1- Market situation

- The worsening of the global economy has slowed down during the last months and led to a relatively stable situation. In spite of this, the national and international real state sector is directly affected by the lack of liquidity, an excess of product supply and an economic scenario affected by a major job destruction and the lack of confidence of consumers.
- It is possible to distinguish some differences through the marketplaces where Renta operates:
  - Related to the domestic market, the residential business is focused in the sale by unit to final users and small investors. The high price sensitivity is still the main characteristic of these operations.
  - The land market is still showing the most complicated situation. There is practically no demand and an important excess of land supply on the market. This market stagnation is used by the company to progress on the planning transformation processes and also to adapt the assets to the final customer demand, with the purpose of preparing the product for the time when the liquidity is recovered.
  - In Paris, it has been noticed a steady slight increase in the residential market prices. This trend is expected to be confirmed over 2010 if the interest rates remain stables. At the same time it is also perceived an increase in the transactions volum and the residential sales. Offices market is still affected by the shortage of prime product, the lack of liquidity and the drop in rent prices versus last year.
  - In London, yields have decreased during the last year due to the lack of high-quality assets and the strong competition between investors with capital. It has been noticed an increase in the offices volume of transactions. Related to the residential business, there has been an increase in prices compared to the same period last year.
  - The office business mantains a positive trend in Berlin, focusing on prime zones and with yields around 5%-6%. Institutional funds and insurance companies are the main investors, while small investors are getting slowly interested in some secondary zones. Residential business continues to be liquid for assets below 5 M€ size and attracts the interest of private local investors.
  - New York is still characterised by a decrease both in number of transactions and also on size. It is forecasted price drops and a delay in the recovery of the office business unit. On the other hand, the residential market shows some signs of improvement, boosted by the gradual drop in prices which are expected to stabilise around 2010 mid-year.

2- Business evolution

- Accumulated **revenues** at March 2010 are 14.2 M€, significantly below the 156.6 M€ registered in the same period last year.
- Regarding the **sales,** of 13.4 M€, we should notice the following:
  - Last year first quarter included the sales to financial entities into the refinancing deal, which were of 122.0 M€. This fact misrepresents any comparison with first quarter.
  - From total sales, **old portfolio** stood at 10.2 M€, all of them focused in buildings and coming in a 69% from the international market. Related to the **new portfolio** sales, which are of 3.2 M€, have been equally spread across both the national and the international market, focusing on buildings and mainly on the entire asset sales. Some of the new portfolio sales include only the transformation process sale, and not the total asset sale, due to the overlapping of the asset acquisition and the sale.

- **Income from rents and others** stood at 0.8 M€, 4.4 M€ in 1Q09. The portfolio in 2009 first quarter included two assets that generated substantial rents and were sold within the agreements of the refinancing deal during 2009 second quarter.
- Significant increase both in the number and volume of **pre-sales** compared to 2009 year-end. The number of pre-sales has increased due to a high demand on unit by unit sales. It is expected to effectively register the related sales within the following months.
- **Gross margin** on sales is positive of 3.2 M€, mainly due to new portfolio sales with positive margin and also due to the sales of old portfolio above book value.
- **Variable selling** expenses stood at 1.1 M€ compared to 2.2 M€ for the same period 2009. This decrease is due to the high variable costs associated to some assets that made up 1Q09 portfolio.
- **G&A expenses** for the period were 1.0 M€ vs 1.5 M€ for 1Q09. The company keeps focused on a strict cost control.
- **Personnel expenses** stood at 2.1 M€ compared to 2.8 M€ for the period January-March 2009, decreasing by 25%.
- **Net financial result** was -2.7 M€ versus -8.0 M€ in the same period 2009. This improvement is due to: i) the cancelation of a hedging on interest rate coming from the former syndicate loan, following the refinancing deal agreements, that let to an expense of 3.7 M€ in 1Q09, and ii) net average debt lower than 2009, 282.2 M€ at 1Q10 period closing vs 577.5 M€ by the end of 1Q09 (the refinancing deal was not closed until May 2009), and also to a lower "all in" average interest rate than 2009 (2.71% vs 4.33%).
- The **net profit** for the period January-March 2010 was negative by -1.7 M€ vs -5.6 M€ for the same period last year, which represents an improvement of 3.9 M€.
- **Net debt** totalled 285.8 M€ at March closing, increasing by 8.2 M€ compared to 2009 year end. The leverage ratio stood at 87.4%, increasing by 0.6 p.p. compared to last year closing.

(M €)	**mar-10**	**dec-09**	**dif.**
Syndicated loan(*)	252.3	250.5	1.8
Operations with mortgage guarantee	46.7	49.3	-2.6
Credit facilities and other financial debt	3.7	2.8	0.9
Cash and short term deposits	-16.9	-24.9	8.0
Total Net Debt	**285.8**	**277.6**	**8.2**
Net debt / (Net debt + Equity)	87.4%	86.8%	+0.6pp

(*) The amount is the total disposed loan reduced by the capitalised commissions corresponding to the financing.

- **Inventory** was valued at 262.6 M€, of which 57% is buildings and the rest is land. Geographically, the portfolio has been spread across both the domestic (91%) and the international (9%) market. Inventory is mainly made up of old portfolio assets.

(M €)	mar-10	dec-09	dif.
Buildings and Land incl. provision	**258.5**	**266.8**	**-8.3**
By geography			
National	236.0	238.4	-2.4
International	22.5	28.4	-5.9
By business unit			
Buildings (*)	149.8	158.5	-8.7
Land	108.7	108.3	0.4
Purchase option premiums	3.9	3.5	0.4
Old portfolio	2.8	2.8	0.0
New portfolio	1.1	0.7	0.4
Work in progress and other	0.2	0.4	-0.3
TOTAL Inventory	**262.6**	**270.7**	**-8.1**

(*) It includes 2 assets amounting to 57.5 M€ that could be classified as land depending on the strategy finally carried out by the company.

- **Investment rights** increase in 10.2 M€ vs year end 2009, only due to the acquisition of investment rights over new portfolio assets that meet current market requirements. Investment rights are equally distributed between new and old portfolio assets.

(M €)	mar-10	dec-09	dif.
Investment rights	**89.6**	**79.4**	**10.2**
Old portfolio	44.8	44.8	0.1
New portfolio	44.8	34.6	10.2

- In **trade debtors & receivables** there is a 30.7 M€ debt which is guaranteed by an asset mortgage and that has been judicially claimed. This debt was executed last year and it is expected the reception of the associated asset with a value of 50% of the debt amount. The pending amount will be judicially claimed. On the other hand, this item also includes a provision of 5.5 M€ on risks due to sales deferred payments which was already registered at 2009 year-end.
- The company is still focused on the following **strategic lines**:
  - Old portfolio assets refurbishment and sale, always looking for the most appropiate divestment strategy.
  - Looking for adding value through the acquisition, transformation and sale process of assets that meet the new market requirements. Renta is focused on adding value through the refurbishment process to well located residential assets, with a lower average investment value than in the past, in the market places where the company currently operates.
  - Strict overhead cost control

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