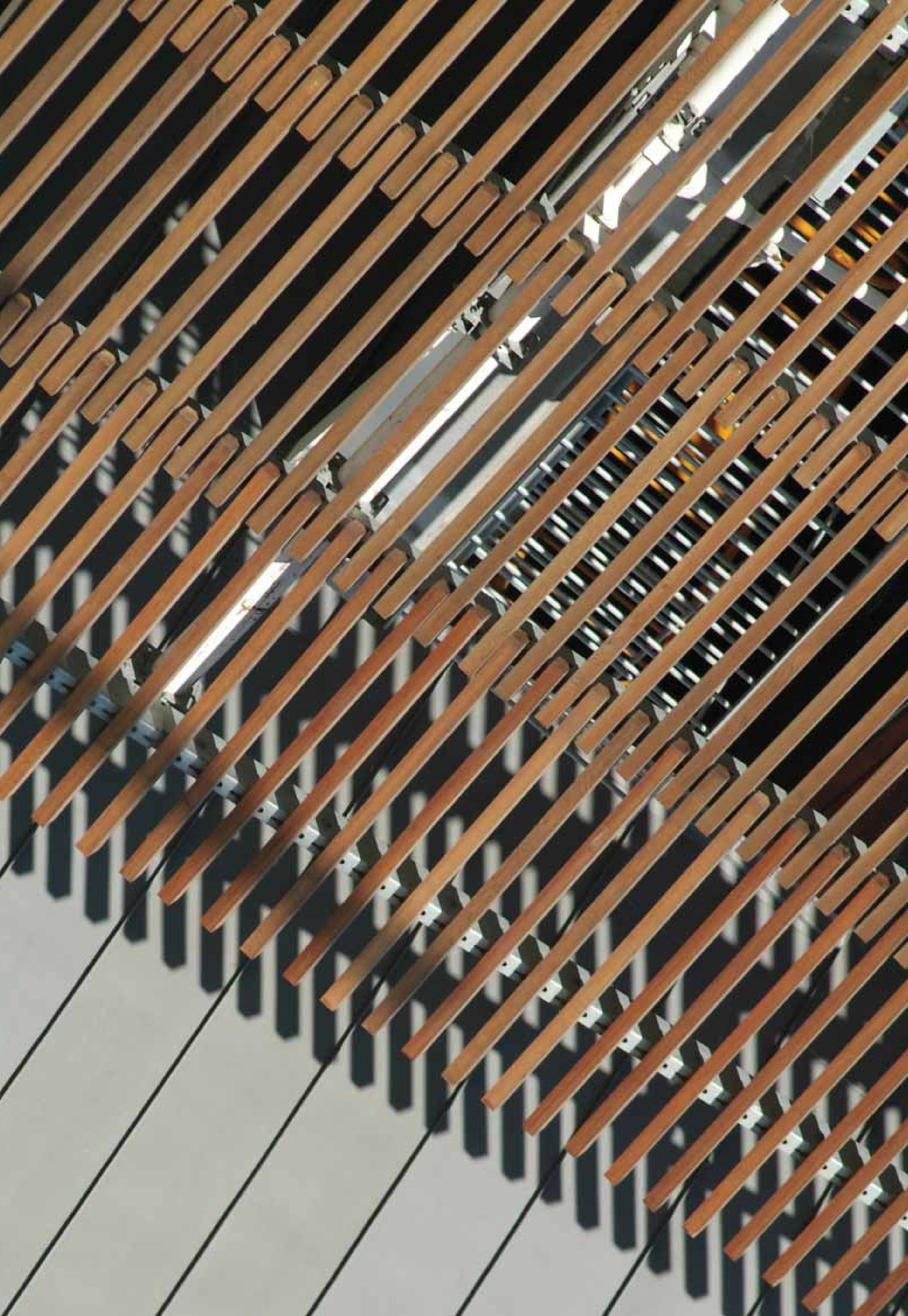
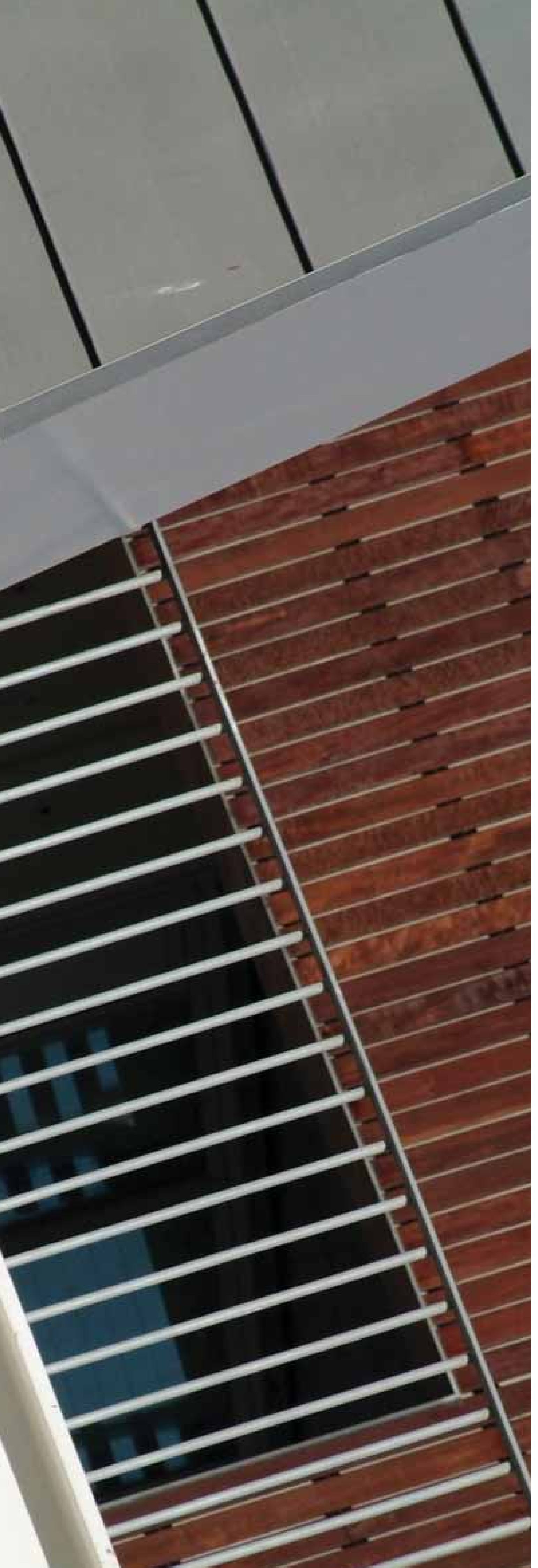
RENTA
CORPORACIÓN

ANNUAL REPORT **2005**
VOLUME 1





CONTENTS

VOLUME 1: ANNUAL REPORT 2005

Dear shareholders,

I am pleased to report on Renta Corporación's progress in 2005 and the excellent financial result obtained. We have also moved forward in the development, institutionalisation and transparency of the company.

Renta Corporación closed 2005 with revenues of €324 million, gross margin of €70 million and net profit of €32.5 million – 60% up on 2004 net profit.

These results are consistent with the company's trajectory in recent years. As for the medium- and long-term view, Renta Corporación invested €331 million in 2005, with the acquisition of 43 buildings in 26 operations. In addition, at the end of 2005 it held investment rights for the acquisition of a further 29 buildings for €500 million, half of which will lapse in 2006.

It should be noted that these results are fundamentally the result of our people's effort and dedication. Renta Corporación's team is cohesive, highly qualified and totally committed to the project. Clearly, they are the company's main asset.

As previously reported, in 2005 preliminary steps were taken by Renta Corporación to list the company on the stock exchange, and the Board plans to complete the process in the first half of 2006 – subject to full compliance with regulatory requirements, and market conditions permitting. I believe completion of this process is not a goal in itself, but rather the springboard from which we can grow a company based on a unique business model.

I should also point out that even when it goes public, Renta Corporación will continue to stand by one of the guiding principles that have driven our business: I am referring to our high asset turnover. We will continue to manage our investments speedily, flexibly and dynamically. We will also maintain a corporate structure that will enable us to continue making swift decisions, while keeping the risk under control.

Letter from the Chairman

1

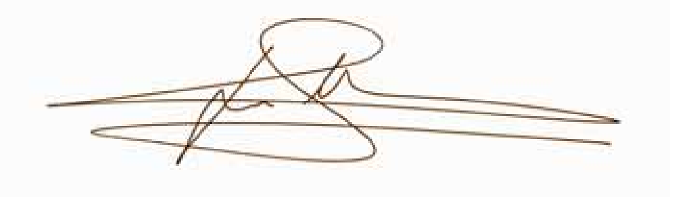
In 2005, we felt the time was right to look into the acquisition of several buildings in Berlin in order to assess market dynamics and profitability in this city. As a result of this scouting mission, Renta Corporación will weigh up the feasibility of setting up an office in the German capital, just as we have in other European capitals such as Paris and London.

Renta Corporación has stepped up its efforts to meet listing requirements and increase transparency, and has made considerable progress in implementing good corporate governance practices. This includes Shareholders' Meeting approval on 9 February 2006, subject to listing of the company, of redrafted Articles of Association and Regulations governing the General Meeting of Shareholders. The Board also approved new Regulations for the Board of Directors and an Internal Code of Conduct for Stock Market Operations. We have also strengthened the structure and operation of the Audit Committee and Appointments and Remuneration Committee. Additionally we have increased the size of the Board with the addition of two new Independent Directors. And at this point I wish to welcome Carlos Solchaga Catalán and Juan Gallostra Isern.

As for corporate social responsibility, I should like to highlight the significant contribution of the Renta Corporación Foundation in 2005 in supporting 58 NGOs involved in issues affecting the more vulnerable sectors of society.

Finally, I must thank everyone, both people and organisations, who have contributed directly or indirectly to Renta Corporación's success in 2005, and once again extend my warmest thanks to everyone on the team.

Yours sincerely,



Luis Hernández de Cabanyes
Chairman

Main figures and highlights

2

a. Main figures

This chapter sets out a summary of how the main financial and operating figures for Renta Corporación have evolved since 2001, and highlights the most significant events of 2005.

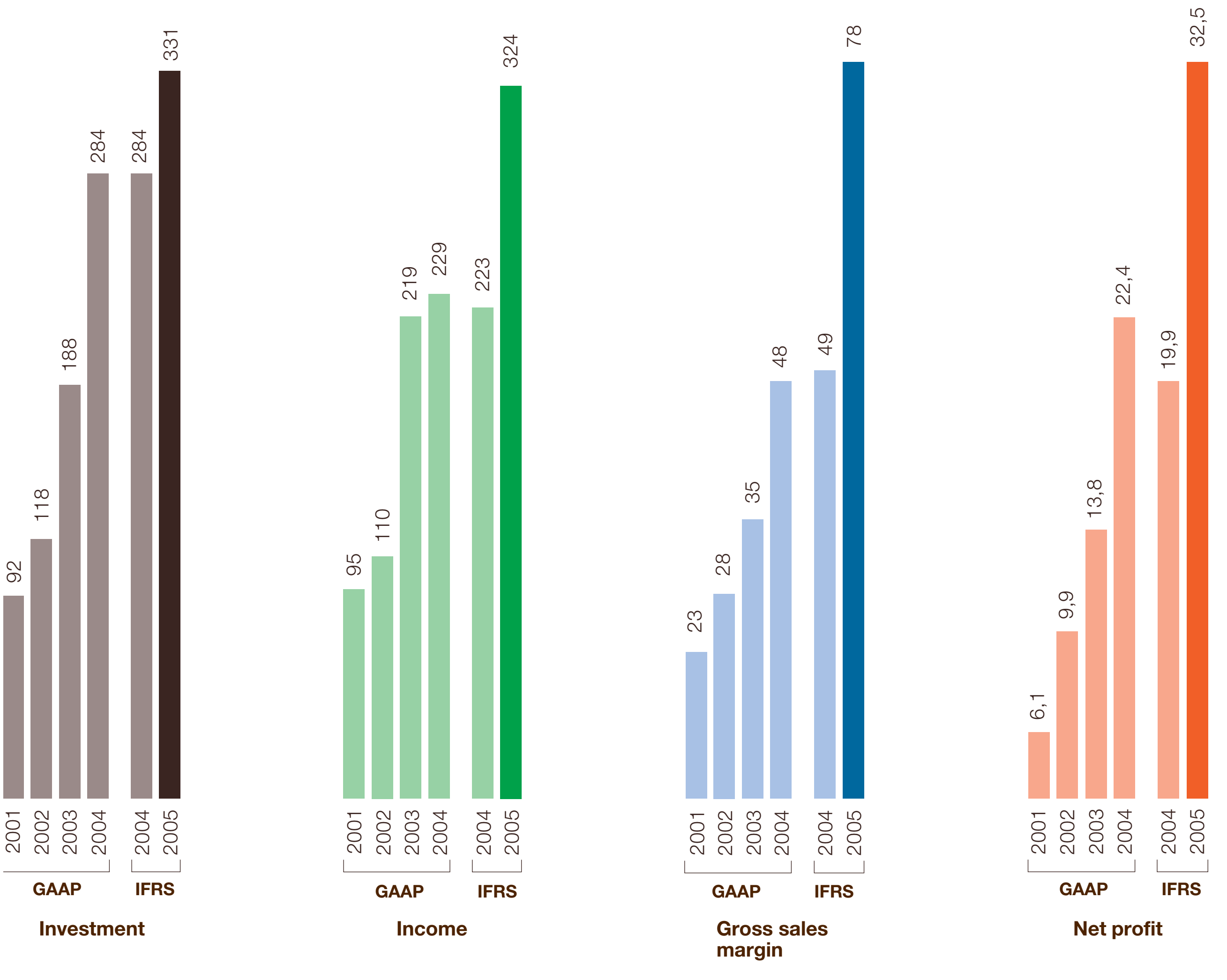
Main financial and operating figures

	GAAP				IFRS	
Profit and loss statement (thousands of euros)	**2001**	**2002**	**2003**	**2004**	**2004**	**2005**
Sales	92,782	107,379	207,685	217,892	218,513	**320,843**
Other revenues	2,612	3,021	11,223	10,746	4,239	**3,258**
Total income	95,394	110,400	218,908	228,638	222,752	**324,101**
Gross sales margin (1)	22,660	27,637	34,712	48,233	48,844	**78,151**
% growth	215%	22%	26%	39%	41%	**60%**
Operating cash flow (EBITDA)	11,503	16,773	25,931	34,464	31,703	**53,979**
Operating profit (EBIT)	11,410	16,541	25,588	33,705	31,409	**53,689**
Consolidated pre-tax profit (EBT)	9,600	15,052	21,101	29,618	25,698	**48,741**
Consolidated profit	6,190	9,924	13,791	22,842	20,398	**32,636**
Distributable profit	6,084	9,924	13,768	22,396	19,949	**32,502**
% growth	215%	63%	39%	63%	45%	**63%**
Total dividend	1,074	1,227	1,916	2,987	2,987	**10,086**
Payout	18%	12%	14%	13%	15%	**31%**
Distributable profit / earnings per average number of shares (2)	3.19	5.30	7.22	11.84	10.55	**1.48**
Distributable profit / earnings per adjusted average number of shares (3)	0.29	0.48	0.66	1.08	0.96	**1.48**
Dividend per share	0.57	0.64	1.00	1.50	1.50	**0.46**
Dividend paid per adjusted share (3)	0.05	0.06	0.09	0.14	0.14	**0.46**
Balance						
Total Assets	68,355	120,408	175,259	269,408	271,502	**394,290**
Current Assets	67,025	118,307	146,981	267,370	266,736	**392,055**
Equity (4)	9,675	18,302	30,167	61,691	55,285	**84,994**
Ratios						
EBITDA / Total revenues	12%	15%	12%	15%	14%	**17%**
Consolidated distributable profit / Total revenues	6%	9%	6%	10%	9%	**10%**
Equity / Total assets	14%	15%	17%	23%	20%	**22%**
ROE	93%	71%	57%	59% (5)	60% (5)	**47%**
Operating figures						
Number of employees at 31 December	56	63	67	78	78	**95**
Total investment	91,703	118,402	188,281	284,100	283,823	**330,577**
Number of buildings acquired in the year	32	23	38	40	40	**43** (6)

GAAP: Generally Accepted Accounting Principles in Spain
IFRS: International Financial Reporting Standards

(1) Excludes other revenues
(2) Average weighted number of shares excluding treasury stock
(3) Adjusted for the share split in 2005
(4) Under GAAP, minority holdings are included as major equity
(5) Does not include capital increase 27-12-04
(6) 43 buildings under 26 projects

Charts showing evolution of Renta Corporación (millions of euros)



Growth

- *Sound implementation of our business model drives investment opportunities and growth in revenues*
- *Higher level of activity with improved margins and efficiency lead to significant increase in profit*

b. Highlights

1. An excellent result

In 2005 Renta Corporación reported consolidated revenues of €324 million (+45%), with an operating profit of €53.7 million (+71%) and €32.5 million of distributable profit (+63%). The company invested €331 million in the acquisition of over 40 buildings under 26 projects.

2. Adoption of International Financial Reporting Standards (IFRS)

The consolidated financial statements for 2005 have been prepared according to International Financial Reporting Standards (IFRS). For ease of comparison, main figures for 2004 are reported using the same criteria. Some adjustments due to adaptation may lead to different figures this year from those published in the 2004 Annual Report which was prepared according to Spanish GAAP.

3. Progress in implementing good governance practice.

Following on from corporate governance measures adopted in 2004, Renta Corporación has continued to implement measures in 2005 consistent with the company's desire for transparency. Therefore, this 2005 Annual Report includes reports on Corporate Governance and Corporate Social Responsibility as well as the Annual Report of the Audit Committee.

4. Strengthening the corporate structure

Renta Corporación reinforced its corporate structure in 2005 by taking on personnel in the sales, technical, accounts and control departments. We have also added to our line-up Fernando Nasarre – ex-Director General of Housing and Town Planning at the Spanish Ministry of Development – as our Land Transformation Director - Madrid, and Enric Venancio, our new Managing Director, who comes to us from Abertis where he was Chief Financial Officer.

5. Capital increase and share split

By resolutions of the General Meeting of Shareholders of 22 April 2005, the company increased its share capital through a €13.6 million share premium issued against reserves, increasing the unit value of its shares to €11. Subsequently a share split was carried out, reducing the par value to €1 per share. After these operations, the company is represented by 21.9 million shares with a par value of €1 per share.

6. Dividends

On 3 March 2005, the General Meeting of Shareholders approved a dividend of €3 million.

On 9 February 2006, the General Meeting of Shareholders approved a dividend against 2005 profit of €0.46 per share, €10.1 million in total, payable in early March 2006.

c. Significant operations

Paris

Montesa - Madrid

This 7,300 m² building with over 70 dwellings, located in the Salamanca district of Madrid, was acquired in July 2004. All common areas of the property were refurbished in 2005. Subsequently the building was sold in 2005 to a well-known Real Estate Investment Fund.

Passeig de Gràcia - Barcelona

Building work was carried out in 2005 on the old headquarters building of the BASF chemical company in Passeig de Gràcia. This project, designed by renowned architect Carlos Ferrater, has been turned into 69 first-class dwellings, three commercial premises and parking spaces. It features a spectacular marble and glass façade, which lets plenty of light in. The layout of the apartments is flexible and modern, and they are spacious and finished to high quality standards. Following the sale of the building, the commercial premises were occupied by three leading luxury goods firms. The building also has a three-storey car park, a major added value for a building in such a central location.

Avenue Victor Hugo - Paris

This prestigious building, acquired in May, is located in the most luxurious neighbourhood in Paris. With nearly 5,844 m² of first-class dwellings, this building's architecture is outstanding, and features exceptional 19th Century décor.

Rue de Charonne - Paris

This magnificent building, acquired in July, features 102 dwellings and over 6,000 m² of floor space. It is Renta Corporación's 10th project in Paris. The initial plan involves refurbishment of the building's common areas.

Coats i Fabra textile manufacturing complex. Barcelona

An agreement was signed in December with the Barcelona City Council whereby Renta Corporación would release over 18,000 m² of urban parkland and around 14,000 m² of constructed area (on plan) built in listed industrial buildings, to be used for public services in the Sant Andreu neighbourhood. In exchange, the Council grants Renta Corporación planning permission to build on 18,000 m² of land. Renta Corporación has retained ownership of around 16,000 m² of this building area for third-party fitting out, in the very heart of Coats i Fabra. Renta Corporación has committed to developing and refurbishing the complex.

Coats i Fabra. Barcelona

Passeig de Gràcia. Barcelona

Gran Vía. Barcelona

Ausiàs Marc. Barcelona

Passeig de Gràcia - Barcelona

Av. Diagonal. Barcelona

Montesa. Madrid

Atocha. Madrid

Bordadores. Madrid

Padre Xifré. Madrid

Basílica. Madrid

Av. Rosaleda. Malaga

Victor Hugo. Paris

Charonne. Paris

Reuilly. Paris

Passage des Ecoliers. Paris

Vincent Square. London

Newbury Street. London

Governing bodies

3

a. Board of Directors

At 31 December 2005, Board membership was as follows:

Board of Directors (31 December 2005)			
Name and position of the Director	**Audit Committee**	**Appointments and Remuneration Committee**	**Nature of the position**
Luis Hernández de Cabanyes Chairman			Executive
Anna M. Birulés Bertran Vice-Chairwoman	Member	Member	Executive
Josep-Maria Farré Viader CEO			Executive
Esther Giménez Arribas Member			Executive
Elena Hernández de Cabanyes Member			External
Pedro Nueno Iniesta Member			Independent
Carlos Tusquets Trias de Bes Member	Secretary	Secretary	"Dominical" (1)
César A. Gibernau Ausió Secretary	Chairman	Chairman	Independent

Note: At 31 December 2005, the Legal Counsel to the Board was Carlos Valls Martínez
(1): Under Spanish law, a director representing a substantial shareholding

At the meeting held on 7 February 2006, the Appointments and Remuneration Committee proposed the appointment of **Carlos Solchaga Catalán** and **Juan Gallostra Isern** as Independent Company Directors for approval by the Board and the Extraordinary General Meeting.

In addition, the Committee proposed a change to the nature of Director **César A. Gibernau Ausió**'s position for approval by the Board and the Extraordinary General Meeting.

Paris

These agreements were approved by the General Meeting of Shareholders on 9 February 2005, as a result of which the Board is now made up as follows:

Board of Directors (13 February 2006)

Name and position of the Director	Audit Committee	Appointments and Remuneration Committee	Nature of the position
Luis Hernández de Cabanyes Chairman			Executive
Anna M. Birulés Bertran Vice-Chairwoman	Member	Member	Executive
Josep-Maria Farré Viader CEO			Executive
Esther Giménez Arribas Member			Executive
Pedro Nueno Iniesta Member			Independent
Carlos Solchaga Catalán Member			Independent
Juan Gallostra Isern Member			Independent
Carlos Tusquets Trias de Bes Member	Secretary	Secretary	"Dominical" (1)
Elena Hernández de Cabanyes Member			External
César A. Gibernau Ausió Secretary	Chairman	Chairman	External

Note: At the Board Meeting of 9 February 2006, Juan Velayos Lluis was appointed to the position of Legal Counsel for the Board.
(1): Under Spanish law, a director representing a substantial shareholding

Renta Corporación Directors' backgrounds

Luis Hernández de Cabanyes

Chairman

Chairman and founder of Renta Corporación. Sponsor and trustee of Renta Corporación Foundation. Joined PriceWaterhouseCoopers in 1989. Founder of Lueco in 1991 and Second House in 1994, among other companies. Holds a degree in Economics and Business Studies from the University of Barcelona and has completed the IESE (Barcelona Business School) Business Management Programme.

Anna M. Birulés Bertran

Vice-Chairwoman

Vice-Chairwoman of the Renta Corporación Board since 2004. From 1986 to 1990 Vice-Chairwoman and Director General of the Centre for Innovation and Business Development (CIDEM), Director General of Commercial Promotion, Chairwoman of the Consortium for Commercial Promotion of Catalonia (COPCA), S.C. de Capital Risc, S.A. and other companies with links to industry and technology, in the performance of her duties with the Department of Industry and Energy (DIE) of the Regional Government of Catalonia (Generalitat). Worked for Banco Sabadell from 1990 to 1997, and General Secretary and Director of several financial sector companies. From 1997 to 2000, she was a driving force in the creation of an alternative telecom operator as CEO of Retevisión and Director of Amena, Hispasat and Quiero TV, as well as Chairwoman of EresMas. From April 2000 to July 2002, she was Minister for Science and Technology. She has been a member of several Boards of Governors of Universities and Chairman of the Catalonia Open University (UOC) Business Advisory Board. She also holds a professorship in Economic Analysis (on leave of absence). With a PhD in Economics from the University of Barcelona, she has also completed the University of Berkeley, California, PhD Programme.

Josep-Maria Farré Viader

CEO

Joined Renta Corporación in 2000 as Managing Director. Director of Renta Corporación since December 2000, appointed Chief Executive Officer in 2003. Worked for PriceWaterhouseCoopers from 1989 to 1991. International Auditor from 1993 to 1995 and Management Control Manager from 1995 to 1997 at PepsiCo Europe, based in London. Planning Manager at Frito-Lay / Matutano from 1997 to 1999. Holds a degree in Economics from the University of Barcelona and an MBA from Indiana University.

Esther Giménez Arribas

Director

Founder of Renta Corporación. Trustee of Renta Corporación Foundation. Currently she is General Secretary and Head of Renta Corporación's Legal Department. Has been the driving force behind several business and social initiatives. She holds a degree in Law from the University of Barcelona and has completed the IESE (Barcelona Business School) Senior Business Management Programme.

Barcelona

Pedro Nueno Iniesta

Director

Renta Corporación Director since 2004. Currently IESE (Barcelona Business School) Bertrán Foundation Business Initiative Chair. Vice-Chancellor of the International Academy of Management and Executive President of the China Europe International Business School (CEIBS) in Shanghai; founder and Chairman of FINAVES, a venture capital company that backs innovative businesses. He has also published several articles and ten books. Holds a PhD in Business Administration from the University of Harvard and a degree in Industrial Engineering from the Polytechnic University of Barcelona.

Carlos Solchaga Catalán

Director

Renta Corporación Director since 13 February 2006. International Consultant with Solchaga & Recio Asociados since 1995. Currently Chairman of the Editorial Board of Spanish business magazine, Cinco Días, owned by PRISA (publisher of El País national newspaper), and Chairman of the Euro-American Foundation and Vice Chairman of the Royal Board of Trustees of the Queen Sofía Art Centre National Museum. Economic Studies Manager with Banco de Vizcaya from 1976 to 1979. Minister for Trade of the Basque General Council (1979-80). Member of the Spanish Parliament from 1980 to 1994 and Chairman of the Socialist Parliamentary Group from 1993 to 1994. Minister for Industry and Energy from 1982 to 1985 and Finance Minister from 1985 to 1993. Chairman of the IMF Interim Committee (1991-93). Currently a member of several Advisory and Corporate Boards. Holds a degree in Economics and Business Studies from the Madrid University of Alcalá de Henares and a postgraduate qualification from the Alfred P. Sloan School of the Massachusetts Institute of Technology (MIT).

Juan Gallostra Isern

Director

Renta Corporación Director since 13 February 2006. CEO and General Manager of JG Ingenieros Consultores de Proyectos, S.A. Group from 2001, where he was General Manager from 1995 to 2000. Director of British company First Q Ltd. Member of R&D department with British company Ove Arup & Partners from 1988 to 1989. Founded TEST, S.A. in 1990, where he was General Manager until 1995. Director of Hospitecnia, S.L. Associate Professor with the Construction Engineering Department of the Polytechnic University of Catalonia from 1997 to 2005. Member of the Executive Committee of the UPC-JG Group Business Chair for sustainability in construction engineering. Chair sponsored by JG Group. Lecturer and professor at seminars and courses on construction engineering, with several articles published in trade magazines. Member of the Board of Trustees of the Official Catalonian Society of Industrial Engineers and Chairman of the Professional Committee. Holds a Degree in Industrial Engineering from the Polytechnic University of Catalonia and has completed the IESE (Barcelona Business School) General Management Programme.

Carlos Tusquets Trias de Bes

Director

Renta Corporación Director since 2004. Chairman of FIBANC Group and Director of Banca Mediolanum (Italy). He joined the Wealth Management Company of Banca Catalana Group in 1971, where he became Deputy General Manager. Moved to BANKUNION in 1977, where he developed the Money Market Department. In 1983, he was the driving force behind setting up the FIBANC Group, where he is Chairman. Currently he is also Director of 3i's Advisory Board. Holds a PhD in Economics from the University of Barcelona.

Elena Hernández de Cabanyes

Director

Member of Renta Corporación Board since 2000. Founder of Second House, currently its General Manager. Holds a degree in Economics and Business Studies from the University of Barcelona and has completed the IESE (Barcelona Business School) General Management Programme (PDG).

César A. Gibernau Ausió

Secretary

Joined the Renta Corporación Board as Non-Director Secretary in 2003. Appointed Director in 2005. Founding partner of Gibernau Plana y Asociados advisory and consultancy firm since 1980. Has been a lecturer in Direct Taxation at the Polytechnic University of Catalonia. He has published several articles in trade magazines. Holds a degree in Economics and Business Studies from the University of Barcelona and is a qualified actuary, having gained his qualifications from the same learning institution. He is also Auditor and Chartered Accountant, qualified by the Spanish Institute of Chartered Accountants, and has completed the IESE (Barcelona Business School) Senior Business Management Programme.

b. Management and supervisory bodies

Under principles of good corporate governance, the committees are made up of a majority of External Directors. Therefore, the Renta Corporación Board of Directors has the following management and supervisory bodies:

Appointments and Remuneration Committee

The Committee is made up of the following Directors:

César A. Gibernau Ausió - Chairman
Carlos Tusquets Trias de Bes - Secretary
Anna M. Birulés Bertran - Member

Audit Committee

The Committee is made up of the following Directors:

César A. Gibernau Ausió - Chairman
Carlos Tusquets Trias de Bes - Secretary
Anna M. Birulés Bertran - Member

c. Corporate governance standards

In the process of adopting good governance recommendations and standards, Renta Corporación has developed the means to establish the principles for the practice, organisation and operation of the General Meeting of Shareholders, Board of Directors and management and supervisory bodies, as well as an Internal Code of Conduct for Stock Market Operations.

Meeting Regulations were approved by the General Meeting of Shareholders on 9 February 2006, when the contents of Board Rules and the Internal Code of Conduct for Stock Market Operations were reported.

Regulations for the General Meeting of Shareholders

To regulate the Meeting as a sovereign corporate body through which shareholder rights to involvement in corporate decisions are implemented, establishing its organisation and operation and rules governing its activities.

Regulations for the Board of Directors

To establish the ground rules for Board practices, basic organisational and operating rules and a code of conduct for its members, which extends to senior management.

The rules regulate the composition, duties and operation of the Audit Committee and Appointments and Remuneration Committee, based on best corporate governance practices.

Internal Code of Conduct for Stock Market Operations

To set the criteria governing behaviour and practices in respect of Stock Market operations, and handling, use and divulging of material facts in order to promote transparency in performance of group company business and provide suitable information and protection to investors.

Board members, senior management and, in general, any parties with access to privileged information on the company in respect of Stock Market operations are bound by these rules.

Finally, in order to increase transparency, in 2005 the company published its Annual Corporate Governance, Audit and Corporate Social Responsibility Reports.

d. Management team

Composition of the management team

Hernández de Cabanyes, Luis
1 Chairman

Birulés Bertran, Anna M.
2 Vice-Chairwoman

Farré Viader, Josep-Maria
3 CEO

Venancio Fillat, Enric
4 Managing Director

Giménez Arribas, Esther
5 General Secretary and Legal Director

Arimon Vilageliu, Pere
6 Commercial Director for Residential Refurbishment

Carreras Molins, Meritxell
7 Planning and Analysis Director

Concejo Bontemps, Tania
8 Director of Groupe Immobilier Renta Corporación (Paris)

Durán Weitkamp, Tomás
9 Technical Director

Nueno Plana, Christina
10 Building Transformation Director

Pillinger, David
11 Director of Renta Properties (UK) (London)

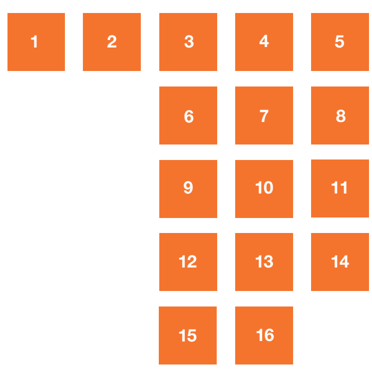
Sánchez Julián, Lola
12 Administration and Finance Director

Sendra Cuesta, María José
13 Residential Refurbishment Director

Serrano-Codina i Tristany, Mireia
14 Taxation and Finance Director

Ventura i Teixidor, Francesc Xavier
15 Land Transformation Director

Vila Balta, David
16 Acquisitions Director
















Management team backgrounds*

Arimon Vilageliu, Pere
Commercial Director for Residential Refurbishment

Founder of Renta Corporación and Commercial Director since 1991. Has been involved in setting up several business initiatives. Holds a three-year degree in Business Administration from the University of Barcelona.

Carreras Molins, Meritxell
Planning and Analysis Director

Joined Renta Corporación in 2002. Started her professional career in 1989 at Snack Ventures Europe (PepsiCo), where she progressed from Cost Accounting Supervisor to Planning Manager. Holds a degree in Economics and Business Studies from the University of Barcelona and has completed the IESE (Barcelona Business School) General Management Programme (PDG).

Concejo Bontemps, Tania
Director of Groupe Immobilier Renta Corporación (Paris)

Joined Renta Corporación in 2003 as head of group operations in Paris. Marketing Consultant at Bull Worldwide Information Systems and Marketing & Business Development Manager at Senko Advanced Components (Boston, US) from 1998 to 2001. Holds a degree in Economics and Business Administration from the University of Giessen, Germany.

* See page 17 for backgrounds of other executives, who are also Company Directors.

Durán Weitkamp, Tomás
Technical Director

Joined the Renta Corporación team in 2004. Joined FCC as Works Manager in 1995 and appointed Commercial Construction Planning Technical Manager for the Catalonia and Andorra Office in 1997. That year he joined the Hines Group as Construction Manager for the Diagonal Mar Project. Holds a degree in Civil Engineering from the University of Kaiserslautern and has European qualifications in Senior Engineering from FEANI. Also holds an International Executive MBA from the University of Chicago and a Diploma in Advanced Studies under the Madrid European University Economics and Business Administration Doctorate.

Nueno Plana, Christina
Building Transformation Director

Member of Renta Corporación since 2002. Worked for Continente Group from 1996 to 1999 as shopping centre Deputy Manager and Product Manager for Own Brands and Primer Precio. General Manager of APEX, SA (Borges Group) from 1999 to 2001. Holds a degree in Business Administration and Management from the University of Barcelona and an MBA from IESE (Barcelona Business School).

Pillinger, David
Director of Renta Properties (UK) (London)

Joined Renta Corporación in 2004. Worked at KPMG London head office from 1983 to 1994 as auditor and as financial analysis and due diligence specialist. From 1994 to 2000 worked for PepsiCo, based in the UK and France, in several financial management posts worldwide. International Financial Manager of Sapient Corporation Inc from 2000 to 2003, a US technology company with operations in Europe and India. From 2003 to the time he joined Renta Corporación, he was European Financial Manager of a Thomson Corporation division, based in Paris. Holds a degree in Economics and Econometrics from the University of Manchester.

Sánchez Julián, Lola

Administration and Finance Director

Has been with Renta Corporación since 2001. Started out in 1990 with PriceWaterhouseCoopers as a senior auditor. Joined Chupa Chups Group in 1995 as Deputy Financial Manager, subsequently appointed Marketing Controller. Holds a degree in Economics and Business Studies from the University of Valencia and has completed the IESE (Barcelona Business School) General Management Programme (PDG).

Sendra Cuesta, María José

Residential Refurbishment Director

Joined the Renta Corporación team in 2001. Worked as an auditor both at Cortés i Cia Auditors and at Bové Montero from 1980 to 1987. Joined the General Catalonia Hospital in 1987 as Controller, where in 1989 she started working as Head of Control and Management and General Services Manager. Holds a degree in Economics from the University of Barcelona and a Master's in Financial Management from the ESADE Business School.

Serrano-Codina i Tristany, Mireia

Taxation and Finance Director

Renta Corporación member since 1999. Joined MIMICH, S.A. in 1992, where she was in charge of managing sales and stock control. Joined Banco de Comercio in 1996; appointed Head of Accounts at Keller, SCCL in 1999. She is an economist with two postgraduate qualifications: one in Accounts Management and Management Control and the other in Financial Management from Pompeu Fabra University, Barcelona.

Venancio Fillat, Enric

Managing Director

Appointed Managing Director of Renta Corporación in 2005. Worked at Caixa d'Estalvis i Pensions de Barcelona (Caixa) from 1981 to 1992, where from 1985, he worked in several senior positions, always in Overseas Business, in the fields of Organisation, Systems, Administration and Training, etc. Joined Abertis Infraestructuras (previously ACESA) in 1992 as Head of Finance, to become Financial Director in 1999, Director of Studies and Corporate Communication in 2003 and Chief Financial Officer in 2005, following which he joined Renta Corporación. He has completed the Catalonian Financial Studies Institute Financial Management Programme and the IESE (Barcelona Business School) Management Development Programme.

Ventura i Teixidor, Francesc Xavier

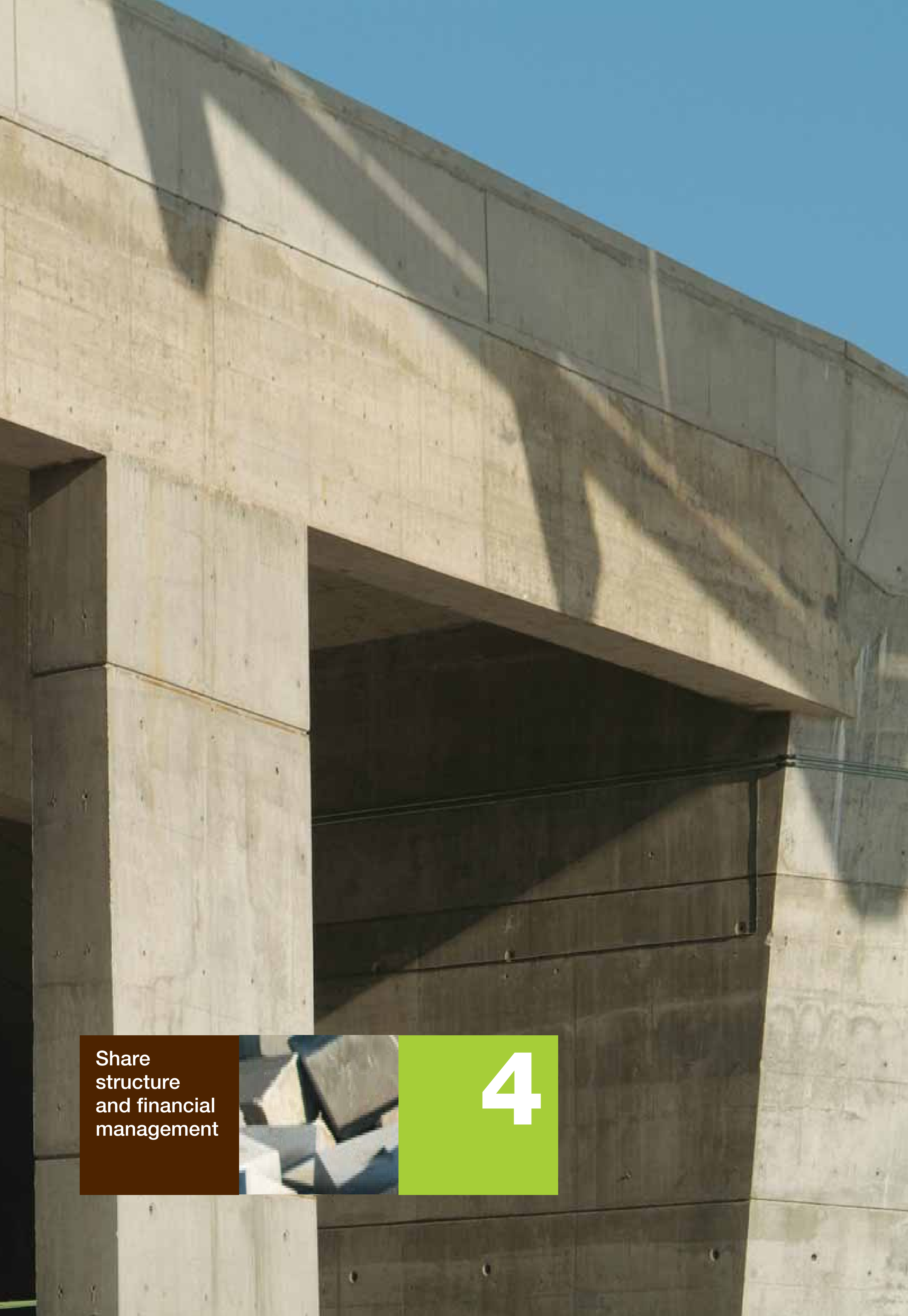
Land Transformation Director

Joined Renta Corporación at the end of 2004. Private Secretary to the Regional Government of Catalonia (Generalitat) Minister for Territorial Policy and Public Works from 1985 to 1988. Director General of Architecture and Housing of the Regional Government of Catalonia (Generalitat) from 1989 to 1997. Director General of the Barcelona Metropolitan Transport Authority from 1998 to 2003. Operating Manager of the Barcelona World Trade Center and Board member of the Port of Barcelona, Catalonian Land Institute and Regional Government of Catalonia (Generalitat) Railways. Currently he is also Chairman of the International Federation of Urban Development, Housing and Territorial Planning. He is a qualified architect holding a degree from the University of Barcelona School of Architecture.

Vila Balta, David

Acquisitions Director

Joined Renta Corporación in 2000. From 1994 to 1997 worked as Factory Manager at Rochelis. Deputy Purchasing Manager at Outokumpu Rawmet from 1997 to 1998, and National Sales Manager at LOCSA from 1998 to 2000. Holds a degree in Industrial Engineering from the University of Barcelona School of Engineering and has completed the IESE (Barcelona Business School) General Management Programme (PDG).



Share structure and financial management

4

a. Capital and shareholdings

Barcelona

Paris

In 2005, several operations were undertaken to align the par value and number of shares in the company with market standards.

Therefore, by a resolution of the General Meeting of Shareholders of 22 April 2005, the **share capital was increased** through an unrestricted bonus issue of €13.6 million **charged against reserves**. This increase was implemented by increasing the par value of each share to €11. With this operation, share capital stood at €21.9 million, with no change to shareholders' funds.

In addition, and in order to increase the number of shares in circulation, the same General Meeting of Shareholders resolved in favour of a **share split**, reducing the value per share to €1. Consequently, the company is represented by 21.9 million shares.

By the end of 2005, consolidated equity stood at €85 million – a 54% increase over the financial year.

Capital increase and share split in 2005

Figures in €

	Initial situation	Increase	After the increase	Split	Final situation
Share capital	8,380,642	13,568,659	21,949,301		21,949,301
Share Premium	14,051,322	-13,568,659	482,663		482,663
Shares	1,995,391		1,995,391	21,949,301	21,949,301
Par value	4.2		11	1	1

Distribution of holdings in Renta Corporación Real Estate S.A. at 31 December 2005

Shareholders	Shareholding
Founding partners	55.8%
Executives and employees	12.4 %
3i Group Plc and 3i Spain Private Equity 2004-2006 LP	9.9 %
Renta Corporación Foundation and NGOs	10.4 %
Other	11.5%

The Annual Corporate Governance Report, published jointly with this document, details the main holdings, and those of Board and management team members.

b. Financing

The Company's financial structure reflects healthy growth in the consolidated main figures of Renta Corporación and its specific line of business. At close of 2005, **financial debt** stood at **€216 million** – mainly debt with lending institutions – principal of €214 million; this is 21% higher than the closing balance of €179 million in 2004.

Of this debt, €214 million refer to operations with lending institutions, 76% of them guaranteed by mortgages on the properties owned by the various companies. These properties, which are part of the business and therefore acquired for transformation and sale, are stated on the balance sheet under inventories. Mortgage finance operations are transferable, and even though they involve long-term loans, they are classified as short-term debt considering anticipated time to transfer or settlement.

Furthermore, in order to ensure liquidity and flexibility in management of working capital, the company traditionally uses credit facilities, with a balance at the end of 2005 of €51 million. At 31 December, the additional amount available for drawdown under existing facilities was over €24 million.

Average interest rate on debt in 2005 was 3.5%.

Paris

Financial debt

Figures in € thousands	31-12-2005	31-12-2004
Mortgage guarantee debt	163,280	159,356
Credit facilities	51,118	18,474
Loan principal with lending institutions	**214,398**	**177,830**
Third party and interest debt	1,731	1,090
Total financial debt	**216,129**	**178,920**
Additional sums available under credit facilities	**24,090**	**36,871**

c. Financial risk management

The company constantly monitors its financial risk, particularly liquidity, forex and interest risk.

As for liquidity, the **first-class quality** of Renta Corporación **assets** and ready access to the **mortgage finance** market ensure the company's needs are amply, swiftly and securely met. These operations are generally undertaken at the time of acquiring the asset, with no requirement for bridging loans, and cease to be a liability upon the sale of the asset as payment is collected instantly, frequently by transferring the debt to the buyer.

Furthermore, Renta Corporación has **excellent access to banking market credit facilities**, allowing it to service other finance requirements efficiently, gearing drawdowns to actual needs as and when they arise. The group constantly monitors finance to ensure availability of sufficient funding to cover funding needs swiftly, particularly when acquiring investment rights over assets.

Renta Corporación operates in the euro zone, with the exception of the UK, where the company made its first acquisitions this year. Access to local mortgage finance in this market provides natural forex risk cover on asset values, whereby only sums furnished by the parent company to its British subsidiary are exposed to foreign exchange risk against the euro. The company does not hedge this risk because of the relatively small sums involved in comparison to the consolidated main figures.

Barcelona

External finance is based on variable interest rates. Based on current levels and the outlook for potential changes in base rates, and in view of how debt levels are expected to develop, we anticipate that any changes arising from market developments would have only a slight effect on the net profit. Therefore, the company does not resort to derivatives to address interest-rate risk.

d. Notes on the consolidated balance sheet

Growth in assets managed by the group is reflected in main balance sheet figures, with a **€123 million increase in total assets**.

The €324 million figure for **buildings in inventories** accounts for **82% of assets**, €96 million up on 2004. This is significant because the increase is in excess of 42% and mirrors the effects of property acquisitions in 2005, which at year end were in the process of refurbishment.

This heading includes €17 million for acquisition of **investment rights on properties** at 31 December 2005, which compares very favourably to €8 million in 2004. These investment rights will **allow for investments** of up to €518 million; 50% of these operations lapse in 2006. Exercising these rights will **drive investment in the coming years**, contributing to the continued cycle of Renta Corporación's business.

Net equity stands at €85 million, €30 million up on 2004 – an increase of 54% – reflecting inclusion of the year's profit and adjustments to reserves under International Financial Reporting Standards.

Financial debt, as outlined under finance, accounts for 55% of overall equity and liabilities. Debt-to-equity ratio is 2.5x, significantly down from 3.2x in 2004, in spite of increased business; this is due to reinvestment of profit and high profit levels for the year.

The trade creditors and other accounts payable heading includes sums received as commitment to buy under property sale operations to be completed in the next few months, standing at €11 million, €10 million up on 2004.

Paris

Consolidated balance sheet

Assets

Figures in € thousands	2005	2004	Difference
Total non-current assets	**2,235**	**4,766**	**-2,531**
Inventory	323,534	227,218	96,316
Trade debtors and other accounts receivable	64,247	26,534	37,713
Loans and debt with related parties and others	1,094	10,751	-9,657
Cash and cash equivalents	3,180	2,233	947
Total current assets	**392,055**	**266,736**	**125,319**
Total assets	**394,290**	**271,502**	**122,788**

Paris

Equity

Figures in € thousands	2005	2004	Difference
Shareholders' funds and reserves	84,390	54,815	29,575
Minority interests	604	470	134
Total equity	**84,994**	**55,285**	**29,709**

Liabilities

Figures in € thousands	2005	2004	Difference
Total non-current liabilities	**27**	**677**	**-650**
Trade creditors and other accounts payable	81,218	30,114	51,104
Financial debt	216,129	178,920	37,209
Current tax liabilities	11,922	6,506	5,416
Total current liabilities	**309,269**	**215,540**	**93,729**
Total liabilities	**309,296**	**216,217**	**93,079**
Equity and liabilities	**394,290**	**271,502**	**122,788**

e. Notes on consolidated profit and loss statement

Revenues stood at €324 million, up by €101 million from 2004, a 45% increase, when International Financial Reporting Standards are applied to both years. Operating profit was up 71% at 54 million euros, and **distributable profit** for the year reached **32.5 million, an increase of 63%** on the previous year.

The improved operating margin is due to the fact that total operating costs have increased by 41%, which is less than the growth in revenue. This was made possible by a combination of greater investment efficiency in terms of size and profitability, and a high level of cost efficiency in spite of higher turnover.

Net financial costs have remained slightly below last year's in spite of higher group investment levels as a result of improvements in finance structure and costs. Taxation is noticeably higher because in 2004 the sale of some properties benefited from lower tax rates.

The €12.6 million increase in distributable profit has meant a **54% improvement in earnings per share**, up from €0.96 to €1.48 in comparative terms, following adjustment to share numbers as a result of the 2005 capital increase and share split.

Consolidated profit and loss statement

Figures in € thousands	2005	2004	Difference
Income	**324,101**	**222,752**	**101,349**
Goods used	-242,692	-169,669	-73,023
Employee benefit expenses	-9,125	-7,432	-1,693
Outsourcing expenses	-13,525	-10,453	-3,072
Other expenses	-5,070	-3,789	-1,281
Consolidated operating profit	**53,689**	**31,409**	**22,280**
Net financial expenses	-4,907	-5,795	888
Share in associates' profits	-41	84	-125
Consolidated pre-tax profit	**48,741**	**25,698**	**23,043**
Income tax	-16,105	-5,300	-10,805
Consolidated annual profit	**32,636**	**20,398**	**12,238**
Distributable to shareholders	**32,502**	**19,949**	**12,553**
Minority interests	134	449	-315
Earnings per share (stated in euros per share)	**1.48**	**0.96**	

f. Notes on the consolidated cash flow statement

Generation of net cash flows from operations rose by €43 million, reducing net cash required from €84 million in 2004 to €41 million in 2005. This improvement is due to higher profits, partially offsetting changes to working capital items, inventories (including buildings on which the group trades), trade debtors and creditors, as a result of increased operating volumes.

Investment operations have improved by €15 million, with a net cash increase of €8 million in 2005, against -€7 million in 2004. This increase is largely due to a reduction in loans to related parties and higher repayment levels.

Net cash generated by financing activities was 34 million euros, with a corresponding increase in debt. Significant reduction in finance in 2004 is due to healthier cash generation by operations and investment.

The overall result has been higher net cash flows at 31 December 2005 of €0.9 million, against a €16 million drop in 2004. As a result, **cash generation in 2005 improved by €17 million** when compared with the previous year.

Consolidated cash flow statement

Operations

Figures in € thousands	2005	2004	Difference
Cash flows from operations	-25,663	-68,847	43,184
Interest paid	-7,690	-8,704	1,014
Tax paid	-7,506	-6,143	-1,363
Net cash flow used - Operations	**-40,859**	**-83,694**	**42,835**

Investment operations

Figures in € thousands	2005	2004	Difference
Acquisition of tangible fixed assets	-361	-370	9
Loans to related parties	-700	-11,703	11,003
Repayment of loans to related parties	9,312	4,239	5,073
Deposits and guarantees	-677	-878	201
Repayment of deposits and guarantees	541	1,242	-701
Interest received	399	388	11
Other investment flows	-396	-35	-361
Net cash flow generated / (used) - Investment	**8,118**	**-7,117**	**15,235**

Finance operations

Figures in € thousands	2005	2004	Difference
Revenues from ordinary share issues	0	13,122	-13,122
Acquisition of treasury shares	-94	-3,450	3,356
Disposal of treasury shares	161	0	161
Finance obtained	409,197	375,672	33,525
Repayment of finance	-372,589	-308,913	-63,676
Dividends paid to shareholders	-2,987	1,916	-1,071
Net cash flow generated - Finance	**33,688**	**74,515**	**-40,827**
Cash at beginning of the year	2,233	18,529	-16,296
Cash at end of the year	3,180	2,233	947
Net increase / decrease in cash and cash equivalents	**947**	**-16,296**	**17,243**

Management
Report
2005

5

a. The market

2005 was marked by a slowdown in economic growth in the European Union. Spain, however, has continued to grow at a faster rate than last year and than the major EU economies.

In this climate, **the Spanish real estate market** consistently continued to enjoy the same **high rates of growth** it has experienced since the late 1990s in new housing, transactions and prices, though **growth has somewhat slowed**.

In **France**, **high levels of activity** over the last few years have led to further and significant rises in residential property prices.

In **the United Kingdom** – the third country in which Renta Corporación operates – **the residential property market recovered** in the final months of 2005 following a weak period from the end of 2004, triggered, among other things, by the increase in the Bank of England base rate over the period.

European economic climate

According to provisional Eurostat figures published in February 2006, as a whole the EU experienced economic growth in 2005 below 2004 figures. The following table shows economic growth in countries where Renta Corporación operates in comparison with EU figures.

GDP growth

(annual rates of change at constant 2000 prices, in percentage terms)

	2002	2003	2004	2005 *
Spain	2.7	3.0	3.1	3.4
France	1.2	0.8	2.3	1.5
UK	2.0	2.5	3.2	1.8
Euro-15	1.1	1.1	2.3	1.4

**Forecast*
Source: Eurostat
February 2006

Economic framework:
In a climate where Europe's major economies are slowing down, Spain is achieving better results

Slowdown in economic growth in 2005 was seen throughout the **major European economies** (Germany, France and UK). It should be noted, however, that the **Spanish economy**, as in previous years, has not only outperformed the economic area as a whole, but has even experienced a slight increase in its rate of growth.

Residential market in Spain

Strong demand and activity in the sector, with more discreet growth trends

In 2005, as in previous years, residential property demand and construction business in Spain were still very robust, while certain indicators suggest growth rates will slow down.

The macroeconomic, demographic and social climate has continued to favour the sector. Significant positive economic factors are widespread growth, employment growth and negative interest rates in real terms.

In demographic and social terms, Spain's residential property growth trend was consistent in 2005. Among other reasons, this is as a result of a growing foreign population in Spain, mainly from developing and other EU countries, and a drop in the number of occupants per home, consistent with other countries in our sphere.

The result can be seen in three sets of figures: number of transactions, new housing business and evolution of house prices.

