Annual Report 2010

Contents

Luis Hernández de Cabanyes
Executive Chairman

Dear shareholders,

After more than three years immersed in a crisis, 2010 has confirmed the depth and seriousness of the situation, which affects all areas of the economy, but especially real estate and finance.

We could be tempted to think that the worst is now over, since the main economic indicators have declined less rapidly than last year, but even allowing for this assumption, the important question is how will we emerge from the crisis. We do not know what is in store for us, whether a slow recovery or the beginning of a shorter or longer period of stagnation before beginning the ascent to recovery.

It would be reasonable to predict either scenario. In favour of a slow but continuous recovery is the economic dynamism of emerging countries, tangible improvements in the industrial activity of certain Western countries, the adoption of deficit-cutting measures, and government-led reforms that have forced restructuring of the financial system. But a period of stagnation can also be expected if we observe the high level of unemployment, instability in countries with significant energy reserves, the possibility of overheating in some economies and the serious implications of recent natural disasters.

In any case, the persistence of a climate of crisis in 2010 prevented Renta Corporación from realising part of the objectives we had set ourselves. Yet we certainly achieved some successes during the year:

- Our constant cost-cutting efforts allowed us to reduce expenses to one third of their magnitude at the beginning of the crisis.
- The sale of assets acquired in 2008 or earlier for EUR 28.3 million. This is evidence of the tremendous effort made, though it was still insufficient to achieve the targets set in this particular segment of activity.
- Adapting our normal business to current market conditions enabled us to obtain a positive margin of 5.7 million euros, a figure that represents 19% of the sales figure.
- The number of normal business deals carried out in the year 2010 was in excess of thirty. This fact shows that we are on track to reach a cruising speed which will allow us to return to profit.
- Our balance sheet is healthier, thanks to negotiation or adjustment of any contingencies that the group has managed (as a result of defaults, inspections or reviews of the value of its assets) and especially in the writing off of tax credits worth 56.7 million euros.

Regarding areas for improvement, the average deal size is still low and we must work harder to bring it closer to 5 million euros. In pursuit of this objective a crucial factor will be the financing capacity the financial system grants us for the purchase of real estate assets.

The 2010 results are neither good nor satisfactory, with a loss of 84.9 million euros, strongly marked by the writing off of tax credits worth 56.7 million euros. We still have a long way to go before we achieve the goal pursued stubbornly and obsessively by everyone who makes up Renta Corporación: to return to profit. There can be no other response to the confidence which all our shareholders have in our company. Neither can we demand less of ourselves.

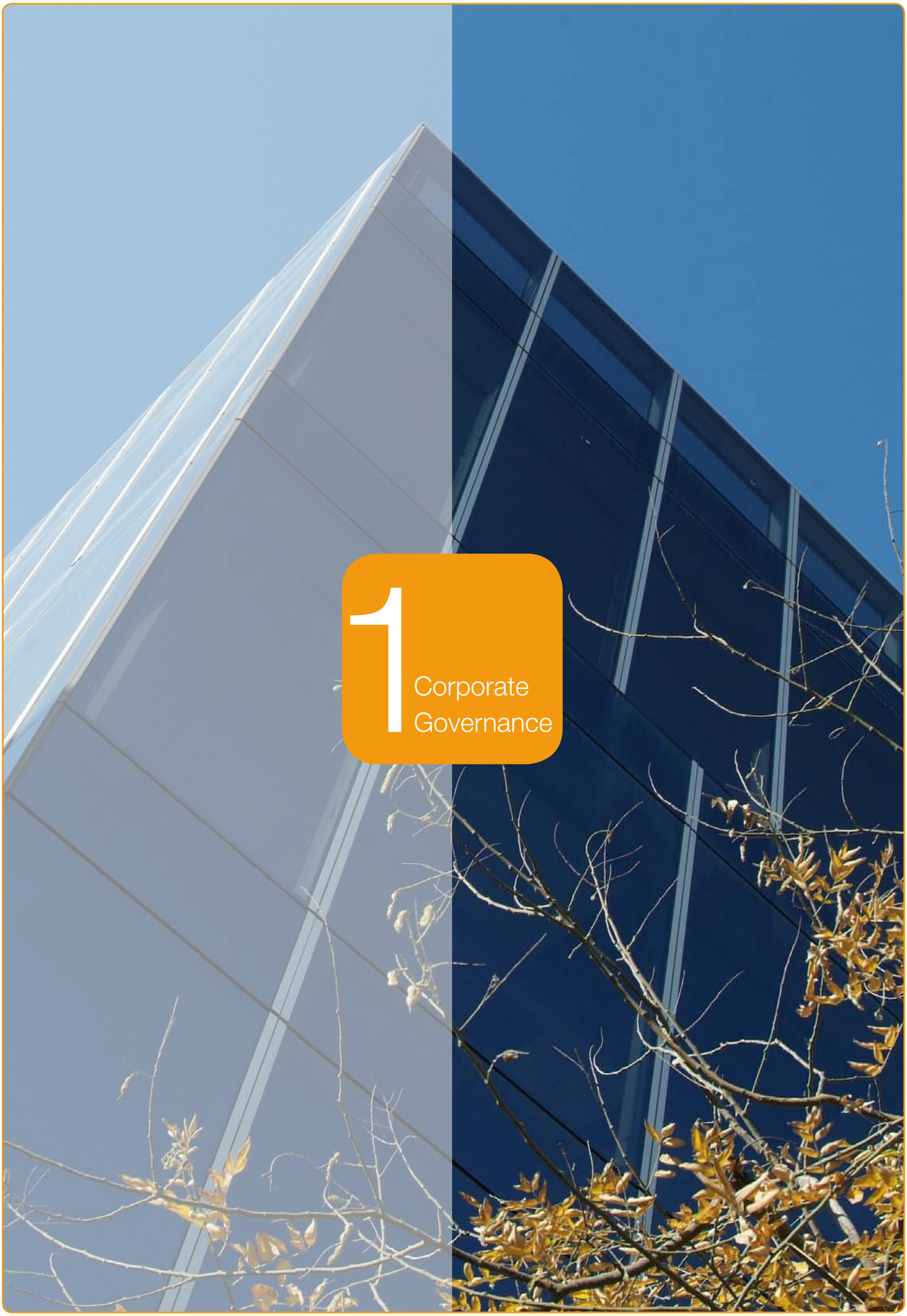
Although this is not meant to be an apology, I think it is fair to acknowledge that a significant portion of these negative results is due to extraordinary circumstances such as the aforementioned writing off of tax credits, the writing off of costs incurred in refinancing the Company, adjustments in the valuation of inventories and the inclusion of provisions.

At Renta Corporación we still believe in our business model for the purchase, refurbishment and sale of real estate assets, and remain faithful to the strategy set out at the beginning of this crisis, because we believe this is what will provide the best result in the current tough market conditions.

Because of its enormous importance, I want to emphasize the agreement reached in early May with all the financial institutions making up our banking syndicate. This agreement will provide our group with financial and net worth stability through reduced debt by allocating 118 million euros of assets to the financial institutions. It will also extend the maturity of the debt to eight years and increase the group's ability to maintain independence of its management and decision making.

To conclude this letter I would like to express my sincere thanks for your support and contribution to this joint project, especially in these difficult times. I also wish to thank the team of people working every day in our group, since they represent the true foundation of our business. Together we must ensure the progressive recognition of the value of our Group.

1 Corporate Governance



1 Corporate Governance

Throughout 2010, Renta Corporación has continued focusing on and reviewing the set of standards governing its action policies and corporate governance transparency, with the aim of upholding high standards in this area, both domestically and internationally, and receive proper recognition from our shareholders, investors and customers.

The Company's internal regulations and compliance with the Unified Good Governance Code are set out in the Statutes, the Regulations of the General Meeting of Shareholders, the Regulations of the Board of Directors, the Internal Code of Conduct for Stock Market Operations and the Code of Conduct. All of these standards are part of the organisation's corporate culture which must press onward in the development of values, in professional standards and business transparency to continue building a strong, solid company capable of generating confidence in the market, especially in its shareholders.

Governing Bodies (as of 31 December, 2010)

Board of Directors

Name	Position	Nature of the position
Luis Hernández de Cabanyes	Chairman and Chief Executive Officer	Executive
David Vila Balta	Vice-president	Executive
Juan Velayos Lluis	CEO	Executive
Carlos Tusquets Trías de Bes	Director	External independent director
Juan Gallostra Isern	Director	External independent director
Ignacio López del Hierro Bravo	Director	External independent director
Blas Herrero Fernández	Director	Representing substantial shareholders
César A. Gibernau Ausió	Director	Other external director
Elena Hernández de Cabanyes	Director	Other external director
Javier Carrasco Brugada	Non-director Secretary	

During 2010, the Company's Board of Directors has lost one director following the departure of Mr Ramchand Wadhumal Bhavnani for personal reasons. His position remains unfilled.

In addition, the Board accepted the resignation of Ms Esther Giménez Arribas and coopted Mr Ignacio López del Hierro Bravo as an Independent External Director.

Appointments and Remuneration Committee

Carlos Tusquets Trías de Bes	Chairman
Juan Velayos Lluis	Member
César A. Gibernau Ausió	Secretary

Audit Committee

Carlos Tusquets Trías de Bes	Chairman
Juan Velayos Lluis	Member
César A. Gibernau Ausió	Secretary

Senior management

The Company's highest executive body and the backbone for the whole organisation. It is made up of five professionals with a proven track record and a strong ability to channel, organise and coordinate the various circumstances which converge in the Company's business activity, with the objective of maintaining the business goals in the various environments where it operates as aligned and streamlined as possible.

Luis Hernández de Cabanyes
Executive Chairman

David Vila Balta
Executive Vice-Chairman and
Operational Managing Director

Juan Velayos Lluis
CEO

Javier Carrasco Brugada
Corporate Managing Director

Esther Giménez Arribas
Director of Human Resources

Noelia Ortiz García served as Internal Auditor during 2010 and therefore a member of senior management for the purposes of the Unified Good Governance Code.

Background of Renta Corporación Directors

Luis Hernández de Cabanyes
Chairman

Founder and Chairman of the Renta Corporación Board of Directors, as well as Founder and Chairman of Fundación Renta. He has devoted his professional life to business, beginning his career at PricewaterhouseCoopers and going on to found and manage various companies, including Second House and Mixta África. He was President of Mixta África until late 2007. Holds a degree in Economics and Business Studies from the Universitat Autónoma de Barcelona and has completed the IESE Business School Business Management Programme.

David Vila Balta
Executive Vice-Chairman and Operational Managing Director

Joined Renta Corporación in 2000. From 1994 to 1997 he worked as Factory Manager at Rochelis. From 1997 to 1998 he was Deputy Purchasing Manager with Outokumpu Rawmet and National Sales Director with LOCSA from 1998 to 2000. He holds a degree in Industrial Engineering from the Barcelona School of Engineering and has a PDG from IESE Business School.

Juan Velayos Lluis
CEO

Joined Renta Corporación as Company Secretary and Non-director Board Secretary of the Board of Directors in June 2007. He has been Chief Executive Officer since July 2008. Trustee of Fundación Renta. From 1996 he worked for the law firm Uría y Menéndez in Madrid (1997-2000), Mexico (2000-2003) and Barcelona (2003-2007), serving as Firm Partner before joining Renta Corporación. He has taken part in numerous seminars and conferences, and has taught several academic courses. He holds a degree in Law from the Abat Oliba University and an Executive MBA from IESE Business School.

Juan Gallostra Isern
Independent Director

Director of Renta Corporación since February 2006. CEO and General Manager of Grupo JG Ingenieros Consultores de Proyectos, S.A. since 2001, and previously General Manager from 1995 to 2000. Director of Hospitecnia, S.L. and of the British company First Q Plc. 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. Associate Professor in the Construction Engineering Department of the Polytechnic University of Catalonia from 1997 to 2005. Currently he is also a member of the Executive Committee of the UPC-JG Group Business Chair for sustainability in construction engineering (sponsored by JG Group). Lecturer and teacher at seminars and courses on construction engineering, with various articles published in specialised journals. Member of the Board of Trustees of the Catalonian Institute 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.

