January-March 2019 Results

8 May 2019

TABLE OF CONTENTS

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

1.- SUMMARY

REVENUE AND RESULTS

- Total revenue was €23,40m, 2,0% lower than in 1Q 2018. The commercial property business revenue has remained steady in €19,44m, even though, occupancy level was 1,8% lower than in March 2018. The shopping centre "Jardín de Serrano" has hardly generated rents in 1Q 2019, as it is being adapted for a new tenant who will occupy 100% of its leasable area. Land & Homebuilding business has gone down by 16,5% (€-0,66m) and has reached €3,33m. This revenue fall is partially due to the progressive stock reduction of residential finished product and a delay in the delivery of the pre-sold finished product for an amount of €1,74m. In 1Q 2019, there is no revenue from the new residential developments, as units have not been delivered.
- EBITDA reached €11,53m, 4,0% better than the previous year, due to better margins in the Land & Homebuilding business, as well as, steady margins in the Commercial Property business and lower operating costs.
- As of 31 March 2019, earnings before taxes reached €9,19m vs €8,26m in March 2018 (11,3% better).
- As of 31March 2019, earnings after taxes reached €5,02m, 18,1% better than in March 2018.

INDEBTNESS

- Following the capital increase of December for an amount of €149,14m, Realia Business repaid the equity loan acquired with Caixa for an amount of €120m and, consequently, guarantees granted by Inversora Carso were released.
- As of March 2019, Realia gross financial debt reached €615,60m vs €758,33m in March 2018 (-18,8%). In comparison with December 2018, the financial debt has remained virtually steady. This financial debt is bound to the Commercial Property business.
- Cash and equivalents reached €92,46m vs €58,72m in March 2018 (+57,5%). As of 31 December 2018, it reached €87,50m.
- As of 31 March 2019, Realia net financial debt reached €523,14m, €176,47m lower than in March 2018 (-25,2%) and €5,32m lower than in December 2018 (-1,0%). The cash flow generated by the Group together with the Company´s cash have allowed the reduction of the net financial debt, as well as, investing on new residential developments and providing with the financial resources intended to residential developments to be developed in the future.
- The net financial result reached €-3,64m (derivatives included), €-4,30m lower than in March 2018, due to lower indebtness of the Group. The weighted average rate on gross debt (derivatives included) reached 2,14% vs 1,97% in March 2018.

COMMERCIAL PROPERTY

- Gross rental income were €15,07m (64,4% on the total income), 1,2% lower than the previous year. This reduction has mainly taken place in the Retail & Leisure portfolio. The shopping centre "Jardín de Serrano" has hardly generated rents in 1Q 2019, as it is being adapted for a new tenant who will occupy 100% of its leasable area.
- Overall occupancy levels reached 93,1% vs 94,9% in March 2018. This occupancy levels are getting better as assets that went empty in 4Q 2018 are in the commercialisation process. From December 2018 to March 2019, occupancy has improved by 1,3%.
- Group Realia has created a new business line "rental housing". For this purpose, in 1Q 2019, the Company has acquired a land plot in Tres Cantos (Madrid) where a residential development of 85 homes and their related store rooms and parking spaces are being developed. This acquisition has meant an investment of €16m approx.

LAND AND HOMEBUILDING

- As of 31 March 2019, Realia has delivered 18 units for a total amount of €2,84m. It has gone down by 32,7% (€1,38m) vs 2018. This result is mainly due to stock reduction of residential finished product and a delay in the delivery of the pre-sold finished product for an amount of €1,74m which are expected to be delivered soon. In 1Q 2019, there is no revenue from the new residential developments, as units have not been delivered.
- As of 31 March 2019, there is a stock of 546 units (homes, small retail and offices) finished non-delivered or in the pipeline (61 pre-sold). There are also 41 land plots for single-family housing.
- As of 31 March 2019, there are three residential developments in the pipeline: "Las Brisas de Son Dameto", "La Essència de Sabadell" and "Realia Parque del Ensanche I", located in Palma de Mallorca, Sabadell and Alcalá de Henares (Madrid) respectively amounting 266 units (homes and small retail). At present, the company has obtained the building license to develop a residential development of 45 units (homes and small retail) in Valdebebas.
- Realia land bank, in its different urbanistic stages, reached 5.742.359 sqm and a buildable area of 1.877.207 sqm.

