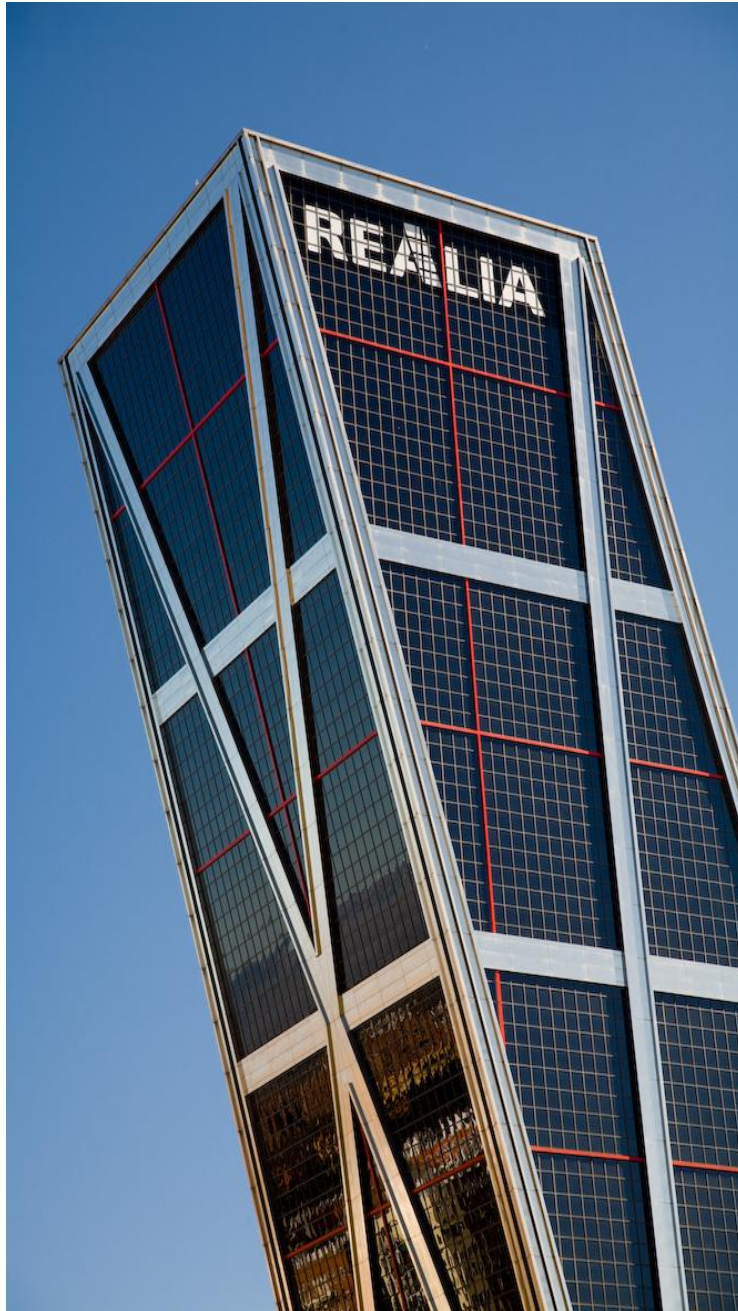


REALIA



January-March 2014 Results

14th May 2014

SUMMARY

RESULTS

- Total revenue amounts to €54,2m, an increase of 11% vs. 1Q 2013.
- The rental business represents 71% of the total income and more than 100% of the gross margin. 34% of the rental revenues are generated in Paris through the French subsidiary SIIC de Paris.
- The operational result has decreased by 28,7%, due to losses on the sales of land bank and lower rental income.
- The Company continues its consistent efforts to reduce overheads. General expenses decreased by 15,7% vs. 1Q 2013.
- The Group net profit is €-7,6m improving by 28,7% vs. the previous year.

