# RESULTS
# JANUARY – JUNE 2012

## Index

# 1.- BUSINESS PERFORMANCE AND GROUP SITUATION

## 1.1.- Executive Summary

### 1.1.1.- Material Events

Amongst the material events in the first half of 2012 were the following:

- January 2012: Quabit successfully completed a restructuring process for its financial debt when it signed a Framework Agreement for Refinancing on 18 January 2012. This not only brought an improvement in the Controlling Company's financial debt position through the reduction of debt and the new maturities calendar but it also provides reasonable coverage of the Controlling Company's medium-term liquidity needs and an operating position more in line with the flexibility the business requires in terms of operating capacity to manage loans or mortgages on each of its assets with a single bank. In addition, the fact that most of the financing of accrued interest was formalized through loans which are regarded as participation loans, according to Article 20 of Royal Decree Law 7/1996 of 7 June, will significantly mitigate the impact of the financial burden on equity in the coming years.

  The detail of the bank debt as of 30 June 2012 compared to the figures at the end of financial year 2011 is shown below:

| (In thousands of euros) | 30/06/2012 | 31/12/2011 | Variation |
|---|---|---|---|
| Non-current bank debt | 48,542 | 57,439 | -15.49% |
| Current bank debt | 949,445 | 1,340,724 | -29.18% |
| **TOTAL GROSS DEBT** | **997,987** | **1,398,163** | **-28.62%** |
| Cash and cash equivalents | 2,646 | 4,822 | -45.13% |
| **TOTAL NET DEBT** | **995,341** | **1,393,341** | **-28.56%** |

  The evolution of the Group's bank debt in the first half can be explained by the fact that the agreements forming part of the covenants signed by the Controlling Company as of 18 January 2012 came on stream. The main features of this evolution are:

  - A change in debt structure: the syndicated financing existing as of 31 December 2011 (syndicated loan, interest credit facility and c ash facility) disappears and is replaced by bilateral financing.
  - A reduction in gross bank debt in the amount of 400,176 thousand euros, as a result of the difference between the cancellation of debt stemming from the sale of assets to financial institutions and the amount of the new drawdowns made within the new financing framework.
  - A change in the maturity structure in comparison with that existing as of 31 December 2011, as shown in the maturity table in section 1.3.3 of this report.

- February 2012: As of 3 February 2012 Grupo Rayet, S.A.U. notified the Spanish Securities and Exchange Commission (CNMV) of voting rights attributed to shares and other transactions on shares in listed companies, whereby it communicated two share transmissions and sales for Quabit Inmobiliaria S.A. (each for 31 million shares). After these two transmissions, the Grupo Rayet S.A.U.'s holding in the Controlling Company's capital was of 45.088%.

- March 2012: The Material Event sent to the CNMV on 15 March 2010 presents the Agenda for the Extraordinary and Ordinary General Shareholders' Meeting called by the Controlling Company's Board of Directors for 25 April, and, if there is an insufficient quorum, for 26 April 2012. Point 2 of the Agenda includes the examination and approval of a proposal to reduce capital stock by 243,227,617.07 euros to restore the equilibrium of equity which had diminished as a result of losses, through the reduction in the par value of all the shares from 0.20 euros to 0.01 euros per share, and all of this after offsetting negative results from previous years with available reserves. After this transaction, as of 30 June 2012 the Controlling Company's equity is higher than its subscribed capital and, consequently, as of this date the Controlling Company does not need to take any equity streamlining measures, as is described in section 1.3.2 of this report.

- Additionally, as of 28 March 2012 Grupo Rayet, S.A.U. notified the Spanish Securities and Exchange Commission (CNMV) of voting rights attributed to shares and other transactions on shares in listed companies, communicating a dation in payment of 3,231,015 shares of Quabit Inmobiliaria, S.A. After this transaction, Grupo Rayet S.A.U.'s holding in the Controlling Company's capital was of 44.836%.

- April 2012. As of 26 April 2012, Quabit held its Extraordinary and Ordinary General Shareholders' Meeting where all the points on the agenda were approved with a sufficient majority.

- June 2012. At its meeting held on 28 June 2012, at the proposal of the Appointments, Remuneration and Good Governance Committee and within the process of adapting and improving the Company's structure which is currently underway, the Board of Directors passed the following resolutions:

  I.- To appoint Mr Jorge Calvet Spinatsch as the Deputy Chairman of the Board of Directors.

  II.- To unite the Audit and Compliance Committee and the Appointments, Remuneration and Good Governance Committee in a single committee, called the Audit, Appointments and Remuneration Committee, which takes on all the functions of the previous committees. The new committee comprises the following:

  Chairman: Mr Manuel Terme Martínez (Independent)
  Member: Mr Alberto Pérez Lejonagoitia (Proprietary)
  Member: Ms Claudia Pickholz (Independent)

  In addition, the Board of Directors accepted Mr Javier Somoza's resignation as Secretary to the Company's Board of Directors and its committees. His functions will be performed by the Vice-secretary to the Board until the post is filled.

**1.1.2.- Events after the Balance Sheet Date**

- July 2012. As of 5 July 2012, Grupo Rayet, S.A.U. Grupo Rayet, S.A.U. notified the Spanish Securities and Exchange Commission (CNMV) of voting rights attributed to shares and other transactions on shares in listed companies, communicating a dation in payment of 3 million shares of Quabit Inmobiliaria, S.A. After this transaction, Grupo Rayet S.A.U.'s holding in the Controlling Company's capital was of 44.602%.

