



**FY 2016 Results**

*27 February 2017*

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<sup>(\*)</sup> This Report includes a set of Alternative Performance Measures (APMs), defined in the Appendix (page 27), as recommended by ESMA (European Securities and Markets Authority).

## 1.- SUMMARY

### RESULTS

- Total revenue was €97,2m, 2,4% better than in 2015. Income in Land and Homebuilding has reached €7,1m and Commercial Property has gone down €-4,8m due to the office building “Los Cubos” being vacant.
- EBITDA has reached €41,8m vs €40,5m in 2015. It has improved by 3,3%.
- As of 31 December 2016, earnings before taxes reached €145,8m and net result (Group share) was €115,7m. This result reflects the following extraordinary impacts:
  - As of 31 December 2016, an independent asset valuation of the Residential portfolio concluded with its lesser value, €65m in homogeneous terms (not considering the €20m of finished product sold). Provisions for an amount of €3,3m were made against finished product and an amount of €43,9m against the land bank value (land bank and land with residential developments under construction).
  - Positive change in value of property investments reached €49,2m.
  - A positive result of €113m is due to haircuts applied to the refinancing of the Residential portfolio debt and to the equity loan acquired by Inversora Carso from Sareb, €72m and €41m respectively.
  - The impossibility of recovering a debt related to a land sale has been recognized (the debtor is insolvent). Provisions for an amount of €5,5m were made.
- Recurrent net result (Group share) attributable to the parent company, above-mentioned extraordinary impacts excluded, reached €41,48m vs €7,59m in 2015.

### CAPITAL INCREASE

- Last October, the Board of Directors approved a capital increase for €147m, issuing and putting into circulation more than 184 million new shares at a price of 0,8 Euro per share.
- Once the capital increase completed, the company major shareholders’ stake is the following: FCC: 36,925% and Inversora Carso: 33,844% (Inversora Carso controls 70,769% considering direct and indirect shareholding).

### INDEBTNESS

- Following this last capital increase, Realia has repaid the total (€20,4m) of the equity loan acquired by Inversora Carso from Sareb and 80 million Euros of the Caixa loan bound to the Residential portfolio.
- Realia has reduced its gross financial debt by €403m, reaching €851m, 32% lower than in 2015.
- Following the debt reduction, interest rates decrease and haircuts applied to the restructuring of the loan acquired for the Land & Holmebuilding portfolio, the financial result in 2016 has reached €106m (haircuts for €113,6m, financial income for €0,5m and expenses for €-8,2m) vs €-19,4m in 2015.
- As of 31 December 2016, the weighted average interest rate on gross debt reached 0,54% vs 0,98% in 2015.
- As of 31 December, Realia has a net financial debt of €750m, 30% lower than in December 2015 and a *loan to value* (LTV) of 40,9%.

**ASSETS VALUATION**

- As of 31 December 2016, asset valuation (GAV) amounted €1.833m. In absolute terms, 1,4% lower than in December 2015 and it is due to adjustments on land valuation and stock reduction of finished product. In homogeneous terms, 0,3% lower than the previous year (residential finished product sold non-included). The portfolio of rental assets has increased its value by 4,4%.
- As of 31 December 2016, the Net Asset Value (NNAV), following adjustments for the capital increase of €147m (completed in January 2017), reached €805m vs €552m in 2015. In unitary terms, it reached 1,25 Euro per share, 4% higher than the previous year (1,20 Euro per share).
- 80% of the assets value is related to the Commercial Property portfolio (€1.469m) and the remaining 20% to the Residential portfolio.

**COMMERCIAL PROPERTY**

- Gross rental income (expenses charged to tenants non-included) were €58,9m, 5% lower than the previous year. It is mainly due to the office building “Los Cubos” being vacant (building for sale). In homogeneous terms (“Los Cubos” not included), occupancy and rents have improved slightly. Rents have increased by 2%.
- Overall occupancy levels reached 94% vs 91,5% in 2015. Office buildings occupancy reached 94,5% and Retail & Leisure portfolio reached 91,2%.
- In 2016, there hasn’t been any investment or divestment transaction, excepting for the enlargement of a warehouse (5.000 sqm) in Agoncillo (Logroño),

**LAND AND HOMEBUILDING**

- Realia has delivered 96 units for a total amount of €19m, 45% better than in 2015 (€13,1m and 71 units).
- As of 31 December 2016, there is a stock of 490 units (homes, small retail and offices) finished non-delivered (20 pre-sold). There are also 41 land plots for single-family housing for sale in a development.
- Realia land bank has a buildable area of 1.852.040 sqm, most land is located in Madrid and Centre area.

## 2.- FINANCIAL HIGHLIGHTS

(€mm)	2016	2015	Var. (%)
<b>Total Revenue</b>	<b>97,2</b>	<b>94,9</b>	<b>2,4</b>
<b>Rental Income</b>	<b>58,9</b>	<b>62,0</b>	<b>-5,0</b>
<b>EBITDA</b>	<b>41,8</b>	<b>40,5</b>	<b>3,2</b>
<b>Net Result (Group share)</b>	<b>115,7</b>	<b>17,2</b>	<b>572,7</b>
<b>Net Financial Debt</b>	<b>750</b>	<b>1.070</b>	<b>-29,9</b>
<b>Nº Shares (mm) <sup>(1)</sup></b>	<b>462,2</b>	<b>307,2</b>	<b>50,5</b>
<b>Earnings per Share (€)</b>	<b>0,250</b>	<b>0,056</b>	<b>347,1</b>

<sup>(1)</sup> Weighted shares (treasury shares not included), following the last capital increases (Dec. 2015 and Dec. 2016)

## 3.- OPERATIONAL HIGHLIGHTS

	2016	2015	Var. (%)
<b>Commercial Property</b>			
<b>GLA (sqm) <sup>(2)</sup></b>	<b>405.359</b>	<b>400.574</b>	<b>1,2</b>
<b>Occupancy rate (%)</b>	<b>94,0</b>	<b>91,5</b>	<b>2,7</b>
<b>Land &amp; Homebuilding</b>			
<b>Pre-sales</b>			
Total value of contracts (€mm)	19,0	13,1	<b>45,1</b>
Units	96	71	<b>35,2</b>
<b>Land Bank Consolidated (sqm)</b>	<b>1.852.040</b>	<b>1.868.677</b>	<b>-0,9</b>
<b>Nº Employees</b>	<b>95</b>	<b>98</b>	<b>-3,1</b>

<sup>(2)</sup> It includes the enlargement of a warehouse in Agoncillo (Logroño)

Number of Employees	31 Dec. 2016	31 Dec. 2015	Var. (%)
<b>Total (*)</b>	<b>95</b>	<b>98</b>	<b>-3,1</b>
Realia Business	42	45	<b>-6,7</b>
Realia Patrimonio	4	4	<b>0,0</b>
Hermanos Revilla (*)	48	48	<b>0,0</b>
Realia Polska	1	1	<b>0,0</b>

