

# REALIA



**FY 2018 Results**

*25th February 2019*

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<sup>(\*)</sup> 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 €93,9m, 6,8% lower than in 2017. The Commercial Property business has gone up by 1,4% and Land & Homebuilding business has gone down by 38,9% (€8,8m). It is partially due to a stock reduction of the finished product and to the lower value of the units delivered in 2018 vs the ones delivered in previous years. In addition, in 2017, units of the residential development in Valdebebas (Madrid) were delivered at a high price and there is a delay in the delivery of the pre-sold finished product which is meant to be delivered in 1Q 2019. As of 31 December 2018, Realia has delivered 89 units (homes, small retail, offices and land plots) for a total amount of €14m. In 2018, units of the new residential developments have not been delivered.
- EBITDA reached €45,3m, 0,9% better than the previous year, due to better margins in the Commercial Property portfolio and lower operating costs.
- As of December 2018, earnings before taxes reached €72,5m vs €54,7m in December (32,5% better).
- As of December 2018, earnings after taxes reached €40,2m, 31,8% better than in December 2017.

### INDEBTNESS

- Last November, the Board of Directors approved a capital increase for €149,1m, issuing and putting into circulation 175.457.742 new shares with a par value of 0,24 Euro per share and a share premium of 0,61 Euro per share. This capital increase was fully subscribed in the Commercial Registry and paid on 28<sup>th</sup> December 2018.
- Once the capital increase completed, 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 31 December 2018, Realia gross financial debt reached €616m vs €763m at December 2017 (19,3% lower). This financial debt is bound to the Commercial Property portfolio.
- Cash and equivalents reached €87,5m vs €85,1m in December 2017.
- As of 31 December 2018, Realia net financial debt reached €528,5m, 22% lower than in December 2017. The cash flow generated by the Group together with the capital increase and the Company's cash have allowed the reduction of the net financial debt, as well as, investing on new residential developments, the acquisition of a land plot in Alcalá de Henares (Madrid) for an amount of €27,5m and the financial resources intended to new residential developments to be developed.
- The net financial result reached €-9,8m (derivatives included), €-16,2m lower than in December 2017, due to better financial revenue. The weighted average rate on gross debt (derivatives included) reached 2,13% vs 1,97% in December 2017.

### ASSETS VALUATION

- As of December 2018, in absolute terms, asset valuation (GAV) amounted €1.844,3m, 3,1 % higher than in December 2017. It is due to adjustments on assets, to the investment of €27,5m to acquire a land plot in Alcalá de Henares (Madrid) and stock reduction of finished product. The portfolio of rental assets has increased its value by 2,1%.

Net Asset Value after Tax (NNAV) reached €1.022m vs €833m in 2017. In unitary terms, it reached 1,25 Euro per share, 3,1% lower than the previous year (1,29 Euro per share). It is due to the dilution effect of the above-mentioned capital increase issued with a final price of 0,85 Euro per share.

- 80% of the assets value is related to the Commercial Property portfolio (€1.479m) and the remaining 20% to the Residential portfolio (€365m)

#### **COMMERCIAL PROPERTY**

- Gross rental income were €60,8m (64,7% on the total income), 1,2% better than the previous year.
- Overall occupancy levels reached 91,8% vs 94,6% in 2017. This reduction in occupancy levels is mainly due to the expiration of lease contracts duration in the last 4Q 2018. These assets are in the commercialisation process which is expected to be concluded in 1Q 2019, resulting in the recovery of the historical occupancy levels of the Group.

#### **LAND AND HOMEBUILDING**

- As of December 2018, Realia has delivered 89 units for a total amount of €14m. It has gone down by 35,5% (€7,7m) vs 2017. This result is mainly due to the lower value of the units delivered in 2018 vs the ones delivered in 2017, to a lower amount of units delivered and a delay in the delivery of the pre-sold finished product
- As of 31 December 2018, there is a stock of 444 units (homes, small retail and offices) finished non-delivered or in the pipeline (37 pre-sold). There are also 41 land plots for single-family housing.
- Realia land bank, in its different urbanistic stages, reached a gross leasable area of 5.742.359 sqm and a buildable area of 1.877.207 sqm approx.

**2.- FINANCIAL HIGHLIGHTS**

(€mm)	2018	2017	Var. (%)
<b>Total Revenue</b>	<b>93,9</b>	<b>100,7</b>	<b>-6,8</b>
Rental Income	60,8	60,1	1,2
Expenses provision	17,0	16,2	4,9
Homebuilding & Land revenue	13,0	21,7	-40,1
Other	3,1	2,7	14,8
<b>EBITDA</b>	<b>45,3</b>	<b>44,9</b>	<b>0,9</b>
<b>Net Result (Group share)</b>	<b>40,2</b>	<b>30,5</b>	<b>31,8</b>
<b>Net Financial Debt</b>	<b>528,5</b>	<b>677,9</b>	<b>-22,0</b>
<b>Nº Shares (mm) (treasury shares not included)</b>	<b>818,8</b>	<b>644,2</b>	<b>27,1</b>
<b>Earnings per Share (€)</b>	<b>0,049</b>	<b>0,047</b>	<b>4,3</b>

