January - June 2007 results

24 July 2007

Highlights 1H 2007 vs. 1H 2006

- **Rental income €76.0mm (+ 54%)**
- **Gross margin €230.9mm (+ 34%)**
- **EBIT €191.2mm (+ 30%)**
- **Profit for the period €94.1mm (+ 14%)**

Key events

- Realia was IPOed in June 2007,at €6.50 per share, implying a market capitalization of €1.8 bn. Final share allocation was 32.3% to Spanish retail, 15.6% Spanish Institutional and 52.1% to International Institutional, including the U.S. Among the Spanish retail 440m shares were bought by employees and management. As of the end of June the Management Committee owned 634m shares of Realia.
- Total Shares sold to investors were 120.494.148 (43,44% of the company) while the IPO global coordinators (JP Morgan and Caja Madrid) did not exercise their green shoe option. Major shareholders (FCC and Caja Madrid) hold 51% of the shares through an SPV.
- The stock has been trading within the 6.91-6.11 range, and during the month of June more than 100 million shares were traded, representing 36% of the company.
- An interim dividend of €0,12 per share was declared on June 22 and paid on July 2nd, 2007. Consistent with its 50% pay-out policy, an additional dividend will be paid in the 4th quarter of 2007.
- Realia Patrimonio new financing structure was successfully syndicated on June 18th. The 1.6 bn loan has a final maturity of 10 years, and has been priced at the current loan-to-value ratio, at 75 b.p over Euribor. The loan has limited recourse to the Company, and 60% of the total amount (972 million) has been fixed to the 7 year rate through an IRS.
- In view of the evidenced slow down of the residential markets that has impacted on the pre-sales of the first half of the year, Realia has shifted its home delivery strategy for the next 2 ½ years, reducing the annual objective to an approximate level of 1.300-1.500 homes per year. No significant impact in the annual results is forecasted.
- During the first 6 months of 2007 Realia sold 225.3 m sqm of building land for €210.2 million with a slight 1% variation below CBRE valuation as of December 2006. These transactions contribute to demonstrate the soundness of the GAV reported at the IPO.
- Realia net Income of 94,1 million shows a strong 14% growth against the same period in 2006, fuelled by rentals and land sales which more than offset lower asset sales and a weaker residential deliveries.

Financial Highlights (30 June 2007)

(€mm)	1H 2007	1H 2006	*% Change*
Total Revenues	**446.8**	**402.0**	***11.2***
Rents	76.0	49.4	*54.0*
EBITDA	**207.4**	**157.1**	***32.0***
EBITDA Rents	56.1	38.4	46.3
EBITDA Land & Homebuilding	127.4	76.8	65.9
EBITDA Sale of assets	20.9	42.0	-50.1
Net Income (Group share)	**94.1**	**82.4**	***14.3***
Net Financial Debt	**1,811**	**1,357**	***33.5***
Nº Shares (mm) (1)	**277.4**	**277.4**	**0.0**
Earnings per Share (€)	**0.34**	**0.30**	**14.3**
Dividends per Share (€)	**0.12**	**0.12**	**0.8**

(1) ADJUSTED FOR THE 3:1 STOCK SPLIT PREVIOUS TO THE IPO.

Operational Highlights (30 June 2007)

	1H 2007	1H 2006	*% Change*
Commercial Property			
GLA (sqm)	**751,852**	**433,758**	**73.3**
Operational	455,992	433,758	5.1
In Progress	295,860	N/A	
Occupancy rate (%)	**95.1%**	**96.0%**	**-0.9**
Land & Homebuilding			
Pre-sales			
Total value of contracts (€mm)	77.6	165.2	-53.0
Homes	257	539	-52.3
Pre-sales backlog (€mm)	**469.6**	**606.4**	**-22.6**
Land Bank Consolidated (sqm mm)	**4.2**	**4.3** (1)	**-2,4**
Nº Employees	**241**	**573**	**-57.9**

