Annual Report 2015 Annual Report 2015 Annual Report 2015







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Letter from the Chairman



Dear shareholders,

2015 has been a remarkable year for Renta Corporación Group. After laying the groundwork for recovering business levels in the previous year, this has been the year for consolidation and building a starting point for new, more ambitious goals. For all these reasons — and based on a context of gradual recovery in the real estate market and greater access to funding sources — the Board of Directors approved a Business Plan for the 2016-2020 period which projects doubling net results within five years.

The Group closed 2015 with an operating net profit of 8.2 million euros. This figure is hard to compare to 2014 results given the major extraordinary effects resulting from the application of various agreements that helped us overcome the insolvency situation.

Our share price also performed well, up 50% during 2015.

The Group's Balance Sheet continues to recover strongly. At year-end, equity structure stood at 30 million euros and net financial debt, not including the participatory loan, at 6.8 million euros.

In the operations area, the year's business portfolio grew considerably, boasting over 200 million euros in stock and investment rights and an additional 55 million euros managed as a result of alliances with real estate investment funds.

To date, Renta Corporación is a profitable and solvent company featuring a proven business model and a world-class professional team. These factors, coupled with an extensive sales network and a deep knowledge of the market, places us in a unique position to take advantage of opportunities opening to us in the real estate sector over the coming years.

As always, on behalf of the Board of Directors, I am pleased to acknowledge and thank the entire of Renta Corporación team for your dedication and our shareholders for your trust in this Group. You may be assured of our strong commitment to continue working to provide the highest possible shareholder value.

Luis Hernández de Cabanyes Renta Corporación Chairman





1. CORPORATE GOVERNANCE

Throughout 2015, 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 and proper recognition from our shareholders, investors and customers.

The Company's internal regulations and compliance with the 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 company capable of continuing to generate confidence in the market, especially in its shareholders.

Governing Bodies (as of 31 December, 2015)

Board of Directors

| Name | Position | Nature of the position |
|------------------------------|-----------------------|-------------------------------|
| Luis Hernández de Cabanyes | Chairman and CEO | Executive |
| David Vila Balta | Vice-Chairman and CEO | Executive |
| Carlos Tusquets Trías de Bes | Director | Independent external |
| Juan Gallostra Isern | Director | Independent external |
| Blas Herrero Fernández | Director | Rep. substantial shareholders |
| Elena Hernández de Cabanyes | Director | Other external director |
| Javier Carrasco Brugada | Director Secretary | Other external director |

During 2015, the company's Board of Directors maintained the same number of Directors as 2014.

Appointments and Remuneration Committee

| Juan Gallostra Isern | Chairman |
|------------------------------|-----------|
| Elena Hernández de Cabanyes | Member |
| Carlos Tusquets Trías de Bes | Secretary |

Audit Committee

| Juan Gallostra Isern | Chairman |
|------------------------------|-----------|
| Javier Carrasco Brugada | Member |
| Carlos Tusquets Trías de Bes | Secretary |

During 2015 David Vila Balta stepped down as a member of the Appointments and Remuneration Committee and Elena Hernández de Cabanyes was appointed as his replacement. No changes have occurred in the Audit Committee.

Senior management

The Company's highest executive body and the backbone for the whole organisation. As of 31 December 2015, this body is made up of three 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 targets in the various environments where it operates as aligned and streamlined as possible.

| Luis Hernández de Cabanyes | Executive Chairman and CEO |
|----------------------------|---------------------------------|
| David Vila Balta | Vice-Executive Chairman and CEO |
| José Mª Cervera Prat | Corporate Managing Director |

D. José Maria Cervera Prat was appointed Corporate Managing Director on March 1, 2015.

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 Vice-Chairman of Fundación Privada Renta Corporación. 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. 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

Vice-Chairman and CEO

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 is President of Fundación Sagrado Corazón. He holds a degree in Industrial Engineering from the Barcelona School of Engineering and has a PDG from IESE Business School.

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. He is president and owner of Radio Blanca Group, which manages radio stations Kiss FM and Hit FM and TV channels 9Kiss TV, the new national DTT channel, and Hit TV, the only music TV channel broadcasting free-to-air (FTA) in Spain.

Through his company HVB Casas, he carries out real estate projects throughout Spain.

In 2006 he founded Kiss Capital Group SCR, S.A., a venture capital company of which he is Chairman and through which he has a stake in media companies 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.

Carlos Tusquets Trías de Bes

Independent Director

Director of Renta Corporación since 2004. Holds a PhD in Economics from the University of Barcelona. He is Chairman of Banco Mediclanum and Director of the same in Italy. He is also Chairman and Founder of REA CAPITAL PARTNERS, S.V. He is Vice-Chairman of Inverco Nacional (Spanish Association of Investment Funds). Chairman of EFPA España (European Financial Planning Association). Since 1971 his entire career has been in the financial sector. In 1983 he was the founder and Chairman of the Fibanc Group. He is a Director and Advisor to several national and international listed companies.

Juan Gallostra Isern

Independent Director

Director of Renta Corporación since February 2006. CEO and General Manager of Grupo JG Ingenieros, S.A. since 2001, where he was previously General Manager from 1995 to 2000. Director of Hospitecnia, S.L. 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 company Business Chair for sustainability in construction engineering (sponsored by JG Ingenieros). He was an associate professor at BIArch (Barcelona Institute of Architecture) between 2010 and 2012. He is professor of the Master in Work Space Design at the Instituto de Empresa in Madrid. Lecturer at seminars and courses on construction engineering, with various articles published in specialised journals. He belongs to the Board of Agents of the Association of Industrial Engineers of Catalonia. He holds a degree in Industrial Engineering from the Polytechnic University of Catalonia, has completed the IESE Business School General Management Programme and is accredited by the Qatar Engineering and Consulting Committee.