**1.1.3.- Activity**

**a) Business Divisions**

As an integrated real estate company, Quabit Inmobiliaria engages in land management, real estate development, management of housing cooperatives and owners' associations, and in the development and management of property.

In the first six months of 2012, net revenues increased by a significant 246.6% to 339.7 million euros as compared to the 98.0 million euros reported as of 30 June 2011, largely as a result of several transactions in which assets were sold to companies related to financial institutions.

- Land Management: The sharp increase in sales from 28.2 million euros in the first half of 2011 to 315.7 million euros in the first half of 2012 is due to the asset sales to banks mentioned above, within the framework of the refinancing agreement. Progress continues to be made in the land development position, administrative procedures and consolidation of land position, as is explained in the Land Management section of this report.

- Residential Development: A total of 66 homes had been delivered as of 30 June 2012, as compared to the 287 signed at the end of the first half of 2011. Most of the deliveries made in 2012 correspond to transactions with companies related to banks and in the first half of 2011 Quabit delivered 210 units in this type of transaction.

- Rented Property: Property under management produced rent revenues of 1.05 million euros, which is a 7% reduction on the first half of last year. The downturn stems from the sale of two buildings for lease and industrial premises in the first half of 2012.

**b) EBITDA**

In the first half of 2012, Quabit reported positive EBITDA of 3.3 million euros, which is an increase of 11.5 million euros on the same period in 2011. The improvement is explained by the increase in the margin associated with the sales transactions conducted during the first half. This is the result of the combination of the effects of sales prices and the conditions of the cancellation of associated mortgage debt, agreed to in the asset transmissions. Moreover, the Group continues to simplify its operating structure and the recurring expenses related to it.

**c) Attributable Net Result:**

The effects of higher EBITDA and a lower financial cost, as a result of the reduction in the Group's average gross bank debt (a 25.0% reduction in relation to the average bank debt in the first half of 2011) meant that the Net Result Attributable to Controlling Company Shareholders improved by 43.2% in relation to the first half of 2011, reaching loses of 19.9 million euros.

## 1.2.- Main Figures

### 1.2.1.- Economic and Financial Figures

| (In thousands of euros) | 30/06/2012 | 30/06/2011 | Variation |
|---|---|---|---|
| Net Revenues | 339,661 | 98,012 | 246.6% |
| EBITDA | 3,302 | (8,150) | n.a. |
| Financial Loss | (22,338) | (26,608) | 16.0% |
| Result before Tax | (19,875) | (35,003) | 43.2% |
| Net Result Attributable to the Controlling Company | (19,848) | (34,979) | 43.3% |

| (In thousands of euros) | 30/06/2012 | 31/12/2011 | Variación |
|---|---|---|---|
| Non-current bank debt | 48,542 | 57,439 | -15.49% |
| Current bank debt | 949,445 | 1,340,724 | -29.18% |
| **TOTAL GROSS DEBT** | **997,987** | **1,398,163** | **-28.62%** |
| Cash and cash equivalents | 2,646 | 4,822 | -45.13% |
| **TOTAL NET DEBT** | **995,341** | **1,393,341** | **-28.56%** |

### 1.2.2.- Operating Figures

| | SALES | | | EBITDA | | |
|---|---|---|---|---|---|---|
| (In thousands of euros) | 30/06/2012 | 30/06/2011 | Variation | 30/06/2012 | 30/06/2011 | Variation |
| Land Management | 315,686 | 28,205 | 1019.3% | 22,012 | 8,033 | 174.0% |
| Residential Development | 22,908 | 68,384 | -66.5% | -4,971 | -10,564 | 52.9% |
| Rented Property | 1,052 | 1,128 | -6.7% | -7,231 | 650 | n.a. |
| Other | 15 | 295 | -94.9% | -6,508 | -6,269 | -3.8% |
| Total | 339,661 | 98,012 | 246.6% | 3,302 | -8,150 | -140.5% |

| (In thousands of euros) | SALES | % of Total | EBITDA | % of Total |
|---|---|---|---|---|
| Land Management | 315,686 | 92.7% | 22,012 | n.a. |
| Residential Development | 22,908 | 7.1% | -4,971 | n.a. |
| Rented Property | 1,052 | 0.2% | -7,231 | n.a. |
| Other | 15 | 0.0% | -6,508 | n.a. |
| Total | 339,661 | 100.0% | 3,302 | n.a. |

| RESIDENTIAL DEVELOPMENT | 30/06/2012 | 30/06/2011 | Variación |
|---|---|---|---|
| Deeds signed in the period (homes) | 66 | 287 | -77.0% |
| Pre-sales in the period (homes) | 68 | 281 | -75.8% |

| COMMUNITIES AND COOPERATIVES | 30/06/2012 |
|---|---|
| Prior offer (homes) | 125 |
| Constitution (homes) | 0 |
| Management (homes) | 117 |
| TOTAL | 242 |

## 1.3.- Financial Statements

### 1.3.1.- Consolidated Income Statement as of 30 June 2012

| (In thousands of euros) | 30/06/2012 | 30/06/2011 | Variation |
|---|---|---|---|
| **Net revenues** | **339,661** | **98,012** | **246.6%** |
| Supplies | (532,656) | (156,648) | -240.0% |
| Other operating revenues | 106,801 | 17,647 | 505.2% |
| Variation in operating provisions | 115,667 | 45,522 | 154.1% |
| Personnel expenses | (3,543) | (3,799) | 6.7% |
| Depreciation and amortization | (242) | (274) | 11.7% |
| Other operating expenses | (10,553) | (8,333) | -26.6% |
| Results from the sale of assets and investment properties | (11,192) | - | n.a. |
| Results from the sale of holdings in group companies | (883) | (551) | -60.3% |
| **EBITDA** | **3,302** | **(8,150)** | **n.a.** |
| **Operating income (loss)** | **3,060** | **(8,424)** | **n.a.** |
| **Net financial loss** | (22,338) | (26,608) | 16.0% |
| **Income (Loss) before tax** | (19,875) | (35,003) | 43.2% |
| Tax | - | - | |
| Non controlling interests | (27) | (24) | -8.3% |
| **Net Income (Loss) Attributable to the Controlling Company** | **(19,848)** | **(34,979)** | **43.3%** |

