Summary

- **Both the domestic and international markets in which Renta Corporación operates continue to be affected by the real estate and financial crisis, with a significant negative impact on sales.**
- **Sales of €176 M, 60% below those of the first half of 2007, were concentrated in the office segment. Sales are up 84% compared with the second half of 2007, which was also marked by the real estate and financial crisis. Rental income was €10.1 M, three times that of the first half of 2007.**
- **A narrow operational gross margin of 1%, driven by the sale of assets acquired mainly in H1 07.**
- **The Group has included certain extraordinary adjustments in this half year's results such as provisions on certain properties amounting to €6.3 M and extraordinary expenses due to restructuring, totalling €3.5 M.**
- **€75 M reduction in net debt bringing it to €662 M.**
- **Net profit of €-25.7 M in the first half year, attributable to low sales, narrow margins and the inclusion of extraordinary items, on the basis of cautionary accounting criteria.**
- **Gradual reduction of inventory and investment rights due to the Company's highly selective policy when executing options on investment rights.**
- **The Board of Directors has approved a reorganisation of the management team as a result of the Vice-Chairwoman and the CEO agreeing to leave the company. This considerably reduces expenses related to the Board of Directors, which goes from 6 to 4 members.**

				% incr. on	
Consolidated profit and loss summary *(€M)*	**H1 08**	**H2 07**	**H1 07**	***H2 07***	***H1 07***
Sales	176.1	95.8	433.4	*84%*	-59%
Total revenues	186.2	107.8	437.1	*73%*	-57%
Gross sales margin [(1)]	-4.6	20.5	75.9	*-122%*	-106%
EBITDA	-25.2	2.4	54.9		
Net profit	-25.7	2.6	32.7		
Ratios	**H1 08**	**H2 07**	**H1 07**	***H2 07***	***H1 07***
Gross margin % / Cost of sales	-2.5%	27.3%	21.2%	*-29.9 pp*	*-23.8 pp*
Gross margin % / Sales	-2.6%	21.5%	17.5%	*-24.1 pp*	*-20.1 pp*
EBITDA / Total revenues	-13.6%	2.2%	12.6%	*-15.7 pp*	*-26.1 pp*
Net profit / Total revenues	-13.8%	2.4%	7.5%	*-16.2 pp*	*-21.3 pp*
Leverage (Net debt/ Net debt + Equity)	78.4%	76.9%	65.3%	*1.4pp*	*13.1pp*
Consolidated operating figures *(€M)*	**H1 08**	**H2 07**	**H1 07**	***H2 07***	***H1 07***
Total investment	107.3	285.2	284.4	-177.9	-177.1
Inventory + Investment rights (Pipeline)	1,123.0	1,365.6	1,289.3	-242.7	-166.3
Inventory	777.6	858.9	648.4	-81.3	129.2
Investment rights	345.4	506.7	640.9 [(2)]	-161.4	-295.6
Net debt	661.6	736.2	423.6	-74.6	238.0

(1) Gross margin is equal to Sales less Cost of sales
(2) Excluding the new head office, which while subject to a purchase option at the end of June 2007, does not form part of the current business of the Group

Market Situation

- Real estate activity continues to be hit hard by the sudden slowdown in demand, the surplus in offers and the domestic and international financial crisis.
- In **Barcelona** and **Madrid**, we note that demand for residential property is focused on portfolio investors looking for attractive prices. In the office segment, hardening credit conditions have let to reduced liquidity. Lastly, the market for land continues to be paralysed, due to the lack of demand and high levels of inventory.
- **The Berlin** market continues to show the most resilience to the effects of the financial crisis, although it is beginning to be affected by a lower volume of transactions and an increase in interest rates.
- In the **Paris** market, as in other world capitals, we see investors expecting a moderate increase in profitability, linked to a slight correction of prices. Investors continue to be interested above all in offices in prime locations with first class tenants.
- The **London** market continued to drop during the second quarter of 2008, with a reduction in the number of operations in both the residential and office markets. It should be pointed out that in this second quarter, rental income in the City is dropping as a result of workforce reductions and occupancy rates forecasted by financial institutions.
- The **New York** market is not immune to credit restrictions and it has suffered a downturn in activity. Nevertheless, in the first six months non-American buyers were responsible for about 50% of total operations (they were mostly from Europe, the Middle East and Asia), which shows how attractive this market is for overseas capital.

