

REALIA



RESULTS 2021

22nd February 2022

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^(*)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.- EXECUTIVE SUMMARY

REVENUE AND RESULTS

- Total revenue was €180,07m vs €104,29m at December 2020 (+72,7%).
- Evolution of income in the different business areas vs 2020:

Commercial Property: €81,78m (+3,5%)

Land & Homebuilding: €94,76m (+312,2%)

Additionally, Realia Group obtained an income from Services & Others for an amount €3,53m (+54,8%).

Income from Commercial Property went up by 3,5%. This result is mainly due to income from Build to Rent (BTR) business activity which operation started in July 2020. It is also due to the progressive economic recovery which has led to a reduction of commercial measures adopted to give support to tenants due to Covid-19 health crisis and better invoicing from update office contracts.

Income from Land & Homebuilding was €94,76m (+312,2%). It is mainly due to the delivery of 291 units. The larger number of home deliveries took place in 4 new residential developments (“Realia Parque del Ensanche I”, “Valdebebas Único”, “Essencia de Sabadell” and “Brisas de Son Dameto”) where 208 units were delivered for an amount €80,43m.

Additionally, income for an amount of €1,18m for sale of land for commercial use has been included. This sale was performed by *Management Board of Valdebebas*, Realia held a certain percentage of this property. If we do not consider the effect of the sale of this land, recurring deliveries would have increased by 334,5% vs December 2020.

Income from Land & Homebuilding in the pipeline has not been included in P&L. Accounting rules state that this information should be only included once the public deed of purchase is signed.

Income from Services went up mainly due to new commercial agreements, technical management and administrative and fiscal management related to residential developments and/or third party companies different from Realia Group.

- Operational costs reached €109,54m (+133,2%) vs €46,98m at 2020. This result is mainly due to costs associated to units delivered in residential developments.
- Overhead costs reached €5,49m vs €5,41m at December 2020 (+1,5%). It is mainly due to a return to on-site work vs 2020 where the health crisis forced to mandatory lockdown and more teleworking.
- EBITDA reached €65,04m vs €51,90m at December 2020 (+25,3%). This result is mainly due to better margins in residential business operation, mainly in new residential developments delivered in 2021. Realia Group has obtained a positive EBITDA in all business areas (Residential, Commercial Property and Services).

- At December 2021, provisions for €2,94m have been reversed vs €14,26m at December 2020. This result is mainly due to:
 1. At 31 December 2021, provisions related to residential finished product deliveries have been reversed for an amount of €6,45m vs €1,99m at December 2020.
 2. The Group provisions for inventories: land bank and residential developments in the pipeline reached €1,94m vs €15,66m at December 2020 where Covid-19 health crisis was reflected.
 3. Provisions to cover risks (clients, litigations, ten-year insurance of residential finished product delivered) increased to €1,59m vs €0,61m at December 2020.

- Following commercial property assets valuation (IAS 40) performed by independent experts at 31 December 2021, the fair value appraisal increased by €35,80m vs €-24,63m at December 2020. This result is mainly due to better expectations with regards to economic recovery, above all in CBD assets, following vaccination against Covid-19.

At July 2021, the Company sold a plot in *Parc Central (22@) Barcelona* for an amount of €18,5m (according to the valuation performed by an independent expert at June 2021). Additionally, a result of €0,93m has been registered in the heading “valuation of real estate investments”, due to adjustments to the urban costs of the parcel.

At December 2021, Realia Group sold 5 non-core assets of the Company Hermanos Revilla, S.A. for an amount of €23,11m reflecting a result of 1,34m in the heading “valuation of real estate investments”, due to better result of the sale price of these assets vs the fair value of said assets.

- Financial result reached €-13,57m (195,0% vs December 2020, €-4,60m). This result is mainly due to several reasons: 2020 reflected the impact of IFRS 9 for novation of financial terms of Realia Patrimonio S.L.U. syndicated loan. The net result reached €10m. This result will revert along the loan duration with an anual impact of €-2,08m a year. If we do not consider the impact of IFRS 9 and we consider, exclusively, the financial result, it would have reached €-11,50m vs €13,57m (+15,2%) at December 2020, due to a lower cost of debt.

At December 2021, €50m of the syndicated loan from Realia Patrimonio, SLU were amortized, in order to optimize the available cash-flow and reduce financial costs.

- At December 2021, earnings before taxes reached €93,52m vs €7,65m at December 2020 (+1122,6%). This result is mainly due to:
 1. Better gross margin in all business areas.
 2. Provisions/net reversion for an amount of € 2,94m vs €14,26m at December 2020.
 3. Variation in the valuation of real estate investments at fair value, €38,07m at December 2021 vs €-24,63m at December 2020.

- As a consequence, earnings after taxes reached €57,86m vs €2,11m at December 2020 (+2642,2%). This result has been explained here above, following tax adjustments derived from corporate income tax.

- As of 21 December 2021, the Company notified the next Relevant Fact:
 - The Company has acquired, directly and through Realia Patrimonio, S.L.U., a 37,11% stake in Hermanos Revilla S.A. (“Hermanos Revilla”) for an amount of €189,1m. Following this operation, the participation of Realia Group in Hermanos Revilla has reached, directly and indirectly, 87,76 % of its social capital and entails Realia with 100 % control of the Company.

Realia already consolidated Hermanos Revilla by global integration. The acquisition of the additional 37,11% stake has had an impact on the Group’s financial statements. Equity attributed to minority interests went down by €186,13m, cash-flow went down by €69,1m, financial debt went up by €120,0m and result attributed to Realia, at December 2021, went up by €3,56m.

INDEBTEDNESS

- At December 2021, Realia Group gross financial debt reached €627,43m vs €577,35m at December 2020 (+8,7%). This result is mainly due to:
 - As of 21st December 2021, the Company Realia subscribed a loan with the Company Fomento de Construcciones y Contratas, S.A. for an amount of €120m, for a period of one year, extendable for an additional year accruing a 6-month Euribor interest rate plus 110 basic points. This loan covered the partial financing of the acquisition of 37,11% shares of the Company Hermanos Revilla, S.A.
 - There has been an increase of €4,5m due to the global integration of the Company Inversiones Inmob. Rusticas y Urbanas 2000, S.L.
 - Ordinary and extraordinary amortization of €61,37m of the syndicated loan of Realia Patrimonio, S.L.U
 - Decrease in the number of credit policies drawn by Hermanos Revilla. S.A. for an amount of €13,77m.
- At December 2021, cash and equivalents reached €52,10m vs €74,82m. This amount, together with cash-flow generated, will be allocated to pay back banking debt, to complete residential developments in the pipeline, to start new residential developments, to develop the Build to Rent (BTR) business activity, to invest in CAPEX for the current assets and to buy new ones.
- As a consequence, at December 2021, Realia Group net financial debt reached €575,33m vs €502,53m at December 2020 (+14,5%).
- The net financial result reached €-13,57m (-195.0% vs December 2020, €-4,60m). This result is mainly due to: application of IFRS 9 due to the novation of the financial conditions of the syndicated loan of Realia Patrimonio S.L.U. which has reflected a positive financial result of €8,97m. and it will reverse throughout the life of the loan, impacting €-2,08m a year
- If we do not consider the impact of IFRS 9 and we consider, exclusively, the financial result, it would have reached €-11,50m vs €13,57m (+15,2%) at December 2020, due to a lower cost of debt following the novation of the syndicated loan of Realia Patrimonio, S.L.U. and better LTV ratio.
- The weighted average rate (derivatives included) reached 1,58% at December 2021 vs 1,79% at December 2020.

