, this figure is expected to be exceeded substantially by 2021.

Retail investment in 2020 was the highest in the last three years, thanks to both the sale of large shopping centers and the closing of transactions that have been in the pipeline since 2019, and supermarket portfolios, which will continue to attract the interest to investors in 2021.

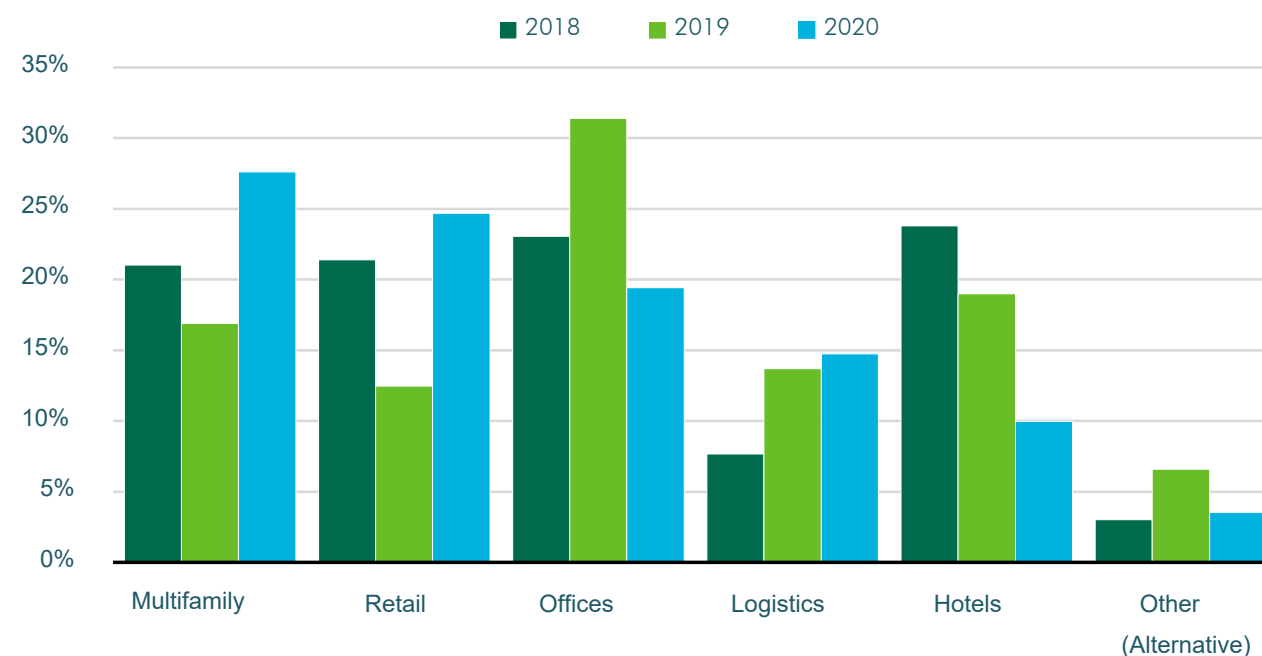
In the office sector, despite the drop in activity recorded since April, they remained the type of assets with greater demand from investors during 2020. The investment volume recorded in office buildings reached 2,382 M€ in 2020, an adjustment of 49% over the maximum figures of 2019, even though the figure is slightly higher than the amounts reached in 2017 and 2018.

The most relevant events of recent months were the acquisition of Príncipe de Vergara 108 building in Madrid by UBS for 52 M€, the purchase of the Criteo headquarters in Barcelona (Distrito 22@) by Swiss Life for 50 M€, and the recent sale of the Torre Ombú in Madrid (Méndez Álvaro area) for an approximate amount of 70 M€.

The residential home for rent sector, especially of the Build to Rent type (BtR) has recorded a substantial growth in recent years, slowed down by the onset of the pandemic. Investment funds are very interested in this product, attracted by the high potential for demand growth and the lack of professional products. The investment volume in 2020 reached 1,330 M€.

The hotel segment is another sector severely affected by the closing of borders and establishments, the drop in tourism and business travel. Nonetheless, the main players in the market consider this to be a one-off event and remain interested in this sector. In the last quarter of the year, several investments were made for an amount of 304 M€, and a strong investment activity is forecast for 2021, due to the need to sell assets to obtain liquidity.

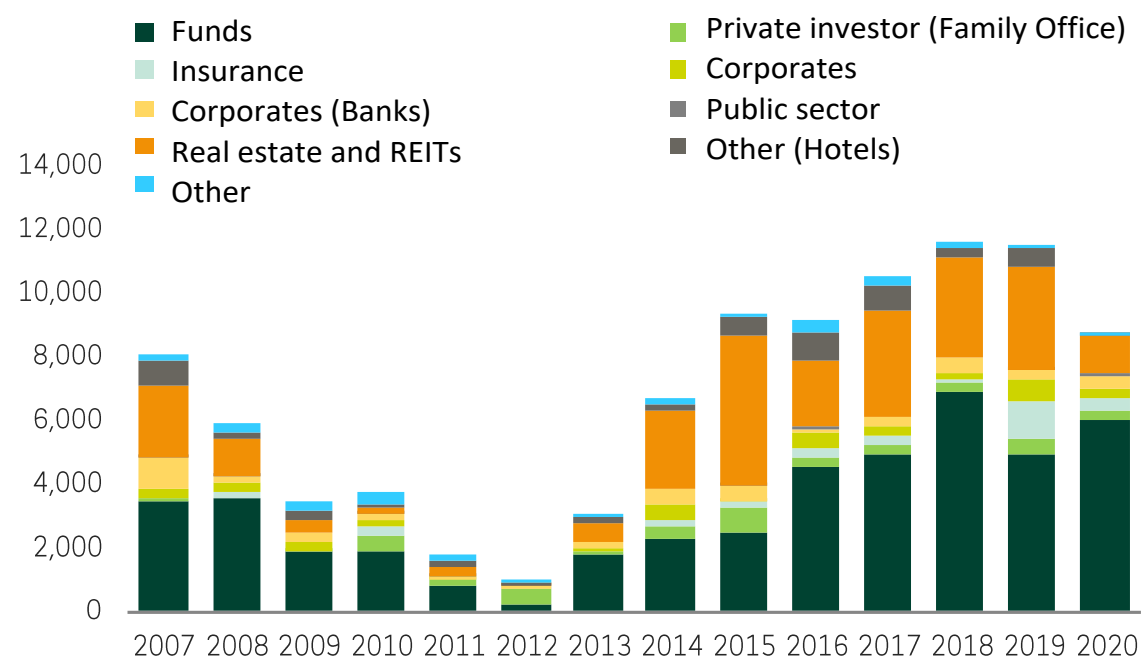
ANNUAL DISTRIBUTION OF INVESTMENT BY SECTOR



Source: CBRE Research

If we analyze the type of investors, institutional investment funds were the key actors in 2020, accounting for 68% of the capital invested in Spain. Also noteworthy is the activity carried out by REITs, real estate companies and insurance companies, which together accounted for 38% of the volume of transactions carried out.

TYPE OF BUYERS (Million €)



Source: BNP Paribas Real Estate

Investment in real estate will remain attractive in 2021, consolidating as the leader in alternative investments. Factors such as the environment of very low interest rates, negative inflation and the yield of the Spanish 10-year bond, the expansive CEB policy to face the Covid-19 crisis, attractive yields compared to other European countries... will continue to favor international investment in the Spanish real estate sector.



The Office Market

Office contracts fell by 48% in 2020 and 60% respectively compared to 2019, and 35% and by 35% and 51% compared to the average of the last 5 years, with a result of 338,000 m² of offices rented in Madrid and 159,000 m² in Barcelona. Even though 2021 looks more promising thanks to the vaccine against Covid-19, prudence will continue to govern corporate decisions.

The expansion of teleworking was undoubtedly one of the most characteristic effects of the pandemic in the office sector. Many companies decided to delay the return to the offices until well into 2021. Besides other economic and market variables, factors such as the recalculation of the need for space by companies, which will implement teleworking as a permanent and widespread practice, will determine the demand for offices. However, an increase of space for each worker and the increase in collaborative space may have the opposite effect. Although it is too soon to evaluate the effect of demand for offices in the medium to long term, offices will remain necessary due to their role in innovation, creativity, team work, brand image, and on talent attraction and retention.

Non-occupancy rates increased during the last year by more than 1 p.p. in Madrid and Barcelona, and at 2020 year-end were at 10.9% and 7.8% respectively. This increase in supply was due to the conclusion of some projects in construction, and to the return to the market of second-hand space with two different origins: on the one hand, renewal of contracts with a reduction of surface area and on the other, the sublets, a modality irrelevant until now in the office market, but encouraged by the situation caused by the pandemic.

During 2021, the stock will be increased to record the greatest surface area of the last ten years, and consequently, quality product will increase. Thus, the Madrid market will grow by 360,000 m² (2.9% of the stock), 38% of which is already pre-sold. 33% of the total surface area was located in the CBD, followed by the A-2 with 25%. In turn, Barcelona will increase the office surface area by 269,000 m² (4.6% of the stock), 200,000 m² of which are available. More than half the products are located in the 22@ area, which is the by far the area with the strongest development activity in the city.

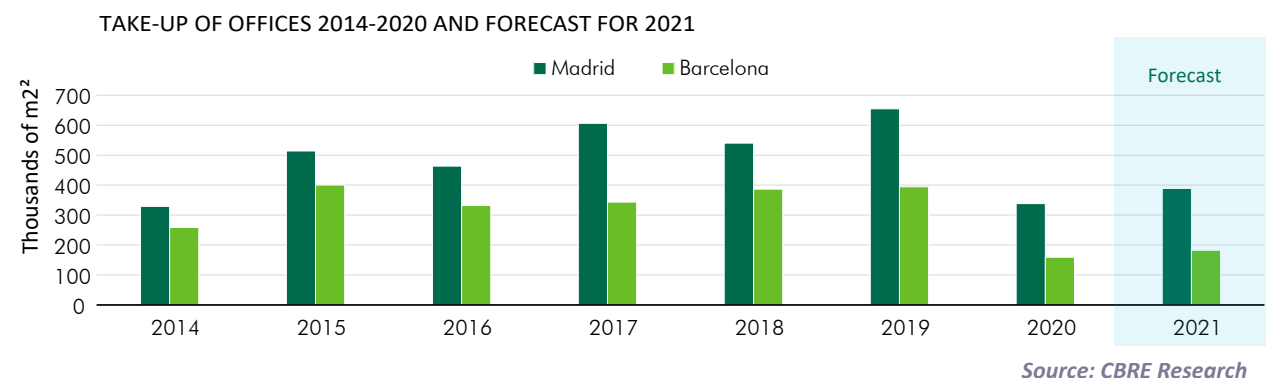
Tenants are increasingly demanding about the quality of the buildings, sustainability criteria and the comfort they offer, which will continue to invite owners to renew their offices, favoring projects where technology, health and collaborative spaces will gain an increasingly relevant role.

The upward trend in office rentals ground to a halt with the arrival of Covid-19. High rents continued to be signed in the buildings of the highest quality, whereas the rent gap in new or reformed buildings in consolidated locations compared to medium quality locations has increased over the last months.

Owners try to ensure the occupancy of their buildings, and as a result, the incentives to attract new tenants are increasing their relevance. It is quite common for expiring contracts to be extended for 1-2 years, a period both owners and tenants hope will be enough to have a clearer view of future developments.

According to the CBRE Report “Spanish Real Estate Market Outlook 2021”, a slight downward adjustment is expected for 2021, around 1-3% for prime rents, depending on the areas, but it will be circumstantial and it is expected to pick up again, as demand recovers. Rents in the areas of lower demand will be more affected, but the quality of the buildings will make a clear difference.

Investments in the office sector fell by 53% in 2020 compared to 2019, and by 47% with respect to the average of the last 5 years. The number of transactions has decreased by 29%, with a strong impact on the second and third quarters. However, and despite the pandemic, investors focused on the office sector maintain their interest, although they are more selective. The prime assets, for reasons of location, asset quality and guaranteed revenues, are the ones with the greatest demand, although the offer is very small. Yields have remained stable in this type of assets. The value-added product has lost its attractiveness, partially due to the difficulty in securing financing. Additionally, the gap between the price expectations from the buyer and the seller makes it very difficult for close transactions in many cases.



Shopping Center Lease

According to data from the Spanish Associations of Shopping Centers and Malls (AECC), sales of shopping centers and malls decreased by 28.9% in 2020, down to 33,392 Million euros, while visits fell by 34%, down to 1,292 million visits, due to the impact of the health crisis on the sector.

Closures due to the measures taken to stop the spread of coronavirus led to shopping centers and malls to be closed in Spain for an average of 27% of business days, with the exception of essential activities, which represents an average of 85-90 days, and in some communities, such as Castilla y León, they reached 44% of business days, or 42% in Catalonia.

This situation led to retailers located in the shopping centers and malls, the “economic drivers” of the country, have been hit the hardest compared to other retail formats which were able to open for a greater number of weeks during last year. However, despite the pandemic the average sale per visit increased 7% compared to 2019, due to new consumer habits, who made fewer visits to shopping centers, but better planned and higher spend due to the restrictions.

In terms of commercial activities, restaurants in shopping centers decreased their activity by 40% during 2020 compared to 2019. In case of fashion and accessories retailers, the reduction was 33%, whereas the retailers of household appliances fell by 5%. These figures must be interpreted in the economic context of the time in Spain, where the annual variations of commercial activities increased by 12.7% in supermarkets, but registered decreases of 72% in cinemas, 43% in hotels and 39.8% in fashion stores.

Owners and tenants reached agreements on more than 95% of cases, maintaining a stable occupancy, with average drops under 4%, an indicator that reflects the strength of this retail format and its potential for recovery as soon as we leave the health crisis behind.

No shopping centers closed in 2020, and a total of six new projects were opened: McArthurGlen Designer (Málaga), Parque Comercial Cemar in Huércal (Almería), Way Dos Hermanas (Seville), La Torre Outlet Zaragoza, Bahía Real in Canmargo (Santander) and Alcora Plaza in Alcorcón (Madrid), which added a total of 184,423 square meters of Gross Leasable Surface Area.

Currently, Spain has 567 shopping centers and malls housing more than 33,300 retailers. Additionally, the sector contributes more than 10,447 Million euros to the GDP, 6% of the total GDP of the services sector and employs more than 790,000 people, 54% indirect jobs and 46% direct jobs.

Regarding investments from transactions, these accounted for more than 1,351 Million euros in a total of 11 transactions. Despite the difficulties of 2020, investment has increased again, making the sector one of the most active within the real estate market.

The investments made by the shopping centers and malls in health measures during the pandemic must be noted. 80 Million euros have been invested in accesses and common areas; operational expenses and the measures implemented by the retailers have also increased.

On the other hand, the shopping centers and malls sector plans to continue growing in Spain during 2020 and 2023, with expected openings of 18 new projects: seven new shopping centers and 11 new malls, which will provide an additional 584,580 square meters of new Leasable Surface Area.

The new openings are distributed throughout the whole country, especially in the Community of Madrid, with seven new projects in the pipeline, the most relevant being Open Sky in Torrejón de Ardoz and Espacio Caleido, and Andalusia, with four new openings, including Los Patios de Azahara (Córdoba) and the Parque Comercial Estepona (Málaga), as well as Galicia, Catalonia and Extremadura.



Residential Market

The impact of the health crisis caused a fall of 17.7% compared to 2019. Even though its slowdown was visible due to the mortgage regulation since the second half of 2019, the standstill caused by the lockdown during the state of alarm has worsened this situation, and in the last three months practically no transactions have been closed.

The new home sector was not affected as severely as the rest, at least in first residences. There have been practically no cancellations of sale contracts, very few requests for payment deferrals and the volume of sales (after the logical maladjustments caused by the first stage of the lockdown) has been quite similar to those before Covid-19. This is due to the greater quality and services of new homes against second-hand homes, but also to an excess of demand compared to supply, which is still insufficient to respond to the former.

Thanks to digital technologies, the sector has remained operational during the state of alarm and real estate companies continued to offer their services digitally (visits to virtual homes, etc.). According to the information published in some real estate portals, online home searches have increased significantly.

The pandemic has brought about a special interest for different homes; generally speaking, there is a greater interest for housing with greater energy efficiency, larger usable space, and equipped with exterior and private spaces, located in the periphery of big cities.

The number of homes that started construction in 2020 (approx. 87,000 units) was 20% lower than in 2019 (109,000 units) mainly due to the prudence of companies (for reasons of cash protection against uncertainty) and the tightening of financing conditions (raising the percentage of presales necessary to grant loans).

The bleak labor market outlook has had a strong impact on household incomes. Increasing uncertainty about future economic and employment and job prospects and the difficulties young people face in accessing homeownership may jeopardize demand in the sector in the medium to long term. For this reason, it is essential to promote an environment of public-private partnership in which the main barriers to entry into this market for young people can be reduced.

With regard to foreign sales and purchases, the severe restrictions on international mobility resulting from the health crisis have accelerated the downward trend observed in recent years in the weight of foreigners in the purchase and sale of housing in Spain. In 2020, according to data from the College of Registrars, 11.3% of the transactions were made by foreigners, versus 12.6% in 2019, or 47,500 transactions compared to 63,000 in 2019. Sales will continue to be affected by travel restrictions between countries and the health conditions in these countries. On the other hand, the trend towards teleworking may have a positive impact in the medium term, especially in coastal areas.

Regarding their nationality, especially in relation to second residences, the British continue to be the nationality that makes the most purchases by far (12.98% of the total), followed by the French and the Germans (8.95% and 8.25% respectively). In the case of first residences, Moroccans and Romanians are the most active nationalities (6.58% and 4.82% respectively). The Autonomous Communities with the highest number of purchases by foreigners continue to be those with the greatest touristic activity, with the Balearic Island in the first place with 29.6%, followed by the Community of Valencia (23.3%), Canaries (22.8%) and Murcia (18.5%).

The development of housing for rent, Build to Rent (BtR), which recorded a positive trend in recent years, has finally consolidated in 2020 and became one of the strongest sectors, with a total investment of 1,400 Million euros, doubling the figures of 2019 (675 Million euros). The interest for BtR is enhanced by the difficulties in accessing to homeownership, the precariousness of work, the new labor trends (which demand greater mobility) and the change in the trend from purchase to lease.



Land market

Regarding land, the main landowners in Spain are developers, investors and private individuals with 40%, funds and financial institutions with 40%, whereas the remaining 20% is in the hands of Public Administrations. Nonetheless, the evolution in the demand for land after Covid-19 will rely basically on its geographic location. The scarce supply of fully-permitted land in the main markets will grow the demand for land under management close to the main capitals. This will generate interest from investors as the only way to access land in the medium and long term in areas of expansion where demand will grow naturally.

Access to traditional funding from banks for the purchase of land is one of the current limitations, and will lead to the search for alternative sources of funding. Additionally, the average prices of land will be moderated nationally, especially in the coastal areas and the islands.

The total number of land transactions in 2020 reached 16,207, 14.9% lower than in 2019, with 19,047 transactions, according to statistics from the Ministry of Transport, Mobility and Urban Agenda.

By Autonomous Communities, Andalusia (3,753) is the region with the highest number of transactions, followed by Catalonia (2,765), Castilla-La Mancha (2,114) and Castilla y León (1,337). 1,901 transactions were carried out in Madrid.

The surface area sold in 2020 exceeded 19.9 million m² for a value of 2,236.42 M€. Compared to 2019, year-on-year variations registered a decrease of 17.46% in the surface area sold and 28% drop in their value.

The average price of the square meter of urban land was 142.1 euros in the last quarter of 2020, 9.7% lower than in the same period of 2019, but 3.4% higher than the third quarter of that year.

In municipalities with more than 50,000 inhabitants, the average price per square meter dropped by 12.6%, after reaching 245.1 euros. The highest prices were registered in the Balearic Islands (504.1 euros per square meter), Madrid (454.4 euros), Zaragoza (352.9 euros) and Barcelona (347.4 euros). On the other end, the lowest average prices were registered in the provinces of Salamanca (49.7 euros), Toledo (89.2 euros) and Lugo (114 euros per square meter).

According to the information published by the Ministry of Transport, Mobility and Urban Agenda, the land surface area sold reached 830.8 hectares of land in the fourth quarter of 2020, an increase of 28.3% over the same quarter of 2019. With regard to the value of land subject to transaction, it reached 914 Million euros in the fourth quarter, an increase of 15% over 2019.

All the provinces, with the exception of Guipúzcoa, have experienced drops in the number of transactions, ranging from 20% to 87%, Madrid, Barcelona, Valencia, Malaga and Seville have suffered decreases between 35% and 50% compared to the average of 2019.

No significant changes in the number of land transactions is expected until the demand for housing improves, unless prices are adjusted to the new market situation.

The province with the highest number of transactions was Barcelona with 488, 9% of the total number of transactions, followed by Seville with 7% of transactions and Madrid with nearly 7%.

Regarding the land market, measured in terms of square meters sold, along the drop in investment mentioned above, we observed a drop in Q2 of 2020, even below the levels reached in 2012, although it picked up in Q3 which left the year-on-year drop at 17.8%, which represents 25% in accumulated figures over the last 12 months.



STRATEGY

The impact of Covid-19 has raised a number of different questions (social, economic, health-related...) and therefore the evolution of the real estate sector, in both our development and property businesses, will depend on how and when these questions can be answered. Realia will monitor this evolution closely in order to make decisions to maximize the value creation of the Group and for its shareholders.

REALIA has focused its strategy in recent years on the compliance with a financial rationalization plan that has generated stable recurrent revenues for the company and a balanced debt that will help it take on new projects in the future.

The philosophy that governs the activities of the company is not based upon a position of leadership in the market in terms of revenues, for the highly cyclical nature of the sector and the long period of maturation of investments have proven in the past the high risks this approach involves. On the contrary, the pillar of REALIA's current strategy is the value generation, for both our customers, offering them products and services adapted to new habits and trends and our shareholders, maximizing the profit.

The Realia Group believes it must guide its efforts on the three lines of business that it carried out currently, directly or through its investees:

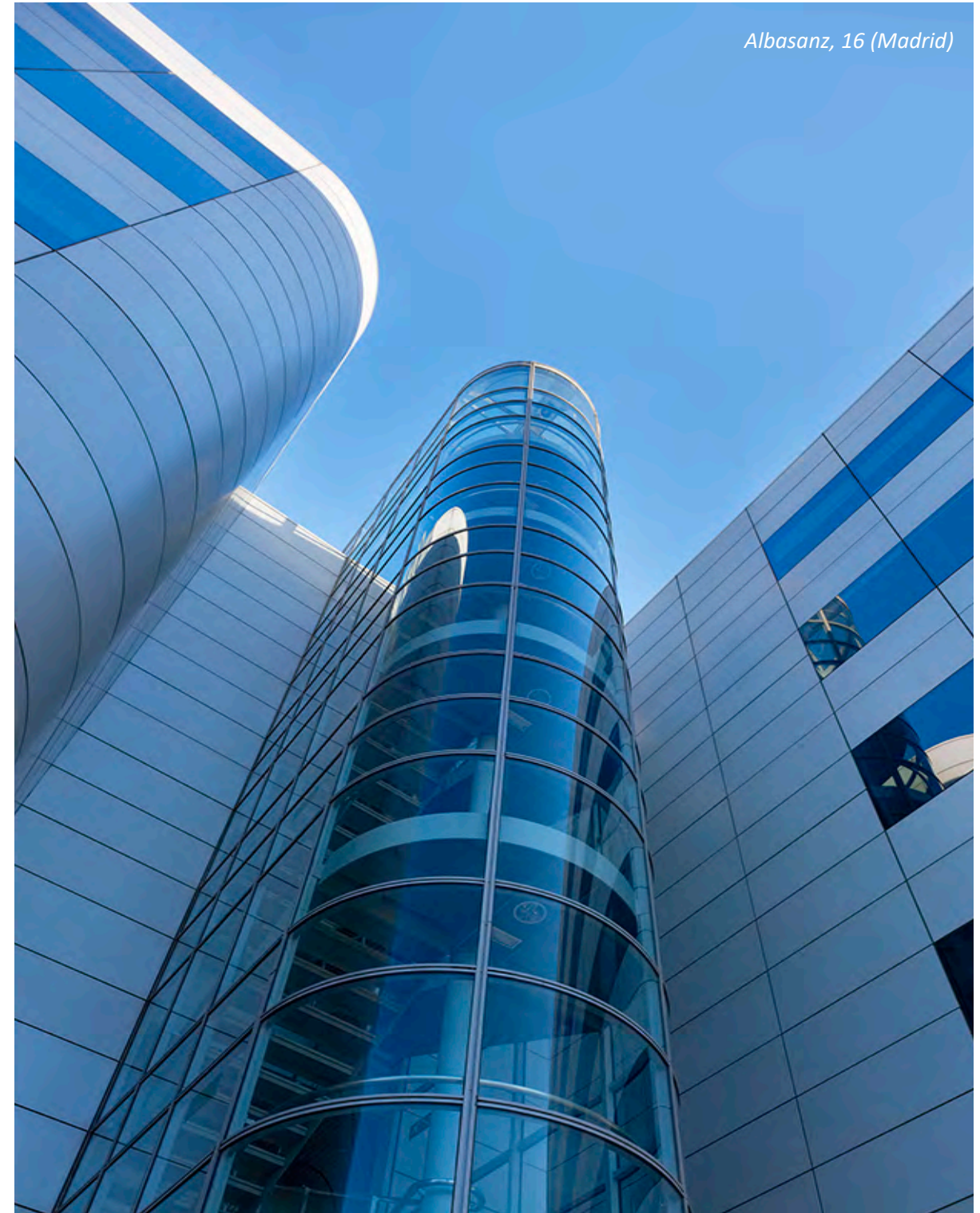
In the property area, where its exceptional portfolio gives it a leading position, asset management will have to be optimized to meet the new demands of tenants and the requirements of Covid-19.

In the area of property development, we will be attentive to the evolution of demand, its location and the type of products demanded, in order to be able to adapt our new development projects and analyze their viability and profitability.

Finally, in the launch and operation of developments for residential rent, we will monitor regulatory changes and their impact on the profitability and legal certainty; however, current developments in commercial operation should not be affected by these changes, since they are all subsidized housing projects (VPPB or VPPL).

Given the solid financial structure of the Group, its cash-flow generation capacity and its LTV level, it is estimated that in case a new unforeseen socioeconomic or health related circumstance arises that may affect the business, it will be in a position to resort to the financial market to obtain resources to deal with those events.

Realia expects that, despite the fact that the outlook for GDP has flattened, it will be possible to recover from the negative impact of the Covid-19 pandemic in coming years.



Albasanz, 16 (Madrid)

The strategy for 2021 can be summarized as follows:

Property Business



- To support all its property subsidiaries to adapt their buildings and their business to the new trends in the office and shopping center market.
- To support all our tenants/clients to face the difficulties they may have to carry on with their business due to the negative impact of the anti-Covid measures adopted in each Autonomous Community.
- To adapt our commercial relation with tenants according to the market demands, such as flexibility of space, shorter duration of contracts, etc...
- To prepare CAPEX plans supported by the use of technological tools and oriented towards improving the experience of tenants and users, to promote environmentally sustainable buildings and to optimize operational costs.
- To promote conditions in our buildings, conducting audits of air quality, water and light, and creating spaces that promote the practice of sports (fitness rooms, dressing rooms and showers, use of stairs, etc.)
- Continued monitoring of the market to detect investment opportunities in line with our philosophy (profitability) and our portfolio. With special attention to the BtR (built to Rent) segment.
- Continuity and development of the new property development activity, with the start of 2 new developments with 195 homes, with the possibility of acquiring or developing new land for the same purpose of building residential homes for rent.
- Potential sale of assets that have reached certain degree of maturity.

Development & Land Business



- To maintain the development activity, with the conclusion of projects in progress and the start of new projects, paying special attention to their profitability, considering the evolution of demand and the macroeconomic scenario in Spain.
- Acquisition of new assets and/or land with value potential, either due to the pending urban management or to the potential growth in the geographical market where they are located.
- Construction of developments in locations with consistent and dynamic demand, with special emphasis on their design and their energy efficiency and sustainability characteristics.
- To generate value for our land portfolio through the progress in their urban management, both in land not ready for construction, through an active role in the Compensation Boards in which we are present, and in land ready for construction, through the development of construction projects and the request for work permits.
- Constant monitoring of the market to detect investment opportunities in line with our philosophy (profitability) and our geographic positioning, prioritizing main residence locations with sustained and dynamic demand (Madrid, Barcelona, Canaries, Valencia, Alicante, Balearic Islands, Seville and Malaga).
- Explore alternative uses for some of our land ready for construction in order to maximize their value.

RESULTS FOR THE YEAR

Realia recorded total revenues of 104.29 M € in 2020, 7.5% higher than in 2019 (97.03 M€).

In the property area, total revenues amounted to EUR 79.02 M €, a decrease of -4.1% over the previous year, due mainly to two reasons:

1. The commercial support measures to its tenants (mainly of commercial premises and shopping centers) taken to mitigate the effects of the health crisis generated by Covid-19, which generated an impact of rent reductions of 3.40 M€ on the financial statements.
2. 2.12 M€ in revenues were generated in 2019 corresponding to the refund of the municipal capital gain due to the sale of a property asset in previous years.