Ignacio López del Hierro Bravo
Independent Director

Director of Renta Corporación since October 2010. Began his career in the public sector, occupying the position, among others, of Civil Governor of Toledo and Seville. He was also chairman of several government-linked companies, including the Chairmanship of the public sector in Andalusia. Since 1987 he has been working in the private sector as CEO of the investment company H Capital. In the real estate industry, he has held the positions of Vice-President of INTERRA, Executive Vice-President of BAMI, Executive Director and Member of the Executive Committee of METROVACESA during their period in the list of IBEX 35 companies, Deputy Chairman of GECINA, the leading French real estate company, and Board Director at BAMI-NEWCO. He holds a degree in economics

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Carlos Tusquets Trías de Bes
Independent Director

Director of Renta Corporación since 2004. Currently Chairman of FIBANC - MEDIOLANUM Group and Director of Banca Mediolanum (Italy). Chairman of Trea Capital Partners. Chairman of Inverco Catalunya and Vice-Chairman of Inverco Nacional. Chairman of EFPA España (European Financial Planning Association). He joined the Wealth Management Company of Banca Catalana Group in 1971, where he was 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, of which he is currently the Chairman. Furthermore, he is a Director of 3i's Advisory Board (one of Europe's largest Private Equity firms). Holds a PhD in Economics from the University of Barcelona.

Blas Herrero Fernández
Director representing substantial shareholders

Director of Renta Corporación since June 2008. Businessman with experience in various industries, including food, audiovisual, real estate and automotive. Chairman and owner of Sual-Lácteas Reunidas and Grupo Radio Blanca, which manages Kiss FM, the third largest music network in Spain, and Kiss Televisión, with DTT licences in Madrid, Aranjuez and Extremadura.
Through his company HVB CASAS, he carries out real estate projects throughout Spain.
In 2006 he founded Kiss Capital Group SCR de Régimen Simplificado, S.A., a venture capital company of which he is Chairman and through which he has a stake in media companies, virtual mobile operators and film and television producers.
He has also served on the Board of the Economic and Social Council of the Polytechnic University of Madrid since 1997.

César A. Gibernau Ausió
External Director

Joined the Renta Corporación Board as Non-Director Secretary in 2003. Appointed as a Director in 2005. Founding Partner since 1980 of Gibernau y Asociados, an advisory and consultancy firm. 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, where he also qualified as an actuary. He is also Auditor and Chartered Accountant, qualified by the Spanish Institute of Chartered Accountants, and has completed IESE Business School's Senior Business Management Programme.

Elena Hernández de Cabanyes
External Director

A Member of the Renta Corporación Board since 2000. Founder of Second House, of which she is currently Sole Administrator. Founder and trustee of Fundación Renta and Fundación Soñar Despierto. Holds a degree in Economics and Business Studies from the Universitat Autónoma de Barcelona and has completed IESE Business School's General Management Program (PDG).

Javier Carrasco Brugada
Non-director Secretary and Corporate Managing Director

Joined Renta Corporación in May 2007. Worked for Banco Sabadell from 1990 to 1996 as Technical Director in the Corporate Banking division. From 1996 to 1998 he was Coporate Banking Director for Catalonia at HSBC Midland Bank PLC. From 1998 to 2001 he was Deputy Finance Director at Gas Natural SDG, S.A. In 2001 he joined Grupo Uniland as Finance Director, a position he held until 2006 when he was appointed as Corporate Finance Director at Vueling Airlines. He was a Professor of “Investment Banking” at ESADE from 1999 to 2003. He holds a degree in Business Studies, MBA at ESADE and a Law degree from UNED.

Prevention of money laundering

Renta Corporación has a money laundering prevention system consisting of client identification, establishment of risk profile and analysis of operations to ascertain whether they are suspicious. If they are, the information is presented to the Company Secretary's Office for review and, if confirmed, the issue is reported to the relevant government agency.

There were no incidents in the past year and an annual report has been prepared by an external expert for the period 1 January 2009 to 31 December 2009 concerning the internal control and communication procedures and bodies referred to in Article 11, Section 7 of Royal Decree 925/1995 of 9 June, which approves the Regulation of Law 19/1993 of 28 December on certain measures to prevent money laundering, demonstrating that Renta Corporación has control and detection systems implemented to ensure compliance with regulations to prevent money laundering.

Internal safeguard policy and risk management system

The risk management policy and strategy is the responsibility of the Board of Directors which relies on senior management for its definition and implementation. However, all members of the organisation contribute and are responsible for ensuring the success of the risk management system.

The Audit Committee, as a specialised body of the Board of Directors, is empowered to oversee the efficiency and effectiveness of the risk management and control policy in order to provide reasonable assurance that corporate objectives will be met, and is therefore the body that reviews and approves Renta Corporación's Risk Map and its Risk Management System.

The Committee is supported in its monitoring functions by Internal Audit which, reporting to the Committee, is responsible for continuously reviewing and evaluating the proper operation of the risk management and internal control system, which also contributes to its improvement.

Other bodies which contribute to risk monitoring and control are:

- Senior management, which handles risk management by identifying and evaluating risks, implementing policies and plans for managing and following up on them and overseeing actions carried out by the various departments and subsidiaries.
  Senior management is accountable to the Board of Directors for decisions made and results achieved, specially those which might affect or jeopardise the corporate strategy and objectives.

- Finance Management, responsible for preparing and monitoring business plans, budgetary control, liquidity and financial capacity, maintaining an adequate capital structure and interest and exchange rate risk control policies.

- Heads of departments and subsidiaries, managing operational risk in accordance with the risk management policies and methodologies identified by senior management.

- Company Secretary, responsible for compliance with company law, Good Governance obligations and recommendations, and stock market, money laundering and personal data protection laws.

Furthermore, in relation to internal control, it should be noted that Renta Corporación has a Code of Conduct for employees and individuals who are part of its governing bodies and offers a channel for reporting breaches of the same.

Risk management methodology

Renta Corporación has developed a risk management methodology based on the Integrated Framework of Corporate Risk Management as proposed by COSO (Committee of Sponsoring Organizations of the Treadway Commission), including:

1. Setting targets in the Renta Corporación group in the strategic, operational, accountability, reporting and compliance fields.

2. Potential risks that might affect the objectives and existing controls are identified.

3. Risk assessment, in accordance with their magnitude, the degree of preparedness or control and their probability.

4. Action plans prioritised according to assessment results so that risk exposure is at the level accepted by Renta Corporación.

5. Information and communication to Management and Audit Committee.

6. Internal risk management system tracking and review

7. Updating the Risk Map.

The Risk Map is the instrument through which the risks identified in each of the processes are identified and evaluated. By crossing it with the Process Map for the whole group, we obtain the matrix of risks and processes, which identifies activities with greater exposure to risk and which are priority action areas.

Both the Risk Map and the risk-process matrix are reviewed annually to evaluate our level of exposure to risks and to define the action plan for managing them. The result is also communicated to Senior management and the Audit Committee.

The identified risks are classified under the headings of strategy, business, financial and operational:

Strategic risks

Those which would occur due to the exposure to opportunity and value losses as a result of inadequate strategy definition given the environment, business development or risk concentration, as well as implementation errors or improper monitoring.

Renta Corporación monitors its main business variables and all business, financial and operational risks that might affect its current and future situation. Based on this analysis, senior management defines, adapts or modifies the business strategy, focusing on continually monitorised strategic and economic planning. Ultimately, the strategy is approved by the Board of Directors, which also supervises and ensures that the objectives are met.

Business risks

The Renta Corporación Group is exposed to risks from the real estate sector which may threaten the business and the attainment of its strategic objectives. This category primarily features risks related to the environment, the regulatory framework, competition, reputation and image, and product portfolio.

To reduce exposure to these risks and considering the impact they may have on Renta Corporación's strategy, each and every one of these variables is tracked, re-developing the strategy and action plans as appropriate:

- The exposure to environment risk is analysed from monitoring the markets in which Renta Corporación operates. The type of product and business, focused on the acquisition and transformation of properties in large cities, are all risk-mitigating factors.

- The regulatory risk stems from changes in laws that regulate the real estate sector (e.g., the Spanish Land Act). Renta Corporación has urban development sepcialists responsible for defining measures to be taken.

- Exposure to image and reputation related risks due to loss, damage or erroneous perception of the various stakeholders might be the result of non-ethical actions taken by the governance bodies, management and employees, to practices lacking in transparency towards clients, governments and investors, to non-compliance with Corporate Governance or to external factors which discredit or tarnish the image of the real estate industry.

  To mitigate exposure to this risk, Renta Corporación has a Code of Conduct for all employees and members of governance bodies to follow, with a reporting system for flagging any non-compliance. It has a Communication Manager in charge of managing relations with the media and ensuring that communication released to them is accurate, reliable and transparent. It has an Investor Relations Manager responsible for relations with this group and a Company Secretary in charge of relations with the Spanish Securities and Investment Board and to ensure compliance with the obligations of listed companies in areas related to Good Governance.

- In relation to risk from competition, it should be noted that Renta Corporación's main business focuses on acquisition and legal, physical and technical or planning transformation of real estate in large cities. It does not compete therefore with major construction companies and land developers.

  As regards purchasing, in the current situation, the ability to find and acquire real estate assets at attractive prices and favourable terms and conditions continues to be of vital importance for the successful development of the strategy set by the Company for the next few years. Renta Corporación tries to identify real estate immediately after -or even before- it comes onto the market, through a network of real estate agents and an internal team of specialists working together to search for and locate assets of this type. The Company also has flexible and responsive processes and a suitable structure for quick decision taking.

  On the sales side, Renta Corporación has developed teams specialised in the sale of real estate for specific types of clients.

- In relation to product portfolio risk, Renta Corporación is constantly monitoring:

  - The composition of the portfolio in terms of markets and types of product and market interest for acquiring or transforming properties.
  - Valuation of acquired assets, with continuous updating based on valuations performed by independent specialists.
  - Comprehensive analysis of future transformation and profitability options and future profitability under different scenarios, selection of suitable processing strategy to determine expected returns, preparation of budgeted profit and loss accounts and continuous monitoring of the implementation of transformation plans and possible deviations.

Financial risks

Financial risks are those related to liquidity and financial capacity, capital, credit and fluctuations in exchange and interest rates.

Liquidity and financial capacity risk

Liquidity risk is associated with the ability to meet payment obligations in the short term and proper management of surpluses. Financial capacity risk refers to the financial ability to meet payment commitments in the medium and long term and provide the financial resources needed for strategy implementation. Both risks are managed by Financial Management through:

- Monitoring of financing capacity to meet payment obligations in the medium and long term, as well as to continue the normal course of operations and the defined strategy.
- Monitoring of compliance with provisos or other obligations associated with debt.
- Search for lines of credit with the best conditions for the group.
- Adjust the structure and amount of debt depending on the current situation and evolution of the business.
- Planning and monitoring of cash inflows and outflows

Renta Corporación currently completes the purchase of real estate property at such time as the sale of almost all of them is assured, so that the funding requirements and time are reduced and the purchase and sale dates are as close together as possible. Furthermore, refurbishing activities are financed by equity, cash generation or external debt.

On the other hand, the group maintains a high level of indebtedness as a result of holding a portfolio of products of a certain age which are difficult to liquidate in current market conditions.

As a result, the group is subject to the risks associated with financing, including the risk that cash flow from the group's properties might be insufficient to meet the group's debt repayments, although the asset portfolio constitutes collateral for the debt.


Francos Rodríguez. Madrid

Gran Vía Madrid

Capital risk

Capital is calculated as net equity plus net debt. Exposure to capital risk is determined by the difficulty of safeguarding the capital's ability to keep the Company operational, to generate returns for shareholders and profits for holders of other equity instruments and to maintain an optimal capital structure and limit or reduce its cost.

The group continuously monitors the capital structure according to the rate of leverage.

In order to maintain or restore the capital structure, the group set out to approach the financial institutions in order to reach a new agreement that would allow the debt to be adjusted to the Company's foreseeable development and the market in general, with the basic pillars of i) reducing the debt through forms of payment in kind, ii) adjusting the current conditions of the syndicated loan, and iii) strengthening the group's equity and that of individual companies through the conversion of debt into equity loans. This agreement was reached in the first half of May 2011.

Credit risks

Client credit risk is managed on the basis of the sales policy defined, which specifies that property transactions are made through cash payments when ownership of the property is transferred. In the event of delayed payment, the debt should generally be covered by a bank guarantee through a retention of title agreement or similar real guarantee methods that enable the group to recover ownership of the building in the event of a default on payment.

Credit exposure with other parties, via loans or equity loans, is managed by constantly monitoring the financial situation of the debtor companies, writing off to profit and loss the impact of predictable doubts regarding their repayment.

Interest and exchange rate risk

The exchange risk is a direct consequence of the Company's business or presence in countries other than the Euro zone, as is the case of the United States, and the financing of these subsidiaries in currencies other than those in which business is conducted.

Exposure to interest rate risk is due to possible variations that it may undergo and that would result in a higher financial cost of debt.

Both foreign exchange and interest rate risk are controlled according to policies approved by the Board of Directors and providing hedging instruments, where viable, to minimise the volatility effect of these variables.