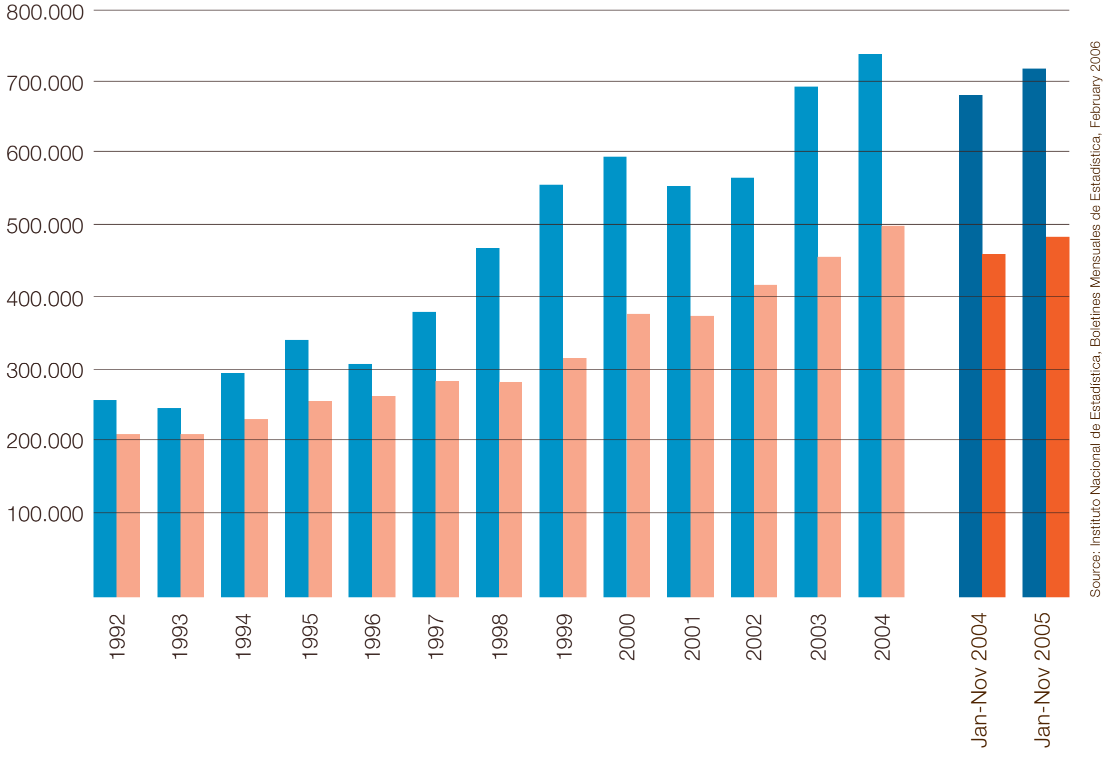
Market environment:
- *Expansion continues in Spain, though it is slowing down slightly*
- *High activity levels are still the norm in France, and the UK is showing some signs of recovery*

Growth in number of residential property transactions

According to the latest figures released by the Ministry of Housing, at the time of writing the overall number of completed residential property transactions in Spain in the first nine months of 2005 was 654,169 units, 6.3% up on the same period in 2004.

However, growth has not been consistent everywhere in Spain. In the province of Madrid, the number of transactions was 76,961 in the same period, 2.5% down on the first nine months of 2004. In the province of Barcelona, transactions stood at 75,228, 16.4% up on 2004.

Dwelling certifications* and completed dwellings in Spain



Dwelling certifications* and completed dwellings in Spain

Certifications
Completed dwellings
* Includes extensions and refurbishments

High activity levels in residential property construction

As in previous years, residential property construction was extraordinarily high in 2005. According to figures released by the Spanish National Statistics Office (INE), the total number of completed dwellings in the first 11 months of 2005 was 484,473 units, 5.8% up on the same period in 2004.

According to the early indicator for future production of residential property, the number of new dwelling certifications (including refurbishments and extensions) stood at 717,619 units in the first 11 months of 2005, 5.5% up on the same period in 2004.

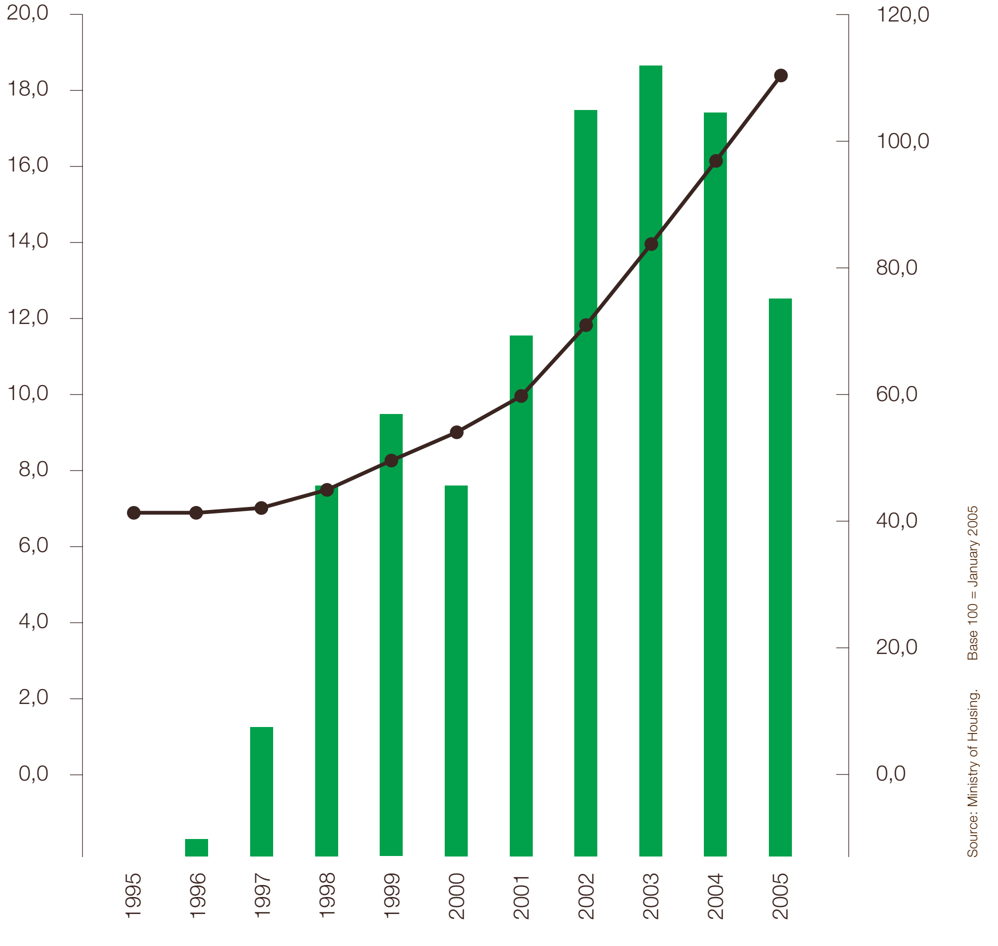
This growth is slightly less than the 2004 figure against 2003 (+7.2%).

Slight slowdown in price growth

In spite of growth in supply, heavy demand for residential property in Spain caused average prices to rise sharply in 2005, though at a slower rate than in previous years. In fact the average dwelling price grew 12.6% in 2005, compared with 17.2% in 2004 and 18.5% in 2003.

However, the average dwelling price has not been consistent everywhere in Europe. Average prices in markets with higher transaction volumes have grown less than the national average with 10.5% in the province of Madrid and 8.8% in the province of Barcelona.

House Price Indices and annual growth rates



House Price Indices and annual growth rates

Annual growth rate in % (left-hand scale)

Index (right-hand scale)

Residential market in France

Significant residential property demand and construction activity

Residential property construction in France was still very healthy in 2005, consistent with the trend that started at the beginning of the decade.

Specifically, according to INSEE figures, the number of residential properties of all types for which construction actually commenced in France in 2005 was 410,188 units, 13.1% up on 2004.

Region of Paris Market ("Ile-de-France")

In 2005, as in previous years, the French residential property sector has been very active in terms of number of transactions.

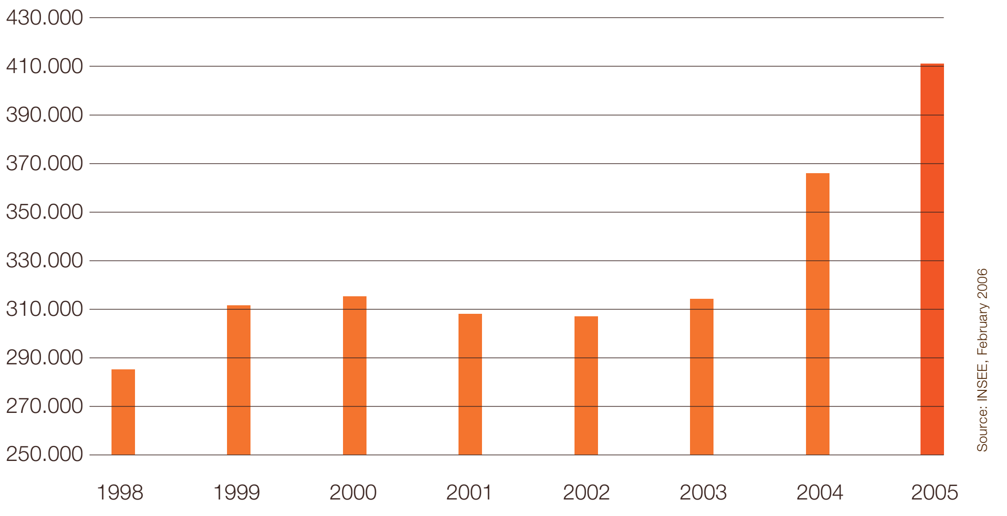
In the Region of Paris, which includes Paris plus its inner and outer suburbs, Petite Couronne and Grande Couronne respectively, the number of transactions for all types of residential properties stood at 183,687 units in the first nine months of 2005, 0.9% up on 182,002 units recorded in 2004 and 4.7% up on 175,462 units in 2003, according to the Paris Chamber of Notaries.

As for transactions involving complete residential buildings, while in number they fell by 5% in the same period for the Region of Paris as a whole, with 778 operations, total cash volume rose by 40.9%, in excess of €3.5 billion.

Looking at metropolitan Paris, the number of transactions involving complete residential buildings was 151 units in the first nine months of 2005, 25.5% up on the same period of 2004.

Paris

France: Residential property construction starts



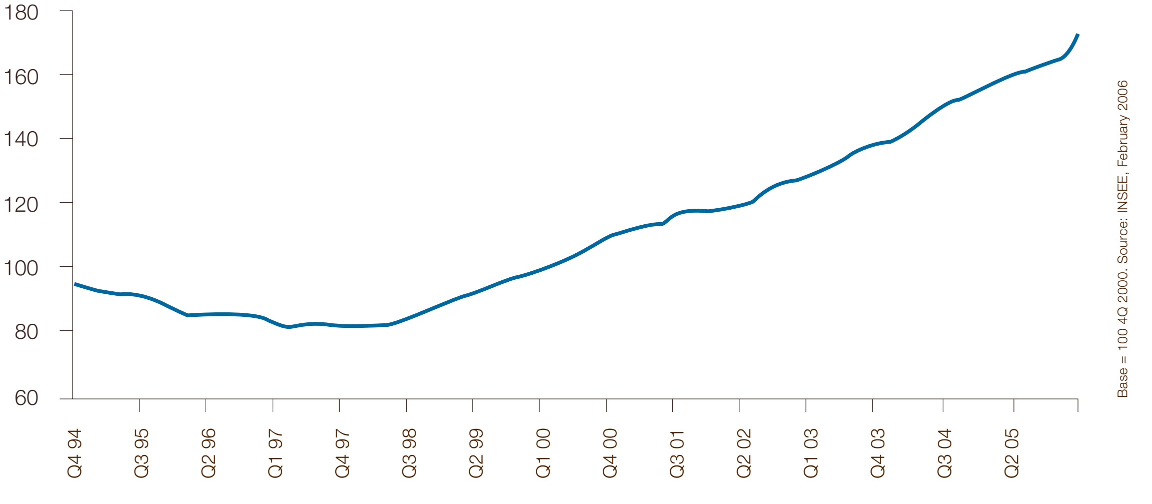
Prices continue to escalate

According to the Paris Chamber of Notaries, residential property prices in France continued to rise sharply in 2005, a trend started in 1998, with no signs of slowing down. The source claims these prices are the result of strong demand for residential property across France, higher social and property mobility, and short supply.

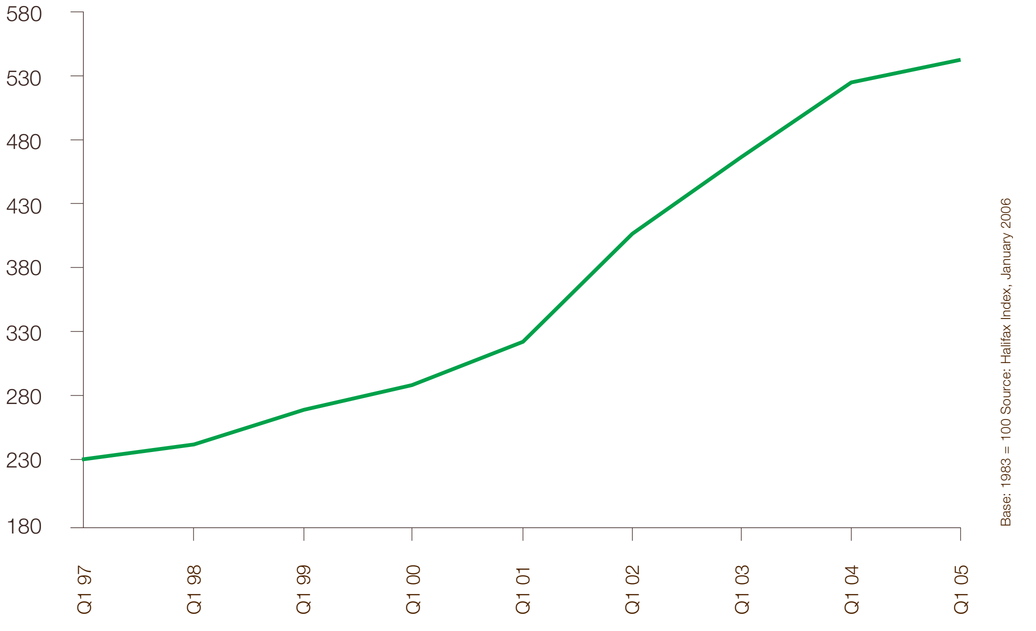
The following chart shows how the price index for second-hand apartments and flats has evolved in metropolitan Paris. From December 2004 to September 2005, the index moved up by 11.5%.

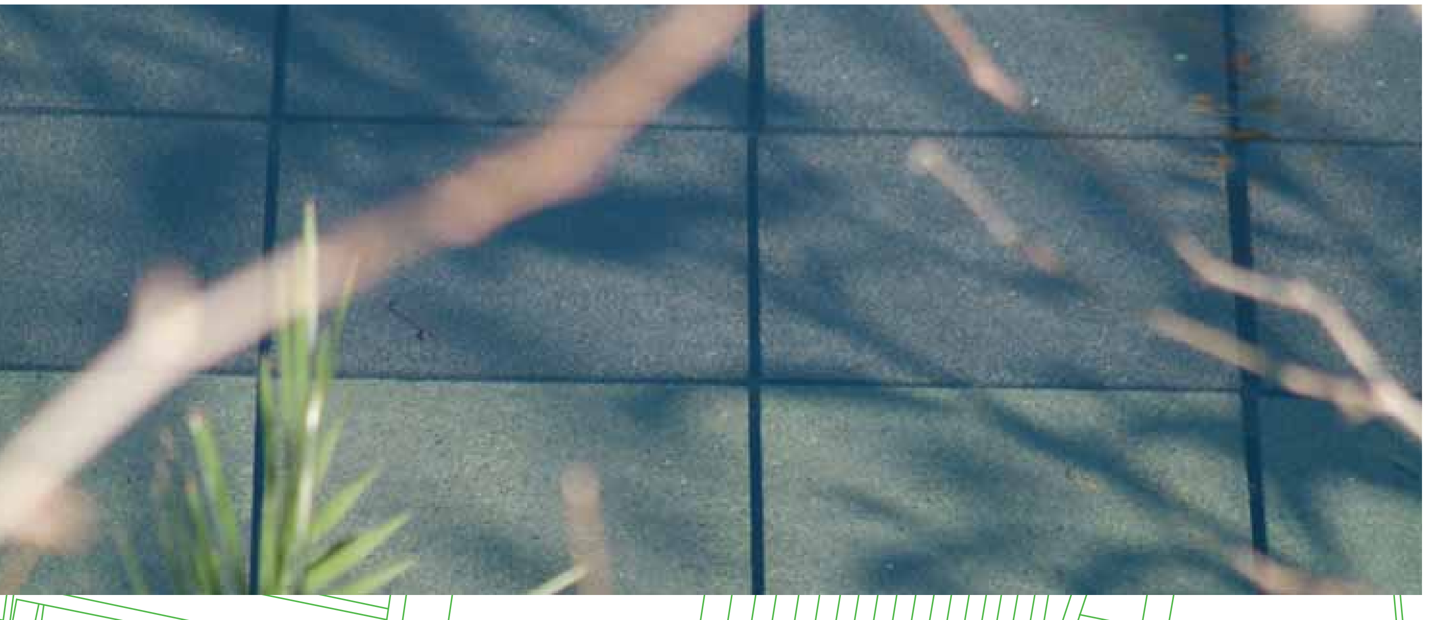
In the 12-month period to September 2005, the index rose by 14.8%.

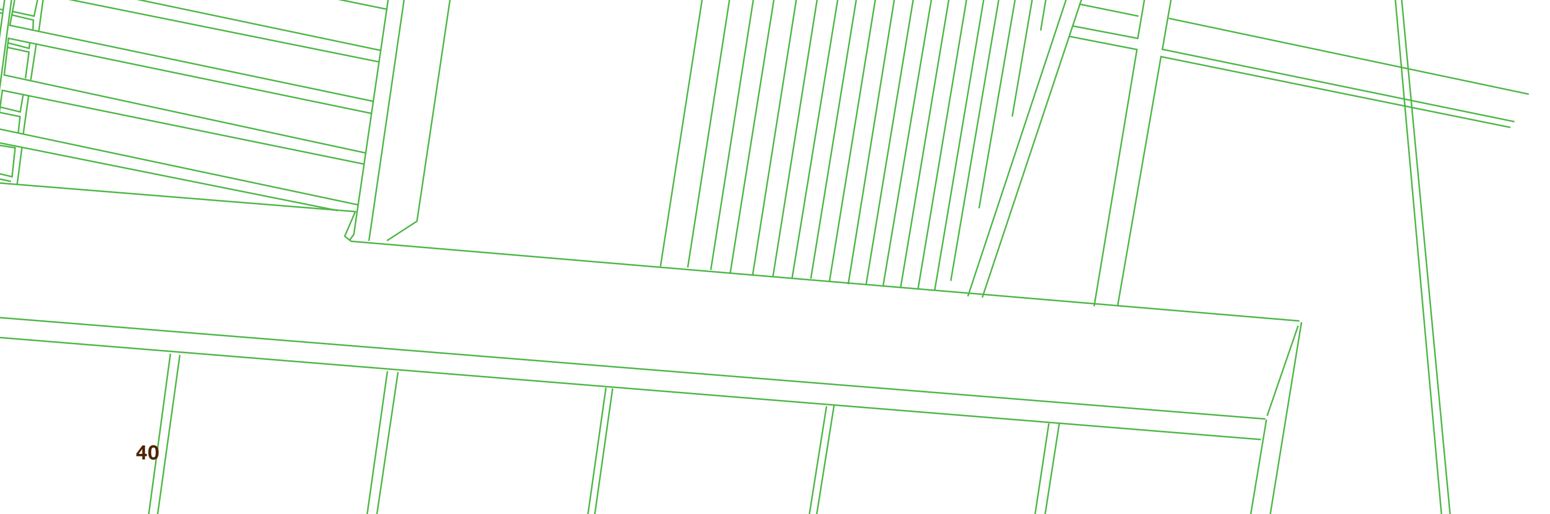
Paris: second-hand residential property index (apartments)



Halifax House Price Index - UK







Residential property market in the UK

House prices: recovery in the last few months of the year

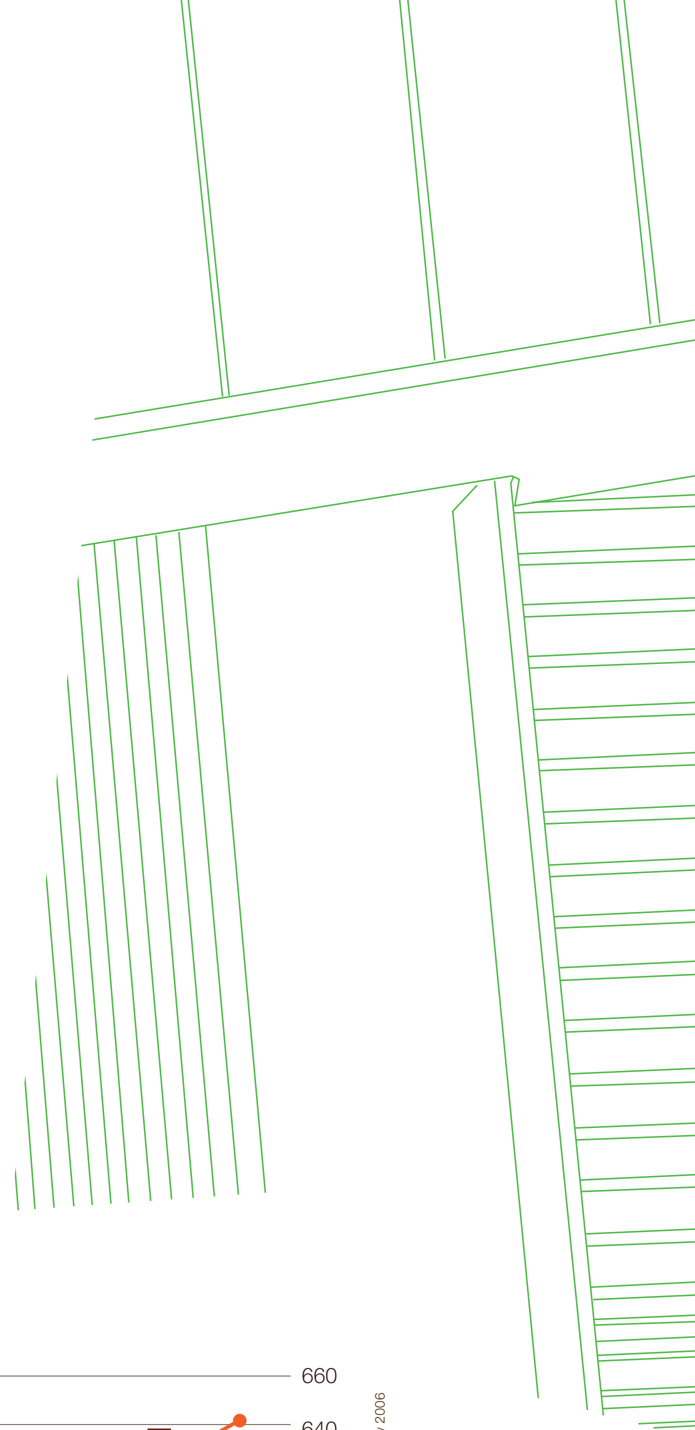
Average dwelling prices in the UK in 2005 have risen by 5.1%, a ten-year low, according to the Halifax-HBOS Index.

This growth is based on a recovery in the market and the main industry indicators in the second half of the year, following a significant slowdown started at the end of 2004, triggered by, among other factors, Bank of England base rate hikes.

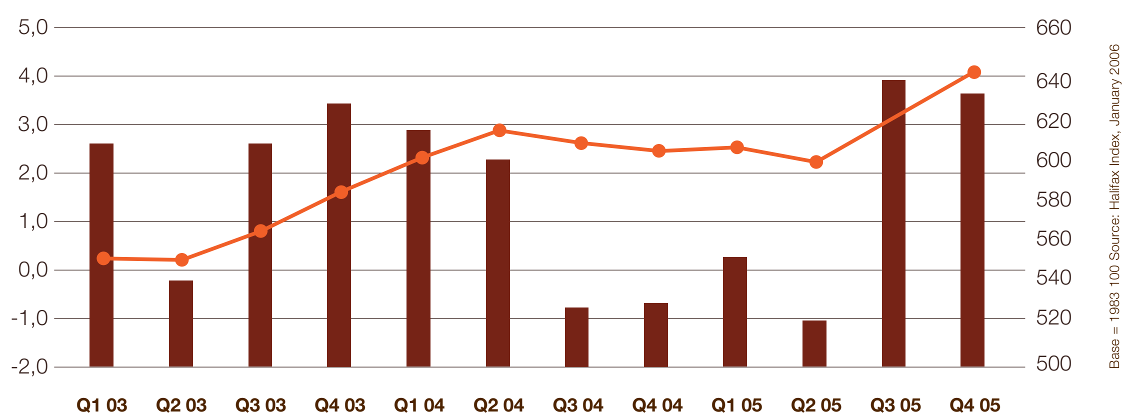
London Market

In Greater London, the average increase in 2005 was 6.7%, following 3.9% growth in 2004.

Recovery in the London market in the second half of 2005 was higher than the national average, while in 2004 and 2005 it experienced some quarterly setbacks in average prices in nominal terms, as shown in the following chart:



Halifax House Price Index for Greater London



■ Quarterly change in % (left-hand scale)
–●– Greater London Index (right-hand scale)

b. The Company

1 Evolution

Results for 2005 confirm the **successful evolution of the Renta Corporación business model**, based on acquisition, transformation and sale of large buildings at high turnover rates.

Since its foundation in 1991, Renta Corporación has **evolved over time** from acquisition, refurbishment and sale of small buildings. Ever since, Renta Corporación has gradually **increased the average size** of its investments, up by a factor of 10 since 2000.

Renta Corporación has also grown by **extending its business model** of acquisition, refurbishment and sale of urban buildings in two key areas: on the one hand, by expanding the product line-up, i.e. **types of buildings** acquired, and, on the other hand, by extending the **geographic scope** of group operations.

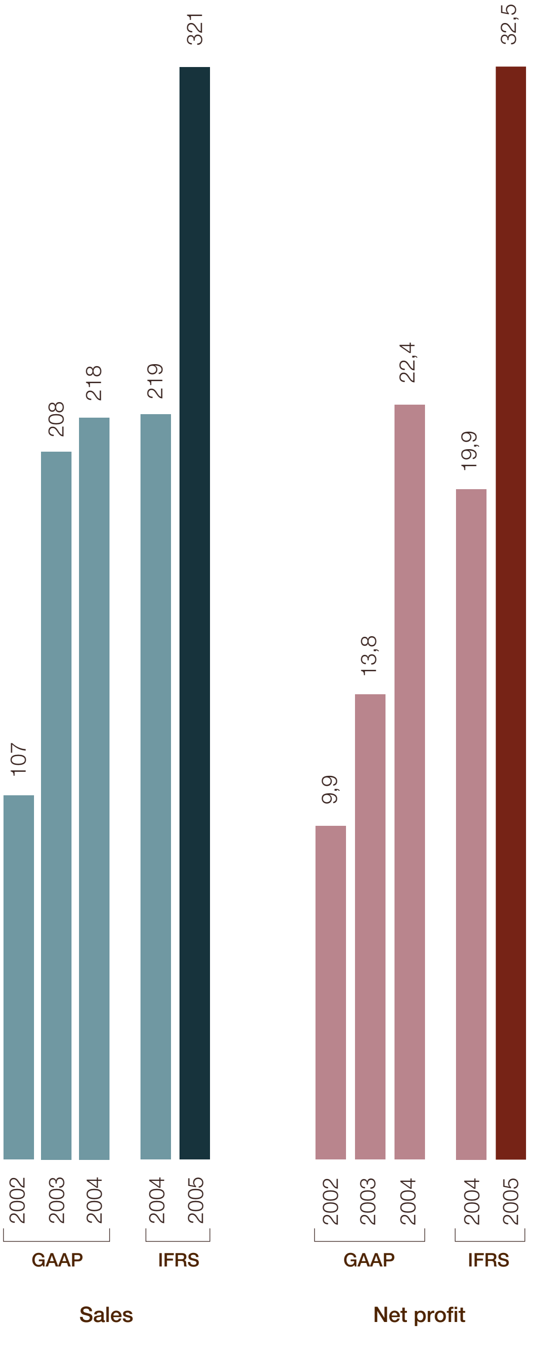
For instance, in 2002 Renta Corporación commenced operations in Paris and in 2003 went into the Land Transformation business.

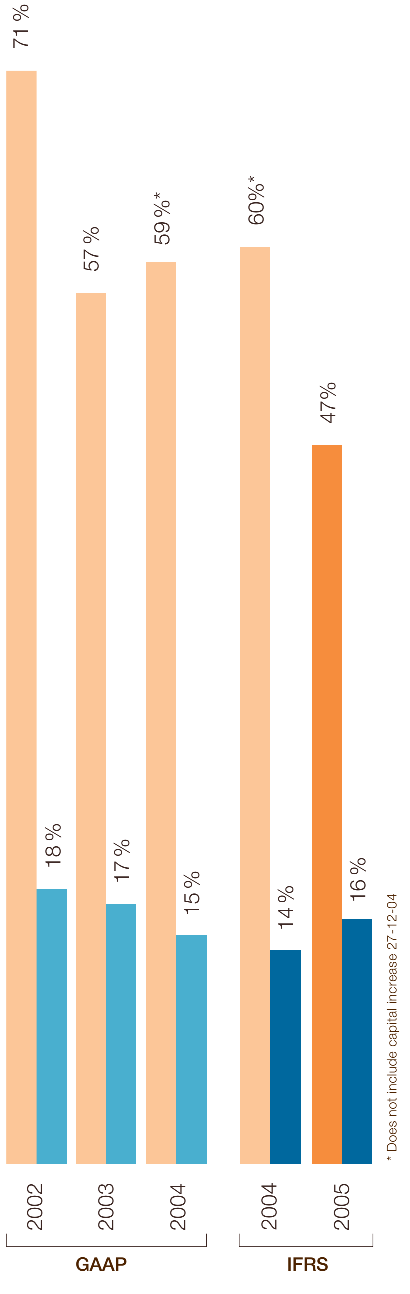
Since its inception, Renta Corporación has evolved and moved forward in a gradual process of **development and consolidation of its business model**. The company has also achieved **strong growth rates** in recent years with a **solid track record of successes**, highlighted by strong growth and sustained turnover and earnings, while at the same time maintaining high profitability.

Consolidation of growth and profit track record

- *Business model extended to new products and markets*
- *Gradual increase in average size of operations*
- *Capital structure strengthened, consistent with very high profitability levels*

Evolution of sales and profit
Period 2002-2005
(Millions of euros)





ROE and ROA

Barcelona

2 Competencies

Since it first started trading, Renta Corporación has experienced **strong growth in volume of business and profit**, while sustaining high profitability. These results are based on three key factors:

1. availability of suitable financial resources,
2. development of a world-class team, and
3. an effective and unique business model, supported by significant strategic capabilities.

Availability of suitable financial resources has been key to Renta Corporación's growth and profit, and will continue to be crucial to the company's future development.

In this respect, it has been Renta Corporación's policy in recent years to **reinvest a significant portion** - over 85% - of its profit. In addition, gradual consolidation of company results, together with **sound, consistently applied financial and transparency policies** has been rewarded by growing trust and support from leading financial institutions in the market.

Key factors
· Availability of suitable financial resources,
· Development of a world-class team
· Effective, differentiated business model

Paris

3 Outlook

Basis for the future

Over the last few years, Renta Corporación's business has successfully followed a **strong and profitable growth strategy** based on a tried and tested **business model** and sound and consolidated strategic capabilities.

These factors, added to a **world-class professional team** and growing **financial capability**, are the basis for Renta Corporación's future development.

Business development

Over the next few years Renta Corporación will continue to **develop the company's strategic capabilities**, prioritising knowledge of and contact with the market and the ability to anticipate and respond (dynamically, swiftly and flexibly) to developments and changes in demand in the various business segments and markets.

This development of the company's core capabilities will clearly be a priority in the context of Renta Corporación's **high growth potential in the Spanish market** (particularly in the two largest and more liquid cities: Madrid and Barcelona). Meanwhile, the company will also strive to develop its business capabilities in the medium term in certain **large and highly liquid international urban markets**, such as Paris and London.

At 31 December 2005, Renta Corporación's work in progress (stocks) stood at €324 million, valued at cost, and held €518 million in investment rights, half of which lapse in 2006.

Strategic capabilities

- *Spotting investment opportunities*
- *Structuring and managing investment rights*
- *Executing transformation operations with high added value*
- *Knowing the market*

Secondly, the Renta Corporación team has been and will continue to be a key factor to its success. Renta Corporación's **world-class team** of highly qualified, experienced and motivated professionals, working to a modern, dynamic and flexible business ethos and efficient organisation structure lend it a significant competitive edge in the sector.

Thirdly, the Renta Corporación **business model**, with its associated **strategic capabilities and key competencies**, is also crucial to the company's development and progress.

The following are some of the **key competencies** in Renta Corporación's development: the ability to **spot investment opportunities**, structuring and management of investment, consistently **high added-value transformation** operations and in-depth **knowledge** of the various market segments, all crucial to successful assessment of opportunities and design of refurbishment operations tailored to market demand.

Growth strategy: fundamentals

- *Goal: strong and profitable growth*
- *Proven business model*
- *Sound and consolidated strategic capabilities*
- *World-class professional team*
- *Growing financial capability*

Business development

- *High growth potential in the Spanish market*
- *Potential for medium-term development in large and highly liquid international urban markets*

c. Business units

1 Introduction

Renta Corporación specialises in the **acquisition, transformation and sale of large properties with a high turnover rate**. The company's activities centre around **three business units**: Residential Refurbishing, Building Transformation and Land Transformation.

· **Residential Refurbishment**
Acquisition of residential buildings for refurbishment and subsequent sale, usually unit by unit.

· **Building Transformation**
Acquisition of large urban buildings, usually offices or industrial buildings, for transformation and subsequent sale. The transformation stage normally involves change of use, physical improvements to buildings and repositioning in the market.

· **Land Transformation**
Acquisition of large property complexes for transformation and sale. Transformation involves design and subsequent application to change building use and/or current planning status, producing a finished product suitable for construction or sale.

The three business units are involved in the same line of business and follow virtually identical acquisition, transformation and sale business processes **to achieve added value by adapting the properties to market demand**.

Three business units:
· Residential Refurbishment
· Building Transformation
· Land Transformation

One common process:
· Acquisition, transformation and sale

One common goal:
· To create added value by adapting properties

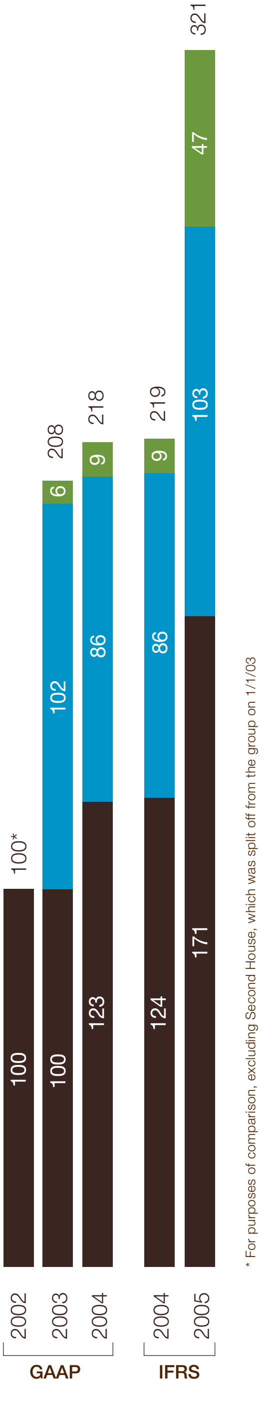
Within these transformation processes, Renta Corporación addresses different aspects of the real estate assets and their assessment. These transformation factors are: physical condition, purpose and uses, rental and profitability situation, planning constraints, certain legal aspects and property splitting or amalgamation.

Until 2002, Renta Corporación's core business was centred around the Residential Refurbishment business unit. In 2003 and 2004, the Residential Refurbishment and Building Transformation business were equal players, while in 2005 the Land Transformation business unit has been catching up fast. In 2005, contribution by the three units to the Group's gross sales margin was very similar.

Barcelona

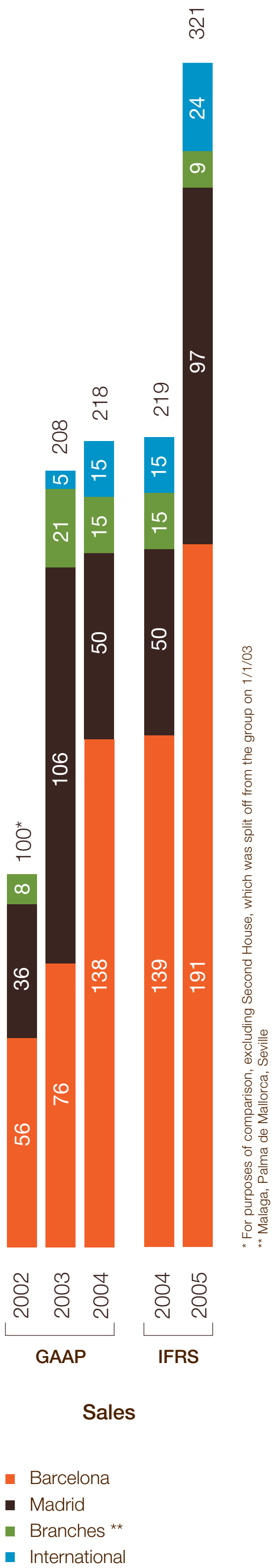
Total revenues in 2005 stood at €324 million, of which €321 million were from property sales. The 2004 figure was €223 million, and in both years we have applied International Financial Reporting Standards (IFRS). These revenues generated a gross sales margin of €78 million, 60% up on €49 million in 2004. In percentage terms, gross sales margin stood at 24% in 2005 against 22% in 2004.

From an operating perspective, this evolution in revenues and gross sales margin in 2005 is the result of Renta Corporación's efforts to spot investment opportunities offering high added value. In 2005, use of available resources was optimised significantly, allocating them successfully to operations with the most favourable outlook in terms of profitability.



Sales

- Residential Refurbishment
- Building Transformation
- Land Transformation



Sales

Geographically, the following chart shows where the company's various business units are active. Renta Corporación started trading and has its headquarters in Barcelona, which is where most of the group's turnover comes from, accounting for 60% of 2005 turnover; Madrid is second in terms of volume, accounting for 30% of total sales in 2005; while the remaining cities accounted for 10%.

Barcelona

2 Residential Refurbishment

The Residential Refurbishment business unit develops Renta Corporación's traditional business, with offices in Barcelona, Madrid, Paris, Malaga, Seville and Palma de Mallorca.

The unit **acquires residential or mixed-use buildings** (combination of residential and offices / commercial premises) **for refurbishment** (maintaining their residential or mixed use) **for subsequent sale**, **either individually** (by units) **or as a whole** (single transaction).

In the last five years (2001 to 2005), the Residential Refurbishment business unit has acquired 123 buildings with over 2,420 dwellings and premises. Overall investment in this period was €555 million.

In most of these operations, **architectural involvement** is crucial to adapting the properties to current market requirements. This is why the company focuses refurbishing efforts on **physically recovering the building** and **modernising its facilities**.

Furthermore, it should be noted that a good number of buildings acquired for refurbishment are either partly or entirely occupied, therefore in every acquisition the company enters into negotiations with building tenants and users, who are normally offered the right of first refusal to buy their home, offices or commercial premises.

Meanwhile, Renta Corporación organises the various refurbishment works in such a way that they disturb building occupants as little as possible, who in most cases may remain in the building while work is being carried out.

Acquisitions

The Renta Corporación Residential Refurbishment unit acquired 14 buildings in 2004. The amount paid for the acquisitions was €117 million.

Summary of acquisitions in 2005

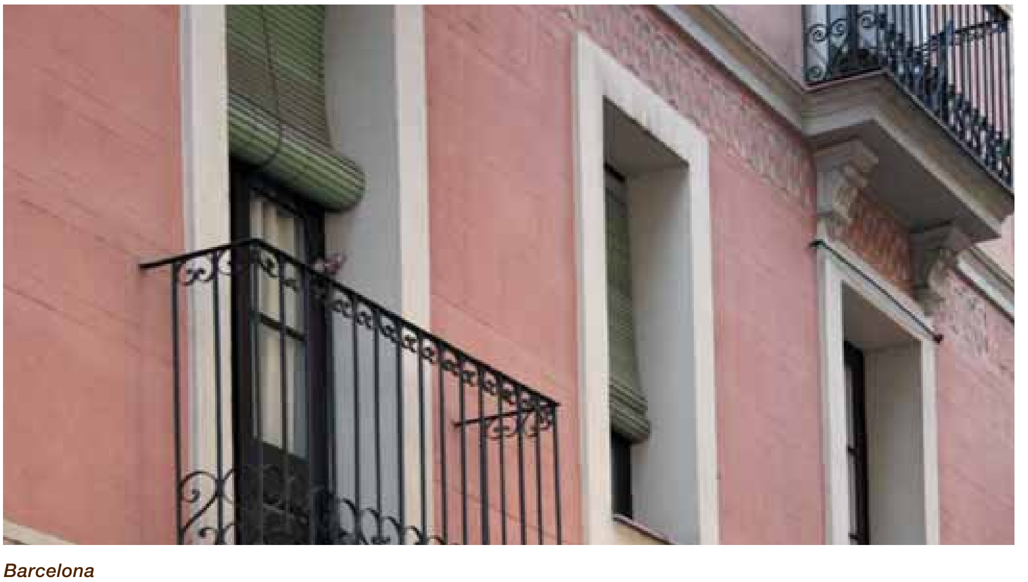
Residential Refurbishment

City	Buildings
Barcelona	7
Madrid	2
Malaga	1
Palma de Mallorca	1
Paris	3
Total	14

Buildings acquired in 2005

Residential Refurbishment

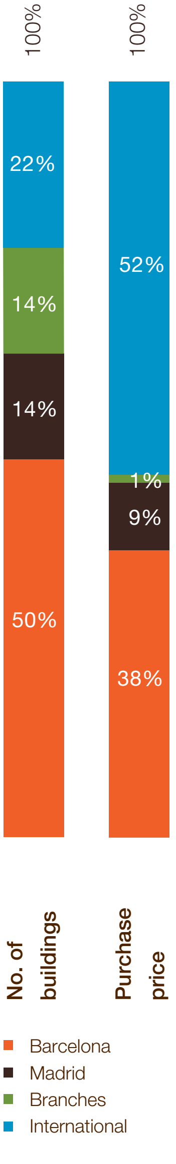
Buildings	City	Month of acquisition
Princesa / Volta Colomines	Barcelona	February
València	Barcelona	May
Comte Borrell	Barcelona	June
Ataulf	Barcelona	June
Gastón de Gotor (Zaragoza)	Barcelona	July
Balmes	Barcelona	September
Diagonal	Barcelona	October
Conde Duque	Madrid	September
Dos Hermanas	Madrid	November
Refino	Malaga	June
Jafuda Cresques	Palma de Mallorca	April
Reuilly / Chaligny	Paris	February
Avenue de Victor Hugo	Paris	May
Rue de Charonne	Paris	July



Barcelona

Barcelona

2005 acquisitions by location
Residential Refurbishment



In addition to acquisitions in 2005, completed by execution of deeds, Renta Corporación agreed to the acquisition of a further seven buildings by 31 December 2005.

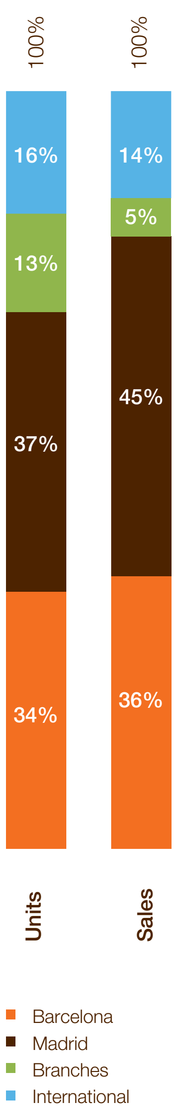
Sales

In 2005, Residential Refurbishment sales increased to €171 million, with a total of 533 units. Of these sales, 60% were split sales (by units) and 40% single sales of entire buildings.

Residential Refurbishment. 2005 Sales

City	Units
Barcelona	181
Madrid	196
Malaga	32
Palma de Mallorca	25
Seville	14
Paris	85
Total	533

2005 sales by location
Residential Refurbishment



Growth

The Residential Refurbishment unit's business model has been built up over many years. At close of 2005, the company was well positioned in the market, with a highly consolidated building acquisition network. This sound business model and internal capabilities, added to the huge potential refurbishment market, are key to the company's continued development and growth.

In this respect, at 31 December 2005 the Residential Refurbishment business unit had inventories valued at €130 million and rights lapsing in 2006 for the acquisition of a further seven buildings for €77 million.

In addition, by mid-February 2006 the company had taken on new operations, bringing in further investment rights of up to €38 million.

Paris

3 Building Transformation

The Building Transformation unit has gained prominence in recent years in terms of contribution to Renta Corporación's business. It focuses on the Barcelona, Madrid and London markets, **acquiring large urban buildings, normally office or industrial, for transformation and sale**. Transformation generally involves change of use, physical improvements to buildings and/or repositioning in the market.

In the last five years (2001 to 2005), the Building Transformation unit has acquired 23 buildings. Overall investment in this period was €303 million.

Essentially, the core business of the Building Transformation unit is revitalisation of urban heritage. Economic activity evolves, matures, experiences transformation and moves in a process that invigorates growth and the composition of cities and neighbourhoods. Evolution of this activity affects the buildings where it happens, meaning they can become obsolete and no longer suited to current functionality and use requirements. Through its Building Transformation business unit, Renta Corporación recovers these obsolete buildings for the cities, in line with general sustainable urban development criteria; to reuse buildings which might otherwise deteriorate and to slow down occupation of greenfield sites.

Renta Corporación's approach to transformation and refurbishment of buildings focuses on adapting to demand. Suitable adaptation of buildings is the key to success. Specific user needs, in other words the needs of potential customers, are the number one priority when designing transformation projects.

Every Building Transformation operation is unique and generally highly complex. Nevertheless, these operations can be classified under **three main headings:**

1. Repositioning
2. Change of use
3. Land reuse

The essential features of these three operations are:

1. Repositioning

Acquisition of office and unique buildings with varying degrees of physical or functional obsolescence and/or with varying levels of inefficiency in their lease agreements and generation of rent, in order to improve and adapt them to requirements of office users and investors, ultimately selling them once repositioned.

2. Change of use

Acquisition of buildings, generally office or industrial, in order to design and implement change of use to maximise liquidity and market value. Recently the main new uses for these buildings have been residential, commercial and hotels.

3. Land reuse

Acquisition of urban buildings of all kinds to generate sites for new construction. The process of transforming these buildings into sites suitable for sale calls for detailed knowledge of planning regulations affecting the buildings and, frequently, negotiation processes to achieve early termination of lease agreements.

Acquisitions

The Renta Corporación Building Transformation unit acquired five buildings in 2005. The amount paid for the acquisitions was almost €37 million.

Buildings acquired in 2005

Building Transformation

Buildings	City	Month of acquisition
Còrsega	Barcelona	January
Avinguda Pearson	Barcelona	June
Comte Urgell	Barcelona	December
Vincent Square	London	July
Newbury	London	August

In addition to 2005 acquisitions, at 31 December 2005 Renta Corporación had agreed to acquire a further five buildings.

Sales

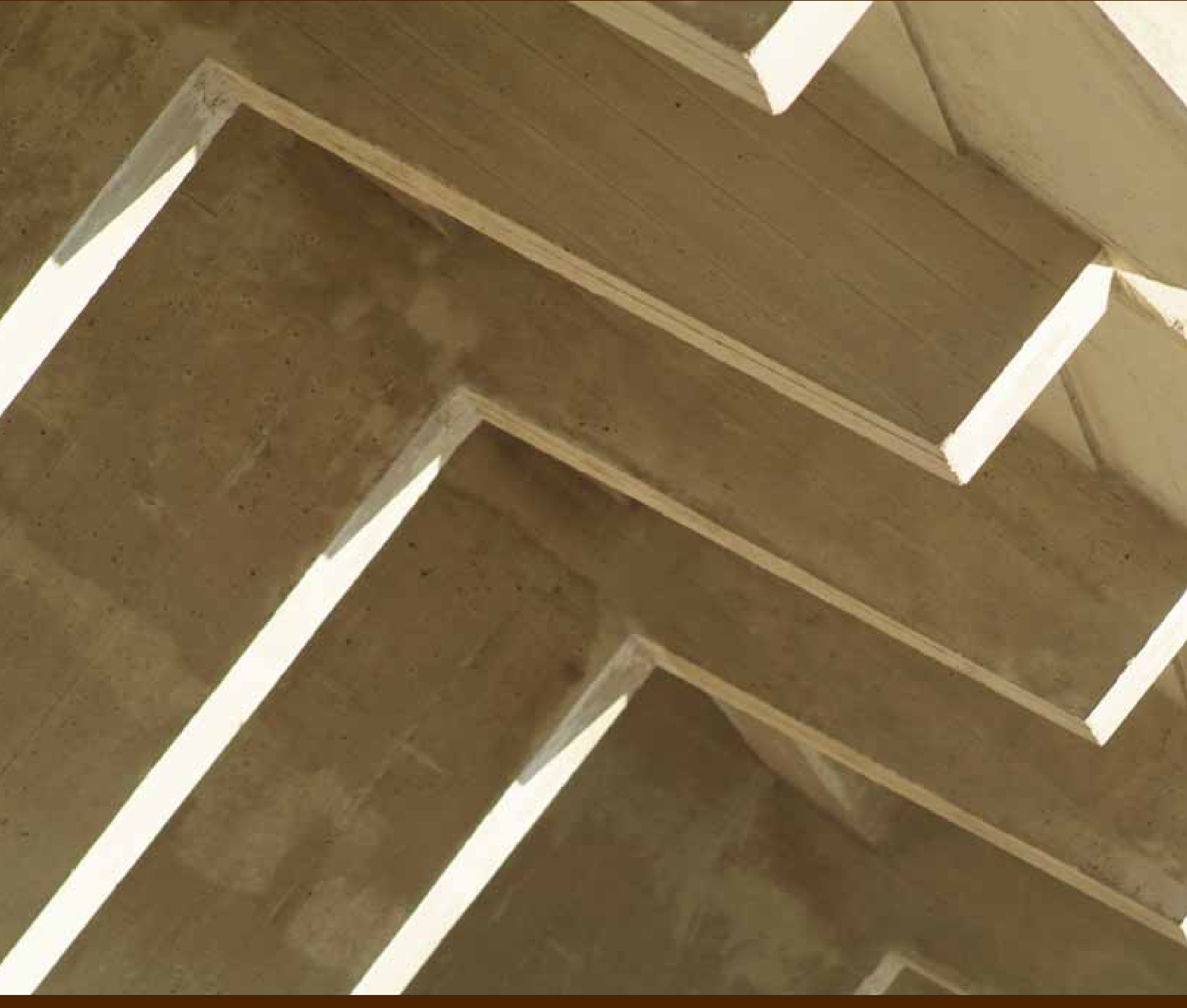
Building Transformation unit sales in 2005 stood at €103 million.

Growth

The Building Transformation unit's experience of the market, built up since 2002, and established relationships, added to Renta Corporación's general visibility and presence in the market, are key to continuity and growth in its building acquisition and transformation process.

In this respect, at 31 December 2005 the Building Transformation business unit had stocks valued at €73 million and rights lapsing in 2006 for the acquisition of a further five buildings for €46 million.

In addition, by mid-February 2006 the company had taken on new operations, bringing in further investment rights of up to €82 million.



4 Land Transformation

Land Transformation

The Land Transformation unit is the newest in Renta Corporación. Operating mainly in the Madrid and Barcelona markets, its purpose is to **acquire large property complexes** (land and buildings) **for transformation** by designing and applying for change in use and/or current planning status, in order **to create sites ready for construction or sale**.

The business unit's acquisition and transformation process involves three main stages: locating land suitable for transformation, establishing investment rights for Renta Corporación and applying for improvements to planning status.

1. Locating land

The Land Transformation team applies a strict process for locating land and buildings suitable for transformation.

Among other criteria used in search and selection of land, top of the list is location in obsolete areas in prime positions in cities where Renta Corporación operates through its other business units. Other locations in developing areas in these cities are also examined.

In general, large sites in complex situations are sought, often found in obsolete industrial sites where a suitable transformation scheme will enable creation of value in the short and medium term.

2. Managing land rights

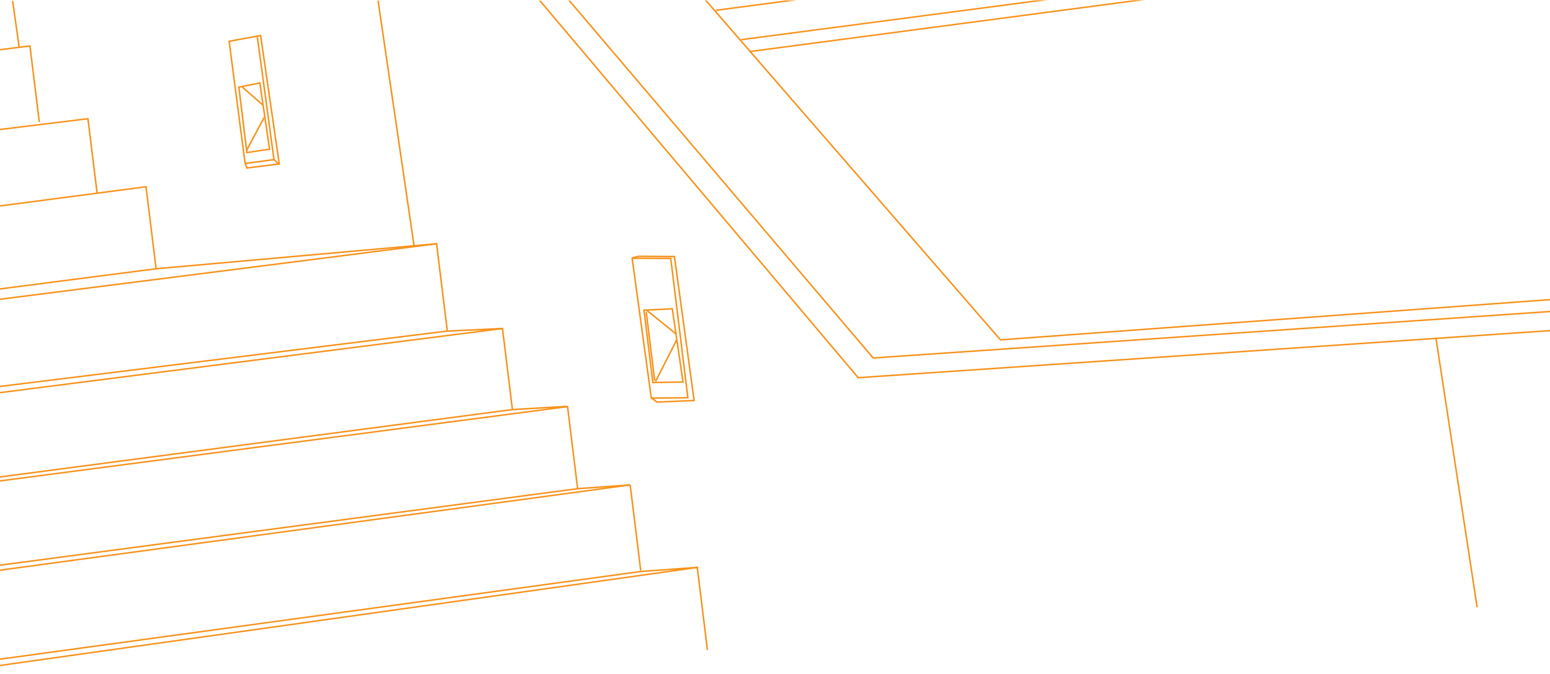
Having located the land or building for transformation, discussions and negotiations are entered into with owners to establish investment rights for Renta Corporación or, alternatively, to acquire the property outright. Structuring and management of these investment rights on land provides considerable efficiencies in the initial stages of the process, which frequently calls for consolidation of several properties in hands of different owners under different ownership or operating structures.

3. Applying for improvements

As with all Renta Corporación businesses, the Land Transformation unit seeks to adapt properties (large sites, industrial complexes, etc.) to new demands from the market.

To achieve this, the process includes clarification, execution or changes in respect of planning status. Changes proposed by Renta Corporación normally involve changes in use and increased efficiencies.

At this stage, it is necessary in most cases to combine and amalgamate several properties owned by Renta Corporación. This helps speed up the process because by having projects of a suitable size, large planning areas can be addressed, and public interest consideration required by legislation and the various authorities involved can be met more easily.



Once the consent process is over, the final step of construction or sale can go ahead. In the case of construction, Renta Corporación is involved directly in the development and marketing of the new buildings on the approved sites. In the case of sale, Renta Corporación may sell part of the transformed land to third parties.

Acquisitions

The Land Transformation unit started making substantial acquisitions in 2005.