**3.- OPERATIONAL HIGHLIGHTS**

	2018	2017	Var. (%)
<b>Commercial Property</b>			
<b>GLA (sqm)</b>	<b>405.699</b>	<b>405.862</b>	<b>0,0</b>
<b>Occupancy rate (%)</b>	<b>0,9</b>	<b>0,9</b>	<b>-3,0</b>
<b>Land &amp; Homebuilding</b>			
<b>Pre-sales</b>			
Total value of contracts (€mm)	14,0	21,7	-35,5
Units	89	103	-13,6
<b>Nº Employees</b>	<b>91</b>	<b>91</b>	<b>0,0</b>

Number of Employees	2018	2017	Var. (%)
<b>Total <sup>(1)</sup></b>	<b>91</b>	<b>91</b>	<b>0,0</b>
Realia Business	42	40	5,0
Realia Patrimonio	4	4	0,0
Hermanos Revilla <sup>(1)</sup>	44	46	-4,3
Realia Polska	1	1	0,0

(1) It includes 32 and 35 people working at reception and concierge services in buildings over 2018 and 2017 respectively.

**4.- CONSOLIDATED INCOME STATEMENT**

(€mm)	2018	2017	Var. (%)
<b>Total Revenue</b>	<b>93,9</b>	<b>100,7</b>	<b>-6,8</b>
Rents	60,8	60,1	1,2
Expenses provision	17,0	16,2	4,9
Sale of assets	-	-	-
Homebuilding	14,0	21,7	-35,5
Land sales	-1,0	-	-
Services	2,0	1,2	66,7
Other (Homebuilding & Com. Property)	1,1	1,5	-26,7
<b>Total Gross Margin</b>	<b>52,1</b>	<b>52,5</b>	<b>-0,8</b>
Rents	55,0	52,2	5,4
Homebuilding	-3,4	0,1	-3.500,0
Services	0,5	0,2	150,0
Overheads	-6,7	-7,5	10,7
Other costs	-0,1	-0,1	0,0
<b>EBITDA</b>	<b>45,3</b>	<b>44,9</b>	<b>0,9</b>
Amortization	-0,4	-0,4	0,0
Depreciation	5,9	1,1	436,4
<b>EBIT</b>	<b>50,8</b>	<b>45,6</b>	<b>11,4</b>
Fair value appraisal result	28,9	20,6	40,3
Financial result	-9,8	-16,2	39,5
Equity method	2,6	4,7	-44,7
<b>Earnings before taxes</b>	<b>72,5</b>	<b>54,7</b>	<b>32,5</b>
Taxes	-17,5	-11,4	-53,5
<b>Results after taxes</b>	<b>55,0</b>	<b>43,3</b>	<b>27,0</b>
Minority Interests	14,8	12,8	15,6
<b>Net Results (Group share)</b>	<b>40,2</b>	<b>30,5</b>	<b>31,8</b>

- Rental income (overhead costs non-included) reached €60,8m vs €60,1m in 2017, due to better rents, reduction of discounts and contract incentives.
- EBITDA has improved by 0,9% amounting to €45,3m, due to better margins in the Commercial Property portfolio.
- The valuation criteria at fair value of real estate investments (rental assets) has reached €28,9m in 2018 vs €20,6m in 2017.
- Net financial results reached €-9,8m vs €-16,2m in 2017, due to better financial revenue.
- Provisions for €5,9m (€1,1m in 2017) have been reversed:

Breakdown provisions (€mm)	2018	2017
Excess provisions	0,1	-
Residential finished product	3,0	3,1
Land with developments under construction	0,8	-2,3
Land bank	0,2	-4,0
Others (clients, proceedings, ...)	1,8	4,3
<b>Total</b>	<b>5,9</b>	<b>1,1</b>

- Earnings before taxes reached €72,5m vs €54,7m in 2017.
- Net results (Group share) reached €40,2m vs €30,5m in 2017.

## 5.- CONSOLIDATED BALANCE SHEET

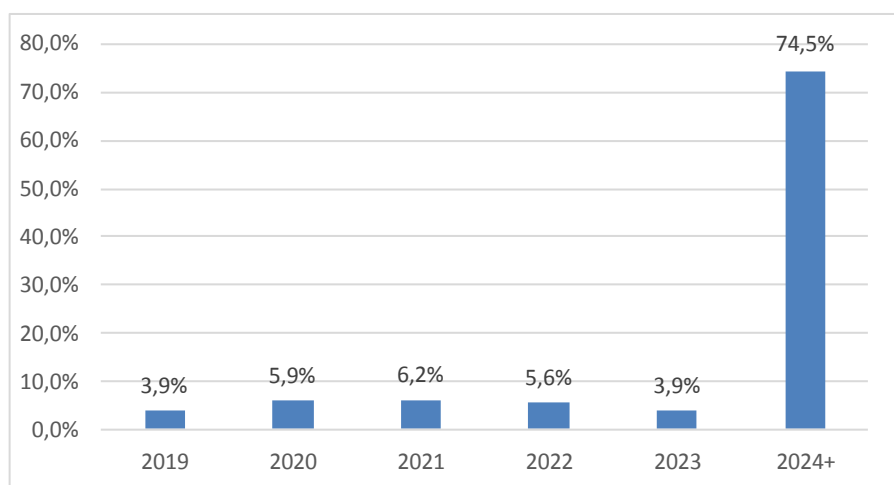
(€mm)	ASSETS		LIABILITIES	
	2018	2017	2018	2017
Tangible fixed assets	3,0	4,8	Equity	997,5
Investment property	1.422,3	1.383,1	Minority shareholders	236,0
Inventories	318,2	295,6	Financial debt	616,0
Accounts receivable	12,5	14,0	Current creditors	23,7
Treasury and equivalents	87,5	85,1	Other liabilities	191,0
Other assets	220,7	231,5		
<b>Total Assets</b>	<b>2.064,2</b>	<b>2.014,1</b>	<b>Total Liabilities</b>	<b>2.064,2</b>
				<b>2.014,1</b>