<sup>(3)</sup> It includes 36 people working at reception and concierge services in buildings

**4.- CONSOLIDATED INCOME STATEMENT**

(€mm)	2016	2015	Var. (%)
<b>Total Revenue</b>	<b>97,2</b>	<b>94,9</b>	<b>2</b>
Rents	58,9	62,0	-5
Expenses provision	15,6	15,8	-1
Sale of assets	0,4	0,1	267
Homebuilding	19,0	13,1	45
Land sales	1,1	0,1	777
Other	2,1	3,8	-44
<b>Total Gross Margin</b>	<b>50,2</b>	<b>52,2</b>	<b>-4</b>
Rents	51,0	55,9	-9
Homebuilding	-0,8	-3,7	78
Overheads	-8,1	-10,5	23
Other costs	-0,4	-1,2	72
<b>EBITDA</b>	<b>41,8</b>	<b>40,5</b>	<b>3</b>
Amortization	-0,4	-0,5	16
Depreciation	-49,7	-11,6	-329
<b>EBIT</b>	<b>-8,4</b>	<b>28,4</b>	<b>-129</b>
Fair value appraisal result	49,2	26,8	84
Financial result	106,0	-19,4	646
Equity method	-1,1	3,3	-132
<b>Earnings before taxes</b>	<b>145,8</b>	<b>39,0</b>	<b>274</b>
Taxes	-15,7	-13,0	-21
<b>Results after taxes</b>	<b>130,1</b>	<b>26,1</b>	<b>399</b>
Minority Interests	14,4	8,8	63
<b>Net Result (Group share)</b>	<b>115,7</b>	<b>17,2</b>	<b>572</b>
Recurrent Net Result (Group share)	41,48	7,59	446

- Company total revenue amounted €97,2m, 2% better than in 2015. It is mainly due to improvement in the Residential business sales (€19m vs €13,1m in 2015) and despite lower Commercial Property income (€58,9m vs €62m) due to the office building “Los Cubos” being vacant (building for sale).

- Even though the gross margin in the rental business has gone down, EBITDA has increased by 3% (€41,8m vs €40,5m in 2015), as a consequence of better margins in the Residential portfolio and cost reductions.
- Financial result in 2016 reached €106m, due to haircuts for €113,6m, financial income for €0,5m and expenses for €-8,2m vs €-19,4m in 2015.
- Provisions have reached €-49,7m, due to adjustments in stock of residential finished product and in land bank, as a consequence of the new valuation and deterioration for commercial operations (impossibility of recovering a debt related to the sale of a land to a Company which is insolvent at present).

Breakdown provisions (€mm)	2016
Reversal of provisions residential finished product	3,0
Residential finished product	-3,3
Land with developments under construction	-5,8
Land	-38,1
Others (clients, proceedings, ...)	-5,5
<b>Total</b>	<b>-49,7</b>

- The new criteria of real estate investments valuation (rental assets), at a fair value, has given a positive result of €49,2m.
- Following a criteria of prudence, tax credits, for negative tax bases, not activated at 31 December 2016, are €80m.
- Earnings before taxes reached €145,8m vs €39ms in 2015.
- Net result for the Group was €115,7m vs €17,2m in 2015.
- Recurrent net results reached €41,48m vs €7,59m in 2015 (haircuts and variation on the fair value of property investments and provisions not included).

**5.- CONSOLIDATED BALANCE SHEET**

(€mm)	ASSETS	31 Dec. 2016	31 Dec. 2015	LIABILITIES	31 Dec. 2016	31 Dec. 2015
	Tangible fixed assets	5	5	Equity	777	514
	Investment property	1.356	1.354	Minorities	232	228
	Inventories	315	376	Financial debt	851	1.220
	Accounts receivable	12	108	Current creditors	21	22
	Treasury and equivalents	101	184	Other liabilities	178	261
	Other assets	269	216			
	<b>Total Assets</b>	<b>2.059</b>	<b>2.245</b>	<b>Total Liabilities</b>	<b>2.059</b>	<b>2.245</b>

	Book Value	GAV	GAV Realia's share	Capital Gains	Capital Gains Realia's share	Capital Gains after taxes
Commercial Property	913	1.484	1.194	572	424	318
Land & Homebuilding	321	349	347	28	28	21
<b>Assets Realia Group</b>	<b>1.233</b>	<b>1.833</b>	<b>1.542</b>	<b>600</b>	<b>452</b>	<b>339</b>

(\*) Hato Verde Golf Course, Planigesa and As Cancelas land bank are included in the Commercial Property GAV

- Concerning its historical cost, Realia has unrealized net capital gains for €339m, after taxes and minorities.



**6.- FINANCIAL STRUCTURE**

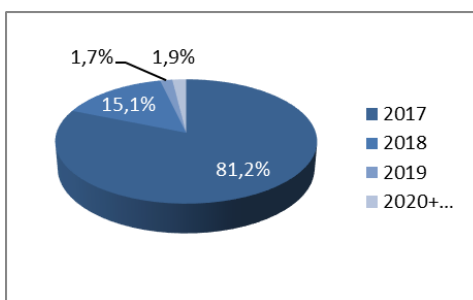
	REALIA Patrimonio	REALIA Business			
	Commercial Property	Land & Homebuilding	2016	2015	Var. (%)
Syndicated loans	678	0	678	1.188	-42,9
Other loans	65	109	174	68	156,6
Interests	0	0	0	0	-100,0
Debt formalisation expenses	-1	0	-1	-3	60,0
<b>Total Gross Financial Debt</b>	<b>742</b>	<b>109</b>	<b>851</b>	<b>1.254</b>	<b>-32,1</b>
Cash and equivalents	44	57	101	184	-45,1
<b>Total Net Financial Debt</b>	<b>698</b>	<b>52</b>	<b>750</b>	<b>1.070</b>	<b>-29,9</b>

- Following the restructuring agreement with the holders of the debt for the Residential business and following the last capital increase (it has settled €20,4m of the participation loan acquired by inversora Carso from Sareb and paid off €80m of the Residential business loan). As of 31 December 2016, Realia had a gross financial debt of €851m, 32% lower than in 2015 (€1.254m), equity loan non-included.
- As of 31 December 2016, cash and equivalents reached €101m. Therefore, the net financial debt reached €750m vs €1.070m in 2015.

