

REALIA



FY 2019

26th February 2020

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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 €97,03m vs €93,88m at December 2018 (+3,4%).
- Evolution of income in different business areas:

Commercial Property:	€82,40m (+5,6%)
Land & Homebuilding:	€12,30m (-10,9%)

Additionally, Realia Group has obtained an income from Services & Others for an amount of €2,33m (+14,2%).

A refund of a municipal added tax for an amount of €2,12m has been included in the Commercial Property business income. This tax is due to the sale of an asset in previous years.

Income from the Land & Homebuilding business has gone down by 10,9 % (€-1,5m). This result is due to a progressive reduction of the finished residential stock. The average sale price of this product is lower than the product delivered in previous periods. It's worth stressing that, homes from residential developments in the pipeline have not been delivered in 2019.

- Income from Services has gone up. It is mainly due to commercialization agreements, technical management and administrative-fiscal management related to residential developments and/or third party companies different from Realia Group.
- Overhead costs reached €6,27m vs -7,7% at December 2018.
- EBITDA reached €49,53m vs €45,27m at December 2018 (+9,4%). It is due to income evolution and to lower operating costs.
- The net financial result reached €-13,47m (+37,6%) vs €-9,79€ at December 2018. This fall in financial income is due to interests for late payment posted for an amount of €6,9m in 2018, as result of a litigation ruled in favor of Realia Patrimonio, S.L.U.
- As of December 2019, earnings before taxes reached €80,50m vs €72,53m at December 2018 (+11%).
- Earnings after taxes reached €60,18m vs €54,96m at December 2018 (+9,5%). €44,88m are attributable to the parent Company vs €40,16m (+11,8%) at December 2018.

INDEBTEDNESS

- As of December 2019, Realia Group gross financial debt reached €596,29m vs €615,96m (-3,2%) at December 2018. This debt financing is related to Realia Patrimonio.
- As of December 2019, cash and equivalents reached €75,89m vs €87,50m at December 2018. This budget will be allocated to complete residential developments in the pipeline, financing the new home rental business, investment in capex for the current assets and acquiring new ones.
- As a consequence, as of December 2019, Realia net financial debt reached €520,40m vs €528,46m at December 2018 (-1,5%).
- The net financial result reached €-13,47m (derivatives included) vs €-9,79m at December 2018. This fall in financial income is due to interests for late payment posted for an amount of €6,9m in 2018, as result of a litigation ruled in favor of Realia Patrimonio, S.L.U.
- The weighted average rate on gross debt (derivatives included) reached 2,12% vs 2,13% at December 2018.

ASSETS VALUATION

- As of December 2019, assets valuation reached €1.934,8 m (+4,9%) vs December 2018.

Fair value of commercial property assets reached €1.540,8m vs €1.479,1m at December 2018 (+4,2%). Three new assets in the pipeline intended to home rental for an amount of €25,5m were included in 2019. Assets valuation has been performed by CBRE (CB Richard Ellis) implementing the RICS method, at December 2019 and December 2018.

Fair value of homebuilding assets (land bank, residential developments in the pipeline and residential finished product) reached €394,1m at December 2019 vs €365,2m (+7,9%) at December 2018. At December 2019, TINSÁ valued this portfolio implementing the RICS method. However, at December 2018, this valuation was performed implementing the ECO method. Both valuations have reached the same fair value.

The impact on the valuation of residential assets for implementing different methods is not relevant, €28,9m. By considering, investments on land and on residential developments in the pipeline for a value of €18,6m homogenized and not included in 2019, as well as, value adjustments of assets finished and delivered in 2019 for an approximate value of €10,5m, the homogenized fair value from December 2019 to December 2018 has gone up by €20,8m according to the following breakdown:

- Variation in status and/or urbanistic stage of land in 2019:	€11,8m
- Updating of valuation of residential assets:	€ +9,0m

- Net Asset Value After Tax (NNAV) reached €1.064m vs €1.022m at December 2018. In unitary terms, it reached 1,30 Euro per share, 4% better than the previous year (1,25 Euro per share).

COMMERCIAL PROPERTY

- As of December 2019, gross rental income reached €62,22m (64,1% on the total income of Realia Group). It has been 2,4% better than in 2018, mainly due to updated rents.

- As of December 2019, overall occupancy levels reached 93,6% vs 91,8% at December 2018. Occupancy has gone up by 1,8%.

- A refund of a municipal added value tax for an amount of €2,12m has been included in the commercial property business income. This tax is due to the sale of an asset in previous years.

- In January 2019, Realia Group acquired a residential development in the pipeline to develop 85 social rental homes in Tres Cantos (Madrid). Realia aims to develop a new business line, rental homes. These homes were finished by the end of the year and it is expected to put them for rent from the first quarter of 2020, once the licence of first occupation will be issued.

In October 2019, two new investments in Tres Cantos (Madrid) were made to develop 195 social rental homes. Construction of these homes is scheduled for 2020.

Investment on these three assets has reached €25,20m.

LAND AND HOMEBUILDING

Realia has delivered 82 units for an amount of €11,18m. This amount has gone down by 20,2% (€2,83m) vs December 2018. This result is due to the progressive reduction of the finished residential stock. The average sale price of this product is lower than the product delivered in previous periods. It's worth stressing that, homes from residential developments in the pipeline have not been delivered in 2019.

