REALIA

January - June 2008 results

30 July 2008

Highlights 1H 2008


La Noria Outlet Shopping (Murcia)

(€ Millions)

Rental Income	86.8	+14%
Gross Margin	140.4	-39%
EBITDA	123.6	-40%
Profit for the period	37.9	-60%

STRONG PROPERTY BUSINESS

- Strong rental growth +14.2% (**Like-for-like +6.1%**), **increasing occupancy** (**97%**).
- **Property business represents 61% of the total gross margin**, and confirms the strategy of increase commercial property business with more recurrent income.

HEALTHY FINANCIAL SITUATION

- €1.6 bn syndicated loan 10 years maturity, signed on June 2007, which **finance** the property business and **most of the pipeline**.
- €240 mm **corporate debt refinanced** with a slight increase in the spread.

PIPELINE DEVELOPMENT: ADDITIONAL FUTURE GROWTH

- Opened **La Noria Outlet Shopping in Murcia** with 13,806 sqm (GLA). Initial yield to cost: 8% (with 100% occupancy: 11%).
- Additional rental growth in offices and shopping centres with **most of the financing secured by the syndicated loan**.

ASSET ROTATION: RECURRENT EARNINGS

- €111 mm assets sold **in line with CBRE valuation** as of December 2007.
- Also some options in land (a total value of €122.3 million) were cancelled, **reducing the total Land Bank**.
- €153 mm invested in **new assets**, both property and residential.

50% PAY-OUT POLICY

- Consistent with its **50% pay-out** policy, Realia paid on June 19th a complementary dividend for the 2007 income of €0.014 euro gross per share and the first interim dividend (out of 2008 income) of €0.06 gross per share.

Financial Highlights

(€mm)	1H 2008	1H 2007	% Change
Total Revenues	**264.2**	**446.8**	**-40.9**
Rents	86.8	76.0	14.2
EBITDA	**123.6**	**207.4**	**-40.4**
EBITDA Rents	66.4	56.1	18.3
EBITDA Land & Homebuilding	42.4	127.4	-66.7
EBITDA Sale of assets	14.8	20.9	-29.4
Net Income (Group share)	**37.9**	**94.1**	**-59.7**
Net Financial Debt	**2,131**	**1,811**	**17.7**
Nº Shares (mm)	**277.4**	**277.4**	**0.0**
Earnings per Share (€)	**0.14**	**0.34**	**-59.7**
Dividends per Share (€)	**0.07**	**0.12**	**-38.3**

Operational Highlights

	1H 2008	1H 2007	% Change
Commercial Property			
GLA (sqm)	**759,941**	**751,852**	**1.1**
Operational	511,875	455,992	12.3
In Progress	248,066	295,860	-16.2
Occupancy rate (%)	**96.9%**	**95.1%**	**1.8**
Land & Homebuilding			
Pre-sales			
Total value of contracts (€mm)	43.7	77.6	-43.7
Number of units	160	257	-37.7
Pre-sales backlog (€mm)	**216.0**	**469.6**	**-54.0**
Land Bank Consolidated (sqm mm)	**3.8**	**4.2**	**-9.5**
Nº Employees	**235**	**241**	**-2.5**

Consolidated Income Statement

(€mm)	1H 2008	1H 2007[1]	*% Change*
Total Revenues	**264.2**	**446.8**	**-40.9**
Rents	86.8	76.0	14.2
Sale of assets	15.2	23.1	-34.0
Homebuilding	115.0	133.0	-13.5
Land sales	45.8	210.2	-78.2
Other	1.5	4.6	-68.5
Total Gross Margin	**140.4**	**230.9**	**-39.2**
% Margin	*53.1*	*51.7*	
Rents	70.8	61.0	16.1
Sale of assets	15.2	23.1	-34.0
Homebuilding	22.3	32.5	-31.5
Land sales	32.1	111.3	-71.2
Other		3.0	
Overheads	16.9	23.4	-28.0
EBITDA	**123.6**	**207.4**	**-40.4**
Amortization & Depreciation	17.5	16.3	7.4
EBIT	**106.1**	**191.2**	**-44.5**
% Margin	*40.2*	*42.8*	
Financial Result	44.5	37.9	17.6
Other Results	-1.5	1.8	-184.8
PBT	**60.0**	**155.1**	**-61.3**
Taxes	16.5	43.6	-62.2
Results from Discontinued Activities		-0.6	-100.0
Net Income	**43.6**	**110.9**	**-60.7**
Minority Interests	5.6	16.8	-66.5
Net Income (Group share)	**37.9**	**94.1**	**-59.7**