The amount paid for the acquisitions was €103 million.

Sales

Land Transformation sales have been contributing to the Group's consolidated results since 2003, but only in 2005 has it become a major player.

Land Transformation unit sales in 2005 increased to €47 million.

Growth

Renta Corporación's general visibility and presence in the market are key to the Land Transformation unit's business, building on its growth in 2005.

At 31 December 2005, it held stocks valued at €121 million, in addition to €136 million in acquisition rights expected to lapse in 2006.

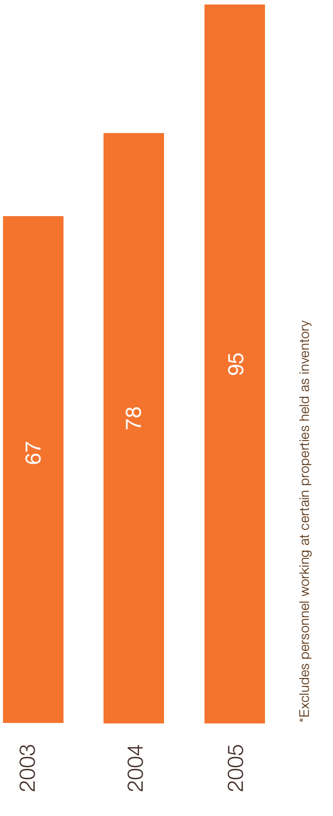
In addition, by mid-February 2006 the company had taken on new operations, bringing in further investment rights of up to €60 million.

Human resources

6

People - the key to success
· Qualifications
· Professionalism
· Motivation

Evolution of employee numbers at year-end*



Significant evolution of Renta Corporación's main figures has also affected headcount, with 95 employees at the end of 2005. In the same year Renta Corporación hired 17 new employees, an increase of 22% compared to 2004.

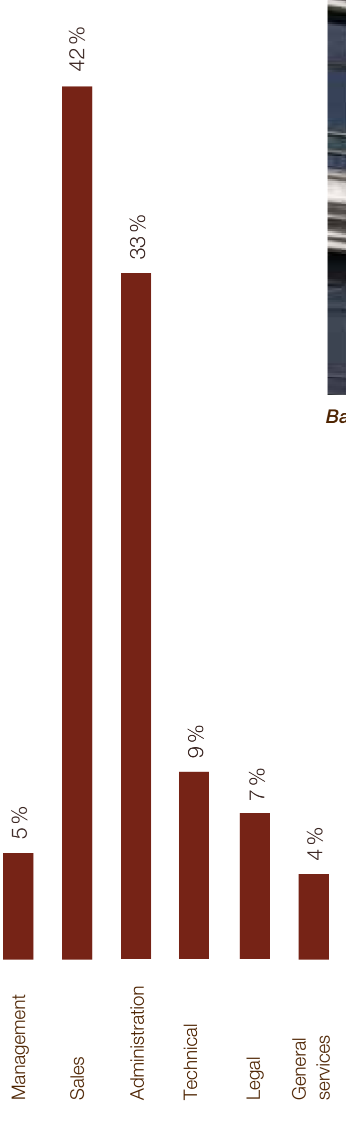
Renta Corporación believes that it is **people** who are the true **basis for creating value**. Since its inception, the company has recognised and looked after its people, believing them to be a **key success factor**. In this context, it takes special care to ensure the **organisation is effective, dynamic and flexible**, offering a **professional working environment** both in procedures and systems, and with **ready access to ongoing training and knowledge**, as reflected in its HR policy.

The Renta Corporación team is noteworthy for its high level of **qualification, professionalism and motivation**. Flexibility, initiative and problem-solving skills underpin a group of people that is:

- young, with an average age of 35;
- highly qualified, 81% university graduates (66% with 4 or 5 year degrees and 15% with 3-year degrees);
- diverse, with a wide range of professional experience and educational backgrounds, as well as a high proportion of women, who make up 70% of the team

Geographical distribution of employees

Operational distribution



Barcelona

Renta Corporación staff training

Renta Corporación invested €180,000 in 2005 in outside services related to the training of its employees. This figure is 46% higher than 2004, with an average spend of €1,900 per employee, numbers which bear witness to Renta Corporación's active information and training policy.

1. In-house training

Company-wide communication initiatives are designed to provide the entire team with pertinent information about the company. These communication initiatives are implemented at the **Annual Conference** and through regular **Communications Updates**, including internal memoranda on how the business is doing and **Bulletins** about press coverage of the company.

Also, certain groups regularly gather in a different environment for work sessions with the goal of exchanging experiences and knowledge of the business and to share new ideas for bringing improvements, whether in processes or with customer or supplier relationships, etc. Notably:

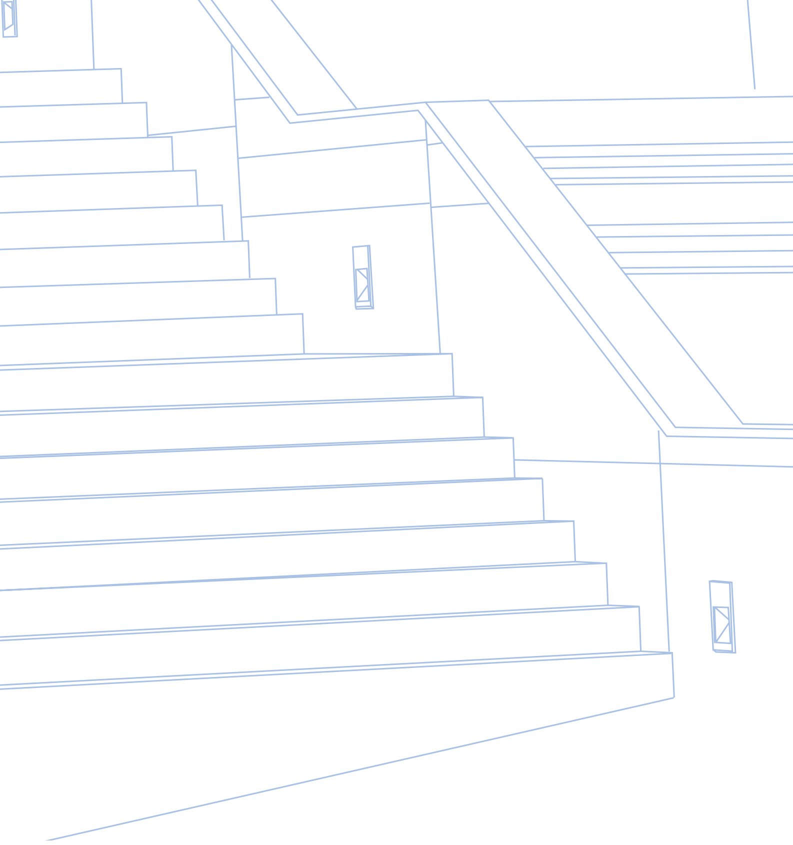
a. Section meetings

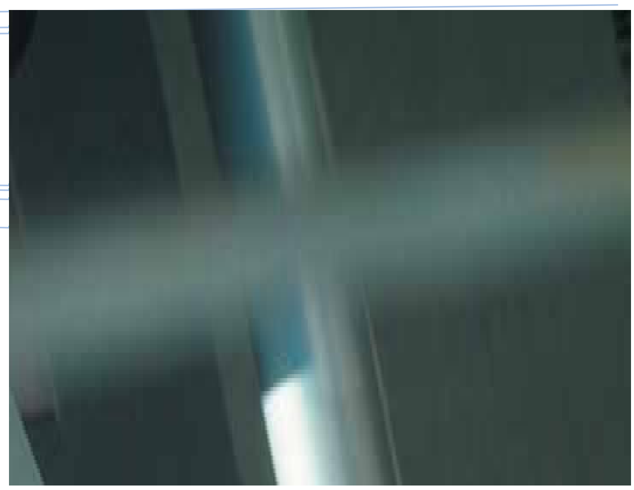
These usually bring together people from three sections of the company, the Management Committee, Sales, and Administration, to report on company developments. In addition, the various departments make presentations and discuss matters of interest to the relevant section.

b. Departmental or workgroup meetings

Activities by department or workgroup (for instance, project-based) outside their normal environment, to receive or share information on change processes, new regulations or to examine, restructure or modify in-house matters that cannot be addressed on a day-to-day basis. Talks are also given by external consultants.

In both cases, this involves interactive meetings where involvement of all parties is strongly encouraged as the best way to gain knowledge and/or improve the issues addressed at the meetings.





2. External training

This is available in various formats, always governed by the basic principles that training should be voluntary, universal (i.e. aimed at all employees), flexible, and funded by the company. Depending on the type of training and its relevance to the job, funding and availability plans are applied as required. Several options are available:

1. **Seminars and courses recommended by the company,** based on individual or group development plans.
2. **Courses suggested by employees**
3. **Language training**
4. **Attendance at conferences, trade fairs, seminars, exhibitions**
5. **Continuous and refresher training schemes**

Renta Corporación takes ongoing staff training and access to learning very seriously. The company always aims to have the talent and skills needed at any given time, in line with market and business requirements.

This has allowed our staff to extend and refresh the knowledge needed to do their jobs and to be proactive, or dynamically reactive when this is not possible, in the face of company and market changes and transformations.

The main areas which Renta Corporación staff focused their training on in 2005 were: **general and functional management, technical aspects of construction and systems, the real estate industry and foreign languages**.

7

Contact details. Offices and branches

Website: www.rentacorporacion.com
Main e-mail: renta@rentacorporacion.com

Registered Office
Avda. Diagonal, 449
08036 Barcelona
Tel.: + (34) 93 494 96 70
Fax: + (34) 93 321 11 01
E-mail: barcelona@rentacorporacion.com

Madrid
Velázquez, 76, 1º dcha.
28001 Madrid
Tel.: + (34) 91 575 04 62
Fax: + (34) 91 575 04 29
E-mail: madrid@rentacorporacion.com

Seville
Avda. Constitución, 10, 2º D
41001 Sevilla
Tel.: + (34) 954 22 19 29
Fax: + (34) 954 21 13 56
E-mail: sevilla@rentacorporacion.com

Malaga
Marqués de Larios, 4, 4º, desp. 414
29005 Málaga
Tel.: + (34) 952 60 01 72
Fax: + (34) 952 60 10 76
E-mail: malaga@rentacorporacion.com

Palma de Mallorca
Plaza Mayor, 1, 1º
07002 Palma de Mallorca
Tel.: + (34) 971 71 77 70
Fax: + (34) 971 71 77 80
E-mail: palma@rentacorporacion.com

Paris
Groupe Immobilier
Renta Corporación S.A.S.U.
26, Rue Trémoillle
75008 Paris
France
Tel.: + (33) (1) 56 620 061
Fax: + (33) (1) 47 200 210
E-mail: paris@rentacorporacion.com

London
Renta Properties (UK) Limited
7a Grafton Street, London W1S 4EH
United Kingdom
Tel.: + (44) (0) 207 499 9294
Fax: + (44) (0) 207 409 2403
E-mail: london@rentaproperties.com

Renta Corporación
Real Estate, S.A.
CIF: A-62385729

Registered office:
Avda. Diagonal, 449, 2º
08036 Barcelona

Barcelona Registry of
Companies:
Volume 33.020
Folio 118
Sheet B – 220,077

Publication:
Renta Corporación
Real Estate, S.A.

Design and layout:
Imagina Comunicació

English version:
Quicksilver Translations

Printing:
Grup 3

Dep Leg: B.7.852-2006

Avda. Diagonal 449
08036 Barcelona
Tel. 93 494 96 70
Fax. 93 321 11 08
www.rentacorporacion.com

RENTA
CORPORACIÓN

ANNUAL ACCOUNTS **2005**
VOLUME 2

CONTENTS

Consolidated financial statements

1

a. Auditors' Report

PRICEWATERHOUSECOOPERS

Edifici Caja de Madrid
Avinguda Diagonal, 640
08017 Barcelona
Tel. +34 902 021 111
Fax +34 934 059 032

A free translation of the report on the consolidated annual accounts originally issued in Spanish and prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU). In the event of a discrepancy, the Spanish language version prevails

AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the shareholders of Renta Corporación Real Estate, S.A.

1. We have audited the consolidated annual accounts of Renta Corporación Real Estate, S.A. (the parent Company) and its subsidiary companies (the Group), consisting of the consolidated balance sheet as at 31 December 2005, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes to the consolidated annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the parent Company. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work carried out in accordance with auditing standards generally accepted in Spain, which require the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

2. The accompanying consolidated annual accounts for 2005 are the first that the Group has prepared applying International Financial Reporting Standards adopted by the European Union (IFRS-EU), which generally require that the financial statements present comparative information. Thus, and in accordance with corporate law, the Directors of the parent Company present, for comparative purposes only, for each item of the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity and the notes to the consolidated annual accounts, in addition to the consolidated amounts for 2005, the corresponding amounts for the previous year as well obtained by application of IFRS-EU in force at 31 December 2005. Accordingly, the amounts for the previous year differ from those reflected in the 2004 consolidated annual accounts, which were formulated in accordance with the accounting principles in effect that year. Note 5 to the accompanying consolidated annual accounts contains the differences arising from the application of the IFRS-EU to consolidated equity at 1 January 2004 and at 31 December 2004 and to consolidated Group profit for 2004. Our opinion refers exclusively to the consolidated annual accounts for 2005. On 23 March 2005, we issued our audit report on the 2004 consolidated annual accounts, formulated under the accounting principles in force that year, in which we expressed an unqualified opinion.

PricewaterhouseCoopers Auditores, S. L. - R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79031290

PRICEWATERHOUSECOOPERS

3. In our opinion, the accompanying consolidated annual accounts for the year 2005, appearing on pages 7 to 78, present fairly, in all material respects, the consolidated financial position of Renta Corporación Real Estate, S.A. and its subsidiaries at 31 December 2005, the consolidated results of its operations, the changes in consolidated equity and its consolidated cash flow for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with International Financial Reporting Standards adopted by the European Union, applied on a basis consistent with those used in preparing the corresponding financial statements for last year, which have been incorporated into the consolidated annual accounts for 2005 for comparative purposes.

4. The accompanying consolidated Directors' Report for 2005, appearing on pages 79 to 82, contains the information that the parent Company's Directors consider relevant to the Group's position, the evolution of its business and of other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the aforementioned consolidated Directors' Report coincides with that of the consolidated annual accounts for 2005. Our work as auditors is limited to checking the consolidated Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the Group companies' accounting records.

PricewaterhouseCoopers Auditores, S.L.

Miguel Alfocea Martí
Audit Partner

13 February 2006

A free translation of the consolidated annual accounts originally issued in Spanish and prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU). In the event of a discrepancy, the Spanish language version prevails.

b. Financial statements

Renta Corporación Real Estate, S.A.
Contents of the consolidated financial statements
31 December 2005

A free translation of the consolidated annual accounts originally issued in Spanish and prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU). In the event of a discrepancy, the Spanish language version prevails.

Consolidated balance sheet. At 31 December

(thousands of Euros)

ASSETS	Note	2005	2004
Non current assets			
Property, plant and equipment	7	1,027	841
Intangible assets	8	131	33
Investments in associates	9	495	246
Long-term receivables	10	142	77
Long-term prepayments	10	245	191
Deferred tax assets	19	195	3,378
Total non current assets		**2,235**	**4,766**
Current assets			
Inventories	11	323,534	227,218
Trade and other receivable	10	64,247	26,534
Loans and receivables with related parties	34.6	1,094	10,743
Available-for-sale financial assets	34.7	-	8
Cash and cash equivalents	12	3,180	2,233
Total current assets		**392,055**	**266,736**
Total assets		**394,290**	**271,502**

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

Consolidated balance sheet. At 31 December

(thousands of Euros)

EQUITY AND LIABILITIES	Note	2005	2004
EQUITY			
Share capital and reserves attributable to equity holders of the company			
Share capital	**13**	21,427	21,464
Cumulative translation adjustment	**14**	(7)	-
Retained earnings and other reserves	**15**	62,970	33,351
		84,390	54,815
Minority interests	**16**	604	470
Total equity		**84,994**	**55,285**
LIABILITIES			
Non current liabilities			
Trade and other payables	**17**	27	677
Current liabilities			
Trade and other payables	**17**	81,218	30,114
Borrowings	**18**	216,129	178,920
Current income tax liabilities	**27**	11,922	6,506
Total current liabilities		**309,269**	**215,540**
Total liabilities		**309,296**	**216,217**
Total equity and liabilities		**394,290**	**271,502**

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

Renta Corporación Real Estate, S.A.

Consolidated income statement. Year ended at 31 December

(thousands of Euros)

	Note	2005	2004
Revenue	**20.1**	320,843	219,589
Other income	**20.2**	3,258	3,163
Purchase costs and changes in inventories	**21**	(242,692)	(169,669)
Employee benefit expense	**24**	(9,125)	(7,432)
Amortisation, depreciation and impairment losses	**22**	(290)	(294)
Other operating expenses	**23.1**	(13,525)	(10,453)
Local taxes	**23.2**	(4,780)	(3,495)
Operating profit		**53,689**	**31,409**
Financial expenses	**26**	(4,907)	(5,795)
Share of profit / (loss) of associates	**9**	(41)	84
Profit before income tax		**48,741**	**2,698**
Income tax expense	**27**	(16,105)	(5,300)
Profit for the year		**32,636**	**20,398**
Attributable to:			
Company shareholders	**15**	32,502	19,949
Minority interests	**16**	134	449
Earnings per share for profit attributable to the equity holders during the year (in Euros per share)			
- Basic	**29.1**	1.48	0.96
- Diluted	**29.2**	1.48	0.96

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

Consolidated statements of changes in equity

(thousands of Euros)

	Notes	Attributable to equity holders of the company: Share Capital (Note 13)	Cumulative translation adjustment (Note 14)	Retained earnings and other reserves (Note 15)	Minority interests (Note 16)	Total equity
Balance at 1 January 2004		**8,135**	**-**	**18,432**	**21**	**26,588**
Cost of equity transactions	**13.5**					
- Gross		(1,350)	-	-	-	**(1,350)**
- Tax effect		472	-	-	-	**472**
Profit for the year		-	-	19,949	449	**20,398**
Total recognised income and expense for the period		(878)	-	19,949	449	**20,398**
Purchase of treasury shares	**13.3**	(3,450)	-	-	-	**(3,450)**
Cancellation of treasury shares	**13.3**	3,946	-	-	-	**3,946**
Capital reduction	**13.2, 15**	(289)	-	(3,114)	-	**(3,403)**
Issue of shares	**13.2, 13.5**	14,000	-	-	-	**14,000**
Dividends paid	**15**	-	-	(1,916)	-	**(1,916)**
Balance at 31 December 2004		**21,464**	**-**	**33,351**	**470**	**55,285**
Profit for the year		-	-	32,502	134	**32,636**
Total recognised income and expense for the period		-	-	32,502	134	**32,636**
Purchase of treasury shares	**13.3**	(94)	-	-	-	**(94)**
Cumulative translation adjustment	**14**	-	(7)	-	-	**(7)**
Dividends paid	**15**	-	-	(2,987)	-	**(2,987)**
Sale of treasury shares	**13.3, 15**	57	-	104	-	**161**
Balance at 31 December 2005		**21,427**	**(7)**	**62,970**	**604**	**84,994**

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

Renta Corporación Real Estate, S.A.

Consolidated cash flow satement presented using the indirect method
Year ended at 31 December
(thousands of Euros)

	Notes	2005	2004
Cash flows from operating activities			
Cash used in operations	31	(25,663)	(68,847)
Interest paid	26	(7,690)	(8,704)
Taxes paid	27	(7,506)	(6,143)
Net cash used in operating activities		(40,859)	(83,694)
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(361)	(370)
Proceeds from sale of property, plant and equipment	31	-	5
Purchases of intangible assets	8	(114)	(14)
Acquisition of available-for-sale financial assets		(290)	(58)
Income from the sale of available-for-sale financial assets	31	8	32
Loans granted to related parties	34	(700)	(11,703)
Repayment of loans granted to related parties	34	9,312	4,239
Deposits	10	(677)	(878)
Repayment of deposits and guarantee deposits	10	541	1,242
Interest received	26	399	388
Net cash generated from/(used in) investing activities		8,118	(7,117)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	**13.2, 13.5**	-	13,122
Acquisition of treasury shares	**13.3**	(94)	(3,450)
Income from treasury shares	**13.3**	161	-
Proceeds from borrowings	**18**	409,197	375,672
Repayment of borrowings	**18**	(372,589)	(308,913)
Dividends paid	**15**	(2,987)	(1,916)
Net cash generated from financing activities		33,688	74,515
Cash at beginning of the year	**12**	2,233	18,529
Cash at end of the year	**12**	3,180	2,233
Net (decrease)/increase in cash and cash equivalents		**947**	**(16,296)**

The notes on pages 13 to 78 are an integral part of these consolidated financial statements

1. General information

Renta Corporación Real Estate, S.A. (hereon, the Company) is a real estate company which at the 2005 year end has a group (hereon, the Group), made up of 12 companies: Renta Corporación Real Estate, S.A., as parent company, 8 subsidiaries and 3 associates. Appendices I and II to these Notes include additional information on the entities included in the consolidation scope.

For the purposes of the preparation of the consolidated financial statements, a group is understood to exist when the parent company has one or more subsidiary entities over which the parent company has either direct or indirect control. The principles applied in the preparation of the consolidated financial statements of the Group, as well as the consolidation scope, are set out in Note 2.2.

On 8 December 2004 the parent company acquired all the shares of a British company that changed its registered name to Renta Properties (UK) Limited. The share capital of this company was Pound Sterling 1, and on 14 December 2004 this company issued 99 shares with a par value of 1 Pound Sterling each, which were fully subscribed by Renta Corporación Real Estate, S.A.

On 7 April 2005 the parent company took up a 50% shareholding in the incorporation of a Spanish company called RC Marruecos Tánger, S.A., which, on 4 November 2005 changed its registered name to Mixta África, S.A. Furthermore, on 4 November 2005 the parent company sold 2% of its shareholding, keeping 48%.

On 25 May 2005 RC Marruecos Tánger, S.A. fully incorporated the Moroccan company RC Fundación Marruecos Tánger, S.A.R.L.

On 4 November 2005 the parent company fully acquired a German company that changed its registered name to RC Real Estate Deutschland GMBH.

On 15 June 2005 Renta Properties (UK), Limited incorporated an English company under the registered name of One Vincent Square, Limited. The share capital of this company was fully contributed by Renta Properties (UK), Limited.

The central offices of Renta Corporación Real Estate, S.A. for administrative and tax purposes are located in Barcelona in Avenida Diagonal, 449, 2º and its Tax Identification Number (C.I.F.) is A-62.385.729.

The Group divides its activities into three business areas: residential refurbishment, transformation of buildings and transformation of land, including the following tasks:

- **Residential refurbishment:** acquisition of residential buildings or buildings with mixed uses, for their renovation and later sale, normally by units.
- **Transformation of buildings:** acquisition of large urban buildings, usually office or industrial buildings, and transforming them either through their improvement and repositioning in the market or through changes in the main uses.
- **Transformation of land:** acquisition of large building complexes for transformation through the design and later processing through official channels of modifications of the use of the buildings and/or current zoning in order to create development land for construction or sale thereafter.

The three business areas use the same process, consisting of the acquisition of real estate assets for transformation and later sale. This transformation process is aimed at creating value through the adaptation of buildings to market demands.

These processes include acting on the different elements that make up real estate assets and their valuation, which are: physical condition, use, the rental situation and profitability, zoning laws, legal issues, etc.

The Group operates mainly in the domestic market as well as in France, England and Germany.

These consolidated financial statements have been approved by the Board of Directors on 13 February 2006.

No changes are expected to these Consolidated Financial statements as a result of their adoption by the General Meeting of Shareholders.

2. Summary of significant accounting policies

Set out below are the main accounting policies applied in the preparation of the consolidated financial statements. These policies have been applied consistently throughout all the years presented, unless otherwise stated.

Index of Accounting Policies

2.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Standards issued by the IASB. The consolidated financial statements have been prepared on the basis of the accounting records of Renta Corporación Real Estate, S.A. and its consolidated companies and include the adjustments and reclassifications for the purposes of homogenisation with the accounts of the parent Company.

IASB and IFRIC have issued the following standards and interpretations which have application in years subsequent to the one started 1 January 2005, the standards are: IFRS-6 "Exploration for and evaluation of mineral resources", IFRS-7 "Financial instruments: disclosures", IFRIC Interpretation 4 "Determining whether an arrangement contains a lease", IFRIC Interpretation 5 "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds", IFRIC Interpretation 6 "Liabilities arising from participating in a specific market – Waste electrical and electronic equipment", IFRIC Interpretation 7 "Applying the restatement approach under IAS-29 Financial reporting in hyperinflationary economies" and IFRIC Interpretation 8 "Scope of IFRS-2" (IFRIC Interpretation 7 and 8 have not been still adopted by the European Union). The Group has performed an analysis of possible impact on the financial statements at 31 December 2005 and has concluded that there is not any significant impact in the financial statements.

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements.

Until the year ended 31 December 2004, inclusive, the Group's consolidated financial statements had been prepared in accordance with the provisions of company law and the standards set down in the General Accounting Plan and Royal Decree 1815/1991, which adopted the standards for drawing up of consolidated financial statements (Generally Accepted Accounting Principles (GAAP)). In view of the fact that these standards differ from IFRS, Group Management has restated the 2004 figures in order to present comparative information under IFRS.

The consolidated financial statements have been prepared using the historical cost convention.

The preparation of consolidated financial statements compliant with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company´s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4.

The requirements of the standards mentioned above have been fully met and, therefore, the financial statements present a true and fair view of the assets, financial position and results of the operations of the Group.

The figures set out in the documents that make up these consolidated financial statements (balance sheet, profit and loss account, statement of changes in shareholders' equity, cash flow statements and notes to the financial statements) are stated in Thousands of Euros, unless otherwise disclosed.

The Group companies close their fiscal year on 31 December and the accounts at that date are the ones used in the consolidation.

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies. Control is assumed to exist when the shareholding constitutes more than half of the voting rights, unless control is limited by contractual agreements or other circumstances. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing control over another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date on which control ceases..

Inter-company transactions, balances and unrealized gains on transactions between the Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Appendix I to these Notes contains the information on all the fully consolidated subsidiaries.

b) Associates

Associates are all entities over which the Group has significant influence but not control. Significant influence is presumed when the parent company holds between 20% and 50% of the voting rights or when other circumstances demonstrate the existence of significant influence. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group´s share of losses in an associate equals or exceeds its interests in the associate, including any other unsecured receivable the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Appendix II to these Notes contains the information and details of associates consolidated by the equity method.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

a) Primary format of segment reporting: business segments

- **Residential refurbishment:** acquisition of residential buildings or buildings with mixed uses, for their renovation and later sale, normally by units.
- **Building transformation:** acquisition of large urban buildings, usually office or industrial buildings, and transforming them either through their improvement and repositioning in the market or through changes in the main uses.
- **Land transformation:** acquisition of large building complexes for transformation through the design and later processing through official channels of modifications of the use of the buildings and/or current zoning in order to create development land for construction or sale thereafter.

b) Secondary format of segment reporting: geographic segments

Following criteria based on location of assets,

- Domestic
- Foreign

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Euros, which is the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

The translation differences from non-monetary items, such as equity instruments kept at fair value impacting results for the year, are presented as profit or loss of fair value. The translation differences from non-monetary items, such as equity instruments classified as available-for-sale financial assets, are carried under net equity in the revaluation reserve.

c) Group companies

The results and financial position of Renta Properties (UK), Ltd., One Vincent Square, Ltd. y RC Fundación Marruecos Tánger, S.A.R.L., which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates of the year (unless this average is not a reasonable approximation of the accumulated effect of the rates on the dates of the transaction, in which case the income and expense are translated at the date of the transactions); and
(iii) all resulting exchange differences are recognized as a separate component of equity.

2.5 Property, plant and equipment

All property, plant and equipment are presented at cost less accumulated depreciation and impairment, except land, which is presented net of impairment, since it is not depreciated.

The historical cost includes expenses directly attributable to the acquisition of the assets.

Improvements which extend or improve the useful lives of existing assets are capitalised, provided that it is probable that they will generate future economic benefits and their cost can be reasonably estimated. Repair and maintenance costs are expensed in the year in which they are incurred.

Land is not depreciated. Other assets, deducted their residual value, are depreciated using the straight-line method, over their estimated useful lives, as follows:

	Years
Buildings	50
Plant	10
Furniture	10
Computer equipment	4
Vehicles	6.25
Other property, plant and equipment	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.6 Intangible assets

Acquired computer software and licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (four years).

2.7 Impairment of assets

At the balance sheet dates the Group evaluates whether there is any indication of impairment of an asset. If so, the Group estimates its recoverable amount.

Assets that are subject to amortisation are tested for impairment whenever internal or external events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognized through profit and loss for the difference between the asset's carrying amount and its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial assets

The Group classifies its financial assets as follows: assets at fair value recorded in the profit and loss account, investments held to maturity, loans and accounts receivable, available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

The Group does not have assets at fair value recorded in the profit and loss account or assets held to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group supplies money, goods or services directly to a debtor with no intention of trading with the account receivable. They are included in current assets in “Trade and other receivables”, except for maturities greater than 12 months after the balance sheet date.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They basically include the shareholdings in entities that are neither associates nor subsidiaries. These financial assets are stated at fair value and the variations in fair value are debited to a net equity account until the disposal of the investment, at which time the investments are taken to profit and loss.

2.9 Inventories

Inventories include buildings, land and plots and are measured at the lower of cost and net realizable value. Cost of inventories includes the cost of purchase and all additional costs necessary to bring the assets in their present condition and location, such as refurbishments, improvements, and unrefundable taxes, amongst other. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Net realizable value is assessed at every year-end.

Interest expense from borrowings directly attributable to the acquisition and refurbishment of a qualified property as well as amortisation of ancillary costs incurred in connection with the arrangements of borrowings, are capitalised as a part of the cost of the property. A qualified property is an asset that needs a period of transformation greater than 12 months for its intended use. Borrowing costs are capitalised over the time needed to complete and prepare the asset for its intended use. Other interest costs are expensed.

The specific cost identification method is used, i.e., only the costs incurred that can be accurately assigned to each product in inventories are capitalised.

The amounts disbursed for premiums on purchase options on properties (generally buildings and land) are stated at their cost under inventories. The payment of purchase options constitutes the normal way through which the group undertakes the first phase of the property acquisition, prior to the final purchase.

2.10 Trade and other receivables

Trade receivables are recognized initially at fair value. After initial recognition are measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate (see note 3.2). The amount of the provision is recognized in the income statement.

Cash received in advance from customers is presented as a liability in the balance sheet at the amount actually received.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of any tax effect, as the case may be.

When a Group entity acquired shares in the Company (treasury shares), the consideration paid, including any directly attributable incremental cost (net of tax on profit) is deducted from the equity attributable to the Company's shareholders until its cancellation or disposal. When these shares are sold, any amount received, net of any directly attributable incremental cost of the transaction and the respective income tax effects, are included in the net equity attributable to the Company's equity holders.

2.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

In this caption are included liabilities arising from commitments for fixed return granted to some customers. The Group, as an incentive to purchase a property, ensures its customers a fixed return on the property sold for a certain number of years. The return can be granted directly or through a lease agreement. The Group does not maintain any involvement in the property sold. The cost related to these transactions is considered as a discount given to the customer and is classified as a deduction from the sale revenue.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Deferred income tax

Deferred income tax is provided in full, using the balance liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Their recovery is evaluated each year and the recoverability of those that have not been capitalised are evaluated again.

2.15 Income tax and other taxes

The parent company avails itself of the group taxation regime for corporate income tax purposes and is therefore taxed jointly with its subsidiaries Renta Corporación Real Estate R.A., S.A.U., Renta Corporación Real Estate O.N., S.A.U. and Renta Corporación Real Estate G.O., S.L.U.

The Group company Renta Corporación Real Estate Patrimonio, S.L. is taxed under the regime for holding companies.

Corporate income tax expense is recognised based on the reported profit as adjusted for permanent differences between reported and taxable profits, and the effects of any tax credits and deductions to which the Group companies are entitled.

Renta Corporación Real Estate R.A., S.A.U. as from 2001 is subject to the special prorated VAT regime.

Renta Corporación Real Estate Patrimonio, S.L., Renta Corporación Real Estate G.O., S.L.U. y Renta Corporación Real Estate O.N., S.A.U. as from 2004 are subject to the special prorated VAT regime.

Masella Oeste, S.L., and Renta Corporación Real Estate, S.A. are subject to the general prorated VAT regime.

2.16 Provisions

Provisions are recognised when the Group has a present obligation and when it is probable, legally or implicitly, as a result of past events, that disbursements will be made to settle the obligation, and when the amount of the obligation can be reliably estimated.

2.17 Revenue and expense recognition

Revenue is measured at the fair value of the sale of assets and services to third parties.

The sales of goods are recognised when a Group entity:

- has transferred substantially all risks and rewards of ownership, specifically, the ownership of the assets when the public deed of purchases sale of the buildings has been executed;
- does not maintain any involvement in the current management of the assets sold, to the extent normally associated with ownership, nor retains effective control over them;
- the amount of the ordinary income can be reliably valuated;
- it is probable that it will receive the economic benefits related to the transaction;
- the costs incurred, or to be incurred, in relation to the transaction can be valuated reliably.

The Group considers that the criteria specified above are usually met when the transfer of the ownership of the property has been legally formalized in a public document.

In the case of the reinvoicing of works, when the sale price of a product includes an identifiable amount for after-sale services, this amount is deferred and recognised as income over the period in which the service will be rendered. The deferred amount is that covering the estimated cost of the services agreed, together with a reasonable profit on them.

When the Group grants an option to customers on a non-financial asset, receives economic consideration for the achievement of specific goals agreed between the parties. When the amount received is not irrevocable and unconditional but is conditioned by the occurrence of specific events or achievements of goals the consideration received is treated as an advance payment that is recognised as revenue in the moment the option is exercised (for the achievement of the goals agreed) or when the option vests.

Interest income is recognised using the effective interest rate method.

Expenses are recognised when they accrue, independent from when they are paid. The cost of inventories is recognised when the goods are recognised as a sale.

2.18 Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The income from lease contracts with tenants of the properties acquired is considered to be incidental, since the lease contracts are maintained for a short period, until the Group sells the property or enters into an agreement by virtue of which the tenant will vacate the property after the payment of compensation by the Group.

The assets leased to third parties under operating leases are carried under inventories on the balance sheet since they existed when the assets were acquired for future sale in the ordinary course of business of the Group. The income from the lease is recognised on a straight-line basis over the term of the lease.

2.19 Related party transactions

Transactions with related entities are recorded when there has been a transfer of resources or obligations and are stated at the amount agreed by these entities.

2.20 Dividends

Dividends distributed to the Company's shareholders are recognised in the consolidated financial statements of the Group in the year in which the decision is adopted.

2.21 Purchased call options on treasury shares

Contracts which are settled receiving a fixed amount of treasury shares in exchange for cash or other financial assets are considered as equity instruments. Purchased call options on treasury shares with a gross physical settlement are accounted for as a reduction in equity. All the amounts paid as a premium on the purchased call option are also deducted from equity.

2.22 Environmental Costs

Expense arising from business actions designed to protect and improve the environment are expensed when incurred.

Expenses are capitalised when they represent additions to tangible fixed assets in order to minimise environmental impact and to protect and improve the environment and are depreciated over the useful life of the asset.

3. Management of financial risk

3.1 Financial risk factors

Credit risks

The Group face risks relating to certain accounts receivables: almost all of the Group sales of property are settled in cash at the time of transfer of title. Occasionally, payment of all or part of the purchase price may be made subsequent to the transfer of title to the property. In these cases, the payment due to the Group is ordinarily guaranteed by a bank. However, in limited circumstances, the Group may receive only a personal guarantee secured by the transferred property rather than a bank guarantee. While the Group has not experienced any significant difficulties in the past relating to the collection of the Group accounts receivable from purchasers of the Group properties, there can be no assurance that the Group will in the future be able to collect all such amounts owed to the Group.

Liquidity risks

Decreases in the liquidity of the real estate market: the Group generally seeks, through dynamic asset management, to limit the period of time between the Group acquisition and sale of properties to less than 12 months. To the extent that the liquidity of the real estate market decreases, the Group could be required to sell properties at lower prices, or possibly at a loss, or to hold such properties in inventory longer than planned, either of which could have a material adverse effect on the Group business, results of operations and financial condition.

Interest rate risks

Increase in interest rates: in almost all cases, purchasers of the Group real estate properties finance at least a portion of the purchase price with mortgage loans. An increase in interest rates in the countries in which the Group operates would increase purchasers' mortgage loan costs and negatively affect the attractiveness of mortgage loans as a source of financing for the purchase of the Group real estate properties and could reduce demand for the Group real estate properties, which could have a material adverse effect on the Group business, results of operations and financial condition.

The Group faces risks associated with the use of debt to finance acquisitions of property: the Group relies on debt financing, primarily in the form of mortgage loans and credit from financial institutions, to finance the Group acquisition of properties and the Group refurbishment and transformation activities. As a result, the Group is subject to risks normally associated with debt financing, including the risk that the cash flow from the Group properties is insufficient to meet the Group debt service requirements. The Group mortgage loans are secured by mortgages over the property being acquired. If the Group is unable to meet the Group debt service obligations in respect of any of these properties, any foreclosure of such property would result in a loss of income and asset value.

In addition, because the Group debt bears interest at variable rates, an increase in prevailing interest rates would increase the Group financing costs and could adversely affect the Group ability to meet the Group existing debt service obligations. The Group does not currently hedge the Group interest rate exposure.

3.2 Fair value estimation

The nominal value of trade receivables (deducted impairment losses) and payables does not differ significantly from their fair value, being their expiring date placed in the short-term.

The fair value of financial liabilities is estimated discounting the cash flows contractually agreed at the market interest rate available for similar financial instruments.

4. Accounting estimates and judgements

The estimates and judgements are evaluated continuously on the basis of historical experience and other factors, including the expectation of future events believed reasonable under the circumstances. There are no estimates and judgements that could have a significant risk of leading to a material adjustment to the book values of assets and liabilities within the following financial year.

The estimates made by Group management are as follows:

Inventories: the recoverable amount of inventories has been calculated on an individual basis with reference to their net realizable value (estimated selling price in the ordinary course of business less estimated selling costs). The market prices are analysed for buildings in each location as well as the main costs of sale, which are basically commissions agreed for each estate.

Their classification as short-term assets is made bearing in mind the average operating period for each business segment, which is normally less than a year. The financing of these inventories is classified on the basis of the latter.

Trade and other receivables: In respect of the collection of accounts receivable, although most sales of property made by the Group are settled in cash upon transfer of ownership, the remaining property sales are paid for totally or in part after the transfer of title to the new owner. In these cases, and generally speaking, the payment owed to the Group is generally covered by a bank guarantee or a retention of title agreement or similar real guarantee formulas that enable the Group to recover the ownership of the building in the event of a default on payment. Accordingly, the recoverability of the receivable is guaranteed.

Property, plant and equipment: The useful lives of fixed assets are calculated using the estimate of the period in which the assets will generate profit for the Group. These useful lives are reviewed at the year end, and, if expectations differ from previous estimates, the changes are booked as a change in accounting estimates.

Deferred income tax: the recoverability of the deferred income tax assets is evaluated when they are generated depending on the evolution of Group profit forecast in its overall business plan.

Liabilities arising from profitability agreements: obligations related to profitability agreements (see Note 2.13) are estimated by subtracting from the rents to be paid to the purchaser of the building sold, the amounts estimated that will be obtained by the Group for future rental. This estimate is made on the one hand on the basis of the actual rents agreed and on the other through estimates of the amount that will be obtained for the rental of the flats still not rented out, according to the information available on the rented flats.

5. Transition to IFRS

5.1 Basis of transition to IFRS

5.1.1 Application of IFRS 1

The consolidated financial statements at 31 December 2005 are its first consolidated financial statements as per IFRS, and, accordingly, the Group has applied IFRS 1 in the preparation of the opening balance sheet.

The date of transition to IFRS of the Company is 1 January 2004. The Group prepared its opening balance sheet as per IFRS in force at 31 December 2005, including IAS 32 and 39, which it has been applying since 1 January 2004.

IFRS 1 grants exemptions from some requirements of other IFRSs and also sets down exceptions to retrospective application of some aspects of other IFRSs. In the preparation of the opening balance sheet the Group has availed itself of all the exceptions established in IFRS 1 related to retrospective application of some aspects of other IFRSs. None of the exemptions from some requirements of other IFRSs has been considered applicable to the Group.

5.2 Reconciliations between IFRS and Spanish GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS. The first reconciliation provides an overall view of the effect on equity of the transition at 1 January 2004 and 31 December 2004 (Note 5.2.1). The following three reconciliations include details of the effect of the transition in relation to:

- Equity at 1 January 2004 (Note 5.2.1 and 5.2.2)
- Balance Sheet and Equity at 31 December 2004 (Note 5.2.1 and 5.2.3)
- Income statement for the year ended 31 December 2004 (Note 5.2.4)

(thousands of Euros)

5.2.1 Summary of equity adjustments

	1-01-2004	Note	31-12-2004	Note
Total equity as per Spanish GAAP	**30,144**		**61,221**	
Reversal of start-up and capital increase expenses	(452)	5.2.2 (a)	(231)	5.2.3 (a)
Deferred tax assets	1,529	5.2.2 (b)	1,849	5.2.2 (b), 5.2.2 (c)
Booking of share options	(543)	5.2.2 (c)	-	
Revenue recognition	(3,900)	5.2.2 (d)	(4,600)	5.2.4 (a)
Reclassification of minority interests	24	5.2.2 (e)	470	5.2.3 (g)
Elimination of start-up and capital increase amortisation	-		124	5.2.4 (b)
Recognition of commission expenses	-		(577)	5.2.4 (c)
Opening conversion adjustments against capital	-		(33)	5.2.2 (a)
Opening conversion adjustments against retained earnings and other reserves	-		(2,991)	5.2.3 (j)
Other adjustments	(214)	5.2.2 (f)	53	
Total adjustments	**(3,556)**		**(5,936)**	
Total equity under IFRS	**26,588**		**55,285**	

5.2.2 Reconciliation of equity at 1 January 2004

Set out below is an explanation of the most significant adjustments to equity:

(a) Reversal of start-up and capital increase expenses

Reversal of start-up expenses	(401)
Reversal of capital increase expenses	(51)
Total effect – Increase / (Decrease) in start-up and capital increase expenses	**(452)**

In accordance with IAS 38, start-up costs cannot be capitalised as an asset, and, therefore, they have been reversed against reserves net of their respective tax effect.

In accordance with IAS 32, cost of an equity transaction should be accounted for as a deduction from equity net of tax effect. Accordingly, costs of equity transactions have been deducted from equity net of their tax effect.

(thousands of Euros)

(b) Deferred income tax assets

Tax effect of the reversal of start-up and capital increase expenses (See note 5.2.2. a)	158
Tax effect of the deferral as per IFRS of certain income from the cession of purchase options (See Note 5.2.2. d)	1,365
Tax effect of other adjustments	6
Total effect – Increase / (Decrease) of deferred tax assets	**1,529**

(c) Accounting for share options

Reclassification to shareholders' equity of a purchase option on treasury shares	(543)
Total effect – Increase / (Decrease) Trade and other receivables	**(543)**

The Company had a purchase call option on own shares that will be settled through a payment in cash. Consequently, the option in question is an equity instrument and must be stated after subtracting the capital, both for the Premium paid and the later purchase of shares when the option is exercised. Consequently, for the purposes of the 2004 opening balance sheet, the amount paid for the Premium must be reclassified by increasing capital.

(d) Revenue recognition

Deferral of certain income for the cession of purchase options under IFRS	3,900
Total effect – Increase / (Decrease) of non current trade and other accounts receivable	**3,900**

As per IFRS, income relating to certain premiums received from the cession of purchase option rights has been deferred until the respective contracts are exercised or mature.

(e) Minority interests

Reclassification of the minority interests as part of net equity	(24)
Total effect – Increase / (Decrease) of minority interests	**(24)**

Under IFRS, minority interests are stated under equity.

(thousands of Euros)

(f) Other adjustments

Other adjustments	(214)

These include adjustments that are individually insignificant in disclosure terms.

5.2.3 Reconciliation of the balance sheet at 31 December 2004

	Note 5.2.3	Spanish GAAP	Effect of the transition to IFRS	IFRS
ASSETS				
Non current assets		**2,038**	**2,728**	**4,766**
Start-up expenses	a	559	(559)	-
Property, plant and equipment		841	-	841
Goodwill		75	(75)	-
Intangible assets		239	(206)	33
Investments in associates		247	(1)	246
Long-term receivables		77	-	77
Long-term prepayments		-	191	191
Deferred income tax assets	b	-	3,378	3,378
Current assets		**267,370**	**(634)**	**266,736**
Inventories		227,323	(105)	227,218
Trade and other receivables		26,334	200	26,534
Loans and receivables with related parties		10,743	-	10,743
Available-for-sale financial assets		8	-	8
Treasury shares - short-term		57	(57)	-
Cash and cash equivalents		2,233	-	2,233
Prepayments and accrued income	c	672	(672)	-
Total assets		**269,408**	**2,094**	**271,502**
NET EQUITY				
Share capital and reserves attributable to equity holders of the company		**61,221**	**(6,406)**	**54,815**
Share capital	d	8,381	13,083	21,464
Profit for the year attributed to the parent company	e	22,396	(22,396)	-
Retained earnings and other reserves	f	30,444	2,907	33,351
Minority interests	g	**-**	**470**	**470**
Total equity		**61,221**	**(5,936)**	**55,285**
Minority interests	g	**470**	**(470)**	**-**

(thousands of Euros)

	Note 5.2.3	Spanish GAAP	Effect of the transition to IFRS	IFRS
LIABILITIES				
Non current liabilities		**677**	**-**	**677**
Trade and other payables		677	-	677
Current liabilities		**207,040**	**8,500**	**215,540**
Trade and other payables	h	22,334	7,780	30,114
Borrowings	i	178,200	720	178,920
Current income tax liabilities		6,506	-	6,506
Total liabilities		**207,717**	**8,500**	**216,217**
Total equity and liabilities		**269,408**	**2,094**	**271,502**

Set out below is an explanation of the most significant adjustments made to equity:

(a) Start-up and capital increase expenses

Effect on expenses of start-up and capital increase expenses at the transition date (See Note 5.2.2. a)	(452)
(i) Elimination of the amortisation for the year of start-up and capital increase expenses (See Note 5.2.4. b)	124
(ii) Elimination of the increases for the year of start-up expenses (See Note 5.2.4. c)	(19)
(iii) Adjustment to the increases for the year for capital increase expenses (See Note 5.2.3. d)	(212)
Total effect – Increase / (Decrease) in start-up and capital increase expenses	**(559)**

(i) Start-up costs that can be capitalised under GAAP are not under IFRS, and, consequently, the amortisation for the year under local GAAP has been eliminated, bearing in mind the respective tax effect. Capital increase expenses cannot be capitalised, and consequently, amortisation for the year under local GAAP has been eliminated, bearing in mind the respective tax effect.

(ii) In accordance with IAS 38 start-up costs cannot be capitalised as formation expenses and, accordingly, they have been reversed against results, net of their respective tax effect.

(iii) Capital increase expenses are stated after subtracting shareholders' equity.

(thousands of Euros)

(b) Deferred income tax assets

Tax effect of the reversal of start-up and capital increase expenses (See Note 5.2.3 a)	196
Tax effect of the deferral under IFRS of certain income from the cession of purchases options (See Note 5.2.3 h)	2,975
Tax effect of the recognition of commission expenses (See Note 5.2.3 c)	202
Tax effect of other adjustments	5
Total effect – Increase / (Decrease) of deferred tax assets	**3,378**

(c) Prepayments and accrued income

(i) Prepayments for services	(95)
(ii) Prepayments brokering commissions (see Note 5.2.4 c)	(577)
Total effect – Increase / (Decrease) of prepayments and accrued income	**(672)**

(i) Prepayments must be carried under trade and other accounts receivable.
(ii) Prepayments and accrued income related to brokering commissions must be expensed for the year.

(d) Capital

(i) Reclassification of the 2004 share premium reserve (See Note 5.2.3. f)	14,051
Reversal of the capital increase expenses on the transition date net of the tax effect (See Note 5.2.2. a)	(33)
Elimination of the increases in 2004 of the capital increase expenses net of the tax effect (See Note 5.2.3. a)	(138)
(ii) Adjustment to capital increase expenses net of the tax effect (See Note 5.2.4. c)	(740)
(iii) Reclassification of treasury shares	(57)
Total effect – Increase / (Decrease) in capital	**13,083**

(i) In accordance with IFRS, the existing share premium reserve under Spanish GAAP, since it is a contribution made by the shareholders, is considered share capital.
(ii) Under IFRS the capital increase expenses must be deducted from capital, net of the tax effect.
(iii) In respect of treasury shares booked under assets as per Spanish GAAP, under IFRS these must be deducted from Net Equity.

(e) Results for the year attributed to the parent company

Reclassification of results for the year attributed to the parent company (See Note 5.2.3 f)	(22,396)
Total effect – Increase / (Decrease) of results for the year attributed to the parent company	**(22,396)**

(thousands of Euros)

In accordance with IFRS, results attributed to the parent company must be carried under Retained earnings and other reserves.

(f) Retained earnings and other reserves

Reclassification of results attributable to the parent company (See Note 5.2.3. e)	22,396
Reclassification of the share premium reserve (See Note 5.2.3. d)	(14,051)
Impact on Accumulated results of the 2004 IFRS conversion adjustments (See Note 5.2.4.)	(2,447)
Reversal of the start-up expenses net of the tax effect (See Note 5.2.2. a)	(261)
Impact net of the tax effect of the deferral of certain income for cession of purchase options (See Note 5.2.2. d)	(2,535)
Other adjustments	(195)
Total effect – Increase / (Decrease) of accumulated results and other reserves	**2,907**

(g) Minority interests

(i) Reclassification of minority interests as part of net equity	470
Total effect – Increase / (Decrease) of minority interests	**470**

(i) In accordance with IFRS, minority interests must be stated under net equity.

(h) Current creditors and other accounts payable

(i) Accumulated deferral of certain income from cessions of purchase options under IFRS	8,500
(ii) Reclassification of borrowings received from third parties as part of borrowings (see Nite 5.2.3 i)	(720)
Total effect – Increase / (Decrease) Non-current creditors and other accounts payable	**7,780**

(i) Under IFRS, the income relating to certain premiums receipts for the cession of purchase options has been deferred until their respective contracts are exercised or expire.
(ii) Under IFRS both borrowings from third parties and interest accrued and not paid must be reclassified as borrowings.

(thousands of Euros)

(i) Borrowings

Reclassification of borrowings received from third parties as part of borrowings (see Note 5.2.3 h)	720
Total effect – Increase / (Decrease) Non current creditors and other accounts payable	**720**

(j) Opening conversion adjustments against retained earnings and other reserves

Reversal of star-up and capital increase expenses (see Note 5.2.2 a)	(452)
Deferred tax assets (see Note 5.2.2 b)	1,529
Renenue recognition (see Note 5.2.2 d)	(3,900)
Other adjustments	(168)
Total effect – Increase / (Decrease) Initial retained earnings and other reserves	**(2,991)**

5.2.4 Reconciliation of the income statement for the year ended 31 December 2004:

	Note 5.2.4	Spanish GAAP (Expenses)/ Income	Effect of the transition to IFRS	IFRS (Expenses) / Income
Revenue	a	225,475	(5,886)	219,589
Other income		3,163	-	3,163
Purchase costs and changes in inventories	f	(169,659)	(10)	(169,669)
Employee benefit expense		(7,432)	-	(7,432)
Amortisation, depreciation and impairment losses	b	(758)	464	(294)
Other operating expenses	c	(13,590)	3,137	(10,453)
Local taxes		(3,495)	-	(3,495)
Gross operating profit		**33,704**	**(2,295)**	**31,409**
Net financial expenses	d	(4,098)	(1,697)	(5,795)
Participation in profit of associates		84	-	84
Amortisation of consolidation goodwill	f	(12)	12	-
Extraordinary results	f	(60)	60	-
Consolidated profit before tax		**29,618**	**(3,920)**	**25,698**
Income tax	e	(6.776)	1,476	(5,300)
Consolidated profit before minority interests		**22,842**	**(2,444)**	**20,398**
Results attributed to minority interests	f	(446)	(3)	(449)
Profit for the year		**22,396**	**(2,447)**	**19,949**

(thousands of Euros)

Set out below is an explanation of the most significant adjustments to the income statement:

(a) Revenue

(i) Reclassification as Decrease in sales income of the cost of the profitability agreements	(279)
Effect of the deferral as per IFRS of certain income from cessions of purchase options (See Notes 5.2.2 d y 5.2.3 h)	(4,600)
(ii) Reclassification of the income for reinvoicing of services to third parties is deducted from other operating expenses (See Note 5.2.4 c)	(1,124)
(iii) Reclassification of extraordinary income	117
Total effect – Increase / (Decrease) ordinary income	**(5,886)**

(i) In the financial statements prepared in accordance with local accounting principles, the costs related to the return granted to customers in connection with the purchase of a property were treated as part of the cost of sales. Under IFRS they are treated as a discount on the sale price.

(ii) In the financial statements prepared in accordance with local accounting principles, the income from the reinvoicing of costs of services rendered on behalf of third parties were classified as part of income for services rendered. However, in the preparation of consolidated financial statements in accordance with IFRS, it is treated as less expense.

(iii) The financial statements prepared in accordance with local accounting principles carry certain extraordinary income, which, in the consolidated financial statements under IFRS has been treated as other operating income.

(b) Fixed asset depreciation and amortisation

Reclassification of the amortisation of transfer rights (See Note 5.2.4 c)	51
(i) Elimination of the amortisation of the start-up and capital increase expenses (See Note 5.2.3 a)	124
(ii) Reclassification of the variation in the provision for inventories to purchase costs and changes in inventories	289
Total effect – (Increase) / Decrease in depreciation and amortisation of fixed assets	**464**

(i) The capital increase expenses in accordance with IFRS are not amortised, accordingly, the amortisation of these expenses carried in accordance with Spanish accounting principles has been eliminated. start-up costs in accordance with IFRS cannot be capitalised, accordingly, the amortisation of these expenses stated under Spanish accounting principles has been eliminated.

(ii) Under IFRS the variation in the provision for inventories has been reclassified to the consumption of goods for resale, since this is one more component of their cost.

(thousands of Euros)

(c) Other operating expenses

Reclassification of the amortisation of the transfer rights (See Note 5.2.4. b)	(51)
(i) Reclassification of the financial expenses related to the joint ventures (See Note 5.2.4 d)	898
Reclassification of the income for reinvoicing services to third parties must be deducted from other operating expenses (See Note 5.2.4. a)	1,124
Elimination of the capitalisations of 2004 start-up expenses (See Note 5.2.3. a)	(19)
(ii) Reclassification of extraordinary expenses	(177)
(iii) Adjustment of capital increase expenses (See Note 5.2.3. d)	1,138
(iv) Reclassification of mortgage formalisation expenses (See Note 5.2.4. d)	805
Adjustment to the broker commission expense (See Note 5.2.3 c)	(577)
Other adjustments	(4)
Total effect – (Increase) / Decrease of other operating expenses	**3,137**

(i) Relates to the reclassification of shared operation costs that form part of financial results since these are costs related to financing that the Group receives from third parties.
(ii) The financial statements prepared in accordance with local accounting principles carry certain extraordinary expenses, which, in the consolidated financial statements under IFRS have been treated as other operating expenses.
(iii) As per IFRS the capital increase expenses must be deducted from capital, net of the tax effect. The gross amount totals Euros 1,138 thousand and the tax effect comes to Euros 398 thousand. (See Note 5.2.3. d)
(iv) In accordance with IFRS, the Company valuates mortgage debt at amortised cost calculated under the effective interest rate method. Consequently, mortgage formalisation expenses must be considered as part of financial expenses since they are taking into account when the effective interest rate method is used.