- As of December 2019, there is a stock of 575 units (homes, small retail and offices) finished or in the pipeline non-delivered (125 pre-sold). There are also 41 land plots for single-family housing.
- Realia has a gross land bank, in different urbanistic stages, of 5.752.433 sqm and an estimated buildable area of 1.619.033 sqm.

2.- FINANCIAL HIGHLIGHTS

(€mm)	2019	2018	Var. (%)
Total Revenue	97,03	93,88	3,4
Comm. Property	82,40	78,04	5,6
Land & Homebuilding	12,30	13,80	-10,9
Services & Others	2,33	2,04	14,2
EBITDA	49,53	45,27	9,4
Net Result (Group share)	44,88	40,16	11,8
Net Financial Debt	520,40	528,46	-1,5
Nº Shares (mm) treasury shares not included	816,83	818,80	-0,2
Earnings per Share (€)	0,055	0,049	12,2

3.- OPERATIONAL HIGHLIGHTS

	2019	2018	Var. (%)
Commercial Property			
GLA (sqm)	406.782	405.699	0,3
Occupancy rate (%)	93,6%	91,8%	1,9
Land & Homebuilding			
Sales			
Total value of contracts (€mm)	11,18	14,01	-20,2
Units	82	89	-7,9
Nº Employees	90	91	-1,1

Number of Employees	2019	2018	Var. (%)
Total ⁽¹⁾	90	91	-1,1
Realia Business	40	42	-4,8
Realia Patrimonio	5	4	25,0
Hermanos Revilla ⁽¹⁾	45	44	2,3
Realia Polska	0	1	-100,0

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

4.- CONSOLIDATED INCOME STATEMENT

(€mm)	2019	2018	Var. (%)
Total Revenue	97,03	93,88	3,4
Rents	62,22	60,76	2,4
Expenses provision	17,44	17,03	2,4
Disposal of tangible fixed assets	2,12	-	-
Homebuilding	11,18	14,01	-20,2
Land sales	-0,13	-1,04	87,5
Services	2,33	2,04	14,2
Other (Homebuilding & Comm. Propoerty)	1,87	1,08	73,1
Total Gross Margin	55,80	52,06	7,2
Rents	57,88	55,01	5,2
Homebuilding	-2,78	-3,39	18,0
Services	0,70	0,44	59,1
Overheads	-6,19	-6,70	7,6
Other costs	-0,08	-0,09	11,1
EBITDA	49,53	45,27	9,4
Amortization	-0,40	-0,35	-14,3
Depreciation	11,52	5,92	94,6
EBIT	60,65	50,84	19,3
Fair value appraisal result	30,77	28,93	6,4
Financial result	-13,47	-9,79	-37,6
Equity method	2,55	2,55	0,0
Earnings before taxes	80,50	72,53	11,0
Taxes	-20,32	-17,57	-15,7
Results after taxes	60,18	54,96	9,5
Minority Interests	15,30	14,80	3,4
Net Results (Group share)	44,88	40,16	11,8

- The valuation criteria, at fair value, of real estate investments (rental assets) performed with RICS method has reached €30,77m vs €28,93m at December 2018. Reversal of provisions (€2,28m) for capital gains from the sale of the office Building “Los Cubos” in October 2017 have been included.

▪ The net financial result reached €-13,47m (+37,6%) vs €-9,79€ at December 2018. This fall in financial income is due to interests for late payment posted for an amount of €6,9m in 2018, as result of a litigation ruled in favor of Realia Patrimonio, S.L.U.

▪ Provisions for €11,52m (€5,92m at December 2018) have been reversed:

Breakdown provisions (€mm)	2019	2018
Excess provisions	-	0,10
Residential finished product	3,42	3,00
Land bank and developments in the pipeline	15,25	0,98
Others (clients, proceedings, ...)	-7,15	1,84
Total	11,52	5,92

▪ Earnings before taxes reached €80,50m vs €72,53m at December 2018 (+11%).

▪ Earnings after taxes reached €60,18m vs €54,96m at December 2018 (+9,5%). €44,88m are attributable to the parent Company vs €40,16m (+11,8%) at December 2018.

5.- CONSOLIDATED BALANCE SHEET

(€mm)	ASSETS	2019	2018	LIABILITIES	2019	2018
	Tangible fixed assets	2,47	3,05	Equity	1.037,22	997,53
	Investment property	1.483,55	1.422,33	Minority shareholders	243,13	235,98
	Inventories	342,96	318,19	Financial debt	596,29	615,96
	Accounts receivable	15,58	12,54	Current creditors	34,78	23,72
	Treasury and equivalents	75,89	87,50	Other liabilities	208,58	191,01
	Other assets	199,55	220,59			
	Total Assets	2.120,00	2.064,20	Total Liabilities	2.120,00	2.064,20

6.- FINANCIAL STRUCTURE

(€mm)	REALIA Patrimonio	REALIA Business	Dec. 2019	Dec. 2018	Var. (%)
	Commercial Property	Land & Homebuilding			
Syndicated loans	546,09	-	546,09	562,35	-2,9
Other loans	49,10	-	49,10	58,30	-15,8
Valuation of derivatives	9,45	-	9,45	6,08	55,5
Interests	1,74	-	1,74	1,78	-2,5
Debt formalisation expenses	-10,09	-	-10,09	-12,55	19,6
Total Gross Financial Debt	596,29	-	596,29	615,96	-3,2
Cash and equivalents	29,63	46,26	75,89	87,50	-13,3
Total Net Financial Debt	566,66	-46,26	520,40	528,46	-1,5

■ As of December 2019, Realia Group has a gross financial debt for an amount of €596,29m, €19,67m lower than at December 2018 (3,2%). All financial debt is bound to the Commercial Property portfolio.