Operational risks

This category covers all risks occuring in the course of operations caused by the inadequacy or failure of processes, performance of people, technology and information systems or by external factors. Consequently, this category identifies risks associated with operations, information for decision making, human resources, management and governance, legal and technology and information systems.

These risk are addressed through the design, implementation and evaluation of internal controls to prevent their occurence and provide reasonable assurance of compliance with the objectives or, in the event that they actually occur, to ensure their impact is on a scale acceptable to the Company.

The management of these risks is shared by the various responsible agents and processes, under senior management supervision.

In addition, Internal Audit fosters the identification and assessment, as well as management, of these risks. Audits are also planned and carried out on the various processes according to their criticality and risk exposure, to assess the effectiveness of risk management systems The results of these audits are reported to the Audit Committee.

Renta Corporación continues to be seriously affected by the ongoing crisis in the real estate and financial sectors, leading to a significant decrease in the volume of activity and turnover of properties, an increase in financial costs due to a property portfolio which is difficult to turn into cash and therefore a drastic reduction in cash inflows, a weak equity and cash position and a reduced ability to fund the Group.

In financial year 2010, the effects of this situation gave rise to the following risks:

• Renta Corporación's liquidity and funding level to face the cost of financial debt and the future return on capital in the original terms and the development of the business.

  Although Renta Corporación was not in breach of the terms agreed in the refinancing agreement of May 2009, in anticipation of the difficulties they might have during the year 2011 to meet the cost of financing and in later years the repayment of the loan, the financial institutions were approached with the aim of reaching an agreement to restructure the existing debt more in line with the expected evolution of the Company and the property market. For this reason, the application of a conservative approach led to writing off the setup costs of the 2009 agreement, in the amount of 7.5 million euros, in addition to 1.9 million euros of repayments made during the year.

  The basic pillars on which the agreement was reached were i) reducing the debt through payment in kind, including therefore the volume of inventory, ii) rebalancing the equity of the Group's and individual companies via the conversion of debt into equity loans and iii) adjusting the terms of the current syndicated loan as regards commitments regarding the repayment of debt and payment of the financial burden in accordance with the Group's business plan.

  As of the date of restatement of the accounts, negotiations were ongoing with the financial institutions to reach a new agreement. The effect of this situation can be seen in the level of risk regarding liquidity and financing capacity, in the writing off of deferred tax capitalised by tax credits, and in capital risk.

  The group restated the annual accounts on the principle of going concern, with the understanding that it is possible to achieve in the near future a new agreement with all creditor entities in the terms proposed, based on the expressions of support from the majority of the entities at the date of restatement. This agreement was reached in the first half of May 2011.

• The risk of recovery of deferred tax due to their being written off as a result of not having reached, at the date of restatement of the annual accounts, a refinancing arrangement with the financial institutions of the syndicated loan, and the realisation that the financial recovery of the Group may slow down given the anticipated conditions of said agreement.

  Renta Corporación has written off all the deferred income tax accumulated up to financial year 2010 for the capitalisation of tax credits related to losses incurred in the group. The net effect on profit and loss of the decapitalisation of net deferred tax is 56.97 million euros.

• The capital risk embodied in the Renta Corporación group and certain specific companies, as a result of the losses in equity, leverage ratio and working capital.

  The writing off of deferred taxes related to accumulated tax credits in the restatement of the annual accounts together with the losses incurred in 2010 have caused the Renta Corporación group and certain individual companies to present negative net equity:

  - The Renta Corporación group presents a negative net equity of 41 million euros compared to 27.3 million euros of share capital. However, in calculating the net equity value, 27.6 million euros of losses due to inventory deterioration must be taken into account, which, according to Royal Decree Law 5/2010 of March 31, do not count towards losses for the purpose of the mandatory reduction of share capital and the dissolution of the parent or group companies referred to in Articles 327 and 363 of the Spanish Consolidated Share Capital Companies Act. Consequently, for trading purposes the Company has negative equity of 13.4 million euros.

  - The holding company Renta Corporación Real Estate SA has negative equity of 26.5 million euros compared to 27.3 million euros of share capital.

Rosari. Barcelona

- Renta Corporación Real Estate ES, SAU has negative equity of 63.6 million euros compared to 0.2 million euros of share capital. However, in calculating the equity of this company, 18.5 million euros of losses due to inventory deterioration must be taken into account, as well as the equity loan (in accordance with the provisions of Royal Decree Law 7/1996 of 7 June) received from a group company during financial year 2010 for a total of 50 million euros, with a duration of three years at market interest rates. Consequently, net equity for trading purposes amounts to 4.9 million euros.
  In relation to the abovementioned equity loan, it should be noted that the grantor company has made a provision for the entire 50 million euros.

- Renta Corporación Real Estate Finance, SLU has negative equity of 35.8 million euros compared to 3,000 euros of share capital.

Additionally, in relation to the net equity balance of the rest of the group, Renta Corporación Real Estate 2, SLU and Renta Corporación Real Estate 3, S.L.U. have negative equity of 25 and 225 thousand euros compared with share capital in both cases of 3 million euros. These companies are vehicles created for specific real estate transactions. Their negative results are due to the fact that income and expenditures do not occur with parallel timing. It is anticipated the situation will be reversed next year with the continuation or termination of the associated operations.

On the other hand, as early financial year 2011, the net worth of Renta Corporación Real Estate France, S.A.S.U., was reduced by 3.1 million euros in order to offset losses.

Also, given that at the date of the annual restatement of annual accounts the agreement with the financial institutions to refinance the syndicated loan had not been reached, the entirety of the short-term debt with financial institutions, leading to both the group and the individual companies of Renta Corporación Real Estate ES, SAU and Real Estate Finance Corporation, SLU presenting negative working capital of 30.8, 75.3 and 151.7 million euros, respectively.

The group's gearing ratio was higher at the end of financial year 2010 than the previous year, at 115.99%, mainly due to the restatement of the annual accounts, and this put the negative equity of the group at 41 million euros.

The Renta Corporación Group has restated the financial statements under the principle of going concern, with the understanding that it is possible in the near future to achieve an agreement with all of the financial lending institutions regarding the terms on which it was established, on the basis that the majority of the entities have indicated their support at the time of the restatement of accounts. This agreement was reached in the first half of May in the terms proposed, which allow i) asset rebalancing of the group for the conversion of debt into an equity loan so that it exceeds half of the group's social capital and their individual societies ii) a decrease in stocks and debt of the group and iii) adaptation of the current syndicated loan conditions that allow the reclassification of long-term outstanding debt at a high percentage of it and repayment commitments debt and payment of the financial burden according to the group's business plan.

- The decrease in the valuation of the property portfolio, following the downward readjustment of its value in financial year 2010 by 11.4 million euros, of which 8.6 million are the direct result of valuations carried by independent specialists, and 2.8 million correspond to the loss of land purchase options.

  Renta Corporación conducts periodic reviews of real estate values, adjusting them when a decrease is detected and/or when a purchase option is not expected to be exercised.

- The tax risk associated with an investigation launched in March 2009 by the French authorities regarding corporation tax and VAT on three operations carried out by one of Renta Corporación Group's Luxembourg companies in Paris, worth 83.4 million euros with a total contingent tax base subject to corporate tax of 18.2 million euros and 3.6 million subject to VAT.

  In financial year 2009, a provision was raised for the totality of the existing risk, and during financial year 2010 this provision was reduced by EUR 0.17 million on the basis of the inspection report issued, with the year end provision standing at 4.1 million euros.

- The decrease in the valuation of the holding in the Mixta Africa, S.A. company, for the amount of 0.7 million euros.

There is also an outstanding receivable from this company for a loan plus accrued interest totalling 2.6 million euros. This debt is secured by a real estate property, although at year end 2010 a provision of 0.5 million euros was raised based on the declining value of the guarantee.

Renta Corporación keeps track of all its subsidiaries and adjusts their book value according to the current market valuation as well as the loan in the event of detecting a larger reduction in the value of existing collateral for payment.

- Portfolio risk is concentrated in the Spanish market (94.7%) and the land development area (47.4%) and by keeping high inventory levels and an approximate portfolio life of three years for buildings and four for land.

  The focus on the Spanish market responds primarily to the strategy of concentrating activity in the market in which Renta Corporación has most experience and has built up results, as well as the difficulty of developing the current business model in international markets by restrictions due to its limited capacity to operate or acquire property. As regards land as a product, factors leading to an increased period of rotation of the portfolio include the much lower demand for this product and consequently its low liquidity, and the long duration of town planning processes. To all this must be added the economic situation and state of the Spanish property market.

  To reduce the degree of exposure to that risk, the Company continues to adopt intensive selling policies and to process the portfolio by focusing on individualised plans for each property, giving priority to liquidity over profitability.

- The risk of default on sales of land due to:

  1. The acknowledged failure of a client, an insolvent real estate company, to address all the deferred payments of an operation from 2006 for a total of 25.3 million euros. As a guarantee of payment there is a mortgage in favour of Renta Corporación.

     Since financial year 2009, based on evidence of an unfavorable outcome for Renta Corporación, the margin on the operation has been fully provided for, for a value of 12.8 million euros, taking the worst case scenario in which the transaction is reversed and the asset recovered.

     The associated risk as at year-end 2010 is the expected incorporation of a low liquidity asset and the return of up to 8.8 million euros for amounts received.

     Renta Corporación will take all pertinent legal steps to reduce the impact caused by the final outcome of the operation.

  2. The inability of a client, a real estate company, to meet the payment of an overdue debt from an operation in financial year 2007. Renta Corporación was awarded the associated plots of land in a judicial foreclosure process for 50% of the assessed value, and there is a debt of 17.5 million euros plus 9.2 million in interest and costs which are in the process of recovery following the judicial proceedings.

     During financial year 2010, in addition to the incorporation of a low liquidity asset, the effect was a loss of 0.4 million euros due to the lower value of the property as valued by an independent specialist.

  3. The legal claim for a payment worth 2.7 million euros in a land transaction which was not eventually completed, at the decision of the purchaser, a real estate company. The existing risk, conservatively estimated by the Company, would amount to 1.4 million euros after deducting the direct damage caused by the reversal of revenue.

     During financial year 2010 a provision was raised for the amount of 1.4 million euros.

     Before the date of restatement of the annual accounts, a sentence was issued which certifies that the contract termination was made on the basis of breach of contract by the purchaser. However, this sentence does not evaluate the damage alleged by Renta Corporación due to a judicial defect. Renta Corporación intends to appeal the sentence on the grounds that it does not comply with the law and that the possibility exists of claiming damages for the certified breach by the purchaser. Consequently, no additional risk is estimated to exist beyond that already recognised, although should evidence become available of an unfavorable outcome with a greater impact than has been recognised, an accounting entry would be made as soon as this were known.

4. The cancellation of a land transaction for which the purchaser, a real estate company, had paid an amount of 3.2 million euros whose return it was suing for in court. Renta Corporación considers that the amount claimed is for damages caused by breach of the obligation to purchase the land. During financial year 2010 there was a court ruling favorable to Rent Corporation, although the other party has expressed its intention to appeal. Because there is insufficient evidence for the final outcome, no provision was deemed to be necessary.

   Renta Corporación is continuing to take legal steps to defend the arguments given, although, should evidence of an unfavorable outcome become available, an accounting entry would be made as soon as this were known for the whole or partial amount.

- The collection risk of a payment for a holding in a real estate company in insolvency, amounting to 0.75 million euros.

  Renta Corporación has not made any provision in the absence of evidence of non-recoverability of this amount, although any potential impact would be recognised as soon as the outcome were known.

- Limitations in the ability to operate or acquire property conditioned both by the difficulty of finding attractive properties based on the application of the required selection criteria, for instance by the conditions set out in the syndicated loan signed in May 2009, which establish the amounts Renta Corporación is authorised to allocate to the development of its normal business activities, added to the need to obtain prior approval from the financial institutions for new acquisitions as well as restrictions on how such acquisitions may be financed.

  Reducing exposure to this risk is a major consequence of the adaptation of Renta Corporación's business model under current market circumstances. This involves, in the first place, finding a building of interest and using purchase option contracts characterised by paying a reduced premium in exchange for the right to purchase property within a broader future, so that the asset is quickly removed from the market to be analysed in greater depth. During the time specified in the option, in most cases, it is possible to have as many design changes as possible to be made, whether they be physical, legal or lease structure, and agreeing the purchase and even the purchase option before the established deadline approaches so that the purchase and sale dates should be close to each other or coincide.

  The aim of this approach is to minimise the time between actual purchase and sale or make them coincide, reducing the resources invested and the time they are invested, and also helps to generate cash flows. The risk of exposure is therefore reduced, as is that of liquidity and financing capacity and product portfolio.