### a) Net Revenues

In the first half of 2012, net revenues increased by a significant 246.6% to 339.7 million euros, as compared to the 98.0 million euros reported in June 2011. This increase is the result of the sale of assets to companies related to financial institutions within the framework of the Refinancing Agreement signed in January 2012. These transactions consisted of transmissions of land, finished products, leased assets and holdings in Group companies. Net revenues reflect the amount of the sale of land and finished products transmissions.

Net revenue performance is shown by business division below:

| (In thousands of euros) | 30/06/2012 | 30/06/2011 | Variation |
|---|---|---|---|
| **Land Management** | **315,686** | **28,205** | **1019.3%** |
| **Residential Development** | **22,908** | **68,384** | **-66.5%** |
| **Rented Property** | **1,052** | **1,128** | **-6.7%** |
| **Other** | **15** | **295** | **-94.9%** |
| **Total** | **339,661** | **98,012** | **246.6%** |

- Land Management: Revenues from this business reflect the development agent activity and the sale of land conducted within the framework of the refinancing agreement, which explain the sharp increase in this item in relation to the previous year. At the same time, in the first half of 2012 Quabit continued to move ahead in the land development position, administrative procedures and consolidation of land positions.

- Residential Development: A total of 66 homes had been delivered as of 30 June 2012, as compared to the 287 in the same period the previous year Most of the deliveries made in 2012 correspond to transactions with companies related to banks and in the first half of 2011 Quabit delivered 210 units in this type of transaction.

- Rented Property: Property management produced rent revenues of 1.05 million euros, which is a 7% reduction on the first half of last year. The downturn stems from the sale of two buildings for lease and industrial premises in the first half of 2012.

**b) EBITDA**

In the first half of 2012, Quabit reported positive EBITDA and an improvement of 11.5 million euros on the same period in 2011. The improvement is explained by the increase in the margin associated with the sales transactions conducted during the first half. This is the result of the combination of the effects of sales price and the conditions of the cancellation of associated mortgage debt, agreed to in the asset transmissions.

The Group continues to simplify its operating structure and the recurring expenses related to it. Although the Personal Expenses chapter only falls very slightly and Other Operating Expenses presents an increase on the first half of 2011, this is due to non-recurring items reported in the first half of 2012:

- Personnel Expenses: Although personnel expenses were lower than in the first half of 2011, the 2012 figures reflect the impact of the severance payments made as a result of the reorganization which took place in the first half of the year. If the severance payments reported in 2012 and 2011 are eliminated, personnel expenses fell by 27.0%.
- Other Operating Expenses: The increase is due to tax (mainly capital gains tax) on the transmissions of real estate assets, an expense which is absorbed in economic terms with the margin on sales transactions. The items in this chapter which reflect structural costs (rentals, communications, supplies, professional services, travelling expenses and others) amount to 3.5 million euros and are all on a downward trend, so that recurring structural costs present an overall reduction of 31.0% in relation to the first half of 2011.

**c) Financial Result**

The Net Financial Loss improved by 16.0% as a result of the reduction in the Group's average gross bank debt (down 25.0% on the average bank debt figure for the first half of 2011). This decrease in average debt is related to the asset disposal transactions conducted in the first half of 2012.

**d) Result before Tax**

The above effects (EBITDA and the Financial Result) meant that the losses before tax for the first half of 2012 were down 43.2% on the figure for the first half of 2011.

**e) Attributable Net Result**

As there is no tax effect from Corporate Tax, the Net Result Attributable to Controlling Company Shareholders also improves by 43.3% on the figures for the first half of 2011, as does the Result before Tax.

### 1.3.2.- Consolidated Balance Sheet as of 30 June 2012

**(In thousands of euros)**

| ASSETS | 30/06/2012 | 31/12/2011 | Var. |
|---|---|---|---|
| **NON-CURRENT ASSETS:** | | | |
| **Total non-current assets** | **146.707** | **183.546** | **-20.1%** |
| **CURRENT ASSETS:** | | | |
| Inventories | 898,396 | 1,304,648 | -31.1% |
| Other | 114,220 | 119,026 | -4.0% |
| **Total current assets** | **1,012,616** | **1,423,674** | **-28.9%** |
| **TOTAL ASSETS** | **1,159,323** | **1,607,220** | **-27.9%** |

| EQUITY AND LIABILITIES | 30/06/2012 | 31/12/2011 | |
|---|---|---|---|
| **EQUITY:** | | | |
| **Total equity attributable to Controlling Company shareholders** | **14,269** | **34,078** | **-58.1%** |
| Minority interests | 72 | 857 | -91.6% |
| **Total equity** | **14,341** | **34,935** | **-58.9%** |
| **NON-CURRENT LIABILITIES:** | | | |
| Bank debt | 48,542 | 57,439 | -15.5% |
| Other | 29,461 | 43,505 | -32.3% |
| **Total non-current liabilities** | **78,003** | **100,944** | **-22.7%** |
| **CURRENT LIABILITIES:** | | | |
| Bank debt | 949,445 | 1,340,724 | -29.2% |
| Other | 117,534 | 130,617 | -10.0% |
| **Total current liabilities** | **1,066,979** | **1,471,341** | **-27.5%** |
| **TOTAL EQUITY AND LIABILITIES** | **1,159,323** | **1,607,220** | **-27.9%** |