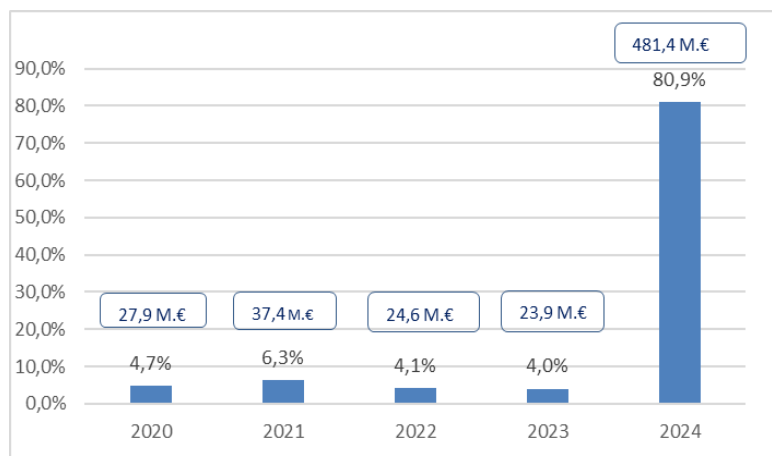
■ As of December 2018, Realia Business settled its financial debt and paid off its loan.

■ As of December 2019, cash and equivalents reached €75,89m. Therefore, the net financial debt reached €520,40m vs €528,46m at December 2018 (1,5% lower).

■ The cash flow generated by the Group together with the Company's cash have allowed the reduction of the net financial debt, investing on new residential developments, investment in capex and acquiring new assets.

■ As of 31 December 2019, the weighted average interest rate of the gross debt was 2,12% (derivatives included), following the new loan agreement for the commercial property business vs 2,13% at 31 December 2018.

■ As of December 2019, 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 2019 and December 2018, CBRE (CB Richard Ellis) has valued, at fair value, the portfolio of Realia Patrimonio, subsidiaries, as well as small residential assets belonging to property companies, implementing the RICS valuation.
 - At December 2019, Tinsa has valued, at fair value, the portfolio of residential business assets implementing the RICS method, following the Board of Directors agreement to change the valuation method from ECO to RICS (relevant fact dated 21st March 2019). At December 2018, these assets were valued according to Ministerial Order ECO 805/2003, 27th March, modified by EHA3011/2007, EHA 564/2008 and Royal Decree 1060/2015, to calculate their fair value.

(€mm)	Dec. 2019		Dec. 2018		% var. June 19-Dec. 18
	Valuation/Method	€mm	Valuation/Method	€mm	
Rental assets	CBRE/RICS	1.452,3	CBRE/RICS	1.420,0	2,3%
Assets in the pipeline	CBRE/RICS	25,5			
Land in the pipeline	CBRE/RICS	63,0	CBRE/RICS	59,1	6,6%
TOTAL RENTAL ASSETS ⁽¹⁾		1.540,8		1.479,1	4,2%
Land bank ^{(2) (3)}	Tinsa/RICS	274,0	Tinsa/ECO	286,5	-4,4%
Residential developments in the pipeline ⁽³⁾	Tinsa/RICS	72,7	Tinsa/ECO	21,7	235,1%
Residential finished product ⁽⁴⁾	Tinsa/RICS	34,2	Tinsa/ECO	43,8	-22,0%
Residential land & others ⁽⁵⁾ in property Companies	CBRE/RICS	13,2	CBRE/RICS	13,2	0,0%
TOTAL RESIDENTIAL ASSETS		394,1		365,2	7,9%
TOTAL ASSETS		1.934,8		1.844,3	4,9%

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

(2) It includes €18,2m, value of the land bank of the Company IRU, consolidated by the equity method.

(3) In 2019, three land plots have been transferred from land bank to residential developments in the pipeline for an amount of €28,9m.

(4) In 2019, residential finished product has been delivered for an amount of €10,5m.

(5) It includes €2,5m, value of Hato Verde Golf Course, included in the residential business together with other residential developments being developed at Guillena (Sevilla).

- Fair value of commercial property assets reached €1.540,8m vs €1.479,1m at December 2018 (+4,2%). Three new assets in the pipeline intended to home rental for an amount of €25,5m were included in 2019. Assets valuation has been performed by CBRE (CB Richard Ellis) implementing the RICS method, at December 2019 and December 2018.

▪ Fair value of homebuilding assets (land bank, residential developments in the pipeline and residential finished product) reached €394,1m at December 2019 vs €365,2m (+7,9%) at December 2018.

