

**RENTA CORPORACION IMPROVES ITS 2009 RESULT BY 57 M€**

- The net result is -54.5M€ after a 45.5M€ provision.
- The refinancing of the syndicated loan and reduction of debt are the two main milestones that have given stability to the company.
- The policy of reducing running costs has been successful by reducing expenses by almost half.

25th, February, 2010.- 2009 has shown the scale of the worldwide economic crisis. In the real estate market the situation is still complicated by shortage of transactions, difficulties in valuating the operations due to the lack of references in operations and a limited liquidity which especially affects larger purchases. In this environment marked by lack of confidence and instability, Renta Corporación has focused on:

1. Looking for the companies' financial stability by renegotiating the debt.
2. Confirm the business model in an adverse market situation.
3. Exploring new opportunities that will create margin for the company.
4. Streamlining the Balance sheet, making an effort to incorporate new provisions for extraordinary impacts.
5. Carrying out a capital increase.

In line with the policy of transparency and prudence adopted by the company and due to the complex scenario, Renta Corporacion has decided to carry out provision for 45.5M€ which includes a provision on inventory, a provision on risks associated to deferred payments on sale of properties, provision for claims and a value readjustment in the stake in Mixta Africa. The 2009 net result is negative by 54.5M€ compare with the 111.5M€ in year end 2008. Nevertheless the company ordinary result has improved. In fact it has improved by 35.9M€ rising to -17.2M€ (-53.1M€ in 2008) mainly due to the cost restrictions and debt reduction which helped reduce the financial costs significantly.

It is important to point out that 2009 year has been influenced by two phases:

1. A first year semester where the efforts were focussed on reaching a new syndicated loan within the debt refinancing framework. This has been a long and intense process but has ended successfully. The company has managed to reduce its debt by more than half with the sale of assets amounting 287.8M€ to the financial institutions and is able to enjoy a long term syndicated loan.
  2. In the second semester the effort was to create margin in new portfolio operations, confirming that the company business model is strong enough to survive in a difficult
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and complex environment. The company has not just created margin but also taken advantage of the opportunities the market has to offers in the current conditions without putting aside the management of the existing portfolio.

**Syndicated loan.-** This is one of the company's most relevant milestones in 2009, which contributed to the financial stability of the company. In May a new syndicated loan was signed totalling 254M€. The terms of the deal will apply over the next 7 years. The first two years (2009 up to May 2011) will be grace period with annual repayments from 2011 to 2015.

**Sales:** At year closing, sales stood at 360.2M€, where 287.8M€ are sales to the financial institutions within the framework of the refinancing process. 72.4M€ are ordinary sales in land and buildings. It must be highlighted that 5.4M€ of the ordinary sales belong to the new portfolio. In addition, 12.3M€ comes from other income. 372.4M€ is the total amount of incomes.

During 2009, Renta Corporación has managed assets depending on their individual characteristics. Regarding the management of the existing portfolio the transformation process has been carried out on those assets that are meeting today's demand. On the other hand, those assets that are not viable under today's market conditions are being kept as wealth assets to be optimised whenever the market sees an upturn. Also the Company has looked for operations that would increase activity and margin for the company. In that respect 27 residential operations took place, 10 of which have been completed regarding to the transformation and selling process. Finally, a complementary third line of business has been taking the most of opportunities to increase the margin as they present themselves. In fact, the company has taken full advantage of its commercial strategy and know-how in the sale of Hines luxury homes in Paseo de Gracia, 45 (Barcelona).

**Margin.-** Gross margin sales carried out during the year stood at -17.6M€. It must be highlighted +6.8M of ordinary gross margin mainly for the sale of a land unit and new portfolio sales. Likewise the sale of assets to the financial institutions created a -2.6M€ margin. A provision of 21.8M€ has been registered after the asset valuation by independent experts.

**Expenses policy.-** A severe control has been taken over on the expenses policy. Personnel and overhead costs have been reduced virtually by half, from 30.9M€ in 2008 to 14.3M€. Personnel expenses have been especially reduced, to 9.2M€ from 20.9M€ in 2008 (an extraordinary 5M€ are included) as a consequence of personnel restructuring and the reduction of salary, mainly in the management team.

**Investments.-** In 2009 investments was of 17.8M€. This amount is lower than in 2008 which were 130M€. The company strategy this year has been to be very selective, doing the transformation process on assets that are attractive for rapid turnover and profitability.

**Portfolio.-** During the year the company has reduced its portfolio to 372M€. At December, 31, 2009 the portfolio amounted to 270.7M€ (versus 642.7M€ in 2008).

Investment Rights associated to the new portfolio stood at 34.6M€.

It is a fact that today investors are looking for smaller investments in respect to previous years. This is due to the difficulty in finding credit or to the fact that investors have adopted more cautious approach. The company new portfolio has smaller assets which correspond to investors needs, i.e. residential building around 2.5M€.

**Debt:** At closing the net debt stood at 277.6M€ versus 641.6M€ in 2008.

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**Capital increase.**- In December, in order to meet the commitment which was part of the refinancing process, the company increased its capital by 4.9M€ to strengthen the company's equity.

**Board of Directors.**- During 2009 some changes were made in Renta Corporación Board of Directors. On one hand the board saw a reduction of two members as a consequence of the resignation of Mr. Carlos Solchaga and Mr. Pedro Nuevo Iniesta's decision to not renew his position as a Board member. On the other hand, Mr. Ramchand W. Bhavnani has been appointed as External Independent Director from Dominical Director.

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**For more information**

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