FINANCIAL SITUATION

- Realia has reduced its financial debt by €11m to €2.213m, 0,5% below December 2013.
- Together with FCC and Bankia, Realia continue with the mandate given to Goldman Sachs to find investors. A binding offer is expected to be submitted before the end of 3Q 2014.

COMMERCIAL PROPERTY

- Gross rental income (including expenses charged to tenants) was €38,3m, of which €18,4m come from SIIC de Paris. These results have dropped by 10% due to adjustments linked to the renegotiation of lease contracts.
- In Spain, the office occupancy levels have increased slightly (91,6% vs. 89,8% in 2013). In France, where three recently refurbished office buildings (27.737 sqm) have come into operation, it has dropped to 73,8%. Therefore, the total occupancy level has reached 86%, 4,4% lower than last year.

RESIDENTIAL DEVELOPMENT

- Realia has delivered 32 homes in 1Q 2014 for a total amount of €7,3m, tripling the income of the same period of the previous year.
- Through its Polish subsidiary, the Company has sold land bank in Warsaw with a buildable area of 50.000 sqm for €7,65m, generating capital losses of €-0,14m (net of provisions).
- There is a total stock of 774 homes finished not delivered (29 pre-sold).

FINANCIAL HIGHLIGHTS (1Q 2014) (*)

(€mm)	1Q 2014	1Q 2013	Var. (%)
Total Revenue	54,2	48,8	11,1
Income	38,3	42,6	-10,0
EBITDA	18,3	26,4	-30,7
Net Result (Group share)	-7,6	-10,7	-28,6
Net Financial Debt	2.109	2.189	-3,7
Nº Shares (mm)	307,4	277,4	10,8
Earnings per Share (€)	-0,02	-0,04	-38,1

(*) 2014 results follow the new International Financial Reporting Standards (IFRS concerning listed companies). To make the comparative analysis, 2013 figures have been adjusted.

OPERATIONAL HIGHLIGHTS (1Q 2014)

	1Q 2014	1Q 2013	Var. (%)
Commercial Property			
GLA (sqm)	597.908	599.770	-0,3
Operational	594.362	571.286	4,0
In Progress	3.546	28.484	-87,6
Occupancy rate (%)	86,0	90,4	-4,9
Land & Homebuilding			
Home Deliveries			
Value (€mm)	7,29	1,55	370,5
Units	32	11	190,9
Pre-sales backlog (€mm)	2,61	10,10	-74,2
Land Bank Consolidated (sqm m) ¹	1,9	2,6	-25,8
Nº Employees	117	146	-19,9

¹ DUSE buildability is not included (Airport neighbourhood – Seville: 647.186 sqm) in 2013 and 2014.

Number of Employees	1Q /2014	1Q 2013	Var. (%)
Total (*)	117	146	-20%
Realia Business	50	76	-34%
Realia Patrimonio	6	6	0%
Hermanos Revilla (*)	46	46	0%
SIIC de Paris	14	16	-13%
Realia Polska	1	2	-50%

(*) It includes 34 people working at reception and concierge services in buildings.

CONSOLIDATED INCOME ESTATEMENT (*)

(€mm)	1Q 2014	1Q 2013	Var. (%)
Total Revenue	54,2	48,8	11,1
Rents	38,3	42,6	-9,9
Sale of assets	0,0	1,0	-97,9
Homebuilding	7,3	1,6	371,0
Land sales	7,7	2,1	269,6
Other	0,9	1,7	-44,3
Total Gross Margin	21,9	30,6	-28,7
Rents	26,6	31,2	-14,7
Sale of assets	0,0	1,0	-97,9
Homebuilding	0,1	-1,8	-106,3
Land sales	-4,8	0,4	-1.320,5
Other	-0,1	-0,1	-16,7
Overheads	-3,5	-4,2	-15,7
EBITDA	18,3	26,4	-30,7
Amortization	-9,5	-9,0	5,6
Depreciation	4,3	-4,5	-194,9
EBIT	13,1	12,9	1,5
Financial Results	-18,5	-19,4	-4,3
Other Results	0,1	0,2	-42,9
Earnings before taxes	-5,3	-6,2	-15,1
Taxes	-0,1	-0,2	-26,3
Results after taxes	-5,4	-6,4	-15,4
Minority Interests	2,2	4,2	-48,8
Net Result (Group share)	-7,6	-10,7	-28,7

(*) 2014 results follow the new International Financial Reporting Standards (IFRS) concerning listed companies. To make the comparative analysis, 2013 figures have been adjusted.