(1) Dec 2006

Consolidated Income Statement

(€mm)	1H 2007	1H 2006	*% Change*
Total Revenues	**446.8**	**402.0**	***11.2***
Rents	76.0	49.4	*54.0*
Sale of assets	23.1	43.4	*-46.8*
Homebuilding	133.0	184.3	*-27.9*
Land sales	210.2	124.6	*68.6*
Other	4.6	0.3	*1281.1*
Total Gross Margin	**230.9**	**172.1**	***34.1***
% Margin	*51.7*	*42.8*	
Rents	61.0	40.5	*50.8*
Sale of assets	23.1	43.4	*-46.8*
Homebuilding	32.5	45.0	*-27.8*
Land sales	111.3	43.3	*156.9*
Other	3.0		
Overheads	23.4	15.0	*56.0*
EBITDA	**207.4**	**157,1**	***32.0***
Amortization & Depreciation	16.3	10.2	*58.9*
EBIT	**191.2**	**146.9**	***30.2***
% Margin	*42.8*	*36.5*	
Financial Result	37.9	12.6	*201.2*
Other Results	1.8	-0.2	*-1,102.8*
PBT	**155.1**	**134.1**	***15.6***
Taxes	43.6	39.6	*9.9*
Results from Discontinued Activities	-0.6	-3.6	*-82.8*
Net Income	**110.9**	**90.9**	***22.1***
Minority Interests	16.8	8.5	*97.8*
Net Income (Group share)	**94.1**	**82.4**	***14.3***

- Total revenues of €446.8 million show a solid 11% increase versus 1S 2006 despite of lower disposals from commercial property portfolio (which represented €43.4m on the comparable period) and delays in obtaining some administrative permits that have materialized in some delays with respect to certain homebuilding developments (€184.3m in 1S 2006 versus €133.0m this year)
- Revenues from Commercial Property represent 22% of total, and 36% of the margin, with rentals showing a growing weight. The Land and Homebuilding division have contributed to the revenues and gross margin about 77% and 63% respectively, due to the execution of a significant portion of the targeted land sales for the year during the period. Margin from homebuilding only accounts for 10% of total gross margin.
- Increase in Overheads reflects the impact of the IPO expenses accrued by the Company (legal fees, auditors, publicity, etc) for a total amount of €7.8 m. Still, EBITDA grew 32% to €207.4m , with a 46% margin over total revenues.
- Net financial costs reflect the increase in debt by the impact of the 2006 acquisitions and investments (SIIC de Paris, and asset acquisitions fully funded with debt), amounting to €37.9 m, with an implied average net cost of 4.05%

- Net profit for the period equalled €94.1 m, showing a 14% increase versus the same period last year.
- Minority interests have significantly increased compared to 1S 2006 mainly due to the sale of land plots by subsidiaries in which REALIA has minority partners
- Net debt amounted to €1,811 m, of which, €1,312 are of limited recourse.

Consolidated Balance Sheet

(€mm)	1H 2007	Dec. 2006	*% Change*
Tangible Fixed assets	41.5	43.0	*-3.6*
Investment Property	1,882.7	1,881.7	*0.1*
Financial Investment	106.1	107.2	*-1.0*
Inventories	1,322.9	1,270.6	*4.1*
Accounts Receivable	50.8	95.2	*-46.7*
Others Assets	255.8	151.0	*69,4*
Assets Held for Sale	18.4	48.0	*-61.8*
Total Assets	**3,678.1**	**3,596.7**	***2.3***
Equity	725.5	676.6	*7.2*
Minority Shareholders	207.1	210.7	*-1.7*
Non Current Financial Debt	1,671.2	469.7	*255.8*
Current Financial Debt	278.9	1,376.0	*-79.7*
Current Creditors	592.4	595.5	*-0.5*
Other Liabilities	203.1	239.8	*-15.3*
Liabilities Associated with Assets Held for Sale		28.3	*-100.0*
Total Liabilities	**3,678.1**	**3,596.7**	***2.3***

Commercial Property

Rental Income (including expenses charged)

(€mm)	1H 2007	1H 2006	% Change	*Like for Like % Change*	*Occupancy rate (%)*
Offices	**65.9**	**34.9**	**88.8**		**94.4**
Spain	35.5	32.6	9.1	5.5	98.5
France	30.3	2.3	1,205.5		86.3
Retails & Leisure	**9.3**	**10.3**	**-9.2**	**1.1**	**97.5**
Other	**0.8**	**4.2**	**-81.3**	**0.0**	**98.5**
Total Revenues	**76.0**	**49.4**	**54.0**	**6.6**	
Offices	**54,3**	**30.1**	**80.8**		
Spain	28.6	28.3	0.9		
France	25.8	1.7	1393.0		
Retails & Leisure	**5.9**	**6.5**	**-8.2**		
Other	**0.7**	**3.9**	**-81.4**		
Total Gross Margin	**61.0**	**40.5**	**50.8**		
Margin (%)	**80.3**	**82.0**			