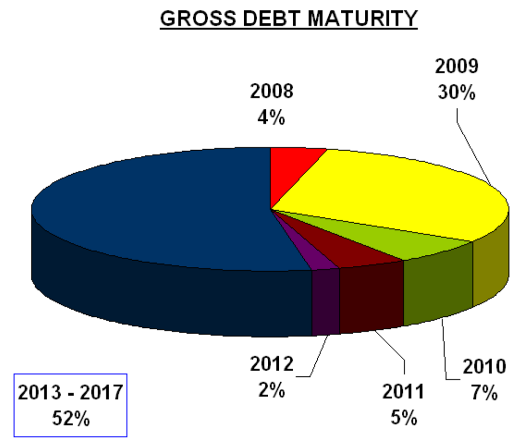
[1]*2007 figures classing services activity as "Discontinued Business"*

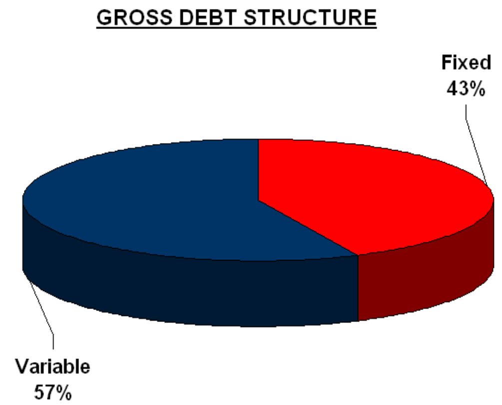
- Total revenues have decreased due to lower land sales due to the difficulties in obtaining financing from potential buyers.
- Property business represents 61% of the total gross margin, with rentals showing a growing weight and more recurrent income.
- Net financial costs reflect the increase in debt by the impact of assets acquisitions and pipeline investments. Realia has capitalized financial expenses for €9.9 million. Gross debt average cost stands at 5.53%.
- Minority interests have significantly decreased mainly due to less land sales by subsidiaries in which Realia has minority partners.
- Net profit amounted to €37.9 million which represents 59.7% less versus 1H 2007 due to lower land sales.

Consolidated Balance Sheet

(€mm)	1H 2008	2007		1H 2008	2007
Tangible Fixed assets	16	44	Equity	713	691
Investment Property	2,186	2,070	Minority Shareholders	272	288
Financial Investment	103	105	Financial Debt	2,289	2,136
Inventories	1,295	1,313			
Accounts Receivable	82	77	Current Creditors	442	656
Others Assets	219	260	Other Liabilities	185	129
Assets Held for Sale		31			
Total Assets	**3,901**	**3,900**	**Total Liabilities**	**3,901**	**3,900**

FINANCIAL STRUCTURE	(€mm)
Syndicated loan	1,284.0
Credit lines	792.8
Mortgage loans	144.9
Loans	67.6
Total Gross Financial Debt	**2,289.3**
Treasury	79.6
Treasury equivalents	13.8
Total Net Financial Debt	**2,195.9**





- 52% of gross financial debt has a maturity of more than 5 years and most of the total debt was successfully syndicated last year in a 1,632 million loan with a final maturity of 10 years.
- Due to the low loan-to-value (LTV) ratio, Realia is refinancing corporate debt with a slight increase in the spread.

