

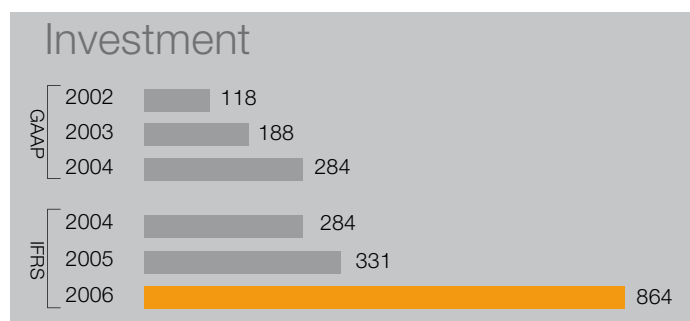


ANNUAL REPORT 2006

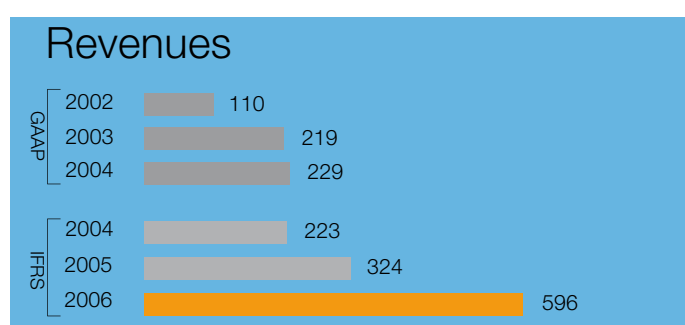


Significant charts

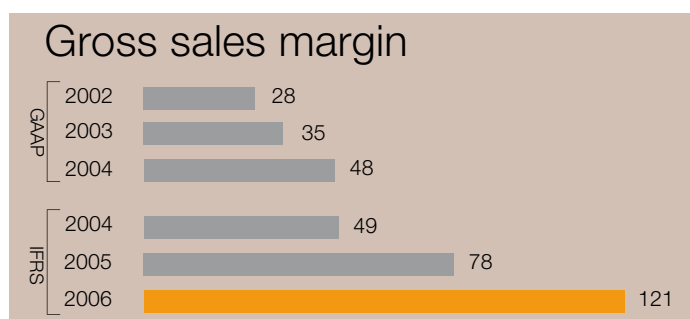
Charts showing evolution of Renta Corporación (millions of euros)



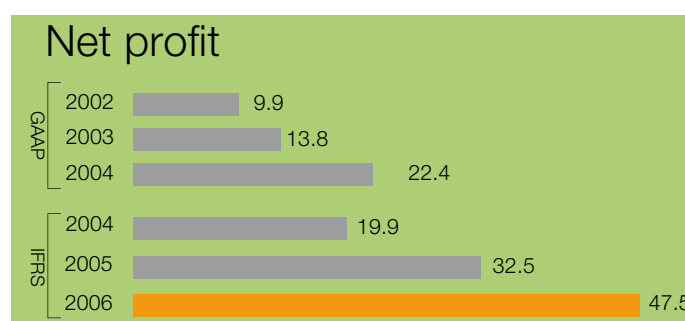
+161%
Var. 06/05



+84%
Var. 06/05



+55%
Var. 06/05



+46%
Var. 06/05

Growth

- Sound implementation of our business model drives investment opportunities and revenue growth

Salient Figures

Financial and operating salient figures (thousands of euros)

Profit and loss account	GAAP			IFRS		
	2002	2003	2004	2004	2005	2006
Sales	107,379	207,685	217,892	218,513	320,843	590,035
Other revenues	3,021	11,223	10,746	4,239	3,258	6,172
Total revenues	110,400	218,908	228,638	222,752	324,101	596,207
Gross sales margin ⁽¹⁾	27,637	34,712	48,233	48,844	78,151	121,360
% growth	22%	26%	39%	41%	60%	55%
Operating cash flow (EBITDA)	16,773	25,931	34,464	31,703	53,979	77,350
Operating profit (EBIT)	16,541	25,588	33,705	31,409	53,689	77,014
Consolidated pre-tax profit (EBT)	15,052	21,101	29,618	25,698	48,741	70,918
Consolidated profit	9,924	13,791	22,842	20,398	32,636	47,501
Profit attributable to shareholders	9,924	13,768	22,396	19,949	32,502	47,501
% growth	63%	39%	63%	45%	63%	46%
Total dividend	1,227	1,916	2,987	2,987	10,086	14,250
Payout	12%	14%	13%	15%	31%	30%
(EPS)-Earnings per share ⁽²⁾ (in euros)	0.47	0.65	1.02	0.91	1.48	1.90
Adjusted earnings per share ^{(2) (3)} (in euros)	0.48	0.66	1.08	0.96	1.48	1.97
Dividend per share paid out (in euros)	0.64	1.00	1.50	1.50	0.46	0.57
Adjusted dividend per share paid out ⁽²⁾ (in euros)	0.06	0.09	0.14	0.14	0.46	0.57
Balance sheet						
Total assets	120,408	175,259	269,408	271,502	394,290	889,300
Current assets	118,307	146,981	267,370	266,736	392,055	881,076
Net Equity ⁽⁴⁾	18,302	30,167	61,691	55,285	84,994	203,899
Ratios (%)						
EBITDA / Total revenues	15%	12%	15%	14%	17%	13%
Consolidated distributable profit / Total revenues	9%	6%	10%	9%	10%	8%
Equity / Total assets	15%	17%	23%	20%	22%	23%
ROE	71%	57%	59% ⁽⁵⁾	60% ⁽⁵⁾	47%	31%⁽⁶⁾
Operating data						
Number of employees at 31 December	63	67	78	78	95	115
Total investment	118,402	188,281	284,100	283,823	330,577	864,232
Projects/properties acquired during the year ⁽⁷⁾	23	38	40	40	26	46

GAAP: Generally Accepted Accounting Principles in Spain

IFRS: International Financial Reporting Standards

(1) Excludes other revenues

(2) Adjusted for the share split in 2005

(3) Average weighted number of shares excluding treasury stock

(4) Under GAAP, minority holdings are included as major equity

(5) Excludes capital increase of 27-12-04

(6) In 2006, ROE calculated as Net profit/monthly average in Shareholders' funds.

In previous years 2006, ROE calculated as Net profit/average Shareholders' funds at beginning and end of year.

(7) Projects may involve more than one property

Highlights

1 An excellent result

Renta Corporación has been successful in maintaining its historic strength growth trend, closing 2006 with consolidated revenues of 596 million euros (+84%), operating profit of 77 million (+43%) and distributable profit of 47.5 million euros (+46%). In 2006 the company invested over 864 million euros in 46 transformation projects.

2 Going public

Company shares started trading on 5 April 2006 on the Madrid and Barcelona stock exchanges, culminating one of Renta Corporación's strategic goals: attracting sufficient cash to speed up its growth plan and raise its profile in the domestic and international markets.

The operation was structured under a Public Stock Offering involving more than 5.2 million shares and a Public Rights Offering of 2 million new shares. The ensuing free float, after financial houses exercised the green shoe option of 1.08 million new shares, is 33% of capital.

3 Syndicated loan

Exposure to the structured finance market with a threefold purpose: undertaking new investment to enhance growth capacity in the coming years, achieving greater operating flexibility and speeding up investment decisions, as well as implementing policies designed to manage interest rate risks by securing long-term financing. Size of operation: 500 million euros. Mandate: December 2006.

4 Progress in implementing the principles of Good Corporate Governance.

In 2006, Renta Corporación implemented an Internal Code of Conduct for Stock Market Operations, and adapted its Articles of Association, Regulations for the General Meeting of Shareholders and Board Regulations to align them with its status as a listed company. Furthermore, in February 2007, the Board Regulations have been aligned with the Unified Code of Good Governance for Listed Companies of 19 May 2006 (Conthe Code).

5 Development of international expansion.

New office in Berlin. Following its entry into international business in Paris in 2002 and London in 2005, Renta Corporación decided to enter the developing and growing market of Berlin. In 2006 the Company invested over 17 million euros there in the acquisition of six properties, having sold three of them in the same year.

6 Dividends

On 21 February 2006, the Board agreed to propose to the 29 March 2007 General Meeting of Shareholders a single dividend for 2006 of 14.3 million euros gross – 0.57 euros gross per share and EPS of 1.90 euros at year-end. The dividend will be payable in the first fortnight of April.

Important Operations

1 Gran Vía. Madrid

Acquisition of an office building with over 12,000 m² to undertake a development scheme ("Special Scheme") to enable construction of a unique building for commercial and residential use, designed by well-known architect Rafael de La-Hoz.

2 Països Catalans. Barcelona

Acquisition of an obsolete commercial property for refurbishment and transformation into a corporate headquarters.

3 Pere IV. Barcelona

Acquisition of a historic industrial site ("La Escocesa") from several owners, over 20.000 m², for an ambitious regeneration project to enable dwelling use (loft) in the historic industrial buildings and future construction of an office complex next door, offering over 25.000 m² in Barcelona's 22nd district.

4 Raymond Poincaré. Paris

Acquisition of a luxury residential property, built to exceptional quality, located at one of the top addresses in the prestigious 16th Arrondissement.

5 Grand Armée. Paris

Acquisition of a five building complex a few metres from the Place de L'Etoile (Arc de Triomphe) in Paris, where all outer buildings facing the avenue are for office use and all others for residential.





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Letter from the Chairman



Dear shareholders,

I am pleased to announce yet another year of excellent results for Renta Corporación, and to share with you some of the future projects with which we plan to continue growing your Company.

Going public

Last year was undoubtedly a milestone, both in terms of exceptional results and going public on 5 April 2006. Our share price rose by 17.7% during the 9 months they traded last year. Thank you, shareholders, for your trust, particularly those of you who have backed the Company from the very start.

Growth

The most notable core activities of Renta Corporación in 2006 have resulted in larger operations, rising from an average 13.5 million euros per operation to 17 million. We have also consolidated our foothold in the Paris market (31% of sales), as well as in London and in Berlin, which now has a permanent office and accounts for a significant share of our operations.

Results

These activities are reflected in our excellent financial results. Financials for 2006 speak for themselves. Net profit is now 47.5 million euros, up by 46%, gross margin 121 million euros and sales revenues 590 million euros, 84% up on 2005.

However, 2006 has also seen us lay the groundwork for the future. Renta Corporación invested 864 million euros in 46 operations, raising our profile substantially for 2007 and 2008. These are first class quality investments. Acquisition rights available at the end of December stood at 386 million euros, totalling 1,096 million euros in inventory and investment rights. These unprecedented results are possible thanks to the hard work of our entire team and support from our shareholders and partners.

Outlook and new projects

In this current situation and over the coming years, our clear goal is to continue to achieve strong growth in annual net profit. We have an enviable and unique business and management model that has and will continue to govern how we do business: Acquisition, transformation with added value and sale of high-turnover real estate assets.

The outlook is bright in Renta Corporación's market. While the double digit growth rates prevalent three years ago have ceased, I believe that more moderate, and therefore more rational, growth is good for the industry and the companies within it.

Corporate Governance

In 2006 Renta Corporación implemented crucial measures to strengthen Corporate Governance and ensure best practice in terms of transparency in how we run the Company. This commitment is set out in the Annual Corporate Governance and Corporate Social Responsibility reports. Worthy of special mention is Renta Corporación's process of adherence to the Conthe Code. Also worth noting is the role played by Fundación Renta Corporación last year, working with over 130 charities. Another key decision was to propose at the next General Meeting the appointment of two highly experienced new directors: Enric Venancio Fillat, Managing Director since 2005 and César Bardají Vivancos, joining us as our new Chief Executive.

I should like to thank all the people and organisations working with us directly or indirectly for their confidence and contribution to the present and future success of Renta Corporación. The Renta Corporación team, made up of highly qualified, first-class young professionals, deserves special mention. They all deserve our praise and gratitude.

Yours sincerely,

A handwritten signature in black ink, consisting of a series of loops and horizontal strokes, identifying Luis Hernández de Cabanyes.

Luis Hernández de Cabanyes
Executive Chairman





1

Governing
bodies

1 Governing Bodies

The Company's governing bodies are the General Meeting of Shareholders and Board of Directors. Together with existing management and supervisory bodies, they ensure proper operation of the company and compliance with general objectives and adherence to good governance practices.

a. Board of Directors

For matters other than those to be decided by the General Meeting of Shareholders, the Board is the top decision-making body in the Company. In addition to setting man-

agement strategies and guidelines, it establishes the basis for securing full financial and organisational efficiency.

At 31 December 2006, Board membership was as follows:

Board of Directors

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 Secretary			Executive
Carlos Solchaga Catalán Member			Independent
Juan Gallostra Isern Member			Independent
Carlos Tusquets Trias de Bes Member	Secretary	Secretary	Independent
Pedro Nueno Iniesta Member			External
Elena Hernández de Cabanyes Member			External
César A. Gibernau Ausió Member	Chairman	Chairman	External

On 20 December 2006, the Board, at the suggestion of the Appointments and Remuneration Committee, proposed to the General Meeting of Shareholders appointment of Enric Venancio Fillat, currently Managing Director, as Executive Director of the Company.

Furthermore, on 25 January, following a report from the Appointments and Remuneration Committee, the Board agreed to propose to the next General Meeting appointment of César Bardají Vivancos as a new director, and subject to approval from the Meeting, as Chief Executive. This appointments follows the decision of Josep-Maria

Farré Viader, current Chief Executive, to turn a new page in his career once he has handed over to the new CEO and in any event following the Annual General Meeting.

At the Board Meeting of 9 February 2006, Juan Velayos

Lluís was appointed to the position of Legal Counsel for the Board. In addition, on 29 January 2007 and at the proposal of the Appointments and Remuneration Committee, the Board appointed Juan Velayos Lluís Non-Director Deputy Secretary to the Board.

Renta Corporación Directors' Backgrounds at 31 December 2006

Luis Hernández de Cabanyes

Chairman

Chairman and founder of Renta Corporación. Sponsor and trustee of Renta Corporación Foundation. Joined PricewaterhouseCoopers in 1989. Founder of, among other companies, Second House and Mixta África, which he currently chairs. Holds a degree in Economics and Business Studies from the Universitat Autònoma de Barcelona and has completed the IESE 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). Joined Banco Sabadell from 1990 to 1997, and was Company Secretary and Director of several companies in the financial sector from 1995 onwards. 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 the Board of Governors of several universities and Chairwoman of the Catalonia Open University (UOC) Business Advisory Board. Furthermore, she is lecturer in Economic Analysis (on sabbatical), has a PhD in Economics from the University of Barcelona and 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

Board Member – Company Secretary

Founder of Renta Corporación. Patron of Fundación Renta Corporación. Currently Company Secretary. Up to 2006, she was Head of the Renta Corporación Legal and HR 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 Business School Senior Business Management Programme.

Carlos Solchaga Catalán

Independent Director

Renta Corporación Director since 9 de February de 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 (1979-1980). 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 (1991-1993). 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

Independent Director

Renta Corporación Director since 9 de February de 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 the 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 Catalan 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 Business School General Management Programme.

Carlos Tusquets Trias de Bes

Independent 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. Joined 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.

Pedro Nueno Iniesta

External 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 numerous papers 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.

Elena Hernández de Cabanyes

External Director

Member of Renta Corporación Board since 2000. Founder and current Managing Director of Second House. Holds a degree in Economics and Business Studies from the Universitat Autònoma de Barcelona and has completed the IESE Business School General Management Programme (PDG).

César A. Gibernau Ausió

External Director

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.

Profiles of proposed new Board members**César Bardají Vivancos**

Worked for Winterthur Group from 2000 to 2007, where he was Chairman from 2003 and Group Chief Executive in Spain. He has also been Chairman and Chief Executive of Winterthur Insurance in Spain and Portugal. Until December 2006, he was a member of the UNESPA (Spanish Association of Insurers) Executive Committee, member of the UCEAC (Union of Insurance and Reinsurance Companies and Agencies) Management Board, member of the ICEA (insurance research group) Governing Board and member of the CEOE (the Spanish Companies Association). Joined PepsiCo in 1984, where from 1998 to 2000 he was Marketing Vice-President of Snack Ventures for Southern Europe, and from 1991 to 1998 Chairman and General Manager of Matutano in Portugal, with several directorships. Worked at Procter & Gamble from 1982 to February 1984. Currently is also independent director on the boards of several major industrial and consumer organisations. Holds a degree in Industrial Engineering from the Polytechnic University of Barcelona and has completed the IESE Business School MBA.

Enric Venancio Fillat

Managing Director

As Managing Director of the Company, his profile appears on page 15, with the rest of the Management Team.

b. Management and Supervisory Bodies

Under principles of good corporate governance, the committees are made up of a majority of External Directors, with one of them acting as Chairman. 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

This Committee is made up of the following Directors:

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

On 25 October 2006, at the behest of the Audit Committee, the Board approved the appointment of Margarita Cardona Tur to the position of internal auditor of the Company, under the terms of article 14.2 of the Regulations for the Board of Directors.

c. Corporate Governance Standards

In the process of adopting good governance recommendations and standards, Renta Corporación has developed the means to set principles of practices, 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 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 Regulations were also revealed.

Regulations of 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 the 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, extending to senior management.

The rules regulate the membership, 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 dissemination of material facts in order to promote transparency in performance of group company business and provide suitable information and protection to investors.

Finally, in order to increase transparency, in 2005 the company started publishing annual Corporate Governance, Audit and Corporate Social Responsibility Reports.



d. Management Team

Renta Corporación's management team brings together professionals with a varied track record, meeting the different profiles required to respond to market conditions and its environment.



Members of the management team at 31 December 2006:

1 Hernández de Cabanyes, Luis
Chairman

2 Birulés Bertran, Anna M.
Vice-Chairwoman

3 Farré Viader, Josep-Maria
CEO

4 Giménez Arribas, Esther
Company Secretary

5 Venancio Fillat, Enric
Managing Director

6 Arimon Vilageliu, Pere
Commercial Director for Residential Refurbishment

7 Carreras Molins, Meritxell
Director of Planning and Analysis, Investor Relations

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

9 Durán Weitkamp, Tomás
Technical Director

10 Lacarta Antiga, Alicia
Legal Department Director

11 Nueno Plana, Christina
Office Transformation Director

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

13 Sáenz de Cabezón Escoruela, Fernanda
Controller

14 Sánchez Julián, Lola
Administration and Finance Director

15 Sendra Cuesta, María José
Residential Refurbishment Director

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

17 Ventura i Teixidor, Francesc Xavier
Land Transformation Director

18 Vila Baltá, David
Acquisitions Director



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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 Universitat Autònoma de Barcelona.

Carreras Molins, Meritxell

Director of Planning and Analysis, Investor Relations

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 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, EEUU) (1998-2001). Holds a degree in Economics and Management from the University of Giessen, Germany.

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.

Lacarta Antiga, Alicia

Legal Department Director

Joined the Renta Corporación Board as Legal Department Counsel in September in 2003. Appointed Department Director in 2006. Started out training in court cases before the courts of Barcelona, and then trained with notaries for 1990 to 1992. Since 1992 until she joined Renta Corporación he served as Counsel with the Norberto & Vallcorba Abogados y Economistas Asociados law firm, working in different fields of law. She holds a degree in Law from the University of Barcelona and has a Master's in Law and Taxation from the Polytechnic University of Catalonia.

Nueno Plana, Christina

Office 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, S.A. (Borges Group) from 1999 to 2001. Holds a degree in Business Administration and Management from the University of Barcelona and an MBA from IESE 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.

Sáenz de Cabezón Escoruela, Fernanda

Controller

Joined Renta Corporación in May 2005 as Group Controller. Became a member of the Management Committee in July 2006. Senior Auditor at KPMG Peat Marwick from 1992 to 1995. Head of Administration of Spanish offices of the Grifols Group from 1995 to 1998. Joined Caixaholding in 1998 as Head of Control, Management and Acquisitions in the Ocio Group. Moved to Germany in 2003 to work as Global Division Controller of chemical giant BASF until 2004. Associate lecturer in economics and finance at the IQS School of Economics from 1998 to 2002. Holds a degree in Business Administration and an MBA from ESADE and a PDG from IESE Business School.

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 Business School General Management Programme (PDG).

Sendra Cuesta, María José

Residential Refurbishment Director

Joined the Renta Corporación team in 2001. Auditor at Cortés i Cia. Auditors and 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 Universitat Autònoma de 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 postgraduate qualifications in Accounts Management, Management Control and Financial Management from Pompeu Fabra University, Barcelona and a PDG from IESE Business School.

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 he worked in several senior positions from 1985 onwards, 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 Catalan 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. Operations Director of the Barcelona World Trade Center and Board member of the Port of Barcelona, Catalan 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 Baltá, 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 Business School General Management Programme (PDG).

*Profiles for all other management members, because they are executive directors, can be found on page 9.





2

Dividend, Stock Market and Shareholders

2 Dividend, Stock Market and Shareholders

Shareholders and Stock Market

Renta Corporación shares started trading in 2006, concluding a complex and detailed process undertaken in the preceding months.

Listing represents a significant change for the company by including thousands of individuals and organisations as shareholders from the moment its shares started trading, given heavy demand in the placement process. Furthermore, by going public Renta gives the Spanish and international investor community the opportunity to own shares in the company.

This sets the scene for new company relations, now exposed to the various agents trading in the stock market as stakeholders, entailing development of mechanisms and practices consistent with a listed company.

Going public

On 9 February 2006, the General Meeting of Shareholders agreed to apply for listing on the Barcelona and Madrid stock exchanges, and for inclusion in the Continuous Market of all company shares.

The company had been seeking to gain access to capital markets for some years as a natural step in its growth and institutionalisation process. This was implemented by an Initial Public Offering and a Public Rights Offering. Company shares started trading on the Barcelona and Madrid stock exchanges on 5 April 2006.

The company lodged a Listing Prospectus with the Official Register of the Spanish Securities and Investment Board (CNMV) on 16 March 2006. The Offering was structured into three tranches aimed at different investor groups, with high demand levels for all of them, whereby share allocation in the retail tranche was based on a draw as specified in the Prospectus.

	Number of shares	% of capital at that date
Initial Public Offering – IPO	5,200,000	21.71% ⁽¹⁾
Public Rights Offering – PRO	2,000,000	8.35%

(1) Following application of capital increase

	Expected share distribution	Number of shares on offer	Number of shares requested	Demand level (No. of times)
Retail	15%	1,080,000	18,468,000	17.1
Qualifying Spanish investors	20%	1,440,000	28,368,000	19.7
International investors	65%	4,680,000	48,204,000	10.3
Total	100%	7,200,000 ⁽¹⁾	95,040,000	13.2

(1) Not including green-shoe

Listing, a major step in company growth:
the new relationship framework required development of reporting mechanisms consistent with duties of a listed company

5 April 2006
Renta Corporación goes public

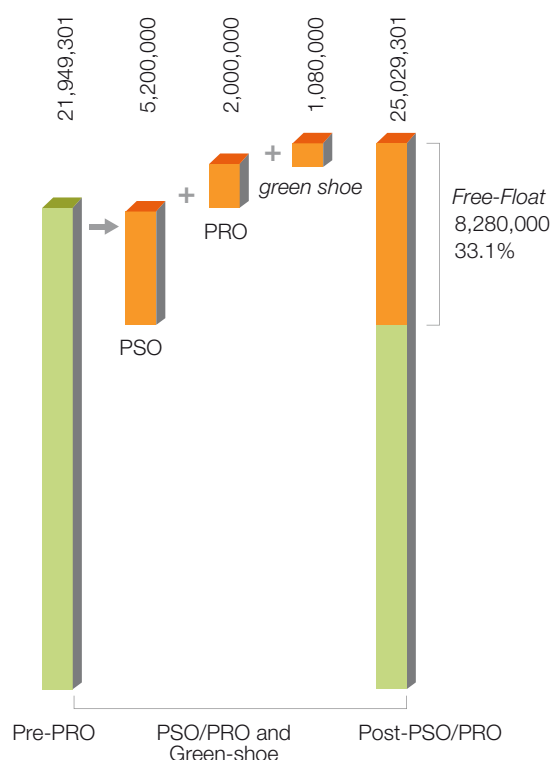
The share allocation price was set at 29 euros, with a market capitalisation of 694,529,729 euros as applied to 23,949,301 existing shares at the time.

On 7 April, based on the mechanism stipulated by the Prospectus, the Global Coordinator of the Offering exercised the entire subscription option over 1,080,000 new shares, added to the existing number. Share capital was therefore represented by 25,029,301 shares, and new ones were also listed on the Barcelona and Madrid stock exchanges. A total 8,280,000 shares were placed in the market, 33.1% of Company capital. At year-end, also the end of the lock-up period, free float reached 42%.

Renta Corporación in the Barcelona and Madrid stock exchanges

A total 8,280,000 shares placed in the market, 33.1% of all shares

Number of shares



Share evolution

On 5 April, shares closed on the first day of trading at 30.60 euros. Evolution of share price over the year has been varied. In the initial period (April to June) it mainly fell, with the lowest intraday trading price of 23 euros on 14 June, closing at 23.25 euros. Since then, shares have experienced a remarkable recovery process, first exceeding allocation price (29.03 euros at close of trading on

18 September), only to rise even further, with an intraday peak of 36.89 euros on 19 December and a record closing price of 36.74 on 18 December. In the final weeks of the year, share prices self-corrected from historic maximum levels closing the year at 34.13 euros.

Year-end closing price means a gain of 17.69% on share allocation price, and market capitalisation of 854,250,043 euros (23% up on starting price) on applying the price to a greater number of shares due to exercising of green-shoe.

Trading (euros)

	Last: 34.13	(31/12/2006)
Max. Intradaily annual	36.89	(19/12/2006)
Max. Year-end closing	36.74	(18/12/2006)
Min. Intradaily annual	23.00	(14/06/2006)
Min. Year-end closing	23.25	(14/06/2006)

First year of trading, positive results

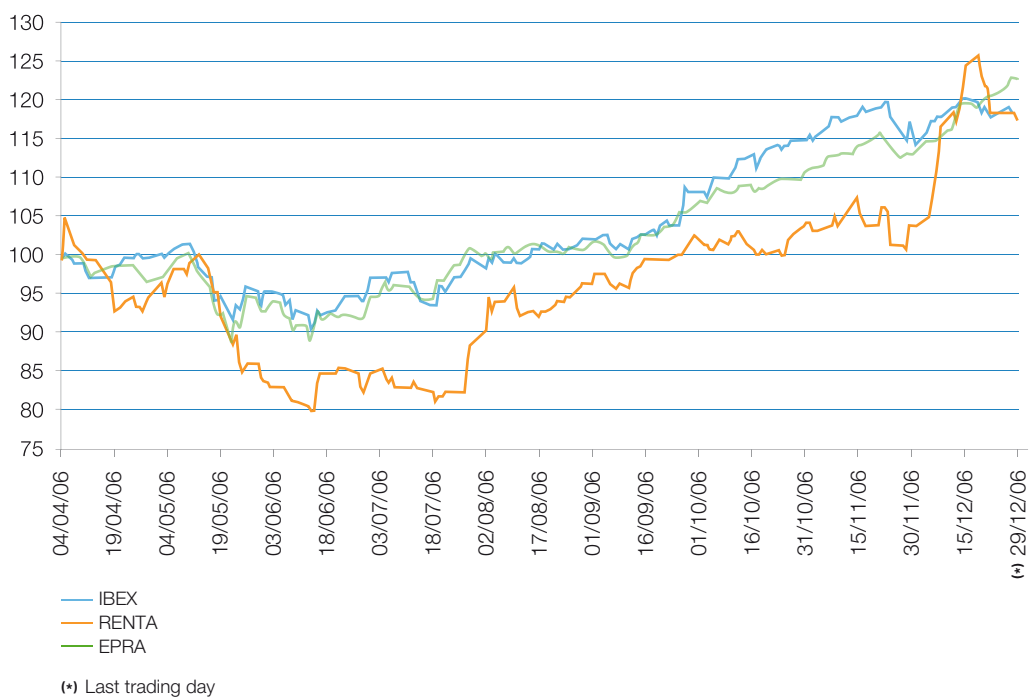
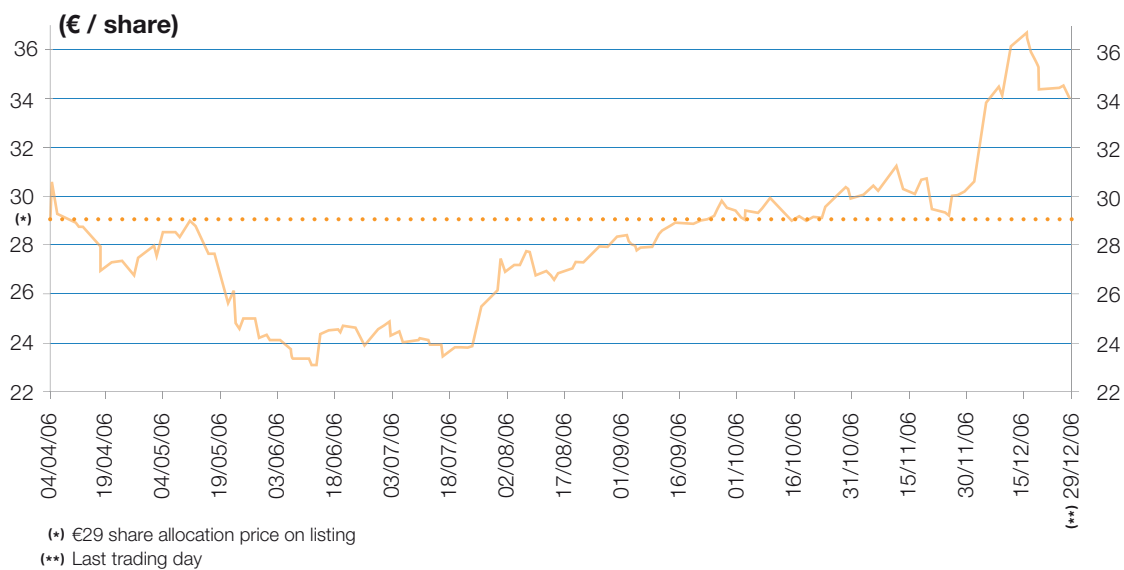
At year-end:

17.7% up on share allocation price.

Market capitalisation of 854 million euros (up 23% on original price)



Evolution chart



Baseline 100 = 4 April 2006: Renta Corporación allocation price



Trading

In 2006, 28.56 million shares were traded, turnover of 1.141 times share capital, with an effective volume of 847,460,649 euros. Following the initial stabilisation period, where trading levels were particularly high as is typical, volumes were substantially lower in the summer months. They increased in September, with average daily shares traded in excess of 100,000 in the last two months of the year.

Volumes (shares)

Cumulative	28,562,422	(31/12/2006)
Maximum	5,863,265	(05/04/2006)
Minimum	5,015	(20/06/2006)
April daily average	759,643	
May daily average	141,285	
June daily average	58,804	
July daily average	43,150	
August daily average	61,240	
September daily average	95,879	
October daily average	88,457	
November daily average	113,431	
December daily average	170,342	

Includes blocks and applications

Shareholders

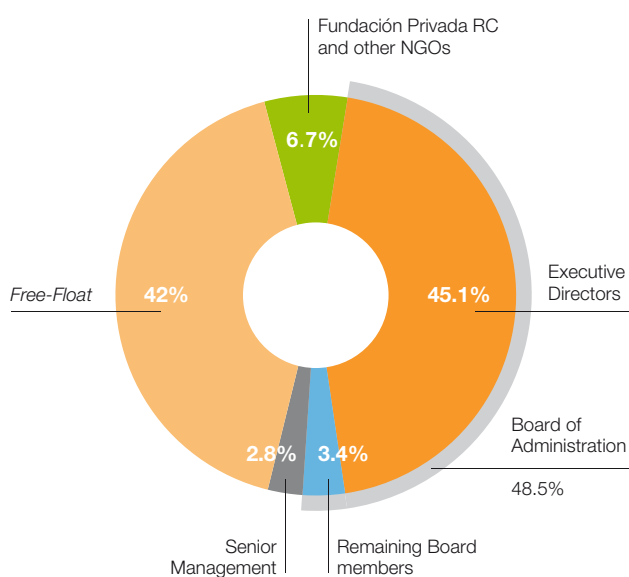
Information provided in this section has been produced from reports filed by shareholders who have reported their shareholder positions because their holding exceeds regulated levels or because, as company directors or senior executives, they are under corporate arrangements.

The Annual Corporate Governance Report published together with this document itemises such reported holdings, which are available and constantly updated on the Spanish Securities and Investment Board and company websites.

The following chart shows Renta Corporación Real Estate, S.A. shareholder distribution by shareholder type at 31 December 2006.



Distribution of holdings in Renta Corporación Real Estate S.A. at 31 December 2006





Dividends

On 21 February 2006, the Board agreed to propose to the 29 March 2007 General Meeting of Shareholders a single dividend for 2006 of 14.25 million euros gross (0.57 euros gross per share) and a 30% payout on net attributable profit of the consolidated parent company and dividend yield of 1.67% on share price at year-end.

If approved by the General Meeting, dividends will be paid out in the first week of April.

Investor Relations

In an endeavour to ensure shareholder awareness, and in general that of the market as a whole, with regard to Renta Corporación's business, salient financials, strategy and evolution, the company is committed to an active Investor Relations policy.

Under this policy a significant number of steps have been taken, first as a result of listing and then in the ordinary course of business, which have been proactive (notices, presentations, interviews, involvement in conferences, etc.) and reactive in terms of requests for information and questions from shareholders and investors.

Furthermore, several analysts have started to report on the company by publishing reports and analysing related news

and published results. Since listing, company shares have joined several indexes, one of the more notable milestones being inclusion on 27 September in Ibex Small Cap index, which groups 30 of the lower capitalisation companies in the continuous Spanish market, and since 18 December the FTSE EPRA / NAREIT GLOBAL REAL ESTATE, which is an international index considered to be one of the more prestigious and a benchmark for international institutional investors specialising in real estate.

Shareholders and investors interested in Renta Corporación can access published information and material events about the company at **www.rentacorporacion.com**, and can also request information by email: **r.inversores@rentacorporacion.com** or by phoning: **+34 93 505 33 83**.

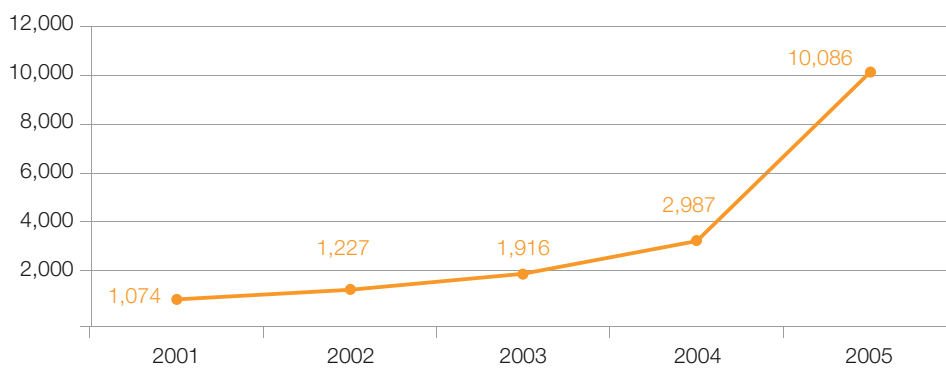
A healthy relationship with investors means transparency and responsibility.
Since listing, regular announcements have been made to investors and shareholders.

Renta Corporación, a company committed to its shareholders

14.25 million euros gross dividends in 2006

Dividends

Total gross amount distributed (€ thousands)



Financial year

Dividend per share (in euros)	2001	2002	2003	2004	2005
Interim	0.56	0.65	1.00		0.46
Supplementary					
Extraordinary				1.50	
Total	0.56	0.65	1.00	1.50	0.46
Total gross distributed (€ thousands)	1,074	1,227	1,916	2,987	10,086

Gross amounts and Payment dates

		Gross amount	Payment date	Ex-dividend date
2005	Interim dividend	0.46	01/03/2006	01/03/2006
2004	Extraordinary dividend	1.50	23/02/2005	23/02/2005
2003	Interim dividend	1.00	16/04/2004	16/04/2004
2002	Interim dividend	0.65	11/04/2003	11/04/2003
2001	2nd interim dividend	0.50	25/01/2002	25/01/2002
	1st interim dividend	0.06	08/06/2001	08/06/2001





3

Comercial
and Financial
Management

3 Comercial and Financial Management

The evolution of salient commercial and financial figures in 2006 underlines Renta Corporación's clear expansion route. This success is shown not only by revenue figures but also by strong growth on investment volumes and income for the year.

a. Financing

The Company's financial structure reflects healthy growth in its consolidated principal figures. At year-end 2006, financial debt stood at 507 million euros, 135% up on existing balance of 216 million at year-end 2005.

Of total financial debt, 62% corresponds to debt with lending institutions and guaranteed by mortgages on the properties owned by group companies. These properties, which are part of the business and therefore acquired for transformation and sale, are itemised on the Balance Sheet under inventory. Mortgage finance operations are

transferable, and considering anticipated time to transfer or settlement they are classified as short-term debt even though they involve long-term loans.

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 €189 million. At 31 December, additional sums available under loan arrangements were in excess of 84 million euros, over three times the closing figure for 2005. The average interest rate in 2006 was 3.7%.

Financial debt (in thousands of euros)

	2006	2005
Mortgage-secured debt	316,732	163,280
Loan agreements	188,805	51,118
Principal debt with lending institutions	505,537	214,398
Third-party and interest debt	1,776	1,731
Total financial debt	507,313	216,129
Additional sums available under loan agreements	84,317	24,089



Following review of the bank borrowing model, the Company signed a syndicated loan in February 2007 for 500 million euros. The operation was led by Santander, Eurohypo and Fortis as managing and underwriting entities, as well as BBVA, also managing, and a further 17 Spanish and international organisations participating in the banking syndicate. It is the Company's first operation in the structured finance market.

The loan is structured in two tranches: one for 200 million euros, repayable over five years and subject to a 36-month grace period and the other for 300 million euros under a 5-year revolving credit facility. The syndicated loan means the company's borrowing structure should be better aligned with its financial requirements, allowing it to meet finance needs under future growth plans and re-define its current debt structure.

The company's **essential goals** in this operation are:

- **Greater operating flexibility** and simplicity in day-to-day financial management to ensure speedier decisions on investment/disinvestment.
- **Cost savings**, given that mortgage-based finance, which is currently how the Group is financed, involves high tax costs in Spain (stamp duty).
- **Coverage of the Group's medium-term finance requirements.**
- **Exposure to the structured finance market.**
- Ability to arrange **interest-rate hedging**.

b. 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.

Arrangement of the syndicated loan in 2007 reduces the risk of availability of finance by providing a stable reference framework, with long-term funding and, accordingly, less exposure to financial liquidity issues.

Renta Corporación operates in the Eurozone, with the exception of the UK, where acquisitions are in pounds sterling. Access to local mortgage finance in this market provides natural foreign exchange 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 main consolidated figures.

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.

While the finance structure used in 2006 allowed the Company to meet fluctuations in interest rates without resorting to interest rate hedging, access to long-term finance through a syndicated loan will allow Renta Corporación to apply interest rate hedging, which hitherto had been harder to secure given high turnover of finance operations.

c. Notes on the Consolidated Balance Sheet

2006 has been a **major growth year for Renta Corporación**, which is highlighted by the Company's turnover figure and asset volume. Company assets increased in 2006 by 495 million euros, which is 126% up on 2005.

Heavy investment is reflected by inventory volumes, 80% of assets, standing at 710.2 million euros at year-end. This growth applies to **Spain as well as to international markets**, where 20% of acquisitions in this period have taken place. The company also holds a significant number **of investment rights**, i.e. purchase options, with entitlement to acquire new buildings with a total value of 385.5 million euros. Inventory and investment right volumes are key to increasing profit in the coming years.