- Strong growth of the rental income driven by the acquisition of SIIC de Paris in May 2006. The improvement is also attributable to the solid performance of Madrid and Paris office markets, particularly in the prime areas where Realia concentrates most of its value.
- Office rents account for 88% of the revenues, with a similar weight of Madrid and Paris.
- Margins remain stable, with a 1% increase versus last year. In accounting terms though, margin deteriorates in Spain Offices due to the impact of the Discontinued Activities, that provided services to the assets in 2006.

	GLA	Rents	Passing rents (1)	GAV (Dec 06)	Yield	Occupancy (%)
Offices	**362,240**	**57.2**	**113,4**	**2,556.0**	**4.4**	**94.4**
Spain	238,916	30.3	60,6	1,321.0	4.6	98.5
CBD	109,395	17.2	34,4	822.1	4.2	99.4
BD	64,563	7.7	15,8	289.3	5.5	96.8
Periphery/Other	64,958	5.4	10,3	209.6	4.9	98.8
France	123,325	26.8	52,8	1,235.1	4.3	86.3
CBD	78,032	19.4	38,0	897.9	4.2	88.3
BD	36,648	7.2	14,4	260.0	5.5	98.5
Periphery/Other	8,645	0.2	0,4	77.2	0.5	16.8
Retails & Leisure	**53,309**	**7.3**	**11,3**	**282.0**	**4.0**	**97.5**
Other	**40,443**	**0.8**	**1,6**	**34.5**	**4.5**	**98.5**
Total	**455,992**	**65.3**	**126,2**	**2,872.5**	**4.4**	**95.1**

(1) Passing rents as of June 2007.

Operational highlights

- The quality and exceptional location of most of the office assets both in Madrid and Paris allows for occupancy rates close to 100%.
- Current yields, based on annualized rents (passing rents as of June 2007) show a slight increase in CBD and BD areas, as a result of the rental growth, partially offset by the largest vacancy in France attributable to assets under refurbishment.

Asset Sales

(€mm)	1H 2007	1H 2006	% Change
Spain	65.8	59.5	*10.6*
Total Revenues (sale proceeds)	**65.8**	**59.5**	***10.6***
Spain	23.1	43.4	*-46.8*
Total Gross Margin	**23.1**	**43.4**	***-46.8***
Margin (%)	***35.1***	***72.9***	

- Assets sold in the quarter included the Leisure Centre Diversia (€46 million) and Cinema Proyecciones (€20 million). Realia has reduced the exposure to the retail leisure segment to a single asset (Odos Wellness Gym in Madrid).
- The asset rotation policy of Realia consists of disposing of the investments once they have reached most (or all) of its upside potential, or sale of non-strategic assets. The objective is to reinvest the proceeds into new assets than show a similar potential for value creation.

Pipeline

Pipeline	Location	Use	GLA	Total investment	Incurred investment	Opening
Spain						
C.C. Ferial Plaza	**Guadalajara**	**Retail**	**31,745**	**86.3**	**32.4**	**2007**
La Noria F-I	**Murcia**	**Retail**	**17,955**	**35.5**	**14.7**	**2008**
La Noria F-II	**Murcia**	**Retail**	**12,000**	**19.5**	**3.1**	**2008**
C.C. Plaza Nueva	**Madrid**	**Retail**	**90,632**	**163.7**	**35.9**	**2008**
Torre Porta Fira	**Barcelona**	**Offices**	**32,008**	**128.5**	**12.6**	**2008**
As Cancelas	**Santiago de Compostela**	**Retail**	**53,002**	**163.0**	**2.0**	**2009**
Park Central 22@	**Barcelona**	**Offices**	**9,168**	**25.0**	**8.6**	**2010**
C.C. Denia	**Denia**	**Retail**	**34,500**	**85.0**	**-**	**2010-2011**
France						
François Ory' / Louis Lejeune	**Paris**	**Offices**	**14,850**	**85.0**	**48.4**	**2009**
Total Pipeline			**295,860**	**791.5**	**157.7**	