  In addition, exposure to this risk may be reduced as the result of the approach to financial institutions in order to reach an agreement to restructure the existing debt previously discussed. This agreement was reached in the first half of May 2011, and eliminates the restrictive conditions imposed on operating capacity by the syndicated loan of 2009. However, the ability to make purchases in this new scenario will depend on the application of the abovementioned business model, the cash flow from operations carried out and the ability to obtain external financing.

- The foreign exchange risk arising from the volatility of the sterling associated with the debt incurred by the U.K. subsidiary. During financial year 2010, although this currency risk has greatly decreased, the negative impact of exchange differences was 0.4 million euros, mainly as a result of hedging premiums for coverage of the pound.

  Renta Corporación carries out an ongoing study of the evolution of foreign exchange and whenever possible enters into instrumental contracts to minimise the impact of currency volatility.

- The subcontract risk by a builder in the UK, declared insolvent, for the amount of 0.32 million pounds for works contracted and not paid for. Renta Corporación considers that it will not be obliged to meet this payment because the building contractor failed to complete the work due to its financial and business situation and was forced to hire a third party for the completion of the same. Following a conservative approach, however, a provision has been made for a total of 0.37 million euros.

Renta Corporación continues to be severely impacted by the effects of the housing and financial crisis, although it faces the future with optimism after reaching an agreement with the banks in the first half of May 2011 to refinance the syndicated loan. However, the outlook for financial year 2011 and beyond will be determined mainly by the implementation of the strategy which has been defined and the evolution of the real estate market in the markets in which the Group operates.

2 Business and Market Environment Report

2 Business and Market Environment Report

Financial year 2010 was characterised by the difficulties of accessing market liquidity and lack of confidence of investors, a similar trend to previous years, with a marked slowdown both in the number of operations and in volume, and a very high level of prudence by investors when making decisions, especially in real estate.

In this context, the urgent measures taken by the Spanish Government in the first half of the year helped improve foreign investor confidence in our economy, which in recent quarters has produced growth of 0.1% and 0.2%. This data allows us to face 2011 in a slightly better economic environment, although the rate of recovery is not so far at the level of neighbouring countries such as Germany, which took corrective measures before Spain did.

In the financial area, our system has been seriously affected by the continuing uncertainty about its real situation and the need for a virtual rescue, dragged down by the interventions in Greece in May and Ireland in December. This lack of confidence was aggravated by the credit rating downgrades, which resulted in the highest ever premiums for Spanish sovereign debt. Driven by the situation, the Government and the Bank of Spain have launched a reform process that will lead to a significant reduction in the number of financial institutions, with particular respect to the savings banks. Thus, we have seen a number of mergers between Spanish saving banks in the first half of 2010, and in future we shall see them being turned into banks and being listed on the stock exchange. These legislative measures have been well received by the international community and their consequences will be important not only for the soundness of the financial system, but also for the country's ability to achieve economic growth.

Real estate, slow recovery

With regard to the Spanish property sector, the slowdown of recent years is closely linked to elements of uncertainty in the markets and the willingness of financial institutions to provide funding and liquidity. Consequently, the positive reaction in the markets to the Decree on the recapitalisation of Spanish financial institutions may provide the necessary calm to the market and investors to encourage activity and the number of transactions in our sector, on the one hand, and facilitate the flow of finance to purchasers, on the other.

The uncertainty surrounding the housing market is leading investors and sellers to defer decisions pending clear business opportunities. Vendors wait for the Spanish economy to consolidate its recovery before putting their real estate assets up for sale and ensuring good rates of return, while investors are still reluctant to purchase, due to the increasing difficulty of obtaining financing, in some cases, or to the prudent attitude of waiting for operations to arise in the medium term with guaranteed returns in others.

We are in the midst of a vicious circle whose starting point is the lack of clear references to market prices, and therefore of confidence, leading to reluctance on both sides to close deals in an environment still in the process of recovery. In short, we may conclude that the housing sector is still being affected by the lack of liquidity, oversupply in some products and an economic environment characterised by significant job losses and lack of confidence among investors and consumers. Given this scenario, Renta Corporación has continued to rely on the strength of its business model and efficient management as a primary value with which to face the future, just as it has done since the outbreak of the financial and economic crisis.

The Company's business has been able to adapt, giving priority to operations with high levels of efficiency and identifying the best opportunities for its customers, with the added value for both sellers and investors which is characteristic of the Company. This careful modus operandi was validated in 2010, with Renta Corporación generating a positive gross margin of 8.7 million euros (from sales) of which 5.7 million came from the sale of its core business portfolio. This shows that there are still business opportunities for investors and purchasers who put their trust in the sector and in our services.

Maiquez. Madrid

In 2010 the Company achieved sales of 58.2 million euros, with a sixfold increase under the heading of core business in relation to 2009 (29.9 million euros), concentrated in the buildings division, and mostly in the domestic market. A further 28.3 million euros came from sales of assets acquired prior to 2009, of which 42% was domestic and 58% international.

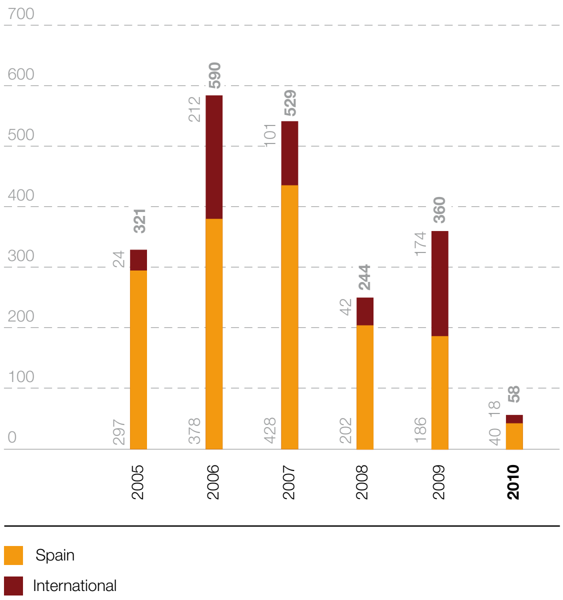
Of the land market we may say that this is the ultimate in lack of liquidity and oversupply of product. The market is paralysed and the only transactions are either opportunistic or brought about as offsetting deals with financial institutions.

As regards investment, Renta Corporación invested 34.8 million euros in 2010, including 31.8 in the core business portfolio, mainly residential buildings in the domestic market. These levels of investment are consistent with company strategy to increase both the value and the liquidity, primarily through refurbishment, of the portfolio of assets purchased prior to 2009, and to invest in a business portfolio which has adjusted to the new market conditions, 95% of which is in the domestic market.

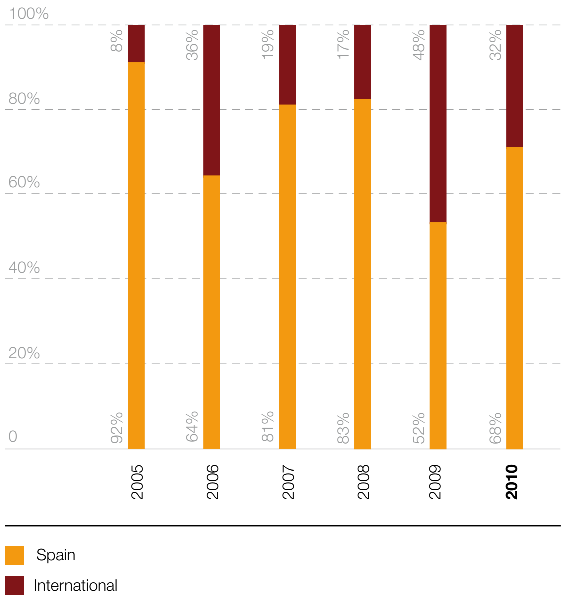
In this regard, in order to adjust the Company to the market environment, Renta Corporación has focused its business efforts at the domestic level, where conditions are more suitable for the development of its business model, to the detriment of the international market where price expectations and the balance between supply and demand prevent the Company from developing its normal business. From now on, transactions in the international market will be carried out only under very specific conditions, and will be coordinated from the Company's head office in Barcelona, maximising resources.

The Company therefore has a clearly defined strategy of reducing costs and maximising efficiency in its operations, which has enabled it to obtain positive margins on sales despite the poor conditions of the market and the economy. We are fully aware that our company is not yet profitable, but we are confident that the trend of positive margins on core business will continue and will guide our future path. We will not emerge unscathed from this crisis but we must make every effort to come out stronger and with the hope of returning to successful operation in the market.

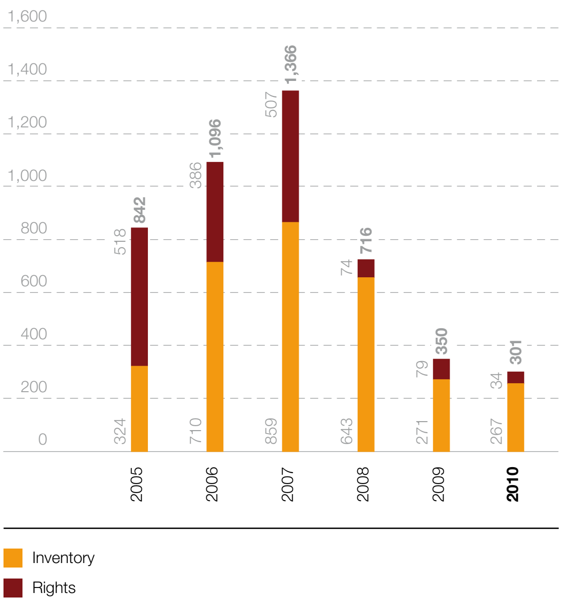
Spanish and international sales
(millions of euros)



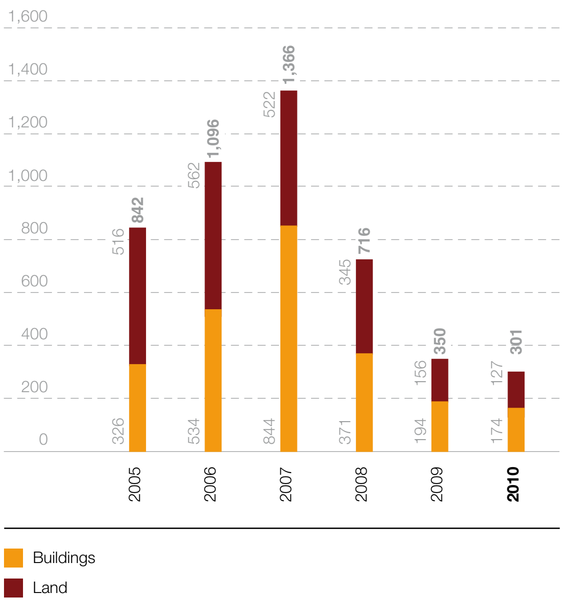
Distribution of Spanish and international sales