- Realia has implemented the new International Financial Reporting Standards (IFRS) which applies to companies with no shareholding control. From now on, the Company will deliver its results following the equity accounting method.
- Company total revenue in 1Q 2014 amounted to €54,2m, an increase of 11,1% vs. the same period in 2013.
- Commercial Property business concentrates the bulk of the activity of the Company, 71% of its income and 100% of its gross margin.

- EBITDA has decreased 30,7% (€18,3m vs €26,4m in 2013), mainly because of the margin drop, both in rental business and in land bank sales.
- Compared to 1Q 2013, financial costs have reduced 4,3% and general expenses 15,7%.
- There has been a reversal of provisions amounting to €4,3m: €4,62m for land bank sold in Poland and €-0,36m for depreciation of finished product.
- 1Q 2014 net income attributable was of €-7,6m vs. €-10,7m in 2013, there was an improvement of 28,7%.

CONSOLIDATED BALANCE SHEET

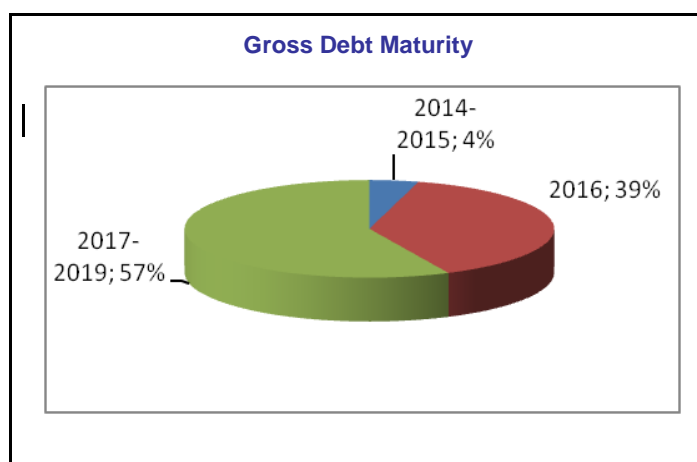
(€mm)	1Q 2014	1Q 2013		1Q 2014	1Q 2013
Tangible fixed assets	9	8	Equity	191	153
Investment property	2.261	2.331	Minority shareholders	514	497
Inventories	434	572	Financial debt	1.658	1.848
Accounts receivable	57	63	Current creditors	41	53
Treasury and equivalents	104	188	Other liabilities	704	796
Other assets	243	185			
Total Assets	3.108	3.347	Total Liabilities	3.108	3.347

- Realia accounts for the value of its assets at lower of acquisition or market value

FINANCIAL STRUCTURE

	Commercial Property			Land & Homebuilding			1Q 2014	1Q 2013
	RP + Sub.	SdP	Total RP	RB	Subsid.	Total RB		
	Activos España							
Syndicated loans	847	465	1.311	784		784	2.096	2.175
Other loans	53	35	88		29	29	117	198
Interests	1	0	1	6		6	7	13
Debt formalisation expenses	-5	-2	-7			0	-7	-9
Total Gross Financial Debt	895	498	1.393	790	29	819	2.213	2.377
Cash and Equivalents	51	24	76	14	14	28	104	188
Total Net Financial Debt	844	474	1.318	776	15	791	2.109	2.189