Commercial Property

Rental Income (including expenses charged)

(€mm)	1H 2008	1H 2007	% Change	Like for Like %	Occupancy rate (%)
Offices	**72.7**	**65.9**	**10.4**	**5.7**	**97.3**
Spain	38.2	35.5	7.4	6.3	98.6
France	34.5	30.3	13.8	5.1	94.9
Retails & Leisure	**13.2**	**9.3**	**41.7**	**8.8**	**94.2**
Other	**0.8**	**0.8**	**8.4**	**8.4**	**99.4**
Total Revenues	**86.8**	**76.0**	**14.2**	**6.1**	**96.9**
Total Gross Margin	**70.8**	**61.0**	**16.1**		
Margin (%)	***81.6***	***80.3***			

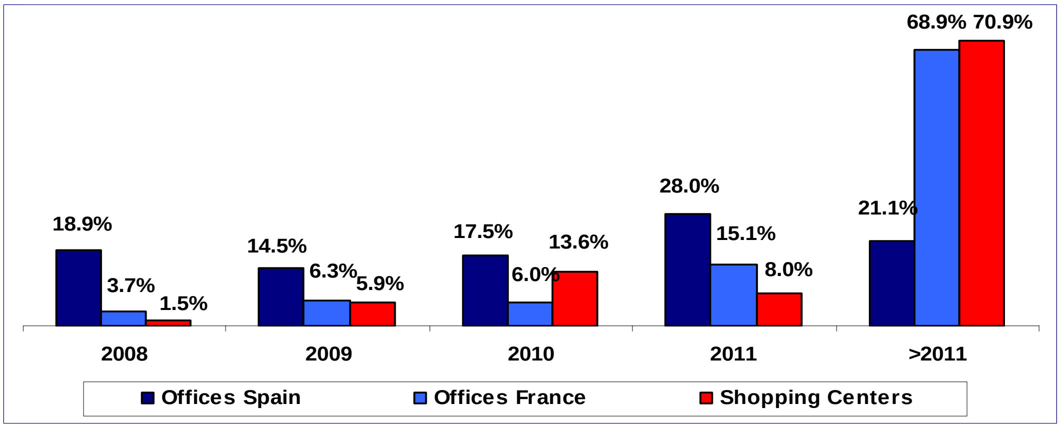
- Property business is performing very strong with important rental growth (+14.2%) and increasing occupancy (96.9% vs 95.1% in June 2007).
- Strong rental growth driven by rental reversions on re-letting and renewals both in offices (Like-for-like +5.7%) and shopping centres (Like-for-like +8.8%), net investments in new assets and the increase in occupancy due to new lease contracts signed in some assets that have been refurbishmented in Paris.

Main lease contracts renegotiated in 2008

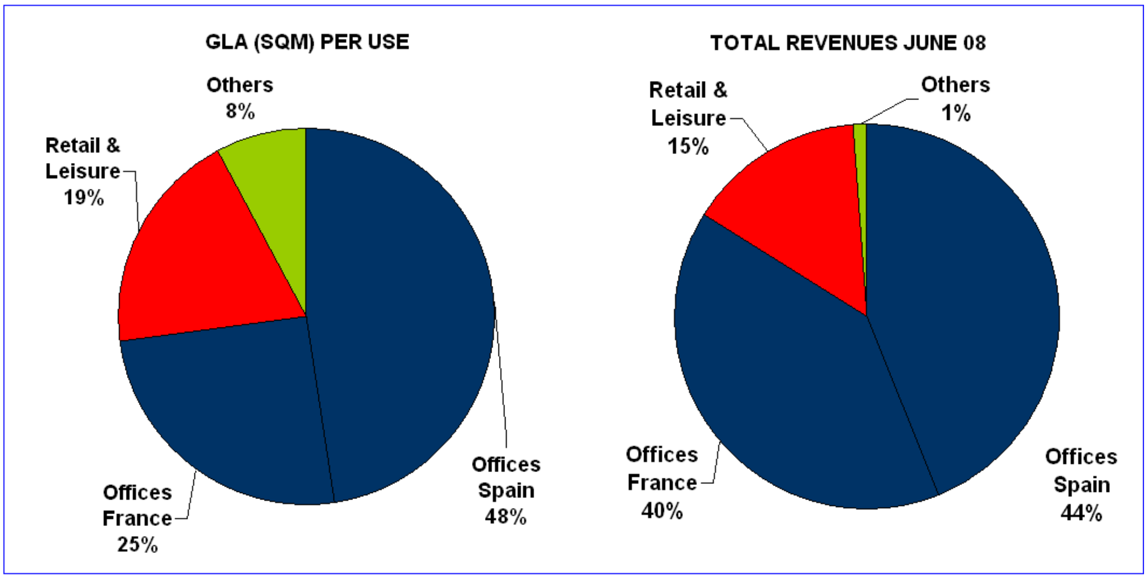
	Use	Location	Surface (sqm)	% asset surface	% rental growth
Realia Tower	Offices	Madrid	8,094	28%	38%
Nervion Plaza	Shopping Centre	Sevilla	1,538	6%	69%
Kansas City	Offices	Sevilla	2,311	26%	89%
Diagonal 614	Offices	Barcelona	1,944	7%	9%