COMMERCIAL PROPERTY

- As of 21st December 2021, the Company has acquired, directly, a 37,11% stake in Hermanos Revilla, S.A. for an amount of €189,1m. Following this operation, the participation of Realia Group in Hermanos Revilla, S.A. has reached 87,76 % of its social capital and entails Realia with a total control of the Company.
- Gross rental income reached €63,95m at December 2021 (35,5% of Realia Group total income). It has been 5,1% better than at December 2020 (€60,83m). This result is due to several reasons; income from Build to Rent (BTR) business activity which operation started in July 2020; a progressive recovery of economic activity which has led to a reduction of commercial measures adopted to give support to tenants over Covid-19 health crisis; and better invoicing from updated office contracts.
- Overall occupancy levels of operational tertiary use assets, (As Cancelas Siglo XXI, SL, included) reached 92,3% at December 2021 vs 93,9 % at December 2020. This result is mainly due to impact of the health crisis on rental assets (lower activity of business areas, flex spaces, teleworking). It is expected that the demand for spaces by new tenants will increase following the positive evolution of Covid-19. Nevertheless, contractual relationship of tenants is changing, in relation to flexibility of spaces and contractual duration.
- Realia Group operates a Build to Rent (BTR) residential development of 85 social homes in Tres Cantos (Madrid). As of 31 December 2021, 100,0% of the total units were occupied vs 66,0% at December 2020. There are two new Build to Rent (BTR) residential developments in the pipeline for 195 social homes in Tres Cantos (Madrid). Total investment will reach €42,9m, €27,3m still pending to be spent.

LAND AND HOMEBUILDING

- As of 31 December 2021, Realia delivered 291 units for an amount of €94,12m vs 99 units delivered at December 2020 for an amount of €21,12m. The larger number of home deliveries took place in 4 new residential developments (“Realia Parque del Ensanche I”, “Valdebebas Único”, “Essencia de Sabadell” and “Brisas de Son Dameto”) where 208 units were delivered for an amount €80,43m. The remaining home deliveries took place, mainly, in the following residential developments: “Hato Verde V” and “Altos de Santa Barbara” where 52 units were delivered for an amount of €10,03m.
- As of 31 December 2021, there is a stock of 321 units (homes and small retail) finished or in the pipeline non-delivered, other 70 units are pre-sold. There are also 41 land plots for single-family housing intended for sale.
- Realia has a gross land bank, in different urbanistic stages, of 6.946.216 sqm and an estimated buildable area of 1.752.340 sqm.

2.- FINANCIAL HIGHLIGHTS

(€mm)	2021	2020	Var. (%)
Total Revenue	180,07	104,29	72,7
Comm. Property	81,78	79,02	3,5
Land & Homebuilding	94,76	22,99	312,2
Services & Others	3,53	2,28	54,8
EBITDA	65,04	51,90	25,3
Net Result (Group share)	57,86	2,11	2642,2
Net Financial Debt	575,33	502,53	14,5
Nº Shares (mm) treasury shares not included	811,09	811,09	0,0
Earnings per Share (€)	0,071	0,003	2266,7

3.- OPERATIONAL HIGHLIGHTS

	2021	2020	Var. (%)
Commercial Property			
GLA (sqm)	410.932	416.780	-1,4
- Tertiary use (offices, shopping centres and others)	400.959	406.807	
- Residential use (BTR)	9.973	9.973	
Occupancy (%)	92,5%	93,2%	-0,8
- Tertiary use (offices, shopping centres and others)	92,3%	93,9%	
- Residential use (BTR)	100,0%	66,0%	
Land & Homebuilding			
Sales			
Total value of contracts (€mm)	94,12	21,12	345,6
Units	290,5	98,5	194,9
Headcount	85	90	-5,6

Headcount	2021	2020	Var. (%)
Total ⁽¹⁾	85	90	-5,6
Realia Business	40	40	0,0
Realia Patrimonio	5	5	0,0
Hermanos Revilla ⁽¹⁾	40	45	-11,1

(1) It includes 30 and 31 people working at reception and concierge services in buildings in 2021 and 2020.

4.- CONSOLIDATED BALANCE SHEET

(€mm)	2021	2020	Var. (%)
Total Revenue	180,07	104,29	72,7
Rents	63,95	60,83	5,1
Expenses provision	17,49	17,95	-2,6
Homebuilding	94,12	21,12	345,6
Land sales	-	1,18	-100,0
Services	3,53	2,28	54,8
Other (Homebuilding & Comm. Property)	0,98	0,93	5,4
Total Gross Margin	70,53	57,31	23,1
Rents	55,88	55,23	1,2
Homebuilding	13,48	1,73	679,2
Services	1,17	0,35	234,3
Overheads	-5,49	-5,41	-1,5
EBITDA	65,04	51,90	25,3
Amortization	-0,30	-0,29	-3,4
Depreciation	2,94	-14,26	120,6
EBIT	67,68	37,35	81,2
Fair value appraisal result	38,07	-24,63	254,6
Financial result	-13,57	-4,60	-195,0
Equity method	1,34	-0,47	385,1
Earnings before taxes	93,52	7,65	1.122,5
Taxes	-22,09	-1,60	-1.280,6
Results after taxes	71,43	6,05	1.080,7
Minority Interests	13,57	3,94	244,4
Net Results (Group share)	57,86	2,11	2.642,2

- Total revenue went up by 72,7% (€180,07m), vs €104,29m at December 2020:
 - 1 Income from Land & Homebuilding went up by 345,6%. It is mainly due to 4 new residential developments (“Realia Parque del Ensanche I”, “Valdebebas Único”, “Essencia de Sabadell” and “Brisas de Son Dameto”) where 208 units were delivered for an amount €80,43m. The remaining home deliveries took place, mainly, in the following residential developments: “Hato Verde V” and “Altos de Santa Barbara” where 52 units were delivered for an amount of €10,03m.
 - 2 Income from rents went up by 5,1% in 2021. It is mainly due to Build to Rent (BTR) business activity which operation started in July 2020. As well as to a progressive recovery of economic activity which has led to a reduction of commercial measures adopted to give support to tenants following

Covid-19 health crisis; and better invoicing from updated office contracts.

- EBITDA went up by 25,3% reaching €65,04m. EBITDA result has been positive in all business areas of the Group.
- Provisions for €2,94m at December 2021 vs €-14,26m at December 2020 with the following breakdown:

Breakdown provisions (€mm)	2021	2020
Excess provisions	0,02	0,02
Residential finished product	6,45	1,99
Land bank and residential developments in the pipeline	-1,94	-15,66
Others (clients, proceedings, ...)	-1,59	-0,61
Total	2,94	-14,26

- At 31 December 2021, provisions related to residential finished product deliveries were reversed for an amount of €6,45m vs €1,99m at December 2020.
 - The Group provisions for inventories: land bank and developments in the pipeline reached €1,94m vs €15,66m at December 2020 which reflected impact from Covid-19 health crisis.
 - Provisions to cover risks (clients, litigations, ten-year insurance of residential finished product delivered) increased to €1,59m at December 2021 vs €0,61m at December 2020.
- Following commercial property assets valuation (IAS 40) performed by independent experts at 31 December 2021, the fair value appraisal reached € 35,80m vs €-24,63m at September 2020.
 - At July 2021, the Company sold a plot in “Parc Central (22@) Barcelona” for an amount of €18,5m (according to the valuation performed by an independent expert at June 2021). Additionally, a result of €0,93m was reflected in the heading “valuation of real estate investments”, motivated by adjustments to the urban costs of the parcel.
- At December 2021, Realia Group sold 5 non-core assets of the Company Hermanos Revilla, S.A. for an amount of €23,11m reflecting a result of 1,34m in the heading “valuation of real estate investments”, motivated by the sale price of these assets vs the fair value of said assets.
- Financial result reached €-13,57m (-195.0% vs December 2020, €-4,60m). This result is due to several reasons: FY 2020 reflected the impact of IFRS 9 for novation of financial terms of Realia Patrimonio, S.L.U. syndicated loan. The net financial result reached €8,97m. This result will revert along the loan duration with an impact of €-2,08m a year.
 - If we do not consider the impact of IFRS 9 and we consider, exclusively, the financial result, it would have reached €-11,50m vs €13,57m (+15,2%) at December 2020, due to a lower cost of debt following the novation of the syndicated loan of Realia Patrimonio, S.L.U. and better LTV ratio.
 - The result of the equity-accounted companies (mainly As Cancelas Siglo XXI, S.L., 50% owned by the Company) has gone up by 385,1% (€1,34m at 31 December 2021 vs €-0,47m at December 2020). Even though results have improved compared to FY 2020. Impact caused by Covid-19 health crisis and measures taken by Xunta de Galicia have still caused a negative impact, even though lower, on the asset valuation and on rental income from shopping centre As Cancelas where commercial measures to support tenants are still implemented. It is expected that the good evolution of Covid-19 will lead to a positive recovery of the shopping centre and levels pre Covid-19 will be reached.