6.- FINANCIAL STRUCTURE

	REALIA Patrimonio		REALIA Business		Dec. 18	Dec. 17	Var. (%)
	Commercial Property		Land & Homebuilding				
Syndicated loans	562,3		0,0		562,3	575,9	-2,4
Other loans	58,3		0,0		58,3	196,4	-70,3
Valuation of derivatives	6,1		0,0		6,1	3,1	96,8
Interests	1,8		0,0		1,8	2,7	-33,3
Debt formalisation expenses	-12,5		0,0		-12,5	-15,1	17,2
<b>Total Gross Financial Debt</b>	<b>616,0</b>		<b>0,0</b>		<b>616,0</b>	<b>763,0</b>	<b>-19,3</b>
Cash and equivalents	23,9		63,6		87,5	85,1	2,8
<b>Total Net Financial Debt</b>	<b>592,1</b>		<b>-63,6</b>		<b>528,5</b>	<b>677,9</b>	<b>-22,0</b>

- As of December 2018, Realia has a gross financial debt for an amount of €616m, €147m lower than in 2017. There has been a reduction by 19,3%. All financial debt is bound to the Commercial Property portfolio.
- In December 2018, following its capital increase for €149,14m, Realia Business has settled its financial debt and paid off its loan.
- As of December 2018, cash and equivalents reached €87,5m. Therefore, the net financial debt reached €528,5m vs €677,9m in December 2017 (22% lower). The cash flow generated by the Group together with the capital increase and the Company's cash have allowed the reduction of the net financial debt, investing on new residential developments, the acquisition of a land plot in Alcalá de Henares (Madrid) for an amount of €27,5m and the financial resources intended to new residential developments to be developed.
- As of 31 December 2018, the weighted average interest rate of the remunerated gross debt was 2,13% (derivatives included, following the new loan agreement for the Commercial Property business), vs 1,97% at 31 December 2017.
- As of December 2018, the breakdown of the Group gross debt maturity is the following::

Maturity of the debt





**7.- ASSETS VALUATION**

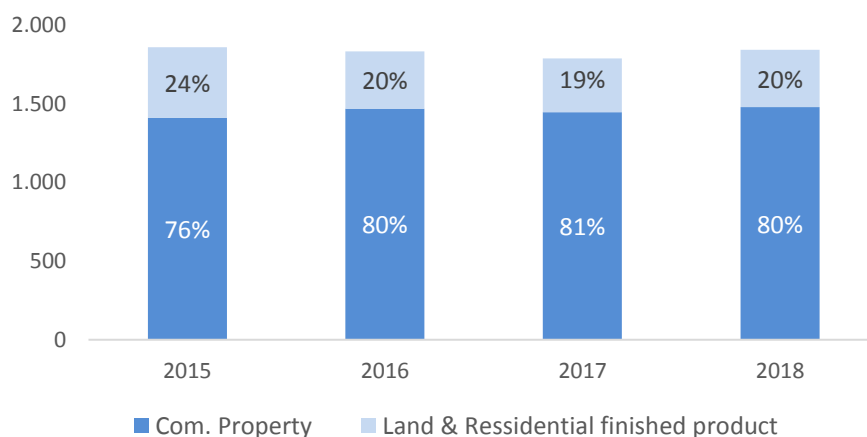
- As in previous years, the assets valuation has been performed by two independent appraisers: CBRE (CB Richard Ellis) has valued the portfolio of Realia Patrimonio and subsidiaries implementing the RICS Valuation. TINSA has valued the portfolio of Realia Business and subsidiaries implementing the Eco Method, according to Ministerial Order ECO 805/2003, 27th March, modified by EHA3011/2007, EHA 564/2008 and Royal Decree-Law 1060/2015 Without taking into account the principles, the provisions of necessary documentation, and the instruction to calculate the appraised value and the purpose is not among those defined in art. 2 of such regulation (scope of application)

(€mm)	Dec. 2018	Dec. 2017	Var. Interan.(%)
Rental assets	1.420,0	1.390,5	2,1
Land bank	59,1	56,1	5,3
<b>TOTAL RENTAL ASSETS</b>	<b>1.479,1</b>	<b>1.446,6</b>	<b>2,2</b>
Residential finished product	43,8	56,2	-22,1
Residential land and others	321,4	286,6	12,1
<b>TOTAL RESIDENTIAL ASSETS</b>	<b>365,2</b>	<b>342,8</b>	<b>6,5</b>
<b>TOTAL ASSETS</b>	<b>1.844,3</b>	<b>1.789,4</b>	<b>3,1</b>

(1) It includes €54m, As Cancelas, consolidated by the equity method.