- Most of lease contracts from offices in Paris and Shopping Centres in Spain have maturity of more than 5 years, giving solidity to the rental income. Lease contracts from offices in Spain that matures in 2008 and 2009 show high reversionary potential.

Expiry % of lease contracts



- The high quality and exceptional location of most of the assets allows for high occupancy rates close to 97% versus 95.1% in June 2007.
- The vacancy in France has decreased to 5% (12% in March 2008) due to new lease contracts signed in some assets that have been refurbishmented. Still there are two assets under refurbishment in Paris.



- Office rents account for 84% 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

(€mm)	1H 2008	1H 2007	*% Change*
Spain	40.5	65.8	-38.3
France	24.3		
Total Revenues	**64.8**	**65.8**	**-1.4**
Spain	13.3	23.1	-42.2
France	1.9		
Total Gross Margin	**15.2**	**23.1**	**-34.0**
Margin (%)	***23.5***	***35.1***	

- Consistent with its expressed policy of rotating non-strategic assets, Realia has sold assets for €65 million, with a slight premium to CBRE valuation as of December 2007.
- Assets rotation of mature and non-strategic assets to reinvest into new assets with potential for value creation is one of the main strategic goals for Realia.

Acquisitions

Office building in Madrid (Musgo 1-3)

Office building in Madrid (Alfonso XII, 30)

	Location	Use	Surface	Parking	Investment
Spain					
Avda. de Bruselas	Alcobendas	Offices	8.856	243	38,5
Musgo, 1 y 3 *	Madrid	Offices	5.383	52	18,1
Alfonso XII, 30 *	Madrid	Offices	3.803	13	25,5
Total			**18.042**	**308**	**82,1**

**Through Hermanos Revilla*

- Realia continues increasing its commercial property portfolio and has acquired 3 office buildings in Madrid for €82 million with 18,042 sqm (GLA) and 308 parking spaces.

La Noria Outlet Shopping in Murcia

- Realia opened on June 26 **La Noria Outlet Shopping** in **Murcia** (south-east of Spain) with a total GLA of 13,806 sqm and 1,525 parking spaces.
- The outlet is 70% let to prestigious tenants (Nike, Levi´s, Dockers, Ray-ban, Adolfo Dominguez, Pepe Jeans…) as well as a great variety of restaurants and a fitness area.
- Realia has invested €24 millon and the annual rent expected is €1.9 million (70% let; €2.7 million 100% let). Initial yield to cost is 8% (70% occupancy; 100% occupancy 11%).
- La Noria Murcia Outlet Shopping is located at exit 658 of the A-7. The centre is visible from the motorway and easily recognisable for its giant water wheel (called a noria in Spanish), measuring a height of 11 metres, next to the main car park entrance. Located in the La Ñora district, the shopping centre is well communicated with the city centre, only 5 minutes away.