- Earnings before taxes reached €93,52m vs €7,65m at December 2020 (+1122,58%). This better result is mainly due to:
 1. Better gross margin in all business areas.
 2. Provisions/net reversion for an amount of €2,94m vs €14,26m at December 2020.
 3. Variation in the valuation of real estate investments at fair value €38,07m at December 2021 vs €24,63m at December 2020.
- As a consequence, earnings after taxes reached €57,86m vs €2,11m at December 2020 (2642,2). This result is explained here above, following tax adjustments derived from corporate income tax.
- As of 21 Decemer 2021, the Company notified the next Relevant Fact:
 - The Company has acquired, directly and through Realia Patrimonio, S.L.U., a 37,11% stake in Hermanos Revilla S.A. ("Hermanos Revilla") for an amount of €189,1m. Following this operation, the participation of Realia Group in Hermanos Revilla has reached, directly and undirectly, 87,76 % of its social capital and entails Realia with 100 % control of the Company.

Realia already consolidated Hermanos Revilla by global integration, so the acquisition of the additional 37,11% stake has had an impact on the Group's financial statements.

- 1) Equity attributed to minority interests went down by €186,13m,
- 2) Cash-flow went down by €69,1m and financial debt went up by €120,0m.
- 3) Result attributed to Realia went up by €3,56m at December.

5.- CONSOLIDATED BALANCE SHEET

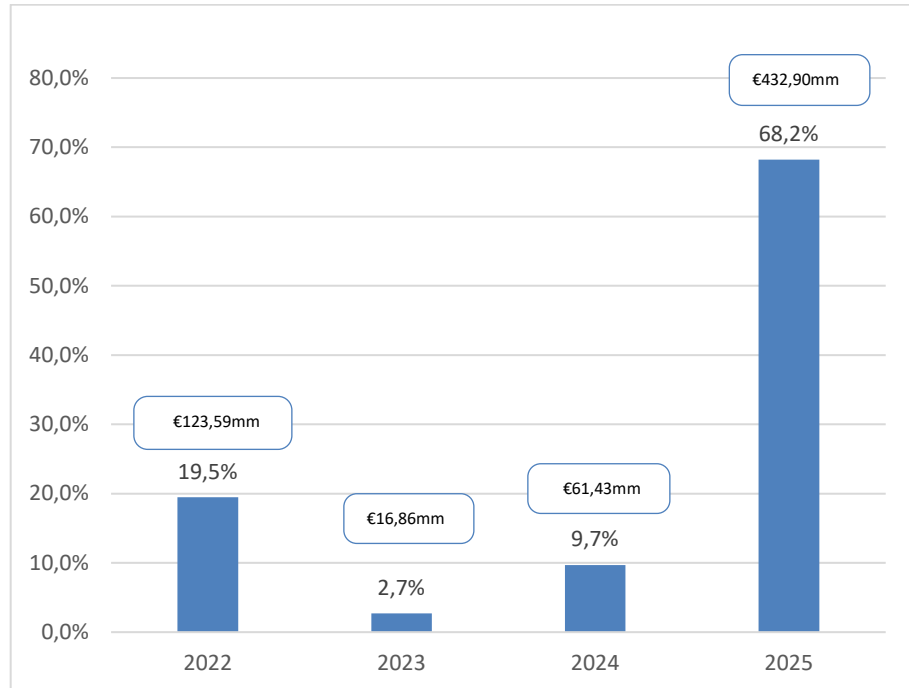
(€mm)	ASSETS	2021	2020	LIABILITIES	2021	2020
	Tangible fixed assets	2,05	2,31	Equity	1.104,11	1.035,75
	Investment property	1.468,78	1.464,12	Minority shareholders	76,73	238,03
	Inventories	352,07	339,37	Financial debt	627,43	577,35
	Accounts receivable	17,09	16,71	Current creditors	32,42	36,04
	Treasury and equivalent	52,10	74,82	Other liabilities	223,45	206,57
	Other assets	172,05	196,41			
	Total Assets	2.064,14	2.093,74	Total Liabilities	2.064,14	2.093,74

6.- FINANCIAL STRUCTURE

(€mm)	Commercial Property	Land & Homebuilding	2021	2020	Var. (%)
Intra-Group loan	-	120,00	120,00	-	100,0
Non intra-group loan	-	3,59	3,59	-	100,0
Syndicated loans	465,19	-	465,19	526,56	-11,7
Other loans	46,00	-	46,00	59,77	-23,0
Valuation of derivatives	4,68	-	4,68	7,93	-41,0
Interests	1,08	0,96	2,04	1,36	50,0
Debt formalisation expenses	-14,07	-	-14,07	-18,27	23,0
Total Gross Financial Debt	502,88	124,55	627,43	577,35	8,7
Cash and equivalents	33,25	18,85	52,10	74,82	-30,4
Total Net Financial Debt	469,63	105,70	575,33	502,53	14,5

- At December 2021, Realia Group gross financial debt reached €627,43m vs €577,35m at December 2020 (+8,7%). This result is mainly due to:
 - As of 21st December 2021, the Company Realia subscribed a loan with the Company Fomento de Construcciones y Contratas, S.A. for an amount of €120m, for a period of one year, extendable for an additional year accruing a 6-month Euribor interest rate plus 110 basic points. This loan covered the partial financing of the acquisition of 37,11% shares of the Company Hermanos Revilla, S.A.
 - There has been an increase of €4,5m due to the global integration of the Company Inversiones Inmob. Rusticas y Urbanas 2000, S.L.
 - Ordinary and extraordinary amortization of €61,37m of the syndicated loan of Realia Patrimonio, S.L.U
 - Decrease in the number of credit policies drawn by Hermanos Revilla. S.A. for an amount of €13,77m.
- At December 2021, cash and equivalents reached €52,10m vs €74,82m at December 2020. Cash and equivalents together with the cash-flow generated by the Group will be allocated to pay back banking debt, to complete residential developments in the pipeline and to start new ones, to develop the Build to Rent (BTR) business activity, to invest in CAPEX for the current assets and acquisition of new ones.
- As a consequence, at December 2021, Realia net financial debt reached €575,33m vs €502,53m at December 2020 (+14,5%).
- The weighted average interest rate (derivatives included) was 1,58% at December 2021 vs 1,79% at December 2020.
- At December 2021, the breakdown of the Group gross debt maturity is the following:

Gross debt maturity



7.- ASSETS VALUATION

- The assets valuation has been performed by two independent appraisers:
 - At December 2021, CBRE (CB Richard Ellis) has valued, at fair value, implementing the RICS Method, the portfolio of Realia Patrimonio, S.L.U. and subsidiaries, as well as small residential assets belonging to property companies.
 - At December 2021, TINSA has valued, at fair value, the portfolio of residential business assets implementing the RICS method.