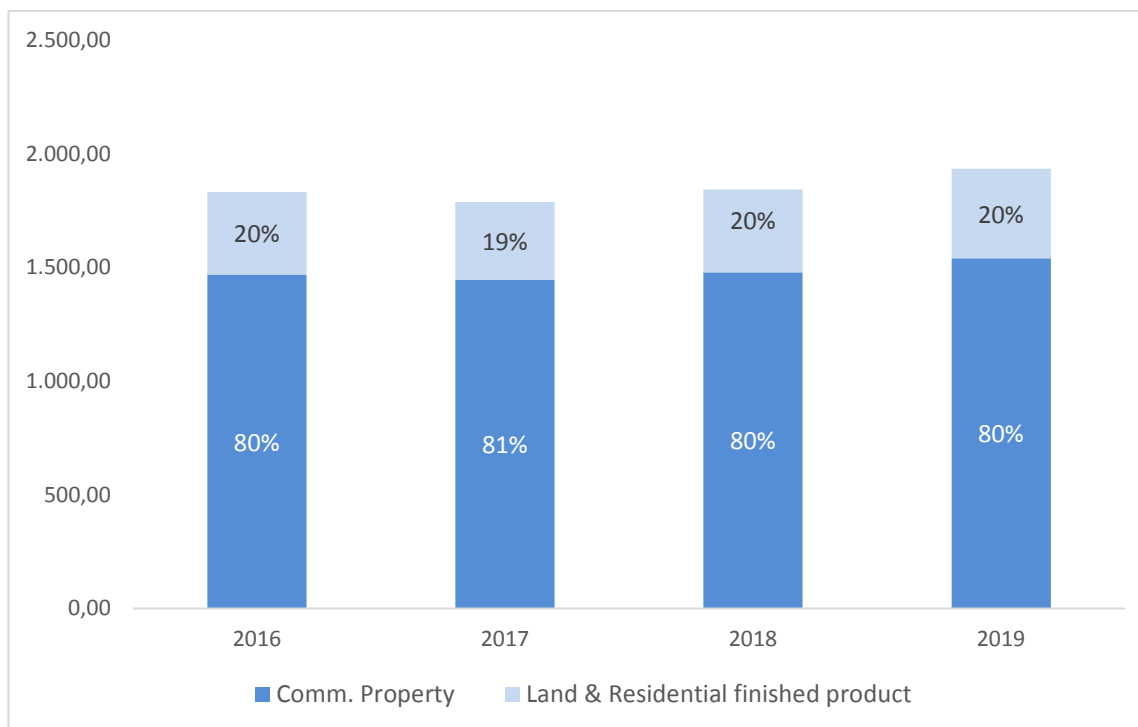
▪ At December 2019, TINSA valued this portfolio implementing the RICS method, following the Board of Directors agreement to change the valuation method from ECO to RICS (relevant fact dated 21st March 2019). At December 2018, this portfolio was valued implementing the ECO Method. Both valuations reached the same fair value.

The impact on the valuation of residential assets for implementing different methods is not relevant, €28,9m. By considering, investments on land and on residential developments in the pipeline for a value of €18,6m homogenized and not included in 2019, as well as, value adjustments of assets finished and delivered in 2019 for an approximate value of €10,5m, the homogenized fair value from December 2019 to December 2018 has gone up by €20,8m according to the following breakdown:

- Variation in status and/or urbanistic stage of land in 2019: €11,8m
- Updating of valuation of residential assets: € +9,0m

▪ 79,6% of the assets value (GAV) is related to the commercial property portfolio (€1.540,8m) and the remaining 20% (€394,1m) to the residential portfolio.

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



Commercial Property valuation

	Nr. Building	sqm	GAV Dec. 2019 ¹	GAV Dec. 2018 ¹	Var. (%)	Value €/sqm	Yield Dec. 2019 (%) ²	Yield Dec. 2018 (%) ²
Offices	27	226.858	1.094,1	1.057,8	3,4	4.823,0	4,3%	4,4%
CBD ³	12	84.550	605,7	582,8	3,9	7.163,8	3,9%	3,9%
BD ⁴	3	42.653	177,4	173,3	2,4	4.159,1	5,0%	5,0%
Periphery/Others	12	99.655	311,0	301,7	3,1	3.121,1	4,8%	5,1%
Retail & Leisure	7	136.667	327,4	331,7	-1,3	2.395,8	5,9%	5,8%
Other assets ⁵	6	43.257	30,7	30,5	0,7	709,7	7,0%	7,0%
Total operational	40	406.782	1.452,3	1.420,0	2,3	3.570,1	4,8%	4,8%
Developable land ⁶	3	31.662	25,5			805,4		
Land in the pipeline ⁷		127.291	63,0	59,1	6,6	494,9		
Total	43	565.734	1.540,8	1.479,1	4,2	2.723,5		