The main changes with respect to 31 December 2011 are as follows:

**a) Non-current Assets**

The 36.8 million euro reduction in this chapter is due to two main factors: (i) the 25.6 million euro reduction in investment properties, corresponding to the value of two blocks of housing for rental and industrial premises which were sold in the first half of 2012; (ii) the reduction in tax credits in the amount of 11.0 million euros, as a result of the decrease in deferred tax liabilities corresponding to the tax effect of the capital gains assigned to part of the real estate assets sold in the first half.

**b) Current Assets**

The downturn in Current Assets in the amount of 411.1 million euros is basically explained by the 406.3 million euro reduction in Inventories, as a result of the write-off of the net book value of the land and finished development assets sold in the first half of 2012.

**c) Equity**

The decrease in "Equity" in relation to 31 December 2011 largely stems from the losses incurred in the first half of 2012.

Capital decrease:

The Extraordinary and Ordinary Shareholders' Meeting held on 26 April 2012 passed a reduction in subscribed capital for an amount of 243.2 million euros, to re-establish the equilibrium of equity which had diminished because of losses. The capital decrease was conducted through a decrease in the nominal value of the Company's shares from 0.20 per share to 0.01 euros per share, with a reduction of 0.19 euros per share. After this decrease, the Controlling Company's subscribed capital stands at 12,801,454 euros.

Controlling Company's Equity

After this capital decrease and taking into account the Controlling Company's positive result of 0.3 million euros in the first half of 2012, its equity is as shown below:

| **Amounts in Euros** | **30.06.2012** |
|---|---|
| Subscribed capital(1) | 12,801,454 |
| Treasury stock | (365,880) |
| Reserves | 1,280,145 |
| Losses from previous years | **(11,922,972)** |
| Result for the six-month period ended as of 30 June 2012 | **276,004** |
| **TOTAL EQUITY** | **2,068,752** |
| Government grants and donations | 45,015 |
| **TOTAL BOOK EQUITY** | **2,113,767** |
| Plus accumulated losses after tax for the depreciation of investee companies with real estate assets | 30,373,807 |
| Plus accumulated losses after tax from the impairment of inventories, investment properties and property, plant and equipment belonging to the Controlling Company | 68,936,391 |
| **Total losses from the impairment of real estate assets** | **99,310,198** |
| **Equity as of 30 June 2012 for the calculation of what is set out in Articles 327 and 363 TRLSC(2)** | **101,423,965** |
| **% OF SUBSCRIBED CAPITAL (2)/(1)** | **792%** |

As of 30 June 2012 the Controlling Company's equity was higher than subscribed capital and consequently the Controlling Company has no need to take measures to streamline its equity. Note 8 of the Group's Consolidated Abridged Intermediate Statements as of 30 June 2012 includes detailed explanations of the figures shown in the table.

**d) Other non-current liabilities**

The reduction in this chapter of the Consolidated Balance Sheet amounts to 14.0 million euros. The main factor behind this decrease is the reduction in deferred tax associated with the written off cost of the assets sold in the first half of 2012. As was indicated earlier in the section on non-current assets, this 11.0 million euro reduction in deferred tax is accompanied by a decrease in deferred assets of the same amount.

**e) Other current liabilities**

The balance of this chapter of the Consolidated Balance Sheet was down by 13.1 million euros on the figure as of 31 December 2011. The main reason for the reduction is the downturn in the balance with the Public Authorities, which fell by 10.8 million euros as a result of the Controlling Company's agreements with the Tax Authority to write off the deferred debt.

### 1.3.3.- Bank Debt Position as of 30 June 2012

**Bank debt restructuring process**

The Controlling Company conducted a restructuring process for its financial debt which was successfully completed on 18 January 2012 when the Framework Agreement for Refinancing was signed. The main premises and covenants in the Refinancing Agreement were as follows:

(i)Transformation of syndicated financing into as many bilateral financing agreements as entities taking part in it.

(ii) Making additional credit facilities available to guarantee viability in the medium term.

(iii) Acquisition of certain assets by some banks in order to write off financial debt.

(iv)Opening up the future possibility of banks acquiring assets that would reduce the Controlling Company's financial debt.

(v) Refinancing all the financial debt which was not written off through the purchase transactions mentioned above, including amongst others extending the maturities of the same and setting up mechanisms that would permit grace periods for the principal and interests.

As a result of all of this, the agreements and covenants signed within the refinancing framework have not only brought an improvement in the Controlling Company's financial debt position through the reduction of debt and the new maturity calendar but have also provided reasonable coverage of the Controlling Company's cash requirements in the medium term and an operating position more in line with the flexibility the business needs in terms of the operating capacity to manage loans and mortgages on each asset with a single entity. In addition, the fact that the majority of the financing for accrued interest was through loans that are regarded as participation loans, in accordance with Article 20 of Royal Decree Law 7/1996 of 7 June, will significantly mitigate the impact of the financial burden on equity in the coming years.