Elena Hernández de Cabanyes

External Director

A Member of the Renta Corporación Board of Directors since 2000. Founder of Second House, of which she is currently Sole Administrator. Founder and trustee of Fundación Privada Renta Corporación 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

Secretary to the Board of Directors

Worked for Banco Sabadell from 1990 to 1996 as Technical Director in the Corporate Banking division. From 1996 to 1998 he was Corporate Banking Director for Catalonia at HSBC MIDLAND BANK PLC. From 1998 to 2001 he was Deputy Finance Director with Gas Natural SDG, S.A. In 2001 he joined Uniland Group as Group Finance Director, until being appointed Corporate Finance Director of Vueling Airlines in 2006. Joined Renta Corporación in May 2007 as Corporate CEO, a position he held until February 2014. In March 2014 he joined the Peralada Group as Corporate CEO. 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 2014 to 31 December 2014 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 in place 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 specialized body of the Board of Directors, has the powers to monitor the efficiency and effectiveness of the risk management and control policy in order to provide reasonable security for reaching corporate objectives. So it is the body responsible for the proper and effective existence and maintenance of Risk Management and Internal Control Systems, including those associated with financial reporting.

The Committee is supported in performing these functions by Internal Audit which, reporting to the Committee, is responsible for continuously reviewing and approving the proper operation of the risk management and internal control system, which also contributes to its improvement. Specifically, Internal Audit — which has currently outsourced its functions to an external audit company — is responsible for developing and updating the Corporate Risk Map in collaboration with Finance Management and the various corporate and business areas. This is in fact a key element in planning audit efforts.

The descriptive representation of Renta Corporación's Risk Map indicates:

- Existing risks classified as Strategic, Business, Financial and Operational detailing underlying risk (or sub-risk) factors and the person responsible for them. This first classification is subdivided into a lower level. Business and Financial risks are broken down by predefined risk type and Operational risks by areas or departments responsible.
- 2. Description of the effect and quantification, where appropriate, of the materialisation of these risk factors.
- 3. Existing controls.
- 4. Assessment of risk factors in terms of impact, level of preparation or control and probability of occurrence. According to the first two variables, they can be categorised between Extreme Risk (A+), High Risk (A), Moderate/Acceptable Risk (B) and Low Risk (B-), and probability is represented according to the risk magnitude.
- 5. The Action Plan that will be implemented for improved risk factor management, identifying actions to be launched (controls).

Once the Creditors' Agreement is approved, which resulted in major write-offs, very significant debt reduction, and a schedule of payments to long-term creditors, Renta Corporación Group set new goals that have been recorded in the new 2016-2020 Business Plan.

The assessment of the main risk factors of the Renta Corporación Group in general is much more positive than in recent years. This is thanks to the fact that the Group's level of preparation and control to mitigate those risks is much higher, taking into account the positive results for Renta Corporación Group both in terms of profit after tax and operating results. The company finds itself in a context of gradual recovery in the real estate market and greater access to finance, and its future strategy focuses on consolidating its position in the market and continue growing as it meets the agreements reached in its Creditors' Agreement and its special agreement with the Spanish Tax Office to repay its debt with general preference.

The main risk factors to which the Renta Corporación group is exposed to are:

- Failure to comply with the agreements reached in its Creditors' Agreement and deadlines stipulated in the agreement between the State Tax Administration Agency and Renta Corporación.
- Uncertainty in real estate market development resulting from the financial and property crisis and the consequent financial market, given the existing difficulty of obtaining additional external funding.
- The risk inherent in the high dependence of the Renta Corporación Group on key figures, namely its Chairman and its Vice Chairman and CEO.
- The risks associated with the return on investment is lower than expected and that valuations or estimates may prove inaccurate, leading to a loss of options and therefore business opportunities.
- The risks associated with a limited client portfolio and the difficulty of finding new ones.
- Risk associated with the new reform of the Criminal Code. When this Organic Law enters into force legal persons become criminally responsible for certain crimes committed by their executives or employees in the exercise of their respective positions.
- Errors in published financial information as related to the need of complying with the Spanish Securities and Investment Board (CNMV) pursuant to the internal controls over financial reporting (ICFR) geared towards ensuring that there are no errors in the financial information issued.
- Limited planning and reporting, stemming from the limited automation of information on the business and its financial situation.



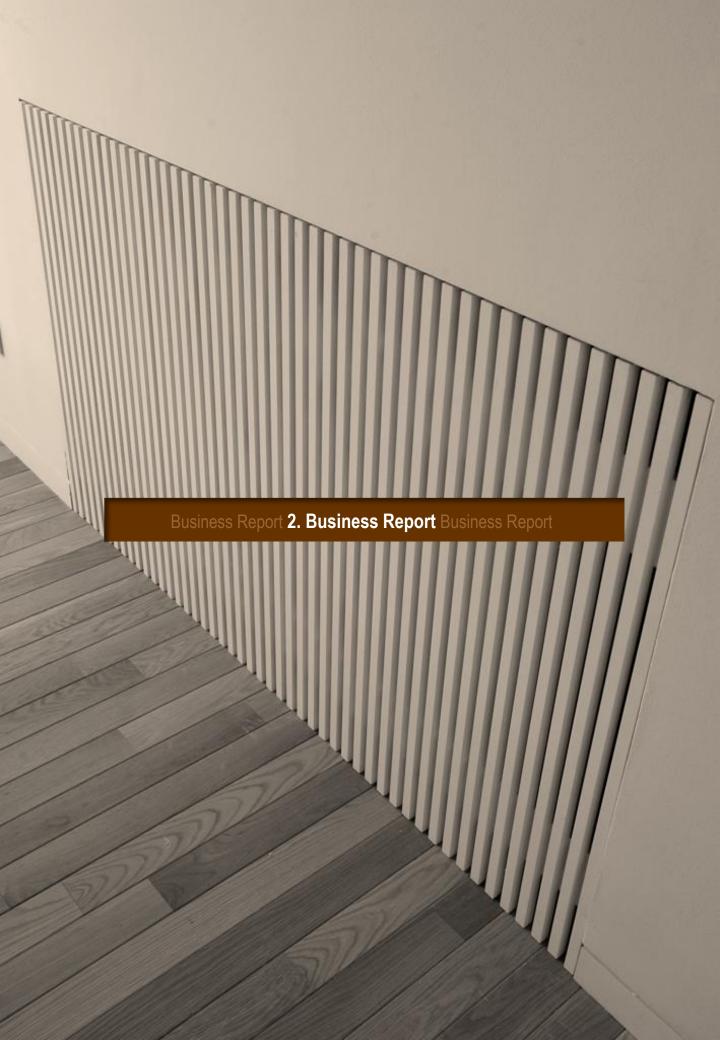
At year-end 2015 — following the approval of the Creditors' Agreement in previous years, the allocation of assets for payment of bank debt and the special agreement with the Tax Office to repay debt with general preference in convenient installments, the main challenge facing the company is accessing new operations aligned with the new scenario and market needs to guarantee future recurrence, stability and growth as described in the 2016-2020 Business Plan approved by the Group's Board of Directors, once the Viability Plan under the Creditors' Agreement is superseded by the market reality and the company's performance.

