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# ACCIONA REAL ESTATE improves its outlook

In a market that shows signs of a change of cycle, ACCIONA Real Estate strengthened its competitive position and once again reported positive EBITDA.

Every aspect of the real estate business continued to be affected by the general macroeconomic situation in 2014.

Analysts agree that 2014 was the first year since the crisis began in which economic activity expanded significantly.

The Spanish economy grew 0.7% in the fourth quarter, ending the year with cumulative GDP growth of around 1.4%.

The acceleration of GDP in the fourth quarter of 2014 was the result of strong private sector demand in Spain.

Growth in demand was supported by an incipient improvement in employment and the sharp decline in oil prices. The improvement in household income due to lower fuel costs and, in general, to the decline in consumer prices boosted retail sales towards year-end.

Real estate indicators showed a clear change in trend in 2014. Since the end of 2013, the improved economic outlook has increased confidence in Spain, which has attracted interest from foreign investors.

A total of 364,000 homes were sold in 2014, 19.1% more than in 2013.

The recovery in the economy, and in employment in particular, together with stable financial conditions and renewed confidence, will continue to drive demand and favour a recovery in sales.

The mortgage market shows signs of a rebound. Good news for the sector and for buyers is that the banks are returning to the mortgage business after greatly curtailing lending in this area for a long time.

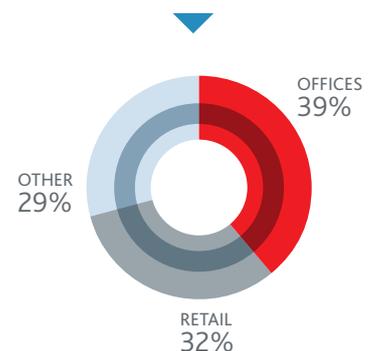
Spain has once again become a major destination for real estate investors and this positive trend is expected to continue in the coming years.

In 2014, property transactions in the tertiary sector amounted to more than 7 billion euros, of which 39% were offices and 32% retail. This investment volume reflects a change of cycle, as it is triple the 2013 figure. There was also a notable year-on-year increase in logistics and hotel transactions.

...a change in trend

IN 2014, REAL ESTATE TRANSACTIONS IN THE TERTIARY SECTOR\* AMOUNTED TO MORE THAN

7B€  
OF WHICH



\*Source: ACCIONA.

The improved economic projections for Spain mark a change in context. The risk premium is no longer a problem, unemployment continues to decline, fuel prices have fallen back to levels last seen five years ago, and consumer confidence is at its highest since 2008.

However, despite optimism, there are certain socio-political risks in Spain and in Europe that could impede the economic recovery.

In this context, ACCIONA Real Estate ended the year with a turnover of 93.7 million euros, of which 74% corresponds to home sales and 26% to rentals.

### 1. REAL ESTATE DEVELOPMENT

ACCIONA Real Estate sold 137 homes in 2014: 44 units in Spain, and the remainder in Mexico, Portugal and Poland.

It also delivered 141 homes to customers, of which 35% were in Spain and 65% were in other countries.

#### 1a. Real estate development in Spain

The Company's discount policy, instituted in 2009, was maintained on all its developments and enabled it to dispose of completed stock.

In 2014, ACCIONA continued to focus on foreign buyers, who are interested mainly in coastal properties (Catalonia and the Canary Islands).

Urban zoning became more complicated due to growing intervention by the courts in the planning process. Despite such an adverse situation, ACCIONA Real Estate continued to maintain and monetise land in 2014.

#### 1b. International real estate development

The Company was especially active in the residential property business in Mexico.

ACCIONA Real Estate continued to increase the focus on Mexico through its subsidiary Parque Reforma Santa Fe, selling 64 luxury homes and delivering 50 units to customers.