Pipeline

Pipeline	Location	Use	GLA	Total investment	Incurred investment	Annual rent expected	Yield to cost	Opening	Pre-let %
La Noria F-II	Murcia	Retail	16,213	24.8	6.0	2.0	8.0%	2010	
C.C. Plaza Nueva	Madrid	Retail	90,632	153.9	44.9	11.0	7.1%	2009-2011	65%
As Cancelas	Santiago	Retail	50,000	163.0	71.8	10.9	6.7%	2010	
C.C. Denia	Denia	Retail	31.214	85,0	0,2	5,8	6,8%	2010	
Total Retail			**188,059**	**426.7**	**122.8**	**29.6**	**6.9%**		
Torre Realia BCN	Barcelona	Offices	31,957	128.5	13.2	7.8	6.0%	2009	
Park Central 22@	Barcelona	Offices	9,200	25.0	9.2	2.0	8.1%	2010	
François Ory-rue Louis Lejeune	Paris	Offices	14,850	85.0	52.4	5.6	6.6%	2010	
129 Malesherbes*	Paris	Offices	1,281	5.0		0.7	7.0%	2009	
163 Malesherbes-12 rue Amper*	Paris	Offices	2,719	7.5		1.5	8.2%	2009	
Total Offices			**60,007**	**251.0**	**74.7**	**17.6**	**6.6%**		
Total Pipeline			**248,066**	**677.7**	**197.5**	**47.2**	**6.8%**		

** Under refurbishment*

- The Project in Murcia "La Noria" has different phases. Phase I, the outlet, was opened on June 26 with a total GLA of 13,806 sqm. The opening for Phase II (approx 16,213 sqm) is estimated in 2010.
- The Project in Leganés (Madrid) has also different phases. Most of the total GLA (approx 50,000 sqm) is destinated for big commercial surfaces, 25,000 sqm for "Plaza Nueva" Shopping Centre and approx 15,000 sqm for commercial/residential use. The opening of the area for big commercial surfaces is estimated to be in 2Q 2009. Most GLA have been pre-let (82%).

Torre Realia BCN (Barcelona)

Land and Homebuilding

(€mm)	1H 2008	1H 2007	% Change
Revenues			
Homebuilding	115.0	133.0	-13.5
Land sales	45.8	210.2	-78.2
Total Revenues	**160.7**	**343.1**	**-53.2**
Gross Margin			
Homebuilding	22.3	32.5	-31.5
Land sales	32.1	111.3	-71.2
Total Gross Margin	**54.4**	**143.8**	**-62.2**
MargIn Homebuilding(%)	***19.4***	***24.4***	
Margin Land sales (%)	***70.1***	***53.0***	

- Total revenues decreased -53.2% versus 1H 2007 due to the difficulties in obtaining financing from potential buyers for these transactions. Furthermore, a significant portion of land sales in 2007 was reported in the first semester of the year.
- Gross margin on homebuilding was 19.4% versus 24.4% in June 2007 due to the less margin obtained in 55 protected homes delivered in the first quarter of 2008. Gross margin on land sales was % versus 60% in December 2007.
- Gross margin on land sales was 70.1% versus 53% in June 2007.