**Evolution of bank debt in the first half of 2012**

The detail of bank debt as of 30 June 2012 compared with bank debt at the end of financial year 2011 is shown below.

| (In thousands of euros) | 30/06/2012 | 31/12/2011 | Variation |
|---|---|---|---|
| Non-current bank debt | 48,542 | 57,439 | -15.49% |
| Current bank debt | 949,445 | 1,340,724 | -29.18% |
| **TOTAL GROSS DEBT** | **997,987** | **1,398,163** | **-28.62%** |
| Cash and cash equivalents | 2,646 | 4,822 | -45.13% |
| **TOTAL NET DEBT** | **995,341** | **1,393,341** | **-28.56%** |

The evolution of the Group's bank debt in the first half can be explained by the fact that the agreements forming part of the covenants signed by the Controlling Company as of 18 January 2012 came on stream. The main features of this evolution are:

- A change in debt structure: the syndicated financing existing as of 31 December 2011 (syndicated loan, interest credit facility and c ash facility) disappears and is replaced by bilateral financing.

- A reduction in gross bank debt in the amount of 400,176 thousand euros, as a result of the difference between the cancellation of debt stemming from the sale of assets to financial institutions and the amount of the new drawdowns made within the new financing framework.

- A change in the maturity structure in comparison with that existing as of 31 December 2011, as shown in the maturity table below.

| Debt maturities (In thousands of euros) | Position as of 30/06/2012 | Position as of 31/12/2011 |
|---|---|---|
| Financial year 2012 | 57,256 | 427,922 |
| Financial year 2013 | 7,593 | 206,076 |
| Financial year 2014 | 69 | 164,986 |
| Financial year 2015 | 72 | 438,836 |
| Financial year 2016 and subsequent years | 932,997 | 160,344 |
| | **997,987** | **1,398,163** |

Debt is classified into current and non-current on the Consolidated Balance Sheet according to the asset with which the financing is associated, A large part of the Group's financing has a mortgage guarantee on the stocks included under Current Assets and consequently the related debt should appear under current debt. Thus, this debt is not related to the maturity of transactions.

## 1.4.- Business Divisions

### 1.4.1.- Land Management

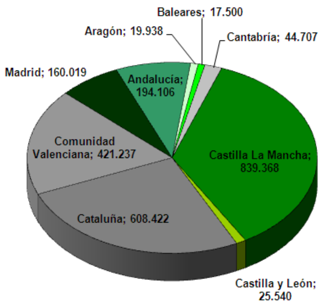
In the first half of 2012 Quabit sold land assets to banks within the framework of the refinancing agreement and this led to a sharp increase in net revenues from this business division in comparison with the same period last year, rising from 28.2 to 315.7 million euros.

| (In thousands of euros) | 30/06/2012 | 30/06/2011 | Variation |
|---|---|---|---|
| **Net Revenues** | 315,686 | 28,205 | 1019.26% |
| **EBITDA** | 22,012 | 8,033 | 174.02% |
| ***EBITDA Margin*** | *7.0%* | *28.5%* | *-75.5%* |

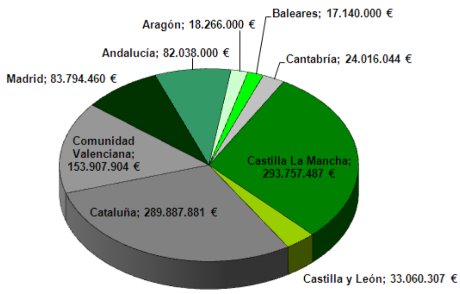
**a) Land Bank**

Knight Frank España S. A. valued the real estate assets owned by Quabit Inmobiliaria, S.A. and its dependent companies as of 31 December 2011. The Group commissions appraisals with an independent valuer at least once a year to verify the market value of its assets. As of 30 June 2012, after the sales of assets to banks mentioned earlier the Group's land bank consisted of 2,365,664 square metres with a value, according to Knight Frank as of 31 December 2011, of 1,033 million euros. The diversification of this land bank, in terms of both development and geographical location is shown below:

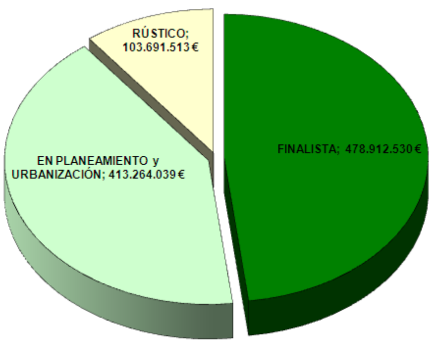
**Breakdown of the Land Bank by Geographical Location (m2)**




**Breakdown of the Land Bank by Geographical Location (euros)**

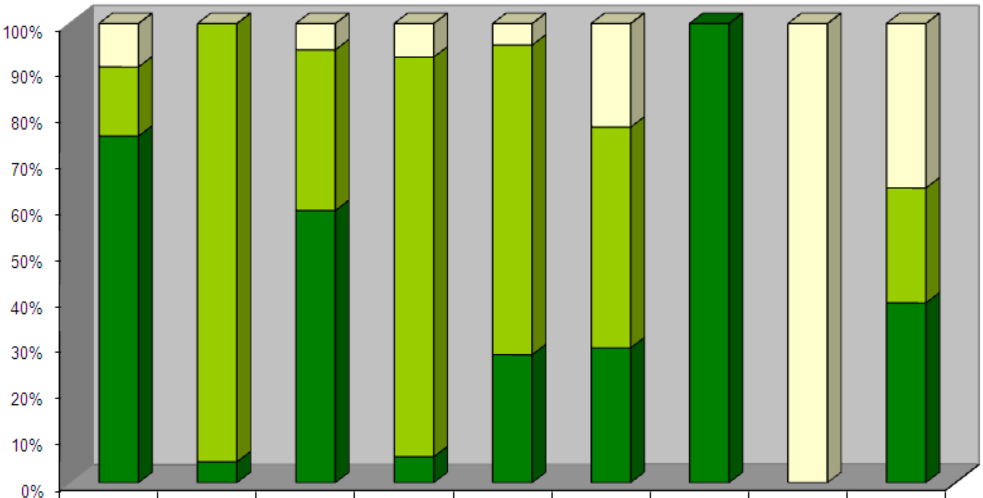



**Breakdown of the Land Bank by Development Progress (euros)**




*RÚSTICO = RURAL LAND*
*EN PLANEAMIENTO Y RUBANIZACIÓN = UNDER PLANNING AND DEVELOPMENT*
*FINALISTA = LAND FOR URBAN DEVELOPMENT*