(d) Net financial expense

Reclassification of mortgage formalisation expenses (See Note 5.2.4 c)	(805)
Reclassification of financial expenses for loans from non financial institutions (See Note 5.2.4 c)	(898)
Other adjustments	6
Total effect – (Increase) / Decrease in net financial expense	**(1,697)**

(e) Deferred income tax

Impact on the income statement of deferred income tax liabilities	99
(i) Impact on the profit and loss account of deferred income tax assets	1,377
Total effect – Increase / (Decrease) Deferred income tax	**1,476**

(thousands of Euros)

(i) The impact on the profit and loss account of deferred income tax assets arising from adjustments in the transition from Spanish accounting principles to IFRS is as follows.

	Gross Amount	Tax Effect	Net amount
Elimination of the amortisation for the year of start-up and capital increase expenses (See Note 5.2.4 b)	124	(43)	81
Elimination of the increases for the year in start-up expenses	(19)	7	(12)
Effect of the adjustment to the broker commission expenses (See Note 5.2.4 c)	(577)	202	(375)
Effect of the deferral as per IFRS of certain income from the cession of purchase options (See Note 5.2.4 a)	(4,600)	1,610	(2,990)
Effect of the reclassification of the capital increase expenses (See Note 5.2.4. c)	1,138	(398)	740
Other adjustments	2	(1)	1
Total effect	**(3,932)**	**1,377**	**(2,555)**

(f) Other adjustments and reclassifications

Other adjustments and reclassifications	59
Total effect – Increase / (Decrease) results of the Group	**59**

These include adjustments that are individually insignificant in disclosure terms.

6. Segment information

6.1 Primary format of presentation segment reporting: business segments

At 31 December 2005, the Group is organised European-wide into three main business segments.

(i) Residential refurbishment
(ii) Building transformation
(iii) Land transformation

(thousands of Euros)

The main accounts for the year ended 31 December 2004 are:

Account	Residential refurbishment	Building transformation	Land transformation	Not assigned	Total Consolidation
Revenue (Note 20.1)	123,519	85,732	9,262	1,076	219,589
- External	123,519	85,732	9,262	1,076	219,589
- Other segments	-	-	-	-	-
Purchase costs and changes in inventories	(101,774)	(60,997)	(6,898)	-	(169,669)
Segment result	21,745	24,735	2,364	1,076	49,920
Total assets	113,534	92,240	24,888	20,840	271,502
Total liabilities	104,878	75,128	14,619	21,592	216,217

The main accounts for the year ended 31 December 2005 are:

Account	Residential refurbishment	Building transformation	Land transformation	Not assigned	Total Consolidation
Revenue (Note 20.1)	171,065	103,140	46,638	-	320,843
- External	171,065	103,140	46,638	-	320,843
- Other segments	-	-	-	-	-
Purchase costs and changes in inventories	(140,804)	(79,265)	(22,623)	-	(242,692)
Segment result	30,261	23,875	24,015	-	78,151
Total assets	134,066	84,063	160,981	15,180	394,290
Total liabilities	113,419	69,201	104,296	22,380	309,296

The accounting policies for all business segments are the same as the mentioned for the whole Group in Note 2 of these financial statements.

6.2 Secondary format of presentation segment information: geographic segments

The three business segments of the Group operate mainly in two geographical areas, although they are managed on a European basis.

Spain is the country of origin of the Group, and it is the main geographic area in which it operates.

REVENUE	2005	2004
Domestic	296,769	204,205
Foreign	24,074	15,384
	320,843	**219,589**

(thousands of Euros)

The revenue is assigned depending on the country in which the asset is located.

ASSETS	2005	2004
Domestic	305,094	247,918
Foreign	89,826	23,584
	394,920	**271,502**

Total assets are assigned on the basis of the location of the assets.

Breakdown of revenue by segment of activity and geography:

	2005		2004	
	Domestic	Foreign	Domestic	Foreign
Residential refurbishment	146,991	24,074	108,135	15,384
Building transformation	103,140	-	85,732	-
Land transformation	46,638	-	9,262	-
Other	-	-	1,076	-
	296,769	**24,074**	**204,205**	**15,384**

7. Property, plant and equipment

The breakdown and movements of different categories of property, plant and equipment are shown in the following table:

	Land and buildings	Other plant, tools and furniture	Other fixed assets	Total
At 1 January 2004				
Cost	51	498	295	844
Accumulated depreciation	(4)	(65)	(115)	(184)
Net book value	47	433	180	660
Year ended 31 December 2004				
Opening net book value	47	433	180	660
Additions	-	267	103	370
Disposals	-	(54)	(5)	(59)
Depreciation charge	(1)	(59)	(70)	(130)
Net book value	46	587	208	841
At 31 December 2004				
Cost	51	709	391	1.151
Accumulated depreciation	(5)	(122)	(183)	(310)
Net book value	46	587	208	841

(thousands of Euros)

	Land and buildings	Other plant, tools and furniture	Other fixed assets	Total
Opening net book value	46	587	208	841
Additions	-	218	143	361
Depreciation charge	(1)	(85)	(89)	(175)
Net book value	45	720	262	1,027
At 31 December 2005				
Cost	51	927	534	1,512
Accumulated depreciation	(6)	(207)	(272)	(485)
Net book value	45	720	262	1,027

The book value of tangible assets fully depreciated totals Euros 64 and Euros 7 thousand at 31 December 2005 and 2004, respectively.

Assets located outside Spain total Euros 12 thousand (2004: Euros 20 thousand)

The Group holds proper title to all the assets carried in its books, which are free of liens, charges and mortgages, and, which are, therefore, freely available.

8. Intangible assets

The breakdown and movement of intangible assets are set out below:

	Computer Software	Total
At 1 January 2004		
Cost	36	36
Accumulated amortisation	(7)	(7)
Net book value	29	29
Year ended 31 December 2004		
Additions	14	14
Disposals	-	-
Amortisation charge	(10)	(10)
At 31 December 2004	33	33
Cost	50	50
Accumulated amortisation	(17)	(17)
Net book value	33	33
Year ended 31 December 2005		
Additions	114	114
Amortisation charge	(16)	(16)
At 31 December 2005	131	131
Cost	164	164
Accumulated amortisation	(33)	(33)
Net book value	131	131

(thousands of Euros)

9. Investments in associates

The movement of investment in associates is set out below:

	Masella Oeste S.L.,	Mixta África S.A.	Total
At 1 January 2004	162	**-**	162
Participation in results	84	-	84
At 31 December 2004	246	**-**	246
Investments in associates	-	290	290
Participation in results	231	(272)	(41)
At 31 December 2004	477	18	495

The shareholding of the Group is held in non-listed companies, which main details are as follows:

Name	Country of incorporation	% shareholding	Assets	Liabilities	Operating income	Profit (loss)
2004						
Masella Oeste S.L.,	Spain	40%	5,260	4,642	5,420	209
2005						
Masella Oeste S.L.,	Spain	40%	1,953	757	6,069	578
Mixta África S.A.	Spain	48%	3,653	3,600	-	(547)
RC Fundación Marruecos Tánger S.A.R.L	Morrocco	(1)	3,222	2,969	-	(20)

(1) Fully participated by Mixta África, S.A.

The Group has not performed any transaction with Masella Oeste, S.L. during the years 2004 and 2005.

The volume of transactions with Masella Oeste, S.L., Mixta África, S.A and RC Fundación Marruecos Tánger, S.A. in 2004 and 2005 is as follows:

	Mixta África, S.A.	R C Fundación Marruecos Tánger, S.A.	Total
Rendering of services	434	-	434
Financial income	-	7	7

The balances at the 2004 and 2005 year end arising from sales and purchases of assets are as follows:

	Masella Oeste S.L.		Mixta África, S.A.	RC Fundación Marruecos Tánger, S.A.
	2005	2004	2005	2005
Receivables	-	14	-	-

(thousands of Euros)

The balances at the 2004 and 2005 year end arising from loans are as follows:

	Masella Oeste, S.L.		Mixta África, S.A.	RC Fundación Marruecos Tánger, S.A.
	2005	2004	2005	2005
Loans to associated companies	-	-	1,797	-

On 31 May 2005 a credit facility agreement was entered into by virtue of which Renta Corporación Real Estate, S.A. undertakes to provide Mixta África, S.A. a loan up to Euros 3,000 thousand. The initial term of the agreement is one year, extendible for new terms of one year each. The interest rate is set at Euribor at 3 months plus 0.75%.

10. Trade and other receivables

	2005	2004
Trade debtors for sales and services	41,881	10,039
Trade receivables with associated companies	-	14
Loans to associated companies	1,797	-
Other accounts receivable	5,887	4,475
Deposits - short-term	474	403
VAT and other tax receivables	14,208	11,603
Total short-term receivable	64,247	26,534
Deposits - long-term	142	77
Long-term prepayments	245	191
Total long-term receivables	387	268

Other accounts receivable basically carries provisions for notaries and solicitors.

Long-term prepayments includes the transfer rights on operating rental contracts to be deferred over the term of the rental contract.

The movement in deposits and deposits is as follows:

	Non-current	Current	Total
Opening balance at 1 January 2004	**53**	**791**	**844**
Increases	25	853	878
Decreases	(1)	(1,241)	(1,242)
Closing balance at 31 December 2004	**77**	**403**	**480**
Additions	84	593	677
Decreases	(19)	(522)	(541)
Closing balance at 31 December 2005	**142**	**474**	**616**

(thousands of Euros)

The breakdown of VAT and other tax receivables is as follows:

	2005	2004
VAT receivables	13,772	11,110
Municipal taxes	1	493
Tax credit	435	-
	14,208	**11,603**

The tax credit for tax loss carryforwards to be offset relate to 30% of the losses incurred by the subsidiary Renta Properties (UK), Limited, which the Group expects to be able to offset with the profit of future years.

There is no credit risk concentration in the debtor accounts for sales and services, given that the Group collects in cash on almost all its operations when the public deed is executed. Notwithstanding the above, during the year losses for bad debts of Euros 99 thousand have been recorded (2004: Euros 154 thousand).

11. Inventories

	2005	2004
Land and plots	106,805	26,026
Building acquired for refurbishment and construction	198,745	192,643
Works in progress	1,343	589
Purchase options	16,680	8,249
Provisions	(39)	(289)
	323,534	**227,218**

The cost of inventories recognised as expense and included in purchase costs and changes in inventories at 31 December 2004 and 2005 totals Euros 169,669 thousand and Euros 242,692 thousand respectively. (Note 21)

Buildings acquired for refurbishment at 31 December 2004 and 2005 includes interest capitalised in the amount of:

	2005	2004
Interest capitalised	3,190	1,753

Inventories at 31 December 2004 and 2005 include buildings and land under mortgage-backed loans carried under Borrowings (in current liabilities) totalling:

	2005	2004
Inventories under mortgage-backed loans	231,163	215,312
Mortgage-backed loans (See Note 18)	163,280	159,356

The options carried at 31 December 2005 relate to operations that will be undertaken from 2006 to 2008. The premiums on the purchase options at 31 December 2005 maturing in the 2007 and 2008 total Euros 1,302 thousand and Euros 400 thousand, respectively. The amount of the underlying asset optioned totals Euros 517,764 thousand.

The purpose of the purchase options is the acquisition of buildings that will become part of the Group's activity.

The loss on impairment of inventories stated in the profit and loss account for the year ended 31 December 2004 total Euros 289 thousand and for the year ended 31 December 2005 has cancelled provision by Euros 250 thousand.

On December the 1st, 2005 Renta Corporacion Real Estate ON and the city council of Barcelona signed a protocol for the urban development of the area of the former factory of Coats Fabra, located in Sant Andreu and the surrounding area, which is owned by the Group. The parties will comply with the agreements established in the protocol in the following way:

1. In the first phase, during the month of December 2005, the Group has exchanged part of the land of the factory with other properties owned by the city council of Barcelona.

2. In the second phase Renta Corporacion Real Estate ON will transfer to the city council of Barcelona the remaining portion of land (with the industrial buildings located thereon). As compensation, the city council of Barcelona will grant to the Group, within nine months, an amount of square meters available for free development in specific areas indicated by the city council. The properties involved in the second phase amount to 6,865 thousand of euros as of December 31, 2005.

3. In the final step for the completion of the protocol, the Group committed itself to selling to the city council of Barcelona (or whomever the council designates), within one year from the signing of the protocol, an existing building measuring 14,368 square meters with 3,592 square meters of land, whose carrying value, as of December 31, 2005 is Euro 9,580 thousand.

In the protocol the parties agreed that the Group will bear the expenses related with the urbanization and restructuring of the buildings located in the area of Coats Fabra. The Group will also have to pay an amount of 4,178 thousand of euros, which is a tax charged by the city council of Barcelona.

The income statement carries the income from inventories (buildings) leased temporarily to third parties until they are ready to be sold. The amount of these leases totals Euros 2,535 thousand (2004: Euros 3,046 thousand). (Note 20.2)

(thousands of Euros)

12. Cash and cash equivalents

	2005	2004
Cash and banks	3,180	2,233

The balance at 31 December 2004 and 2005 is entirely made up of cash on hand and deposits in current accounts in banks.

13. Share capital

	Capital (Nota 13.2)	Treasury shares (Note 13.3)	Share premium reserve (Note 13.5)	Total
At 1 January 2004	8,089	(553)	599	8,135
Balance at 31 December 2004	8,381	(57)	13,140	21,464
Balance at 31 December 2005	21,949	(94)	(428)	21,427

13.1 Movement in the number of shares

The movement in the number of shares has been as follows:

	Number of ordinary shares
At 1 January 2004	1,926,062
Capital reduction from reduction of treasury shares	(68,970)
Increase in capital	138,299
Balance at 31 December 2004	1,995,391
Split	19,953,910
Balance at 31 December 2005	21,949,301

All shares are fully subscribed and paid and enjoy the same rights.

The par value of each share in 2004 and 2005 has been as follows:

	From	To	Par value (euros)
	1-1-04	22-04-05	4.20
	22-04-05	31-12-05	1.00

13.2 Movement in share capital

	Ordinary shares Par value (thousand)	Treasury shares Par value (thousand)	Total (thousand)
At 1 January 2004	8,047	42	8,089
Acquisitions (Note 13.3)	(257)	257	-
Capital reduction from reduction of treasury shares (Note 13.3)	-	(289)	(289)
Increase in capital	581	-	581
Balance at 31 December 2004	8,371	10	8,381
Increase in capital charges against the share premium reserve	13,552	16	13,568
Acquisitions (Note 13.3)	(21)	21	-
Sales (Note 13.3)	18	(18)	-
Balance at 31 December 2005	21,920	29	21,949

On 27 December 2004 the Extraordinary General Meeting of Shareholders agreed to increase the share capital of the Company by Euros 581 thousand to Euros 8,381 thousand by issuing 138,299 registered shares with a par value of Euros 4.20 each, with a share premium of Euros 97.03 per share, all of which are fully subscribed and paid.

On 22 April 2005 the Extraordinary General Meeting of Shareholders agreed to increase the share capital of the Company by raising the par value of the shares by Euros 6.80 each, charged against the share premium reserve, and maintaining the same number of shares, so that the share capital after the increase came to Euros 21,949 thousand, with the number of shares in circulation totalling 1,995,391, with a par value of Euros 11 each (Note 13.2).

After the above-mentioned capital increase was adopted, and on the same day, it was agreed to split the number of shares by decreasing the par value to Euro 1, in order to obtain a larger number of shares. The share capital and net equity remain unchanged, and the only thing that has increased is the number of shares in circulation. Thus, 11 new shares for each old share were issued, and share capital was set at Euros 21,949 thousand while the number of shares in circulation was set at 21,949,301 with a par value of euros 1 each.

13.3 Operation with treasury shares and purchase options

	Purchase options on treasury shares	Treasury shares	Total
At 1 January 2004	(543)	(10)	(553)
Balance at 31 December 2004	-	(57)	(57)
Balance at 31 December 2005	-	(94)	(94)

(thousands of Euros)

The Company at the beginning of 2004 had a purchase option contract on treasury shares for which it paid a Premium of Euros 543 thousand. During 2004 it has exercised the option by purchasing 58,371 shares at price of Euros 58.02 per share.

The movement in treasury shares during 2004 and 2005 has been as follows:

	Number	Par value	Average adquisition/ sale price	Cost	Purchase option	Total
Balance at 01-01-04	10,021	(42)	-	(10)	(543)	(553)
Acquisitions	61,253	(257)	0.05632	(3,450)	-	(3,450)
Capital reduction from reduction of treasury shares	(68,970)	289	-	3,403	543	3,946
Balance at 31-12-04	2,304	(10)		(57)	-	(57)
Acquisitions	1,926	(21)	0.0489	(94)		(94)
Balance before the capital increase by increasing the par value of the shares charged to the share premium reserve	4,230	(31)		(151)		(151)
Balance after the capital increase by increasing the par value of the shares charged to the share premium reserve	4,230	(47)		(151)		(151)
Balance after the split of the par value of the shares	46,530	(47)		(151)		(151)
Disposals	(17,560)	18	0.00325	57		57
Balance at 31-12-05	28,970	(29)		(94)		(94)

The Board of Directors of the Company agreed on 27 July 2004 to empower the Chairman of the Board of Directors, so that in the name and behalf of the company he could acquire through purchase-sale, within a maximum period of 15 days, 578 shares, numbering from 29,604 to 30,181, both inclusive, fully subscribed and paid, at a price of Euros 6 Thousand.

The Extraordinary General Meeting of Shareholders agreed on 8 September 2004 to authorise the acquisition of 58,371 shares at a price of Euros 58.02 per share.

The Extraordinary General Meeting of Shareholders agreed on 30 November 2004 to authorise the acquisition of a maximum of 4,787 shares at a minimum and maximum price of Euros 21 and 50 per share, respectively. Finally, during 2004, 2,304 shares were acquired, failing to reach the 4,787 shares mentioned at said Meeting of Shareholders.

The Extraordinary General Meeting of Shareholders agreed on 8 September 2004 to reduce the share capital of the Company through the reduction and cancellation of 68,970 fully subscribed and paid ordinary registered shares with a par value of Euros 4.20 each.

(thousands of Euros)

On 21 January 2005, as the result of the exercising the option right on the purchase of shares of the Company held by ex-member of the management, 1,926 treasury shares were acquired for an amount of Euros 94 thousand.

The final purpose of the treasury shares is their sale.

13.4 Rules on the transfer of shares

On 25 March 2002 The Extraordinary General Meeting of Shareholders agreed to modify the share transfer rules set out in the Articles of Association, stipulating that *inter-vivo* voluntary share transfers for consideration would be permitted if made to a spouse, ascendants, descendants or brothers or sisters of the transferring shareholder or of another shareholder. In the event that the transfer is made to third parties a procedure has been set up through which the Company can exercise a preferential purchase option right.

Mortis causa transfers will be governed by the former share transfer limit rules.

Except for the 3i Capital Participation Agreement, by virtue of which the parties are subject to certain regulations on the transfer of shares, no restrictions have been adopted by the members of the governing, oversight and management bodies and top managers of the Company in relation to the disposal within a specific period of time of their shares in the Company. The 3i Capital Participation Agreement is expected to terminate once the company is floated on the Stock Exchange.

13.5 Share premium reserve

	Capital increase expenses	Share premium reserve	Total
At 1 January 2004	(33)	632	599
Capital increase	(878)	13,419	12,541
Balance at 31 December 2004	(911)	14,051	13,140
Increase in capital charges against the Share premium reserve		(13,568)	(13,568)
Balance at 31 December 2005	(911)	483	(428)

On 27 December 2004 the Extraordinary General Meeting of Shareholders of Renta Corporación Real Estate, S.A. agreed to increase the share capital of the Company, by issuing 138,299 shares with a par value of Euros 4.20 each, with a share premium of Euros 97.03 per share, which generated a share premium reserve of Euros 13,419 thousand. The capital increase expenses related to this operation totalled Euros 878 thousand net of the tax effect.The Spanish Companies Act expressly permits the use of the share premium balance to increase share capital and does not establish any restrictions in relation to the distributability of this balance.

As indicated in Note 13.2, share capital has been increased as a result of the increase of the par value of the shares in 2005 against the share premium reserve.

(thousands of Euros)

13.6 Main shareholders

The Company's main shareholders at 31 December 2005 holding more than 5% director indirect control are as follows:

Name	Number of shares			% of control
	Direct	Indirect	Total	
Luis Rodolfo Hernández de Cabanyes	1,000,450	8,205,505	9,205,955	41.942%
Fundación Renta Corporación	1,438,811	847,902	2,286,713	10.419%
3i Group Plc.	1,222,463	950,807	2,173,270	9.901%
Josep-Maria Farré Viader	25,135	1,684,287	1,709,422	7.789%
Esther Elisa Giménez Arribas	1,100	1,155,803	1,156,903	5.271%

14. Cumulative translation adjustment

Renta Properties UK, Ltd. was acquired in December 2004 and, accordingly, in that year no translation adjustments were generated. The movement in 2005 has been as follows:

	Translation
31 December 2004	**-**
Translation adjustments:	
– Group	(7)
– Associates	-
31 December 2005	(7)

(thousands of Euros)

15. Retained earnings and other reserves

	Legal reserve	Other reserves of the parent company	Reserves in fully consolidated companies	Reserves in companies consolidated by the equity method	Retained earnings	Total retained earnings and other reserves
Balance at 1 January 2004	**718**	**7,379**	**(3,413)**	**(20)**	**13,768**	**18,432**
Distribution of 2003 income	900	(516)	13,317	67	(13,768)	**-**
Dividends	-	9,584	(11,500)	-	-	**(1,916)**
Capital reduction	-	(3,114)	-	-	-	**(3,114)**
Income for the year	-	-	-	-	19,949	**19,949**
Balance at 31 Demember 2004	**1,618**	**13,333**	**(1,596)**	**47**	**19,949**	**33,351**
Distribution of 2004 income	**59**	**(1,007)**	**20,813**	**84**	**(19,949)**	**-**
Dividends	-	4,313	(7,300)	-	-	**(2,987)**
Profit obtainend with treasury shares	-	**104**	-	-	-	**104**
Income for the year	-	-	-	-	32,502	**32,502**
Balance at 31 December 2005	**1,677**	**16,743**	**11,917**	**131**	**32,502**	**62,970**

15.1 Movements in reserves and retained earnings during 2004

Legal reserve

Due to the fact that the legal reserve as per article 214 of the Spanish Companies Act was not fully constituted, the parent Company allocated Euros 900 thousand of 2003 profit to it until it reached 20% of share capital.

Other reserves of the parent company

The reserves of the parent company have been increased as a result of the receipt of dividends from its subsidiaries totalling Euros 11.500 thousand, and have decreased as a result of the distribution of a dividend of Euros 1,916 thousand, adopted by the General Meeting of Shareholders of 16 April 2004. In accordance with current legislation in Spain, the parent Company has a treasury shares reserve totalling Euros 57 thousand.

Reserves in fully consolidated companies

The movement in Reserves in fully consolidated companies in 2004 has been as follows:

(thousands of Euros)

	Renta Corporación Real Estate R.A. S.A.U.	Renta Corporación Real Estate G.O., S.L.U.	Renta Corporación Real Estate O.N., S.A.U. S.A.S.U.	Groupe Immobilier Renta Corporación S.L.	Renta Corporación Real Estate, Patrimonio	Total
Balance at 1 January 2004	(305)	(2,450)	(381)	(179)	(98)	(3,413)
Inclusion of 2003 income	3,162	7,419	1,988	(3)	751	13,317
Reclassification of 2004 dividends	(3,000)	(7,000)	(1,500)	-	-	(11,500)
Balance at 31 December 2004	(143)	(2,031)	107	(182)	653	(1,596)

The General Meeting of Shareholders of Renta Corporación Real Estate R.A., S.A.U, of 15 April 2004, agreed to distribute a dividend of Euros 3,000 thousand.

The General Meeting of Shareholders of Renta Corporación Real Estate G.O, S.L.U, of 15 April 2004, agreed to distribute a dividend of Euros 7,000 thousand.

The General Meeting of Shareholders of Renta Corporación Real Estate O.N., S.A.U, of 15 April 2004, agreed to distribute a dividend of Euros 1,500 thousand.

Reserves in companies consolidated by the equity method

The movement in Reserves in companies consolidated by equity accounting in 2004 has been as follows:

	Masella Oeste S.L.,	Total
Balance at 1 January 2004	(20)	(20)
Inclusion of 2003 results	67	67
Balance at 31 December 2004	47	47

Retained earnings

Retained earnings have increased as a result of the inclusion of 2004 profit of Euros 19,949 thousand.

15.2 Movement in retained earnings and reserves in 2005

Legal reserve

Due to the fact that the legal reserve as per article 214 of the Spanish Companies Act was not fully constituted, the parent Company allocated Euros 59 thousand of 2004 profit to it until it reached 20% of share capital.

(thousands of Euros)

Other reserves of the parent company

The reserves of the parent company have been increased as a result of the receipt of dividends from its subsidiaries totalling Euros 7,300 thousand, and have decreased as a result of the distribution of a dividend of Euros 2,987 thousand, adopted by the General Meeting of Shareholders of 3 March 2005, which had been proposed by the Board of Directors on 4 February 2005. In accordance with current legislation in Spain, the parent Company has treasury shares reserve totalling Euros 94 thousand.

The parent company has sold treasury shares for a profit amounting to Euros 104 thousand, increasing its reserves in the same amount.

Reserves in fully consolidated companies

The movement in Reserves in fully consolidated companies in 2005 has been as follows:

	Renta Corporación Real Estate R.A. S.A.U.	Renta Corporación Real Estate G.O., S.L.U.	Renta Corporación Real Estate O.N., S.A.U. S.A.S.U.	Groupe Immobilier Renta Corporación S.L.	Renta Corporación Real Estate, Patrimonio	Renta Properties (UK) Limited	Total
Balance at 31 December 2004	(143)	(2,031)	107	(182)	653	-	(1,596)
Inclusion of 2004 results	4,599	288	989	556	14,394	(13)	20,813
Reclassification of dividends for the year 2005	(3,000)	(2,800)	(1,500)	-	-	-	(7,300)
Balance at 31 December 2004	1,456	(4,543)	(404)	374	15,047	(13)	11,917

Reserves in companies consolidated by the equity method

The movement in Reserves in companies consolidated by equity accounting in 2005 has been as follows:

	Masella Oeste S.L.	Total
Balance at 31 December 2004	47	47
Inclusion of 2004 results	84	84
Balance at 31 December 2004	131	131

15.3 Legal reserve

This reserve is not available for distribution and if it is used to offset losses should no other reserves be sufficiently available, it must be replenished out of future profits.

(thousands of Euros)

15.4 Other reserves of the parent company

Under Spanish legislation, the Company must set up a treasury shares reserve in an amount equal to the amount paid for the acquisition of the treasury shares. The remainder is allocated to voluntary reserves, which are freely available for distribution.

15.5 Reserves in fully consolidated companies

Includes restricted reserves as follows:

	2005	2004
Renta Corporación Real Estate R.A., S.A.U.	100	100
Renta Corporación Real Estate G.O., S.L.U.	37	37
Renta Corporación Real Estate O.N., S.A.U.	24	24
Groupe Immobilier Renta Corporación, S.A.S.U.	4	-
Renta Corporación Real Estate Patrimonio, S.L.	1	1
Renta Properties (UK), Limited	-	-
	166	162

The individual reserves of each company, as well as results for the year, are freely distributable, due to the fact that there are no restrictions on their distribution.

15.6 Reserves in companies consolidated by the equity method

Includes restricted legal reserves totalling Euros 6 thousand in 2004 and Euros 38 thousand in 2005.

15.7 Profit for the year

The contribution of each company in the consolidation to consolidated income, and the part relating to minority interests is as follows:

Company	2005		2004	
	Consolidated income	Income attributed to minority interests	Consolidated income	Income attributed to minority interests
Renta Corporación Real Estate, S.A.	(2,872)	-	(947)	-
Renta Corporación Real Estate R.A., S.A.U.	7,049	-	4,599	-

(thousands of Euros)

Company	2005		2004	
	Consolidated income	Income attributed to minority interests	Consolidated income	Income attributed to minority interests
Renta Corporación Real Estate G.O., S.L.U.	12,329	-	288	-
Renta Corporación Real Estate O.N., S.A.U.	12,054	-	989	-
Groupe Immobilier Renta Corporación, S.A.S.U.	718	-	556	-
Renta Corporación Real Estate Patrimonio, S.L.	3,756	134	14,394	449
Renta Properties (UK), Limited	(491)	-	(13)	-
Masella Oeste S.L.	231	-	83	-
Mixta África S.A.	(272)	-	-	-
	32,502	**134**	**19,949**	**449**

The proposed distribution of 2005 results and other reserves of the parent Company to be presented to the General Meeting of Shareholders, as well as the adopted distribution for 2004 is as follows:

	2005	2004
Basis of distribution		
Income for the year	12,995	1,106
Distribution		
Legal reserve	1,300	58
Retained earnings	1,609	1,048
Dividends	10,086	-
	12,995	1,106

16. Minority interests

	Renta Corporación Real Estate Patrimonio, S.L.
1 January 2004	**21**
Share in income	449
31 December 2004	**470**
Share in income	134
31 December 2005	**604**

(thousands of Euros)

17. Trade and other payables

	2005		2004	
	Current	Non current	Current	Non current
Trade creditors	58,916	-	13,243	-
Amounts owing to related parties	629	-	905	-
Outstanding remuneration	819	-	1,000	-
Other payables	527	27	10,301	677
Deferred income	6,000	-	-	-
Deposits received from customers	11,362	-	1,051	-
Social Security and other taxes	2,965	-	3,614	-
	81,218	27	30,114	677

For the year ending 31 December 2005, current deferred income includes the income deferred for a sale that will accrue in 2006.

For the year ending at 31 December 2004, Other payables include the debt of certain purchase option premiums ceded to third parties amounting to Euros 8,500 thousand.

Other payables for the year 2004 include, amongst others, two income guarantee agreements with real estate companies, which are broken down by expiry as follows:

2005	2006	2007
620	629	48

Other payables for the year 2005 include with reference to the income guarantee agreements with real estate companies mentioned before, which are broken down by expiry as follows:

2006	2007
508	27

Other payables also includes, for the year ending at 31 December 2004, an amount pending payment of Euros 1,000 relating to the payment for the purchase of shares of the Company from one of its shareholders.

(thousands of Euros)

18. Borrowings

	2005	2004
Current		
Loans/credit facilities with financial institutions	51,118	18,474
Mortgage-backed loans	163,280	159,356
Amounts owing to third parties	700	660
Interest debt	1,031	430
Total borrowings	216,129	178,920

Although the maturity of certain financial payables is not current, they are classified as current, as is the asset financed, since they offset each other when the asset is sold.

The movement in borrowings during 2004 and 2005 have been as follows:

	Loans from financial institutions	Mortgage-backed loans	Amounts owing to third parties	Interest debt	Total
At 1 January 2004	23,585	86,660	1,486	1,005	112,736
Financing	180,270	194,742	660	-	375,672
Cancellation of financing	(185,381)	(122,046)	(1,486)	-	(308,913)
Interest charges	-	-	-	5,786	5,786
Interest paid	-	-	-	(6,361)	(6,361)
Balance at 31 December 2004	18,474	159,356	660	430	178,920
Financing	261,830	146,667	700	-	409,197
Cancellation of financing	(229,186)	(142,743)	(660)	-	(372,589)
Interest charges	-	-	-	7,501	7,501
Interest paid	-	-	-	(6,900)	(6,900)
Balance at 31 December 2005	51,118	163,280	700	1,031	216,129

The Group has credit facilities with the following amounts drawn and not drawn down and maximum credit limits at 31 December 2004 and 2005.

2005		2004	
Amount drawn down	**Maximum credit limit**	**Amount drawn down**	**Maximum credit limit**
51,117	75,207	18,474	55,345

Mortgage-backed loans are guaranteed by buildings owned by different Group companies and carried under inventories (Note 11).

(thousands of Euros)

The average interest rate obtained during 2004 fluctuated between 3% and 3.5% p.a. for mortgage-backed loans and credit facilities, while in 2005 the average interest rate for mortgage-backed loans and for credit facilities has been 3.5 %p.a.

Borrowings, at 31 December 2004, also includes the amounts received from third parties totalling Euros 660 thousand formalised by means of loan agreements maturing in 2005 and accruing interest at the rate of 10% p.a. At 31 December 2005 includes a new amount granted to Shonan Investments, S.L. totalling Euros 700 thousand and accruing interest at the rate of 3% p.a.

Interest accrued and not settled at the year 2004 and 2005 end totals Euros 430 and 1,031 thousand.

The book value of borrowings of Group is denominated in the following currencies:

	2005	2004
Euros	203,582	178,920
Pounds Sterling	12,547	-
	216,129	178,920

19. Deferred income tax

The gross movement in deferred income tax has been as follows:

	2005	2004
Opening balance	3,378	1,430
Charge to income (Note 27)	(3,183)	1,948
Closing balance	195	3,378

Deferred tax assets	Prepaid expenses for sales commissions	Prepaid expenses generated from amortisations	Deferral of income	Others	Total
At 1 January 2004	-	158	1,365	6	1,529
(Charge) / credit to income	202	38	1,610	(1)	1,849
(Charge) credit to equity	-	-	-	-	-
At 31 December 2004	202	196	2,975	5	3,378
(Charge) / credit to income	(202)	(17)	(2,975)	11	(3,183)
(Charge) credit to equity	-	-	-	-	-
At 31 December 2005	-	179	-	16	195

There are no significant unrecognised deferred tax assets and liabilities.

(thousands of Euros)

20. Revenue and other income

20.1 Revenue

The breakdown of revenue is as follows:

	2005	2004
Sales	320,843	218,513
Services	-	1,076
Revenue (Note 6)	320,843	219,589

Services basically include income from various services related to the activity of the Group.

20.2 Other income

The breakdown of other income is as follows:

	2005	2004
Income from operating leases (Note 11)	2,535	3,046
Other income	723	117
Total other income	3,258	3,163

21. Purchase costs and changes in inventories

The breakdown of this account is as follows:

	2005	2004
Purchases of buildings and refurbishment costs	330,577	257,711
Variation in inventories	(87,635)	(88,331)
Variations in provision for inventories	(250)	289
Total consumption of goods sold (Note 11)	242,692	169,669

(thousands of Euros)

22. Amortisation, depreciation and impairment for losses

The breakdown is as follows:

	2005	2004
Depreciation of property, plant and equipment	175	130
Amortisation of intangible assets	16	10
Loss on uncollectible loans	99	154
	290	294

23. Other operating expenses and local taxes

23.1 Other operating expenses

The breakdown of this account is as follows:

	2005	2004
Leases	577	429
Repairs and maintenance	210	145
Professional and brokering services	6,979	5,665
Insurance premiums	330	235
Banking services	645	355
Publicity, advertising and public relations	2,664	1,854
Supplies	409	299
Other services	1,711	1,471
	13,525	10,453

Professional and brokering services mainly includes brokering commissions and the cost of advisors and lawyers.

23.2 Local taxes

Local taxes basically include special local taxes and non-refundable Value-Added Tax.

24. Employee benefit expense

The breakdown of employee benefit expense is as follows:

	2005	2004
Wages, salaries and severance payments (2004: Euros 284 thousand and 2005 Euros 429 thousand)	7,964	6,589
Social Security expenses	976	748
Other social expenses	159	95
Defined contribution plan	26	-
	9,125	7,432

25. Operating leases

The minimum future payables for irrevocable operating leases are as follows:

	2005	2004
Less than 1 year	392	350
Between 1 and 5 years	562	758
More than 5 years	-	-
	954	1,108

The expense recognised in the profit and loss account for the year relating to operating leases totals Euros 577 thousand (2004: Euros 429 thousand).

In the operating lease agreements executed by different Group companies, the asset leased relates to the buildings in which the central offices of the parent company are located, as well as the offices of national and foreign branches. The main information on these agreements is as follows:

Group Company	Asset leased	Location	Expiry of rental agreement (Thousand Euros)	Monthly rental payment (Thousand Euros)
Renta Corporación Real Estate R.A., S.A.U.	Head Office	Barcelona	1-09-07	2
Renta Corporación Real Estate R.A., S.A.U.	Head Office	Barcelona	1-01-08	2
Renta Corporación Real Estate R.A., S.A.U.	Head Office	Barcelona	1-01-08	2
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	1-02-08	3
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	1-03-08	8
Renta Corporación Real Estate R.A., S.A.U.	Branch	Madrid	31-08-08	5
Renta Corporación Real Estate R.A., S.A.U.	Branch	Malaga	30-09-10	1
Renta Corporación Real Estate R.A., S.A.U.	Branch	Seville	1-08-07	1
Groupe Immobilier Renta Corporacion, S.A.S.U.	Branch	Paris	28-02-08	6
Renta Properties (UK), Limited	Branch	London	27-01-10	4

(thousands of Euros)

26. Financial expenses

The breakdown of Net financial expense is as follows:

	2005	2004
Interest expense:		
– Interests from banks	(5,101)	(5,478)
– Remuneration from join ventures contracts	-	(898)
– Other	-	(18)
	(5,101)	**(6,394)**
Interest income:		
– Other	194	380
– Loans to related parties (Note 34)	-	219
	194	**599**
Net financial expense	**(4,907)**	**(5,795)**

Remuneration from joint ventures includes the amount accrued from the results of operations with joint venture partners in 2004, arising from contributions made for the participation in certain operations instrumentalised through these joint ventures in which the manager (Renta Corporación Real Estate R.A., S.A.U.) is responsible to the joint venture partners for all its equity and that of the holding company Renta Corporación Real Estate, S.A. During 2005 no joint ventures contracts have been entered into.

In the cash flow statement, interest paid includes:

	2005	2004
Interests from banks	5,101	5,478
Remuneration from join ventures contracts	-	898
Provision for interest accrued and not paid at the beginning of the year	430	1,005
Provision for interest accrued and not paid at the end of the year	(1,031)	(430)
Interest capitalised in inventories	3,190	1,753
	7,690	8,704

In the cash flow statement, interest received includes:

	2005	2004
Interest income	194	599
Provision for interest accrued and not collected at the beginning of the year	211	-
Provision for interest accrued and not collected at the end of the year	(6)	(211)
	399	388

(thousands of Euros)

27. Income tax

The income tax for the year is broken down as follows:

	2005	2004
Current tax	12,922	7,248
Deferred tax (Note 19)	3,183	(1,948)
	16,105	5,300

The current tax charge is made up as follows:

	2005	2004
Profit before income tax	48,741	25,698
Tax rate	35%	35%
Theoretical tax expense	17,059	8,994
Non-deductible expenses	(23)	78
Differences for using different tax rates	(822)	(3,567)
Reversal deferred tax liabilities	-	(99)
Deductions	(109)	(106)
Income tax for the year	16,105	5,300

The current tax charge is made up as follows:

	2005	2004
Current tax of companies taxed under the consolidation tax regime	12,453	4,040
Current tax of Renta Corporación Real Estate Patrimonio, S.L.	739	2,565
Current tax of Groupe Immobilier Renta Corporacion, S.A.S.U.	165	171
Current tax of Renta Properties (UK), Limited	(435)	-
Tax effect of IFRS adjustment	-	472
	12,922	7,248

The current tax liability is broken down as follows:

	2005	2004
Charge for current tax	12,922	7,248
Withholding and payments on account of corporate income tax of companies taxed under the consolidation tax regime	(625)	(115)
Withholding and payments on account of corporate income tax Renta Corporación Real Estate Patrimonio, S.L.	(645)	(155)
Withholding and payments on account of corporate income taxGroupe Immobilier Renta Corporacion, S.A.S.U.	(165)	-
Tax credit of Renta Properties (UK), Limited	435	-
Tax effect of IFRS adjustment	-	(472)
	11,922	6,506

(thousands of Euros)

In the cash flow statement, taxes paid include:

	2005	2004
Tax accrued	12,922	7,248
Current tax liability at beginning of the year	6,506	5,401
Current tax liability at the year end	(11,922)	(6,506)
	7,506	6,143

27.1 Consolidated taxation

As the Company meets the requirements set down in the Group Companies Corporate Income Tax Regime Chapter 7, Section 8 of Law 43/1995 of 27 December, it filed as parent company, for the first time in 2002, a consolidated tax return in conjunction with Renta Corporación Real Estate R.A., S.A.U., Renta Corporación Real Estate G.O., S.L.U. and Renta Corporación Real Estate O.N., S.A.U.

Due to the fact that certain operations are treated differently for corporate income tax purposes, and for the purposes of these financial statements, the taxable income for the year differs from accounting profit.

The reconciliation between accounting profit and taxable income for corporate income tax purposes is as follows:

	2005	2004
Consolidated profit	32,636	20,398
Deferred tax (Note 19)	3,183	(1,948)
Current tax	12,922	7,248
Results before tax	48,741	25,698
Effect of the transition to IFRS	(9,109)	3,920
Elimination of results of companies not belonging to the tax consolidation group		
- Renta Corporación Real Estate Patrimonio, S.L.	(5,141)	(17,310)
- Groupe Immobilier Renta Corporación, S.A.S.U.	(393)	(683)
- Renta Properties (UK) Limited	1,860	-
- Share in the profits of Masella Oeste, S.L. (equity method)	(231)	(84)
- Share in the losses of Mixta África, S.A. (equity method)	272	-
Non-deductible expenses for consolidation adjustments	(396)	12
Non-deductible expenses of individual companies		
-Non-deductible expenses	1	5
-Donations to Fundación Privada Renta Corporación	288	289
Taxable income	35,892	11,847

(thousands of Euros)

The current income tax charge comes to 35% of the taxable income for corporate income tax purposes less the respective deductions:

	2005	2004
Taxable income	35,892	11,847
Tax rate	35%	35%
Tax	12,562	4,146
Professional training deduction	8	5
Deduction for contribution to Fundación Privada Renta Corporación	101	101
Current tax charge	12,453	4,040

The parent Company and its subsidiaries have withheld and paid corporate taxes on account as follows:

	2005	2004
Withholding tax	100	62
Payments on account of corporate income tax	524	53

At 31 December 2004 and 2005, neither the parent company nor its subsidiaries have outstanding deductions available for offset.

27.2 Renta Corporación Real Estate Patrimonio, S.L.

The Group company Renta Corporación Real Estate Patrimonio, S.L. avails itself of the tax regime for investment entities.

The reconciliation between accounting profit and taxable income is as follows:

	2005	2004
Results of Renta Corporación Real Estate Patrimonio, S.L.	4,403	14,745
Corporate income tax	739	2,565
Profit before income tax	5,142	17,310
Non tax-deductible expenses	(307)	20
Taxable income	4,835	17,330

(thousands of Euros)

The current income tax charge for 2004 and 2005 is as follows:

	2005			2004		
			Total			**Total**
Taxable income	4,779	56	**4,835**	17,469	(139)	**17,330**
Tax rate	15%	40%		15%	40%	
Tax	717	22	**739**	2,620	(55)	**2,565**

Renta Corporación Real Estate Patrimonio, S.L. has withheld and paid corporate taxes on account as follows:

	2005	2004
Withholding tax	-	38
Payments on account of corporate income tax	645	117

27.3 Other aspects

All the companies in the consolidation scope are open to tax inspection for all the applicable taxes as from their incorporation, except for Renta Corporación Real Estate R.A., S.A. which is open to inspection by the Tax Authorities for the last four years for all main taxes applicable.

As a result, amongst other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax liabilities may arise in the event of a tax inspection. The Directors of the parent Company consider, however, that any additional assessments that might be made would not significantly affect these financial statements.

28. Net profit / (loss) on exchange

The exchange differences (charged) / credited to the profit and loss account include the following items and amounts:

	2005	2004
Loss on exchange	59	-
Gains on exchange	(4)	-
	55	-

29. Earnings per share

29.1 Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the average weighted number of ordinary shares in circulation during the year, excluding treasury shares acquired by the Company (Note 13).

In view of the fact that on 22 April 2005 a share split took place, and the number of shares in circulation was set at 21,949,301 (Note 13), the calculation of the basic earnings per share has been adjusted retrospectively for 2004.

	2005	2004
Profit attributable to the Company's shareholders	32,502	19,949
Average number of ordinary shares in circulation	21,911,437	20,802,391
Basic earnings per share (euros per share)	1.48	0.96

29.2 Diluted

Diluted earnings per share are calculated by adjusting the average weighted number of ordinary shares in circulation in order to reflect the conversion of all the potential dilusive ordinary shares. The company only has one class of ordinary dilusive shares, stock options.

As indicated above, there was a share split and, consequently the calculation of the diluted earnings per share has been retrospectively adjusted for 2004.

	2005	2004
Profit attributable to the Company's shareholders (Thousand Euros)	32,502	19,949
Average number of ordinary shares in circulation	21,911,437	20,802,391
Adjustment for stock options	-	(21,076)
Average number of ordinary shares for the purposes of calculating diluted earnings per share	21,911,437	20,781,315
Diluted earnings per share (euros per share)	1.48	0.96

30. Dividends per share

Dividends paid in 2004 and 2005 are as follows:

	2005	2004
Dividends paid (Thousand Euros)	2,987	1,916
Dividend per share (euros per share)	1.5	1

The General Meeting of Shareholders of 16 April 2004 adopted a resolution to pay a dividend of Euros 1,916 thousand against 2003 profit, which is a dividend of Euro 1 per share. At the time of the dividend payout there were 1,916,043 shares with the right to receive the dividend.

The Extraordinary General Meeting of Shareholders of 3 March 2005 adopted a resolution to pay an extraordinary dividend against voluntary reserves made up of undistributed profit totalling Euros 2,987 thousand, which is a dividend of Euros 1.5 per share. At that time there were 1,991,161 shares with the right to receive the dividend.

The distribution of a dividend per share of Euros 0.46 for share for 2005 has been proposed at the General Meeting of Shareholders of 9 February 2006. These consolidated financial statements do not reflect this dividend.

On 22 April 2005 the Extraordinary General Meeting of Shareholders agreed to increase the share capital of the Company by raising the par value of the shares by Euros 6.80 each, charged against the share premium reserve, and maintaining the same number of shares, so that the share capital after the increase came to Euros 21,949 thousand, with the number of shares in circulation totalling 1,995,391, with a par value of Euros 11 each (Note 13.2). In comparative terms, the dividend per share on the results for the year ended 31 December 2004 paid out in 2005 would amount to Euros 0.14 per share.

31. Cash generated from operations

	Note	2005	2004
Profit for the year attributable to company shareholders		32,502	19,949
Minority interests		134	449
Consolidated profit for the year		32,636	20,398
Adjustments for:			
– Taxes	**27**	16,105	5,300
– Depreciation of property, plant and equipment	**7**	175	130
– Amortisation of intangible assets	**8**	16	10
– (Profit)/loss on the disposal of property, plant and equipment (see below)		-	54
– Interest income	**26**	(194)	(599)
– Interest expense	**26**	5,101	6,376
– Loss in fair value of available-for-sale financial assets	**26**	-	18

(thousands of Euros)

	Note	2005	2004
– Participation in the loss / (profit) of associates	**9**	41	(84)
– Cumulative translation adjustment	**14**	(7)	-
Variations in working capital			
– Inventories		(96,316)	(92,224)
– Interest capitalised in inventories		3,190	1,753
– Trade and other accounts receivable		(36,810)	(10,135)
– Prepayments		(54)	(12)
– Trade and other payables - long-term		(650)	(2,903)
– Trade and other payables		51,104	3,071
Cash used in operations		(25,663)	(68,847)

In the cash flow statement, the income from the sale of property, plant and equipment includes:

	2005	2004
Book value (Note 7)	-	59
Profit / (loss) on the disposal of property, plant and equipment	-	(54)
Amount collected from the disposal of property, plant and equipment	-	5

In the cash flow statement, the income from the disposal of available-for-sale financial assets includes:

	2005	2004
Book value	8	50
Profit / (loss) on the disposal of available-for-sale financial assets	-	(18)
Amount collected from the disposal of available-for-sale financial assets	8	32

32. Contingencies

There are no, nor have there been, any governmental, legal, judicial or arbitrational proceedings (including those underway or pending resolution or those that the Directors are aware of that would affect the Company or the Group companies) that have had in the recent past or could have in the future significant effects on the Company or on the profitability of the Group.

The Group has been involved in a limited number of litigations. The matters and amounts involved are not significant or relevant, and generally concern issues relating to the refurbishment terms of the buildings or preference acquisition rights.

(thousands of Euros)

33. Commitments

Because of the Group's activity, the tangible assets balance is not significant, and, consequently there are no specific commitments on these assets.

At 31 December 2005, the Group is the guarantor to third parties and banks for guarantees amounting to Euros 19,724 thousand, and to associates for guarantees up to a maximum amount of Euros 180 thousand. These guarantees are basically required to guarantee the deposits received from customers and are carried under Trade and other payables. They are also required to guarantee future payments on purchases with deferred payment.

At 31 December 2005 Renta Corporación Real Estate, S.A. is the guarantor for Renta Corporación Real Estate R.A., S.A. of credit facilities totalling a maximum of Euros 129,684 thousand. Renta Corporación Real Estate R.A., S.A. has received guarantees of credit facilities totalling a maximum of Euros 4,000 thousand from Renta Corporación Real Estate R.A., S.A.

"Inventories" includes the premiums on the purchase options paid by the Group for the acquisition of real estate. Purchase options at 31 December 2005 and 2004 are broken down in the following table:

	2004	2005	% variac.
Number of purchase options	15	29	93.3%
Premium on purchase options paid	8,249	16,680	102.2%
Underlying asset optioned	146,002	517,764	251.5%

During 2005 there have been two purchase options vested and not executed at maturity, with an associated loss of Euros198 thousand.

At 31 December 2005 there are no relevant intragroup contracts or contracts with third parties other than those used in course of the Group's ordinary business that could give rise to significant obligations for the Group.

(thousands of Euros)

34. Related party transactions

34.1 Identification of related companies and parties

34.1.1 Members of the governing bodies of Renta Corporación Real Estate, S.A.

We set out below the composition of the Board of Directors and the status of its members in accordance with the Articles of Association and the Regulations of the Board of Directors of the Company:

Name	Office	Nature of office
Luis Rodolfo Hernández de Cabanyes	Chairman	Executive
Anna M. Birulés Bertran	Vice-Chairwoman	Executive
Josep-Maria Farré Viader	Chief Executive Officer	Executive
Esther Elisa Giménez Arribas	Director	Executive
Elena Hernández de Cabanyes	Director	Other external
Carlos Tusquets Trias de Bes	Director	External
Pedro Nueno Iniesta	Director	External Independent
César A. Gibernau Ausió	Director and Secretary	External Independent

34.1.2 Key directors of the company

The key directors of the Company are those persons that form part of the Management Committee, 16 persons to be exact, including the above-mentioned four executive members of the Board.

34.1.3 Control of the Board of Directors in the share capital of Renta Corporación Real Estate, S.A.

The Members of the Board of Directors have the following interests or control at 31 December 2005:

Name	Number of shares		% of control	
	Direct	Indirect	Total	
Luis Rodolfo Hernández de Cabanyes	1,000,450	8,205,505	9,205,955	41.942%
Anna M. Birulés Bertran	343,222	-	343,222	1.564%
Josep-Maria Farré Viader	25,135	1,684,287	1,709,422	7.789%
Esther Elisa Giménez Arribas	1,100	1,155,803	1,156,903	5.271%
Elena Hernández de Cabanyes	732,336	-	732,336	3.336%
Carlos Tusquets Trias de Bes	-	325,985	325,985	1.485%
Pedro Nueno Iniesta	-	225,522	-	1.027%
César A. Gibernau Ausió	221,320	-	221,320	1.008%

(thousands of Euros)

34.2 Sales of inventories, rendering of services and financial income

	2005	2004
Sale of inventories:		
Companies related by common shareholders		
- Second House Rehabilitación, S.L.	7,589	-
- Alta Business Serveis, S.L.	278	338
- Farfig 1988, S.L.	-	160
- Alderamin Star, S.L.	-	260
	7,867	**758**
Key management personnel and directors	1,060	320
Total sale of assets:	**8,927**	**1,078**

Additionally, Alderamin Star, S.L. in 2005 has paid deposits for the acquisition of flats from the Group in the amount of Euros 296 thousand.

	2005	2004
Rendering of services:		
Companies related by common shareholders		
- Second House, S.L.	1,851	1,135
- Alderamin Star, C.B.	255	-
- Lueco, S.A.	-	12
	2,106	**1,147**
Key management personnel and directors	-	-
Total rendering of services:	**2,106**	**1,147**

Services rendered to Second House, S.L. include the reinvoicing of building transformations managed by the Group.

	2005	2004
Financial income:		
Companies related by common shareholders		
- Second House, S.L.	56	49
- Second House Rehabilitación, S.L.	-	16
- Lueco, S.A.	53	154
- Shonan Investments, S.L.	5	-
	114	**219**
Key management personnel and directors	-	-
Total financial income:	**114**	**219**

(thousands of Euros)

34.3 Purchases of assets, services received and financial expenses

	2005	2004
Services received:		
Companies related by common shareholders		
- Second House, S.L.	1,752	837
- Second House Rehabilitación, S.L.	315	585
- Shonan Investments, S.L.	410	-
- Seguros Closa	315	233
- Fundación Privada Renta Corporación (donación)	288	288
- Gibernau & Plana Asociados	140	98
- Instituto Internacional de Finanzas, S.L.	96	88
- Lueco, S.A.	39	127
- Near Technologies, S.L.	38	-
- GP Consulting, S.L.	14	-
- Alta Business Serveis, S.L.	-	940
- 3i Group Plc	-	600
	3,407	**3,796**
Key management personnel and directors	-	-
Total services received:	**3,407**	**3,796**

On 12 December 2005 the Board of Directors adopted a resolution to formalise the criteria being followed in commercial relations between Renta Corporación Real Estate, S.A. and Second House, S.L. To this purpose, on 28 December 2005 the respective agreement was entered into by these parties, which regulates in detail the commercial relations between the two companies in order to guarantee maximum transparency and the application of market prices to operations undertaken between them.

	2005	2004
Financial expense:		
Key management personnel and directors	5	-
Total financial expenses:	**5**	**-**

On 19 July 2004, 57,834 shares in Second House, S.L. for Euros 58 thousand. That same year 50,027 shares were sold for Euros 32 thousand, generating a loss of Euros 18 thousand.

34.4 Remuneration paid to Members of the Board of Directors of the Company

We set out below a table showing the remuneration received only by Members of the Board of Directors of the Company in 2005 and 2004:

(thousands of Euros)

	2005	2004
Attendance at meetings of the Board of Directors / Delegated Committees	142	36

The total amount in life and accident insurance premiums as well as civil liability insurance premiums paid by the Company for Members of the Board of Directors and top managers totals Euros 1 thousand and Euros 24 thousand, respectively, in 2005. Furthermore, the total amount of medical insurance premiums paid by the Company for top management and executive directors of the Company total Euros 1 thousand.

34.5 Salaries and other contributions of key management, directors and Members of the Board

	2005	2004
Salaries and other contributions to Board Executive members	1,916	1,391
Salaries and other remuneration to the rest of key directors and managers	1,918	1,237
	3,834	**2,628**

There is a golden parachute clause for a key director which sets down an additional amount over and above the legal indemnity in the event of involuntary removal from office in the first eight years. This amount is equal to Euros 625,000 minus the amount stipulated by law.