1. GAV in €mm

2. Yield: annualized current gross rent (CBRE) divided by the assets GAV

3. Central Business District

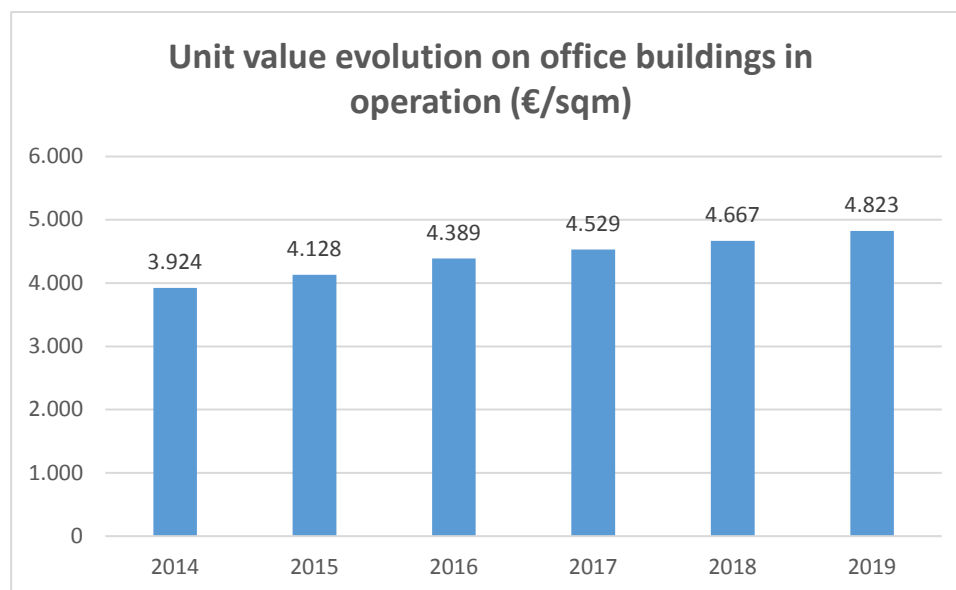
4. Business District, excluding Central Business District

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

6. Land in the pipeline to develop residential development intended to home retail.

7. Land bank in Aguacate St, La Noria, Park Central (22@) and Leganés

- As of 31 December 2019, the market value of the commercial property portfolio reached €1.540,8m, 4,2% better than at December 2018.
- The market value of the office buildings has gone up by 3,4%
- The market value of the retail & leisure portfolio has gone down by 1,3%.
- Land in the pipeline has gone up by 6,6%.
- As of 31 December 2019, the current yield of the commercial property portfolio reached 4,8% (annualized current gross rent (CBRE) divided by the assets GAV).



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	8.821
C.N. Méndez Álvaro	Madrid	Offices	13.248

Land & Homebuilding Valuation

(€mm)	GAV Dec. 2019	GAV Dec. 2018	Var. (%) Dec. 2019 s/ Dec. 2018
Land bank ⁽¹⁾	274,0	286,5	-4,4%
Residential in the pipeline ⁽¹⁾	72,7	21,7	234,9%
Residential finished product ⁽²⁾	34,2	43,8	-22,0%
Land bank ⁽³⁾ and others in property companies	13,2	13,2	0,0%
Residential assets total value	394,1	365,2	7,9%

(1) In 2019, three land plots have been transferred from land bank portfolio to developments in the pipeline for an amount of €28,9m

(2) In 2019, residential finished product has been delivered for an amount of €10,5m

(3) The valuation strictly of land bank portfolio reaches €10,7m

Land Bank Valuation

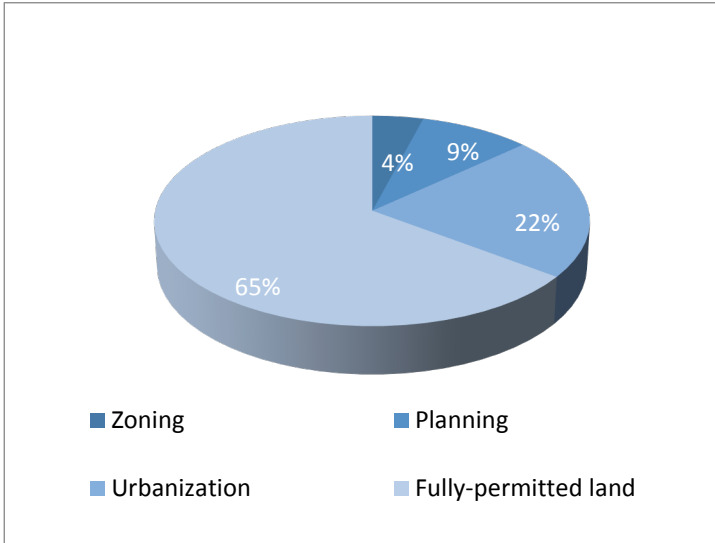
	Gross land sqm - Dec. 2019	Building land sqm - Dec. 2019	Building land sqm - Dec. 2018	GAV Dec. 2019 €mm	GAV Dec. 2018 €mm	Var. GAV (%) Dec.2019 s/ Dec. 2018
Zoning ⁽¹⁾	3.563.718	387.598	606.065	11,8	10,8	9,1%
Planning	1.218.687	488.962	497.595	25,9	26,8	-3,3%
Urbanization	489.147	253.161	267.036	62,6	75,9	-17,6%
Fully-permitted land ⁽²⁾	480.881	489.312	506.511	184,5	183,7	0,4%
Total	5.752.433	1.619.033	1.877.207	284,7	297,2	-4,2%

The most important variations in land bank buildability are the following:

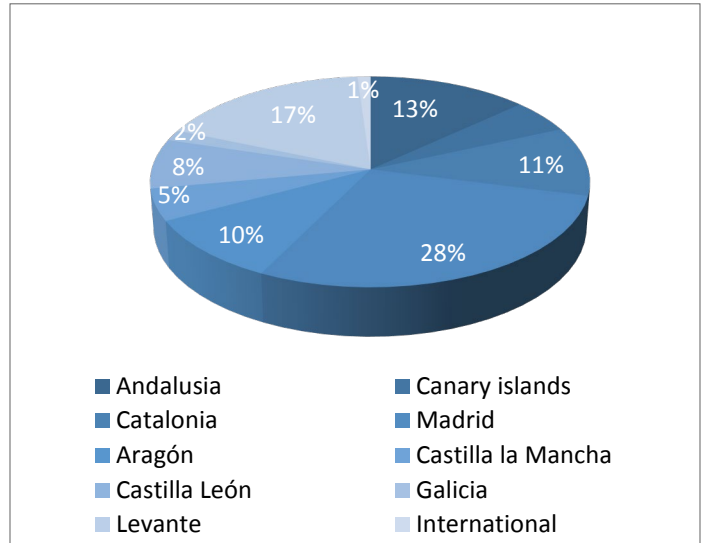
- (1) Reduction of buildability is mainly due to the urbanistic stages parameters of the Partial Plan of "Guadalquítón" (in the pipeline), instead of the parameters of the General Urban Development Plan of San Roque. This land is under zoning urbanistic stage, given the instability of its consolidation. This land is included in the expansion of the Nature Reserve of Los Alcornocales.
- (2) Land bank under fully-permitted land urbanistic stage has gone down by 29.324 sqm. Three land plots have been transferred to residential developments in the pipeline.

GAV land bank breakdown (€mm)

By urbanistic stage



By geographical area



8.- NET ASSET VALUE (NNAV)

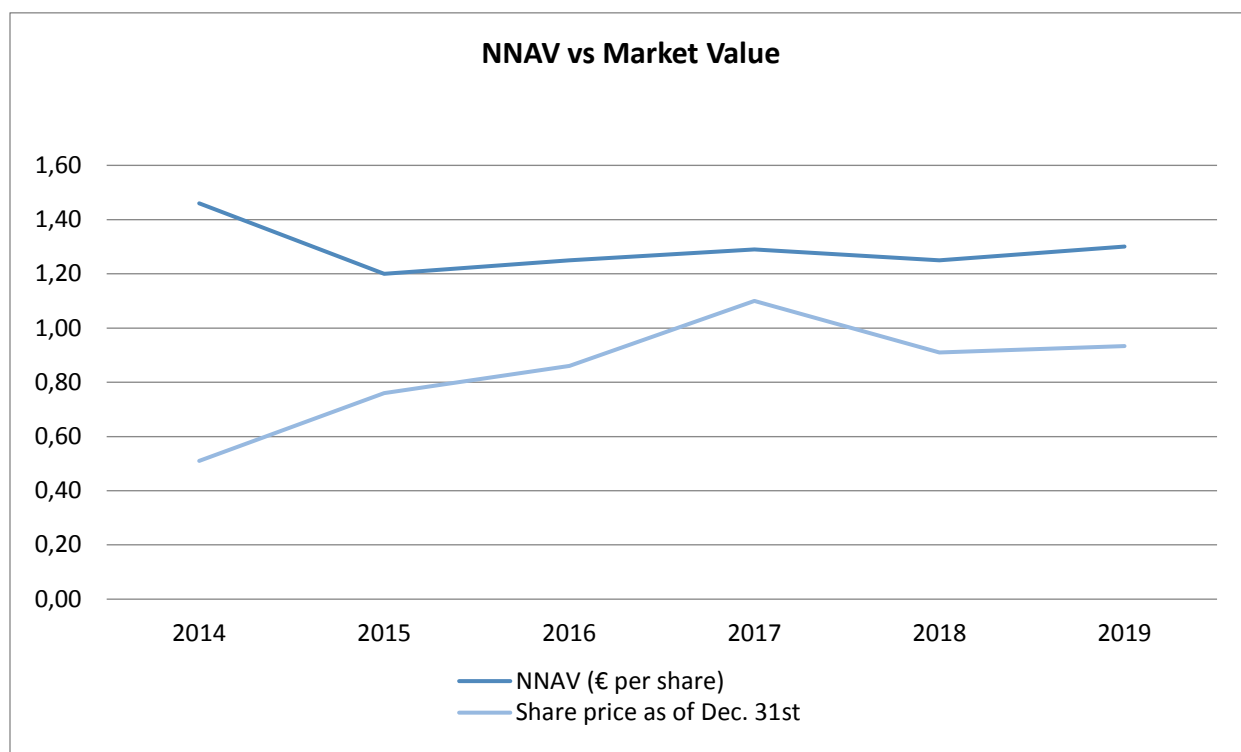
(€mm)	COMMERCIAL PROPERTY		LAND & HOMEBUILDING		TOTAL		
	2019	2018	2019	2018	2019	2018	Var. %
Total (GAV)	1.541	1.479	394	365	1.935	1.844	4,9
To be deducted							
Minorities	-316	-306	-2	-2	-318	-308	-3,2
GAV Realia (1)	1.225	1.173	392	363	1.617	1.536	5,3
Book value of the parent company (2)	713	692	359	334	1.072	1.026	4,5
Latent capital gains of the parent company (1)-(2)	512	481	33	29	545	510	6,9
To be deducted							
Tax	-128	-120	-8	-7	-136	-127	-7,1
Latent capital gains after tax	384	361	25	22	409	383	6,8
Adjustments NIC 40					-382	-359	
Equity					1.037	998	3,9
NNAV after tax					1.064	1.022	4,1
Nr of shares (treasury shares not included, in €mm)					817	819	-0,3
NNAV after tax per share (€/share)					1,30	1,25	4,0