(€mm)	Dec. 2021	Dec. 2020	% var. Dec.21
	€mm	€mm	s/ Dec.20
Rental assets	1.462,0	1.448,9	0,9%
Assets in development	15,6	10,8	44,4%
Land bank	46,0	59,9	-23,2%
TOTAL RENTAL ASSETS ⁽¹⁾	1.523,6	1.519,6	0,3%
Land bank ⁽²⁾	291,8	270,1	8,0%
Residential developments in the pipeline ⁽³⁾	35,7	62,0	-42,4%
Residential finished product	42,2	43,9	-3,9%
Residential land & others in property companies	12,4	12,4	0,0%
TOTAL RESIDENTIAL ASSETS	382,1	388,4	-1,6%
TOTAL ASSETS	1.905,7	1.908,0	-0,1%

(1) It includes €51,5m at Dec. 2021 and €52,4m at Dec. 2020. Value of As Cancelas asset consolidated by the equity method. At Dec. 2021 Realia sold 6 non-core assets for a fair value of €36,7m. Investment on assets for an amount of €9,1m are also reflected.

(2) It includes at Dec. 2021, 100% value of the land bank of the Company IRU for an amount of €53,3m at Dec. 2021 and €17,8m at Dec. 2020, consolidated by the equity method. It also reflects investment on land bank for an amount of €12,7m at Dec. 2021, as well as, transfer to developments in the pipeline for an amount of €25,8m.

(3) It reflects the transfer from land bank for an amount of €25,8m. Investments for an amount of €17,2m, as well as, transfer to residential finished product for an amount of €74,8m.

- At December 2021, fair value of Commercial Property assets reached €1.523,6m vs €1.519,6m at December 2020 (+0,3%). By homogenizing assets at December 2021 (if we do not consider the sale of assets and investment made in 2021), fair value of commercial property assets would have gone up by 2,1% (€31,6m).

Main variations of commercial property assets:

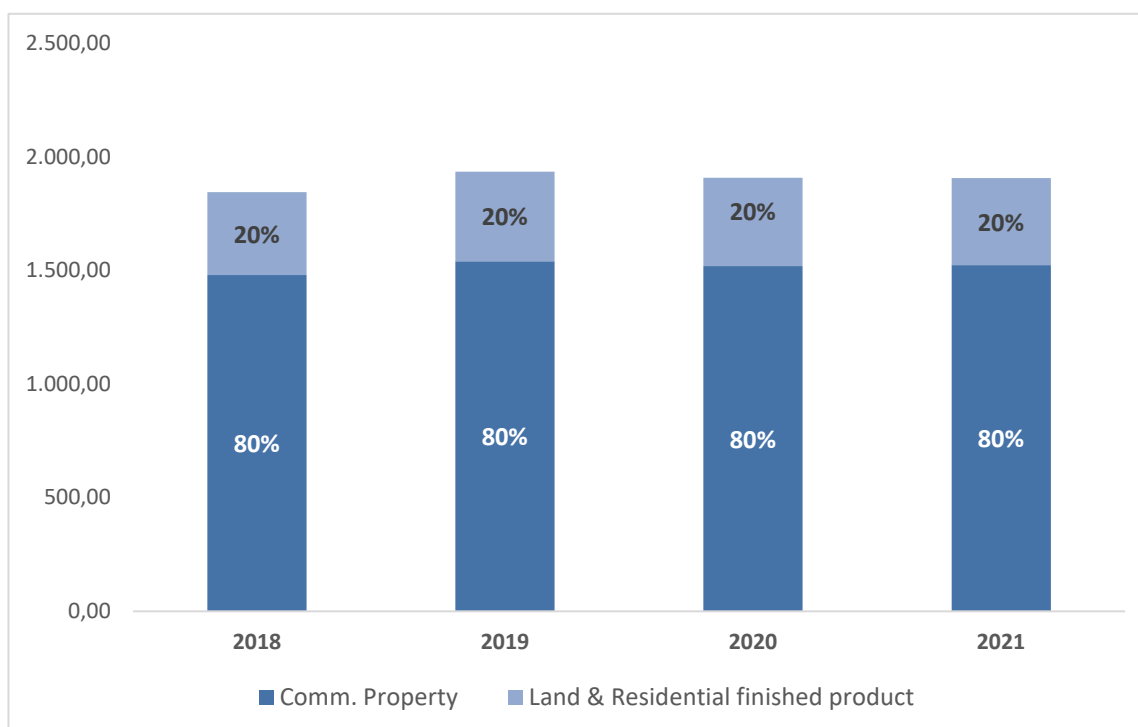
- Rental assets: five assets of the Company Hermanos Revilla, S.A. have been sold in 2021. At December 2020, their fair value reached €21,8m. If we do not consider the sale of these assets, valuation would have reached 2,4% vs 0,9%, as reflected in the chart here above.
- Residential developments in the pipeline: there are two new Build to Rent (BTR) residential developments in the pipeline for 195 social rental homes in Tres Cantos (Madrid). Valuation went up by 44% due to investment for €5m to develop these two projects
- Land in the pipeline: At December 2020, valuation reached €14,9m due to the sale of a land plot in 22@ Barcelona. If we do not consider the sale of this land, valuation would have been +2,2%.

- Rental assets include a Build to Rent (BTR) residential development of 85 social homes in Tres Cantos (Madrid) which operation started in June 2020. At December 2021, its valuation reached €18,3m and 100% of the total units were occupied. At December 2020, its valuation reached €16,0m and 66% of the total units were occupied.
- Fair value of homebuilding assets (land bank, developments in the pipeline and residential finished product) reached €382,1m at December 2021 vs €388,4m (-1,6%) at December 2020. By homogenizing assets at December 2021 (If we do not consider investments made and adjusting the delivered finished product), fair value of residential assets would have gone up by 5,6% (€20,4m).

Main variations of residential assets:

- Land bank: Valuation of land bank of the company Inmob. Rústicas y Urbanas 2000, S.L went up by €35,5m. It is mainly due to global integration of 100% of the Company in consolidation (66,7% stake in the Company); acquisition of land bank “Plot 189-B” in Valdebebas (Madrid) which fair value reached €10,1m; investment on land bank for an amount €2,6m and transfer to “residential development in the pipeline” for an amount of €-25,8m.
 - Residential developments in the pipeline: There has been a transfer from “land bank” for an amount of €25,8m; there has been an investment for an amount of €4,4m in “residential developments in the pipeline” and a transfer from “residential developments in the pipeline” to “residential finished product” for an amount of €-62m.
 - Residential finished product: There has been a transfer from “residential developments in the pipeline” for an amount of €62m; investment, prior to home deliveries, for an amount of €12,8m and a decrease for an amount of €-92m for the delivery of “residential finished product”.
- 80% of total GAV is related to Commercial Property portfolio and the remaining 20% to the Residential portfolio.

Gross Asset Value evolution (GAV) by portfolio (€mm)



Commercial Property valuation

	Nr. Buildings	sqm	GAV Dec. 2021 (€mm)	GAV Dec. 2020 (€mm)	Var. (%)	Valuation €/sqm	Yield Dec. 2021 (%) ¹	Yield Dec. 2020 (%) ¹
Offices	26	224.759	1.109,9	1.087,4	2,1	4.938,1	4,5%	4,6%
CBD ²	11	82.449	608,1	601,0	1,2	7.375,5	4,0%	4,2%
BD ³	3	42.653	183,9	176,8	4,0	4.311,5	4,9%	4,9%
Periphery/Others	12	99.657	317,9	309,6	2,7	3.189,8	5,3%	5,4%
Retail & Leisure	6	133.789	310,3	316,1	-1,9	2.318,9	6,2%	6,4%
Other assets ⁴	4	42.411	23,6	29,4	-19,8	555,9	6,1%	6,0%
Residencial Build to Rent (BTR)	1	9.973	18,3	16,0	14,4	1.835,0	4,3%	3,2%
Total operational	37	410.932	1.462,0	1.448,9	0,9	3.557,8	4,9%	5,1%
Developable land Build to Rent (BTR)	2	24.578	15,6	10,8	44,4	634,7		
Land in the pipeline		118.091	46,0	59,9	-23,2	389,3		
Total	39	553.600	1.523,6	1.519,6	0,3	2.752,2		