The Annual Corporate Governance Report provides extensive information about the risks identified as well as those experienced during 2015.

Renta Corporación diligently manages existing risks, although a significant number of the above are inherent in the business and/or dependent on the economic and financial environment. The strong results obtained by the Renta Corporación Group as of December 31, 2015 show that the Group is meeting the objectives set in its new Business Plan for the 2016-2020 financial years. Moreover, thanks to all the measures included in this Business Plan, the Group expects to double the annual net profit over the next five years to reach 20 million euros in 2020.

In relation to the internal control of financial reporting and in compliance with the recommendations of the National Securities Market published in June 2010, during 2011 a project was carried out jointly by Internal Audit and Corporate General Management to detect the degree of compliance with these recommendations and establish a plan for the implementation of appropriate measures to enable the optimal development of an internal control over financial reporting (ICFR) system between the years 2011 and 2012. This plan was rolled out and enhanced during 2013, 2014 and 2015, as planned.





2. BUSINESS REPORT

The year 2015 witnessed a continued upward trend in both the residential and tertiary real estate market, a trend which started already in early 2014, after five years of declines. The residential real estate sector in Spain in 2015 reveals year-on-year growth rates of 5%, one of the strongest upswings in Western countries. This trend is not isolated since an increase was also seen in mortgages, home sales, land prices, trust levels and new housing permits.

As regards the commercial real estate market, 2015 closed with greater investments than in 2007, a moment of peak intensity in the Spanish market. International investors remained interested throughout 2015 both through direct acquisitions and by shares in Real Estate Investment Trusts (SOCIMIs in Spain).

The reality of the industry in 2015 and the macroeconomic forecasts lead to the conclusion that there is an investment opportunity in the Spanish real estate sector in upcoming years, although it is true that 2016 has started with significant uncertainties in the financial markets resulting from cooling expectations in the world economy and especially the Chinese economy.

The performance of Renta Corporación in 2015 was positively affected by closing some major operations such as the sale of Hotel Covadonga, located in the Diagonal 596 building in Barcelona, which is being completely renovated and turned into a four-star designer hotel, and the office building in Aragon 300, which has been converted into a hotel after resolving its tenancy situation, with the addition of 127 underground parking spaces. Thanks to all this, our operating margin and a recurring EBITDA at year-end far exceeds our figures in 2014.

The company's business portfolio — understood as investment rights and inventory for sale — on December 2015 stood at €214.0 M compared to €135.7 M in December 2014, up 58%. Properties in this portfolio are located exclusively in Madrid and Barcelona. Moreover, Renta Corporación manages assets for sale in collaboration with the Kennedy Wilson real estate fund, which allocates an estimated €55 M in investments to date. Such is the case of the Puerta del Sol 9 operation. The residential building, located in one Madrid's tourism and commerce hubs, was re-designed for a transformation from mixed-use office and residential to retail use.

Share price performance was also positive, closing the year at €1.75 per share, 50% above the €1.16 per share at year-end 2014, even hitting €1.9 per share by mid-year.



Renta's 2015 results

At year-end 2015, Renta Corporación reached a net profit of €8.2 million. This result is hard to compare with the previous year's results of €57.8 M since it comprised a positive result of €7.6 million from the company's ordinary activities, plus an extraordinary result of €50.2 million resulting from the various agreements that allowed overcoming the insolvency situation.

The operating margin for 2015 stood at €9.9 M compared to €-29.1 M in 2014. Not taking into account the extraordinary effects of both figures, the operating margin at year-end 2015 stood at €12.6 M compared to €10.4 M for 2014, up by 21%.

From this operating margin we need to deduct ordinary overhead and personnel costs which, following the cost containment efforts made by the Group in recent years, stood at 4.5 million euros.

Recurring EBITDA for 2015, not including the sale of Pere IV, was €8.1 M, up from €5.8 M in 2014, excluding extraordinary impacts related primarily to debt payment in assets as collateral for the participatory loan.

The company posted a positive impact of €14.3 M in terms of corporate tax, due to the activation of a tax credit for taxable income losses to be offset with future benefits recorded in a new plan for the years 2016 to 2020, approved by the company in a context of gradual recovery in the real estate market. At year-end 2015 the group has €27.7 M in tax credits for past losses pending activation.

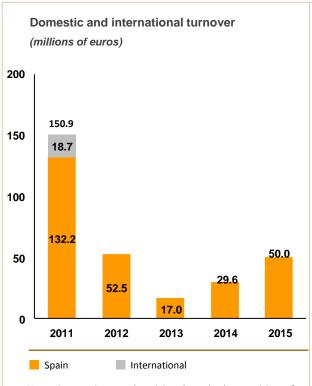
As far as the company's balance sheet is concerned, it is worth noting the increase in non-current assets of the company due to recognition of the aforementioned tax credit. Also worth noting is the increase in equity from €22.2 M at year-end 2014 to €29.9 M at the end of 2015 due mainly to the result generated in 2015.

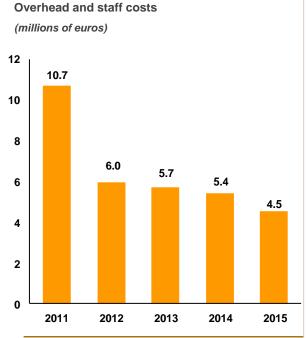
Moreover, this year we posted an extraordinary negative impact of €9.3 M after the company reached a special agreement with the Spanish Tax Office for installment payments of the debt with the Treasury, which was reclassified to general preference status after a ruling of the Provincial Court of Barcelona. This agreement finally closes all possible effects arising from the bankruptcy period, although the company has filed a cassation appeal to the Supreme Court which, should it be accepted, would imply a positive impact on future results due to the reversal of the aforementioned effects.