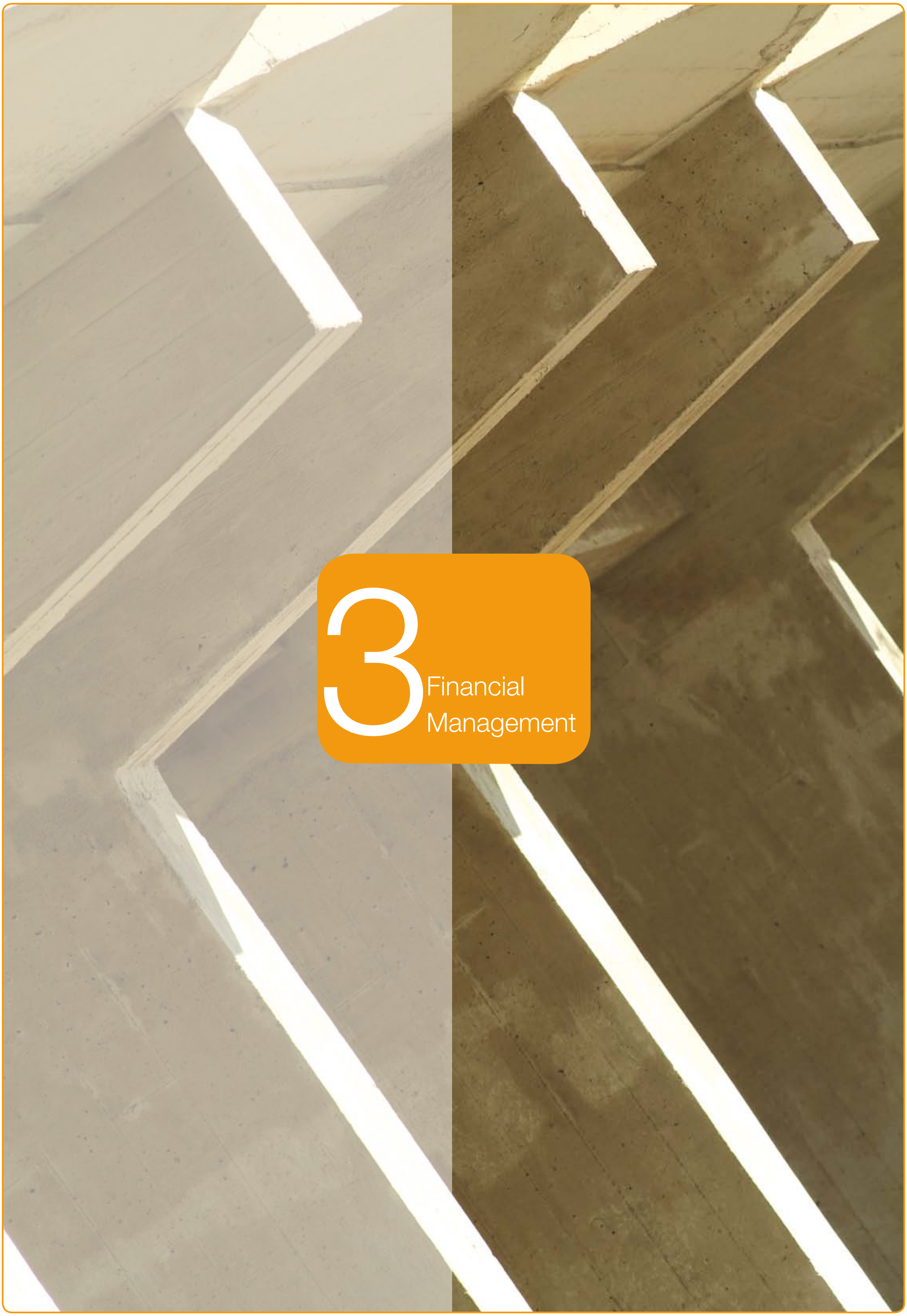


Portfolio
(millions of euros)



By business
(millions of euros)





3 Financial Management

3a Financing

The net financial debt of the group is up €19 million since the close of the previous year, standing at €297 million at December 31, 2010, which amounts to an increase of 7%. This difference is explained by the decrease in cash, capitalisation of interest charges and deactivation of refinancing costs carried out in May 2009.

This represents a leverage of 95%, 8 percentage points higher than that obtained at the end of 2009, due both to the decrease in net equity for the year 2010 and to the aforementioned increase in debt.

The following table analyses the data by headings in financial year 2010:

Net debt (in € millions)

	December 10	December 09	Difference
Syndicated loan[1]	279.3	250.5	28.8
Operations with mortgage guarantee	34.2	49.3	-15.1
Credit facilities and other financial debt	5.8	2.8	3.0
Cash and short term deposits	-21.9	-24.9	-3.0
Total Net Debt	**297.5**	**277.6**	**-19.5**
Net debt / (Net debt + Equity)	95%	87%	8%

[1] The amount corresponds to the total of the Loan that is available less the corresponding financing fees.

The loan agreement involving 17 institutions has a duration of 7 years, including an initial grace period of 2 years and a principal repayment period of 5 years at 10% in 2012 and 30% in the years 2013, 2015 and 2016.

- The interest rate is Euribor plus a margin increasing from the third year.

- The loan is comprised of 4 tranches whose maximum amounts and destinations are: (i) 254 million to refinance part of the old syndicated loan agreement, (ii) 22 million to finance the general cash flow and working capital needs of the Group during the first 2 years through a line of credit of which 18.6 million has come from a syndicated loan and the remaining 3.5 through the liquidity provided by the Group in cash contributions from the sale of assets, (iii) the financing of interest from the new loan agreement for the first 2 years, provided there is no cash available for it, and (iv) a small line of credit of 5 million for the financing of certain guarantees given to the Group prior to the signing of the new loan agreement.

- The new syndicated loan agreement contains the usual content of this type of financing contracts in terms of obligations of dos and don'ts (covenants) and other obligations of the borrower.

Despite meeting all the requirements agreed with financial institutions in the process of refinancing in May 2009 and in an attempt to take a step forward, the Group considered it appropriate to make a new approach to creditors in order to reach a new agreement allowing the adjustment of debt in line with the foreseeable scenario of the evolution of the Company and the market in general. For this reason, taking a conservative approach, the cost of formalising the May 2009 agreement has been written off, with an impact of €-7.5 M in fees for the year 2010.

The entire debt has been classified as short term at the end of 2010 in the absence of an agreement with financial institutions at the time of restating the accounts.

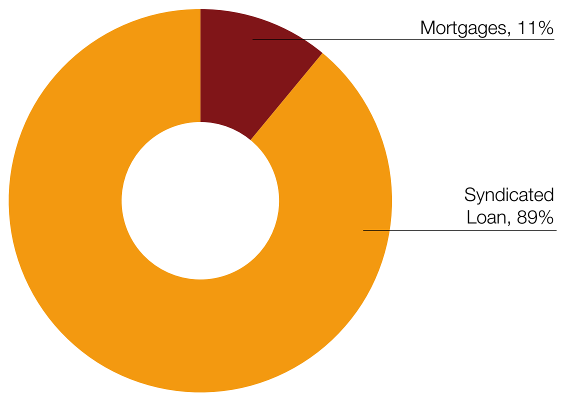
On 13 May 2011, this agreement has been reached with all the syndicated banks which will enable: i) a realignment of the Group's assets, ii) a decrease in inventory and debt due to allocation to financial institutions, iii) reclassification of long-term debt and iv) amortization commitments of the remaining debt and payment of the financial burden according to the Group's business plan.

Average interest rate for debt in 2010 was 2.15%, with an average 1.43% differential over Euribor. This is a reduction of 94 basis points over the previous year. Current accounting legislation requires the weighted average margin be included as a financial expense of the syndicated loan, taking into account the evolution of the estimated growing margins during the course of its 7-year life span.

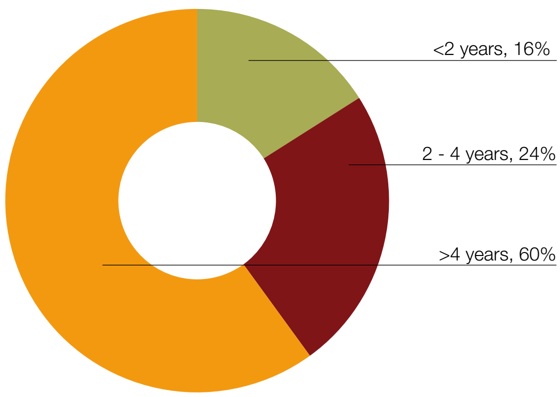
The difference between this average margin (2.01%) and the actual reported margin, is due to periodification.

As a result of this legislation, the Group has had an increase in financial expenses of 1.9 millon euros in 2010 due to an increase in the weighted average margin of 0.60%.

Debt breakdown



Debt maturity



Balmes. Barcelona

3b Financial risk management

The Company constantly monitors its financial risk, particularly liquidity, foreign exchange rates and interest rate risk.

The Group obtained the necessary liquidity through the process of restructuring that was completed in May 2009 when longer-term funding was obtained along with new lines of necessary liquidity to meet cash needs in the short to medium term. In this way, most of the debt has a maturity of over two years and 60% of it is over four.

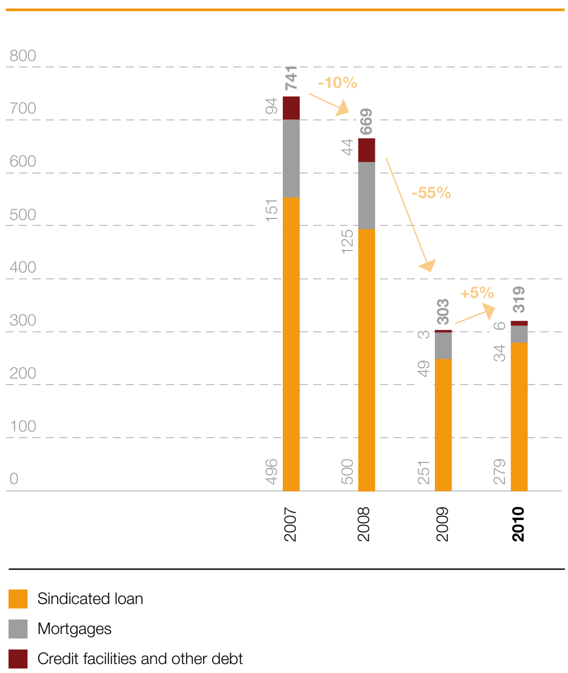
The Group's interest rate risk management policy is managed in accordance with policies approved by the Board of Directors in establishing the need for tools to minimise the impact of volatile interest rates in order to cover at a fixed rate around 30% of the total debt taken up.

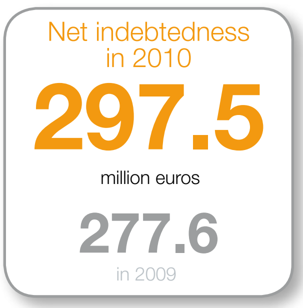
During the Syndicated Loan agreement process held in May 2009, interest rate hedging instruments that covered part of the refinanced debt were cancelled.

Although the Group is currently not involved in any transaction, it constantly assesses the feasibility of hedging adapted to the financial structure, provided that the conditions for contracting such instruments are favourable for the Company.

Evolution of gross indebtedness

(millions of euros)





Exchange Rate

During 2010 the Group has maintained its policy of managing exchange rate risk approved by the Board of Directors in order to eliminate uncertainties about the behaviour and future development of rates and minimise the negative effect that these fluctuations may have on the profit and loss account or assets of the Company.

This policy has been focused on derivatives as well as on debt capitalisation and obtention of debt in local currency.

In relation to the dollar, there has been a clear appreciation in the first half of the year against the euro reaching a level of 1.19 having started at 1.44 at the beginning of the year. In the second half of the year the opposite scenario has occurred with a sharp depreciation, closing 2010 at 1.336.

With reference to the pound, during the first half of the year there was appreciation against the euro, reaching a level of 0.81, and depreciation in the second half, closing the year at 0.86 having started at 0.888 at the beginning of the year.

The Company has obtained a negative result on exchange rates of 0.6 million euros mainly due to the impact on the profit and loss account of option premiums that have reached maturity during the year.

Currently, the Group has not contracted any derivatives due to its minimal exposure to currency risk as a result of its virtually non-existent presence in international markets.

Cardenal Casañas. Barcelona

GBR/EUR exchange rates (2010)

Source: ECB

USD/EUR exchange rates (2010)

Source: ECB

3c Cash Management

The global economy is dominated by two opposing forces. On the one hand, the positive cyclical drive from emerging economies and on the other, high risk premiums and uncertainty in many of the financial markets, including Spain. The eurozone is expected to recover slowly and possibly at two speeds.

Despite a situation of relative stability occurring at a macroeconomic level, the domestic and international property sector is still affected by a lack of liquidity, oversupply of certain products and an economic environment characterised by significant job losses and lack of confidence from investors and consumers.

The international financial crisis has led to a sharp economic contraction, falling prices in key commodities and high volatility in financial markets which has led to a tightening of financing conditions and greater access restrictions.

On 26 May 2009 the Group reached a refinancing agreement on its total debt that has allowed it to successfully meet its cash/liquidity needs. Even so, a new agreement has been reached to restructure the debt that will enable it to accommodate, in the medium and long term, the amount of debt and debt service flow to an environment characterised by the lengthening of the housing crisis. Although Renta Corporación is in breach of the terms agreed in the refinancing agreement, the new agreement will give the Group financial stability in the medium and long term.

The main financial risks the Finance department has to deal with are liquidity risk and market risk (interest rates, exchange rates, inflation, loans, etc.).

To do this, it has established control and monitoring measures, such as:

• A cash budget with a horizon of 10 weeks, with weekly details and updated daily

• A cash planning horizon of 12 months updated quarterly

In terms of liquidity policy, the Group has worked to centralise domestic and international operations and thus identify all cash requirements both in amount and in time, minimise borrowing costs and invest surplus funds properly.

At 31 December 2010 the Group has 22 million euros in cash and a loan agreement provided by the banking syndicate for a limit of up to 18.6 million euros almost entirely taken up.

3d Notes on the Consolidated Balance Sheet

While at a macroeconomic level there are signs of some stability, for the domestic and international property sector, 2010 has been marked once again by a lack of liquidity, oversupply of products and overall, a significant lack of confidence from investors and consumers. This overall situation has greatly influenced the development of activity.

Non-current assets amounted to 17.2 million euros at the end of 2010 compared to 64.2 million euros last year. This reduction is due mainly to the writing off of most tax credits from 46.1 million euros in 2009 to 0.8 thousand in 2010, a decision taken by the Group as a result of it not reaching an agreement with creditors within the initially estimated period and of the deepening and lengthening of the crisis.