- Due to market improvement in prime assets, in inter-annual terms, the valuation of rental assets has gone up by 2,1%. Realia portfolio is mainly composed of prime assets.
- The residential finished product, in inter-annual terms, has gone down by 22,1%. This figure shows the number of units delivered over the year.
- Residential land and others have reached 12,1%. It is mainly due to the acquisition of a land plot in Alcalá de Henares (Madrid) valued in €29,1m in January 2018.
- 80% of the assets value (GAV) is related to the Commercial Property portfolio and the remaining 20% to the Residential portfolio.

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



Commercial Property valuation

	N. Building	sqm	GAV 2018 <sup>1</sup>	GAV 2017 <sup>1</sup>	Var. (%)	Value €/sqm	Yield 2018 (%) <sup>2</sup>	Yield 2017 (%) <sup>2</sup>
<b>Offices</b>	<b>27</b>	<b>226.674</b>	<b>1.057,8</b>	<b>1.026,8</b>	<b>3,0</b>	<b>4.666,6</b>	<b>4,4%</b>	<b>4,6%</b>
CBD <sup>3</sup>	12	84.365	582,8	573,1	1,7	6.908,5	3,9%	4,0%
BD <sup>4</sup>	3	42.653	173,3	163,7	5,9	4.063,1	5,0%	5,2%
Periferia/Others	12	99.657	301,7	290,0	4,0	3.026,9	5,1%	5,5%
<b>Retail &amp; Leisure</b>	<b>7</b>	<b>135.767</b>	<b>331,7</b>	<b>333,7</b>	<b>-0,6</b>	<b>2.443,2</b>	<b>5,8%</b>	<b>6,0%</b>
<b>Other Assets<sup>5</sup></b>	<b>5</b>	<b>43.257</b>	<b>30,5</b>	<b>30,0</b>	<b>1,7</b>	<b>705,1</b>	<b>5,9%</b>	<b>7,1%</b>
<b>Total Operational</b>	<b>39</b>	<b>405.699</b>	<b>1.420,0</b>	<b>1.390,5</b>	<b>2,1</b>	<b>3.500,1</b>	<b>4,8%</b>	<b>5,0%</b>
<b>Land bank<sup>6</sup></b>		<b>127.291</b>	<b>59,1</b>	<b>56,1</b>	<b>5,3</b>	<b>464,3</b>		
<b>Total</b>	<b>39</b>	<b>532.989</b>	<b>1.479,1</b>	<b>1.446,6</b>	<b>2,2</b>	<b>2.775,1</b>		

1. GAV in €mm.

2. Yield: contractual gross rents divided by asset value GAV

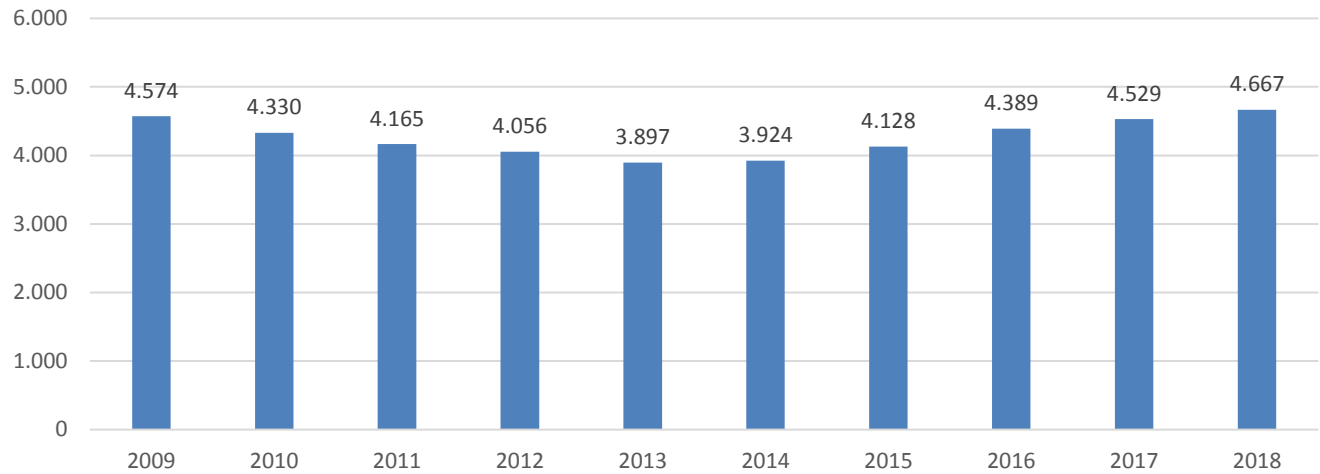
3. Central Business District (CBD)

4. Business District, excluding CBD

5. Warehouse in Logroño and other assets such as commercial premises, parking spaces, ...

6. Land bank in Aguacate Str., La Noria, ParK Central (22@) and Leganés

- As of 31 December 2018, the market value of the Commercial Property portfolio reached €1.479m, 2,2% higher than in December 2017.
- The market value of the office buildings has gone up by 3%.
- The market value of the Retail & Leisure portfolio has gone down by 0,6%.
- As of 31 December 2018, the current Yield of the Commercial Property portfolio reached 4,8% (contractual gross rent divided by the assets valuation performed by CBRE Richard Ellis).