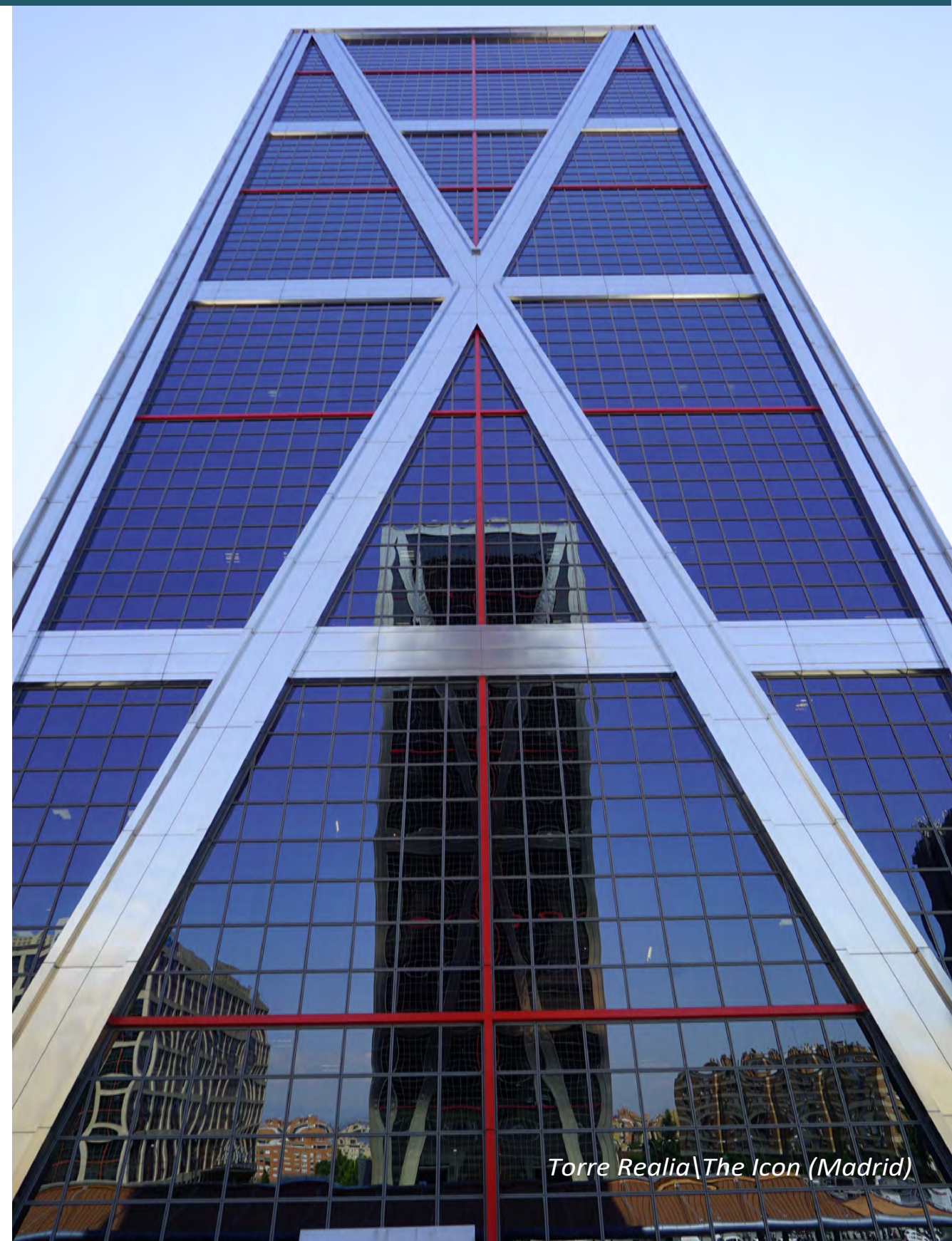
Excluding these impacts, the revenues in the Property area would have increased by 2.6%.

Revenues in the development area totaled 22.99 M€, an increase of 86.9%, mainly explained by:

1. The delivery of the first 27 units of the development “Brisas de Son Dameto” in Palma de Mallorca during the months of November and December 2020, for an amount of 10.88 M€; delivery of the rest of the development continued in 2021, together with all other developments in progress.
2. Additionally, the figures for the year include the sale of land for commercial use made by the Valdebebas Compensation Board for 1.18 M€, where Realia held a small percentage of ownership.

Additionally, the Group generated 2.28 M€ (-2.1%) in revenues from the provision of services and others, corresponding to the maturity of marketing, technical management and administrative and fiscal management contracts in developments and/or third party companies beyond the Realia business group.

Overhead costs have also evolved positively and reached 5.41 M€ (-13.7%) compared to 2019.



Torre Realia\The Icon (Madrid)

EBITDA AND CONSOLIDATED RESULTS

- The EBITDA of the Realia Group reached 51.90 M€, versus 49.53 M€ in 2019, an increase of 4.8%. This increase is due to the improvement of the operational margin in the development business, which offset the reduction of the operating margin in the property area due to the aid granted to tenants to mitigate the negative effects of the health crisis and to the favorable evolution of overhead. During 2020, the Group had positive EBITDA in its development, property and services activities.
 - The net addition/reversal of provisions reached a total of -14.26 M€, mainly due to the impact of Covid-19 on the inventory valuation (-15.38 M€) and the reversal of other provisions (1.12 M€). These provisions have a negative impact of the results of the Group for the year and contrast with the situation in December 2019, when provisions for 11.52 M€ were reversed, so in order to compare the results of 2020 and 2019, the impact on the variation of provisions is the sum of both figures (-25.78 M€).
 - The impact on the valuation of property assets (IAS 40) recognized in the financial statements in December 2020, according to the valuation by independent experts at 31 December 2020, generated a negative impact of 24.63 M€, compared to the positive impact of 30.77 M€ in 2019. This change in trend is due to the impact of Covid-19 on the economy, both in terms of future rents and yields.
- This valuation of property assets (IAS 40) has a negative impact on the results for the Group in 2020 and, for the purposes of comparing 2020 to 2019 results, the impact would be the sum of both figures (-55.40 M€).
- Net financial results at year-end 2020 reached -4.60 M€ (+65.9% compared to -13.47 M€ in 2019). This improvement is mainly due to 1) lower indebtedness of the Group; 2) the improvement in the spreads applied; and 3) to the application of IFRS 9 by the novation of the financial conditions of the syndicated loan of Realia Patrimonio S.L.U., which resulted in a positive financial result of 8.97 M€.

If we consider only the financial result arising from the repayment of the financial debt of the Group at 31 December 2020, it would have reached -13,42 M€, versus -14.45 M€ in 2019, an improvement of 7.1%.

| (M.€) | 2020 | 2019 | Var. (%) |
|--|---------------|--------------|--------------|
| Total Operational Revenues | 104.29 | 97.03 | 7.5 |
| Rents | 60.83 | 62.22 | -2.2 |
| Provision for Expenses | 17.95 | 17.44 | 2.9 |
| Results from the sale of plant, property and equipment | -- | 2.12 | -100.0 |
| Developments | 21.12 | 11.18 | 88,9 |
| Land | 1.18 | -0.1 | 1,007.7 |
| Services | 2.28 | 3 | -2.1 |
| Other revenues (development and property) | 0.93 | 2.3 | -50.3 |
| Gross Margin | 57.31 | 55.80 | 2.7 |
| Rents | 55.23 | 57.88 | -4.6 |
| Developments | 1.73 | -2.78 | 162.2 |
| Services | 0.35 | 0.70 | -50.0 |
| Structural Costs | -5.20 | -6.19 | 16.0 |
| Other Costs | -0.21 | -0.08 | -162.5 |
| EBITDA | 51.90 | 49.53 | 4.8 |
| Amortizations | -0.29 | -0.40 | 27.5 |
| Provisions | -14.26 | 11.52 | -223.8 |
| EBIT | 37.35 | 60.65 | -38.4 |
| Result valuation property investment at fair value | -24.63 | 30.77 | -180.0 |
| Net financial result | -4.60 | -13.47 | 65.9 |
| Equity consolidation | -0.47 | 2.55 | -118.4 |
| Earnings before taxes | 7.65 | 80.50 | -90.5 |
| Taxes | -1.60 | -20.32 | 92.1 |
| Earnings after taxes | 6.05 | 60.18 | -89.9 |
| External partners | 3.94 | 15.30 | -74.2 |
| Net Attributed Profit | 2.11 | 44.88 | -95.3 |

Results for the Year

- Earnings before taxes amounted to 7.65 M€ in 2020, a decrease of 90.5% compared to 80.50 M€ in 2019. This drop in earnings, despite the increase in Ebitda (+2.37 M€) is mainly explained by:
 1. The variation in the provisions allocated: -25.78 M€ (-14.26 M€ in 2020 versus +11.52 M€ in 2019).
 2. The variation in the results from the valuation of real estate investments at fair value: -55.40 M€ (-24.63 M€ in 2020 compared to +30.77 M€ in 2019).
 3. The result of the companies consolidated using the equity method: -3.02 M€ (-0.47 M€ in 2020 versus -2.55 M€ in 2019) explained by the impact of Covid-19 on the operation of the C.C. As Cancelas.
 4. The improved financial result (+8.87 M€), as described in the previous section.
- Therefore, earnings after taxes at 31 December 2020 amount to 2.11 M€, versus 44.88 M€ in 2019 (-95.3 M€), as explained in the previous section after the corresponding fiscal adjustments.

Summary of Operational Data

| | 2020 | 2019 | Var. (%) |
|--|---------|---------|----------|
| Property Area | | | |
| Total Surface Area (m2) | | | |
| Total Surface Area (m ²) | 406,806 | 406,782 | 0.0 |
| Occupancy (%) | 93.90% | 93.60% | -0.3 |
| Assets for residential use | | | |
| Total Surface Area (m2) | 9,973 | - | 100 |
| Occupancy (%) | 66.00 % | - | 100 |
| Development Area | | | |
| Units (homes + premises + lots) delivered | | | |
| M. € | 21.12 | 11.18 | 88.9 |
| Units | 99 | 82 | 20.1 |
| No. of employees | 90 | 90 | 0 |

*Realia Hato Verde
Guillena (Sevilla)*



BORROWINGS

At year-end 2020, the Realia Group had reduced its gross bank borrowings down to 577.35 M €, from 596.29 M € at 2018 year-end, 3.2% lower. All the borrowings are associated to the property business.

Cash and cash equivalents at December 2020 amounted to 74.82 M€, versus 75.89 M€ at 31 December 2019.

At 31 December 2020, the Realia Group had net bank borrowings amounting to 502.53 M €, 3.4% lower than in December 2019, which was 520.40 M€.

Cash and cash equivalents, together with the cash flow generated by the Group during the reporting period will be allocated to debt repayment at due date, the conclusion of the developments in progress, the development of the Build to Rent (BtR) activity, the capex on current assets and the acquisition of new projects.

On 27 April 2020, the Realia Group signed a contract for the novation of the syndicated loan contract of Realia Patrimonio that agreed on the following changes:

- “Spread” – Applying 135 basis points when the ratio LTV 50% \geq LTV > 40%, and 120 basis points if the LTV ratio < 40%.
- The duration of the loan, extended until 27 April 2025 (due date).

As a consequence of this novation and the application of IFRS 9, the Group recognized an adjustment in the valuation of the syndicated loan that generated a financial result of 8.97 M€, and therefore net financial borrowings of the Group were reduced by that amount as a result of the application of IFRS 9 on that amount, after adjusting the financial liability to reflect an amount equal to the sum of the new modified flows, discounted with the original IRR against the profit and loss account.

At 31 December 2020, the weighed average interest rate of gross bank borrowings was 1.79% (including the derivatives contracted), versus 2.12% in 2019.

Avda. Bruselas, 36 (Madrid)

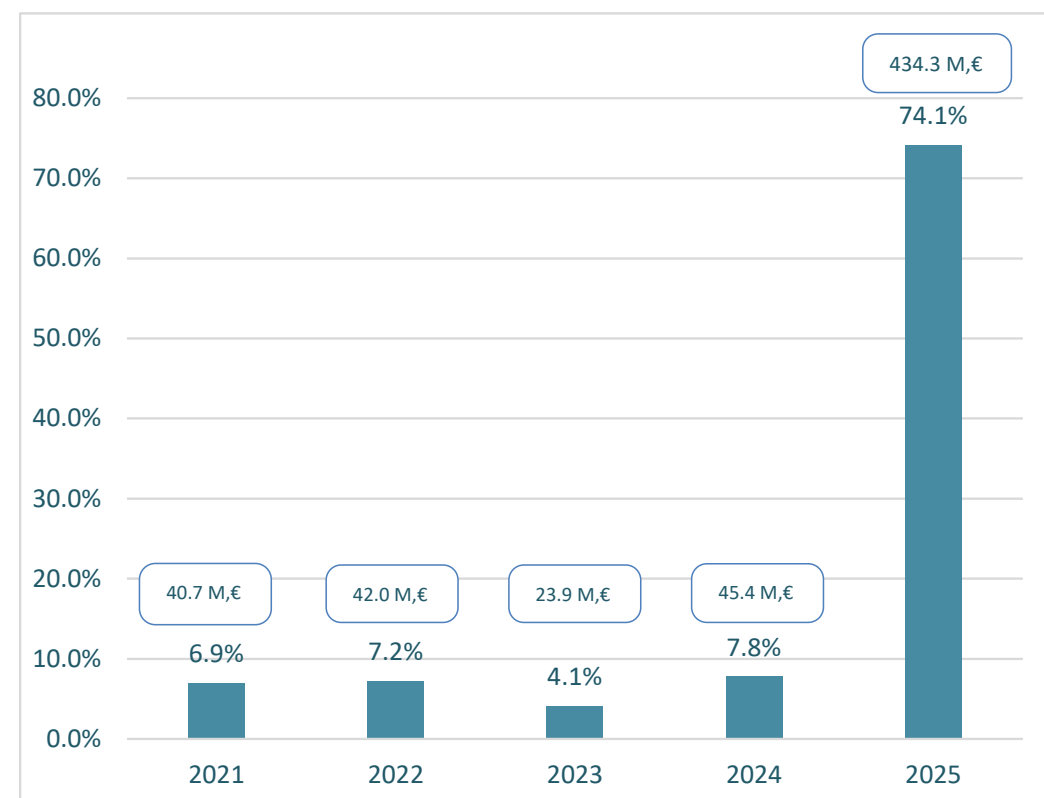


FINANCIAL STRUCTURE

| (M.€) | Property | Development and Land | TOTAL 2020 | TOTAL 2019 | VAR (%) |
|----------------------------|---------------|----------------------|---------------|---------------|-------------|
| Syndicated | 526.56 | - | 526.56 | 546.09 | -3.6 |
| Other Loans | 59.77 | - | 59.77 | 49.10 | 21.7 |
| Valuation Derivatives | 7.93 | - | 7.93 | 9.45 | -16.1 |
| Interest | 1.36 | - | 1.36 | 1.74 | -21,8 |
| Arrangement costs | -18.27 | - | -18.27 | -10.09 | -81.1 |
| Net bank borrowings | 577.35 | - | 577.35 | 596.29 | -3.2 |
| Cash | 34.77 | 40.05 | 74.82 | 75.89 | -1.4 |
| Net bank borrowings | 542.58 | -40.05 | 502.53 | 520.40 | -3.4 |

Maturity of gross bank borrowings

At year-end 2020, the maturity of the Group's bank borrowing is distributed according to the following table:



At 31 December 2020, Realia's real estate assets had a market value of 1,907.9 M €, 1.4% lower than in December 2019.

80% of the asset value corresponds to the property activity (1,519.6 M €) and 20% (388.4 M €) to the residential homebuilding business.

The valuation of the property asset portfolio of the Realia Group has been made by two independent experts: CBRE (CB Richard Ellis) and Tinsa.

The fair value of property assets reached 1,519.6 M €, versus 1,540.8 M € in December 2019, a decrease of -1.4%. If we adjust that decrease in the valuation to the investments made during 2020, amounting to 6.3 M€, the variation in value amounts to -1.8%

All property assets (both at December 2020 and December 2019) have been valued by CBRE (CB Richard Ellis) following the RICS methodology.

The fair value of residential housing assets (land, developments in progress and finished product) amounts to 388.4 M € at December 2020, a drop of -1.5% over the valuation at December 2019 (394.1 M €).

During 2020, investments were made on land, building lots and developments in progress for an amount of 31.2 M€. If we adjust both years in terms of investments made and finished product delivered in 2020, the fair value of residential assets would have fallen by 4.5%.

The net net asset value (NNAV), at 31 December 2020, amounts to 1,059 M €, versus 1,064 M€ at 31 December 2019. In unit terms, the share price is 1.30 euros per share, 0.8% higher than in December 2019.



Asset Valuation

The valuation of the real estate asset portfolio of the Realia Group was made by two independent experts:

- CBRE (CB Richard Ellis) determined the fair value of the assets at December 2020 and December 2019 applying the RICS methodology to the property portfolio of Realia and its subsidiaries, and to the small residential assets owned by property companies
- TINSA determined the fair value at December 2020 and December 2019 applying the RICS methodology to the residential assets portfolio.

| (M.€) | December 2020 | | December 2019 | | % var. dec.20 / dec.19 |
|--|---------------|----------------|---------------|----------------|------------------------|
| | Method | Amount M € | Method | Amount M € | |
| Rental assets | RICS | 1,448.9 | RICS | 1,452.3 | -0.2% |
| Assets under development | RICS | 10.8 | RICS | 25.5 | -57.6% |
| Land pending development | RICS | 59.9 | RICS | 63.0 | -4.9% |
| TOTAL PROPERTY ASSETS ⁽¹⁾ | | 1,519.6 | | 1,540.8 | -1.4% |
| Land property ^{(2) (3)} | RICS | 270.1 | RICS | 274.0 | -1.4% |
| Developments in progress ⁽³⁾ | RICS | 62.0 | RICS | 72.7 | -14.8% |
| Completed developments ⁽⁴⁾ | RICS | 43.9 | RICS | 34.2 | 28.4% |
| Residential Land and others ⁽⁵⁾ in Property Companies | RICS | 12.4 | RICS | 13.2 | -6.1% |
| TOTAL RESIDENTIAL ASSETS | | 388.4 | | 394.1 | -1.5% |
| TOTAL ASSETS | | 1,907.9 | | 1,934.9 | -1.4% |

(1)) Includes 52.4 M € in December 2020 and 54 M€ in December 2019 from the asset value of the company As Cancelas, consolidated through the equity method.

(2) Includes 17.8 M € in December 2020 and 18.2 M€ in December 2019, value of the land portfolio of the company IRU, consolidated through the equity method. It also includes 3.9 M € in investments in land made during 2020.

(3) During 2020, the development in progress “Glories BCN” was transferred from “developments in progress” to land portfolio, for an amount of 20.7 M €

(4) During 2020, finished products for 9.16 M € were delivered to buyers. The valuation at Dec.20 includes the product from the “Brisas de San Dameto” development, transferred from “developments in progress” to “finished product” in Nov. 20, including the investment made in 2020 for an amount of 6.6 M€; additionally, 10.9 M€ were delivered from this development during the last two months of 2020.

(5) Includes 2.5 M €, the value of the golf course Hato Verde asset, assigned to the development area together with the developments.

Consolidated Balance Sheet



- REALIA's balance sheet reports total assets of 2,093.74 M € in 2020.
- The amount of investment property amounted to 1,464.12 M€.
- Net attributed equity amounted to 1,035.75 M€, versus 1,037.22 M€ in 2019.
- Bank borrowings have gone down from 596.29 M € in 2019 to 577.35 M € in 2020, as described in the section on bank borrowings.

| (M.€) | ASSETS | 2020 | 2019 |
|-------|-------------------------------|-----------------|-----------------|
| | Property, plant and equipment | 2.31 | 2.47 |
| | Investment property | 1,464.12 | 1,483.55 |
| | Inventories | 339.37 | 342.96 |
| | Trades and other receivables | 16.71 | 15.58 |
| | Cash and cash equivalents | 74.82 | 75.89 |
| | Other assets | 196.41 | 199.55 |
| | Total Assets | 2,093.74 | 2,120.00 |

| | LIABILITIES | 2020 | 2019 |
|--|--------------------------|-----------------|-----------------|
| | Net attributed equity | 1,035.75 | 1,037.22 |
| | Minority shareholders | 238.03 | 243.13 |
| | Bank borrowings | 577.35 | 596.29 |
| | Trade and other payables | 36.04 | 34.78 |
| | Other liabilities | 206.57 | 208.58 |
| | Total Liabilities | 2,093.74 | 2,120.00 |

REALIA EVOLUTION

Share price at year-end (€/share): 0.68

Stock market capitalization at year-end (€): 557,781,000

Maximum share price during the year (€ / share): 0.97

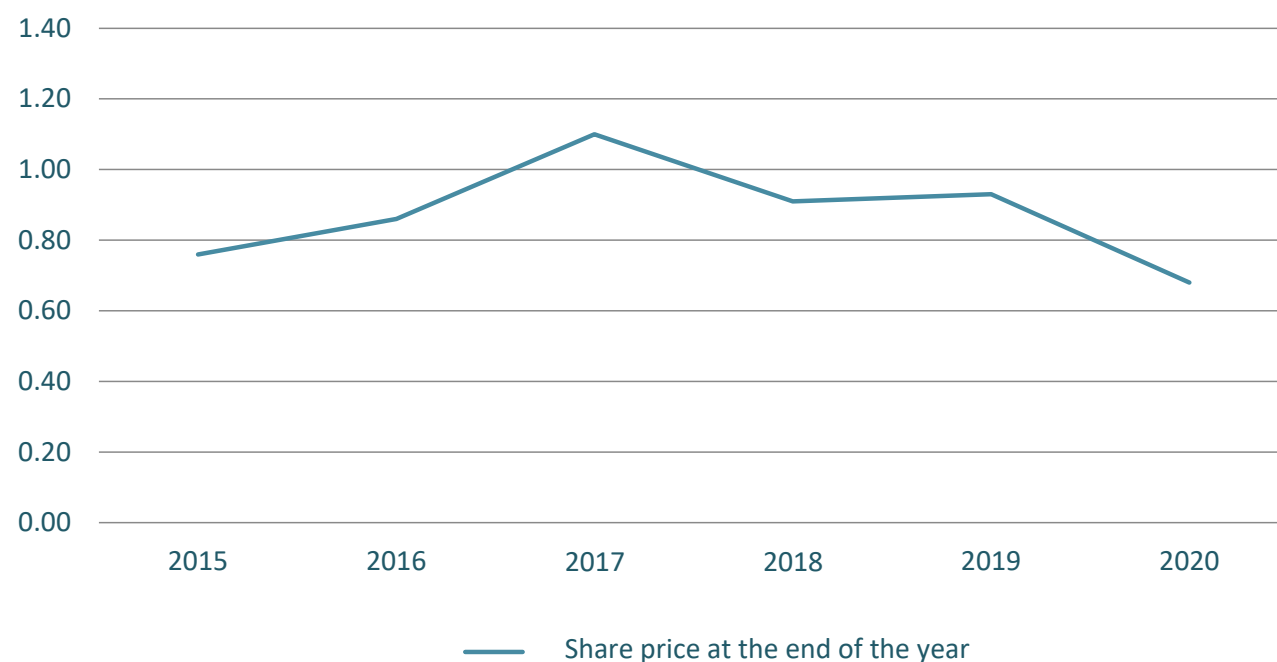
Minimum share price during the year (€ / share); 0.60

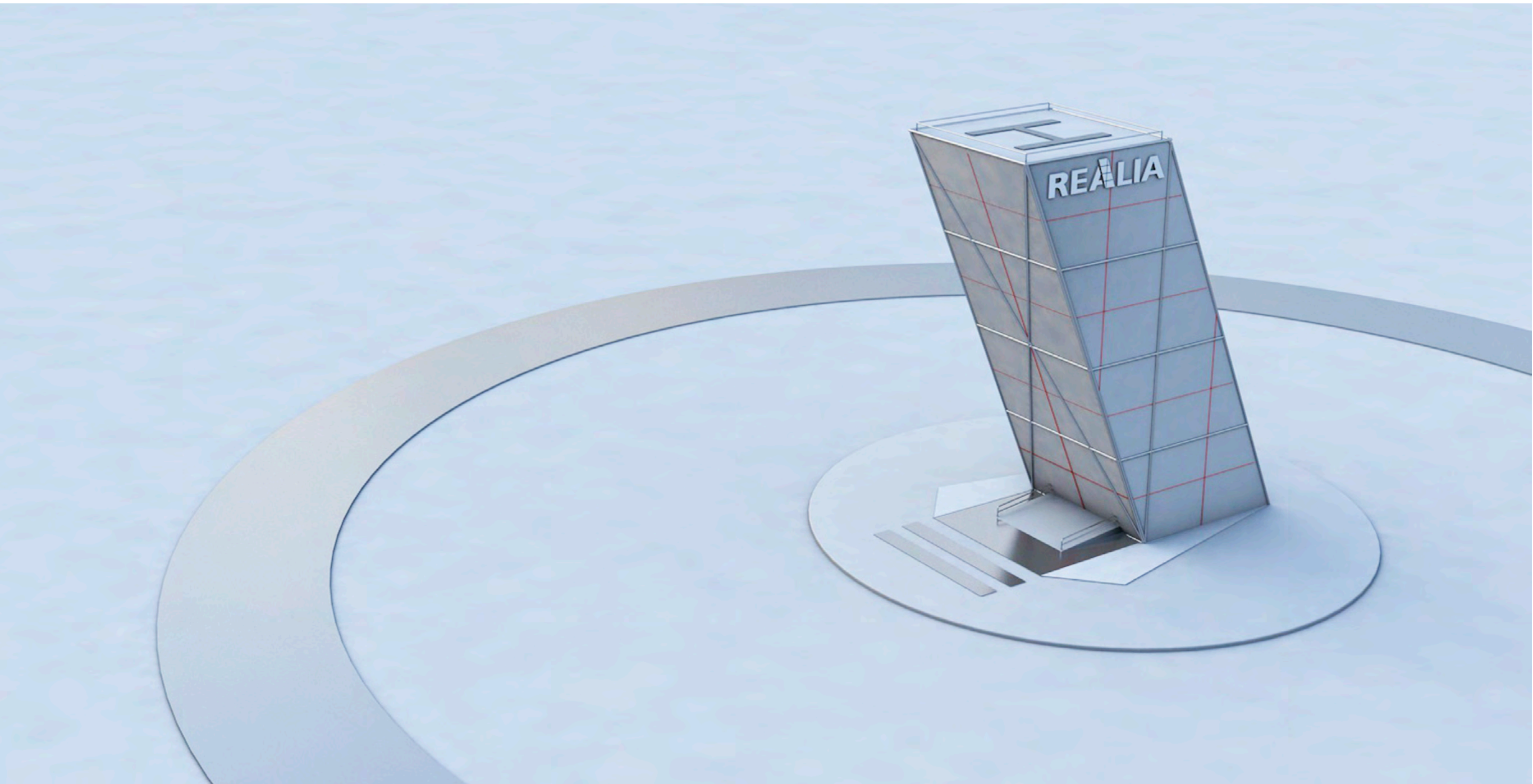
Average share price during the year (€ / share): 0.6853

Average daily volume traded (thousands of €): 71

Average daily volume traded (thousands of shares): 100

REALIA STOCK PRICE





4. BUSINESS LINES

PROPERTY BUSINESS

Offices

Shopping Centers

Residential

DEVELOPMENT & LAND BUSINESS

REALIA Group owns a surface area for operation of 416,779 m2, with the following detail:

| | 2020 | 2019 |
|--|---------------|---------------|
| Surface area in operation (m2) | 416,779 | 406,782 |
| ASSETS FOR TERTIARY USE | | |
| Surface area in operation by type (m2) | 406,806 | 406,782 |
| Offices | 226,860 | 226,858 |
| Shopping Centers | 136,689 | 136,667 |
| Logistics, leisure and others | 43,257 | 43,257 |
| Occupancy | 93.90% | 93.60% |
| ASSETS FOR RESIDENTIAL USE | | |
| Surface area in operation (m2) | 9,973 | |
| Occupancy | 66.00% | |

Additionally, there is a land reserve mainly for tertiary use of 127,291 m2, to which two projects for residential use must be added (24,578 m2), with capacity for 195 homes, that will be discussed later.



Albasanz, 16 (Madrid)

The market value of property assets at 31 December 2020 amounts to 1,519.6 M€, -1.4% lower than at December 2019.

The evolution of the property business during 2020 has been affected by the health crisis caused by Covid-19. The Group was aware of that situation and contributed to the relaunch of the economic and commercial activity of its tenants, especially retail premises and shopping centers. These aids amounted to 3.4 M€ for the companies of the group, and 0.9 M€ for the company consolidated through the equity method, which had a negative impact on its 2020 results. This impact is expected to reduce in coming years, although it will all depend on the evolution of the pandemic and its effects.

Rent revenues in 2020, excluding passed-on expenses, amount to 60.83 M€ (77.0% of the revenues of the property business), a decrease of 2.2% compared to 2019, mainly explained by the drop in rents in shopping centers as a result of the measures taken in support of tenants, which amount to 3.40 M€. Excluding the effect of these measures, rent revenues would have increased by 3.2%.

Gross sales margin reached 90.8%, 2.4% lower than in 2019, mainly due to revenues of 2.12 M€ recognized in June 2018 corresponding to the refund of the municipal capital gain from the sale of a property asset in previous years and to the commercial measures taken in support of tenants mentioned before.

| (M.€) | 2020 | 2019 | Var. (%) |
|--|--------------|--------------|--------------|
| Rents ⁽¹⁾ | 60,83 | 62,22 | -2,2% |
| Provision for Expenses | 17,95 | 17,44 | 2,9% |
| Result from sales of property, plant and equipment | - | 2,12 | -100,0% |
| Other revenues | 0,24 | 0,62 | -61,3% |
| Total Revenues | 79,02 | 82,40 | -4,1% |
| Common expenses buildings ⁽¹⁾ | -20,68 | -20,85 | 0,8% |
| Rest of Expenses | -3,11 | -3,67 | 15,3% |
| Total Gross Margin | 55,23 | 57,88 | -4,6% |
| Gross margin /rents (%) | 90,8% | 93,0% | -2,4% |

(1) Includes rents and common expenses from the Build to Rent ("BtR") activity for an amount of 0.15 M€ and 0.047 M€.

The following table shows the business aggregates that include the contribution of the Centro Comercial As Cancelas, in which the REALIA Group holds a 50% ownership interest, on rents and expenses. The data from this table are different to the consolidated data table provided above, since this company is not consolidated globally:

| (M.€) | 2020 | 2019 | Var. (%) |
|--|--------------|--------------|--------------|
| Rents ⁽²⁾ | 64.60 | 66.89 | -3.4% |
| Provision for Expenses | 19.55 | 19.04 | 2.7% |
| Result from sales of property, plant and equipment - | | 2.12 | -100.0% |
| Other revenues | 0.32 | 0.62 | -48.4% |
| Total Revenues | 84.47 | 88.67 | -4.7% |
| Common expenses buildings ⁽²⁾ | -22.24 | -22.52 | 1.3% |
| Rest of expenses | -4.15 | -4.56 | 9.0% |
| Total Gross Margin | 58.09 | 61.59 | -5.7% |
| Gross margin / rents (%) | 89.9% | 92.1% | -2.4% |

(2) Includes rents and common expenses from the Build to Rent ("BtR") activity for 0.15 M€ and 0.07 M€, respectively.

Net borrowings of the Property business amounts to 542.58 M€ at 31 December 2020. Of this amount, gross borrowings amounted to 577.35 M€ and 34.77 M€ corresponded to liquid assets.

These net borrowings is found mainly on 2 companies: Realia Patrimonio, with net borrowings of 489.99 M€, due on 2025, and with an interest rate hedge on 70% of the debt; and Hermanos Revilla, with net borrowings of 59.80 M€, with an average maturity of 2 years.

The average cost of the consolidated debt of the property area, including interest rate hedges, is 1.79%.

Property Business

The REALIA Group has office buildings located in Madrid, Barcelona and Seville and shopping and leisure centers in the city of Madrid, Leganés, Murcia, Guadalajara, Soria and Santiago de Compostela.