**Debt reduction (equity loan non-included Dec. 2016 vs Dec. 2015)**

➤ Capital increase:	147 millions Euros	} 320 million Euros
➤ Haircuts:	113 million Euros	
➤ Cashflow:	60 million Euros	

- As of 31 December 2016, the weighted average interest rate of the remunerated gross debt was 0,54%, vs 0,98% in 2015.
- As far as indebtedness is concerned, the Company next challenge will be financing the syndicated loan of Commercial Property business (€678m) that matures in April 2017.
- As of 31 December 2016, the gross debt maturity is the following:

**Gross debt maturity**


## 7.- ASSETS VALUATION

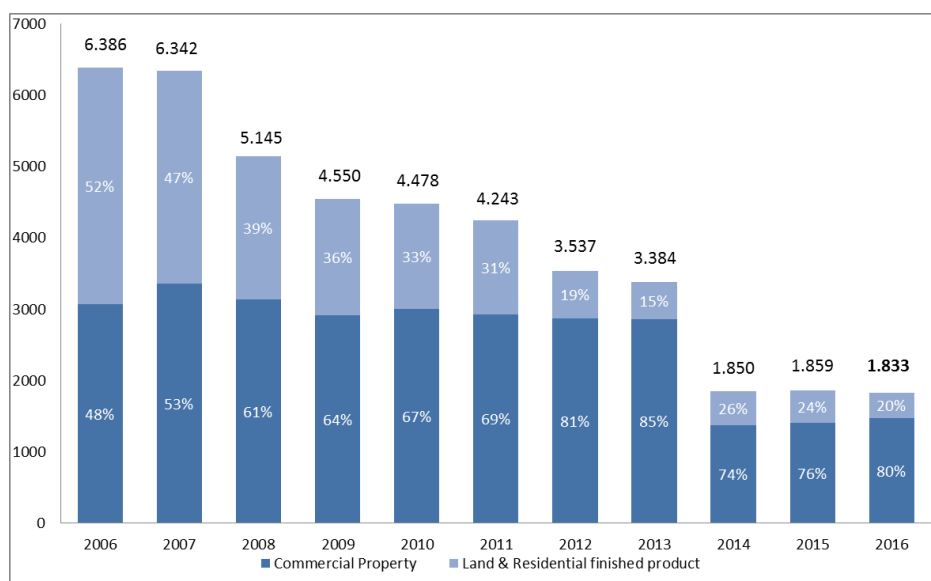
- As in previous years, the assets valuation has been performed by two independent appraisers: CBRE (CB Richard Ellis) has valued the portfolio of Realia Patrimonio and subsidiaries and TINSA has valued the portfolio of Realia Business and subsidiaries.
- TINSA has implemented the Appraisal-Valuation ECO Method (according to Ministerial Order ECO/805 2003). This criteria considers the sustainable collateral value. It follows a criteria of prudence in the different methods of valuation, highlighting the valuation of not sectorized land as rural land.

(€mm)	2016	1H 2016	2015	Var. (%)
Rental assets	1.412,6	1.367,6	1.353,3	4,4
Tertiary land	56,1	56,1	56,1	0,0
<b>TOTAL RENTAL ASSETS</b>	<b>1.468,7</b>	<b>1.423,7</b>	<b>1.409,4</b>	<b>4,2</b>
Residential finished product	77,0	89,0	99,3	-22,5
Residential land and others <sup>(1)</sup>	287,4	349,3	350,0	-17,9
<b>TOTAL RESIDENTIAL ASSETS</b>	<b>364,3</b>	<b>438,3</b>	<b>449,3</b>	<b>-18,9</b>
<b>TOTAL ASSETS</b>	<b>1.833,0</b>	<b>1.861,9</b>	<b>1.858,7</b>	<b>-1,4</b>

<sup>(1)</sup> Hato Verde Golf Course included

- Due to market improvement in prime assets, the valuation of rental assets has gone up by 4,4% in 2016. Realia portfolio is mainly composed of prime assets.
- The residential finished product has gone down by 22,5%. This figure shows the stock reduction over the year. In homogeneous terms, it has gone down by 3%.
- Residential land has followed its adjustment process, going down by 17,9%.

### Gross Asset Value Evolution (GAV) (€MM) by portfolio <sup>(2)</sup>



<sup>(2)</sup> SIIC de Paris was sold in 2014

### Commercial Property Valuation

	Nr. Buildings	sqm	GAV 2016 <sup>1</sup>	GAV 2015 <sup>1</sup>	Var. (%)	LfL (%) <sup>2</sup>	Value €/sqm	Yield 2016 (%) <sup>3</sup>	Yield 2015 (%) <sup>3</sup>
<b>Offices</b>	<b>27</b>	<b>226.721</b>	<b>995</b>	<b>934</b>	<b>6,6</b>	<b>6,6</b>	<b>4.389</b>	<b>4,8%</b>	<b>5,4%</b>
CBD <sup>4</sup>	12	84.412	556	507	9,7	9,7	6.583	4,2%	4,8%
BD <sup>5</sup>	3	42.653	159	154	3,3	3,3	3.725	5,0%	6,0%
Periferia/Others	12	99.656	280	273	2,6	2,6	2.813	6,0%	6,2%
<b>Retail &amp; Leisure</b>	<b>7</b>	<b>135.381</b>	<b>278</b>	<b>279</b>	<b>-0,3</b>	<b>-0,3</b>	<b>2.053</b>	<b>7,1%</b>	<b>7,8%</b>
<b>Other Assets<sup>6</sup></b>	<b>6</b>	<b>43.257</b>	<b>87</b>	<b>84</b>	<b>2,9</b>	<b>2,9</b>	<b>2.002</b>	<b>3,7%</b>	<b>3,7%</b>
<b>Total in operation</b>	<b>40</b>	<b>405.359</b>	<b>1.360</b>	<b>1.297</b>	<b>4,8</b>	<b>4,8</b>	<b>3.354</b>	<b>5,2%</b>	<b>5,8%</b>
<b>Land &amp; Pipeline<sup>7</sup></b>		<b>146.301</b>	<b>109</b>	<b>113</b>	<b>-3,1</b>	<b>-3,1</b>	<b>746</b>		
<b>Total</b>	<b>40</b>	<b>551.660</b>	<b>1.469</b>	<b>1.409</b>	<b>4,2</b>	<b>4,2</b>	<b>2.662</b>		

<sup>1</sup> GAV in €mm

<sup>2</sup> Compares homogeneous assets in operation Dec. 2016 vs Dec. 2015.

<sup>3</sup> Yield: passing rents as of Dec. 16 (assuming 100% occupancy) divided by the assets GAV.

<sup>4</sup> Central Business District.