- As of December 2019, the Net Asset Value (NNAV) reached 1,30 Euro per share, 4% higher than in 2018.
- NNAV per share considering the net equity of the consolidated financial statements is the following:

CONSOLIDATED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	1.037
Adjustments:	
+ Capital gains tangible fixed assets (own use)	2
+ Capital gains stock	25
ADJUSTED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	1.064
Number of shares (treasury shares not included)	816.831.457
NNAV PER SHARE	1,30

Net Asset Value (NNAV)

	2014	2015	2016	2017	2018	2019
NNAV (€mm)	449	552	805	833	1.022	1.064
NNAV (€ per share)	1,46	1,20	1,25	1,29	1,25	1,30
Share price os of Dec. 31st	0,51	0,76	0,86	1,10	0,91	0,93
Discount NNAV	-65%	-37%	-31%	-15%	-27%	-28%



9.- COMMERCIAL PROPERTY
Rentss – Consolidated data

(€mm)	2019	2018	Var. (%)
Rental income	62,22	60,76	2,4%
Expenses provision	17,44	17,03	2,4%
Disposal of tangible fixed assets	2,12	-	-
Other income	0,62	0,25	148,0%
Total revenue	82,40	78,04	5,6%
Building common charges	-20,85	-20,87	0,1%
Other charges	-3,67	-2,16	-69,9%
Gross margin	57,88	55,01	5,2%
Margin (%)	93,0%	90,5%	2,8%

- Total rental income (expenses charged to tenants not included) reached €62,22m (75,51% of the total income). It has increased by 2,4%, due to better unitary rents and reduction of discounts and contract incentives. Occupancy levels have reached 93,6% at December 2019 and 91,8% at December 2018. In both years, the gross leasable area of Shopping Centre As Cancelas has been included.
- Commercial property gross margin reached 93%, 2,8% higher than in 2018. It is mainly due to a refund of a municipal added value tax related to the sale of an asset in previous years.

Rents – Operational data ⁽¹⁾

(€mm)	2019	2018	Var. (%)
Rental income	66,89	65,38	2,3%
Expenses provision	19,04	18,59	2,4%
Disposal of tangible fixed assets	2,12	-	-
Other income	0,62	0,25	148,6%
Total revenue	88,68	84,22	5,3%
Building common charges	-22,52	-22,48	-0,2%
Other charges	-4,57	-3,05	-50,0%
Gross margin	61,59	58,70	4,9%
Margin (%)	92,1%	89,8%	2,6%

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

Operating rental income

Breakdown of rents by sector (Lfl)

(€mm)	2019	2018	Var. (%)	GLA (sqm)	Occup. 2019 (%)	Occup. 2018 (%)
Offices	46,02	44,50	3,4%	226.858	93,8%	92,8%
CBD	22,90	21,49	6,5%	84.550	98,9%	94,9%
BD	8,25	8,02	3,0%	42.653	100,0%	100,0%
Periphery	14,87	14,99	-0,8%	99.655	86,9%	88,0%
Retail & Leisure	18,75	18,78	-0,2%	136.667	91,2%	87,6%
Others	2,12	2,09	1,3%	43.257	100,0%	100,0%
Total Revenue	66,89	65,38	2,3%	406.782	93,6%	91,8%

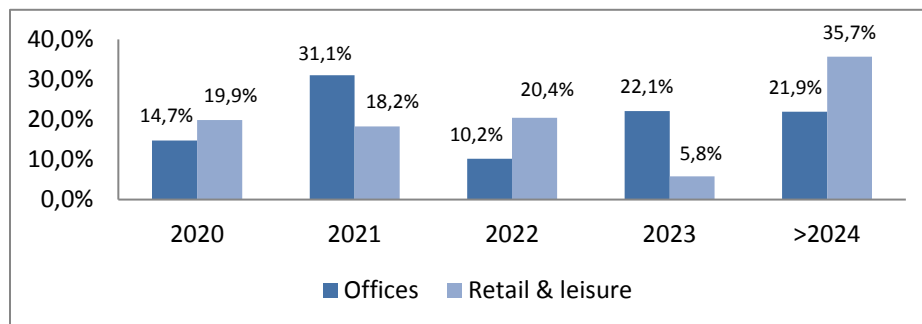
- Offices occupancy reached 93,6% vs 91,8% at December 2018. Rental income reached €66,89m, 2,3% better than at December 2018.
- Offices occupancy has gone up by 1%. This increase is mainly due to new lease contracts in CBD buildings (Torre Realia - The Icon). As far as assets in periphery are concerned, occupancy has gone down. Tenants occupying the three buildings in Nudo Eisenhower have been relocated in two of these buildings. One building has been emptied of tenants in order to commercialize it, in the future, to a single tenant. Rental income has gone up by 3,4% mainly due to an increase of unitary rents and occupancy of the CBD offices.
- Retail & Leisure occupancy has gone up by 3,6% vs December 2018. It is mainly due to commercialization of medium-sized surfaces. Rental income has gone down by 0,2%, but new rental contracts will impact the results of next periods.