**Unit value evolution of office buildings in operation (€/sqm)**

**Main assets for asset value (GAV)**

Assets	Location	Use	GLA
Puerta Europa	Madrid	Offices	28.424
Torre Realia BCN	Barcelona	Offices	31.964
Plaza Nueva Parque Comercial	Leganés	Retail	52.675
Salvador de Madariaga 1	Madrid	Offices	25.398
Shopping Centre Ferial Plaza	Guadalajara	Retail	32.507
María de Molina 40	Madrid	Offices	9.684
Albasanz 16	Madrid	Offices	19.550
Príncipe de Vergara 132	Madrid	Offices	8.807
C.N. Méndez Álvaro	Madrid	Offices	13.248

**Land & Homebuilding Valuation**

(€mm)	Dec. 2018	Dec. 2017	Var.interan.(%)
Land bank <sup>(1)</sup>	297	282	5,5%
Residential developments in the pipeline & others	24	5	391,2%
Residential finished projects	44	56	-22,1%
<b>Residential Assets Total Value</b>	<b>365</b>	<b>343</b>	<b>6,5%</b>

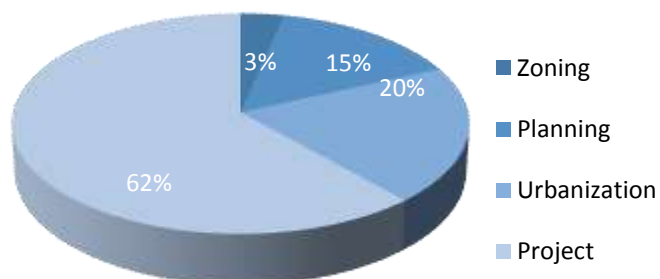
(1) It includes €27,8m for the land bank acquired in Alcalá de Henares in January 2018

**Land Bank Valuation**

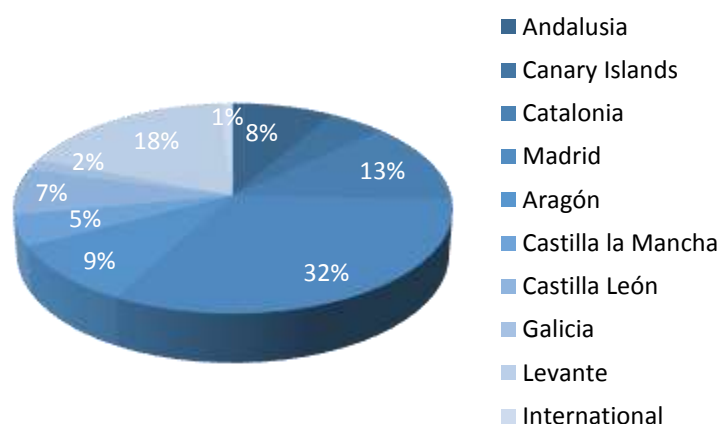
	Gross land sqm	Building land sqm	GAV 2018 €MM	GAV 2018 €/sqm	GAV 2017 €MM	GAV 2017 €/sqm	Var. €/sqm (%)
Zoning	3.307.597	520.787	10	19	10	19	1%
Planning	1.760.683	647.270	44	68	44	67	1%
Urbanization	188.269	202.640	60	296	66	310	-4%
Project	485.810	506.510	183	361	162	345	5%
<b>Total</b>	<b>5.742.359</b>	<b>1.877.207</b>	<b>297</b>	<b>158</b>	<b>282</b>	<b>152</b>	<b>4%</b>