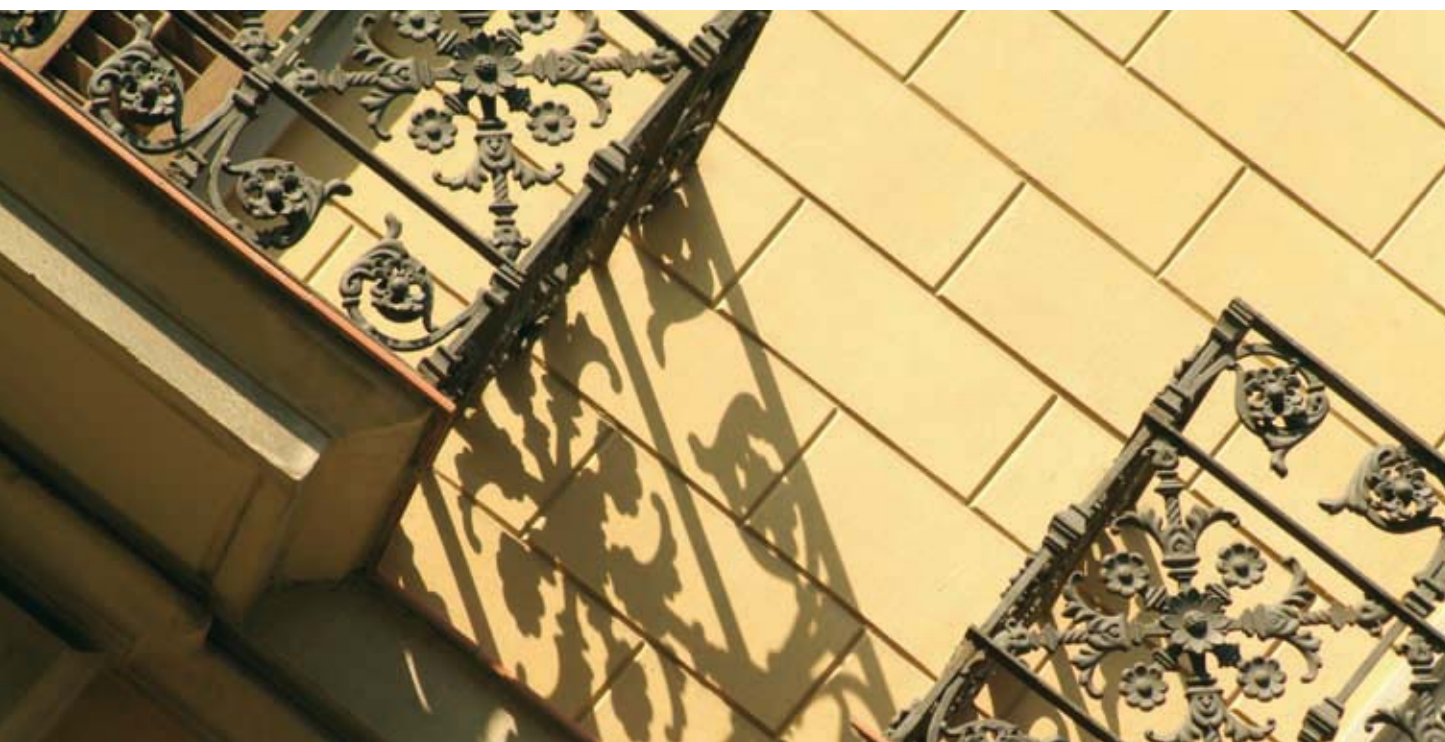
This investment effort has been driven by **significant increase in net worth**, standing at 203.9 million euros, 140% up on 2005. This improvement is largely due to reinvestment of previous years' profit, incorporating period profit and new capital inflows by going public. In early 2006 Renta Corporación made the required arrangements for **listing its shares on the Barcelona and Madrid stock exchanges**, through an Initial Public Offering and Public Rights Offering for 2 million shares (plus an additional 1.1 million on exercising green shoe option) and 5.2 million shares, respectively.

The shares were listed included in the SIBE (Continuous Market) on 5 April 2006. As a result of listing, Company share capital increased by 80 million euros.

Consistent with this growth in net worth, financial debt volume has also grown, standing at 507 million euros. Nevertheless, in spite of significant growth in 2006, **debt ratio stands at 71%**, consistent with 2005 levels.

The figure for customers and accounts receivable was 163.5 million euros. This includes customer trade balance of 87.3 million euros, 14.7% of revenues, and consistent with the 13% figure for 2005. This also includes a VAT balance of 49 million euros with the tax authorities, to be offset by operations, which is essentially what has generated growth under this heading in 2006.

Suppliers and other accounts payable include payments received as sales commitments, standing at 20.7 million euros. The commitments entail a figure for **realisable sales in the coming months in the amount of 299.2 million euros**.



Consolidated balance sheet (in thousands of euros)**Assets**

	2006	2005	Difference
Total non-current assets	8,224	2,235	5,989
Inventory	710,194	323,534	386,660
Trade debtors and other accounts receivable	163,536	64,247	99,289
Loans and receivables with related parties	1,275	1,094	181
Cash and cash equivalents	6,071	3,180	2,891
Total current assets	881,076	392,055	489,021
Total assets	889,300	394,290	495,010

Net worth

	2006	2005	Difference
Shareholders' funds and reserves	203,899	84,390	119,509
Minority interests	0	604	-604
Total net worth	203,899	84,994	118,905

Liabilities

	2006	2005	Difference
Total non-current liabilities	5,784	27	5,757
Trade creditors and other accounts payable	157,717	81,218	76,499
Financial debt	507,313	216,129	291,184
Current tax liabilities	14,587	11,922	2,665
Total current liabilities	679,617	309,269	370,348
Total liabilities	685,401	309,296	376,105
Total equity and liabilities	889,300	394,290	495,010

d. Notes on the Consolidated Profit and Loss Statement

Income in 2006 reached 596.2 million euros, **272 million euros up on 2005**, an 84% increase, closing the period above growth forecast set by the Company at the end of 2005.

Operating profit stands at 77 million euros, **43% up on 2005**, with profit after tax of 47.5 million euros, a 46% improvement.

Spain still takes the lion's share of property sales, with **Barcelona and Madrid as principal markets**. However, 2006 has also seen a great deal of **international development**. At year-end, turnover outside Spain stood at 212 million euros, 36% of total revenues.

In 2006, goods and services were up on 2005 **due to a higher number of operations and their volume**.

As a result of the Company's domestic and international growth, personnel expenses have risen in absolute terms, though below 2005 figures in revenue terms (2.5% in 2006).

Meanwhile, financial costs, in spite of huge Company growth, have stayed at around 1.6% of revenues.

Attributable earnings per share are **€1.97/share**, 33% up on 2005, in spite of a greater number of shares in circulation following the capital increase.

Consolidated Profit and Loss statement (in thousands of euros)

	2006	2005	Difference
Income	596,207	324,101	272,106
Goods used	-468,675	-242,692	-225,983
Employee benefit expenses	-15,181	-9,125	-6,056
Outsourcing expenses	-20,466	-13,525	-6,941
Other expenses	-14,871	-5,070	-9,801
Consolidated operating profit	77,014	53,689	23,325
Net financial expenses	-9,767	-4,907	-4,860
Share in associates' profits	3,671	-41	3,712
Consolidated pre-tax profit	70,918	48,741	22,177
Profit tax	-23,417	-16,105	-7,312
Consolidated annual profit	47,501	32,636	14,865
Attributable to Company shareholders	47,501	32,502	14,999
Minority interests	0	134	-134
Earnings per share (stated in euros per share)	1.97	1.48	0.49

e. Notes on the Consolidated Cash Flow Statement

Strong growth in acquisitions in the year has resulted in an increase of 319.4 million euros of net cash used for operations, standing at 360.3 million euros.

As for **investment operations**, the fall is largely due to **settlement of loans** to related companies. Meanwhile, given the non-equity nature of the company, investment carries scarce weight in the cash flow statement as a whole.

Strong growth in 2006 has been underpinned in particular by **net cash generated in finance operations**, stand-

ing at 362.3 million euros at year-end. Of this figure, **some 80 million euros come from going public** on 5 April 2006, reflecting market belief in the company project. This capital inflow has helped strengthen a **solid equity position** and consequently provide the Company with **means to draw in outside funds**. Therefore, at year-end net cash generated through financial debt stands at 290.4 million euros.

The end result is an increase in net cash equivalent to 2.9 million euros in cash, with cash closing at 6.1 million euros.

Consolidated Cash Flow Statement (in thousands of euros)

Operations

	2006	2005	Difference
Cash used in operations	-322,596	-25,663	-296,933
Interest paid	-16,807	-7,690	-9,177
Tax paid	-20,854	-7,506	-13,348
Net cash flow used - Operations	-360,257	-40,859	-319,398

Investment operations

	2006	2005	Difference
Acquisition of tangible fixed assets	-428	-361	-67
Loans to related parties	-1,275	-700	-575
Repayment of loans to group companies	2,891	9,312	-6,421
Deposits and guarantees	-557	-677	120
Repayment of deposits and guarantees	600	541	59
Interest received	1,127	399	728
Minority acquisitions	-604	-	-604
Other investment flows	-883	-396	-487
Net cash flow generated – Investment	871	8,118	7,247

Finance operations

	2006	2005	Difference
Revenues from ordinary share issues	83,927	0	83,927
Acquisition of treasury shares	-3,791	-94	-3,697
Disposal of treasury shares	1,788	161	1,627
Finance obtained	845,577	409,197	436,380
Repayment of finance	-555,138	-372,589	-182,549
Dividends paid to shareholders	-10,086	-2,987	-7,099
Net cash flow generated - Finance	362,277	33,688	328,589
Cash at beginning of the year	3,180	2,233	947
Cash at year-end	6,071	3,180	2,981
Net reduction / increase in cash flows and cash equivalents	2,891	947	1,944



4 Management Report 2006

a. 2006 Market Report

Economic growth in countries where Renta Corporación does business (Spain, France, UK and Germany), and the EU as a whole, has been positive in 2006, surpassing 2005 figures.

In this favourable economic climate, residential markets overall have also remained positive, yet with major differences between countries. Spain and France have experienced high levels of residential property construction, while certain countries have seen some slowing down in transaction and price growth rates, in the wake of exceptionally dynamic years.

The UK, and in particular Greater London, house prices have continued to rise following a relative stay in 2004 when the Bank of England started to tighten up on available cash in the economy.

Germany's indicators are still uncertain. On the one hand, the upturn in residential development business in the first part of the year has not been confirmed in subsequent months. On the other hand, house prices in Berlin are stable, with a relatively low transaction rate, though there are signs of growing investment in whole buildings, residential and mixed alike.

Finally, European office markets as a whole have done well in 2006. Gross uptake of office space has grown in many cities, increasing occupancy rates. Furthermore, average rent levels have been subject to a rising trend in many of Europe's main markets, consistent with the trend started in early 2005 in several cities. In valuation terms, capitalisation rates have continued to tighten in Europe in 2006.

a.1 European Economic Climate

According to interim Eurostat figures published in February 2007, economic growth in the EU has accelerated on the back of global growth. The following table shows economic growth in countries where Renta Corporación does business, compared to the aggregate for the economic area.

GDP growth

(annual growth rates in real terms, in %)

	2002	2003	2004	2005	2006*
Spain	2.7	3.0	3.2	3.5	3.8*
Germany	0.0	(0.2)	1.2	0.9	2.5
France	1.0	1.1	2.3	1.2	2.2*
UK	2.1	2.7	3.3	1.9	2.8
Euro15	1.1	1.1	2.2	1.5	2.6*

* Forecast

Source: Eurostat, February 2007

Slowdown in economic growth in 2006 was common throughout the leading 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, it has even experienced a slight increase in growth rate.



a.2 Residential Market in Spain

Slowdown in increase of transaction prices, though the residential construction business has stayed busy.

In 2006, as in previous years, the residential sector has continued to be very active in Spain.

The macroeconomic, demographic and social climate has remained favourable. Economic growth, sustained job creation and migratory flows inside and outside the European Union have continued to have a positive impact on the industry, countering the negative effect that interest rate hikes by the Central European Bank could have had on housing demand.

However, in 2006 the cycle has shown signs of returning to normal following several exceptional years: there has been a slowdown in the number of housing transactions, particularly second-hand ones; growth in average house prices has slipped for the third year running and, finally, the number of urban land transactions has fallen significantly.

Intensive residential property construction and certification

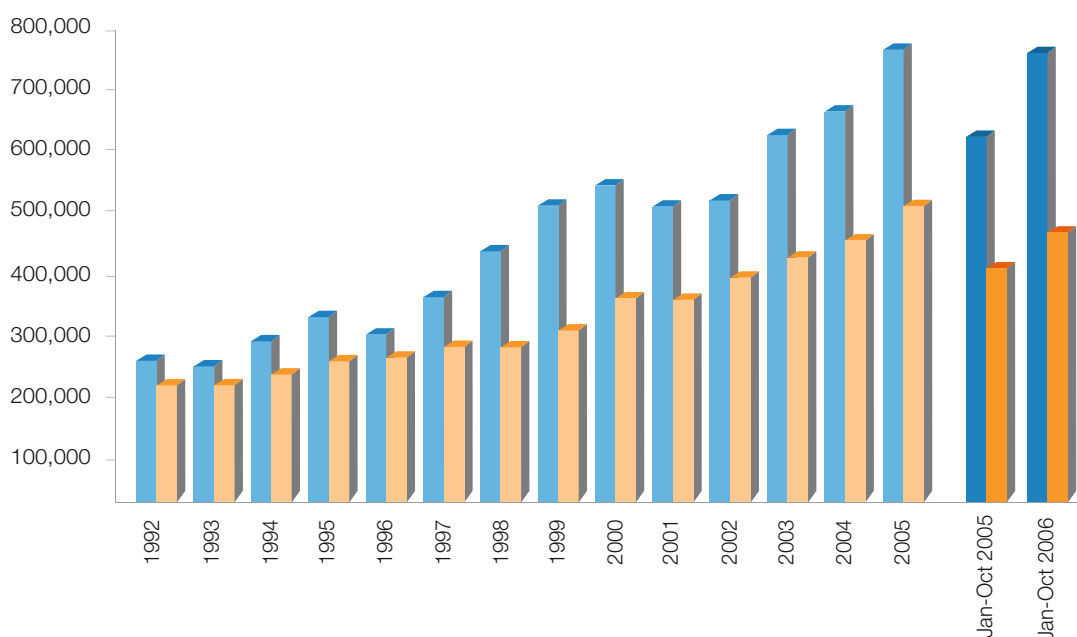
As in previous years, house building in Spain was extraordinarily high in 2006.

According to figures available at the time writing, as published by the Spanish National Statistics Office (INE), the total number of completed dwellings in the first 10 months of 2006 was 487,128 units, 11.9% up on 2005.

As for new house certifications, which is an early indicator of future house building, the figures suggest a busy period in the medium term. Therefore, the number of new house certifications (including refurbishments and extensions) was 784,530 from January to October 2006, 21.3% on the 646,853 units certified in the same period in 2005, and virtually the same as the 786,257 units certified throughout 2005. One exceptional development is that 129,678 units were certified in September 2006 (compared to 68,373 in September 2005).

It is possible that this is due to early applications for certification in anticipation of more stringent statutory requirements on safety and habitability of buildings, which over time is being imposed by the new 2006 Building Control Code.

Dwelling certifications* and completed dwellings in Spain



* Includes extensions and refurbishments

Source: Spanish National Statistics Institute, February 2007

■ Certifications
■ Completed dwellings

Slowdown in the number of residential property transactions

According to the latest available figures from the Ministry of Housing, the overall number of residential property transactions completed in the presence of a notary public in Spain in the first nine months of 2006 was 706,928, 8.1% up on the same period in 2005.

Growth has not been consistent everywhere in Spain. In the province of Madrid, the number of transactions was

81,372 in the same period, 5.7% up on the first nine months of 2005. In the province of Barcelona, transactions stood at 73,262 units, 2.6% down on the same period in 2005.

In spite of growth in aggregate figures, it should be noted that there are two factors shown in the following table indicating slowdown in residential transactions throughout 2006, following several exceptionally active years.

Residential property transactions in Spain

(Units)

	Year 2004 Quarter				Year 2005 Quarter				Year 2006 Quarter		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
New housing	65,304	77,011	72,376	80,551	66,723	88,134	90,590	91,031	93,860	102,587	101,417
Second-hand housing	125,138	146,884	128,713	152,413	129,715	153,264	125,743	156,374	139,809	149,062	120,193
Total transactions	190,442	223,895	201,089	232,964	196,438	241,398	216,333	247,405	233,669	251,649	221,610

Source: Ministry of Housing

Firstly, growth in total number of transactions has experienced a gradual slowdown throughout the year. Therefore, transactions in Q1 2006 were 19% up on the Q1 2005, yet in Q2 they were up by 4.2% and in Q3 by just 2.4% compared to the same periods in 2005.

Secondly, there has been a fall in sale of second hand homes in Q2 (-2.7%) and Q3 (-4.4%) 2006 compared to the same periods in 2005.

Ultimately, growth in total number of transactions is based on new housing sales growth, which in many ways can be considered to be a deferred indicator given that it is often the case in Spain that properties are sold *from drawings*. In these cases, the sale is only included in the statistical series upon execution of notarised contract once the building is finished. Therefore, it may be that sales growth in new housing is presenting past situations rather than a true picture of the market.

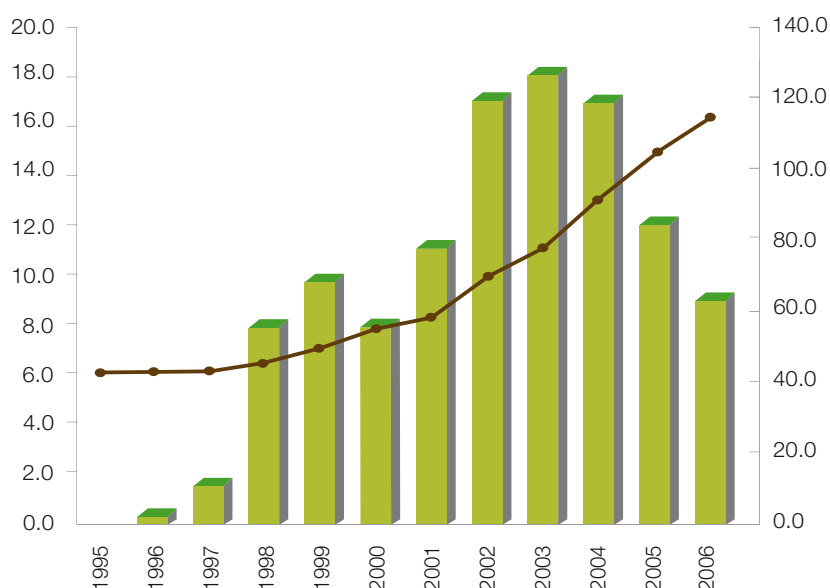
Housing price growth figures also continued to slow down slightly.

Average residential prices continued to rise in 2006, while in keeping with the trend started in 2004, the rises are gradually shrinking.

Specifically, according to Ministry of Housing data, annual growth in average house prices in Spain in 2006 was 9.1% versus 12.6% in 2005, 17.2% in 2004 and 18.5% in 2003.



House Price Indexes and annual growth rates



Baseline 100 = March 2005

Source: Ministry of Housing

■ Annual growth rate in % (left-hand scale)
 —●— Index (right-hand scale)

However, the average dwelling price has not been consistent everywhere in Europe. For instance, in the two provinces with the highest transaction volumes: average housing prices rose by 10.5% in Barcelona and 6.2% in Madrid.

Urban land market in Spain: fewer transactions

Activity in urban land market fell in 2006, following the trend recorded since mid-2005 which, if it continues, might suggest that volumes of operations in the residential sector are levelling off in the medium term, following some exceptionally dynamic years.

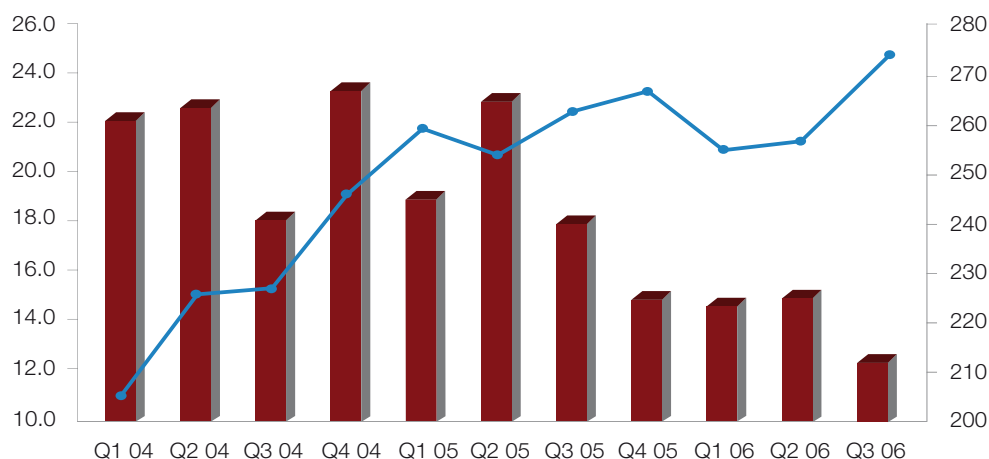
The chart on the next page shows that the number of urban land transactions in Spain in the first nine months of 2006 (latest data available at the time writing) was 42,385, which is down 30% from the 60,552 transactions recorded in the same period in 2005. This includes all kinds of urban land, both residential and non-residential.

As for urban land prices, the chart also shows a downward trend throughout 2006, with an upturn in Q3. Therefore the average price for transactions on all urban land types in Q3 2006 was 273.7 euros per square metre, 3.7% up on the same period in 2005.

However, it should be noted that land prices have not evolved consistently across Spain. Specifically, average land prices in Q3 2006 in towns and cities with populations in excess of 50,000 fell interannually by 1.3% to 652 euros per square metre.



Urban land transactions and prices in Spain



Source: Ministry of Housing

■ No. of transactions (thousands) (scale on the left)
 ● Average price (euro/m²) (scale on the right)

a.3 Residential Market in France

In 2006, the French residential sector has maintained its previous years' level of activity, as shown by further, though slightly lower, growth in the number of new houses started.

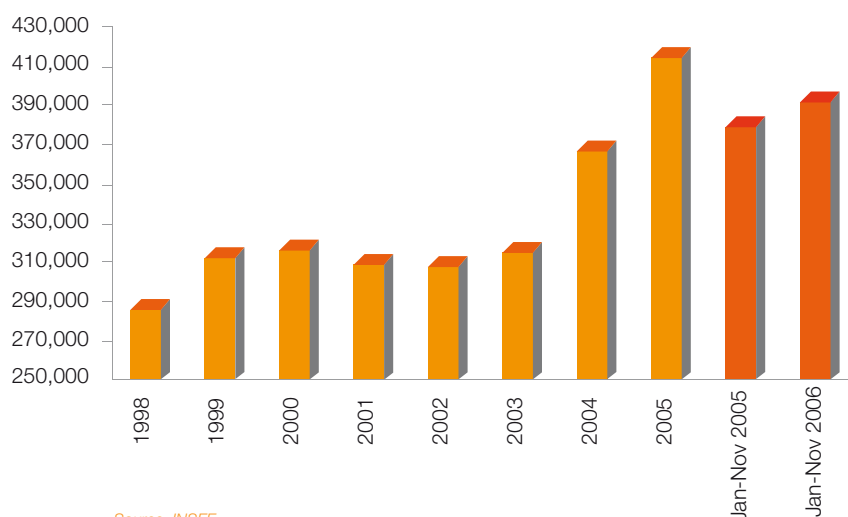
Furthermore, mirroring the situation in Spain, there are signs of slowdown or stabilisation of prices and transactions following some exceptional years. In the Paris region, the number of residential transactions has fallen interannually from Q2, and price growth has fallen shy of the 10% interannual barrier.

Lower growth in residential property construction in France

Residential construction business in France in 2006 has gone from strength to strength since 2003, while growth slowed down significantly in the last few months of the year.

According to the French National Statistics and Economic Studies Office (INSEE), the number of residential properties of all kinds actually started in France in the first 11 months of 2006 was 391,233 units, 4.9% up on the same period in 2005 (see the following chart). However, it should be noted that the series showed an interannual growth of 9.5% in the first half of the year, with 216,532 units started.

France: house starts



Source: INSEE

Region of Paris (Île-de-France) residential market: stabilising trend in transactions and slowdown in price rises

In the wake of substantial growth in residential transactions in 2004 and 2005, there has been a slowdown in 2006, particularly from Q2, as has happened in Spain.

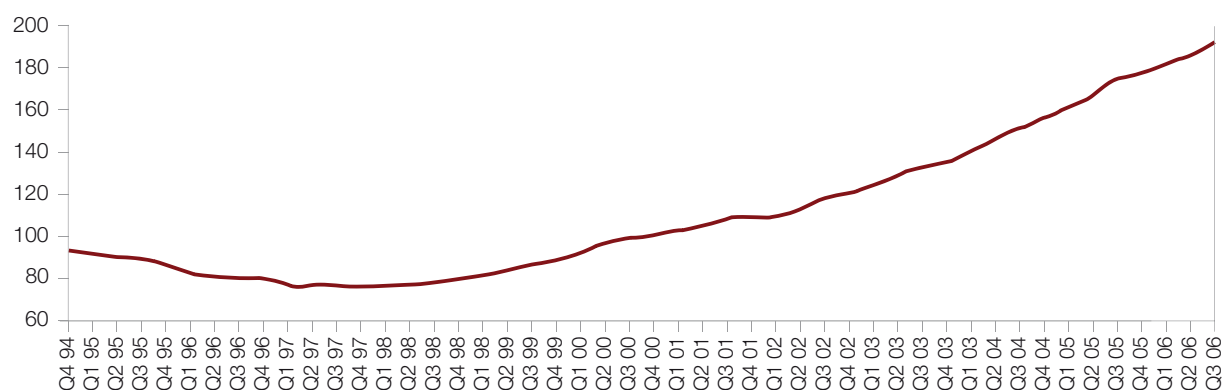
Specifically, the total number of transactions in residential assets (including land, garages and complete buildings) in the first nine months of 2006 was 180,830 for the entire Paris region, according to data published by the Paris Chamber of Notaries. This figure reflects a fall of 0.8% against the same period in 2005.

It should be noted that in Q1 2006 transactions were 6.3% up on Q1 2005, while in the following two quarters transactions fell interannually by 2.8% and 4.6%, respectively.

Residential prices have continued to experience strong growth in 2006 as a result of an imbalance between demand and supply of new dwellings, consistent with the trend started at the end of 1998, though there are now some signs of slowdown.

The following chart shows how the price index for second-hand apartments and flats has evolved in metropolitan Paris. According to INSEE data, at the end of H1 2006, interannual appreciation of the index was 12.5%, versus 14.0% rise in 2005. However, this interannual appreciation had fallen to 9.9% at the end of Q3, according to the latest data available at the time writing.

Paris: second-hand residential property index (apartments)



Baseline 100=Q4 2000
Source: INSEE

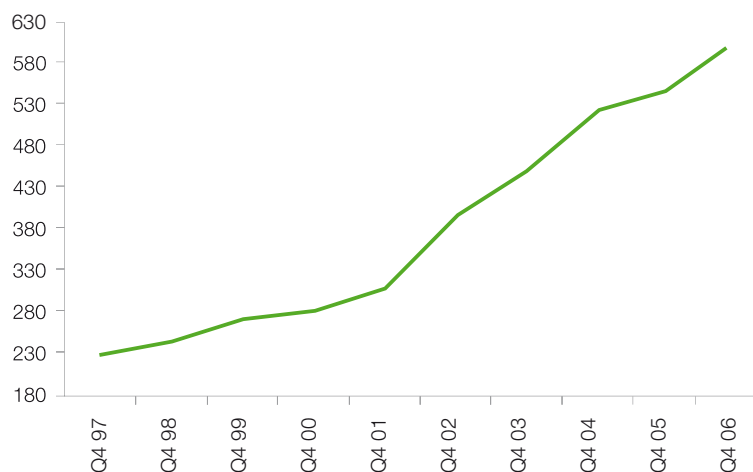
a.4 Residential Property Market in the UK

Housing price growth picks up the pace

Average house prices in the UK in 2006 have risen by 9.9%, according to the Halifax-RBOS Index. This trend suggests that the rate is speeding up, following on from 5.1% growth recorded in 2005 (the lowest in 10 years following Bank of England interest rate hikes since the end of 2004).

According to Halifax-RBOS, this acceleration in price growth is due to strong demand fuelled by sustained economic growth and job creation in the UK, added to insufficient supply of new and second-hand houses. All this has easily offset the negative effects of the Bank of England's tightening monetary policy.

Halifax House Price Index - UK



Baseline 1983 = 100
Source: Halifax Index

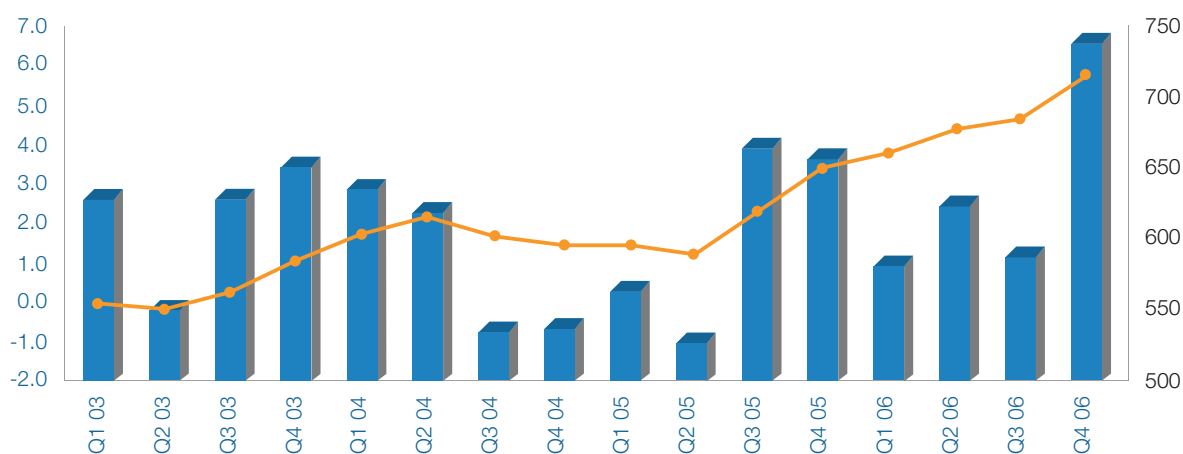
London: 12.2% annual price growth in 2006

In Greater London, the rise in average house prices in 2006 was 12.2% (a three-year high) following growth of 6.7% in 2005. In both years, price increases in London were above the national average.

The 6.6% growth in Q4 2006 is significant compared to the preceding quarter, the highest quarterly growth in five years. It is worth mentioning that the London market had experienced several quarterly falls in average nominal prices in 2004 and 2005, following the start of interest rate hikes in the UK, as shown in the following chart:



Halifax Housing Price Index for Greater London



Baseline 100 = 1983
Source: Halifax Index

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

a.5 Residential Property Market in Germany

Recovery in the German residential construction business

Following falls in residential construction business in Germany in 2004 and 2005, according to data published by the German Federal Statistics Office, the number of building permits for all types of residential buildings (including refurbishments) was 230,837 units, up by 7.6% in the first nine months of 2006 versus the same period in 2005.

To put this figure into context, it should be noted that the total number of residential building permits granted in 2005 was 240,570, less than one-half of the all-time high figure reached in the middle of the 90's following Reunification.

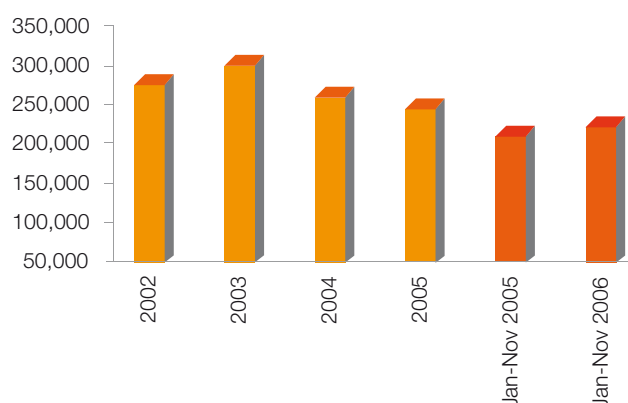
However, the trend appears uncertain. Following strong growth in the number of permits granted in H2 (+19.7%), growth has been negative since September, cutting the annual growth rate at November to 7.6%.

Berlin: larger number of transactions and generally stable prices

In 2006, as in 2005, residential property and plot transactions in Berlin has continued to grow in number and

above all in volume, as shown in the following table, based on data published by Berlin's Official Association of Land Appraisers (Gutachterausschuss für Grundstückswerte in Berlin).

Residential building permits (including refurbishment)



Source: Destatis (German Federal Statistics Office)

Residential property transactions in Berlin (January-September)(*)

(Figures in millions of euros, unless otherwise specified)

Assets	2005		2006		Change	
	Number of transactions	Amount	Number of transactions	Amount	Number of transactions	Amount
Unused plots	1,690	398.06	1,790	502.39	5.9%	26.2%
Complete buildings (**)	1,965	1,540.70	2,290	4,547.69	16.5%	195.2%
Flats	8,954	1,013.20	9,391	1,283.70	4.9%	26.7%
Total	12,609	2,951.96	13,471	6,333.78	6.8%	114.6%

(*) Portfolio sales count as a single transaction

(**) Includes single family residences and mixed buildings

Source: Gutachterausschuss für Grundstückswerte in Berlin

The table shows growth in number and aggregate value of complete building acquisitions, indicating larger and higher value-per-unit transactions. Specifically, in the first nine months of 2006 there were 33 complete building transactions exceeding 30 million euros compared to just six in the same period in 2005.

As for evolution of comparable prices per square metre, the same source suggest that in general, prices of plots, single family residences and flats have remained stable in 2006, with a clear rising trend in complete buildings (residential and mixed use) fuelled by investor appetite.

a.6 European Office Markets*

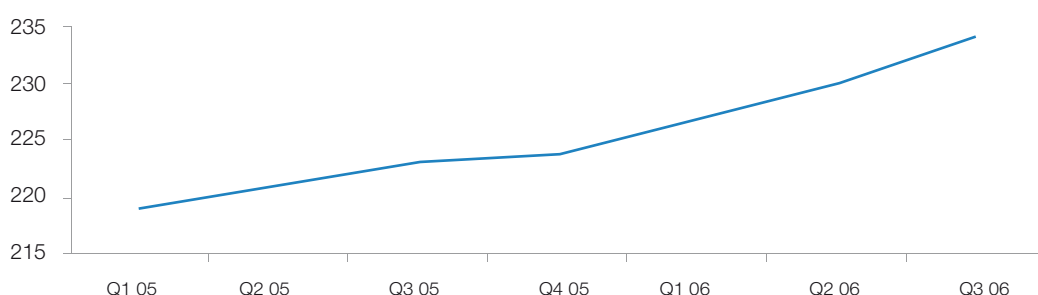
Favourable evolution in 2006 across Europe

European office markets as a whole have done well in 2006. Gross uptake of office space has grown in many cities, increasing occupancy rates. Furthermore, average rent levels have been subject to a rising trend in many of Europe's main markets, consistent with the trend started in early 2005 in several cities.

Rent Index on the rise

The European Office Rent Index in the Euro-15 Economic Zone reached 234 at the end of Q3 2006 (latest data available at the time writing) against 219 in Q1 2005. This means an interannual rise of 5.2% at September 2006.

EU-15 Office Rent Index



Index Baseline 100 = Q1 1986
Source: CB Richard Ellis

Higher occupancy rates

Meanwhile, unoccupied office rates have continued to fall. The Unoccupied Office Index in the Euro-15 Zone reached 8.04% at the end of Q3 2006, versus 8.95% at the end of 2005.

Tighter yield rates

According to the source, prime yields of first-class offices in Europe have continued to fall in 2006, though not quite

so sharply in Q3. Specifically, in H1 2006 the average prime yield in the Euro-15 zone fell by 25 base points to 5.05%, while in Q3 the fall was only two additional base points.

Local markets

The following table shows data on rent and prime yields in markets where Renta Corporación does business:

City

City	Prime rent (gross) (euros/m ² /year)	Change (%) -3 months	Change (%) -12 months	Prime Yield (%) Q3 06	Prime Yield (%) Q4 05
(At Q3 2006)					
Madrid	384	12.2	18.5	4.25	4.50
Barcelona	300	2.0	4.1	4.50	4.75
Paris	694	5.6	10.1	4.25	4.50
London - City	832	8.3	15.5	4.35	4.85
London - West End	1,400	2.9	16.7	3.90	4.00
Berlin	252	0.0	-2.3	5.10	5.60

Source: CB Richard Ellis

*Data under this heading refer to EMEA Office reports as well as Madrid and Barcelona Office Market Bulletins published by CB Richard Ellis.

Uptake and non-occupancy details in these markets are detailed below:

Madrid Market

In the first nine months of 2006, gross office space uptake reached 569,000 square metres, 4.2% up on the same period in 2005.

Based on data available at September 2006, space availability in prime zones is becoming scarce: 3.7% in Central Business District, where there is no expectation of new supply in the medium term, and 2.5% in the Northern Zone. Unoccupied office rates around orbital roads (M-30 and M-40) are extremely high, causing the market average to rise to 7.9%, versus 9.0% at the end of 2005.

In Q3, maximum rent experienced an interannual growth of 18.5% to 32 euros per square metre per month, equivalent to 384 euros per square metre per year.

Barcelona Market

The Barcelona office market's supply situation is even tighter than Madrid's. At September 2006, available space in prime zones was extremely scarce. 1.8% in the Business District and 1.78% Downtown, driving the rise in rent prices. For the city as a whole, the unoccupied office rate has fallen to 4.88% (lowest since 2002), versus 5.43% at the end of 2005.

Paris Market

The average unoccupied office rate fell slightly in 2006 to 5.17% at the end of Q3 2006 in the Paris region (Île-de-France) and 4.7% in the Central Western Area or Downtown Business District, versus 5.8% and 5.0% at the end of 2005, respectively.

With these reduced unoccupied office levels, prime office space rent has risen during four consecutive quarters to become among the highest in Europe.

London Market

The City of London office market has enjoyed a healthy demand for space in 2006, particularly from banks. Specifically, in Q1 2006, gross take-up reached 176,000 m², the highest quarterly figure since the end of 2004. The unoccupied office rate fell dramatically to 6.5% at the end of Q1 2006, versus 9.8% at the end of 2005.

In terms of the West End, the most expensive office market in Europe, the unoccupied office rate at the same date has fallen to 3.7%, the lowest in five years.

Berlin Market

The unoccupied office rate in Berlin stood at 10.07% at the end of Q3 2006. In this climate, prime rent has remained stable in spite of higher gross uptake of unoccupied space and a moderate rise in supply of new buildings.

b. The Company

b.1 Evolution

Throughout 2006 Renta Corporación has sustained its traditional organic and consistent growth trend, once again highlighting the Company's ability to drive its strategic plan for strong growth and expansion for the coming years. Excellent results in 2006 confirm the continued success of its **business model and consolidate its leadership** in the acquisition, transformation and sale of large buildings at high turnover rates.

Renta Corporación's business, started in 1991, based today on the acquisition, transformation and sale of buildings, has traditionally evolved by **gradually increasing the average size of its investments**.

Going public has reinforced Renta Corporación's corporate structure and enables the Company to speed up its investment and growth plans. Following capital increase with the IPO, Renta Corporación now has twice the funding, enabling it to **multiply its investment capacity compared to 2005** and access larger-scale operations.

Following listing of the Company, and in line with the institutional and strategic development plan started some years ago, Renta Corporación has approached the **structured finance market** and arranged a syndicated loan of 500 million euros, providing it with the necessary finance to drive its future growth plans.

b.2 Strategic Focus

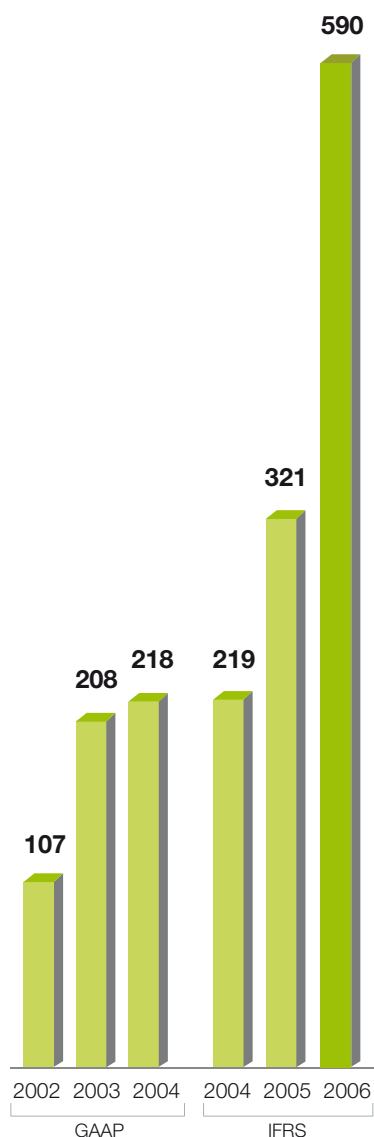
Renta Corporación has also grown by **extending its business model** of acquisition, transformation and sale of urban buildings in two key areas: on the one hand, by expanding the **product line-up** and, on the other hand, by extending the **geographic scope** of group operations.

