

Renta Corporación closed the year 2010 with a negative net result of 27.9 M€

- The company has virtually halved the losses of 54.5 M€ recorded in 2009.
- The results include provisions amounting to 20.3 M€, including 8.6 M€ due to current portfolio valuation and 7.5 M€ for the decapitalization of all expenses incurred in the refinancing of May 2009.
- Renta Corporación is examining, together with the financial institutions, corporate and financial options in line with the current economic situation, thereby strengthening the viability of the company.
- A sixfold increase in ordinary business sales, jumping from 5 M€ in 2009 to 30 M€ in 2010, has seen an ordinary positive gross margin of 5.7 M€
- The cost-reduction policy is still in force and, excluding extraordinary costs, has brought about a reduction of 21%.
- The company has decided to focus its business efforts on the domestic market and for the present will be considering new operations in the international market with caution. As an additional exercise in cost reduction, activities in international markets will be coordinated from the headquarters in Barcelona.

Barcelona, 24 February 2011 - Even though on a macroeconomic level a situation of relative stability is beginning to appear, the national and international real estate sector continues to suffer from a lack of liquidity, an excess of supply in some products and an economic environment that is marked by significant job losses and a lack of confidence from investors and consumers. The sale of entire buildings is still inactive in the domestic market, and land is the greatest exponent of liquidity lack and excess of product supply.

In this context, throughout 2010 Renta Corporación has continued with its policy of streamlining its balance and, taking a conservative approach, has booked non-recurring impacts in order to adjust the company to the market environment. Although the year was negative by 27.9 M€, these results include the effect of provisions which amount to 20.3 M€. Among them, it have been included 8.6 M€ due to portfolio valuation and €7.5 million for the decapitalization of outstanding financial expenses associated with the refinancing agreement of May 2009.

The net debt of Renta Corporación stands at €297.5 million at the end of 2010, compared with 277.6 M€ the previous year. This difference is due to the decrease in operational cash, the capitalization of interest and the decapitalization of refinancing costs mentioned above.

As a consequence of the negative result, equity stands at 16.0 M€. Thus, although Renta Corporación currently meets all the requirements stipulated in the agreements with the financial institutions, it was considered appropriate to initiate a joint approach to identify corporate and financial structures that could reinforce the viability of the company.

Increased sales in ordinary business - In 2010 Renta Corporación achieved sales of a total of 58.2 M€. The figure obtained in this period is not comparable to year 2009, which

included sales amounting to 287.8 M€ made to financial institutions as part of the refinancing process.

One prominent positive factor is the **distribution of sales**. Of the total amount of sales made during 2010 (58.2 M€), sales from ordinary business totalled 29.9 M€ compared with 5M€ in 2009, multiplying by six the volume of sales. Sales from ordinary business in 2010 were centred on building units and mostly in the domestic sector. A further €28.3 million came from sales of portfolio previous to 2009, of which 42% was domestic and 58% international.

Positive gross margin. Renta Corporación has succeeded in generating a positive gross margin of 8.7 M€, of which 5.7 M€ came from the sale of core business portfolio and 3 M€ from the sale of portfolio acquired prior to 2009. After adjustments made for portfolio valuation, gross margin has been 0.1 M€.

Cost reduction. Throughout the year Renta Corporación has continued in its effort to reduce costs that, excluding extraordinary items, went down from 21.6 M€ to 17.1 M€, a decrease of 21%. If extraordinary costs are included, such as the loss of land options, the reduction is even higher, reaching 28%.

Investment and portfolio. It is also worth noting that the company has made investments amounting to 34.8 M€, of which 31.8 M€ was allocated to ordinary business portfolio, mostly residential buildings in the domestic market. These levels of investment are consistent with the company's current strategy of giving greater value and liquidity to the portfolio previous to 2009, and investing in a business portfolio adapted to new market conditions. Of the current portfolio, 95% of inventory relates to the national market.

Focus on the Spanish market .- Renta Corporación has decided to focus its resources and business objectives on the domestic market, where conditions are better for the development of its business model, especially under current circumstances. As a result, international market operations will only be carried out on a one-off basis and under very specific conditions, with activity coordinated from the Barcelona office in a further attempt of minimize costs.

Changes to the board of directors .- During 2010 there have been some changes in the composition of the board of directors. This has resulted, firstly, in the incorporation of Ignacio López del Hierro as independent external directors, replacing Esther Giménez, and secondly, the departure of Ramchand W. Bhavnani. After these changes, the Board of directors of Renta Corporación is comprised of 9 members.

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