During 2010 the Group has remained true to its conservative policy of cleaning up the balance sheet already begun in 2009 and to the implementation of selective investments adapted to new market conditions. At year-end the Group's inventory stands at 267.0 million euros. Despite the fact that overall this volume is similar to the previous year, this figure is the result of two opposing effects, on the one hand, sales made during the year and on the other hand, the incorporation of inventory of a property considered as collateral for an unpaid debt and was therefore seized. The restrictive investment policy is also evident in the number of investment rights, which stands at 33.5 million euros at the end of 2010, concentrated entirely on ordinary business buildings already adapted to new market conditions.

Accounts receivable -from customers and others- was 8.6 million euros. The decrease in this balance over the previous year is mainly due to the calling in of existing mortgage guarantees for debts of 25.2 million euros. As mentioned in the above paragraph, said property has been incorporated into the inventory of the Group.

The decrease in financial assets held to maturity is largely due to payment of the short term deposits held from the end of the previous year. The cash balance amounts to 21.7 million euros, reaching levels of 2009.

Sant Antoni Abat. Barcelona

Net equity stands at -41.0 million euros at December 2010, decreasing by 83.2 million euros compared to 2009, mainly due to the incorporation of a negative result for the year.

At the end of 2010 the total volume of financial debt stands at 319.4 million euros. The changes during the year are mainly due to the capitalisation of the year's interest and the writing off of the costs associated with refinancing agreed in 2009 and which is periodified over the life of the debt.

To anticipate the effects that the lengthening of the crisis might have on the Group, and despite meeting all the requirements of financial institutions in the refinancing agreement entered into in May 2009, the Company has initiated a new negotiation process with creditors at the end of 2010. The objective of this process is the overall restructuring of existing debt, and its arrangement in the medium and long term both in terms of size and the service flow associated. As a result, and taking a conservative approach, all the costs of formalisation of the previous agreement have been written off.

Maintaining financial stability in the Group is vital to the natural development of its business plan. In the current market environment this is only possible with the new agreement reached in early May with the financial institutions that will allow, among other things, the reduction of debt, the meeting of the existing syndicated loan conditions in terms of maturity of the debt, accrual and interest payments and other obligations and constraints, and the need to strengthen the Group's own funds and those of individual component companies.

Other non-current liabilities include long-term maturity of VAT deferment granted in 2009 for a total of 24.7 million and a payback period of 4 years, of which a total of 4.4 million euros have been amortized during 2010, with an outstanding balance of 17.9 million euros at year end.

The balance of suppliers and other accounts payable remains at levels from last year which is also in line with company strategy and its volume of activity.

Consolidated Balance Sheet

(€ '000)

Assets

	2010	2009	Difference	% 10 vs. 09
Total non-current assets	**17,220**	**64,236**	**-47,016**	**-73.2%**
Inventory	266,997	270,728	-3,731	-1.4%
Trade debtors and other accounts receivable	8,803	32,135	-23,332	-72.6%
Loans and receivables with related parties	2,108	253	1,855	733.0%
Derivative financial instruments	0	81	-81	-100.0%
Financial assets held to maturity	181	2,814	-2,634	-93.6%
Cash and cash equivalents	21,749	22,038	-289	-1.3%
Total current assets	**299,838**	**328,049**	**-28,211**	**-8.6%**
Total assets	**317,058**	**392,285**	**-75,226**	**-19.2%**

Liabilities

	2010	2009	Difference	% 10 vs. 09
Shareholders' funds and reserves	-41,000	42,180	-83,180	-197.2%
Total net worth	**-41,000**	**42,180**	**-83,180**	**-197.2%**
Financial debt	0	258,730	-258,730	-100.0%
Total non-current liabilities	20,380	29,603	-9,222	-31.2%
Total non-current liabilities	**20,380**	**288,333**	**267,952**	**-92.9%**
Trade creditors and other accounts payable	18,267	17,734	533	3.0%
Financial debt	319,411	44,038	275,373	625.3%
Total current liabilities	**337,678**	**61,772**	**275,906**	**446.7%**
Total liabilities	**358,058**	**350,105**	**7,954**	**2.3%**
Total net worth and liabilities	**317,058**	**392,285**	**-75,227**	**-19.2%**

3e Notes on consolidated Profit and Loss Statement

Revenue at year-end stands at 58.2 million euros, significantly lower than the previous year. In relation to this, it should be noted that the figure for 2009 included sales of assets to financial institutions in connection to the refinancing of debt amounting to 287.8 million euros, thereby distorting the direct comparison of both figures.

In terms of geographical distribution, sales have been spread with 58% in the international market and 42% in the domestic market.

While sales have been low during the year, they have managed to generate a positive gross margin from both the ordinary business portfolio and from inventory acquired prior to 2009.

The contingency plan initiated by the Group in 2008 continues to have an impact in the current year. The decrease in personnel and external services costs are a reflection of this, though their percentage with respect to turnover increases as a result of the decrease in sales.

Thus, employee benefit costs decreased from 9.2 million in 2009 to 8.2 million euros in 2010. This decrease in expenditure is due to the continuing process of workforce restructuring which the Company began in 2008 and in addition, a policy of reducing wages in both the management team and the rest of the workforce.

The external services expenses reflect the overall downsizing and cost reduction policy carried out by the group, aimed at reducing the structure due to the difficult market environment. Expenses for the year 2010 have been reduced by 3.5 million euros compared to last year, despite the fact that in 2010 the Company did not take up 2.8 million euros of options on inventory prior to 2009 as a consequence of the established selective investment strategy.

Other tax liabilities add up to 3.4 million euros, the reduction of which is related primarily to the inclusion in 2009 of an extraordinary provision of 3.9 million euros for contingencies resulting from tax audits which began in 2009. A significant portion of these claims have been resolved during the current year, so the Company has reversed an amount of 1.7 million accrued in prior years.

Agustín Durán. Madrid

As was the case in 2009, consolidated operating profit has been further eroded by the group's efforts to adjust the value of assets to current market prices, based on a policy of prudent valuation.

The net financial profit (loss) increased by 1.9 million over the previous year. This increase is mainly due to two opposing effects. On the one hand, the incorporation of the financial costs associated with refinancing activated in 2009 (9.4 million) to the results for 2010, and on the other hand, a reduction of 5.9 million euros in the ordinary financial expenses. In the first case, the beginning of a new approach to creditors to allow a new agreement in order to anticipate the possible effects of a lengthening of the crisis have resulted in, taking a conservative perspective, the writing off of the costs of formalising the May 2009 agreement. In the second case, the lower average level of debt during 2010 coupled with lower average interest rates have contributed to a significant reduction in ordinary financial expenses.

Corporate tax is a negative 46 million euros, mainly caused by the writing off of tax credits amounting to 57 million euros, a decision taken by the Group and motivated by the failure to reach agreement with creditors within the initially estimated timeframe and by the deepening and lengthening of the crisis.

The Group's net result was a loss of 84.9 million euros, largely influenced by the written off tax credits mentioned above.

Consolidated Profit and Loss Statement

(€ '000)

	2010	2009	Difference	%
Revenue	58,201	360,172	301,971	-83.8%
Other operating income	3,020	12,257	-9,237	-75.4%
Goods used	58,056	-377,822	319,766	-84.6%
Employee benefit expenses	8,152	-9,223	1,071	-11.6%
Outsourcing expenses	-9,941	-13,484	3,543	-26.3%
Other taxes	-3,381	-7,260	3,879	-53.4%
Amortisation and losses related to assets	-3,662	-18,155	14,493	-79.8%
Excess of provisions	1,746			
Profit from disposal of fixed assets	-92	1,319	-1,411	
Consolidated operating profit	**-20,317**	**-52,196**	**30,133**	**-57.7%**
Net financial expenses	-18,508	-16,566	-1,943	11.7%
Share in profit of associated companies	26	-54	80	-148.0%
Consolidated profit before tax	**-38,800**	**-68,816**	**30,016**	**-43.6%**
Income tax	-46,079	14,330	-60,409	-421,6%
Consolidated profit for the year	**-84,879**	**-54,486**	**-30,393**	**55.8%**
Attributable profit	**-84,879**	**-54,486**	**-30,393**	**55.8%**
Profit/(loss) attributable per share (in euros per share)	**-3.15**	**-2.21**	**-0.95**	**42.9%**

3f Notes on the Consolidated Cash Flow Statement

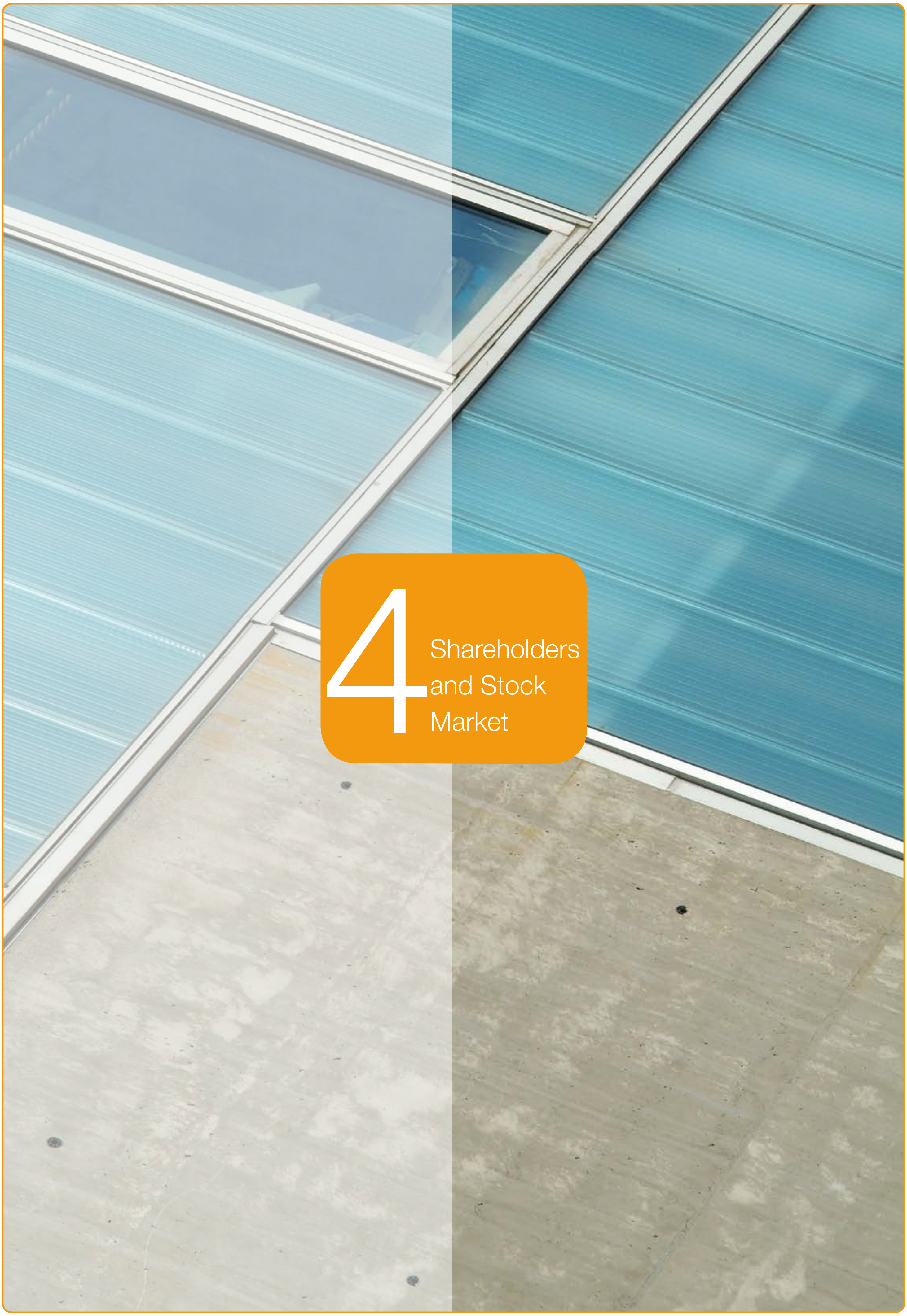
In an environment marked by a lack of liquidity, the Group's management has been focused, as in the previous year, on obtaining liquidity and stability. In this regard, and in line with the Group's strategy already established in the previous year, the priority has been, on the one hand, to obtain liquidity in operations and, on the other, to make highly selective investments, in order to optimise financial resources available.

This year has been characterised by a limited creation of resources for operational activities that the Group has been able to counteract through a comprehensive control of spending and investment which has ensured that the final cash flow has been practically unaffected compared with the previous year.