34.6 Year end balances arising from sales and purchases of assets and services

	2005	2004
Accounts receivable		
Companies related by common shareholders		
- Second House, S.L.	-	1,088
	-	1,088
Key management personnel and directors	250	-
Total accounts receivable	**250**	**1,088**
	2005	**2004**
Accounts payable		
Companies related by common shareholders		
- Second House, S.L.	619	902
- Near Technologies, S.L.	4	-
- Lueco, S.A.	6	3
	629	905
Key management personnel and directors	-	-
Total accounts payable	**629**	**905**

(thousands of Euros)

34.7 Loans to related parties

Entity/person	Date	Capital	Interest rate	Maturity date
Lueco, S.A.	01-06-04	5,000	Euribor 3 months + 0.75%	Annual tacit extension
Second House, S.L.	27-09-04	6,000	Euribor 3 months + 0.75%	Annual tacit extension
Second House Rehabilitación, S.L.U.	12-01-04	1,500	Euribor 3 months + 0.75%	Annual tacit extension
Shonan Investments, S.L.	26-09-05	700	3%	1 year
Josep-Maria Farré Viader	23-12-03	394	0%	4 years
Josep-Maria Farré Viader	03-10-05	-700	3%	1 year
Subtotal J.M.F.V. y Shonan Investments, S.L.		394		
Pere Arimon and Esther Giménez	21-01-03	150	0%	

Entity/person	Balance 31-12-04	Balance 31-12-05	Maturity date
Lueco, S.A.	4,588	-	16-06-05
Second House, S.L.	4,541	-	28-06-05
Second House Rehabilitación, S.L.U.	106	-	03-01-05
	9,235	-	
Shonan Investments, S.L.	-	700	13-01-06
Josep-Maria Farré Viader	361	79	
Josep-Maria Farré Viader	-	-700	13-01-06
Subtotal J.M.F.V. y ShonanInvestments, S.L.	361	79	
Pere Arimon and Esther Giménez	60	-	31-12-04

34.8 Shareholdings of the Members of the Board of Directors

In accordance with the provisions of article 127.3.4 of the Spanish Companies Act, introduced by Law 26/2003 of 17 July, which modified the Stock Exchange Act, Law 24/1988, of 28 July and the Spanish Companies Act, in order to reinforce the transparency of public limited companies, we set out below the companies with the same, analogous or complementary activity as that which constitutes the corporate purpose of the Company in which Members of the Board of Directors hold an interest, including the shareholdings that they hold in group companies and the offices and functions, as the case may be, they hold therein:

Name	Name of company	Shareholding	Office or functions
Luis Rodolfo Hernández de Cabanyes	RENTA CORPORACIÓN REAL ESTATE PATRIMONIO, S.L.	3% direct	Sole Administrator
	SECOND HOUSE, S.L.	6.53% direct 40.77% indirect	-
	LUECO, S.A.	40.00%	Sole Administrator
	FINANTING 2001, S.L.	43.15% direct 20% indirect	-

(thousands of Euros)

Name	Name of company	Shareholding	Office or functions
Luis Rodolfo Hernández de Cabanyes	AURODOC 75, S.L.	43.15% direct 20% indirect	-
	TOGA 20, S.L.	43.15% direct 20% indirect	-
	SDEEGTUTERS, S.L.	43.15% direct 20% indirect	-
	DINOMEN, S.L.	43.15% direct 20% indirect	Sole Administrator
	ALDERAMIN STAR, S.L.	100% owned by 100% DINOMEN, S.L. %	Sole Administrator
Anna M. Birulés Bertran	SECOND HOUSE, S.L.	1.50%	-
Josep-Maria Farré Viader	SECOND HOUSE, S.L.	3.73% direct 1.95% indirect	-
	LUECO, S.A.	7.00%	-
	SHONAN INVESTMENTS, S.L.	74.71%	-
Esther Elisa Giménez Arribas	SECOND HOUSE, S.L.	4.13%	-
	LUECO, S.A.	5.00%	-
	ANPOL CAPITAL, S.L.	48.387%	Sole Administrator
	TOGA 20, S.L.	-	Sole Administrator
Elena Hernández de Cabanyes	SECOND HOUSE, S.L.	3.66%	Sole Administrator
	SECOND HOUSE REHABILITACION, S.L.	-	Sole Administrator
	LUECO, S.A.	4.00%	-
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	2.00%	-
César A. Gibernau Ausió	SECOND HOUSE, S.L.	1.05%	-
	CHARCEBOY, S.L.	10.91%	-
	GP CONSULTING, SL.	11.96% indirect	General power
Carlos Tusquets Trias de Bes	LIFE MARINA IBIZA, S.L.	6.54%	-

35. Subsequent events

On 9 February 2006 the Ordinary General Meeting of Shareholders adopted a resolution, amongst others, to undertake an Initial Public Offering in order to float the company on the Stock Exchanges of Madrid and Barcelona.

(thousands of Euros)

36. Other information

36.1 Average number of employees of the Group by category

	2005	2004
Managers	3	3
Sales personnel	39	36
Administrative personnel	29	21
Skilled experts	7	2
Legal personnel	7	7
Services personnel	3	3
TOTAL	88	72

36.2 Audit fees

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for auditing services, totals Euros 191 thousand in 2005 (Euros 95 thousand in 2004).

37. Environment

The parent Company and its subsidiaries have adopted the necessary measures to protect and improve the environment and minimise, as the case may be, environmental impact, by complying with current legislation in force. During the year the parent Company and its subsidiaries have not made environment-related investments or incurred expenses to protect and improve the environment, and, furthermore, they have not considered it necessary to set up any provisions for liabilities and charges of an environmental nature as they have no contingencies related to the protection and improvement of the environment or liabilities of an environmental nature.

APPENDIX I

Subsidiaries included in the consolidation

Registered name	Registered office	Shareholding		Company holding title	Activity	Auditor
		Cost in Thousand Euros	% of nominal			
Renta Corporación Real Estate R.A., S.A.U.	Avda. Diagonal 449, Barcelona (Spain)	1,346	100%	Renta Corporación Real Estate, S.A.	(1)	PwC
Renta Corporación Real Estate G.O., S.L.U.	Avda. Diagonal 449, Barcelona (Spain)	183	100%	Renta Corporación Real Estate, S.A.	(2)	PwC
Renta Corporación Real Estate Patrimonio, S.L. (*)	Avda. Diagonal 449, Barcelona (Spain)	3	96.97%	Renta Corporación Real Estate, S.A.	(2)	PwC
Renta Corporación Real Estate O.N., S.A.U.	Avda. Diagonal 449, Barcelona (Spain)	546	100%	Renta Corporación Real Estate, S.A.	(3)	PwC
Groupe Immobilier Renta Corporación, S.A.S.U.	Paris (France)	38	100%	Renta Corporación Real Estate, S.A.	(1)	PwC
Renta Properties (UK), Limited	London (Great Britain)	1	100%	Renta Corporación Real Estate, S.A.	(2)	PwC
One Vincent Square, Limited	London (Great Britain)		100%	Renta Properties (UK) Limited	(2)	PwC
RC Real Estate Deutschland GMBH	Berlin (Germany)	25	100%	Renta Corporación Real Estate, S.A.	(1)	Unaudited

(*) On 9 February 2006 the registered name of this company will change to Renta Corporacion Real Estate Finance, S.L.

The date of the closing of the financial statements is 31 December.

Activity:

(1) Residential refurbishment
(2) Building transformation
(3) Land transformation

APPENDIX II

Associates included in the consolidation

Registered name	Registered office	Shareholding		Company holding title	Activity	Auditor
		Cost in Thousand Euros	% of nominal			
Masella Oeste, S.L.	Avda. Diagonal 449, Barcelona (Spain)	116	40%	Renta Corporación Real Estate, O.N., S.A.U.	(6)	Unaudited
Mixta África, S.A.	Avda. Diagonal 443, Barcelona (Spain)	288	48%	Renta Corporación Real Estate, S.A.	(4)	Unaudited
RC Fundación Marruecos Tánger, Sarl	Rue du Liban, 43 Tangiers (Morrocco)	-	48%	Mixta África, S.A.	(5)	Unaudited

The date of the closing of the financial statements is 31 December

Activity:

(4) Holding company
(5) Company engaged in the construction of social housing
(6) New buildings promotion

c. Directors' Report

1. Evolution of the business

Ordinary income totals Euros 320.8 million, an increase on 2004 of Euros 101.3 million, or 46%, both years under International Financial Reporting Standards (IFRS). Consolidated operating profit has totalled Euros 53.7 million, an increase above 70%, while consolidated profit for the year attributable to shareholders has totalled Euros 32.5 million, an increase of 63% on last year.

The 41% growth in operating expenses as a whole is lower than the increase in income, which has led to an improvement in operating margin. The combination of greater efficiency of investment in terms of size / profitability, and a high level of cost efficiency, in spite of the increase in business volume, has made this improvement possible.

Financial costs have been slightly lower than last year, in spite of the growing investments of the group. The company has been able to offset the cost of the increase in operations by improving the structure and cost of financing. Local taxes in 2005 have increased significantly against the 2004 figure, due to the fact that in 2004 sales of certain buildings benefited from lower tax rates in force at that time.

The increase by Euros 12.6 million in consolidated profit attributable to shareholders, bearing in mind the change in the number of shares due to the capital increase operations against reserves and the split carried out during the year, has led to an increase of 54% against 2004, in comparative terms, of basic earnings per share, which have risen from Euros 0.96 to Euros 1.48 per share.

The growth in assets managed by the group is reflected in the main balance sheet figures, which reflect an increase in total assets of Euros 122.8 million.

Euros 323.5 million in land, buildings in inventories represents 82% of assets, an increase of Euros 96.3 million on 2004. This figure is especially relevant since it is an increase of 42%, and reflects the effect of the purchases of buildings made during 2005 which, at the year end, are now in the transformation phase.

The same account includes the amounts paid for the acquisition of investment options on buildings. These amounts total Euros 16.7 million at 31 December 2005, compared to Euros 8.2 million at the 2004 year end.

Net equity has reached Euros 85 million, an increase of Euros 29.7 million on 2004, which is an increase of 54% and reflects the inclusion of results for the year as well as certain adjustments to reserves as a result of the adoption on 1 January 2005 of International Financial Reporting Standards (IFRS).

Throughout 2005 different operations have been undertaken in order to adjust the par value and number of shares representing share capital to those normally used in the market.

Thus, by virtue of the resolution adopted by the Extraordinary General Meeting of Shareholders of 22 April 2005, capital was increased by Euros 13.6 million against share premium reserves. This increase was carried out through an increase in the unit par value of the shares, which rose to Euros 11. As a result of this operation capital totals Euros 21.9 million, without modifying the net Equity.

In addition and in order to put a larger number of shares into circulation, the same Shareholders Meeting adopted a resolution to split the number of shares by decreasing their unit value to Euro 1. As a result, there are now approximately 21.9 million shares in circulation.

Financial debt, according to the financial section above, represents 55% of net equity and liabilities as a whole. The ratio of debt to net equity is 2.5, a considerable reduction from 3.2 at the 2004 year end, in spite of the increase in activity. This has been due to the earnings reinvestment policy and the generation of a large profit for the year.

Creditors and other payables includes collections received as purchase commitments for building sale operations to be executed in the forthcoming months. This balance totals Euros 11.4 million, Euros 10.3 million more than at the 2004 year end.

2. Business evolution

The results obtained in 2005 confirm the positive development of the business model of Renta Corporación, based on the purchase, transformation and sale of large buildings with high levels of turnover.

Renta Corporación has grown also by expanding its business model, consisting of the acquisition, transformation and sale of urban buildings, in two major ways: expansion of the type of product acquired, types of buildings acquired, and, on the other hand, extending operations of the group geographically.

Thus, since its beginning, Renta Corporación has evolved and advanced in the development and steady consolidation of its business model. At the same time, the Company has maintained in the last few years a stiff growth rate, establishing a solid record of profits - especially strong, sustained increases in turnover and profit - while maintaining high levels of profitability.

The company plans to continue applying these strategies over the next few years in order to favour growth and does not foresee substantial changes being made to its business model.

3. Research and development

Due to the nature of the Group's activity, it does not make any investments in research and development.

4. Treasury shares

During 2005 the company has acquired 1,926 treasury shares (before the split) and has sold 17,659 treasury shares.

At 31 December 2005 the parent company held a total of 28,970 treasury shares, representing 0.13% of share capital. The par value of these shares totals Euros 29 thousand. The parent company has set up the respective treasury share reserve at 31 December 2005.

5. Subsequent events

The Extraordinary General Meeting of Shareholders of Renta Corporación of 9 February 2006 adopted a resolution to float the company on the Madrid and Barcelona Stock Exchanges and register it with the Sistema de Interconexión Bursátil Español (S.I.B.E. or Continuous Market) through which all its shares will be traded.

The Appointments and Remuneration Committee met on 7 February 2006 and proposed submitting to the Board of Directors for their approval the appointment of Carlos Solchaga Catalán and Juan Gallostra Iserna, as independent directors of the Company.

The Committee also proposed submitting to the Board of Directors for their approval the modification of the office of a Director, César A. Gibernau Ausió.

These resolutions were adopted by the Extraordinary General Meeting of Shareholders of 9 February 2006, and, consequently, the new composition of the Board of Directors is as follows:

Board of Directors (13 February 2006)		Audit Committee	Appointments and Remuneration Committee	Office
Chairman	Luis Hernández de Cabanyes			Executive
Vice-chairwoman	Anna M. Birulés Bertran	Director	Director	Executive
Chief Executive Officer	Josep-Maria Farré Viader			Executive
Director	Esther Giménez Arribas			Executive
Director	Elena Hernández de Cabanyes			External
Director	Pedro Nueno Iniesta			Independent
Director	Carlos Tusquets Trias de Bes	Secretary	Secretary	Non-executive
Secretary	César A. Gibernau Ausió	President	President	External
Director	Juan Gallostra Isern			Independent
Director	Carlos Solchaga Catalán			Independent

Note: The Board of Directors meeting of 9 February 2006 appointed Juan Velayos Lluis as legal counsel to the company.

6. Human Resources

The team of Renta Corporación is outstanding in terms of the calibre of its training, professionalism and motivation. People are for Renta Corporación its true basis of value creation. Since its beginnings as a company it has recognised and regarded the contribution of its professionals as a critical success factor. In this context, it devotes special attention to having an effective, agile, flexible organisation and a professional working culture in terms of procedures and systems, with easy access to continuous training and knowledge, forming part of its human resources policy.

The great strides made in terms of its business evolution has also had an impact on the number of employees, which has grown to 95 in 2005. During the year Renta Corpración has hired 17 new employees, which is an increase in staff size of 22% on 2004.

7. Environment

The Company has adopted the measures necessary for the protection and improvement of the environment and the minimisation, as the case may be, of any environmental impact, by complying with current legislation.

The impact of the construction of a building on the environment begins with the manufacture of materials and ends with the management of the waste generated by its demolition, with various phases of construction and use in between. The activity of Renta Corporación is based on the transformation of real estate assets. While it is true that construction generates a large volume of rubble, refurbishing actually minimises it.

In spite of the slight environmental impact involved in these transformations, in comparison with the alternative model of demolition and new construction, all the contracts entered into by Renta Corporación include a specific environmental protection clause that must be signed by the building contractor.

Individual financial statements

2

a. Auditors' Report

PRICEWATERHOUSECOOPERS

Edifici Caja de Madrid
Avinguda Diagonal, 640
08017 Barcelona
Tel. +34 902 021 111
Fax +34 934 059 032

A free translation of the report on the annual accounts originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish language version prevails

AUDIT REPORT ON THE ANNUAL ACCOUNTS

To the shareholders of Renta Corporación Real Estate, S.A.

We have audited the annual accounts of Renta Corporación Real Estate, S.A. consisting of the abridged balance sheet as at 31 December 2005, the abridged income statement and the related notes to the annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Company. Our responsibility is to express an opinion on the aforementioned annual accounts taken as a whole, based on the work carried out in accordance with auditing standards generally accepted in Spain, which require the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

In accordance with Spanish Corporate Law, the Company's Directors have presented, for comparative purposes only, for each item of the balance sheet and the income statement, the corresponding amounts for the previous year as well as the amounts for 2005. Our opinion refers exclusively to the annual accounts for 2005. On 23 March 2005, we issued our audit report on the 2004 annual accounts, in which we expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for the year 2005, appearing on pages 87 to 107, present fairly, in all material respects, the financial position of Renta Corporación Real Estate, S.A. at 31 December 2005 and the results of its operations for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with generally accepted accounting principles, which have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers Auditores, S.L.

Miguel Alfocea Martí
Audit Partner

13 February 2006

PricewaterhouseCoopers Auditores, S. L. - R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79031290

PwC-059

b. Financial statements

COMPANY NAME

NIF: A62385729	
Registered Name: RENTA CORPORACIÓN REAL ESTATE, S.A	
Registered Office: Avda. Diagonal, 449, 2º	
Town: Barcelona	**Province:** Barcelona
Post code: 08036	**Telephone:** 93 494 96 70

ACTIVITIES

Main activity: Real estate development

CNAE code	**810010**	70.11

EMPLOYEES

			YEAR 2005	YEAR 2004
Salaried employees (average number for the year)	**PERM.**	**810100**	3	3
	TEMP.	**810110**	-	-

PRESENTATION OF THE ACCOUNTS

		YEAR	MONTH	DAY
Year-end date to which the accounts refer	**810190**	2005	12	31

Number of pages deposited:	**810200**	21

If no figures are stated for any of the years, indicate the reason for this:

UNITS

Place a X against the unit in which the annual accounts have been prepared:	**Euros**	**999024**	
	Thousand euros	**999025**	**X**

ABBREVIATED BALANCE SHEET	BA1

NIF: A62385729		**UNIT (1)**	
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.	Space for directors' signatures	**Euros** 999414	
		Thousands 999415	**X**

ASSETS			YEAR 2005	YEAR 2004
A)	UNCALLED SHARE CAPITAL	110000		
B)	FIXED ASSETS	120000	2,816	2.483
	I. Formation expenses	121000	328	248
	II. Intangible assets	122000	95	13
	III. Tangible assets	123000	171	91
	IV. Investments	124000	2,222	2,131
	V. Own shares	125000		
	VI. Long-term trade debtors	126000		
C)	DEFERRED EXPENSE	130000		
D)	CURRENT ASSETS	140000	62,448	60,398
	I. Called up share capital not paid	141000		
	II. Stocks	142000		
	III. Debtors	143000	18,098	6,690
	IV. Investments	144000	44,117	53,569
	V. Own shares	145000	94	57
	VI. Cash at bank and in hand	146000	139	15
	VII. Prepayments and accrued income	147000	-	67
GRAND TOTAL (A+B+C+D)		100000	65,264	62,881

A free translation of the report on the annual accounts originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish language version prevails.

ABBREVIATED BALANCE SHEET	**BA2**

NIF: A62385729	
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.	Space for directors' signatures

CAPITAL AND RESERVES			**YEAR 2005**	**YEAR 2004**
A)	**CAPITAL AND RESERVES**	**210000**	48,541	38,533
I.	Share capital	**211000**	21,949	8,381
II.	Share premium account	**212000**	483	14,051
III.	**Revaluation reserve**	**213000**		
IV.	Other reserves	**214000**	13,114	14,994
V.	**Profit and loss account brought forward**	**215000**		
VI.	**Profit (loss) for the year**	**216000**	12,995	1,107
VII.	Interim dividend	**217000**		
VIII.	Own shares for capital decrease	**218000**		
B)	DEFERRED INCOME	**220000**		
C)	PROVISIONS FOR LIABILITIES AND CHARGES	**230000**		
D)	CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	**240000**		
E)	CREDITORS FALLING DUE WITHIN ONE YEAR	**250000**	16,723	24,348
F)	PROVISIONS FOR LIABILITIES AND CHARGES	**260000**		
GRAND TOTAL (A+B+C+D+E+F)		**200000**	65,264	62,881

ABBREVIATED PROFIT AND LOSS ACCOUNT	PA1

NIF: A62385729		**UNIT (1)**	
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.	Space for directors' signatures	**Euros** 999514	
		Thousands 999515	**X**

DEBIT			YEAR 2005	YEAR 2004
A.	**EXPENSE (A.1 to A.15)**	**300000**	3,331	3,453
	A.1. Supplies	**301009**		
	A.2. Staff costs	**303000**	1,565	1,240
	a) Wages, salaries and similar remuneration	**303010**	1,511	1,220
	b) Social security contributions	**302020**	54	20
	A.3. Fixed asset depreciation	**304000**	95	13
	A.4. Changes in trade provisions	**305000**		
	A.5. Other operating charges	**306000**	2,184	2,424
A.I	OPERATING PROFIT (B.1 - A.1 - A.2 - A.3 - A.4 - A.5)	**301900**		
	A.6. Financial expenses and similar costs	**307000**	389	670
	a) Amounts owed to group undertakings	**307010**	49	256
	b) Amounts owed to associated undertakings	**307020**		
	c) Amounts payable to third parties and similar expenses	**307030**	340	414
	d) Loss on sale of investments	**307040**		
	A.7. Change in provisions for investments	**308000**		
	A.8. Loss on exchange	**309000**		
A.II	**NET FINANCIAL INCOME (B.2 + B.3 - A.6 - A.7 - A.8)**	**302900**	12,348	2,524
A.III	**PROFIT FROM ORDINARY ACTIVITIES (A.I + A.II - B.I - B.II)**	**303900**	11,985	213
	A.9. Change in provisions for depreciation of tangible and intangible fixed assets and controlling shareholdings	**31000**	262	-
	A.10. Loss on disposal of tangible and intangible fixed assets and controlling shareholdings	**311000**	-	18
	A.11. Loss on dealings with own shares and debentures	**312000**		
	A.12. Extraordinary expenses	**313000**		
	A.13. Expenses relating to prior years	**314000**		
A.IV	NET EXTRAORDINARY PROFIT (B.4 + B.5 + B.6 + B.7 + B.8 + A 9 - A.10 - A.11 - A.12 - A.13)	**304900**		
A.V	PROFIT BEFORE TAXES (A.III + A.IV - B.III - B.IV)	**305900**	11,831	195
	A.14. Corporation tax	**315000**	-1,164	-912
	A.15. Other taxes	**316000**		
A.VI	PROFIT FOR THE YEAR (A.V - A.14 - A.15)	**306900**	12,995	1,107

A free translation of the report on the annual accounts originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish language version prevails.

ABBREVIATED PROFIT AND LOSS ACCOUNT	PA2

NIF: A62385729	
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.	Space for directors' signatures

CREDIT			YEAR 2005	YEAR 2004
B)	INCOME (B.1 to B.8)	400000	16,326	4,560
	B.1. Operating income	401009	3,481	1,366
	a) Net turnover	401000	3,481	1,366
	b) Other operating income	401029		
B.I	OPERATING LOSS (A.1 + A.2 + A.3 + A.4 - B.1)	401900	363	2,311
	B.2 Financial income	402009	12,737	3,194
	a) from group undertakings	402019	12,607	2,970
	b) from associated undertakings	402029		
	c) from non-group undertakings	402039	130	224
	d) gains on sale of investments	402040		
	B.3. Gains on exchange	408000		
B.II	NET FINANCIAL EXPENSE (A.6 + A.7 + A.8 - B.2 - B.3)	402900		
B.III	LOSS FROM ORDINARY ACTIVITIES (B.I + B.II - A.I - A.II)	403900		
	B.4. Profit from disposal of tangible and intangible fixed assets and controlling shareholdings	409000	3	-
	B.5 Profit from dealings in own shares and debentures	410000	105	-
	B.6 Capital grants released to income during the year	411000		
	B.7. Extraordinary income	412000		
	B.8 Income relating to prior years	413000		
B.IV.	NET EXTRAORDINARY LOSS (A.9 + A.10 + A.11 + A.12 + A.13 - B.4 - B.5 - B.6 - B.7 - B.8)	404900	154	18
B.V.	LOSS BEFORE TAXES (B.III + B.IV - A.III - A.IV)	405900		
B.VI	LOSS FOR THE YEAR (B.V + A.15 + A.16)	406900		

1. Activity

Renta Corporación Real Estate, S.A. (as from its incorporation until 2 June 2001, under the name of Suatel XXI, S.L., and for the subsequent period from 2 June 2001 to 5 December 2003, under the name of Corporación Renta Antigua, S.A.), was incorporated as a limited liability company on 27 October 2001, with its registered office for legal and tax purposes in Avda. Diagonal, Barcelona, Spain. The company's is mainly engaged in all manner of operations involving moveable property (except those governed by special legislation) and real estate.

2. Basis of presentation

a) The annual accounts have been prepared on the basis of the accounting records of the Company and are presented in accordance with company law in force and the standards set down in the General Accounting Plan, in order to show a true and fair view of the financial position and results of the Company.

b) The figures in the documents comprising these annual accounts, the balance sheet, the profit and loss account and the notes to the accounts are expressed in Euros thousand.

c) As the Company meets the conditions set down in article 181.1 of the Spanish Companies Act, the Directors present these annual accounts in abridged form.

d) The consolidated annual accounts of Renta Corporación Real Estate, made up of Renta Corporación Real Estate, S.A. and its subsidiary companies at 31 December 2005, have been formulated separately from these individual annual accounts. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Standards and its interpretations issued respectively by the IASB and IFRIC and adopted by the European Union and approved by the Regulations of the European Commission, which are in force at 31 December 2005. These are the first consolidated annual accounts filed under these standards. The main figures set down in the audited consolidated annual accounts are as follows:

Total assets	394,290
Equity	84,994
Profit for the year attributed to the parent Company	32,502
Net turnover	320,843

3. Proposed distribution of results

The follow distribution of 2005 results will be proposed to the General Meeting of Shareholders:

Basis of distribution	
Profit and loss (profits)	12,995
Distribution	
To dividends	10,086
To legal reserve	1,300
To voluntary reserve	1,609
	12,995

4. Accounting policies

The most significant accounting policies applied in the preparation of these annual accounts are set out below:

a) Start-up expenses

These basically include capital increase expenses and are stated at their acquisition price.

They are presented net of their amortisation, which is carried out on a straight-line basis over a period of five years.

When the circumstances permitting their capitalization have changed, the outstanding part of the amortisation is taken to profit and loss in the year in which the change occurred.

b) Intangible fixed assets

Intangible fixed assets are stated at their purchase price or production cost.

The amortisation rates used have been as follows:

	Rate (%)
Computer software	25%

c) Tangible fixed assets

Tangible fixed assets are stated at their purchase price or production cost.

The costs of renovations, extensions or improvements of fixed assets are capitalised only when they extend the useful lives of existing assets, or increase their capacity or productivity, and provided that it is possible to know or estimate the net book value of the assets that are written off inventories when replaced. Repair and maintenance costs are expensed in the year in which they are incurred.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives using the following rates, taking into account normal wear and tear, using the following depreciation rates:

	Rate (%)
Other plant, furniture and fittings	10%
Other fixed assets	10%

d) Investments

Investments are stated at their purchase price.

When necessary the Company provides for the decline in value of investments. This provision cannot be lower than the loss in value of the shareholding percentage it holds. When the company's shareholdings include tacit goodwill, it estimates the time needed for recovery of this goodwill through the generation of future profits by the investee company. In the event that this tacit goodwill cannot be offset, the corresponding provision for depreciation of the investment is recorded.

e) Accounts payable and receivable for trading operations

Debits and credits arising from the company's short- and long-term debit and credit trading operations are recorded at their face value.

f) Own shares

The value of the company's own shares is stated at the purchase price and a no-distributable reserve of the same amount is set up for own shares. This amount is carried under the Equity in accordance with applicable legislation. The eventual outcome planned for such shares is disposal in the short-term.

g) Corporate income Tax

For corporate tax purposes, the parent Company comes under the tax regime for group companies and pays taxes jointly with its subsidiaries Renta Corporación Real Estate R.A., S.A.U., Renta Corporación Real Estate G.O., S.L.U., Renta Corporación Real Estate O.N., S.A.U.

Corporate income tax expense is recognised based on the reported profit as adjusted for permanent differences between reported and taxable profits, and the effects of any tax credits and deductions. Deferred tax assets and liabilities arising from timing differences in the recognition of income and expense for accounting and tax purposes are recorded in the balance sheet until the underlying timing differences reverse.

Tax credits and deductions and the tax effect of applying tax-loss carryforwards are treated as a reduction in the corporate income tax expense for the year in which they are applied.

The Company provides in full for all its deferred tax liabilities even though they may not be expected to reverse in the foreseeable future. The provision is adjusted to reflect changes in the corporate income tax rate. Deferred tax assets are only recorded if there is reasonable assurance that they will be realised.

h) Income and expenses

Income and expenses are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred rather than the period in which the cash is actually received or disbursed.

For reasons of prudence, however, the Company only records profits realised at the year end, while foreseeable risks and potential losses arising in the year or in prior years are recorded as soon as they are known.

i) Environment

The Company takes into account in their overall operations legislation relating to the protection of the environment. The Company considers that it complies substantially with such legislation and that its carries out procedures designed to encourage and guarantee compliance with the same.

5. Start-up expenses

	Balance at 31-12-04	Increases	Disposal due to Amortisation	Balance at 31-12-05
Capital increase expenses	248	163	(83)	328

The increase is due to the capital increase of 22 April 2005 (Note 12).

6. Intangible fixed assets

Movements in the accounts included under Intangible assets are as follows:

	Balance at 31-12-04	Increases	Balance at 31-12-05
Cost			
Patents and trademarks	13	8	21
Computer software	-	74	74
	13	82	95
Accumulated amortisation			
Computer software	-	-	-
Net book value	13		95

7. Tangible fixed assets

Movements in the accounts included under Tangible fixed assets are as follows:

	Balance at 31-12-04	Increases	Balance at 31-12-05
Cost			
Other plant, furniture and fittings	91	89	180
Other fixed assets	-	3	3
	91	92	183
	Balance at 31-12-04	Charge for the year	Balance at 31-12-05
Accumulated depreciation			
Other plant, furniture and fittings	-	12	12
Other fixed assets	-	-	-
	-	12	12
Net book value	91		171

8. Investments

8.1 Movements in the accounts included under Intangible assets are as follows:

	Balance at 31-12-04	Increases	Decreases	Balance at 31-12-05
Shareholdings in Group undertakings	2,117	25	-	2,142
Shareholdings in associated companies	-	300	(12)	288
Other shareholdings	-	25	-	25
Long-term deposits	14	15	-	29
Provision for loss in value of shareholdings in associated companies	-	(262)	-	(262)
Total	2,131	103	(12)	2,222

8.2 At 31 December 2005 the direct or indirect investee companies are as follows:

Company	Activity	Date of incorporation	Company through which the shareholding is held	Net amount of the shareholding	% share-holding	Year end	Capital	Reserves	Interim dividend	Results
Renta Corporación Real Estate R.A., S.A.U.	Real estate operations	31-07-97	Renta Corporación Real Estate, S.A.	1.346	100	31-12-05	500	483	(5,000)	12,216 (1)
Renta Corporación Real Estate G.O., S.L.U.	Real estate operations	21-06-01	Renta Corporación Real Estate, S.A.	183	100	31-12-05	183	1,761	(2,000)	2,005 (1)
Renta Corporación Real Estate Patrimonio, S.L.	Real estate operations	31-11-01	Renta Corporación Real Estate, S.A.	3	96,97	31-12-05	3	16	-	4,403 (1)
Renta Corporación Real Estate ON., S.A.U.	Real estate operations	18-02-00	Renta Corporación Real Estate, S.A.	546	100	31-12-05	120	1,451	-	7,171 (1)
Groupe Immobilier Renta Corporación, S.A.S.U.	Real estate operations	27-03-02	Renta Corporación Real Estate, S.A.	38	100	31-12-05	38	303	-	297 (1)
Renta Properties (UK), LTD	Real estate operations	8-12-04	Renta Corporación Real Estate, S.A.	1	100	31-12-05	1	-	-	(1,738) (1)
Masella Oeste, S.L.	Real estate operations	29-9-00	Renta Corporación Real Estate, O.N., S.A.U.	-	40	31-12-05	290	328	-	578
One Vincent Square Limited	Real estate operations	15-06-05	Renta Properties (UK), LTD	-	100	31-12-05	1	-	-	(121) (1)
Mixta África, S.A.	Holding company	7-04-05	Renta Corporación Real Estate, S.A.	26	48	31-12-05	600	-	-	(547)
RC Fundación Marruecos Tánger, S.A.R.L	Social housing construction	25-05-05	Mixta África, S.A.	-	48	31-12-05	274	-	-	(20)
RC Real Estate Deutschland GMBH	Real estate operations	04-11-05	Renta Corporación Real Estate, S.A.	25	100	31-12-05	25	-	-	-
				2,168						

(1) According to the audited annual accounts at 31 December 2005.

8.3 Renta Properties (UK), Limited is now starting up its activity, having incurred in 2005 only structural, personnel and financial expenses for the acquisition of initial buildings with which to begin residential renovations in 2006. Once the Company can fully carry out its activity in 2006, it expects to generate sufficient funds in the short term to offset the loss for the first year.

8.4 All the companies in the group have their registered office for corporate and tax purposes in Barcelona, except Groupe Immobilier Renta Corporación S.A.S.U., which is located in Paris, Renta Properties (UK), L.T.D y One Vincent Square, Limited which are located in London, RC Fundación Marruecos Tánger, S.A.R.L which is located in Tangier and RC Real Estate Deutschland GMBH which is located in Berlin. None of the Group companies are listed on a stock exchange.

8.5 At 8 December 2004 the Company acquired all the shares of a British company that changed its registered name to Renta Properties (UK) Limited. The share capital of this company was Pounds Sterling 1, and on 14 December 2004 it issued 99 shares with a par value of Pounds Sterling 1 each, which were fully subscribed by Renta Corporación Real Estate, S.A.

8.6 On 7 April 2005 the parent Company incorporated a Spanish company called Renta Corporación Marruecos Tánger, S.A., in which it holds a 50% interest. On 4 November 2005 this company changed its registered name to Mixta África, S.A. Also on 4 November 2005 the parent company sold 2% of its interest, keeping its remaining 48%.

8.7 On 25 May 2005 Renta Corporación Marruecos Tánger, S.A. fully incorporated the Moroccan company RC Fundación Marruecos Tánger, S.A.R.L.

8.8 On 4 November 2005 the parent Company acquired 100% of a German company that changed its registered name to RC Real Estate Deutschland GMBH.

8.9 On 15 June 2005 Renta Properties (UK), Limited incorporated an English company with the registered name of One Vincent Square, Limited. The share capital of this company was contributed entirely by Renta Properties (UK), Limited.

9. Debtors

The breakdown of the debtors balance at 31 December 2005 is as follows:

Group companies, debtors	18,057
Sundry debtors	40
Public Administrations, debtors	1
	18,098

The breakdown at 31 December 2005 of the receivable balances with group companies is as follows:

Renta Corporación Real Estate R.A., S.A.U.	4,460
Renta Corporación Real Estate O.N., S.A.U.	8,047
Renta Corporación Real Estate G.O., S.L.U.	4,793
RC Real Estate Deutschland GMBH	512
Renta Corporación Real Estate Patrimonio, S.L.	80
Groupe Immobilier Renta Corporación, S.A.S.U.	75
Renta Properties (UK), Limited	90
	18,057

"Group companies, debtors", includes the receivable balance of Euros 13,560 thousand relating to the amounts owed by its affiliates as a result of the consolidated tax regime, (See Note 15). The amount of Euros 3,985 thousand relates to the outstanding receivable for corporate management and advisory service charges that it passed on to its subsidiaries and an outstanding payable balance of Euros 512 thousand with RC Real Estate Deutschland GMBH.

10. Current asset investments

Movements in Current asset investments have been as follows:

	Balance at 31-12-04	Additions	Disposals	Balance at 31-12-05
Shareholdings in other companies	8	-	(8)	-
Loans to group companies	44,159	119,790	(122,736)	41,213
Loans to associated companies	-	1,790	-	1,790
Loans to related companies	9,235	-	(9,235)	-
Interest receivable	167	1,825	(878)	1,114
	53,569	123,405	(132,857)	44.117

Loans to group and associated companies mature in one year and can be tacitly extended for one year periods after maturity.

The amount extended at 31 December 2005 under these credit facilities and their corresponding credit limits are as follows:

	Contract date	Limit	Amount drawn down
Renta Corporación Real Estate R.A., S.A.U.	30.04.02	40,000	5,635
Renta Corporación Real Estate O.N., S.A.U.	30.04.02	50,000	16,441
Renta Corporación Real Estate Patrimonio, S.L.	20.03.03	6,000	1,413
Renta Corporación Real Estate G.O., S.L.U.	11.10.02	30,000	1,390
Groupe Immobilier Renta Corporación, S.A.S.U.	01.04.02	15,000	10,801
Renta Properties (UK), Limited	17.01.05	6,000	5,533
Mixta África S.A.	31.05.05	3,000	1,790
			43,003

These facilities have accrued an interest rate of Euribor at three months 0.75% since 2005.

During 2005 the credit facilities entered into by the Company and companies related by common shareholders have been cancelled.

The interest accrued not collected at 31 December 2005 totals Euros 1,114 thousand.

11. Own shares

The movement in the own shares accounts during the year has been as follows:

	Number	Nominal	Average purchase/ sale price	Cost
Balance at 31-12-04	2,304	(10)		(57)
Purchases	1,926	(21)	0.0489	(94)
Balance before capital increase through the increase in the par value charged against the share premium reserve	4,230	(31)		(151)
Balance after the capital increase through the increase in the par value charged against the share premium reserve	4,230	(47)		(151)
Balance after the split in the par value of the shares (see Note 12)	46,530	(47)		(151)
Disposals	(17,560)	18	0.00325	57
Balance at 31-12-05	28,970	(29)		(94)

The final use of the other own shares will be sale of the same.

12. Capital and reserves

The breakdown of this account at 31 December 2005, and its movement during the year is as follows:

	Share capital	Share Premium	Legal reserve	Other reserves	Own shares reserve	Profit and loss	Total Capital and Reserves
Balance at 31-12-04	8,381	14,051	1,618	13,319	57	1,107	38,533
Distribution of 2004 results	-	-	59	1,048	-	(1,107)	-
Acquisition de own shares	-	-	-	(37)	37	-	-
Capital increase	13,568	(13,568)	-	-	-	-	-
Payment of dividends	-	-	-	(2,987)	-	-	(2,987)
2005 results	-	-	-	-	-	12,995	12,995
Balance at 31-12-05	21,949	483	1,677	11,343	94	12,995	48,541

The share capital is made up of 21,949,301 fully paid and subscribed bearer shares with a par value of Euro 1 each, number from 1 to 21,949,301.

On 22 April 2005 the Extraordinary Meeting of Shareholders adopted a resolution to increase share capital of the Company by raising the par value of the shares by Euros 6.80 each, against the share Premium reserve, maintaining the same number of shares, so that share capital after this increase totalled Euros 21,949 thousand, with 1,995,391 shares in circulation with a par value of Euros 11 each.

After the above-mentioned capital increase was agreed, and on the same day, a resolution was adopted to split the number of shares by decrease the unit par value to Euro 1 in order to have a larger number of shares. The share capital and net equity remain unchanged and the only increase is in the number of shares in circulation. Thus, 11 new shares were given to each old shares, so that share capital totals Euros 21,949 thousand and the number of shares in circulation totals 21,949,301 with a par value of Euro 1 each.

Due to the fact that the Legal Reserve has not been fully allocated as per article 214 of the Spanish Companies Act, the parent Company must allocate 10% of its profits until it reaches at least 20% of share capital. The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

The Company has set up an Own Shares Reserve of Euros 94 thousand against voluntary reserves. This reserve is not available for distribution as long as the treasury shares on the asset side of the balance sheet remain unsold.

On 25 March 2002 the Extraordinary General Meeting of Shareholders adopted a resolution to modify the system of transferring shares set down in the Articles of Association, stipulating that voluntary inter vivo transfers for monetary consideration will be unrestricted if made to a spouse, ascendants or descendents or brothers or sisters of the transferring shareholder or to those of another shareholder. In the event that transfer is made to third party there is a procedure by which the Company can exercise its right of preferential acquisition.

In cases of transfers *mortis causa* the former procedure limiting the transferability of the shares will be applied.

Except for the 3i Shareholding Contract, by virtue of which the parties are subject to certain regulations on the transfer of shares, there are no restrictions placed on the members of the Board of Directors or management bodies, or top management of the Company governing the disposal in a determined period of time of their shareholding in the Company. This agreement will terminate once Renta is floated on the stock exchange.

The main shareholders of the Company at 31 December 2005 holding a control of 5% or more of its share capital either directly or indirectly are as follows:

	Number of shares			% control
Name	Direct	Indirect	Total	
Luis Rodolfo Hernández de Cabanyes	1,000,450	8,205,505	9,205,955	41.942%
Fundación Renta Corporación	1,438,811	847,902	2,286,713	10.419%
3i Group Plc.	1,222,463	950,807	2,173,270	9.901%
Josep-Maria Farré Viader	25,135	1,684,287	1,709,422	7.789%
Esther Elisa Giménez Arribas	1,100	1,155,803	1,156,903	5.271%

13. Short-term creditors

The breakdown of this account at 31 December 2005 is as follows:

Amounts owing for purchases and services rendered	388
Short-term interest on loans from group companies	49
Bank loans (see Note 14)	3,833
Short-term interest on bank loans	17
Outstanding remuneration	51
Taxes payable (see Note 15)	12,385
	16,723

The company has extended as yet undrawn credit facilities to its subsidiaries with an aggregate limit of Euros 70,000 with a one year term, which can be tacitly extended for yearly periods after maturity. These agreements have accrued interest of Euribor at three months + 0.75% since 2005.

14. Bank loans

Euros 3,833 thousand relates to the balance of credit facilities drawn down by the Company extended by financial institutions. The average interest rate has been 3.5% p.a.

The total limit of these facilities totals Euros 8,200 thousand.

15. Tax situation

AAs the Company met the requirements set down for group companies under Chapter VII, Section VII of Royal Legislative Decree 4/2004 of 5 March, which adopted the Corporate Tax Act, it filed as the parent company a consolidated tax return for the first time in 2002, together with Renta Corporación Real Estate R.A., S.A.U., Renta Corporación Real Estate G.O., S.L.U. and Renta Corporación Real Estate O.N., S.A.U.

Because certain items are treated differently for tax and financial reporting purposes, the tax profit differs from the profit reported in these accounts.

The reconciliation between reported profits and taxable profits is set out below:

Reported net profit / (loss)	12,995
Corporate income tax	(1,164)
Profit before tax	11,831
Elimination of the dividend received from the subsidiary Renta Corporación Real Estate G.O., S.L.U.	(2,000)
Elimination of the dividend received from the subsidiary Renta Corporación Real Estate R.A., S.L.U.	(9,500)
Elimination of group interest	(688)
Elimination of group turnover	(3,224)
Elimination of depreciation provision	262
Taxable income	(3,319)

Corporate income tax relates to 35% of the negative tax base.

At 31 December 2005 the Company does not have tax loss carryforwards or outstanding allowances.

Public Treasury, debtor for corporate income tax	(1,165)
Receivables from subsidiary companies for corporate income tax (See Note 9)	13,560
Tax payable	12,395

During the year ended 31 December 2005 the Company has withheld and made payments on account for Corporate income tax in the amount of Euros 42 thousand and Euros 524 thousand, respectively.

The Company is open to inspection by the Tax Authorities for the last four years for the make applicable taxes.

The breakdown of the creditors balances with Public Administrations at 31 December 2005 is as follows:

Creditor balances	
Public Treasury, VAT creditor	343
Public Treasury, creditor for withholding tax, Tax on income from capital and others	209
Public Treasury, creditor for corporate income tax	11,829
Social Security, creditor	4
	12,385

16. Income and expenses

Transactions with group and associated companies:

The transactions in 2005 with the companies in the Renta Corporación Real Estate group and associated companies have been as follows:

Services rendered	3,458
Dividend income	11,500
Financial income	1,107
Financial expense	49

17.Other information

We set out below the remuneration accrued to the members of the Board of Directors of the Company in 2005:

Description	
Attendance at meetings of the Board of Directors / Delegated Committees	142
Provision of services	660
Salaries	1,916
Total remuneration	2,718

The total amount of life, accident and civil liability insurance premiums paid by the Company for members of the Board of Directs totals Euros 1 thousand.

The Company has extended an advance of Euros 40 thousand to a member of the Board of Directors.

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for auditing services total Euros 97 thousand.

At 31 December 2005, the Company is the guarantor for group companies of a credit facilities and mortgage-backed loans totalling a maximum of Euros 129,684 thousand and has been given a guarantee by Renta Corporación Real Estate R.A., S.A.U. for two credit facilities of a maximum of Euros 4,000 thousand.

The Company is the guarantor of a guarantee deposit in the amount of Euros 180 thousand that Masella Oeste, S.L., has lodged in favour of the City Council of Alp to guarantee the urbanisation work in the aware surrounding the housing development being built by Masella Oeste, S.L..

In accordance with the provisions of article 127.3.4 of the Spanish Companies Act, which introduced Law 26/2003 of 17 July, which modified the Securities Exchange Act, Law 24/1988, of 28 July, and the Spanish Companies Act, in order to reinforce the transparency of public limited companies, we set out below the companies with the same, analogous or complementary activity as that of the Company and the Group in which members of the Board of Directors hold an interest or occupy offices or functions therein:

Name	Name of company	Shareholding	Office or functions
Luis Rodolfo Hernández de Cabanyes	RENTA CORPORACIÓN REAL ESTATE PATRIMONIO, S.L.	3.04% direct	Sole Administrator
	SECOND HOUSE, S.L.	6.53% direct 40.77% indirect	-
	LUECO, S.A.	40.00%	Sole Administrator
	FINANTING 2001, S.L.	43.15% direct 20% indirect	-
	AURODOC 75, S.L.	43.15% direct 20% indirect	-
	TOGA 20, S.L.	43.15% direct 20% indirect	-
	SDEEGTUTERS, S.L.	43.15% direct 20% indirect	-
	DINOMEN, S.L.	43.15% direct 20% indirect	Sole Administrator
	ALDERAMIN STAR, S.L.	100% owned by DINOMEN, S.L. %	Sole Administrator

Name	Name of company	Shareholding	Office or functions
Anna M. Birulés Bertran	SECOND HOUSE, S.L.	1.50%	-
Josep-Maria Farré Viader	SECOND HOUSE, S.L.	3.73 % direct 1.95% indirect	-
	LUECO, S.A.	7.00%	-
	SHONAN INVESTMENTS, S.L.	74.71%	-
Esther Elisa Giménez Arribas	SECOND HOUSE, S.L.	4.13%	-
	LUECO, S.A.	5.00%	-
	ANPOL CAPITAL, S.L.	48.387%	Sole Administrator
	TOGA 20, S.L.	-	Sole Administrator
Elena Hernández de Cabanyes	SECOND HOUSE, S.L.	3.66%	Sole Administrator
	SECOND HOUSE REHABILITACION, S.L.	-	Sole Administrator
	LUECO, S.A.	4.00%	-
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	2.00%	-
César A. Gibernau Ausió	SECOND HOUSE, S.L.	1.05%	-
	CHARCEBOY, S.L.	10.91%	-
	GP CONSULTING, SL.	11.96% indirect	General Power
Carlos Tusquets Trias de Bes	LIFE MARINA IBIZA, S.L.	6.54%	-

The other Directors do not hold any shareholdings in companies with the same, analogous or complementary activity as that which constitutes the corporate purpose of the Company.

18. Subsequent events

On 9 February the General Meeting of Shareholders adopted a resolution to distribute an interim dividend against 2005 results of Euros 0.46 per share, which was put forwards by the Board of Directors at its meeting of 27 December 2005.

At that same general meeting a resolution was adopted, amongst others, to apply to float the company on the Madrid and Barcelona stock exchange through an Initial Public Offering.

19. Environment

The Company has adopted the measures necessary for the protection and improvement of the environment and the minimisation, as the case may be, of any environmental impact, by complying with current legislation. The Company has not made any environment-related investments or incurred significant expenses for the protection and improvement of the environment. Furthermore, the Company has not considered it necessary to record any provisions for environment-related liabilities and charges as it does not have any contingencies related to the protection and improvement of the environment or liabilities of an environmental nature.

Renta Corporación
Real Estate, S.A.
CIF: A-62385729

Registered office:
Avda. Diagonal, 449, 2°
08036 Barcelona

Barcelona Registry of
Companies:
Volume 33.020
Folio 118
Sheet B – 220,077

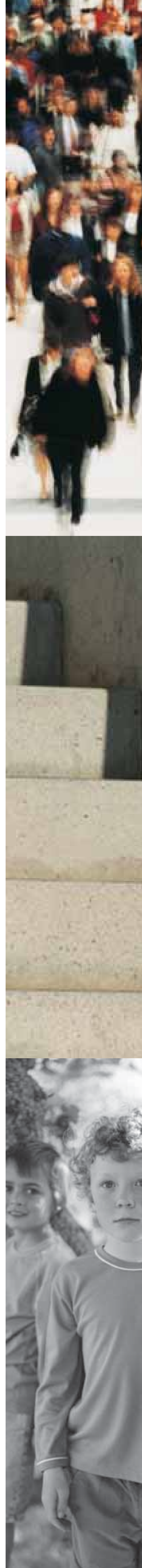
Publication:
Renta Corporación
Real Estate, S.A.
Design and layout:
Imagina Comunicació
Printing:
Grup 3
Dep Leg: B.7.855-06

Avda. Diagonal 449
08036 Barcelona
Tel. 93 494 96 70
Fax. 93 321 11 08
www.rentacorporacion.com

RENTA
CORPORACIÓN

CORPORATE GOVERNANCE – CORPORATE SOCIAL RESPONSIBILITY **2005**

VOLUME 3



CONTENTS

VOLUME 3: CORPORATE GOVERNANCE – CORPORATE SOCIAL RESPONSIBILITY

Annual Corporate Governance Report

1

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED PUBLIC LIMITED COMPANIES (SOCIEDADES ANÓNIMAS)

ISSUER'S IDENTIFICATION DETAILS

FINANCIAL YEAR 2005

Tax Identification Code (NIF): A-62385729

Corporate Name:

RENTA CORPORACION REAL ESTATE S.A.

Registered Office:

AVENIDA DIAGONAL, 449-2º
BARCELONA
08036
SPAIN

As at 31 December 2005, Renta Corporación Real Estate, S.A. is not a listed company. Notwithstanding the above, it has been deemed appropriate to prepare this Report in view of the possible listing of its shares in Barcelona and Madrid Stock Exchanges, which is forecast to take place in the first half of 2006.

A. OWNERSHIP STRUCTURE

A.1. Please give details of the company's share capital in the following table:

Date last modified	Share capital (euros)	Number of shares
22-04-2005	21,949,301	21,949,301

If there are different share classes, please indicate this in the following table:

Class	Number of shares	Number of shares

A.2. Please give details of the direct and indirect holders of significant holdings in your company at the close of the financial year, excluding directors:

NIF/CIF	Shareholder's Name or Corporate Name:	Number of Direct Shares	Number of Indirect Shares (*)	Total % of Share Capital
G62091061	FUNDACIÓN PRIVADA RENTA CORPORACION	1,438,811	847,902	10.419
1142830	3i GROUP Plc	1,222,463	950,807	9.901

(*) Through:

NIF/CIF	Name or Corporate Name of the Direct Shareholder	Number of direct shares	Total % of Share Capital
LP 9318	3i SPAIN PRIVATE EQUITY 2004-2006 LP950.807	950,807	4.332
	Total:	950,807	4.332

Please indicate the most significant changes to the share structure which have taken place during the year:

NIF/CIF	Shareholder's Name or Corporate Name:	Date of operation	Description of the operation

A.3. Please give details in the following tables of any members of the Company's Board of Directors who own shares in the company:

NIF/CIF	Director's Name or Corporate Name:	Date of original appointment	Most recent appointment date	No. of direct shares	No. of indirect shares (*)	Total % of Share Capital
46121585-F	LUIS HERNÁNDEZ DE CABANYES	19-12-2000	16-07-2001	1,000,450	8,205,505	41.942
40274183-X	ANNA M. BIRULÉS BERTRAN	08-09-2004	08-09-2004	343,222	--	1.564
46228767-D	JOSEP-MARIA FARRÉ VIADER	19-12-2000	10-09-2003	25,135	1,684,287	7.789
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	19-12-2000	16-07-2001	1,100	1,155,803	5.271
46131826-J	ELENA HERNÁNDEZ DE CABANYES	19-12-2000	16-07-2001	732,336	--	3.336
37642140-H	CARLOS TUSQUETS TRIAS DE BES	27-12-2004	27-12-2004	--	325,985	1.485
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	17-11-2003	03-03-2005	221,320	--	1.008

(*) Through:

NIF/CIF	Name or Corporate Name of the Direct Holder of the Holding	Number of Direct Shares
B62399233	DINOMEN, S.L.	2,710,290
B62577598	FINANTING 2001, S.L.	1,482,910
B62713144	SDEEGTUTERS, S.L.	1,446,885
B62792163	AURODOC 75, S.L.	1,165,142
B62792155	TOGA 20, S.L.	1,400,278
B83842054	SHONAN INVESTMENTS S.L.	1,684,287
B63732135	ANPOL CAPITAL, S.L.	1,155,803
556677-9913	AMIFEM AB	325,985
	Total:	**11,371,580**

Total shareholding in the control of the Board of Directors (%)	62.395

Please give details in the following tables of any members of the Company's Board of Directors who possess any rights over shares in the company:

NIF/CIF	Director's Name or Corporate Name:	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	Total % of Share Capital

A.4. Please provide details, if applicable, of any family, commercial, contractual or corporate relationships existing between significant shareholders to the extent known to the Company, unless they are of little relevance or derive from ordinary commercial business and transactions:

NIF/CIF	Related names or corporate names:	Relationship:	Brief description

A.5. Please provide details, if applicable, of any commercial, contractual or corporate relationships existing between significant shareholders and the Company, unless they are of little relevance or derive from ordinary commercial business and transactions:

NIF/CIF	Related names or corporate names:	Relationship:	Brief description

A.6. Please provide details of any shareholders' agreements of which the Company has been informed:

NIF/CIF	Parties to the Shareholders' Agreement	% of share capital affected	Brief Description of the Agreement
1142830	3i GROUP Plc	80.089	IN THE CONTEXT OF THE ACQUISITION BY 3i GROUP Plc, 3i SPAIN PRIVATE EQUITY 2004-2006 LP AND D. CARLOS TUSQUETS TRIAS DE BES (THE "INVESTORS") OF SOME OF THE SHARE CAPITAL, THE INVESTORS, RENTA CORPORACION AND CERTAIN REFERENCE SHAREHOLDERS OF RENTA CORPORACION EXECUTED A SHAREHOLDERS' INVESTMENT CONTRACT ON 09-12-2004, ESTABLISHING THE MECHANISMS AND ACTIONS TO BE CARRIED OUT FOR THE INVESTORS' EFFECTIVE ENTRY INTO, AND ACQUISITION OF INTERESTS IN, RENTA CORPORACION'S CAPITAL, AND THE RELATIONSHIPS WITHIN THE COMPANY,

NIF/CIF	Parties to the Shareholders' Agreement	% of share capital affected	Brief Description of the Agreement
			THE REFERENCE SHAREHOLDERS AND THE INVESTORS FOLLOWING THE SAID ACQUISITION OF CAPITAL. THE SAID CONTRACT STIPULATES THAT IT WILL TERMINATE ON APPLICATION FOR ADMISSION TO LISTING OF THE SHARES IN A SECONDARY MARKET. IN SUCH A CASE, A TAG-ALONG RIGHT IN FAVOUR OF INVESTORS TO SELL TO RENTA CORPORACIÓN'S REFERENCE SHAREHOLDERS AT THE TIME OF THE APPLICATION IS HEREBY ESTABLISHED. BOTH THE CONTRACT AND THE PLEDGE OVER CERTAIN RENTA CORPORACION SHARES ENVISAGED THEREIN WOULD BE RENDERED WITHOUT EFFECT, AS AGREED, ON THE DATE OF THE APPLICATION.
46121585-F	LUIS HERNÁNDEZ DE CABANYES	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
35117497-Q	CRISTINA ORPINELL KRISTJANSDOTTIR	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
46131826-J	ELENA HERNÁNDEZ DE CABANYES	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
46338104-G	DAVID VILA BALTA	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B60796604	VILLA BORGUESE, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
275864-W	GUDRUN KRISTJANSDOTTIR	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
36291436-N	ANTONIO ORPINELL ENRECH	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
G62091061	FUNDACIÓN PRIVADA RENTA CORPORACIÓN	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B62399233	DINOMEN, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
38502393-W	PERE ARIMÓN VILAGELIU	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
46228767-D	JOSEP-MARIA FARRÉ VIADER	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
X1894980X (N.I.E. number)	IKUKO KAGÀ	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B83842054	SHONAN INVESTMENTS, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
40274183-X	ANNA M. BIRULÉS BERTRAN	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B62792155	TOGA 20, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B-58462839	DETRES INVERSIONES E INMUEBLES, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B62577598	FINANTING 2001, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B62713144	SDEEGTUTERS, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
B62792163	AURODOC 75, S.L.	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.