CN Eisenhower (Madrid)



CC La Noria (Murcia)

| BUILDING | CITY | SURFACE AREA Dec. 2020 |
|---------------------------------|------------------------|---------------------------|
| PLAZA NUEVA PARQUE COMERCIAL | Madrid | 52,675 |
| EL SEQUERO | Logroño | 40,544 |
| C.C. FERIA PLAZA | Guadalajara | 32,507 |
| TORRE REALIA BARCELONA | Barcelona | 31,964 |
| TORRE REALIA\ THE ICON | Madrid | 28,424 |
| SALVADOR DE MADARIAGA, 1 | Madrid | 25,398 |
| C.C. AS CANCELAS (50%) | Santiago de Compostela | 25,150 |
| ALBASANZ, 16 | Madrid | 19,550 |
| LA NORIA FACTORY OUTLET | Murcia | 13,931 |
| ACANTO, 22 | Madrid | 13.247 |
| JARDIN DE TRES CANTOS II - VPPB | Madrid | 9.973 |
| MARIA DE MOLINA, 40 | Madrid | 9.684 |
| ALBASANZ, 14 | Madrid | 9.125 |
| AV. BRUSELAS 36 | Madrid | 8.856 |
| PRÍNCIPE DE VERGARA, 132 | Madrid | 8.821 |
| C.N.KANSAS CITY | Sevilla | 8.735 |
| MANUEL BECERRA CENTRO WELLNESS | Madrid | 6.645 |
| GOYA 29 | Madrid | 5.060 |
| C.N. EISENHOWER III | Madrid | 5.004 |
| C.N. EISENHOWER II | Madrid | 5.004 |
| PASEO DE LA CASTELLANA, 41 | Madrid | 4.584 |
| C.N. EISENHOWER IV | Madrid | 4.543 |
| C.N. EISENHOWER I | Madrid | 4.519 |
| ALBASANZ, 12 | Madrid | 4.160 |
| ALFONSO XII, 30 | Madrid | 4.008 |
| SERRANO, 21 | Madrid | 3.865 |
| GOYA,8 | Madrid | 3.782 |
| GOYA,6 | Madrid | 3.688 |
| MARQUÉS DEL DUERO, 4 | Madrid | 3.000 |
| MUSGO, 1 | Madrid | 2.916 |
| Pº DEL ESPOLÓN, 10 | Soria | 2.900 |
| GOYA, 6 Y 8 C.C. | Madrid | 2.882 |
| PRIM, 19 | Madrid | 2.786 |
| MUSGO, 3 | Madrid | 2.475 |
| JORGE JUAN, 35 | Madrid | 2.121 |
| MARIA TUBAU | Madrid | 1.539 |
| GARCÍA DE PAREDES, 94 | Madrid | 909 |
| JOSÉ ABASCAL, 2 | Madrid | 681 |
| MANUEL FERRERO | Madrid | 597 |
| CLOT | Barcelona | 361 |
| VILLANUEVA, 15 | Madrid | 165 |
| GRAND TOTAL | | 416,779 |

REVENUES FROM RENTS⁽¹⁾ AND BY USES

| (M.€) | 2020 | 2019 | Var. (%) | SBA (m²) | Ocup. Dic.2020 (%) | Ocup. Dic.2019 (%) |
|-----------------------------|--------------|--------------|---------------|----------------|--------------------|--------------------|
| Offices | 46.96 | 46.02 | 2.0% | 226,860 | 96.0% | 93.8% |
| CBD | 23.43 | 22.90 | 2.3% | 84,550 | 98.3% | 98.9% |
| BD | 8.23 | 8.25 | -0.2% | 42,653 | 95.8% | 100.0% |
| Periphery | 15.30 | 14.87 | 2.9% | 99,656 | 94.1% | 86.9% |
| Shopping Centers | 15.40 | 18.75 | -17.9% | 136,689 | 88.6% | 91.2% |
| Other ⁽²⁾ | 2.25 | 2.12 | 6.0% | 53,230 | 93.4% | 100.0% |
| Total Revenues | 64.60 | 66.89 | -3.3% | 416,779 | 93.2% | 93.6% |

(1) The data in this table are operational business data. Includes the data from investee As Cancelas, which are reported proportionally (50%).

(2) Includes rents from the Build to Rent activity ("BtR") for an amount of 0.15 M€, a GLA of 9,973 m², 66.0% of which is occupied; excluding this asset, the occupancy rate would have reached 100%.

Global occupancy of buildings in operation reached 93.2% at 2020 year-end versus 93.6% in 2019. This negative variation is mainly due to the transfer to "Other" of the residential development for rent for the Build to Rent activity (BtR), that started operating in July 2020, and 66% of which is already marketed. In like for like surfaces, the final occupancy in 2020 would be 93.9%, higher than in 2019 (93.3%).

Rent revenues at year-end 2020 amounted to 64.40 m€, 3.4% lower than in 2019, mainly due to the reduction of rents in shopping centers as a result of the commercial measures adopted in support of tenants, which amounted to 4.30 M€ (including rent reductions at the C.C. As Cancelas for 0.90 M€). Without these aids to retailers, operational rents would have increased by 3.2%.

The percentage of occupancy in Offices increased by 2.2%, mainly due to the lease of the whole building "Nudo Eisenhower II", with 5,004 m², located in the periphery of Madrid and offset by the turnover of several lease contracts in the CBD and BD areas. Rent revenues went up 2.0%, mainly as a result of the increase in unit rents in CBD offices.



The percentage of occupancy of Shopping Centers decreased by 2.6% at 31 December 2020 compared to December 2019, mainly due to the expiration of some contracts and the lower demand for space caused by the economic situation brought about by Covid-19. Rent revenues decreased by 17.9%, due to the Covid-19 support measures mentioned above.

Realia has conveyed to its tenants its absolute willingness to help and support them in this exceptional period, in order to favor the continuity of their businesses until the health situation is under control and economic activity is normalized.

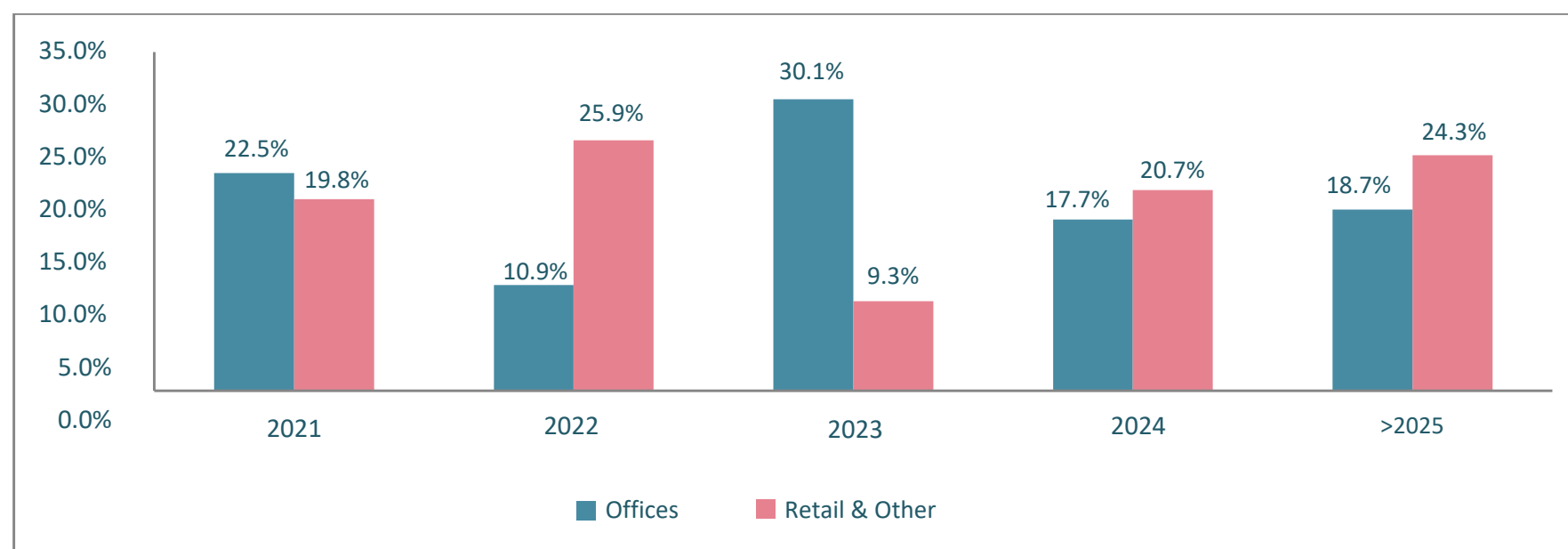
RENTS BY CITIES

| (M.€) | 2020 | 2019 | Var. (%) | GLA (m²) | Occup. Dec.2020 (%) | Occup. Dec.2019 (%) |
|-----------------------|--------------|--------------|---------------|----------------|------------------------|------------------------|
| Madrid | 46.88 | 47.12 | -0.5% | 260,688 | 94.0% | 94.0% |
| CBD | 24.32 | 23.60 | 3.1% | 80,452 | 98.6% | 99.3% |
| BD | 9.16 | 9.81 | -6.6% | 49,896 | 96.4% | 100.0% |
| Periphery | 13.40 | 13.71 | -2.3% | 130,330 | 90.2% | 88.0% |
| Barcelona | 6.55 | 6.24 | 5.0% | 32,325 | 99.8% | 97.7% |
| Rest | 11.18 | 13.53 | -17.4% | 123,766 | 90.0% | 91.7% |
| Total Revenues | 64.60 | 66.89 | -3.4% | 416,779 | 93.2% | 93.6% |

A clear increase of rents is seen in the CBD area of Madrid (+3.1%) and Barcelona (+5.0%), due to the rent raise in Torre Realía\The Icon and Torre Realía BCN.

On the other hand, rents have gone down in the BD areas (-6.6%) and Periphery (-2.3%) of Madrid, and in Guadalajara, Murcia and Santiago (-17.4%), where rents have suffered the impact of the support measures adopted in favor of the tenants of Shopping Centers and retail premises.

EXPIRATION OF CONTRACTS OVER ANNUALIZED RENTS



Torre Realia \ The Icon
(Madrid)



Property Business - Offices

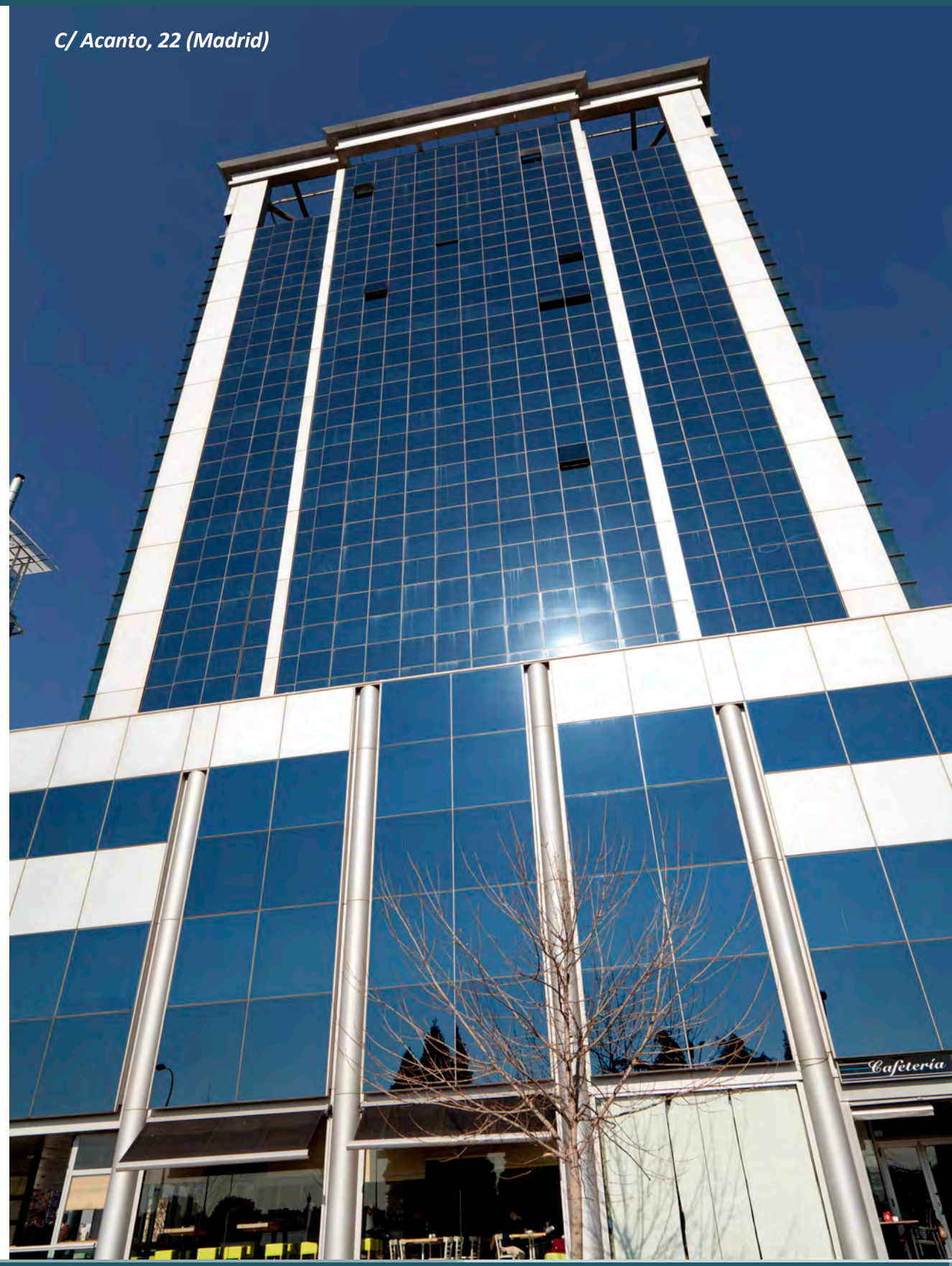
Lease contracts in office buildings included in the property business of the REALIA Group are agreed upon according to the usual market terms and conditions. The main characteristics of these contracts are usually the following:

- Three-year contracts with no early termination option.
- Rent increase according to inflation.
- Update of rents to market prices upon contract renewal.
- The tenant is responsible for the payment of all expenses.

The following table shows the expiration of the office lease contracts of the REALIA Group at 31 December 2020 by volume of annualized rents over the total rents, considering the early termination options:

| Contract Expiration (termination option) | % over annualized rents offices | % over total annualized rents |
|---|------------------------------------|----------------------------------|
| 2021 | 22.24% | 12.91% |
| 2022 | 10.98% | 6.38% |
| 2023 | 30.12% | 17.49% |
| 2024 | 17.57% | 10.20% |
| >2024 | 19.08% | 11.08% |
| Grand Total | 100.00% | |

C/ Acanto, 22 (Madrid)



Property Business - Offices

Some of the main clients of the REALIA Group at 31 December 2020 include premium tenants and major companies such as Amadeus, Grupo Marsh, Busining Desarrollos Empresariales, S.L., Gómez-Acebo & Pombo Abogados, KPMG, etc., even though none of them accounts for more than 9% of the total annualized rents of the REALIA Group office portfolio.

The following table lists the top ten tenants of the REALIA Group in office lease and their relative relevance over the total rents of the Group at 31 December 2020:

| Tenant | City | % Total Annualized rents |
|-----------|-----------|--------------------------|
| Tenant 1 | Madrid | 8.67% |
| Tenant 2 | Madrid | 4.69% |
| Tenant 3 | Barcelona | 4.15% |
| Tenant 4 | Madrid | 3.02% |
| Tenant 5 | Madrid | 2.49% |
| Tenant 6 | Madrid | 2.48% |
| Tenant 7 | Madrid | 2.11% |
| Tenant 8 | Madrid | 1.99% |
| Tenant 9 | Madrid | 1.87% |
| Tenant 10 | Madrid | 1.67% |
| | | 33.14% |

Leasable office space in operation of the REALIA Group at 31 December 2020 reached 226,860 m2 above ground.

Occupancy rate at 31 December 2020 stood at 96%, an increase of 2.2% over December 2019, mainly due to the lease of the whole building “Nudo Eisenhower II”, with 5,004 m2 located at the periphery of the city and offset by the turnover of several lease contracts in the CBD and BD areas.

Rent revenues increased by 2.0% mainly due to the increase in unit rents in the CBD offices.



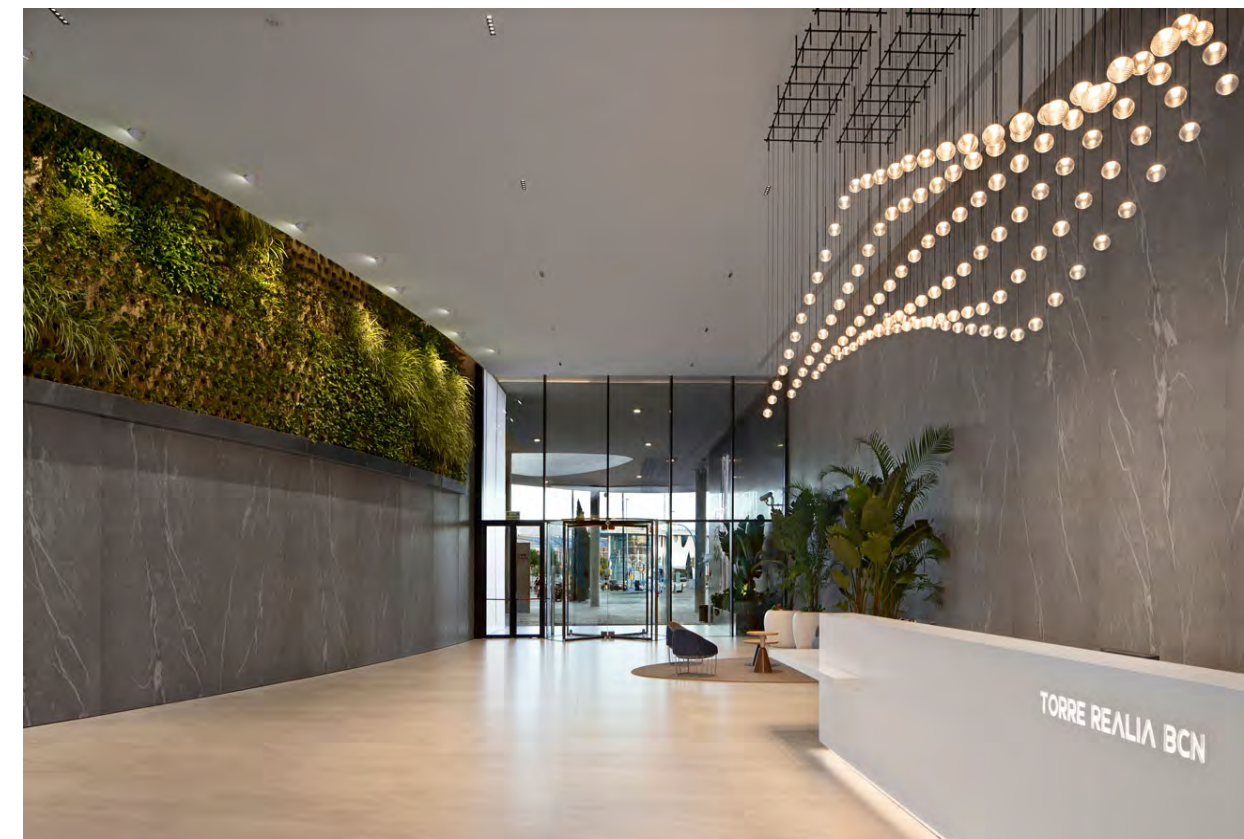
The following table includes a summary of the main characteristics of the offices under operation owned by the REALIA Group at 31 December 2020, by location:

| Area | Surface area dec. 2020 | % Occupancy 2020 | % Occupancy 2019 | GAV dic.2020 M.€ | GAV dic. 2019 M.€ |
|--------------------|------------------------|------------------|------------------|------------------|-------------------|
| CBD | 84.550 | 98.3% | 98.9% | 601 | 606 |
| BD | 42.653 | 95.8% | 100.0% | 177 | 177 |
| Periphery | 99.657 | 94.1% | 86.9% | 309 | 311 |
| Grand total | 226,860 | 96,0% | 93.8% | 1,087 | 1,094 |

Property Business – Offices

A major investment on Capex took place in 2020 with the purpose of improving the experience of tenants and users, upgrading the performance of buildings (energy efficiency, hospitality areas, utilities, facilities...) and to adapt the spaces for rent to the new modes of demand (co-working, flexible space...), to promote environmentally sustainable buildings and optimize operational costs. Digitalization based on IoT (internet of Things) is playing a key role in the achievement of these objectives. The amount allocated to capex in our office buildings amounted to 3.2 Million euros.

It is worth noting that a part of this effort at upgrading is the reform of the lobby of Torre Realia BCN, one of the most iconic buildings of the Business Area Plaza de Europa, which will be discussed later in the section on Corporate Responsibility of this report.



CC As Cancelas
(Santiago de Compostela)



Property Business – Shopping Centers

The evolution of the Shopping Centers business during 2020 was severely hit by the health crisis caused by Covid-19. Partial or total lockdown measures and the restrictions on capacity created many difficulties for both the marketing of space and the continuity of many tenants.

The REALIA Group is aware of these difficulties and granted major discounts to the tenants of its Shopping Centers and conveyed to them its intention to help them and support them in this exceptional times, in order to favor the continuity of their businesses and contribute to the restart of the economic and commercial activity.

At 31 December 2020, the occupancy rate in Shopping Centers fell by 2.6% compared to 2019, mainly due to the expiration of some contracts and the lower demand for space resulting from the economic situation caused by the pandemic.

Under normal circumstances, except the current situation caused by the pandemic, the usual terms and conditions in the sector are also applied in Shopping Center contracts, even though their specialization and diversity, and the high number of operators in a single location (there can be up to 100 tenants or more in the same center), require that contracts have to be negotiated individually with each tenant. Generally, the main characteristics of these contracts are the following:

- Minimum duration between three and five years.
- Rent increases according to inflation. Rent updates to market prices upon contract renewal.
- Variable percentage of rents according to the revenues of the tenant.
- All expenses are passed on to the tenants.

The following table lists the top ten tenants of the REALIA Group in shopping centers, and their relative relevance over the total rents of the Group at 31 December 2020:

| Tenant | City | % Total annualized rents |
|-----------|-----------------------------|--------------------------|
| Tenant 1 | Madrid/Santiago | 12.64% |
| Tenant 2 | Madrid | 7.08% |
| Tenant 3 | Madrid | 6.66% |
| Tenant 4 | Madrid | 4.20% |
| Tenant 5 | Madrid | 3.11% |
| Tenant 6 | Santiago | 2.77% |
| Tenant 7 | Santiago/Guadalajara/Murcia | 2.55% |
| Tenant 8 | Santiago | 2.15% |
| Tenant 9 | Santiago/Guadalajara | 1.88% |
| Tenant 10 | Guadalajara/Santiago | 1.66% |
| | | 44.71% |



88.6% Occupancy

The following table shows the physical characteristics and location of the shopping and leisure centers:

| | Location | Leasable surface area (m2) | Parking spaces |
|---------------------|------------------------|----------------------------|----------------|
| Plaza Nueva Leganés | Madrid | 52,675 | 2,987 |
| Ferial Plaza | Guadalajara | 32,507 | 1,068 |
| As Cancelas (1) | Santiago de Compostela | 25,150 | 1,054 |
| Manuel Becerra, 17 | Madrid | 6,645 | 49 |
| La Noria Outlet | Murcia | 13,931 | 1,483 |
| Goya 6-8 | Madrid | 2,881 | |
| Espolón, 10 | Soria | 2,900 | |
| TOTAL | | 136,689 | 6,641 |

(1) As Cancelas Shopping Center is a joint property of the REALIA Group and Carmila and the leasable surface area indicated refers to the m2 corresponding to REALIA

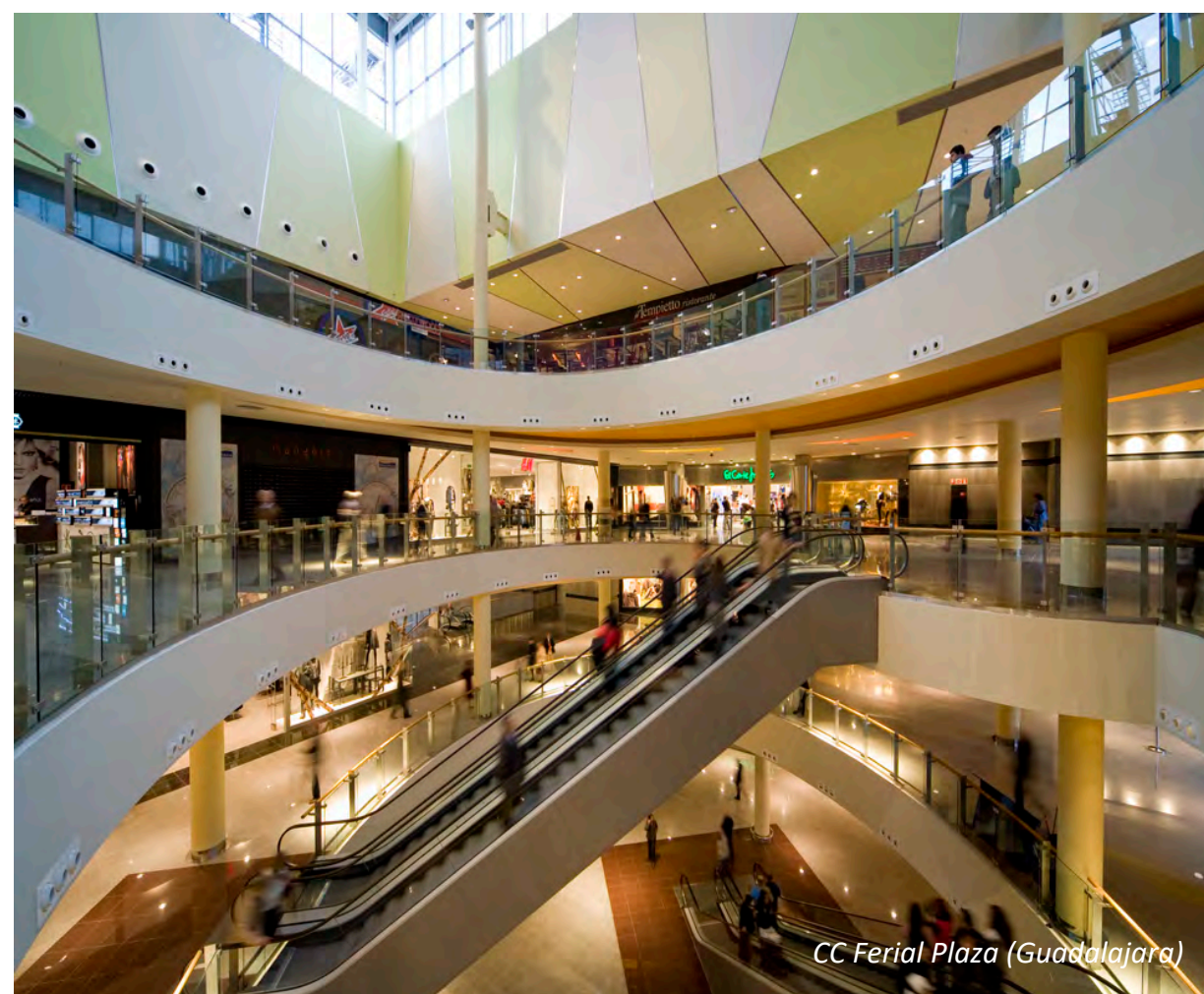
7 Shopping and Leisure Centers



Property Business – Shopping Centers

Following is a table containing information about the GAV and occupancy rates of shopping and leisure centers in operation in Spain owned by the REALIA Group at 31 December 2020, according to their location:

| Area | Surface area dec. 2020 | % Occupancy 2020 | % Occupancy 2019 | GAV dec.2020 M€ | GAV dec. 2019 M€ |
|--------------------|---------------------------|---------------------|---------------------|-----------------------|------------------------|
| CBD | 5,782 | 65.9% | 85.8% | 33 | 33 |
| BD | 39,152 | 81.4% | 84.5% | 76 | 79 |
| Periphery | 91,755 | 93.1% | 94.4% | 207 | 215 |
| Grand Total | 136,689 | 88.6% | 91.2% | 316 | 327 |



Finally, this table shows the expiration of lease contracts of the REALIA Group shopping centers in terms of annualized rents over total rents at 31 December 2020, taking into account the early termination options:

| Contract Expiration | % over annualized rents S. Centers | % over total annualized rents |
|------------------------|---------------------------------------|----------------------------------|
| 2021 | 19.10% | 6.39% |
| 2022 | 26.80% | 8.96% |
| 2023 | 11.56% | 3.87% |
| 2024 | 22.53% | 7.53% |
| >2024 | 20.02% | 6.69% |
| Grand Total | 100.00% | |



Property Business – Shopping Centers

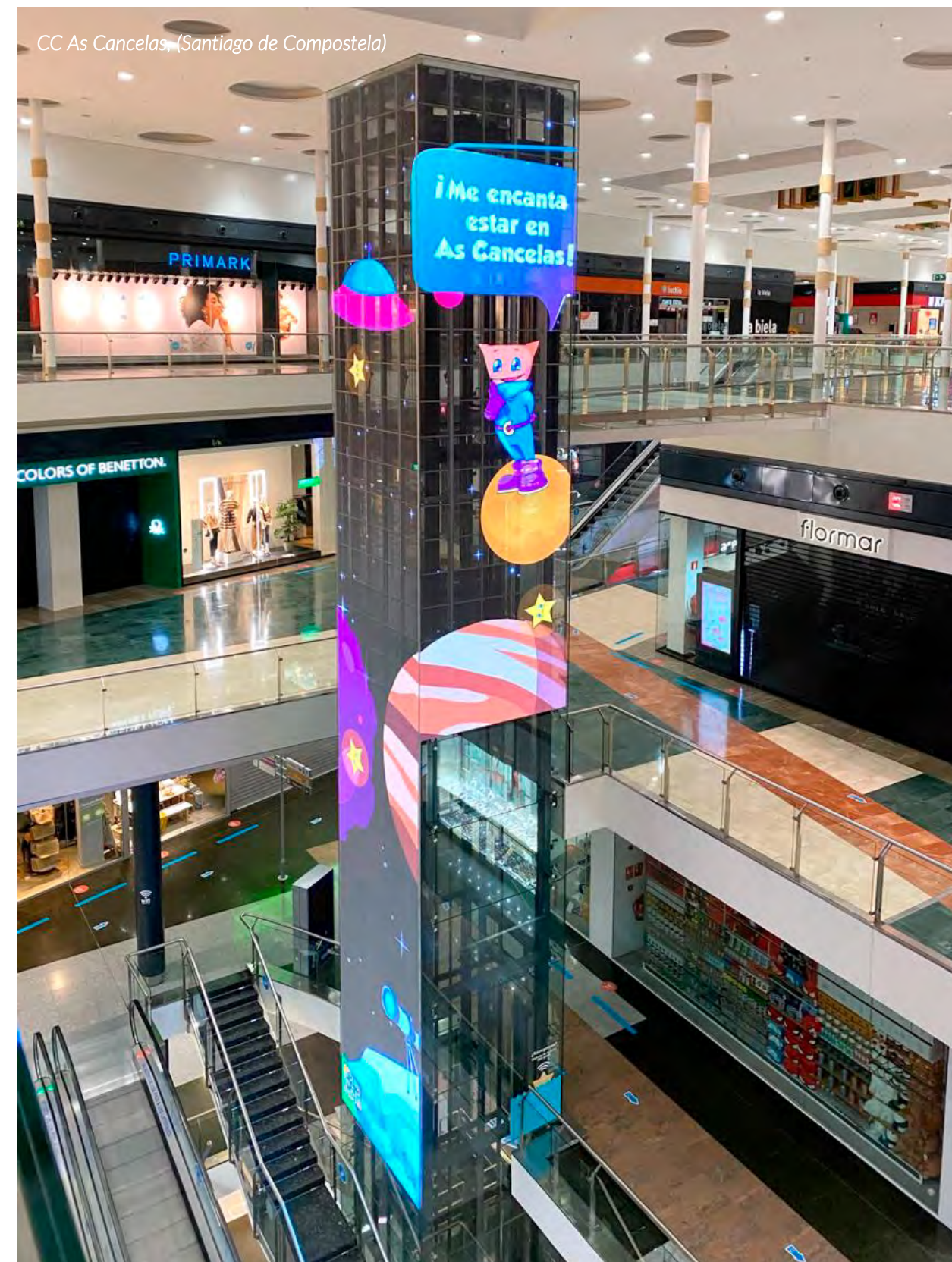
Just like in the case of offices, a substantial investment was made on capex in shopping centers in 2020, with the same goals. Total investment amounted to 1.7 Million euros.