- By the end of the investment period GLA would be multiplied by 1.5 times, increasing the exposure to Shopping Centres to approx. 293.000 Sqm.
- The current status of the Shopping Centres pipeline is the following:
  - Guadalajara: most retail units have been pre-let, reaching 96% of pre-leasing (99% of commitments), with prestigious anchor tenants such as Grupo El Corte Inglés (as an independent operator), Grupo Inditex, Toys “R” Us and cinemas Renoir.
  - Leganes Plaza Nueva: pre-leasing level of 95% (99% of commitments), with anchor tenants such as Carrefour, Bricoman, Decathlon and Toys “R” Us
  - As Cancelas: commercialization stage not initiated although Carrefour has committed as an anchor
  - La Noria: pre-leasing and commitments of 60% with anchor tenants such as Cortefiel…
  - Denia: the project, just granted to Realia is subject to obtained the required regional licence for retail activities (second license).

Land and Homebuilding

(€mm)	1H 2007	1H 2006	% Change
Revenues			
Homebuilding	133.0	184.3	-27.9
Land sales	210.2	124.6	68.6
Total Revenues	**343.1**	**308.9**	**11.1**
Gross Margin			
Homebuilding	32.5	45.0	-27.8
Land sales	111.3	43.3	156.9
Total Gross Margin	**143.8**	**88.3**	**62.8**
% of revenues	***41.9***	**28.6**	

- Total revenues from this segment increased by 11% versus the same period of last year, while gross margin posted a significant growth (63%) fuelled by strong land sales at a 53% margin. On the contrary, Homebuilding revenues significantly decreased versus 2006, mainly due to the fact that a significant portion of the deliveries are forecasted for the 4th quarter of the year.
- Homebuilding margins remain stable at 24% over revenues, 1% better than in the same period of 2006. As explained below, Realia has decided to pace deliveries for the 2007-2009 period, aiming at maintaining an adequate stock of pre-sold homes over the period.

Land

	1H 2007		1H 2006		
	sqm	€mm	sqm	€mm	% Change
Acquisitions	122,442	91.8	420,091	240.2	-61,8
Disposals	225,264	210.2	196,919	124.6	68.6

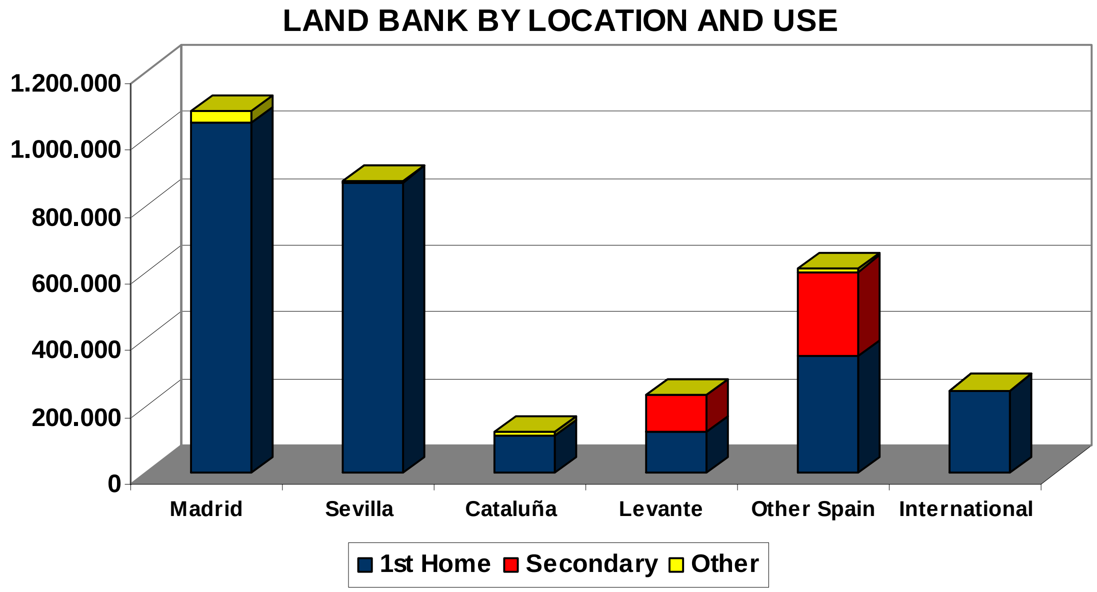
- The land plots acquired during the first half of the year show the more conservative stance taken by the company with regards to land. Acquisitions will concentrate in land in growing areas to develop primary residences. In particular the most significant acquisitions have been c. 53,000 sqm of buildable area in Zaragoza and c. 41,000 in Toledo, both in the first quarter.
- The implied average cost of the land acquired was c. 750 €/sqm.
- On the land sales, the most important land plots sold were 52,500 sqm in Seville of first residence land (through a 51% owned subsidiary), 46,000 in Madrid,41,700 in Valladolid and 45,500 in Toledo. The aggregate amount of these disposals was of €181.1mm.
- The implied average sale price of the land sold was c. 933 €/sqm.
- Selling price was only 1% below CBRE valuation as of Dec. 2006.
- Realia´s objective for the next 3 years is to dispose up to €1 bn of its Land Bank, and to reinvest the proceeds in the Commercial Property division.