**GAV Land Bank Breakdown (€MM)**

**By urbanistic stage**



**By geographical area**



**8.- NET ASSET VALUE (NNAV)**

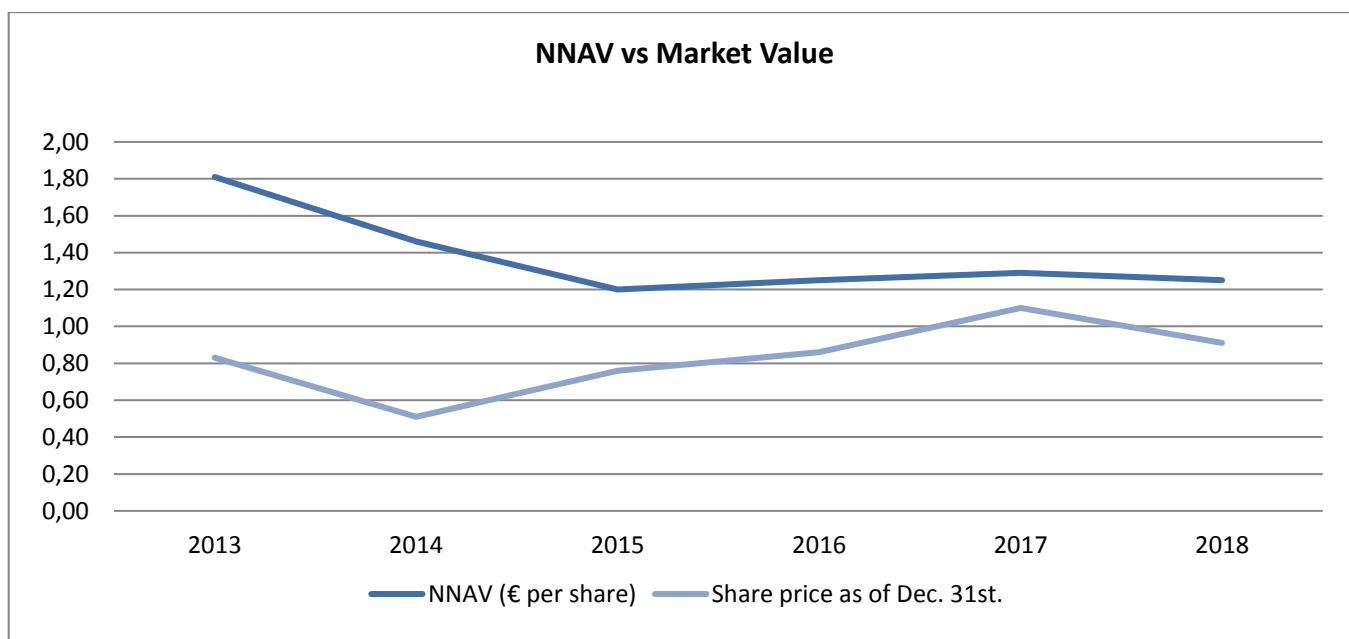
(€mm)	COMMERCIAL PROPERTY		RESIDENTIAL		TOTAL		Var. %
	2018	2017	2018	2017	2018	2017	
<b>Total (GAV)</b>	<b>1.479</b>	<b>1.447</b>	<b>365</b>	<b>343</b>	<b>1.844</b>	<b>1.790</b>	<b>3,0</b>
To be deducted							
Minorities	-306	-297	-2	-3	-308	-300	-2,7
<b>GAV Realia (1)</b>	<b>1.173</b>	<b>1.150</b>	<b>363</b>	<b>340</b>	<b>1.536</b>	<b>1.490</b>	<b>3,1</b>
<b>Book value of the parent company (2)</b>	<b>692</b>	<b>699</b>	<b>334</b>	<b>312</b>	<b>1.026</b>	<b>1.011</b>	<b>1,5</b>
Latent capital gains of the parent company (1)-(2)	481	451	29	28	510	479	6,5
To be deducted							
Tax	-120	-113	-7	-7	-127	-120	-5,8
Latent capital gains after tax	361	338	22	21	383	359	6,7
Adjustments NIC 40					-359	-332	
Equity					998	806	23,8
<b>NNAV after tax</b>					<b>1.022</b>	<b>833</b>	<b>22,7</b>
Number of shares (treasury shares not included, in €mm)					819	644	27,2
<b>NNAV (after tax) per share (€)</b>					<b>1,25</b>	<b>1,29</b>	<b>-3,1</b>

- As of 31 December 2018, the Net Asset Value (NNAV) reached 1,25 Euro per share, 3,1% lower than in 2017. It is due to the dilution effect of the previous capital increase issued with a final price of 0,85 Euro per share.
- NNAV per share considering the net equity of the consolidated financial statements is the following:

	€mm
<b>CONSOLIDATED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>998</b>
Adjustments:	
+ Capital gains tangible fixed assets (own use)	2
+ Capital gains stock	22
<b>ADJUSTED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>1.022</b>
Number of shares (treasury shares not included)	818.802.796
<b>NNAV PER SHARE</b>	<b>1,25</b>

Net Asset Value Evolution (NNAV)

	2013	2014	2015	2016	2017	2018
NNAV (€mm)	556	449	552	805	833	1.022
NNAV (€ per share)	1,81	1,46	1,20	1,25	1,29	1,25
Share price as of Dec. 31st	0,83	0,51	0,76	0,86	1,10	0,91
Discount NNAV	--54%	-65%	-37%	-31%	-15%	-27%



**9.- COMMERCIAL PROPERTY**
Rents – Consolidated data

(Thousands of Euros)	2018	2017	Var. (%)
Rental income	60,8	60,1	1,2%
Expense provisions	17,0	16,2	4,9%
Disposal of tangible fixed assets	-	-	-
Other income	0,2	0,6	-66,7%
<b>Total Revenue</b>	<b>78,0</b>	<b>76,9</b>	<b>1,4%</b>
Building common charges	-20,9	-21,3	1,9%
Other charges	-2,1	-3,4	38,2%
<b>Total Gross Margin</b>	<b>55,0</b>	<b>52,2</b>	<b>5,4%</b>
<b>Gross Margin/rents (%)</b>	<b>90,5%</b>	<b>86,9%</b>	<b>4,1%</b>

- Total rental income (expenses charged to tenants not included) reached €60,8m (78% of the total income). It has increased by 1,2%, due to better unitary rents and reduction of discounts and contract incentives.
- Commercial Property gross margin reached 90,5%, 4,1% higher than in 2017.