The most relevant examples of this investment were the remodeling of the Shopping Centers Ferial Plaza (Guadalajara) and As Cancelas (Santiago de Compostela).

The “Plaza de la Almendra Central” was created at the Ferial Plaza, where 675 m2 of retail premises were transformed into an open-plan area specifically designed for children, and a co-working area with free Wi-Fi.

The As Cancelas Shopping Center has been equipped with the latest digital and interactive systems and many of its areas have been renovated.

We will discuss this in detail in the section on Corporate Responsibility of this report.



*Jardín de Tres Cantos
(Madrid)*



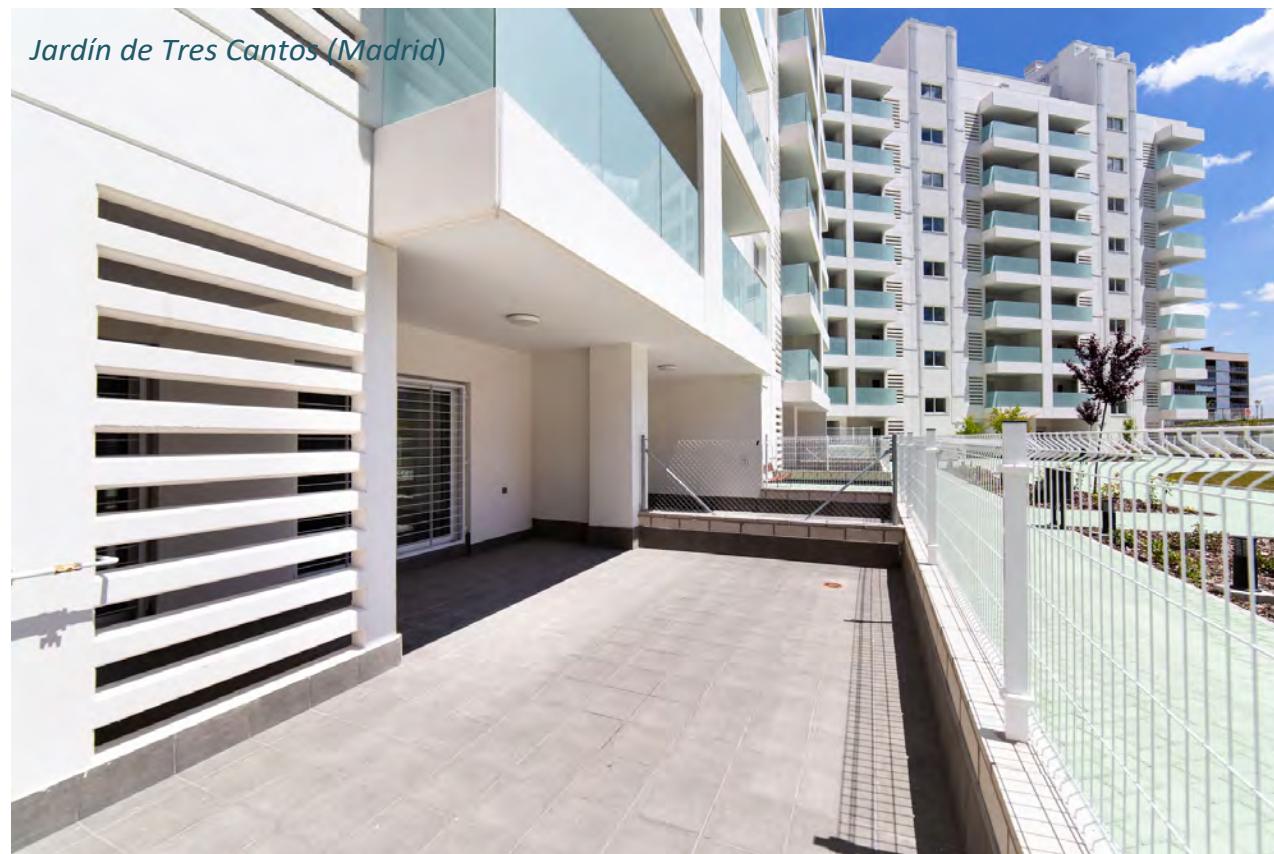
Property Business – Residential

Taking into account the unstoppable trend in residential housing for rent, in view of the active demand in this segment and the scarcity of a professional offering of this product in Spain, Realia has instructed its subsidiary Valaise to invest in three BtR (Built to Rent) operations on subsidized assets in the municipality of Tres Cantos (Madrid), to build a total of 280 homes for rent, with the following detail:

The commercial operation of the Build to Rent “BtR” residential building “Jardín de Tres Cantos”, located at Plot 1.6 in the municipality of Tres Cantos (Madrid) a development composed by 85 subsidized homes, 85 storage spaces and 132 parking spaces homes for rent at a basic price, started in July 2020.

At 31 December 2020, 66% of the rental contracts were formalized, with an additional 10% in the process of formalization.

Realia will continue the development of 2 new projects in Lots VPPL 2.1 and VPPB 1.4 B at Tres Cantos (Madrid) for the construction of 195 limited-price subsidized homes for rent, and construction is expected to start in the next months, with a total investment of 39.9 M€, 29.2 M€ of which are still pending.





Development & Land Business

99 units were delivered in 2020 for an amount of 21.12 M€, versus 82 units delivered in 2019 for an amount of 11.18 M€.

Total revenues of the development and land area in 2020 amounted to 22.99 M€, 88.9% higher than in 2019 (12.30 M€). These revenues include the deliveries of 27 units of the “Brisas de Son Dameto” development in Palma de Mallorca during November and December 2020 for an amount of 10.88 M€, and the sale of land for commercial use made by the Valdebebas Compensation Board for 1.18 M€, where REALIA had a small ownership percentage.

| (M.€) | 2020 | 2019 | Var. (%) |
|---|---------------|---------------|---------------|
| REVENUES | | | |
| Developments | 21.12 | 11.18 | 88.9% |
| Land and others | 1.87 | 1.12 | 67.0% |
| Total Revenues | 22.99 | 12.30 | 86.9% |
| EXPENSES | | | |
| Cost of sales | -19.27 | -12.80 | -50.5% |
| Rest of costs | -1.99 | -2.28 | 12.7% |
| TOTAL EXPENSES | -21.26 | -15,08 | -41.0% |
| <i>Gross margin Developments</i> | <i>1.73</i> | <i>-2,78</i> | 162.2% |
| <i>Gross margin Developments (%)</i> | <i>7.5%</i> | <i>-22,6%</i> | 133.2% |
| <i>Use/Reversal provisions Finished product</i> | <i>1.99</i> | <i>3.42</i> | -41.8% |
| GROSS MARGIN (excluding provisions) | 3.72 | 0.64 | 481.3% |



*Realia Hato Verde
(Guillena - Sevilla)*



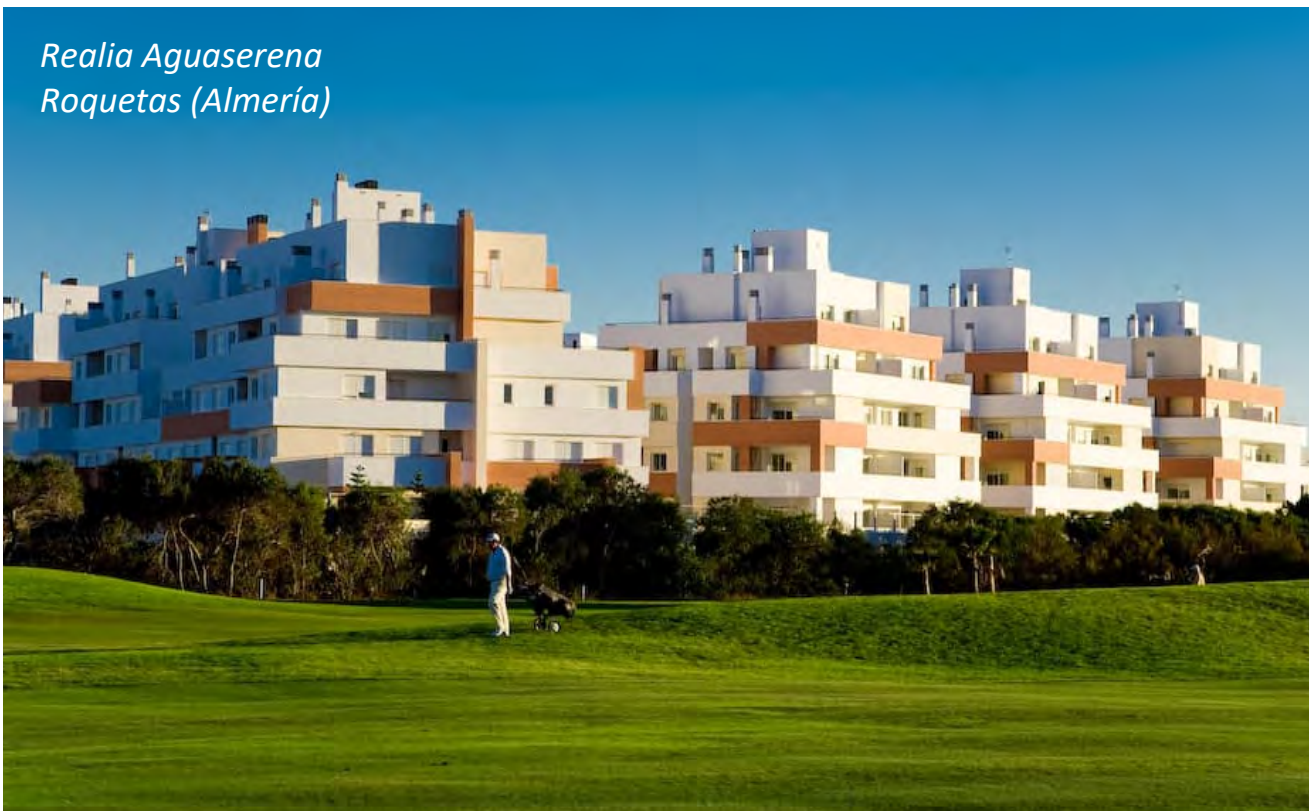
The distribution of units delivered by the different territorial offices at December 2020 and 2019 is as follows:

| Offices | 2020 | | 2019 | |
|---------------|--------------|---------------|--------------|---------------|
| | No. of units | Revenues (M€) | No. of units | Revenues (M€) |
| Madrid/Centro | 12 | 1.44 | 14 | 1.71 |
| Levant | 50 | 15.28 | 13 | 2.50 |
| Catalonia | 6 | 0.71 | 12 | 1.85 |
| Andalusia | 30 | 3.45 | 43 | 5.12 |
| Portugal | 1 | 0.25 | - | - |
| Total | 99 | 21.12 | 82 | 11.18 |

The following table shows the evolution of the residential housing portfolio of the Group:

| Evolution residential housing portfolio | 2020 | 2019 | Var. (%) |
|---|-------|-------|----------|
| Pre-sales period | | | |
| Number of units | 151 | 175 | -13.8% |
| M€ | 40.96 | 44.53 | -8.0% |
| Deliveries in the period | | | |
| Number of units | 99 | 82 | 20.1% |
| M € | 21.12 | 11.18 | 88.9% |
| Reserves/Sales pending delivery | | | |
| Number of units | 156 | 125 | 24.9% |
| M € | 56.05 | 44.32 | 26.5% |
| Total portfolio available at the end of the year | | | |
| Finished product | | | |
| Number of units | 197 | 244 | -19.5% |
| Product in progress | | | |
| Number of units | 116 | 247 | 100.0% |

*Realia Aguaserena
Roquetas (Almería)*



REALIA holds at 31 December 2020 a stock of 428 units (homes, retail premises and offices) finished or in progress and pending delivery (156 units are pre-sold or sold). Additionally, it holds 41 single-family land lots for sale for residential self-development.

Currently there are developments in progress in Madrid and Barcelona.

Realia's current land portfolio, in its different stages of urban development, amounts to 5,753,724 m² off gross surface area and an estimated buildable area of 1,621,875 m², 29.1% of which are located in the Community of Madrid and 30.34% is land ready for construction.

The fair value of development assets (land, developments in progress and finished product) amounts to 388.4 Million euros at December 2020 and represents a decrease of -1.5% compared to its value in December 2019 (391.4 Million euros). In like for like terms 2020/2019, the variation of the valuation would have dropped by 4.5%.



*Brisas de Son Dameto
(Palma de Mallorca)*

| (M €) | GAV dec. 2020 | GAV dec. 2019 | YoY Var. (%) |
|--|---------------|---------------|--------------|
| Land portfolio ⁽¹⁾ | 270.1 | 274.0 | -1.4% |
| Developments in progress ^{(1) (2)} | 62.0 | 72.7 | -14.8% |
| Completed developments ⁽²⁾ | 43.9 | 34.2 | 28.4% |
| Land portfolio ⁽³⁾ y and others in property companies | 12.4 | 13.2 | -6.1% |
| Total Value Residential Housing Assets | 388.4 | 394.1 | -1.5% |

(1) The development "Glories BCN" was transferred to the land portfolio for an amount of 9.17 M €, due to the delay in the start of the development

(2) During 2020, finished product existing at Dec. 2019 was delivered for an amount of 9.16 M€. The valuation at Dec. 20 includes the product existing from the "Brisas de San Dameto" development, transferred from "developments in progress" to "completed product" in November 20; deliveries from these developments during the last two months of 2020 amount to 10.9 M€.

(3) The amount corresponding solely to the land portfolio is 9.9 M € in Dec. 2020 and 10.7 M€ in December 2019.

The following table shows the value of the land according to their urban development status:

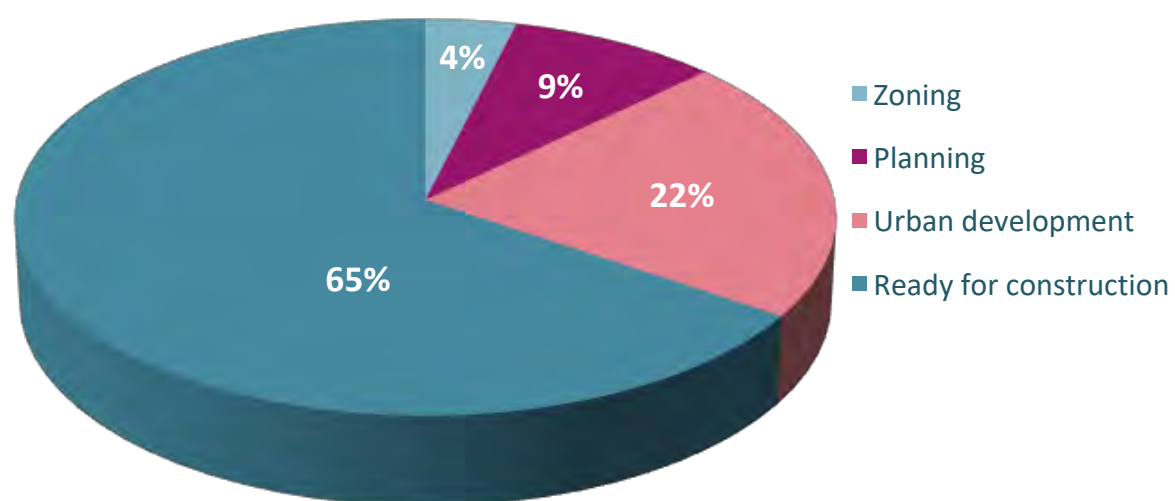
| | Gross surface area m ² - dec.2020 | Buildable area m ² - dec.2020 | Buildable area m ² - dec. 2019 | GAV dec. 2020 M € | GAV dec. 2019 M € | Var. GAV (%) dec. 20 / dec. 19 |
|---------------------------------------|---|---|--|----------------------|----------------------|-----------------------------------|
| Zoning ⁽¹⁾ | 3,563,718 | 387,598 | 387,598 | 10.9 | 11.8 | -7.9% |
| Planning | 1,218,687 | 488,962 | 488,962 | 25.3 | 25.9 | -2.4% |
| Urban development | 489,148 | 253,214 | 253,161 | 60.4 | 62.6 | -3.5% |
| Ready for construction ⁽²⁾ | 482,172 | 492,100 | 489,312 | 183.4 | 184.4 | -0.5% |
| Total | 5,753,724 | 1,621,875 | 1,619,033 | 280.0 | 284.7 | -1.7% |

The most significant changes in the buildable space of the land portfolio correspond to:

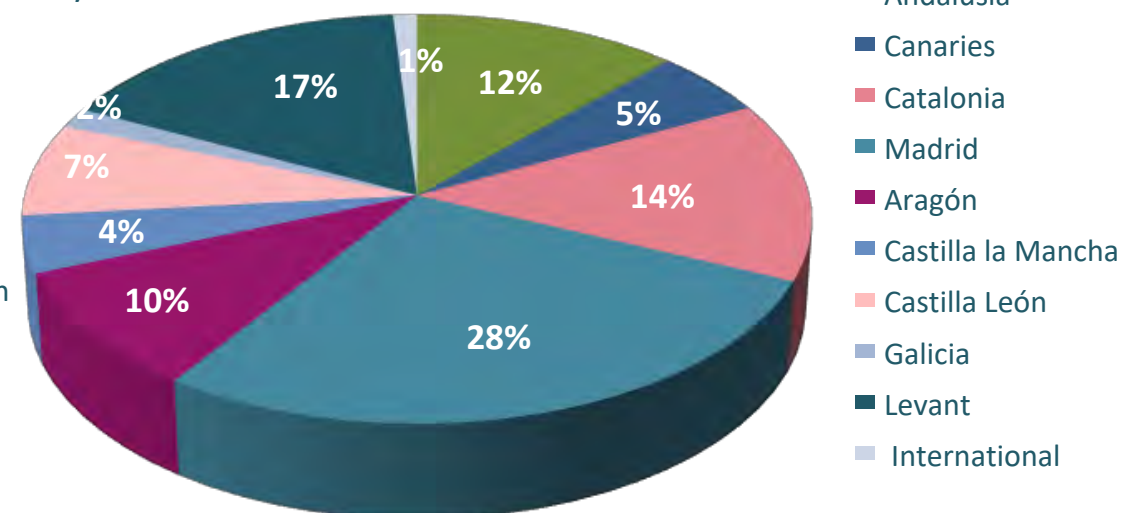
- (1) Increase of the buildable area of the land ready for construction by 5,546 m2 for the transfer of the development in progress “Glories BCN” to the land portfolio.
- (2) The sale of land for commercial use made by the Valdebebas Compensation Board, where Realia held a small ownership percentage, with a buildable area of 2,757 m2.

The following table shows the distribution of the land GAV by type of land and location, according to their valuation:

By urban development status



By Areas



The following table shows the distribution of land, by their status and location, according to their buildable surface area:

| By status | Buildable area (m ²) |
|------------------------|----------------------------------|
| Zoning | 387,598 |
| Planning | 488,962 |
| Urban development | 253,214 |
| Ready for construction | 492,100 |
| Total | 1,621,875 |

| By areas | Buildable area (m ²) |
|--------------------|----------------------------------|
| Andalusia | 460,851 |
| Canaries | 18,541 |
| Catalonia | 81,931 |
| Madrid | 471,789 |
| Aragón | 154,508 |
| Castilla la Mancha | 222,886 |
| Castilla León | 64,451 |
| Galicia | 6,184 |
| Levant | 129,821 |
| International | 10,912 |
| Total | 1,621,875 |





5. Corporate Governance

Corporate Governance Bodies
Annual General Meeting
Board of Directors
Chief Executive Officer
Remuneration Policy
Ethical Framework
Ethical Code

Criminal compliance and prevention model
Internal Code of Conduct
Fiscal policy
Risk management
Achievement of objectives

REALIA has a Corporate Governance system focused on the sustainable achievement of its corporate goals, that is permanently updated according to the applicable legislation and good governance recommendations from the Comisión Nacional del Mercado de Valores (CNMV).

Governance Bodies

The Corporate Governance system is structured around its main bodies of governance, the Annual General Meeting of Shareholders and the Board of Directors, which are regulated by the By-Laws and their respective regulations and which, in turn, establish the rules of conduct of the company with third parties, according to the corporate values and goals.

The Chief Executive Director, by delegation from the Board of Directors, is responsible for the design and review of the organizational structure of the group.

Both the content of the Board Regulations and the By-Laws are in line with the content of the Law on Corporations and related legislation, and accordingly, in 2020, just like in the three previous years, it was not necessary to introduce additional amendments to them.

Compliance with the Good Governance Code of the CNMV

During 2020, Realia Business, S.A. fully complied with 32 out of the 64 recommendations of the CNMV; partially complied with 14; and 18 were not applicable, and none of them required an explanation. Therefore, taking into account the percentage of Recommendations it complied with fully or partially (a total of 71.86% of the recommendations, or 100% of the recommendations applicable) and the fact that it did not have to explain any of them, the degree of compliance with the Good Governance Code of Listed Companies is considered to be satisfactory.

REALIA submits to the Comisión Nacional del Mercado de Valores (CNMV) an annual Corporate Governance Report, and a Directors' Remuneration Report, available at the corporate website, www.realia.es.

This report summarizes REALIA's economic, social and environmental performance, and it seeks to describe the progress made in the area of Corporate Governance.



Annual General Meeting of Shareholders

The General Meeting of Shareholders is the highest body of representation of the share capital. It meets at least once a year, within the first six months of every year.

It held one single Annual General Meeting in the year, on 2 of June. The meeting approved the statements of the previous year, the corporate management and decided on the allocation of profit of the previous year. Additionally, it approved the following agreements:

- To reelect proprietary Directors of the Company Mr. Juan Rodríguez Torres and Mr. Gerardo Kuri Kaufmann.
- To authorize the Board of Directors the derivative acquisition of own shares and authorization to the subsidiaries to buy shares of Realia Business, S.A.: all of this within the limits and the requirements of the Law on Corporations.
- To authorize the convening of Annual General Meetings at least fifteen days before each meeting, provided that the company offers its shareholders the possibility of voting through electronic means accessible to all of them.
- To reappoint Ernst & Young as auditor of the financial statements of the Company and the Consolidated Group for 2021.



Board of Directors

The Board of Directors of REALIA is composed by six members, one of whom is an executive director, three are proprietary directors and two are independent. In 2020, after the General Meeting of Shareholders in which the reelection of Board Members Mr. Juan Rodríguez Torres and Mr. Gerardo Kuri Kaufmann by a majority of the share capital, the Board of Directors reelected the former as Chairman and the latter as CEO.

The duties of the Board of Directors include the investment and financing policy, the establishment of the structure of the group, the Corporate Governance policy and the Corporate Social Responsibility policy. Additionally, the Board is responsible for the definition of the management and budgetary goals, and the remuneration policy. It also evaluates the performance of senior managers, and is in charge of the risk control and management policy, and the dividend policy.

The Board met on eight occasions during 2020. During the year, it carried out the following actions: self-assessment and evaluation of the performance of its committees, and the performance of the Chairman of the Board and the Chief Executive Officer; review of its total payroll; preparation of the financial statements of the previous year and approval of the mid-term financial reports of the year; approval of the Annual Governance Report and the Annual Remuneration of Directors Report; analysis of the Risk management and control systems; analysis of the composition of the Board; review of the money laundering and terrorism financing prevention system; approval of several related party transactions, preparation of the Annual General Meeting. Additionally, during the year the Board analyzed carefully the impact of the Covid-19 pandemic may have for the Company.

The Board of Directors organizes its work on three committees: Executive Committee, Appointments and Remuneration Committee, and Audit and Control Committee.

Executive Committee

The Executive Committee takes on the duties and competences delegated by the Board of Directors. Generally, it is responsible for the follow-up and supervision of the management and administration aspects of the company that require continuous attention and, where appropriate, a fast and swift adaptation, and of those matters which may influence the positioning and future prospects of the company and the Group in the market.

The Executive Committee held four meetings during 2020.

Appointments and Remuneration Committee

It is responsible for the remuneration of directors and senior managers, the appointment and termination of the members of the Board, and the annual evaluation, among other matters.

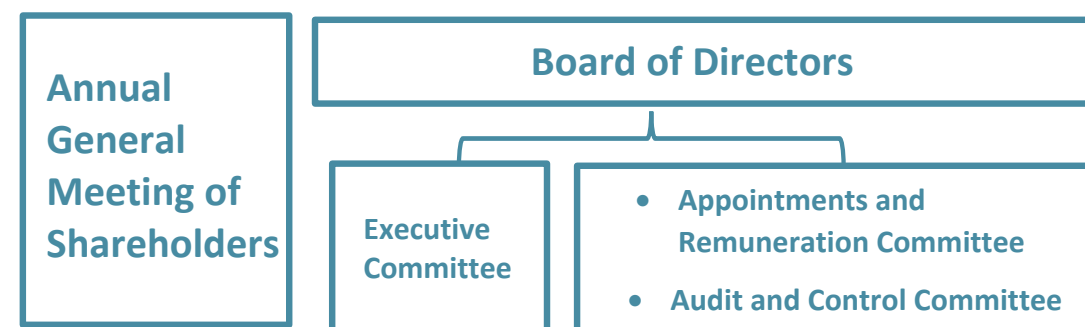
It met on four occasions during 2020.

Audit and Control Committee

The main role of the Audit and Control Committee is to support the Board of Directors in its duties of supervision, through the periodic review of the process of preparation of the economic and financial information, the internal audit function and the independence of the external auditor.

The Audit and Control Committee held seven meetings during 2020.

CORPORATE GOVERNANCE BODIES



DIRECTORS' PROFILE

One of the characteristics of REALIA's Board of Directors is the diversity of its members. Thus, the Company has a Board where gender diversity is present (three women and three men); with ages ranging from the 36 years of the Chief Executive Officer to the 82 years of its Chairman; where the working experience of its members covers sectors as diverse as real estate, shoes, international relations, agriculture and ecology or energy, and includes professionals in the fields of law and senior management, economy and finance professionals, and expert engineers in several disciplines, who have professional experience in both the public and the private sector.

REALIA's Directors are professionals of proven integrity, solvency, technical competence and experience, appointed on the basis of a report from the Appointments and Remuneration Committee.

The Company considers that the number of independent directors on the Board adequately guarantees the interests of the free float, which at year-end, accounted for 23.56% of the share capital.

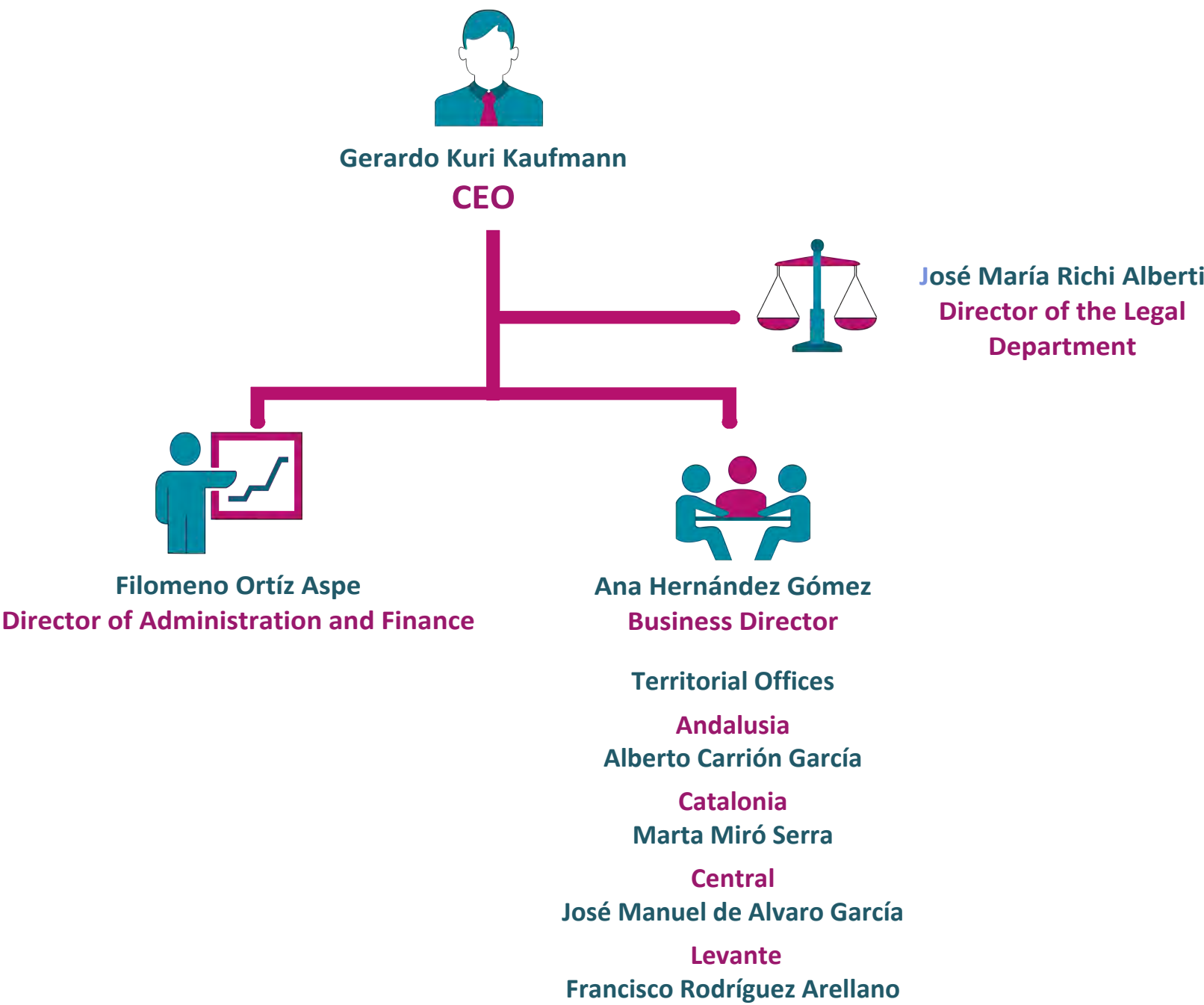
It is also worth noting that, as mentioned above, three of the Members of the Board are women (50% of the total), a higher percentage than in most of the Spanish listed companies.

| Name | Position | Type of director | Executive Committee | Appointments & Remuneration Committee | Audit and Control Committee |
|--|------------------------|-------------------------------|---------------------|---------------------------------------|-----------------------------|
| Juan Rodríguez Torres | Non-Executive Chairman | Proprietary, appointed by CEC | Chairman | Member | Member |
| Gerardo Kuri Kaufmann | CEO | Executive | Member | | |
| Ximena Caraza Campos | Member | Independent | | Chairwoman | Member |
| EAC Inversiones Corporativas S.L. Represented by Esther Alcocer Koplowitz | Member | Proprietary, appointed by FCC | Member | Member | |
| Elías Fereres Castiel | Member | Independent | | Member | Chairman |
| Meliloto S.L. Represented by Alicia Alcocer Koplowitz | Member | Proprietary, appointed by FCC | Member | Member | |

REALIA's Board of Directors at 31 December 2020

Chief Executive Officer

The Chief Executive Officer, Mr. Gerardo Kuri Kaufmann, is responsible for the design and review of the organizational structure of the group, under delegation from the Board of Directors. He is also responsible for the establishment of the objectives and the strategy of the organization and controlling its execution to guarantee the feasibility of the business.