From the outset the Company has evolved and moved with its **investment diversification** process, as related to **products** and **markets**. While the Spanish market does and will continue to account for the lion's share of turnover (60% to 70%), the Company must expand and consolidate its business in the international market in the

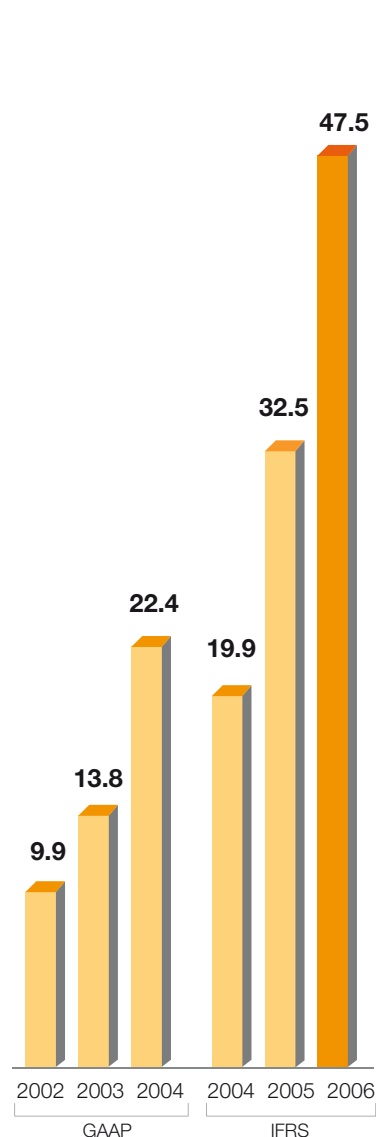
cities where it currently operates (Paris, London and Berlin) in order to increase **business opportunities**, **diversify risk** and reduce exposure to real estate cycles in each country.

In this respect, the Group focuses on **three business areas: Residential Refurbishment, Office Transformation and Land Transformation**, and mainly **operates in Madrid, Barcelona and Paris markets**, though it also has a presence in **Palma de Mallorca, Málaga, Sevilla, London** and since early 2006, has an office in **Berlin**, a market with clear growth and development potential.

Sales
(Millions of €)



Net result
(Millions of €)

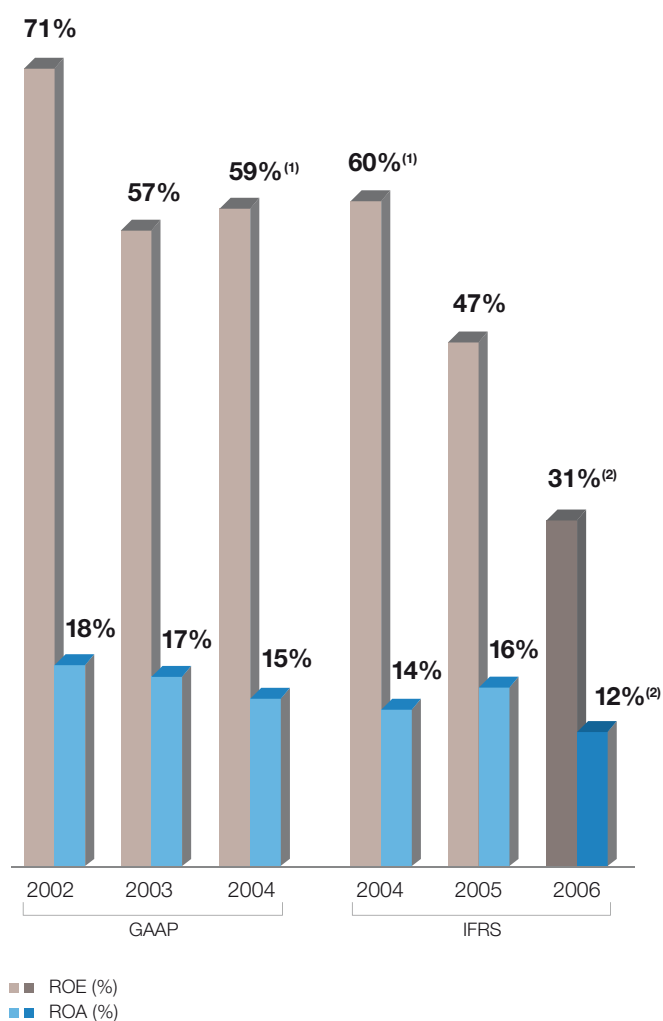


This strategy has allowed Renta Corporación to generate a **healthy track record**, consolidating its business model of **high asset rotation and high profitability levels**.

Profitable track record

- *Strong and sustained growth in sales turnover and profit*
- *Very high profitability levels*
- *Increasing average size of operations*
- *Extension to business model: product types and geography*

ROE and ROA



⁽¹⁾ Excluding capital increase of 27/12/04

⁽²⁾ In 2006, ROE/ROA calculated, respectively, as net profit/monthly average in shareholders' funds and as EBIT/monthly average net assets. In previous years, ROES/ROA were calculated, respectively, as net profit/average shareholders' funds at start and end of the year and EBIT/average net assets at start and end of the year.

b.3 Competencies

Since it first started trading, Renta Corporación has experienced **strong growth in turnover and profit**, while sustaining high profitability. This evolution is based on three key factors:

- 1) Suitable availability of financial resources,
- 2) Development of a world-class team, and
- 3) An effective, differentiated business model

The Company has relied on several instruments for finance growth at each stage of its development. In recent years, the more usual resource has been mortgage finance from banks, increasingly supplemented by loan arrangements. By their nature, these operations were mainly bilateral, with a large number of banks, and their life cycle was the same as the underlying operation on which they were based. This finance model has allowed for healthy growth, but the Company's higher solvency levels and profile have enabled it to access other more stable, efficient and cheaper financing sources. Consequently, in December Renta Corporación announced it had issued a mandate to set up a **syndicated operation**, executed on 15 February 2007, which opens a new chapter in terms of **available financial resources**, whereby the Company will come to rely far less on its traditional forms of finance.

The syndicated loan provides the Company with **greater operating flexibility and responsiveness** and the power to make swifter investment decisions, as well as **simpler day-to-day financial management**.

Renta Corporación has followed a **policy of reinvesting** a significant portion of its profit in recent years, with a very high reinvestment ratio. In addition, gradual consolidation of company results, along with consistently applied **sound financial and transparency policies** has been rewarded with growing trust and support from leading financial institutions in 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, highly qualified, **experienced and motivated team**, working in a modern, dynamic and flexible business culture and efficient organisation structure lend it a significant competitive edge in the industry.

Thirdly, the Renta Corporación **business model** carries certain key competencies, essential to the Company's development and progress.

The ability to **spot** investment opportunities, efficient **structuring** and management of investment rights, 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, are also important **competitive advantages**.

Key factors

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

Competitive edge

- *IDENTIFYING investment opportunities*
- *STRUCTURING and managing investment rights*
- *Carrying out high added-value transformation operations*
- *KNOWING the market*

b.4 Outlook

Basis for the future

For the last few years, Renta Corporación's business has successfully followed a **strong and profitable growth strategy** based on a proven **business model**. This combination, added to a world-class **team of professionals**, a sound **competitive advantage** and growing **financial capability**, are the basis for Renta Corporación's development plans.

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 will naturally take priority in Renta Corporación's main markets (Barcelona, Madrid and

Paris), with **significant growth potential**. Meanwhile, the company will also strive to develop its business capabilities in the medium term in other **large and highly liquid international urban markets**, such as London and Paris, where it already has a foothold.

Investment has been particularly substantial, rising by more than 530 million to 864 million euros in 2006, of which 20% is for international business.

At 31 December 2006, Renta Corporación's **operations in progress** stood at 710 million euros for inventory and 386 million euros for investment rights.

The total stands at around 1.1 billion euros, raising the Company's **profit generating profile** in the coming years.

Strong and profitable growth

- *Proven business model*
- *Sound and consolidated competitive edge*
- *World-class team of professionals*
- *Growing financial capability*

Business development

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



c. Business Units

c.1 Introduction

Renta Corporación specialises in the acquisition, transformation and sale of large properties with a high turnover rate. The company operates through **three business units**: Residential Refurbishment, Office Transformation and Land Transformation.

Residential Refurbishment

Acquisition of residential buildings for refurbishment and sale.

Office 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. However, the company's business units are different due to the types of real-estate assets acquired and the type of transformation applied in order to maximise sale value.

Within these transformation processes, Renta Corporación addresses different aspects of the real estate assets and their assessment. These transformation factors are as follows: 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 units were equal players, though in 2005 the Land Transformation unit became a major player.

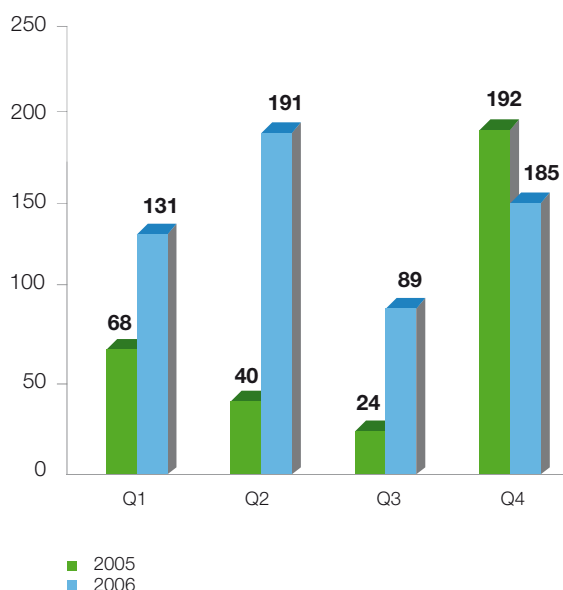


Renta Corporación has experienced high growth in 2006, both in revenues and investment, with net Group profit up by 46%, above the 35% figure forecast in the original plan.

Total revenues from sale of properties in 2006 stood at 596 million euros, of which 590 million euros are from property sales. The figures compare to 324 million euros total revenues and 321 million euros from property sales in 2005.

Quarterly evolution of revenues

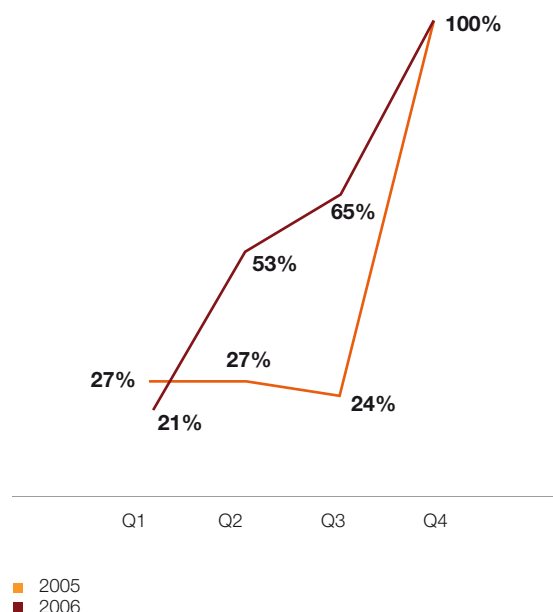
596 million euros (+84% up on 2005)



Seasonality was corrected in 2006 versus 2005, where profit mainly arose in Q4. The excellent results in the four quarters in 2006 are largely due to the company's effort in planning and closing operations throughout the year.

Accumulated quarterly evolution of net profit

47.5 million euros (+46% up on 2005)



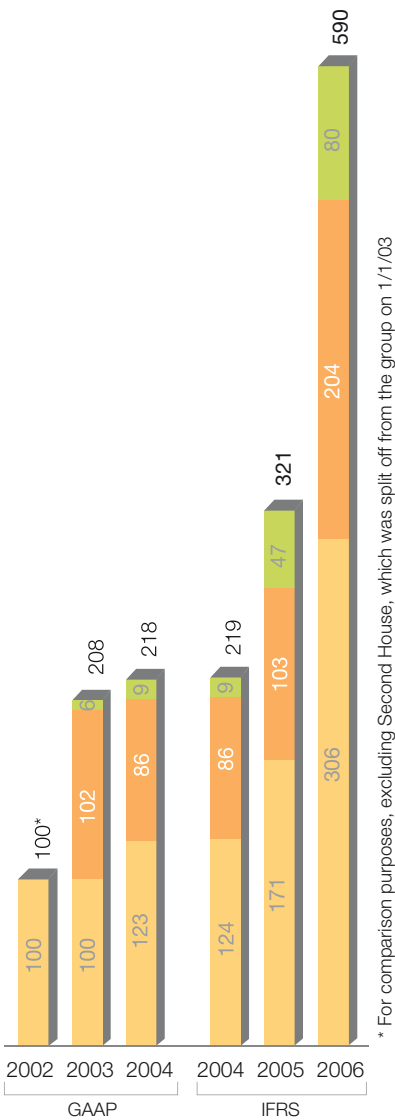
This increase in revenues goes hand in hand with a high ratio of gross margin-over-sales profitability of 26%, giving a gross sales margin of 121 million euros versus 78 million in 2005. This margin is within the objective range set by the Company, albeit less than in 2005, given faster asset turnover.

From an operating perspective, this evolution in revenues and gross sales margin in 2006 is the result of Renta Corporación Group efforts to spot investment opportunities offering high added value and average turnover rate of less than 12 months. In 2006, use of available funds was optimised significantly for yet another year, allocating them successfully to operations with the most favourable profitability and turnover outlook.

Geographically, the following chart shows where the company does business. In Spain, Barcelona is the city with strongest sales for the group, accounting for 55% of the 2006 total. Internationally, it is in this same year that Paris has become a major player, standing at number two in business volume, accounting for 31% of total sales in 2006, while all other cities accounted for the remaining 14%.

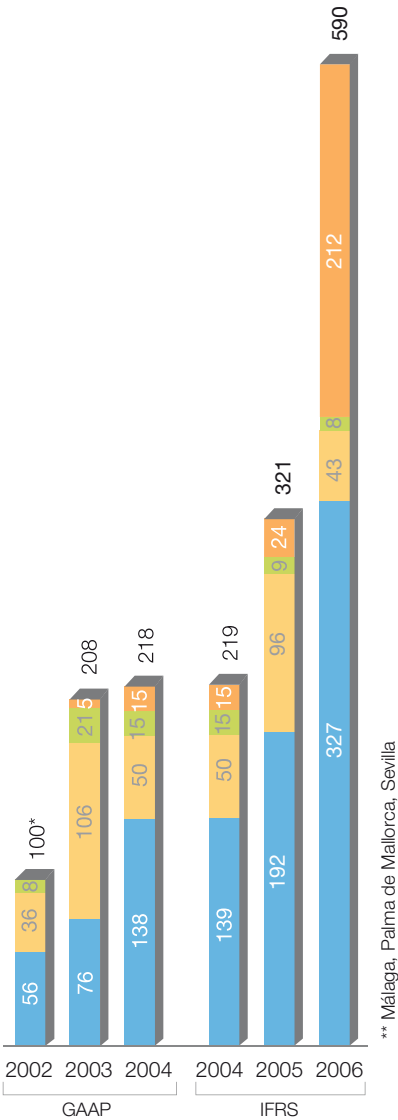
As for distribution by business unit, all of them have seen significant growth in sales, over 70% up on 2005. Residential Refurbishment takes 52%, while Office Transformation and Land Transformation account for 35% and 13%, respectively, with little change in the mix from 2005.

Sales by Business Unit



- Residential Refurbishment
- Office Transformation
- Land Transformation

Sales by city



- Barcelona
- Madrid
- Branches**
- International

c.2 Residential Refurbishment Unit

The Residential Refurbishment unit develops Renta Corporación's traditional business, with offices in Barcelona, Madrid, Paris, Málaga, Sevilla and Palma de Mallorca, and since 2006 in Berlin.

The unit acquires residential or mixed-use buildings (combination of residential and offices / commercial premises) for refurbishment (keeping their residential or mixed use) for subsequent sale, either individually (by units) or entirely (single building sale).

In the last five years (2002 to 2006), the Residential Refurbishment business unit has acquired 117 buildings with over 2.600 dwellings and premises. During this period, the Company has invested 759 million euros with sales turnover in excess of 800 million euros.

In a large number of operations, architectural involvement is crucial to adapting the properties to current market requirements. The Company therefore carries out refurbishment by physically recovering buildings and generally modernising their facilities. In addition, there are other significant value creation and asset improvement factors.

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 discussions 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, where appropriate, physical refurbishment work in such a way that they disturb building occupants as little as possible, who normally may remain in the building while work is being carried out.

Acquisitions

The Renta Corporación Residential Refurbishment unit acquired 25 buildings in 2006, totalling 246 million euros.

Summary of acquisitions in 2006 Residential Refurbishment

City	Buildings
Barcelona	8
Madrid	1
Branches ⁽¹⁾	7
Paris	3
Berlin	6
Total	25

(1) Palma, Málaga, Sevilla

In addition to the acquisitions in 2006, completed by execution of deeds, Renta Corporación agreed to the acquisition of 2 additional buildings by 31 December 2006.

Sales

Residential Refurbishment turnover accounted for more than 50% of Group total in 2006. Sales rose to 306 million euros, with 600 units sold. Of these sales, 70% were single sales of entire buildings and the remainder split sales (by units).



Buildings acquired in 2006

Residential Refurbishment

Management	City	Month of acquisition
Marià Cubí	Barcelona	March
Provença	Barcelona	March
Àusias March	Barcelona	March
Diagonal	Barcelona	March
Gran Vía	Barcelona	May
Anna Tugas (Badalona)	Barcelona	June
Av. del Turó (Montgat)	Barcelona	June
Balmes	Barcelona	September
Santa Feliciana	Madrid	May
Plaza de la Merced	Málaga	July
Carretería I	Málaga	July
Carretería II	Málaga	October
Avda. Alejandro Roselló	Palma de Mallorca	July
Joan Miró	Palma de Mallorca	October
Impremta	Palma de Mallorca	December
San Bernardo	Sevilla	July
Victor Hugo II	Paris	February
Raymond Poincaré	Paris	November
Grande Armée	Paris	December
Bundesallee	Berlin	January
Scharnhorst Strasse	Berlin	January
Märkisches Ufer	Berlin	January
Simon Dach Strasse	Berlin	February
Goethe Strasse / Knesebeck Strasse	Berlin	November
Hausburg Strasse	Berlin	December



Growth

The Residential Refurbishment unit's business model has been developed over many years. At close of 2006, the company stands well positioned in the market, with a highly consolidated building acquisition network. This sound business model and strong 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 2006 the Residential Refurbishment unit had inventory valued at 150 million euros and acquisition rights over a further 2 buildings for 9 million euros.

In addition, by mid-February 2007 the company had taken on new operations, bringing in further investment rights of up to €26 million.

Units sold in 2006. Residential Refurbishment

City	Units
Barcelona	201
Madrid	65
Branches ⁽¹⁾	42
Paris	174
Berlin	110
Total	592

(1) Palma, Málaga, Sevilla

c.3 Office Transformation Unit

The Office Transformation business unit has developed gradually since 2002, and it has gained prominence in recent years in terms of contributing to Renta Corporación's business. It focuses on the Barcelona, Madrid, Paris and London markets, **acquiring large urban buildings, normally commercial or industrial, for transformation and sale**. Transformation generally involves change of use, physical improvements and/or repositioning in the market.

In the last five years (2002 to 2006), the Office Transformation unit has acquired a total of 33 buildings. During this period, the company has invested 610 million euros with turnover of 495 million euros.

Reinvigorating urban heritage is a key part of the Office Transformation unit's business. Economic activity evolves, matures, experiences transformation and moves in a process that invigorates growth and the make-up of cities and neighbourhoods. Gradual evolution of this business naturally affects the buildings where it takes place, which are becoming obsolete and are no longer suited to current functionality and occupancy requirements. Through its Office Transformation business unit, Renta Corporación recovers these obsolete buildings for the cities, in line with general sustainable urban development criteria: to rescue buildings from decay and slow down occupation of green-field sites.

Renta Corporación's approach to transformation of buildings focuses on adapting to demand. This appropriate adaptation of buildings is key to successful operations. Specific end-user needs, i.e. the needs of potential customers, are the number one priority when designing transformation projects.

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

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

The essential features of these three operations are:

1. Repositioning of office buildings

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 suit the needs of office users and investors, for ultimate sale once repositioned.

2. Change of use

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

3. Land reuse

Acquisition of urban buildings of all kinds to generate brownfield sites. The process to transform these buildings into brownfield 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 Office Transformation unit acquired 11 buildings in 2006. The amount paid for the acquisitions was €266 million.

In addition to the above 2006 acquisitions, by 31 December 2006 Renta Corporación had agreed to acquire three additional buildings.

Sales

Office Transformation unit sales in 2006 reached 204 million euros, accounting for one-third of total sales turnover for the year.

Growth

The Office Transformation unit's market experience and its established relationships, added to Renta Corporación's high profile and presence in the market, are key to continuity and growth in its building acquisition and transformation process.

In this respect, at 31 December 2006 the Renta Corporación Office Refurbishment unit had inventory

valued at 236 million euros and acquisition rights over a further three buildings for 139 million euros.

In addition, by mid-February 2007 the Company had taken on new operations, bringing in new buildings and further investment rights of up to 132 million euros.

Buildings acquired in 2006 Office Transformation

Management	City	Month of acquisition
Bergara	Barcelona	January
Països Catalans	Barcelona	January
Consell de Cent	Barcelona	June
P. Bonanova	Barcelona	June
Gran Vía	Barcelona	June
Gran Vía Carlos III	Barcelona	October
Marqués de Sentmenat	Barcelona	December
Antonio Acuña	Madrid	March
Gran Vía	Madrid	May
Plaza España	Madrid	August-December
De Beauvoir Crescent	London	December

c.4 Land Transformation Unit

Land Transformation

The Land Transformation unit is the newest in Renta Corporación. Operating mainly in the Madrid and Barcelona markets, it **acquires very 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 land for construction or sale**.

Since its inception in 2003, the business has developed gradually, building up investment of over 410 million euros by 2006.

The business unit's capture 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 follows a strict process for locating land and buildings suitable for transformation.

This mainly involves assets in obsolete areas of prime locations in cities where Renta Corporación operates through its other business units. Transformation projects are also developed in neighbouring areas with good communications to these cities and other major locations with clear investment opportunities.

2. Managing land rights

Upon locating land or buildings for transformation, the required procedures are followed to allow Renta Corporación to start its transformation activities, frequently calling 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 business areas, the Land Transformation unit seeks to adapt properties (large sites, industrial complexes, etc.) to market demands.

To achieve this, the tool used is clarification, execution or changes in respect of planning status. Operations developed by Renta Corporación generally involve change of use and better utilisation of properties in order to address large planning, and comply with consideration for public interest required by legislation and the various authorities involved in the process.

Once the certification process is over, the final step of construction or sales can go ahead. In the case of construction, Renta Corporación is involved directly in the promotion and marketing of the new building on the approved land. In the case of sale, Renta Corporación may sell part of the approved land to third parties.

Acquisitions

Following this trend, in 2006 the Company invested 272 million euros, 138% more than in 2005.

In its second year of major business operations, the Land Transformation unit has increased its acquisition volume considerably, with a total investment of 239 million euros, 136 million up on 2005, or 132% in relative terms.

Sales

Land Transformation unit sales in 2006 increased by 70% to 80 million euros, 33 million up on 2005. Its contribution to sales was 13%.

Growth

The Land Transformation unit has numerous projects underway, supported by the Company's reputation, its presence and development of key competencies since the unit was set up.

At 31 December 2006, its inventory was valued at 324 million euros, in addition to acquisition rights for 237 million euros lapsing in the next few years.

Stocks and investment rights jointly make a substantial contribution to the consolidation and growth of this line of business started in 2005.

Examples of operations



1. De Beauvoir Crescent. London
4. Plaza de la Merced. Málaga
7. Av. Països Catalans. Barcelona

2. Hausburg Strasse. Berlin
5. Raymond Poincaré. Paris
8. Joan Miró. Palma de Mallorca

3. Bergara. Barcelona
6. Av. del Turó. Barcelona
9. Victor Hugo. Paris



10. Plaza España. Madrid
13. Gran Vía. Barcelona
16. Santa Feliciana. Madrid

11. Grande Armée. Paris
14. Gran Vía. Madrid
17. Sant Just. Barcelona

12. Balmes. Barcelona
15. Märkisches Ufer. Berlin
18. Marià Cubí. Barcelona





5

Corporate
Social
Responsibility

5 Corporate Social Responsibility

a. Introduction

Seeking responsible and sustainable growth

Renta Corporación is a real estate company specialising in acquisition, transformation with added value and sale of property assets, with high margins and turnover. It operates through three business units focused on higher liquidity markets.

Renta Corporación's business is based on a strong growth strategy, which led to going public on 5 April 2006. All this calls for new objectives and actions in order to adapt to the regulatory and good governance framework. Financial year 2006 has again been a success story, throwing up new challenges, the most notable being Corporate Social Responsibility (CSR).

Renta Corporación views this responsibility as an inherent commitment as it carries out its business. As an active member of society, the company is well aware that attaining high profit margins is not the sole objective, but rather ensuring that business success is compatible with sustainability in all areas of society.

Accordingly, Renta Corporación has worked hard in 2006 to develop more responsible leadership in its business strategy. Implementation of new Social Responsibility aims has meant voluntary integration of a greater number of social, employment and environmental commitments in its governance and management.

CSR, a competitiveness and differentiating tool

In the 2005 annual report, Renta Corporación produced its first Corporate Social Responsibility report. Its efforts were based on devising a professional code of conduct, implementation of measures to protect the environment and projects carried out under the wing of Fundación Renta Corporación.

CSR, a sustainable business model **Full integration will provide the company with:**

- *Credibility and trust*
- *Effective communication channels*
- *A symbol of business excellence*
- *Enhanced risk management*
- *Competitive edge*

Through a specific methodology, work was undertaken in 2006 to identify expectations of every major collective with which the company has dealings in developing its business, laying the foundations of the current CSR policy.

This effort to engage each group and dialogue allows Renta Corporación to ascertain what drives each interest group in order to provide a wholly satisfactory answer, and to provide added value both in professional relations and in relations with society at large.

Interest groups are:

- Employees
- Shareholders and Investor Community
- Clients and tenants
- Suppliers
- Authorities
- Society



b. Human Resources

In the context of Renta Corporación's growth strategy, human resources have been and are the basis for generating business and added value. In 2006, employee numbers at Renta Corporación rose by 21% on 2005. As of 31 December 2006, the Company employed 115 people.

The team: basis for generating value

From the outset, Renta Corporación's people have been key to its success, and the cornerstone of a true competitive edge. The significant value they provide is recognised through an effective HR policy promoting the creation of a pleasant working environment governed by equality, with innovative and professional resources, respect for privacy and, of course, easy access to training.

The Renta Corporación team features highly qualified people, with 78% being university graduates. This ensures a professional approach and the ability to learn how Company operations, both crucial for industries such as the one in which the Company operates. Besides being well trained, the team boasts an open-minded and creative approach and a high level of motivation. The group consists of a broad range of highly qualified and experienced professionals, with a significant number of women at every level of the company, especially senior management.

Training consistent with industry requirements

The training policy provides Renta Corporación's people with another tool to develop their role; without proper training, achieving the Company's goals becomes impossible.

Renta Corporación provides and encourages training, not only to increase, update and reinforce knowledge in its people, but also to ensure it can stay ahead of business and market developments and thus ensure speedy response and decisiveness. In this context, the main areas where Renta Corporación employees focused their training on in 2006 were: general and business management, technical aspects of construction and systems, languages, real estate sector and user IT. Investment in

training was 268,692 euros, an average 2,336 euros per employee. The result in absolute terms is an increase of 49% on 2005, which underlines the Renta Corporación's view that employee training is crucial.

IN-HOUSE TRAINING

In-house training is based on various actions with distinct goals:

I. Regular communications

Internal memoranda with details of how the business is doing, press releases and stories in the press.

II. Meetings

Every so often several collectives meet in different surroundings for brainstorming sessions. The object of this exercise is to align experiences and knowledge of the business, and to share new ideas conducive to better practices or working relationships.

Annual Employee Meeting. All Company employees meet to review the year, with presentations and discussions to propose improvements for implementation in the following year.

Sector meetings. Usually bringing together three groups at various levels: Management Sales and Administration Committee. Here company developments are reported, discussing matters of interest for development of the relevant group.

Departmental or workgroup meetings. The purpose is to gather or share information on change processes and new regulations, or to discuss the finer detail, reorganise or change internal issues that cannot be addressed on a day-to-day basis. Talks are also given by external consultants. In any event, it involves interactive meetings where all parties are encouraged to have their say in order to ensure better results.

The Renta Corporación team - a results-oriented approach:

- *Young, with an average age of only 36*
- *Highly qualified, with 78% university graduates (64% with five-year and 14 % with three-year degrees)*
- *Diverse, with a broad base of professional experience and educational profiles*
- *High proportion of women, accounting for 68% of the team.*

OUTSIDE TRAINING

Outside training is the ideal tool for company personnel to advance in line with market expectations. Renta Corporación provides this in various ways, though always based on fundamental pillars: voluntary participation, funding, flexibility and availability for everyone (all employees). Required funding schemes and availability are based on the features of training and its practical applications.

Seminars and courses. Recommended by the company based on individual or collective development plans.

Employee courses. Proposed by company personnel.

Languages. Addressing job and personnel development needs.

Events. Conferences, trade fairs, seminars, exhibitions.

Ongoing and refresher training programs. For Renta Corporación, taking ongoing staff training and access to learning is a very serious matter. The company always aims to have the necessary talent and skills to meet market and business requirements at any given moment.

c. The Environment

Manufacture of materials, building construction, demolition and waste management. The building industry life cycle inevitably implies an impact on the environment. In all its dealings, Renta Corporación acts responsibly, encouraging refurbishment and specifying terms in its building contracts designed to protect the environment and build a more sustainable future.

Transform today for a better tomorrow

Renta Corporación's real estate business is based on transformation of property assets where only sometimes is it necessary to demolish buildings.

Therefore refurbishment minimises waste generation. When compared to the normal cycle of demolition and reconstruction, transformation is a significant improvement in terms of rubble generation and consumption of natural energy resources.

Transformation means:

Extending the working life of the property, by better adapting it to current needs and implementing available technical enhancements. Refurbishment is clearly environmentally friendly.

Reducing energy consumption through improvements to buildings (thermal insulation, removal of hazardous materials, upgrading installations, etc.), thus enhancing and ensuring user comfort and wellbeing.

Avoiding construction of new buildings. When Renta Corporación's transformation involves change of use, such as office to residential or vice versa, this avoids the need for new buildings to meet market demand. It also avoids disuse and demolition of buildings, and the ensuing production of rubble.

Ensuring efficient use of available resources in planning urban modification and/or transformation.

Finally, if new developments arise, it also ensures they are positioned in such a way that they optimise energy resources (lighting, orientation, sound insulation, access, services, etc.) while rationalising and protecting the environment by respecting their surroundings.

In spite of the limited environmental impact of these transformations, Renta Corporación specifies an additional environmental protection clause in all its works contracts. This clause is binding on the developer, and in addition to complying with current legislation, it specifies 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, whether ceramic, plastic or otherwise.
- Take the necessary steps to avoid unnecessary destruction of existing vegetation.
- Refrain from destroying any protected plant species.
- Remove all waste to appropriate sites through channels approved by the local council or relevant authority.
- Avoid dumping or abandoning products specifically subject to recycling or special disposal control.
- Prevent at all costs the contamination of drinking water and dumping of pollutants.

d. Interest Groups

In doing business, Renta Corporación comes into contact with numerous collectives. In terms of Corporate Social Responsibility, business excellence involves a series of commitments with all of them individually in order to respond to their needs while providing the company with added value. In this respect, Renta Corporación produced a Code of Professional Conduct in 2005, applicable to the entire company team, laying the groundwork for discussion and interaction with each collective. In 2006, the company restructured these concepts and moved forward in implementing CSR, identifying specific expectations of each group and designing tailored actions to address their concerns.



d.1 Employees

From the outset, Renta Corporación has always viewed people as the company's key asset. It seeks therefore to provide a working environment where everyone is offered the opportunity to maximise development of their professional potential while contributing to the company's growth and success. At Renta Corporación, diversity of track records is an enriching feature considered to be a safe bet for excellence in business.

Commitments

Renta Corporación has set out a series of principles to regulate the working environment, providing a framework conducive to achieving superior professional and personal development.

Interest group profile

- *Board of Directors*
- *Audit Committee*
- *Appointments and Remuneration Committee*
- *Senior management*
- *Management Committee*
- *Middle level jobs: Technical personnel and reps*
- *Administrative personnel*
- *Non-administrative support personnel*

- Good working environment and team spirit.
- Equal opportunities and non-discrimination.
- Healthy and safe working environment. Provision of new cutting-edge technologies to provide personnel with tools to ensure ergonomics and a healthy environment.
- Professional integrity.
- Responsible use of material resources and asset protection.
- Confidential handling of information. Application of strict integrity, responsibility and confidentiality criteria.
- 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.

Tailored responses

Renta Corporación has an effective HR policy designed to enhance motivation and employee loyalty. Because the team is the key to success, Renta Corporación has devised, among other things, training schemes and special terms governing maternity leave.

Professional Code of Conduct

In 2006 the Company officially published its Professional Code of Conduct, stipulating required conduct for Company management and employees.

In-house training policy

Includes regular update reports on how the business is doing, Annual Employee Meeting and industry and departmental meetings or workgroups.

External training policy

Seminars and courses recommended by the company Courses suggested by employees. Language courses. Attendance at conferences, trade fairs, seminars or exhibitions. Ongoing and refresher training programs.

Maternity policy

In addition to all rights covered by current legislation, Renta Corporación has its own maternity policy. It should

be noted that during pregnancy employees are entitled to leave the office up to two hours early during the 45-day run-up to the estimated due date, on full pay. Furthermore, during the first year following maternity, female employees can choose from two options to balance work and family life: she can either take 16 weeks' statutory leave and reduce her working day by two hours until the child is one year old, or she can work the statutory minimum eight weeks under maternity leave rules and work only 09.00 to 14.00 hours until the child is six months old, and thus reduce her working day by up to two hours until the child is one year old. Both options are under full pay conditions.

Remuneration systems

Renta Corporación has established a variable remuneration system based on a deferred share allocation scheme for employees. Shares are received over a three-year period from scheme approval, allowing all team members to become Company shareholders, thus aligning shareholder and employee interests. In addition, this encourages and rewards loyalty to the Company.

d.2 Shareholders and Investor Community

Shareholders and the investor community aspire to the highest possible yield from their investment, whether as remuneration (dividends) or gain in value (appreciation). In addition to these expectations, it is increasingly expected of companies to be more responsible with the environment. It is now standard practice to expect them to have Corporate Social Responsibility policies in place. In this respect, Renta Corporación continues to advocate transparency with shareholders and investors through an effective communication system designed to satisfy their requirements and address their concerns.

Commitments

Renta Corporación's greatest commitment to its shareholders and investors is transparency. Its goal is to make available all financial and corporate information on the company to generate trust and communication channels conducive to achieving good relationships. Business ethics is also a mainstay. Therefore, every financial year the company strives to apply the highest possible international standards governing Good Corporate Governance.

Tailored responses

Practices developed by Renta Corporación, either implemented or in progress, have two defined goals. On the

one hand, to put mechanisms in place to ensure transparency for shareholders and investor groups, and on the other, to set up effective systems to ensure compliance with Good Governance rules.

Transparency Policy

- Publication of materials: Annual Report, Annual Corporate Governance Report based on the Good Governance Code for listed companies of 19 May 2006 (Conthe Code) and Annual Corporate Social Responsibility Report.
- Implementation and development of Investor Relations function in 2006. At its heart is the Shareholder Office, a tool designed to ensure transparency for markets and the investor community. The service contemplates several points of contact (phone, post, email, in person).
- Company website updates and compliance with requirements of Good Governance rules.

Policy on compliance with Good Governance rules.

In order to achieve the most effective compliance, Renta Corporación has set up two management and supervision bodies at the centre of the Board of Directors: an Audit Committee and an Appointment and Remuneration Committee. These committees supervise appropriate management and ethics in how the company does busi-

ness. Their involvement serves as an encouragement to management in their commitment to a policy of total transparency, responsibility and efficacy. In this respect, since

2005 the company jointly publishes an Annual Corporate Governance Report and Annual Audit Committee Report, outlining Committee actions, agreements and measures.

d.3 Clients and Tenants

This interest group involves a broad range of profiles: tenants with option to buy, occasional and repeat buyers, potential clients and even the company itself, which also acts as an internal client. For each group Renta Corporación has a series of mechanisms and commitments in place designed to ensure compliance with the law and assurance of professional integrity.

Commitments

Customers

Renta Corporación deals with all customers, suppliers and partners honestly, fairly and objectively, honouring commitments and working at all times to extremely high standards of professional responsibility and in compliance with the most stringent statutory requirements. Sustainability of these relationships is reflected by a good number of loyal customers, who time and again channel their real estate investments into Renta Corporación products.

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, prevail over everything else, as does strict confidentiality of their personal details.

Tailored responses

Renta Corporación has implemented actions tailored to each of the subgroups with which it has dealings.

Customers

As for information policy, reports are produced to highlight potential deviations in works, and information is sent out regularly on property offers to the company's repeat clients. Commercial approaches are also made to clients, including matters such as the option to take over the relevant mortgage, as applicable.

Tenants

Renta Corporación has implemented a range of mechanisms to ensure that the tenant is treated fairly, honestly and respectfully:

- Internal excellence policy in dealings with tenants.
- Contract policy. 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.
- Policy towards investors in leased assets. Renta Corporación requires investors to sign a notarised document undertaking to comply with the lease agreement.

Interest group profile

- *Tenants*
- *Occasional buyers: companies and individuals*
- *Repeat buyers: private and institutional investors (investment funds, companies)*
- *Potential clients*



d.4 Suppliers

Renta Corporación deals with two types of supplier. Property suppliers, who expect to be treated fairly, honestly and with dedication, as well as preferential treatment. External resource and service providers, who expect fair treatment, continuity, recognition of their work and good remuneration, in terms of pay and deadlines. To meet all demands from this broad interest group, Renta Corporación has devised specific strategies and implemented a working system based on commitment.

Commitments

Honesty, fair play and objectiveness in dealings with suppliers and partners. Therefore, the work ethos is to honour commitments and always behave with utmost professional responsibility while complying with the highest legal standards. Respect for the environment is another of the company's major commitments, which is underpinned by conveying the need for sound environmental management.

Interest group profile

Property suppliers

- *Occasional suppliers (individuals, office vendor companies, landowners)*
- *Repeat suppliers (property vendor institutions)*
- *Intermediaries (estate agents, property managers, brokers, commercial agents)*

Tailored responses

Renta Corporación has developed the following actions, some of which are currently being rolled out.

Regarding property suppliers

- Customer loyalty activities to encourage and strengthen good relations.

Regarding external service and resource providers

- Good practice policy:
 - Clause committing contractors to proper waste management and employment of workers registered with the Social Security.
 - Development of site safety schemes.
 - Only one builder per property.
 - Diversification of technical suppliers and contractors.
- Process to ensure loyalty in banking relations, redefining finance instruments by introducing structured finance.
- Partnering and transparency policy from supply of material information to the various technical partners and appraisers.

External and capital suppliers

- *Technical services (quantity surveyors, architects, commercial subcontractors, builders, engineers)*
- *Capital suppliers (banks and appraisers)*
- *Media advertising supply*
- *Legal and tax advisors*
- *Press Office:*
- *Systems suppliers*
- *External consultants*
- *Supplies*
- *Property managers*

d.5 Government Authorities

In order for the company's projects to succeed in the building transformation business, there needs to be an appropriate relationship with the government authorities and their technical personnel. To achieve this, Renta Corporación works on the basis of a range of commitments with local, regional and central government.

Commitments

Relations with the various authorities are guided by respect for institutions and strict compliance with their decisions and legal obligations.

Renta Corporación works closely with them, applying flexibility criteria and seeking solutions conducive to maximum profit in the real estate transformation business.

Tailored responses

Renta Corporación actions with regard to the authorities are designed to ensure maximum security, transparency and respect in all its dealings.

- Dealings policy.
 - Dialogue to ascertain what is actually expected of the Company.

- Policy of direct submission of projects to local planning officers.
- Policy of respect and cooperation with local planning officers.
- Project monitoring policy.
- Respect the proper review processes for development plans, securing building permits or acceptance of development projects.
- Security policy.
- Litigation as a last resort in order to ensure legal protection of Renta Corporación interests.
- Control and mitigation of any tax risks.
- Legal advice from outside specialists in several fields.

Interest group profile

- *Local government*
- *Regional government*
- *Central government*

d.6 Society

Renta Corporación exists and operates within a certain society. As one of its active agents, it must ensure healthy relations with all its other agents and convey a true and positive image of its business operations. A healthy understanding with the media and society at large allow the Company to establish two-way communication based on transparency. It also seeks to establish contacts to enable actions that are directly beneficial to different spheres in society, generating trust among the media and society towards the Company.

