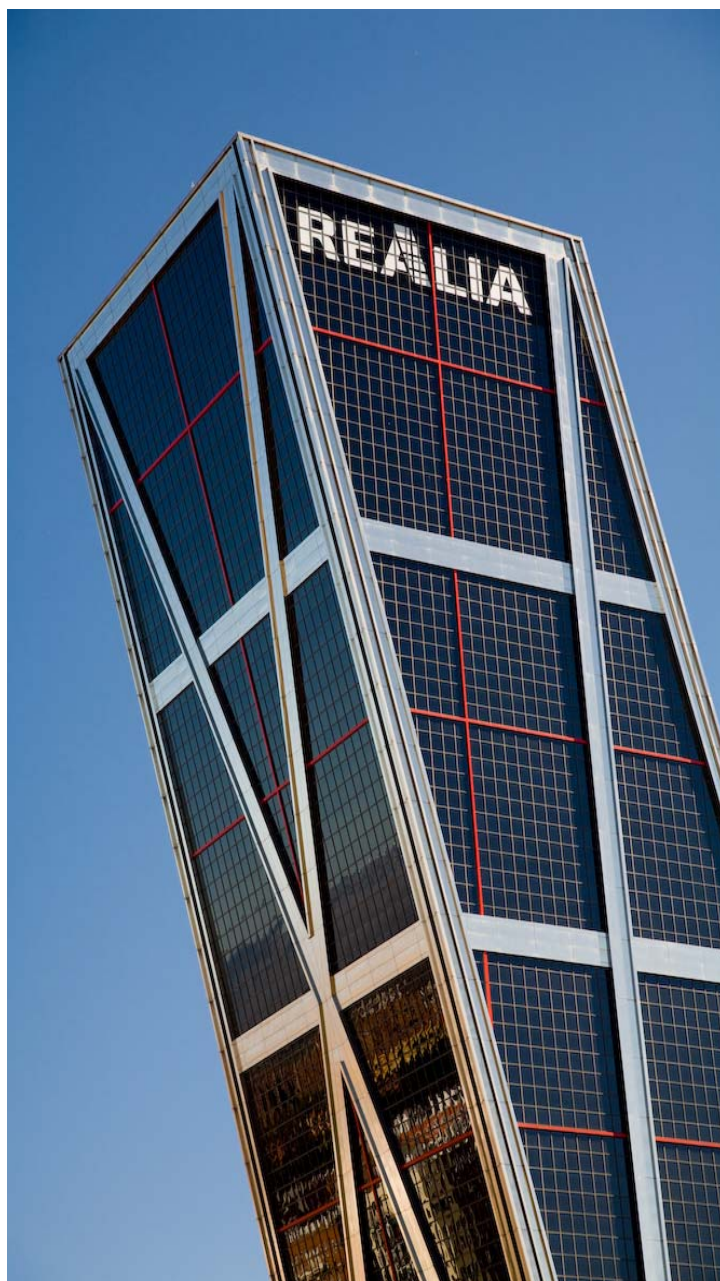


# REALIA



**January - June 2010 results**

*28 July 2010*

## *Highlights 1H 2010*

### **RESULTS**

- Total revenues in the first semester of 2010 performed better than first semester of 2009 due to the resilience of rental income and the positive pace of home sales.
- Net Income amounted to 1 million euro in 1H 2010 vs. -38.8 million euro in 1H 2009.

### **FINANCIAL STRUCTURE**

- In the second quarter of 2010 Realia has reduced debt in 62 million euro.
- Over 93% gross debt matures from 2012 – 2017 (50% in 2017).

### **COMMERCIAL PROPERTY**

- Commercial Property business maintains high occupancy 94.8% (ex-BCN Tower) due to the high quality portfolio.
- BCN office tower in Barcelona has reached 50% of occupancy after the signature of some lease contracts.



- Rental business represents 89% of the gross margin, with rentals showing a recurrent income giving the company stability and visibility.

### **HOMEBUILDING AND LAND**

- The positive pace of home sales in 2009 continues in 2010, moreover, with better margin in 2010 due to lower price reductions.
- Pre-sales amounted to 286 homes in 1H 2010 for a total amount of 64.7 million euro vs. 319 (61 million euro) in 1H 2009 and 160 (44 million euro) in 1H 2008.
- Due to the positive pace of home sales, Realia is restarting some homebuilding developments (Madrid, Valence, Seville and Valladolid) for a total of 397 homes, 26 studio apartments and 2 commercial premises.
- In spite of the difficulties in obtaining financing from potential land buyers, an increased interest in certain land plots in Madrid has risen in 2010.