2.- FINANCIAL HIGHLIGHTS

(€mm)	1Q 2019	1Q 2018	Var. (%)
Total Revenue	**23,40**	**23,87**	**-2,0**
Rental Income	15,07	15,26	-1,2
Expenses provision	4,29	4,21	1,9
Homebuilding & Land revenue	2,84	3,87	-26,6
Other	1,20	0,53	126,4
EBITDA	**11,53**	**11,09**	**4,0**
Net Result (Group share)	**5,02**	**4,25**	**18,1**
Net Financial Debt	**523,14**	**699,61**	**-25,2**
Nº Shares (mm)	**818,80**	**644,19**	**27,1**
Earnings per Share (€)	**0,006**	**0,007**	**-14,3**

3.- OPERATIONAL HIGHLIGHTS

	1Q 2019	1Q 2018	Var. (%)
Commercial Property			
GLA (sqm)	**406.628**	**405.864**	**0,2**
Occupancy rate (%)	**93,1%**	**94,9%**	**-1,9**
Land & Homebuilding			
Pre-sales			
Total value of contracts (€mm)	2,84	4,22	**-32,7**
Units	18	27	**-33,3**
Nº Employees	**91**	**91**	**0,0**

Number of Employees	1Q 2019	1Q 2018	Var. (%)
Total (1)	**91**	**91**	**0,0**
Realia Business	42	40	**5,0**
Realia Patrimonio	4	4	**0,0**
Hermanos Revilla (1)	45	46	**-2,2**
Realia Polska	0	1	**-100,0**

(1) It includes 32 and 35 people working at reception and concierge services in buildings over 1Q 2019 and 1Q 2018 respectively.

4.- CONSOLIDATED INCOME STATEMENT

(€mm)	1Q 2019	1Q 2018	Var. (%)
Total Revenue	**23,40**	**23,87**	**-2,0**
Rents	15,07	15,26	-1,2
Expenses provision	4,29	4,21	1,9
Homebuilding	2,84	4,22	-32,7
Land sales	-	-0,35	100,0
Services	0,62	0,40	55,0
Other	0,58	0,13	346,2
Total Gross Margin	**13,02**	**12,71**	**2,4**
Rents	13,39	13,51	-0,9
Homebuilding	-0,54	-0,92	41,3
Services	0,17	0,12	41,7
Overheads	-1,49	-1,62	8,0
EBITDA	**11,53**	**11,09**	**4,0**
Amortization	-0,08	-0,10	20,0
Depreciation	0,74	0,94	-21,3
EBIT	**12,19**	**11,93**	**2,2**
Financial result	-3,64	-4,30	15,3
Equity method	0,64	0,63	1,6
Earnings before taxes	**9,19**	**8,26**	**11,3**
Taxes	-2,15	-1,99	-8,0
Results after taxes	**7,04**	**6,27**	**12,3**
Minority Interests	2,02	2,02	0,0
Net Results (Group share)	**5,02**	**4,25**	**18,1**

- Rental income reached €15,07m vs €15,26m in 1Q 2018. This reduction is due to the commercialization process of the contracts due in 4Q 2018 and the works to adapt the shopping centre "Jardín de Serrano" for a new tenant who will occupy 100% of its leasable area.
- Revenue of the Land and Homebuilding business reached €2,84m vs €4,22m in March 2018, therefore, it has gone down by 32,7% (€1,38m). This result is mainly due to stock reduction of residential finished product and a delay in the delivery of the pre-sold finished product for an amount of €1,74m which are expected to be delivered soon.

- EBITDA has improved by 4,0% amounting to €11,53m, due to better margins in the Land & Homebuilding business, steady margin in the Commercial Property business and lower operating costs.
- Net financial results reached €-3,64m vs €-4,30m in March 2018, due to lower indebtness of the Group.
- Provisions for €0,74m (€0,94m in 1Q 2018) have been reversed:

Breakdown provisions (€mm)	1Q 2019	1Q 2018
Residential finished product	0,76	0,60
Land bank	-0,09	-0,10
Others (clients, proceedings, ...)	0,07	0,44
Total	**0,74**	**0,94**

- Earnings before taxes reached €9,19m vs €8,26m in March 2018.
- Net results (Group share) reached €5,02m vs €4,25m in 2018.