Land Bank Evolution

- Building Land Bank as of June 2007 is 3.2 million sqm once deducted the plots already under construction and the land own by minority partners. The appraised value of the Land Bank (values from CBRE as of Dec 2006 and acquisition cost for land bought afterwards) is €2.3 million.

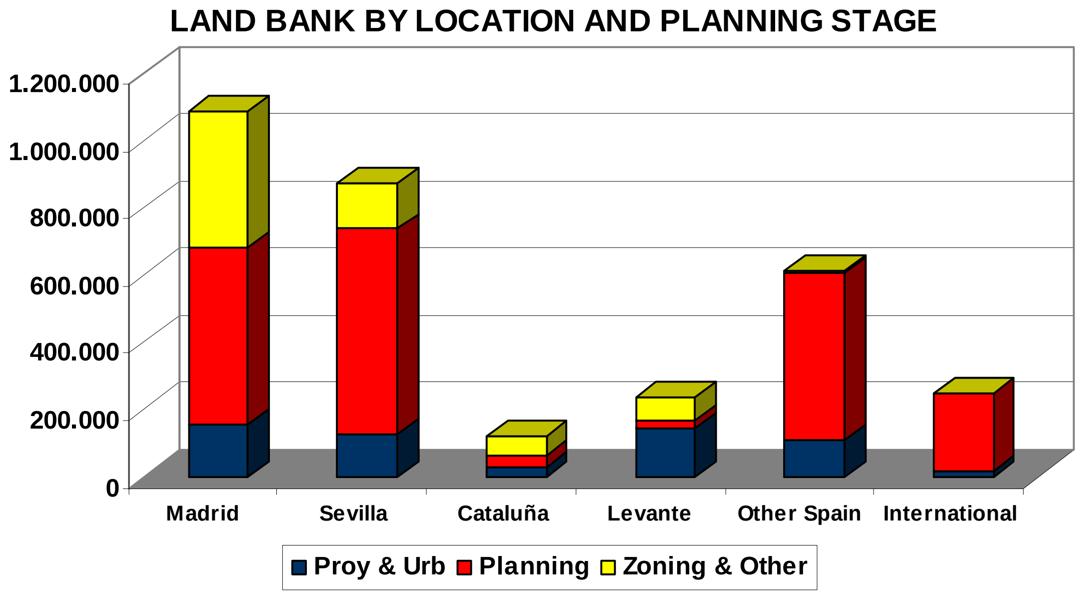
Land Bank Evolution	(000) sqm	Value (€mm)	€ per sqm
Dec. 06 (As reported in IPO)	4,333	3,224	744
Land attributed to status developments	465	638	1,374
Land owned by minorities	595	207	348
Adapted Dec 06 Land Bank	**3,274**	**2,379**	**727**
Acquisitions	122	92	750
Disposal	225	210	933
June 07 Land Bank	**3,171**	**2,261**	**713**

- Land for Primary homes accounts for 87% of the total Land Bank and 91% of the value. Secondary homes amount to 12% of the area and 7% of the value



- According to its geographical distribution, 61% of the building surface is in the urban areas of greater Madrid and Sevilla, accounting for 62% of the value. The rest is spread over Cataluña, Levante, Lisbon, Warsaw…

- With regards to the different stages of development, 18% of the land (30% of the value) is in the final phases of development (urbanization and project); 61% (58% of the value) is in the planning phase, and only 21% of the land (12% of the value) is in the early stages of development.