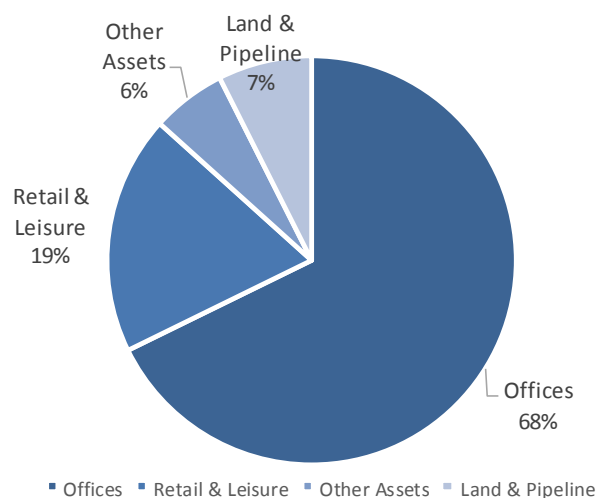
<sup>5</sup> Business District, excluding CBD.

<sup>6</sup> Warehouse in Logroño and other assets such as commercial premises, parking spaces ....

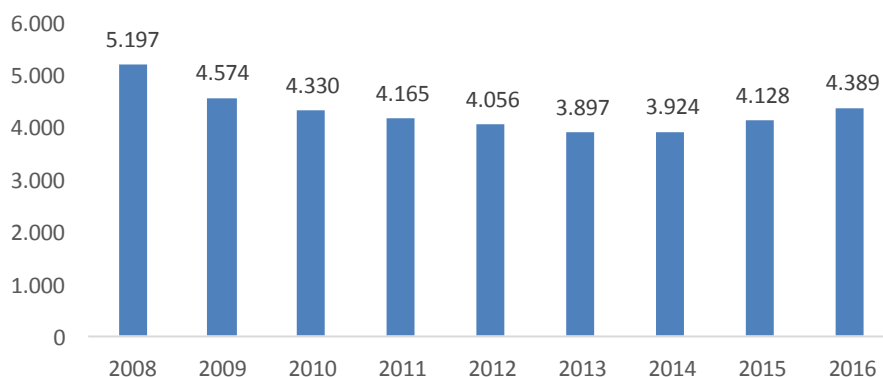
<sup>7</sup> Building in refurbishment and land bank in Aguacate, La Noria, ParK Central (22@) and Leganés

- As of 31 December 2016, the market value of the Commercial Property portfolio reached €1.469m, 4,2% higher than in December 2015.
- The market value of the office building in operation was 6,6% higher than in 2015. Unit values have gone down from 5.197 €/sqm (maximum reached in 2008) to 4.389 €/sqm, showing a 15,5% fall.
- The market value of the Retail & Leisure portfolio has had a slight negative variation of 0,3%.
- The current Yield (annualized December 2016 rents, considering 100% occupancy divided by the assets value, according to CBRE) of the Commercial Property portfolio in operation reached 5,2%, 0,6 points lower than in 2015.

### Commercial Property assets breakdown (GAV)



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



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

Assets	Location	Use	GLA
Torre REALIA	Madrid	Offices	28.424
Torre REALIA BCN	Barcelona	Offices	31.960
Plaza Nueva Parque Comercial	Leganés	Retail	52.675
Salvador de Madariaga 1	Madrid	Offices	24.868
María de Molina 40	Madrid	Offices	9.684
C.C. Ferial Plaza	Guadalajara	Retail	31.997
Edificio Los Cubos	Madrid	Offices	18.324
Albasanz 16	Madrid	Offices	19.551
Príncipe de Vergara 132	Madrid	Offices	8.804
C.N. Méndez Álvaro	Madrid	Offices	13.248

### Land & Homebuilding Valuation

- As of 31 December 2016, the residential assets valuation has been performed by TINSA, following the Appraisal-Valuation ECO Method.

(€mm)	2016	3Q 2016	1H 2016	2015	Var. (%)
Land bank & Others	287	290	349	350	-17,9%
Finished projects	77	84	85	99	-22,5%
<b>Residential Assets Total Value</b>	<b>364</b>	<b>373</b>	<b>434</b>	<b>449</b>	<b>-18,9%</b>

(\*) It includes Hato Verde Golf Course

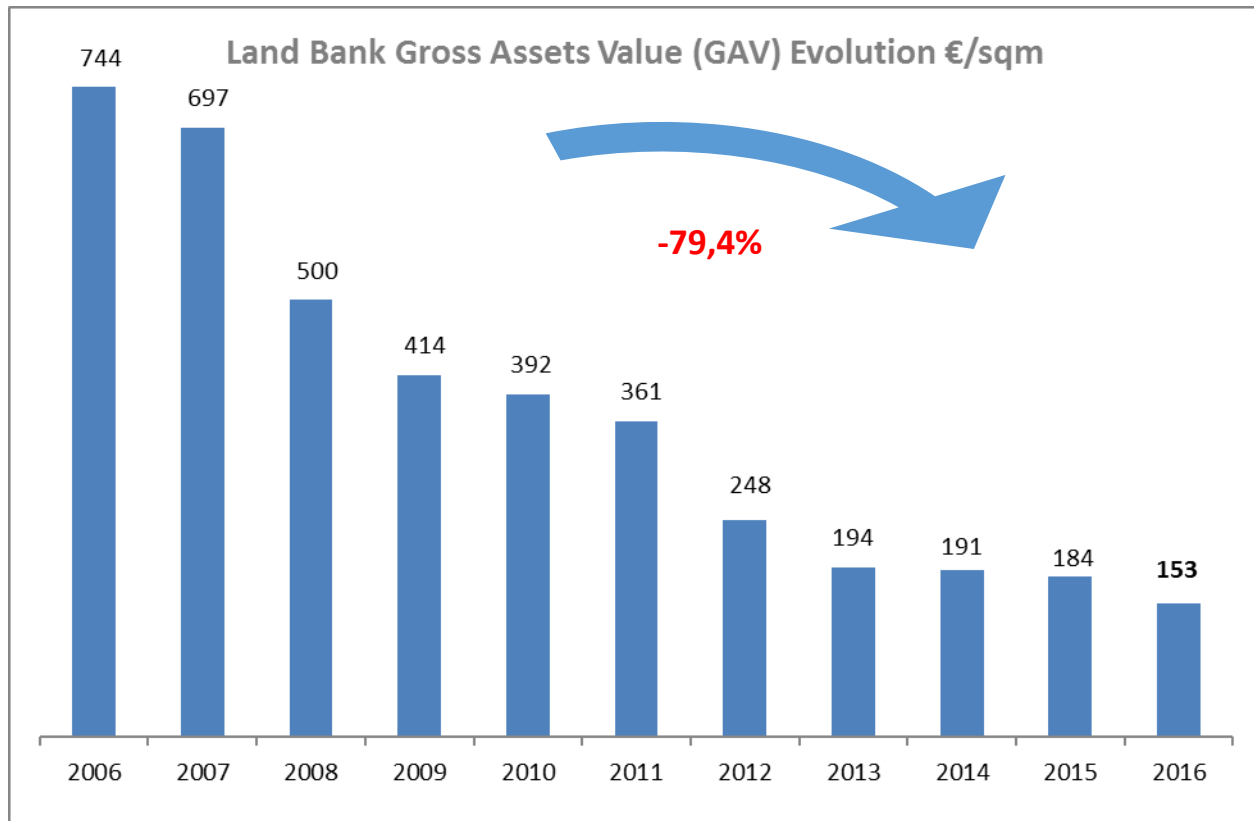
- The Residential business valuation has reached €364m, 18,9% lower than in 2015, due to a decrease in stock of finished product and adjustments in the land bank value. In homogeneous terms, it has gone down by 15,1%, finished product sold not included (20 million Euros).