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## The residential property business in Mexico, conducted through subsidiary Inmobiliaria Parque Reforma, is performing well in the international market

Parque Reforma Santa Fe sold and delivered all of phase 2-A of the Parque Reforma – Cumbres de Santa Fe development, comprising 62 luxury apartments in Mexico City. All 63 apartments in phase 2-B of Parque Reforma Santa Fe had been sold by year-end. In the second quarter, the company began selling and building phase 2-C, the final phase of this successful residential development, to strong demand, which enabled it to sell 46 of the 62 apartments by the end of the year.

In Acapulco, it sold the last six units and delivered all of its stock: seven units in the second phase of Playamar Tres Cantos. This extensive beachfront development, with views of the Pacific Ocean and more than 21,000 square metres of green areas, swimming pools and a clubhouse, is Parque Reforma's fourth project in Acapulco, where it has already delivered more than 600 homes.

In June, Parque Reforma Santa Fe signed an agreement with investment managers Vertex Real Estate to sell land in Mexico City to a newly-formed company in which Parque Reforma holds a 10% stake. As part of the agreement, Parque

Reforma Real Estate will manage the project and coordinate sales. The project, called Maranta, which is currently under construction, includes 220 apartments in three towers on a 48,000 square metre site, which provides the residents with common areas that are unmatched anywhere in the region.

The market in Mexico continues to develop slowly towards high-rise living, which favours sales in the mid- and high-end residential segments where amenities and security play an important role. These factors make Mexico an ideal market to continue with our growth strategy.

In Poland, the Company sold all its remaining stock of finished homes in 2014 and, in the fourth quarter, it began pre-sales of the next phase of Wilanow, with 100 homes and 13 commercial premises, the construction of which began in December.

ACCIONA Real Estate retains exposure to Brazil through residential land in Penedo (Rio de Janeiro state) and Guarujá (São Paulo state).

### 2. PROPERTY RENTALS

Real estate rentals in 2014 provided 24.9 million euros in turnover.

The Company ended the year with 73,327 square metres of office space under lease in Madrid, Barcelona, Sabadell and Zaragoza, and had an occupancy rate of close to 90%, on par with previous years.

As regards home rentals, Compañía Urbanizadora del Coto, S.L. (owned 97.47% by ACCIONA Real Estate), which has a portfolio of 849 homes in Madrid, ended the year with an average occupancy rate of 87%.

ACCIONA Real Estate continued to operate student residences in 2014, with close to 1,200 beds in Albacete, Murcia, Lleida, Castellón and Cádiz under its *CAMPUS* brand, ending the year with an occupancy rate of 65%.

In the hotel sector, Sol Meliá Group continued to manage Hotel Condal Mar in Barcelona under its TRYP brand.

The Company retained ownership and management of Hotel Club Maritimo, in Sotogrande, a 41-room boutique hotel that is a member of the *Small Luxury Hotels of the World*.

The five-star Hotel Estrella del Mar in Marbella strengthened its market position.

Its 4,000 square metre beach club with spa, tropical gardens, gym and restaurant with views of the sea makes it a leading hotel in the holiday market.

### 3. ADVANCING IN SUSTAINABILITY, R&D AND INNOVATION

ACCIONA Real Estate remains committed to sustainability, and is aware of its sizeable impact on the surroundings. Because of this, and with a view to preserving and harnessing resources, the Company applies conservation guidelines to all its day-to-day processes.

On an international level, in the Cumbres de Santa Fe II A development in Parque Reforma (Mexico City), all homes were certified as *Efficient* (the second-highest of the three existing categories) under Mexico City's *Sustainable*

*Certification and Environmental Efficiency Programme*, the goal of which is to preserve natural resources and improve living standards.

New homes in the same development are being built with a view to obtaining the highest level of certification under that same programme (*Excellent*).

## Value of ACCIONA Real Estate\* assets

1.529 B€

GROSS ASSET VALUE (GAV) OF REAL ESTATE ASSETS, DEVELOPMENTS, INVESTMENT PROPERTIES AND FIXED ASSETS (2014 PRICES), BROKEN DOWN AS FOLLOWS:



\*Valued by several independent appraisers.