**Financial Highlights (30 June 2010)**

| (€mm)                            | 1H 2010      | 1H 2009      | % Change     |
|----------------------------------|--------------|--------------|--------------|
| <b>Total Revenues</b>            | <b>161.8</b> | <b>157.7</b> | <b>2.6</b>   |
| Rents                            | 87.7         | 90.3         | -2.8         |
| <b>EBITDA</b>                    | <b>68.5</b>  | <b>63.2</b>  | <b>8.4</b>   |
| EBITDA Rents                     | 66.2         | 65.8         | 0.6          |
| EBITDA Homebuilding              | 0.4          | -2.4         | 118.4        |
| EBITDA Land                      | 1.2          | 0.0          | 100.0        |
| EBITDA Sale of assets            | 0.7          | -0.2         | 492.9        |
| EBITDA Others                    | 0.1          | 0.0          | 100.0        |
| <b>Net results (Group share)</b> | <b>1.0</b>   | <b>-38.8</b> | <b>102.7</b> |
| <b>Net Financial Debt</b>        | <b>2,197</b> | <b>2,314</b> | <b>-5.0</b>  |
| <b>Nº Shares (mm)</b>            | <b>277.4</b> | <b>277.4</b> | <b>0.0</b>   |
| <b>Results per Share (€)</b>     | <b>0.00</b>  | <b>-0.14</b> | <b>102.7</b> |

**Operational Highlights (30 June 2010)**

|  | 1H 2010                   | 1H 2009        | % Change     |
|--|---------------------------|----------------|--------------|
| <b>Commercial Property</b>             |                           |                |              |
| <b>GLA (sqm)</b>                       | <b>623,140</b>            | <b>723,892</b> | <b>-13.9</b> |
| Operational                            | 569,946                   | 550,353        | 3.6          |
| In Progress <sup>1</sup>               | 53,194 <sup>1</sup>       | 173,539        | -69.3        |
| <b>Occupancy rate (%)</b>              | <b>94.8%</b> <sup>2</sup> | <b>93.9%</b>   | <b>0.9</b>   |
| <b>Land &amp; Homebuilding</b>         |                           |                |              |
| <b>Pre-sales</b>                       |                           |                |              |
| Total value of contracts (€mm)         | 64.7                      | 61.0           | 6.0          |
| Homes                                  | 286                       | 319            | -10.5        |
| <b>Pre-sales backlog (€mm)</b>         | <b>50.0</b>               | <b>79.6</b>    | <b>-37.2</b> |
| <b>Land Bank Consolidated (sqm mm)</b> | <b>3.5</b>                | <b>3.5</b>     | <b>0.0</b>   |
| <b>Nº Employees</b>                    | <b>175</b>                | <b>182</b>     | <b>-3.8</b>  |

<sup>1</sup> Excluding some developments postponed until more favourable market conditions.

<sup>2</sup> Excluding BCN office tower in Barcelona opened recently and in commercializing phase (let 50%).

**Consolidated Income Statement**

| (€mm)                            | 1H 2010      | 1H 2009      | % Change       |
|----------------------------------|--------------|--------------|----------------|
| <b>Total Revenues</b>            | <b>161.8</b> | <b>157.7</b> | <b>2.6</b>     |
| Rents                            | 87.7         | 90.3         | -2.8           |
| Sale of assets                   | 0.7          | -0.2         | 477.1          |
| Homebuilding                     | 69.0         | 66.7         | 3.5            |
| Land sales                       | 1.2          | 0.0          | 100.0          |
| Other                            | 3.2          | 0.9          | 244.6          |
| <b>Total Gross Margin</b>        | <b>79.7</b>  | <b>76.1</b>  | <b>4.8</b>     |
| <i>% Margin</i>                  | <i>49.3</i>  | <i>48.3</i>  |                |
| Rents                            | 70.2         | 72.9         | -3.7           |
| Sale of assets                   | 0.7          | -0.2         | 477.1          |
| Homebuilding                     | 7.6          | 3.3          | 130.1          |
| Land sales                       | 1.2          | 0.0          | 100.0          |
| Other                            | 0.1          | 0.1          | 23.2           |
| Overheads                        | -11.2        | -12.9        | -13.1          |
| <b>EBITDA</b>                    | <b>68.5</b>  | <b>63.2</b>  | <b>8.4</b>     |
| Amortization                     | -17.3        | -16.4        | 5.0            |
| Depreciation                     | 11.1         | -41.7        | -126.5         |
| <b>EBIT</b>                      | <b>62.4</b>  | <b>5.0</b>   | <b>1,141.0</b> |
| <i>% Margin</i>                  | <i>37.6</i>  | <i>3.2</i>   |                |
| Financial Result                 | -48.4        | -49.0        | -1.1           |
| Other Results                    | -7.9         | -1.9         | 306.5          |
| <b>Results before taxes</b>      | <b>6.1</b>   | <b>-45.9</b> | <b>113.2</b>   |
| Taxes                            | -0.5         | 8.3          | -105.5         |
| <b>Results after taxes</b>       | <b>5.6</b>   | <b>-37.6</b> | <b>114.9</b>   |
| Minority Interests               | -4.6         | -1.3         | 258.9          |
| <b>Net results (Group share)</b> | <b>1.0</b>   | <b>-38.8</b> | <b>102.7</b>   |