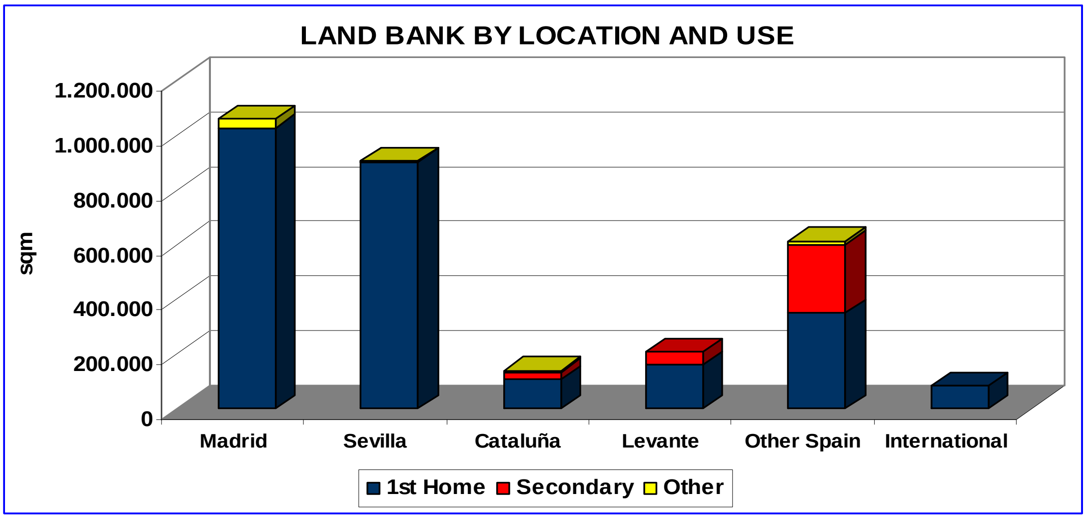
Land

	1H 2008		1H 2007		
	sqm	mm €	sqm	mm €	% Change
Acquisitions	40,640	34.1	122,442	91.8	-62.8
Disposals	31,209	45.8	225,264	210.2	-78.2
Options to Buy	-172,548	-128.6			
Total	**-163,117**	**-140.2**	**-102,822**	**-118.3**	**18.5**

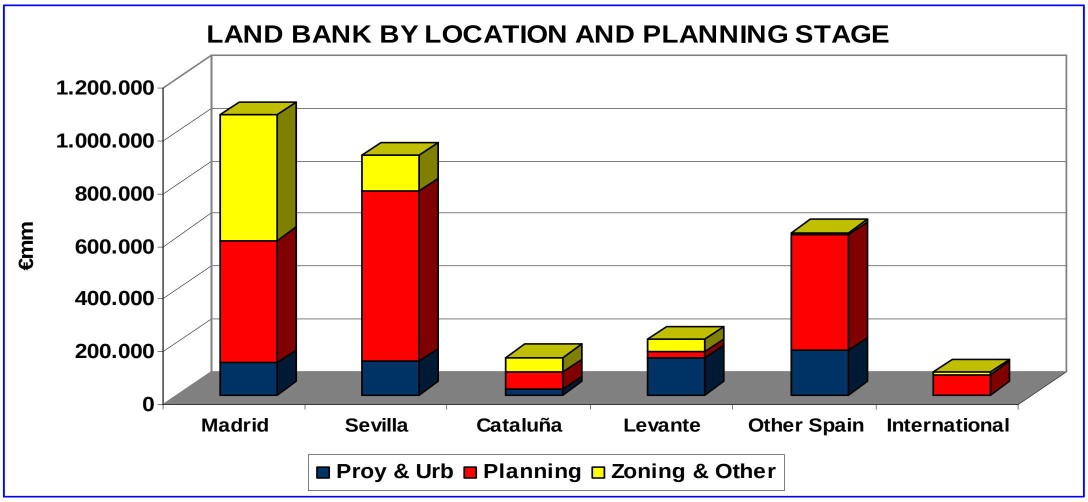
- Realia has acquired urban land plots in Bucharest (Romania) and Sabadell (Cataluña). Also some options in land were cancelled, the most significant in Portugal for 163,000 sqm of a total value of €122.3 million.
- The implied average cost of the land acquired was c. 840 €/sqm.
- On the land sales, Realia has sold €45.8 million slightly below CBRE valuation as of December 2007, with 70.1% gross margin (53% in 1H07). The most significant 17,064 sqm in Madrid.
- The implied average sale price of the land sold was c. 1,466 €/sqm.

Land Bank Evolution

- Building Land Bank as of March 2008 is 3.0 million sqm once deducted the plots already under construction and the land own by minority partners.



- Land for Primary homes accounts for 88% of the total Land Bank. Secondary homes amount to 10% of the area and other use amount to 2% of the area.



- According to its geographical distribution, 65% of the building surface is located in Madrid and Sevilla. The rest is spread mainly over Cataluña, Levante, Warsaw (Poland) and Bucharest (Romania).
- With regards to the different stages of development, 19% of the land is in the final phases of development (urbanization and project); 57% is in the planning and zoning phases, and only 24% of the land is in the early stages of development.
- Realia has as one of the main strategic goals the land management to improve the quality and the value of the land bank.