- As of 31 March 2014, Realia's gross debt was €2.213m vs. €2.377m in the same period last year (reduced in 6,9%). The syndicated loans amount €2.096m in 1Q 2014 vs €2.175m in 1Q 2013. Other loans amounted €117m in 1Q 2014 vs. €198m in 1Q 2013.
- As of December 2013, Realia's gross debt was €2.224m. It reduced 0,5%, 11 million euro.
- As of 31 March 2014, Realia financial debt dropped 3,7%, €2.109m vs. €2.189m the same period last year. Cash and equivalents amount to €104m.
- Together with FCC and Bankia, Realia continue with the mandate given to Goldman Sachs to find investors to provide funding to repay totally or partially its residential debt and buying out the current shareholders.
- A binding offer is expected to be submitted before the end of 3Q 2014 and the final decision will be taken in 2014.
- 39% of the total debt matures in 2016 and 57% in 2017 or after.
- 68% of Realia Patrimonio and SIIC de Paris debt (€892m s/ €1.312m) are covered through an IRS at 4,58%. Swaps mature in June 2014.



IRS Structure
(Maturity 06/30/2014)

€ MM	Amount	% s/Total
Realia Patrimonio	596	70%
SIIC de Paris	296	64%
	892	68%

COMMERCIAL PROPERTY
Rents (*)

(€mm)	1Q 2014	1Q 2013
Rental income	32,1	35,8
Expenses charged to tenants	7,4	8,3
Total Revenues	39,5	44,1
Expenses incurred	-10,7	-11,0
Other Expenses	-1,5	-1,0
Gross Margin	27,3	32,1
Margin (%)	85,0%	89,7%

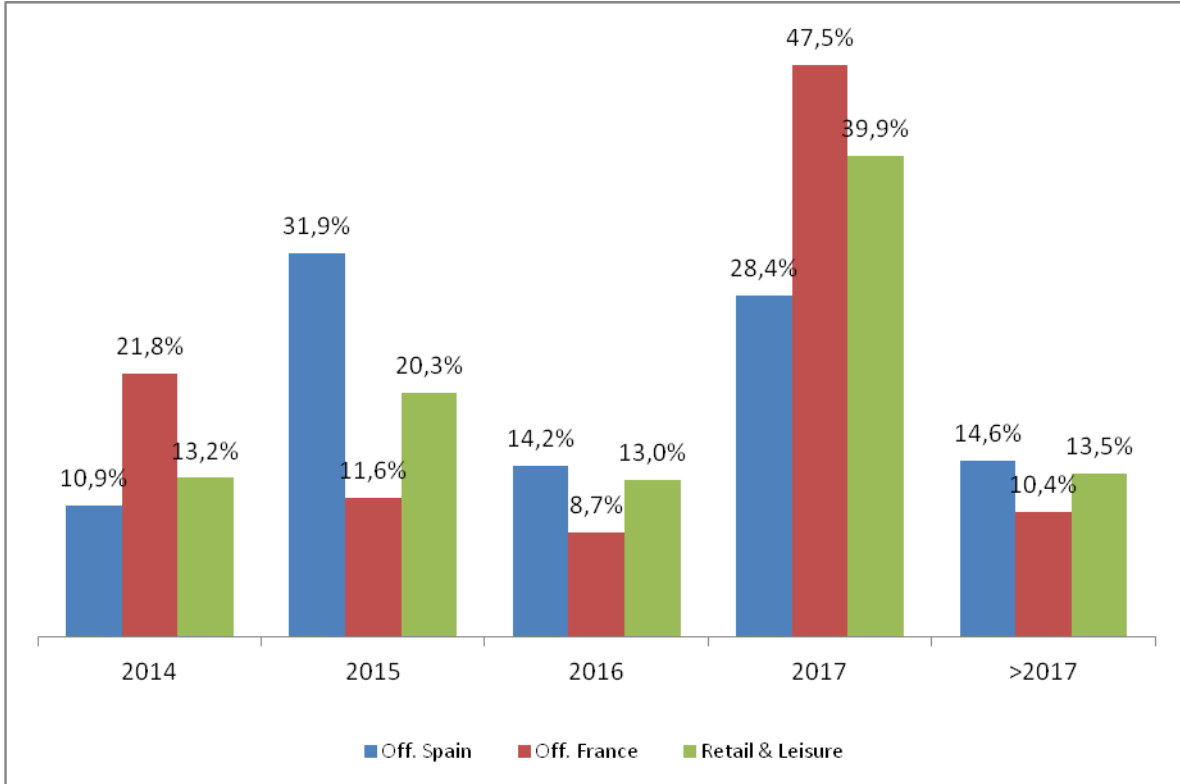
(*) The data in this chart doesn't follow the new International Financial Reporting Standards (IFRS).