2016-2020 Business Plan

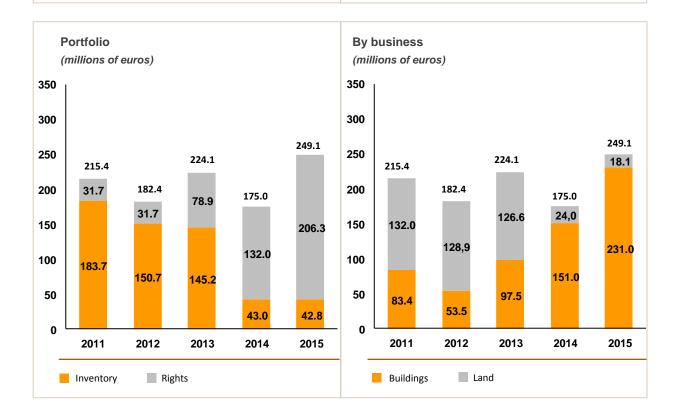
During FY 2015 the company's Board approved a new business plan for the next five years, in a context of gradual recovery in the real estate market and greater access to funding. This plan is based on a strategy aimed at consolidating the company's market position and ensuring continued growth by increasing its operating margin, cost control and taking advantage of opportunities arising in the new competitive landscape of the real estate sector, in particular asset management with third parties and specifically with real estate investment funds. Given all these measures, the company expects its annual profit in the coming years to reach €20 M.

Finally, the plan also includes the creation of greater shareholder value through the gradual improvement of results arising from an increase in activity, and boosting share liquidity.





Note: Due to increased activity through the provision of services, data from 2013 onwards reflect the sum of company revenues, unlike previous years, which corresponds only to turnover. Figures for 2014 also do not include sales for debt payment in assets.







3. FINANCIAL MANAGEMENT

3a. Financing

The net financial debt of the group is up €3.8 million since the close of the previous year, standing at €20.7 million at December 31, 2015, which amounts to an increase of 22%. This increase is due mainly to the upgrade of the participatory loan according to the amortised cost method and the latest acquisitions in 2015, which were financed with both own resources and mortgage guarantees.

The following table analyses the data by headings in financial year 2015:

Net debt (in millions of euros)

| | Dec. 15 | Dec. 14 | Variance |
|--|---------|---------|----------|
| Participatory loan | 13.8 | 12.5 | 1.4 |
| Operations with mortgage guarantee and credit agreements | 11.5 | 10.5 | 0.9 |
| Cash and short term deposits | -4.6 | -5.9 | 1.3 |
| Total Net Debt | 20.7 | 17 | 3.6 |



3b. Financial risk management

The Group's business is exposed to various financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on profitability.

Risk management is controlled by the Group's Departments of Finance and Treasury pursuant to policies approved by the Board of Directors. These departments identify, evaluate and hedge financial risks in close collaboration with the Group's operating units. The Group's Board of Directors stipulates policies for managing global risk, exchange rate risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives and investment of excess liquidity.

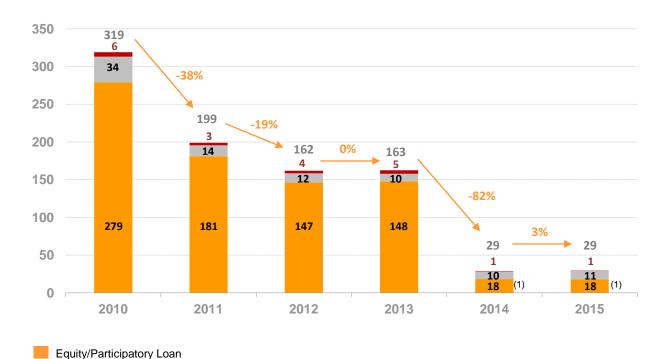
After the collapse of real estate activity in the Spanish economy during the crisis, in 2014 we laid the groundwork so that starting in 2015 we could begin to move forward. We are also driven by the general macroeconomic improvement and increasing confidence of international investors so that financial activity continues to recover at the pace of the economy.

Evolution of gross indebtedness

(millions of euros)

Mortgages

Credit facilities and other debt



(1) NOTE: When it comes to analysing gross debt, we do not take into account the temporary effect of updating the equity loan to the effective interest rate calculated based on long-term market interest rates.

Market risk: interest rate

At year-end 2015, the Group is mainly financed through a participatory and mortgage loan.

As regards the syndicated loan, after the transfer of assets requested by the banks involved and the capitalisation of debt stipulated in the Creditors' Agreement, it was reduced to approximately 18.1 million euros and also converted to an equity loan secured by a mortgage on assets identified as Cánovas (See Note 2.4). This equity loan, in turn, bears interest at a variable rate between 1% and 3% depending on the Group's consolidated net profit, always provided that it exceeds 10 million euros. If the consolidated net profit is under 10 million euros, no variable interest is accrued. Since the consolidated profit was under 10 million euros in 2015, no interest was accrued on this loan (in 2014 the interest rate was 3% exceptionally due to the effects stemming from insolvency recovery).

The interest rate risk is managed in accordance with policies approved by the Board of Directors, which establish whether or not hedging instruments are needed to minimise the impact of volatile interest rates. To date, Renta Corporación Group does not have any interest rate hedging contracted.

However, given the favourable interest rate terms agreed in the Creditors' Agreement for the equity loan, in terms of effective rate and basis of calculation, there is a natural hedge limiting volatility, so there is no need to take out interest rate insurance.

Credit risks

Credit risk arises from both the ability to obtain financing and the ability to access cash and deposits with banks and financial institutions as well as collection from customers, including outstanding receivables and committed transactions.