Homebuilding

Deliveries	Nº Units	Revenues €mm
Madrid / Centro	119	29.1
Levante	49	14.1
Andalucía	113	36.2
Cataluña	83	27.9
Canarias	28	5.7
Portugal	12	1.9
Total	**403**	**115.0**

- Most of home's deliveries in 2008 have taken place in Madrid, Sevilla and Cataluña where Realia concentrates his homebuilding activity.

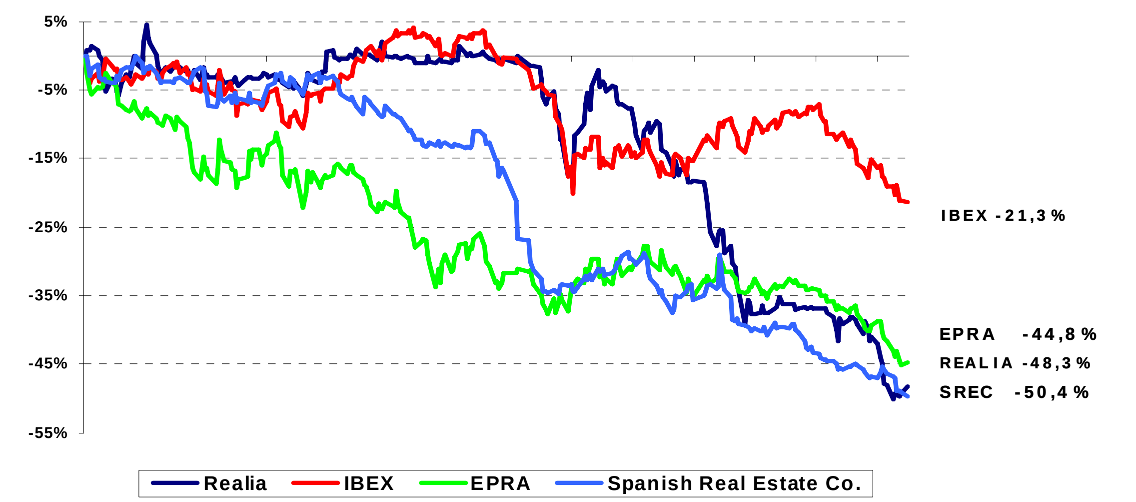
- Pre-sales coverage for 2008 and 2009 from expected deliveries stand at 100% and 36% respectively.

Pre sales evolution	1H 2008	2H 2007	1H 2007
(+) Pre-sales			
Number of units	160	202	257
Total value of contracts (€mm)	43.7	61.1	77.6
(-) Deliveries			
Number of homes	403	662	445
Total value of contracts (€mm)	115.0	190.4	133.0
Pre-sales backlog at EoP			
Number of units	807	1,181	1,965
Total value of contracts (€mm)	216.0	334.2	469.6

- The pre-sales of the second quarter of 2008 (82) are in line with the pre-sales of the previous quarters (78 in 1Q08, 77 in 4Q07), and also due to the difficulties in obtaining financing from potential buyers and the decision from Realia to cancel some homebuilding developments, the pre-sales backlog has decreased. The pre-sales backlog amounted to €216 million.

Stock Data

- The stock closed June at €3.36, down 48.3% versus the IPO price, while IBEX-35, EPRA Index and Spanish real estate companies have seen falls of 21.3%, 44.8% and 50.4% respectively during the same period.



	1H 2008
Closing Stock Price (€ per share)	3,36
Market cap. EoP (€ MM)	932
High of the period	6,50
Low of the period	3,24
Daily Trading Volume (€M)	1.047
Daily Trading Volume (shares)	208.608

Dividends

- Consistent with its **50% pay-out** policy, Realia paid on June 19th a complementary dividend for the 2007 income of €0.014 euro gross per share and the first interim dividend (out of 2008 income) of €0.06 gross per share.

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