RENTA CORPORACIÓN REAL ESTATE, S.A.

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RENTA CORPORACIÓN REAL ESTATE, S.A.
Consolidated Balance Sheets at 31 December 2010 and 2009
(Thousand Euros)

ASSETS	Note	At 31 December 2010	At 31 December 2009
Non-current assets			
Property, plant and equipment	8	584	1,274
Intangible assets	7	1,647	1,967
Investments in associates	9	164	162
Long-term receivables	10	13,623	13,667
Available-for-sale financial assets	12.1	344	1,019
Deferred tax assets	20	858	46,147
Total non-current assets		**17,220**	**64,236**
Current assets			
Inventories	13	266,997	270,728
Trade and other receivables	10	8,803	32,135
Loans and amounts due to related parties	35	2,108	253
Derivative financial instruments	11	-	81
Financial assets held to maturity	12.2	181	2,814
Cash and cash equivalents	14	21,749	22,038
Total current assets		**299,838**	**328,049**
Total assets		**317,058**	**392,285**

The accompanying notes on pages 7 to 75 together with appendix I and II are an integral part of these consolidated annual accounts.

RENTA CORPORACIÓN REAL ESTATE, S.A.
Consolidated Balance Sheets at 31 December 2010 and 2009
(Thousand Euros)

LIABILITIES AND NET EQUITY	**Note**	**At 31 December 2010**	**2009**
Capital and reserves attributable to the equity holders of the Company			
Capital	15	110,268	110,268
Treasury shares	15.2	(3,285)	(4,052)
Cumulative translation difference	16	(5,141)	(6,295)
Retained earnings y other reserves	17	(57,963)	(3,255)
Profit (loss) for the year attributed to the parent Company	17	(84,879)	(54,486)
Total net equity		**(41,000)**	**42,180**
LIABILITIES			
Non-current liabilities			
Provision for liabilities and charges	33	4,120	7,864
Deferred taxes	20	2,860	1,866
Trade and other payables	18	13,400	19,873
Borrowings	19	-	258,730
		20,380	**288,333**
Current liabilities			
Trade and other payables	18	18,267	17,734
Borrowings	19	319,411	44,038
Total current liabilities		**337,678**	**61,772**
Total liabilities		**358,058**	**350,105**
Total net equity and liabilities		**317,058**	**392,285**

The accompanying notes on pages 7 to 75 together with appendix I and II are an integral part of these consolidated annual accounts

RENTA CORPORACIÓN REAL ESTATE, S.A.

Consolidated Income Statements for the Years Ended 31 December 2010 and 2009

(Thousand Euros)

	Note	Year Ended 31 December	
		2010	**2009**
Ordinary income	21.1	58,201	360,172
Other operating income	21.2	3,019	12,257
Consumption of goods for resale	22	(58,056)	(377,822)
Employee benefits	25	(8,152)	(9,223)
External expenses	24.1	(9,941)	(13,484)
Other taxes	24.2	(3,381)	(7,260)
Depreciation and loss on assets	23	(3,753)	(18,155)
Accrual excess	23	1,746	-
Results of sale of fixed assets	23	-	1,319
Consolidated operating profit (loss)		**(20,317)**	**(52,196)**
Net financial cost	27	(18,509)	(16,566)
Share in profits from associates	9	26	(54)
Consolidated profit (loss) before tax		**(38,800)**	**(68,816)**
Income tax	28	(46,079)	14,330
Consolidated profit (loss) for the year		**(84,879)**	**(54,486)**
Attributable to:			
Equity holders of the Company		(84,879)	(54,486)
Gains/(losses) per share for the profit attributable to the equity holders of the Company during the year			
(in Euros per share)			
- Basic	30	(3,15)	(2.21)
- Diluted	30	(3,15)	(2.21)

The accompanying notes on pages 7 to 75 together with appendix I and II are an integral part of these consolidated annual accounts.

RENTA CORPORACIÓN REAL ESTATE, S.A.