During 2015, this goal has remained a priority within the Group's plans. However, the international financial and economic crisis has resulted in a credit restriction from financial institutions as well as tightening credit conditions. Within this adverse environment, credit risk management has been one of the key action areas for Group management as it aims to position the company within a framework more aligned with new market conditions. In 2015 the Group managed to obtain mortgage financing for some real estate transactions, seeming to indicate that banks are gradually becoming more receptive to granting credit for low-risk real estate transactions.

The Group has so far not experienced any difficulty in collecting receivables arising from transactions during the year, either due to lack of delinquencies or for being able to execute guarantees covering said recovery.



Liquidity and financial capacity risk

The Renta Corporación Group requires a certain level of investment, both for the acquisition of real estate and to undertake physical and legal rehabilitation and transformation activities. In the past, Renta Corporación Group managed to finance their investments through equity financing, mortgage loans and bank loans on favourable terms, as well as through revenue generated by its activity.

In May 2014 the Agent Bank of the equity loan and Banco Popular requested payment in assets for loans under special privilege terms. This request was accepted by the judge in June of this year, effective retroactively until October 2014. This involved the transfer of most of the inventory assets as payment for the lion's share of the debt with equity loan banks. Likewise, the Creditors' Agreement approved in June stated that the remaining debt would be considered as an equity loan and would moreover be capitalised at 70%. Non-capitalised equity debt was guaranteed with a land asset. Therefore, the risk faced by Renta Corporación Group to meet the cost of debt and the future return on capital is buffered both in terms of the amounts and the deadlines, so it can quite easily meet the commitments undertaken, as detailed by the insolvency administration in its report.

Several mortgage financing operations have been carried out during both 2014 and 2015. These have financed "standard" Renta Corporación real estate projects: quick-turnaround asset purchase, rehabilitation and sale of units.

Currently the Group has re-established credit channels with most of the banks and as a result has signed mortgage financing operations with three different financial institutions in the current financial year.

In addition, the Renta Corporación Group continues to explore new avenues of funding including any kind of alliance with financial partners, which should allow for the extension of funding sources to carry out more large-scale projects in the future which will bring higher margins.



Capital risk management

Exposure to capital risk is determined by the difficulty of maintaining sufficient net equity and debt levels 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 its capital structure. This risk was greatly mitigated thanks to the Creditors' Agreement in 2014, which led to the establishment of write-offs, conversion of final debt with banks into equity debt after payment in assets and, subsequently, the capitalisation of 70% of this resulting equity loan.

All this resulted in an increase of equity, which moved into the black as a result of payments in assets, the impact of insolvency on the parent company and Group results and the capital increase in the parent company stemming from repayment of part of the equity loan by its capitalisation.

In 2015 the capital structure continued to be strengthened by applying the year's positive result.

3c. Cash Management

The Renta Corporación Group managed to finance their investments through an equity loan and mortgage loans on favourable terms, as well as through regular business revenue.

Treasury management aims to meet payment obligations in the short term and manage cash surpluses. In order to meet payment commitments in the medium and long term and provide the financial resources needed for strategy implementation, Corporate General Management:

- Monitors the liquidity capacity to meet payments in the short term.
- 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.



3d. Notes on the Consolidated Balance Sheet

Renta Corporación Real Estate, S.A. as the parent company, and its subsidiaries were declared in voluntary insolvency by order of Commercial Court No. 9 in Barcelona on March 27, 2013. On July 8, 2014, this Commercial Court issued a ruling approving the proposed agreement, processed under order No. 205/2013.

As part of the agreement, the Group's liabilities were restructured for the long term, by establishing a debt write-off structure and a drawn-out and tapered payment schedule, in order to provide the company sufficient time to generate the resources to deal with such liabilities. The proposed agreement provides for the payment of creditors affected by said proposal with the resources generated by the company's activity.

The Renta Corporación Real Estate, S.A. Board of Directors, i.e., the parent company, approved a new strategic plan as of July 22, 2015 which replaces the viability plan stipulated in the Creditors' Agreement since the latter has been superseded by the market reality and the Group's performance.

Non-current assets amounted to 16.532 million euros in 2015 up from 1.276 million euros in 2014. This translates into a difference of 15.256 million euros, mainly due to the activation of 14.292 million euros in deferred tax and the contribution of capital and loans granted (949,000 euros) to ventures through the Kennedy Wilson fund for the purchase, rehabilitation and subsequent sale of two properties located in Madrid.

Current assets are valued at 52.815 million euros, down by 2.813 million from the 2014 closing figure. This is due to the reduction of trade receivables and other receivables, at 1.31 million euros, the liquidation of short-term investments by 635,000 euros and treasury reduction by 709,000 euros.

Inventory is valued at 42,828 million euros, down 159 million from the 2014 closing figure. It should be noted that this figure includes purchase options worth 1.2 million euros entitling a future purchase of assets for 206 million euros.

Net equity reached 29.869 million euros, up by 7.658 million euros thanks to the 2015 positive result 8.247 million euros and tempered by the purchase of treasury shares worth €-0.5 M.

The long-term financial debt increased by 1.507 million euros, reaching 13.831 million euros at year-end 2015 due to updates to the equity loan under the amortised cost method since it integrates the estimated current interest. Short-term debt, mainly mortgages, amounted to 11.436 million euros, representing an increase of 963,000 euros.

Items of other non-current liabilities increased by 3.727 million euros, reaching 8.62 million euros in 2015. This item increased by 4.4 million euros after adjusting part of the debt with the Treasury to general preference status. In 2015 the Company reached a special agreement with the Spanish Tax Office for paying this debt in installments over the next five years. In turn, the provision for risks and expenses dropped by 687,000 euros.

The other financial liabilities item, 1 million euros, was paid off during 2015 as it was associated with a joint venture.