Remuneration Policy

REALIA'S remuneration policy seeks to establish a remuneration system for the Directors that is compatible with the corporate strategy, the values and the long-term objectives and interests of the Company. Taking into account this main objective, it aims at setting the foundations to remunerate its Board of Directors in a form that is appropriate to their qualification required, the duties of their position and their dedication to the Company, in order to attract and retain the profiles best suited to achieve its strategic goals.

The Board of Directors approved in May 2018 the renewal of the remuneration policy for the period 2019-2021, with no changes with respect to the policy approved in 2016 for the years 2016, 2017 and 2018. This resolution was ratified by 99.64% of the votes present or represented at the Annual General Meeting of Shareholders held on 27 June 2018; the policy will be applicable in 2019, 2020 and 2021, unless amended by the Annual General Meeting.

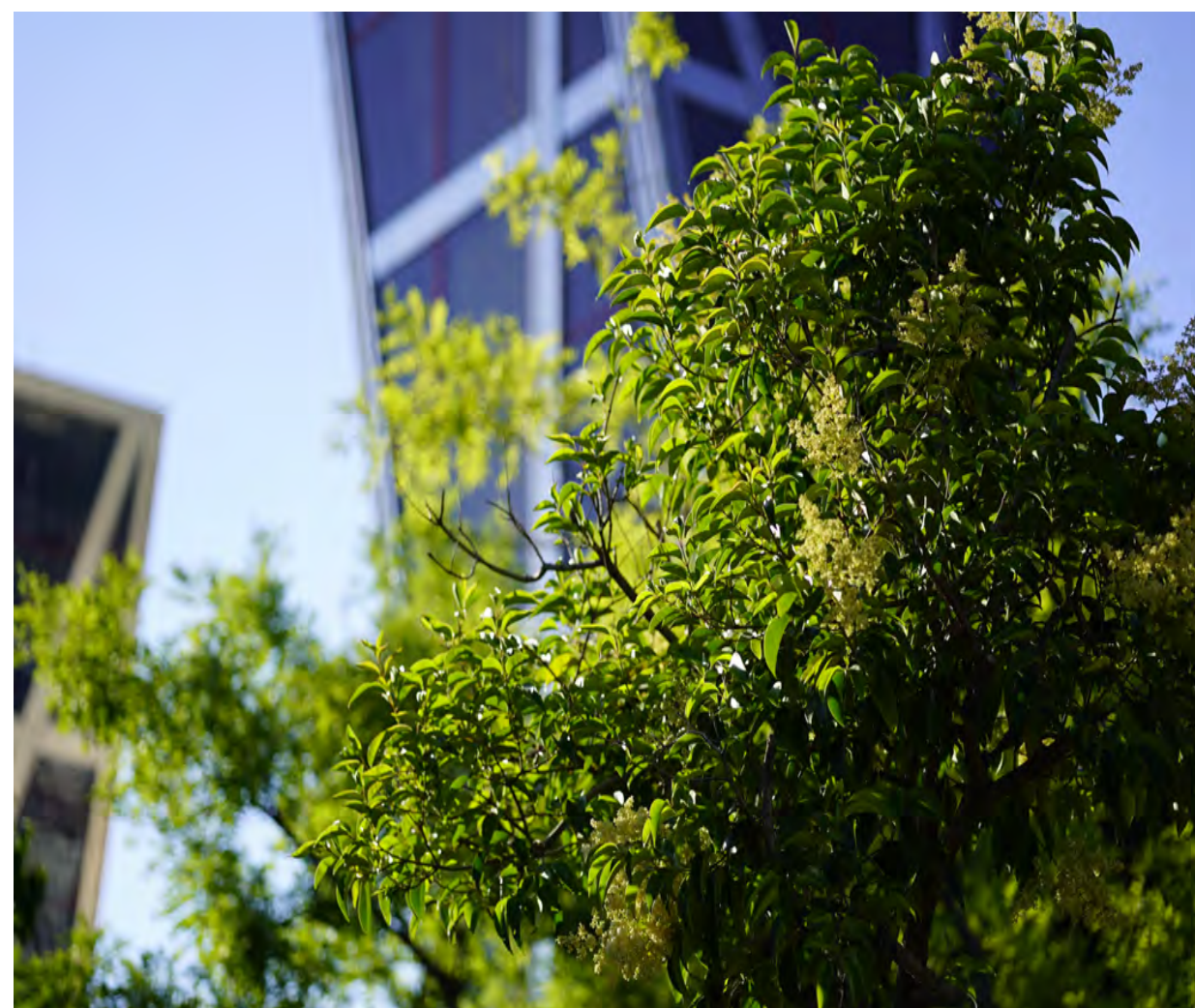
Considering the recommendations of the Good Governance Code of Listed Companies and those of companies with similar characteristics in terms of sector of activity, size or shareholding structure, the following remuneration criteria have been established:

- I. It must be adequate to attract and retain the directors of the desired profile, and to remunerate their dedication, qualification and responsibility required by the position, without prejudice to the independent judgement of non-executive directors.
- II. It must respond to a market criterion.
- III. It must respond to the dedication and responsibility of the directors.
- IV. Regarding executive directors, it must recognize their capacity to increase the value of the company for their impact on results, their skills and professional profile, and they must be recognized a specific remuneration for their executive duties, independent and compatible with their duties as directors.
- V. Regarding the non-executive Chairman of the Board, it must recognize the responsibility and critical nature of the position, through a specific remuneration for the position.
- VI. As to the remuneration concepts, the remuneration policy consists in an annual amount based upon criteria of responsibility (fixed remuneration) and dedication and corresponding allowances (variable remuneration)

For the next three-year period 2022-2024, the Board proposed to the General Meeting of Shareholders the approval of a new policy that continues the current policy in relation to the principles, structures and content of the remuneration package of Directors.

Remunerations in 2020

In 2020, the Directors received a total of 499,020 €, 15.42 % lower than the amount approved by the Annual General Meeting. This figure does not include the remuneration of the CEO for his executive duties.



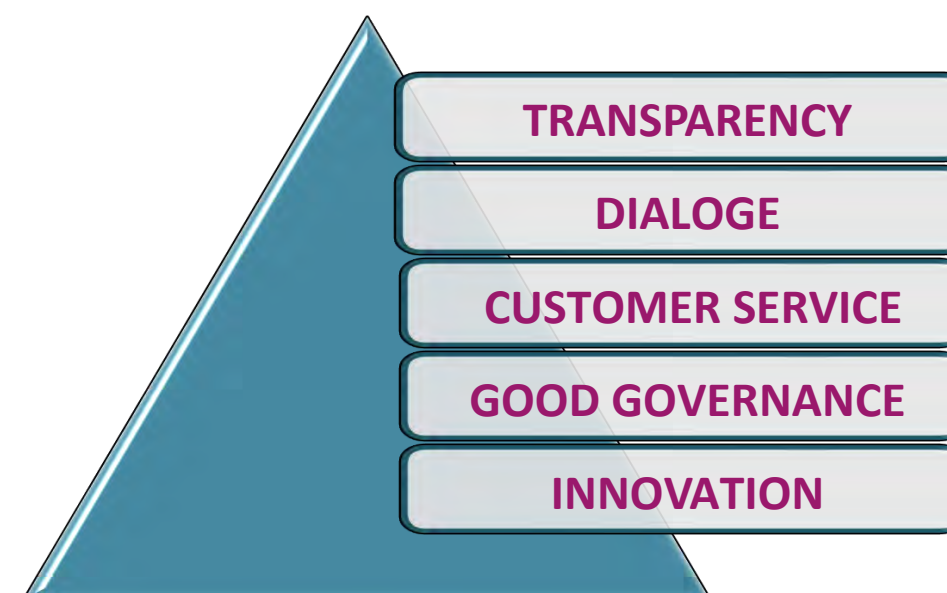
The activity of REALIA is subject to the current legislation and is governed by a number of rules and procedures that ensure ethical conduct. Additionally, REALIA guides its conduct according to the values of Transparency, Dialogue, Professionalism, Good Governance and Innovation.

Based on these principles, it has established a set of internal rules to ensure the honest conduct of its employees, tools for its monitoring, and mechanisms to apply in case of non-compliance. The first step was the approval of the new Ethical Code by the Board of Directors in its session held on 4 April of 2018. This document was distributed to all employees of REALIA, with acknowledgement of receipt and commitment to comply, and is available at REALIA's website and at the Intranet.

The backbone of the ethical framework is the Ethical Code, which establishes the principles, values and rules of conduct that must prevail in all activities of the Group. Additionally, as a listed company, it has an Internal Code of Conduct for its activities in the stock markets, and a Fiscal Policy that establishes principles and good tax practices the company must follow. These documents were approved by the Board of Directors on April 2007 and October 2016, respectively.

Additionally, the Board of Directors approved on May 2019 the document that contains the Anticorruption Policy, based on the principle of "zero tolerance" to fraud and corruption activities. This document was distributed with acknowledgement of receipt and commitment to comply. A copy is available at REALIA's Intranet. Additionally, at the end 2019, the Governance Body drafted and approved the Partners Relations Policy in relation to Compliance. This document includes a number of homogeneous principles and guidelines to apply in relations with partners in the different entities where the Group participates, and in future relations with potential partners. These documents are part of the policies that make up the Compliance and Criminal Prevention Model implemented in the Organization.

The Audit and Control Committee has supported the implementation of a Criminal Compliance and Prevention and Criminal Risk Prevention Model with the purpose of strengthening the culture of compliance in this respect, and which can serve as a disclaimer in case of crimes committed within the Organization. This initiative was completed in February 2020 with the approval by the Board of Directors of the Criminal Prevention Model, and the appointment of the "Compliance Officer" in charge of managing and monitor the proper operation and compliance of the Model.



The purpose of this Manual is to define the design, structure and guidelines for the operation of the Compliance and Criminal Prevention Model of the REALIA Group, and the Criminal Risk Management System, and to describe its bodies and procedures in relation to regulatory compliance in the criminal sphere. This Model is mandatory for all REALIA staff, and was distributed with acknowledgement of receipt and commitment to comply. A copy is available at REALIA's Intranet.

The Model is revised and self-assessed periodically by the personnel in charge of the processes and the controls that make up the Criminal Risk Management System and the Compliance Officer, and by the Head of Internal Audit, who includes the review of the Model in their annual planning.

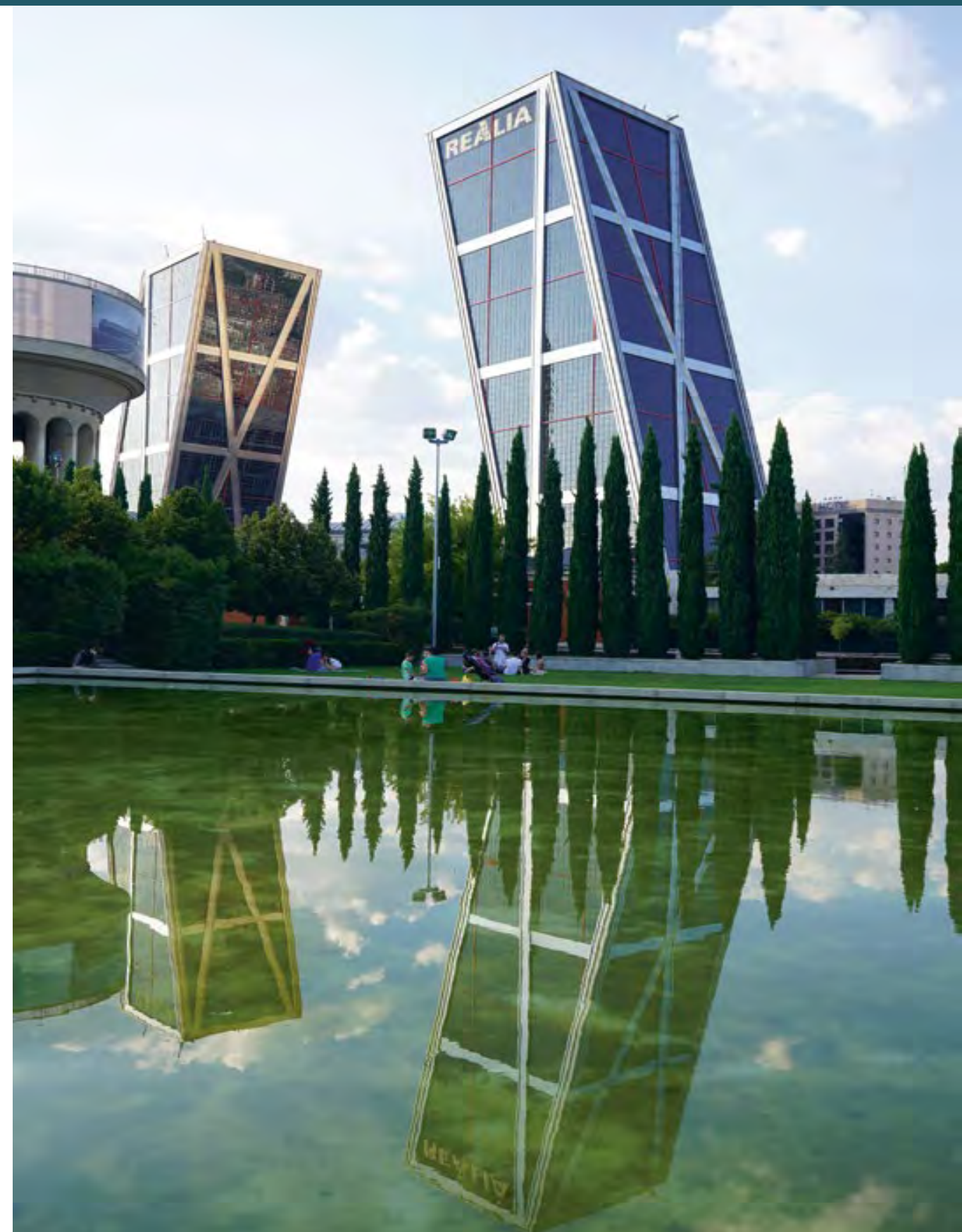
The Manual includes a chapter on Training, that describes the organization of communication and personnel training, especially the people involved in the application and follow-up of controls, on matters related to: Ethical Code and Code of Conduct, the operation of the Ethical and Whistleblowing Channel, the Criminal Prevention Model and the Criminal Risk Management System, and matters related to regulatory compliance and especially "criminal compliance" (liability of legal entities, characteristics of the prevention models, advantages for the organization...).

The Communication and Whistleblowing Channel (Ethical Channel) is an essential element of this Model, a mechanism that allows employees to report the infringements committed and unethical and potentially fraudulent practices to the officers in charge of monitoring compliance with the regulations. The new Ethical Channel (internal communication or whistleblowing channel) was approved by the Board of Directors of REALIA on 20 March 2019. This document was distributed to all the employees of REALIA (together with instructions to facilitate understanding of the operation of the Channel to communicate or report an infringement). This Regulation is available at REALIA's Intranet.

Thus, the Regulatory Package of the Criminal Prevention Model is composed by the following documents:

- Ethical Code
- Criminal Prevention Manual
- Anticorruption Policy
- Ethical Channel (Incidence reporting channel) – Procedure Regulation

During 2020, the wording of these documents was modified to state that the management of the Compliance Model, the periodic report on compliance issues and the management of the Ethical Channel were the responsibility of the Compliance Officer (previously performed by the Head of Internal Audit, who is now responsible for the internal review of the Model).



ETHICAL CODE

The backbone of the ethical framework is the Ethical Code, which establishes the principles, values and rules of conduct that must prevail in all activities of the Group. Additionally, as a listed company, it has an Internal Code of Conduct for its activities in the stock markets, and since October 2016, a Fiscal Policy that establishes principles and good tax practices the company must follow.

REALIA's Ethical Code, approved by the Board of Directors in its meeting of 4 April 2018, is the fundamental rule that guides the behavior of all the employees of the group in the performance of their activities and in relation to third parties, regardless of their position or location. This document has been distributed to all employees (with acknowledgement of receipt), and is available at the company's website.

The values included in the Ethical Code are the following:

- **Customer service:** Satisfied customers are one of our most critical assets. In our relations with customers, their interests are at the same level as our own.
- **Transparency:** REALIA aims to be recognized by the sector as the company with the best Corporate Governance standards. We strive to act honestly, fairly and transparently, maintaining impeccable behavior with our stakeholders.
- **Leadership vocation:** All REALIA employees are distinguished for their vocation to achieve excellence in all areas of activity of the company.
- **Innovation:** We are constantly searching for solutions that provide value to the company and the society we serve. Quality as the foundation for growth.
- **Dialogue with stakeholders:** REALIA's culture and values are based on keeping relations of trust and mutual benefit with our stakeholders.



- Leadership vocation
- Customer service
- Innovation
- Dialogue

The Ethical Code also establishes basic principles of conduct and action, which create the basis for the company's activity, and which served as its inspiration. These basic principles include regulatory compliance and respect for ethical values, respect for people, internal control and fraud prevention, personal data protection, caring for people and customers, and commitment with the market, the company, the community and the environment.

All the employees of REALIA have received a copy of the Ethical Code, also available at the corporate Intranet and the company's website, and have formally pledged to comply with it.

The company will gradually extend these principles to its suppliers, and for this reason it reserves the right to contract goods and services to companies that comply with them.

Additionally, two documents were drafted during 2019: "Anticorruption and Fraud Policy" and "Partners relations policy regarding compliance". These documents were reviewed by the Audit Committee and were submitted to the Board of Directors for approval in May and October, respectively. The "Anticorruption and Fraud Policy" was distributed to all REALIA employees, with acknowledgement of receipt.

The purpose of REALIA is to extend the culture, values and ethical conduct principles to its main partners. Accordingly, the Ethical Code of HERMANOS REVILLA, S.A., was drafted at the end of 2019. This is one of the main partners of REALIA, which operates in the property area (rental assets). This document was approved by the Board of Directors of HERMANOS REVILLA, S.A. in February 2020.

Ethical Channel

One of the requirements of any regulatory compliance system is the establishment of a mechanism for any employee to report to the persons responsible for compliance, any breach or unethical practices or conducts which may entail a punishment and therefore, an economic or reputational damage to the legal entity.

Specifically, in the description of the minimum requirements that any organizational and management model for the prevention of crimes must fulfill (criminal compliance models), article 31 bis 5 of the Criminal Code establishes that they must “impose the obligation to report potential risks and non-compliances of the body in charge of monitoring the operation and compliance with the prevention model”.

Accordingly, the establishment of a Channel that allows to report or denounce practices against the Ethical Code approved by the Board of Directors on 4 April 2018, becomes an essential element of the prevention and compliance management system (and specifically in the prevention of criminal risks). The Communication Channel (Ethical Channel) is thus created with the purpose of preventing and detecting conducts that may generate criminal responsibility for the company, for it allows to undertake an internal investigation to counter criminal conduct or non-compliance risks.

With regard to this, a new draft of the new Whistleblowing Channel Procedure Regulation for the Reporting of Incidences (Ethical Channel) was reviewed and written to adapt it to the new Ethical Code, to applicable regulations and to the Criminal Compliance and Prevention Model (since it is one of its essential components). The new Ethical Channel Regulation (internal communication channel, or whistleblowing channel) was approved by the Board of Directors of REALIA on 20 March 2019.

This ensures compliance with the requirement established in the amendment to Law 10/2010 on the prevention of money laundering and terrorism financing introduced by Royal Decree 11/2018 that urges the establishment of internal procedures that allow REALIA employees to report – even anonymously – alleged violations in this respect.

The Ethical Channel is an internal channel for reporting incidences open to all employees of the Realia Group, which allows them to:

- Report to the Audit and Control Committee any inappropriate conduct or action, according to the recommendations of the Ethical Code (Ethical Code violations).
- Report irregularities of potential relevance, especially of a financial and accounting nature; and those related (or which show signs of) the crimes of fraud, corruption, bribery, influence peddling, crimes against urbanism and the environment, and any other illicit activity which may have criminal consequences for the Organization.
- Report relevant information on potential violations of the applicable regulations on Money Laundering and Terrorism Financing.
- Prevent and/or report situations of workplace or sexual harassment, or any discrimination for gender, ideology or race.
- Present proposals for improvement of the internal control procedures and systems in force in the Realia Group related to the matters mentioned above.
- Raise questions about the application of the patterns of conduct described in the Code.

The main principles of the Channel are: “confidentiality” and “no retribution”. The company guarantees the confidentiality of all communications through this channel, which is under the mandate and supervision of the Audit and Control Committee. The right to honor is one of the guiding principles of the communication procedure of the Realia Group, and both the Audit and Control Committee and the Compliance Officer should make every effort to uphold this right.

Ethical Framework - Ethical Code

Communications between employees of the Realia Group and the Compliance Officer or, where appropriate, the Audit and Control Committee, will be preferably confidential (the identity of the person communicating or reporting should be nominal in order to facilitate the enquiry). However, such confidentiality is different to anonymity. Anonymity will be admitted in special circumstances and when the legislation will allow it (applicable legislation on matters of money laundering and terrorism financing, LOPD (Personal data Protection Law), etc...)

The Audit and Control Committee has appointed the Compliance Officer as a “Representative” in the management of the communication procedure of the Realia Group. Their duties are approved by the Audit and Control Committee, and include to receive, process, follow up and report and document adequately all the internal communications received.

No incidences were reported through the internal whistleblowing channel during 2020.

The channel is available at the Corporate Intranet and the following address:

GRUPO REALIA

Att.: Delegado del Comité de Auditoría y Control
Canal de Comunicación de Incidencias (Canal Ético)
Avda. del Camino de Santiago, 40 - 28050 Madrid

BASIC PRINCIPLES OF CONDUCT AND ACTION

Comply with the rules

Respect the persons

Protect personal data

Take care of customers

Prevent fraud

Commitment to the market, the company and the community

Commitment to society and the environment

Criminal Compliance and Prevention Model

Ethical behavior and respect and compliance with regulations, both internal and external, are the pattern of conduct of the REALIA Group.

On the other hand, the reform of the Criminal Code of 2015 was especially relevant, with the introduction of the “criminal liability of legal entities” and the possible exemption of liability in case entities meet a number of requirements, one of which is the establishment of a criminal prevention model that must fulfil a number of requirements.

The Board of Directors, through REALIA’s Audit and Control Committee promoted the establishment of a Compliance and Criminal Prevention Model in the Organization.

The purpose is to design and develop the “Criminal Compliance Management System” or “Criminal Risk Management System” in such a way that it meets the conditions mentioned on art.31 bis 5 of the Criminal Code, that describe the “Requirements Prevention Models must meet”, which establishes that “the organization and management models must identify the activities where the crimes that they seek to prevent may be committed”.

Additionally, the system has been designed in such a way that it contains the guidelines and recommendations of the UNE 19601 standard “Criminal Compliance Management Models. Requirements with recommendations for use”, since this rule is a good reference for the design, implementation, development, review and continuous improvement of a Criminal Risk Management System.

The Audit Committee is the Criminal Prevention Body of REALIA; it has the necessary authority to guarantee the credibility and the binding nature of the decisions taken. This makes the Committee the guardian body for the supervision, surveillance and control of the duties related to criminal compliance.

The duty of the Audit and Control Committee of REALIA in relation to crime prevention is the supervision of the adequate operation and effectiveness of the Criminal Prevention Model and to report to the Board on this matter. The Compliance Officer is in charge of these tasks.

The first step was the approval of the new Ethical Code in April 2018.

The most relevant actions carried out in the area of regulatory compliance and the planning, design and implementation of the Criminal Compliance and Prevention Model and the Criminal Risk Prevention System were the following:

- Drafting of the new Ethical Channel Regulation (internal whistleblowing channel) regarding regulatory compliance and criminal prevention, approved by the Board of Directors in March 2019 and disseminated to all the employees of Realia Business S.A. and Realia Patrimonio SLU, with an attached document explaining its operation.
- Ethical Channel Management and six-monthly report of the activity of the channel.
- Drafting of the “Anticorruption and Fraud Policy” and the “Partners Relations Policy regarding compliance”. The “Anticorruption and Fraud Policy” was distributed to all REALIA employees, with acknowledgement of receipt.
- Identification, Analysis and Evaluation of Criminal Risks: drafting of a “Catalog (inventory) of criminal risks” of the “Procedures, policies, controls and criminal risks Matrix”; “Criminal risks and impact on processes Matrix”. Drafting of the “Criminal Risks Map” (inherent and residual).
- Risk maps are reviewed at least annually, and when the regulatory or organizational context advises it (geographic expansion, products, etc.).
- Drafting of the “Control Inventory Matrix” and Risk and Criminal Control Matrix”. This process has several stages: Identification of “Risks” and “Risk Events”. Identification of “Process Owners” and “Control Owners”.
- There is continuous review procedure that aims at verifying the compliance of controls and their operational efficiency, and proposes the appropriate improvements.

The Model is revised and self-assessed periodically by the personnel in charge of the processes and the controls that make up the Criminal Risk Management System and the Compliance Officer, and by the Head of Internal Audit, who includes the review of the Model in their annual planning. The Manual plans two annual self-assessments and one internal audit.

These tasks generate a number of reports addressed to the Audit and Control Committee and the Board of Directors, to keep them up to date at all times about the operation of the model and the management of criminal and compliance risks.

Finally, the Model plans the implementation of communication and training tasks for the workforce, especially the employees responsible for the application and follow-up of controls on matters related to: Ethical Code and Code of Conduct, the operation of the Ethical and Whistleblowing Channel, the Criminal Prevention Model and the Criminal Risk Management System; as well as matters related to regulatory compliance and especially “criminal compliance” (liability of legal entities, characteristics of the prevention model, advantages for the organization...).

Criminal Prevention Manual

The Criminal Prevention Manual was drafted early in 2020, and after review by the Audit Committee, was submitted to the Board of Directors meeting in February for approval. This document seeks a dual purpose: on one hand, to define the design, structure and patterns of operation of the Criminal Compliance and Prevention System of REALIA, and the Criminal Risk Prevention System; on the other, to detail and regulate its bodies and procedures regarding regulatory compliance in the criminal domain.

The procedures in this Manual are mandatory and will be applied to: managers, administrators and representatives with the authority to make decisions on behalf of the legal entity and who have organizational and control duties, and the rest of employees of REALIA. Furthermore, they are also applicable to companies in which REALIA has a majority interest, either national or international, joint ventures and joint ownership companies (in which it has a majority interest) and acquired companies, as of the effective date of the acquisition.

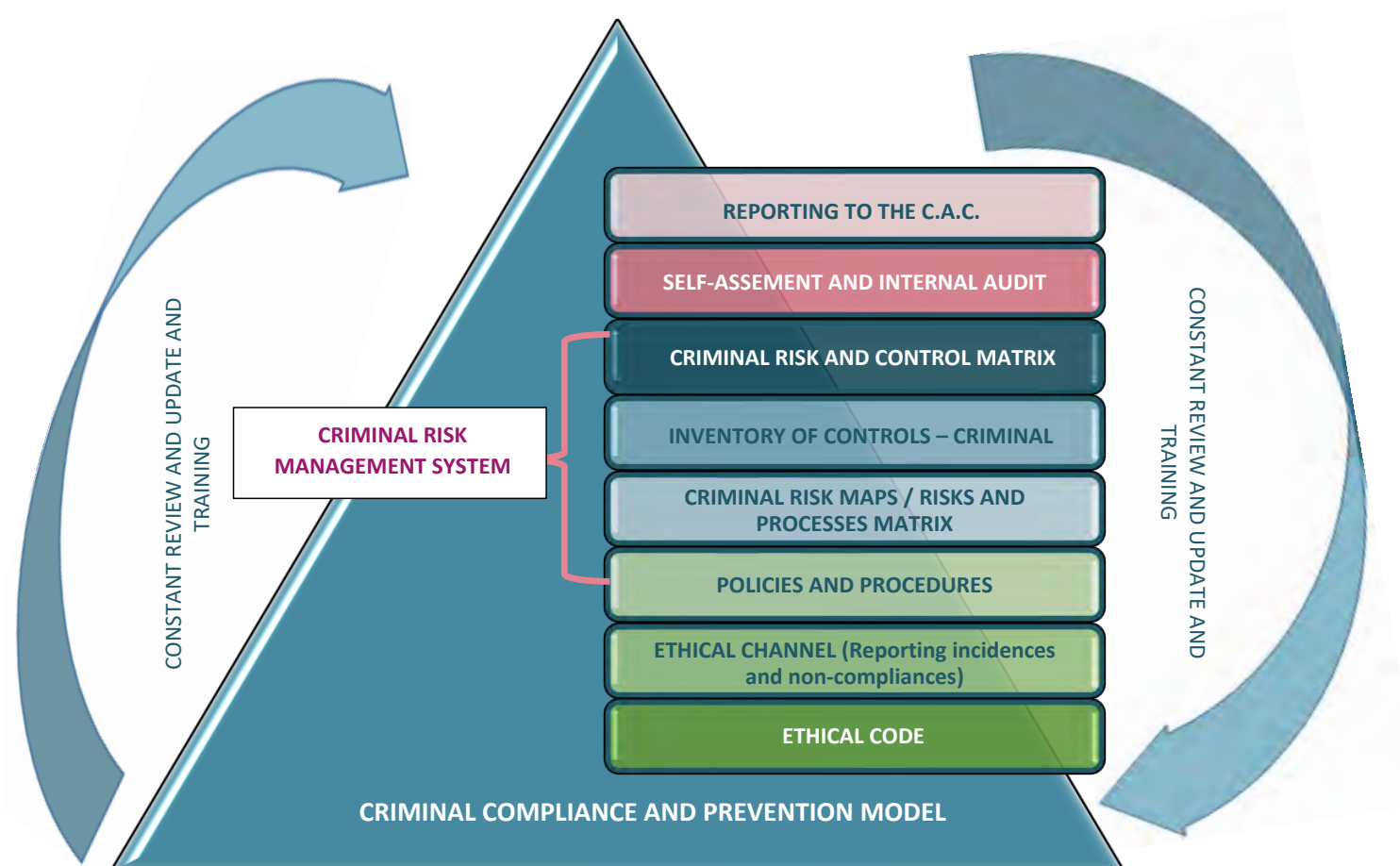
This document, together with the Ethical Code and the Code of Conduct, express the strong stand of REALIA against unethical conduct which, even though they may benefit the Organization, may represent a criminal offence.