### Land Bank Valuation

	Gross land sqm	Building land sqm	GAV 2016 MM €	GAV 2016 €/sqm	GAV 2015 MM €	GAV 2015 €/sqm	% Var.
Zoning	3.307.598	520.787	10	19	25	48	-61%
Planning	1.760.683	647.270	44	68	57	85	-20%
Urbanization	191.076	213.596	65	307	70	326	-6%
Project	483.140	470.388	163	348	192	411	-15%
<b>Total</b>	<b>5.742.496</b>	<b>1.852.040</b>	<b>283</b>	<b>153</b>	<b>344</b>	<b>184</b>	<b>-17%</b>

- The total value of the land portfolio is still under adjustment and it has decreased by 17%. Its unit value has gone from 184 €/sqm to 153 €/sqm.
- As far as the land under zoning stage is concerned, it has suffered the most important adjustment. The unit value has gone down 61%. This depreciation (€-15m) is due to a land plot in San Roque (Cádiz),
- Concerning the land under urbanization stage, depreciation of the land plot in Villaseca de la Sagra (Toledo) and El Molar (Madrid) is the most remarkable, €-4,6m and €-4,5m respectively.
- Concerning the land under urbanization, Guillena (Sevilla) has suffered a devaluation of €12,4m, as the General Urban Development Plan has been suspended.

### Land Bank Gross Asset Value (GAV) Evolution (€/sqm)

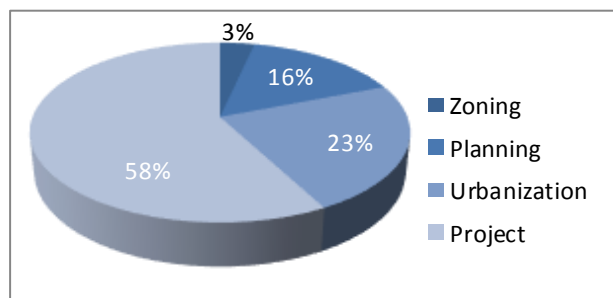


2006-2011 Valuation according to the RICS Method.

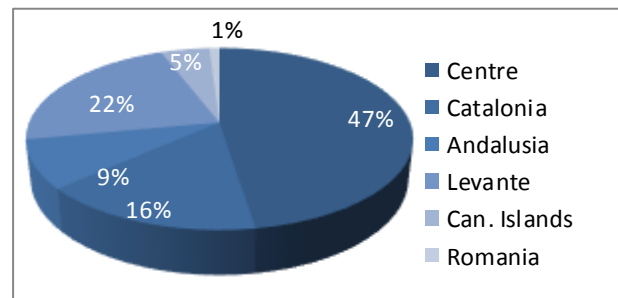
2012-2016 Valuation according to the ECO Method

### GAV Land Bank Breakdown (MM €)

#### By urbanistic stage



#### By geographical area



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

(€mm)	COMMERCIAL PROPERTY (*)		RESIDENTIAL		TOTAL		Var. %
	2016	2015	2016	2015	2016	2015	
<b>Total GAV(*)</b>	<b>1.484</b>	<b>1.427</b>	<b>349</b>	<b>431</b>	<b>1.833</b>	<b>1.859</b>	<b>-1,4</b>
Minorities	290	275	1	10	291	285	2,3
GAV Realia	1.194	1.152	347	422	1.542	1.574	-2,0
Book value of assets	770	792	319	379	1.089	1.171	-7,0
Latent capital gains	424	360	28	42	452	403	12,3
Tax	106	90	7	11	113	101	12,3
Latent capital gains after tax	318	270	21	32	339	302	12,3
Adjustments (IAS 40 in 2015)					-311	-264	
Equity					777	514	51,1
<b>NNAV (after tax)</b>					<b>805</b>	<b>552</b>	<b>45,8</b>
Number of shares (mm). Treasury shares not included					644,2	460,1	40,0
<b>NNAV (after tax) per share (€)</b>					<b>1,25</b>	<b>1,20</b>	<b>4,1</b>

(\*)Commercial Property GAV includes Hato Verde Golf Course, Planigesa and As Cancelas land bank

- As of 31 December 2016, the Net Asset Value reached 1,25 Euro per share, 4% higher than in December 2015.

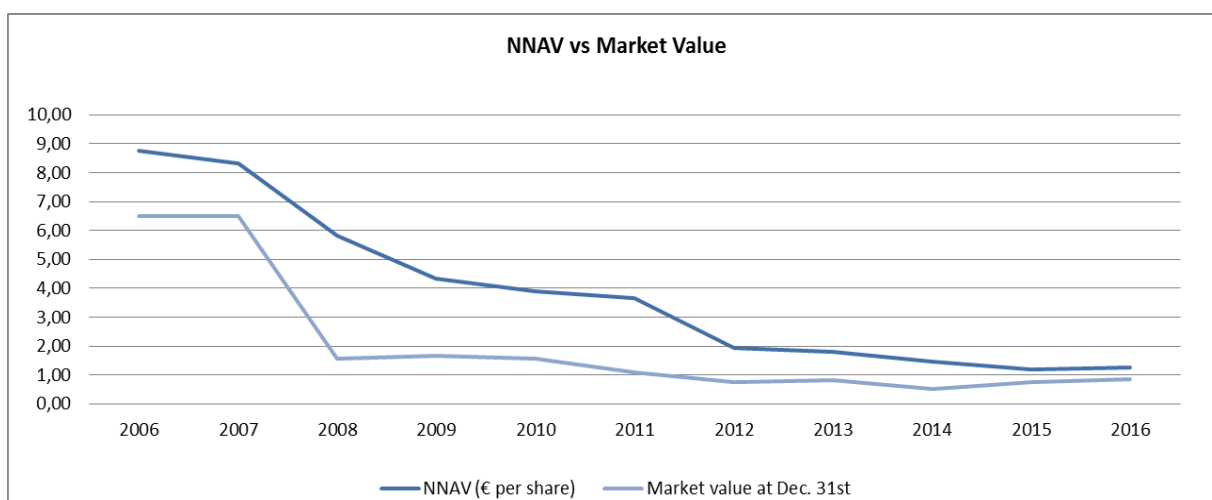
<b>CONSOLIDATED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>777</b>
Adjustments	
+ Capital gains tangible fixed assets (own use)	7
+ Capital gains stock	21
<b>ADJUSTED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>805</b>
Number of shares (treasury shares not included)	644.197.956
<b>NNAV PER SHARE</b>	<b>1,25</b>

- As of 31 December 2016, the Realia share was 0,86 Euro per share with a discount of 31% on NNAV.