Commitments

Transparency of information, candour, respect and non-discrimination are the key values that underpin the company's relations with the media. Truth is a constant factor in all content of published information, and advertising and promotion campaigns respect society's ethical values. While maintaining confidentiality where

required, the aim is to disseminate as quickly as possible any information liable to be of interest and to respond speedily to questions or requests.

As for society, Renta Corporación's commitments are based on justice and honesty will all parties with which it comes into contact. Real estate projects the Company develops respect environmental protection. The Company is committed to give a portion of its profits back to society through charitable and human rights work.

Tailored responses

Renta Corporación has developed the following actions, some of which are currently being rolled out.

- Tenant relations policy
- Aversion to litigation and lawsuit policy.
- Communication policy.
- Founding of Fundación Renta Corporación.

Interest group profile

- *Media (general and specialist publications)*
- *Neighbourhood associations*
- *Consumer offices*
- *Society at large*

e. Fundación Privada Renta Corporación

e.1 Introduction

Renta Corporación is fully committed to society and the disadvantaged. Year on year the company develops this commitment by developing projects through Fundación Privada Renta Corporación. Since it was set up on 27 October 1999, the Foundation works with non-governmental and non-profit institutions and organisations whose shared goal is to address, through social support, the more serious issues afflicting today's society.

In 2006, social work carried out by Fundación Renta Corporación has involved working closely with 130 organisations, allocating some 800,000 euros to various charitable projects. Integration of immigrants, child aid through various action plans, support for women of special concern, etc. Actions driven and developed by the Fundación respond to changing needs in our culture with efforts focused in two main areas. On the one hand, funding and implementing actions and projects aimed

at improving material, sanitary and cultural conditions of affected people and, in particular, in developing countries. And on the other, make the general public aware of social issues in general to achieve heightened civil involvement. Two major backbones of an iron-cast commitment.

Fundación Renta Corporación 1999-2006. Evolution of the Company name

1999	Originally: P.E.H.M (Para Erradicar el Hambre en el Mundo – To Eradicate Hunger in the World)
2001 12 December	Changes name to “Fundación Privada Renta Antigua”
2004 19 January	Changes name to “Fundación Privada Renta Corporación”

e.2 Board of Trustees

Fundación Renta Corporación is represented, governed and managed by a Board of Trustees, the highest governing body representing the Foundation.

Among other powers, the Board of Trustees and all its members work to ensure compliance with the founding purpose of the organisation and that generated benefits, fruits and revenues are channelled appropriately.

Members of the Board of Trustees at 31 December 2006

Chairman	Luis Hernández de Cabanyes
Secretary and Treasurer	Esther Giménez Arribas
Members	Cristina Orpinell Kristjansdottir Elena Hernández de Cabanyes Josep-Maria Farré Viader

e.3 Social Action of Fundación Renta Corporación

Project selection criteria

Fundación Renta Corporación's commitment to society is realised through developing projects within a social framework.

Project selection criteria essentially revolve around two key factors:

- **Trustworthiness of** the charitable institution.
- **Beneficiaries.** Childhood, the infirm, basic needs, emergencies, etc.

The Foundation endeavours to be a living, useful and efficient entity, consistent with society's changing needs. Therefore it has fixed arrangements to address focalised issues, sometimes confined to a single territory. Yet it also renews its partnerships and contributions annually, based on prevailing circumstances.

e.4 Fixed Annual Agreements Commitment and Work

Fundación Renta Corporación has several agreements in place with several non-governmental organisations or associations, among them:

INTERMON OXFAM

This cooperation is based on an annual endowment to fund a variety of development projects in countries that need them and actions aimed at raising social awareness across Spain.

One of the main events is the Day for Hope, a celebration of solidarity organised annually by Intermon Oxfam, involving over 250,000 people. The goal is to enhance education in Africa and garner support for the population in Latin America, in order to improve their capacity for production and marketing agricultural products to guarantee their basic sustenance and to defend their basic rights.

Additionally, Renta Corporación, through Intermon Oxfam, provides aid to victims of specific disasters such as tsunamis, refugee migrations, etc. The Foundation also sponsored events in 2006 to celebrate Intermon's 50th anniversary.

UNICEF

A project with a major overall goal: guaranteeing the rights of children throughout the world, in accordance with the mandate for the United Nations Children's Fund.

This covenant comprises an annual endowment to fund development of social and humanitarian work in the Third World, such as quality education for children; holistic development of early infancy to provide boys and girls with a better future; immunisation; the fight against HIV/AIDS and the right to know how to prevent it; and protection of children from exploitation, violence, abuse and discrimination.

e.5 Direct Management Projects. Leading Solidarity

Fundación Renta Corporación also develops social projects through more direct management. The Foundation leads the Mixta África project, devised to help eradicate poverty in African countries, providing decent housing, employment and supporting general development in action areas. With a 48.73% holding, its value at 31 December 2006 was 45 million euros.

These activities stem from a commitment to build affordable homes in Africa. The goal for 2007 is to finish 3,000 dwellings with surface areas ranging from 30 to 60 m². It

supplements this activity by acquiring, transforming and selling land.

Two avenues that pursue two complementary goals. On the one hand **wealth creation**. In this respect, the Fundación seeks to ensure that the profit from its involvement in Mixta África is reinvested in the region. And on the other, apply a policy of **sustainability and improved quality of life in all completed developments**



e.6 Joint projects. The sum of Resources and Concerns

In order to diversify social aid as much as possible, Fundación Renta Corporación works with several organisations, focusing intervention and resources on several operating spheres. The result is involvement in projects with very different features, both in terms of relationship with beneficiaries and the type of cooperation provided. Therefore, the Foundation channels its support through **three types of partnership:**

- Funding as source of cash: improvements at sites managed by the organisations, procurement of materials and basic needs, etc.
- Sponsorship of events seeking to raise money. concerts, paddleboard and golf tournaments, etc.
- Funding of projects focused on specific collectives and regions in order to address issues with a clearer focus.

e.6.1 Projects for Children

Children constitute one of the most vulnerable groups in society. The Foundation works with numerous organisa-

tions to provide them with better quality of life, greater stability at home and easier access to education.

Partnership list Year 2006

Charity	Action
Menudos Corazones	Sponsorship of children's musical theatre "La Academia de Latón". Aim: raise funds for projects involving children with heart disease.
Fundación Pequeño Deseo	Partnerships to assist in granting last wishes of children with terminal diseases. Sponsorship of the book <i>Palpito contigo la vida</i> by José Luis Terraza, and partnership in organising its presentation. Sponsorship of the 5th Children's Music Festival
Tierra y Vida (Earth and Life)	Endowment to ensure the services of child educators in developing countries.
Fundación Theodora	Golf tournament sponsorship to raise funds for this charity, and organisation of clowns to visit children in hospital.
Fundación Fabretto	Sponsorship of a fashion-show dinner to raise funds in support of childhood projects in Nicaragua.
Fesmai	Gala dinner sponsorship. Fundraising for a Guatemala school.
Asociación Adopta	Gala dinner-raffle. Forgotten children project.
Fundación Codespa	"Diego Amador" dinner concert sponsorship. "La Cabaña" soup kitchen project run by Colombian NGO Laudes Infantiles.
Fundación Talita	Promotion of a fundraising paddleboard tournament. December sponsorship calendar Both actions are aimed at projects in support of Down's syndrome children.
Asociación FADA	Concert sponsorship. Project: funding for the prevention of child sexual abuse.
Fundación ACOES	Sponsorship of II Golf Tournament. Container sent with basic supplies for the new school in the Copán region (Honduras).

Fundación Cometas de Esperanza	Endowment to fund six months of soup kitchen for children living in a Dominican Republic waste site.
Fundación Pallapupas	Endowment to "Jarabe de Risa" show to raise funds for the charity, which takes clowns to entertain hospitalised children.
Fundación Tunky Conservation	Aid to build a primary school in Peru.
Fundación Esclat de Bellvitge	Support to improve training and services in the Bellvitge district in Barcelona. endowment to produce annual report and funding for the summer camp.
Fundación Cassià Just	Food funding for children in Nicaragua.
Casa Ronald-Macdonald	Parties for children with cancer.
Fundación Aldeas Infantiles SOS	Member of the corporate platform. Funding for this private charity that works to support children internationally.

Examples of projects aimed at children

FUNDACIÓN MENUDOS CORAZONES

To raise funds, Fundación Renta Corporación promoted children's musical "La Academia de Latón". A show to raise funds for this non-profit organisation made up of friends and family of children and youngsters with congenital and acquired heart disease.

FUNDACIÓN PEQUEÑO DESEO (LITTLE WISH FOUNDATION)

Two actions have been undertaken with this charity that grants wishes to children with chronic or terminal disease. Fundación Renta Corporación sponsored the book *Palpito contigo la vida* by José Luis Terraza, and was involved in organising its presentation: a book in which the author

expresses his thoughts and feelings through poems he wrote during his daughter's illness. Money raised from sales was donated to Fundación Pequeño Deseo. The second action was a supporting role in organising the 5th Children's music festival for Fundación Pequeño Deseo in June 2006.

BABY FOOD SHIPMENTS

Following on from actions taken in 2005, in 2006 the Foundation sent baby food and formula milk to Equatorial Guinea (Bata and Malabo), through several charities such as: Cáritas Malabo, Hospital General de Malabo, Hospital de Lubá y Sagrado Corazón de Jesús. Action undertaken in partnership with Laboratorios Ordesa.



Fundación Menudos Corazones



Fundación Pequeño Deseo



FUNDACIÓN TALITA (TALITA FOUNDATION)

This charity supports Down's syndrome children and teenagers in achieving social integration and access to jobs. Fundación Renta Corporación has once again sponsored the charity's annual calendar. Also in 2006 the Foundation was involved in the social paddleboard championship at Barcelona's Real Club de Polo to raise funds.

SOS CHILDREN'S VILLAGES FOUNDATION

Founded in Austria in 1949, this worldwide children's charity seeks to integrate the children in its care into society and provide them with a family. Its mission is to encourage self-reliance and independence with equal rights and duties as their peers. Fundación Renta Corporación is a member of the Aldeas corporate platform, an effective partnering model contributing to developing the charity's projects.

AQUÍ PINTAMOS TODOS

The 6th charity fashion show was held on 12 November at Hotel Arts in Barcelona. This fundraising event was organised by several charities working to give children a better life. AFAPAC, Fundación de Oncología Infantil Enriqueta Villavecchia, Fundación Talita, ADOPTA, Fundación Adana and Asociación catalana de SXF (Fragile X syndrome: main cause of hereditary mental retardation). Fundación Renta Corporación was once again actively involved as event sponsor.



Fundación Aquí Pintamos Todos



Fundación Talita



Fundación Aldeas Infantiles SOS

e.6.2 Projects for the disabled

Even though year on year progress is made in providing physically or mentally disabled with social support, more needs to be done to achieve full integration. Integration where they can take on work responsibilities and be

treated fairly and supportively by society. Fundación Renta Corporación has backed many projects of this sort in 2006.

Partnership list Year 2006

Charity	Action
Fundación Deporte y Desafío (Sport and Challenge Foundation)	Sponsorship of a fundraising event in support of social integration of disabled people.
Fundació Catalana Síndrome de Down (Catalonian Down's Syndrome Foundation)	Endowment for Cuentacuentos project: school roadshow to raise awareness of this disease.
Fundación Ludalia	Endowment to develop educational training courses for children with cerebral palsy.
Proyecto Aura	Endowment to support access to the job market for people with Down's syndrome.
Fundación Catalana de ciegos y disminuidos visuales (Catalonian Sight Impaired Foundation)	Endowment for mentoring project.
Fundación Vicky Sherpa EDUQUAL	Endowment for project supporting integration of children with physical or emotional disability at the Daleki school (Katmandu).
Fundación de Ciegos Manuel Caragol (Manuel Caragol Foundation for the Blind)	Sponsorship of a golf championship. Project to bring Information Technology to the sight impaired.
Special Olympics	Sponsorship of national games in which only mentally disabled people take part.
Fundación DOWN Lleida	Endowment for social and employment integration for people with Down's syndrome.
Albergue INOUT	Sponsorship of a calendar to provide job opportunities for young people with Down's syndrome.
Fundación Privada IRIS	Endowment for "Hogar residencia IRIS" project.
Fundación Clarós	A charity supporting a fundraising concert for the deaf.

Examples of projects aimed at people with disabilities

FUNDACIÓN DE CIEGOS MANUEL CARAGOL (MANUEL CARAGOL FOUNDATION FOR THE BLIND)

In order to raise funds to continue with new projects and efforts to bring information technology to the sight impaired, Fundación de Ciegos Manuel Caragol organised the 8th golf tournament for this charity. Fundación Renta Corporación sponsored the event, held in July at Sant Cugat Golf Club.

SPECIAL OLYMPICS

The National Special Olympics Games have shown that there are new ways to achieve social recognition and acceptance through sport for mentally disabled people. Fundación Renta Corporación was one of the 2006 Games sponsors, this time held in Lloret de Mar.

e.6.3 Health Projects

Many lives are cut short by serious or chronic disease. Fundación Renta Corporación has endeavoured to be part of the solution by working with charities dealing

with varying health-related issues. The aim is to become actively involved in research activities and solutions to improve patients' quality of life.

Partnership list Year 2006

Charity	Action
Fundación Sant Joan de Déu	Endowment for developing cancer research laboratory. Supporter of a fashion-show cocktail to raise funds for children at the hospital.
Programa Cuida'm (Take care of me) – Hospital Sant Joan de Déu	Special supporter of the 95th International Jumping Competition to raise funds for operating Noel, a nine-year-old Ugandan boy.
Fundación Hermanos de San Juan de Dios de Sierra Leona	Endowment to implement the quick HIV test.
Club de Trasplantes Hepáticos (Liver Transplant Club)	Endowment for guest flats for relatives of patients awaiting a transplant.
Fundación Josep Carreras	Three-year contract for an endowment, maintenance and management project involving five guest flats for relatives and patients receiving cancer treatment.
Fundación ADANA	Sponsorship of 2nd symposium for professionals: HADD updates to enhance quality of life for people with hyperactive attention deficit disorder.
Fundación de Oncología infantil Enriqueta Vilavecchia (Infant Cancer Foundation)	Supporter at dinner – raffle "Per un somriure" ("For a smile"). Project in support of relatives of children with cancer.
Fundación Esclerosis Múltiple (Multiple Sclerosis Foundation)	Sponsorship of Mulla't (Dive in) project to set up a full-service advanced treatment centre.
Forum FECEC 2006	Supporter of forum on "Psycho-oncology in interdisciplinary treatment of oncology patients".
Fundación AMREF	Sponsorship of solidarity dinner: fundraiser for Fundación Africana para la Medicina y la Investigación (African Foundation for Medicine and Research).
TALE-TÁLAMO	Endowment for development of universal healthcare in developing countries; Senegal is the main target.
Fundación Jubert Figueras	Support to provide accommodation for patients and relatives who are far from home due to an illness.
Fundación BALIA	Endowment in a project for children in need and dropouts in the La Latina and Tetuán districts of Madrid.
Fundación AIRG	A company supporting the 2nd annual meeting of AIRG-España, driving research into genetic kidney disease.

Some examples of health projects

PROGRAMA CUIDA'M – HOSPITAL SANT JOAN DE DÉU

The goal of this foundation and the Cuida'm (Care For Me) programme was to raise funds to help cover the cost of treating Noel, a nine-year-old Ugandan child who had

surgery in Barcelona to remove a huge pulmonary cyst. This is why the charity organised the 95th International Jumping competition on 16 and 17 September at the Barcelona Real Club de Polo. Fundación Renta Corporación sponsored the event, which included an event for children: a children's pony park where the younger ones could ride for the first time.

FUNDACIÓN JOSEP CARRERAS (JOSE CARRERAS FOUNDATION)

Since 2004, Fundació Renta Corporación has a covenant with Fundació Josep Carreras, whereby the Foundation contributes to funding, maintaining and managing five guest flats in Barcelona for patients (and relatives) being treated for cancer. The flats also have specialised support staff.

FUNDACIÓN DE ONCOLOGÍA INFANTIL ENRIQUETA VILLAVECCHIA (INFANT CANCER FOUNDATION)

Since 1999 this charity has worked hard to improve the lives of children with cancer and their families. To raise funds, it organised a dinner raffle at the Barcelona Real Club de Tennis. Fundació Renta Corporación sponsored the event, and funds raised went to the project to support families of children with cancer, involving financial aid and maintenance of eight guest flats for families away from home because of treatment requirements. Over 250 people attended the event, raising 13,905 euros from the raffle and 26,959 euros from other donations.

FUNDACIÓN ESCLEROSIS MÚLTIPLE (MULTIPLE SCLEROSIS FOUNDATION)

Fundació Renta Corporación sponsored the annual "Mulla't per l'esclerosi múltiple" ("Dive in for multiple sclerosis") campaign: pools to dive into to raise funds to improve the quality of life of patients afflicted with this disease. The event involved 870 participating pools (600 in Catalonia), 84,200 participants who swam a staggering 61,800,000 metres. The purpose of the event was to raise funds to build a high-tech holistic care centre for patients with progressive neurological disability, to be located at the Barcelona Vall d'Hebrón University Hospital.



Fundación Sant Joan de Déu



Fundación Josep Carreras



Fundación Esclerosis Múltiple (Multiple Sclerosis Foundation)



Fundación Enriqueta Villavecchia

e.6.4 Social Integration Projects

Again Fundació Renta Corporació has taken up the fight against discrimination. This has involved support for numerous projects aimed at various groups facing the risk

of social exclusion. The immigrant population and support action for women have been predominant in 2006.

Partnership list Year 2006

Charity	Action
Fundación RED ALOGE	Endowment to aid homeless immigrants.
Fundación BABEL punto de encuentro (BABEL Meeting Point Foundation)	Projects to support immigrant integration in Europe. Funding for education grants. Endowment to upgrade an orphanage: building of a water tank.
Fundación Proyecto Gloria (Gloria Project Foundation)	A charity involved in organising a dinner dance with "Mira quien baila" (Spain's equivalent of "Strictly Come Dancing") to raise funds to pay for flats to shelter homeless people with Aids.
Fundación Nuevo Amanecer (New Sunrise Foundation)	Cash endowment to pay for annual oil bills for the abused women foundation.
Fundación Juan XXIII	Donation for "Dones" project, which seeks to improve employability of women through training.
Veïns del Món (Neighbours of the World)	Endowment for social project based on organising market stalls for gypsy women at Sant Adrià del Besós (Barcelona).
Fundación EXIT	Annual support for return to society and work for youths at risk of social exclusion in Barcelona.
Fundación Llar Trobada (Found Home Foundation)	Endowment for resident sustenance: youths with no family support.
Fundación MARIANO	Endowment for "Casal de Joves", a project to support children and youths at risk of social exclusion.
Fundación ARED	Sponsorship of fashion show in support of women's employability for return to society and work.
Fundación Raval Solidari	Sponsorship of a golf championship to raise funds to improve quality of life for people living in the district of Raval (Barcelona).
Escola Labouré del Raval	Cash endowment for this school located in the district of Raval (Barcelona).
Fundación XAMFRA	Charity involved in organising TRANSFORM ART: A project using music as a means to integration.

Examples of some social integration projects

FUNDACIÓN BABEL PUNTO DE ENCUENTRO (BABEL MEETING POINT FOUNDATION)

This foundation supports integration of immigrants in Europe through cultural education and literacy courses. Fundació Renta Corporació has worked with the charity to fund education grants for five children. It has also contributed to upgrading the orphanage, supporting construction of a water tank.

FUNDACIÓN PROYECTO GLORIA (GLORIA PROJECT FOUNDATION)

Work with this charity that assists homeless AIDS victims through supply and management of shelter flats became very high profile by organising a dinner dance with the stars of prime time TV show "Mira quién baila".



Fundación Raval Solidari



Fundación Raval Solidari



Fundación Ared



Fundación Sant Joan de Déu

e.6.5 Community Development Projects

Eradicate poverty, eliminate social inequality, support literacy and progress in other regions where inhabitants lack basic resources: There is still a long way to go in the field

of community development. Therefore, Fundación Renta Corporación has supported several local and international projects.

Partnership list Year 2006

Charity	Action
Fundación FUNDESO	Endowment to organise a fund raising gala dinner to improve quality of life of people in Argentina and other regions of Latin America.
Fundación G3T	Support for a schooling project organised by the charity involving humanitarian projects for economic and social development in Africa.
Fundación RIMKIETA	Endowment for development projects in Burkina Faso.
San Francisco de Asís Guatemala	Endowment to upgrade the nutrition centre: funding for a new fridge.
Fundación ADIA ÁFRICA	Endowment for development projects in Africa.
Escoles MARIA WARD	Endowment to the school's congregation in Brazil to support completion of projects involving wells and community allotments in the region of Piaupi, particularly in a village called Paes Landim.
Fundación COMPARTE	Aid for 2006 flood victims in Chile.
Fundación África Viva	Involvement in organising a concert in support of a school of country doctors in Ethiopia.
Fundación del Sagrado Corazón en Chad (Chad Sacred Heart Foundation)	Involvement in fundraising for development projects in the Third and Fourth World. A project under the umbrella of prom night at Colegio Sagrado Corazón de Sarriá (Barcelona).
Por una sonrisa en África (For a smile in Africa)	Sponsorship of the 4th golf circuit trophy. Aim: fundraising to build a women's development centre in Darou Salam (Dakar, Senegal).
Fundación Vicente Cañas	Charity involved in organising a concert dinner for social change in the southern region of Cochabamba (Bolivia).
Fundación AFNE	Involvement in photography show "Objetivo: Etiopía".
Cooperación Internacional	Sponsorship of the 8th charity golf tournament to raise funds for the international volunteer plan.
Fundación Entreculturas	Endowment for education and village development projects, particularly in Latin America and Africa.
ONG Interlibros	Endowment to improve education and literacy for children in South and Central America through second-hand books.
Fundación PAX	Mónica Green concert sponsorship. Antipersonnel mine project: artificial limb implants.
Fundación ANNE	Endowment for "Unidad de atención a la familia" ("Family attention unit") project.
Fundación IUVE	Endowment for upgrade to "1 kilo de ayuda de Hospitalet de Llobregat" (Barcelona) centre.
Asociación de familias monoparentales de Catalunya (Catalonian Association of Single Parent Families)	Endowment to the charity for a playroom.
Fundación Salas	Endowment for developing strategies to ensure access to a home.

Fundación Buena Voluntad en Acción	Endowment to improve quality of life for the more disadvantaged groups in the Fourth World.
Fundación Hospitalitat de la Mare de Déu de Lourdes de Barcelona	Support to organise a fund-raising dinner for the charity, which drives projects in support of sick, lone and/or disabled people.
Fundación Terral	Endowment to develop the Terral centre run by the "Iniciativas de Solidaridad y Promoción" NGO to encourage social volunteering.
Fundación Grup de Dol	Endowment for "Apoyo a grupos de inmigrantes-pérdida ser cercano" project.

Examples of projects aimed at community development

POR UNA SONRISA EN ÁFRICA (FOR A SMILE IN AFRICA)

This foundation focuses on villages in Senegal to support sustained development in the region. Fundación Renta Corporación was involved in organising the 4th golf championship, covering 5 golf courses across Catalonia. Funds were used to build a women's development centre in the district of Darou Salam (Dakar, Senegal).

COOPERACIÓN INTERNACIONAL

This NGO supports social engagement of youths in aiding the disadvantaged. Through a commitment to serve and an open mind able to teach others and learn from them, the social awareness of these youths contributes towards building a better society for the future. The 8th charity golf tournament was organised to raise funds for this charity, with Fundación Renta Corporación as sponsor. The event attracted over 150 golfers to compete at the Torrejón de Ardoz golf course in Madrid.

FUNDACIÓN PAX

Fundación Renta Corporación sponsored a concert featuring Mónica Green at the Palau de Congressos de Catalunya. This event was in support of the fight against antipersonnel mines project, which allows under-16's to come to Barcelona to have artificial limbs fitted and thus be able to walk again.



Fundación Pax



Fundación Cooperación Internacional



Fundación Por una Sonrisa en África





6

Consolidated
Annual Accounts
2006

a. Audit Report



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Free translation of the auditor's report on the consolidated annual accounts originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

AUDITOR'S 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. (Parent Company) and its subsidiaries (the Group) consisting of the consolidated balance sheet as at 31 December 2006, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, 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 performed 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. For comparative purposes and in accordance with Spanish Corporate Law, the Parent Company's Directors have presented for each item in the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes to the consolidated annual accounts, the corresponding amounts for the previous year as well as the amounts for 2006. Our opinion refers solely to the 2006 consolidated annual accounts. On 13 February 2006 we issued our audit report on the consolidated annual accounts for 2005 in which we expressed an unqualified opinion.
3. In our opinion, the accompanying consolidated annual accounts for 2006 present fairly, in all material respects, the consolidated financial position of Renta Corporación Real Estate, S.A. and its subsidiaries as at 31 December 2006 and the consolidated results of their operations, changes in consolidated net equity and consolidated cash flows for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with International Financial Reporting Standards as adopted by the European Union, applied on a basis consistent with the preceding year.



4. The accompanying consolidated Directors' Report for 2006 contains the information that the Parent Company's Directors consider relevant to the Group's position, the evolution of its business and 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 Directors' Report coincides with that of the consolidated annual accounts for 2006. 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 accounting records of Renta Corporación Real Estate, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in black ink, appearing to read 'M. Valls Morató', is written over a diagonal line that extends from the left margin towards the center of the page. The signature is written in a cursive, somewhat stylized script.

Manuel Valls Morató
Audit Partner

22 February 2007



b. Annual Accounts

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RENTA CORPORACIÓN REAL ESTATE, S.A.
Consolidated Balance Sheet at 31 December
(in thousand euros)

ASSETS	Nota	2006	2005
Non-current assets			
Property, plant and equipment	6	1,198	1,027
Intangible assets	7	182	131
Investments in associates	8	4,254	495
Long-term receivables	9	1,100	142
Long-term prepayments	9	70	245
Deferred income tax assets	18	1,420	195
Total non-current assets		8,224	2,235
Current assets			
Inventories	10	710,194	323,534
Trade and other receivables	9	163,536	64,247
Loans and receivables with related parties	33	1,275	1,094
Cash and cash equivalents	11	6,071	3,180
Total current assets		881,076	392,055
Total assets		889,300	394,290

EQUITY AND LIABILITIES	Nota	2006	2005
Share capital and reserves attributable to equity holders of the company			
Share capital	12	102,689	21,427
Cumulative translation adjustment	13	(29)	(7)
Retained earnings and other reserves	14	101,239	62,970
		203,899	84,390
Minority interests	15	-	604
Total equity		203,899	84,994
LIABILITIES			
Non-current liabilities			
Provisions for liabilities and charges	31	4,660	-
Deferred tax liabilities	18	1,124	-
Trade and other payables	16	-	27
		5,784	27
Current liabilities			
Trade and other payables	16	157,717	81,218
Borrowings	17	507,313	216,129
Current income tax liabilities	26	14,587	11,922
Total current liabilities		679,617	309,269
Total liabilities		685,401	309,296
Total equity and liabilities		889,300	394,290

The notes on pages 92 to 128 form an integral part of these consolidated financial statements

RENTA CORPORACIÓN REAL ESTATE, S.A.

Consolidated Income Statement

Year ended 31 December

(in thousand euros)

	Nota	2006	2005
Revenue	19.1	590,035	320,843
Other Income	19.2	6,172	3,258
Purchase costs and changes in inventories	20	(468,675)	(242,692)
Employee benefit expense	23	(15,181)	(9,125)
Amortisation, depreciation and impairment losses	21	(336)	(290)
Other external expenses	22.1	(20,466)	(13,525)
Local taxes	22.2	(14,535)	(4,780)
Operating profit		77,014	53,689
Financial expenses	25	(9,767)	(4,907)
Share of profit / (loss) of associates	8	3,671	(41)
Profit before income tax		70,918	48,741
Income tax expense	26	(23,417)	(16,105)
Profit for the year		47,501	32,636
Attributable to:			
Company shareholders		47,501	32,502
Minority interests		-	134
Earnings per share for profit attributable to the equity holders during the year			
(in euros per share)			
- Basic		1.97	1.48
- Diluted		1.97	1.48

The notes on pages 92 to 128 form an integral part of these consolidated financial statements

RENTA CORPORACIÓN REAL ESTATE, S.A.
Consolidated Statement of Changes in Equity
(in thousand euros)

<u>Attributable to equity holders of the company</u>						
	Notes	Share capital (Note 12)	Cumulative translation adjustment (Note 13)	Retained earnings and other reserves (Note 14)	Minority interests (Note 15)	Total net equity
Balance at 1 January 2005		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	12,3	(94)	-	-	-	(94)
Cumulative translation adjustment	13	-	(7)	-	-	(7)
Dividends paid	14	-	-	(2,987)	-	(2,987)
Sale of treasury shares	12,3	57	-	104	-	161
Saldo a 31 de diciembre de 2005		21,427	(7)	62,970	604	84,994
Capital increase expenses	12,5					
- gross		(8,298)	-	-	-	(8,298)
- tax effect		2,904	-	-	-	2,904
Profit for the year		-	-	47,501	-	47,501
Total recognised income and expense for the period		(5,394)	-	47,501	-	42,107
Capital increase	12	89,320	-	-	-	89,320
Purchase of treasury shares	12,3	(3,790)	-	-	-	(3,790)
Sale of treasury shares	12,3	1,126	-	662	-	1,788
Cumulative translation adjustment	13	-	(22)	-	-	(22)
Shares reserve plan	34	-	-	359	-	359
Dividends paid	14	-	-	(10,086)	-	(10,086)
Purchases of minority interests	15	-	-	-	(604)	(604)
Variation in investment in associates	14	-	-	(167)	-	(167)
Balance at 31 December 2006		102,689	(29)	101,239	-	203,899

The notes on pages 92 to 128 form an integral part of these consolidated financial statements

RENTA CORPORACIÓN REAL ESTATE, S.A.

Consolidated Cash Flow Statement (presented using the indirect method)

Year ended 31 December

(in thousand euros)

	Note	2006	2005
Cash flows from operating activities			
Cash used in operations	30	(322,596)	(25,663)
Interest paid	25	(16,807)	(7,690)
Taxes paid	26	(20,854)	(7,506)
Net cash used in operating activities		(360,257)	(40,859)
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(428)	(361)
Proceeds from sale of property, plant and equipment	30	204	-
Purchases of intangible assets	7	(166)	(114)
Acquisition of available-for-sale financial assets	9	(927)	(290)
Income from the sale of available-for-sale financial assets		-	8
Purchases of minority interests from a Group company	15	(604)	-
Dilution of shareholding in an associate	8	6	-
Loans granted to related parties	33	(1,275)	(700)
Repayment of loans granted to related parties	33	2,891	9,312
Deposits	9	(557)	(677)
Repayment of deposits and guarantee deposits	9	600	541
Interest received	25	1,127	399
Net cash generated from/(used in) investing activities		871	8,118
Cash flows from financing activities			
Proceeds from issuance of ordinary shares (with share premium, net of capital increase expenses)	12	83,927	-
Acquisition of treasury shares	12.3	(3,791)	(94)
Sale from treasury shares	12.3	1,788	161
Proceeds from borrowings	17	845,577	409,197
Repayment of borrowings	17	(555,138)	(372,589)
Dividends paid	14	(10,086)	(2,987)
Net cash generated from financing activities		362,277	33,688
Cash at beginning of the year	11	3,180	2,233
Cash at end of the year	11	6,071	3,180
Net (decrease)/increase in cash and cash equivalents		2,891	947

The notes on pages 92 to 128 form 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 2006 year end has a group (hereon, the Group), made up of 13 companies: Renta Corporación Real Estate, S.A., as the parent company, 9 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 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%. During the year 2006 the shareholding in this company has decreased to 31.28%.

On 25 May 2005 RC Marruecos Tánger, S.A. fully incorporated the Moroccan company RC Fundación Marruecos Tánger, S.A.R.L. This company changed its registered name to Mixta África Maroc, S.A.R.L. on 8 December 2006.

During 2006 Mixta África, S.A. incorporated three companies in Africa, and has not undertaken any activity during the year.

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.

On 13 July 2006 Renta Properties (UK), Limited sold One Vincent Square, Limited.

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

On 9 January 2006 the parent company acquired the remaining 3% shareholding in Renta Corporación Real Estate Finance, S.L.U. and now holds 100% of its share capital.

On 7 November 2006 two companies were incorporated in Luxembourg, RC Real Estate Luxembourg, S.A.R.L. and Norfeu, S.A.R.L.

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 offices:** acquisition of large urban buildings, usually office or industrial buildings, for transformation and later sale. The transformation phase usually includes changes in use, physical improvements to the buildings, and market repositioning; through improvements or changes in their main uses.
- **Transformation of land:** acquisition of large building complexes for transformation and later sale. The transformation phase is carried out 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. The business units differ based on the types of real estate assets acquired and the type of transformation applied in order to maximise the sale value.

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, division or aggregation of buildings, etc.

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

These consolidated financial statements were formulated by the Board of Directors on 21 February 2007.

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

RENTA CORPORACIÓN REAL ESTATE, S.A.
Notes to the Consolidated Financial Statements
(in thousand euros)

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.

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2.1. Basis of presentation

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 necessary for homogenisation with the parent Company. These consolidated annual accounts of the Group at 31 December 2005 and 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the IASB and IFRIC and adopted by the European Union and approved by the Regulations of the European Commission.

IASB and IFRIC have issued the following standards and interpretations which have application in years subsequent to the one started 1 January 2006: IFRS-7 "Financial Instruments: disclosures", IFRS-8 "Operating Segments", IFRIC Interpretation 7 "Applying the Restatement Approach under IAS-29 Financial Reporting in Hyperinflationary Economies", IFRIC Interpretation 8 "Scope of IFRS-2", IFRIC Interpretation 9 "Reassessment of Embedded Derivates", IFRIC Interpretation 10 "Interim Financial Reporting and Impairment", IFRIC Interpretation 11 "IFRS-2 Group and Treasury Share Transactions" and IFRIC Interpretation 12 "Service Concession Arrangements" (IFRS-8, IFRIC Interpretation 10, 11 and 12 have still not been adopted by the European Union). The Group has performed an analysis of possible impact on the financial statements at 31 December 2006 and has concluded that there are no significant impacts in the financial statements.

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

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, and can be compared with last year's figures.

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 unrealised gains on transactions between the Group companies are eliminated. Unrealised 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 recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised 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. Unrealised 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.
- **Transformation of offices:** acquisition of large urban buildings, usually office or industrial buildings, for transformation and later sale. The transformation phase usually includes changes in use, physical improvements to the buildings, and market repositioning; through improvements or changes in their main uses.
- **Transformation of land:** acquisition of large building complexes for transformation and later sale. The transformation phase is carried out 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 the 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 (thousands of euros)

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 recognised 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., and Mixta África Maroc, 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 recognised 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 and bearing in mind their respective residual values 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 capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives (four years).

2.7. Impairment of non-financial 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 recognised 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, which are classified as non-current.

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 realisable 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 others. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Net realisable value is assessed at every year-end.

Interest expense from borrowings directly attributable to the acquisition and transformation of a qualified property as well as other costs incurred in connection with the borrowing arrangements, are capitalised as a part of the cost of the property over the period of time necessary to complete and prepare the asset for its designed use. A qualified property is an asset that is expected to need a transformation period longer than 12 months as from its date of acquisition. 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 deeding of the purchase.

2.10. Trade and other receivables

Trade receivables are recognised initially at fair value. After initial recognition, they 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 recognised 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 acquires 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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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 recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. 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 Finance, S.L.U. is taxed under the general income tax regime. On 4 December 2006, this Company chose to be taxed under special the tax consolidation regime as per RD 4/2004/5 March, which adopted the Corporate Income Tax Act, and will be applied for fiscal year 2007.

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

Rental Corporación Real Estate, S.A., Renta Properties UK (Ltd.), and Masella Oesta, S.L. are subject to the general prorated VAT regime.

Groupe Immobilier Renta Corporación, S.A.S.U. is taxed under the marchand de biens VAT regime.

RC Real Estate Deutschland GmbH is taxed under the prorated regime in accordance with the specific German legislation.

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 the ownership of the asset is transferred, i.e., when the purchases-sale of a building is formally deeded (although, on exceptional occasions, the transfer of the property could be formalised by virtue of a private document, which is accounted for adequately), provided that significant risks and rewards of ownership deriving from the assets have been transferred to the buyer.

On some occasions the Group managed works on behalf of third parties (customers). In these cases the Group outsources the execution of the works to different contractors and reinvoices the cost to the customer. In these cases the income is recognised when the work is invoiced, together with the remuneration that has been agreed for the management of the works.

On other occasions, the Group can sell a building with a commitment to carry out certain works on it, and take charge of the contracting, coordination and supervision, with the cost included in the sale price agreed. In these cases, the recognition of the sale is made when the purchase-sale is deeded, although the part of the margin on the remunerated part of the operation is deferred until the works are completed.

In the case of building swaps the possible difference between the cost of acquisition of the building ceded by the Group and the value of the building received by the Group is recognised as income or expense when the swap is deeded.

If there are suspensive conditions to either the sales and swaps, the recognition of income will be deferred until these are completed and the swap or sale is finally concluded.

Interest income is recognised using the effective interest rate method, which cannot exceed the nominal interest rate.

Expenses are recognised when they accrue, independently 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. Environment

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.

2.22. Employee benefits

Share-based compensation

The Group has a compensation plan based on shares and payable in shares. The fair value of the services of employees in consideration for shares is expensed over the accrual period. The total amount that is expensed over the accrual period is determined by the fair value of the shares granted at the beginning of the operation.

3. Management of financial risk

3.1. Financial risk factors

Credit risks

The Group faces risks relating to 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 or through a domain reserve agreement or similar guarantees that allow the Group to recover the ownership of the building in the event of a default on payment of the price. Notwithstanding the above, on certain occasions, with recurrent customers, the Group has received an uninsured personal guarantee. The Group has not experienced difficulties in the past relating to the collection of the Group accounts receivable for sales of this type.

Liquidity risks

Decreases in the liquidity of the real estate market: the Group is engaged in the purchases, transformation and sale of real estate assets with high turnovers. The target inventory turnover is under one year, which requires dynamic asset management. The high quality of the assets, their location and easy access to the mortgage finance market ensures a high degree of flexible, assured coverage of its needs.

Financing of the acquisition of real estate: the acquisition of real estate and renovation and transformation activity is financed by debt, mainly mortgage-backed loans and other bank facilities. As a result, the Group is subject to the risk normally related to debt financing, including the risk that the cash flow from the real estate may be insufficient to repay the financing obtained. The loans obtained by the Group are guaranteed by mortgages on the buildings acquired. These operations are mainly carried out at the same time as the purchases of the asset, without bridge loans, and the liability is cancelled as soon as the sale is made, as the price is collected immediately, since, in many cases, the debt is subrogated by the buyer.

Moreover, the Group has excellent access to the bank market for credit facilities, which allow it to fulfill its other financing needs efficiently, flexibly, and especially for the purchases of investment options on assets.

Interest rate risks

Increase in interest rates: external financing is contracted at variable interest rates. At their current level and forecast on the variations that could arise in reference rates, and considering the foreseeable evolution of debt, the estimate is that the variations that could arise as a result of the evolution of this market will have a moderate effect on net results, and, accordingly, no derivative instruments are used to manage interest rate risk.

Exchange rate risk

The Group carries out its activity in the Euro zone, except for the UK. In this market direct access to local mortgage-backed financing allows for a natural hedge of exchange rate risk through the value of the asset. Exchange rate exposure is limited to the amount contributed by the parent company to the British subsidiary. The Company does not contract hedges for this risk given the small amount involved in relation to the consolidated figures.

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 expiration date 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 realisable 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.

5. Segment information

5.1. Primary format of presentation segment reporting: business segments

At 31 December 2006, the Group is organised European-wide into three main business segments.

- (i) Residential refurbishment
- (ii) Office transformation
- (iii) Land transformation

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

Account	Residential refurbishment	Office transformation	Land transformation	Not assigned	Total Consolidation
Revenue (Note 19.1)	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)
Gross margin	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

RENTA CORPORACIÓN REAL ESTATE, S.A.