The Manual discusses the following aspects:

- Bodies responsible for the Manual
- Structure of the Model:
 - Basic elements, methodology applied in the identification, analysis and evaluation of criminal risks.
 - Periodic review and update.
 - Assessment and supervision of the Model: self-assessments and internal audits.
 - Reports generated
- Ethical Channel (internal communication and whistleblowing channel)
- Financial resourcing system
- Disciplinary regime
- Dissemination and training

The following graph shows the structure and composition of the Criminal Compliance and Prevention Model:

CRIMINAL COMPLIANCE AND PREVENTION MODEL – REALIA



Internal Code of Conduct

In order to favor transparency in the activities of the group and the appropriate information and protection of investors, REALIA has an Internal Code of Conduct that establishes the criteria and procedures to follow in Stock Market transactions, approved by the Board of Directors on April 2007. This document establishes the criteria and procedures to follow in Stock Market transactions, and in the use and dissemination of relevant information.

The Code establishes, among other obligations, the treatment of privileged information and confidential documents, the procedure for transactions of own shares, or the duties of the Audit and Control Committee.

The code is addressed to directors, managers, external advisors and the staff of the Stock Market and Investor Relations departments. The person in charge of informing them of their obligations is the Chairman of the Audit and Control Committee, who is responsible for compliance with the provisions of the Internal Code of Conduct. He is also responsible for recording the situations of Directors and senior managers, and must report periodically to the Board of Directors or the Executive Committee.

Even though the obligation of issuers to have an Internal Code of Conduct does no longer exist, after the approval of Royal Decree-Law 19/2018, of 23 November, on payment services and other urgent measures on fiscal matters, the company keeps the Code in force.

Periodic training

In order to guarantee the quality of financial information and its adaptation to the current legislation, REALIA develops periodic training programs for the personnel involved in drawing up such information, and in the evaluation of the Internal Control System on Financial Information, that includes accounting standards, audit, internal control and risk management.

A total of 123 hours of training were organized in 2020 on accounting, fiscal, labor and business standards, risk management and on the internal auditor profession, and the role the internal auditor must play in the new business and technological scenario, as well as other aspects of regulatory compliance, criminal risk management systems, whistleblowing channels, and money laundering and terrorism financing prevention.

Additionally, training was provided on regulatory compliance, money laundering and terrorism financing prevention, and on aspects related to personal data protection.



Fiscal Policy

As part of the development of its ethical framework and at the request of the Audit and Control Committee, the Board of Directors unanimously approved the Corporate Fiscal Policy of the group in its session held on 24 October 2016, which includes its commitment with the application of the following best tax practices:

- Not using contrived structures alien to the company's activities with the sole purpose of reducing its tax burden.
- Avoid opaque structures for tax purposes.
- Not establishing or acquiring companies based on tax havens.
- Collaborate with the Tax Authorities in the detection and search for solutions regarding fraudulent fiscal practices that the company is aware of.
- Performing transactions with related parties always at market value.
- Regarding taxes that the companies of the group pay as their main contribution to the public charges and, therefore, one of its contributions to society.
- Provide the information and documentation of fiscal relevance requested by the competent Tax Authorities, in the shortest possible time and with the appropriate scope.
- Evaluate properly the investments and transactions which in principle seem to entail a special fiscal risk. Control over the Fiscal Policy is the duty of the Audit and Control Committee, which reports to the Board the fiscal policies applied and the consequences of the corporate transactions from the point of view of taxes.



Risk Management

REALIA has created a risk management system that involves the whole organization to identify, analyze and respond to any contingency that may affect its corporate goals. During 2019, the company continued with the internal evaluation of the operational efficiency of the controls in place, a process that will continue in 2020.

REALIA's risk management model is structured around three main axes:

- A clear organizational structure that defines roles and functional responsibilities.
- A framework for the identification, quantification and evaluation of risks.
- Response to the risks supervised by the Audit and Control Committee.

The control system is developed through several stages. Initially, the key business process is identified, as well as the critical risks associated according to their nature and likelihood of occurrence. Then, risks are analyzed according to their potential impact on management objectives. Finally, the policies, guidelines and limits associated to the risks are established and implemented.

The whole organization is involved in the risk management effort. The Board of Directors establishes the risk control and management policies, procedures, limits and structures; the management of each of the functional areas analyzes their evolution and takes the corrective measures it deems necessary; the Internal Audit Area provides an independent evaluation of the appropriateness, adequacy and efficacy of the internal control system and the risk management system and reports the results to the Audit and Control Committee.

This procedure is performed annually, and whenever there is a change in the risk environment. In 2020, due to the uncertainty caused by the Covid-19 pandemic, three risk assessment exercises were conducted (one initial assessment and two reviews).

Finally, the External Auditor holds a number of meetings with the Audit and Control Committee to present the conclusions of their work.

The Risk Control and Management Policy includes the need to establish a control system for the financial information that brings together the corresponding criteria, policies, procedures, controls and related documentation. For this reason, the Realia Group has an internal procedure for the review of the financial information (including annual accounts, interim accounts, management reports, and the Annual Corporate Governance Report) that safeguard the process since from the production of this information by the Administration and Finance Department to its review by the Audit and Control Committee, and finally approved by the Board of Directors before publication.

The Risk Control and Management Policy of the Realia Group, whose strategic definition is the responsibility of the Board of Directors and is implemented by the Management of each one of the functional areas and supervised by the Audit and Control Committee, incorporates the requirement of establishing an Financial Information Control System that brings together policies, procedures, controls and the relevant documentation.

The implementation of this System was carried out based on the identification of a number of key processes that distinguish the dual nature of REALIA's businesses: property development and property management (rents), as well as the common processes:

PROCESSES

| | |
|------------------|--|
| PROPERTY | ASSET MANAGEMENT (OFFICES & RENTAL HOUSING) |
| | CONTRACTS WITH CUSTOMERS AND COLLECTION MANAGEMENT (OFFICES & HOUSING) |
| | CONTRACTS WITH SUPPLIERS AND PAYMENT MANAGEMENT (OFFICES & HOUSING) |
| | ASSET MANAGEMENT (SHOPPING CENTERS) |
| | CONTRACTS WITH CUSTOMERS AND COLLECTION MANAGEMENT (SHOPPING CENTERS) |
| | CONTRACTS WITH SUPPLIERS AND PAYMENT MANAGEMENT (SHOPPING CENTERS) |
| | LEGAL COUNSEL (PROPERTY) |
| DEVELOPMENT | PURCHASE OF LAND AND URBAN DEVELOPMENT MANAGEMENT |
| | DEVELOPMENT OF PROJECTS AND AFTERSALE MANAGEMENT |
| | SALE OF LAND |
| | CONTRACTS WITH CUSTOMERS AND COLLECTION MANAGEMENT |
| | CONTRACTS WITH SUPPLIERS AND PAYMENT MANAGEMENT |
| | LEGAL COUNSEL (DEVELOPMENT) |
| COMMON PROCESSES | HR MANAGEMENT |
| | INFORMATION SYSTEMS |
| | ACCOUNTING CLOSE (ACCOUNTING, TAXES AND FINANCING) |

Narratives and flow charts have been produced for each of the processes identified, that contain a description of the flow of activities and controls with material impact of the financial statements, as well as risk and control matrices summarizing the controls implemented to mitigate them. These matrices contain information about the nature of each control (manual/automatic, preventive/defective...), and a specific mention to risk of fraud, where appropriate.

During 2020, the Head of Internal Audit continued to assess in depth the operational efficiency of the controls implemented using selective samples and specific analyses, and updating the different activity cycles.

Main Risks in 2020

In both its real estate and property related activities, we may come across different types of risks:

1. Financial Risks.

The concept of financial risk refers to the variation of the financial instruments of the Group and its impact on financial statements, due to market factors and others.

The philosophy of the Realia Business Group risk management is consistent with its business strategy, and seeks at all times the maximum efficiency and solvency, and to this end it has established strict financial risk control and management criteria, consisting in the identification, measurement, analysis and control of the risks incurred by the operations of the Group, with the appropriate integration of the risk policy into its organization.

Due to the nature of its activity and the operations through which it performs hem, the Group is currently exposed to the following risks:

a) Credit risk.

The main activities of the Company are real estate development, the sale of land and the lease of property assets. The first of these activities does not involve any credit risk, since the delivery of the product automatically entails the collection of its price. Regarding the sale of land, it is standard practice to grant payment deferrals to clients. Currently, the amount of unsecured retail loans for the sale of land amount to EUR 8,188 Million (EUR 8,188 Million at 31 December 2019) which the company has impaired in full. Finally, the risk in the lease of property assets, the risk has increased due to the uncertainty caused by Covid-19. In some cases, the lack of activity, especially in retail, made it necessary to grant rent rebates or payment deferrals to customers. The aids to tenants granted by all the companies in the group amounted to EUR 3.4 Million, and an additional EUR 0.9 Million by the companies consolidated through the equity method. All these aids have been charged to the results of 2020. Regarding payment moratoriums, these are recognized under “Customers” and amounted to EUR 0.9 Million and will be collected according to the contracts entered into with customers (0.2 Million in 2021, 0.7 Million in 2022).

The balance of arrears has increased notably in 2020, up to EUR 1.7 Million, mainly due to late rent payments from some retailers, who are gradually catching up on their payments month by month. Nonetheless, the Company follows a principle of prudence and has provisioned EUR 1.2 Million for “arrears” in 2020.

The evolution of this credit risk is closely related to that of Covid-19 and the recovery of GDP, consumption and unemployment which will allow customers to meet their contractual obligations.

b) Interest rate risk

The purpose of interest risk management is to reach a balance in the debt structure that will make it possible to minimize its cost throughout several years with reduced volatility on the profit and loss statement. The comparative analysis of the financial cost and the yield curve trends lead the company to decide on whether to hedge for interest rate risk in order to minimize the cost of borrowings for that period.

The Management of the Parent closely monitors yield curve trends for the next years, and does not rule out the convenience of hedging for interest rate changes in the future.

During 2020, this hedge valued at market prices, generated a positive impact on profit and loss of EUR 524 thousand, and a positive impact of EUR 741 thousand on equity.

Interest rate risk is limited through the use of derivative instruments that act as a hedge on financing, ensure a fixed minimum rate on the loans associated to assets for rent. The effect of these instruments is that the increase of 1 point in the Euribor rate, the generic reference for financing, is compensated at 70% for their effect.

c) Liquidity risk

The global financial system is characterized by its high level of liquidity. Liquidity is also high in the real estate sector, but only for projects with a low commercial risks and for developers with proven financial solvency, which has led some developers to seek alternative sources of funding, albeit at much higher costs. The onset of Covid-19 brought about a tightening of the financing of real estate projects for developers, which put some projects in jeopardy, since the financial entities demand a higher level of pre-sales, a lower drawn down amount and a more demanding analysis of the risk of the developing company.

Realia Business and the companies of the Group did not need to resort to new leveraging in 2020, and whenever one of its companies needed to renew or refinance some of its existing lines, it had no difficulties resorting to the traditional banking system, at very low and competitive interest rates, thanks to the solvency of the Group and the commercial quality and profitability of its projects and assets. The syndicated loan of Realia Patrimonio is a good example: its term was extended for one more year (until April 2025), and the spread over Euribor was reduced from 170 bp to 120 bp when the LTV is 40% or lower. It is currently paying a spread of 135 bp over Euribor.

At year-end 2020, Realia Business had a positive working capital of EUR 345 Million.

The main aggregates of the projected cash and bank balances for the next 12 months of Realia Business, prepared on the basis of a recurrent business base, dividends and other charges from services provided to companies of the Group, shows estimated receipts of 111 M € which, together with estimated payments for 57 M €, including the construction of new developments, generates a positive net cash flow of 54 M € which, together with the current cash position of the Company, 37 M €, will be allocated to new investments for 26 M €.

d) Exchange rate risk

El Grupo Realia Business no tiene un riesgo de tipo de cambio significativo ya que mayoritariamente tiene todas sus inversiones y actividades en la zona Euro.

e) Solvency risk

At 31 December 2020, Realia Business, S.A. does not have any net bank borrowings, and has cash and cash equivalents for an amount of EUR 37,182 thousand.

2.- Market Risks

Initial forecasts for 2020 have been upset by the onset of COVID-19, whose final impact is still unknown.

The real estate market has been and will be affected, inasmuch as it influences the activities of its companies/customers, since demand for space may be affected by the measures to lessen the impact of COVID-19, such as teleworking, @commerce, unemployment, savings, fiscal measures, etc... and the same applies to the demand of housing and their price, since the evolution of employment and the confidence of investors, among other, may contract the demand.

In view of this outlook and after the events of the real estate sector during 2020, the following is expected to occur in 2021:

- a) Maintenance of the demand for new housing, which will allow to continue the developments in progress, but will slow down new projects until there is greater visibility on demand and the evolution of prices. The evolution of the market will be different, depending on the geographical areas, locations and types of products, for COVID-19 has caused the demand to change its approach, its preferred locations and the type of products.
- b) Tightening, to the point of nearly disappearing, of borrowing for developers, with stronger demands on the commercial and economic viability of new developments, and on the financial strength of developers.
- c) Lack of financing for the purchase of land, since currently the financial entities believe that it should be financed with equity.
- d) Consolidation of other financial agents which may participate in some projects, and demand high yields and interest rates well above those of traditional banks.
- e) In the segment of residential assets for rent, rents will tend to go down, due to several reasons: 1) greater number of homes for rent; 2) withdrawal of potential tenants due to the COVID-19 crisis and higher unemployment; and 3) new regulations aimed at avoiding tensions in rent prices.
- f) In the segment of assets for tertiary use (offices, retail premises and shopping centers), the incidence of COVID-19 was crucial to think about possible future trends, which will probably change current business models and, therefore, their needs for space. The impact is different in offices and retail premises or shopping centers: 1) rents will remain stable in offices with a slight tendency to go down in shopping centers and retail premises due to rent rebates and grace periods to help tenants maintain their activity; 2) the volume of contracts for space will tend to be lower both in offices (teleworking, unemployment, etc.); and 3) new contractual relations with tenants, with the inclusion in contracts of flexibility of spaces, and shorter contract terms and the incorporation of clauses for exceptional circumstances (Covid-19 or similar). All these problems will force lessors to introduce new asset management techniques and in some cases, adapt them to the new demands for space and the needs of tenants.

g) All these factors may have a negative impact on the Group's accounts, and its intensity will be a factor of the capacity of the Spanish economy to recover GDP growth to recover economic activity, consumption and employment.

For all these reasons, the Realia Group believes it must focus its efforts on its three current lines of business, carried out directly or through its investees. In the property area, where its extraordinary real estate portfolio gives it an outstanding position, it must optimize its asset management to meet the new demands of its tenants and the demands arising from COVID-19. In the development area, it must monitor the evolution of demand, its location and the type of products demanded in order to adapt our new development projects and analyze their viability and profitability. Finally, in the development and operation of developments for residential rent, it must monitor regulatory changes and its potential impact on the profitability and legal certainty of the business; however the assets it currently operates and future developments in the pipeline should not be affected by these changes, since all of them are subsidized housing projects (VPPB or VPPL).

Given the solid financial structure of the Group, its capacity to generate cash flows and its LTV level, it is estimated that in case any new unforeseen socioeconomic and/or health circumstance that may affect the business arises, it will be able to resort to the financial market to obtain resources to cover that contingency.

For all these reasons, the Directors of the Parent Company consider that the short-term activity, and therefore the application of the going concern principle, is not at risk.

3.- Operational Risks

The development and housing sale activity is vulnerable to certain risks, such as the cost of projects overshooting initial estimates, especially in a situation in which construction labor costs may increase without the option to pass them on to the end buyers, or delays in projects that may lead to the payment of penalties to homebuyers or to bear higher borrowing costs.

These risks are attempted to be mitigated through the contracting of construction companies of known prestige and solvency which have on the one hand, the capacity and the resources to fulfill all their commitments and on the other, the necessary solvency to respond to potential damages that may arise from non-compliances.

4. Legal and fiscal risks

The activities of the group are subject to legal and fiscal provisions and urban requirements. Local, regional, national and European administrations may impose sanctions for noncompliance with these rules and requirements. A change in this legal and fiscal scenario may affect the overall planning of the group's activities. The group, through the appropriate internal departments, monitors, analyzes and, if necessary, applies the necessary measures.

The risks associated to regulatory compliance are the following:

a) Judicial and extrajudicial claims:

Realia's activity may give rise to legal actions being taken against the company related to the materials used or the finishing of the properties sold, even if they are derived from the actions of third parties contracted by Realia (architects, engineers, construction contractors and subcontractors).

To mitigate these risks, the company has taken ten-year insurance policies, mandatory for real estate developers, before handing over the houses to their buyers.

b) Realia's liability arising from litigations that may affect the urban development plan or construction permits.

Realia's activity may give rise to third parties taking legal action legitimately seeking to render void the urban planning or the permits granted. In order to reduce this risk, Realia hires planners and architects of known prestige and competence, and monitors their work thoroughly.

In case these legal actions are taken, Realia assigns its legal representation to expert lawyers in the corresponding competence and geographical territory where the proceedings take place, whose work is also supervised by the legal services of the company.

5. Money laundering and Terrorism Financing Prevention risks

These risks are controlled through the money laundering and terrorism financing prevention system the Group has implemented, which includes a Manual that establishes the internal procedure rules on this matter; a Control, Information and Communication Body, which supervises the effective compliance with the internal regulations and is in charge of relations with both employees of the Company and its Internal Prevention systems; a Technical Unit responsible for the processing and analysis of information and to analyze and process the communications on potentially suspicious transactions, as well as an automated risk detection system. This System is reviewed annually to make the necessary updates according to changes in regulations, the recommendations proposed by the external and internal auditors, or simply the implementation of the measures applied the previous year.

As in previous years, the company was subject in 2020 to an annual audit performed by an independent expert as established by the Law. Once again, no significant risks for the company were identified in the area of money laundering and monetary crimes.

6. Personal Data Protection Risks

Estos riesgos se controlan mediante el sistema de prevención en materia de protección de datos de carácter personal del Grupo, que se adapta a las exigencias del RGPD y de la LOPDGDD. Este sistema cuenta con una Política de PD, con un Manual de Sistema de Gestión de PD, y con toda una serie de Procedimientos Normalizados de Tratamiento para las diferentes áreas de la actividad, que facilitan el cumplimiento de la normativa que regula esta materia por todo el personal de la compañía. En el ejercicio 2019 la Sociedad se ha sometió a la auditoría bienal por experto independiente que establece la Norma, habiendo sido el resultado de la misma muy satisfactorio. En el ejercicio 2020, la revisión ha sido realizada por el Responsable de auditoría interna de la compañía, habiéndose obtenido un resultado igualmente satisfactorio.

7. Consumer and user Protection Risks

The Group meets the demands of the different national and regional legislations on the subject of consumers and users. In fact, it has specific contract templates for those Autonomous Communities with specific legislation on this subject. Additionally, the Group responds customarily to all possible claims that it may receive from public consumer bodies, in a spirit of conciliation and reparation.

Additionally, Realia Business, S.A. is equipped with a set of tools to ensure ethical behavior, the main ones being, apart from the money laundering prevention tool, the following:

The Internal Code of Conduct was approved by the Board of Directors of Realia in April 2007, focuses of matters related to the Stock Markets. This Code regulates the criteria for conduct and action that employees must follow in relation to transactions, and to the processing, use and dissemination of relevant information, to favor transparency in their activities and the appropriate information and protection of investors. The Code is applied at the very least to Directors and Managers of the Realia Group, external advisors and the staff of the Stock Market and Investor Relations department.

The Ethical Code was approved for the first time in November 2010, and a new version of the Code was approved by the Board of Directors of the Company in its session held on April 2018. Its purpose is to establish the principles, values and rules of conduct that must govern the action of the companies of the Realia Group and all its employees, and to define the criteria for the actions of managers and employees of the Realia Group. This Code is mandatory.

The Corporate Fiscal Policy, which reflects the commitment to apply good tax practices.

The Anticorruption Policy, approved by the Board of Directors in May 2019, which establishes the principle of “zero tolerance” to fraud and corruption.

The Criminal Prevention Manual, approved at the beginning of 2020, defines the design, structure and operating guidelines of the Criminal Compliance and Prevention Model of the Group, and details and regulates its bodies and procedures. Additionally, Realia has a “Compliance Officer” who monitors that the Model is working properly.

The PRINEX System is a global business solution that combines the characteristics of a business management software with the advantages of an ERP customized to the needs of real estate companies. Its usefulness to ensure ethical behavior is that it allows the commercial area to identify customers who have performed fraudulent transactions in the past to avoid doing business with them.



*Infografía Realia Valdebebas Único
(Madrid)*

Corporate Responsibility





REALIA is committed to the protection of the natural environment, takes into consideration the expectations of its stakeholders and maintains its commitment to ethics, integrity and good governance. During 2020, it continued to progress in these areas, according to its Corporate Responsibility (CR) Master Plan.

REALIA's CR Master Plan establishes three lines of action: commitment with the environment and environmental protection; commitment with the groups and communities it engages with; and commitment to ethics and good governance.

The company is aware of the importance of preserving the environment for future generations, and manages its buildings for lease and its developments under the principles of energy efficiency and sustainable construction. According to these parameters, it monitors annually its energy consumption, processes its waste adequately, and incorporates energy efficiency measures in its buildings.

REALIA's activity contributes to the advancement of society and its stakeholders through job creation, paying taxes, contracts with suppliers and the preservation of value of its assets. The company is in permanent contact with its stakeholders through different channels.

Bases of the Corporate Responsibility policy



Commitment with the environment and environmental protection, through an adequate use of natural resources.



Commitment to the groups and communities it has relations with, through job creation, payment of taxes, contracts with suppliers and collaboration in charities.



Commitment to ethics, integrity and good governance, thanks to a transparent and efficient organizational structure, designed to achieve the global corporate objectives and satisfy the expectations of its stakeholders.

REALIA has kept up to date its control mechanisms associated to the Ethical Code and the incidence reporting channel, and is committed to continue to improve its Corporate Governance system, adapting it to the best national and international practices.

Ethical conduct and respect and compliance with the regulations, both internal and external, are the pattern of conduct of the REALIA Group, materialized in its ETHICAL CODE.

Since its first edition (Nov 2010), some important changes have been made both in the regulation (the reform of the Criminal Code of 2015 is especially relevant, since it introduced the “liability of legal entities”) and in the socio-economic and technological context.

The Board of Directors of the REALIA Group promoted, through the Audit and Control Committee, the review and update of the Ethical Code to adapt it to the new business, regulatory and corporate reality; and to serve as the pillar of the compliance risk prevention system. Accordingly, REALIA drafted a new Ethical Code, approved by the Board of Directors of the REALIA Group on 4 April 2018. The document was distributed to all the employees of REALIA, and is available at the company’s website.



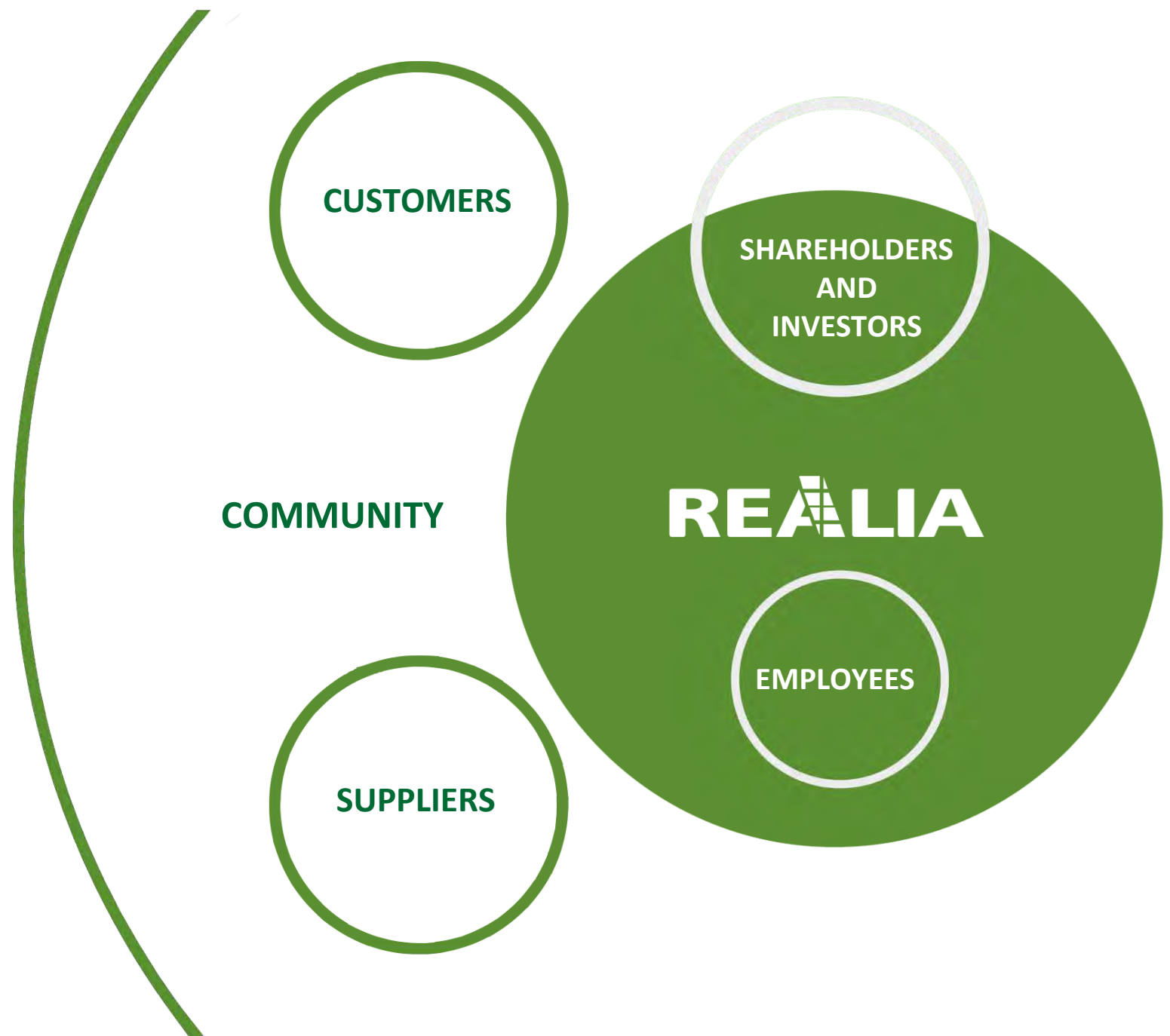
The main objectives of the new Ethical Code are the following:

- To establish the principles, values and rules of conduct that must govern the conduct of the companies of the REALIA Group and all their employees, with the purpose of ensuring ethical and responsible conduct in the professional performance of their activities; it also reflects the commitment of the company with the principles of business ethics and transparency, consolidating a culture and patterns of conduct shared, accepted and respected by all its employees.
- To define the criteria for the conduct of managers and employees; drawing the red lines that must never be crossed even when they could generate profit for the company; to prevent and avoid conducts that entail fraud, bribery and corruption in businesses.
- To become the axis and the pillar of the regulatory compliance system; the fundamental rule that guides the conduct of all the employees of the group in the performance of their activities and in relation to third parties.

The Ethical Code is addressed to all directors, managers and employees of the REALIA GROUP, regardless of their type of contract that determines their employment relation, their position or their geographic location. It complements the Corporate Social Responsibility, the Internal Code of Conduct on matters related to Stock Markets, and the Board Regulations. These, together with the legal rules, make up the framework that must govern the conduct of its managers and employees.

Through the Criminal Prevention Model and the Criminal Risk Management System, a number of activities are carried out with the aim of verifying that the compliance objectives are met, and to ensure the continuous improvement of the Model, implementing the improvement and/or correction measures necessary to achieve the goals set and the improvement of Corporate Governance.

During 2020, REALIA has kept a fluid and transparent communication with its stakeholders to identify, prioritize and respond to their expectations. The corporate website is the common channel for all stakeholders, even though the company promotes dialogue with all of them through different communication channels.



Shareholders and Investors

As a listed company, REALIA guides its action in the stock market under the principle of compliance with the applicable legislation (Stock Market Law); acquiring the commitment of meeting as much as possible (always under a criterion of proportionality) the recommendations of the Good Governance Code of Listed Companies of the CNMV.

In order to prevent possible imbalances and conflicts of interest between the majority and minority shareholders, REALIA has a Corporate Governance system that guarantees the rights of shareholders and investors, regulates the representation of minority shareholders in the governance bodies and restricts their power, through the use of checks and balances.

Communication Channels

Additionally to Good Governance practices, the Company has information and accounting mechanisms that help investors, shareholders and the market in general to make sound decisions in the purchase or sale of shares.

- **Corporate Website**

The main communication channel is the corporate website, www.realia.es, which meets the technical and legal specifications of Circular 3/2015 of the Comisión Nacional del Mercado de Valores (CNMV).

This site, accessible from all mobile and fixed devices, offers relevant information about the evolution of the Company to the investor community and the rest of stakeholders. Through its “Shareholders and Investors” section, visitors may access information about share price and share capital, the main financial aggregates, stock market information and the Company’s results. Additionally, it provides access to the main aspects of “Corporate Governance”.

- **Email**

Shareholders and Investors may contact directly with the Investor Relations Area through its email address.

- **Shareholders’ Electronic Forum**

The company makes a Shareholders’ Electronic Forum available before the Annual Meeting of Shareholders. This Forum publishes the proposals submitted for their incorporation to the agenda, the requests for endorsement of such proposals, and the initiatives to reach to required percentage to exercise the right of a minority, as well as offers, requests or voluntary proxies.

- **Transparency of Information**

Throughout the year, REALIA has maintained a policy of information transparency with the investor community, offering information to the markets, in compliance with the Law on Corporations and their internal regulation. 14 relevant events were reported to the CNMV during the year. All the information actions undertaken by the company have complied with the Internal Code of Conduct.

Investor Relations Contact:

Address:

Avda. del Camino de Santiago, 40
28050 Madrid

Telephone:

+34 913534400

Email:

accionistas@realia.es
inversores@realia.es

Employees

REALIA's workforce is composed by 90 experienced professionals specialized in the real estate business, who contribute their experience and dedication to achieve the corporate objectives. The company is aware of their importance, and offers them the best possible conditions, and an adequate climate to favor their professional development.

DEFENSE OF FUNDAMENTAL RIGHTS

Besides a strict respect for the applicable labor legislation, REALIA embraces the labor rights universally recognized by the United Nations Global Compact, including respect for fundamental rights, the support to the freedom of association and collective bargaining, and non-discrimination at work.

In accordance with these principles, the company manages its human resources on the basis of three axes: equal opportunities, development of the skills of its employees, and protection of their health and safety.



