January-March 2018 Results

8 May 2018

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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.- SUMMARY

REVENUE AND RESULTS

- Total revenue was €23,9m, 2,6% higher than in 2017, due to rental income improvement.
- Following business margins improvement and cost cuts, EBITDA reached €11,1m, 11,7% higher than the previous year.
- As of 31 March 2018, earnings before taxes reached €8,3m and net result (Group share) was €4,2m vs €5,2m in 1Q 2017. This variation is due to financial costs increase (€2,8m) which is partially offset by the improvement in the company revenue.

DEBT

- As of 31 March 2018, Realia gross financial debt was €758m, €88m lower than in March 2017 and €5m lower than in December 2017.
- The net financial result was €-4,3m after Realia Patrimonio refinancing (April 2017). The weighted average cost of debt was 1,97%, including cost of derivatives.
- As of 31 March 2018, Realia net financial debt was €700m, 5% lower than in March 2017. Cash and equivalents reached €59m.

COMMERCIAL PROPERTY

- Gross rental income was €15,3m, with an increase of 2,3%.
- Overall occupancy levels reached 94,9% vs 93,8% in March 2017.

LAND AND HOMEBUILDING

- Realia delivered 27 units for a total amount of €4,2m, 6,2% higher than in March 2017. (In 2017, €4m and 21 units).
- As of 31 March 2018, there is a stock of 432 units (homes, small retail and offices) finished non-delivered (20 pre-sold). There are also 41 land plots for sale for single-family housing.

2.- FINANCIAL HIGHLIGHTS

(€mm)	1Q 2018	1Q 2017	Var. (%)
Total Revenue	**23,9**	**23,3**	**2,6**
Rental Income	**15,3**	**14,9**	**2,3**
EBITDA	**11,1**	**9,9**	**11,7**
Net Result (Group share)	**4,2**	**5,2**	**-17,8**
Net Financial Debt	**700**	**738**	**-5,2**
Nº Shares (mm)[1]	**644,2**	**644,2**	**0,0**
Earnings per Share (€)	**0,007**	**0,008**	**-17,8**

[1] *Treasury shares not included*

3.- OPERATIONAL HIGHLIGHTS

	1Q 2018	1Q 2018	Var. (%)
Commercial Property			
GLA (sqm)	**405.864**	**405.834**	**0,0**
Occupancy rate (%)	**94,9**	**93,8**	**1,1**
Land & Homebuilding			
Deliveries			
€ million	4,2	4,0	**6,2**
Units	27	21	**28,6**
Nº Employees	**91**	**93**	**-2,2**

Number of Employees	31/03/2018	31/03/2017	Var. (%)
Total [2]	**91**	**93**	**-2,2**
Realia Business	40	41	**-2,4**
Realia Patrimonio	4	4	**0,0**
Hermanos Revilla [2]	46	47	**-2,1**
Realia Polska	1	1	**0,0**
Reception Desk HR	35	35	

[2] *It includes 35 people working at reception and concierge services in buildings*

4.- CONSOLIDATED INCOME STATEMENT

(€mm)	1Q 2018	1Q 2017	Var. (%)
Total Revenue	**23,9**	**23,3**	**2,6**
Rents	15,3	14,9	2,3
Expenses provision	4,2	3,8	10,3
Sale of assets	0,0	0,0	
Homebuilding	4,2	4,0	6,2
Land sales	-0,3	0,0	
Services	0,4	0,3	28,2
Other	0,1	0,2	-43,7
Total Gross Margin	**12,7**	**11,9**	**7,3**
Rents	13,5	12,8	5,8
Homebuilding	-0,9	-1,1	16,7
Services	0,1	0,2	-32,6
Overheads	-1,6	-1,9	14,4
Other costs	0,0	0,0	80,7
EBITDA	**11,1**	**9,9**	**11,7**
Amortization	-0,1	-0,1	-7,2
Depreciation	0,9	0,4	122,9
EBIT	**11,9**	**10,3**	**16,3**
Financial result	-4,3	-1,5	-188,5
Equity method	0,6	0,6	6,8
Earnings before taxes	**8,3**	**9,4**	**-11,7**
Taxes	-2,0	-2,3	14,2
Results after taxes	**6,3**	**7,0**	**-10,9**
Minority Interests	2,0	1,9	8,7
Net Results (Group share)	**4,2**	**5,2**	**-18,0**