5.- CONSOLIDATED BALANCE SHEET

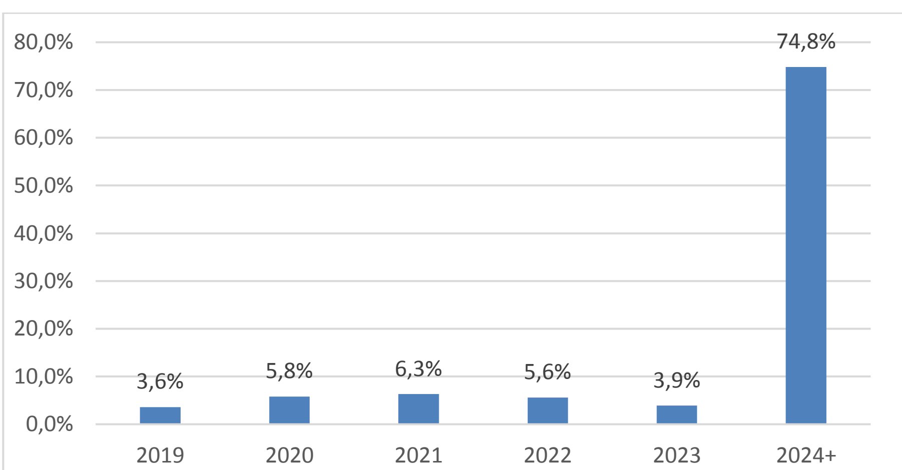
(€mm) ASSETS	1Q 2019	Dec. 2018	LIABILITIES	1Q 2019	Dec. 2018
Tangible fixed assets	3,06	3,05	Equity	999,79	997,53
Investment property	1.433,24	1.422,33	Minority shareholders	236,13	235,98
Inventories	318,26	318,19	Financial debt	615,60	615,96
Accounts receivable	9,98	12,54	Current creditors	28,12	23,72
Treasury and equivalents	92,46	87,50	Other liabilities	198,21	191,01
Other assets	220,85	220,59			
Total Assets	**2.077,85**	**2.064,20**	**Total Liabilities**	**2.077,85**	**2.064,20**

6.- FINANCIAL STRUCTURE

(€ mm)	REALIA Patrimonio	REALIA Business	1Q 2019	1Q 2018	Var. (%) 1Q 2019 s/ 1Q 2018	Dec. 2018	Var. (%) 1Q 2019 s/ Dec. 2018
	Commercial Property	Land & Homebuilding					
Syndicated loans	562,35	-	562,35	575,86	-2,3	562,35	0,0
Other loans	54,05	-	54,05	191,93	-71,8	58,30	-7,3
Valuation of derivatives	9,38	-	9,38	2,83	231,4	6,08	54,3
Interests	1,78	-	1,78	2,12	-16,0	1,78	0,0
Debt formalisation expenses	-11,96	-	-11,96	-14,41	17,0	-12,55	4,7
Total Gross Financial Debt	**615,60**	**-**	**615,60**	**758,33**	**-18,8**	**615,96**	**-0,1**
Cash and equivalents	29,86	62,60	92,46	58,72	57,5	87,50	5,7
Total Net Financial Debt	**585,74**	**-62,60**	**523,14**	**699,61**	**-25,2**	**528,46**	**-1,0**

- Following the capital increase of December for an amount of €149,14m, Realia Business repaid the equity loan acquired with Caixa for an amount of €120m and, consequently, guarantees granted by Inversora Carso were released.
- As of March 2018, Realia gross financial debt reached €615,60m vs €758,33m in March 2018 (-18,8%). In comparison with December 2018, the financial debt has remained virtually steady. This financial debt is bound to the Commercial Property business.
- Cash and equivalents reached €92,46m vs €58,72m in March 2018 (+57,5%). As of 31 December 2018, it reached €87,50m.
- As of 31 March 2019, Realia net financial debt reached €523,14m, €176,47m lower than in March 2018 (-25,2%) and €5,32m lower than in December 2018 (-1,0%). The cash flow generated by the Group together with the Company´s cash have allowed the reduction of the net financial debt, as well as, investing on new residential developments and providing the financial resources intended to new residential developments to be developed.
- The net financial result reached €-3,64m (derivatives included), €-4,30m lower than in March 2018, due to lower indebtness of the Group. The weighted average rate on gross debt (derivatives included) reached 2,14% vs 1,97% in March 2018.
- As of 31 March 2019, the breakdown of the Group gross debt maturity is the following:

Gross debt maturity



7.- COMMERCIAL PROPERTY

Rents – Consolidated data

(Thousands of Euros)	1Q 2019	1Q 2018	Var. (%)
Rental income	15,07	15,26	-1,2%
Provisions	4,29	4,21	1,9%
Other income	0,08	0,01	700,0%
Total Revenue	**19,44**	**19,48**	**-0,2%**
Building common charges	-5,23	-5,22	-0,2%
Other charges	-0,82	-0,75	-9,3%
Gross Margin	**13,39**	**13,51**	**-0,9%**
Gross Margin/Rents (%)	***88,9%***	***88,5%***	***0,5%***

- Total rental income reached €15,07m (77,5%, commercial property business), 1,2% lower than the previous year. This reduction is due to two factors. The first one, lower rental income in the Retail & Leisure portfolio. The shopping centre “Jardín de Serrano” has hardly generated rents in 1Q 2019, as it is being adapted for a new tenant who will occupy 100% of its leasable area. The second one, assets that went empty in 4Q 2018 are in the commercialisation process.
- Commercial Property gross margin reached 88,9%, 0,5% higher than in 2018.

Rents – Operational data (1)

(€ mm)	1Q 2019	1Q 2018	Var. (%)
Rental income	16,22	16,43	-1,3%
Provisions	4,69	4,66	0,6%
Other income	0,08	0,01	700,0%
Total Revenue	**20,99**	**21,10**	**-0,5%**
Building common charges	-5,62	-5,61	-0,2%
Other charges	-1,05	-0,97	-8,2%
Total Gross Margin	**14,32**	**14,52**	**-1,4%**
Gross margin/rents (%)	***88,3%***	***88,4%***	***-0,1%***

(1) *The data of this chart is operational. The data from As Cancelas appear proportionally (50%).*

Rental income

Breakdown of rents by sector (Lfl))

(Thousands of Euros)	1Q 2019	1Q 2018	Var. (%)	GLA (sqm)	Occup. 1Q 2019 (%)	Occup. 1Q 2018 (%)
Offices	**11,42**	**11,25**	**1,5%**	**226.846**	**94,2%**	**96,3%**
CBD	5,71	5,49	4,0%	84.536	97,6%	97,0%
BD	2,05	1,99	3,0%	42.653	100,0%	100,0%
Periferia	3,66	3,77	-2,9%	99.657	88,9%	94,1%
Retails & Leisure	**4,28**	**4,67**	**-8,4%**	**136.525**	**89,2%**	**90,8%**
Other	**0,52**	**0,51**	**2,0%**	**43.257**	**99,8%**	**100,0%**
Total Revenue	**16,22**	**16,43**	**-1,3%**	**406.628**	**93,1%**	**94,9%**

Breakdown of rents by geographical area (Lfl)

(Thousands of Euros)	1Q 2019	1Q 2018	Var. (%)	GLA (sqm)	Occup. 1Q 2019 (%)	Occup. 1Q 2018 (%)
Madrid	**11,49**	**11,72**	**-2,0%**	**250.700**	**94,5%**	**97,0%**
CBD	5,65	5,62	0,5%	80.438	97,8%	97,1%
BD	2,44	2,38	2,5%	49.895	100,0%	100,0%
Periferia	3,40	3,72	-8,6%	120.367	90,0%	95,6%
Barcelona	**1,50**	**1,41**	**6,4%**	**32.325**	**98,4%**	**97,7%**
Other	**3,23**	**3,30**	**-2,1%**	**123.603**	**88,9%**	**89,8%**
Total Revenue	**16,22**	**16,43**	**-1,3%**	**406.628**	**93,1%**	**94,9%**

- Offices occupancy has gone down by 2,1% mainly due to office buildings located in periferia. It is expected that this occupancy levels will get better as assets that went empty in 4Q 2018 are in the commercialisation process. Office rental income has gone up by 1,5%, due to better unitary rents.

- Retail & Leisure occupancy has gone down by 1,6%. This occupancy levels are getting better as assets that went empty in 4Q 2018 are in the commercialisation process.

- According to geographical area, rents have gone down in Madrid (-2,0%). This result is mainly due to the works to adapt the shopping centre “Jardín de Serrano” which is expected to start generating rents from 2Q 2018. Rents have increased in Barcelona (6,4%), due to better rents in Torre Realia BCN.