NIF/CIF	Parties to the Shareholders' Agreement	% of share capital affected	Brief Description of the Agreement
B58462839	DETRES INVERSIONES E INMUEBLES, S.L.	0.919	LUIS RODOLFO HERNÁNDEZ DE CABANYES, JOSEP-MARIA FARRÉ VIADER, ESTHER GIMÉNEZ ARRIBAS, ÁNGEL SOLER SOLSONA, PERE ARIMON VILAGELIU, ELENA HERNÁNDEZ DE CABANYES, DAVID VILA BALTA AND ANTONIO ORPINELL ENRECH TRANSFERRED SHARES IN THE COMPANY REPRESENTING (AS AT THE CLOSE OF 2005) 0.919% OF THE COMPANY'S SHARE CAPITAL TO THE COMPANY DETRES INVERSIONES E INMUEBLES, S.L. UNDER THE DEED OF SALE AND PURCHASE, IT WAS AGREED THAT DETRES INVERSIONES E INMUEBLES, S.L. WOULD BE GRANTED A TAG-ALONG OR CO-SALE RIGHT IN THE SAME PROPORTION AS THE PROPORTION OF SHARES IN THE COMPANY SOLD TO THIRD PARTIES BY THE ABOVE MENTIONED SHAREHOLDERS.
	FUNDACIÓN RENTA CORPORACIÓN	3.864	UNDER A DEED OF GIFT AND ENJOYMENT DATED 15 JANUARY 2003, FUNDACIÓN RENTA CORPORACIÓN (PREVIOUSLY FUNDACIÓN PRIVADA RENTA ANTIGUA) DONATED THE BARE OWNERSHIP OF 423,951 SHARES IN THE COMPANY TO UNICEF-COMITÉ ESPAÑOL (UCE), AND THE BARE OWNERSHIP OF 423,951 SHARES IN THE COMPANY TO FUNDACIÓN INTERMÓN-OXFAM, WITH FUNDACION RENTA CORPORACIÓN RETAINING THE BENEFICIAL OWNERSHIP OF ALL SUCH SHARES. UNDER THE ABOVE MENTIONED DEED OF ENJOYMENT, BOTH UNICEF-COMITÉ ESPAÑOL (UCE) AND FUNDACIÓN INTERMÓN--OXFAM WAIVED ANY FINANCIAL AND POLITICAL RIGHTS THEY MIGHT RESPECTIVELY BE ENTITLED TO AS BARE OWNERS OF THE ABOVE MENTIONED SHARES, IN FAVOUR OF FUNDACION RENTA CORPORACIÓN, WITHOUT PREJUDICE TO THE LATTER'S ABILITY TO USE THE DIVIDENDS OF ITS BARE OWNERSHIP FOR UNICEF-COMITÉ ESPAÑOL'S (UCE) AND FUNDACIÓN INTERMÓN-OXFAM'S SOCIAL PROJECTS. IN ADDITION, THE ABOVE MENTIONED DEED OF GIFT AND ENJOYMENT ESTABLISHED A PROHIBITION ON THE TRANSFER OF SHARES, UNDER WHICH UNICEF-COMITÉ ESPAÑOL (UCE) AND FUNDACIÓN INTERMÓN-OXFAM AGREED TO: (I) REFRAIN FROM TRANSFERRING 50% OF THEIR SHARES IN THE COMPANY EITHER UNTIL THE COMPANY'S SHARES ARE ADMITTED TO LISTING OR AFTER FOUR (4) YEARS FROM THE DATE OF EXECUTION OF THE SAID DEED (I.E. 15 JANUARY 2007); (II) REFRAIN FROM TRANSFERRING THE FOLLOWING 25% OF THEIR SHARES IN THE COMPANY UNTIL TWO (2) YEARS AFTER THE EVENT ENVISAGED IN PARAGRAPH (I) ABOVE, AND (III) REFRAIN FROM TRANSFERRING THE REMAINING 25% OF THEIR SHARES IN THE COMPANY UNTIL FOUR (4) YEARS AFTER THE EVENT ENVISAGED IN PARAGRAPH (I) ABOVE. THUS, IN ACCORDANCE WITH THE ABOVE MENTIONED DEED, UNICEF-COMITÉ ESPAÑOL (UCE) AND FUNDACIÓN INTERMÓN-OXFAM

NIF/CIF	Parties to the Shareholders' Agreement	% of share capital affected	Brief Description of the Agreement
			SHALL BE ENTITLED TO TRANSFER UP TO 50% OF THEIR HOLDING IN THE COMPANY IN THE IPO AND MAY NOT DISPOSE OF THE REMAINING 50% UNTIL AFTER THE ABOVE TIME PERIODS, UNLESS OTHERWISE AGREED.
G28382406	UNICEF COMITÉ ESPAÑOL (UCE)	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
G58236803	FUNDACIÓN INTERMON-OXFAM	SEE THE PERCENTAGE DESCRIBED IN THE FIRST SECTION	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.

Please provide details of any concerted action between the Company's shareholders known to the company:

NIF/CIF	Parties to concerted action	% of share capital affected	Brief description of the concerted action

If there have been any amendments to, or breaches of, such covenants, agreements or concerted action, please indicate it expressly.

A.7. Please indicate whether there is any legal or natural person who may exercise control over the Company in accordance with Article 4 of the Spanish Securities Market Law (Ley del Mercado de Valores):

NIF/CIF	Name or corporate name

Comments

A.8. Please give details of the Company's treasury shares in the following tables:

As at the close of the financial year:

Number of Direct Shares	Number of Indirect Shares (*)	Total % of Share Capital
28,970	--	0.132

(*) Through:

NIF/CIF	Name or Corporate Name of Direct Shareholder	Number of Direct Shares
	Total:	

Please provide details of any significant variations effected during the year in accordance with the provisions of Spanish Royal Decree 377/1991 during the year:

Date	Number of Direct Shares	Number of Indirect Shares	Total % of Share Capital
21-01-2005	1,926 Acquisition of shares (pre-split)	--	0.100
28-07-2005	4,390 Assignment to employees	--	0.020
28-07-2005	2,195 Assignment to employees	--	0.010
28-07-2005	2,195 Assignment to employees	--	0.010
28-07-2005	2,195 Assignment to employees	--	0.010
28-07-2005	2,195 Assignment to employees	--	0.010
28-07-2005	4,390 Assignment to employees	--	0.020

Profit and loss in the year due to treasury share transactions (in thousands of euros)	N.A.

A.9. Please provide details of the terms and/or duration of the authorisations given by the Shareholders' Meeting to the Board of Directors for carrying out the acquisitions or transfers of Company shares described in Section A.8.

As at the date of issue of this Report, the authorisation granted by the General Meeting of Shareholders of the Company on 30 November 2004 authorising the Board of Directors to acquire shares in the Company is valid. The third resolution adopted at the above mentioned General Meeting is reproduced verbatim below:

"To also authorise the Board of Directors, in accordance with the provisions of Article 75 et seq. of the Spanish Law on Public Limited Companies (Ley de Sociedades Anónimas), to buy back shares in the Company either directly or through any subsidiary companies of which the Company is the controlling company, in accordance with the legal requirements and limits and under the following conditions:

a) *Forms of acquisition: the acquisition shall be effected by means of a sale and purchase, swap or accord and satisfaction.*

b) *Maximum number of shares to be acquired: shares with a par value not exceeding 10% of the share capital when added to those shares already directly or indirectly held by the Company.*

c) *Maximum and minimum prices: the minimum acquisition price for the shares shall be their par value, and the maximum price shall be one hundred and ten euros (€110.00).*

d) *Duration of the authorisation: eighteen (18) months from the date hereof.*

For the purposes of the last paragraph of Article 75.1 of the Law on Public Limited Companies, it is specified that shares acquired pursuant to the authorisations resolved at this Meeting may be allocated by the Company, as applicable, to the Company's employees or directors, either directly or following the exercise of any option rights held by them."

A.10. Indicate any legal restrictions or restrictions in the Articles of Association on voting rights, as well as any legal restrictions on acquiring or transferring shareholdings.

There are no legal restrictions or restrictions in the Articles of Association on voting rights in Renta Corporación Real Estate, S.A. (hereafter, "**Renta Corporación**" or "**the Company**").

Article 15 of the current Articles of Association (hereinafter, the "**2005 Articles of Association**"), which reads as follows, contain a series of restrictions on the free transfer of Company shares. This is the case because, as at 31 December 2005, Renta Corporación is not a listed company and is therefore not subject to the prohibition on imposing restrictions on the free transfer of Company shares. The shareholders' agreements referred to in Section A.6 above should also be noted.

"ARTICLE 15. TRANSFER OF SHARES

The transfer of Company shares and any other securities or rights conferring the ability to subscribe for such shares shall be governed by the following terms and conditions:

1. Free Transfers. The following shall be considered free transfers: transfers inter vivos or on death (i) in favour of another shareholder of the Company; (ii) in favour of Company employees; (iii) of shares representing less than 1% of the Company's share capital each calendar year, up to an accumulated maximum of 3%; (iv) in favour of non-profit Non-Governmental Organisations or Foundations; (v) in favour of spouses, siblings, ancestors or direct descendants of the transferor; (vi) in favour of companies in which the transferor, who must be a natural person, or his or her spouse, siblings, ancestors or direct descendants, has a holding of more than fifty percent (50%); or (vii) if the transferor is a legal person and the transfers are in favour of companies belonging to the transferor's corporate group (as defined in Article 4 of the Securities Market Law). With regard to the cases referred to in Paragraphs (vi) and (vii) above, in the event that the transferor, who must be a natural person, or his or her spouse, siblings, ancestors or direct descendants, ceases to hold at least fifty percent (50%) of the company to which the Company shares were transferred, or in the event that the company to which the transferor, which must be a legal person, transferred its shares in the Company ceases to belong to the original transferor's corporate group, the companies to which the transfers were made must, as applicable, assign the Company shares either to the natural person who transferred the shares or to another company within the corporate group to which the legal person which transferred the shares belongs.

For the purposes of this Article, the 3i Group shall include: the company "3i Group plc" and all companies directly or indirectly controlled by "3i Group plc", a British company registered in the Companies Registry of England and Wales under number 1142830; "3i Spain Private Equity 2004-2006 LP", a Limited Partnership founded under English Law and registered in the Limited Partnership Register of England and Wales under number LP 9318, including all its participants; and all funds, Partnerships or similar entities managed by the above entities, also including all their participants.

2. Restrictions on the free transfer of shares. All other transfers are subject to the following rules:

Inter Vivos Transfers

Right of First Refusal.
The Company's Management Body must be given reliable notice at the Company's registered office of the purpose of any inter vivos transfer of shares representing the Company's share capital, or of any other rights entitling the holder to subscribe for shares in the Company, in favour of any person other than those specified above. The notice must identify and specify the number of shares being offered. In the case of transfers for consideration,

the sale value per share, the payment terms and other terms of any purchase offer alleged to have been received from a third party by the offering shareholder, as well as the said party's personal details, must also be included. In the case of a transfer for profit, the required information shall be limited to the grantor's personal details.

Firstly, the Company may choose, within a maximum of one (1) month to be counted from receipt of the above mentioned notice by the Management Body, to either acquire the shares for itself in the manner permitted by the law within one month following the end of the last period indicated, or offer the shareholders the opportunity to acquire the company shares on sale.

If the Company chooses not to acquire the shares for itself, the Management Body may in turn, within the one (1) month period referred to in the preceding paragraph, inform all shareholders of the fact, so that they can, within a new one (1) month period to be calculated from the day immediately following the end of the previous period, notify the Company's Management Body of their wish to acquire the company shares on sale.

In the event that this right of first refusal is exercised by several shareholders, the shares on sale shall be distributed by the Management Body between such shareholders, prorated to their holdings in the share capital. If any shares remain unallocated due to the impossibility of dividing them, such shares shall be distributed between the shareholders who have applied for them prorated to their holdings in the Company's share capital.

The Management Body shall notify the shareholder wishing to transfer the shares, within fifteen (15) days to be counted from the day immediately following the end of the one (1) month period granted to shareholders for the exercise of their right of first refusal, of the names of the shareholders wishing to acquire the shares.

If no shareholder has exercised his, her or its right of first refusal after the end of the last period, the Management Body shall authorise the shareholder to transfer the shares within two (2) months under the same terms offered to the other shareholders. If the transfer has not been effected by the end of this period, the shareholder must again communicate his, her or its wish to transfer the shares inter vivos in the manner stipulated in this article.

The acquisition price and conditions of transfer shall be no less favourable than those of the offer received. In the event of a transfer for profit, the acquisition price shall be set by mutual agreement of the parties. In the absence of agreement, the price shall be the reasonable value of the shares on the day of communication of the intention to transfer them, determined by an auditor appointed by mutual agreement of the parties. In the absence of such an agreement, this shall be determined by an auditor other than the Company auditor appointed by the Commercial Registrar with jurisdiction over the Company's registered office, at the request of any of the interested parties.
In addition, the following shall apply to share transfers carried out in accordance with the preceding paragraphs:

Tag along. If the potential purchaser commits to directly or indirectly acquiring Company shares in one or successive transactions enabling him, her or it to attain a holding of 50% or more of the share capital, all shareholders shall be entitled to offer to sell their shares under the same terms, and the purchaser shall be under an obligation to buy all shares thus offered in one block. For that purpose, when the shareholders receive the appropriate notification to exercise their right of first refusal from the Management Body, they shall have one (1) month, as established above, to communicate their wish to purchase the shares on sale or to sell their own shares to the purchaser. It is understood that this section shall not apply to free transfers permitted under Section 1 above, or to the exercise of the Company's right of first refusal permitted under Section 2 above.

Transfers on death or by court order

Save for in the case of free transfers, in accordance with this Article, in the events of acquisition on death by inheritance or legacy, or as a result of legal or administrative enforcement proceedings, unless otherwise provided by a compulsory provision, the Company or, if it does not wish to exercise that right, its other shareholders, shall also have a right of first refusal over the shares in question, with the following specific conditions..

In such cases, the person who must notify the Management Body in order to comply with the procedure relating to the right of first refusal shall be the heir or legatee, or the awardee under the court or administrative order, and such a person must provide information of the transfer and its circumstances as well as of his or her personal details. The acquisition price shall be set by mutual agreement of the parties. In the absence of agreement, the price shall be the reasonable value of the shares, determined by an auditor appointed by mutual agreement of the parties. In the absence of such an agreement, this shall be determined by an auditor other than the Company auditor appointed by the Commercial Registrar with jurisdiction over the Company's registered office, at the request of any of the interested parties.

If two (2) months following submittal of the application for registration of the transfer in the Share Register lapse without any shareholders having exercised their right of first refusal, the transfer must be registered at that point.

Transfer of Pre-emptive Subscription Rights

Pre-emptive Subscription Rights shall be transferable under the same terms as the shares to which they relate. The same procedure shall therefore be followed as for share transfers, with the same right of first refusal for the remaining shareholders..

The acquisition price shall be the reasonable value of the pre-emptive subscription rights, determined by an auditor appointed by mutual agreement of the parties. In the absence of such an agreement, this shall be determined by an auditor other than the Company auditor appointed by the Commercial Registrar with jurisdiction over the Company's registered office, at the request of any of the interested parties..

Transfers made in breach of the provisions of this Article shall not be valid vis-à-vis the Company, which shall refuse to register them in the Share Register."

Notwithstanding the above, it is hereby expressly stated for the record that, in view of the possible admission to Stock Exchange listing of Renta Corporación's shares, a new restated text of the Company's Articles of Association (hereinafter, the "**New Articles of Association**") was approved at a General Meeting of Shareholders held on 9 February 2006. The new text is conditional on successful listing and, among other things, amends the above Article of the 2005 Articles of Association, removing all restrictions to the free transfer of shares.

B. COMPANY MANAGEMENT STRUCTURE

B.1 Board of Directors

B.1.1. Please give details of the maximum and minimum number of directors permitted under the Company's Articles of Association:

Maximum Number of Directors	12
Minimum Number of Directors	3

B.1.2. Please give details of the members of the Board of Directors in the following table:

NIF/CIF	Director's Name or Corporate Name:	Representative	Position on the Board	Date of original appointment	Most recent appointment date	Election Procedure
46121585-F	LUIS HERNÁNDEZ DE CABANYES	--	CHAIRMAN AND MANAGING DIRECTOR	19-12-2000	16-07-2001	GENERAL MEETING
40274183-X	ANNA M. BIRULÉS BERTRAN	--	VICE-CHAIRMAN	08-09-2004	08-09-2004	GENERAL MEETING
46228767-D	JOSEP-MARIA FARRÉ VIADER	--	MANAGING DIRECTOR	19-12-2000	10-09-2003	GENERAL MEETING
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	--	DIRECTOR	19-12-2000	16-07-2001	GENERAL MEETING
46131826-J	ELENA HERNÁNDEZ DE CABANYES	--	DIRECTOR	19-12-2000	16-07-2001	GENERAL MEETING
37642140-H	CARLOS TUSQUETS TRIAS DE BES	--	DIRECTOR	27-12-2004	27-12-2004	GENERAL MEETING
37607785-W	PEDRO NUENO INIESTA	--	DIRECTOR	30-11-2004	30-11-2004	GENERAL MEETING
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	--	SECRETARY MEMBER	17-11-2003	03-03-2005	GENERAL MEETING

Total number of directors	8

Please indicate any directors who have ceased to be Board members during the period:

NIF/CIF	Director's Name or Corporate Name:	Date of leaving

B.1.3. Please give details of the members of the Board of Directors, and their different positions, in the following tables:

<u>EXECUTIVE DIRECTORS</u>

NIF/CIF	Director's Name or Corporate Name:	Nominating committee	Position in the Company's Organisation
46121585-F	LUIS HERNÁNDEZ DE CABANYES	NOT APPLICABLE	CHAIRMAN AND MANAGING DIRECTOR
40274183-X	ANNA M. BIRULÉS BERTRAN	NOT APPLICABLE	VICE-CHAIRMAN
46228767-D	JOSEP-MARIA FARRÉ VIADER	NOT APPLICABLE	MANAGING DIRECTOR
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	NOT APPLICABLE	DIRECTOR

EXTERNAL DIRECTORS REPRESENTING SUBSTANTIAL SHAREHOLDERS

NIF/CIF	Director's Name or Corporate Name:	Nominating committee	Name or Corporate Name of the Nominating or Represented Significant Shareholder:	Background
37642140-H	CARLOS TUSQUETS TRIAS DE BES	NOT APPLICABLE	3i GROUP Plc	1142830

INDEPENDENT EXTERNAL DIRECTORS

NIF/CIF	Director's Name or Corporate Name:	Nominating committee	Background
37607785-W	PEDRO NUENO INIESTA	NOT APPLICABLE	HOLDS THE FUNDACIÓN BERTRÁN DE INICIATIVA EMPRESARIAL CHAIR AT IESE BUSINESS SCHOOL. VICE-CHANCELLOR OF THE INTERNATIONAL ACADEMY OF MANAGEMENT, EXECUTIVE CHAIRMAN OF CEIBS (CHINA EUROPE INTERNATIONAL BUSINESS SCHOOL) IN SHANGHAI, AND FOUNDER AND CHAIRMAN OF FINAVES, A VENTURE CAPITAL COMPANY WHICH SUPPORTS INNOVATIVE COMPANIES. HE HAS WRITTEN MANY ARTICLES AND PUBLISHED TEN BOOKS. HE HAS A DOCTORATE IN BUSINESS ADMINISTRATION FROM HARVARD UNIVERSITY AND A DEGREE IN INDUSTRIAL ENGINEERING FROM BARCELONA POLYTECHNIC UNIVERSITY.
37663313-P	CÉSAR A. GIBERNAU AUSIÓ (His category was changed to "other external directors" pursuant to a resolution dated 9 February 2006)	NOT APPLICABLE	JOINED THE BOARD OF DIRECTORS OF RENTA CORPORACIÓN AS NON-BOARD MEMBER SECRETARY IN 2003. HE HAS BEEN FOUNDING PARTNER OF THE CONSULTING AND ADVISING FIRM GIBERNAU PLANA Y ASOCIADOS SINCE 1980. HE HAS ALSO TAUGHT DIRECT TAX AT CATALONIA POLYTECHNIC UNIVERSITY. HE HAS PUBLISHED SEVERAL ARTICLES IN PROFESSIONAL MAGAZINES. HE HAS A DEGREE IN ECONOMICS AND BUSINESS STUDIES FROM BARCELONA UNIVERSITY AND HOLDS AN ACTUARY'S QUALIFICATION FROM THE SAME UNIVERSITY. HE IS ALSO AN AUDITOR AND CERTIFIED PUBLIC ACCOUNTANT, A QUALIFICATION GRANTED BY THE SPANISH INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, AND HAS A DIPLOMA IN SENIOR MANAGEMENT (PADE) FROM IESE BUSINESS SCHOOL.

OTHER EXTERNAL DIRECTORS

NIF/CIF	Director's Name or Corporate Name:	Nominating committee
46131826-J	ELENA HERNÁNDEZ DE CABANYES	NOT APPLICABLE

Please give details of the reasons why they cannot be considered dependent directors or directors representing substantial shareholdings ("dominical"):
Elena Hernández de Cabanyes' holding in the share capital is not sufficiently relevant to be classed as a director representing a substantial shareholding. On the other hand, the family relationship between her and Luis R. Hernández de Cabanyes, added to the relationship between the Company and the company Second House, S.L., make it advisable not to class her as an independent external director.

Please indicate any changes to the position of each director which have taken place during the period:

NIF/CIF	Director's Name or Corporate Name:	Date of change	Previous condition	Current condition

B.1.4. Please indicate whether the classification of the directors made in the preceding Section corresponds to the distribution envisaged in the Board Regulations.

Since it is an unlisted company, Renta Corporación's 2005 Articles of Association do not provide for different types of director.

Notwithstanding the above, and in view of the possible admission to listing of the Company's shares, the Regulations of the Board of Directors of Renta Corporación (the "**Board Regulations**") were approved on 27 December 2005.

In this regard, the directors' classification detailed in Section B.1.3 above corresponds to the distribution envisaged in the Board Regulations. Under Article 6 of the said Regulations, it shall be ensured that, to the extent possible, the Board is formed by a majority of external or non-executive directors in relation to the number of executive directors.

Under the Board Regulations, executive directors are those directors who in any way carry out management duties within the Company. All non-executive directors shall therefore be considered external directors.

In addition, the Board shall seek to ensure that the majority group of external directors includes the holders (or their representatives) of stable significant holdings in the Company's share capital (directors representing a substantial shareholding) and professionals of reputable status with no connection to the executive team or the significant shareholders (independent directors). The Board shall also seek to ensure, to the extent possible, that there is a reasonable balance between the directors representing a substantial shareholding and the independent directors, i.e. taking into account the relationship between floating capital (held by ordinary investors) and stable capital (held by significant shareholders) among the Company's shareholders.

B.1.5. Please specify the powers, if any, delegated on the managing director(s):

NIF/CIF	Director's Name or Corporate Name:	Brief description
46121585-F	LUIS HERNÁNDEZ DE CABANYES	HE HAS ALL THE POWERS AND FACULTIES WHICH MAY BE DELEGATED IN ACCORDANCE WITH THE LAW, BY VIRTUE OF HIS CAPACITY AS CHAIRMAN AND MANAGING DIRECTOR OF THE COMPANY. HE WAS APPOINTED TO THESE OFFICES BY A RESOLUTION OF THE BOARD OF DIRECTORS ADOPTED ON 16TH JULY 2001.
46228767-D	JOSEP-MARIA FARRÉ VIADER	HE HAS ALL THE POWERS AND FACULTIES WHICH MAY BE DELEGATED APPEARING IN THE DEED EXECUTED ON 25 SEPTEMBER 2003. THESE POWERS HAVE BEEN EXTENDED PURSUANT TO A RESOLUTION OF THE BOARD OF DIRECTORS ADOPTED ON 27-12-2005.

B.1.6. Please identify any members of the Board of Directors who hold management or executive offices in other companies within the company's corporate group:

Director's Tax Identification Code (NIF or CIF)	Director's Name or Corporate Name:	Name of the group company	NIF/CIF of the group company	Position
46121585-F	LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE GO, S.L.	B62622691	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
46121585-F	LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE ON, S.A.	A62206313	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
46121585-F	LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE FINANCE, S.L.	B62727037	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
46121585-F	LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE RA, S.A.	A61441176	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
46121585-F	LUIS HERNÁNDEZ DE CABANYES	RC REAL ESTATE DEUTSCHLAND GMBH	37/125/20966	JOINT DIRECTOR
46121585-F	LUIS HERNÁNDEZ DE CABANYES	GROUPE IMMOBILIER RENTA CORPORACION, S.A.S.	441465085	CHAIRMAN AND MANAGING DIRECTOR
46121585-F	LUIS HERNÁNDEZ DE CABANYES	MIXTA ÁFRICA, S.A.	A63831390	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR FUNDACIÓN PRIVADA RENTA CORPORACION
46121585-F	LUIS HERNÁNDEZ DE CABANYES	MASELLA OESTE, S.L.	B62387980	DIRECTOR
46228767-D	JOSEP-MARIA FARRÉ VIADER	RC REAL ESTATE DEUTSCHLAND GMBH	37/125/20966	JOINT DIRECTOR
46228767-D	JOSEP-MARIA FARRÉ VIADER	GROUPE IMMOBILIER RENTA CORPORACION, S.A.S.	441465085	GENERAL MANAGER
46228767-D	JOSEP-MARIA FARRÉ VIADER	RENTA PROPERTIES (UK) LIMITED	5307937	JOINT DIRECTOR
46228767-D	JOSEP-MARIA FARRÉ VIADER	ONE VINCENT SQUARE LIMITED	05481678	DIRECTOR
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	RC REAL ESTATE DEUTSCHLAND GMBH	37/125/20966	JOINT DIRECTOR
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	RC FUNDACIÓN MARRUECOS-TÁNGER, S.A.R.L.	04907740	MANAGER

B.1.7. Please give details of any Company directors who are members of the Boards of Directors of other companies, which are not within the Company's corporate group, listed on official securities markets in Spain, of which the Company has been notified:

NIF/CIF	Director's Name or Corporate Name:	Listed entity	Position

B.1.8. Please give details of the directors' aggregate remuneration accrued during the year in the following tables:

a) In the company forming the subject matter of this report:

Type of Remuneration	Figures in € thousands
Fixed remuneration	958
Variable remuneration	958
Allowance for expenses	142
Remuneration pursuant to the Articles of Association	--
Share options and/or options on other financial instruments	--
Miscellaneous	--
TOTAL	2,058

Other benefits	Figures in € thousands
Advances	40
Loans granted	79
Pension Plans and Funds: contributions	--
Pension Plans and Funds: debts acquired	--
Life insurance premiums	1
Guarantees created by the company in favour of the directors	--

b) By reason of the Company directors belonging to other boards of directors and/or being involved in the senior management of companies within the corporate group:

Type of Remuneration	Figures in € thousands
Fixed remuneration	
Variable remuneration	
Allowance for expenses	
Remuneration pursuant to the Articles of Association	
Share options and/or options on other financial instruments	
Miscellaneous	
TOTAL	

Other benefits	Figures in € thousands
Advances	
Loans granted	
Pension Plans and Funds: contributions	
Pension Plans and Funds: debts acquired	
Life insurance premiums	
Guarantees created by the company in favour of the directors	

c) Total remuneration by type of director:

Types of Director	By company	By group
Executive directors	1,987	--
External directors representing a substantial shareholding	18	--
Independent directors	35	--
Other external directors	18	--
Total	2,058	--

d) In relation to the income attributed to the controlling company:

Total remuneration of directors (in thousands of euros)	2,058
Total remuneration of directors/income attributed to the controlling company (expressed as a %)	6%

B.1.9. Please identify any members of senior management who are not also executive directors, indicating the total remuneration accrued in their favour during the year:

NIF/CIF	Name or corporate name	Position
37282505-B	ENRIC VENANCIO FILLAT	MANAGING DIRECTOR
38502393-W	PERE ARIMÓN VILAGELIU	COMERCIAL DIRECTOR (RR)
46126071–P	MERITXELL CARRERAS MOLINS	PLANNING AND ANALYSIS DIRECTOR
46345678-B	TANIA CONCEJO BONTEMPS	DIRECTOR OF THE PARIS OFFICE
46131233-H	TOMÁS DURÁN WEITKAMP	TECHNICAL DIRECTOR
46134556-Y	CHRISTINA NUENO PLANA	BUILDING TRANSFORMATION DIRECTOR (BT)
094449264 (U.K. passport)	DAVID PILLINGER	DIRECTOR OF THE LONDON OFFICE
18956871-H	MARÍA DOLORES SÁNCHEZ JULIÁN	FINANCE AND ADMINISTRATION DIRECTOR
43496772-T	MARÍA JOSÉ SENDRA CUESTA	RESIDENTIAL REFURBISHMENT DIREOTOR
46129858-T	MIREIA SERRANO-CODINA I TRISTANY	TAX AND FINANCE DIRECTOR
40285053-R	FRANCESC XAVIER VENTURA I TEIXIDOR	LAND TRANSFORMATION DIRECTOR
46338104-G	DAVID VILA BALTA	ACQUISITIONS DIRECTOR

Total remuneration of senior management (in thousands of euros)	1,918

B.1.10. Please indicate briefly whether there are any guarantees or protective clauses for cases of dismissal or changes in control in favour of members of senior management, including executive directors, of the Company or its corporate group. Please indicate whether these contracts have to be notified and/or approved by the management bodies of the company or its corporate group:

Number of beneficiaries	1

	Board of Directors	General Meeting of Shareholders
Body which authorises the clauses	X	

	YES	NO
Is the Shareholders' Meeting informed of the clauses?		X

B.1.11. Please indicate the process for setting the remuneration of Board members and the relevant applicable Articles in the Articles of Association:

In accordance with Article 35 of the 2005 Articles of Association:

a) Members of the Board of Directors shall receive an allowance for expenses as approved by the General Meeting of Shareholders for each year.

b) In addition, the Board of Directors shall receive a fixed amount for distribution between the directors, to be determined by the General Meeting of Shareholders for each year.

c) The Board shall establish the specific amount to be received each year by each director, scaling the amount to be received by each of them on the basis of whether or not they belong to bodies authorised by the Board of Directors, the offices held therein and, generally, their dedication to managing or serving the Company.

d) The remuneration of the office of Managing Director is understood to be without prejudice to any additional amounts which may be received by way of fees or as salaries for rendering professional services or under an employment relationship, as applicable.

Notwithstanding the above, and in view of the possible admission to listing of the Company's shares, the said article was amended in the New Articles of Association at a General Meeting of Shareholders held on 9 February 2006.

Article 25 of the Board Regulations, approved on 27 December 2005, in turn stipulates that:

1. *"The directors and members of the Audit Committee and the Appointments and Remuneration Committee shall be entitled to receive the remuneration established in accordance with the Articles of Association. In particular, the members of the Board of Directors shall receive a fixed amount each year which shall be determined by the Shareholders' Meeting and shall be between a minimum of zero point five percent (0.5%) and a maximum of five percent (5%) of the Company's net profit in the immediately preceding year.*

Unless amended by the Shareholders' Meeting, the above amount established by it shall increase annually on the basis of the Consumer Price Index.

2. *The Board of Directors shall establish the specific amount to be received each year by each of its members, and shall be able to scale the amount to be received by each of them on the basis of whether or not they belong to bodies authorised by the Board of Directors, the offices held therein and, generally, their dedication to managing or serving the Company.*

3. *The Board of Directors shall seek to ensure that the remuneration is moderate on the basis of the requirements of the market.*

4. *In particular, the Board of Directors shall adopt all measures available to it to ensure that the remuneration paid to external directors, including any received in connection with their membership of committees, complies with the following guidelines:*

a) The remuneration paid to the external director must be based on his or her effective dedication.

b) The external director must be excluded from the provision systems funded by the Company for the events of dismissal, death or any others.

c) The remuneration paid to the external director must be calculated in such a way that it provides incentives for dedication while not hindering the director's independence.

5. *The remuneration of the office of Director is understood to be without prejudice to any additional amounts which may be received by way of fees or as salaries for rendering professional services or under an employment relationship, as applicable.*

6. *In addition, Directors may be paid with shares in the Company or in any other listed company within its corporate group, or with options on such shares, or with instruments linked to their price. When the said remuneration relates to shares in the Company or instruments linked to their price, it must be agreed by the Shareholders' Meeting. The agreement shall express, as applicable, the number of shares to be given, the price for exercising the option, the reference share price and the duration of this form of remuneration.*

7. *The Company is authorised to take out civil liability insurance for its directors.*

8. *The remuneration paid to external and executive directors, in the latter case in the proportion which corresponds to their position as directors not in connection with their executive function, shall be included in the report as separate items for each director. The part of the remuneration paid to executive directors in connection with their executive function shall be stated as one item, broken down into the different remuneration headings or items."*

B.1.12. Please indicate the identities of any members of the Board of Directors who are also board members or executives of other companies which have significant holdings in the Company and/or companies in its corporate group:

Director's Tax Identification Code (NIF or CIF)	Director's Name or Corporate Name:	Tax Identification Number (CIF) of the significant shareholder	Corporate name of the significant shareholder	Position
46121585-F	LUIS HERNÁNDEZ DE CABANYES	B-62399233	DINOMEN, S.L.	SOLE ADMINISTRATOR
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	B-63732135	ANPOL CAPITAL, S.L.	JOINT DIRECTOR
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	B-62792155	TOGA 20, S.L.	SOLE ADMINISTRATOR
46228767-D	JOSEP-MARIA FARRÉ VIADER	B-83842054	SHONAN INVESTMENTS S.L.	EMPOWERED
46121585-F	LUIS HERNÁNDEZ DE CABANYES	G-62091061	FUNDACIÓN PRIVADA RENTA CORPORACIÓN	CHAIRMAN OF THE BOARD OF TRUSTEES
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	G-62091061	FUNDACIÓN PRIVADA RENTA CORPORACIÓN	SECRETARY AND TREASURER OF THE BOARD OF TRUSTEES
46131826-J	ELENA HERNÁNDEZ DE CABANYES	G-62091061	FUNDACIÓN PRIVADA RENTA CORPORACIÓN	MEMBER OF THE BOARD OF TRUSTEES

Please give details of any relevant relationships, other than those envisaged in the preceding paragraph, between the Board members and any significant shareholders and/or shareholders in companies within the Company's corporate group:

Director's Tax Identification Code (NIF or CIF)	Director's Name or Corporate Name:	Tax Identification Number (CIF/NIF) of the significant shareholder	Shareholder's Name or Corporate Name:	Description relationship

B.1.13. Please indicate any amendments to the Board Regulations made during the year:

As explained above, the Regulations of the Board of Directors of Renta Corporación were approved on 27 December 2005 in advance of the potential admission to listing of the Company's shares.

B.1.14. Please indicate the procedures for appointing, re-electing, assessing and removing directors. Give details of the competent bodies, the steps to be carried out and the criteria to be used for each procedure:

The appointment and removal of Renta Corporación directors are governed by Articles 17 to 22 of the Board Regulations.

Appointment of Directors

Directors shall be appointed by the Shareholders' Meeting or the Board of Directors in accordance with the provisions of the Law on Public Limited Companies, following a report from the Appointments and Remuneration Committee.

Appointment of External Directors

The Board of Directors shall seek to ensure that candidates are elected from among persons of recognised status, skill and experience, and shall be particularly strict in relation to any person called to be one of the independent directors envisaged in Article 6 of the Board Regulations.

The Board of Directors may not nominate for, or appoint to, the office of independent director any persons who hold an executive position in the Company or who have a family relationship with the executive directors or other senior executives of the Company.

Re-election of Directors

Before proposing a re-election of directors to the Shareholders' Meeting, the Board of Directors shall assess, without the participation of the subjects affected and in accordance with Article 21.1 of the Board Regulations, the proposed directors' dedication to the office and the quality of their work during the previous term.

Term of Office

Directors shall hold office for the time established by the Shareholders' Meeting for that purpose. This must be the same for all directors and may not exceed six years. At the end of this time, they may be re-elected one or more times for terms of the same maximum duration.

The directors' appointment shall expire when, following the end of the term, either the next General Meeting has been held or the legal deadline for holding the Meeting to approve the preceding year's accounts has passed.

Directors appointed by co-option must have their position ratified on the date of the first General Meeting.

Any director who completes his or her term or who for any other reason ceases to hold his or her position may not be a director of, or hold any executive positions in any other company whose corporate object is similar to the Company's, for two years.

The Board of Directors may, if it deems fit, exempt the outgoing director from this obligation or reduce its duration.

Vacation of Office

Directors shall cease to hold office on expiry of the term for which they were appointed and when so decided by the Shareholders' Meeting pursuant to the powers conferred on it by the law or the Articles of Association.

Independently of the above, directors must tender their resignation to the Board of Directors in the cases specified in Section B.1.15 below.

Objectivity and Secrecy of Ballots

Under Article 22 of the Board Regulations, directors affected by appointment, re-election or removal proposals shall abstain from taking part in any related deliberations and votes.

All votes of the Board of Directors relating to the appointment, re-election or removal of directors shall be secret.

B.1.15. Please list those events in which directors are under an obligation to resign.

Directors must tender their resignation to the Board of Directors and, if deemed fit by the said Board, resign, in the following cases: (i) on ceasing to hold the executive positions associated with their appointment as directors; (ii) on application of one of the events of conflict of interest or prohibition envisaged by the law; (iii) if seriously reprimanded by the Board of Directors for breaching their duties as directors; and (iv) if remaining in the Board could jeopardise the Company's interests or if the reasons for which they were appointed no longer apply (e.g. if a director representing a substantial shareholder disposes of his holding in the company).

In addition, under Article 39 of Renta Corporación's New Articles of Association, any director who completes his or her term or who for any other reason ceases to hold his or her position may not be a director of, or hold any executive positions in, any other company whose corporate object is similar to the Company's, for two years. The Board of Directors may, if it deems fit, exempt the outgoing director from this obligation or reduce its duration.

B.1.16. Please explain whether the Chairman of the Board is also the Chief Executive of the Company. Please give details of any measures taken to limit the risk of accumulation of powers in a single person:

YES ☒ NO ☐

Measures taken to limit risk
There is no risk of concentration of powers. The list of powers pertaining to the Board of Directors, the Audit Committee and the Appointments and Remuneration Committee constitutes adequate measures for limiting the risk of accumulation of powers in a single person. In addition, the Chairman and Chief Executive carries out his duties with the assistance of the Company's top executive tier, in particular the Vice-Chairwoman, the Managing Director, the General Manager and the General Secretary (a position which was institutionalised in February 2006), thus avoiding the risk of accumulation of powers in that person.

B.1.17. Are any reinforced majorities, other than as specified by law, required for any type of decision?

YES ☐ NO ☒

Renta Corporación's New Articles of Association do not require any reinforced majorities for passing resolutions other than as required by law.

Please explain how resolutions of the Board of Directors are passed, indicating at least the attendance quorum and the different majorities required for passing resolutions.

Adoption of Resolutions		
Description of agreement	**Quorum**	**Type of majority**
Any type of resolution	A Board Meeting shall be validly constituted when attended by at least half plus one of its members present or represented.	Unless other voting quorums are expressly stipulated by the Law or the Articles of Association, resolutions shall be passed by a majority of the attendants at the meeting. In the event of a tie, the Chairman shall have the casting vote

B.1.18. Please explain whether there are any specific requirements, other than those relating to directors, for being appointed Chairman:

YES ☐ NO ☒

Description of Requirements

B.1.19. Please indicate whether the Chairman has a casting vote:

YES ☒ NO ☐

Matters to which a casting vote may apply
The Chairman shall have a casting vote in the event of a tie in any vote.

B.1.20. Please indicate whether there are any limits to the directors' ages under the Articles of Association or the Board Regulations:

YES ☐ NO ☒

Age limit for Managing Directors	
Age limit for directors	

B.1.21. Please indicate whether there are any limits on the length of term of independent directors under the Articles of Association or the Board Regulations.

YES ☐ NO ☒

Maximum number of years of term	

B.1.22. Please indicate whether there are any formal procedures for delegating votes in the Board of Directors. If so, please provide brief details.

As at 31 December 2005, there are no formal procedures for delegating votes in the Board of Directors. Such procedures must comply with the current legislation.

However, under Article 16 of the Company's Board Regulations, directors shall do everything in their power to attend Board Meetings and, if unable to attend in person, shall seek to grant powers of representation to another Board Member, providing any relevant instructions and informing the Chairman of the Board.

B.1.23. Please indicate the number of meetings held by the Board of Directors during the year. Specify also, if applicable, the number of such meetings held without the Chairman's attendance:

Number of Board Meetings	6
Number of Board Meetings not attended by the Chairman	0

Please indicate the number of meetings held by the various Board committees during the year:

Number of meetings of the Executive or Delegated Committee	Not applicable
Number of meetings of the Audit Committee	3
Number of meetings of the Appointments and Remuneration Committee	3
Number of meetings of the Strategy or Investment Committee	Not applicable

B.1.24. Please indicate whether the individual and consolidated annual accounts being submitted to the Board of Directors for approval have been certified in advance:

YES ☒ **NO** ☐

Please identify the persons, if any, who have certified the Company's individual and consolidated annual accounts for preparation by the Board of Directors:

NIF	Name	Position
37282505-B	ENRIC VENANCIO FILLAT	MANAGING DIRECTOR
18956871-H	MARÍA DOLORES SÁNCHEZ JULIÁN	FINANCE AND ADMINISTRATION DIRECTOR

B.1.25. Please explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated annual accounts prepared by it from being submitted to the Shareholders' Meeting with reservations in the audit report.

Article 39.3 of the Board Regulations stipulates that the Board of Directors shall seek to prepare a final version of the accounts such that no reservations are made by the auditor. It also provides that, if the Board of Directors considers that it must maintain its decision, it shall publicly explain the nature and extent of the discrepancy.

However, the same Article also stipulates that, in order to prevent the accounts from being submitted with reservations to the Shareholders' Meeting, the Audit Committee must, prior to their preparation:

(a) Be familiar with the Company's financial information process and internal control systems, verify that they are adequate and complete, and review the appointment or substitution of the people in charge of them.

(b) Supervise the internal audit systems.

(c) Review the Company's annual accounts and periodic financial information, ensuring compliance with legal requirements and the proper application of the generally accepted accounting principles, with the external and internal auditors' direct collaboration.

(d) Maintain relations with the external auditors in order to receive information regarding issues relating to the accounts audit preparation process and any other communications envisaged in the accounts audit legislation and the technical audit standards.

In addition, the Audit Committee ordinarily meets on a quarterly basis, for the purpose of reviewing the periodic financial information to be sent to the Stock Exchange authorities and the information to be approved and included by the Board of Directors within its annual public documentation.

It is hereby stated for the record that the audit reports relating to Renta Corporación's individual and consolidated annual accounts have not contained any reservations to date.

B.1.26. Please give details of the measures adopted to ensure that the information disclosed to the securities market is transmitted in an equitable and symmetrical manner:

Since as at 31 December 2005 the Company's shares have not been admitted for listing on the Stock Exchange, the 2005 Articles of Association do not provide for any measures relating to the disclosure of information to securities markets. However, Article 38 of the Board Regulations, which governs relationships with the markets, stipulates that the Board of Directors shall immediately inform the public, by means of the communications of relevant facts to the Spanish Securities and Investment Board (Comisión Nacional del Mercado de Valores) and through the corporate website, of all relevant information in accordance with the Securities Market Law and its developing legislation.

It also stipulates that the Board of Directors shall adopt all necessary measures to ensure that the semi-annual, quarterly and any other financial information which caution requires to be made available to the markets is drafted in accordance with the same professional practices, principles and criteria with which the annual accounts are prepared, and that it will be as reliable as them. In accordance with that Article, it shall also include information regarding the Company's governance rules and the degree to which they are complied with in its annual public documentation.

In this regard, in the event that the Company's shares are admitted for listing on the Stock Exchange, the most significant facts relating to the Company and all relevant information (with a potential impact on Stock Exchange listing) released by it will be notified to the Spanish Securities and Investment Board first as a relevant fact. Once the information has been sent to the Spanish Securities and Investment Board through the appropriate channel, it will be transmitted to the main media, information agencies and analysts, and published on Renta Corporación's website (www.rentacorporacion.com). All information disclosed to the media, agencies, analysts and investors will thus be disseminated at the same time.

Renta Corporación's Internal Code of Conduct relating to the Securities Market, which was approved on 27 December 2005 and will come into force on the date on which the Company's shares are admitted to listing, governs in detail the following aspects, among others: (i) the way in which persons who are subject to this Code must treat any privileged information to which they have access; (ii) the operation and communication of operations with Renta Corporación securities and financial instruments that the persons to whom the Code applies wish to carry out; (iii) the measures to be adopted by Renta Corporación at the study or negotiation stages of any legal or financial operation capable of influencing the price of the securities and financial instruments of any class issued by the Company to an appreciable extent; (iv) the obligations of the persons to whom the Code applies, and the way in which they must treat any type of confidential information affecting the Company which they may have; (v) the communication of relevant facts to the Spanish Securities and Investment Board; and (vi) the prohibition on manipulating the prices of Renta Corporación securities and financial instruments.

B.1.27. Is the Secretary of the Board of Directors also a director?

YES ☒ **NO** ☐

B.1.28. Please give details of any mechanisms established by the Company for preserving the independence of the auditor, the financial analysts, the investment banks and the credit rating agencies.

Article 39 of the Board Regulations stipulates that the Audit Committee shall refrain from proposing to the Board of Directors, which shall in turn abstain from submitting to the General Meeting, the appointment as the Company's accounts auditor of an auditing firm with a conflict of interest in accordance with the accounts audit legislation, as well as the appointment of any firm whose fees envisaged to be paid by the Company under all headings exceed five percent of its total income in the preceding year. Thus, although as at 31 December 2005 Renta Corporación's 2005 Articles of Association did not provide for any mechanism for preserving the independence of the auditor, the financial analysts, the investment banks and the credit rating agencies, all appropriate mechanisms relating to this are now in place.

The Board of Directors shall publicly announce the total fees paid by the Company to the auditing firm for both auditing and other services.

The Audit Committee is thus in charge of relations with the Company's external auditors, receiving information regarding issues which may jeopardise their independence, and any other relating to the accounts audit preparation process, as well as any other communications envisaged in the accounts audit legislation and the technical audit standards (Article 13 of the Board Regulations).

On the other hand, Article 38 of the Board Regulations governs the Company's relations with markets in general, and therefore with financial analysts and investment banks, among others, and the relationship between them and Renta Corporación is based on principles of transparency and non-discrimination. The Company coordinates dealings with them, managing requests for information both from them and from institutional or private investors. With regard to credit rating agencies, the Company does not have a credit rating.

B.1.29. Please indicate whether the auditing firm carries out any other work for the Company and/or its corporate group in addition to audit work. If so, please specify the fees received for such work and the percentage of total fees charged to the Company which they represented.

YES ☐ **NO** ☒

	Company	Group	Total
Amount invoiced for work other than audit work (in thousands of euros)			
Amount invoiced for work other than audit work/ Total amount invoiced by the audit firm (%)			

B.1.30. Please indicate the number of consecutive years the auditing firm has been auditing the Company's and/or its corporate group's annual accounts. Please also indicate the percentage represented by the number of years audited by the current auditing firm out of the total number of years for which the annual accounts have been audited.

	Company	Group
Number of consecutive years	3	6

	Company	Group
Number of years audited by the current auditing firm / Number of years for which the company has been audited (as a %)	100	100

B.1.31. Please give details of Board members' holdings in the capital of companies carrying out the same, a similar or a complementary type of business to that forming the corporate object of the Company or its corporate group, of which the company has been informed. Please indicate the positions or functions held or carried out at these companies:

Director's Tax Identification Code (NIF or CIF)	Director's Name or Corporate Name:	CIF of the company in question	Name of the company in question	shareholding (%)	Position or duties
46121585-F	LUIS HERNÁNDEZ DE CABANYES	B60616836	SECOND HOUSE, S.L.	47.30%	--
46121585-F	LUIS HERNÁNDEZ DE CABANYES	B59918540	LUECO, S.A.	40.00%	SOLE ADMINISTRATOR
46121585-F	LUIS HERNÁNDEZ DE CABANYES	B62716279	ALDERAMIN STAR, S.L.	100% owned by DINOMEN, S.L.	SOLE ADMINISTRATOR
40274183-X	ANNA M. BIRULÉS BERTRAN	B60616836	SECOND HOUSE, S.L.	1.50%	--
46228767-D	JOSEP-MARIA FARRÉ VIADER	B60616836	SECOND HOUSE, S.L.	5.68%	--
46228767-D	JOSEP-MARIA FARRÉ VIADER	B59918540	LUECO, S.A.	7.00%	--
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	B60616836	SECOND HOUSE, S.L.	4.13%	--
36891039-Y	ESTHER GIMÉNEZ ARRIBAS	B59918540	LUECO, S.A.	5.00%	--
46131826-J	ELENA HERNÁNDEZ DE CABANYES	B60616836	SECOND HOUSE, S.L.	3.66%	SOLE ADMINISTRATOR AND GENERAL MANAGER
46131826-J	ELENA HERNÁNDEZ DE CABANYES	B59918540	LUECO, S.A.	4.00%	--
46131826-J	ELENA HERNÁNDEZ DE CABANYES	A08467540	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	2.00%	--
37642140-H	CARLOS TUSQUETS TRIAS DE BES	B63769426	LIFE MARINA IBIZA, S.L.	6.54%	--
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	B60616836	SECOND HOUSE, S.L.	1.05%	--
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	B61886404	CHARCEBOY, S.L.	10.91%	--
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	B60031515	GP CONSULTING	20.00% (indirect)	EMPOWERED

B.1.32. Please indicate, including details if applicable, whether there is a procedure for directors to obtain external advice.

YES ☒ NO ☐

Details of the Procedure
Chapter VII of the Board Regulations (Articles 23 and 24) governs Directors' information. Under the above mentioned Article 23, directors may request information regarding any aspect of the Company and examine its books, archives, documents and other documentation. The right to information extends to partly-owned companies whenever possible. Requests for information must be addressed to the Secretary of the Board, who will send it to the relevant and proper representative in the Company. The Secretary shall warn the director of the confidential nature of the information requested and received, and of his or her duty of confidentiality in accordance with the Regulations. The Chairman may refuse to provide the information if he is of the opinion that: (i) it is not necessary for the proper performance of the duties with which the director has been entrusted, or (ii) the cost involved is unreasonable in view of the seriousness of the problem and of the company's assets and income. In addition, Article 24 of the Regulations stipulates that, in order to assist them in the exercise of their duties, external directors may request that legal, accounting, financial or other expert advisors be contracted at the Company's expense. The assignment must necessarily relate to specific problems of certain significance and complexity arising in the performance of their position. The Company Chairman must be informed of the decision to contract someone, which may be vetoed by the Board of Directors if it can prove that: a) it is not necessary for the proper performance of the duties with which the external directors have been entrusted; b) the cost involved is unreasonable in view of the seriousness of the problem and of the company's assets and income; or c) the technical assistance requested may be adequately provided by experts and technicians within the Company.

B.1.33. Please indicate, including details if applicable, whether there is a procedure for directors to obtain the necessary information for preparing the management bodies' meetings sufficiently in advance.

YES ☒ NO ☐

Details of the Procedure
Article 15 of the Board Regulations stipulates that Board meetings shall be called at least three days in advance, shall always include the agenda for the meeting, and shall attach all relevant information, duly summarised and prepared.

B.1.34. Please indicate whether there is liability insurance for the Company directors.

YES ☒ NO ☐

B.2 Board Committees

B.2.1. Please list the management bodies:

Name of the body	Number of members	Duties
BOARD OF DIRECTORS	8	THE BOARD OF DIRECTORS IS RESPONSIBLE FOR THE REPRESENTATION AND SUPREME DIRECTION AND MANAGEMENT OF THE COMPANY BOTH IN AND OUT OF COURT, IN RELATION TO ALL ACTS INCLUDED IN THE CORPORATE OBJECT DEFINED IN ITS ARTICLES OF ASSOCIATION AND ALL ACTIONS REQUIRED BY THE LAW AND THE ARTICLES OF ASSOCIATION. THIS IS WITHOUT PREJUDICE TO THE ACTS EXPRESSLY RESERVED BY THEM FOR THE GENERAL MEETING OF SHAREHOLDERS.
AUDIT COMMITTEE	3	SEE SECTIONS B.2.3 AND B.2.4 BELOW.
APPOINTMENTS AND REMUNERATION COMMITTEE	3	SEE SECTIONS B.2.3 AND B.2.4 BELOW.

B.2.2. Please give details of all Board committees and their members:

EXECUTIVE OR DELEGATED COMMITTEE

NIF/CIF	Name	Position

AUDIT COMMITTEE

NIF/CIF	Name	Position
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	CHAIRMAN
40274183-X	ANNA M. BIRULÉS BERTRAN	MEMBER
37642140-H	CARLOS TUSQUETS TRIAS DE BES	SECRETARY

APPOINTMENTS AND REMUNERATION COMMITTEE

NIF/CIF	Name	Position
37663313-P	CÉSAR A. GIBERNAU AUSIÓ	CHAIRMAN
40274183-X	ANNA M. BIRULÉS BERTRAN	MEMBER
37642140-H	CARLOS TUSQUETS TRIAS DE BES	SECRETARY

STRATEGY AND INVESTMENT COMMITTEE

NIF/CIF	Name	Position

B.2.3. Please describe the organisation and regulations as well as the responsibilities of each committee of the Board of Directors:

Audit Committee

The Audit Committee's organisation and regulations are as detailed below, pursuant to Article 48 of the New Articles of Association in accordance with the drafting proposed to the Shareholders' Meeting on 9 February 2006, and to Article 13 of the Board Regulations.

i.- Composition.

The Audit Committee shall be comprised of three directors, a majority of whom shall be non-executive, appointed by the Board of Directors. For these purposes, executive directors shall be understood to be those directors who in any way carry out management duties within the Company or companies in its corporate group.

The Chairman of the Audit Committee shall be elected from among the said non-executive directors, must be replaced every four years and may be re-elected no earlier than one year following the date on which he or she vacated office.

The Secretary shall be the person appointed as such by the members of the Committee.

ii.- Duties

Without prejudice to any other assignments it may receive from the Board of Directors from time to time, the Audit Committee shall carry out the following basic duties:

- To provide information at the General Meeting of Shareholders regarding any questions raised in them by shareholders relating to matters within its responsibility.
- Recommend appointment of external auditors to the Board for submission to the AGM, under the terms of section 204 of the Spanish Companies Act, including any terms of business, scope of professional mandate and, as appropriate, renewal or not of their appointment.
- Supervise internal auditing practices.

- Review Company accounts, monitor compliance with statutory requirements and proper use of generally accepted accounting principles, whereby the Committee is to receive full cooperation from external and internal auditors.
- Be aware of the financial reporting process, internal control systems, verify their suitability and accuracy and review designation or replacement of parties responsible for them.
- Handle dealings with external auditors to gather information on issues which might undermine their independence and any others on development of the audit process, as well as other communications specified under audit legislation and technical regulations.
- Oversee audit contract compliance, ensuring that the opinion on annual accounts and main contents of the audit report are clearly and accurately written, and assess the outcome of every audit.
- Review regular financial information to be reported by the Board to the markets and their supervisory bodies.
- To examine compliance with the Internal Code of Conduct, the Board Regulations and the Company's governance rules in general, and to make any necessary proposals for their improvement.
- To receive information and, where applicable, issue reports regarding the disciplinary measures intended for members of the Company's senior management team.

iii.- Working and Operation

The Audit Committee shall ordinarily meet on a quarterly basis, for the purpose of reviewing the periodic financial information to be sent to the Stock Exchange authorities and the information to be approved and included by the Board of Directors within its annual public documentation. It shall also meet at the request of any of its members and whenever called by its Chairman, who must do so whenever the Board of Directors or its Chairman request that a report be issued or proposals be adopted, and in any event whenever it is appropriate for the proper performance of its duties.

The Audit Committee shall prepare an annual report regarding its operation, highlighting the main incidents which have arisen, if any, in relation to the duties pertaining to it. In addition, the Audit Committee shall include in the above report, whenever it deems fit, proposals for improving the Company's governance rules. The Audit Committee's Report shall be attached to the Company's annual corporate governance report and shall be available to shareholders and investors on the website.