**Net Asset Value Evolution (NNAV)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
NNAV (€mm)	2.426	2.258	1.576	1.195	1.077	1.012	530	556	449	552	805
NNAV (€ per share)	8,75	8,31	5,83	4,34	3,91	3,67	1,92	1,81	1,46	1,20	1,25
Market value as of Dec. 31st. <sup>1</sup>	6,50	6,50	1,55	1,66	1,56	1,09	0,75	0,83	0,51	0,76	0,86
Discount NNAV	-26%	-22%	-73%	-62%	-60%	-70%	-61%	-54%	-65%	-37%	-31%

<sup>1</sup> 2006 stock price is the IPO price (January 2007)





**9.- COMMERCIAL PROPERTY**
Rents <sup>(1)</sup>

(Thousands of Euros)	2016	2015	Var. (%)
Rental income	63.732	66.581	-4,3%
Expenses charged to tenants	17.410	19.485	-10,6%
<b>Total Revenue</b>	<b>81.142</b>	<b>86.066</b>	<b>-5,7%</b>
As Cancelas (50%)	6.672	8.296	-19,6%
<b>IAS revenue</b>	<b>74.470</b>	<b>77.770</b>	<b>-4,2%</b>
Expenses incurred	-23.080	-22.783	-1,3%
% Expenses incurred	-75%	-86%	11,8%
Other Expenses	-3.905	-4.811	18,8%
<b>Gross Margin</b>	<b>54.157</b>	<b>58.471</b>	<b>-7,4%</b>
Margin As Cancelas (50%)	3.597	2.731	31,7%
<b>IAS Margin</b>	<b>50.560</b>	<b>55.740</b>	<b>-9,3%</b>
<b>Margin (%)</b>	<b>85,0%</b>	<b>87,8%</b>	<b>-3,2%</b>

<sup>(1)</sup> The data in this chart are operational. The data from As Cancelas appear proportionally (50%).

- Total IAS rental income (including expenses charged to tenants) reached €74,5m. It has decreased by 4,2% due to a loss of income for the office building “Los Cubos” being vacant (4 million Euros a year).
- Commercial Property gross IAS margin reached €50,6m, which implies a margin on rents of 85%.
- Like for like, rental income has gone up 2% and the global occupancy has improved from 91,5% to 94%. As the following charts show, office building “Los Cubos” is not included.
- Like for like, office and Retail & Leisure rental income has improved by 1,8%.
- According to geographical situation, occupancy and rents have increased in Madrid (CBD & BD) and in Torre Realia Barcelona.

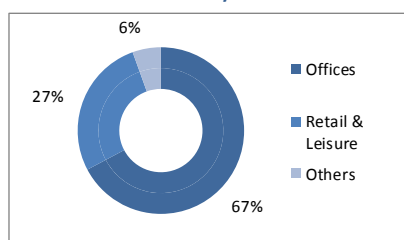
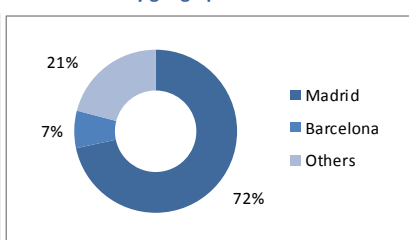
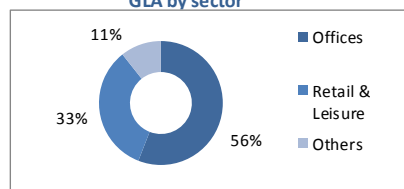
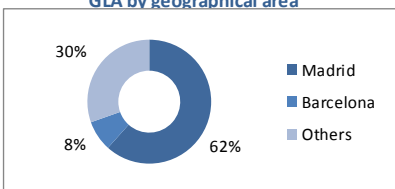
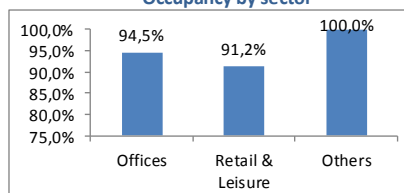
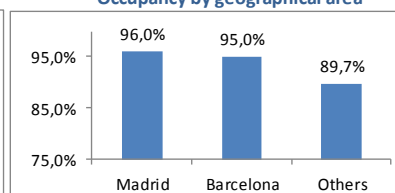
**Rental income (Lfl)<sup>(2)</sup>**
**Breakdown of rents by sector**

(Thousands of Euros)	2016	2015	Var. (%)	GLA (sqm)	Ocup. 2016 (%)	Ocup. 2015 (%)
<b>Offices</b>	<b>42.851</b>	<b>42.096</b>	<b>1,8%</b>	<b>226.721</b>	<b>94,5%</b>	<b>90,7%</b>
CBD	21.358	20.691	3,2%	84.412	95,4%	91,6%
BD	7.511	8.221	-8,6%	42.653	98,1%	92,9%
Periferia	13.982	13.184	6,1%	99.656	92,1%	89,0%
<b>Retail &amp; Leisure</b>	<b>17.365</b>	<b>17.052</b>	<b>1,8%</b>	<b>135.381</b>	<b>91,2%</b>	<b>90,4%</b>
<b>Other</b>	<b>3.515</b>	<b>3.362</b>	<b>4,6%</b>	<b>43.257</b>	<b>100,0%</b>	<b>100,0%</b>
<b>Total Revenue</b>	<b>63.732</b>	<b>62.510</b>	<b>2,0%</b>	<b>405.359</b>	<b>94,0%</b>	<b>91,5%</b>

**Breakdown of rents by geographical area**

(Thousands of Euros)	2016	2015	Var. (%)	GLA (sqm)	Ocup. 2016 (%)	Ocup. 2015 (%)
<b>Madrid</b>	<b>45.670</b>	<b>45.727</b>	<b>-0,1%</b>	<b>249.818</b>	<b>96,0%</b>	<b>93,1%</b>
CBD	22.007	21.342	3,1%	79.555	96,8%	92,4%
BD	9.293	10.005	-7,1%	49.895	98,4%	94,0%
Periferia	14.369	14.381	-0,1%	120.367	94,4%	93,2%
<b>Barcelona</b>	<b>4.720</b>	<b>4.228</b>	<b>11,6%</b>	<b>32.325</b>	<b>95,0%</b>	<b>84,2%</b>
<b>Other</b>	<b>13.341</b>	<b>12.555</b>	<b>6,3%</b>	<b>123.216</b>	<b>89,7%</b>	<b>90,2%</b>
<b>Total Revenue</b>	<b>63.732</b>	<b>62.510</b>	<b>2,0%</b>	<b>405.359</b>	<b>94,0%</b>	<b>91,5%</b>