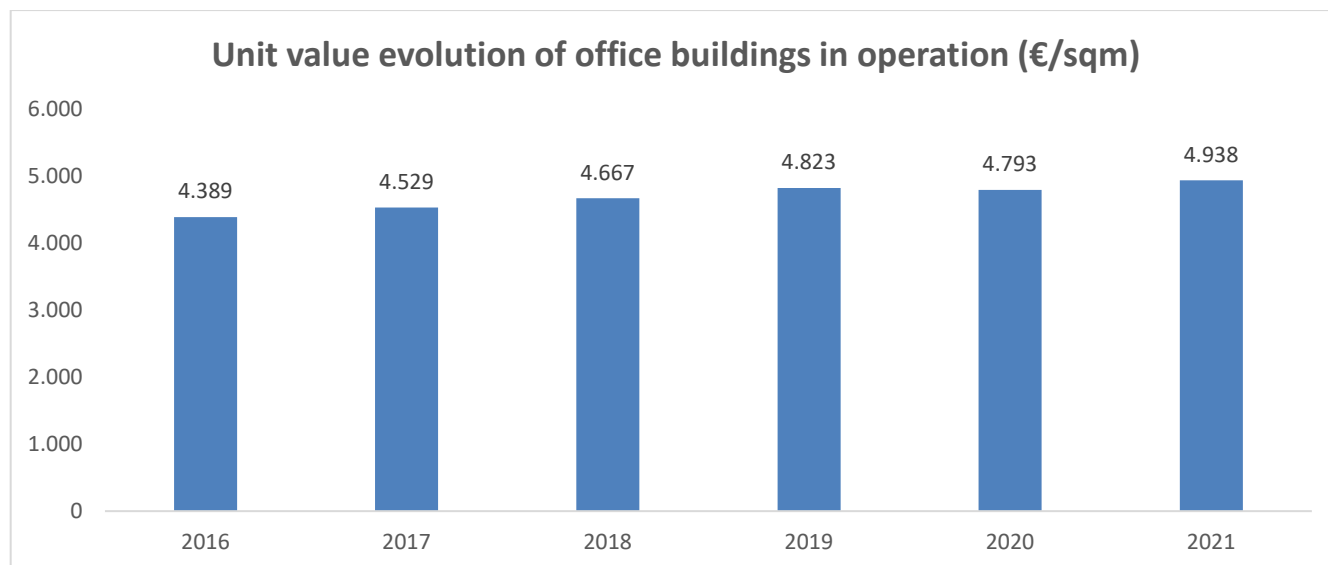
^{1.} Yield: annualized current gross rent (CBRE) divided by the assets GAV

^{2.} Central Business District

^{3.} Business District, excluding Central Business District.

^{4.} Warehouse in Logroño and other assets such as commercial premises, parking spaces, ...

- At December 2021, the market value of the Commercial Property portfolio reached €1.523,6m, 0,3% better than at December 2020.
- As previously explained, by homogenizing assets at December 2021 (if we do not consider the sale of assets and investments made in 2021), market value of commercial property assets went up by 2,1%.
- GAV variation in offices, retail&leisure, other assets and land in the pipeline went down due to the sale of non-core assets in 2021.
- At December 2021, the current yield of the Commercial Property portfolio in operation reached 4,9% vs 5,1 % at December 2020.



Main assets for asset value (GAV)

Assets	Location	Use	GLA
Torre REALIA	Madrid	Offices	28.424
Torre REALIA BCN	Barcelona	Offices	31.964
Paseo de la Castellana,41	Madrid	Offices	4.584
Plaza Nueva Parque Comercial	Leganés	Retail	52.675
Salvador de Madariaga 1	Madrid	Offices	25.398
C.C. Ferial Plaza	Guadalajara	Retail	32.507
María de Molina 40	Madrid	Offices	9.686
Albasanz 16	Madrid	Offices	19.550
Príncipe de Vergara 132	Madrid	Offices	8.836
C.N. Méndez Álvaro	Madrid	Offices	13.247

Land & Homebuilding valuation

(€mm)	GAV Dec. 2021	GAV Dec. 2020	Var. (%) Dec. 2021 s/ Dec. 2020
Land bank (1)	291,8	270,1	8,0%
Residential in the pipeline (2)	35,7	62,0	-42,4%
Residential finished product	42,2	43,9	-3,9%
Land bank and others in property companies	12,4	12,4	0,0%
Residential assets total value	382,1	388,4	-1,6%

(1) It includes, at December 2021, 100% value of the land bank of the company IRU for an amount of €53,3m and €17,8m at December 2020, as it consolidated in 2021 by global integration. It also includes investments on land bank over 2021 for an amount of €12,7m, as well as, transfer to “residential developments in the pipeline” for an amount of €25,8m.

(2) Transfer from “land bank” for an amount of €25,8m, investments for an amount of €17,2m, as well as, transfer to “residential finished product” for an amount of €74,8m.

Land bank valuation

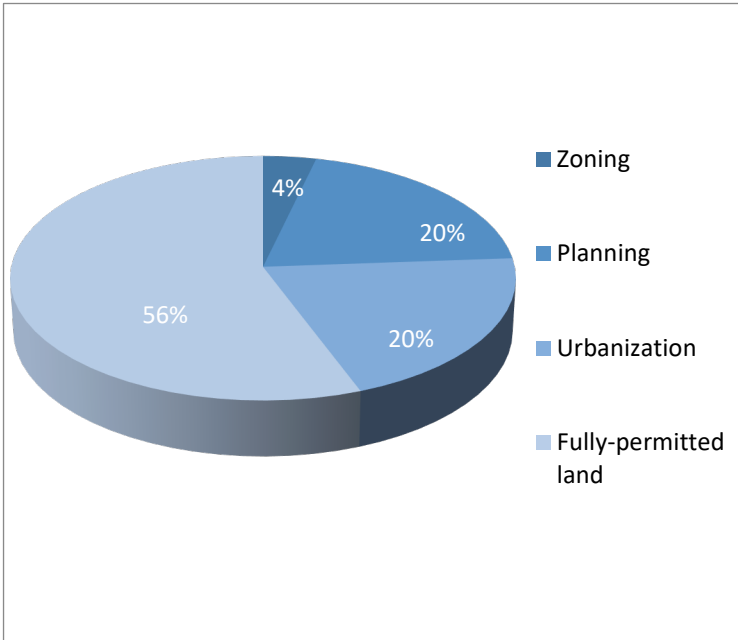
	Gross land sqm . Dec. 2021	Buildability sqm - Dec. 2021	Buildability sqm - Dec. 2020	GAV Dec.2021. €mm	GAV Dec. 2020 €mm	Var. GAV (%) Dec.2021 s/ Dec.2020
Zoning ⁽¹⁾	3.563.718	96.155	387.598	11,2	10,9	2,8%
Planning ⁽²⁾	2.413.437	922.133	488.962	60,8	25,3	140,3%
Urbanization	489.171	253.214	253.214	61,5	60,4	1,8%
Fully-permitted land ⁽³⁾	479.891	480.838	492.100	168,2	183,4	-8,3%
Total	6.946.216	1.752.340	1.621.874	301,7	280,0	7,8%

Main variations in land bank buildability:

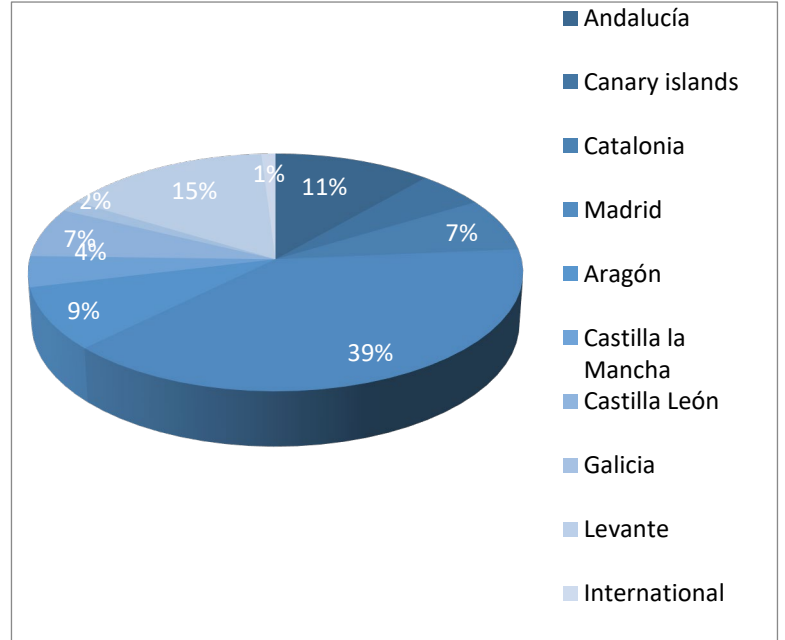
- (1) Zoning: Over 1H 2021, the Plenary of San Roque City Council, Cádiz, notified Realia the denial of the definitive approval of the Partial Plan of “Finca Guadalquítón”. Regardless of the fact that this agreement and those of the extension of the “Parque Natural de los Alcornocales” have been appealed in the contentious-administrative process to include “Finca Guadalquítón” as a place of Community Interest. This denial has meant that Realia estimated buildable land bank decreased by 291.442 sqm. Therefore, the Company has filed a claim for patrimonial responsibility that is in the process of contentious-administrative appeal as compensation for the damages caused. Nevertheless, this denial has not impacted on Realia land bank valuation, as Finca Guadalquítón is rustic land.
- (2) Planning: Global integration of 100% of the company Sociedad Inversiones Inmobiliarias Rústicas y Urbanas 2000 S.L. (66,7% stake in the Company). Gross land in Planning urbanistic stage has increased by 1.194.750 sqm with an estimated buildable area of 433.170 sqm.
- (3) Fully-permitted land: There has been a transfer of 23.553 sqm from Fully-permitted land to developments in the pipeline: “Sabadell Fil”, “Realia Parque del Ensanche II” and “Glorias”. On the other hand, there has been an acquisition of fully-permitted, “Land 189-B” in Valdebebas (Madrid) with a buildability of 12.529 sqm.

GAV land bank breakdown (€mm)

By urbanistic stage



By geographical area



8.- NET ASSET VALUE (NNAV)

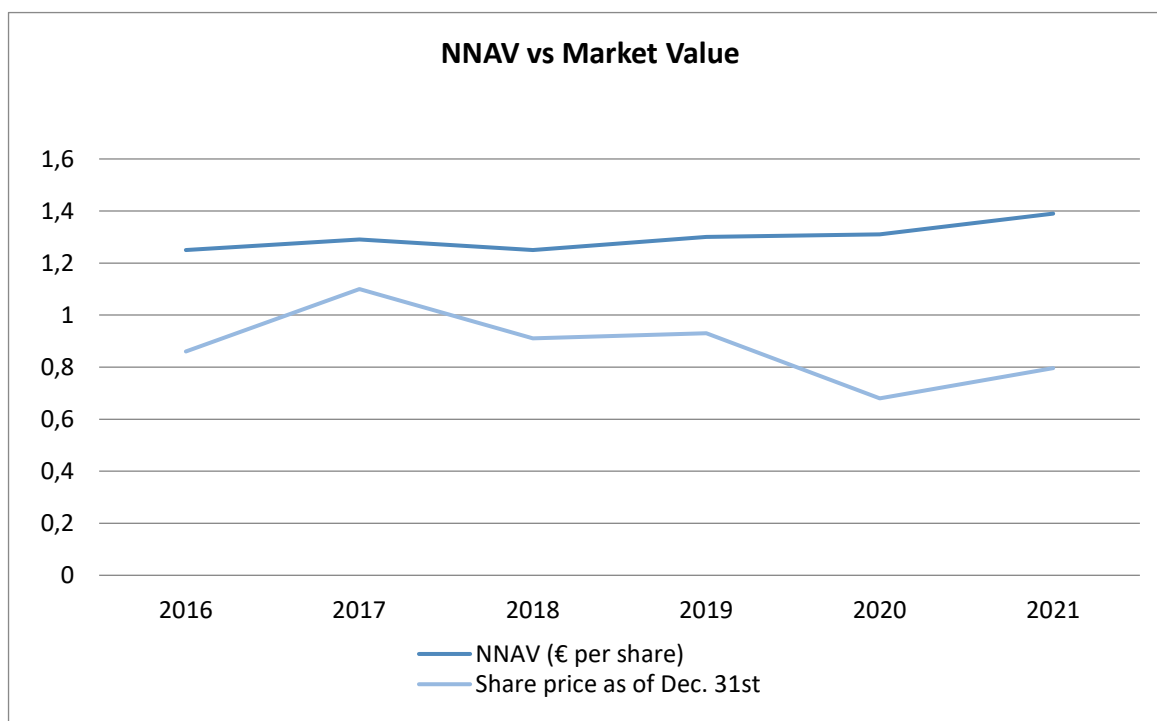
(€mm)	COMMERCIAL PROPERTY		LAND & HOMEBUILDING		TOTAL		Var. %
	2021	2020	2021	2020	2021	2020	
Total GAV (GAV)	1.524	1.520	382	388	1.906	1.908	-0,1
To be deducted							
Minorities	-75	-312	-20	-2	-95	-314	69,7
GAV Realia (1)	1.449	1.208	362	386	1.811	1.594	13,6
Book value of the parent company (2)	790	703	334	357	1.124	1.060	6,0
Latent capital gains of the parent company (1)-(2)	659	505	28	29	687	534	28,7
To be deducted							
Taxes	-165	-126	-7	-7	-172	-133	-29,3
Latent capital gains after tax	494	379	21	22	515	401	28,4
Adjustments IAS 40					-490	-378	
Equity					1.104	1.036	6,6
NNAV after tax					1.129	1.059	6,6
Nr of shares (treasury shares not included, in €mm)					811	811	0,0
NNAV after tax per share (€/share)					1,39	1,31	6,1

- At December 2021, Net Asset Value (NNAV) reached 1,39 Euro per share, 6,1% better than at December 2020.
- NNAV per share, considering the net equity of the consolidated financial statements, is the following:

CONSOLIDATED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (€mm)	1.104
Adjustments:	
+ Capital gains tangible fixed assets (own use)	4
+ Capital gains stock	21
ADJUSTED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (€mm)	1.129
Number of shares (treasury shares not included)	811.089.229
NNAV PER SHARE (Euro)	1,39

Net Asset Value evolution (NNAV)

	2017	2018	2019	2020	2021
NNAV (€mm)	833	1022	1064	1.059	1129
NNAV (€ per share)	1,29	1,25	1,3	1,31	1,39
Share price as of Dec. 31st	1,1	0,91	0,93	0,68	0,80
Discount NNAV	-15%	-27%	-28%	-48%	-43%



9.- COMMERCIAL PROPERTY
Rents – consolidated data ⁽¹⁾

(€mm)	2021	2020	Var. (%)
Rental income ⁽²⁾	63,95	60,83	5,1%
Expenses provision ⁽²⁾	17,49	17,95	-2,6%
Other income	0,34	0,24	41,7%
Total revenue	81,78	79,02	3,5%
Building common charges ⁽²⁾	-21,67	-20,68	-4,8%
Other charges	-4,23	-3,11	-36,0%
Gross margin	55,88	55,23	1,2%
Margin (%)	87,4%	90,8%	-3,4%

(1) Data in this chart is consolidated. Data from As Cancelas appear proportionally (50%).

(2) It includes rental income and expenses provision from the Build to Rent (BTR) business activity for an amount of €0,76m and €-0,12m at December 2021 and €0,18m and €-0,07m at December 2020, respectively.