Financing activities have been characterised, as a result of the current global situation, by the desire of the group to bring down its debt, thereby strengthening its financial position and laying the groundwork for resuming the growth cycle as soon as the current economic climate changes.

Consolidated cash flow statement (in thousands of euros)

Operations	**2010**	**2009**	**Difference**
Cash flows from operations	5,481	292,697	-287,216
Interest paid	-1,186	-34,492	33,306
Cash generated / (used) - Operations	**4,295**	**258,205**	**-253,910**
Investment operations	**2010**	**2009**	**Difference**
Acquisition of tangible fixed assets	-14	-611	597
Purchases of intangible assets	-400	-459	59
Purchases of financial investments	-2,250	0	-2,250
Proceeds from sale of property, plant and equipment	4	63,044	-63,040
Income from the sale of financial investments/assets	2,814	21,927	-19,113
Loans to related parties	0	-248	248
Deposits and guarantees	-61	-193	132
Repayment of deposits and guarantees	62	345	-283
Interest received		514	-514
Other investment flows		-1,643	1,643
Cash generated / (used) - Investment	**155**	**82,676**	**-82,521**
Financing operations	**2010**	**2009**	**Difference**
Disposal of treasury shares	767	1,951	-1,184
Issuance of equity instruments	0	4,944	-4,944
Financing obtained	20,640	275,006	-254,366
Repayment of financing	-21,461	-615,998	594,537
Payment of financial instruments	0	-6,753	6,753
Other financing flows	-4,685	19,696	-24,381
Cash generated / (used) - Financing	**-4,739**	**-321,154**	**316,415**
Cash at beginning of the year	22,038	2,311	19,727
Cash at year-end	21,749	22,038	-290
(Net reduction) / increase in cash flows and cash equivalents	**-289**	**19,727**	**-20,016**



4 Shareholders and Stock Market

4 Shareholders and Stock Market

Renta Corporación shares have been listed on the Barcelona and Madrid Stock Exchanges since April 2006, and are traded on the Spanish Stock Exchange Interconnection System (ISBE or Continuous Market). Internationally, since 18 December 2006, they have been a constituent of the FTSE EPRA/NAREIT Global Real Estate index, which is an international benchmark index for institutional investors specialising in the real estate industry.

Renta Corporación's share capital is comprised of 27,276,575 shares in circulation with a par value of €1/share.

All shares have the same voting and financial rights.

Sepúlveda. Barcelona

4a Share history

After closing 2009 at 2.95 euros, Renta Corporación's shares have followed a downward trend throughout most of 2010 and have closed the year with a price of 1.24 euros per share. This represents a drop in share price which has been driven largely by the real estate and financial crisis that has characterised the stock market during 2010 and is very much in line with what has happened to all other listed real estate companies.

The year-end price equates to a market capitalisation of 34 million euros.

Salient Figures

Share price as of 30/12/2010	€1.24/share
Difference with respect to IPO (€29/share)	-95.72%
Difference with respect to 31/12/2009	-57.97%
Maximum year 2010	€4.17/share
Minimum year 2010	€1.14/share

Source: Infobolsa

Evolution of Renta Corporación compared with IBEX-35, Property Index and others

Trading

In 2010, 15,378,581 shares were traded, a turnover below 1. The volume of trading in 2010 varied from 30,000 to 90,000 shares. The greatest average daily volume was in the month of January.

Volumes (shares)

Cumulative	15,378,581	(31/12/2010)
Monthly maximum	4,314,476	(January)
Monthly minimum	310,554	(October)

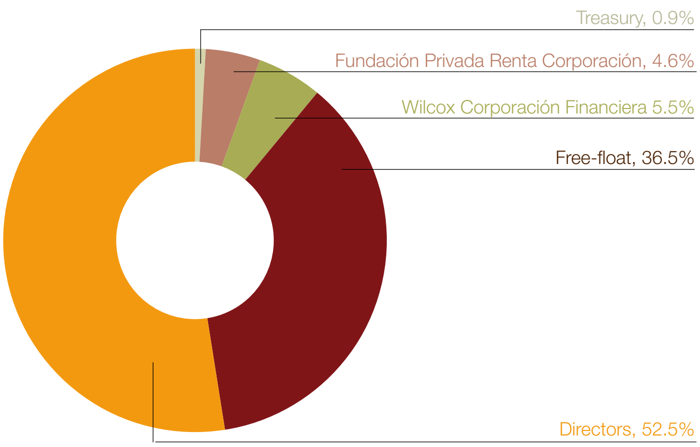
Shares traded (daily average)

January	215,724	July	27,109
February	56,583	August	24,419
March	83,973	September	30,183
April	68,172	October	14,788
May	64,255	November	63,128
June	89,288	December	32,076

4b Shareholders

Distribution of holdings in Renta Corporación Real Estate S.A.

at 31 December 2010



Note: Information provided in this section was produced from reports filed by shareholders who have reported their shareholder positions either because their holding exceeds regulated levels or because they are obliged to do so as company directors.
Up-to-date information is also available in the Annual Corporate Governance Report, as required by regulations, and on the Spanish Securities and Investment Board and Renta Corporación websites.

4c Dividends

No dividends were paid in 2010 and in the current context of negative results for the year 2011, none are due to be paid out in 2011 either.

4d Investor Relations

It is our wish to keep investors constantly informed of developments within the Group, so that both shareholders and investors can access company public information and material events through the following communication channels:

Face-to-face: mainly via the General Meeting of Shareholders

Publications: The Annual Report is the main means of communication, supplemented by communications with the Spanish Securities and Investment Board (CNMV):

1. Annual Report, including the Annual Corporate Governance Report, which provides relevant and accurate information on the company business.

2. Reporting of all material events to the Spanish Securities and Investment Board (CNMV).

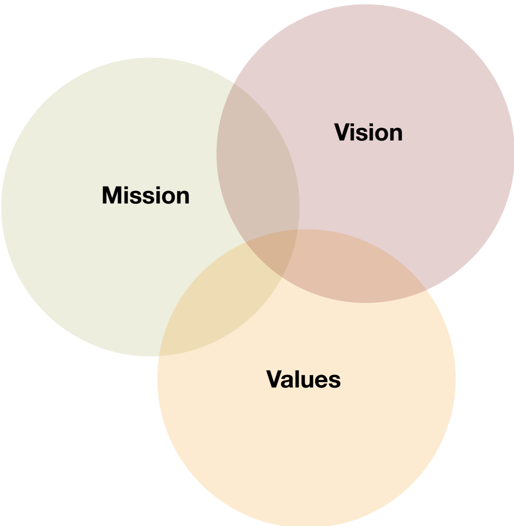
Internet: Via its website at www.rentacorporacion.com, the Company provides clear, objective and real-time information about corporate events, its organisation and financial statements, as well as the latest news, material events, reports, presentations and any other information which may help give a clear picture of the current status of the Group. To handle shareholder queries about the progress of the Company, a channel exists which was specifically set up for this purpose via the e-mail address r.inversores@rentacorporacion.com.

Aribau. Barcelona

5 Corporate Social Responsibility Report

5 Corporate Social Responsibility Report

Renta Corporación is a company which considers Corporate Social Responsibility (CSR) a strategic part of the business and has as a roadmap a mission, vision and values that are applied and shared with the people and stakeholders with which the Company interacts on a permanent basis during its business activity.



- One **mission:** To add value via the business activity
- One **vision:** To become a reference group in the market and bring benefit to its shareholders.
- A set of **values:** To apply ethics in relationships and in the real estate business.

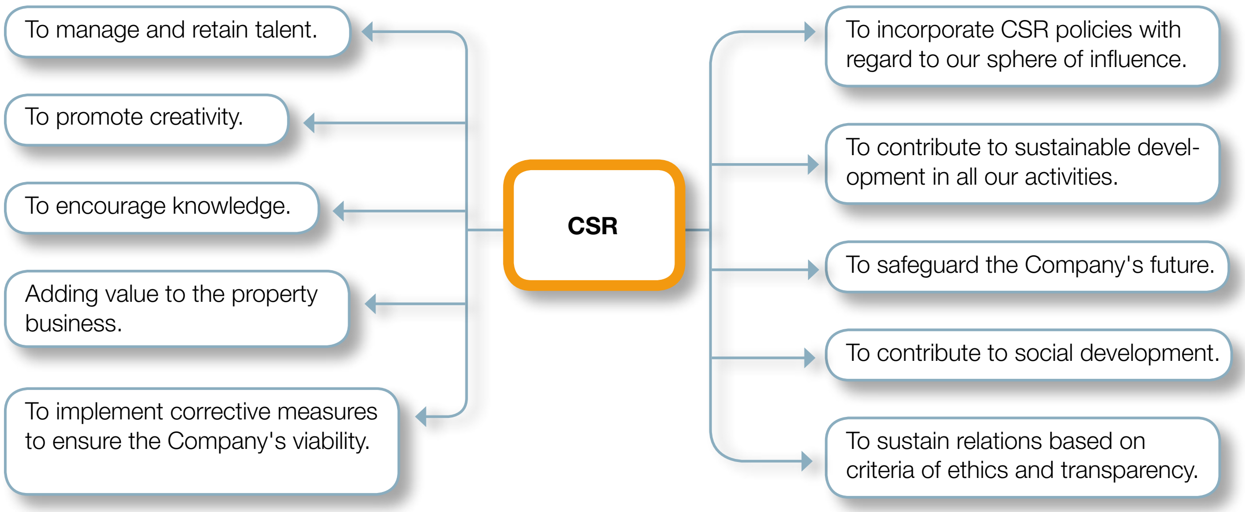
The current CSR report includes all aspects that define Renta Corporación as a responsible company. And responsibility does not mean merely complying with environmental parameters and applying sustainability criteria when considering our business activities. It also refers to our ethics and responsibility with employees, our commitment to them and our need for transparency in all areas of interaction.

This stance takes on even greater significance in the current environment. In a crisis situation like the one we have been living for the last three years, transparency becomes a key strategic pillar, especially in the Company's policy of responsibility towards its stakeholders and in its commitment to its employees.

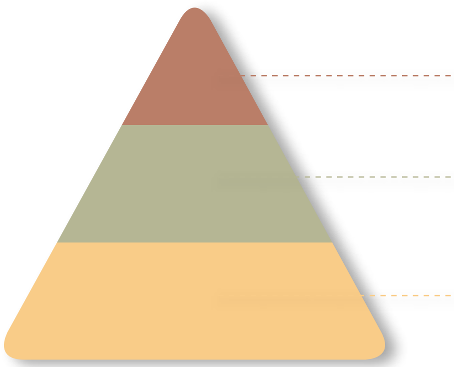
Sagunto. Barcelona

5a Corporate culture and stakeholders

Companies that have integrated CSR into their business model are in a better competitive position for facing future challenges. This is the case of Renta Corporación, which during 2010 has remained committed to its stakeholders, providing strong communication channels and always looking for commitments to strengthen this relationship in the medium and long term.



In addition, transparency, ethics and talent are the three parameters that define the corporate culture at Renta Corporación and which guide the Company's activity and its relationship with its environment, reflecting its willingness to compromise, its strong commitment to people as guarantors of delivering value to all its activities and the preservation of the brand's reputation in developing the business.



Talent as the spearhead, the greatest asset of a company that strives to be a reference in its activity.

Ethics as a unifying element of all the Company's relationships and as a value that guarantees integrity and respect within the organisation.

Transparency as the basis on which a business should operate, to provide the necessary credibility to carry out its work in the long term.

Commitment to the team

The people who make up the Renta Corporación team have always been one of its most obvious strengths, key in the development of the business and its quest for excellence. The Company's responsibility in this area is among the main objectives of its Corporate Social Responsibility policy because we can only escape from the crisis through collective effort, pride in belonging and desire for excellence. But winning this battle requires drastic measures and taking decisions, however difficult and painful they may be.

The serious economic situation which has affected us in recent years has forced us to implement new cuts in finance and personnel, essential to ensure the viability of the organisation. Under these circumstances, preserving the greatest amount of talent and maintaining a motivating work environment, have been key to continuing to work with an eye on an exciting future. The high sense of responsibility of the organisation has enabled this process to be carried out with minimal damage, knowing that although at first these adjustments bring disappointment, they are essential for escaping the crisis in a stronger position than before.

The most significant measures taken in 2010 have involved a new reduction of personnel. On 31 December, the number of employees amounted to 75 people.

Two important measures have been adopted in terms of remuneration:

1. A reduction in the fixed portion of employee salaries depending on the various professional categories. As a result of this new wage policy, the variable applied to the total payroll is as follows for the various categories:

5% Administrative personnel

15% Non-sales personnel

20% Non-sales management

30% Sales, including management

In order to align the entire team in achieving positive margins, this variable remuneration is subject to the fulfillment of objectives, 50% at the personal level and 50% at company level.