Consolidated Profit and Loss Account

(€M)	H1 08	% Sales	H2 07	% Sales	H1 07	% Sales
Sales	176.1	100%	95.8	100%	433.4	100%
Other revenues	10.1	6%	12.1	13%	3.7	1%
TOTAL INCOME	**186.2**	**106%**	**107.8**	**113%**	**437.1**	**101%**
Cost of sales	-180.7	103%	-75.2	79%	-357.4	82%
GROSS MARGIN (1)	**-4.6**	**-3%**	**20.5**	**21%**	**75.9**	**18%**
Overhead expenses	-30.7	17%	-30.3	32%	-24.7	6%
EBITDA	**-25.2**	**-14%**	**2.4**	**2%**	**54.9**	**13%**
Depreciation and Provisions	-1.1	1%	-1.2	1%	-0.2	0%
EBIT	**-26.3**	**-15%**	**1.2**	**1%**	**54.8**	**13%**
Net financial income	-13.0	7%	-5.4	6%	-10.2	2%
Equity accounting and others	3.1	2%	9.0	9%	0.0	0%
PROFIT BEFORE TAX	**-36.2**	**-21%**	**4.8**	**5%**	**44.6**	**10%**
Taxes	10.5	-6%	-2.2	2%	-11.9	3%
NET PROFIT	**-25.7**	**-15%**	**2.6**	**3%**	**32.7**	**8%**

(1) Gross margin is equal to Sales less Cost of sales, excluding Other Income

Notes on the results

1- REVENUES

- The Company closed the first half year with revenues of €186.2 M, significantly lower than the first half of 2007.
  - Sales stood at €176.1 M, almost 60% below H1 07 figures. It is difficult to make comparisons between two such radically different market situations. The first half of 2007 was still characterised by a real estate market in boom while the first half of 2008 suffered a profound real estate and financial crisis.
  - A more meaningful comparison may be made with the second half of 2007 which, although seasonally different, was affected by the same market conditions. In this sense, sales for H1 08 represent an 84% increase over H2 07.
  - At this period of the year one can still observe a clear and progressive hardening of the conditions of access to credit on the part of buyers, who once again have had to forego operations, sometimes at the very moment of signing the deed.
  - Rental and other income stood at €10.1 M, almost three times the €3.7 M of H1 07.
- By business unit, virtually all sales came from the offices segment. Land sales have been marginal.
- By region, 80% of sales were concentrated in the domestic Spanish market, especially Madrid, which completed a large operation in the first quarter of the year. International sales centred on Paris and Berlin.

2. GROSS MARGIN

- Gross margin on sales stood at €-4.6 M. To interpret this margin properly, we must consider a dual effect:
  - "Ordinary" gross margin of €+1.7 M on operations completed in the first half year. This margin, 1% above the cost of sales, demonstrates the importance the company gives to liquidity, giving priority to the turnover of inventory acquired prior to the real estate and financial crisis, valuing liquidity to margin.
  - "Other" gross margin of €-6.3 M due to provisions on certain inventory in the portfolio which the Company has opted to create following conservative criteria in accounting policies. In the current economic and real estate environment the sale of certain assets are expected to achieve a price below that of its current cost, and this is reflected in the profit and loss account.

3. OVERHEAD EXPENSES

- The Group's combined variable selling, general and personnel expenses came to €30.7 M. The relative impact on sales was up 11.7 points over H1 07, but down 14.2 points on H2 07.

							Incr. on		Var.	
(€M)	**H1 08**	***% Sales***	**H2 07**	***% Sales***	**H1 07**	***% Sales***	**H2 07**	**H1 07**	**H2 07**	**H1 07**
Sales	**176.1**		**95.8**		**433.4**		**80.3**	**-257.3**		
Overhead expenses	**30.7**	***17.4%***	**30.3**	***31.6%***	**24.7**	***5.7%***	**0.4**	**0.1**	**-14.2 pp**	**11.7pp**
Variable sales expenses	11.9	*6.8%*	14.9	*15.5%*	8.9	*2.0%*	-3.0	3.0	-8.8 pp	4.7pp
G&A	6.0	*3.4%*	5.7	*5.9%*	6.9	*1.6%*	0.3	-0.9	-2.5 pp	1.8pp
Personnel	12.8	*7.3%*	9.7	*10.1%*	8.9	*2.1%*	3.1	3.9	-2.9 pp	5.2pp