Consolidated Statements of Comprehensive Income for the Years Ended
31 December 2010 and 2009
(Thousand Euros)

	Note	Year Ended 31 December	
		2010	**2009**
Net income and expenses		**(84,879)**	**(54,486)**
Other comprehensive income			
Cash flow hedging instruments	17	419	(419)
-Tax effect		(109)	109
Available-for-sale financial assets	12.1	-	(1578)
-Tax effect		-	473
Exchange differences	16	1,154	431
Other comprehensive income net of tax		**1,464**	**(984)**
Total comprehensive income for the year		**(83,415)**	**(55,470)**
Attributable to:			
-equity holders of the company		(83,415)	(55,470)
Total comprehensive income for the year		**(83,415)**	**(55,470)**

The accompanying notes on pages 7 to 75 together with appendix I and II are an integral part of these consolidated annual accounts

RENTA CORPORACIÓN REAL ESTATE, S.A.

Consolidated Statements of Changes in Net Equity for the Years Ended
31 December 2010 and 2009
(Thousand Euros)

		Attributable to the equity Holders of the Company				
	Notes	**Capital (Note 14)**	**Treasury shares (Note 14)**	**Cumulative translation adjustments (Note 15)**	**Reserves and profit (loss) for the year attributable to the parent Company (Note 16)**	**Total net equity**
Balance at 31 December 2008		**105,448**	**(6,003)**	**(6,726)**	**(1,911)**	**90,808**
Hedging instruments for cash flows						
- Gross	**17**	-	-	-	(419)	(419)
- Tax effect	**17**	-	-	-	109	109
Available-for-sale financial assets	**12.1**					
- Gross		-	-	-	(1,578)	(1,578)
- Tax effect		-	-	-	473	473
Translation differences	**16**	-	-	431	-	431
Net income for the year	**17.5**	-	-	-	(54,486)	(54,486)
Total income and expenses for the year		-	-	431	(55,901)	(55,470)
Capital increase	**15**	4,944	-	-	-	4,944
Capital increase expenses						
- Gross	**15**	(177)	-	-	-	(177)
- Tax effect		53	-	-	-	53
Share plan reserve	**17**	-	-	-	(220)	(220)
Sale of treasury shares	**15.2**	-	1,951	-	-	1,951
Other variations	**17**	-	-	-	291	291
Balance at 31 December 2009		**110,268**	**(4,052)**	**(6,295)**	**(57,741)**	**42,180**
Hedging instruments for cash flows	**17**					
- Gross		-	-	-	419	419
- Tax effect		-	-	-	(109)	(109)
Translation differences	**16**	-	-	1,154	-	1,154
Others						
Net income for the year	**17.5**	-	-	-	(84,879)	(84,879)
Total income and expenses for the year		-	-	1,154	(84,569)	(83,415)
Share plan reserve	**17**	-	-	-	(405)	(405)
Acquisition of treasury shares						
Sale of treasury shares	**15.2**	-	767	-	-	767
Other variations	**17**	-	-	-	(127)	(127)
Balance at 31 December 2010		**110,268**	**(3,285)**	**(5,141)**	**(142,842)**	**(41,000)**

The accompanying notes on pages 7 to 75 together with appendix I and II are an integral part of these consolidated annual accounts.

RENTA CORPORACIÓN REAL ESTATE, S.A.
Consolidated Statements of Cash Flows for the Years Ended
31 December 2010 and 2009
(Thousand Euros)

		Year Ended 31 December	
	Notes	**2010**	**2009**
Cash flows from operations			
Cash used in operations	**32**	5.481	292,697
Interest paid	**27**	(1.186)	(34,492)
Net cash used in operations		4.295	258,205
Cash flows from investments			
Acquisition of property, plant and equipment	**8**	(14)	(611)
Income from the sale of property, plant and equipment	**8**	4	63,044
Acquisition of intangible assets	**7**	(400)	(459)
Loans a related parties	**35.6**	(2.250)	(248)
Deposits and guarantee deposits	**10**	(61)	(193)
Redemption of deposits and guarantee deposits	**10**	62	345
Financial assets held to maturity	**12.2**	2.814	21,927
Variation in financial discounting of accounts receivable	**27**	-	(1,643)
Interest received	**27**	-	514
Net cash (used in)/generated from investments		155	82,676
Cash flows from financing			
Acquisition of treasury shares	**15.2**	767	1,951
Issue of equity instruments	**15**	-	4,944
Expenses for issues of ordinary shares of subsidiaries	**15**	-	(177)
Borrowings obtained	**19**	20,640	275,006
Repayment of financing	**19**	(21,461)	(615,998)
Payment of financial instruments	**10 & 26**	-	(6.753)
VAT deferral	**18**	(4,685)	19,873
Net cash generated from financing		(4,739)	(321,154)
Movements not affecting cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year	**14**	22,038	2,311
Cash and cash equivalents at the year end	**14**	21,749	22,038
Net (decrease)/increase in cash and cash equivalents		**(289)**	**19,727**

The accompanying notes on pages 7 to 75 together with appendix I and II are an integral part of these consolidated annual accounts.