Notes to the Consolidated Financial Statements

(in thousand euros)

The main accounts for the year ended 31 December 2006 are:

Account	Residential refurbishment	Office transformation	Land transformation	Not assigned	Total Consolidation
Revenue (Note 19.1)	306,427	203,959	79,649	-	590,035
- External	306,427	203,959	79,649	-	590,035
- Other segments	-	-	-	-	-
Purchase costs and changes in inventories	(259,812)	(150,243)	(58,620)	-	(468,675)
Gross margin	46,615	53,716	21,029	-	121,360
Total assets	219,405	282,502	375,195	12,198	889,300
Total liabilities	155,859	180,779	282,774	65,989	685,401

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

5.2. 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	2006	2005
Domestic	377,789	296,769
Foreign	212,246	24,074
	590,035	320,843

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

ASSETS	2006	2005
Domestic	757,212	305,094
Foreign	132,088	89,196
	889,300	394,290

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

Breakdown of revenue by segment of activity and geography:

	2006		2005	
	Domestic	Foreign	Domestic	Foreign
Residential refurbishment	114,864	191,563	146,991	24,074
Office transformation	183,276	20,683	103,140	-
Land transformation	79,649	-	46,638	-
	377,789	212,246	296,769	24,074

6. 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 2005				
Cost	51	709	391	1,151
Accumulated depreciation	(5)	(122)	(183)	(310)
Net book value	46	587	208	841
Year ended 31 December 2005				
Opening net book value	46	587	208	841
Additions	-	218	143	361
Depreciation charges	(1)	(85)	(89)	(175)
Closing 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
Year ended 31 December 2006				
Opening net book value	45	720	262	1,027
Additions	-	290	138	428
Disposals	(33)	(4)	(5)	(42)
Depreciation charge	(1)	(109)	(105)	(215)
Closing Net book value	11	897	290	1,198
At 31 December 2006				
Cost	13	1,209	660	1,882
Accumulated depreciation	(2)	(312)	(370)	(684)
Net book value	11	897	290	1,198

The book value of tangible assets fully depreciated totals euros 229 thousand and euros 64 thousand at 31 December 2006 and 2005, respectively.

Assets located outside Spain total euros 92 thousand and euros 74 thousand at 31 December 2006 and 2005, respectively.

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.

7. Intangible assets

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

	Total Computer Software
At 1 January 2005	
Cost	50
Accumulated amortisation	(17)
Net book value	33
Year ended 31 December 2005	
Additions	114
Amortisation charge	(16)
At 31 December 2005	131
Cost	164
Accumulated amortisation	(33)
Net book value	131

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	Total Computer Software
Year ended 31 December 2006	
Additions	166
Disposals	(74)
Amortisation charge	(41)
At 31 December 2006	182
Cost	256
Accumulated depreciation	(74)
Net book value	182

8. 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 2005	246	-	246
Participation in equity	-	290	290
Participation in results	231	(272)	(41)
At 31 December 2005	477	18	495
Participation in equity	-	88	88
Participation in results	(76)	3,747	3,671
At 31 December 2006	401	3,853	4,254

The increase in participation in results of Mixta África, S.A. is basically due to the capital increase with share premium that this company performed during the year, after deducting its loss for the year.

The shareholdings of the Group in these non-listed companies are as follows:

Name	Country of incorporation	% Shareholding	Assets	Liabilities	Operating Income	Profit (Loss)
2005						
Masella Oeste, S.L.	Spain	40%	1,953	757	6,069	578
Mixta Africa, S.A.	Spain	48%	3,653	3,600	-	(547)
Mixta Africa Maroc, S.A.R.L.	Morocco	(1)	3,222	2,969	-	(20)
2006						
Masella Oeste, S.L.	Spain	40%	1,419	416	-	(193)
Mixta Africa, S.A.	Spain	31.28%	32,219	12,284	338	(2,179)
Mixta Africa Maroc, S.A.R.L.	Morocco	(1)	35,033	35,088		(1,216)

(1) Fully owned by Mixta África, S.A.

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The Group has not carried out any transactions with Masella Oeste, S.L. during the years 2005 and 2006. The volume of transactions with Mixta África, S.A and Mixta África Maroc, S.A.R.L. in 2005 and 2006 is as follows:

	<u>Mixta África, S.A</u>		<u>Mixta África Maroc, S.A.R.L.</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
Rendering of services	242	434	-	-	242	434
Financial income	99	-	-	7	99	7

The balances at the 2005 and 2006 year end arising from loans are as follows:

	<u>Masella Oeste, S.L</u>		<u>Mixta África, S.A</u>		<u>Mixta África Maroc, S.A.R.L.</u>	
	2006	2005	2006	2005	2006	2005
Loans granted (note 9)	-	-	95	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 was one year, extendible for new terms of one year each. The interest rate is set at Euribor at 3 months plus 0.75%. In 2006 the entire amount drawn down was cancelled, and the interest accrued is pending payment.

9. Trade and other receivables

	2006	2005
Trade debtors for sales and services	87,285	41,881
Loans to associates (note 8)	95	1,797
Other accounts receivable	27,031	5,887
Deposits - short term	400	474
Public Administration tax receivables	48,725	14,208
Total short-term receivable	163,536	64,247
Deposits- long-term	173	142
Other long-term investments	927	-
Long-term prepayments	70	245
Total long-term receivables	1,170	387

Trade debtors for sales and services mainly includes sales made during the last period of the year. The increase in this amount is due to the increase in the size of operations in 2006 against last year. These sales are duly guaranteed.

Other accounts receivable basically carries provisions for taxes, 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 increase in Public Administrations tax receivables against last year is mainly due to the VAT available for offset in future years and refundable VAT for operations. In 2006 the VAT for last year totalling euros 9,818 thousand has been refunded.

The movement in deposits is as follows:

	Non-current	Current	Total
Opening balance at 1 January 2005	77	403	480
Increases	84	593	677
Decreases	(19)	(522)	(541)
Closing balance at 31 December 2005	142	474	616
Increases	86	471	557
Decreases	(55)	(545)	(600)
Closing balance at 31 December 2006	173	400	573

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

	2006	2005
VAT receivables	47,199	13,772
Public Treasury taxes	758	1
Tax credit for tax loss carryforwards	768	435
	48,725	14,208

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 80 thousand have been recorded (2005: euros 99 thousand).

10. Inventories

	2006	2005
Land and plots	320,927	106,805
Building acquired for refurbishment and construction	380,687	198,745
Works in progress	844	1,343
Purchase options	7,756	16,680
Provisions	(20)	(39)
	710,194	323,534

The increase in inventories in 2006 against last year reflects the high level of investment of the Group, the result of its growth, basically, boosted by the larger dimension of the operations.

The cost of inventories recognised as expense and included in purchase costs and changes in inventories at 31 December 2005 and 2006 totals euros 242,692 thousand and euros 468,675 thousand, respectively. (Note 20)

Inventories at 31 December 2005 and 2006 includes interest capitalised in the amount of:

	2006	2005
Interest capitalised	6,306	3,190

Inventories at 31 December 2005 and 2006 include buildings and land under mortgage-backed loans carried under Borrowings (in current liabilities) totalling:

	2006	2005
Inventories under mortgage-backed loans	492,537	231,163
Mortgage-backed loans (See Note 17)	316,732	163,280

The options carried at 31 December 2006 relate to operations that will be undertaken from 2007 to 2009. The premiums on the purchase options at 31 December 2006 maturing 2008 and 2009 total euros 2,107 thousand and euros 200 thousand, respectively. The amount of the underlying asset optioned totals euros 385,465 thousand, euros 120,647 of which mature initially in 2008 and euros 6,306 thousand in 2009.

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 2006 total euros 19 thousand.

On 1 December 2005 Renta Corporación Real Estate ON, S.A.U. 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.

In the protocol the parties agreed that the Group will bear the expenses related with the urbanisation and restructuring of the buildings located in the area of Coats Fabra. The Group will also have to pay an amount of euros 4,178 thousand when the resubdivision is carried out.

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

In the second phase, on 27 December 2006, Renta Corporación Real Estate ON, S.A.U. transferred its buildings to the city council of Barcelona in exchange for other buildings and building rights, subject to final zoning approval.

Finally, the Company sold a building with a surface area of 3,592 square meters and 14,368 square meters of building surface area.

The income statement also includes the income from inventories (buildings) leased to third parties provisionally until they can be sold. The leases total euros 4,967 thousand (2005: euros 2,535 thousand). (Note 19.2)

11. Cash and cash equivalents

	2006	2005
Cash and banks	6,071	3,180

The balance at 31 December 2005 and 2006 is entirely made up of cash at hand and deposits in current accounts in banks.

12. Share capital

	Capital (Note 12.2)	Treasury shares (Note 12.3)	Share premium reserve (Nota 12.5)	Total
At 1 January 2005	8,381	(57)	13,140	21,464
Balance at 31 December 2005	21,949	(94)	(428)	21,427
Balance at 31 December 2006	25,029	(2,759)	80,419	102,689

12.1. Movement in the number of shares

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

	Number of ordinary shares
At 1 January 2005	1,995,391
Split of number of shares	19,953,910
At 31 December 2005	21,949,301
Increase in capital through cash contribution	2,000,000
Increase in capital through cash contribution (green-shoe)	1,080,000
Balance at 31 December 2006	25,029,301

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

The par value of each share in 2005 and 2006 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
31-12-05	31-12-06	1.00

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12.2. Movement in share capital

	Ordinary shares Par value	Treasury shares Par value	Total
At 1 January 2005	8,371	10	8,381
Increase in share capital against the share premium reserve	13,552	16	13,568
Acquisitions (Note 12.3)	(21)	21	-
Sales (Note 12.3)	18	(18)	-
Balance at 31 December 2005	21,920	29	21,949
Increase in capital	3,080	-	3,080
Acquisitions (Note 12.3)	(141)	141	-
Sales (Note 12.3)	68	(68)	-
Balance at 31 December 2006	24,927	102	25,029

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.

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 Euro 1 each.

On 9 February 2006, the Extraordinary General Meeting of Shareholders adopted a resolution to trade all the Company's shares on the Barcelona and Madrid Stock Exchanges. It was also agreed to make an Initial Public Offering of shares at the same time as the Public Offering of Sale.

On 9 March 2006 the Board of Directors adopted the following resolution:

- To increase capital by euros 2,000 thousand through the issuing of 2,000,000 new ordinary shares with a par value of euros 1 each and waive the right to preferential subscription on the part of the former shareholders. This increase was carried out with a share premium of euros 28 per share, and, accordingly, a share premium of euros 56,000 thousand was generated. All the shares were fully subscribed and paid..
- And to increase share capital by euros 1,080 thousand through the issuing of 1,080,000 new ordinary shares with a par value of Euro 1 each, allocated to use, as the case may be, in exercising the subscription option (Green-shoe) that is given to global initial public offer coordinating entities. This increase took place on 7 April 2006, with a share premium of euros 28 per share, generating a share premium of euros 30,240 thousand. All the shares were fully subscribed and paid.

Trading of Company shares on the stock exchanges began on 5 April 2006.

12.3. Operation with treasury shares and purchase options

	Treasury shares	Total
At 1 January 2005	(57)	(57)
Balance at 31 December 2005	(94)	(94)
Balance at 31 December 2006	(2,759)	(2,759)

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The movement in treasury shares during 2005 and 2006 has been as follows:

	Number	Par value	Average adquisition / sale price	Cost	Total
Balance at 01.01.05	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)
Sales	(17,560)	18	0.00325	57	57
Balance at 31.12.05	28,970	(29)	-	(94)	(94)
Acquisitions	141,008	(141)	26.89	(3,792)	(3,792)
Sales	(67,504)	68	16.69	1,127	1,127
Balance at 31.12.06	102,474	(102)	-	(2,759)	(2,759)

The Board of Directors of the Company on 14 June 2006 adopted a specific treasury share repurchase plan to meet the needs arising from the employee and executive incentive plan and hand over shares to the directors. This plan is designed to motivate and foster permanence of its beneficiaries in the Group and grant employees the status of shareholders in the Company.

In addition to the share repurchase program the Board adopted a resolution to acquire of treasury shares up to a maximum overall limit of 5% of share capital in order to contribute to the liquidity of its shares in the market.

12.4. Rules on the transfer of shares

Article 13 of the Articles of Association now in force does not lay down any restrictions on the free transfer of shares, although there are two para-social agreements set out below. On the one hand, UNICEF-Spanish Committee (UCE) and Fundación INTERMON-OXFAM acquired the commitment not to transfer their shares in the company for certain periods of time as from the listing of the company. On the other hand, within the context of the listing on the stock exchange, certain shareholders entered into a shareholders agreement regulating certain restrictions on the transfer of shares. These restrictions materialised in the right of preferential acquisition amongst the signees of the agreement in relation to the transfer of company shares.

12.5. Share premium reserve

	Capital Increase expenses	Share premium reserve	Total
At 1 January 2005	(911)	14,051	13,140
Capital increase charged against the share premium reserve	-	(13,568)	(13,568)
Balance at 31 December 2005	(911)	483	(428)
Increase in capital with share premium	(5,393)	86,240	80,847
Balance at 31 December 2006	(6,304)	86,723	80,419

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 12.2, share capital has been increased as a result of the increase of the par value of the shares in 2006 against the share premium reserve.

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12.6 . Main shareholders

The Company's main shareholders at 31 December 2006 holding more than 5% direct or indirect control are as follows:

Name	Number of shares		
	Direct	Indirect	Total
Mr. Luis Rodolfo Hernández de Cabanyes	1.077%	34.411%	35.488%
Fundación Renta Corporación	5.010%	-	5.010%

13. Cumulative translation adjustment

The differences in this account are mainly due to the shareholding in Renta Properties UK, Ltd. The movement in 2006 has been as follows:

	Translation
31 December 2005	(7)
Translation adjustments:	
– Group	(22)
– Associates	-
31 December 2006	(29)

14. 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 2005	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 from 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
Distribution 2005 income	1,299	(4,173)	35,417	(41)	(32,502)	-
Dividends	-	(3,086)	(7,000)	-	-	(10,086)
Profit from treasury shares	-	662	-	-	-	662
Share Plan Reserve Allowance	-	359	-	-	-	359
Variation in shareholding in associates	-	(262)	-	95	-	(167)
Income for the year	-	-	-	-	47,501	47,501
Balance at 31 December 2006	2,976	10,243	40,334	185	47,501	101,239

14.1. Movements in reserves and retained earnings during 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.

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 and proposed by the Board of Directors of 4 February 2005. In accordance with current legislation in Spain, the parent Company has a treasury shares reserve totalling euros 94 thousand.

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During the year treasury shares have been sold from which a profit of euros 104 thousand has been generated, which has increased the reserves of the parent Company by this 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.	Groupe Immobilier Renta Corporación, S.A.S.U.	Renta Corporación Real Estate Finance, S.L.U.	Renta Properties (UK) Limited	Total
Balance at 1.01.2005	(143)	(2,031)	107	(182)	653	-	(1,596)
Inclusion of 2004 results	4,599	288	989	556	14,394	(13)	20,813
Reclassification of 2005 dividends	(3,000)	(2,800)	(1,500)	-	-	-	(7,300)
Saldo al 31.12.2005	1,456	(4,543)	(404)	374	15,047	(13)	11,917

Reserves in companies consolidated by the equity accounting

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

	Masella Oeste, S.L.	Total
Balance at 01.01.2005	47	47
Inclusion of 2004 results	84	84
Balance at 31.12.2005	131	131

14.2. Movement in retained earnings and reserves in 2006**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 1,299 thousand of 2005 profit to this reserve.

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 7,000 thousand, and have decreased as a result of the distribution of an extraordinary dividend charged against reserves of euros 10.086 thousand, adopted by the Extraordinary General Meeting of Shareholders of 9 February 2006, which had been proposed by the Board of Directors on 27 December 2005. In accordance with current legislation in Spain, the parent Company has a treasury shares reserve totalling euros 2,759 thousand.

The parent company has sold treasury shares for a profit amounting to euros 662 thousand, increasing its reserves in the same amount.

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Reserves in fully consolidated companies

The movement in Reserves in fully consolidated companies in 2006 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.	Groupe Immobilier Renta Corporación, S.A.S.U.	Renta Corporación Real Estate Finance, S.L.U.	Renta Properties (UK) Limited	Total
Balance at 31.12.2005	1,456	(4,543)	(404)	374	15,047	(13)	11,917
Inclusion of 2005 results	7,049	12,329	12,054	718	3,756	(491)	35,417
Reclassification of dividends for the year 2006	(5,000)	(2,000)	-	-	-	-	(7,000)
Balance at 31.12.2006	3,505	5,786	11,650	1,092	18,803	(504)	40,334

Reserves in companies consolidated by the equity method

The movement in Reserves in companies consolidated by equity accounting in 2006 has been as follows:

	Masella Oeste, S.L.	Mixta Africa, S.A.	Total
Balance at 31.12.2005	131	-	131
Inclusion of 2005 results	231	(272)	(41)
Decrease in shareholdings	-	95	95
Balance at 31.12.2006	362	(177)	185

14.3. 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.

14.4. 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.

14.5. Reserves in fully consolidated companies

Includes restricted reserves (as they are legal reserves) for 2005 and 2006 as follows:

Renta Corporación Real Estate R.A., S.A.U.	100
Renta Corporación Real Estate G.O., S.L.U.	37
Renta Corporación Real Estate O.N., S.A.U.	24
Groupe Immobilier Renta Corporación, S.A.S.U.	4
Renta Corporación Real Estate Finance, S.L.U.	1
Renta Properties UK, Ltd.	-
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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.

14.6. Reserves in companies consolidated by the equity method

Includes restricted legal reserves totalling euros 38 thousand in 2005 and euros 58 thousand in 2006.

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14.7. Profit for the year

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

Company	2006		2005	
	Consolidated income	Income attributed to minority interests	Consolidated income	Income attributed to minority interests
Renta Corporación Real Estate, S.A.	2,324	-	(2,872)	-
Renta Corporación Real Estate R.A., S.A.U.	4,895	-	7,049	-
Renta Corporación Real Estate G.O., S.L.U.	19,628	-	12,329	-
Renta Corporación Real Estate O.N., S.A.U.	3,727	-	12,054	-
Groupe Immobilier Renta Corporación, S.A.S.U	10,358	-	718	-
Renta Corporación Real Estate Finance, S.L.U.	462	-	3,756	134
Renta Properties (UK), Limited	(94)	-	(491)	-
Masella Oeste, S.L.	(77)	-	231	-
Renta Corporación Luxembourg, S.á.r.l	3,550	-	-	-
RC Real Estate Deutschland GmbH	105	-	-	-
Mixta África, S.A.	2,623	-	(272)	-
	47,501	-	32,502	134

The proposed distribution of 2006 results and other reserves of the parent Company to be presented to the General Meeting of Shareholders, as well as the adopted distribution for 2005 is as follows:

	2006	2005
Basis of distribution		
Income for the year	17,054	12,995
Distribution		
Legal reserve	1,706	1,300
Voluntary reserves	1,098	1,609
Dividends	14,250	10,086
	17,054	12,995

15. Minority interests

Renta Corporación Real Estate Finance, S.L.U.	
1 January 2005	470
Share in income	134
31 December 2005	604
Acquisition of minority interests	(604)
31 December 2006	-

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16. Trade and other payables

	2006		2005	
	Current	Non-current	Current	Non-current
Trade creditors	127,438	-	58,916	-
Amounts owing to related parties (note 33)	172	-	629	-
Outstanding remuneration	1,799	-	819	-
Other payables	186	-	527	27
Deferred income	-	-	6,000	-
Deposits received from customers	20,671	-	11,362	-
Social Security and other taxes	7,451	-	2,965	-
	157,717	-	81,218	27

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

Other payables for the year 2006 includes short-term deposits and guarantee deposits received.

17. Borrowings

	2006	2005
Current		
Loans/credit facilities with financial institutions	188,805	51,118
Mortgage-backed loans	316,732	163,280
Amounts owing to third parties	-	700
Interest debt	1,776	1,031
Total borrowings	507,313	216,129

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 2005 and 2006 have been as follows:

	Loans from financial institutions	mortgage Backed loans	Amounts owing to third parties	Interest debt	Total
At 1 January 2005	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 charged	-	-	-	7,501	7,501
Interest paid	-	-	-	(6,900)	(6,900)
Balance at 31 December 2005	51,118	163,280	700	1,031	216,129
Financing	409,709	435,868	-	-	845,577
Cancellation of financing	(272,022)	(282,416)	(700)	-	(555,138)
Interest charged	-	-	-	5,278	5,278
Interest paid	-	-	-	(4,533)	(4,533)
Balance at 31 December 2006	188,805	316,732	-	1,776	507,313

The Group has credit facilities with the following amounts drawn and not drawn down and maximum credit limits at 31 December 2005 and 2006.

2006		2005	
Amount drawn down	Maximum credit limit	Amount drawn down	Maximum credit limit
188,805	273,122	51,118	75,207

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Mortgage-backed loans are guaranteed by buildings owned by different Group companies and carried under inventories (Note 10).

The average interest rate obtained during 2005 was 3% p.a., while in 2006 the average interest rate has been 3.7 %p.a.

Borrowings, at 31 December 2005 included the amounts received from Shonan Investments, S.L. totalling euros 700 thousand. This loan was fully cancelled and repaid at the beginning of 2006.

Interest accrued and not settled at the year 2005 and 2006 end totals euros 1,031 thousand and euros 1,776 thousand, respectively.

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

	2006	2005
euros	502,601	203,582
Pounds Sterling	4,712	12,547
	507,313	216,129

18. Deferred income tax

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

	2006	2005
Opening balance	195	3,378
Charge to income	1,225	(3,183)
Closing balance	1,420	195

The gross movement in the deferred tax assets account has been as follows:

Deferred tax assets	Prepaid expenses for sales commissions	Prepaid expenses generated from amortisations	Deferral of income	Others	Total
At 1 January 2005	202	196	2,975	5	3,378
(Charge) / credit to income	(202)	(17)	(2,975)	11	(3,183)
At 31 December 2005	-	179	-	16	195
(Charge) / credit to income	(5)	(154)	1,204	180	1,225
At 31 December 2006	(5)	25	1,204	196	1,420

The gross movement in the deferred tax liability account has been as follows:

	2006	2005
Opening balance	-	-
Charge to income (Note 26)	1,124	-
Closing balance	1,124	-

There are no significant unrecognised deferred tax assets or liabilities.

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19. Revenue and other income

19.1. Revenue

The breakdown of revenue is as follows:

	2006	2005
Sales (Note 5)	590,035	320,843
Revenue	590,035	320,843

19.2. Other income

The breakdown of other income is as follows:

	2006	2005
Income from operating leases (Note 10)	4,967	2,535
Other income	1,205	723
Total other income	6,172	3,258

20. Purchase costs and changes in inventories

The breakdown of this account is as follows:

	2006	2005
Purchases of buildings and refurbishment costs	864,251	330,577
Variation in inventories of buildings	(395,557)	(87,635)
Variation in provision for inventories	(19)	(250)
Total consumption of goods sold (Note 10)	468,675	242,692

21. Amortisation, depreciation and impairment for losses

The breakdown is as follows:

	2006	2005
Depreciation of property, plant and equipment	215	175
Amortisation of intangible assets	41	16
Loss on uncollectible loans	80	99
	336	290

22. Other operating expenses and local taxes

22.1. Other operating expenses

The breakdown of this account is as follows:

	2006	2005
Leases	683	585
Repairs and maintenance	335	210
Professional and brokering services	8,188	6,979
Insurance premiums	796	330
Banking services	1,111	645
Publicity, advertising and public relations	4,024	2,664
Supplies	570	409
Other services	4,759	1,703
	20,466	13,525

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

Other services mainly includes unexercised purchase options.

22.2. Local taxes

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

23. Employee benefit expense

The breakdown of employee benefit expense is as follows:

	2006	2005
Wages, salaries and severance payments (2005: euros 40 thousand and 2006 euros 49 thousand)	13,268	7,964
Social Security expenses	1,311	976
Other social expenses	214	159
Defined contribution plan	29	26
Share-based payment (note 34)	359	-
	15,181	9,125

24. Operating leases

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

	2006	2005
Less than 1 year	683	392
Between 1 and 5 years	1,165	562
More than 5 years	-	-
	1,848	954

The expense recognised in the profit and loss account for the year relating to operating leases totals euros 651 thousand (2005: euros 577 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	Monthly rental payment (thousand euros)
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	01/09/2007	2
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	01/01/2008	2
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	20/01/2008	3
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	01/01/2008	3
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	01/03/2008	8
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	01/03/2008	7
Renta Corporación Real Estate, S.A.	Head Office	Barcelona	14/12/2011	12
Renta Corporación Real Estate, S.A.	Branch	Madrid	31/08/2008	5
Renta Corporación Real Estate, S.A.	Branch	Palma	05/10/2011	1
Renta Corporación Real Estate, S.A.	Branch	Malaga	30/09/2010	1
Renta Corporación Real Estate, S.A.	Branch	Sevilla	01/08/2007	1
Groupe Immobilier Renta Antigua, S.A.S.U.	Branch	Paris	28/02/2011	6
Renta Properties (UK), Limited	Branch	London	27/01/2010	4
RC Real Estate Deutschland GmbH	Branch	Berlin	12/12/2009	3

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25. Financial expense

The breakdown of Net financial expense is as follows:

	2006	2005
Interest expense:		
- Bank loans	(11,245)	(5,101)
- Other	-	-
	(11,245)	(5,101)
Interest income:		
- Other	1,215	80
- Loans to related parties (Note 33)	1	114
	1,216	194
- Other financial income	262	-
Net financial expense	(9,767)	(4,907)

In the cash flow statement, interest paid includes:

	2006	2005
Interest on bank loans	11,246	5,101
Provision for interest accrued and not paid at the beginning of the year	1,031	430
Provision for interest accrued and not paid at the end of the year	(1,776)	(1,031)
Interest capitalised in inventories	6,306	3,190
	16,807	7,690

In the cash flow statement, interest received includes:

	2006	2005
Interest income	1,216	194
Provision for interest accrued and not collected at the beginning of the year	6	211
Provision for interest accrued and not collected at the end of the year	(95)	(6)
	1,127	399

26. Income tax

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

	2006	2005
Current tax	23,519	12,922
Deferred tax	(102)	3,183
	23,417	16,105

The reconciliation between the real and theoretical tax expense is as follows:

	2006	2005
Consolidated profit before income tax	70,918	48,741
Theoretical tax rate	35%	35%
Theoretical tax expense	24,821	17,059
Non-deductible expenses	39	(23)
Differences for using different tax rates	(1,328)	(822)
Deductions	(115)	(109)
Income tax for the year	23,417	16,105

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The current tax charge is made up as follows:

	2006	2005
Current tax of companies taxed under the consolidation tax regime	14,960	12,453
Current tax of Renta Corporación Real Estate Finance, S.L.U.	249	739
Current tax of Groupe Immobilier Renta Corporacion, S.A.S.U.	5,661	165
RC Real Estate Deutschland GmbH	78	-
Current tax of Renta Properties (UK) Ltd	(333)	(435)
Other movements	2,904	-
	23,519	12,922

The current tax liability is broken down as follows:

	2006	2005
Charge for current tax	23,519	12,922
Withholding and payments on account of corporate income tax of companies taxed under the consolidation tax regime	(5,949)	(625)
Withholding and payments on account of corporate income tax of Renta Corporación Real Estate Finance, S.L.U.	(249)	(645)
Withholding and payments on account of corporate income tax of Groupe Immobilier Renta Corporacion, S.A.S.U	(163)	(165)
Tax credit for tax loss carryforwards	333	435
Other movements	(2,904)	-
	14,587	11,922

In the cash flow statement, taxed paid include:

	2006	2005
Tax accrued	23,519	12,922
Current tax liability at beginning of the year	11,922	6,506
Current tax liability at the year end	(14,587)	(11,922)
	20,854	7,506

26.1. Consolidated taxation

As the Company meets the requirements set down in the Group Companies Corporate Income Tax Regime Chapter VII, Section VIII of Royal Legislative Decree 4/2004 of 5 March, which adopted the Corporate Tax Act, 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:

	2006	2005
Consolidated profit	47,501	32,636
Deferred tax	(102)	3,183
Current tax	23,519	12,922
Results before tax	70,918	48,741
Difference in profit between IFRS – local GAAP	(8,250)	(9,109)

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	2006	2005
Elimination of results of companies not belonging to the tax consolidation group		
-Renta Corporación Real Estate Finance, S.L.U.	(711)	(5,141)
-Groupe Immobilier Renta Corporación, S.A.S.U.	(15,969)	(393)
-RC Real Estate Deutschland, GmbH.	(183)	-
-Renta Properties (UK) Limited	63	1,860
-Share in the profits of Masella Oeste, S.L. (equity method)	77	(231)
-Share in the losses of Mixta África, S.A. (equity method)	(3,748)	272
-RC Real Estate Luxembourg, S.a.r.l.	(5,461)	-
Permanent differences for consolidation adjustments	2,286	(396)
Permanent differences for individual companies		
-Non-deductible expenses	7	1
-Donations to Fundación Privada Renta Corporación	288	288
-Other differences	(262)	-
Timing differences for individual companies		
- asset swap	4,015	-
Taxable income	43,070	35,892

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

	2006	2005
Taxable income	43,070	35,892
Tax rate	35%	35%
Tax	15,075	12,562
Professional training deduction	14	8
Deduction for contribution to Fundación Privada Renta Corporación	101	101
Current tax charge	14,960	12,453

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

	2006	2005
Withholding tax	491	100
Payments on account of corporate income tax	5,458	524

At 31 December 2005 and 2006, neither the parent company nor its subsidiaries have outstanding deductions available for offset.

26.2. Renta Corporación Real Estate Finance, S.L.

The Group company Renta Corporación Real Estate Finance, S.L.U. has availed itself of the tax regime for investment entities until FY 2005.

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

	2006	2005
Results of Renta Corporación Real Estate Finance, S.L.U.	462	4,403
Corporate income tax	249	739
Results before tax	711	5,142
Non-tax deductible expenses	-	(307)
Taxable income	711	4,835

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The current income tax charge for 2005 and 2006 is as follows:

	2006		2005		
		Total		Total	
Taxable income	711	711	4,779	56	4,835
Tax rate	35%	35%	15%	40%	
Tax	249	249	717	22	739

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

	2006	2005
Withholding tax	335	-
Payments on account of corporate income tax	129	645

26.3. Other aspects

All the companies in the consolidation scope are open to tax inspection for all the applicable taxes for the last four years as from their incorporation, except for Groupe Immobilier Renta Corporación, S.A.S.U., which was audited by the Tax Authorities for the years 2003 to 2005. No significant liabilities have arisen as a result, and the tax inspections are now closed.

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 annual accounts.

27. Net profit / (loss) on exchange

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

	2006	2005
Loss on exchange	470	59
Gains on exchange	(518)	(4)
	(48)	55

28. Earnings per share**28.1. 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 12.3).

	2006	2005
Profit attributable to the Company's shareholders (Thousand euros)	47,501	32,502
Average number of ordinary shares in circulation	24,170,832	21,911,437
Basic earnings per share (€ per share)	1.97	1.48

28.2. 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 dilutive ordinary shares.

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	2006	2005
Profit attributable to the Company's shareholders (thousand euros)	47,501	32,502
Average weighted number of ordinary shares in circulation	24,170,832	21,911,437
Average weighted number of ordinary shares for the purposes of calculating diluted earnings per share	24,170,832	21,911,437
Diluted earnings per share (€ per share)	1.97	1.48

29. Dividends per share

Dividends paid in 2005 and 2006 are as follows:

	2006	2005
Dividends paid (thousand euros)	10,086	2,987
Dividend per share (€ per share)	0.46	1.5

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 General Meeting of Shareholders of 9 February 2006 adopted a resolution to pay out a dividend of euros 0.46 per share for 2005.

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. 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.

30. Cash generated from operations

	Note	2006	2005
Profit for the year attributable to the parent company		47,501	32,502
Minority interests		-	134
Consolidated profit for the year		47,501	32,636
Adjustments for:			
– Taxes	26	23,417	16,105
– Depreciation of property, plant and equipment	6	215	175
– Amortisation of intangible assets	7	41	16
– (Profit)/loss on the disposal of property, plant and equipment (see below)		(88)	-
	25	(1,216)	(194)
– Interest income	25	11,246	5,101
– Interest expense	25	(260)	-
– Other financial income	31	4,660	-
– Provision for liabilities and charges	23	359	-
– Allowance to share plan	8	(3,671)	41
– Participation in the loss / (profit) of associates	13	(22)	(7)
– Cumulative translation adjustment		(386,660)	(96,316)
Variations in working capital		6,306	3,190
– Inventories		(101,071)	(36,810)
– Interest capitalised in inventories		175	(54)
– Trade and other accounts receivable		(27)	(650)
– Prepayments		76,499	51,104
– Trade and other payables - long-term			
– Trade and other payables			
Cash used in operations		(322,596)	(25,663)

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

	2006	2005
Book value (Notes 6 and 7)	116	-
Profit / (loss) on the disposal of property, plant and equipment	88	-
Amount collected from the disposal of property, plant and equipment	204	-

31. Contingencies

There are no, nor have there been, any governmental, legal, judicial or arbitral 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 and/or could have in the future significant effects on the Company or on the profitability of the Group.

Group Management have decided to set up a provision in 2006 to cover the liability for litigation and other claims, and, as the case may be, the current obligations, contingent liabilities and commitments the Group must face, classified under provisions for liabilities and charges and non-current expenses, in the amount of euros 4,660 thousand.

The number of claims and litigation (including litigation underway or pending judgement) in which the Renta Corporación Group is involved or affected in any way during the year is rather small, and, in any case, relating to rather insignificant matters, mostly related to the termination of works or issues relating to preferential acquisition rights.

32. Commitments

Because of the Group's activity, the tangible assets balance is not significant, as the buildings it acquires are generally accounted for as inventories.

Given the little relevance of the investments in fixed assets, there are no specific investments in relation to which the governing bodies have made commitments.

At 31 December 2006, the Group is the guarantor to third parties and banks for guarantees amounting to euros 81,796 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 2006 the parent Company is the guarantor for Group companies for credit facilities totalling a maximum of euros 65,502 thousand. At the same time it has received guarantees from Renta Corporación Real Estate R.A., S.A. for credit facilities totalling a maximum of euros 2,000 thousand.

At 31 December 2006 the parent Company has given personal guarantees to third parties totalling euros 8,951 thousand, mostly to guarantee purchases made through deferred payment.

"Inventories" includes the premiums on the purchase options paid by the Group for the acquisition of real estate. Purchase options at 31 December 2006 and 2005 are broken down in the following table:

(in thousand euros)	2006	2005
Number of purchase options	25	29
Premium on purchase options	7,756	16,680
Investment rights for purchase options	385,465	517,764

During 2006 5 purchase options vested and were not executed at maturity, with an associated loss of euros 2,778 thousand.

At 31 December 2006 there are no relevant third party contracts outside the scope of the Company's business or contracts with any members of the Group containing a clause by virtue of which any member of the Group has a relevant obligation or a right in relation to the Group.

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33. Related party transactions

33.1. Identification of related companies and parties

33.1.1. 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
Mr. Luis Rodolfo Hernández de Cabanyes	Chairman	Executive
Ms. Anna M. Birulés Bertran	Vice-Chairwoman	Executive
Mr. Josep Maria Farré Viader	Chief Executive Officer	Executive
Ms. Esther Elisa Giménez Arribas	Secretary	Executive
Mr. Carlos Solchaga Catalán	Director	External independent
Mr. Juan Gallostra Isern	Director	External independent
Mr. Carlos Tusquets Trías de Bes	Director	External independent
Mr. Pedro Nueno Iniesta	Director	Other external
Ms. Elena Hernández de Cabanyes	Director	Other external
Mr. César A. Gibernau Ausió	Director	Other external

33.1.2. Key Company Directors

The key Company directors are those persons who form part of the management committee, as well as the internal auditor, in accordance with the definition of top management set out in the Unified Code of Good Governance. There are 19 key Company directors, including the four former executive officers.

33.1.3. 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 2006:

Name	Number of shares		
	Direct	Indirect	Total
Mr. Luis Rodolfo Hernández de Cabanyes	1.077%	34.411%	35.488%
Ms. Anna M. Birulés Bertran	1.195%	-	1.195%
Mr. Josep Maria Farré Viader	0.100%	4.098%	4.198%
Ms. Esther Elisa Giménez Arribas	0.004%	3.418%	3.422%
Mr. Carlos Solchaga Catalán	-	-	-
Mr. Juan Gallostra Isern	-	-	-
Mr. Carlos Tusquets Trías de Bes	-	0.400%	0.400%
Mr. Pedro Nueno Iniesta	-	-	-
Ms. Elena Hernández de Cabanyes	1.431%	-	1.431%
Mr. César A. Gibernau Ausió	0.651%	0.120%	0.771%

33.2. Sales of inventories, rendering of services and financial income

	2006	2005
Sale of inventories:		
Companies related by common shareholders		
- Second House Rehabilitación, S.L.U.	2,396	7,589
- Alta Business Serveis, S.L.	360	278
- Alderamin Star, S.L.	5,659	-
	8,415	7,867
Key management personnel and directors	959	1,060
Total sale of assets	9,374	8,927

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

	2006	2005
Rendering of services:		
Companies related by common shareholders		
- Second House, S.L.	129	1,851
- Alderamin Star, S.L.	-	255
	129	2,106
Key management personnel and directors	-	-
Total rendering of services:	129	2,106

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

	2006	2005
Financial income:		
Companies related by common shareholders		
- Second House, S.L.	-	56
- Lueco, S.A.	-	53
- Shonan Investments, S.L.	1	5
	1	114
Key management personnel and directors	-	-
Total financial income:	1	114

33.3. Purchases of assets, services received and financial expenses

	2006	2005
Services received:		
Companies related by common shareholders		
- Second House, S.L.	1,174	1,339
- Second House Rehabilitación, S.L.U.	-	315
- Shonan Investments, S.L.	-	410
- Closa Asociados. Correduría de Seguros, S.L.	789	315
- Fundación Privada Renta Corporación (donation)	288	288
- Gibernau & Plana Asociados, S.L.	180	140
- Instituto Internacional de Finanzas, S.L.	-	96
- Lueco, S.A.	2	39
- Near Technologies, S.L.	54	38
- GP Consulting, S.L.	-	14
- GP Laboral, S.C.P.	3	-
	2,490	2,994
Key management personnel and directors	-	-
Total services received:	2,490	2,994

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.

	2006	2005
Financial expense:		
Key management personnel and directors	-	5
Total financial expenses:	-	5

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Notes to the Consolidated Financial Statements
(in thousand euros)

33.4. 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 2006 and 2005:

Description	2006	2005
Attendance at meetings of the Board of Directors / Delegated Committees	489	142

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 93 thousand, respectively, in 2006. 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.

33.5. Salaries and other contributions of key management and Members of the Board

	2006	2005
Salaries and other contributions to Executive Board Members	2,354	1,916
Salaries and other remuneration to the rest of key directors management	2,910	1,918
	5,264	3,834

Salaries and other contributions to Executive Board Members and to the other executives includes the expense accrued for the share plan (note 34), which totals euros 112 thousand and euros 104 thousand, respectively.

There is a golden parachute clause for a key manager 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.

33.6. Year end balances arising from sales and purchases of assets and services

	2006	2005
Accounts receivable		
Companies related by common shareholders		
- Second House Rehabilitación, S.L.U.	1,263	-
	1,263	-
Key management personnel and directors	12	250
Total accounts receivable	1,275	250

	2006	2005
Accounts payable		
Companies related by common shareholders		
- Second House, S.L.	78	619
- Near Technologies, S.L.	9	4
- Gibernau & Plana Asociados, S.L.	85	-
- Lueco, S.A.	-	6
	172	629
Key management personnel and directors	-	-
Total accounts payable	172	629

RENTA CORPORACIÓN REAL ESTATE, S.A.
Notes to the Consolidated Financial Statements
(in thousand euros)

33.7. Loans to related parties

Loans granted to related parties in years prior to 2005, which balances totals euros 79 thousand at 31 December 2005, have been fully cancelled in 2006.