- **Variable selling expenses** stood at €11.9 M, up €3.0 M on the first half of 2007. A significant portion of this item corresponds to investment rights that the company decided not to execute. Though in the H1 07 boom only €0.4 M of options were lost, equivalent to €40.2 M in investment rights, in this half year the figure was €3.6 M, or €176.4 M in investment rights. The difference of €3.2 M is due to the Company's much more selective and conservative strategy for executing investment rights, just as in H2 07.
- **G&A expenses** for the period stood at €6.0 M. The second half of 2007 saw the adoption of a series of rationalisation and cost reduction policies aimed at reducing the Group's structure in view of the difficult market environment. This is why the expenses for this first half year remain even with respect to H2 07 although they are a €1 M improvement (14%) on H1 07.
- **Personnel expenses** were up €3.9 M on H1 07 and €3.1 M on H2 07, although once again these figures must be considered from a dual perspective. Ordinary personnel expenses stood at €9.3 M, slightly below the figure of the second half of the previous year and in line with the reduction of the overall workforce, which went from 139 people at the close of 2007 to 125 after organisational changes. The organisational restructuring which the Company is carrying out has led to extraordinary expenses in this area of €3.5 M, but will entail savings of around €1.1 M in H2 08.

4. FINANCIAL RESULT

- Net financial profit stood at €13.0 M, versus €10.2 in H1 07.
- Financial expenses were €25.7 M, of which €7.9 M have been capitalised as increased inventory value. The increase in interest rates and credit conditions in general was partly offset by a gradual reduction in indebtedness in the first six months of the financial year.
- The strong devaluation suffered by sterling and the dollar has led to €5.0 M in financial expenses due to negative exchange variations, partly offset by €3.9 M of financial income and profits from hedging.
- Total financial income was €4.8 M in H1 08, much higher than the €0.5 M of H1 07, largely due to the aforementioned financial income from hedging on exchange rate variations.

5- NET PROFIT

- The net profit for the period was €-25.7 M.
- To interpret this result correctly, three pertinent before-tax items should be pointed out:
  - Inclusion of extraordinary expense items such as €6.3 M of provisions on inventory, as already mentioned.
  - Extraordinary expenses of €3.5 M due to the organisational restructuring.
  - Inclusion of a €3.1 M profit due to the revaluation of our holding in Mixta Africa, S.A.

Consolidated Balance Sheet

Assets (€M)	Jun-08	Dec-07
Long term assets	**89.6**	**82.5**
Inventory	777.6	858.9
Debtors	99.3	130.8
Cash	12.7	2.7
Other current assets	5.7	3.0
Current assets	**895.3**	**995.4**
Total Assets	**984.9**	**1,078.0**

Equity and Liabilities (€M)	Jun-08	Dec-07
Capital and company-held shares	98.9	99.9
Reserves	109.4	85.4
Period profit	-25.7	35.4
Total Equity	**182.6**	**220.6**
Financial debt (long term)	**548.6**	**548.6**
Long term creditors	**28.5**	**25.1**
Financial debt (short term)	**131.0**	**192.8**
Short term creditors	**94.1**	**90.9**
Equity and liabilities	**984.9**	**1,078.0**