8.- LAND AND HOMEBUILDING (RESIDENTIAL)

(€mm)	1Q 2019	1Q 2018	Var. (%)
Revenue			
Homebuilding	2,84	4,22	-32,7%
Land sales & other	0,49	-0,23	313,0%
Total Revenue	**3,33**	**3,99**	-16,5%
Costs			
Sale costs	-3,15	-3,90	19,2%
Other costs	-0,72	-1,01	28,7%
Total Costs	**-3,87**	**-4,91**	21,2%
Homebuilding Margin	***-0,54***	***-0,92***	41,3%
Homebuilding Margin (%)	***-16,2%***	***-23,1%***	29,9%
Provisions Reversal	***0,76***	***0,60***	26,7%
Margin (Provisions not included)	***0,22***	***-0,32***	168,8%

Residential portfolio

- Revenue from Land & Homebuilding business amounted €3,33m, 16,5% lower than the previous year (€3,99m), It is partially due to the steady stock reduction of residential finished product and a delay in the delivery of the pre-sold finished product for an amount of €1,74m. In 1Q 2019, there is no revenue from the new residential developments, as units have not been delivered.
- As of 31 March 2019, Realia has delivered 18 units (homes, small retail, offices and land plots) for an amount of €2,84m vs 27 units (homes, small retail, offices and land plots) delivered in 1Q 2018 for an amount of €4,22m.
- Gross margin reached €-0,54m vs €-0,92m, once deducted the reversal of provisions. Once provisions are applied, the gross margin is positive for an amount of €0,22m vs €-0,32m in March 2018. This improvement in gross and net margins is mainly due to lower operating costs of the residential finished product stock.
- As of 31 March 2019, there is a stock of 546 units (homes, small retail and offices) finished non-delivered or in the pipeline (61 pre-sold). There are also 41 land plots for single-family housing.
- As of 31 March 2019, there are three residential developments in the pipeline: “Las Brisas de Son Dameto”, “La Essència de Sabadell” and “Realia Parque del Ensanche I”, located in Palma de Mallorca, Sabadell and Alcalá de Henares (Madrid) respectively amounting 266 units (homes and small retail). At present, we have obtained the building license to develop a residential development of 45 units (homes and small retail) in Valdebebas.

9.- STOCK DATA

- The closing stock Price (€ per share) has been 0,966 Euro. It has gone up by 6,15% vs 2018.

	31 March 2019
Closing Stock Price (€ per share)	0,966
Market cap. EoP (€)	792.376.664
High of the period (€ per shrae)	1,024
Low of the period (€ per share)	0,872
Average of the period (€ per share)	0,976
Daily Trading Volume (€)	106
Daily Trading Volume (shares)	110

Contact details

Tel: +34 91 353 44 00

E-mail: inversores@realia.es / accionistas@realia.es

APPENDIX – GLOSSARY OF APMs

Margen Bruto:

Results directly attributable to the business activity. Company's total revenue (net revenue, other operating revenues and sale of assets) minus operating costs (variation of finished product or in the pipeline, provisions, operating costs (overhead costs excluded), disposal of tangible fixed assets and other results.

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

Gross margin minus overheads and other costs.

EBIT (Earnings Before Interest and Taxes):

EBITDA minus amortization and provisions.

Gross Financial Debt:

Current and non-current loans with credit institutions.

Net Financial Debt (NFD):

Gross financial debt minus cash and cash equivalents.

Earnings per share:

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

BD:

Business District

CBD:

Central Business District

Occupancy:

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

LEGAL DISCLOSURE

This document has been produced by Realia Business, S.A. (the "Company"), to be used exclusively over the presentation of quarterly results.

The accounting statements contained in this document have not been verified by independent third parties. Therefore, neither implicity nor explicity, a guarantee is given on the impartiality, accuracy, completeness or correction of the information and assertions herein expressed.

Neither the Company nor its consultants and representatives accept any liability whatsoever, for negligence or otherwise, for damages or losses derived from the use of this document and the information contained herein.

This document is neither an offer or an invitation to acquire or subscribe shares, in accordance with provisions of Spain's Royal Decree Law 4/2015 of 23 October, where the revised text of the Securities Market Law was approved, Royal Decree-Law 5/2005 of 11 March, and/or Royal Decree 1310/2005 of 4 November and their implementing regulations.

Additionally, this document is neither an offer to buy nor a request to buy, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractual, nor can it be used or construed as a contractor any other type of commitment.