33.8. Shareholdings of the Members of the Board of Directors

In accordance with the provisions of article 127 ter.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
Mr. Luis Rodolfo Hernández de Cabanyes	SECOND HOUSE, S.L.	6.73% direct 40.77% indirect	-
	FINANTING 2001, S.L.	43.15% direct 20% indirect	Sole Administrator
	AURODOC 75, S.L.	36.13% direct 14.76% indirect	Sole Administrator
	TOGA 20, S.L.	43.15% direct 20% indirect	Sole Administrator
	SDEEGTUTERS, S.L.	43.15% direct 20% indirect	Sole Administrator
	DINOMEN, S.L.	44.44% direct 17.60% indirect	Sole Administrator
	ALDERAMIN STAR, S.L.	100% owned by DINOMEN. S.L. %	Sole Administrator
	MIXTA ÁFRICA, S.A.	2.24% direct 16.78% indirect	Physical representative of the Chairman, which is Fundación Privada Renta Corporación.
Ms. Anna M. Birulés Bertran	SECOND HOUSE, S.L.	1.50%	-
	MIXTA ÁFRICA, S.A.	0.46% indirect	-
Mr. Josep Maria Farré Viader	SECOND HOUSE, S.L.	3.73% direct 1.95% indirect	-
	SHONAN INVESTMENTS, S.L.	74.71%	-
Ms. Esther Elisa Giménez Arribas	SECOND HOUSE, S.L.	4.13%	-
	ANPOL CAPITAL, S.L.	48.387%	Several Administrator
	MIXTA ÁFRICA, S.A.	0.30% direct	Director
Ms. Elena Hernández de Cabanyes	SECOND HOUSE, S.L.	3.66%	Sole Administrator
	SECOND HOUSE REHABILITACION, S.L.U.	-	Sole Administrator
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	5.00%	-
	MIXTA ÁFRICA, S.A.	1.82% direct	-
Mr. César A. Gibernau Ausió	SECOND HOUSE, S.L.	1.05%	-
	CHARCEBOY, S.L.	10.91%	-
	GP CONSULTING, SL.	18.70% indirect	-
	MIXTA ÁFRICA, S.A.	0.46% indirect	Secretary
Mr. Carlos Tusquets Trias de Bes	LIFE MARINA IBIZA, S.L.	6.54%	-
Mr. Juan Gallostra Isern	GRUPO JG INGENIEROS CONSULTORES DE PROYECTOS, S.A.	5%	Chief Executive Officer

RENTA CORPORACIÓN REAL ESTATE, S.A.
Notes to the Consolidated Financial Statements
(in thousand euros)

34. Share-based payments

The Company has decided to set up a share plan in 2006 to provide incentives for its beneficiaries to remain in the company and grant its employees the status of shareholders in the Company. It consists in giving them shares over 3 years that accrue annually on the basis of a fixed percentage at 12 and 24 months, and the rest up until the end of the third year. The accrual is generated over these periods. The number of shares was set on 30 June 2006, date of the commencement of the plan, based on the salary conditions of each executive and/or employee, and considering the average weighted quotation in the month of June 2006 of the Company's shares.

The expense accrued at 31 December 2006 totals euros 359 thousand (see note 23).

35. Subsequent events

On 15 February 2007 the Renta Corporación, through Renta Corporación Real Estate, S.A. and Renta Corporación Real Estate Finance, S.L.U. entered into a syndicated loan agreement for euros 500 million. The operation was led by Santander, Eurohypo and Fortis as the leading entities and insurers. The BBVA has also entered as a leading entity, along with 17 other national and international entities that make up this bank syndicate.

This is the Company's first operation in the structured financial market. The borrowing has been structured into two tranches: the first, euros 200 million, maturing in 5 years, with a grace period of 36 months; and the second, euros 300 million, through a revolving line of credit at 5 years. The funds will be allocated to the investment plan and the redefinition of the structure of the Company's current debt.

Access to long-term borrowing will allow for improvements in management, significant cost savings due to decreased formalisation costs, and the application, by Renta Corporación, of interest rate risk management policies, which have been much more difficult to instrumentalise due to the high turnover of the Company's financing operations.

36. Other information

36.1. Average number of employees of the Group by category

	2006	2005
Managers	5	3
Sales personnel	45	39
Administrative personnel	36	29
Skilled experts	11	7
Legal personnel	6	7
Services personnel	5	3
TOTAL	108	88

36.2. Audit fees

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for current auditing services for all the Group companies for the years ended 31 December 2005 and 2006 total euros 191 and euros 181 thousand, respectively.

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.

RENTA CORPORACIÓN REAL ESTATE, S.A.
Notes to the Consolidated Financial Statements
(in thousand euros)

APPENDIX I

Subsidiaries included in the consolidation

Registered name	Registered office	Shareholding		Company holding title	Consolidated method	Activity	Auditor
		Cost in € thousands	% over face value				
Renta Corporación Real Estate R.A., S.A.U.	Avda. Diagonal 449, Barcelona (Spain)	1,346	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(1)	PwC
Renta Corporación Real Estate G.O., S.L.U.	Avda. Diagonal 449, Barcelona (Spain)	183	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(2)	PwC
Renta Corporación Real Estate Finance, S.L.U.	Avda. Diagonal 449, Barcelona (Spain)	607	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(4)	PwC
Renta Corporación Real Estate O.N., S.A.U.	Avda. Diagonal 449, Barcelona (Spain)	546	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(3)	PwC
Groupe Immobilier Renta Corporación, S.A.S.U.	26, Rue de Trémoille Paris (France)	38	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(1)	PwC
Renta Properties (UK), Limited	74 Grafton Street London (Great Britain)	01	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(2)	PwC
RC Real Estate Deutschland GmbH	Friederich Strasse, 58 Berlín (Germany)	25	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(1)	Unaudited
Renta Corporación Luxemburgo, S.a.r.l.	8-10 Mathias Hardt Luxembourg (Luxembourg)	100	100%	Renta Corporación Real Estate, S.A.	Fully consolidated	(1)	Unaudited
Norfeu, S.a.r.l.	8-10 Mathias Hardt Luxembourg (Luxembourg)		100%	Renta Corporación Luxemburgo, S.a.r.l.	Fully consolidated	(1)	Unaudited

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

Activity:

- (1) Residential refurbishment
- (2) Office transformation.
- (3) Land transformation.
- (4) Real estate business and services

APPENDIX II

Associates included in the consolidation

Registered name	Registered office	Shareholding		Company holding title	Consolidation method (a)	Activity	Auditor
		Cost in € thousands	% over face value				
Masella Oeste, S.L.	Avda. Diagonal 449, 2º Barcelona (Spain)	116	40%	Renta Corporación Real Estate O.N., S.A.U.	Equity accounting	(7)	Unaudited
Mixta África, S.A.	Avda. Diagonal 443, Barcelona (Spain)	281	31,28%	Renta Corporación Real Estate, S.A.	Equity accounting	(5)	Unaudited
Mixta África Maroc SARL	Rue du Liban, 43 Tánger (Morocco)	1,201	100%	Mixta África, S.A.	Equity accounting	(6)	Unaudited

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

Activity:

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

c. Consolidated Directors' Report

1. Evolution of the business

Throughout 2006 Renta Corporación has kept to its strategic growth and expansion plan, reporting results that confirm the positive evolution of its business model.

2006 has been a year of stiff growth for Renta Corporación. The solid implementation of its business activity has boosted an increase in both turnover and asset volume.

Throughout 2006 the Company has expanded its field of operations, both in terms of the types of product it acquires and promoting its international expansion in Paris and London, while starting up activity in Berlin, a clear growth market.

Ordinary income totals euros 590,035 thousand, an increase on 2005 of euros 269,192 thousand, or 84%.

Consolidated operating profit has totalled euros 77,014 thousand, an increase above 43%, while consolidated profit for the year attributable to shareholders has totalled euros 47,501 thousand, an increase of 46% on last year.

Expansion of the company has brought with it an increase in the number of employees, and, therefore, staff costs, although these are below the growth rates in business volume.

In the face of this growth, the governing bodies of the Company decided to apply for admission to the Stock Exchange, which materialised on 5 April of last year with the listing of the Company on the Madrid and Barcelona Stock Markets. The stock exchange listing included the issuing of new shares, which contributing to recruiting the funds necessary to drive the growth plan. The listing has also led to an increase in the Company's visibility in the national and international markets.

The increase in consolidated profit attributable to shareholders has led to a substantial improvement in basic earnings per share, rising from euros 1.48 to euros 1.97 per share, even with the presence of a larger number of shares in circulation.

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 495,010 thousand against 2005.

2006 has been a year of stiff investment, which is reflected in the figure of euros 710,194 thousand in buildings, land and plots carried under Inventories. This substantial growth, which doubled the figure for Inventories last year, shows the effect of the purchases of buildings throughout 2006, which, at the year end, are in the transformation phase. The same heading carries the amounts paid for the acquisition of investment rights on buildings totalling euros 7,756 thousand.

This investment has been mostly backed by the funds generated by the listing of the Company, representing a significant increase in Net Equity, which totals euros 203,899 thousand, an increase of euros 118,905 thousand on 2005, also supported by the reinvestment of retained earnings.

The increase in Net Equity has led to a significant increase in external borrowing, which has risen from euros 216,129 thousand to euros 507,313 thousand, which has contributed decisively to the increase in the assets managed by the Company.

The Company's directors believe that the business is not facing any significant risks and uncertainties.

2. Business outlook

The consolidation of the activity and positioning of Renta Corporación and its successful orientation towards stiff growth and profitability constitute the basis of its future development plans.

The availability of a top, professional team that is constantly evolving and a growing borrowing capacity are the keys to its development plans.

The Group plans to continue applying these strategies over the next few years in order to favour growth in the Spanish market while maintaining and boosting in the medium-term its business capacity in certain large, liquid international urban markets.

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 2006 the company has acquired and sold 141,008 and 67,504 treasury shares, respectively.

At 31 December 2006 the parent company held a total of 102,474 treasury shares, representing 0.41% of share capital. The par value of these shares totals euros 102 thousand.

The parent company has set up the respective treasury share reserve at 31 December 2006.

5. Subsequent events

On 15 February 2007 Renta Corporación entered into a syndicated loan agreement for euros 500 million 21 national and international banking entities are participating in the bank syndicate.

This is the Company's first operation in the structured financial market. The borrowing has been structured into two tranches: the first, euros 200 million, maturing in 5 years, with a grace period of 36 months; and the second, euros 300 million, through a revolving line of credit at 5 years. The funds will be allocated to the investment plan and the redefinition of the structure of the Company's current debt.

Access to long-term borrowing will allow for improvements in management, significant cost savings due to decreased formalisation costs, and the application, by Renta Corporación, of interest rate risk management policies, which have been much more difficult to instrumentalise due to the high turnover of the Company's financing operations.

6. Human Resources

The Renta Corporación team is notable for its level of education, mostly university graduates, its professionalism and motivation. People are the real basis of value creation for Renta Corporación, and constitute the foundation for building company differentiation vis-à-vis the competition. Since its first steps as a company it has acknowledged the contribution of its professional as a critical success factor. Thus, it devotes special attention to having an effective, agile, flexible organisation in a professional work environment in terms of procedures and systems, and provides seamless access to ongoing training and knowledge, through the application of an effective human resources policy.

The typical key director is a young, diverse, highly qualified professional with a broad range of professional experiences. Of special note is the major presence of women in general and in positions of responsibility.

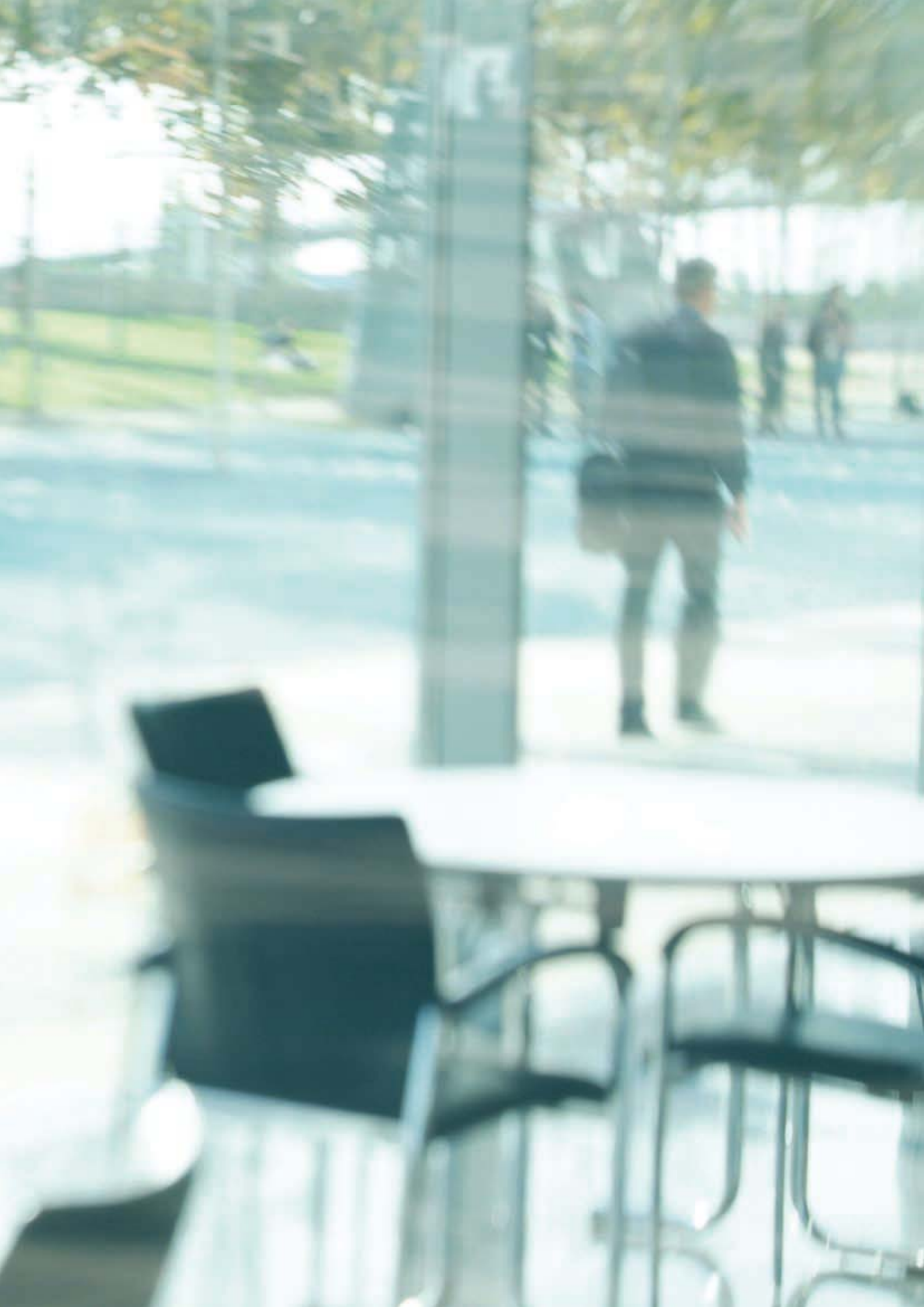
The positive evolution of 2006 earnings has also led to an increase in the number of employees. At the 2006 year end staff totals 115 persons, which represents an increase of 21% on 2005

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.



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

Registered Offices:
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08036 Barcelona - Spain

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

Impresión:
Grup 3

Dep Leg: B. 14.020-07

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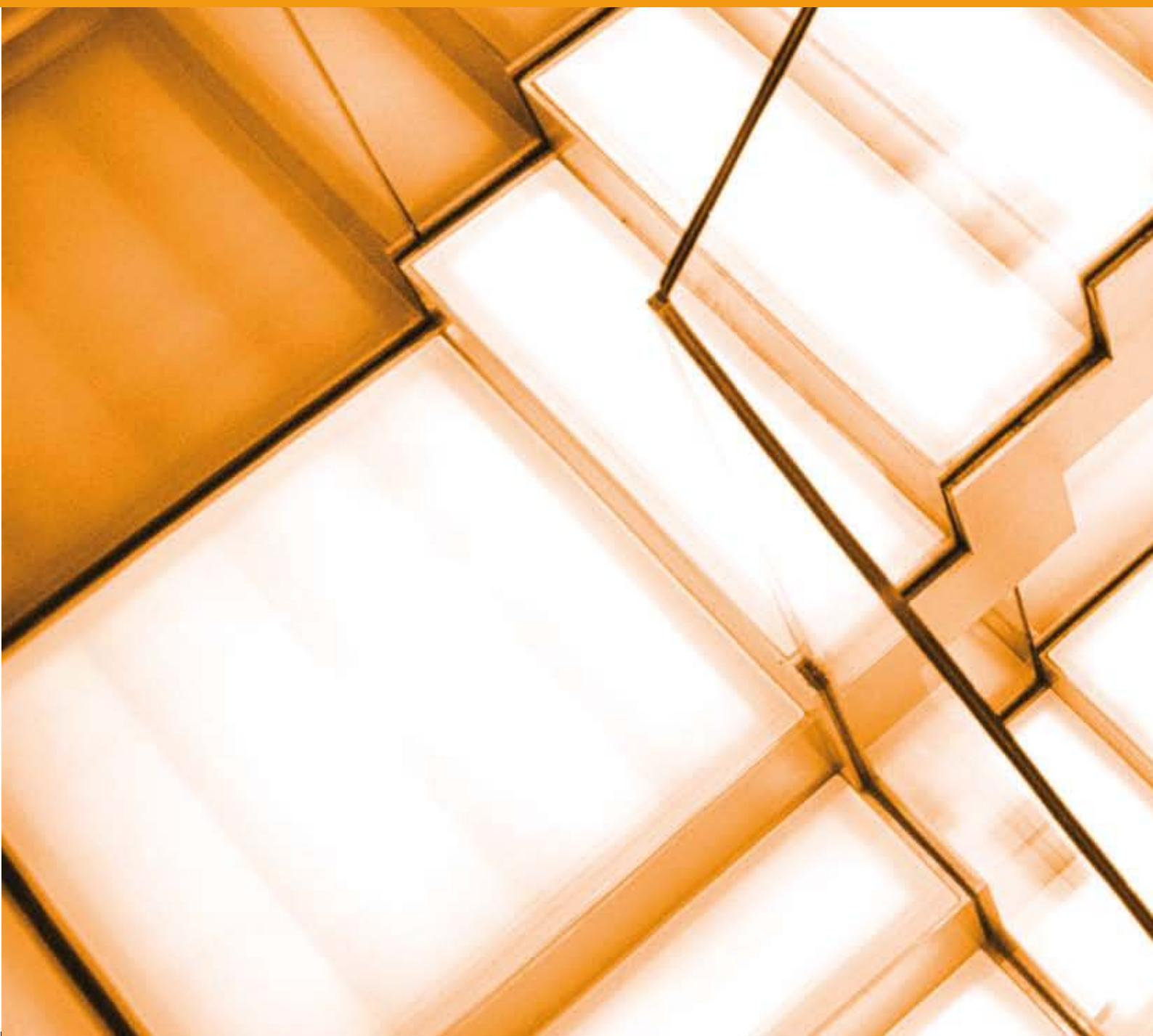
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INDIVIDUAL ANNUAL ACCOUNTS 2006



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INDIVIDUAL ANNUAL ACCOUNTS 2006

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1

Audit
Report

Audit Report



Edificio Caja de Madrid
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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.

AUDITOR'S 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 balance sheet as at 31 December 2006, the 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 2006. Our opinion refers exclusively to the annual accounts for 2006. On 13 February 2006, we issued our audit report on the 2005 annual accounts, in which we expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for the year 2006, present fairly, in all material respects, the financial position of Renta Corporación Real Estate, S.A. at 31 December 2006, the results of its operations, and the sources and application of funds for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with generally accepted accounting principles, except for the change, with which we agree, in relation to the re-estimate of the useful life of the Start-up expenses, as described in note 4a to the accompanying accounts, applied on a basis consistent with those used in the previous year.

The accompanying Directors' Report for 2006, contains the information that the Company's Directors consider relevant to the Company's position, the evolution of its business and of other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the aforementioned Directors' Report coincides with that of the annual accounts for 2006. Our work as auditors is limited to checking the 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 Company's accounting records.

PricewaterhouseCoopers Auditores, S.L.



Manuel Valls Morató
Audit Partner

22 February 2007

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-79 031290





2

Annual
Accounts

a. Individual Annual Accounts

COMPANY IDENTIFICATION

NIF:	A62385729		
Registered Name:	RENTA CORPORACIÓN REAL ESTATE , S.A.		
Registered office:	Av. Diagonal, 449 2º		
Town:	BARCELONA	Province:	BARCELONA
Post Code:	08036		

ACTIVITY

Main activity:	Real Estate and Building Transformation
CNAE code	810010 70.11

EMPLOYEES

			YEAR 2006	YEAR 2005
Salaried employees (average number for the year)	PERM. (4)	810100	5	3
	TEMP. (5)	810110		

PRESENTATION OF ACCOUNTS

		YEAR	MONTH	DAY
Year-end date to which the accounts refer	810190	2006	12	31
Number of pages deposited:	810200			

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

NORMAL BALANCE SHEET B1

NIF A62385729		UNIT ⁽¹⁾	
REGISTERED NAME		Euros	999114
RENTA CORPORACION REAL ESTATE, S.A.	Space for the Directors' signatures	Thousands	999115 X

ASSETS		YEAR 2006	YEAR 2005
A) UNCALLED SHARE CAPITAL	110000		
B) FIXED ASSETS	120000	3,904	2,816
I. Start-up expenses	121000		328
II. Intangible assets	122000	202	95
1. Research and development	122010		
2. Patents and trademarks	122020	22	21
3. Goodwill	122030		
4. Transfer rights	122040	40	
5. Computer software	122050	161	74
6. Rights on assets under finance leases	122060		
7. Prepayments	122070		
8. Provisions	122080		
9. Amortisation	122090	-21	
III. Tangible assets	123000	434	171
1. Land and buildings	123010		
2. Plant and machinery	123020		
3. Other plant, furniture and fittings	123030	432	180
4. Payments on account and assets in course of construction	123040		
5. Other fixed assets	123050	36	3
6. Provisions	123060		
7. Depreciation	123070	-34	-12
IV. Investments	124000	3,268	2,222
1. Shareholdings in group undertakings	124010	2,845	2,142
2. Loans to associated undertakings	124020		
3. Shareholdings in associated companies	124030	282	288
4. Loan to associated undertakings	124040		
5. Long-term securities portfolio	124050	25	25
6. Other shareholdings	124060		
7. Long-term deposits	124070	116	29
8. Provisions	124080		-262
9. Long-term accounts with public authorities	124100		
V. Treasury shares	125000		
VI. Long-term trade debtors	126000		

NORMAL BALANCE SHEET B2

NIF A62385729
REGISTERED NAME
RENTA CORPORACION REAL ESTATE, S.A. Space for the Directors' signatures

ASSETS		YEAR 2006	YEAR 2005
C) DEFERRED EXPENSE	130000		
D) CURRENT ASSETS	140000	168,414	62,448
I. Called up share capital not paid	141000		
II. Stocks	142000		
1. Goods purchased for resale	142010		
2. Raw materials and consumables	142020		
3. Work in progress	142030		
4. Finished goods	142040		
5. By-products, scrap and reusable material	142050		
6. Payments on account	142070		
7. Provisions	142070		
III. Debtors	143000	32,316	18,098
1. Trade debtors for sales and services rendered	143010		
2. Amounts owed by group undertakings	143020	31,552	18,057
3. Amounts owed by associated undertakings.	143030		
4. Other debtors	143040	37	
5. Loans to employees	143050		40
6. Taxes refundable	143060	727	1
7. Provisions	143070		
IV. Current asset investments	144000	133,073	44,117
1. Shareholdings in group undertakings	144010		
2. Loans to group companies	144020	122,982	42,320
3. Shareholdings in associated undertakings	144030		
4. Loans to associated companies	144040		1,790
5. Interest receivable	144050	91	7
6. Other loans	144060	10,000	
7. Short-term deposits and guarantees	144070		
8. Provisions	144080		
V. Treasury shares	145000	2,759	94
VI. Cash at bank and in hand	146000	254	139
VII. Prepayments and accrued income	147000	12	
GRAND TOTAL (A+B+C+D)	100000	172,318	65,264

NORMAL BALANCE SHEET B3

NIF A62385729

REGISTERED NAME

RENTA CORPORACION REAL ESTATE, S.A. Space for the Directors' signatures

LIABILITIES		YEAR 2006	YEAR 2005
A) CAPITAL AND RESERVES	210000	144,829	48,541
I. Share capital	211000	25,029	21,949
II. Share premium account	212000	86,723	483
III. Revaluation reserve	213000		
IV. Other reserves	214000	16,023	13,114
1. Legal reserve	214010	2,976	1,677
2. Reserve for treasury shares held	214020	2,759	94
3. Reserve for the controlling company's shares	214030		
4. Statutory reserves	214040		
5. Differences from converting capital to euros	214060		
6. Other reserves	214050	10,288	11,343
V. Profit and loss account brought forward	215000		
1. Unappropriated profit brought forward	215010		
2. Losses from previous years	215020		
3. Shareholders' contributions to offset losses	215030		
VI. Profit (loss) for the year	216000	17,054	12,995
VII. Interim dividend	217000		
VIII. Own shares for capital decrease	218000		
B) DEFERRED INCOME	220000		
1. Capital grants	220010		
2. Unrealized foreign exchange gains	220020		
3. Other deferred income	220030		
4. Deferred tax income	220050		
C) PROVISIONS FOR LIABILITIES AND CHARGES	230000		
1. Provisions for pensions and similar obligations	230010		
2. Provisions for taxes	230020		
3. Other provisions	230030		
4. Sinking fund	230040		
D) CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	240000	98	
I. Debenture loans and other marketable securities	241000		
1. Non-convertible debentures	241010		
2. Convertible debentures	241020		
3. Other marketable securities	241030		

NORMAL BALANCE SHEET B4

NIF A62385729
REGISTERED NAME
RENTA CORPORACION REAL ESTATE, S.A. Space for the Directors' signatures

LIABILITIES	YEAR 2006	YEAR 2005
D) CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)		
II. Bank loans	24200	
1. Bank loans	242010	
2. Creditors for finance leases	242020	
III. Amounts owed to group and associated undertakings	243000	
1. Amounts owed to group undertakings	243010	
2. Amounts owed to associated undertakings	243020	
IV. Other creditors	244000	98
1. Bills payable	244010	
2. Other creditors	244020	98
3. Long-term deposits and guarantees received	244030	
4. Taxes and social security contributions	244050	
V. Uncalled amounts on shares held	245000	
1. Group undertakings	245010	
2. Associated undertakings	245020	
3. Other undertakings	245030	
VI. Trade creditors	246000	
E) CREDITORS FALLING DUE WITHIN ONE YEAR	250000	27,391
I. Debenture loans and other marketable securities	251000	16,723
1. Non-convertible debentures	251010	
2. Convertible debentures	251020	
3. Other marketable securities	251030	
4. Interest on debenture loans and other marketable securities	251040	
II. Bank loans and overdrafts	252000	5,094
1. Loans and other facilities	252010	5,076
2. Interest	252020	18
3. Creditors for finance leases	252030	
III. Amounts owed to group and associated undertakings	253000	11,890
1. Amounts owed to group companies	253010	11,832
2. Amounts owed to associated companies	253020	58
IV. Trade creditors	25400	886
1. Advances from customers	254010	
2. Creditors for purchases or services received	254020	886
3. Bills of exchange payable	254030	
V. Other creditors	255000	9,521
1. Taxes and social security contributions	255010	9,259
2. Bills of exchange payable	255020	
3. Other creditors	255030	
4. Accrued wages and salaries	255040	262
5. Short-term deposits and guarantees received	255050	51
VI. Trade provisions	256000	
VII. Accruals and deferred income	257000	
F) PROVISIONS FOR LIABILITIES AND CHARGES	260000	
GRAND TOTAL (A+B+C+D+E+F)	200000	172,318
		65,264

P1 NORMAL PROFIT AND LOSS ACCOUNT

NIF A62385729	UNIT(1)
REGISTERED NAME	Euros 999214
RENTA CORPORACION REAL ESTATE, S.A.	Thousands 999215 X
Space for the Directors' signatures	

DEBIT		YEAR 2006	YEAR 2005
A) EXPENSE (A.1 to A.16)	300000	20,035	3,331
A.1. Reduction in stocks of finished goods and work in progress	301000		
A.2. Raw materials and consumables	302000		
a) Consumption of goods purchased for resale	302010		
b) Consumption of raw and consumable material	302020		
c) Other external services	302030		
A.3. Staff costs	303000	2,719	1,565
a) Wages, salaries and similar remuneration	303010	2,389	1,511
b) Social security contributions	303020	330	54
A.4. Fixed asset depreciation	304000	8,670	95
A.5. Changes in trade provisions	305000		
a) Change in stock provisions	305010		
b) Change in bad debt provision and bad debts written off	305020		
c) Change in other trade provisions	305030		
A.6. Other operating charges	306000	13,446	2,184
a) External services	306010	13,440	2,181
b) Taxes	306020	6	3
c) Other administrative expenses	306030		
d) Transfer to sinking fund	306040		
A.I. OPERATING PROFIT (B.1 + B.2 + B.3 - A.1 - A.2 - A.3 - A.4 - A.5 - A.6)	301900		
A.7. Financial expenses and similar costs	307000	180	389
a) Amounts owed to group undertakings	307010	45	49
b) Amounts owed to associated undertakings	307020		
c) Amounts payable to third parties and similar expenses	307030	135	340
d) Loss on sale of investments	307040		
A.8. Change in provisions for investments	308000		
A.9. Loss on exchange	1309000		
A.II. NET FINANCIAL INCOME (B.5 + B.6 + B.7 - A.7 - A.8 - A.9)	302900	23,253	12,348
A.III. PROFIT FROM ORDINARY ACTIVITIES (A.1. + A.II. - B.I - B.II)	303900	11,411	11,985
A.10. Change in provisions for depreciation of tangible and intangible fixed assets and controlling shareholdings	310000	-262	262
A.11. Loss on disposal of tangible and intangible fixed assets and controlling shareholdings	311000	6	
A.12. Loss on dealings with own shares and debentures	312000		
A.13. Extraordinary expenses	313000		
A.14. Expenses relating to prior years	314000		
A.IV. NET EXTRAORDINARY PROFIT (B.9 + B.10 + B.11 + B.12 + B.13 - A.11 - A.12 - A.13 - A.14)	304900	919	
A.V. PROFIT BEFORE TAXES (A.III + A.IV - B.III - B.IV)	3059001	12,330	11,831
A.15. Corporate Income Tax	315000	-4,724	-1,164
A.16. Other taxes	316000		
A.VI. PROFIT FOR THE YEAR (A.V - A.15 - A.16)	306900	17,054	12,995

P2 NORMAL PROFIT AND LOSS ACCOUNT

NIF A62385729
REGISTERED NAME
RENTA CORPORACION REAL ESTATE, S.A. Space for the Directors' signatures

CREDIT		YEAR 2006	YEAR 2005
B) INCOME (B.1 to B.13)	400000	37,089	16,326
B.1.Net turnover	401000	12,980	3,481
a) Sales	401010		
b) Services rendered	401020	12,980	3,481
c) Returned goods and volume discounts	401030		
B.2.Increase in stocks of finished goods and work in progress	402000		
B.3.Own work capitalised	403000		
B.4.Other operating income	404000	13	
a) Sundry income	404010	13	
b) Grants	404020		
c) Excess provision for liabilities and charges	404030		
B.I. OPERATING LOSS	401900	11,842	363
(A.1 + A.2 + A.3 + A.4 + A.5 + A.6 - B.1 - B.2 - B.3 - B.4)			
B.5. Income from shareholdings	405000	20,000	11,500
a) in group undertakings	405010	20,000	11,500
b) in associated undertakings	405020		
c) in non-group undertakings	405030		
B.6.Income from other marketable securities and long-term loans	406000		
a) to group undertakings	406010		
b) to associated undertakings	406020		
c) to non-group undertakings	406030		
B.7. Other interest and similar income	407000	3,433	1,237
a) from group undertakings	407010	3,278	1,107
b) from associated undertakings	407020		
c) from other holdings	407030	155	130
d) Gains on sale of investments	407040		
B.8. Gains on exchange	408000		
B.II. NET FINANCIAL EXPENSE	402900		
(A.7 + A.8 + A.9 - B.6 - B.7 - B.8)			
B.III. LOSS FROM ORDINARY ACTIVITIES	403900		
(B.I + B.II - A.I - A.II)			
B.9. Profit from disposal of tangible and intangible fixed assets and controlling shareholdings	409000		3
B.10. Profit from dealings in own shares and debentures	410000	663	105
B.11. Capital grants released to income during the year	411000		
B.12. Extraordinary income	412000		
B.13. Income relating to prior years	413000		
B.IV. NET EXTRAORDINARY LOSS	404900		154
(A.10 + A.11 + A.12 + A.13 + A.14 - B.9 - B.10 - B.11 - B.12 - B.13)			
B.V. LOSS BEFORE TAXES	405900		
(B.III + B.IV - A.III - A.IV)			
B.VI. LOSS FOR THE YEAR	406900		
(B.V. + A.15 + A.16)			

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 449, 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**

- 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.
- 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.
- As the Company meets the conditions set down in article 181.4 of the Spanish Companies Act, the Directors present these annual accounts due to the fact that the Company is listed on an official stock exchange in a member state of the European Union.
- 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 2006, 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 2006. The main figures set down in the audited consolidated annual accounts are as follows:

Total assets	889,300
Equity	203,899
Profit for the year attributed to the Company Shareholders	47,501
Revenue	590,035

3. **Proposed distribution of results**

The following distribution of 2006 results will be proposed to the General Meeting of Shareholders:

Basis of distribution	
Profit and loss (profits)	17,054
Distribution	
To dividends	14,250
To legal reserve	1,706
To voluntary reserve	1,098
	17,054

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.

In 2006 the useful life of the Start-up expenses has been re-estimated. These were written off over a period of 5 years and are now amortised over one. The effect of this re-estimation has led to an increase in amortisation expense by approximately euros 7,454 thousand in 2006 against the expenses that would have been stated using the previous useful life.

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 applications	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 fixtures	10%
Computer equipment	25%
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) **Treasury shares**

The value of the company's treasury shares is stated at the purchase price and a non-distributable reserve of the same amount is set up for treasury shares. This amount is carried under the Equity in accordance with applicable legislation. The eventual outcome planned for such shares is, on the one hand, sale in the short-term, and, on the other, meeting the commitments set down in the Group employee and executive incentive plan and the handing over of shares to the Directors.

g) **Bank loans**

Bank loans relate to short-term credit facilities used to finance the Company's cash needs.

h) **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. and 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.

i) **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.

j) **Environment cost**

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

5. **Start-up expenses**

	Balance at 31.12.05	Increases	Disposal due to Amortisation	Balance at 31.12.06
Capital increase expenses	328	8,298	(8,626)	-

The increase is due to the stock market listing expenses which total euros 8,298 thousand, which were capitalised and written off in 2006.

6. **Intangible fixed assets**

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

	Balance at 31.12.05	Increases	Balance at 31.12.06
Cost			
Patents and trademarks	21	1	22
Transfer rights	-	40	40
Computer software	74	87	161
	95	128	223
Accumulated amortisation			
Computer software	-	(21)	(21)
Net book value	95		202

7. **Tangible fixed assets**

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

	Balance at 31.12.05	Increases	Balance at 31.12.06
Cost			
Other plant, furniture and fittings	180	252	432
Other fixed assets	3	33	36
	183	285	468
Accumulated amortisation			
Other plant, furniture and fittings	12	19	31
Other fixed assets	-	3	3
	12	22	34
Net book value	171		434

8. Investments

8.1 Movements in the accounts included under Investments are as follows:

	Balance at 31.12.05	Increases	Decreases	Balance at 31.12.06
Shareholdings in Group undertakings	2,142	703	-	2,845
Shareholdings in associated companies	288	-	(6)	282
Other shareholdings	25	-	-	25
Long-term deposits	29	87	-	116
Provision for loss in value of shareholdings in associated companies	(262)	-	262	-
Total	2,222	790	256	3,268

8.2 At 31 December 2006 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	31.12.06	500	7,699	(2,500)	4,842 (1)
Renta Corporación Real Estate G.O., S.L.U.	Real estate operations	21-06-01	Renta Corporación Real Estate, S.A.	183	100	31.12.06	183	1,766	(17,500)	19,677 (1)
Renta Corporación Real Estate Finance, S.L.U.	Real estate operations	30-11-01	Renta Corporación Real Estate, S.A.	607	100	31.12.06	3	19,922	-	462 (1)
Renta Corporación Real Estate O.N., S.A.U.	Real estate operations	18-02-00	Renta Corporación Real Estate, S.A.	546	100	31.12.06	120	8,622	-	3,694 (1)
Groupe Immobilier Renta Corporación, S.A.S.U.	Real estate operations	27-03-02	Renta Corporación Real Estate, S.A.	38	100	31.12.06	38	737	-	10,377 (1)
Renta Properties (UK), LTD	Real estate operations	08-12-04	Renta Corporación Real Estate, S.A.	1	100	31.12.06	-	(1,742)	-	(185) (1)
RC Real Estate Deutschland GmbH	Real estate operations	04-11-05	Renta Corporación Real Estate, S.A.	25	100	31.12.06	25	(3)	-	105
RC Luxembourg, S.á.r.l.	Real estate operations	07-11-06	Renta Corporación Real Estate, S.A.	100	100	31.12.06	100	-	-	(13)
Norfeu Sarl	Real Estate operations	07-11-06	RC Luxembourg, SárI	-	100	31.12.06	13	13	-	5,474
Masella Oeste, S.L.	Real estate operations	29-09-00	Renta Corporación Real Estate O.N., S.A.U.	-	40	31.12.06	290	906	-	(193)
Mixta África, S.A.	Holding company	07-04-05	Renta Corporación Real Estate, S.A.	282	31	31.12.06	901	21,213	-	(2,179)
Mixta Africa Maroc, S.A.R.L	Social housing construction	25-05-05	Mixta África, S.A.		100	31.12.06	1,201	(40)	-	(1,216)
Other companies	Real estate operations, social housing construction	2006	Mixta Africa, S.A. Renta Properties (UK), Ltd.	-	100	31.12.06	40	-	-	(37)
				3,127						

(1) According to the audited annual accounts at 31 December 2006.

8.3 Renta Properties (UK), Limited is now starting up its activity, having incurred losses in 2006. Once the Company can fully carry out its activity in 2007, it expects to generate sufficient funds in the short term to offset the losses of the initial years.

8.4 On 20 December 2006 RC Fundación Marruecos Tánger, SárI, changed its registered name to Mixta África Maroc, SárI.

8.5 On 7 April 2005 the parent Company incorporated a Spanish company called Renta Corporación Marruecos Tánger, S.A., in which it held 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%. In 2006 the shareholding in this company was reduced to 31.28%.

8.6 On 7 November 2006 the Company incorporated RC Luxembourg, Sàrl, with registered office in Luxembourg. The Company holds all the share capital of this company.

Also on 7 November 2006 RC Luxembourg, Sàrl, incorporated the company Norfeu Sàrl, with registered office in Luxembourg, in which it holds all the share capital.

8.7 During 2006 Renta Properties (UK), Limited has sold its shareholding in One Vincent Square, Limited for BPS 881,987 and obtained a profit of BPS 741,887.

8.8 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 which is located in London, Mixta Maroc S.à.r.l., which is located in Tangiers, RC Real Estate Deutschland GmbH, which is located in Berlin, and Renta Corporación Real Estate Luxembourg, S.à.r.l. and Norfeu, S.à.r.l., which are located in Luxembourg. None of the Group companies are listed on a stock exchange, except for the parent company.

9. Amounts owed by group undertakings

The breakdown at 31 December 2006 of the receivable balances with group companies is as follows:

Renta Corporación Real Estate R.A., S.A.U.	2,542
Renta Corporación Real Estate O.N., S.A.U.	9,612
Renta Corporación Real Estate G.O., S.L.U.	16,854
RC Real Estate Deutschland GmbH	1,065
Renta Corporación Real Estate Finance, S.L.U.	23
Groupe Immobilier Renta Corporación, S.A.S.U.	1,012
Renta Properties (UK), Limited	444
	31,552

Amounts owed by Groups undertakings includes the receivable balance of euros 19,217 thousand relating to the amounts owed by its affiliates as a result of the consolidated tax regime (See Note 15). The amount of euros 12,191 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 144 thousand with RC Real Estate Deutschland GmbH for advisory services.

10. Current asset investments

Movements in Current asset investments have been as follows:

	Balance at 31.12.05	Increases	Decreases	Balance at 31.12.06
Loans to group companies	42,320	176,641	(95,979)	122,982
Loans to associated companies	1,790	-	(1,790)	-
Group dividend receivable	-	10,000	-	10,000
Interest receivable	7	91	(7)	91
	44,117	186,732	(97,776)	133,073

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 2006 under these credit facilities and their corresponding credit limits are as follows:

	Amount drawn down	Limit
Renta Corporación Real Estate R.A., S.A.U.	19,879	40,000
Renta Corporación Real Estate O.N., S.A.U.	50,505	150,000
Renta Corporación Real Estate Finance, S.L.U.	35,964	150,000
Renta Corporación Real Estate G.O., S.L.U.	9,770	30,000
Renta Corporación Luxembourg, S.A.R.L	12	3,000
Renta Properties (UK), Limited	3,833	6,000
	119,963	379,000

These facilities have accrued an interest rate of Euribor at three months + 0.75% in 2006.

The interest accrued not collected with Group Companies at 31 December 2006 totals euros 3,019 thousand.

11. Treasury shares

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

	Number	Average purchase / sale price	Cost
Balance at 31.12.05	28.970		(94)
Purchases	141.008	26,89	(3.791)
Sales	(67.504)	16,69	1.126
Balance at 31.12.06	102.474		(2.759)

On 14 June 2006 the Board of Directors of the Company adopted a specific treasury share repurchase plan in order to satisfy the needs arising from an employee and executive incentive plan of the Renta Corporación Group as well as hand over shares to the Directors. The purpose of this plan is to motivate and encourage Company loyalty and grant employees the status of Company shareholders.