Consolidated Balance Sheet (€ '000)

Assets

| | 2015 | 2014 | Variance | % 15 vs. 14 |
|---|--------|--------|----------|-------------|
| Total non-current assets | 16,532 | 1,276 | 15,256 | 1196% |
| Inventory | 42,828 | 42,987 | -159 | 0% |
| Trade debtors and other accounts receivable | 5,394 | 6,704 | -1,310 | -20% |
| Financial assets held to maturity | 0 | 635 | -635 | -100% |
| Cash and cash equivalents | 4,593 | 5,302 | -709 | -13% |
| Total current assets | 52,815 | 55,628 | -2,813 | -5% |
| Total assets | 69,347 | 56,904 | 12,443 | 22% |

Liabilities

| 2015 | 2014 | Variance | % 15 vs. 14 |
|--------|--|---|--|
| 29,869 | 22,211 | 7,658 | 34% |
| 29,869 | 22,211 | 7,658 | 34% |
| 13,831 | 12,464 | 1,367 | 11% |
| 8,620 | 4,893 | 3,727 | 76% |
| 22,451 | 17,357 | 5,094 | 29% |
| 5,591 | 5,863 | -272 | -5% |
| 11,436 | 10,473 | 963 | 9% |
| 0 | 1,000 | -1,000 | -100% |
| 17,027 | 17,336 | -309 | -2% |
| 39,478 | 34,693 | 4,785 | 14% |
| 69,347 | 56,904 | 12,443 | 22% |
| · | 29,869 29,869 13,831 8,620 22,451 5,591 11,436 0 17,027 39,478 | 29,869 22,211 29,869 22,211 13,831 12,464 8,620 4,893 22,451 17,357 5,591 5,863 11,436 10,473 0 1,000 17,027 17,336 39,478 34,693 | 29,869 22,211 7,658 29,869 22,211 7,658 13,831 12,464 1,367 8,620 4,893 3,727 22,451 17,357 5,094 5,591 5,863 -272 11,436 10,473 963 0 1,000 -1,000 17,027 17,336 -309 39,478 34,693 4,785 |



3e. Notes on Consolidated Profit and Loss Statement

Revenues in 2015 reached 49.963 million euros (95.447 million euros in 2014) comprising 42.079 million euros in sales (79.039 million euros in 2014) and other revenue for 7.884 million euros (16.408 million euros in 2014). It should be noted that revenue for 2014 comprised 29.6 million euros from the Group's ordinary activities and income of 65.9 million euros resulting from the various agreements that allowed overcoming the bankruptcy situation.

The Group's combined variable selling, general and personnel expenses dropped in comparison to the previous year thanks to the efficiency plan and cost restructuring launched two years earlier.

The net financial result is negative at 11.339 million euros and hard to compare with 2014 results given the insolvency effects. The ordinary financial result amounts to 1.1 million euros while the extraordinary impact reaches 10.2 million euros, due mainly to the net effect of reclassifying the part of the debt to the Tax Office — amounting to 9.3 million euros — to general preference.

The consolidated profit for the year attributable to shareholders stood at 8.247 million euros, compared to 57.803 million euros in 2014, comprising 7.6 million from ordinary business and 50.2 million from insolvency effects.

Consolidated Profit and Loss Statement (€ '000)

| | 2015 | 2014 | Variance | % 15 vs. 14 |
|---|---------|----------|----------|-------------|
| Operating revenue | 42,079 | 79,039 | -36,960 | -46.8% |
| Other operating income | 7,884 | 16,408 | -8,524 | -52.0% |
| Goods used | -36,201 | -114,133 | 77,932 | -68.3% |
| Employee benefit expenses | -3,053 | -2,882 | -171 | 5.9% |
| Other expenses - buildings | -3,094 | -8,721 | 5,627 | -64.5% |
| Outsourcing expenses | -2,269 | -3,265 | 996 | -30.5% |
| Other taxes | 0 | -987 | 987 | -100.0% |
| Losses, impairment and changes in trade provisions | 0 | 2,409 | -2,409 | -100.0% |
| Amortisation and losses related to assets | -52 | -201 | 149 | -74.1% |
| Profit from disposal of fixed assets | 0 | -11 | 11 | -100.0% |
| Consolidated operating profit | 5,294 | -32,344 | 37,638 | -116.4% |
| Net financial expenses | -11,339 | 88,138 | -99,477 | -112.9% |
| Consolidated profit before tax | -6,045 | 55,794 | -61,839 | -110.8% |
| Profit tax | 14,292 | 2,009 | 12,283 | 611.4% |
| Profit and loss for the period from continuing operations | 8,247 | 57,803 | -49,556 | -85.7% |
| Profit and loss for the preceding period from | 0 | 0 | 0 | 0.0% |
| discontinued operations, after tax | | | | 0.070 |
| Consolidated profit for the year | 8,247 | 57,803 | -49,556 | -85.7% |
| Profit attributable to shareholders | 8,247 | 57,803 | -49,556 | -85.7% |
| Profit/(loss) attributable per share from continuing operations (stated in euros per share) | 0.29 | 2.12 | -1.83 | -86.3% |
| Profit/(loss) attributable per share from discontinued operations (stated in euros per share) | - | - | | |
| Profit/(loss) attributable per share (stated in euros per share) | 0.29 | 2.12 | -1.83 | -86.3% |

3f. Notes on the Consolidated Cash Flow Statement

The Group's practice is focused on the acquisition, transformation and sale of real estate assets with high turnover, which allows rapid acquisition of liquidity. Thus, the buoyancy of the housing market is pinpointed as the most determining factor for generating liquidity in the Group. The Group's business model, by its very essence of acquisition and sales flow, quickly identifies market changes and adapts its practices to the context in which they take place.

The flow of operating activities is positive by 25,000 euros mainly due to the generation of profit and losses from change in working capital.

The flow of investment activities was negative by 130,000 euros mainly caused from investments — both in tangible and intangible financial assets — exceeding charges related to financial assets.

Finally, the flow of financing activities was negative by 604,000 euros mainly due to the purchase of treasury shares, given that the issue and redemption of debt has been fairly balanced.