2. A reduction in wages that has affected all personnel but in different ways for different wage brackets:

5% for salaries of up to 30,000 euros gross per annum

10% for salaries between 30,000 and 60,000 euros gross per annum

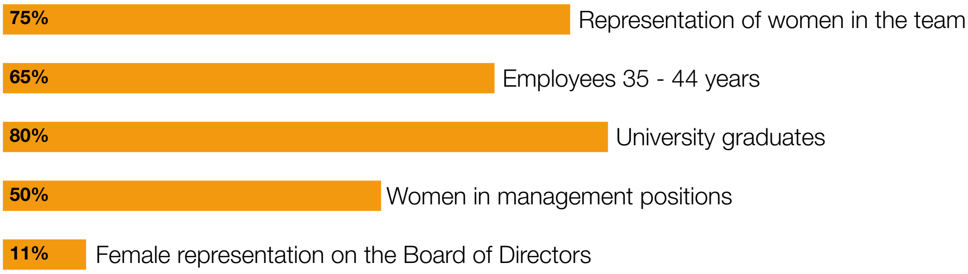
15% for salaries higher than 60,000 euros gross per annum

It would not have been possible to implement these drastic adjustments with the efficiency and speed necessary in such a complex context without a highly cohesive team such as that at Renta Corporación, which has, at all times, demonstrated its commitment to the Company's strategic objectives.

Also 92% of the company team are professionals located in Spain, spread between Madrid and Barcelona, since Renta Corporación's activity in international markets has been progressively reduced to bring the focus of the business on the domestic market, where the conditions for its business model are optimal.

Torrent de l'Olla. Barcelona

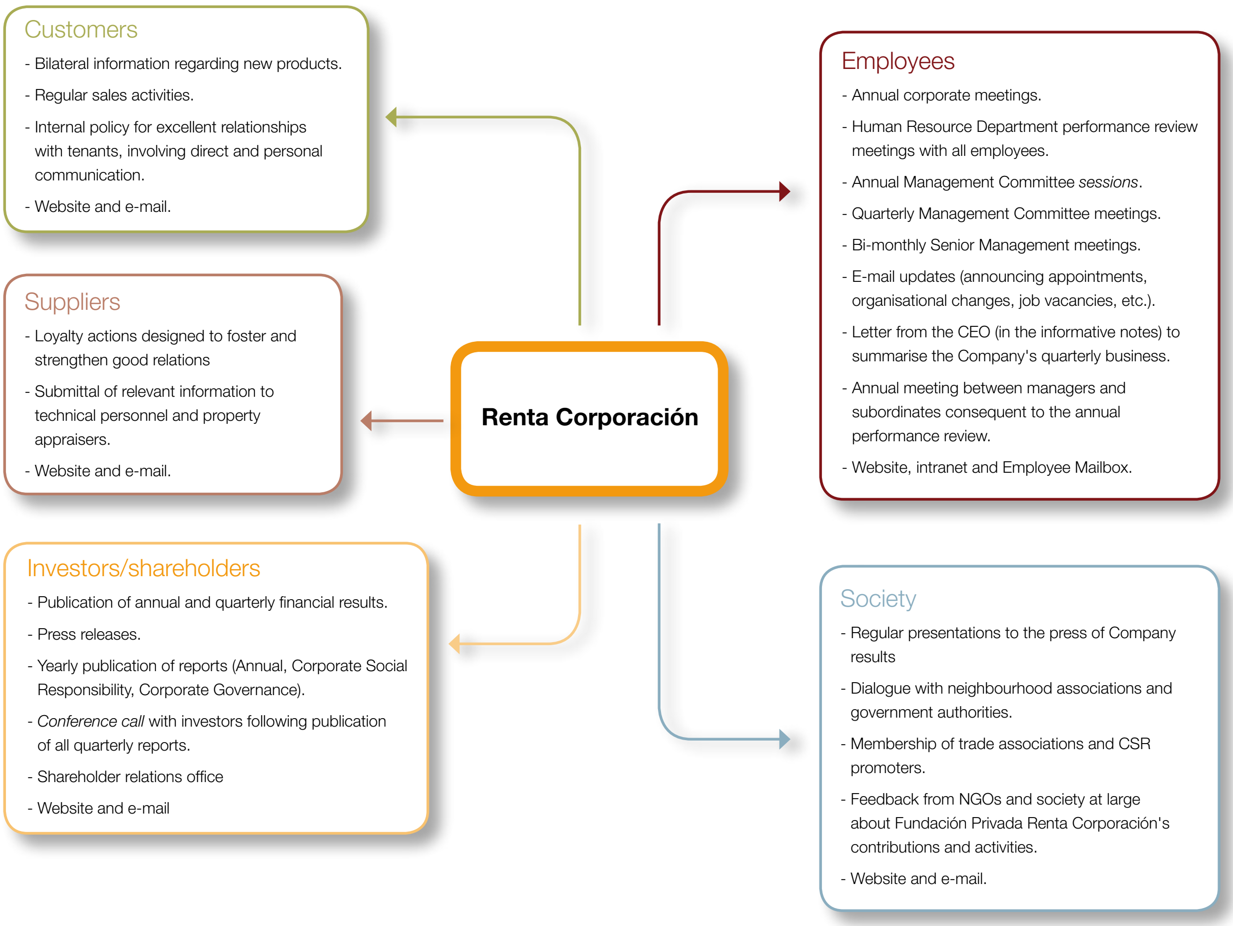
As for the characteristics of the people who are part of the Company today:



Renta Corporación is aware that its team is the most important asset and this claim becomes more significant during complicated times since talent management in the interests of the pursuing excellence is essential to overcome any crisis situation. We have left behind a very complicated year in this sense, confident that it has only been a step backwards which will help us build up the momentum necessary to emerge with greater strength and energy and with the enthusiasm of continuing to have the best professionals.

Main communication channels

Communication with stakeholders is part of Renta Corporación's strategy and business management, the objective of which is to harness the information and opportunities that a smooth and direct relationship can provide. To achieve the highest levels of quality, the Company is in constant contact with its customers, shareholders, investors and suppliers, through various channels, which function as a tool to detect strengths and weaknesses and to observe the needs and expectations of these customers.



The value chain

Ethics and efficiency are the principles which underlie all activities carried out by Renta Corporación and its relationships with all of its stakeholders, as well as its professionalism as a manifestation of its strong commitment to the business model and the belief that it is the way forward in the coming years. These principles, together with the conviction its people are the strength of the organisation, make Renta Corporación a company that is guided not only by profitability but also by the desire to promote a more sustainable and efficient business.

Renta Corporación helps to create quality and each day more sustainable environments for its customers, with efficient resource management as its driver, a philosophy extended to its suppliers. Therefore it promotes a set of guidelines among its suppliers and internally:

- Rational use of energy resources.

- Recycling and waste collection.

- Selection of materials for works that contribute to energy efficiency.

- Opting for energy-efficient refurbishment in all the buildings in which it intervenes.

Good governance

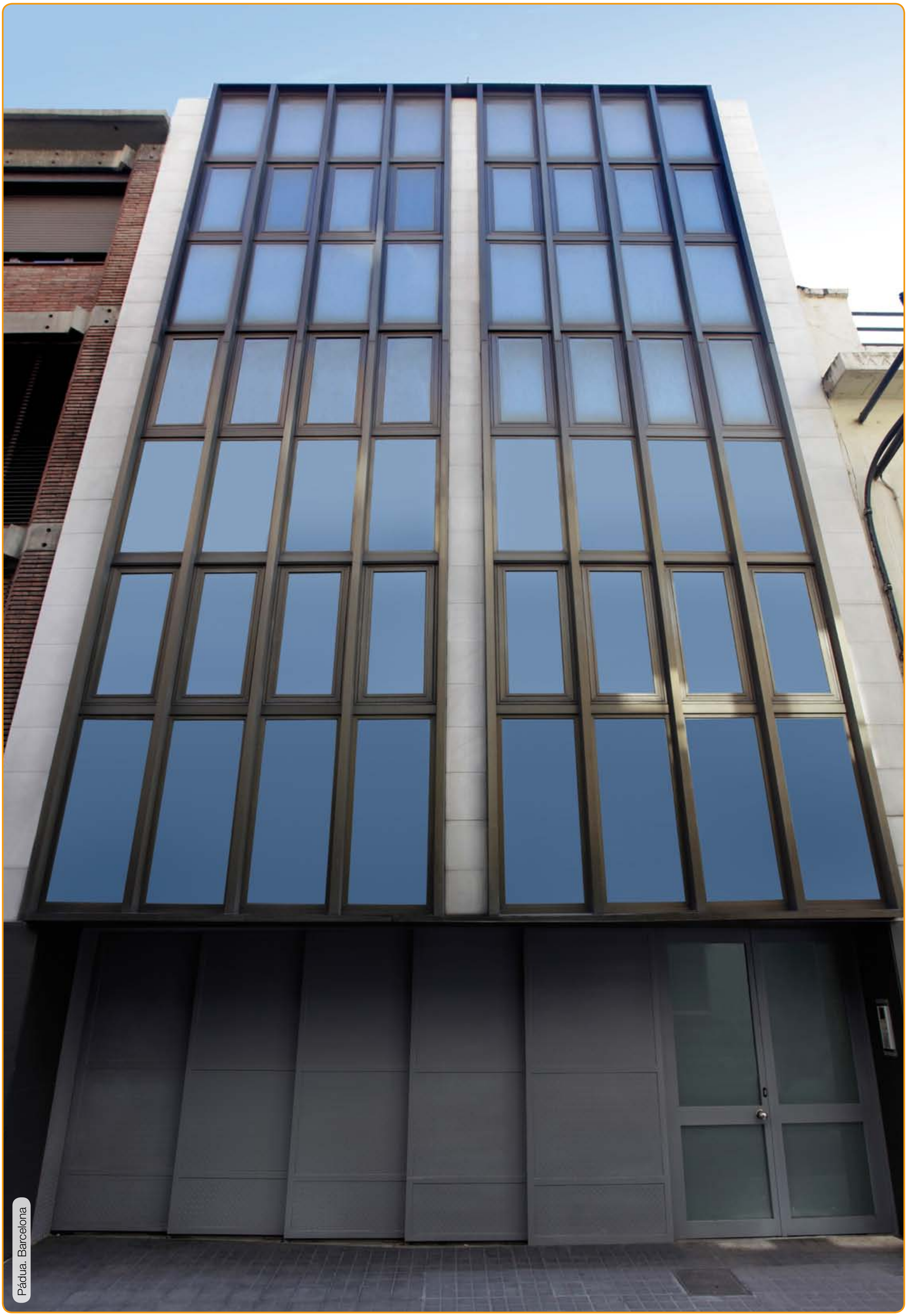
In its commitment to establishing a culture of integrity, the Company has strengthened its commitment to good governance by encouraging awareness of it and safeguarding compliance. Thus, the Unified Good Governance Code, going beyond its obligations and recommendations, guarantees the transparency of our operations and good corporate governance in order to unify and strengthen the identity, culture and conduct guidelines of the Group.

A basic principle of our corporate governance is that of transparency with shareholders, investors and the market in general as well as conducting follow-up of best practices in this sense, identifying risks and tools for their control and management, management policies and information security and promoting the socially responsible policies of the Company.

Through the Company's website, www.rentacorporacion.com, all stakeholders have access to detailed information to answer any questions or requests.

Aware of the importance of risk management, especially in times of crisis, Renta Corporación has established procedures for identifying reputational risks, as well as other risks deriving from compliance with the law, general and industry standards, and internal policies. As guarantors, the Company has two supervisory bodies in the Board of Directors: the Audit Committee and the Appointments and Remuneration Committee.

The Audit Committee supports the Board in its monitoring duties by periodically reviewing the process of preparing financial information, of its internal controls and the independence of the external auditor. The role of the Appointments and Remuneration Committee is to inform the Board of appointments, reelections, dismissals and remuneration of the Board and its officers, as well as their general remuneration and incentives policy and that of senior management.



Pádua. Barcelona

5b Fundación Privada Renta Corporación

The Company channels its social commitment via the Fundación Renta Corporación, which works on projects dedicated to helping children and women, health, infrastructure and housing, nutrition and water programmes and education.

Throughout 2010, the Foundation was forced to significantly reduce its activity, which was limited to working only on those initiatives that it had already been committed to before. The resources were used to support projects aimed at disadvantaged groups from a total of 85 entities.

At the end of the year, the Board of Trustees agreed to halt its activities and suspend contributions to social projects in 2011, until the economic situation allows this activity to be resumed.

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