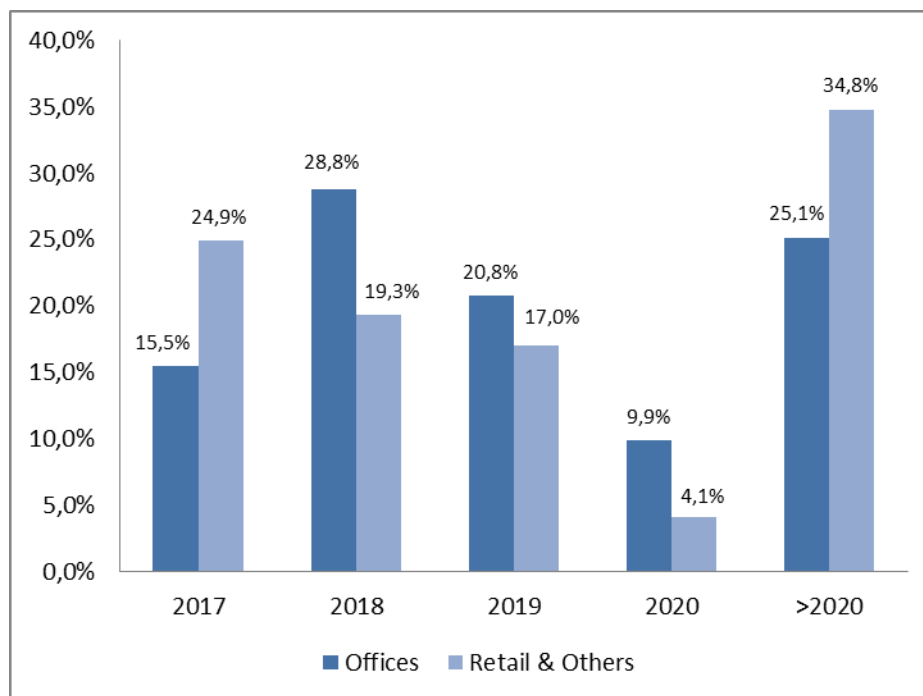
<sup>(2)</sup> Like for like (Office building "Los Cubos" not included, vacant and in refurbishment at present)

**Rents by sector**

**Rents by geographical area**

**GLA by sector**

**GLA by geographical area**

**Occupancy by sector**

**Occupancy by geographical area**


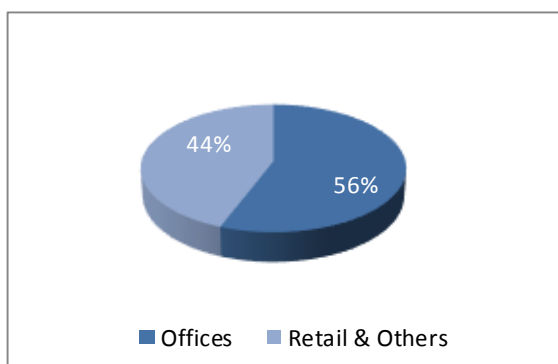
- In 2017, 15% of offices lease contracts and 25% of shopping centres lease contracts will expire.

### Expiry of lease contracts on annual rents

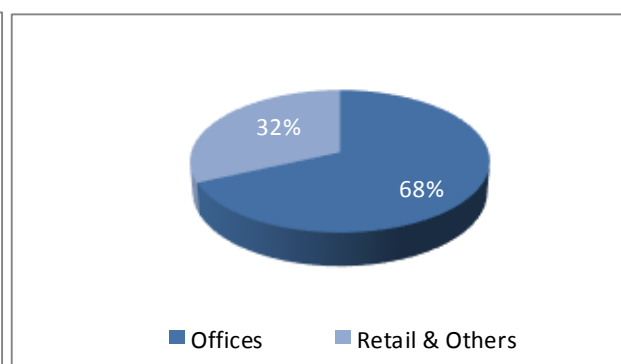
(Considering the option of anticipated cancellation)



### GLA per use (sqm)



### Passing Rents



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

(€mm)	2016	2015	Var. (%)
<b><u>Revenue</u></b>			
Homebuilding	19,0	13,1	45
Land & Others	3,0	1,8	63
<b>Total Revenue</b>	<b>22,0</b>	<b>14,9</b>	<b>47</b>
<b><u>Costs</u></b>			
Sale costs	-18,9	-15,0	-27
Other costs	-3,9	-3,7	-4
<b>Total Costs</b>	<b>-22,8</b>	<b>-18,7</b>	<b>-22</b>
<b>Homebuilding Margin</b>	<b>-0,8</b>	<b>-3,7</b>	<b>78</b>
<b>Homebuilding Margin (%)</b>	<b>-4%</b>	<b>-25%</b>	<b>85</b>
<b>Provisions Reversal Finished Product</b>	<b>3,0</b>	<b>3,6</b>	<b>-15</b>
<b>Margin (Provisions not included)</b>	<b>2,2</b>	<b>-0,2</b>	<b>1282</b>

**Residential portfolio**

- Revenue from the Land & Homebuilding business amounted €22m, 47% higher than the previous year, due to better sales in the Residential portfolio.
- Gross margins remain negative, although there has been a significant improvement. The residential business has reached €2,2m, once deducted the reversal of provisions for an amount of €3m in residential finished product.
- Realia has delivered 96 units (homes, small retail, offices and land plots) vs 71 units delivered in 2015, for an amount of €19m vs €13,1m in 2015 (45% higher):

Deliveries	Nr Units	Revenue €MM
Madrid/Centre	57	12,5
Levante	15	3,3
Catalonia	12	1,6
Andalusia	8	0,9
Poland	2	0,3
Portugal	2	0,3
<b>Total</b>	<b>96</b>	<b>19,0</b>

Home stock evolution	2016	2015	Var. (%)
<b>Pre-sales</b>			
Number of units	105	74	42%
Total value of contracts (€MM)	21,0	13,6	54%
<b>Deliveries</b>			
Number of homes	96	71	35%
Total value of contracts (€MM)	19,0	13,1	45%
<b>Stock at eoP</b>			
Number of units	511	610	-16%

- As of 31 December 2016, Realia has a total stock of 490 units (homes, small retail and offices) finished and non-delivered, of which 20 are pre-sold and 470 are for sale (123 in Madrid and Centre region of Spain, 185 in Andalusia, 92 in Levante, 56 in Catalonia, 12 in Portugal and 2 in Poland).
- 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: 76,5% first homes and 23,5% second homes.