EQUAL OPPORTUNITIES

REALIA is actively involved in the defense of equal opportunities and non-discrimination; accordingly, recruitment and promotion processes, just like remuneration, are related to performance and are conducted with the appropriate publicity.

The company promotes equality between men and women in access to employment, training, promotion and working conditions. Three of the six members of the Board of Directors are women.



WORK-LIFE BALANCE

The Company tries to help employees to achieve a work-life balance; to that end, it redefined its working hours and established a flexible working day in recent years.

In 2020, as a consequence of the health crisis caused by Covid-19, REALIA made a strong investment in IT equipment and tools that made it possible to implement teleworking in record time, ensuring the continuity of the business operations and the preservation of jobs.



TRAINING

REALIA is aware that the intellectual capital of the company relies on its workforce, and promotes learning and training accordingly. A total of 177 hours of training were provided in 2020, on personal data protection, urban development and accounting matters. 44 employees received this training, mainly online.

INTERNS: Realia is an associate partner of the REAL ESTATE STUDIES DEGREE, the Degree of the Universidad Politécnica de Madrid. This training initiative is the result of an idea proposed by ASPRIMA (Association of Real Estate Developers of Madrid) in collaboration with the University, and promotes a curriculum defined according to the actual needs of developers, and a dual training methodology, which combines University classes and paid internships in the companies associated to the REAL ESTATE DEGREE during the whole year. The purpose is to provide quality education that facilitates the incorporation of students to working life.

Accordingly, based on the Agreement on Education Cooperation entered into between Realia Business and the Universidad Politécnica de Madrid, during 2020, two students of the Real Estate Degree carried out the academic extracurricular activities during a period of 6 months, and subsequently joined the company.



SOCIAL BENEFITS TO RETAIN TALENT

REALIA aims to offer its employees optimal conditions to retain the best talent, and offers a number of social benefits to this end. These include medical insurance, life insurance, meal vouchers and contributions to pension plans.



HEALTH AND SAFETY AT WORK

REALIA has an external Prevention Service to protect the health and safety of its employees. On September 2020, this Service was incorporated to the Joint Prevention System of FCC.

Medical examinations have been performed, as well as Covid-19 detection tests.

As a consequence of the Covid-19 pandemic, protective measures were taken to minimize the risk of infection at the workplaces.

Following the action protocols against the pandemic, which were updated gradually, a number of measures were taken and recommendations were made to protect the health and safety of employees: establishment of a work shift system for on-site work and provision of protective elements such as masks and gloves, and hygienic products such as hydro alcoholic gel.



COMMUNICATION WITH EMPLOYEES

The company maintains a dialogue with its employees through the corporate Intranet, email and internal memos, to communicate relevant news and decisions. Employees may report violations of the Ethical Code or report incidences regarding economic and financial information through the Intranet.

Customers

REALIA aims to be perceived as a rigorous and professional real estate company, and to that end it strives to offer quality properties and excellent services suited to all types of customers: homebuyers, tenants and users of shopping centers.

REALIA's commercial network serves potential customers from its regional delegations, sales offices and its headquarters. The network is composed by expert and well-trained professionals who show the properties to customers, explain the economic conditions and if necessary, provide their support through the process of rental or sale.

Customers can also access the properties offered by the company through the website www.realia.es, where they can see images and large size drawings of the properties, take a virtual tour, access 3D renders and will offer shortly the possibility of having virtual visits with salespeople. Customers can request information on every property by filling in a simple form; additionally, they can access a personal online advisor, which responds within 24 hours to the questions asked.

Homebuyers

The omni-channel strategy is intensified in the case of homebuyers.

On one hand, the salespeople who work in sales offices provide excellent service to customers, helping them before, during and after the handover of keys. Besides showing the homes and offering them information about their specifications, in most developments, they also facilitate access to mortgage loans referring their customers to a bank to analyse their financing options best suited to their needs.

In 2020, REALIA's sales network organized several open door days, upon previous appointment to ensure safety measures, at the Realia Parque del Ensanche (Alcalá de Henares) and Realia Valdebebas Único (Madrid) developments.



Infografías Realia Valdebas Único (Madrid)



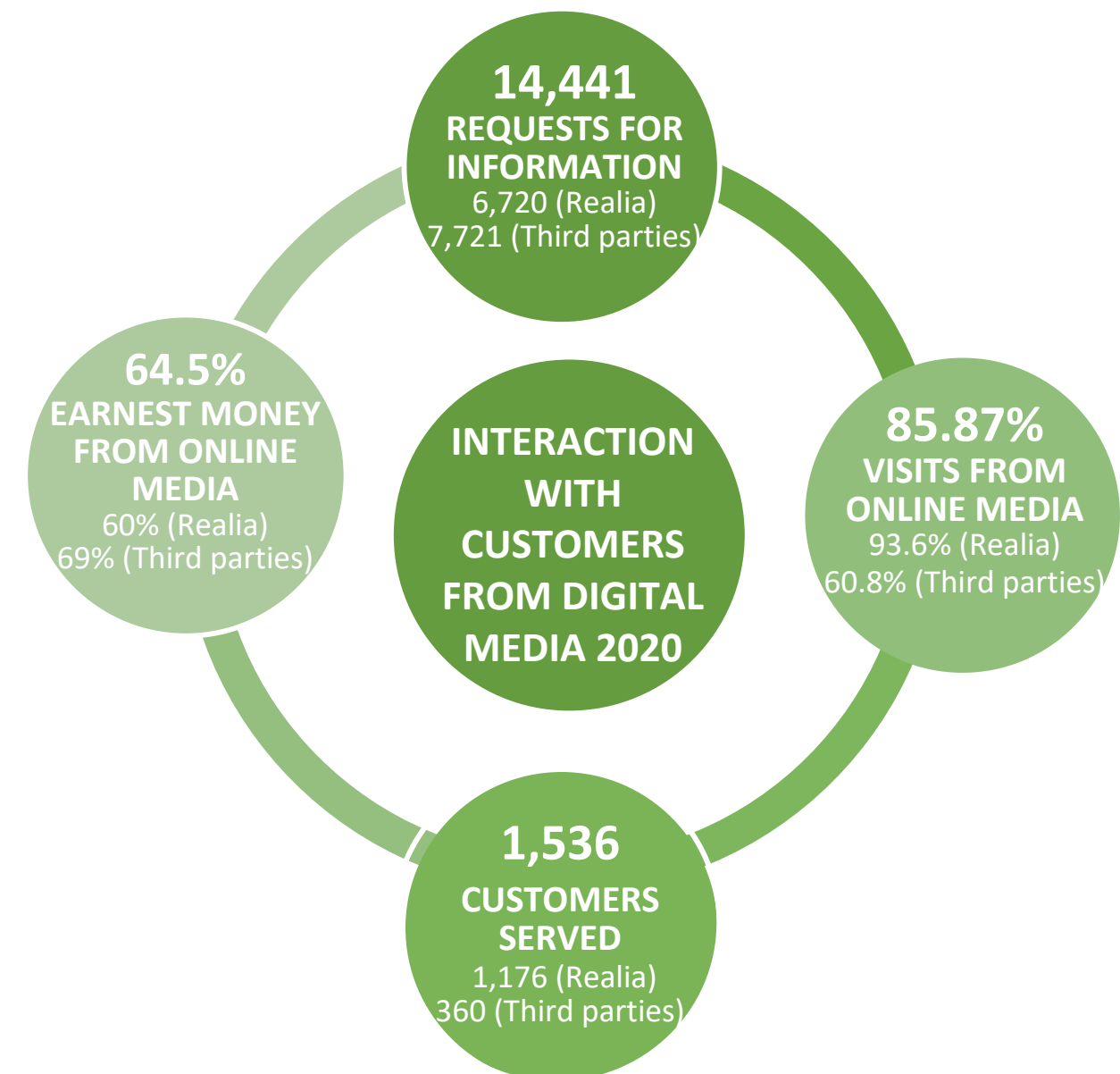
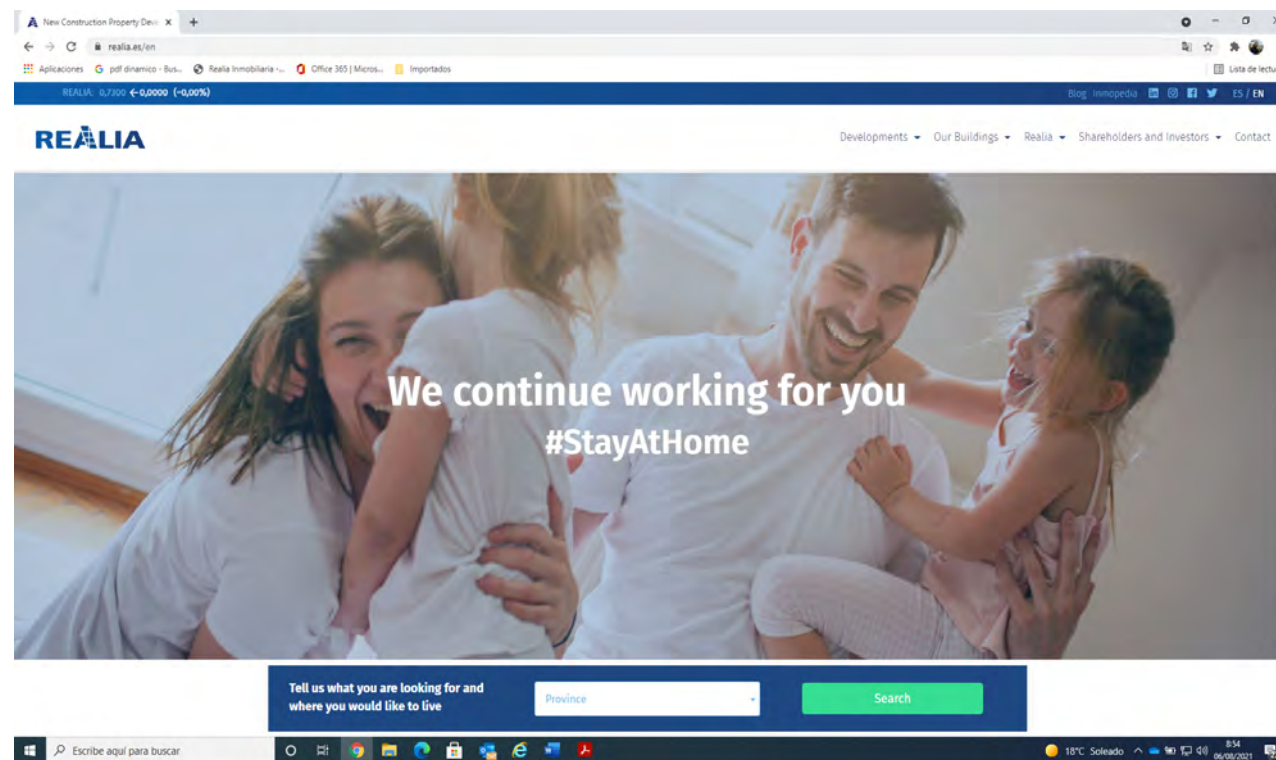
Stakeholders - Customers

REALIA stays in contact with potential buyers, sending its users registered in the database a newsletter with interesting articles on housing, home decoration, mortgages or information about the location of its properties. Additionally, 48 articles were published in 2020 about the Covid-19 pandemic and the measures adopted by REALIA in its developments, buildings and shopping centers at Realia's blog.

The company also contracts advertising on several media, mainly online, and real estate portals. Additionally, it uses other digital marketing tools to advertise its developments, such as SMS landing, Google AdWords campaigns, social media, Facebook Ads, ads on Instagram stories, and a campaign on the purchase program (RtB) to take a step forwards in the attraction of leads.

As a result of this omni-channel strategy, Realia generated more than 14,441 requests for information online, 6,720 of which were related to its own developments, and 7,721 to developments by third parties. Also, 1,536 visits were received from digital media (including first and second visits), 1,176 of which were interested in Realia developments and 360 in connection with third-party developments.

Regarding conversion rates, 85.87% of the first visits attended came from digital media and 64.5% of the signed earnest money came from online media (website, internet marketing campaigns and real estate portals).

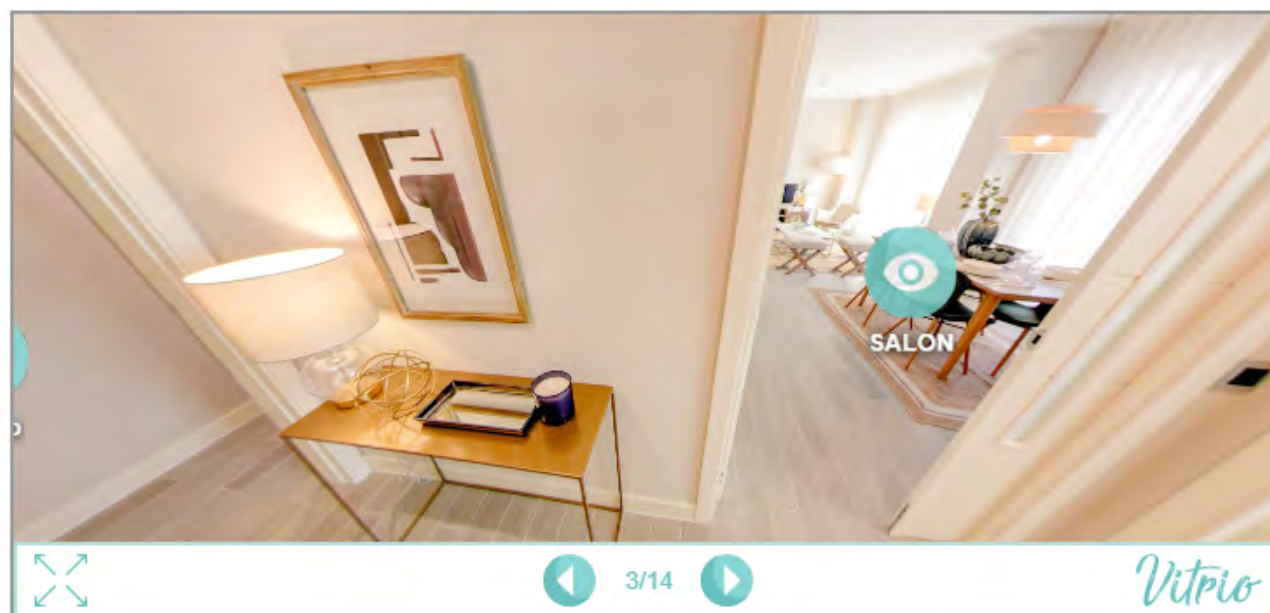


Stakeholders - Customers

Additionally, several high quality photographic reports were produced during the year both in show flats and through drones or 360º routes providing user with a view of their future home. Work is currently underway to implement 3D views of Realia's new developments. New images of "Virtual Home Staging" have been incorporated to "dress up" virtually actual photographs of some homes.

360 tour

Visit our show flat



Valdebebas, your home in a strategic location

Valdebebas Único is strategically located just 10 minutes from Plaza de Castilla, and its north side borders La Moraleja and Encinar de los Reyes. Additionally, this Madrid neighbourhood is surrounded by important motorways such as the M-40, the M-11, the R-2 and the M-12, which connects T-4 of Barajas airport with the centre of Madrid.

Thanks to the new 3D images included in the technical data sheets of the developments in commercial operation, it is possible to see the final appearance of the housing developments once they are completed and how they will be integrated into their respective environments.



COMMUNICATION CHANNELS

Corporate Website and App

In 2020, the website optimization work continued, improving the content for the desktop and mobile versions, trying to make it more complete and offer new functionalities to the user.


One relevant development is the extension of the website with the inclusion of a new section on Residential Housing Rent of the Jardín de Tres Cantos (Madrid) development, maintaining its “look and feel”, but highlighting the fact that this is a new business area. The data sheets of the buildings in this development are optimized for a better view of their own images, drawings and description. Work is underway on a new design of the data sheets of the developments to improve the user experience and optimize conversion rates.

During 2020, as part of the development of the housing for rent business line, an application has been implemented (an APP than can be downloaded for mobiles from Play Store or iTunes) to establish a communication channel. This digital channel brings us closer to our customers, speeds up the resolution of incidences that may arise during the term of the lease. Additionally, the app allows to establish fluent communication and to facilitate the daily management of the common areas of the Development.

REALIA favors Eco-sustainability, as proven by the inclusion of data sheets containing eco-efficiency and sustainability features of the developments on the website. The datasheets have a clearly differentiated design of show the details of developments such as Essència de Sabadell or Realia Parque del Ensanche. This offers not only a vision much more committed to the environment, but also a clear interest in offering customers an added advantage in the acquisition of one of these properties. This eco-sustainable content has also been posted on the blog and the online ads, and attracted great interest from the audience.

Viviendas en alquiler

| | | | | | | |
|----------------------|--------|---|-----------|-------------|---|--|
| 97,36m ² | 2 Dorm | - | 654 €/mes | Me interesa | ▼ | |
| 107,21m ² | 3 Dorm | - | 793 €/mes | Me interesa | ▲ | |



Descripción

El precio del alquiler protegido no incluye los gastos de comunidad e IBI, siendo el precio final incluidos dichos gastos: **940,67 €/mes**

[Ver plano en PDF](#)[Solicitar información](#)[Solicitar visita](#)

| | | | | | | |
|----------------------|--------|---|-----------|-------------|---|--|
| 108,00m ² | 3 Dorm | - | 804 €/mes | Me interesa | ▼ | |
|----------------------|--------|---|-----------|-------------|---|--|

Social Media

Social Media play an important role as the communication channel of REALIA. During 2020, its presence on social media has reached a large number of followers, which helps us create valuable content and get closer to the new trends among the community of followers of the Company to offer them our products and services. Work is currently underway on a new and complete content and design strategy on Instagram, using all the possibilities offered by this social media and adapting the visual content to more attractive formats and colors.



@realiainmobiliaria



/realiainmobiliaria



Realia Inmobiliaria



@Realia_Inmo

The new advertising spaces offered by Google, such as the Discovery spaces, will start to be used in 2021.



Tenants

REALIA provides quality services to its tenants that improve the appeal of its properties.

It offers customized solutions for all tenants in its offices, according to their needs and rent level; is flexible in the adaptation of working spaces and promotes the constant improvement of common services, such as concierges, cleaning or security

In order to preserve the value of its properties and increase the comfort of its tenants, it performs proactive maintenance of each building, applying efficiency measures, economies of scale, etc., that reduce costs. Professional teams in different areas (maintenance, legal, commercial, urbanistic and economic-financial), assisted by external professionals, provide these services to tenants. Specialized consultants under the supervision of the company are in charge of the management of shopping centers.

Due to the health crisis caused by Covid-19, a large number of measures were adopted in 2020 that can be extended to all our buildings, which can be summarized as follows:

- Implementation of a mobility protocol in each building, with the installation of staircases for the movement between floors and encouraging their use to avoid excessive use of elevators.
- Limitation of the number of people in an elevator to keep safe social distance.
- Installation of hydrogel dispenser.
- Arrangement of the access and exit routes to facilitate the movement of visitors and encourage people to keep the safety distance.
- Building air quality audits

- Change in the operation of primary air conditioning systems to improve air circulation through a greater supply of outside air.
- Cleaning of buildings using fogging systems.
- Changes in the operation of the cleaning system through the use of virucidal products and in-depth cleaning of the spots more susceptible of generating virus transmission.
- Disinfection of climate control ducts in buildings.
- Installation of information panels with recommendations to avoid COVID transmission.



Albasanz, 16 (Madrid)

Stakeholders – Tenants

Several improvements have been made in recent years on the common areas of buildings to offer a renewed image and to improve the comfort of visitors and tenants, and to increase the satisfaction and wellbeing of the companies and individuals who occupy them.

The following improvements/upgrades were carried out in 2020 on several office buildings:

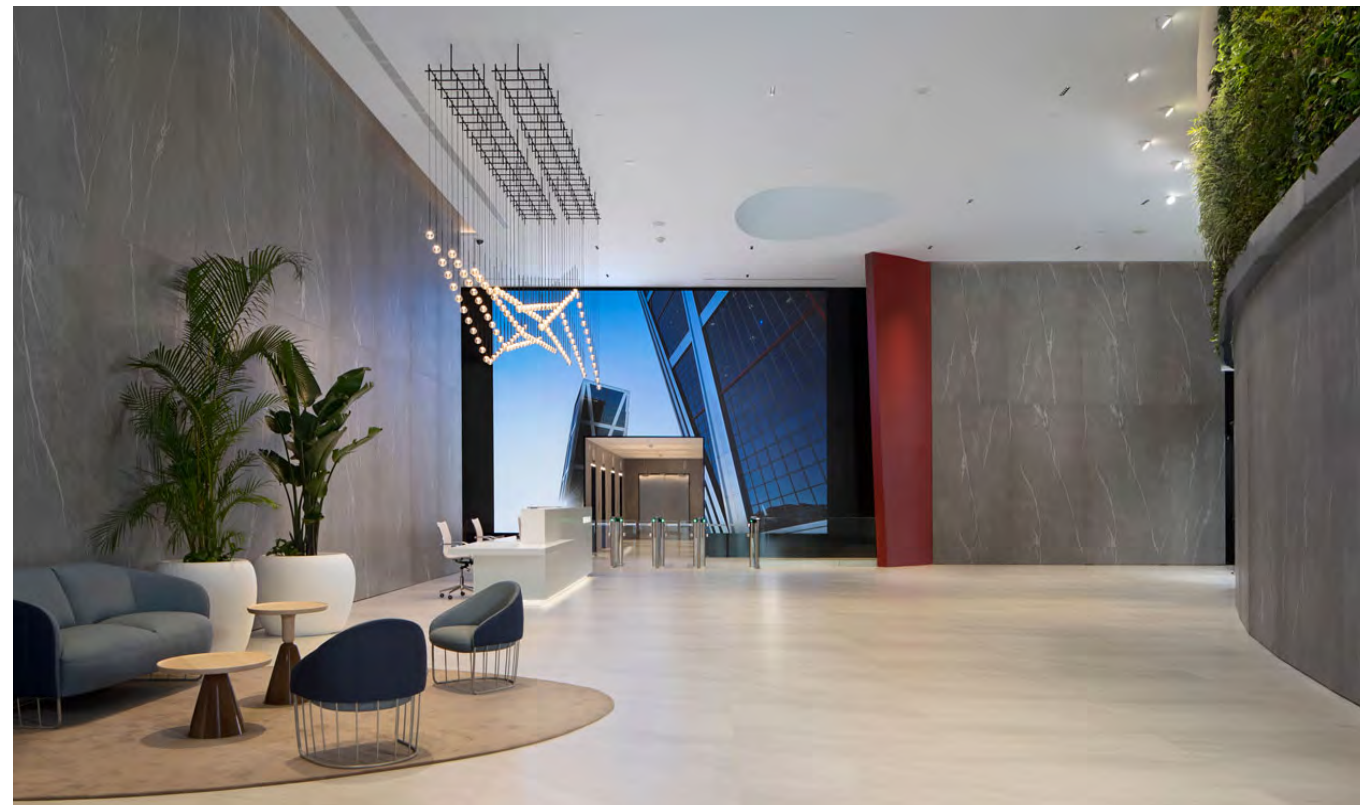
TORRE REALIA BCN

Located at Plaza Europa, 43 at L'Hospitalet de Llobregat, this is the most iconic building of the Business Area Plaza de Europa, designed by one of the most influential architects in the world, Japanese Toyo Ito (winner of the Pritzker Award 2013), in collaboration with the architecture firm b720.

The following improvements have been made to the new and spectacular lobby, which incorporates new sustainable (a vegetal natural wall) and technological (video wall) elements:

- Increase of the surface area of the Lobby by 37%, from 246.12 m2 to 337.58 m2.
- Installation of new turnstiles, furniture of the waiting rooms and reception desk adapted to persons with reduced mobility.
- Use of clearer color materials in both floors and walls, to enhance the lighting.
- Change of all the overhead and wall lighting, with low consumption LED lamps, which increase the intensity of lights.
- Installation of a video wall at the entrance of the elevator hall, which apart from being used as a digital directory, it can serve as a support of messages on sustainability and cultural agenda.
- Replacement of all the lights in common areas of the building by LED lights.

As a result of these upgrades and others already existing in the building and its operation processes, the building obtained the BREEAM Certificate with the rating of “Very good Building” and “Excellent Management”, which will be discussed later in the Environmental Management and Sustainability section.



NUDO EISENHOWER Edif. II (Madrid)

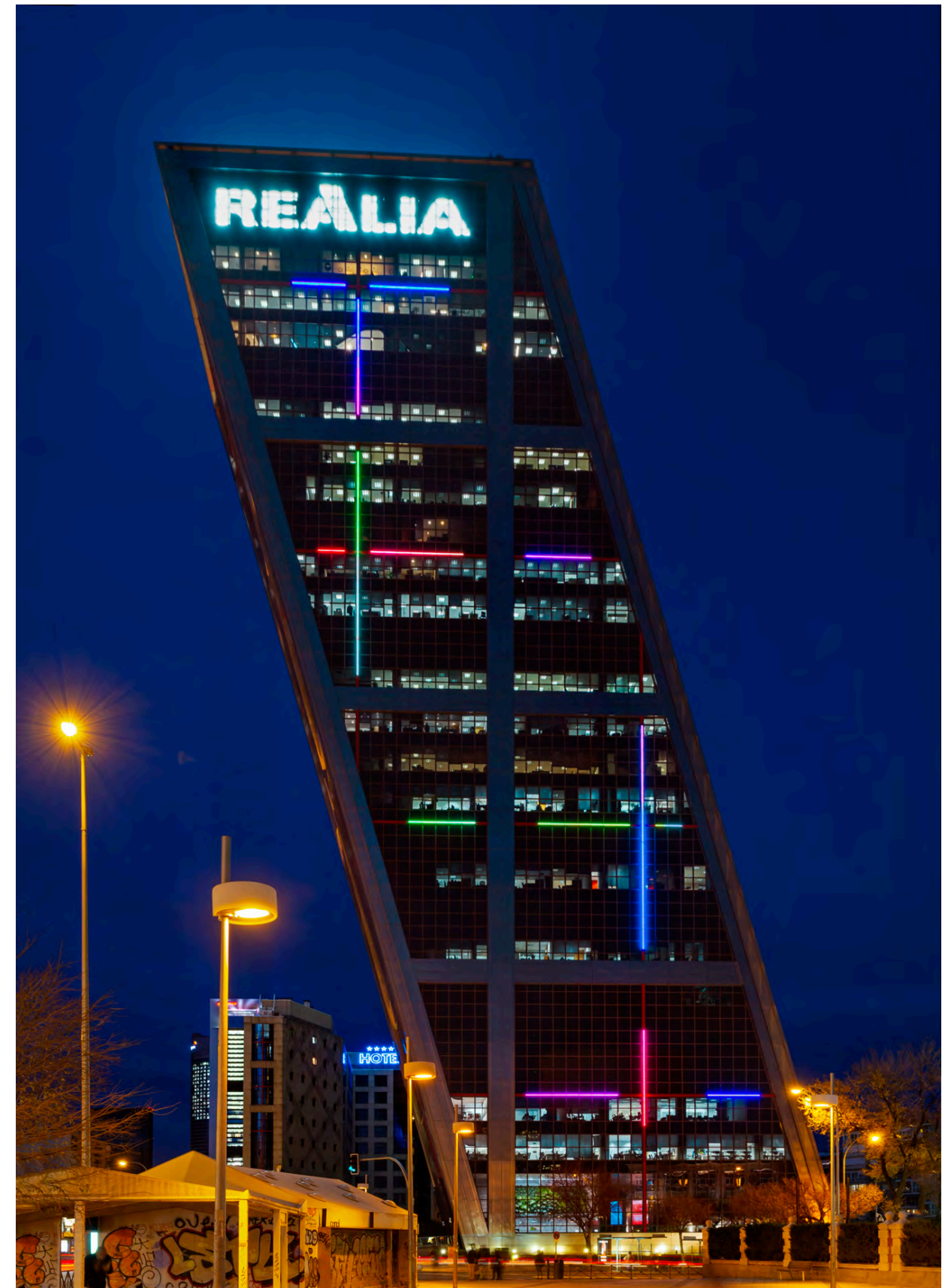
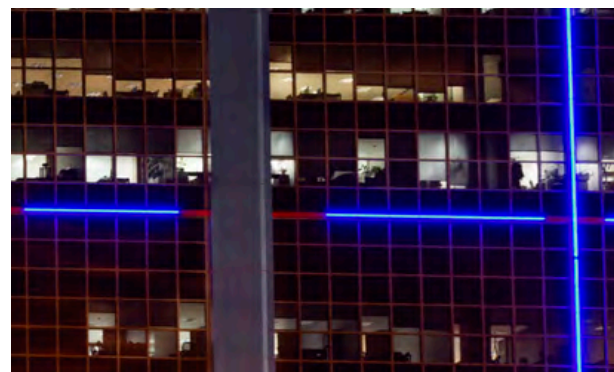
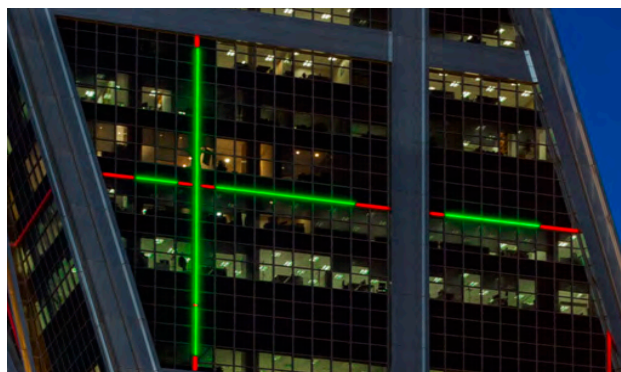
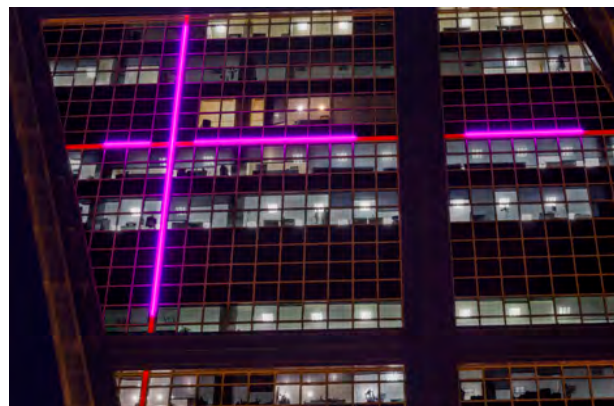
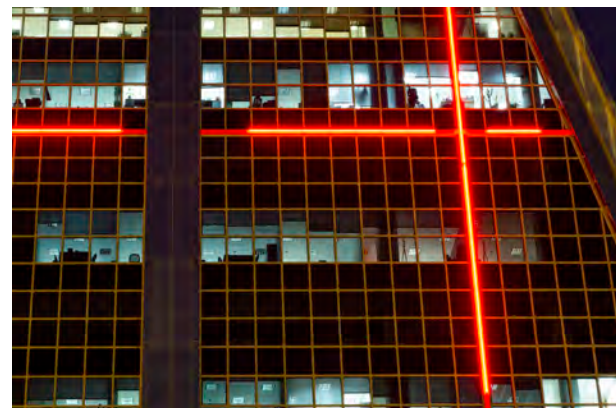
- Customized installation of the whole building for the new tenant.
- Major upgrade of the water tightness of the underground car park.