Breakdown of rents by geographical area (Lfl)

(€mm)	2019	2018	Var. (%)	GLA (sqm)	Occup. 2019 (%)	Occup. 2018 (%)
Madrid	47,12	46,19	2,0%	250.713	94,0%	92,4%
CBD	23,60	21,94	7,6%	80.452	99,3%	94,7%
BD	9,81	9,56	2,7%	49.895	100,0%	100,0%
Periphery	13,71	14,69	-6,7%	120.366	88,0%	87,7%
Barcelona	6,24	5,76	8,4%	32.325	97,7%	97,6%
Other	13,53	13,43	0,7%	123.744	91,7%	89,2%
Total Revenue	66,89	65,38	2,3%	406.782	93,6%	91,8%

- According to geographical area, rents have increased in Barcelona (+8,4%), due to better rents in Torre REALIA BCN. It is mainly due to new contracts or renewals of contracts.

Expiry of lease contracts on annual rents



10.- LAND AND HOMEBUILDING (RESIDENTIAL)

(€mm)	2019	2018	Var. (%)
<u>Revenue</u>			
Homebuilding sales	11,18	14,01	-20,2%
Land sales	1,12	-0,21	633,3%
Total Revenue	12,30	13,80	-10,9%
<u>Costs</u>			
Costs of sales	-12,80	-13,94	8,2%
Other costs	-2,28	-3,25	29,8%
Total Costs	-15,08	-17,19	12,3%
Homebuilding Margin	-2,78	-3,39	18,0%
Homebuilding Margin (%)	-22,6%	-24,6%	8,1%
Provisions Reversal	3,42	3,00	14,0%
Margin (Provisions not included)	0,64	-0,39	264,1%

Residential portfolio

- Revenue from Land & Homebuilding amounted €12,30m, 10,9% lower than in 2018 (€13,80m). This result is due to the progressive reduction of finished residential stock. The average sale price of this product is lower than the product delivered in previous periods. There is also a stock of pre-sold units which are meant to be delivered in the first quarter of 2020. As of December 2019, 82 units have been delivered (homes, small premises, offices and land bank) for an amount of €11,18m.

- Gross margin reached €-2,78m vs €-3,39m (once deducted the reversal of provisions). Once the provision is applied, the gross margin is positive, €0,64m vs €-0,39m at December 2018.
- By geographical area, the breakdown of units delivered at December 2019 and December 2018 is the following:

	2019		2018	
	Nr. Units	Revenue (€mm)	Nr. Units	Revenue (€mm)
Madrid/Centro	14	1,71	30	4,29
Levante	13	2,50	21	3,64
Catalonia	12	1,85	7	1,07
Andalusia	43	5,12	19	2,84
Polonia	-	-	1	0,19
Portugal	-	-	11	1,98
Total	82	11,18	89	14,01

- As of 31 December 2019, there is a stock of 575 units (homes, small retail and offices) finished or in the pipeline non-delivered (125 pre-sold). There are also 41 land plots for single-family housing.

Home stock evolution	2019	2018	Var. (%)
Pre-sales			
Number of units	175	109	60,1%
Total value of contracts (€mm)	44,53	23,04	93,3%
Deliveries			
Number of homes	82	89	-7,9%
Total value of contracts (€mm)	11,18	14,01	-20,2%
Pre-sold			
Number of units	125	37	241,1%
Total value of contracts (€mm)	44,30	12,40	257,3%
Stock at End-of-Period			
Projects finished			
Number of units	244	327	-25,4%
Projects in the pipeline			
Number of units	247	121	100,0%

Land Bank

■ As of December 2019, Realia has a gross land bank, in different urbanistic stages, of 5.752.433 sqm and an estimated buildable area of 1.619.033 sqm. 30,22% of this bank land is fully-permitted land and 29,31% are located in Madrid:

Land bank breakdown (buildability by sqm)

	Buildability (sqm)		Buildability (sqm)
Zoning	387.598	Andalusia	460.851
Planning	488.962	Canary Islands	18.541
Urbanization	253.161	Catalonia	76.385
Fully-permitted land	489.312	Madrid	474.546
Total	1.619.033	Aragón	154.508
		Castilla la Mancha	222.886
		Castilla León	64.451
		Galicia	6.184
		Levante	129.768
		International	10.912
		Total	1.619.033

- Reduction of buildability is mainly due to the urbanistic stages parameters of the Partial Plan of “Guadalquítón” (in the pipeline), instead of the parameters of the General Urban Development Plan of San Roque. This land is under zoning, urbanistic stage, given the instability of its consolidation. This land is included in the expansion of the Nature Reserve of Los Alcornocales.
- Land bank under fully-permitted land urbanistic stage has gone down by 29.324 sqm. Three land plots have been transferred to residential developments in the pipeline.

11.- STOCK DATA

- The closing stock price (€ per share) has been 0,93 Euro. It has gone up by 2,6% vs 2018.

	31 Dec. 2019
Closing Stock Price (€ per share)	0,93
Market cap. End-of-Period (€)	766128161,93
High of the period (€ per share)	0,95
Low of the period (€ per share)	0,84
Average of the period (€ per share)	0,90
Daily Trading Volume (€)	117
Daily Trading Volume (shares)	131

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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 (Liquidation Value):

Assets valuation performed by independent appraisers (Tinsa and 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 current gross rent (CBRE) divided by the assets GAV (percentage rate).

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