Consolidated Cash Flow Statement (€ '000)

| Operations | 2015 | 2014 | Variance |
|---|--------|--------|----------|
| Cash flows from operations | 504 | -728 | 1,232 |
| Interest paid | -504 | -524 | 20 |
| Interest earned | 25 | | 25 |
| Cash generated / (used) - Operations | 25 | -1,252 | 1,277 |
| Investment operations | 2015 | 2014 | Variance |
| Acquisition of tangible fixed assets | -27 | -59 | 32 |
| Purchase of intangible assets | -41 | -22 | -19 |
| Receipts from sales of fixed assets | 2 | 0 | 2 |
| Income from the sale of financial investments/assets | -1,126 | -650 | -476 |
| Other financial assets | 1,062 | 250 | 812 |
| Cash generated / (used) - Investment | -130 | -481 | 351 |
| Financing operations | 2015 | 2014 | Variance |
| Issuance of equity instruments | 0 | 6,229 | -6,229 |
| Purchase of equity instruments | -663 | 0 | -663 |
| Alienation of equity instruments | 73 | 18 | 55 |
| Issuance of loans by financial institutions | 5,377 | 3,880 | 1,497 |
| Issuance of other loans | 0 | 247 | -247 |
| Repayment of loans | -4,391 | -4,184 | -207 |
| Repayment of other debts | -1,000 | -247 | -753 |
| Cash generated / (used) - Financing | -604 | 5,943 | -6,547 |
| Cash at beginning of the year | 5,302 | 1,092 | 4,210 |
| Cash at year-end | 4,593 | 5,302 | -709 |
| (Net reduction) / increase in cash flows and cash equivalents | -709 | 4,210 | -4,919 |





4. STOCK MARKET AND SHAREHOLDERS

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).

Renta Corporación's share capital consists of 32,888,511 shares in circulation with a par value of €1/share.

All shares have the same voting and financial rights.

4a. Share history

After Renta Corporación's share closing 2014 at 1.165 euros, in 2015 share value has seen an upward trend for most of the year, ending the year at 1.75 euros/share.

The year-end price equates to a market capitalisation of 57.6 million euros.

Salient Figures

| Share price as of 31/12/2015 | 1.75 euros/share |
|---|------------------|
| Variance with respect to share price 01/01/2015 | 50% |
| Yearly maximum 2015 | 1.93 euros/share |
| Annual minimum 2015 | 1.12 euros/share |

Source: BME - Spanish Stock Exchanges and Markets

Trading

In FY 2015, 21,976,042 shares were traded, a turnover of less than 1. The highest trading volume was recorded in December and the lowest trading volume was recorded in August.

Trading volume (shares)

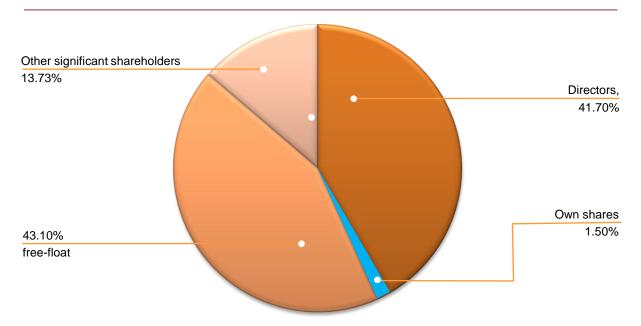
| Cumulative | 21,976,042 | (31/12/2015) |
|---------------|------------|--------------|
| Daily maximum | 1,654,100 | (December) |
| Daily minimum | 100 | (August) |

Shares traded (procurement)

| | Max. | Min. | | Max. | Min. |
|----------|---------|--------|-----------|-----------|--------|
| January | 333,468 | 17,022 | July | 321,589 | 10,410 |
| February | 814,918 | 15,322 | August | 156,235 | 100 |
| March | 544,989 | 11,861 | September | 98,065 | 1,256 |
| April | 232,092 | 13,417 | October | 502,812 | 1,622 |
| May | 327,523 | 1,550 | November | 365,476 | 2,476 |
| June | 801,395 | 11,009 | December | 1,654,100 | 12,622 |
| | | • | - | | |

4b. Shareholders

Distribution of holdings in Renta Corporación Real Estate S.A. (at 31 December 2015)



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 dividend was distributed in 2015.

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:

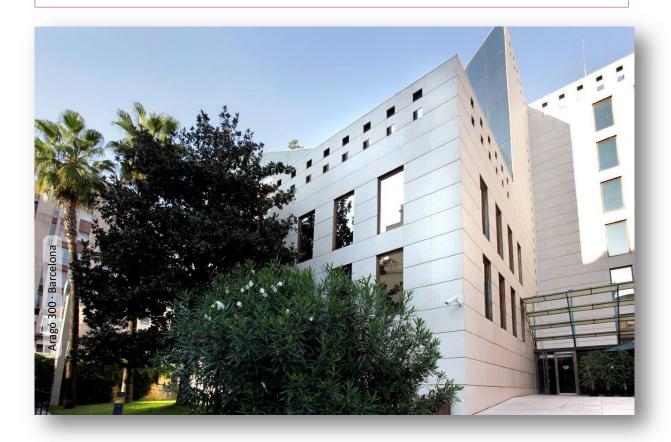
Face-to-face: mainly via the General Meeting of Shareholders.

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. Semi-annual Financial Reports.
- 3. 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.







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.

Mission Vision Values

A **mission**, creating value through business activity

A **vision**, seeking to become leaders in the building purchasing and rehabilitating sector in large urban centres.

Values, applying ethics, transparency and accountability in relationships and real estate activity, as well as fostering talent in the team.

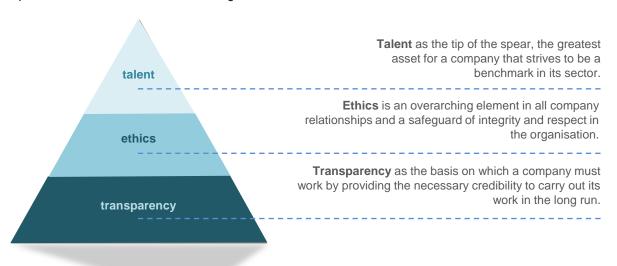
This CSR activity report features all aspects that distinguish Renta Corporación as a responsible company. And we understand responsibility as not merely complying with environmental parameters and applying sustainability criteria when planning our business activity, but in reference to our ethics and responsibility to employees, our commitment to them and our need for transparency in all areas of our relationship.