1. General information

Renta Corporación Real Estate, S.A. (hereon, the Company) is a real estate company which at the 2010 year end has a group (hereon, the Group), made up of 24 companies: Renta Corporación Real Estate, S.A., as parent Company, 22 subsidiaries and 1 associate. Appendices I and II to these Notes to the Accounts include additional information on the companies in the consolidation scope.

For the purposes of preparing the consolidated annual accounts, a group exists when the parent company has one or more subsidiary companies over which it exercise control directly or indirectly The principles applied in the preparation of the consolidated annual accounts of the group, and the consolidation scope are set out in Note 3.1.

On 15 March, 12 June and 1 August 2007 three companies were incorporated in Luxemburg, to wit: Tanit Corporation, S.à.r.l., Medas Corporation S.à.r.l. and Fedra, S.à.r.l., respectively, which means that they have formed part of the Group since that date.

On 9 July 2007, Renta Corporación Real Estate, S.A. incorporated the company Renta Corporation (USA) in the United States, which means that it has formed part of the Group since that date.

On 11 July, 18 July and 26 July 2007 Renta Corporation incorporated three companies in New York called RC1, LLC, RC2, LLC, RC III, LLC, respectively. Furthermore, on 19 October 2007 Renta Corporation incorporated two companies called RCIV, LLC and RCV, LLC, respectively, which means that they have formed part of the Group since that date.

On 7 April 2008, the subsidiary company Renta 1001 (UK), Limited was incorporated. This also involved its consolidation as from that date.

On 2 November 2006, the subsidiary company Winterley Properties 3, Unlimited was incorporated and consolidated as from that date.

On 6 May 2008 a resolution was recorded in a public deed that was adopted by the single shareholder on 12 March 2008 of Renta Corporación Real Estate O.N., S.A.U. (merging company), Renta Corporación Real Estate R.A., S.A.U. and Renta Corporación Real Estate G.O., S.L.U. (merged companies) authorising the takeover merger by the former of the latter two companies, which were wound up, effective for accounting purposes retroactively as at 31 January 2008. Afterwards, the registered name of the merging Company was changed to Renta Corporación Real Estate ES, S.A.U.

During 2008 the shareholding percentage in the associate Mixta Africa, S.A. changed from 18.55% at 31 December 2007 to 4.55% at 31 December 2008, and, accordingly, together with the incorporation of new members on the Board of Directors of the investee company, the shareholding in this company has now been classified as a financial asset available for sale.

On 1 November 2008 the Luxembourg companies Norfeu, S.a.r.l. and Fedra, S.a.r.l. were merged by Renta Corporación Luxembourg, S.a.r.l., and the merging company.

On 12 March 2009, Palmerston and Compton Ltd was incorporated in London and consolidated as from that date.

On 24 June 2009 in Paris the company Renta Corporación Real Estate France, S.A.S.U. was incorporated, and consolidated as from that date, to carry out the Group's business in France, replacing Groupe Immobilier Renta Corporación, S.A.S.U.

In 2009 the shareholding percentages in the company's Groupe Inmobilier Renta Corporación, S.A.S.U. changed from 100% at 31 December 2008 to 99.9% at 31 December 2009 and in Tanit Corporation Luxembourg, S.à.r.l. from 100% at 31 December 2008 to 0.09% at 31 December 2009. The other stakes up to 100% in both companies have been transferred to Group Renta Corporación Real Estate ES, S.A.U. and Renta Corporación Real Estate Finance, S.L.U., respectively.

We describe below the capital increases that have taken place in 2009:

- On 7 April 2009 Palmerston & Compton Ltd. increased capital by £35,655,240. (Euros 39,390 thousand).

- On 30 June 2009 Tanit Corporation S.à.r.l. increased capital by Euros 13,825 thousand, as mentioned above.

- On 18 August 2009 Renta Corporation (USA) increased capital by USD 8,500,000 (Euros 6,040 thousand).

- On 28 December 2009 Renta Corporación Real Estate France S.A.S.U. increased capital by Euros 3,000 thousand.