Rental income

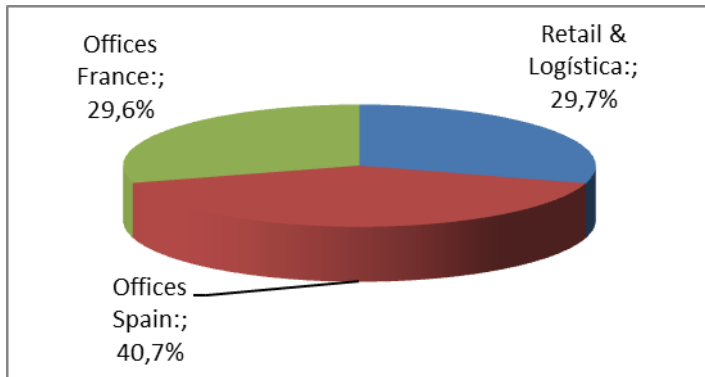
(€mm)	1Q 2014	1Q 2013	Var. (%)	Like for Like (%)	Ocup. 1Q 2014 (%)	Ocup. 1Q 2013 (%)
Offices	27,4	30,5	-10,2%	-8,3%	84,1%	91,4%
Spain	12,0	12,1	-0,3%	-3,4%	91,6%	89,8%
France	15,4	18,4	-16,6%	-13,7%	73,8%	93,8%
Retails & Leisure	4,4	5,0	-12,9%	-12,9%	87,9%	88,0%
Others	0,3	0,3	2,7%	-2,9%	1,0%	100,0%
Total Revenues	32,1	35,8	-10,4%	-8,9%	86,0%	91,1%

- Rental income has decreased -10,4% mainly due to the income fall in France. However, 48% of rental income still comes from this country. This figure will tend to increase as the recently refurbished office buildings are being commercialized.
- Spanish offices rental income is stable in €12m. The level of occupancy is slightly going up, to 91,6%.
- French offices *like-for-like* rental income has decreased 13,7% (€3m) mainly due to the maturity of the lease with Group Coface in August 2013 (27.356 sqm in La Défense). This impact has been partially compensated by the lease of 11.523 sqm in the same building for a rental income of €4.3m.
- The total level of occupancy is of 86%. In France, the level of occupancy is of 73,8% due to the maturity of the lease with Group Coface and the finalization of refurbishments, mainly Les Miroirs (22.793 sqm in La Défense) which have no tenants yet.
- Retail & Leisure rental income have decreased by 12,9% due to the low sales which have made necessary some incentives in the negotiation of lease renewals.

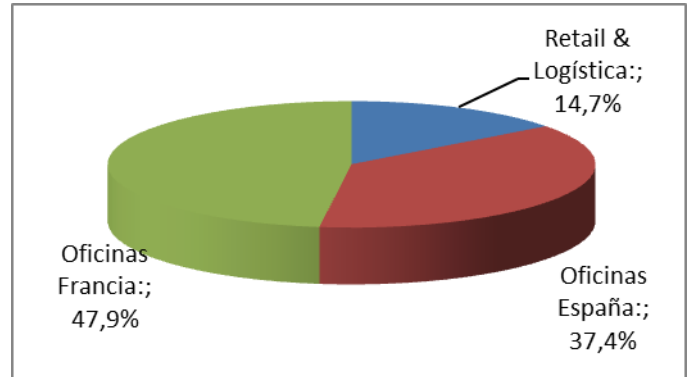
Expiry on lease contracts on anual rents
 (Considering the option of the anticipated cancellations)