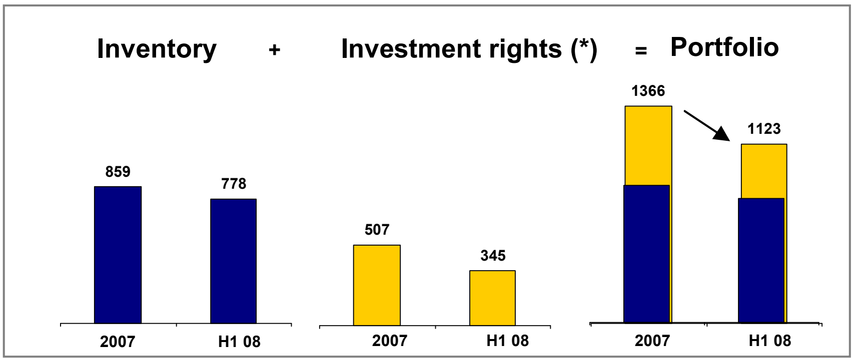
Notes on the Balance Sheet

Assets

INVESTMENT AND PORTFOLIO

- Investment in H1 08 stood at €107.3 M, significantly lower than that of both H1 07 and H2 07. The reduction in investment is due to the strategic decision to be very selective in the acquisition of new product and to devote our greatest efforts to the improvement and transformation of buildings currently in our portfolio.
- Specifically, of the €107.3 M invested, €42.0 M were in transformation of assets, and only €65.3 M were in the acquisition of new assets.
- The portfolio (inventory and investment rights) fell 18% to €1,123 M at the June close, down €-242.7 M from year-end 2007.
  - Inventory is valued at €777.6 M, €81.3 M less than at year-end 2007. In spite of the reduction in inventory, the value continues to be high because the turnover is much slower than in the first half of 2007, as a result of the current adverse market conditions.
  - Investment rights stood at €345.4 M, €161.4 M less than at year-end 2007. During this first half year the company has followed the same policy that was decided at the end of 2007, namely not to take up premiums on investment rights which did not fit in with market realities. During this first half year premiums worth €3.6 M were abandoned.

Inventory movement	
Opening inventory '08	**858.9**
- Sales completed	-174.4
+ Purchases	65.3
+ Investment in transformation	42.0
+/- Investment in options	-2.3
+/- Provision	-6.3
+/- Exch. rate variation	-5.6
Inventory June '08	**777.6**



- As regards the portfolio make-up, 60% of inventory was concentrated in buildings, which were mostly offices.
- The amount of land has increased over 2007, as a result of transformation costs and the purchase of small plots, needed in order to complete the town planning processes currently in progress.

(€M)	Jun-08	Dec-07	Var.
Land and Buildings	**757.3**	**831.6**	**-74.3**
By geography			
Barcelona	441.7	423.9	17.7
Madrid	63.5	155.4	-91.9
International	252.1	252.3	-0.2
By business unit			
Residential	178.4	237.6	-59.2
Offices	279.0	319.1	-40.1
Land	299.9	274.8	25.1
Purchase option premiums	24.1	26.4	-2.3
Work in progress and other	-3.8	0.9	-4.7
TOTAL Inventory	**777.6**	**858.9**	**-81.3**
Investment rights (*)	**345.4**	**506.7**	**-161.4**
Total Inventory + Investment rights	**1,123.0**	**1,365.6**	**-242.7**

DEBTORS

- The breakdown of debtors is as follows:

(€M)	Jun-08	Dec-07	var.
Trade debtors & receivables	63.8	85.5	-21.7
Accrued Taxes	29.1	29.3	-0.2
Other debtors	6.4	16.1	-9.6
Debtors	**99.3**	**130.8**	**-31.5**

- At the end of June 2008 the balance of trade creditors stood at €63.8 M, €21.7 M lower than at the close of 2007, due to the collection of deferred payments on several properties.

(*) Investment rights include option premiums detailed under inventory

Equity

- Equity stands at €182.6 M as of June 2008, down €38.0 M from €220.6 M at the close of 2007. This decrease is due to losses registered in this period and the distribution of the €10.6 M dividend, approved last April.

Liabilities

CREDITORS

- Short-term creditors, €94.1 M at close of June 2008, are made up as follows:

(€M)	**Jun-08**	**Dec-07**	**Var.**
Accrued Taxes	1.9	1.9	0.0
Suppliers	66.5	57.0	9.6
Deposits on pre-sales	20.1	27.0	-6.9
Other Creditors	5.6	5.0	0.6
Short term creditors	**94.1**	**90.9**	**3.2**

- Suppliers stood at €66.5 M at the end of June. The higher balance when compared with the end of 2007 is due mostly to the acquisition of properties during the period with deferred payment.

- Deposits on presales stood at €20.1 M. It should be noted that new agreements worth approximately €38.0 M have been reached which are expected to be concluded in the next few months.