Rents – Operational data <sup>(1)</sup>

(€ mm)	2018	2017	Var. (%)
Rental income	65,4	64,6	1,2%
Provisions	18,6	17,7	5,1%
Disposal of tangible fixed assets	-	-	-
Other income	0,2	0,6	-66,7%
<b>Total Revenue</b>	<b>84,2</b>	<b>82,9</b>	<b>1,6%</b>
Building common charges	-22,5	-22,9	1,7%
Other charges	-3,0	-4,4	31,8%
<b>Total Gross Margin</b>	<b>58,7</b>	<b>55,6</b>	<b>5,6%</b>
<b>Gross Margin/rents (%)</b>	<b>89,8%</b>	<b>86,1%</b>	<b>4,3%</b>

<sup>(1)</sup> 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)	2018	2017	Var. (%)	GLA (sqm)	Occup. 2018 (%)	Occup. 2017 (%)
<b>Offices</b>	<b>44,5</b>	<b>43,9</b>	<b>1,4%</b>	<b>226.674</b>	<b>92,8%</b>	<b>96,2%</b>
CBD	21,5	21,1	1,9%	84.365	94,9%	97,0%
BD	8,0	7,9	1,3%	42.653	100,0%	100,0%
Periferia	15,0	14,9	0,7%	99.657	88,0%	93,9%
<b>Retails &amp; Leisure</b>	<b>18,8</b>	<b>18,6</b>	<b>1,1%</b>	<b>135.767</b>	<b>87,6%</b>	<b>90,2%</b>
<b>Other</b>	<b>2,1</b>	<b>2,1</b>	<b>0,0%</b>	<b>43.257</b>	<b>100,0%</b>	<b>100,0%</b>
<b>Total Revenue</b>	<b>65,4</b>	<b>64,6</b>	<b>1,2%</b>	<b>405.699</b>	<b>91,8%</b>	<b>94,6%</b>

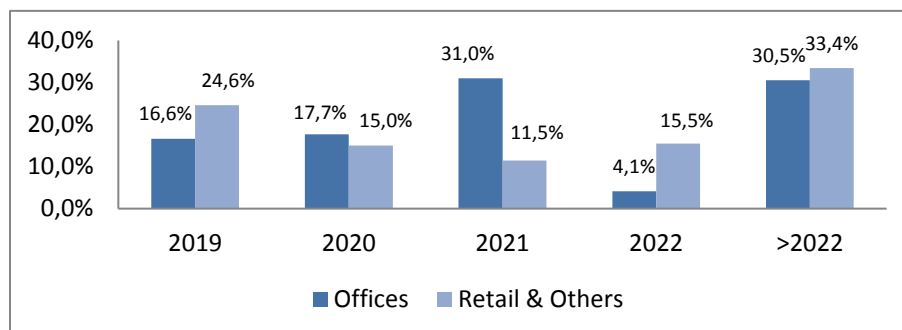
**Breakdown on rents by geographical area (LFI)**

(€ mm)	2018	2017	Var. (%)	SBA (m <sup>2</sup> )	Occup. 2018 (%)	Occup. 2017 (%)
<b>Madrid</b>	<b>46,2</b>	<b>46,2</b>	<b>0,0%</b>	<b>249.771</b>	<b>92,4%</b>	<b>96,9%</b>
CBD	21,9	21,7	0,9%	79.509	94,7%	97,1%
BD	9,6	9,8	-2,0%	49.895	100,0%	100,0%
Periferia	14,7	14,7	0,0%	120.367	87,7%	95,4%
<b>Barcelona</b>	<b>5,8</b>	<b>5,5</b>	<b>5,5%</b>	<b>32.325</b>	<b>97,6%</b>	<b>97,7%</b>
<b>Other</b>	<b>13,4</b>	<b>12,9</b>	<b>3,9%</b>	<b>123.602</b>	<b>89,2%</b>	<b>89,1%</b>
<b>Total Revenue</b>	<b>65,4</b>	<b>64,6</b>	<b>1,2%</b>	<b>405.699</b>	<b>91,8%</b>	<b>94,6%</b>

- Offices occupancy has gone down by 3,4%. This reduction in occupancy levels is mainly due to the expiration date of lease contracts in 4Q 2018. These assets are in the commercialisation process which is expected to be concluded in 1Q 2019. Due to better unitary rents, office rental income has gone up by 1,4%.
- Retail & Leisure occupancy has gone down by 2,6% vs 2017. This reduction is mainly due to the expiration date of a medium sized retail space lease contract in 4Q 2018. This retail space is in the commercialization process and it is expected to be concluded in 1Q 2019. Rents have gone up by 1,1% due to reduction of discounts and contract incentives, as well as, updating of unitary rents and
- According to geographical area, rents have increased in Barcelona (+5,5%), due to better rents in Torre Realia BCN.