GLA (SQM) per use



Passing rents



Assets under refurbishment

- Realia, through its French subsidiary, SIIC de Paris, continues investing to renovate and modernize progressively the French portfolio.
- The refurbishment of three office buildings has been finished and the final refurbishment in another two office buildings is scheduled for 2015.
- These investments have been financed with the cash flow of the business.

Under refurbishment	Location	Use	GLA	Total Investment	Incurred Investment	Annual Rent Expected	Opening
163 Malesherbes	Paris	Offices	1.294	5,5	3,0	0,9	2.015
36 rue de Naples	Paris	Offices	2.252	3,0	0,0	1,1	2.015
Total			3.546	8,5	3,0	2,0	

LAND AND HOMEBUILDING (RESIDENTIAL)

(€mm)	1Q 2014	1Q 2013	Var. (%)
<u>Revenues</u>			
Homebuilding	7,3	1,6	371,0
Land sales	7,7	2,1	269,6
Total Revenues	15,0	3,6	313,0
<u>Gross Margin</u>			
Homebuilding	0,1	-1,8	-106,3
Land sales	-4,8	0,4	-1320,5
Total Gross Margin	-4,7	-1,4	239,4
Homebuilding Margin (%)	1,5	-113,5	
Land Sales Margin (%)	-62,2	18,8	

- Home sales continue affected by the general economic situation and the difficulties in obtaining financing to potential buyers.
- Revenues from the Land & Homebuilding area amounted €15m, almost 5 times same period last year. Mainly due to the delivery of Valdebebas homes, development finished in 4Q 2014, and the income for the sale of bank land in Poland.

- Land bank has been sold in Warsaw (Wilanow district) for a total amount of €7,7m. 4,5% lower than its appraised value as of December 2013. The gross margin has been of €-4,76m, there has been a reversal of provisions amounting €4,62m and the final amount obtained has been of €-0,14m.

Sold Land Bank (€mm)	Sales	GAV	Var. (%)
Wilanov (Poland)	7,7	8,0	-4,5
Total Revenues	7,7	8,0	-4,5

- Realia has delivered 32 homes in 20141Q vs. 11 homes in 20131Q for an amount of €7,3m (371% more than in 20131Q):

Deliveries	Nº Units Homes	Revenues €MM
Madrid/Centre	17	4,7
Levante	4	0,9
Cataluña	3,5	0,5
Poland	0	0,0
Andalucía	5	0,7
Canary Islands	1,5	0,2
Portugal	1	0,3
Total	32	7,3