- Company total revenue amounted €23,9m, 2,6% higher than in 1Q 2017. It is mainly due to rental income improvement.
- Rental income (overhead costs non-included) reached €15,3m vs €14,9m in 1Q 2017. There has been an improvement of 2,3%.
- Revenue and the residential business margins have improved.
- Efforts to cut costs continue. Overheads decreased by 14% vs the previous year.
- Financial results reached €-4,3m vs €-1,5m in 1Q 2017. This It is due to the impact of Realia Patrimonio debt refinancing (April 2017) which margins are higher than the previous ones signed in 2007. The debt average cost reached 1,97% (including costs of derivatives) vs 0,53% in 2017.

5.- CONSOLIDATED BALANCE SHEET

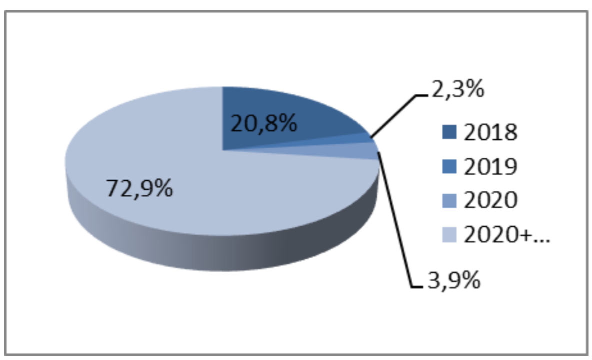
(€mm)	03/31/2018	12/31/2017		03/31/2018	12/31/2017
Tangible fixed assets	5	5	Equity	811	806
Investment property	1.384	1.383	Minority shareholders	239	238
Inventories	321	296	Financial debt	758	763
Accounts receivable	19	14	Current creditors	24	22
Treasury and equivalents	59	85	Other liabilities	182	184
Other assets	227	231			
Total Assets	**2.015**	**2.014**	**Total Liabilities**	**2.015**	**2.014**

6.- FINANCIAL STRUCTURE

	REALIA Patrimonio	REALIA Business	TOTAL 1Q 2018	TOTAL 1Q 2017	Var. (%)
	Commercial Property	Land & Homebuilding			
Syndicated loans	576	0	576	678	-15,1
Other loans	58	134	192	169	13,6
Interests and Derivatives	5	0	5	0	
Debt formalisation expenses	-14	-0	-14	-1	-1.341,0
Total Gross Financial Debt	**624**	**134**	**758**	**846**	**-10,4**
Cash and equivalents	28	31	59	109	-46,1
Total Net Financial Debt	**596**	**104**	**700**	**737**	**-5,1**

- As of 31 March 2018, Realia gross financial debt was €758m, 10,4% lower than in 1Q 2017 vs 31 December 2017. Vs. December 2017, it got reduced by €5m.
- As of 31 March 2018, cash and equivalents reached €59m. Therefore, the net financial debt reached €700m (vs €737m in 1Q 2017 and vs €678m as of December 2017). The increase of the net financial debt is explained by the investment made for the acquisition of a residential land in Alcalá de Henares (Madrid), for an amount of €33,3m (VAT included).
- As of 31 March 2018, the weighted average interest rate of the gross debt reached 1,97% (including costs of derivatives).
- The credit agreement signed with Realia Business, for an amount of €133m, matures on June 30th. It is currently being negociated and a credit renewal for further €120m is expected. The remaining payment of €13m will be dealt with the Company cash-flow.
- As of 31 March 2018, the breakdown of the Group gross debt maturity is the following:

Gross Debt Maturity



7.- COMMERCIAL PROPERTY

REVENUES COMMERCIAL POPERTY (Consolidated)