Expiry of lease contracts on annual rents



**10.- LAND AND HOMEBUILDING (RESIDENTIAL)**

(€mm)	2018	2017	Var. (%)
<b>Revenue</b>			
Homebuilding	14,0	21,7	-35,5%
Land sales & others	-0,2	0,9	-
<b>Total Revenue</b>	<b>13,8</b>	<b>22,6</b>	<b>-38,9%</b>
<b>Costs</b>			
Sale costs	-13,9	-18,8	26,1%
Other costs	-3,3	-3,7	10,8%
<b>Total Costs</b>	<b>-17,2</b>	<b>-22,5</b>	<b>23,6%</b>
<b>Homebuilding Gross Margin</b>	<b>-3,4</b>	<b>0,1</b>	<b>-3500,0%</b>
<b>Homebuilding Gross Margin (%)</b>	<b>-24,6%</b>	<b>0,4%</b>	<b>-6250,0%</b>
<b>Provisions Reversal</b>	<b>3,0</b>	<b>3,1</b>	<b>-3,2%</b>
<b>Margin (Provisions not included)</b>	<b>-0,4</b>	<b>3,2</b>	<b>-112,5%</b>

Residential portfolio

- Revenue from Land & Homebuilding amounted €13,8m, 38,9% lower than in 2017 (€28,8m). It is partially due to a stock reduction of the finished product and to the lower value of the units delivered in 2018 vs the ones delivered in previous years. In addition, In 2017, units of the residential development in Valdebebas (Madrid) were delivered at a high price and there is a delay in the delivery of the pre-sold finished product which is meant to be delivered in 1Q 2019. As of 31 December 2018, Realia has delivered 89 units (homes, small retail, offices and land plots) for a total amount of €14m.

- Gross margin reached €-3,4m vs €0,1m. Once deducted the reversal of provisions. Once the provision is applied, the gross margin is negative in the amount of -0.4 million euros, compared to 3.2 million euros in the year 2017. This variation is mainly due because the units of Valdebebas delivered in 2017 had a positive gross margin.
- By geographical area, the breakdown of units delivered in 2018 and 2017 is the following:

	2018		2017	
	Nº Units	Revenue €MM	Nº Units	Revenue €MM
Centre	30	4,3	58	15,3
Levante	21	3,6	16	2,2
Catalonia	7	1,1	7	1,2
Andalusia	19	2,8	21	2,8
Poland	1	0,2	1	0,2
Portugal	11	2,0	0	0,0
<b>Total</b>	<b>89</b>	<b>14,0</b>	<b>103</b>	<b>21,7</b>

- As of 31 December 2018, there is a stock of 444 units (homes, small retail and offices) finished or in the pipeline non-delivered (37 pre-sold). There are also 41 land plots for single-family housing.

Home stock evolution	2018	2017	Var. (%)
<b>Pre-sales</b>			
Number of units	109	109	-0,5%
Total value of contracts (€mm)	23,0	22,8	1,0%
<b>Deliveries</b>			
Number of homes	89	103	-13,6%
Total value of contracts (€mm)	14,0	21,7	-35,6%
<b>Homes to be delivered</b>			
Number of homes	37	19	92,1%
Total value of contracts (€mm)	12,4	3,8	226,3%
<b>Stock at eoP</b>			
<b>Finished product</b>			
Number of units	327	409	-20,0%
<b>Product in the pipeline</b>			
Number of units	121	-	100,0%

**Land Bank**

- As of 31 December 2018, Realia has a gross land bank of 5.742.359 sqm and a buildable area of 1.877.207 sqm. 26,9% of this land bank is in the pipeline and 26,6% is located in Madrid:

**Land bank breakdown (buildability by sqm)**

	<b>Buildability (sqm)</b>
Zoning	520.787
Planning	647.270
Urbanization	202.640
Project	506.510
<b>Total</b>	<b>1.877.207</b>

	<b>Buildability (sqm)</b>
Andalusia	677.142
Canary Islands	18.541
Catalonia	81.931
Madrid	499.980
Aragón	154.508
Castilla la Mancha	222.886
Castilla León	64.451
Galicia	6.184
Levante	140.672
International	10.912
<b>Total</b>	<b>1.877.207</b>

**11.- STOCK DATA**

- The closing stock price (€ per share) has been €0,91 Euro at the end of 2018. It has gone down by 17,3% vs 2017.

	<b>31 Dec. 2018</b>
Closing Stock Price (€ per share)	0,91
Market cap. EoP (€) (*)	586.775.240
High of the period (€ per share)	1,18
Low of the period (€ per share)	0,85
Average of the period (€ per share)	1,03
Daily Trading Volume (€mm)	212,00
Daily Trading Volume (thousand of shares)	206,00

(\*) New shares issued and put into circulation after the capital increase started trading on 4<sup>th</sup> January and are not included

**Contact details**

**Tel: +34 91 353 44 00**

**E-mail: [inversores@realia.es](mailto:inversores@realia.es) / [accionistas@realia.es](mailto:accionistas@realia.es)**

**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):**

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.

**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 by the number of shares outstanding (treasury shares not included) at the end of the referred period.

**GAV (Liquidation value):**

Assets valuation performed by two independent appraisers: CBRE (CB Richard Ellis) and TINSA.

**BD:**

Business District

**CBD:**

Central Business District

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