ACANTO 22 BUILDING (Madrid)

This building obtained in 2020 the prestigious BREEAM Sustainability Certificate, with an “Excellent” rating of its management and “Good” building. We will discuss this certificate later, under the sustainability section of this report.

TORRE REALIA\THE ICON (Madrid)

During 2020, the facade of the Torre Realia\The Icon building was illuminated in different colors on 11 occasions to celebrate important dates such as the International Day against Cancer (violet), the International Women’s Day (purple), the International Autism Day (blue), International Peace Day (white), the Hispanity Day and the Constitution Day (with the colors of the Spanish flag), the Phelan-McDermid Syndrome Day (green), Syndrome 22q11 Day (red), and Christmas Day (shows of different colors).



Users of Shopping Centers

All of REALIA's centers have been designed following criteria of functionality and accessibility, in order to guarantee a pleasant shopping experience. Thus, they combine recreation and shopping areas, and are equipped with spacious common areas and adequate spaces for the movement of vehicles and visitors.

Some examples of REALIA's focus on sustainability and Corporate Social Responsibility in Shopping Centers are the following major renovations:

CC FERIA PLAZA (Guadalajara):

Creation of "Plaza de la Almendra Central", with the transformation of 675 m² of retail premises into an open-floor area especially designed for children.

- Increased visibility and permeability of the signs of retailers in the second floor to facilitate the movement of visitors
- Creation of a co-working area with free Wi-Fi.
- Installation of a large children's playground.
- Availability of an auditorium for cultural activities with a large audience, mainly addressed to children, but also to other stakeholders (such as local entrepreneurs) to create a community around the Center.
- Installation of stair lifts for people with reduced mobility on the ground floor.

CC LA NORIA OUTLET SHOPPING (Murcia)

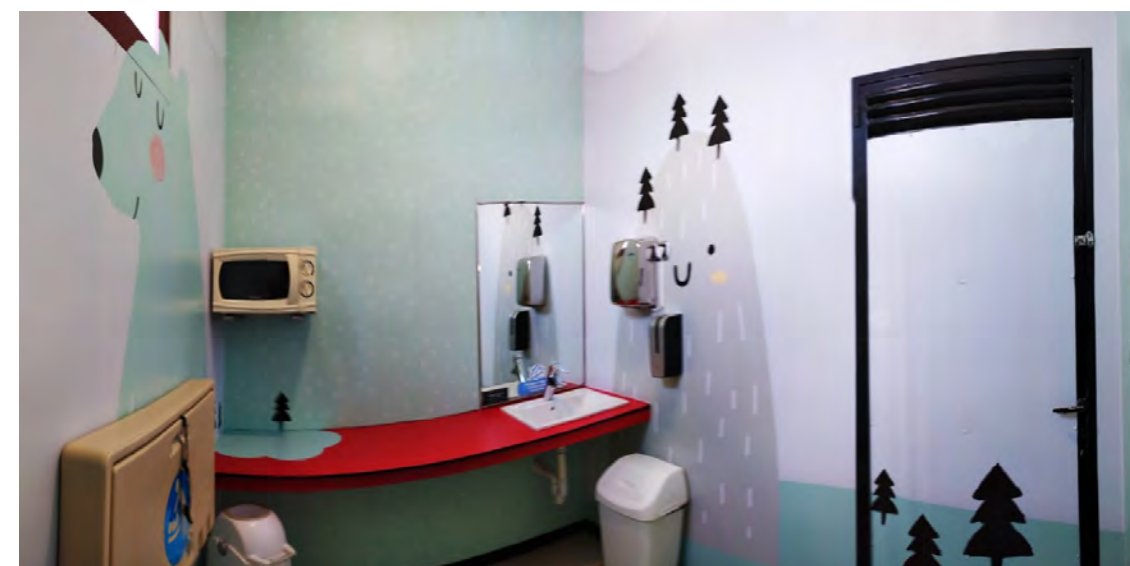
- The world leader in verification, inspection and certification, Bureau Veritas, granted the shopping center La Noria its Clean Site seal. This certification guarantees compliance with the cleaning and disinfection protocols adopted against the COVID-19 pandemic, and recognizes full compliance with disinfection, safety and hygiene measures.
- Painting of the outdoor car park.
- Upgrade of the fire detection system.
- Improved treatment of water in the fountains.
- Redesign of the Lactation Room.

CC PLAZA NUEVA (Leganés - Madrid)

- Major renovation of the premises to receive a new tenant in the leisure business.
- Installation of LED lights in the gallery.



Plaza de la Almendra Central
CC Ferial Plaza (Guadalajara)



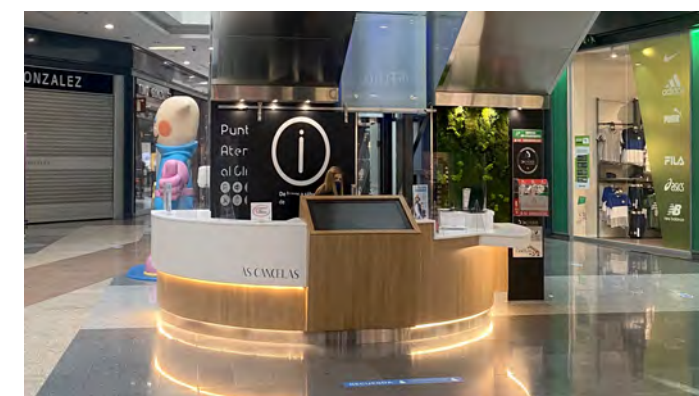
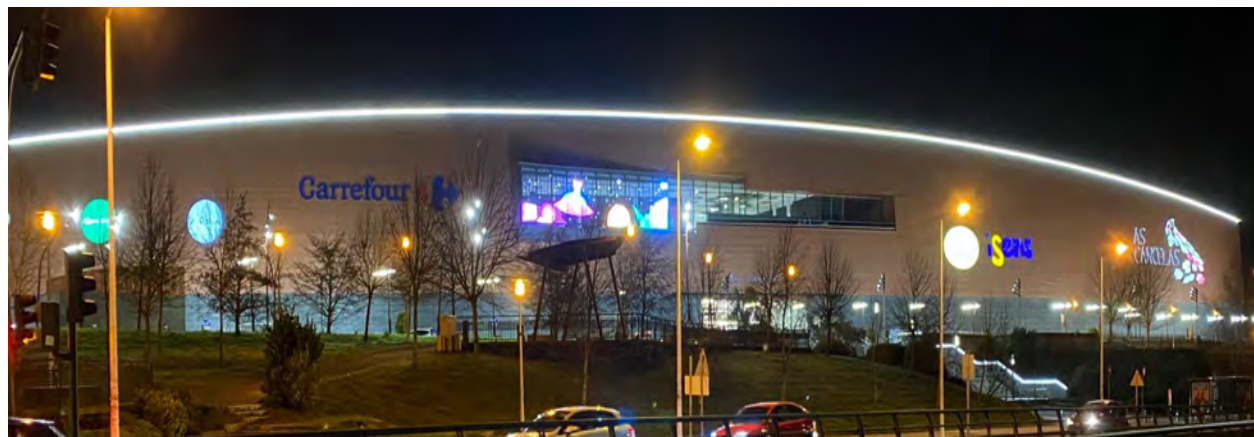
Sala de Lactancia - CC La Noria Outlet Shopping

CC AS CANCELAS (Santiago de Compostela):

An ambitious renovation of the shopping center was carried out in 2020, equipped with the latest digital and interactive advances in which the company made a total investment of 2.5 M.

The Center remained open during the remodeling, with no impact on its commercial activity. Some of the most relevant upgrades were:

- Renovation of the accesses and the facade, with the installation of a semitransparent LED welcome screen at the lookout area, for all visitors to enjoy digital arts content from the moment of their arrival.
- Remodeling of the ground and first floors through digitalization, with a completely new image full of light, modernity and nature, visible from all the levels of the shopping center.
- Redesign and acoustic protection of the Children's area "Club de Celi".
- Renovation of the access hallways to the elevators, integrating its image with light and wood.
- Renovation of the accesses to the car park floors, with new image, colors and signage.
- Digitalization of spaces incorporating digital retail elements and their spatial and thematic development.
- Upgrade of the Customer Service Point, with wooden facings on the desk, lighting, vinyl and vegetation.



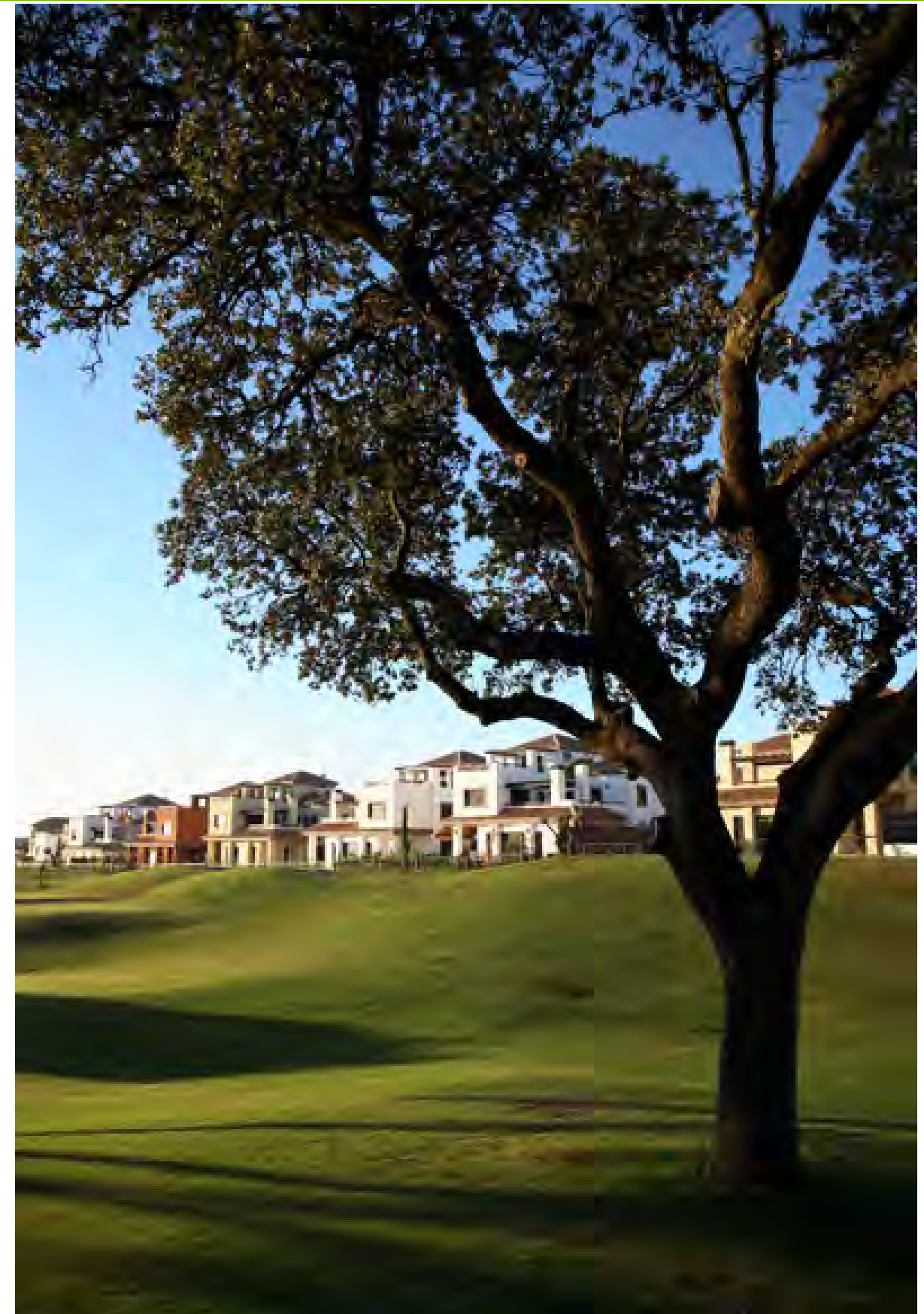
Suppliers

REALIA has contributed to the creation of wealth in the locations where it is present through contracts with local suppliers. Most of its suppliers are Spanish companies that offer their services in the Spanish territory.

Selection criteria

Historically, the selection and contracting of REALIA's suppliers is based on economic and technical criteria in both works and building rehabilitation. In these cases, general conditions are defined and included in the corresponding building specifications, for bidding and awarding of work contracts. The Procurement Area is governed by the following principles:

- Strict selection of work contractors, according to technical criteria.
- Assuming responsibility for the health and safety conditions of the works.
- Drawing up of the Construction Plan, guaranteeing compliance with the contract milestones.
- Guaranteeing REALIA's quality standards.
- Strict compliance with legal environmental regulations



Community

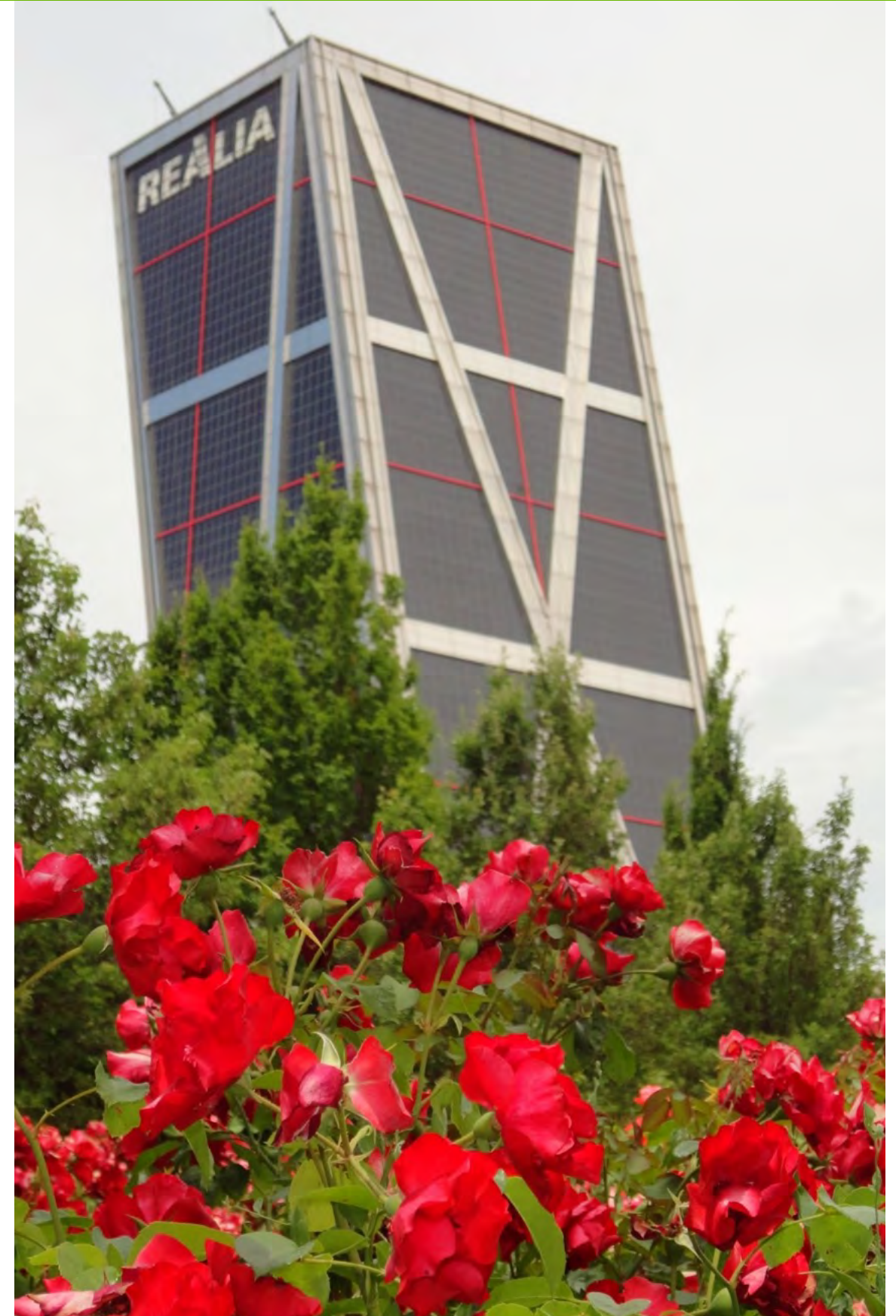
REALIA has historically involved all the parties affected by the planning and management of its projects to minimize the potential negative impact they may have on the locations where it operates.

Before starting construction of a new development or the rehabilitation of a rental building, the company contacts all stakeholders to listen to their concerns and consider their proposals for improvement.

Citizen participation is essential for REALIA in the planning of a development, since it provides it with a 360º view of the impact of its activity on the environment.

The creation of spaces for recreation and the improvement of the roads are some examples of the initiatives from neighbor associations, retailers and public administrations that the company takes into consideration in its project designs.

Throughout the year, the group continued its urban management of land, and it has established contacts with local and regional authorities to that end. These contacts took place under the utmost legality and transparency, according to the principles contained in the Ethical Code.



Community – Social Work

CAMPAIGNS IN SHOPPING CENTERS

Under the supervision by REALIA, shopping center managers loan their space to different foundations and NGOs for social, cultural and scientific projects, and to attract new members of raise the awareness of the public on some social issues.

During 2020, as a consequence of the Covid-19 pandemic and the temporary closures of shopping centers during the lockdown (besides the hygienic and social distancing measures), these actions were carried out mainly through the social media, which have been more active than ever, and contributed to disseminate numerous solidary initiatives in different social spheres to fight together against Covid-19. Some of the actions organized and non-profit organizations which benefited from them are:

- Red Cross: Blood drives and helping vulnerable people to face the difficult situation caused by the pandemic. Campaign for the collection of school supplies.
- Spanish Federation of Food Banks: Food collection campaigns and information about the solidarity concert organize to raise funds.
- Solidary Campaign “Back to School”: collection of school supplies to donate to disfavored groups with children of school age.
- Foundation Pequeño Deseo: Support to the foundation for children with serious diseases to fulfil their desires.
- Workshops for the little ones: In our Centro Comercial Ferial Plaza de Guadalajara, virtual story telling sessions, micro theater, concerts, etc. were organized through social media so they could enjoy them from their homes (#encasasinir+lejos)
- Support to the Down syndrome Foundation.
- Spanish Association against cancer, with the raffle of T-shirts and free registration to the “pink marathon”.



CC Plaza Nueva Leganés -School supplies collection campaign- Cruz Roja



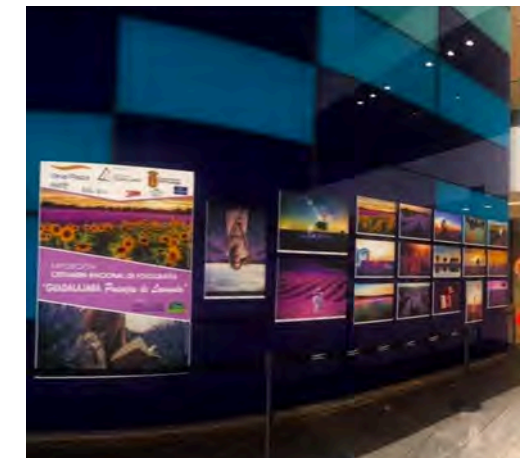
The Bridge of Desires. Solidarity campaign Little Desire Foundation



- Photographic exhibition for the dissemination of the landscape richness of the Lavender Fields of Alcarria (Centro Comercial Ferial Plaza Guadalajara).
- Backpack raffle for the little ones with face mask, hydro alcoholic gels and school supplies, to raise the awareness of children about the importance of hygiene in the transmission of the coronavirus (CC Ferial Plaza Guadalajara).
- Support to the initiative International Day of Solidarity.
- Support to the initiative International Day of the Red Cross.
- Support to the initiative International Day of Health
- Support to the initiative against gender violence (CC As Cancelas).
- Support to students with the discount card "Fashion Graduates". CC La Noria Outlet Shopping



Raffle backpacks full of gifts, each one includes: a mask, a bottle of hydroalcoholic gel, a school bag and a box of colored paints.



(Photographic exhibition diffusion of landscape wealth Alcarreños Lavender Fields



Collaboration in the Program for the Protection of the Peregrine Falcon

Realia collaborates since 2010 in the protection of the peregrine falcon in Hospitalet de Llobregat. This project is part of the biodiversity program of this city, which seeks to establish a viable breeding population of the peregrine falcon, contributing to increase the richness of the wildlife and regulate the populations of urban birds.

In 2010, a falcon nest was installed in the cornice of the penultimate floor of the Torre REALIA BCN, located at the plaza Europa in l'Hospitalet. Additionally, a camera was installed to monitor the birds more closely and watch them live through the municipal website.

Since then, the nest has served as a shelter for several pairs of peregrine falcons that seek a safe place to mate from March to May. Since this species keeps the same partner throughout their lives, and mate in the same place, the managers of Torre Realia are familiar now with the pairs of peregrine falcons that settle in the nest and we can now monitor their evolution. To us, seeing them arrive at the building every year means that our small contribution represents a great help for them.

Realia is proud of the work done and our positive impact on the wellbeing of these birds. And of course, we hope many more pairs of peregrine falcons will choose the nest of the Torre Realia in Barcelona to mate, so that we can contribute to remove this bird from the list of endangered species.



Our lines of work

In 2020, REALIA maintained its commitment to environmental protection, implementing efficiency measures and defining the constructive characteristics of future developments according to the principles of sustainable architecture and implementing strategies to improve the sustainability of its buildings.

REALIA's Corporate Responsibility Master Plan establishes the need to manage the environment in a way that it reduces the footprint of its activities on the environment and favors the sustainable use of resources.

Following the Basic Principles of Environmental Protection included in the Guide of Good Practices of the group, the company applies the 3R rule (Reduce, Reuse and Recycle) and maintains a preventive rather than corrective approach to its projects.

REALIA's environmental management is structured around four lines of action:



Energy efficiency.



Adequate management of resources.



Sustainable construction.



Promotion of responsible conduct.

Thanks to these actions, and just like in previous years, no incidences or sanctions took place related to environmental protection.



Energy Efficiency

REALIA's buildings were subject to an energy audit in 2016, in keeping with Royal Decree 56/2016 of 12 of February, which transposes Directive 2012/27/UE of the European Parliament and Council of 25 October 2012, related to energy audits, certification of service providers and the promotion of efficiency in energy supply. According to the law, the company must audit the buildings again 4 years after the last audit.

During the year, REALIA continued to evaluate its consumptions and CO2 emissions and introducing efficiency measures in the buildings under its management. Thanks to this policy, during the last five years it maintained a downward trend in both consumption and emission of polluting gases.

Adequate waste management

REALIA promotes selective waste collection in its offices and shopping centers, and provides all tenants with a recycling station in every building for the sorting and selective recycling of waste.

This system allows for the recycling of paper, cardboard and toner, and to segregate toxic and hazardous waste for its subsequent collection and delivery to authorized waste managers.

The company collaborates with several companies and organizations in the collection of waste, depending on the type of waste.

Historically, REALIA follows the 3R Principle (Reduce, Reuse and Recycle) in its construction and renovation work. From the planning stage of a project to the end of construction, it strives to manage its waste efficiently.

To that end, it sorts the waste, it stores them in designated zones, gives special treatment to hazardous waste and reuses the material from excavation in rehabilitation works. Finally, it transports construction and demolition waste to deposits, crushing plants or authorized waste managers.



Sustainable Construction

The buildings constructed by REALIA meet the principles of sustainable construction: respect for the environment, use of low impact materials throughout their life cycle, and incorporation of energy efficiency measures. All residential homebuilding projects meet the standards of the Building Code.

In order to obtain a better energy rating in future homebuilding projects, REALIA intends to implement a number of improvements in construction and quality of the materials used, to favor energy savings in the homes and minimize the environmental impact.

Promotion of responsible conduct:

REALIA promotes environmentally responsible conduct within the company, among its customers and in its supply chain.

To this end, it has drafted a guide of Good Environmental Practices addressed to employees, external personnel, suppliers and subcontractors, which brings together the best practices in the use of materials and products, energy management, waste treatment and transport.

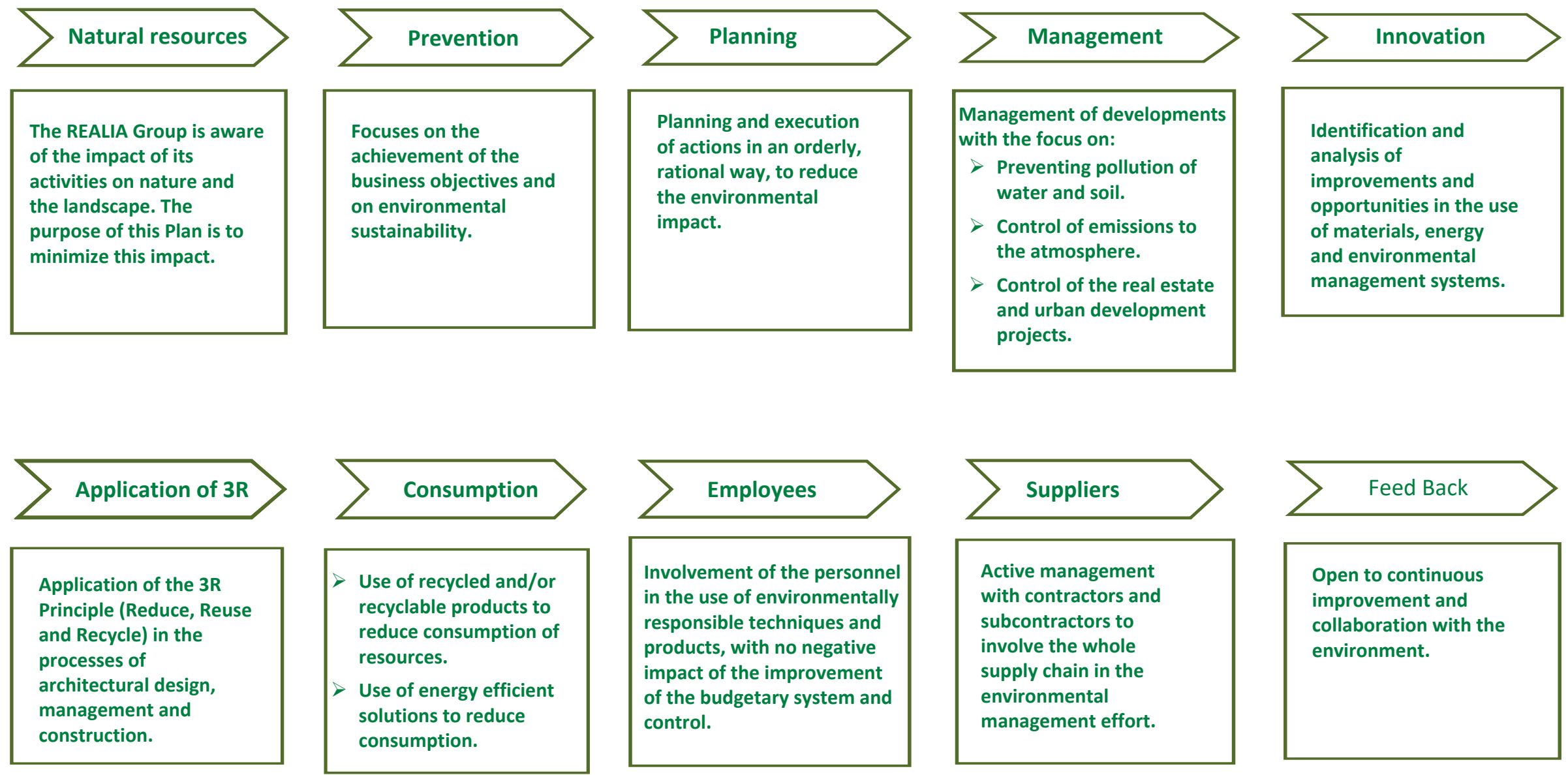
At the same time, the company favors recycling in the workplace.

In shopping centers and offices, it promotes sustainable conduct among its uses through posters about the preferential use of elevators, water saving in the restrooms, or the correct use of waste collection stations, among others.

In shopping centers, maintenance personnel inform retailers and store managers about the possible measures to adopt to reduce energy consumption, such as opening hour adjustments or improvements in insulation.



BASIC PRINCIPLES OF ENVIRONMENTAL PROTECTION



More sustainable homes.

Having water saving systems in the home is an increasingly important and valued feature, since they provide environmental, social and economic advantages. If we wish to help the planet, save resources, respect the environment and ensure the future of the younger generations, we must adopt certain habits and an awareness for sustainability in order not to waste resources and safeguard the resources that contribute to enjoy and maintain our quality of life.

Realia favors the construction of more sustainable homes respectful of the environment and their location, and for this reason we emphasize the water saving systems available in two of our housing developments:

Realia Essència de Sabadell: This housing development, located in Sabadell (Barcelona) will be equipped with flow rate control and rainwater reuse systems, as well as a water treatment and recovery plant, in order to maximize water savings.

Realia Parque del Ensanche: This housing development located in Alcalá de Henares (Madrid), currently under construction and commercial operation, is equipped with a home water saving system incorporating consumption control mechanisms in all water outlets, within the homes and in the common areas.

Water is one of the most necessary and used resources for life, and yet it is one of the most wasted. Many people are not aware of its importance and neglect to use it wisely, for we have the obligation to use water rationally and responsibly, both at home and industrially. We in Realia continue to be committed with a responsible use of resources as vital as water through actions that help to respect and care for the environment and the planet where we live.

Apart from the two developments mentioned, REALIA has installed a pioneer water management system in its **Altos de Santa Bárbara** housing development in Rocafort (Valencia), the first of its kind in the province and known as the storm tank, which allows to recycle rainwater and to avoid the risks of flooding resulting from heavy rainfalls.



Realia Essència de Sabadell

More sustainable buildings.

BREEAM® SUSTAINABILITY CERTIFICATE

Three of the office buildings owned are certified with the BREEAM® certification: Torre Realia\The Icon (Madrid), Edificio Acanto 22 (Madrid) and Torre Realia BCN (Barcelona), after thorough processes of analysis and improvements that lasted several months.

The first building that obtained this certification in 2019 was Torre Realia\The Icon. The Acanto 22 building was certified in 2020, when most of the work to certify the Torre Realia BCN with BREEAM took place, and finally achieved in 2021. These buildings are references in sustainability and energy savings, since they have been recognized with the BREEAM® certificate with a rating of “Excellent” in their management.

The BREEAM® certificate is an international sustainability evaluation and certification program, in operation since 1990 and present in more than 77 countries, which allows for the evaluation of the actual behavior of a non-residential building through information about environmental performance, invoices and other consumption records of the building.

The process includes the analysis of the initial condition of the building, and implements a number of strategies to optimize its sustainability, in a continuous improvement system, in which a consulting firm authorized to issue BREEAM® certifications audited the sustainability performance, broken down into the following categories:

- Energy.
- Health and Wellbeing.
- Materials and waste.
- Ecology and pollution.