(€M)	**deposits**	**pre-sales**
Deposits March '08	**23.3**	
Lost deposits	-0.9	-25.0
Deposits	-4.5	-44.9
New deposits	2.2	38.0
Deposits June '08	**20.1**	

FINANCIAL DEBT

- Net Debt stood at €661.6 M at the end of June, down €75 M. Leverage was 78%, higher than at the close of last year due to a reduction in net equity which was proportionally greater than the reduction in debt.
- The table shows changes over the period, by headings:

(€m)	**Jun-08**	**Dec-07**	**Var.**
Syndicated loan	495.9	496.0	-0.1
Operations with mortgage guarantee	86.3	97.7	-11.5
Mortgage on headquarters	53.5	53.4	0.0
Credit facilities and other financial debt	44.0	94.3	-50.2
Cash and short term deposits	-18.0	-5.2	-12.8
Total Net Debt	**661.6**	**736.2**	**-74.6**
Net debt / (Net debt + Equity)	78%	77%	+1pp

- The net average debt balance at June 2008 was €668.0 M.
- On 15/02/2007, the Company signed a structured loan with a banking syndicate consisting of 21 financial entities. The €500 M loan, which falls due on 15/02/2012 is divided into two tranches:
  - Tranche A for a total figure of €200 M, repayable in five consecutive half-yearly and increasing payments (beginning 15/02/2010),
  - and a revolving Tranche B for a total of €300 M.
- The average life of the debt contracted, as of 30 June 2008, is 3.23 years; including the syndicated loan at 3.35 years. The average life of the debt has been reduced as a result of classifying operations with mortgage guarantees as short-term debt. This is because of how the assets backing these mortgages are classified, as short-term debt based on the expected time of their subrogation or cancellation, to coincide with the sale of the property, even though they involve long-term loans.
- This access to long-term financing has made it possible to implement policies for interest rate risk management. Interest rate hedging stood at €221.6 M, which accounts for 33% of net debt.
- Finally, the Company is very close to reaching an agreement with the financial institutions taking part in the syndicated credit agreement, whereby the parties will agreed to temporarily adjust the financial ratios (covenants) specified in the contract, with the objective of giving the Company the necessary financial and operating stability that needs for its day-to-day business.

Outlook for the future

- The future is still uncertain as regards the moment when the balance will tip towards recovery of demand and reestablishment of credit facilities for potential buyers of real estate assets.
- In this situation it is difficult to make projections and forecasts, since they are subject to great volatility.
- Renta Corporación holds good quality assets, many of which are in the final phase of transformation and ready for sale, which means an increase in liquidity will lead to an immediate improvement in sales and profits.
- Our financial position continues to be reasonably stable insofar as we face no significant debt repayments in the short term.
- Sacrificing margins in order to facilitate sales and rotation of inventory may erode the Group's profitability in the current environment.
- Renta Corporación continues to evaluate various types of measures to take on this period with the maximum guarantees of success.

Other information

1. SIGNIFICANT EVENTS AND OTHER NOTICES

- Of all material events reported to the Spanish Securities and Investment Board since January 2008 until now, the following are worth highlighting:
  - 11/07/2008 Organisational changes in the Renta Corpración group and estimated principal figures for the first half year.
  - 11/06/2008 Appointment of a new Director representing substantial shareholders.
  - 06/05/2008 The Company announces the dividend payment on 7 May 2008.
  - 25/04/2008 Approval of resolutions by the General Meeting of Shareholders.
  - 21/02/2008 Resolutions of the Board of Directors.
  - 15/01/2008 Overview of the 2008-2010 Strategic Plan.
  - 07/01/2008 2008-2010 Strategic Plan / Estimate of principal figures for FY2007.

2. CHANGES IN THE BOARD OF DIRECTORS

- April 2008:
  - Reclassification of Enric Venancio Fillat as Other External Director.
  - Reclassification of Esther Giménez Arribas as Executive Director.
  - Appointment of Ramchand Wadhumal Bhavnani as member of the Board as a Director representing substantial shareholders, for a six-year term.
- June 2008:
  - Resignation of Enric Venancio Fillat as a member of the Board of Directors of the Company.
  - Co-opting of Blas Herrero Fernández as member of the Board as a Director representing substantial shareholders. This appointment must be ratified at the next General Meeting of Shareholders.
- July 2008:
  - Resignation of Anna M. Birulés Bertrán and César Bardají Vivancos as members of the Board of Directors of the Company.
  - Co-opting of David Vila Balta as Vice-Chairman of the Board of Directors as Executive Director.
  - Co-opting of Juan Velayos Lluis as CEO of the Company as Executive Director.
  - Appointment of Javier Carrasco Brugada as Secretary, but not member, of the Board of Directors of the Company.

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