(Euro million)	1Q 2018	1Q 2017	Var. (%)
Rental income	15,26	14,92	2,3%
Expenses charged to tenants	4,22	3,86	9,3%
Total Revenue	**19,48**	**18,78**	**3,7%**
Community expenses	-5,22	-5,24	0,4%
Other expenses	-0,75	-0,77	2,6%
Gross Margin	**13,51**	**12,77**	**5,8%**
Margin on rents (%)	***88,5%***	***85,6%***	***3,4%***

- Total rental income (expenses charged to tenants not included) reached €15,3m. It has increased by 2,3% vs 1Q 2017, due to better occupancy (94,9% vs 93,8%) and better efficiency showing margins increase.

REVENUES COMMERCIAL PROPERTY (Management Data)

(Euro million)	1Q 2018	1Q 2017	Var. (%)
Rental income	16,43	16,11	2,0%
Other income	4,67	4,25	9,9%
Total Revenue	**21,10**	**20,36**	**3,6%**
Expenses incurred	-5,61	-5,62	0,3%
Other Expenses	-0,97	-1,06	8,8%
Gross Margin	**14,53**	**13,68**	**6,2%**
Margin (%)	***88,4%***	***84,9%***	***4,1%***

(1) includes Rents, Other Income and Other Expenses for 50% of As Cancelas and self-occupied premises. For amounts of, respectively, 1,17, 0,45, y -0,60 million euros.

REVENUES COMMERCIAL PROPERTY (Management Data)

Breakdown of rents by geographical area

(Euro million)	1Q 2018	1Q 2017	Var. (%)	GLA (sqm)	Ocup. 1Q 2018 (%)	Ocup. 1Q 2017 (%)
Madrid	**11,72**	**11,52**	**1,8%**	**249.827**	**97,0%**	**95,9%**
CBD	5,62	5,47	2,7%	79.563	97,1%	95,5%
BD	2,38	2,43	-2,0%	49.895	100,0%	99,9%
Periphery	3,73	3,62	3,1%	120.368	95,6%	94,6%
Barcelona	**1,41**	**1,29**	**9,0%**	**32.325**	**97,7%**	**97,5%**
Other	**3,30**	**3,30**	**-0,1%**	**123.712**	**89,8%**	**88,5%**
Total Revenue	**16,43**	**16,11**	**2,0%**	**405.864**	**94,9%**	**93,8%**

REVENUES COMMERCIAL PROPERTY (Management Data)

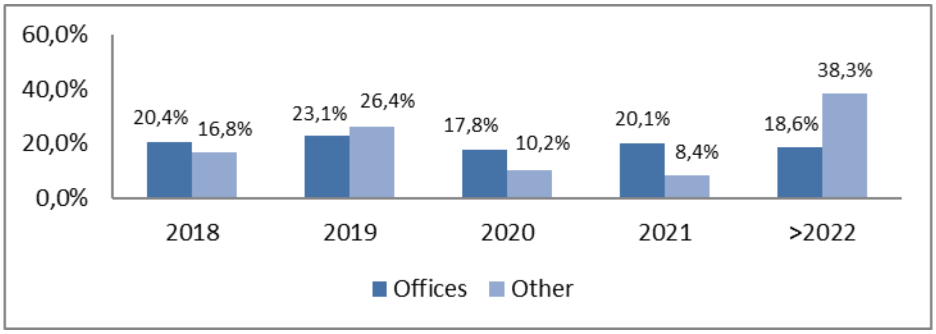
Breakdown of rents by sector

(Euro million)	1Q 2018	1Q 2017	Var. (%)	GLA (sqm)	Ocup. 1Q 2018 (%)	Ocup. 1Q 2017 (%)
Offices	**11,25**	**10,98**	**2,5%**	**226.730**	**96,3%**	**94,8%**
CBD	5,49	5,37	2,2%	84.420	97,0%	94,2%
BD	1,99	1,97	0,9%	42.653	100,0%	99,8%
Periphery	3,77	3,63	3,7%	99.658	94,1%	93,2%
Retails & Leisure	**4,31**	**4,26**	**1,1%**	**135.876**	**90,8%**	**90,1%**
Other	**0,87**	**0,87**	**0,3%**	**43.258**	**100,0%**	**100,0%**
Total Revenue	**16,43**	**16,11**	**2,0%**	**405.864**	**94,9%**	**93,8%**