Homebuilding

Deliveries	Nº Units	Revenues
Local Offices	Homes	€mm
Centro I	141	47.8
Centro II	148	35.6
Levante	23	7.5
Andalucía	105	31.3
Cataluña	16	6.1
Canarias	13	4.6
Portugal	0	0.0
Polonia		
Total	**445**	**133.0**

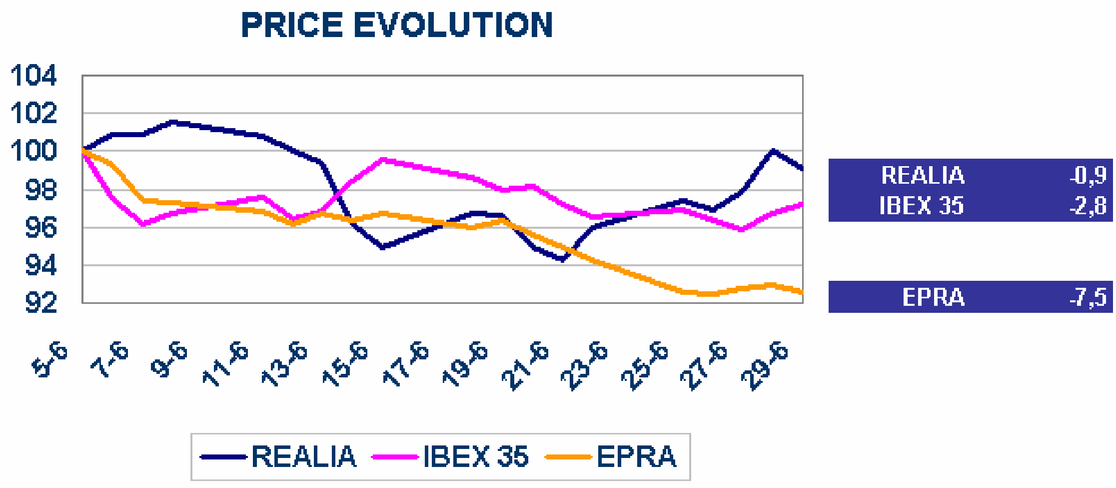
- Current objectives for the period 2007-2009 is to deliver 4,000 to 4,200 units. Of them,2,100 have been pre-sold or delivered. Pre-sales coverage for 2007 and 2008 expected deliveries stand at 98% and 42% respectively.
- Of the expected deliveries for the period, approx. 950 units are secondary residence (24% of total units). The highest amount is in 2008 (35% of the total units to be delivered) that today show a 40% of pre-sales.

Pre sales evolution	1H 2007	1H 2006	% Change
Pre-sales backlog at BoP			
Number of homes	1,843	2,218	-16.9
Total value of contracts (€mm)	524.9	625.4	-16.1
(+) Pre-sales			
Number of homes	257	539	-52.3
Total value of contracts (€mm)	77.6	165.2	-53.0
(-) Deliveries			
Number of homes	445	657	-32.2
Total value of contracts (€mm)	133.0	184.3	-27.9
Pre-sales backlog at EoP			
Number of homes	1,655	2,101	-21.2
Total value of contracts (€mm)	469.6	606.4	-22.6

- Average price of units delivered increased by 6% to €299 thousand, reflecting the middle-class, middle-type homes Realia sells, and where we think a lower risk is expected from the current sales slowdown.

Stock Data

- The stock has been trading within the €6.11-6.91, reaching a month end closing at €6.44, a 0.9% drop versus the IPO price, while IBEX-35 and EPRA have seen falls of 2.8% and 7.5% respectively during the same period.



	1H 2007	1H 2006	% Change
Closing Stock Price (€ per share)	6.44		
Market cap. EoP (€ MM)	1,786		
High of the period	6.91		
Low of the period	6.11		
Trading Volume (share)	100,672,263		
Trading Volume (€MM)	656.2		

Contact information

Investor Relations Department

Carlos Ruiz-Garma

Tel: +34 91 353 44 00

E-mail: carlos.ruiz-garma@realia.es