- At December 2021, total rental income reached €63,95m (35,5% of the Group total income). 5,1% better than at December 2020 (€60,83m). It is mainly due to better rents from Build to Rent (BTR) business activity which operation started in July 2020. Progressive economic recovery which has led to a gradual disappearance of commercial measures adopted to give support to tenants and better invoicing from update office contracts.
- Gross margin on Commercial Property business went up by 1,2% (€55,88m) vs €55,23m at December 2020. It is mainly due to better rents which have gone up by 5,1% and offset by an increase in operating expenses caused by better activity in assets.
- Gross margin on rents went down by 3,4%. It is mainly due to an increase on expenses incurred in buildings maintenance and adaptations due to Covid-19, as well as, on tenants needs.
- Evolution of commercial property business over 2021 has been less affected by Covid-19 health crisis than in 2020. Realia has continued with its commercial measures to give support to tenants and contribution to relaunch the economic and commercial activity of tenants, mainly shopping centres affected by restrictions to develop their activity, at a greater or lesser extent, depending on their Autonomous Community.

Rents – Operational data ⁽¹⁾

(€mm)	2021	2020	Var. (%)
Rental income ⁽²⁾	67,87	64,60	5,1%
Expenses provision ⁽²⁾	19,09	19,55	-2,4%
Other income	0,34	0,32	6,3%
Total revenue	87,30	84,47	3,4%
Building common charges ⁽²⁾	-23,22	-22,24	-4,4%
Other charges	-5,08	-4,15	-22,4%
Gross margin	59,00	58,09	1,6%
Margin (%)	86,9%	89,9%	-3,0%

(1) Data in this chart is operational. Data from As Cancelas appear proportionally (50%).

(2) It includes rental income and expenses provision from the Build to Rent (BTR) business activity for an amount of €0,76m and €-0,12m at December 2021 and €0,18m and €-0,07m at December 2020, respectively.

Rents – Operating breakdown ⁽¹⁾
Breakdown of rents by sector

(€mm)	2021	2020	Var. (%)	GLA (sqm)	Occup. Dec. 2021 (%)	Occup. Dec. 2020 (%)
Offices	48,24	46,96	2,7%	224.759	92,6%	96,0%
CBD	23,94	23,43	2,2%	82.449	95,3%	98,3%
BD	8,24	8,23	0,1%	42.653	94,1%	95,8%
Periphery	16,06	15,30	5,0%	99.657	89,8%	94,1%
Retail & Leisure	17,08	15,24	12,1%	133.789	89,4%	88,6%
Residential ⁽²⁾	0,66	0,15	340,7%	9.973	100,0%	66,0%
Other	1,89	2,25	-15,8%	42.411	99,8%	100,0%
Total revenue	67,87	64,60	5,1%	410.932	92,5%	93,2%

(1) Data in this chart is operational. Data from As Cancelas appear proportionally (50%).

(2) Build to Rent (BTR) business activity operation started in June 2020.

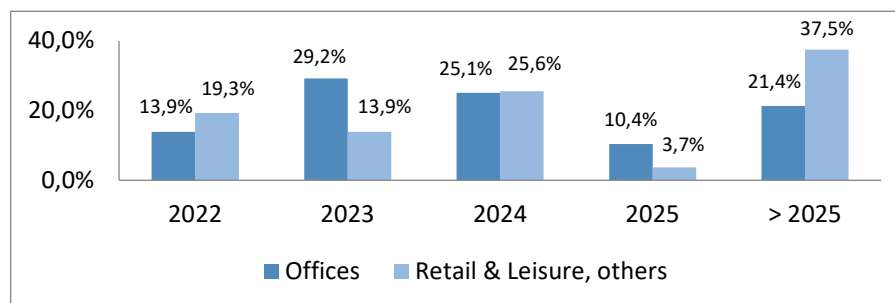
- Occupancy of assets in operation reached 92,5% at December 2021 vs 93,2% at December 2020. This variation is mainly due to impact of Covid-19 health crisis on rental assets (lower activity of companies, flex spaces, teleworking ...). It is expected that the demand for spaces by new tenants will increase following the positive evolution of Covid-19. Nevertheless, contractual relationship of tenants is changing, in relation to flexibility of spaces and contractual duration.

- At December 2021, income from assets in operation reached €67,87m, 5,1% better than at December 2020 (€64,60m). It is mainly due to better rents from Build to Rent (BTR) business activity which operation started in July 2020. As well as to a progressive recovery of economic activity which has lead to a reduction of commercial measures adopted to give support to tenants over Covid-19 health crisis; and better invoicing from updated office contracts.
- Income variation for rental assets has suffered an impact form the sale of non-core assets in 2021.
- Offices occupancy went down by 3,4%, at December 2021, mainly caused by: adjustments of spaces carried out by tenants in CBD and Periphery and, to a lesser extent, due to tenants who have left and these spaces are under commercialization. Rental income went up by 2,7% mainly due to reduction of commercial measures adopted to give support to tenants over Covid-19 health crisis.
- At December 2021, Retail & Leisure occupancy went up by 0,8%. This result is mainly due to the sale of the "Shopping Centre Soria". Rental income went up by 12,1% and it is mainly due to a reduction of commercial measures adopted to give support to shopping centres over Covid-19 health crisis.

Breakdown of rents by geographical area

(€mm)	2021	2020	Var. (%)	GLA (sqm)	Occup. Dec. 2021 (%)	Occup. Dec. 2020 (%)
Madrid	49,96	46,87	6,6%	257.740	93,3%	94,0%
CBD	24,98	24,32	2,7%	77.505	96,8%	98,6%
BD	9,44	9,16	3,0%	49.896	95,0%	96,4%
Periphery	15,54	13,39	16,1%	130.339	90,7%	90,2%
Barcelona	6,41	6,55	-2,1%	32.325	95,3%	99,8%
Other	11,49	11,18	2,8%	120.867	90,0%	90,0%
Total revenue	67,87	64,60	5,1%	410.932	92,5%	93,2%

- According to geographical area, rents increased in Madrid (+6,6%), due to Build to Rent (BTR) business activity; and for a whole building in Periphery completely rented (Nudo II); and for reduction of commercial measures adopted to give support to tenants due to Covid-19 health crisis.
- On the other hand, in Barcelona rents went down (-2,1%) mainly due to expiry of lease contracts in progress of commercialization.
- In the remaining towns, (Guadalajara, Murcia and Santiago) rents went up by 2,8%, mainly due to the reduction of the commercial measures adopted to give support to Retail & Leisure activity.

Expiry of lease contracts on annualized rents

10.- RESIDENTIAL BUSINESS (LAND & HOMEBUILDING)

(€mm)	2021	2020	Var. (%)
<u>Revenue</u>			
Homebuilding sales	94,12	21,12	345,6%
Land sales	0,64	1,87	-65,8%
Total Revenue	94,76	22,99	312,2%
<u>Costs</u>			
Costs of sales	-78,49	-19,27	-307,3%
Other costs	-2,79	-1,99	-40,2%
Total Costs	-81,28	-21,26	-282,3%
Homebuilding Gross Margin	13,48	1,73	679,2%
Homebuilding Gross Margin (%)	14,2%	7,5%	89,3%
Provisions reversal finished product	6,45	1,99	224,1%
Gross margin (Provisions not included)	19,93	3,72	435,8%
Gross margin / total revenue (%)	21,0%	16,2%	4,9%

Residential portfolio

- Revenue from Land & Homebuilding amounted €94,76m, 312,2% better than in 2020 (€22,99m).
- As of 31 December 2021, Realia delivered 291 units for an amount of €94,12m vs 99 units delivered at December 2020 for an amount of €21,12m. The larger number of home deliveries took place in 4 new residential developments (“Realia Parque del Ensanche I”, “Valdebebas Único”, “Essencia de Sabadell” and “Brisas de Son Dameto”) where 208 units were delivered for an amount €80,43m. The remaining home deliveries took place, mainly, in the following residential developments: “Hato Verde V” and “Altos de Santa Barbara” where 52 units were delivered for an amount of €10,03m.