In addition to the share repurchase program it was agreed to acquire treasury shares up to an overall maximum of 5% of share capital in order to contribute to the liquidity of the shares on the market.

12. Capital and reserves

The breakdown of this account at 31 December 2006, and its movement during the year is as follows:

	Sharecapital	Share Premium	Legal reserve	Other reserves	Treasury shares reserve	Profit and loss	Total Capital and Reserves
Balance at 31.12.05	21,949	483	1,677	11,343	94	12,995	48,541
Distribution of 2005 results	-	-	1,299	11,696	-	(12,995)	-
Acquisition of treasury shares	-	-	-	(2,665)	2,665	-	-
Capital increase	3,080	86,240	-	-	-	-	89,320
Payment of dividends	-	-	-	(10,086)	-	-	(10,086)
2006 results	-	-	-	-	-	17,054	17,054
Balance at 31.12.06	25,029	86,723	2,976	10,288	2,759	17,054	144,829

The share capital is made up of 25,029,301 fully paid and subscribed bearer shares with a par value of Euro 1 each, numbered from 1 to 25,029,301.

On 9 February 2006, the Extraordinary General Meeting of Shareholders adopted a resolution to trade all the Company's shares on the Barcelona and Madrid Stock Exchanges. It was also agreed to make an Initial Public Offering of shares at the same time as the Public Offering of Sale.

On 9 March 2006 the Board of Directors adopted the following resolution:

- To increase capital by euros 2,000 thousand through the issuing of 2,000,000 new ordinary shares with a par value of euros 1 each and waive the right to preferential subscription on the part of the former shareholders. This increase was carried out with a share premium of euros 28 per share, and, accordingly, a share premium of euros 56,000 thousand was generated. All the shares were fully subscribed and paid.
- And to increase share capital by euros 1,080 thousand through the issuing of 1,080,000 new ordinary shares with a par value of Euro 1 each, allocated to use, as the case may be, in exercising the subscription option (Green-shoe) that is given to global initial public offer coordinating entities. This increase took place on 7 April 2006, with a share premium of euros 28 per share, generating a share premium of euros 30,240 thousand. All the shares were fully subscribed and paid.

Trading of Company shares on the stock markets began on 5 April 2006.

Due to the fact that the legal reserve as per article 214 of the Spanish Companies Act was not fully constituted, the parent Company must allocate 10% of its profit to it until it reached 20% of share capital. This reserve is not available for distribution if it is used to offset losses, in the event that there are no other reserves sufficiently available, it must be replenished out of future profits.

The Company has set up a treasury shares reserve of euros 2,665 thousand charged against Voluntary reserves. This reserve is not distributable while treasury shares carried on the asset side of the balance sheet are not being sold.

Article 13 of the Articles of Association now in force does not lay down any restrictions on the free transfer of shares, although there are two para-social agreements set out below. On the one hand, UNICEF-Spanish Committee (UCE) and Fundación INTERMON-OXFAM acquired the commitment not to transfer their shares in the company for certain periods of time as from the listing of the company. On the other hand, within the context of the listing on the stock exchange, certain shareholders entered into a shareholders agreement regulating certain restrictions on the transfer of shares. These restrictions materialised in the right of preferential acquisition amongst the signees of the agreement in relation to the transfer of company shares.

The main shareholders of the Company at 31 December 2006 holding a control of 5% or more of its share capital either directly or indirectly are as follows:

Name	Number of shares		
	Direct	Indirect	Total
Mr. Luis Rodolfo Hernández de Cabanyes	1.077%	34.411%	35.488%
Fundación Privada Renta Corporación	5.010%	0%	5.010%

13. Bank loans

The amount of euros 5,076 thousand relates to the balance drawn down by the Company on its credit facilities with banking entities. The average cost of the borrowings has been 3.7% p.a.

The total limited granted for these policies totals euros 5,200 thousand.

14. Amounts owing to group companies

The breakdown of this account at 31 December 2006 is as follows:

	Balances payable
Renta Corporación Real Estate R.A., S.A.U.	6,332
Groupe Immobilier Renta Corporación, S.A.S.U.	5,000
Renta Corporación Luxembourg, S.A.R.L.	500
	11,832

The Company has undrawn credit facilities from its subsidiaries with a limit of euros 175,000 thousand, which have a yearly term, tacitly renewable for annual periods until they mature. These facilities have accrued interest at Euribor at 3 months + 0.75% since 2006.

15. Tax situation

As 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 annual accounts.

The reconciliation between reported profits and taxable profits is set out below:

Reported net profit / (loss)	17,054
Corporate income tax	(4,724)
Profit before tax	12,330
Elimination of the dividend received from the subsidiary Renta Corporación Real Estate G.O., S.L.U.	(17,500)
Elimination of the dividend received from the subsidiary Renta Corporación Real Estate R.A., S.A.U.	(2,500)
Elimination of group interest	(2,568)
Elimination of group turnover	(2,983)
Permanent differences	(262)
Taxable income	(13,483)

Corporate income tax relates to 35% of the negative tax base.

At 31 December 2006 the Company does not have tax loss carryforwards or outstanding allowances.

Public Treasury, debtor for corporate income tax	(10,206)
Receivables from subsidiary companies for corporate income tax (See Note 9)	19,217
Tax payable	9,011

During the year ended 31 December 2006 the Company has withheld and made payments on account for Corporate income tax in the amount of euros 24 thousand and euros 5,458 thousand, respectively.

The Company is open to inspection by the Tax Authorities for the last four years for the main applicable taxes.

The breakdown of the creditors balances with Public Administrations at 31 December 2006 is as follows:

Creditor balances	
Public Treasury, creditor for withholding tax on personal income, Tax on income from capital and others	242
Public Treasury, creditor for corporate income tax	9,011
Social Security, creditor	6
	9,259

16. Long-term creditors

The Company has decided to set up a share plan in 2006 to provide incentives for its beneficiaries to remain in the Company and grant its employees the status of shareholders in the Company. It consists in giving them shares over 3 years that accrue annually on the basis of a fixed percentage at 12 and 24 months, and the rest up until the end of the third year. The accrual is generated over these periods. The number of shares was set on 30 June 2006, date of the commencement of the plan, based on the salary conditions of each executive and/or employee, and considering the average weighted quotation in the month of June 2006 of the Company's shares.

The Company will re-estimate the liability at each year end based on the quotation of the share at that date. The expense recorded in 2006 for this item totals euros 163 thousand. It is carried on the liabilities side of the balance sheet and is broken down into short and long term of euros 65 thousand and euros 98 thousand, respectively.

17. Income and expenses

Transactions with group, associated and related companies:

The transactions in 2006 with the associated and related companies in the Renta Corporación Group have been as follows:

	Renta Corporación Group	Associated companies	Related companies
Services received	5,458	242	715
Services rendered	11,064	-	-
Dividend income	20,000	-	-
Financial income	3,278	100	-
Financial expense	45	-	-

18. Other information

We set out below the remuneration accrued to the members of the Board of Directors of the Company in 2006:

Concept	
Attendance at meetings of the Board of Directors / Delegated Committees	489
Salaries and other remuneration	2,354
Total remuneration	2,843

Salaries and other remuneration to the executive Board Members includes the expense accrued in relation to the share plan (note 16), which totals euros 112 thousand.

The total amount of life, accident and civil liability insurance and civil liability insurance premiums paid by the Company for members of the Board of Directors totals euros 1 thousand and euros 93 thousand, respectively.

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for current auditing services total euros 11,7 thousand.

At 31 December 2006, the Company is the guarantor for group companies of credit facilities and mortgage-backed loans totalling a maximum of euros 65,502 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 2,000 thousand.

At 31 December 2006 the parent Company has given personal guarantees to third parties totalling euros 8,951 thousand, mostly to guarantee purchases made through deferred payment.

In accordance with the provisions of article 127 ter. 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
Mr. Luis Rodolfo Hernández de Cabanyes	SECOND HOUSE, S.L.	6.73% direct 40.77% indirect	-
	FINANTING 2001, S.L.	43.15% direct 20% indirect	Sole Administrator
	AURODOC 75, S.L.	36.13% direct 14.76% indirect	Sole Administrator
	TOGA 20, S.L.	43.15% direct 20% indirect	Sole Administrator
	SDEEGTUTERS, S.L.	43.15% direct 20% indirect	Sole Administrator
	DINOMEN, S.L.	44.44% direct 17.6% indirect	Sole Administrator
	ALDERAMIN STAR, S.L.	100% owned by DINOMEN, S.L. %	Sole Administrator
Ms. Anna M. Birulés Bertran	MIXTA AFRICA, S.A.	2.24% direct 16.78% indirect	Physical Representative of the Chairman which is Fundación Privada Renta Corporación
	MIXTA AFRICA, S.A.	0.46% Indirect	-
Mr. Josep Maria Farré Viader	SECOND HOUSE, S.L.	3.73% direct 1.95% indirect	-
	SHONAN INVESTMENTS, S.L.	74.71%	General Power
Ms. Esther Elisa Giménez Arribas	SECOND HOUSE, S.L.	4.13%	-
	ANPOL CAPITAL, S.L.	48.387%	Several Administrator
	MIXTA AFRICA, S.A.	0.30% direct	Board Member
Ms. Elena Hernández de Cabanyes	SECOND HOUSE, S.L.	3.66%	Sole Administrator
	SECOND HOUSE REHABILITACION, S.L.U.	-	Sole Administrator
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	5.00%	-
	MIXTA AFRICA, S.A.	1.82% direct	-
Mr. César A. Gibernau Ausió	SECOND HOUSE, S.L.	1.05%	-
	CHARCEBOY, S.L.	10.91%	-
	GP CONSULTING, SL.	18.70% indirect	-
	MIXTA AFRICA, S.A.	0.46% indirect	Secretary
Mr. Carlos Tusquets Trias de Bes	LIFE MARINA IBIZA, S.L.	6.54%	-
Mr. Juan Gallostra Isern	GRUPO JG INGENIEROS CONSULTORES DE PROYECTOS, S.A.	5%	Chief Executive Officer

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.

19. Subsequent events

From 31 December 2006 until the date of the formulation of these annual accounts no event or circumstances has occurred that could significantly affected them or that would require disclosure herein.

20. 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.

21. Statement of source and application of funds

Set out below is the statement of source and application of funds for the year:

APPLICATIONS	2006	2005	SOURCES	2006	2005
Interim dividend	10,086	2,987	Funds generated from operations	24,804	13,244
Acquisitions of fixed assets:			Share capital increase	89,320	-
- Start-up expenses	8,298	163	Long-term creditors	98	-
- Intangible fixed assets	128	82	Sale of treasury shares	1,789	162
- Tangible fixed assets	285	92	Disposal of investments	-	15
- Investments	790	365			
Acquisitions of treasury shares	3,791	94			
Total applications	23,378	3,783	Total sources	116,011	13,421
Surplus of sources over application of funds (Increase in working capital)	92,633	9,638	Surplus of applications over sources of funds (Decrease in working capital)		

Changes in working capital

	Increases		Decreases	
	2006	2005	2006	2005
Debtors	14,218	11,408	-	-
Current asset investments	88,956	-	-	9,452
Cash at banks and in hand	115	124	-	-
Accruals, prepayments and deferred income	12	-	-	67
Creditors	-	7,625	10,668	-
	103,301	19,157	10,668	9,519
Change in working capital	92,633	9,638		

Supplementary information

Calculation of funds generated from (absorbed by) operations:

	2006	2005
Accounting profit	17,054	12,995
INCREASES		
Amortisation of start-up expenses	8,626	83
Amortisation of intangible fixed assets	21	-
Depreciation of tangible fixed assets	22	12
Loss on controlling shareholdings	6	(3)
DECREASES		
Profit on operations with treasury shares	(663)	(105)
Variation in provision for controlling shareholdings	(262)	262
Total funds generated from (absorbed by) operations	24,804	13,244

b. Directors' Report

1. Evolution of the business

Throughout 2006 Renta Corporación Real Estate, S.A. has strengthened its strategic planning, and its organisational, structural, and management support to the different companies in the Renta Corporación consolidated Group, of which it is the parent Company.

This activity has led to its remarkable listing on the Stock Market.

On 5 April 2006 the shares of the Company began to be traded on the Madrid and Barcelona Stock Exchanges.

In order for this to happen, the Company had previously increased capital by euros 89,320 thousand, giving it equity of euros 144,829 thousand, which is an increase of 198% on last year.

The listing operation has contributed to recruiting the funds necessary for the group's expansion plan, which will allow its subsidiaries to continue growing and expanding their business, i.e., Residential Refurbishment, Office Transformation and Land Transformation.

The shares of Renta Corporación have had a successful run in the market, and the year end quotation brings with it a revaluation of 17.7% against the initial price of the shares.

In order to motivate employees and encourage their loyalty to the company the Board of Directors has adopted a 3-year action plan that will allow all employees to become shareholders and share in the future profits of Renta Corporación.

Income has totalled euros 37,089 thousand, euros 20,000 thousand of which relate to dividends from the subsidiaries, euros 10,920 thousand from income received in consideration for management support services provided by the parent company to its subsidiaries.

Personnel expenses have totalled euros 2,719 thousand, 42% higher than in 2005, while external services have increased significantly given the increase in group activity.

The Company's Directors believe that the company's business is not facing any significant risks and uncertainties.

2. Business outlook

The Company plans in the next few years to continue carrying out initiatives in line with those taken in 2006, in order to strengthen and reinforce even further the organisational structure of the group and 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, although it does allocate an important amount of its budget to employee training in order to maximise the quality of its work and facilitate professional development of the individual.

4. Treasury shares

During 2006 the company has acquired and sold 141,008 and 67,504 treasury shares, respectively.

At 31 December 2006 the parent company held a total of 102,474 treasury shares, representing 0.41% of share capital. The par value of these shares totals euros 102 thousand.

The parent company has set up the respective treasury share reserve at 31 December 2006.

5. Subsequent events

From 31 December 2006 until the date of the formulation of these annual accounts no event or circumstances has occurred that could significantly affect them or that would require disclosure herein.

6. 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.

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CORPORATE GOVERNANCE 2006





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CORPORATE GOVERNANCE 2006

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1

Annual
Corporate
Governance
Report

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED PUBLIC LIMITED COMPANIES (SOCIEDADES ANÓNIMAS)

ISSUER'S IDENTIFICATION DETAILS

**FINANCIAL
YEAR**

2006

**Company number
A-62385729**

Company Name:

RENTA CORPORACION REAL ESTATE S.A.

Registered Offices:

**AVENIDA DIAGONAL 449-2º
BARCELONA
08036
SPAIN**

MODEL ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED PUBLIC LIMITED COMPANIES

A OWNERSHIP STRUCTURE

A.1. Please give details of the company's share capital in the following table:

Date last modified	Share capital (€)	Number of shares
07-04-2006	25,029,301.00	25,029,301

If there are different share classes, please indicate this in the following table:

Class	Number of shares	Unit par value

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:

Shareholder's Name or Corporate Name:	Number of Direct Shares	Number of Indirect Shares (*)	Total % of Share Capital
FUNDACION PRIVADA RENTA CORPORACION	1,253,980	0	5.010

(*) Through:

Name or Corporate Name of the Direct Holder of the Holding	Number of Direct Shares	% of Share Capital
Total:		

Please indicate the most significant changes to the share structure which have taken place during the year:

Shareholder's Name or Corporate Name:	Operation date	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:

Director's Name or Corporate Name:	Original Appointment Date	Most Recent Appointment Date	No. of direct shares	No. of indirect shares (*)	Total % of Share Capital
LUIS HERNÁNDEZ DE CABANYES	19-12-2000	15-03-2006	269,628	8,612,727	35.488
ANNA M. BIRULÉS BERTRAN	08-09-2004	08-09-2004	299,131	0	1.195
JOSEP-MARIA FARRÉ VIADER	19-12-2000	15-03-2006	25,135	1,025,554	4.198
ESTHER GIMÉNEZ ARRIBAS	19-12-2000	15-03-2006	1,100	855,470	3.422
ELENA HERNÁNDEZ DE CABANYES	19-12-2000	15-03-2006	358,260	0	1.431
CARLOS TUSQUETS TRIAS DE BES	27-12-2004	27-12-2004	0	100,000	0.400
CÉSAR A. GIBERNAU AUSIÓ	17-11-2003	03-03-2005	162,889	30,000	0.771
JUAN GALLOSTRA ISERN	09-02-2006	09-02-2006	50	0	0.0002

(*) Through:

Name or Corporate Name of the Direct Holder of the Holding	Number of Direct Shares
DINOMEN, S.L.	2,710,290
FINANTING 2001, S.L.	1,482,910
SDEEGTUTERS, S.L.	1,446,885
AURODOC 75, S.L.	1,572,364
TOGA 20, S.L.	1,400,278
SHONAN INVESTMENTS S.L.	1,025,554
ANPOL CAPITAL, S.L.	855,470
TUSQUETS CONSULTORES, S.L.	100,000
PREMISEHUNTER, S.L.	19,500
CONSORCIO TWO DOS, S.L.	10,500
Total:	10,623,751

Total shareholding controlled of the Board of Directors (%)	46.905
--	---------------

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:

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:

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:

Related names or corporate names:	Relationship:	Brief description

A.6. Please provide details of any shareholders' agreements of which the Company has been informed:

Parties to the Shareholders' Agreement	% of share capital affected	Brief Description of the Agreement
UNICEF COMITE ESPAÑOL (UCE)	0.847	UNDER DONATION AND BENEFICIAL INTEREST DEED EXECUTED ON 15 JANUARY 2003, IN THE PRESENCE OF BARCELONA NOTARY PUBLIC ANTONIO BOSCH CARRERA, UNDER NUMBER 32 OF HIS NOTARIAL RECORDS, UNICEF-COMITÉ ESPAÑOL (UCE) AND FUNDACIÓN INTERMÓN-OXFAM UNDERTAKE TO: (I) REFRAIN FROM TRANSFERRING 50% OF THEIR SHARES IN THE COMPANY UNTIL TWO (2) YEARS FROM LISTING OF COMPANY SHARES; AND (II) REFRAIN FROM TRANSFERRING THE REMAINING 50% OF THEIR SHARES IN THE COMPANY UNTIL FOUR (4) YEARS FROM LISTING OF COMPANY SHARES.
FUNDACIÓN INTERMON OXFAM	0.847	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
FUNDACION PRIVADA RENTA CORPORACION	5.010	WITHIN THE FRAMEWORK OF COMPANY LISTING, CERTAIN SHAREHOLDERS SIGNED A SHAREHOLDER CONTRACT ON 24 FEBRUARY 2006 REGULATING FREE TRANSFER OF SHARES IN THE COMPANY. THESE RESTRICTIONS SPECIFY THAT THE SIGNATORIES OF THE CONTRACT SHALL HAVE A PREFERENTIAL PURCHASE RIGHT OF SHARES IN THE COMPANY OWNED BY OTHER SIGNATORIES.
CRISTINA ORPINELL KRISTJANSDOTTIR	0.808	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
DINOMEN, S.L.	10.828	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
TOGA 20, S.L.	5.596	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
FINANTING 2001, S.L.	5.925	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
SDEEGTUTERS, S.L.	5.781	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
AURODOC 75, S.L.	6.282	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
LUIS HERNÁNDEZ DE CABANYES	1.077	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
ANNA M. BIRULÉS BERTRAN	1.195	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
INSTITUTO INTERNACIONAL DE FINANZAS	0.785	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
CÉSAR A. GIBERNAU AUSIÓ	0.651	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
ELENA HERNÁNDEZ DE CABANYES	1.431	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
PERE ARIMON VILAGELIU	1.608	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
ESTHER GIMÉNEZ ARRIBAS	0.004	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
ANPOL CAPITAL, S.L.	3.418	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
CELSO CABRERA MARRERO	0.262	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
PREMISEHUNTER, S.L.	0.042	SEE THE COMMENTS ON THE CONTRACT DESCRIBED IN THE FIRST SECTION.
CONSORCIO TWO DOS, S.L.	0.078	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:

Parties to concerted action	% of share capital affected	Brief description of the concerted action
LUIS HERNÁNDEZ DE CABANYES	35.488	LUIS HERNÁNDEZ DE CABANYES, DIRECT AND INDIRECT HOLDER OF 35.488% OF RENTA CORPORACIÓN SHARE CAPITAL, IS MARRIED UNDER INDEPENDENT PROPERTY RULES TO CRISTINA ORPINELL KRISTJANSDDOTTIR, HOLDER OF 0.808% OF SHARE CAPITAL
CRISTINA ORPINELL KRISTJANSDDOTTIR	0.808	SEE SEPARATE NOTE ABOVE
JOSEP-MARIA FARRÉ VIADER	4.197	JOSÉ-MARIA FARRÉ VIADER, DIRECT AND INDIRECT HOLDER OF 4.197% OF RENTA CORPORACIÓN SHARE CAPITAL, IS MARRIED UNDER INDEPENDENT PROPERTY RULES TO IKUKO KAGÀ, HOLDER OF 0.959% OF SHARE CAPITAL
IKUKO KAGÀ	0.959	SEE SEPARATE NOTE ABOVE
ESTHER GIMÉNEZ ARRIBAS	3.422	ESTHER GIMÉNEZ ARRIBAS, DIRECT AND INDIRECT HOLDER OF 3.422%, OF RENTA CORPORACIÓN SHARE CAPITAL IS DE FACTO PARTNER WITH PERE ARIMÓN VILAGELIU, HOLDER OF 1.608% OF SHARE CAPITAL.
PERE ARIMON VILAGELIU	1.608	SEE SEPARATE NOTE ABOVE
ELENA HERNÁNDEZ DE CABANYES	1.431	ELENA HERNÁNDEZ DE CABANYES, DIRECT AND INDIRECT HOLDER OF 1.431% OF RENTA CORPORACIÓN SHARE CAPITAL, IS MARRIED UNDER INDEPENDENT PROPERTY RULES TO CELSO CABRERA MARRERO, HOLDER OF 0.262% OF SHARE CAPITAL
CELSO CABRERA MARRERO	0.262	SEE SEPARATE NOTE ABOVE
DAVID VILA BALTA	0.450	DAVID VILA BALTA, DIRECT AND INDIRECT HOLDER OF 0.450% OF RENTA CORPORACIÓN SHARE CAPITAL, IS MARRIED UNDER INDEPENDENT PROPERTY RULES TO ANA HERNÁNDEZ DE CABANYES, HOLDER OF 0.371% OF SHARE CAPITAL
ANA HERNÁNDEZ DE CABANYES	0.371	SEE SEPARATE NOTE ABOVE

If there have been any amendments to, or breaches of, such covenants, agreements or concerted action, please indicate it expressly.

PREMISEHUNTER, S.L. and CONSORCIO TWO DOS, S.L. have agreed with Renta Corporación Real Estate, S.A. (hereinafter "Renta Corporación" or the "Company") to abide by the shareholder agreement signed on 24 February 2006, as referred to above, while such agreement as of 31 December 2006 has not been made into deed.

A. 7. Please indicate whether there is any individual or organisation who may exercise control over the Company under the terms of section 4 of the Spanish Stock Market Act (Ley del Mercado de Valores):

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
102,474	0	0.409

(*) Through:

Name or Corporate Name of the Direct Holder of the Holding	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:

Date	Number of Direct Shares	Number of Indirect Shares	Total % of Share Capital
Profit and loss in the year due to treasury share transactions (in thousands of euros)			663

A.9. Please provide details of the terms and/or duration of authorities granted by the General Meeting of Shareholders to the Board of Directors for acquisitions or transfers of Company shares described under section A.8.

The Renta Corporación General Meeting of Shareholders of 9 February 2006 authorised the Board to buy own shares. The terms and conditions of resolution sixteen adopted at this General Meeting are reproduced below:

"(...) the Board is hereby authorised to effect derivative acquisition of own shares, whether directly by the Company or by its controlled companies, under the following terms:

- a) Acquisition may be based on purchase and sale, swap or handover as payment, once or several times, provided that the acquisition shares, added to those already held by the Company, do not exceed 5% of share capital.
- b) The price or consideration value will range from par value and no more than closing price of Company shares in the Continuous Market at acquisition time.
- c) This authority will be valid for 18 months from the day after this agreement.

In addition, and for the purposes envisaged in the second paragraph of article 75.1 of the Spanish Companies Act, to expressly authorise the acquisition of treasury shares in the Company by any of the companies controlled by it under the same terms as those resulting from this agreement. It is specifically provided that any shares acquired under this authority may be used, both in disposal or redemption and in application of remuneration schemes specified under section 75.1 paragraph three of the Spanish Companies Act. This authority shall be effective from the date Company shares are accepted for official trading on the Madrid and Barcelona stock exchanges.

Accordingly, this agreement shall automatically become void in the event that on 31 December 2006 Company shares have not been accepted for official trading on the aforementioned Madrid and Barcelona stock exchanges and inclusion in the Spanish Stock Market Interconnection System (SIBE or "Continuous Market")."

Under this authority, the Board adopted agreements on 14 June 2006, which are reproduced below:

"Given that (...), the Board has plans to implement an employee and management incentive scheme in the near future, which contemplated issuing Company shares to such individuals, and to issue shares to Renta Corporación Group officers, it is hereby agreed to approve a specific Company buyback scheme under the terms of the own shares buyback programmes regulated by Regulation 2273/2003/EC of 22 December.

The terms and conditions of the buyback programme are as follows:

- (i) The purpose of the buyback programme is to comply with obligations on consignment of shares the Company plans to implement in the near future under the Renta Corporación employee and management incentive scheme, as well as in respect of consignment of shares to officers of the company.
- (ii) The maximum number of own shares that can be purchased is 375,440, representing approximately 1.5% of the Company's current share capital.
- (iii) The maximum purchase price will be 30 euros per share.
- (iv) The share buyback programme will remain in force until 31 December 2006.

Conditions for operating under the buyback programme with regard to price and volume, and to restrictions and other terms, shall be governed by the provisions of Regulation 2273/2003/EC of 22 December and the Internal Code of Conduct.

This scheme, and any suspension or modification thereto, shall be reported to the Spanish Securities and Investment Board and treated as a material event.

In addition to the share buyback programme as referred to above (...), derivative acquisition of own shares up to a total limit of 5% of share capital is authorised in terms of the aforementioned General Meeting of Shareholders resolution, applicable legislation and Internal Code of Conduct governing operations with treasury shares. Under article 9.1 of the Internal Code of Conduct, the purpose of regular trading in own shares under this authority will be to contribute to liquidity of the shares in the market or to reduce fluctuations in the share price, and will under no circumstances be designed to manipulate the unfettered process of price formation in the market or to favour certain shareholders in Renta Corporación Group companies."

Subsequently, under Board agreement of 25 October 2006, the above share buyback programme was modified to (i) increase maximum acquisition price to 36 euros per share and (ii) extend its term to 30 April 2007.

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 restrictions by law or under the Articles of Association on Renta Corporación share voting rights.

Article 13 of the current articles of association (hereinafter "Articles of Association"), reproduced below, does not provide for any restriction on unfettered transfer of shares: "ARTICLE 13. TRANSFER OF SHARES

Shares and financial rights therefrom, including preferred subscription rights, are freely transferable by any lawful means.

Transfer of new shares shall not become effective until the relevant share capital increase has been filed with the Company Registry.

Finally, the shareholders' agreements referred to in Section A.6 above should be noted.

B COMPANY MANAGEMENT STRUCTURE**B.1. Board of Directors****B.1.1. Please provide details of the maximum and minimum number of directors permitted under the 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:

Name or corporate name of the director.	Representative	Position on the Board	Original Appointment Date	Most Recent Appointment Date	Election Procedure
LUIS HERNÁNDEZ DE CABANYES		CHAIRMAN – MANAGING DIRECTOR	19-12-2000	15-03-2006	GENERAL MEETING
JOSEP-MARIA FARRÉ VIADER		MANAGING DIRECTOR	19-12-2000	15-03-2006	GENERAL MEETING
ANNA M. BIRULÉS BERTRAN		VICE-CHAIRWOMAN	08-09-2004	08-09-2004	GENERAL MEETING
ESTHER GIMÉNEZ ARRIBAS		DIRECTOR SECRETARY	19-12-2000	15-03-2006	GENERAL MEETING
CARLOS SOLCHAGA CATALAN		DIRECTOR	09-02-2006	09-02-2006	GENERAL MEETING
JUAN GALLOSTRA ISERN		DIRECTOR	09-02-2006	09-02-2006	GENERAL MEETING
CARLOS TUSQUETS TRIAS DE BES		DIRECTOR	27-12-2004	27-12-2004	GENERAL MEETING
PEDRO NUENO INIESTA		DIRECTOR	30-11-2004	30-11-2004	GENERAL MEETING
CÉSAR A. GIBERNAU AUSIÓ		DIRECTOR	17-11-2003	03-03-2005	GENERAL MEETING
ELENA HERNÁNDEZ DE CABANYES		DIRECTOR	19-12-2000	15-03-2006	GENERAL MEETING

Total Number of Directors	10
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Please indicate any directors who have ceased to be Board members during the period:

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:**EXECUTIVE DIRECTORS**

Director's Name or Corporate Name:	Nominating Committee	Position in the Company's Organisation
LUIS HERNÁNDEZ DE CABANYES	APPOINTMENTS AND REMUNERATION COMMITTEE	CHAIRMAN AND MANAGING DIRECTOR
JOSEP-MARIA FARRÉ VIADER	APPOINTMENTS AND REMUNERATION COMMITTEE	MANAGING DIRECTOR
ANNA M. BIRULÉS BERTRAN	NOT APPLICABLE	VICE-CHAIRMAN
ESTHER GIMÉNEZ ARRIBAS	APPOINTMENTS AND REMUNERATION COMMITTEE	DIRECTOR AND COMPANY SECRETARY

EXTERNAL DIRECTORS REPRESENTING SUBSTANTIAL SHAREHOLDERS

Director's Name or Corporate Name:	Nominating Committee	Shareholder's Name or Corporate Name: who he/she represents or who has proposed appointment

INDEPENDENT EXTERNAL DIRECTORS

Name or trading name of the director	Committee proposing the appointment	Background
CARLOS SOLCHAGA CATALAN	APPOINTMENTS AND REMUNERATION COMMITTEE	RENTA CORPORACIÓN MEMBER SINCE 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), CHAIRMAN 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 (1979-1980). MEMBER OF THE SPANISH PARLIAMENT FROM 1980 TO 1994 AND CHAIRMAN OF THE SOCIALIST PARLIAMENTARY GROUP FROM 1992 TO 1994. MINISTER FOR INDUSTRY AND ENERGY FROM 1982 TO 1985 AND FINANCE MINISTER FROM 1985 TO 1993. CHAIRMAN OF THE IMF INTERIM COMMITTEE (1991-1993). 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	APPOINTMENTS AND REMUNERATION COMMITTEE	RENTA CORPORACIÓN MEMBER SINCE 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 THE 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 HOSPITECNA, S.L. ASSOCIATE PROFESSOR WITH THE CONSTRUCTION ENGINEERING DEPARTMENT OF THE POLYTECHNIC UNIVERSITY OF CATALONIA FROM 1997 TO 2005. MEMBER OF THE MANAGEMENT COMMITTEE OF THE UPC - GRUPO JG BUSINESS CHAIR. 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 PROGRAM.
CARLOS TUSQUETS TRIAS DE BES	APPOINTMENTS AND REMUNERATION COMMITTEE	RENTA CORPORACIÓN MEMBER 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. JOINED 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 Ph.D. IN ECONOMICS FROM THE UNIVERSITY OF BARCELONA.

OTHER EXTERNAL DIRECTORS

Director's Name or Corporate Name:	Nominating Committee
ELENA HERNÁNDEZ DE CABANYES	APPOINTMENTS AND REMUNERATION COMMITTEE
PEDRO NUENO INIESTA	APPOINTMENTS AND REMUNERATION COMMITTEE
CÉSAR A. GIBERNAU AUSIÓ	APPOINTMENTS AND REMUNERATION COMMITTEE

Please give details of the reasons why they cannot be considered directors representing substantial shareholders or independent directors:

Elena Hernández de Cabanyes

Although Elena Hernández de Cabanyes has a holding in the company, it is not sufficiently significant to class her as a director representing substantial shareholders. Aside from her directorship, she has not been proposed by nor does she represent any shareholders.

While Elena Hernández de Cabanyes's track record leaves no room for doubt as to her being a recognised professional and clearly independent, and thus able to meet the requirement of being an independent Company director, restrictions under the definition of independent director in the Unified Code of Recommendations on Good Corporate Governance, given her family ties to Luis Hernández de Cabanyes, and her position of partner and sole officer of the Second House, S.L. company, where some of the Company officers are partners, prevent her from being classified as an independent external director. Accordingly, Elena Hernández de Cabanyes is classified under "Other external directors".

Pedro Nuevo Iniesta

Pedro Nuevo Iniesta has no direct holding in the Company, and therefore cannot be classified as director representing substantial shareholders.

While Pedro Nuevo Iniesta's track record leaves no room for doubt as to his being a recognised professional and clearly independent, and thus able to meet the requirement of being an independent Company director, restrictions under the definition of independent director in the Unified Code of Recommendations on Good Corporate Governance, given his family ties to Christina Nuevo Plana, senior Company executive, have led to review of his independent director status.

Accordingly, on 26 July 2006 the Renta Corporación Board reclassified Pedro Nuevo's position to "Other external directors".

César A. Gibernau Ausió

Although César A. Gibernau Ausió has direct and indirect holdings in the company, they are not sufficiently significant to class him as a director representing substantial shareholders. Aside from his directorship, he has not been proposed by nor does he represent any shareholders.

While César A. Gibernau Ausió's track record leaves no room for doubt as to his being a recognised professional and clearly independent, and thus able to meet the requirement of being an independent Company director, restrictions under the definition of independent director in the Unified Code of Recommendations on Good Corporate Governance, given the consultancy service relationship between the firm Gibernau, Plana y Asociados, S.L. – of which César A. Gibernau is founding partner – has been providing to the Company, has led to a review of his status as independent director.

Accordingly, and given that hitherto such service relationship has not been significant, whereby his impartiality and objectiveness as independent director of the Company have never been compromised, on 9 February 2006 the Renta Corporación Board reclassified his position under "Other external directors".

Please indicate any changes to the type of each director which have taken place during the period:

Director's Name or Corporate Name:	Date of change	Previous condition	Current condition
CÉSAR A. GIBERNAU AUSIÓ	09-02-2006	INDEPENDENT EXTERNAL DIRECTOR	OTHER EXTERNAL DIRECTOR
CARLOS TUSQUETS TRIAS DE BES	26-07-2006	EXTERNAL DIRECTOR REPRESENTING SUBSTANTIAL SHAREHOLDERS	INDEPENDENT EXTERNAL DIRECTOR
PEDRO NUENO INIESTA	26-07-2006	INDEPENDENT EXTERNAL DIRECTOR	OTHER EXTERNAL DIRECTOR

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.

The directors' classification detailed in Section B.1.3 above refers to distribution envisaged in the Board Regulations, which under Article 6 specifies that it shall be ensured by every possible means that the Board has a majority of external or non-executive directors over the number of executive directors. Accordingly, as specified under B.1.3 above, it is hereby stated that of the current ten (10) Board members, six (6) are external directors or directors not representing substantial shareholders and the other four (4) are 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.

Furthermore, 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 substantial shareholders 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. Considering Renta Corporación's current shareholder structure, and that the benchmark Company shareholder is an executive director, it is believed that there is a reasonable balance in the Board make-up even though there are no directors representing substantial shareholders.

B.1.5. Please specify the powers, if any, delegated to the managing director(s):

Director name or trading name	Brief description
LUIS HERNÁNDEZ DE CABANYES	HAS ALL THE POWERS THAT CAN BE DELEGATED UNDER THE LAW, IN HIS CAPACITY AS CHAIRMAN AND CHIEF EXECUTIVE OF THE COMPANY. THE LATTER APPOINTMENT WAS AS A RESULT OF REAPPOINTMENT BY BOARD AGREEMENT ON 6 JUNE 2006.
JOSEP-MARIA FARRÉ VIADER	HAS ALL POWERS AND RIGHTS THAT CAN BE DELEGATED UNDER THE LAW, YET SUBJECT TO RESTRICTIONS AND LIMITATIONS SPECIFIED IN BOARD AGREEMENT OF 26 JULY 2006.

B.1.6. Please identify any members of the Board who hold management or executive positions in other companies within the listed company's corporate group:

Director's Name or Corporate Name:	Name of the group company	Position
LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE GO, S.L.	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE ON, S.A.	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE FINANCE, S.L.	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
LUIS HERNÁNDEZ DE CABANYES	RENTA CORPORACION REAL ESTATE RA, S.A.	NATURAL PERSON REPRESENTING THE SOLE DIRECTOR RENTA CORPORACION
LUIS HERNÁNDEZ DE CABANYES	RC REAL ESTATE DEUTSCHLAND GMBH	JOINT DIRECTOR
LUIS HERNÁNDEZ DE CABANYES	GROUPE IMMOBILIER RENTA CORPORACION, S.A.S.	CHAIRMAN AND GENERAL MANAGER
LUIS HERNÁNDEZ DE CABANYES	MASELLA OESTE, S.L.	DIRECTOR
JOSEP-MARIA FARRÉ VIADER	RC REAL ESTATE DEUTSCHLAND GMBH	JOINT DIRECTOR
JOSEP-MARIA FARRÉ VIADER	GROUPE IMMOBILIER RENTA CORPORACION, S.A.S.	GENERAL MANAGER
JOSEP-MARIA FARRÉ VIADER	RENTA PROPERTIES (UK) LIMITED	DIRECTOR
ESTHER GIMÉNEZ ARRIBAS	RC REAL ESTATE DEUTSCHLAND GMBH	JOINT DIRECTOR
ESTHER GIMÉNEZ ARRIBAS	NORFEU, S.A.R.L.	JOINT OFFICER
ESTHER GIMÉNEZ ARRIBAS	RENTA CORPORACIÓN LUXEMBOURG S.A.R.L.	JOINT OFFICER

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:

Director name or trading 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	1,610
Variable remuneration	1,122
Allowance for expenses	0
Remuneration pursuant to the Articles of Association	0
Share options and/or options on other financial instruments	0
Miscellaneous	112
TOTAL:	2,844

Other benefits	Figures in € thousands
Advances	30
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations assumed	0
Life insurance premiums	1
Guarantees created by the company in favour of the directors	0

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	0
Variable remuneration	0
Allowance for expenses	0
Remuneration pursuant to the Articles of Association	0
Share options and/or options on other financial instruments	0
Miscellaneous	0
TOTAL	0

Other benefits	Figures in € thousands
Advances	0
Loans granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations assumed	0
Life insurance premiums	0
Guarantees created by the company in favour of the directors	0

c) Total remuneration by type of director:

Types of Director	By company	By group
Executive directors	2,510	0
External directors representing substantial shareholders	0	0
Independent directors	209	0
Other external directors	125	0
Total	2,844	0

d) In relation to the income attributed to the controlling company:

Total remuneration of directors (in thousands of euros)	2,844
Total remuneration of directors/income attributed to the controlling company (expressed as a %)	5,990

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:

Name or corporate name	Position
ENRIC VENANCIO FILLAT	GENERAL MANAGER
PERE ARIMON VILAGELIU	SALES MANAGER (RR)
MERITXELL CARRERAS MOLINS	DIRECTOR OF PLANNING AND ANALYSIS, AND INVESTOR RELATIONS
TANIA CONCEJO BONTEMPS	MANAGER OF THE PARIS OFFICE
TOMÁS DURÁN WEITKAMP	TECHNICAL DEPARTMENT MANAGER
CHRISTINA NUENO PLANA	OFFICE TRANSFORMATION (OT) DIRECTOR
DAVID PILLINGER	MANAGER OF THE LONDON OFFICE
MARÍA DOLORES SÁNCHEZ JULIÁN	FINANCE AND ADMINISTRATION MANAGER
MARÍA JOSÉ SENDRA CUESTA	RESIDENTIAL REFURBISHMENT MANAGER
MIREIA SERRANO-CODINA I TRISTANY	TAX AND FINANCE MANAGER
DAVID VILA BALTA	ACQUISITIONS MANAGER
ALICIA LACARTA ANTIGA	LEGAL DEPARTMENT DIRECTOR
MARGARITA CARDONA TUR	INTERNAL AUDITOR
FERNANDA SÁEZ DE CABEZÓN ESCORUELA	CONTROLLER
FRANCESC XAVIER VENTURA I TEIXIDOR	LAND TRANSFORMATION (LT) DIRECTOR
Total remuneration of senior management (in thousands of euros)	2,910

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 Board of Shareholders 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:

Under article 46 of the Articles of Association:

"Every year Board members shall receive a fixed amount for distribution between the directors, to be determined by the General Meeting of Shareholders. This amount shall range from zero point five per cent (0.5%) to five per cent of the Company's net profit in the preceding financial year.

