## Renta Corporacion closes the first half of 2012 with a profit of 6.5 million

- The profit doubles the 3.4 million result reached in the same period of 2011.
- Throughout this first half, the company has closed three important real estate transactions in the centre of Madrid
- Net debt stood at 157.7 million at the end of June, 19.4% less than the 195.6 million at year-end 2011.
- The company continues its strict cost control policy, reaching a reduction of 54% compared to the first half of last year.

*Barcelona, July 18, 2012*.- Renta Corporacion continues in the way of profits. During the first half of this year the company has generated a **net income** of 6.5 million euros, a figure which doubles the 3.4 million recorded in the same period last year. The first half result has been marked by the refinancing agreement, which includes an annual possibility for the financial entities to repay total or partially its debt by acquiring one or more Group assets ("exit windows"). Two financial entities have executed this right by buying "La Escocesa", a manufacturing complex located in the 22 @ district of Barcelona. This transaction has meant in one hand, a decrease of the debt up to 36.1 million euros and, secondly, a significant contribution to the net result of this period.

**Renta Corporacion income's** for the first six months of the year were 46.8 million, compared with 141.9 million registered in the first half of last year, but both figures are not comparable due to the 117.5 million euros of sales to financial entities accounted in the first semester 2011, within the refinancing process.

**Ordinary Business sales** are at 8.6 million, compared to 17.7 million euros achieved in the same period last year. Beyond the weakness that continues accusing the real estate market, sales volume is lower because operations do not include the total sale of the asset. The lack of financial constraints makes Renta Corporacion focuses its investments mainly in the refurbishment of assets to afterwards, closing the transactions by selling their investment rights. This explains why the sales figure is less than it would be if the whole asset is sold. The operations have focused on residential business in the domestic market sharing 83% in Madrid and 17% in Barcelona.

In this semester Renta Corporacion has reached three major milestones. The company has fully completed the process of refurbishment of an office building located in Gran Vía 30, a 7,316 square meters building in which it has invested more than EUR 5 million. One of its floors has been already sold. Another important operation has been a residential building located in Príncipe de Vergara 11, where Renta Corporacion has made a significant refurbishment and has closed its sale to a foreign family office. The company continues focussed on its business model which proved to be valid: the acquisition, refurbishment and sale of properties already adapted to the new market environment and located in the major urban centres of our country's residential market.

To these two operations must be added the 7,300 square meters building located in Gran Vía 80. Although this operation was closed last June, was not formalized until this July. It's a hotel project that has been bought by a business operator for 20.5 million euros.

**Gross margin** stood at 14.9 million, 2% more than in the first half of last year, mainly from the sale to financial entities and ordinary business.

**Investment** during the first half of the year was 4.7 million, significantly lower than the 16.8 million registered in the same period last year. This significant reduction stems from the lack of financial constraints in the market. In this situation Renta Corporacion has adopted a policy of resource optimization to derive liquidity to refurbishing and adding value rather than asset acquisition.

**Variable expenses** (selling, general and personnel) stood at 5.3 million versus 11.6 million in the first half of last year, representing a reduction of 54%. Excluding extraordinary expenses, the reduction is 30%, from 7.5 million to 5.2 million by the end of June this year.

After the exercise of “the exit windows”, **net debt** stood at 157.7 million, representing a decrease of 37.8 million from the end of 2011.

**For more information:**
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