## Breakdown of the Land Bank by Geographical Location and Development Progress (euros)




| | CASTILLA LA MANCHA | CASTILLA Y LEÓN | CATALUÑA | COMUNIDAD VALENCIANA | MADRID | ANDALUCÍA | ARAGÓN | BALEARES | CANTABRÍA |
|---|---|---|---|---|---|---|---|---|---|
| RÚSTICO | 27.751.511 € | 0 € | 16.561.000 € | 11.228.958 € | 3.910.000 € | 18.503.000 € | 0 € | 17.140.000 € | 8.597.044 € |
| EN PLANEAMIENTO y URBANIZACIÓN | 44.255.733 € | 31.563.307 € | 101.472.786 | 133.986.754 | 56.520.460 € | 39.448.000 € | 0 € | 0 € | 6.017.000 € |
| FINALISTA | 221.750.243 | 1.497.000 € | 171.854.095 | 8.692.192 € | 23.364.000 € | 24.087.000 € | 18.266.000 € | 0 € | 9.402.000 € |

*RÚSTICO = RURAL LAND*
*EN PLANEAMIENTO Y RUBANIZACIÓN = UNDER PLANNING AND DEVELOPMENT*
*FINALISTA = LAND FOR URBAN DEVELOPMENT*

### b) Planning and Development Management

Quabit's main object in Land Management is to invest as little as possible to make progress in the development situation, thus focusing on the processing and administrative consolidation of land positions. The most important advances made in the planning and development of different plots in the first six months of 2012 are described below:

<u>Centre Territorial Division</u>

*Planning*

- **Maoño - Sector 102 Santa Cruz de Bezana (Cantabria):** Initial approval for the Compensation Project for Sector 102 was obtained as of 15 June.
- **Santander - SUP 10 Adarzo:** The General Urban Development Plan was provisionally passed on 31 May.

*Development*

- **S9 - Torrejón de Velasco (Madrid):** A request has been made to the Government Board for it to grant an extension of the period for executing the development works.
- **SUP R6 – Estepona (Málaga):** The Partial Plan was published in the Official Provincial Gazette as of 26 June.

*Subsidiaries*

- **Mairena (Seville):** Progress is being made in the execution of the development works for the sector.

<u>Castile-La Mancha Territorial Division</u>

*Planning*

- **Iriepal and Taracena. Sectores SP-71, 74, 75, 76 and SNP (Guadalajara):** Pending approval of the replotting and development projects for sectors 71 and 74 and a report has been presented with the new electricity layout, along with expropriations.

Northeast Territorial Division

*Planning*

- **Reus H-7 (Tarragona):** The Partial Plan is pending approval.
- **Cambrils - Les Comes (Tarragona):** The Partial Plan has been definitively approved.

*Development*

- **Terrassa – Vapor Cortés (Barcelona):** The Replotting Project was registered in March 2012.

LevanteTerritorial Division

*Development*

- **Pb-2-Canet de Berenguer (Valencia):** The City Council received the development works as of 4 June.

### 1.4.2.- Residential Development

Revenues from this business amounted to 22.9 million euros compared to the 68.4 million euros of the same period last year, as a result of the downturn in the number of homes delivered to companies related to banks. The Company continues to conduct its marketing actions through participation in fairs, advertising campaigns, high street offices, street marketing, actions with banks and with an adjustment in prices that makes the product offered more competitive.

| (In thousands of euros) | 30/06/2012 | 30/06/2011 | Variation |
|---|---|---|---|
| **Net Revenues** | 22,908 | 68,384 | -66.50% |
| **EBITDA** | -4,971 | -10,564 | 52.94% |
| ***EBITDA Margin*** | *-21.7%* | *-15.4%* | *-40.5%* |

**Deeds/ Sales**

The table below summarizes the main figures in this business division:

| | |
|---|---|
| **Stock of Homes pending delivery as of 31 December 2011 (units)** | **683** |
| Homes delivered (units) | (66) |
| **Stock of Homes pending delivery as of 30 June 2012 (units)** | **617** |

In the first six months of 2012 a total of 66 purchase and sale deeds were signed, as compared to 287 in the same period in 2011. Of these, 210 correspond to transactions with companies related to banks, which is a 77% decrease. The number of homes delivered in the first six months of 2012 produces a 9% reduction in the stock of homes at the end of 2011.