The members of the Company's staff or management team shall be under an obligation to attend the Audit Committee's meetings and to collaborate with it and give it access to any information they may have whenever so requested by the Committee. The Committee may also require the accounts auditors to attend the meetings.

The Audit Committee may, for the better performance of its duties, obtain advice from external experts whenever it deems necessary for the proper performance of its duties.

Appointments and Remuneration Committee

In accordance with Article 14 of the Board Regulations, there shall be an Appointments and Remuneration Committee within the Board of Directors. The Committee shall be governed by the following rules:

i. Composition

The Appointments and Remuneration Committee shall be comprised of three directors, most of whom shall be non-executive, appointed by the Board of Directors. For these purposes, executive directors shall be understood to be those directors who in any way carry out management duties within the Company.

The Chairman of the Appointments and Remuneration Committee shall be elected from among the said non-executive directors, must be replaced every four years and may be re-elected at the end of one year following the date on which he or she vacated office.

The non-Committee Secretary shall be the person appointed as such by the members of the Committee.

ii. Duties

Without prejudice to any other duties which may be assigned to it by the Board of Directors, the Appointments and Remuneration Committee has the following basic responsibilities:

- To formulate and review the criteria to be followed for the composition of the company's and its subsidiaries' management teams and the selection of candidates.
- To raise all proposals for the appointment of executives to the Board of Directors, so that it can make the appointments.
- To analyse, formulate and periodically review the hiring and loyalty policies for new executives.
- To analyse, formulate and periodically review executive remuneration policies, assessing their appropriateness and performance.
- To ensure transparency in remuneration.
- To inform of any transactions which involve, or may give rise to, conflicts of interest.

iii. Working and Operation

The Appointments and Remuneration Committee shall ordinarily meet on a quarterly basis. It shall also meet whenever called by its Chairman, who must do so whenever the Board of Directors or its Chairman request that a report be issued or proposals be adopted, and in any event whenever this is convenient for the proper performance of its duties.

B.2.4. Please indicate, where applicable, each committee's powers of advice, consultation and any delegated powers:

Committee name	Brief Description
AUDIT COMMITTEE	UNDER ARTICLE 13 OF THE BOARD REGULATIONS, THE AUDIT COMMITTEE HAS THE DUTIES DETAILED IN SECTION B.2.3. ABOVE.
APPOINTMENTS AND REMUNERATION COMMITTEE	UNDER ARTICLE 14 OF THE BOARD REGULATIONS, THE APPOINTMENTS AND REMUNERATION COMMITTEE HAS THE DUTIES DETAILED IN SECTION B.2.3. ABOVE.

B.2.5. Please indicate whether there are any regulations governing the committees of the Board of Directors and, if so, the place where they are available for consulting and any amendments made during the year. Please also specify whether any voluntary annual reports regarding each committee's activities have been prepared.

The Audit and Appointments and Remuneration Committees' organisation and regulations can be found in the Board Regulations. In view of the possible admission to listing of the Company shares, this will be made available for consulting on the Company website (www.rentacorporacion.com). No specific Regulations for the Audit Committee or the Appointments and Remuneration Committee have been approved to date.

The Audit Committee prepares an annual report (which will be attached to this Report and will be made available to shareholders on the Company website) highlighting the main activities and incidents which have arisen, if any, in relation to its duties. In addition, the Audit Committee shall include in the above report, whenever it deems fit, proposals for improving the Company's governance rules.

B.2.6. If there is an Executive Committee, please explain the degree of delegation and autonomy it has for the adoption of resolutions regarding the company's management and administration in the exercise of its duties:

Not applicable.

B.2.7. Please indicate whether the composition of the Executive Committee reflects the various directors' participation in the Board of Directors on the basis of their status:

Not applicable.

B.2.8. If there is an Appointments and Remuneration Committee, please indicate whether all its members are external directors:

YES ☐ **NO** ☒

Notwithstanding the above, it should be noted that most Appointments and Remuneration Committee members are external directors.

C. RELATED TRANSACTIONS

C.1 Please give details of any relevant operations involving a transfer of resources or obligations between the Company or companies within its corporate group and significant shareholders of the Company.

Tax Identification Number (CIF/NIF) of the significant shareholder	Shareholder's Name or Corporate Name:	Tax Identification Code or Number (NIF or CIF) of the Company or Entity Within its Corporate Group	Name or Corporate Name of the Company or Entity Within its Corporate Group	Nature of the Relationship	Type of Relationship	Figures (€ thousands)
G62091061	FUNDACION PRIVADA RENTA CORPORACION	A61441176	RENTA CORPORACION REAL ESTATE RA, S.A.	CONTRACTUAL	COLLABORATION IN SOCIAL AND HUMANITARIAN PROJECTS CARRIED OUT BY FUNDACION PRIVADA RENTA CORPORACIÓN	288.5

C.2 Please give details of any relevant operations involving a transfer of resources or obligations between the Company or companies within its corporate group and the Company's directors or executives.

Tax Identification Code or Number (NIF or CIF) of the Director or Executive	Name or Corporate Name of the Director or Executive	Tax Identification Code or Number (NIF or CIF) of the Company or Entity Within its Corporate Group	Name or Corporate Name of the Company or Entity Within its Corporate Group	Nature of the Relationship	Type of Relationship	Figures (€ thousands)
46121585-F	LUIS HERNÁNDEZ DE CABANYES VIA ALDERAMIN	A61441176	RENTA CORPORACION REAL ESTATE RA, S.A.	CONTRACTUAL	PROVISION OF SERVICES BY THE COMPANY TO ALDERAMIN	255.5
40274183-X	ANNA M. BIRULÉS BERTRAN VIA ABS, S.L., OF WHICH SHE IS THE SOLE PARTNER AND ADMINISTRATOR	A61441176	RENTA CORPORACION REAL ESTATE RA, S.A.	CONTRACTUAL	ACQUISITION OF PROPERTY	278.1
46228767-D	JOSEP-MARIA FARRÉ VIADER	A61441176	RENTA CORPORACION REAL ESTATE RA, S.A.	CONTRACTUAL	LOAN FROM RENTA CORPORACIÓN REAL ESTATE RA, S.A. TO JOSEP MARIA FARRÉ VIADER	79.0
46228767-D	JOSEP-MARIA FARRÉ VIADER	A62206313	RENTA CORPORACION REAL ESTATE ON, S.A.	CONTRACTUAL	LOAN FROM JOSEP-MARIA FARRÉ VIADER TO RENTA CORPORACIÓN REAL ESTATE RA, S.A. (paid off in January 2006)	700.0
B83842054	SHONAN INVESTMENTS, S.L.	A61441176	RENTA CORPORACION REAL ESTATE RA, S.A.	CONTRACTUAL	LOAN FROM RENTA CORPORACIÓN REAL ESTATE RA, S.A. TO SHONAN INVESTMENTS, S.L. (paid off in January 2006)	700.0
46228767-D	JOSEP-MARIA FARRÉ VIADER VIA SHONAN INVESTMENTS, S.L.	A61441176	RENTA CORPORACION REAL ESTATE RA, S.A.	CONTRACTUAL	PROVISION OF AN OCCASIONAL AD HOC SERVICE	410.0
37663313-P	CÉSAR A. GIBERNAU AUSIÓ VIA GIBERNAU, PLANA Y ASOCIADOS, S.L., OF WHICH HE IS A FOUNDING PARTNER	A62385729	RENTA CORPORACION REAL ESTATE, S.A.	CONTRACTUAL	PROVISION OF ACCOUNTING AND TAX CONSULTANCY SERVICES	140.2
37667785-W	PEDRO NUENO INIESTA VIA INSTITUTO INTERNACIONAL DE FINANZAS, S.L., OF WHICH HE IS THE MANAGING DIRECTOR	A62385729	RENTA CORPORACION REAL ESTATE, S.A.	CONTRACTUAL	PROVISION OF GENERAL CONSULTANCY SERVICES	96.0
18956871-H	MARÍA DOLORES SÁNCHEZ JULIÁN	A61441176	RENTA CORPORACION REAL ESTATE RA, S.A.	CONTRACTUAL	ACQUISITION OF PROPERTY	1,060.3

C.3 Please give details of any relevant operations carried out between the Company and other companies belonging to the same group, provided they are not eliminated in the consolidated financial statement preparation process and they are not part of the company's usual business in terms of their object and conditions.

CIF	Name of the group company	Brief description of the operation	Figures (€ thousands)
A63831390	MIXTA ÁFRICA, S.A.	THE COMPANY HAS GRANTED IT A SHORT TERM LOAN	1,790.3
A63831390	MIXTA ÁFRICA, S.A.	EXPENSES INCURRED IN CONNECTION WITH REAL PROPERTY PROJECTS PASSED ON BY THE COMPANY TO MIXTA ÁFRICA	433.7

C.4 Please identify any conflict of interest concerning the Company directors in accordance with Article 127 of the Law on Public Limited Companies.

According to the information available to the Company, none of the directors is affected by a conflict of interest between his or her duties to the Company and his or her personal interests of any other type, or is engaged, either on his or her own account or that of a third party, in the same or a similar or complementary business to the Company's corporate object. This is without prejudice to Section B.1.31 above.

C.5 Please give details of the mechanisms in place for detecting, determining and resolving possible conflicts of interest between the company and/or its corporate group, and its directors, executives or significant shareholders.

Although Renta Corporación's 2005 Articles of Association do not, as at 31 December 2005, make provision for any mechanism for determining and resolving any possible conflicts of interest which may arise, all possible conflict of interest situations which may have arisen to date have been resolved by Renta Corporación's Board of Directors. In addition, the Board Regulations and the Internal Code of Conduct (which will come into force on the date on which the Company's shares are admitted to listing) governs the mechanisms in place for detecting and regulating possible conflicts of interest.

With regard to directors, the mechanisms in place for detecting possible conflicts of interest are governed by the Board Regulations. Under Article 29 of the Board Regulations, the Director in question must inform the Board of Directors of the existence of a conflict of interest and abstain from attending and taking part in deliberations affecting matters in which he or she has a personal interest. A director shall be deemed to be under a conflict of interest if the matter concerns a member of his or her family or partners, companies or entities on which a member of his or her family is able to exert significant influence.

Article 32 of the Board Regulations also provides that a Director may not take advantage, for his or her benefit or that of a party related to him or her as provided in Article 29 above, of a business opportunity pertaining to the Company unless the opportunity was first offered to the Company and the latter declined to exploit it. For the purposes of the above, a business opportunity is any chance to conduct an investment or commercial operation which has arisen or been discovered in connection with the Director's exercise of his or her role, or by using the Company's means and information, or under circumstances which make it reasonable to conclude that the third party's offer was actually addressed to the Company.

In addition, the Director must inform the Company of any positions held in the Boards of Directors of other listed companies, and generally of any facts, circumstances or situations which may be relevant to his or her performance as director of the Company in accordance with the Board Regulations.

The body which regulates and resolves directors' conflicts of interest is the Audit Committee.

With regard to senior executives, the mechanisms in place for detecting and regulating possible conflicts of interest are governed by the Internal Code of Conduct, which also applies to directors. Under Article 10 of the Internal Code of Conduct, the persons to whom it applies must at all times exercise their free judgement, be faithful to the Company and its shareholders and act without regard to their own or third parties' interests. They shall therefore refrain from giving priority to their own interests at the expense of the Company's, or to the interests of some investors at the expense of others, and from taking part in, or influencing, decisions which may affect persons or entities with which there is a conflict, and from accessing the confidential information affecting such a conflict. In addition, all affected persons must inform the General Secretary of any possible conflict of interest they may be under by reason of their activities outside the Company, their family relationships, their personal affairs, or any other reason, with the Company or any of the companies within its Group, with significant customers or suppliers of the Company or of companies within its Group, and entities carrying out the same type of business or competing with the Company or any of the companies within its Group. Any queries relating to the possibility of a conflict of interest must be discussed with the General Secretary, and the Audit Committee shall have the last say.

D. RISK CONTROL SYSTEMS

D.1. Please give a general description of the Company's and/or its group's risk policy, including details and an assessment of the risks addressed by the system, together with evidence of the systems' appropriateness to the profile of each risk:

The Audit Committee is the body in charge of establishing and supervising the control mechanisms. It must supervise the Company's internal control systems and verify that they are adequate and complete. In this regard, each business area within the Company exercises its own risk assessment and control policy. The Company lays down the maximum risks which can be assumed by each business and coordinates them to ensure consistency and homogeneity with Renta Corporación's global risk policy.

The risk control systems are deemed sufficient in relation to the business conducted by the Company.

D.2. Please indicate the control systems in place for assessing, mitigating or reducing the main risks affecting the company and its corporate group:

The Company's group has developed a method included in its internal management information system known internally as TMS (Transaction Management System). Thanks to this system, it is possible to quickly assess investment opportunities on the basis of a large number of key variables covering various aspects of a specific property, such as its physical condition, legal and market situation, acquisition cost, possible future transformation and sale strategy, and lease and town planning situation, among others. As a result, the property's appeal can be assessed and a potential purchase offer can be made very quickly. The TMS is constantly updated with market information from a large number of analysed properties. The TMS in turn makes it possible to evaluate a large number of operations per year without having to resort to staff increases or other resources which would be necessary if the TMS were not available.

In addition, the Company's business model, which is based on high asset turnover with investment maturity period targets of less than a year, minimises market risk exposure. In addition, its presence in high volume liquid markets helps reduce this risk even further.

D.3. If some of the risks affecting the Company and/or its corporate group have already materialised, please specify the circumstances which gave rise to them and indicate whether the control systems in place have worked:

None of the risks affecting the Company have materialised. The control systems and mechanisms have worked correctly.

D.4. Please indicate whether there is any committee or other management body in charge of establishing and supervising these control mechanisms, and give details of their duties:

The Audit Committee is the body in charge of establishing and supervising the control mechanisms. It must supervise the Company's internal control systems and verify that they are adequate and complete. Their duties are detailed in Section B.2.3 above.

D.5. Please identify and describe the procedures for complying with the various regulations which apply to your company and/or corporate group:

With regard to compliance with the various regulations which apply to Renta Corporación and its corporate group, it should be noted that they comply with the specific regulations applicable to it by reason of its line of business under the Law on Public Limited Companies and other related applicable legislation.

In addition, in view of the possible admission to listing of its shares, the Company will comply with the specific regulations applicable to it, and shall submit to the provisions of the Spanish Securities Market Law (Ley del Mercado de Valores) and other related applicable legislation in connection therewith.

This means that, when it becomes a listed company, it will comply with its obligation to send the Company's and its corporate group's financial information on a quarterly, semiannual and annual basis, and to inform the Spanish Securities and Investment Board of relevant facts and other information requested by it. In addition, all corporate governance contents and other relevant information relating to the Company will be available to shareholders, who will be able to consult it on the website and thus be able to exercise their rights in accordance with the applicable legislation.

With regard to the regulations specifically relating to the Company's business and activities, the procedures implemented in the various business and support areas also comply with the various specific regulations applicable to the Company's and its Corporate Group's line of business.

E. GENERAL MEETINGS

E.1. Please indicate the quorums required to constitute a General Meeting according to the Articles of Association. Please describe how they differ from the minimum numbers envisaged in the Spanish Law on Public Limited Companies (Ley de Sociedades Anónimas):

Under Article 20 of Renta Corporación's 2005 Articles of Association, an Ordinary or Extraordinary General Meeting shall be validly constituted on first call if the shareholders present or represented hold at least 25% of the subscribed voting capital, and shall be validly constituted on second call regardless of the attending capital. However, in order for an Ordinary or Extraordinary General Meeting to validly resolve a bond issue, a capital increase or decrease, the transformation, merger or demerger of the Company, or any amendment to the Articles of Association generally, the attendance of shareholders present or represented holding at least 50% of the subscribed voting capital shall be required on first call. On second call, 25% of the said capital shall suffice.

Article 28 of the amendment to the New Articles of Association approved at the General Meeting of 9 February 2006 addresses this issue. However, the only difference between the drafting of this new article and the previous one is the addition of a provision stipulating that shareholders with a right to attend who vote remotely as provided in the Articles of Association shall be deemed to be present for quorum purposes, and absences occurring after the General Meeting has been declared open shall not affect the validity of the Meeting.
In accordance with the above, and also in view of the possible admission to listing of the Company's shares, the Rules of the General Meeting were approved at the General Meeting of 9 February 2006. Their coming into force is subject to the Company's shares being admitted to listing. Under Article 15 of the said Regulations, a General Meeting shall be validly constituted on first call if the shareholders present or represented hold at least 25% of the subscribed voting capital. On second call, the Meeting shall be validly constituted regardless of the attending capital.

In order for an Ordinary or Extraordinary General Meeting to validly resolve a bond issue, a capital increase or decrease, the merger, demerger, winding up or liquidation of the Company, or generally any amendment to the Articles of Association, the attendance of shareholders present or representing holding at least 50% of the subscribed voting capital shall be required on first call. On second call, the attendance of 25% of the said capital shall be enough. However, when attended by shareholders representing less than 50% of the subscribed voting capital, the resolutions referred to in this paragraph may only be validly passed by two thirds of the capital present or represented at the Meeting. Absences occurring after the General Meeting has been declared open shall not affect the validity of the Meeting.

The quorums established for the valid constitution of General Meetings are therefore no different from those envisaged in the Law on Public Limited Companies.

E.2. Please explain the system for passing resolutions. Describe how this differs from the regime envisaged in the Law on Public Limited Companies.

Under Article 25 of Renta Corporación's 2005 Articles of Association, General Meeting resolutions shall be adopted by an affirmative vote of the majority of the capital present or represented. However, if the meeting is attended by shareholders representing less than 50% of the subscribed voting capital, resolutions relating to the matters referred to in Article 103 of the Law on Public Limited Companies shall only be valid if passed by two thirds of the share capital present or represented at the Meeting.

With regard to the amendment proposal for the New Articles of Association, the new Article 35 stipulates that General Meeting resolutions shall be adopted by the majority of the capital present or represented. This does not apply to those cases for which a greater majority is required by the Law or the Articles of Association. In particular, if the meeting is attended by shareholders representing less than 50% of the subscribed voting capital, resolutions relating to the matters referred to in Article 103 of the Law on Public Limited Companies shall only be valid if passed by the affirmative vote of two thirds of the share capital present or represented at the Meeting.

With regard to the Rules of the General Meeting, Article 26 stipulates that resolutions shall be adopted when the votes in favour of the proposal exceed half the number of votes belonging to the shares present or represented. This shall not apply to those cases for which a greater majority is required by the Law or the Articles of Association. In the case of resolutions relating to matters which were not included in the agenda, shares which are not deemed present or represented shall not be counted towards the base for calculating the above mentioned majority.

The quorum required for the valid adoption of resolutions at Renta Corporación is therefore no different from the regime established in the Law on Public Limited Companies.

E.3. Please list any shareholder rights relating to General Meetings which differ from those established in the Law on Public Limited Companies.

The rights of shareholders in relation to General Meetings are as established in the Law on Public Limited Companies, and are currently set out in Articles 21, 22 and 23 of the 2005 Articles of Association. These rights are also explained in more detail in the Rules of the General Meeting approved at the General Meeting of 9 February 2006. The full text of the Rules will be made available to the public on the Company website from the date on which the Company's shares are admitted to listing, if applicable.

In particular, the Rules of the General Meeting provide for the following shareholder rights:

Right to Information

Under Article 9, shareholders may ask the Board of Directors, from the date of publication of the General Meeting call, to and including the seventh day before the date for which the Meeting is scheduled, to provide any information or clarification they deem necessary, or address to it in writing any questions they deem fit, in relation to the matters included in the agenda.

In addition, shareholders may also request, within the same time frame and in the same manner, information or clarification, or address questions in writing in relation to any information available to the public which may have been supplied by the Company to the Spanish Securities and Investment Board since the date of the last General Meeting. The Board of Directors shall be obliged to provide the information requested in writing up to the day of the General Meeting.

Requests for information may be delivered to the registered office or sent to the Company by post or other means of electronic distance communication sent to the address specified in the relevant notice of a meeting. If no such address has been specified, they can be sent to the Shareholders' Office. If the electronic document by means of which the information is being requested includes the legally acknowledged electronic signature used by the person making the request, this shall be admitted as a request. Following a prior agreement adopted to that end, electronic documents sent with mechanisms deemed by the Board of Directors to provide adequate guarantees of authenticity and identification of the shareholder exercising his or her right to information shall also be deemed accepted.

Regardless of the means employed for issuing requests for information, the shareholder's request must include his or her full name together with legal evidence of the shares held, so that this information can be checked against the list of shareholders and number of shares held by each shareholder provided by the Spanish Central Securities Deposit (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A, "Sociedad de Sistemas" or "Iberclear") for the Shareholders' Meeting in question. The shareholder shall be responsible for providing proof that the request was sent to the Company in due time and form. The Company's website shall include relevant explanations regarding the exercise of shareholders' right to information in accordance with the applicable legislation.

Requests for information governed by this Article shall be answered prior to the General Meeting, after the requesting shareholder's identity and shareholder status have been verified.

The directors are obliged to provide the information requested in writing up to the day of the General Meeting, save for in the following cases:

(i) if disclosing the information requested may, in the Chairman's opinion, damage the company's interests;

(ii) if the request for information or clarification does not relate to matters included in the agenda or to any information available to the public and supplied by the Company to the Spanish Securities and Investment Board since the date of the last General Meeting;
(iii) if the information or clarification requested is deemed to be abusive; or
(iv) if so stipulated by the legislation, the Articles of Association, or court rulings.

However, the exception mentioned in paragraph (i) above shall not apply to requests supported by shareholders representing at least 25% of the share capital.

The Board of Directors may authorise any of its members, the Chairmen of its committees or the Secretary to answer shareholders' requests for information for and on behalf of the Board of Directors.
The means for providing the information requested by a shareholder shall be the same as the means used by the shareholder to send the request which gave rise to it, unless the shareholder specifies a different way from among those declared to be appropriate in this article. The directors may in any event send the information in question by registered post with acknowledgement of receipt or bureaufax.

The Company may include on its website information relating to the answers given to shareholders in reply to questions asked by them in the exercise of their right to information governed herein.

Right to Representation

Under Article 12, any shareholder with the right to attend may be represented by another person at General Meetings even if that other person is not a shareholder. The power of representation must be granted in writing or by any means of communication expressly allowed by the management body in the meeting notice, and provided the requirements envisaged in the said notice have been met and the representative's and representee's identities are duly guaranteed. The rules for assessing the validity of a power of representation granted by distance communication means are governed by the same provision.

Right to Remote Voting

Article 24 regulates the right to remote voting in writing sent by post or other means of electronic distance communication. It authorises the Board of Directors to develop the provisions of that Article and lay down the rules, means and procedures appropriate to the state of technology for casting votes and delegating representation by electronic means, complying with any legislation developing this system and the provisions of the Articles of Association and the Rules of the General Meeting.

E.4. Please specify any measures adopted to encourage shareholder participation in General Meetings.

Renta Corporación's 2005 Articles of Association envisage no measures aimed at encouraging shareholder participation in General Meetings. In any event, Article 36 of the Board Regulations provides that the Board of Directors shall promote informed shareholder participation in General Meetings and shall adopt all appropriate measures to contribute to the effective exercise by the Shareholders' Meeting of the duties pertaining to it in accordance with the Law and the Articles of Association. In particular, the Board of Directors shall adopt the following measures: (i) it shall endeavour to make all legally required information, as well as all other information which may be of interest and may be reasonably supplied, available to shareholders prior to the relevant General Meeting; (ii) it shall attend all requests for information filed by shareholders before the General Meeting with the utmost diligence; (iii) it shall attend all questions asked by shareholders in connection with the holding of the Meeting with the same degree of diligence.

In view of the above, all documentation necessary to discuss the items in the agenda for each General Meeting is available to shareholders sufficiently in advance. Such documents shall be published on the Company's and the Spanish Securities and Investment Board's websites. Shareholders who are unable to attend General Meetings in person may likewise delegate their representation and vote on another person, who need not be a shareholder.

E.5. Please specify whether the Chairman of the Shareholders' Meeting is the same person as the Chairman of the Board of Directors. Please give details of any measures adopted to ensure the independence and proper operation of the Shareholders' Meeting:

YES ☒ **NO** ☐

Please describe these measures
Under Article 16 of the Rules of the General Meeting, General Meetings shall be chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman. In the absence of both the Chairman and the Vice-Chairman, they shall be chaired by a member of the Board of Directors appointed by the General Meeting itself. The Article also provides that the Chairman may, even if he or she is present at the meeting, delegate the leadership of the discussion on the Secretary or any member of the management body which he or she deems fit. The Chairman may also, if he or she wishes, obtain the assistance of any expert he or she deems fit. Without prejudice to the provisions of the Articles of Association, the Chairman is in charge of declaring the Meeting validly constituted, leading and establishing the order of deliberations and interventions and setting the time allocated to each in accordance with the provisions of these Rules, ending discussions when he or she deems the matter in question to have been sufficiently discussed, and ordering voting, resolving any queries which may arise regarding the agenda and the list of attendees, pronouncing any resolutions which have been passed, ending or adjourning the meeting where applicable, and generally exercising all powers, including in relation to order and discipline, which may be necessary for keeping order as appropriate during the meeting, even including ordering the expulsion of any person disturbing the normal conduct of the meeting, and including interpreting the Rules. The Rules of the General Meeting also contain, among others, provisions relating to drawing up the list of attendees, the progress of the Meetings and votes on proposals for resolutions to ensure the proper operation of General Meetings. The management body may request the presence of a Notary Public to take the minutes of the General Meeting, and shall be under an obligation to do so whenever so requested by shareholders representing at least 1% of the share capital five days prior to the date for which the General Meeting is scheduled. The minutes taken by the Notary shall be deemed to constitute the minutes of the General Meeting and shall not require the latter's approval. Without prejudice to the registration of resolutions liable to registration at the Companies Registry or to any legal provisions governing the publication of company resolutions which may apply, the Company shall inform the Spanish Securities and Investment Board of the resolutions passed, either verbatim or by means of a summary thereof, by means of the appropriate notification of a relevant fact. The text of the resolutions passed at the Meetings held during the current and the previous year shall also be available on the Company website. In addition, the Secretary shall issue a certificate of the resolutions, or of the minutes taken by the Notary if applicable, if requested by any shareholder or his or her representative at the General Meeting.

E.6. Please indicate any amendments made to the Rules of the General Meeting during the year:

Since Renta Corporación is not a listed company, no Regulations for the General Meeting were approved during 2005, there being no legal obligation to do so. Notwithstanding the above, and in view of the possible admission to listing of the Company's shares, the Company approved a set of such Regulations, whose provisions have been described in the preceding paragraphs, at the General Meeting of 9 February 2006.

E.7. Please include General Meeting attendance details for the year to which this report relates:

	Contact details for assistance			
Date of General Meeting of Shareholders	**% personal attendance**	**% by representation**	**% absentee votes**	**Total**
03-03-05	71.29%	3.42%	--	74.71%
22-04-05	97.31%	0.57%	--	97.88%

E.8. Please briefly indicate the resolutions adopted at the General Meetings held in the year to which this report relates, and the percentage of votes with which each resolution was adopted:

Extraordinary General Meeting of 3 March 2005

All proposals submitted by the Board of Directors to the Shareholders' Meeting for approval were unanimously approved:

First Resolution: To appoint César A. Gibernau Ausió new independent external director of the Company for a five-year term, maintaining the office of Secretary to the Board.

Second Resolution: To ratify and approve an extraordinary dividend distribution, charged to the voluntary reserves from undistributed profits, of €2,986,741.50 resolved by the Board of Directors in its meeting of 4 February 2005. The dividend resolved was paid in cash to the Company's lawful shareholders from 15 February 2005, at a rate of €1.50 per share.

Third Resolution: To delegate powers to notarise the resolutions and register them in the Companies' Registry.

Ordinary General Meeting of 22 April 2005

All proposals submitted by the Board of Directors to the Shareholders' Meeting for approval were unanimously approved:

First Resolution: To approve the Company's abbreviated annual accounts for the year ending 31 December 2004. The said annual accounts of the Company show an after-tax profit of €1,106,644.59, and it is resolved that this shall be distributed as follows: €58,236.36 for the legal reserve, and €1,048,408.23 for the voluntary reserve.

Second Resolution: To approve the consolidated annual accounts and Management Report for the year ending 31 December 2004. The said annual accounts show an after-tax profit of €22,395,583.

Third Resolution: In view of the Management Report submitted by the Board of Directors and the consolidated Management Report, to approve without any kind of reservations the management carried out by the management body during 2004.

Fourth Resolution: To ratify and approve the management body's appointment of the firm PriceWaterhouseCoopers Auditores, S.L. as Voluntary Accounts Auditor for the Company for a one-year term to be counted from the beginning of this financial year.

Fifth Resolution: To approve an extension to the firm PriceWaterhouseCoopers Auditores, S.L.'s term as the Group's consolidated accounts auditor for a further one-year term to be counted from the beginning of this financial year.

Sixth Resolution: To fully and unreservedly approve the balance sheet ending 1st January 2005, which is the basis for the capital increase operation charged to reserves agreed below. It is hereby recorded for all relevant purposes that the said balance sheet was audited by the firm PriceWaterhouseCoopers Auditores, S.L. in accordance with a report dated 23 March 2005.

Seventh Resolution: To increase the Company's share capital, which is currently €8,380,642.20, to €21,949,301, i.e. to increase it by €13,568,658.80 by raising the par value of 1,995,391 shares to €11, i.e. by increasing the par value of each share by €6.80 charged to reserves.

Eighth Resolution: To amend Article 5 of the Articles of Association as a result of the above.

Ninth Resolution: To reduce the par value of the Company's shares from the current value of €11 per share to €1 per share, and to simultaneously increase the number of shares from the current 1,995,391 shares to 21,949,301 shares, by dividing the value of each share with a par value of €11 into 11 shares with a par value of €1, without modifying the share capital.

Tenth Resolution: To make a further amendment to Article 5 of the Articles of Association.

Eleventh Resolution: To renumber the 21,949,301 shares comprising the Company's share capital following the agreed change to their par value, so that they are numbered consecutively.

Twelfth Resolution: To delegate powers to notarise the resolutions and register them in the Companies' Registry.

E.9. Please specify, if applicable, the number of shares required to attend General Meetings, and whether the Articles of Association contain any restrictions in this regard.

The 2005 Articles of Association contain no restrictions to the right to attend General Meetings of the Company, and no minimum number of shares is required to attend such Meetings.

Neither do the New Articles of Association approved at the General Meeting of 9 February 2006 envisage any restrictions to the right to attend General Meetings of the Company, or require a minimum number of shares to attend such Meetings.

Under the new Articles of Association, shareholders shall be entitled to attend regardless of the number of shares held, provided the entitlement of the shareholder in question is recorded prior to the Meeting. This shall be proven by means of the corresponding personal attendance card or other document providing evidence of shareholder status in accordance with the law. The said card or document must indicate the number, class and series of the shares held, as well as the number of votes which may be issued by the bearer.

This regulation is completed by the Rules of the General Meeting, which stipulate that shareholders are entitled to attend General Meetings regardless of the number of shares held, provided the shares in question are registered in their name in the corresponding Register at least five days prior to the date for which the Meeting is scheduled. In addition, in order to attend a General Meeting, a shareholder must obtain the relevant attendance card, the certificate issued by the Spanish Central Securities Deposit (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores) as may be required in each case, or a document providing evidence of shareholder status in accordance with the law.

E.10. Please indicate and justify the Company's policies regarding the delegation of votes at General Meetings.

Article 22 of Renta Corporación's 2005 Articles of Association governs representation for attending General Meetings of the Company. According to this Article, any shareholder entitled to attend may appoint another shareholder to represent him or her at a Meeting. The power of representation must be granted in writing specifically for each Meeting, in the terms and with the scope provided in the Law on Public Limited Companies (Ley de Sociedades Anónimas). The Article also mentions that the restrictions on representation shall not apply if the representative is the principal's spouse, ancestor or descendant, or if the representative has a general power of attorney granted under a public deed with the power to administer all assets held by the principal within the national territory. Finally it provides for a power of representation to be revoked at any time and for the principal's personal attendance at the Meeting to revoke such representation.

Article 31 of Renta Corporación's New Articles of Association, approved at the Company's General Meeting of 9 February 2006, provides that, without prejudice to shareholding legal entities attending through the person with power to represent them, all shareholders entitled to attend General Meetings may be represented at General Meetings by another person, who must also be a shareholder. The power of representation must be granted in writing or by the means of distance communication determined by the management body, which must duly guarantee the representative's and principal's identities. A specific power of representation must be granted for each Meeting, in the terms and with the scope provided in the Law on Public Limited Companies and the Regulations of the General Meeting.

It also adds that the Chairman, the Secretary of the Shareholders' Meeting or the persons appointed in agreement with him or her shall be deemed to be authorised to determine the validity of the powers of representation granted and whether the requirements for attending the Meeting have been complied with.

Article 12 of the Rules of the General Meeting completes this rule by establishing that representation may be revoked at any time. As a general rule, and provided the certainty of the date can be proved, the last act carried out by the shareholder prior to the Meeting shall be deemed valid. If there is no such certainty, the shareholder's vote shall prevail over the delegation. In any event, personal attendance by the principal at the General Meeting shall revoke the power of representation.

Without prejudice to Article 108 of the Law on Public Limited Companies, the power of representation, which must be specially granted for each Meeting, must be granted in writing. Powers of representation granted by means of distance communication shall only be deemed valid if made:

(i) By post, by sending the Company the attendance card issued by the entity or entities in charge of keeping the Registry, duly signed and filled in by the shareholder, or by any other written means which, in the opinion of the Board of Directors pursuant to a resolution passed in advance to that end, enables the identities of the shareholer granting representation and the appointed delegate to be duly verified.
(ii) By a means of electronic distance communication which duly guarantees the power of representation claimed and the principal's identity. A power of representation granted by these means shall be accepted if the electronic document granting it includes the legally acknowledged electronic signature used by the principal, or any other type of signature which is deemed by the Board of Directors, pursuant to a prior resolution passed for that purpose, to provide adequate guarantees of authenticity and identification of the shareholder granting the power of representation.

In order to be valid, a power of representation granted by any of the distance communication means mentioned in this Section 2 must be received by the Company no later than 24 hours before the day immediately preceding the day scheduled for holding the General Meeting on first call. The Board of Directors may establish a shorter period in accordance with the provisions of the Articles of Association.

E.11. Please indicate whether the Company is aware of the institutional investors' policy of taking part or not taking part in the company's decisions.

YES ☐ **NO** ☒

Please describe the Policy

E.12. Please indicate the address of your website and how its corporate governance content can be accessed.

The Company's website address is www.rentacorporacion.com. Since it is not a listed company, Renta Corporación Real Estate, S.A. is under no obligation to make its corporate governance content available on its website. Notwithstanding the above, and in view of the possible listing of its shares, the Company intends to make the said content available to the public on its website. In order to access this, you must click on the "Shareholder and Investor Information" tab, followed by the "Corporate Governance" tab.

F. EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Please indicate the extent to which the Company follows existing corporate governance recommendations, or whether it does not follow such recommendations.

If it does not follow one or more of them, please explain which recommendations, rules, practices or criteria are applied by the Company.

Until the single document referred to in ORDER ECO/3722/2003 of 26 December 2003 is ready, the recommendations contained in the Olivencia and Aldama Reports must be used by way of reference, to the extent that they apply to your entity, in order to complete this section.

As at 31 December 2005, Renta Corporación's shares are not admitted to listing. However, the Company has been complying with most of the good corporate governance recommendations for listed companies contained in the Olivencia Code and the Aldama Reports of its own accord.

In view of this, the company's degree of compliance with the corporate governance recommendations is set out below, using the Olivencia Code's recommendations as the basis and Renta Corporación has thus tried to rework the recommendations of both Reports in order to make the information provided regarding compliance therewith as accurate as possible.

Recommendation 1. The Duties of the Board of Directors

"The Board of Directors should expressly assume a general supervision function as the core of its duties, exercise the responsibilities involved without the ability to delegate them, and lay down a formal list of the matters reserved exclusively to its knowledge." (Olivencia Code)

Continues.

Renta Corporación's 2005 Articles of Association already provided that the Board of Directors is responsible for the Company's representation and supreme direction and management of all acts comprised in the corporate object and required by the Law and the Articles of Association.

In addition, in accordance with Article 5 of Renta Corporación's Board Regulations approved on 27 December 2005, the Board of Directors is the Company's highest decision-making body and is responsible for general supervision and for adopting the most important decisions regarding the management of the Company. The Regulations also stipulate that none of the powers reserved by the law or by institutions for direct knowledge by the Board, or any other powers necessary for the responsible exercise of the general supervision function, may be delegated. The above mentioned Article 5 of the Board Regulations also includes a list of the matters reserved to the Board.

Recommendation 2. The Independence of the Board of Directors

"The Board of Directors should include a reasonable number of independent directors, who should be persons of professional prestige unrelated to the executive team and the significant shareholders." (Olivencia Code)

Continues.

Although Renta Corporación was not a listed company as at 31 December 2005, its Board of Directors already included among its eight members two independent directors at that time. In addition, at the General Meeting of Shareholders of 9 February 2006, the Company resolved to appoint Carlos Solchaga Catalán and Juan Gallostra Isern independent external directors of the Company, and to replace César Gibernau-Ausió's position as independent external director with that of another external director. There are therefore currently three independent directors among the Company's ten Board members.

Recommendation 3. Composition of the Board of Directors

"In the composition of the Board of Directors, external directors (directors representing a substantial shareholding and independent directors) should constitute a majority over executive directors, and the proportion of directors representing significant shareholders and independent directors should be established taking into account the existing relationship between the share capital represented by significant shareholdings and the rest".
(Olivencia Code)

Continues.

In spite of not being a listed company, as at 31 December 2005, four of the eight members of Renta Corporación's Board of Directors were non-executive directors. In addition, following a proposal of the Appointments and Remuneration Committee, two new independent directors were appointed at the Company's General Meeting of 9 February 2006. The Company's external directors are therefore now a majority over the executive directors.
Article 6 of the Board Regulations already provides that the Board of Directors shall ensure, to the extent possible, that external directors are a majority over executive directors in the composition of the Board.

Recommendation 4. Size of the Board of Directors

"The Board of Directors should adjust its size to achieve a more efficient and participatory operation. An adequate size could in principle be between five and fifteen members". (Olivencia Code)

"The Board of Directors should have a reasonable number of members to ensure its operability and the work of each director, and to have the necessary means for the best and most efficient exercise of its duties, including communication with the managers of the various business and service areas, and assistance from external experts and professionals if applicable." (Aldama Report)

Continues.

As at 31 December 2005, the Company's Board of Directors is comprised of eight members. This is within the number recommended by the Good Corporate Governance rules, and provides for efficient and participatory operation.

According to Article 29 of the New Articles of Association and Article 7 of the Board Regulations, the Board of Directors shall have between three and twelve members.

Recommendation 5. No Concentration of Power

"In the event that the Board of Directors chooses to appoint its Chairman to the position of Chief Executive of the Company, it should adopt the necessary precautionary measures to reduce the risks arising from the concentration of power in a single individual." (Olivencia Code)

Continues.

Although the Chairman of Renta Corporación currently holds the position of Chief Executive of the Company, the Company already has a series of mechanisms in place to limit the risks arising from the concentration of power in a single individual, as indicated in Section B.1.16 of this Report. In particular, persons actively taking part in the ordinary management and most important decisions affecting the Company include, in addition to the Chairman, the other Managing Director, the Vice-Chairwoman and the General Manager.

Recommendation 6. Regulatory Guarantee

"The position of Secretary of the Board should be given greater relevance, reinforcing the Secretary's independence and stability and emphasising his or her function of ensuring that the Board's actions are in accordance with the law in form and in substance." (Olivencia Code)

Continues.

The Secretary of the Board of Renta Corporación enjoys independence in the carrying out of the duties with which he has been entrusted. This is without prejudice to his accountability to the Chairman of the Board. As at 31 December 2005, the Secretary of the Board of Directors of Renta Corporación is also a director of the Company.

Pursuant to Article 10 of the Board Regulations, the Secretary shall ensure that the Board's actions are in accordance with the law in form and in substance, shall verify that such actions comply with the Company's Articles of Association and with the provisions issued by the regulatory bodies, and shall ensure that the Company's corporate governance criteria and the Board Regulations are adhered to.

Recommendation 7. Composition of the Executive Committee

"The composition of the Executive Committee, if there is one, should reflect the same balance as the Board of Directors with regard to the different types of director, and the relationship between the two bodies should be based on the principle of transparency, so that the Board has full knowledge of the matters dealt with and decisions adopted by the Committee." (Olivencia Code)

"The Board of Directors shall determine the composition of this committee, with the recommendation that, if the Executive Committee assumes the powers of the Board either fully or to a significant extent, its composition regarding the different types of director should be similar to that of the Board itself." (Aldama Report)

This is not applicable, since Renta Corporación does not have an Executive Committee.

Recommendation 8. The Committees of the Board of Directors

"The Board of Directors should create delegate committees for control from among its members. These should be comprised exclusively of external directors and relate to matters relating to accounting control and information (Audit), selection of directors and senior executives (Appointments), determination and review of the remuneration policy (Remuneration), and assessment of the corporate governance system (Compliance)." (Olivencia Code)

Continues.

Although, as an unlisted company, Renta Corporación is currently not obliged to create an Audit Committee, the Company created an Audit Committee and an Appointments and Remuneration Committee in December 2004. Their composition, duties and operation are governed by Articles 13 and 14 of the Board Regulations respectively.

Recommendation 9. Directors' Information

"The necessary measures should be adopted to ensure that directors have sufficient information, specially drafted and aimed at preparing the sessions of the Board, sufficiently in advance. No information, regardless of its importance or reserved nature, may be exempted from this requirement save for in exceptional circumstances." (Olivencia Code)

Continues.

Although Renta Corporación's 2005 Articles of Association do not regulate the provision of information to directors, Article 15 of the Board Regulations stipulates that Board meetings shall be called at least three days in advance, shall always include the agenda for the meeting, and shall attach all relevant information, duly summarised and prepared.

Recommendation 10. Frequency of Board Meetings

"The proper operation of the Board requires meetings to be held with the frequency necessary for the performance of its duties; the Chairman must encourage the participation and free opinion of all directors; the minutes must be drafted with special care, and the quality and efficiency of the Board's work should be evaluated at least once a year." (Olivencia Code)

Continues.

In 2005, the Board of Directors of Renta Corporación met sufficiently frequently to enable it to comply with the duties entrusted to it. In addition, the Chairman encourages and seeks to ensure the participation of all directors in deliberations, with the attendance of senior executives where applicable, if the Chairman deems this to be necessary or convenient for reporting on specific matters.

Under Article 15 of the Board Regulations, the Board shall ordinarily meet at least six times a year, and on the Chairman's initiative as often as deemed appropriate by the Chairman for the good operation of the Company. The Board of Directors must also meet whenever requested by at least two of its members. In such a case, a meeting shall be called by the Chairman to be held within fifteen days immediately following the request.

The Article also provides that the Chairman of the Board may call extraordinary Board meetings whenever he or she deems this to be justified by the prevailing circumstances. The Chairman shall organise the debate, encouraging and seeking to ensure that all directors participate in the deliberations. One of the Secretary's duties is to assist the Chairman in his or her work and to provide for the proper operation of the Board, with special emphasis on providing directors with all necessary advice and information, keeping the company's documents, duly reflecting the course of meetings in the minute books, and certifying any resolutions passed by the Board.

Finally, the Board of Directors has implemented the practice of drafting an annual schedule of its ordinary meetings.

Recommendation 11. Appointments Policy

"The intervention of the Board of Directors in the selection and re-election of its members should follow a formal and transparent procedure, based on a reasoned proposal from the Appointments Committee." (Olivencia Code)

Continues.

Although Renta Corporación's 2005 Articles of Association do not lay down the procedure to be followed for selecting and re-electing Board members, Article 17 of the Board Regulations stipulates that directors shall be appointed by the Shareholders' Meeting or the Board of Directors, following a report of the Appointments and Remuneration Committee, in accordance with the provisions of the Law on Public Limited Companies.

Recommendation 12. Irremovability of external directors

"After the External Independent Directors or Directors Representing Substantial Shareholders have been elected by the Shareholders' Meeting, the Board of Directors should not propose their removal before the end of the term for which they were appointed under the Articles of Association, save for on exceptional justified grounds approved by the Board of Directors following a report of the Appointments and Remuneration Committee." (Aldama Report)

Continues.

It must be noted that the removal of the two independent Directors currently forming part of Renta Corporación's Board of Directors has not been proposed since their appointment.

In accordance with the Board Regulations, Directors shall hold office for a maximum term of six years, after which they may be re-elected for equal or shorter terms, and shall be removed from office either on expiry of the term for which they were appointed or when so decided by the Shareholders' Meeting pursuant to the powers conferred on it by the law or the Articles of Association. In addition, Directors must tender their resignation to the Board of Directors and, if applicable, resign if deemed fit by the Board following a serious reprimand by the latter for breach of their obligations as Directors and following a report of the Audit Committee.

Recommendation 13. Resignation of Directors

"Companies' regulations should include an obligation on directors to resign in those cases in which the operation of the Board or the Company's credit and reputation may be detrimentally affected". (Olivencia Code)

Continues.

Although Renta Corporación's 2005 Articles of Association make no provision in this regard, Article 21 of the Board Regulations envisages cases in which the Directors of Renta Corporación must tender their resignation to the Board and accept any decision made by it regarding their continuity in office.

Recommendation 14. Age of Directors

"An age limit should be established for the office of Director. This could be between sixty-five and seventy for executive directors and the Chairman, and a more flexible option for other Board members." (Olivencia Code)

"Companies which adopt an age limit policy for directors must set it out it clearly within their internal regulations." (Aldama Report)

Does not continue.

It has not been deemed necessary to establish any age limit for the office of director, since the average ages of the Chairman and the Company's other executive directors are particularly low.

Recommendation 15. Adequate Information and Advice

"The right of all directors to request and obtain the information and advice necessary to perform their supervisory duties should be formally recognised, and the suitable channels for exercising that right, including access to external experts under special circumstances, should be established." (Olivencia Code)

Continues.

Although Renta Corporación's 2005 Articles of Association do not provide for the possibility of any director of the Company requesting external advice, Article 24 of the Board Regulations stipulates that, in order to assist them in the exercise of their duties, external directors may request that legal, accounting, financial or other expert advisors be contracted at the Company's expense. The assignment must necessarily relate to specific problems of certain significance and complexity arising in the performance of their position.

In addition, Article 13 of the Regulations provides that the Audit Committee may obtain advice from external experts whenever it deems necessary for the proper performance of its duties.

Recommendation 16. Remuneration of Directors

"The remuneration policy for directors, which should be proposed, assessed and reviewed by the Remuneration Committee, should comply with criteria of moderation, connection with the Company's profits, and detailed, individual information." (Olivencia Code)

Continues.

To date, the remuneration of Renta Corporación's Board Members has adhered to moderation criteria in accordance with market requirements.

The 2005 Articles of Association do not set any minimum or maximum limits to the directors' remuneration, in the form of either amounts or percentages. They only specify that the amount to be distributed each year among the directors shall be determined by the General Shareholders' Meeting, and that the amount to be received by each director shall be decided by the Board, which may scale the amount to be received by each of them on the basis of whether or not they belong to bodies authorised by the Board of Directors, the offices held therein and, generally, their dedication to managing or serving the Company.

Pursuant to the New Articles of Association and Article 25 of the Board Regulations, the members of the Board of Directors shall receive a fixed amount each year, which shall be determined by the Shareholders' Meeting and which must be between a minimum of zero point five percent (0.5%) and a maximum of five percent (5%) of the Company's net profit in the immediately preceding year. Unless amended by the Shareholders' Meeting, the above amount established by it shall increase annually on the basis of the Consumer Price Index. It is also provided that the Board is to set the specific amount to be received each year by each of its members.

Recommendation 17. Loyalty of Directors

"The company's internal regulations should describe in detail the obligations arising from directors' general duties of diligence and loyalty, and should particularly contemplate situations of conflict of interest, the duty of confidentiality, the exploitation of business opportunities and the use of company assets." (Olivencia Code)

Continues.

According to Article 34 of Renta Corporación's 2005 Articles of Association, Board members must exercise their functions with the diligence of a prudent businessman and faithful agent, and must maintain all confidential information secret, even after ceasing to hold office.

In accordance with Article 26 of the Board Regulations, any member of Renta Corporación's Board of Directors is obliged, in the exercise of his or her functions, to:

a) Adequately enquire about, and prepare for, Board meetings and any delegated bodies to which he or she may belong;

b) Attend Board Meetings and actively participate in deliberations, so that his or her opinion is effectively taken into account for making decisions.

c) Provide his or her strategic vision, concepts, criteria and innovative measures for the optimum development and evolution of the Company's business.

d) Carry out any specific assignment entrusted to him or her by the Board of Directors and reasonably included within his or her pledge of dedication.

e) Investigate any irregularity in the Company's management which may have come to his or her attention, and monitor any risk situation.

f) Urge those persons with the ability to call meetings to call an extraordinary Board Meeting or include any items he or she deems fit in the agenda for the next scheduled meeting.

In addition to the above general obligations, Renta Corporación's Board Regulations impose on directors: (i) a duty of confidentiality, applicable even after ceasing to hold office, with the obligation to maintain the secrecy of all information, data, reports or background information of which they have become aware as a result of the exercise of their functions. Such information may not be disclosed to third parties or disseminated if it may have a detrimental effect on the company's interests. This does not apply to certain exceptions specified by the legislation; (ii) a non-competition obligation; and (iii) duties of information. The Board Regulations also regulate, throughout their Articles, the conflicts of interest which must be disclosed by Directors, the use of company assets by Directors of the Company, the application of codes of conduct regarding the treatment of non-public information, business opportunities, indirect operations and transactions with significant shareholders.

In particular, with regard to conflicts of interest, Article 29 of the Regulations details the various situations which may give rise to such a conflict with the Company.

Recommendation 18. Extension of the Loyalty Obligations to Significant Shareholders and Senior Management

"The Board of Directors should encourage the adoption of appropriate measures to extend loyalty obligations to significant shareholders, particularly by establishing precautionary measures for transactions entered into between such shareholders and the company." (Olivencia Code)

Continues.

Although the 2005 Articles of Association contain no provisions regarding the loyalty obligations of significant shareholders of Renta Corporación, operations with significant shareholders of the Company are governed by Article 35 of the Board Regulations, which stipulates that the Board of Directors formally reserves information regarding any relevant transaction between the Company and a significant shareholder. In addition, before authorising the Company to carry out transactions of that nature, the Board shall assess the operation from the points of view of equal treatment of shareholders and market conditions.

Recommendation 19. General Meeting of Shareholders

"The Company should, in connection with the holding of a General Meeting of Shareholders, and from the moment of the call, provide the full contents of all proposals for resolutions to be submitted to the General Meeting on the Company website. This is regardless of any other procedure available to the Company either voluntarily or pursuant to legal requirements." (Aldama Report)

Continues.

Shareholders' right to information is governed by Article 23 of the 2005 Articles of Association, which stipulates that shareholders may request in writing prior to the Meeting, or verbally during the Meeting, any reports or clarification they deem fit regarding the matters included in the Agenda, and that the Board of Directors is obliged to furnish them unless, in the Chairman's opinion, disclosing the requested information would be detrimental to the company's interests. This exception shall not apply to requests supported by shareholders representing at least 25% of the share capital.

Furthermore, Article 36 of the Board Regulations provides that the Board of Directors shall promote informed shareholder participation in General Meetings and shall adopt all appropriate measures to contribute to the Shareholders' Meeting's effective exercise of the duties pertaining to it in accordance with the Law and the Articles of Association.

In particular, the Board of Directors shall adopt the following measures:

a) It shall endeavour to make all legally required information, as well as all other information which may be of interest and may be reasonably supplied, available to shareholders prior to the General Meeting.

b) It shall attend all requests for information made by shareholders before the General Meeting with the utmost diligence.

c) It shall attend all questions asked by shareholders in connection with the holding of the Meeting with the same degree of diligence.

Recommendation 20. Rules of the General Meeting and Board Regulations

"All Companies should have a set of Corporate Governance rules or criteria, including at least the Regulations of the General Meeting of Shareholders and the Board Regulations." (Aldama Report)

Continues.

On 27 December 2005, the Board of Directors approved the Board Regulations, which lay down the basic rules governing the Board of Directors' structure and operation and the code of conduct to be followed by its members.

On that same date, the Board also approved the Rules of the General Meeting, whose entry into force was made subject to the condition precedent of the Company's shares being admitted to listing.

Recommendation 21. Transparency of Information

"Measures aimed at making the vote delegation mechanism more transparent and boosting communication between the company and its shareholders, particularly institutional investors, should be adopted." (Olivencia Code)

Continues.

In its capacity as a bridge between the ownership and the management, the Board of Directors has created appropriate channels to obtain knowledge of any proposals which may be made by shareholders in relation to the management of Renta Corporación.

It is also provided that the Board, through some of its directors and with the collaboration of any members of senior management it deems fit, may organise information meetings regarding the progress of the Company and its Corporate Group for shareholders residing in the most important financial markets in Spain and other countries.

On the other hand, it is also provided that public requests for vote delegations made by the Board of Directors or any of its members must indicate which way the representative will vote in the event that no instructions are given by the shareholder.

Recommendation 22. Transparency with the Markets

"The Board of Directors should assume responsibility for furnishing the markets with prompt, accurate and reliable information beyond the requirements imposed by the current legislation, particularly with reference to the shareholding structure, substantial amendments to the rules of governance, related transactions of particular significance and treasury shares." (Olivencia Code)

Continues.

In accordance with Article 38 of the Board Regulations, and subject to confirmation of the shares' admission to listing on the Stock Exchange, the Company shall immediately inform the public, by means of the communication of relevant facts to the Spanish Securities and Investment Board and through the corporate website, of all relevant information in accordance with the provisions of the Securities Market Law and its developing legislation.

Recommendation 23. Information regarding Corporate Governance

"The information obligations regarding each company's governance practices and structures should be extended, and measures should generally be adopted to ensure better quality of information, restated in a single text published for the general knowledge of shareholders and investors." (Aldama Report)

Continues.

This Corporate Governance Report provides evidence of Renta Corporación's compliance with the majority of recommendations included in the Code for Good Corporate Governance drafted by the Special Committee for the Encouragement of Transparency and Security in Markets and Listed Companies (Comisión Especial para el Fomento de laTransparencia y Seguridad en los Mercados y en las Sociedades Cotizadas) in relation to the publicity and assessment of the rules of Corporate Governance.

Recommendation 24. Periodic Financial Information

"All periodic financial information offered to the markets in addition to the annual financial information should be prepared in accordance with the same professional principles and practices as the annual accounts, and should be checked by the Audit Committee prior to its dissemination." (Olivencia Code)

Continued.

The Board Regulations stipulate that the Board of Directors must adopt all necessary measures to ensure that the semi-annual, quarterly and any other financial information which caution requires to be made available to the markets is drafted in accordance with the same professional practices, principles and criteria with which the annual accounts are prepared, and that it must be as reliable as them.

The Board of Directors, for its part, has an Audit Committee to both supervise the financial statements and exercise a monitoring function. One of its functions is to be familiar with the financial information process and the Company's internal control systems, to verify that they are adequate and complete, and to review the periodic financial information to be provided by the Board to the markets and its supervisory bodies.

Recommendation 25. Information on the Internet

"To have a website through which shareholders, investors and the market in general can be provided with financial information and any other significant information relating to the Company, such as helping shareholders exercise their right to information and any other corporate rights which may apply." (Aldama Report)

Does not continue.

Since, as at 31 December 2005 the Company's shares have not been admitted to listing, the 2005 Articles of Association do not provide for any measures relating to the disclosure of information to securities markets. In any event, Article 38 of the Board Regulations, which governs relationships with the markets, stipulates that, in the event that the Company eventually completes the Stock Exchange listing process, the Board of Directors shall immediately inform the public, by means of the communication of relevant facts to the Spanish Securities and Investment Board (Comisión Nacional del Mercado de Valores) and through the corporate website, of all relevant information in accordance with the Securities Market Law and its developing legislation.