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 2015 has continued to be committed to its stakeholders, providing strong communication channels and always looking for strong commitments to strengthen the relationship in the medium and long term.

In addition, transparency, ethics and talent are the three parameters that define the corporate culture of Renta Corporación. These principles guide the company's activity and its relationship with the environment, reflecting its commitment, its strong belief in people as guarantors of delivering value to all its activities and preserving the reputation of the brand in business dealings.



Commitment to the team

Renta Corporación's people have always been one of the company's most obvious strengths, pivotal for business development and its quest for excellence. The company's responsibility in this area is among the main objectives of its Corporate Social Responsibility.

As of 31 December 2015, the company had 27 employees.

By year-end 2015, 15% of the company's team worked from the Madrid office and the remaining 85% from the Barcelona office.

The company workforce highlights include:

- · Women account for 74% of the workforce
- The average age of employees is 44
- · Seventy-eight percent are university graduates
- The percentage of female representation on the Board of Directors is 14%

Renta Corporación is aware that its team is its most important asset. This statement becomes more valuable in difficult times, since talent management in the pursuit of excellence is essential for overcoming any crisis situation.

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. In order to ensure the very best quality, the company is in constant contact with its customers, shareholders, investors and suppliers through various channels. These channels serve to detect strengths and weaknesses and to observe the needs and expectations of the customers themselves.

Employees

- · Annual corporate meetings.
- Human Resource Department performance review meetings with all employees.
- Monthly Management Committee meetings.
- Quarterly information meetings.
- E-mail updates (announcing appointments, organisational changes, job vacancies, etc.).
- Website, Intranet and Employee Mailbox.

Customers

- · Bilateral information regarding new products.
- · Regular sales campaigns.
- Internal policy for excellent relationships with tenants, involving direct and personal communication.
- Website and e-mail.



Suppliers

- Loyalty actions designed to foster and strengthen good relations.
- Submittal of relevant information to technical personnel and property appraisers.
- Website and e-mail.

Investors/share holders

- Publication of annual and quarterly financial results.
- · Press releases.
- Yearly publication of reports (Annual, Corporate Social Responsibility, Corporate Governance).
- Conference call with investors following publication of all quarterly reports.
- · Shareholder relations office.
- · Website and e-mail.

Society

- Regular presentations to the press of Company results.
- Dialogue with neighbourhood associations and government authorities.
- Membership of trade associations and CSR promoters.
- Feedback from NGOs and society at large about Fundación Privada Renta Corporación's contributions and activities.
- · Website and e-mail.

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, coupled with the conviction that people are the strength of our organisation, make Renta Corporación a company that is guided not only by the bottom line but also by the desire to promote more sustainable and efficient development with its 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. It therefore fosters a set of guidelines with suppliers and internally:

- · Rational consumption of energy resources
- · Recycling of materials and waste management
- Selecting materials for construction projects that contribute to their energy efficiency
- Focus on energy refurbishing in all properties in which it is involved

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 Good Governance Code, beyond its obligations and recommendations, guarantees the transparency of our operations and proper corporate governance in order to unify and strengthen the identity, culture and behaviour patterns of the Group.

A basic principle of our Corporate Governance is that of transparency with shareholders, investors and the market in general, and to carry out monitoring of best practices in this regard, identify risks and instruments for control and management, information management and security policies and promotion of socially responsible corporate policies.

Through the company's website, <u>www.rentacorporacion.com</u> all stakeholders have access to detailed information for any question or request.

Aware of the importance of risk management, 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. The company has two supervisory bodies in the Board of Directors that act as safeguards: the Audit Committee and the Appointments and Remuneration Committee.

The Audit Committee assists the Board in its oversight duties by periodically reviewing the process of preparing the financial information, internal controls and ensuring the external auditor's independence. The Appointments and Remuneration Committee has the function to inform the Board on appointments, re-elections, separations and remunerations of the Board of Directors and their positions, as well as the general remuneration and incentives general policy for the same and senior management.

5d. Fundación Renta Corporación

The company's social commitment is channelled through the Renta Corporación Foundation, which aims to collaborate on projects dedicated to helping:

- · children and women
- · education
- · nutrition and water programmes
- health
- · infrastructure and housing

In late 2010 the Board of Trustees decided to stop its activities and suspended contributions to social projects because its main sources of income such as dividends from the company Renta Corporación Real Estate S.A. (which did not pay out between 2008 and 2015) had dried up the Foundation's sources of revenue. However, since 2013 the Renta Corporación Foundation has re-started its activity through monthly contributions to various foundations.

Finally, it should be noted that the Renta Corporación Board of Directors as of October 22, 2014, and in order to continue the Group's policy of corporate social responsibility, agreed to allocate a maximum of 2% of the Group's annual net profit to the Fundación Privada Renta Corporación. With these contributions, if any, the company re-engages with its social commitment, channelling it through the Renta Corporación Foundation.

In 2015 the Renta Corporación Foundation quietly continues its activities through contributions to certain foundations such as Obra Social Sant Joan de Déu, Fundació Barraquer, Doctors Without Borders, Proyecto Degeneración, MalariaSpot, etc.

The Renta Corporación Foundation has likewise made a somewhat more significant contribution to the "Aquad Project" launched in 2013 aimed at improving agricultural crops by producing drought-resistant plants and led by the Centre for Research into Agricultural Genomics (CRAG). We obtained very promising results in a variety called Arabidopsis. These plants demonstrate astonishing resilience to a lack of water, which gives us hope that varieties can be developed that can be used in dry countries to help alleviate famine conditions.

Results were protected by a European patent (P6049951EP) currently under evaluation and given priority since May 20, 2014. The results are being currently transferred to agriculturally interesting species, such as tomatoes and sorghum.



AQUAD PROJECT. Improvement of agricultural crops by producing drought-resistant plants



Renta Corporación Real Estate, S.A. Company Tax Number (CIF): A-62385729

Registered Offices:
Vía Augusta, 252- 260
0807 Barcelona
Tel. + 34 93 494 96 70
www.rentacorporacion.com

Shareholder and investor relations: Tel. + 34 93 494 96 70 r.inversores@rentacorporacion.com