The deliveries made up until 30 June 2012 were divided between different developments with stock, with a concentration of developments in Madrid, with 50 units. The tables below show the breakdown of current stock by geographical distribution and type of home.

| Stock by type of home 1H 2012 | Units | % |
|---|---|---|
| 1st home | 502 | 81.5% |
| 2nd home | 24 | 3.9% |
| Subsidized | 91 | 14.7% |
| TOTAL | 617 | 100.0% |

| Stock by Self-governing Region 1H 2012 | Units | % |
|---|---|---|
| Andalucía | 65 | 10.5% |
| Aragón | 32 | 5.3% |
| Cataluña | 38 | 6,1% |
| Castilla-La Mancha | 440 | 71.3% |
| Comunidad Valenciana | 16 | 2.6% |
| Galicia | 0 | 0.0% |
| Madrid | 26 | 4.2% |
| TOTAL | 617 | 100.0% |

Some transactions of space annex to homes were made at the Valencia Delegation in the first half of 2012. Although they are not included in the units delivered, they have an effect on total revenues. Representative figures were obtained, since 93% of the Oropesa development was cleared.

**Marketing and Pre-sales**

As of 30 June 2012, Group Companies had signed a total of 68 new pre-sales transactions, which is a 75.8% downturn on the 281 pre-sales transactions conducted in the first half of 2011.

### 1.4.3.- Management of Cooperatives and Associations

Quabit Comunidades is a manager of self-promoted housing (cooperatives and owners' associations). The process comprises the stages of Prior Offer, Constitution and Management.

As of 30 June 2012, the company had a total of 242 homes at the stages of Prior Offer, Constitution and Management.

- Prior offer: As of 30 June 2012, there were 125 homes in two projects at the prior offer stage: 83 homes at the development in Sector I.15 M.48 – Alovera – 1st phase – Guadalajara, and 42 homes at the development in Sant Feliú - SUE 5.1 – 1st phase – Barcelona.
- Constitution: There are no developments currently in this situation.
- Management: As of 30 June 2012, there were117 homes in two projects at the management stage; El Encinar de las Cañas S. Coop. Sector Remate Las Cañas - B13 – Guadalajara and. Monte Henares Sector I.15 M-46 Alovera in Guadalajara.

### 1.4.4.- Rented Property

At the end of the first half of 2012, revenues from rentals amounted to 1.05 million euros, a 7% downturn on the 1.12 million euros in the same period last year. The reduction stems from the sale of two buildings of apartments for lease and industrial premises in the first half of 2012.

| (In thousands of euros) | 30/06/2012 | 30/06/2011 | Variation |
|---|---|---|---|
| Net Revenues | 1,052 | 1,128 | -6.74% |
| EBITDA | -7,231 | 650 | n.a. |
| *EBITDA Margin* | *n.a.* | *n.a.* | *n.a.* |

## 1.5.- Other Information of Interest

### 1.5.1.- Stock Market Performance

Quabit's quote fell from 0.0810 euros at the end of 2011 to 0.0510 euros at the end of June 2012, which represents a 37.04% drop in the first half of the year. In the same period, the Ibex-35 lost 17.09% while the indices which Quabit forms part of experienced the following changes: the Financial and Real Estate Index rose by 7.34% and the Ibex Small Cap fell by 29.31% in the same period.

| Stock Market Performance from 31/12/2011 and 30/06/2012 | |
|---|---|
| Closing price 30/12/2011 (€/share) | 0.081 |
| Closing price 30/06/2012 (€/share) | 0.051 |
| % Variation | -37.04% |
| Market cap. 30/06/2012 (€) | 65,287,413 |
| High (20/01/2011) (€/share) | 0.104 |
| Low (10/04/2012) (€/share) | 0.041 |
| Average price (€/share) | 0.075 |
| Average daily trading volume (shares) | 6,634,294 |
| Shares traded in the period | 842,555,361 |
| Average daily trading volume (€) | 496,782 |
| Cash traded in the period (€) | 63,091,348 |
| Total number of shares | 1,280,145,353 |

*Source: Infobolsa*

### 1.5.2.- Governing Bodies

On 26 April 2012 Quabit held its Extraordinary and Ordinary General Sharheolders' Meeting where all the points on the agenda were passed with a sufficient majority.

At its meeting held on 28 June 2012, at the proposal of the Appointments, Remuneration and Good Governance Committee and within the process of adapting and improving the Company's structure which is currently underway, the Board of Directors passed the following resolutions:

I.- To appoint Mr Jorge Calvet Spinatsch as the Deputy Chairman of the Board of Directors.

II.- To unite the Audit and Compliance Committee and the Appointments, Remuneration and Good Governance Committee in a single committee, called the Audit, Appointments and Remuneration Committee, which takes on all the functions of the previous committees. The new committee comprises the following:

Chairman: Mr Manuel Terme Martínez (Independent)
Member: Mr Alberto Pérez Lejonagoitia (Proprietary)
Member: Ms Claudia Pickholz (Independent)

In addition, the Board of Directors accepted Mr Javier Somoza's resignation as Secretary to the Company's Board of Directors and its committees. His functions will be performed by the Vice-secretary to the Board until the post is filled.