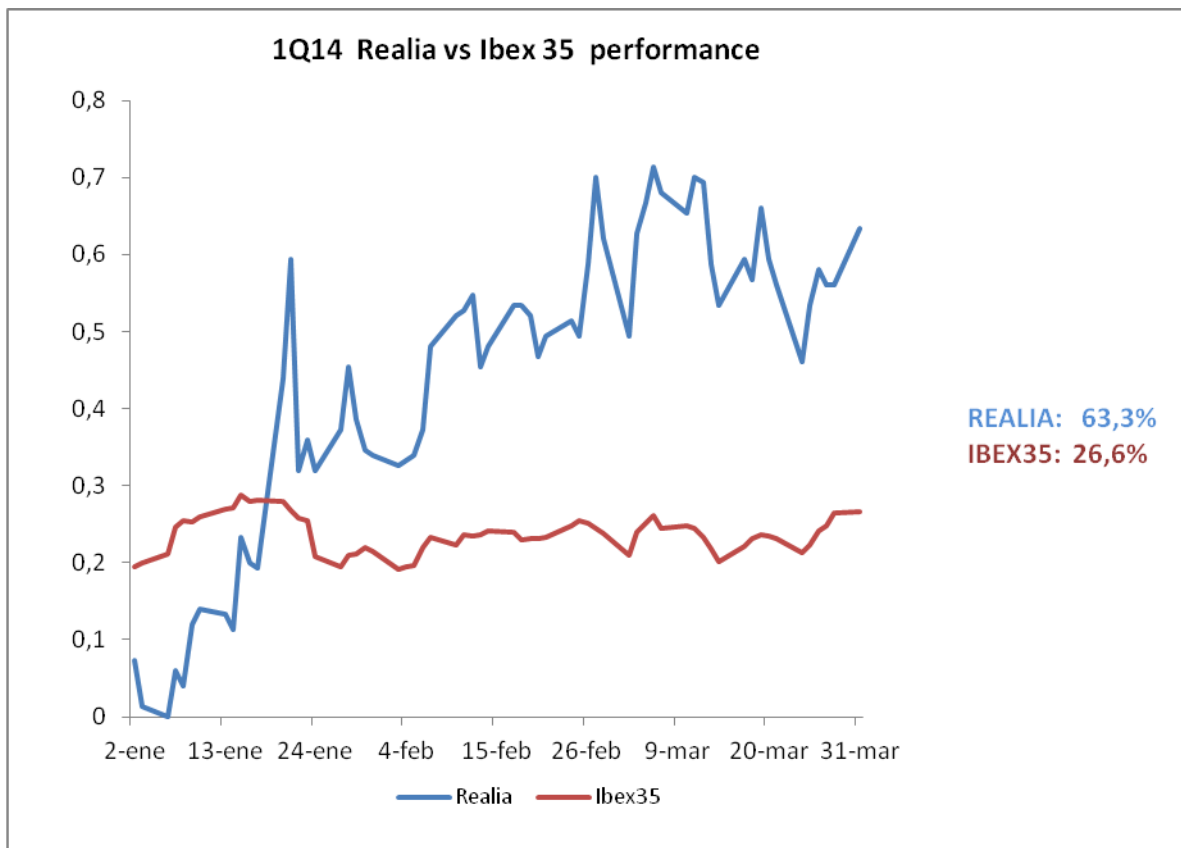
- Pre-sales amounted 25 homes in 20141Q for an amount of €4,4m:

Home stock evolution	1Q 2014	1Q 2013	Var. (%)
Pre-sales			
Number of units	25	17	44,1%
Total value of contracts (€MM)	4,4	2,5	77,6%
Deliveries			
Number of homes	32	11	190,9%
Total value of contracts (€MM)	7,3	1,5	386,2%
Stock at eoP			
Number of units	745	751	-0,8%
Total value of contracts (€MM)	190,2	192,3	-1,1%

- Realia has a total stock of 774 finished and non-delivered units (homes, retail areas and offices), of which 29 are pre-sold and 745 available for sale (260 in Madrid, 226 in Andalusia, 130 in Levante, 97 in Catalonia, 6 in Canary Islands, 19 in Portugal and 7 in Poland).
- The breakdown of these homes in stock is the following: 75% first homes and 25% second homes.
- Realia has 43 residential plots of land to be sold.

STOCK DATA

- The closing stock price (€ per share) has been 1.225 euros, it increased by 63,3% in this 1Q. IBEX 35 has performed +26,6%.



	1Q2014
Closing Stock Price (€ per share)	1,225
Market cap. EoP (€)	339.785.996
High of the period (€ per share)	1,32
Low of the period (€ per share)	0,74
Daily Trading Volume (€)	3.246.495
Daily Trading Volume (shares)	2.982.394

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LEGAL DISCLOSURE

The accounting statements contained in this document have been verified by independent third parties through the performance of a limited review, which offers limited assurance as regards the scope of the work performed. That review was performed in accordance with the ISRE 2410 standard issued by the International Federation of Accountants (IFAC).

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