It also stipulates that the Board of Directors shall adopt all necessary measures to ensure that the semi-annual, quarterly and any other financial information which caution requires to be made available to the markets is drafted in accordance with the same professional practices, principles and criteria with which the annual accounts are prepared, and that it will be as reliable as them. In accordance with that Article, it shall also include information regarding the Company's governance rules and the degree to which they are complied with in its annual public documentation.

In this regard, in the event that Renta Corporación's shares are eventually admitted to listing on the Stock Exchange, the most significant facts relating to the Company and all relevant information (with a potential impact on Stock Exchange listing) released by it will be notified to the Spanish Securities and Investment Board first as a relevant fact. Once the information has been sent to the Spanish Securities and Investment Board through the appropriate channel, it will be transmitted to the main media, information agencies and analysts, and published on Renta Corporación's website (www.rentacorporacion.com). All information disclosed to the media, agencies, analysts and investors will thus be disseminated at the same time. Renta Corporación has already taken the first steps towards making all the above mentioned documentation available as soon as the Company's shares are admitted to listing.

Recommendation 26. The Independence of the External Auditor

"The Board of Directors and the Audit Committee should monitor all situations which may jeopardise the independence of the external company auditors, and should specifically verify the percentage represented by the fees paid under all items in relation to the total amount paid to the audit firm. In addition, all fees relating to professional services other than audit services should be made public." (Olivencia Code)

Continues.

Pursuant to Article 13 of the Board Regulations, the Audit Committee is the body in charge of ensuring the external auditors' independence. Section B.1.28 of this Report contains a reference to the mechanisms established by the company to preserve the external auditor's independence.

Recommendation 27. Regarding Reservations in the Audit Report

"The Board of Directors should seek to ensure that the annual accounts drafted by it are submitted to the Shareholders' Meeting without any reservations or qualifications in the au-

dit report and, whenever this is not possible, both the Board and the auditors should clearly explain the nature and scope of any discrepancies to the shareholders and the markets." (Olivencia Code)

Continues.

Article 39 of the Board Regulations stipulates that the Board of Directors shall seek to prepare a final version of the accounts such that no reservations are made by the auditor. However, if the Board of Directors considers that it must maintain its decision, it shall publicly explain the nature and extent of the discrepancy. Section B.1.25 contains a more detailed explanation of the mechanisms for preventing accounts from being submitted with reservations in the audit report.

Recommendation 28. Continuity

"The Board of Directors should include in its annual public report information regarding its rules of governance, including the reasoning behind any rules which do not conform to the recommendations contained in this Code." (Olivencia Code)]

Continues.

Since Renta Corporación is not a listed company, it is under no obligation to prepare an annual Corporate Governance Report. Notwithstanding the above, Renta Corporación has decided to draft this Report as an indication of its high degree of compliance with the recommendations for good corporate governance, including information on which rules it complies with and providing an explanation regarding those recommendations it does not follow.

In addition, under Article 38 of the Company's Board Regulations, the Board of Directors shall include in its annual public documentation information regarding the company's rules of governance and the extent of its compliance therewith.

G. OTHER INFORMATION OF INTEREST

If you believe there are any relevant aspects or principles relating to the corporate governance practices applied by your company which have not been covered in this Report, please indicate this below and explain the nature of such aspects or principles.

This section may include any information, clarification or detail relating to the preceding sections of this report, to the extent that it is relevant and not a repetition.

Specifically, please indicate whether the company is subject to any corporate governance legislation other than the Spanish legislation and, if so, include any information requested in this report which it is under an obligation to supply.

Not applicable.

This annual corporate governance report was approved by the Company's Board of Directors or Management Body at a meeting held on 13 February 2006.

Please provide details of any directors or members of the Management Body who voted against or who abstained in relation to the approval of this report.

All directors voted in favour of approving this report.

Annual Audit Committee Report

2

a. Introduction

The Renta Corporación Real Estate, S.A. Audit Committee was set up by agreement of the Board meeting held on 4 February 2005, following recommendations on Good Corporate Governance (Olivencia Code), updated by the Special Committee for Promotion of Transparency and Security in Markets and Listed Companies (Aldama Commission), and under the third agreement reached at Board meeting held on 3 February 2004 on creation of Specialist Board Committees, and also under the terms of Additional Provision Eighteen of the Securities Market Act, implemented by section 47 of Act 44/2002.

Audit Committee rules on structure and operation are set out in article 47 of the company's Articles of Associations and article 13 of the Regulations of the Board of Directors.

This report details the Audit Committee's main undertakings throughout 2005. It also aims to be an effective instrument, both for the Board in terms of approval of performance of entrusted duties and for current and future shareholders of Renta Corporación Real Estate, S.A.

b. Composition

Under the terms of article 47 of the company's Articles of Association and article 13 of the Board of Directors' Charter, the Audit Committee is made up of three company directors, the majority non-executive. Appointment of committee members is the responsibility of the Board of Directors and requires a two-thirds majority vote. Committee members shall appoint their Chairman from their own ranks for a four-year term; he or she may be re-elected one year after stepping down from the post. The Secretary shall also be elected from their ranks.

At 31 December, membership of the Renta Corporación Real Estate, S.A. Audit Committee was as follows:

Chair: César A. Gibernau Ausió
Member: Anna M. Birulés Bertran
Secretary: Carlos Tusquets Trias de Bes

At Audit Committee meeting of 8 September 2005, because Anna M. Birulés Bertran was an executive Director of the Company, she stepped down from the post of Chair of the Audit Committee of her own accord. She was replaced by César A Gibernau Ausió, who took over the post at the same meeting.

Furthermore, as the post of Secretary of the Board of Directors was then held by Mr Gibernau, the meeting agreed to appoint Carlos Tusquets Trias de Bes to the position of Secretary, which he accepted there and then.

Current committee members have the relevant experience and powers to discharge their duties, and have a direct line to external and internal auditors and Company executives for the purpose of collecting any required financial information.

c. Competencies

The Audit Committee has been entrusted with the following duties:

- Report to the General Meeting of Shareholders on issues raised by shareholders on matters for which the Committee is responsible.
- To propose to the Board of Directors, for submitting to the Board of Shareholders, the appointment of external accounts auditors referred to in Article 204 of the Ley de Sociedades Anónimas (Law on Public Limited Companies) as well as their contracting conditions, the scope of their professional remit and, where applicable, the revocation or non-renewal thereof.
- Supervise internal auditing practices.
- Review Company accounts, monitor compliance with statutory requirements and proper use of generally accepted accounting principles, whereby the Committee is to receive full cooperation from external and internal auditors.
- To be familiar with the Company's financial information process and internal control systems, to verify that they are adequate and complete, and to review the appointment or replacement of the people responsible for them.
- To maintain relations with the external auditors in order to receive information regarding issues which may jeopardise their independence, and any others relating to the accounts audit preparation process, as well as any other communications envisaged in the accounts audit legislation and the technical audit standards.
- Oversee audit contract compliance, ensuring that the opinion on annual accounts and main contents of the audit report are clearly and accurately written, and assess the outcome of every audit.
- Review regular financial information to be reported by the Board to the markets and their supervisory bodies.
- Examine compliance with Internal Code of Conduct, Articles of Association and company governance standards in general, and make any necessary proposals to improve them.
- Received information and, as appropriate, produce a report on disciplinary measures to be imposed on members of senior management.
- Draw up an annual report on its operation, highlighting any issues relevant to its specific duties. And, when the Committee sees fit, include proposals in the report aimed at improving the Company's governance rules.

The duties carried out by the Audit Committee throughout 2005 were the same as those specified in the Articles of Association and the Board of Directors' Charter, as approved by the General Meeting of Shareholders on 9 February 2006.

d. Operation

The Audit Committee will meet at least three times a year to review regular financial information to be reported to stock market authorities, as well as any information the Board is to approve and include in its annually published documents. Furthermore, it will meet whenever convened by the Chair as required in order to ensure that it discharges its duties successfully, or whenever the Board or the Chair requests a report or adoption of proposals, or at the request of any Board member.

All members of Company management or personnel are required to attend committee meetings and cooperate in providing access to available information when asked. The Committee may also require the accounts auditors to attend the meetings.

In addition, the Audit Committee may seek advice from independent experts where necessary to ensure proper and better discharge of its duties.

e. Meetings

The Audit Committee held three fully-attended meetings in 2005; the company Administration and Finance Director also attended the first meeting to report on matters relevant to her department.

In 2006, the Committee held a meeting to take delivery of Renta Corporación Real Estate, S.A. and group company 2005 audit reports, prepared by PriceWaterhouseCoopers Auditores S.L. The meeting was also attended by the CEO, Managing Director, Administration and Finance Director and Financial Controller.

The following are the matters examined at Audit Committee meetings held in 2005 and in 2006 up to the date of this report:

Meeting of 17 March 2005:

- Audit reports for 2004.
- Proposal to appoint auditors for 2005 consolidated group accounts.

Meeting of 8 September 2005:

- Voluntary resignation and appointment of new Committee Chair and Secretary.
- Change of Auditing Partner.
- Effects of applying International Accounting Standards on consolidated financial statements.
- Submission of 2005 audit fee proposal.
- New Financial Department structure.
- Contingency plan (Master Systems Plan).

Meeting of 24 October 2005:

- Approval of 2005 proposed audit fees.

Meeting of 13 February 2006:

- Audit reports for 2005.

f. Activities

The following is a summary of Committee activities in 2005 and 2006 up to the date of this report. The most significant items addressed were:

a. Financial statements:

- The Committee received 2004 reports prepared by PriceWaterhouse-Coopers Auditores, S.L. on their full audit of subsidiaries, Renta Corporación Real Estate, R.A., S.A., Renta Corporación Real Estate, G.O., S.L., Groupe Immobilier Renta Corporación Société par actions Simplifiée, and Renta Corporación Real Estate, O.N., S.A., and limited review of Renta Corporación Real Estate Patrimonio, S.L. (now Renta Corporación Real Estate Finance, S.L.), Masella Oeste, S.L., all of them with a favourable opinion and no reservations.
- The Committee submitted the 2004 Renta Corporación Real Estate, S.A. individual accounts and consolidated group accounts to the Board, along with a favourable report.
- The Committee prepared a comprehensive and detailed report on the effects of applying International Accounting Standards (IAS) to financial statements, and agreed to preparation of 2005 consolidated accounts under these standards.
- The Committee took delivery of 2005 audit reports on Renta Corporación Real Estate, S.A. and group companies, prepared by PriceWaterhouseCoopers Auditores, S.L.
- The Committee submitted the 2005 Renta Corporación Real Estate, S.A. individual accounts and consolidated group accounts to the Board, together with a favourable report.

b. External audit:

- Following assessment of the work carried out in recent years by Price-WaterhouseCoopers Auditores, S.L., the Audit Committee agreed to recommend that the Board appoint the firm Renta Corporación Real Estate, S.A. and consolidated group auditors for 2005.

- Nevertheless, under section 8.4 of the Audit Act 19/1988 of 12 July, as amended by the Financial Reform Measures Act of 5 November 2002, the Audit Committee agreed to recommend that the Board change the auditing partner of PriceWaterhouseCoopers Auditores, S.L.
- The total fee agreed for work on reviewing Renta Corporación Real Estate, S.A. and group company 2005 financial statements is one hundred and seventy-four thousand nine hundred and fifty euros (€174,950), of which eighty-three thousand one hundred and fifty (€83,150) refer to Renta Corporación Real Estate, S.A. and its consolidated group companies.
- The Committee recommended that the Board accept commercial terms proposed by the external auditor for reviewing 2005 accounts and signing the relevant commercial agreement.

c. Internal risk control

- The Audit Committee examined the Master Systems Plan, which includes the Contingency Plan prepared by Near Technologies, highlighting work completed and to be carried out in the near future in the Paris and London subsidiaries.
- The Committee was advised of the new structure of Renta Corporación Real Estate, S.A.'s Finance Department .

d. Compliance standards:

- The Committee examined compliance with the Internal Code of Conduct and Regulations of the Board of Directors and corporate governance rules in general.

g. Conclusion

In 2005, the Audit Committee has successfully discharged the duties entrusted by the Articles of Association and Board of Directors' Charter within its main operating areas.

Consequently, the Committee has successfully verified that the company's financial statements have been prepared in compliance with generally accepted principles and standards and, therefore, confirmed that the annual accounts to be prepared by the Board accurately reflect Company equity, financial situation and results of operations, and include necessary and sufficient information to understand them clearly.

Equally, the Committee has verified that Renta Corporación Real Estate, S.A. and group company annual accounts and Management Report explain, clearly and in simple terms, any likely commercial, financial and legal risks.

The Committee has also examined the contents of the audit report, ensuring that the opinion on the annual accounts and main contents of the audit report have been clearly and accurately written.

In compliance terms, the Committee is satisfied with internal processes in place, designed to ensure proper compliance with current regulations and the group's internal policies, standards and procedures. Furthermore, the Committee is satisfied with the Company's process in adapting to current securities market legislation, in light of its plans for listing the company, and to International Financial Reporting Standards (IFRS).

To conclude, the Audit Committee has nothing significant to report, whereby its opinion on 2005 is favourable.

On 13 February 2006 the members of the Audit Committee signed to indicate acceptance of this report on their 2005 activities, for submission to the General Meeting of Shareholders.

Corporate Social Responsibility Report

3

a. Introduction

Since its inception, Renta Corporación has always been governed by a clear commitment to the society in which it operates. Therefore, Corporate Social Responsibility is a way of doing things, whereby the company strives to work with and in support of others through Fundación Renta Corporación.

To Renta Corporación, corporate responsibility is an inherent requirement of its place in society, whereby it pursues, as a basic facet of its business, a balance between achievement of its business goals and contribution to economic, social and environmental sustainability.

Therefore, in spelling out the values that make up its corporate culture, Renta Corporación has produced a Code of Professional Conduct establishing a frame of reference within which to develop its relationships with the various stakeholders. This Code of Professional Conduct is the central axis around which all existing efforts revolve, which the Company wishes to articulate, develop and continue to apply.

b. Code of Professional Conduct

The purpose of the Code is to establish the operating principles aimed at helping Renta Corporación professionals abide by these values, bringing together a set of general operational criteria assisting them in performance of their day-to-day duties.

Application

The Code of Professional Conduct's principles generally apply to all Renta Corporación members, whether employed by the company or because they are part of its governing bodies.

The Code establishes the framework governing relationships with collectives such as employees, shareholders, investors, suppliers, customers or partners, among others, and by extension any other unspecified stakeholders in general.

All Renta Corporación team members are responsible for applying the Code of Professional Conduct, which was circulated across the company. It requires persons subject to its rules to seek advice when in doubt as to its application, and to report any breaches for assessment and, as appropriate, adoption of countermeasures.

The Code is not the ultimate answer to all issues, yet it provides a frame of reference supporting good practices and integrity of every single person required to apply it.

Scopes

a. Employees

Renta Corporación believes its main asset is its people. Therefore, a working environment is provided where everyone is offered the opportunity to maximise development of their professional potential while contributing to growth and success of the company, based on the following principles:

- Good working environment and team spirit.
- Equal opportunities and non-discrimination.
- Healthy and safe working environment.
- Professional integrity.
- Responsible use of material resources and protection of assets.
- Confidential handling of information.
- Respect for privacy.
- Clearly established internal communication channels, strengthening an open-door policy at all organisational levels, including senior management.
- Recognition of initiative and swift decision-making.

It should be noted that there is no discrimination. The work force is 70% female, and 80% of all employees have either a three- or five-year degree. Diversity of working backgrounds is one of the company's principal features.

In addition to required compliance with current standards on working environment, the company strives to ensure suitability and safety, particularly when it concerns implementation of new technologies. In this respect, employees are provided with any means necessary to ensure ergonomics and a healthy environment.

Furthermore, Renta Corporación applies strict criteria in terms of integrity, responsibility and confidentiality of information, rigorously ensuring respect for privacy of its people.

Renta Corporación has several internal information and communication channels in place, specifically, i) circulation of memos on company business and ii) distribution of regular bulletins on how the business is doing.

Renta Corporación has its own maternity policy in addition to applying all current statutory rights, providing other facilities to employees during pregnancy and the first year of the child's life. Employees are entitled to apply for shorter working hours, leaving the office up to two hours early for the 45-day run-up to the estimated due date, on full pay. Furthermore, following maternity leave and on returning to work, employees may apply to reduce their working day by two hours, on full pay, for the first year of the child's life.

Finally, under the heading of human resources, the company has a Training Scheme in place for Renta Corporación employees with provision for funding of training courses. The policy is outlined under Human resources in Volume I of this 2005 Annual Report.

b. Shareholders and investor community

Renta Corporación strictly advocates transparency in its relations with shareholders and investors in general, providing them with full financial and corporate details. To this end, in 2004 Renta Corporación started publishing its Annual Report, and in 2005 Corporate Governance and Social Responsibility Annual Reports.

With a view to achieving full compliance with good governance standards, Renta Corporación has set up two management and supervisory bodies in the Board of Directors: an Audit Committee and an Appointments and Remuneration Committee. These committees supervise appropriate management and ethics in how the company does business and spur management in their commitment to a policy of total transparency, responsibility and efficacy. Moreover, in 2005 the company published its Annual Audit Committee Report, outlining committee actions, agreements and measures.

Additionally, Renta Corporación has developed a new website to ensure compliance with standards and best practices in corporate governance.

Finally, the company has started to implement and develop the Investor Relations function, with Shareholder Office, as a tool to promote transparency towards the markets and investor community.

c. Customers, suppliers and partners

Renta Corporación deals with all customers, suppliers and partners honestly, fairly and objectively, honouring commitments, while working at all times to extremely high standards of professional responsibility and in compliance with the most stringent statutory requirements.

The loyalty of a good many customers, who regularly channel their real-estate investments into products developed by Renta Corporación, and the high repeat rate in hire of suppliers and services from partners bear out the professional and sustainable development of these relationships.

d. Competitors

Renta Corporación deals with its competitors respectfully and professionally, both locally and internationally. Renta Corporación competes fairly and avoids unfair or misleading practices.

Our business model sometimes even enables our competitors to become customers. Strict adherence to principles of fair trade mean that dealings are conducted seamlessly for the benefit of our customers. In any event, every confidentiality precaution is taken to ensure there is no conflict of interest.

e. Tenants

Honesty, respect, professional integrity and transparency are the core values on which Renta Corporación's dealings with its building tenants are built. Respect for them and their families, and their freedom of choice, should prevail over everything else. Agreements signed by Renta Corporación with tenants are genuine and transparent.

Above all, commitments undertaken with tenants are honoured, thus promoting transparency and integrity in all professional dealings. Tenant details are treated confidentially.

f. Respect for the law

Renta Corporación respects and complies with all legal obligations incumbent on the company, wherever it does business.

The company's legal department is supported by external counsel in several areas, and strict formality and the ability to enter into discussions in conflictive situations govern its actions. Litigation is extremely rare and only used as a last resort where absolutely necessary in order to provide legal protection for our interests and those of our customers.

g. Authorities

Relations with the various authorities are guided by respect for institutions and strict compliance with their decisions.

Renta Corporación works with the authorities applying flexible criteria and seeking solutions that bring the greatest benefit both to the area where the intended real-estate transformation is to take place, as well as planning and management by authorities, and to the company itself.

h. Media relations and advertising

Transparency of information, candour, respect and non-discrimination are values that underpin the company's relations with the media. The content of published information is truthful, and advertising and promotion campaigns respect society's ethical values.

Desire for cooperation is what governs the actions of Renta Corporación and all its partners in its media relations. Therefore, while respecting required third-party confidentiality and protection to ensure the successful outcome of operations, the company endeavours to publish any information likely to be of interest, generally and as soon as practicable, and to respond promptly to any questions or requests. Furthermore, Renta Corporación senior management regularly grant interviews, while ensuring a balanced and fair treatment of the media.

i. New technologies

Renta Corporación welcomes new technologies, yet looks very carefully at the inherent risks they might pose. Therefore, it safeguards privacy and right to privacy, protecting personal details supplied by employees, customers, suppliers, investors and shareholders, partners and institutions.

j. Social action: Fundación Renta Corporación

Fundación Renta Corporación was set up to promote better quality of life for disadvantaged social groups. The Foundation seeks to contribute to addressing some of the more serious social issues affecting living conditions of, essentially, children and the infirm.

This contribution is achieved through cooperation and funding of activities and projects of several non-governmental and non-profit organisations, both in Spain and in developing countries. This report explains what Fundación Renta Corporación is, how it works and what activities it undertakes.

c. The environment

The impact of constructing a building in any environment begins with the manufacture of materials, through building construction and use, ending with management of demolition waste.

Renta Corporación's real-estate business is based on transformation of real-estate assets. While it is true that construction activity generates large amounts of rubble, refurbishment minimises it. When compared to the normal cycle of demolition and reconstruction, it is a significant improvement in terms of waste generation and consumption of natural energy resources.

In Renta Corporación's transformation business, in most cases there is no requirement to demolish buildings. Refurbishment extends the working life of the property, by adapting it to current needs and implementing available technical enhancements. Therefore, refurbishment is clearly environmentally friendly.

Energy consumption can be reduced through improvements to buildings (thermal insulation, removal of hazardous materials, upgrading facilities, etc.), thus increasing the building's working life and ensuring user comfort and wellbeing.

When Renta Corporación's transformation involves change of use, for instance from residential to office, this avoids the need to erect new buildings to meet market demand, and prevents buildings from falling into disuse or being demolished before reaching the end of their working life, with obvious environmental consequences. Reusing existing buildings is an obvious way to reduce rubble generation and avoid the need for new builds, so preserving natural resources.

Finally, modification and/or urban planning transformation means more efficient use of available resources and, if new developments arise, ensures they are positioned in such a way that they optimise energy resources (lighting, orientation, sound insulation, access, services, etc.) while rationalising and preserving the environment by respecting their surroundings.

In spite of the lower environmental impact of these transformations versus demolition and new build, all Renta Corporación works contracts include a specific environmental protection clause binding all contractors. In addition to compliance with current legislation, this clause provides for the following requirements:

- To refrain from burning any products liable to pollute the environment and to refrain from uncontrolled destruction of any building waste.
- To keep the site and surroundings clear from any building waste, including ceramics, plastics and others.
- To take any necessary steps to avoid destruction of existing vegetation and, in particular, to refrain from destroying protected plant species.
- To clear all waste from the sites using means approved beforehand by the council or competent authority, and to refrain from dumping or abandoning any products that are specifically required to be recycled or subject to special disposal controls.
- To prevent, by any means possible, contamination of drinking water and to refrain from dumping pollutants.

d. Fundación Renta Corporación

1. Introduction

Company actions involving overseas projection and cooperation with society are channelled through Fundación Privada Renta Corporación.

Fundación Renta Corporación was established on 27 October 1999 with the aim of working with the various non-governmental and non-profit institutions and organisations whose shared goal is to intervene, through social support, in the more serious problems afflicting modern society.

The Foundation, which is permanent and was set up indefinitely, has the following aims:

a. **On the one hand, to fund and undertake activities and projects conducive to improving - among other - the material, health and cultural conditions of developing countries,** as a means to promote balanced and holistic development of their inhabitants and to help them to progress towards fraternity among all men.

b. **And, on the other hand, raise awareness of general poverty issues,** particularly in developing countries, ensuring greater civic awareness to achieve international solidarity with countries suffering from extreme poverty.

Within the realm of its possibilities and when circumstances so advise, the Foundation may address the following ends:

a. **Help to protect children** suffering from disabilities or malnutrition.

b. **Promote new humanitarian schemes** and aid alternatives to palliate child malnutrition in underdeveloped countries.

c. **Promote greater social awareness** to aid in child nutrition in underdeveloped countries.

d. **Provide grants to professionals** for studies, work, training, etc. in child nutrition in underdeveloped countries.

e. **Fund research schemes** designed to help children suffering from disabilities or malnutrition.

2. Board of Trustees

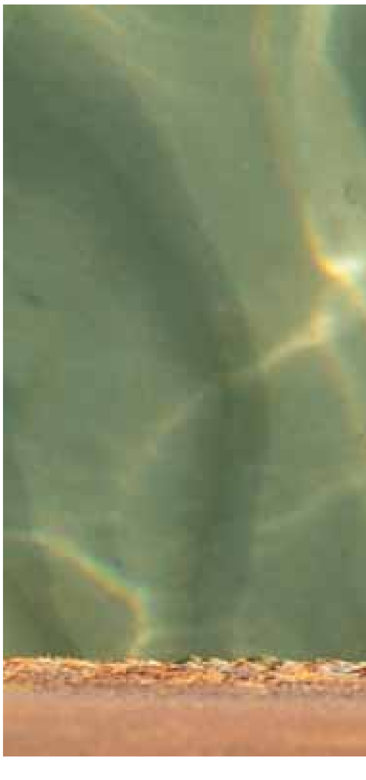
Under its charter, Fundación Renta Corporación will be represented, governed and managed by a Board of Trustees. The Board of Trustees is the most senior body governing and representing the Foundation, guided by its Charter and, as appropriate, by its internal Rules. Governance, representation, administration and disposal of Foundation assets are entrusted to its Board of Trustees, which will have all the necessary powers to achieve the Foundation's goals.

Currently the Board of Trustees is made up of the following members: Chairman, Luis Hernández de Cabanyes, Secretary and Treasurer, Esther Giménez Arribas and members, Cristina Orpinell Kristjansdottir and Elena Hernández de Cabanyes.

Trustees are appointed for a ten-year term and may be re-elected an indefinite number of times. Trustee vacancies will arise upon death or declaration of death, in the case of individuals, or by liquidation in the case of bodies corporate; resignation notified to the Board of Trustees; dismissal agreed by a majority of members and for any other reason specified by law or the Foundation's Charter.

The Chairman and, as the case may be, the Vice-Chairman, will represent the Foundation through permanent delegation by Board of Trustees. The Secretary is responsible for preparing minutes of meetings of the Board of Trustees, and for certifying them and any agreements reached, with the approval of the Chairman, and any Foundation books, documents or background. In the event of the Chairman's absence or inability to attend, he will be substituted by a member of the Board of Trustees designated for such purposes.

Trustees receive no remuneration, though are entitled to claim back duly substantiated expenses incurred in performance of their duties. In any event, Trustees performing management or administration duties may receive remuneration for such activities under a contractual relationship, including employment.



Trustees have the following obligations: comply with the goals of the Foundation, attend meetings, do their job diligently, maintain and preserve the assets and property of the Foundation and arrange liquidation, under the provisions of current legislation and this Charter, if a situation should arise where such action is required.

Powers of the Board of Trustees

- Represent the Foundation in and out of court, in undertakings of any description and before the authorities and third parties, without exception. In addition, draw up rules and regulations that supplement the Charter when deemed expedient.

- Produce and approve documents specified under section 29.2 of the Catalonian Parliamentary Foundations Act 5/2001.

- Operate with savings and commercial banks, even the Bank of Spain and other financial institutions, through any legally approved operations such as opening, managing and closing bank accounts; take out loans, secure credit, leasing finance and any finance agreement, with guarantees – including mortgage or pledges – or without them; manage discounting of bills of exchange, invoices and other charge documents; pay in moneys, deposit securities and other property, and arrange any other financial and banking operations.

- Lease, as tenant or landlord, any buildings, property and services; enter into and terminate employment contracts.

- Appoint general or special attorneys to represent the Foundation in all its operations, with any necessary and relevant powers on a case-by-case basis, with the exception of those that by law cannot be delegated; grant any relevant powers of attorney with power to substitute, as appropriate, and revoke them on any date and in any way as deemed expedient. And, moreover, register such undertakings with the Foundations Register.

- Preserve any property and rights that form the Foundation's equity and maintain their productivity, applying financial criteria, and subject to financial circumstances and, for such purposes, dispose of and encumber chattels or real-estate property.

- Ensure compliance with the Foundation's purpose, the authenticity of any endowment and that proceeds, rent moneys and property held by the Foundation reach the intended beneficiaries.

- Disposal of Foundation property by the Board of Trustees under the foregoing powers may only be in exchange for moneys, whereby the price received from disposal is to be reinvested in other property or rights which will be subrogated in place of those disposed of, or in improvements to Foundation property, unless prior approval to do otherwise is granted by the Protectorate of the Catalonian Government (Generalitat).

- In establishing encumbrances or charges on Foundation property, the foregoing conditions governing disposals shall apply, whereby such encumbrances or charges are to be established in exchange for moneys and, therefore, as guarantee for obligations undertaken by the Foundation itself and for its own benefit.

Organisation and Operation

- The Board of Trustees will hold an ordinary meeting every six months. It may also hold as many extraordinary meetings as the Chairman chooses to convene or at least three Trustees request. If a meeting is requested by three Trustees and the Chairman fails to convene it within the following month, the requesting members will be entitled to convene it officially.

- Meetings shall be convened by the Secretary upon the instructions of the Chairman or his substitute, with fifteen days' notice. Such notice is to be in writing using swift and secure channels, and is to specify the date, venue and time and include the agenda and any relevant documents.

- Meetings will in any event be in session when an overall majority of Trustees is present. Attendance of the Chairman and Secretary, or their substitutes, is also a requirement.

- Each Trustee carries one vote that cannot be proxied. The Chairman shall carry the casting vote.

- Agreements require a straight majority vote, with the specific exception of agreements calling for another qualified majority.

- Agreements will take effect following approval of the minutes, which is to take place at the same or following meeting, to be signed by the Chairman and Secretary.

- Nevertheless, agreements will take immediate effect when adopted executively and urgently.

Board of Trustees Obligations

- The Board of Trustees is to abide by current legislation, the intention of the founders and the Charter.

- The Board of Trustees will make proposals and render accounts to the Protectorate and apply for any required approvals under current legislation.

- The Protectorate is to be advised of any changes to the membership of the Board of Trustees.

3. Foundation endowments

Fundación Renta Corporación works with several organisations in the quest to diversify its social aid as much as possible, and to achieve this it is involved in very different projects. This year the Foundation allocated some €1.5 million to social work.

Under its Charter, the Foundation may have the following funds available to it:

a. Funds from the initial founder endowment and any future endowment increases.

b. Subsidies granted by the authorities and private organisations.

c. Inventory resulting from donations, legacies and inheritances from private or corporate estates, once accepted.

d. Revenues from production operations approved by the Board of Trustees.

e. Any financial returns on the Foundation's equity.

4. Fixed annual covenants

The Foundation has signed the following covenants:

INTERMON OXFAM:

Annual contribution for funding of several development projects in the Third World and actions to raise social awareness in the whole of Spain, with special emphasis on Barcelona, Madrid, Seville, Valencia and Palma de Mallorca. Events include the Day for Hope, a celebration of solidarity organised annually by Intermon Oxfam, involving over 250,000 people.

Aims: education in Africa and support for the population in Latin America, to improve their ability to produce and market agricultural produce ensuring food supplies and to defend their basic rights. Additionally, Renta Corporación and Intermon Oxfam provide aid to victims of catastrophes such as the December 2004 tsunami.

UNICEF:

Annual endowment to fund development of social and humanitarian projects in the third world, such as: education for children to keep them at school and ensure they get quality teaching; holistic development of early infancy to provide them with the best start in life; immunisation campaigns; the fight against HIV/AIDS and the right to know how to prevent it; and protection of children against exploitation, violence, abuse and discrimination.

Aims: to guarantee the rights of children throughout the world, in accordance with the United Nations Children's Fund mandate.

5. Direct management projects

Fundación Renta Corporación leads the Mixed Africa project, set up in order to help eradicate poverty in African countries where this project is applied, creating decent homes, employment, so aiding development.

The project features the following:

1. Affordable prices
2. Fast builds
3. Innovative construction techniques
4. Home size (less than 60 m^2)
5. Development size (at least 450 homes)

In 2005 the Tangiers Project I was launched, involving construction of 552 social homes in Tangiers located on the Tetuan road on a 2.8 hectare plot. The aim for 2006 is to build over 3,000 homes of 30 to 60 m^2 area.

The homes are built using an innovative and sound technique based on modular panels with an expanded polystyrene core and galvanised steel mesh. The system is entirely reliable, earthquake resistant, providing high-strength thermal insulation.

The panels, assembled on site to each project's outer-wall and partition-wall and steelwork layout, are finished on site by pouring concrete using pneumatic injection devices.

Project I started in early November 2005, and is expected to take six months. Three construction companies have been hired to complete the turnkey project.

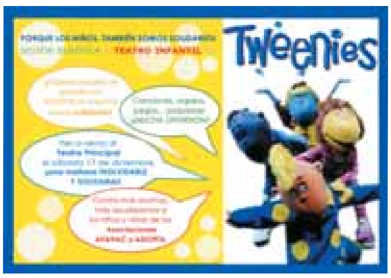
On completion, these 552 homes in Tangiers will be marketed to the underprivileged members of the city's population; allocation and sale will be subject to requirements and guarantees under current social housing legislation in the Kingdom of Morocco.

6. 2005 partnerships

The following is an alphabetical list of some of the NGOs with which Fundación Renta Corporación has partnered in 2005.

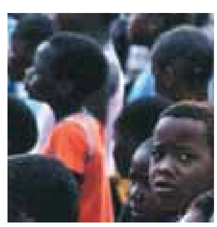
A.R.G. SÍNDROME NEFRÓTICO

This association provides aid to people suffering from hereditary kidney diseases. It also funds current medical research into these diseases.



AFAPAC

A children's theatre show was organised in December for this charity, whose aim is to improve quality of life of people suffering from growth disorders, and to research them.

AFRICA ALIVE

Partnership to organise a convention on epidemics of the 21st century. This NGO devotes its efforts to improving mother and child health issues in Africa.

SOS CHILDREN'S VILLAGES

This is a private worldwide children's aid organisation founded in Austria in 1949, whose mission is to integrate children entrusted to it back into society and family life effectively and successfully, and to encourage self-sufficiency and emancipation with equal rights and obligations to all other youngsters, ensuring they become and feel they are members of society in their own right. In Spain, it has looked after 2,800 children and youngsters, and has 90 schemes and prevention devices in place.

ASOCIACIÓN DE AMIGOS DE MONSEÑOR JOAN GODAYOL (*ASSOCIATION OF FRIENDS OF MONSEÑOR JOAN GODAYOL*)

This charity has set up a cheese plant at a farm in operation since 2002 in the Ayaviri Prelature (Peru). This is due to environmental conditions favourable to animal husbandry (cattle and sheep). This initiative stems from problems at the farm to continue to provide the services it offered, such as lower quality of cheese, butter and yoghurt because it lacked the proper means of production. Currently the farm has a broad and modern infrastructure to produce and process dairy products, though it requires very specific devices.

The aim is to contribute to the success of institutional and social pastoral goals of the Ayaviri Prelature by providing exchange services, provision of breeders, consultancy and training. The beneficiaries will be farm producers in the region, and any profits from the farm will be used to provide aid to poor and abandoned children.

ASOCIACIÓN ESPAÑOLA CONTRA EL CÁNCER (*SPANISH CANCER ASSOCIATION*)

A charity dinner was funded with over 600 guests from the Association's Vallés district group to fund cancer-related projects.

CASAL DELS INFANTS DEL RAVAL (*RAVAL CHILDREN'S HOUSE*)

Funding was provided to meet part of the budget for June, July and August, where several lessons, outings and other recreational and educational activities for children with integration issues are organised.

CONGREGACIÓN DE RELIGIOSAS DEL JESÚS MARÍA (*CONGREGATION OF NUNS OF JESUS-MARÍA*)

Construction of a secondary school - classroom to promote women - sports centre in Malabo (Equatorial Guinea). This project stems from the need to address and deal with some of the issues of secondary education in Malabo's population (Lamper District). To this end, a Secondary school will be built with its own sports track, community library and classroom for the promotion of women. This project aims to address shortcomings in infrastructures, inadequate education for children and youngsters and support for the underprivileged female section of society.

BABY FOOD SHIPMENTS

Baby food and infant formula milk shipped to Equatorial Guinea (Bata and Malabo), specifically distributed from Cáritas Malabo, Malabo General Hospital, Lubá Hospital and S.C. de Jesús.

ESCOLA MARE DE DÉU DEL ROSER (*VIRGIN OF ROSER SCHOOL*)

Funding of refurbishment work in August 2005 on the façade of a school located in Les Planes (Barcelona). Among other activities, Fundación Renta Corporación organised a gala dinner to raise funds.

The school was founded in 1963 to provide for schooling for children. Today the school is able to cater for 100 pupils. Most of the pupils have a hard life, with personal, family, social or cultural problems, whereby special care is taken in the initial assessment to ensure a baseline against which results can be measured based on each pupil's progress.

The teaching environment features two-way communication, sense of responsibility, creativity and dedication in day-to-day activities based on a friendly and trusting atmosphere, concern for pupils and discovery of values, allowing them to adopt attitudes preparing them to meet day-to-day situations responsibly.

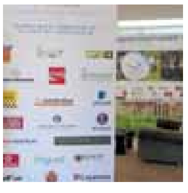
Education is encouraged on the basis of the specific child's social background, seeking integration responsibly and constructively while encouraging ethical and spiritual values.

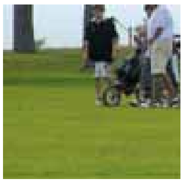
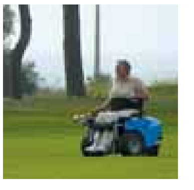
A catholic school that respects the ideologies and faiths of its pupils.

Pupils come from:

- The Les Planes district.
- Other city districts by referral from the "Inspecció tècnica d'Ensenyament" (School Inspectorate) and several social clubs.
- DGAIA (General Directorate of Child and Adolescent Care) shelters. Normally they do not stay at the school for a whole school year.





FEDERACIÓN INTERNACIONAL DE GOLF PARA DISCAPACITADOS (*SPANISH INTERNATIONAL GOLF FEDERATION FOR THE DISABLED*)

Fundación Renta Corporación sponsored a golf tournament in 2005, organised by this charity, where players were amputees, wheelchair-bounds and blind.

FEFOC

The endowment was used to achieve the charity's aims, which are to contribute to raising awareness of better therapeutic options for breast and prostate cancer, and to sensitise the population to the need to carry out regular screening to ensure early detection of the disease, by organising courses aimed at healthy individuals and cancer sufferers on prevention, early diagnosis, therapeutic options and screening, with the involvement of a team of 20.

FEM VIA (*UNIVERSITY OF BARCELONA*)

Fundación Renta Corporación is working on this project with the University of Barcelona, aimed at improving campus access for the disabled and removing building obstacles.

FUENTES DE ESPERANZA Y VIDA (*SOURCES OF HOPE AND LIFE*)

The endowment is aimed at funding surgery for an individual who lives alone with no family support and in dire financial straits. The individual suffers from terminal kidney failure and their general condition is unstable, requiring three blood dialysis sessions a week. They urgently need a kidney transplant.

FUNDACIÓ AJUDANT A AJUDAR (*HELPING TO HELP FOUNDATION*)

Sponsorship of a golf championship at the Vallromanes Golf Club for the benefit of this charity, whose aim is to collect funds for and offer personal support to underprivileged individuals and social groups.

FUNDACIÓ COMTAL (*COMTAL FOUNDATION*)

A Fundación Renta Corporación endowment was used to ensure continuity of the “Llave de paso” (pass key) project, aimed at bringing young 16- to 18-year-olds from risk groups into the workplace, including acquisition of:

- The required habits to behave properly in respect of employment duties and rights.
- Health and safety habits at work.
- Basic problem-solving skills suited to a construction site.
- Fluency in verbal communication.
- Practices in written communication and acquisition of basic mathematics.

FUNDACIÓ PROJECTE JOVE (*YOUNG PROJECT FOUNDATION*)

"Prevention of drug abuse in the family: Parental skills-building scheme for dealing with addicts under treatment." The project's aims are:

- To assess the effectiveness of a training scheme in parental skills-building designed to improve patient attitudes to their own rehabilitation, develop their self-help abilities and pre-empt risk factors in children by strengthening factors aimed at protecting children from drug abuse,
- Value the efficacy of psychological and educational involvement of professionals aimed at improving parenting skills and
- Develop an assessment tool.

FUNDACIÓ RAVAL SOLIDARI (*RAVAL SOLIDARITY FOUNDATION*)

Endowment aimed at funding refurbishment of premises at calle Nou de la Rambla no. 11-13, in the Barcelona district of Raval. These premises, now up and running, are designed for children, youngsters and their mothers for use after school or work, keeping them off the street. It is also supported by volunteer workers who come in during the afternoon and evening to help children and youngsters with their schoolwork. Cookery and computer lessons are also available.

FUNDACIÓ XAMFRA (*XAMFRA FOUNDATION*)

This charity aims to bring music to children from poor families in the Barcelona Raval district.

FUNDACIÓN ACOES (*ACOES FOUNDATION*)

In May, Fundación Renta Corporación sponsored a golf championship to raise funds for this NGO led by Father Patricio Larrosa in Honduras. The aim of ACOES is to set up schools and soup kitchens for the least privileged children in Honduras.

FUNDACIÓN ADOPTA (*ADOPTA FOUNDATION*)

Sponsorship of a children's theatrical show in Barcelona to raise funds for the charity, which helps parents wishing to adopt distressed children or teenagers from countries such as Peru, Guatemala and Ukraine.

FUNDACIÓN ÁFRICA ACTIVA (*ACTIVE AFRICA FOUNDATION*)

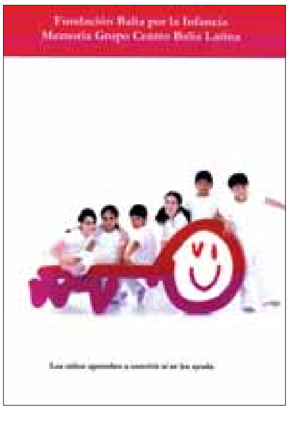
Fundación Renta Corporación organised a gala dinner to raise funds for this charity, which aims to fund actions and projects in the realm of international cooperation. Initially, they focused their efforts on Malawi in Africa, though they have also started to channel funds into Colombia and India.

FUNDACIÓN APALCE (*APALCE FOUNDATION*)

APALCE provides aid to individuals, children and adults suffering from a series of neurological disorders such as cerebral palsy or dyslexia.

FUNDACIÓN ARED (*ARED FOUNDATION*)

This foundation provides financial support for women who have done their time in prison, helping them back into society.

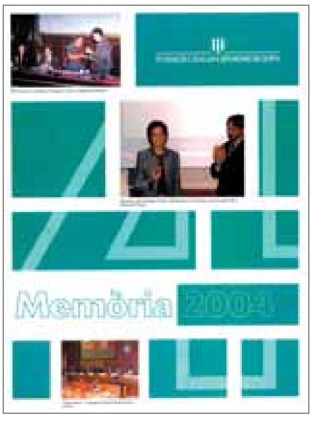


FUNDACIÓN BALIA (*BALIA FOUNDATION*)

This charity provides funding for marginalised groups, with social and educational centres for youngsters at risk of social exclusion; these people live in the Madrid La Latina district where half the population are immigrants and one-third are gypsies.

FUNDACIÓN CATALANA DE CIEGOS Y DISMINUIDOS VISUALES (*CATALAN FOUNDATION FOR THE BLIND AND SIGHT IMPAIRED*)

Fundación Renta Corporación has contributed in a support and learning project for people who have just lost their sight aimed at helping them to adapt to their new disability as quickly and easily as possible.



FUNDACIÓN CATALANA SÍNDROME DE DOWN (*CATALAN DOWN'S SYNDROME FOUNDATION*)

Fundación Renta Corporación has helped by sponsoring the Catalan Down's Syndrome Foundation World Convention, held in Barcelona in 2005.

FUNDACIÓN CELÍACOS DE CATALUNYA (*CELIAC FOUNDATION OF CATALONIA*)

This charity aims to bring the quality of life of individuals suffering from celiac disease to the same level as a normal person by disseminating a healthy diet culture, better labelling of food products and care of patients suffering from the disease. Celiac disease is an allergy to a protein in foods, specifically gluten, essentially found in maize and barley, with serious or very serious consequences for people suffering from this disease. As yet, there is no effective treatment and the consequences of the disease can only be prevented by avoiding gluten intake.

The Fundación Renta Corporación endowment was generally aimed at achieving the goals of the Celiac Foundation of Catalonia.

FUNDACIÓN CLARÓS
(*CLARÓS FOUNDATION*)

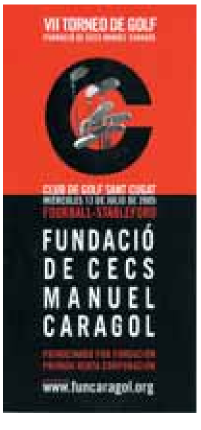
A concert was sponsored at the Palau de la Música Catalana concert hall for this charity, which provides surgery for deaf children whose families cannot afford it.

FUNDACIÓN COOPERACIÓN INTERNACIONAL
(*INTERNATIONAL COOPERATION FOUNDATION*)

The principal aim of this charity is to encourage volunteer work and social involvement of youngsters to help underprivileged individuals and groups in order to nurture a stable commitment of service to the community.

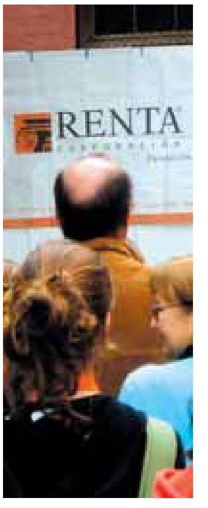
FUNDACIÓN DE CÁNCER INFANTIL ENRIQUETA VILLAVECHIA (*ENRIQUETA VILLAVECHIA CHILD CANCER FOUNDATION*)

Fundación Renta Corporación organised a golf championship and gala dinner to raise funds for this charity. It is based at the Santa Creu i Sant Pau Hospital, where support rooms are organised and managed at hospitals for child cancer patients and their families.



FUNDACIÓN DE CIEGOS MANUEL CARAGOL (*MANUEL CARAGOL BLIND FOUNDATION FOR THE BLIND*)

A golf championship was organised in July to raise funds for this charity, whose aim is to facilitate social integration of individuals who have lost their sight.



FUNDACIÓN DEL SAGRADO CORAZÓN EN CHAD (*SAGRADO CORAZÓN FOUNDATION IN CHAD*)

Fundación Renta Corporación sponsored the senior prom of the Barcelona Sagrado Corazón de Sarriá School, raising funds for humanitarian aid missions run by the Sagrado Corazón Foundation in Chad.

FUNDACIÓN ENTRECULTURAS (*ENTRECULTURAS FOUNDATION*)

The Fundación Renta Corporación endowment was used for the aims of this charity, which are: education and development of peoples. Essentially, its aim is to drive and promote initiatives involving holistic development of underprivileged peoples, mainly in Latin America and Africa, in the belief that education is key to breaking the circle of poverty. To achieve its aims, it provides schooling infrastructures, vocational training, teacher training, radial education, education in diversity, peace, human rights, promotion of women, integration of street children and emergency response schemes.

FUNDACIÓN ESCLEROSIS MÚLTIPLE (*MULTIPLE SCLEROSIS FOUNDATION*)

Fundación Renta Corporación was one of the first sponsors of the "Mulla't" campaign, organised every year by the Multiple Sclerosis Foundation. The campaign is designed to get people to swim in participating swimming pools (across Catalonia) for the benefit of this charity. Money raised is channelled entirely into medical research into this disease.

FUNDACIÓN ÉXIT (*ÉXIT FOUNDATION*)

Headquartered in Barcelona, this charity's principal aim is to promote integration of waifs living on the city streets through workshops and grants, allowing them to gain personal and vocational training so they can learn a trade and be aware of rules of social interaction and, in many cases learn the local language.

FUNDACIÓN FAMILIAS UNIDAS (*UNITED FAMILIES FOUNDATION*)

Establishment of a dental clinic surgery in Estelí (Nicaragua). The dental clinic project stems from the need to address pervasive dental problems found in children, youngsters and adults included in the United Families Project, both in urban and rural areas. The scarce cover provided by the Health Department, whose dental service offering is restricted to tooth extractions, and the high cost of private dental services, mean that dental and oral health is viewed by poor families as a luxury.

Although it is relatively new, the dental clinic is becoming an excellent option to contribute to dealing with oral health problems experienced by the population included in the United Families Project in Estelí. Since it opened its doors, it has looked after a growing number of patients from both urban and rural areas.

FUNDACIÓN JOSEP CARRERAS (*JOSÉ CARRERAS FOUNDATION*)

Fundación Renta Corporación has a three-year contract in place with the José Carreras Foundation under which it maintains five apartments to house children, and their families, who have undergone bone-marrow transplant or palliative treatment for leukaemia. These apartments also have specialist staff to help the children and their families through such difficult times.

FUNDACIÓN MENUDOS CORAZONES (*LITTLE HEARTS FOUNDATION*)

In February, Fundación Renta Corporación sponsored the pre-première of the film *Spanglish* in Madrid, with all the proceeds to go to this charity which helps children with serious heart problems, as well as those who receive heart transplants.

FUNDACIÓN MIRÍADAS MUJER (*MIRÍADAS WOMEN'S FOUNDATION*)

In November a photographic exhibition was sponsored for this charity, aimed at helping women victims of abuse or domestic violence.

FUNDACIÓN PALLAPUPAS (*PALLAPUPAS FOUNDATION*)

An endowment was made to this charity, whose aim is to entertain and brighten the lives of sick children in hospital; sometimes they even accompany them to theatre until they go under the anaesthetic.


FUNDACIÓN PAU BARCELONA (*PAU BARCELONA FOUNDATION*)

Its principal aim is to secure funding and resources to carry out projects aimed at helping people living below the poverty line. Initially, its resources were earmarked for the underprivileged families of the Camaopa (Nicaragua) population, but it has gradually increased its operations to other areas of Latin America and even Africa. Fundación Renta Corporación sponsored a concert to raise funds for this charity.




FUNDACIÓN PEQUEÑO DESEO (*LITTLE WISH FOUNDATION*)

A "spinning" marathon was sponsored for the benefit of this charity, which arranges the final wish of children with terminal or chronic diseases.

FUNDACIÓN PRIVADA AL QANTARA
(*AL QANTARA PRIVATE FOUNDATION*)

The endowment used to achieve the aims of this charity, which essentially seeks to nurture relations between Spain and Morocco by setting up bridges for friendship whose purpose is to promote culture and training, education and holistic development of people from all walks of life, and particularly in the hotel industry.

The endowment was designed to assist in training of quality professionals through the Hotel School, which aims to empower youngsters so that they can do their job both in Spain and Morocco.

FUNDACIÓN PRIVADA JUBERT FIGUERAS
(*JUBERT FIGUERAS PRIVATE FOUNDATION*)

In October, Fundación Renta Corporación sponsored a concert at the Palau de la Música Catalana concert hall to raise funds to provide accommodation for sick people and families with scarce financial means.

FUNDACIÓN REALIZA
(*REALIZA FOUNDATION*)

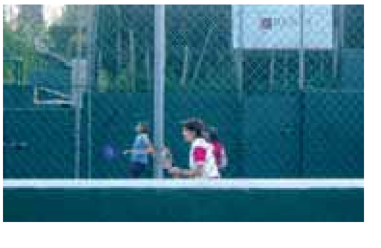
Endowment aimed at helping to fund the 7th ProAm Paddle Tournament to raise funds for employment integration workshops. This charity markets items made by workshops and associations of disadvantaged groups, while organising training courses for women entering society and the workplace.

FUNDACIÓN SOÑAR DESPIERTO (*DAYDREAMING FOUNDATION*)

This charity seeks to commit young leaders to society's development, raising genuine social awareness in them through positive action for the benefit of children less lucky than themselves. Daydreaming aims to be a means to bring hope and happiness to children, particularly the underprivileged, and so contribute to making the world a fairer, more equitable and freer place by promoting human values both in children and young participants who every day strive to realise their dreams through specific action.

FUNDACIÓN TALITA (*TALITA FOUNDATION*)

This charity aims to help Down's syndrome children and teenagers to achieve social integration and access to the workplace. Fundación Renta Corporación has sponsored a page in their yearly calendar. It has also sponsored a paddle tournament to raise funds for Talita.



FUNDACIÓN VICENTE FERRER
(*VICENTE FERRER FOUNDATION*)

Fundación Renta Corporación sponsored a concert at the Barcelona Auditorium, whose proceeds were donated to this well-known charity.

HERMANITAS DE LOS POBRES
(*SISTERS OF THE POOR*)

Cash endowment to support work by this religious order to aid the disadvantaged; they have day centres and retirement homes for the elderly with scarce financial means.

LLAR TROBADA
(*A HOME FOUND*)

This NGO, mainly supported by the Sagrados Corazones Congregation, helps children who have been orphaned or come from refuges, providing them with a home and helping them to find work.

NUEVO AMANECER
(*NEW DAWN*)

Fundación Renta Corporación pays for central heating oil for the apartments run by this charity in a Madrid district, where women victims of domestic violence and their children can find safe haven, and who are usually hiding from their aggressor, generally a partner or spouse.

ONG VOLS (*VOLS NGO*)

Fundación Renta Corporación provides financial support to maintain and fund a home in Andahuaylas (Peru) for abandoned children and youngsters, orphans and victims of terrorism and abuse. Currently the home takes in all children and youngsters from rural areas distant from the city of Andahuaylas, who are living in extreme poverty conditions and seeking help in order to allow them and their families to survive. The home provides holistic education in all personal aspects: spiritual, nutritional, hygiene, medical, schooling, training, academic. It also helps them to learn to achieve more and secure a good future in order to fend for themselves.

ORBUS MORBA

The endowment was used to achieve the aims of this community-based association, which essentially supports individuals with “rare or orphan diseases”, classed as such because of the tiny number of sufferers and, normally, non-existence of clear diagnosis or effective treatment. Therefore, its aim is to stop rare diseases from being rare, providing a humanised response to sufferers and empowering them with training to allow them to achieve integration in society and the workplace.

PATRONAT L’ARJAU (*L’ARJAU TRUST*)

Sponsorship of an open musical performance competition.

POR UNA SONRISA EN ÁFRICA
(*FOR A SMILE IN AFRICA*)

Fundación Renta Corporación sponsored a golf championship at four Catalan golf courses. With the money raised, 70 children have been sponsored and a further 450 schooled in the village of Mbour (Republic of Senegal). In addition, 5 classrooms and 11 wells have been built there.

TIERRA Y VIDA
(*LAND AND LIFE*)

This NGO aims to protect the rights of children in developing countries; it mainly operates in South America.

TOT RAVAL (*THE WHOLE OF RAVAL*)

Refurbishment of Barcelona's Sant Agustí Parish Church façade in calle de Arc de Sant Agustí, through an education project for socially-excluded youngsters (aged 16 to 25). The refurbishment project's aims are twofold:

- Bring socially-excluded youngsters into the workplace through a Teaching Workshop, providing technical training and, in turn, offering reintegration in the workplace.
- Active involvement in the process of improving their own neighbourhood, working in a depressed area with serious social issues.

UN SOL MÓN (*JUST ONE WORLD*)

A financial endowment was made to help this NGO whose aim is to provide access to a decent home for individuals and families in need; the charity also ensures employment of individuals from groups excluded from the workplace by awarding building contracts to companies employing individuals from these sections of society.

UNIVERSIDAD DE PIURA (*PIURA UNIVERSITY*) – PERU

Several endowments were made to different projects:

- Aid to fund completion building work on the teacher-training centre currently under construction on the Piura University campus in Peru. Work started four years ago and has been at a standstill for two-and-a-half years; only the fourth and final stage has yet to be completed. The rest of the building is fully operational.
- Grants were awarded to students with no financial means for attendance at the same Piura teaching school as the grants awarded last year were not renewed, and funds were provided to buy fittings.

Renta Corporación
Real Estate, S.A.
CIF: A-62385729

Registered office:
Avda. Diagonal, 449, 2º
08036 Barcelona

Barcelona Registry of
Companies:
Volume 33.020
Folio 118
Sheet B – 220,077

Publication:
Renta Corporación
Real Estate, S.A.

Design and layout:
Imagina Comunicació

English version:
Quicksilver Translations

Printing:
Grup 3

Dep Leg: B.7.856-06

Avda. Diagonal 449
08036 Barcelona
Tel. 93 494 96 70
Fax. 93 321 11 08
www.rentacorporacion.com