- Gross margin, adjusted by provisions, reached €19,93m at December 2021 (21,0% of total income) vs €3,72m at December 2020 (16,2% of total income).
- By geographical area, the breakdown of units delivered at December 2021 and December 2020 is the following:

	2021		2020	
	Nr. units	Revenue (€mm)	Nr. units	Revenue (€mm)
Madrid/Centro	146	55,19	12	1,44
Levante	45	15,80	50	15,28
Catalonia	51	14,74	6	0,71
Andalucía	49	8,39	30	3,44
Portugal	-	-	1	0,25
Total	291	94,12	99	21,12

- At December 2021, there is a stock of 321 units (homes and small retail) finished or in the pipeline non-delivered (other 70 units are pre-sold). There are also 41 land plots for single-family housing intended for sale.

Home stock evolution	2021	2020	Var. (%)
Pre-sales			
Number of units	209,5	150,5	39,2%
Total value of contracts (€mm)	63,96	40,96	56,1%
Deliveries			
Number of units	290,5	98,5	194,9%
Total value of contracts (€mm)	94,12	21,12	345,6%
Pre-sold			
Number of units	69,5	155,5	-55,3%
Total value of contracts (€mm)	24,42	56,05	-56,4%
Stock at end-of-period			
Residential finished product			
Number of units	140,0	197,5	-29,1%
Residential developments in the pipeline			
Number of units	152,0	116,0	31,0%

- Furthermore, Realia has started in 2021 the commercialization of 183 units in the following residential developments: In Barcelona: “Sabadell FII – 55 units” and “Glorias – 48 units”; in Alcalá de Henares (Madrid): “Parque del Ensanche II – 80 units”.

Land bank

- At December 2021, Realia has a gross land bank, in different urbanistic stages, of 6.946.216 sqm and an estimated buildable area of 1.752.340 sqm. 27,5% of this land bank is fully-permitted land and 51,7% are located in Madrid:

Land bank breakdown (buildability by sqm)

	Buildability (sqm)		Buildability (sqm)
Zoning	96.155	Andalucía	169.409
Planning	922.133	Canary islands	18.541
Urbanization	253.214	Catalonia	69.807
Fully-permitted land	480.838	Madrid	906.059
Total	1.752.340	Aragón	154.508
		Castilla la Mancha	222.648
		Castilla León	64.451
		Galicia	6.184
		Levante	129.821
		International	10.912
		Total	1.752.340

Main variations in land bank buildability:

- Zoning:** Over 1H 2021, the Plenary of San Roque City Council, Cádiz, notified Realia the denial of the definitive approval of the Partial Plan of “Finca Guadalquítón”. Regardless of the fact that this agreement and those of the extension of the “Parque Natural de los Alcornocales” have been appealed in the contentious-administrative process to include “Finca Guadalquítón” as a place of Community Interest. This denial has meant that Realia estimated buildable land bank decreased by 291.442 sqm. Therefore, the Company has filed a claim for patrimonial responsibility that is in the process of contentious-administrative appeal as compensation for the damages caused. Nevertheless, this denial has not impacted on Realia land bank valuation, as Finca Guadalquítón is rustic land.
- Planning:** Global integration of 100% of the company Sociedad Inversiones Inmobiliarias Rústicas y Urbanas 2000 S.L. (66,7% stake in the Company). Gross land in Planning urbanistic stage has increased by 1.194.750 sqm with an estimated buildable area of 433.170 sqm.
- Fully-permitted land:** There has been a transfer of 23.553 sqm from Fully-permitted land to developments in the pipeline: “Sabadell FII”, “Realia Parque del Ensanche II” and “Glorias”. On the other hand, there has been an acquisition of fully-permitted, “Land 189-B” in Valdebebas (Madrid) with a buildability of 12.529 sqm.

11.- RISKS ARISING FROM COVID-19

It is expected that the evolution of the sixth wave of Covid-19, as well as, other future ones, will have a lower impact both at a personal level and at an economic and productive level. Therefore, prospects are more promising than in previous periods. This health and productive improvement will definitely contribute to relaunch the Spanish economy. It is estimated that the GDP will grow by around 5,6% by 2022.

If the above described prospects consolidate, their impact on the real estate sector may be summarized as follows:

- a) Sustained demand for new housing will allow residential developments in the pipeline to develop and to start new projects. Nevertheless, the crisis of both “raw materials” and “construction labour market” may imply an increase in production costs. This impact may affect profit margins and/or higher final sale prices.
- b) Evolution of the market is uneven, according to the different geographical areas, locations and product typology, since the Covid-19 has made clients to rethink, where they want to settle down and in what type of home.
- c) Hardening, until almost the disappearance of the financing for the promoter, with a greater demand for the economic and commercial viability of the new developments, as well as the financial strength of the promoter.
- d) Little financing for the purchase of land since, currently, financial entities understand that it must be financed with own funds
- e) Consolidation of other financial agents that can enter certain projects, from which they ask for high returns and interest rates well above traditional banking entities.
- f) In the residential rental assets business area, rents tend to decline due to several factors: 1) Greater stock of rental housing with new Build to Rent (BTR) projects and new development policies in social rental housing 2) Appearance of regulatory standards aimed at preventing tensions in rental prices.
- g) In the segment of tertiary rental assets (offices, premises and shopping centers) the Covid-19 health crisis has been decisive for us to think about where the trends of the future can go, and that current business models will foreseeably change and therefore of the needs of space where to develop it. The impact is different depending on offices or premises and shopping centers: 1) Rents will remain steady in offices and with a slight downward trend in shopping centers and premises closely linked to the expectations of a recovery in consumption 2) The volumes of spaces for lease will tend to be steady or will slightly decline both in offices (teleworking, unemployment ...) and in premises and shopping centers (drop in consumption, @ comerce ...) and 3) Appearance of new contractual relationships with tenants, where flexibility will be incorporated into contracts of the leased spaces, as well as the shorter duration of the contracts and the inclusion of clauses against exceptional situations (Covid-19 or similar). All these problems described will mean that lessors have to introduce new asset management techniques and in some cases adapt them to the new demands for space and tenants' needs.
- h) The combination of all factors described previously may affect negatively the Group's accounts and the intensity of the impact will be given by the ability of the Spanish economy to recover the growth of its GDP that allows the recovery of the economic activity, consumption and employment.

Given the Group's solid financial structure, the type of assets and its ability to generate cash flows, it is estimated that any new and unforeseen socio-economic and/or health circumstance affecting the business may be assumed with its position of treasury and could even go to the financial market and obtain resources to cover this eventuality.

12.- STOCK DATA

- The closing stock price (€ per share) has been 0,796 Euro. It has gone up by 17,1% vs 2020.

	31st Dec. 2021
Closing stock price (€ per share)	0,796
Market cap. End of Period (€)	652.931.495
High of the period (€ per share)	0,800
Low of the period (€ per share)	0,622
Average of the period (€ per share)	0,710
Daily trading volume (Thousand of Euro)	83
Daily trading volume (Thousand shares)	119

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

Results directly attributable to the business activity. Company's total revenue (net revenue, other operating revenues and sale of assets) minus 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):

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

EBIT (Earnings Before Interest and Taxes):

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

Gross Financial Debt:

Loans with current and non-current credit institutions.

Net Financial Debt:

Gross financial debt minus cash and cash equivalents.

Net Net Asset Value (NNAV):

It is calculated on the basis of the net equity attributed to the parent company, adjusted for the implicit capital gains of the assets of working capital and for own usage valued at the market and deducting the taxes that would accrue on such implicit capital gains, taking into account the tax regulations at the time of calculation.

Net Net Asset Value (NNAV) per share:

It is calculated by dividing the total NNAV of the Company by the number of shares outstanding, treasury shares not included.

Earnings per share:

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

GAV (Valor de Liquidación):

Valor de mercado de los Activos determinado por expertos independientes (Tinsa y CBRE).

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.

Yield:

Annualized rents, considering 100% occupancy divided by GAV of assets in operation (percentage rate), according to valuation performed by CBRE.

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