Unless amended by the General Meeting, the above amount by established the General Meeting shall increase annually in line with the Consumer Price Index.

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.

The remuneration of the office of Managing Director is understood to be without prejudice to any additional amounts received by way of fees or as salaries for rendering professional services or under an employment relationship, as applicable.

In addition, Directors may be paid in shares in the Company or in any other group company, or in options on such shares, or in instruments linked to share price. When it concerns shares in the Company, such remuneration shall be agreed by the General Meeting of Shareholders. 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."

In turn, article 25 of the Board Regulations specifies 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 General Meeting, the above amount established the General Meeting shall increase annually in line with 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 Board of Shareholders. 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 identify any Board members who are also board members or executives of other companies with significant holdings in the listed company and/or companies in its corporate group:

Director's Name or Corporate Name:	Corporate name of the significant shareholder	Position
LUIS HERNÁNDEZ DE CABANYES	DINOMEN, S.L.	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	AURODOC 75, S.L.	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	TOGA 20, S.L.	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	FINANTING 2001, S.L.	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	SDEEGTUTERS, S.L.	SOLE ADMINISTRATOR
ESTHER GIMÉNEZ ARRIBAS	ANPOL CAPITAL, S.L.	JOINT DIRECTOR
JOSEP-MARIA FARRÉ VIADER	SHONAN INVESTMENTS S.L.	EMPOWERED

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:

Related director name or trading name	Shareholder's Name or Corporate Name:	Relationship
LUIS HERNÁNDEZ DE CABANYES	DINOMEN, S.L.	LUIS HERNÁNDEZ DE CABANYES HAS A DIRECT HOLDING IN THE COMPANY OF 44.44% AND AN INDIRECT HOLDING OF 17.60%.
LUIS HERNÁNDEZ DE CABANYES	FINANTING 2001, S.L.	LUIS HERNÁNDEZ DE CABANYES HAS A DIRECT HOLDING IN THE COMPANY OF 43.15% AND AN INDIRECT HOLDING OF 20%.
LUIS HERNÁNDEZ DE CABANYES	AURODOC 75, S.L.	LUIS HERNÁNDEZ DE CABANYES HAS A DIRECT HOLDING IN THE COMPANY OF 36.13% AND AN INDIRECT HOLDING OF 14.76%.
LUIS HERNÁNDEZ DE CABANYES	TOGA 20, S.L.	LUIS HERNÁNDEZ DE CABANYES HAS A DIRECT HOLDING IN THE COMPANY OF 43.15% AND AN INDIRECT HOLDING OF 20%.
LUIS HERNÁNDEZ DE CABANYES	SDEEGTUTERS, S.L.	LUIS HERNÁNDEZ DE CABANYES HAS A DIRECT HOLDING IN THE COMPANY OF 43.15% AND AN INDIRECT HOLDING OF 20%.
ESTHER GIMÉNEZ ARRIBAS	ANPOL CAPITAL, S.L.	ESTHER GIMÉNEZ ARRIBAS HAS A HOLDING IN THE COMPANY OF 48.387%.
JOSEP-MARIA FARRÉ VIADER	SHONAN INVESTMENTS S.L.	JOSEP-MARÍA FARRÉ VIADER HAS A HOLDING IN THE COMPANY OF 74.713%.

B.1.13. Please indicate any amendments to the Board Regulations made during the year:

There have been no changes to the Board Regulations in 2006. Nevertheless, on 21 February 2007 the Board approved certain changes to Board Regulations to align them with recommendations of the Unified Code of Good Corporate Governance or "Conthe Code". These changes will be proposed to the General Meeting of Shareholders for debate, to be held on 29 March 2007 at first calling.

B.1.14. Please indicate the procedures for appointing, re-electing, assessing and removing directors. Please 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 Board of Shareholders 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 authority, 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 Board of Shareholders, 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 General Meeting for such purpose. This shall 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 equal terms.

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 aim 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 the period.

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 Board of Shareholders 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 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 the period.

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 ☐

There is no risk of concentration of power. 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. Furthermore, the Chairman and Chief Executive carries out his duties with the assistance of the Company's senior executive tier, in particular by the Vice-Chairwoman, Managing Director, General Manager and Company Secretary, thus preventing the accumulation of too much power by one person.

B.1.17. Are any strengthened majorities – other than those required by law – needed for any type of decision?

Yes ☐ No ☒

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 Board Regulations:Yes ☐ No ☒

Age limit for Chairman
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	0
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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 2006, 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 in writing to another Board Member, including 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	10
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	0
Number of meetings of the Audit Committee	5
Number of meetings of the Appointments and Remuneration Committee	7
Number of meetings of the Strategy and Investment Committee	0
Number of meetings of the Committee	0

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, as appropriate, who has certified the Company's individual and consolidated annual accounts for preparation by the Board:

Name	Position
ENRIC VENANCIO FILLAT	GENERAL MANAGER
MARÍA DOLORES SÁNCHEZ JULIÁN	FINANCE AND ADMINISTRATION MANAGER

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 Board of Shareholders 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 Board of Shareholders, 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 quarterly to review the periodic financial information to be lodged with stock market authorities, as well as information to be approved by the Board of Directors and included in its annual published documents.

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:

Under article 50 of Articles of Association, the Company shall publish full details of corporate governance on its website for public scrutiny. The contents and structure of the Company website shall be as specified by law and other regulations on the subject as applicable from time to time. Furthermore, 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, any material information (with a potential impact on share trading) released by the Company shall first be reported to the Spanish Securities and Investment Board as a material event. 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.

In turn, the Renta Corporación Internal Code of Conduct for Stock Market Operations regulates the following in detail: (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 to the Board 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.

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 therefore responsible for dealing with the Company's external auditors, gathering information on issues liable to compromise auditor independence, and other information on the audit preparation process, as well as any other communications envisaged under auditing legislation and auditing 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)	487	0	487
Amount invoiced for work other than audit work/Total amount invoiced by the audit firm (%)	68.250	0.000	68.250

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	4	7

	Company	Group
Number of years audited by current auditors / Number of years for which the company has been audited (as a %)	100.000	100.000

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 Name or Corporate Name:	Name of the company in question	shareholding (%)?	Position or duties
LUIS HERNÁNDEZ DE CABANYES	SECOND HOUSE, S.L.	47.500	
LUIS HERNÁNDEZ DE CABANYES	FINANTING 2001, S.L.	63.150	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	AURODOC 75, S.L.	50.890	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	TOGA 20, S.L.	63.150	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	SDEEGTUTERS, S.L.	63.150	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	DINOMEN, S.L.	62.040	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	ALDERAMIN STAR, S.L.	62.040	SOLE ADMINISTRATOR
LUIS HERNÁNDEZ DE CABANYES	MIXTA ÁFRICA, S.A.	19.020	INDIVIDUAL REPRESENTING THE DIRECTOR AND CHAIRMAN OF FUNDACIÓN PRIVADA RENTA CORPORACIÓN
ANNA M. BIRULÉS BERTRAN	SECOND HOUSE, S.L.	1.500	
ANNA M. BIRULÉS BERTRAN	MIXTA ÁFRICA, S.A.	0.460	
JOSEP-MARIA FARRÉ VIADER	SECOND HOUSE, S.L.	5.680	
JOSEP-MARIA FARRÉ VIADER	SHONAN INVESTMENTS, S.L.	74.710	EMPOWERED
ESTHER GIMÉNEZ ARRIBAS	ANPOL CAPITAL, S.L.	48.387	JOINT DIRECTOR
ESTHER GIMÉNEZ ARRIBAS	MIXTA ÁFRICA, S.A.	0.300	DIRECTOR
ELENA HERNÁNDEZ DE CABANYES	SECOND HOUSE, S.L.	3.660	SOLE ADMINISTRATOR AND GENERAL MANAGER
ELENA HERNÁNDEZ DE CABANYES	MIXTA ÁFRICA, S.A.	1.820	
ELENA HERNÁNDEZ DE CABANYES	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	5.000	
CARLOS TUSQUETS TRIAS DE BES	LIFE MARINA IBIZA, S.L.	6.540	
CÉSAR A. GIBERNAU AUSIÓ	SECOND HOUSE, S.L.	1.050	
CÉSAR A. GIBERNAU AUSIÓ	MIXTA ÁFRICA, S.A.	0.460	NON-DIRECTOR SECRETARY
CÉSAR A. GIBERNAU AUSIÓ	CHARCEBOY, S.L.	10.910	
CÉSAR A. GIBERNAU AUSIÓ	GP CONSULTING	18.700	EMPOWERED
JUAN GALLOSTRA ISERN	GRUPO JG INGENIEROS CONSULTORES DE PROYECTOS, S.A.	5.000	MANAGING DIRECTOR

B.1.32. Please indicate, including details if applicable, whether there is a procedure for directors to obtain external advice.Yes ☒ No ☐

Procedure details
Chapter VII of the Board Regulations (articles 23 and 24), which governs director information, provides as follows: (i) Article 23: Directors may request information on any Company matter and examine its books, records, documents and other literature. 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 appropriate 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. (ii) Article 24: To assist them in performance of their duties, external directors may request engagement of legal, accounting, financial or other specialist advisors 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 ☐

Procedure details
Board meetings shall be called with at least three days' notice, and should always include the meeting agenda with an attachment of 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	10	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**

Name	Position

AUDIT COMMITTEE

Name	Position
CÉSAR A. GIBERNAU AUSIÓ	CHAIRMAN
ANNA M. BIRULÉS BERTRAN	MEMBER
CARLOS TUSQUETS TRIAS DE BES	SECRETARY AND MEMBER

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position
CÉSAR A. GIBERNAU AUSIÓ	CHAIRMAN
ANNA M. BIRULÉS BERTRAN	MEMBER
CARLOS TUSQUETS TRIAS DE BES	SECRETARY AND MEMBER

STRATEGY AND INVESTMENT COMMITTEE

Name	Position

B.2.3. Please describe organisation and operating rules, as well as responsibilities of each Board committee:**Audit Committee**

The Audit Committee's organisation and operating rules are as detailed below, pursuant to article 48 of the Articles of Association and 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 the ranks of such non-executive directors, shall 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.- Competencies

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:

- Provide information at the General Meeting of Shareholders on any issues raised therein by shareholders relating to matters for which it is responsible.
- Recommend appointment of external auditors to the Board for submission to the General Meeting of Shareholders, 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.
- To review the Company's accounts and ensure compliance with legal requirements and the proper application of the generally accepted accounting principles, with the external and internal auditors' direct collaboration.
- 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.
- Deal with external auditors to gather information on issues that might undermine their independence and any others relating to development of the audit process, as well as other reporting requirements specified under audit legislation and technical auditing standards.
- To monitor compliance with the audit contract, seeking to ensure that the opinion regarding the annual accounts and the main contents of the audit report are drafted clearly and concisely, and to assess the results of each 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. Competencies

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:

Name COMMITTEE	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 Board committees and, if so, the place where they are available for examination, as well as 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 operating rules can be found in the Board Regulations, available for examination 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 Executive Committee structure reflects the various directors' involvement in the Board based on their status:

Yes ☐ No ☒

Otherwise, please explain the Executive Committee structure
Not applicable

B.2.8. If there is an Appointments and Remuneration Committee, please indicate whether all its members are external directors:

Yes ☐ No ☒

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.

Name or corporate name of the significant shareholder	Name or corporate name of the company or group member	Nature of the Relationship	Type of operation	Amount (€ '000)
ALDERAMIN STAR, S.L.	RC REAL ESTATE DEUTSCHLAND GMBH	Contractual	Sale of property (finished or unfinished)	5.659

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.

Name or Corporate Name of the Director or Executive	Name or Corporate Name of the Company or Entity Within its Corporate Group	Nature of the Relationship	Type of operation	Amount (€ '000)

C.3. Please give details of any significant operations carried out between the company and other group companies, provided they are not removed in the consolidated financial statement preparation process and they are not part of the company's usual business in terms of their purpose and conditions.

Name of the group company	Brief description of the operation	Figures (€ thousands)

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 information available to the Company, none of the directors are subject to conflict of interest between his or her duties to the Company and his or her personal interests of any type, nor are they engaged, either for their own account or on behalf of third parties, in the same, similar or complementary business to the Company's principal business. This is without prejudice to article B.1.31 above, which, as specified, generally refers to companies whose principal business includes real estate business, while their main business involves holding of securities and investments not related to real estate and therefore do not involve potential conflict of interest for the Company.

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.

The Board Regulations and Internal Code of Conduct regulate mechanisms in place for detecting and regulating potential 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.

Furthermore, in order to align Company business with recommendations of the Unified Code of Good Corporate Governance, on 25 October 2006 the Board approved appointment of an internal Company auditor who, supervised by the Audit Committee, will oversee good practices in the information and internal control system. This internal auditor is required to submit an annual plan to the Audit Committee, reporting any issues and submitting a final activity report at the end of the financial year.

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 in the absence of the TMS.

Another significant risk control step taken by Renta Corporación is efficient use of purchasing options. This instrument allows the Company to take desirable assets off the market in order to examine them before acquisition and reduce time from actual purchase to sale of the transformed building, which in turn reduces capital lock-in and exposure to market risk. The Company exercises virtually all options, pointing to the quality of intelligence and knowledge of the market.

Finally, in line with recommendations on internal accounting control and other matters addressed by PricewaterhouseCoopers Auditores, S.L. in their 4 September 2006 report, the Company has implemented the following in 2006:

- Money laundering

The Company has implemented several measures designed to prevent money laundering, namely:

 - Setting up an internal body responsible for prevention.
 - Appointment of Esther Giménez Arribas to represent the Company before the Spanish Money Laundering Prevention Executive Service, advising the Service of her appointment.
 - Production of a higher-risk client acceptance policy, and design of internal control procedures designed to ensure awareness, anticipation and prevention of money laundering operations:
- Register of Balances and Transactions with Related Companies

The Company has established a formal procedure to aggregate balances and transactions with companies and related parties, which includes unique coding of sub-accounts for this type of holders. The Company regularly checks compliance with this procedure.
- Compilation of documents on International Financial Reporting Standards (IFRS)

The Company produces and holds monthly financial information required to produce IFRS-compliant financial statements.
- Continuity and recovery tests on computerised information.

The Company has implemented a continuity and recovery plan for computerised information, under an arrangement with an external provider. In 2006 it performed the requisite tests to ensure the efficacy of the action and recovery plan, audited by an external company.
- Security and safety for the EDP centre.

The Company has implemented preventive measures to cover EDP centre contingencies, namely:

 - Restricted access to site;
 - Automatic fire detection and extinguishing system; and
 - Heat detectors.
- Spanish Data Protection Act (LOPD)

Within the LOPD alignment project, the Company has completed its security document and lodged files containing personal details with the Data Protection agency.

Furthermore, the Company has implemented measures designed to identify and prevent certain risks rated as non-significant.

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:

On 25 October 2006 the Board approved appointment of the Company's internal auditor, whose main duties are outlined under D.1 above, reporting to the Audit Committee.

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, as a listed Company, it meets specific applicable regulations, and submits to the provisions of the Stock Market Act and other relevant legislation.

Therefore the Company complies with its obligation to lodge its own and group financial information with the Spanish Securities and Investment Board on a quarterly, half-yearly and annual basis, and any material events and other information requested by the Board. In addition, full details on corporate governance and other relevant Company information is available to shareholders on the Company website for review, allowing them to exercise their rights under 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 for General Meeting of Shareholders under 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 28 of Renta Corporación's Articles of Association, an Ordinary or Extraordinary General Meeting of Shareholders shall be in quorum at first call if the shareholders in attendance or represented hold at least 25% of the subscribed voting capital, and shall be in quorum at 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 such capital shall suffice. Shareholders entitled to attend who vote remotely under the terms of the Articles of Association shall be deemed to be in attendance for the purposes of quorum at the relevant General Meeting. Absences occurring after the General Meeting has been declared open shall not affect the validity of the Meeting.

Accordingly, under article 15 of the Regulations for the General Meeting of Shareholders, a General Meeting shall be validly in quorum at first call if the shareholders in attendance 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 35 of the Articles of Association, Meeting resolutions shall be adopted by a majority vote of capital in attendance 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 agreements 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.

Shareholder rights with regard to General Meetings are those established by the Spanish Companies Act, currently found under articles 26, 28, 30, 31, 32 and 33 of the Articles of Association. Furthermore, these rights are detailed in the Regulations for the General Meeting of Shareholders, available for examination on the Company website.

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 requested information 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 accepted as requests.

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, except 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 specified by law, these Articles of Association, or court rulings.

However, the exception specified under paragraph (i) above shall not apply to requests supported by shareholders representing at least one-quarter of share capital.

The Board of Directors may authorise any of its members, the Chairmen of its Committees or its 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 bureau fax.

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 the means of distance communication expressly stated by the management body in the notice, and provided the requirements envisaged in the said notice have been met and the representative's and representee's identities are duly guaranteed in any event. 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.

Article 35 of the Renta Corporación Articles of Association specifies that as a means to encourage shareholder involvement at General Meetings, any shareholder may also take part in discussion of items on the agenda, while the Chairman, using his or her powers, is empowered to take steps to ensure the meeting is conducted in an orderly manner, such as setting time limits on speeches, establishing turns or closing the speaker list.

Article 36 of the Board Regulations provides that the Board of Directors shall encourage informed shareholder involvement at General Meetings and shall take the necessary steps to help ensure that the General Meeting of Shareholders effectively exercises its duties under the Law and 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' and the Spanish Securities and Investment Board (CNMV) 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 General Meeting is the same person as the Chairman of the Board. 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.

It falls to the Chairman to declare the Meeting in quorum, lead and establish the order of debates and speeches, set the time allocated to each speaker under the Regulations for the General Meeting of Shareholders, end debate when he or she considers the matter sufficiently discussed, and direct voting, clarification of any queries on the agenda and list of attendees, and will declare passing of resolutions, end or adjourn the meeting as applicable, and generally exercise all powers, including order and discipline to ensure a smooth meeting, and he may even order removal of any person disturbing the proceedings, and interpret the Regulations.

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 Regulations of the General Meeting during the year.

There have been no changes to Regulations for the General Meeting of Shareholders in 2006. Nevertheless, on 21 February 2007 the Board approved certain proposals to change certain articles of the Regulations for the General Meeting of Shareholders to align them with recommendations of the Unified Code of Good Corporate Governance or "Conthe Code". These changes will be proposed to the Annual General Meeting of Shareholders for debate and approval, to be held on 29 March 2007 at first calling.

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 %
09-02-2006	51.423	48.577	0	100.000
15-03-2006	93.629	6.371	0	100.000

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:

Annual General Meeting of Shareholders of 9 February 2006

The following resolutions were passed unanimously at the General Meeting:

One. Application to listing of Company shares and empowerment of the Board.

Two. Changes to Company share representation scheme by converting physical certificates on the register, amendment to Articles of Association and delegation to the Board.

Three. Initial Public Offering (IPO) on Company shares by shareholders and under delegation to the Board.

Four. Approval of a Public Rights Offering (PRO) on Company shares and delegation of powers to the Board to recapitalise the Company under the terms of section 153.1 b) of the Companies Act, with waiver of preferential rights by shareholders.

Five. Approval of a green-shoe subscription option and delegation of powers to the Board to recapitalise the Company under the terms of section 153.1b of the Companies Act, with waiver of preferential rights by shareholders.

Six. Decapitalisation to amortise subject to PRO revocation.

Seven. Amendment to article 2 of the Articles of Association on principal business.

Eight. Amendment to article 15 of the Articles of Association on transfer of shares.

Nine. Amendment to Articles of Association and approval of new wording of the Articles of Association.

Ten. Approval of Regulations for the General Meeting of Shareholders.

Eleven. Endorsement of Regulations for the Board of Directors.

Twelve. Setting of maximum annual remuneration of the Board.

Thirteen. Approval of interim dividend proposed by the Board.

Fourteen. Delegation to the Board of power to recapitalise, with the power to exclude preferential rights.

Fifteen. Delegation of power to the Board of Directors to issue bonds, debentures and other fixed income stocks, whether simple, swappable and/or convertible into shares, warrants, promissory notes and preferential interests, with the power to exclude preferential subscription rights, and authority for the Company to guarantee fixed income stock issues of Company subsidiaries

Sixteen. Approval to allow the Board to enter into derivative acquisition of own shares, directly or through group companies, and to sell them after the date they are accepted for listing.

Seventeen. Approval of proposal to appoint new independent Company directors.

Eighteen. Approval of proposal to change the nature of the position held by one of the Board members.

Nineteen. Approval of the individual and consolidated Company accounts for year ending 31 December 2005.

Twenty. Delegation of powers to interpret, execute, solemnise and register the above agreements.

The full wording of the agreements is available at the registered offices of Renta Corporación, and on the Company website (www.rentacorporacion.com).

Annual General Meeting of Shareholders of 15 March 2006

The following resolutions were passed unanimously at the General Meeting:

One. Approve annual accounts and corporate management of Renta Corporación Real Estate, S.A. and its consolidated Group, and propose application of Renta Corporación Real Estate, S.A. result, for financial year ending 31 December 2005.

Two. At the proposal of the Board and following favourable report from the Appointments and Remunerations Committee, reappoint the following directors: Luis Hernández de Cabanyes, Josep M^a Farré Viader, Esther Elisa Giménez Arribas and Elena Hernández de Cabanyes, and ratify the nature of their posts

Three. Reappoint Renta Corporación Real Estate, S.A. auditors for financial year 2006

Four. Delegate powers to the Board.

The full wording of the agreements is available at the registered offices of Renta Corporación, and on the Company website (www.rentacorporacion.com).

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 Articles of Association contain no restrictions on the right to attend General Meetings of Shareholders, and no minimum number of shares is required to attend.

Shareholders shall be entitled to attend regardless of the number of shares held, provided such entitlement is recorded before the Meeting. This shall be supported by the relevant personal attendance card or other document proving shareholder status under the law. This card or document shall specify the number, class and series of shares held, as well as the number of votes the holder is entitled to cast.

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 31 of the Articles of Association specifies that notwithstanding attendance of corporate shareholders through their attorneys, every shareholder entitled to attend may appoint a proxy for the Meeting, even if such proxy is not 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 Board of Shareholders 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.

Such provisions shall not apply when the proxy is the principal's spouse, forebear or descendant, or if the proxy has a general power of attorney granted under an executed deed with the power to manage all assets held by the principal in the country.

Proxy may be revoked at any time and principal's personal attendance at the Meeting will be construed as revoking such proxy.

Furthermore, article 12 of the Rules of the General Meeting establishes that proxy 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 shareholder granting representation and the appointed delegate to be duly verified.
- (ii) By electronic means of remote communication, duly authenticated to ensure validity of proxy and shareholder 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 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.rentacorporación.com. To access corporate governance details, click on the "Shareholder and Investor Information" tab and then on 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 is ready, recommendations in the Olivencia and Aldama Reports must be used as reference when completing this section.

Recommendation No. 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)

Continued.

Renta Corporación's Articles of Association already specify that the Board is responsible for the Company's representation as well as its top management and administration in and out of court in all proceedings set out in the principal business and required as under the Law and Articles of Association.

Furthermore, under article 5 of Renta Corporación's Board Regulations, the Board of Directors is the Company's highest decision-making body, responsible for general supervision and for making the most important decisions on running 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 No. 2. 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)

Continued.

The Renta Corporación Board has three independent directors out of ten.

Recommendation No. 3. Composition of the Board of Directors

"In the composition of the Board of Directors, external directors (directors representing substantial shareholders 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)

Continued.

At 31 December 2006, six Board members were non-executive directors.

Article 36 of the Articles of Association and article 6 of the Board Regulations already provide that the Board shall as far as possible ensure a majority of external directors over executive directors.

Recommendation No. 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)

Continued.

As at 31st December 2006, the Company's Board of Directors is comprised of ten members. This is within the number recommended by the Good Corporate Governance rules, and provides for efficient and participatory operation.

Therefore, under article 29 of the Articles of Association and Article 7 of the Board Regulations, the Board shall have between three and twelve members.

Recommendation No. 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)

Continued.

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. Specifically, in addition to the Chairman, individuals who are actively involved in day-to-day management and making top-level decisions on the Company include the Chief Executive, Vice-Chairwoman, General Manager and General Secretary.

Recommendation No. 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)

Continued.

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 2006, 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 No. 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 No. 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)

Continued.

The Board has an Audit Committee and Appointments and Remuneration Committee made up of members from its ranks, whose structure, powers and operation comply with the terms of articles 13 and 14, respectively, of the Board Regulations. Nevertheless, for better and more efficient operation of these bodies, it has been deemed expedient to include at least one executive director on each Committee.

Recommendation No. 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)

Continued.

Article 43 of the Articles of Association and article 15 of the Board Regulations specify that Board meetings shall be called with at least three days' notice, should always include an agenda for the meeting and attach all relevant information, duly summarised and prepared.

Recommendation No. 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)

Continued.

In 2006, the Renta Corporación Board met ten (10) times, in other words frequently enough to ensure compliance with its duties. 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 43 of the Articles of Association and 15 of the Board Regulations, the Board shall ordinarily meet at least six (6) times a year, and on the Chairman's initiative, as often as required by the Chairman to ensure successful 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 No. 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)

Continued.

Article 17 of the Board Regulations specifies that directors shall be appointed, following report from the Appointments and Remuneration Committee, by the General Meeting of Shareholders or the Board itself subject to provisions of the Spanish Limited Companies Act.

Recommendation No. 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)

Continued.

It should be noted that since their appointment, there have been no proposals to remove the six external directors currently on the Renta Corporación Board. It is also worth highlighting that Carlos Tusquets Trias de Bes, previously a director representing substantial shareholders, is now independent external director as a result of 3i exiting the company under the PSO and PRO, while César A. Gibernau Ausió and Pedro Nueno Iñiesta, previously independent external directors, are now other external directors, in compliance with recommendations of the Unified Code of Good Corporate Governance or "Conthe Code."

In accordance with the Articles of Association and 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 No. 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)

Continued.

Renta Corporación Articles of Association specify nothing on the matter. Nevertheless, article 21 of the Renta Corporación Board Regulations provides for cases where Renta Corporación directors must tender their resignation to the Board and accept any decision it makes on their continuation in office.

Recommendation No. 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 clearly within their internal regulations." (Aldama Report)

Not continued.

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 No. 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)

Continued.

Article 24 of the Regulations specifies that in order to assist them in exercising their duties, external directors may request engagement of legal, accounting, financial or other specialist consultants 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 No. 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)

Continued.

To date, the remuneration of Renta Corporación's Board Members has adhered to moderation criteria in accordance with market requirements.

The Articles of Association specify that every year Board members shall receive a fixed amount for distribution to directors, to be determined by the General Meeting of Shareholders. This amount shall range from zero point five per cent to five per cent of the Company's net profit in the preceding financial year. Unless amended by the General Meeting, the above amount established the General Meeting shall increase annually in line with 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 No. 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)

Continued.

According to Article 45 of Renta Corporación's 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 No. 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)

Continued.

Article 35 of the Board Regulations specifies that the Board formally reserves the right to know of any major transaction with 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 No. 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)

Continued.

Shareholder entitlement to information is regulated under article 32 of the Articles of Association, which specifies that from publication date of the call for General Meeting of Shareholders and up to seven days before the Meeting date, shareholders may ask the Board of Directors to provide any information or clarify any items on the agenda, or address in writing any questions they wish. 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 last General Meeting was held. The Board of Directors shall be obliged to provide the requested information in writing up to the day of the General Meeting.

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 Board of Shareholders' 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.

Article 8 of the Regulations for the General Meeting of Shareholders provides that in addition to statutory provisions or Company Articles of Association and the provisions of the Meeting Regulations, from the date the Meeting is publicly called, the Company will post proposals for agreements produced by the Board for the agenda on the website, as well as any reports required by law or specified by the Board.

In addition, all information deemed useful or appropriate to facilitate shareholders' attendance and participation at the General Meeting shall be included on the Company website from the date of the notice, including, where appropriate and without limitation:

- (i) Procedure to obtain an attendance card.
- (ii) Instructions for carrying out or delegating remote voting by the means envisaged in the notice, if applicable.
- (iii) Information regarding the venue in which the General Meeting is to take place and how to get there and gain access to it.
- (iv) Information, where appropriate, on the systems or procedures in place to help follow the General Meeting.
- (v) Information on how shareholders may exercise their right to information (post, e-mail, and any other appropriate details).

Recommendation No. 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)

Continued.

In addition to the Articles of Association, Renta Corporación also has Regulations for the General Meeting of Shareholders, Board Regulations and Internal Code of Conduct in Stock Markets.

Nevertheless, as detailed under section G, in order to align statutory documents and any required by law on corporate governance of the Company with recommendations of the Unified Code of Good Corporate Governance or "Conthe Code", at the proposal of the Appointments and Remuneration Committee, at its meeting of 21 February 2006 the Board proposed to the 29 March 2006 General Meeting of Shareholders certain amendments to the Articles of Association and Regulations for the General Meeting of Shareholders. At this meeting the Board also approved certain amendments to the Board Regulations.

Recommendation No. 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)

Continued.

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.

Recommendation No. 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)

Continued.

Under article 50 of the Articles of Association and article 38 of the Board Regulations, the Company shall immediately inform the public, by reporting material events to the Spanish Securities and Investment Board and through the Company website, on material information under provisions of the Stock Market Act and its developing legislation. The contents and structure of the Company website shall be as specified by law and other regulations on the subject as applicable from time to time.

Recommendation No. 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)

Continued.

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 la Transparencia y Seguridad en los Mercados y en las Sociedades Cotizadas) in relation to the publicity and assessment of the rules of Corporate Governance. Furthermore, article 49 of the Articles of Association specifies that the annual corporate governance report shall be publicised as provided for under stock market rules, and its approval shall be reported to the Spanish Securities and Investment Board as a material event no later than the date of publication of the first notice of Ordinary General Meeting or the body empowered to approve annual accounts of the company for the financial year to which the report refers. Furthermore, the annual corporate governance report shall be made available to shareholders and investors via the website upon reporting to the CNMV.

Furthermore, as detailed under section G, in order to align statutory documents and any required by law on corporate governance of the Company with recommendations of the Unified Code of Good Corporate Governance or "Conthe Code", at the proposal of the Appointments and Remuneration Committee, at its meeting of 21 February 2007 the Board proposed to the 29 March 2007 General Meeting of Shareholders certain amendments to the Articles of Association and Regulations for the General Meeting of Shareholders. The Board also approved certain amendments to the Board Regulations and Internal Code of Conduct on Stock Market Operations.

Recommendation No. 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, on 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 No. 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)

Continued.

Article 50 of the Articles of Association and article 38 of the Board Regulations, as governing relationships with the markets, specify that the Board of Directors shall immediately inform the public, by reporting material events to the Spanish Securities and Investment Board (Comisión Nacional del Mercado de Valores) and through the company website, of all material information under the terms of the Stock Market Act and its developing legislation.

The Board Regulations also stipulate 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, material events relating to the Company and any material information (with a potential impact on share trading) released by the Company shall first be reported to the Spanish Securities and Investment Board as a material event. Once the information has been sent to the Spanish Securities and Investment Board through the appropriate channel, it is 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 is disseminated at the same time.

Recommendation No. 26. 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)

Continued.

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 No. 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 audit 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)

Continued.

Since the Company has been required to audit its accounts, none of the audit reports have had any reservations. In this respect, article 39 of the Board Regulations specifies that the Board of Directors shall arrange preparation of a final version of the accounts so 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 No. 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)

Continued.

Renta Corporación has produced this Report as an indication of its high degree of compliance with the recommendations on good corporate governance, including information on which rules it complies with, providing an explanation of any recommendations it does not follow.

Furthermore, article 48 of the Articles of Association specifies that the Audit Committee shall produce an annual report on its operation to include, where appropriate, proposals to improve Company governance rules. In this respect, under article 38 of the Board Regulations, the Board shall include in its annual published documents information on the company's governance rules 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 required in this report which it is under an obligation to supply.

In view of approval of the special task force Report on good governance of listed companies, as approved on 19 May 2006 (Unified Code of Good Corporate Governance or "Conthe Code"), to be used as a benchmark by companies in 2007, and in order to align statutory documents and Company documents on corporate governance with Conthe Code recommendations, following proposal from the Appointments and Remuneration Committee, at its meeting of 21 February 2007 the Board proposed to the General Meeting of Shareholders of 29 March 2007 certain amendments to the Articles of Association and Regulations for the General Meeting of Shareholders. At this meeting the Board also approved certain amendments to the Board Regulations.

These amendments and amendment proposals are available at the registered offices of Renta Corporación, and on the Company website (www.rentacorporacion.com).





2

Audit
Committee
Annual Report

Audit Committee Annual Report

1. Introduction

The Renta Corporación Real Estate, S.A. Audit Committee was set up by agreement of 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 the Board meeting held on 3 December 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 2006. 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.

2. Audit Committee structure

Under the terms of article 47 of the Articles of Association and article 13 of the Board Regulations, the Audit Committee is made up of three company directors, the majority external and therefore non-executive. Appointment of Committee members is the responsibility of the Board of Directors and requires a two-thirds majority vote. Committee members will 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 will also be elected from their ranks.

At 31 December 2006, membership of the Renta Corporación Real Estate, S.A. Audit Committee was as follows:

Name and surname(s)	Position	Nature of the position
César A. Gibernau Ausió	Chairman	Other external director
Anna M. Birulés Bertran	Member	Executive
Carlos Tusquets Trias de Bes	Secretary	Independent

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.

3. Audit Committee Powers and Duties

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.
- Recommend appointment of external auditors to the Board for submission to the General Meeting of Shareholders, 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 likely to undermine their independence and any others on development of the audit process, as well as other communications specified under audit legislation and technical regulations.

To monitor compliance with the audit contract, seeking to ensure that the opinion regarding the annual accounts and the main contents of the audit report are drafted clearly and concisely, and to assess the results of each audit.

- Review regular financial information to be reported by the Board to the markets and their supervisory bodies.
- Examine compliance with the Internal Code of Conduct, Articles of Association and company governance standards in general, and make any necessary proposals to improve them.
- Collect information and, as appropriate, produce a report on disciplinary measures to be imposed on Company management.
- Draw up an annual report on its operation, highlighting any issues, if any, 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 2006 are 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.

4. Audit Committee 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. 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.

5. Audit Committee Meetings

In 2006, the Audit Committee held nine meetings with full attendance by members as well as the General Manager and the regular presence of the Planning, Analysis and Investor Relations Director.

The Audit Committee requested the attendance of the Company auditors, the Chief Executive, Finance Director and Controller at a meeting for review and examination of individual and consolidated annual accounts for 2005.

The following are the headlines for matters examined at Audit Committee meetings held in 2006:

Meeting of 13 February 2006:

- Receipt of audit report on individual Company and consolidated Group accounts for year 2005.
- Review of individual Company accounts for year ending 31 December 2005.
- Review of consolidated Group accounts for year ending 31 December 2005.
- Proposal to reappoint Company auditor for financial year 2006.

Meeting of 26 April 2006:

- Regular financial information on Q1 2006.

Meeting of 26 July 2006:

- Regular financial information on H1 2006.
- Information on operations with related parties
- Approval of proposed Company auditor fees.

Meeting of 25 October 2006:

- Regular financial information on Q3 2006.
- Information on tax inspection by "Direction Générale des Impôts" and employment inspection by "URSAFF" at the Company's French subsidiary, Groupe Immobilier Renta Corporación S.A.S.
- Proposal to appoint internal auditor.

Meeting of 20 December 2006:

- Information on syndicated finance.
- Information on operations with related parties
- Monitoring of recommendations on internal accounting control and other matters.
- Information on tax inspection by "Direction Générale des Impôts" and employment inspection by "URSAFF" at the Company's French subsidiary, Groupe Immobilier Renta Corporación S.A.S.
- Information on property purchases and sales in France by the Renta Group through its wholly owned subsidiary in Luxembourg, Renta Corporación Luxembourg, S.a.r.l.

6. Audit Committee Activities

The following is a summary of Committee activities in 2006. The most significant matters addressed were:

a. Regarding Financial Statements:

- The Committee received the audit report on 2005 for Renta Corporación Real Estate, S.A. and Group companies, from PriceWaterhouseCoopers Auditores, S.L. Their opinion on the individual and consolidated accounts for 2005, as in previous years, highlights that in all significant aspects the accounts present an accurate picture of the equity and financial position of Company and Group alike.
- The Committee submitted the 2005 Renta Corporación Real Estate, S.A. individual accounts and consolidated Group accounts to the Board, along with a favourable report.
- The Committee performed in-depth review and examination of Q1, Q2 and Q3 2006, with nothing to compromise the accurate picture of the reviewed and examined financial statements, and agreed to submit regular information for these quarters to the Board, for forwarding to the Spanish Securities and Investment Board and Stock Market Boards where Company shares are traded, under the terms of section 35 of the Stock Market Act and Order of 18 January 1991 on regular public information on organisations issuing securities for trading in stock markets.

b. External Audit:

- The Committee proposed to the Board, for submission to the General Meeting of Shareholders, reappointment of PricewaterhouseCoopers Auditores, S.L. as company auditor for individual and consolidated accounts, with head office in Madrid, Paseo de la Castellana, número 43, company number B-79031290, registered with the Madrid Companies Registry at page 87,250-1, folio 75, tome 9,267, book 8,054, section 3 and with the Official Auditor Registry under number S0242.
- Following examination and review of the fee proposal submitted by auditors, PricewaterhouseCoopers Auditores, S.L., to review 2006 accounts for Renta Corporación Real Estate, S.A., Group companies and the companies with which it forms a Consolidated Group, the Appointments and Remuneration Committee resolved to accept the proposal.

c. Internal Control and Risk Management:

- The Audit Committee reviewed proper implementation of suitable measures so that major Company and Group company risks are reasonably identified, quantified and controlled.
- The Committee examined and reviewed recommendations for internal accounting control and other matters from PricewaterhouseCoopers Auditores, S.L. in their report of 4 September 2006 and, with regard to measures actually implemented pursuant to the report, verified that continuity plans were tested as were several measures to prevent money laundering and financial crime. Among future measures for implementation, in order to cover internal risks specific to cash management, the Committee considered it appropriate to implement the XRT cash module as a tool for internal control of Renta Group cash and bank positions.
- The Committee examined and reviewed all major Company operations with related parties in 2006, and checked the operation to sign up to several capital increases of Mixta África, S.A. by certain company shareholders, directors and executives, as a result of the interest declared by such individuals to the Company as they were investing individually, directly or through related parties or companies controlled by them, through cash and non-cash contributions, in Mixta África, S.A.
- On the basis of the legal opinion given by Baker & McKenzie on the purchase and sale of a property in France, the Committee examined and reviewed Renta Group conveyance operations in France completed or in progress through companies in which the Luxembourg-based subsidiary, Renta Corporación Luxembourg, S.a.r.l., has a stake.
- The Appointments and Remuneration Committee examined and reviewed reports issued by the "Direction Générale des Impôts" on 20 November 2006, and by "URSAFF" on 1 December 2006, as a result of tax and employment inspections on Groupe Immobilier Renta Corporación S.A.S.
- The Appointments and Remuneration Committee examined and reviewed implications of syndicated finance, whereby on 15 December 2006 the Company signed a mandating agreement with lenders Santander Central Hispano, Eurohypo and Fortis Bank, as lead arrangers and underwriters, and a bridging loan with Fortis Bank.
- The Appointments and Remuneration Committee approved the Chief Executive's proposal to appoint Margarita Cardona Tur Internal Company Auditor, previously head of Risk Control.

d. Compliance Standards:

- The Committee examined compliance with the Internal Code of Conduct and Board Regulations, Articles of Association and corporate governance rules in general.
- The Committee proposed debating amendments to Articles of Association and Regulations in 2007 to align them with the Conthe Code, by adopting, as appropriate, agreements to be proposed to the Board for subsequent submission to the General Meeting of Shareholders.

7. Conclusion

In financial year 2006, 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.

Furthermore, the Committee has verified that Renta Corporación Real Estate, S.A. and Group annual accounts and Management Report for year ending 31 December 2005 explain any likely commercial, financial and legal risks clearly and in simple terms.

The Committee has also examined the contents of the audit report for 2005, ensuring that the opinion on the annual accounts and main contents of the audit report have been clearly and accurately written.

As for compliance, the Committee is satisfied with internal processes put in place in 2006 to ensure compliance with current legislation and the Group's internal policies, standards and procedures.

To conclude, the Audit Committee has nothing significant to report, whereby its opinion on 2006 is favourable.

On 21 February 2007 the members of the Audit Committee signed to indicate their acceptance of this report on 2006 activities, for its submission to the General Shareholders' Meeting.

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