### Land Bank

- As of December 2016, Realia has a gross land bank of 5.742.496 sqm and a buildable area of 1.852.040 sqm. 25% of this land bank is in the pipeline and 49% are located in Madrid and in the Centre area of Spain:

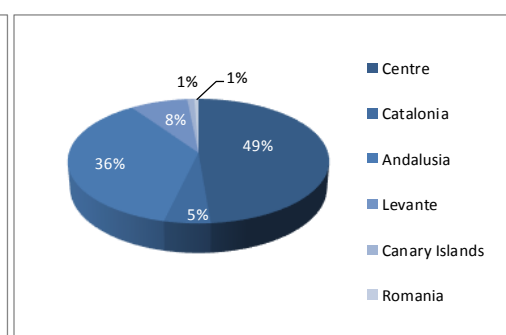
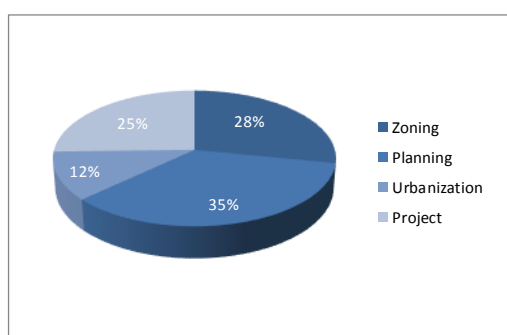
### Land Bank Breakdown (Buildability by sqm)

#### By urbanistic stage

	Buildability (sqm)
Zoning	520.787
Planning	647.270
Urbanization	213.596
Project	470.388
<b>Total</b>	<b>1.852.040</b>

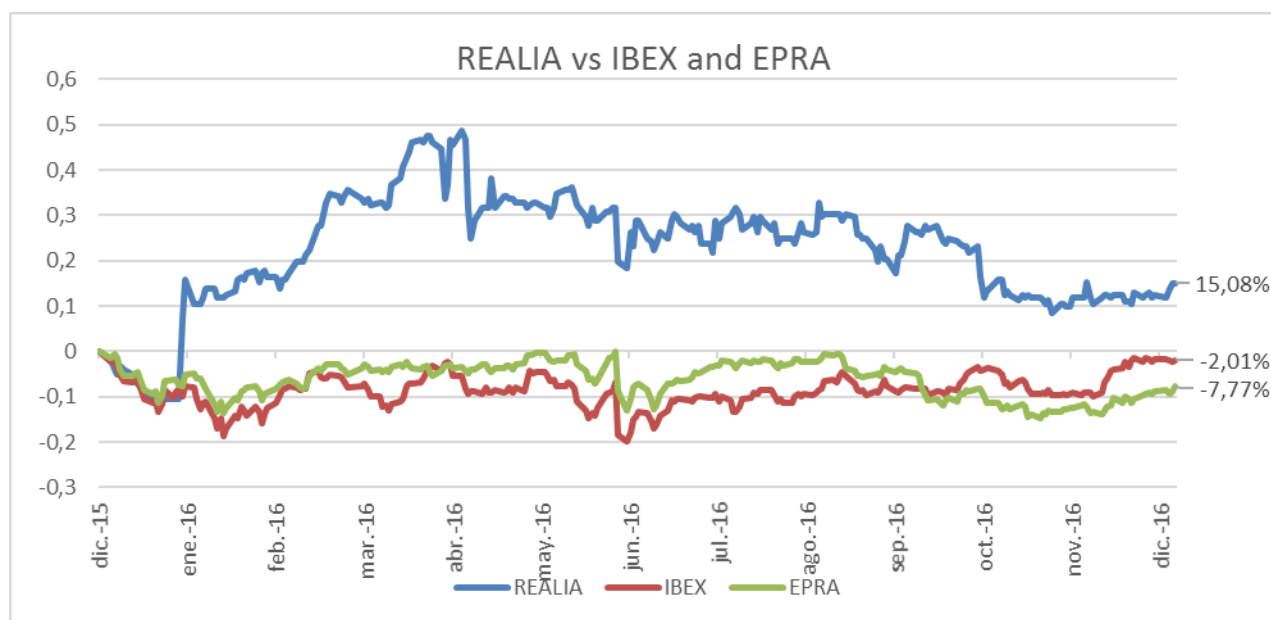
#### By geographical area

	Buildability (sqm)
Centre	901.679
Catalonia	93.536
Andalusia	677.142
Levante	150.231
Canary Islands	18.541
Romania	10.912
<b>Total</b>	<b>1.852.040</b>



## 11.- STOCK DATA

- The closing stock price (€ per share) has been 0,86 Euro at the end of 2016. It increased by 15,08% vs. 2015. IBEX 35 has performed 2,01% and EPRA (european real estate companies) has decreased by 7,77%.



	31 Dec. 2016
Closing Stock Price (€ per share)	0,86
Market cap. EoP (€)	396.246.202
High of the period (€ per share)	1,15
Low of the period (€ per share)	0,63
Average market price (€ per share)	0,90
Daily trading volume (€)	288.351
Daily trading volume (shares)	319.307

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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 (variation in stock of finished product or product in the pipeline, depreciations, other operating charges - overheads deducted -, disposal of 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.

**Recurrent Result:**

Net result attributable to the parent Company without effects of extraordinary items such as haircuts, provisions and change in the value of investment property.

**Gross Financial Debt:**

Current and non-current loans with credit institutions plus current and non-current financial liabilities. Financing from equity loans and debts with suppliers of fixed assets are not included

**Net Financial Debt (NFD):**

Gross financial debt minus cash and cash equivalents.

**EPRA Net Net Asset Value (NNAV):**

Equity attributable to the parent Company, adjusted for any latent capital gains of current assets and own use at market value and deducting the taxes that will be borne for these capital gains, considering tax regulation at the time of the calculation

**EPRA Net Net Asset Value (NNAV) per share:**

It is calculated by dividing EPRA NNAV into number of shares outstanding (treasury shares not included).

**EPRA (European Public Real Estate Association):**

Association of European listed property companies that recommend standards of best practices.

**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), 460.141.398, at the end of the referred period.

**Loan to Value (LTV):**

The LTV ratio is calculated by dividing the Net Financial Debt (NFD) into the GAV, replacement asset value, (assets market value plus transaction costs, performed by two independent appraisers: (CB Richard Ellis, valuation according to the RICS Method and TINSA, valuation according to the ECO Method).

**GAV (Liquidation Value):**

Assets valuation performed by independent appraisers (Tinsa and CBRE).

**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.

**GAV like for like:**

Comparison of valuation data from different periods, investments/divestments non-included.

**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).



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