- Total revenues in the first semester of 2010 performed better than first semester of 2009 due to the resilience of rental income and the positive pace of home sales.
- Rental income in 1H 2010 slightly below 1H 2009 due to the impact of some downward rent reviews.
- Rental business represents 89% of the gross margin, with rentals showing a recurrent income giving the company stability and visibility.
- The positive pace of home sales in 2009 continues in 2010, moreover, with better margin in 2010 due to lower price reductions.

- Realia has been obliged to sell (expropriation) a land plot in Madrid for 1.2 million euro.
- Realia continues with an important cost-cutting effort reducing overheads.
- Realia has reinvested provisions in the first semester 2010 for a total net amount of 11 million euro, worth mentioning 5.7 million euro from the favourable sentence which states that a land plot in Madrid belongs to Realia, 2.9 million euro from asset appreciation in the French office portfolio, and 1.9 million euro from recovery.
- In the first semester of 2010 gross debt average cost stood at 4.19%.
- Net Income amounted to 1 million euro in 1H 2010 vs. -38.8 million euro in 1H 2009.

### Consolidated Balance Sheet

| (€mm)                 | 1H 2010      | Dec. 09      |                          | 1H 2010      | Dec 09       |
|-----------------------|--------------|--------------|--------------------------|--------------|--------------|
| Tangible Fixed assets | 10           | 10           | Equity                   | 491          | 509          |
| Investment Property   | 2,072        | 2,199        | Minority Shareholders    | 267          | 267          |
| Assets Held for Sale  | 108          |              |                          |              |              |
| Financial Investment  | 97           | 99           | Financial Debt           | 2,366        | 2,414        |
| Inventories           | 956          | 1,010        | Current Creditors        | 134          | 164          |
| Accounts Receivable   | 54           | 47           | Other Liabilities        | 329          | 322          |
| Others Assets         | 290          | 311          |                          |              |              |
| <b>Total Assets</b>   | <b>3,586</b> | <b>3,676</b> | <b>Total Liabilities</b> | <b>3,586</b> | <b>3,676</b> |

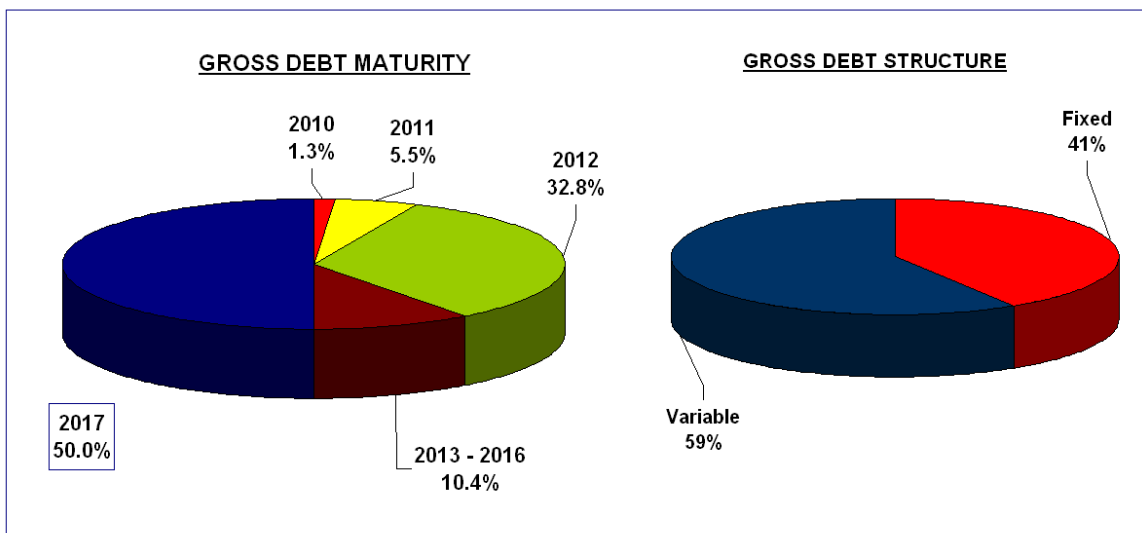
#### **Assets in balance sheet at acquisition cost, not revalued**