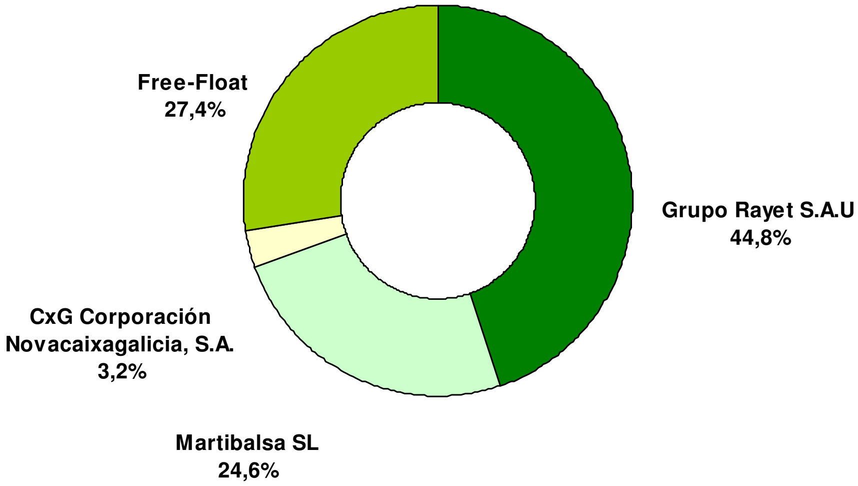
| Name | Post | Audit, Appointments and Remuneration Committee |
|---|---|---|
| Mr Félix Abánades López | Chairman | |
| Mr Jorge Calvet Spinatsch | Deputy Chairman and Independent Director | |
| Mr Alberto Quemada Salsamendi | Chief Executive Officer | |
| Mr Miguel Bernal Pérez-Herrera | Proprietary Director | |
| Mr Alberto Pérez Lejonagoitia | Proprietary Director | Member |
| Ms Claudia Pickholz | Independent Director | Member |
| Mr Manuel Terme Martínez | Independent Director | Chairman |
| Ms Nuria Díaz Sanz | Non-director Vice-secretary | Vice-secretary |

#### 1.5.3.- Ownership Structure

As of 3 February 2012, Grupo Rayet S.A.U. notified the Spanish Securities and Exchange Commission (CNMV) of voting rights attributed to shares and transactions on shares in listed companies, whereby it communicated two share transmissions and sales for Quabit Inmobiliaria S.A. (each for 31 million shares). After these transmissions, the Grupo Rayet S.A.U.'s holding in the Controlling Company's capital was of 45.088%.

As of 29 March 2012 Grupo Rayet, S.A.U. notified the Spanish Securities and Exchange Commission (CNMV) of voting rights attributed to shares and other transactions on shares in listed companies, communicating a dation in payment of 3,231,015 shares of Quabit Inmobiliaria, S.A. After this transaction, Grupo Rayet S.A.U.'s holding in the Controlling Company's capital was of 44.836%.

| Position as of 30 June 2012 | |
|---|---|
| Grupo Rayet S.A.U | 44,8% |
| Martibalsa SL | 24,6% |
| CxG Corporación Novacaixagalicia, S.A. | 3,2% |
| Free Float | 27,4% |




#### Event after the Balance Sheet Date

As of 5 July 2012, Grupo Rayet, S.A.U. Grupo Rayet, S.A.U. notified the Spanish Securities and Exchange Commission (CNMV) of voting rights attributed to shares and other transactions on shares in listed companies, communicating a dation in payment of 3 million shares of Quabit Inmobiliaria, S.A. After this transaction, Grupo Rayet S.A.U.'s holding in the Controlling Company's capital was of 44.602%.

## 2.- RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2012

The Consolidated Management Report for financial year 2011 refers to section D of the Annual Corporate Governance report where the main aspects of risk control systems are described. The report identifies and describes the ten most important areas of risk for the Group, and explains the systems the Group has adopted to deal with them. In the first six months of financial year 2012 there have not been any significant changes in the risks the Group identified as important.

The main risks and uncertainties the Group will have to face in the second half of 2012 are those associated with the first of the risks identified in the said document, i.e. with the cyclical nature of the real estate sector.

The real estate sector is very closely linked to the general economic situation and, consequently, the uncertain economic situation in the second half will have a significant effect on the real estate business, as it has in the past few years. The leading economic indicators (mainly the unemployment rate and GDP performance) are still not showing any signs of improvement and the turmoil in the Spanish debt market is not allowing the financial markets to stabilize. In this context which is creating a lack of confidence amongst the different players in the real estate market when it comes to making investment decisions, activity in the real estate market is characterized by a reduction in the number of transactions in both housing and land.

The indicators published by the Ministry of Public Works continue to point to a downturn, albeit more moderate than in previous years, in the number of purchase and sales transactions for housing. In the first quarter of 2012, the 70,228 transactions conducted represent a 5.7% reduction on the transactions conducted in the first quarter of 2011. The 7,456 new permits for housing works accumulated between January and May 2012 represent a 43% decrease on the permits granted in the same period the previous year.

The Business Plan which was the basis of the Controlling Company's Framework Agreement for Refinancing contemplated an economic scenario of no improvement in relation to that of 2011 and the financial and equity requirements foreseen in the Plan were in line with this scenario. Thus, no additional ordinary operating requirements are expected to appear in the running of the Group's business in the second half of the year.

In any event, the continuance of the unfavourable economic scenario will mean that the levels of revenue generation and the expenses committed will need to be closely monitored to ensure that any possible time lags between them are covered by cash available and to take any additional measures that might be required, where relevant, to guarantee this cover.

## 3.- TRANSACTIONS WITH RELATED COMPANIES

There is no additional important information other than that contained in Note 18 of the notes to the accompanying Consolidated Abridged Financial Statements in relation to this.

# Important Notice

This is a non-official translation. The Spanish version prevails. This document could contain market estimates and projections and financial information obtained from different sources which refer to the financial position, operating results, strategy and future plans of Quabit Inmobiliaria S.A. and its subsidiaries. These estimates do not guarantee the future performance of these companies, since the forecasts could be affected by different factors and contingencies, so that the end result could be quite different from the result mentioned in this document. Analysts and investors are warned that these estimates and projections are only representative of the current situation, on the date this document was prepared. Quabit Inmobiliaria will not be obliged to publish any revision of its estimates which might derive from new circumstances subsequent to the date of this report (especially changes in strategy or in the business) or from unforeseen events.

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