[2] Homogeneous surfaces (Like for Like)

- Office rental has shown the better performance. Rental income has gone up by 2,5%, and occupancy has improved from 94,8% to 96,3%.
- For geographical area, Barcelona stands out (9%).
- Retail & Leisure rental income and occupancy have gone up slightly.
- In 2018, 20,4% of office lease contracts and 16,8% of shopping centres lease contracts will expire.

Expiry of lease contracts on annual rents



8.- RESIDENTIAL BUSINESS (LAND AND HOMEBUILDING)

(€mm)	1Q 2018	1Q 2017	Var. (%)
Revenues			
Homebuilding	4,2	4,0	6,3
Land sales & Others	-0,2	0,2	-209,5
Total Revenues	**4,0**	**4,2**	-4,5
Costs			
Sale costs	-3,9	-3,7	-6,0
Other costs	-1,0	-1,6	37,1
Total Costs	**-4,9**	**-5,3**	7,0
Homebuilding Margin	***-0,9***	***-1,1***	16,5
Homebuilding Margin (%)	***-23%***	***-26%***	12,5
Provisions Reversal	***0,6***	***0,6***	9
Margin (After Provisions)	***-0,3***	***-0,5***	42

Residential portfolio

- Revenue from the Land & Homebuilding business amounted €4m, 4,5% lower than the previous year, due to the reversal of the sale of a plot of land by the Board of Compensation of Valdebebas.
- Gross margin is still negative (€-0,9m), although the result is slightly better than in 2017. The residential business result following the provisions reversal discount (€0,6m for finished residential product) reached €-0,3m.
- Realia has delivered 27 units (homes, small retail, offices and land plots) vs 21 units the previous yepar, for an amount of €4,2m vs €4m in 1Q 2017, following the total sale of homes in Valdebebas.
- In addition, a higher number of pre-sales have been signed: 29 units vs 27 units in 1Q 2017, for an amount of €6,3m vs €6,1m the previous year.
- There is a new residential development of 72 units in Palma de Mallorca and three pre-sales have already been signed. The value of the total sale of this product reaches €3,3m.

Deliveries	Nº Units	Revenue €MM
Madrid/Centre	17	2,6
Levante	4	0,7
Catalonia	2	0,3
Andalusia	3	0,4
Portugal	1	0,2
Total	**27**	**4,2**

Home stock evolution	1Q 2018	1Q 2017	Var. (%)
Pre-sales			
Number of units	29	27	7,4%
Total value of contracts (€MM)	6,3	6,1	3,3%
Deliveries			
Number of homes	27	21	28,6%
€MM	4,2	4,0	5,4%
Stock at eoP	0	0	
Number of units	473	487	-2,9%

- As of 31 March 2017, Realia has a total stock of 432 units (homes, small retail and offices) finished non-delivered of which 20 are pre-sold and 412 are for sale (55 in Madrid and Centre, 165 in Andalusia, 132 in Levante, 48 in Catalonia and 12 in Portugal).
- There are also 41 plots for single-family housing for sale in a development (15 in Catalonia and 26 in Andalusia).
- The breakdown of these homes is the following: 80,6% first homes and 19,4% second homes.

9.- STOCK DATA

- The closing stock price (€ per share) has been 1,09 Euro. It has decreased by 0,9% vs 2017.

	03/31/2018
Closing Stock Price (€ per share)	1,09
Market cap. EoP (€)	702.840.672
High of the period (€ per shrae)	1,18
Low of the period (€ per share)	1,03
Average of the period (€ per share)	1,11
Daily Trading Volume (€)	298.699
Daily Trading Volume (shares)	269.421

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APPENDIX – GLOSSARY OF APMs

Gross Margin:

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

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

Rents like for like:

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

Occupancy:

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

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