- Assets for sale: reflect the book value of 640 Diagonal Avenue office building (Barcelona).
- Other Assets: treasury and treasury equivalents for a total of 168 million euro.

**Financial Structure**

| Financial Structure               | (€mm)          |
|-----------------------------------|----------------|
| Syndicated loan                   | 2,164.2        |
| Credit lines                      | 35.5           |
| Mortgage loans                    | 141.0          |
| Loans                             | 24.8           |
| <b>Total Gross Financial Debt</b> | <b>2,365.5</b> |
| Treasury                          | 132.8          |
| Treasury equivalents              | 35.5           |
| <b>Total Net Financial Debt</b>   | <b>2,197.3</b> |

- In the second quarter of 2010 Realia has reduced debt in 62 million euro.
- Over 93% gross debt matures from 2012 – 2017 (50% in 2017).



**Commercial Property**

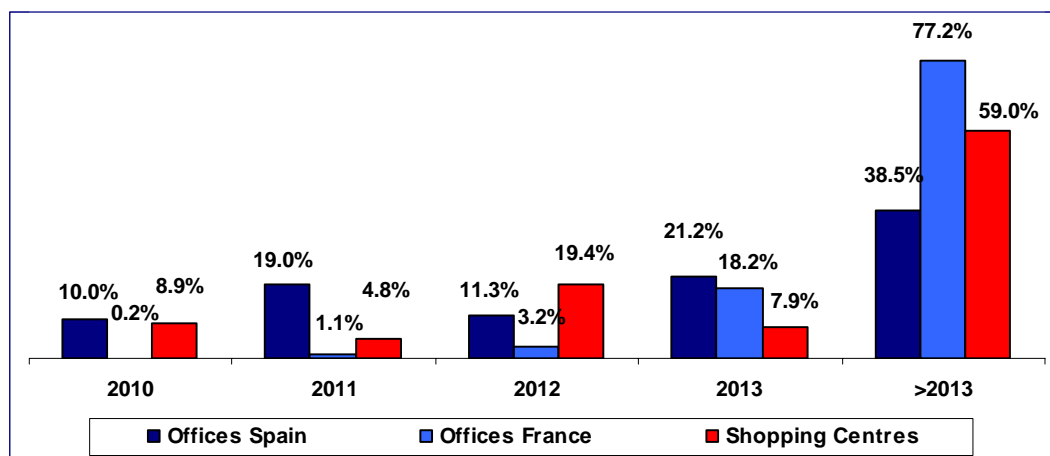
**Rental Income (including expenses charged)**

| (€mm)                        | 1H 2010     | 1H 2009     | % Change     | Like for Like (%) | Occupancy (%) | Occupancy*  |
|------------------------------|-------------|-------------|--------------|-------------------|---------------|-------------|
| <b>Offices</b>               | <b>74.0</b> | <b>74.7</b> | <b>-1.0</b>  | <b>-1.5</b>       | <b>92.7</b>   | <b>96.2</b> |
| Spain                        | 39.2        | 39.1        | 0.5          | -0.6              | 91.2          | 96.5        |
| France                       | 34.8        | 35.7        | -2.6         | -2.5              | 95.5          | 95.5        |
| <b>Retails &amp; Leisure</b> | <b>12.9</b> | <b>14.7</b> | <b>-12.1</b> | <b>1.7</b>        | <b>89.4</b>   | <b>89.4</b> |
| <b>Other</b>                 | <b>0.8</b>  | <b>0.8</b>  | <b>-5.8</b>  | <b>-1.1</b>       | <b>99.9</b>   | <b>99.9</b> |
| <b>Total Revenues</b>        | <b>87.7</b> | <b>90.3</b> | <b>-2.8</b>  | <b>-1.1</b>       | <b>92.4</b>   | <b>94.8</b> |
| <b>Gross Margin</b>          | <b>70.2</b> | <b>72.9</b> | <b>-3.7</b>  |                   |               |             |
| <b>Margin (%)</b>            | <b>80.1</b> | <b>80.8</b> |              |                   |               |             |

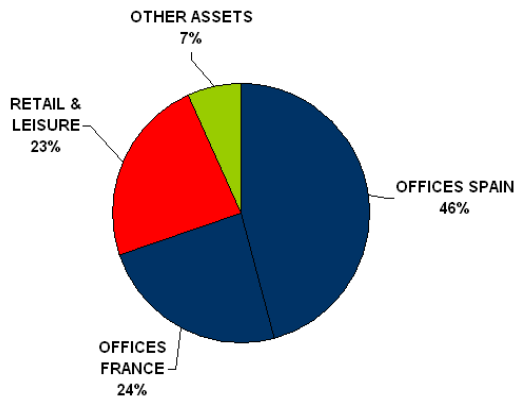
\* Excluding BCN office tower in Barcelona opened recently and in commercializing phase (let 50%)

- Rental income in 1H 2010 slightly below 1H 2009 due to the impact of some downward rent reviews.
- However, Commercial Property business maintains high occupancy 94.8% (ex-BCN Tower) due to the high quality portfolio.
- Retail rental income has decreased mainly as a result of the sale in December 2009 of Nervion Plaza Shopping Centre in Seville.
- Most of lease contracts from offices in Paris and retail in Spain have maturity of more than 5 years, giving solidity to the rental income.

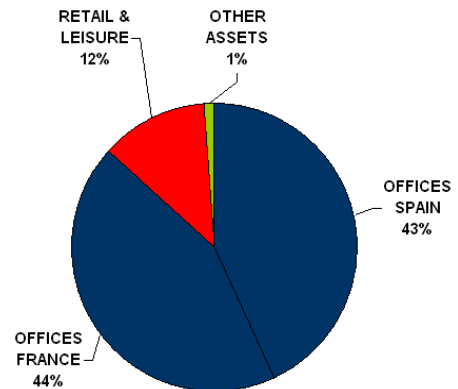
**Expiry % of lease contracts**



**GLA PER USE (SQM)**



**PASSING RENTS JUNE 10**



- Office rents account for 87% of the total rental income, with a similar weight of Madrid and Paris. Realia concentrates most of its assets in prime area with long term tenants with high solvency such as government agencies and services companies.

**Asset Sales**

- Consistent with the policy of asset rotation, Realia has sold in the first semester of 2010 some small assets for 4.8 million euro, with 0.7 million euro of capital gains.

**Pipeline**

- After the recently opening of the office building in Montrouge (Paris), the pipeline is focus in two office refurbishments in Paris with a pending investment of 5.2 million euro.
- The Project in Santiago de Compostela, As Cancelas Shopping Centre, with a total GLA of 50,812 sqm is been slowed down by financing restructuring.



**Land and Homebuilding**

| (€mm)                         | 1H 2010     | 1H 2009     | % Change     |
|-------------------------------|-------------|-------------|--------------|
| <b>Revenues</b>               |             |             |              |
| Homebuilding                  | 69.0        | 66.7        | 3.5          |
| Land sales                    | 1.2         | 0.0         | 100.0        |
| <b>Total Revenues</b>         | <b>70.2</b> | <b>66.7</b> | <b>5.3</b>   |
| <b>Gross Margin</b>           |             |             |              |
| Homebuilding                  | 7.6         | 3.3         | 130.1        |
| Land sales                    | 1.2         | 0.0         | 100.0        |
| <b>Total Gross Margin</b>     | <b>8.8</b>  | <b>3.3</b>  | <b>165.9</b> |
| <b>Margin Homebuilding(%)</b> | <b>11.0</b> | <b>4.9</b>  |              |

- The positive pace of home sales in 2009 continues in 2010, moreover, with better margin in 2010 due to lower price reductions.
- Due to the positive pace of home sales, Realia is restarting some homebuilding developments (Madrid, Valence, Seville and Valladolid) for a total of 397 homes, 26 studio apartments and 2 commercial premises.
- In the first semester of 2010 Realia has delivered 298 homes:

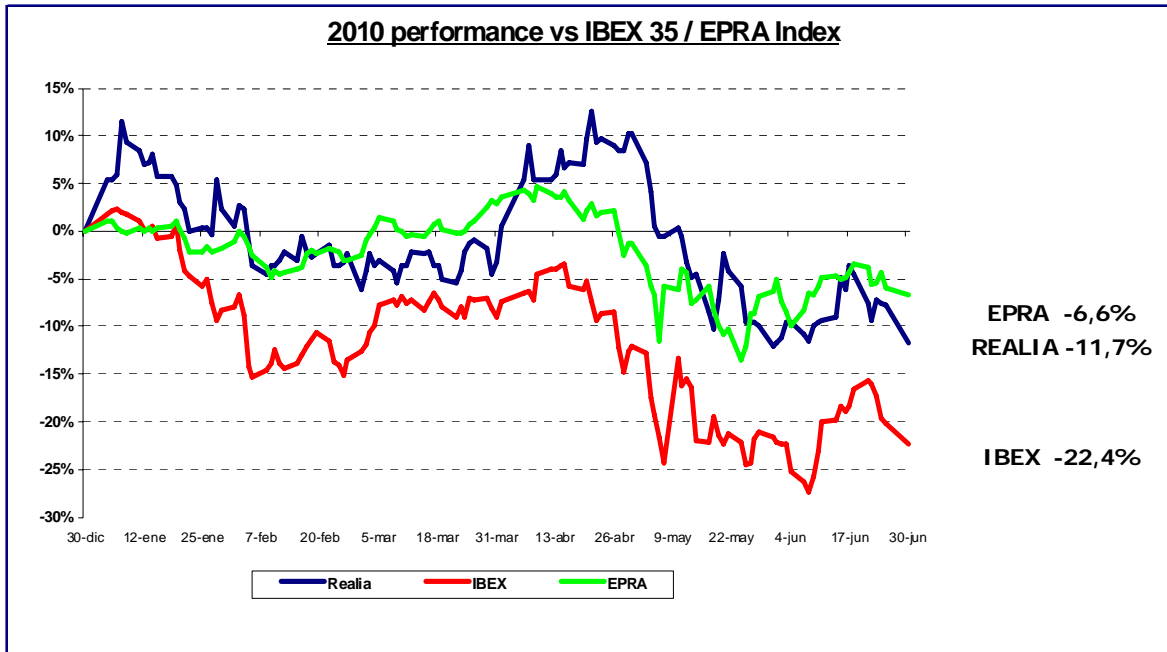
| Deliveries      | Nº Units<br>Homes | Revenues<br>€mm |
|-----------------|-------------------|-----------------|
| Madrid / Centro | 86                | 23.4            |
| Levante         | 69                | 16.4            |
| Cataluña        | 49                | 10.8            |
| Andalucía       | 43                | 9.6             |
| Polonia         | 24                | 4.3             |
| Canarias        | 13                | 1.8             |
| Asturias        | 11                | 1.6             |
| Portugal        | 3                 | 1.2             |
| <b>Total</b>    | <b>298</b>        | <b>69.0</b>     |

- Pre-sales amounted to 286 homes in 1H 2010 for a total amount of 64.7 million euro:

| Pre sales evolution             | 1H 10 | 1H 09 |
|---------------------------------|-------|-------|
| <b>(+) Pre-sales</b>            |       |       |
| Number of units                 | 286   | 319   |
| Total value of contracts (€mm)  | 64.7  | 61.0  |
| <b>(-) Deliveries</b>           |       |       |
| Number of homes                 | 298   | 300   |
| Total value of contracts (€mm)  | 69.0  | 66.7  |
| <b>Pre-sales backlog at EoP</b> |       |       |
| Number of units                 | 216   | 327   |
| Total value of contracts (€mm)  | 50.0  | 79.6  |

- Realia has a total stock of 1,036 homes (155 under construction and 881 finished) of which 216 had already been pre-sold and 820 for sale (186 in Catalonia, 174 in Levante, 171 in Madrid, 166 in Andalusia, 67 in Warsaw, 26 in Portugal, 19 in Canary Islands and 11 other Spain).

**Stock Data**



|                                   | 1H 2010     |
|-----------------------------------|-------------|
| Closing Stock Price (€ per share) | 1.465       |
| Market cap. EoP (€)               | 406,356,312 |
| High of the period (€ per share)  | 1.870       |
| Low of the period (€ per share)   | 1.450       |
| Daily Trading Volume (€)          | 201,031     |
| Daily Trading Volume (shares)     | 121,945     |

**CONTAC INFORMATION**

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