- On 30 December 2009 Renta Corporación Real Estate S.A. increased capital through a preferred subscription totalling Euros 4,944,002.80 by issuing 2,247,274 ordinary shares with a par value of Euros 1 each. This increase includes a share premium of Euros 2,697 thousand and capital increase expenses of Euros 124 thousand.

On 29 June 2010 Renta Corporación Real Estate ES, S.A.U had incorporated ha adquirido la Sociedad Navia Avanza, S.L. buying all the shares to Renta Corporación Real Estate, S.A.

On the other side, during 2010, Renta Corporación Real Estate ES, S.A.U. had adquired the following Companies:

- On 12 July 2010 were established the Companies Renta Corporación Real Estate 1, S.L. (Unipersonal Company) and Renta Corporación Real Estate 2, S.L. (Unipersonal Company).
- On 29 July 2010 were established the Companies Renta Corporación Real Estate 3, S.L. (Unipersonal Company) and Renta Corporación Real Estate 4, S.L. (Unipersonal Company).
- On 4 October 2010 were established the Companies Renta Corporación Real Estate 5, S.L. (Unipersonal Company) and Renta Corporación Real Estate 6, S.L. (Unipersonal Company).

- On 17 December 2010 was established the Company Renta Corporación Real Estate 7, S.L. (Unipersonal Company).

The other shareholdings in the companies in the consolidation scope have not undergone any variations.

The registered office of Renta Corporación Real Estate, S.A., is located in Vía Augusta, 252-260, Barcelona, and its Taxpayer ID nº is A-62.385.729.

The group divides its activity into two business units: buildings and land as follows:

- **Buildings.** This classification basically contains two types of operations: the acquisition of residential buildings and large urban buildings, normally for office or industrial use, for transformation and later sale. This transformation may consist of changes in use, physical restoration of the buildings and repositioning in the market through improvement in profitability.

- **Land.** Acquisition of large real estate complexes for transformation and subsequent sale. The transformation phase consists in the design and subsequent legal processing of modifications in use of the building and/or current zoning, for the purpose of creating land that can be built up for subsequent construction and sale.

The two business units carry out the same business and apply practically the same business process, consisting of the acquisition of real estate assets for transformation and sale. This transformation process is aimed at creating value through the adaptation of buildings to the demands of each market. The business units differ based on the types of real estate assets acquired and the type of transformation applied in order to maximize the sale value.

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

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

On 31 March 2011 the Company's directors prepared the annual accounts for 2010 which were subsequently reprepared on 29 April 2011. The reason for this is that at the date of the re-preparation of the present annual accounts, an agreement had not been reached with financial creditors concerning the restructuring of the debt and the amendment of the conditions of the current syndicated loan signed in May 2009 This has led the Directors of the Consolidated Group to agree to adjust deferred tax assets amounting to Euros 55.780 thousand (Euros 45,878 relates to prior year tax credits and Euros 9,902 thousand to amounts capitalised in 2010 in the annual accounts prepared previously) given that their realisation in the medium and long term laregely depended on the success of the negotiations with banks (Note 20).

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

2. Basis of presentation

The consolidated annual accounts have been prepared on the basis of the accounting records of Renta Corporación Real Estate, S.A. and subsidiary companies and include the adjustments and reclassifications for standardisation of valuation with the parent Company. These consolidated annual accounts of the group at 31 December 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union and approved by the Regulations of the European Commission (IFRS-EU) and are in force at 31 December 2010.

The preparation of the financial statements under IFRS needs the use of accounting estimates. Also it requires the direction applies the accounting policies of the Group. In Note 5 are explain the main or complex hipotesis and significant estimates for the consolidated annual accounts.

2.1. Standards, modifications and interpretations are obligatory for all years beginning 1 January 2010

At the date of formulation of these accounts, the IASB and the IFRIC had published the standards, modification and interpretations set out below. These standards, modifications and interpretations are obligatory for all years beginning 1 January 2010, and thereafter:

- IFRS 3 (Revised), “Business Combinations”.
- IAS 27 (Revised), “Consolidated and Separate Financial Statements”.
- IFRS 5 (modified), “Non-current assets held for sale and discontinued activities” (and the respective modification of IFRS 1 “First-time Adoption of IFRS”).
- IAS 39 (modified) “Items eligible for hedge accounting”
- IFRS 1 (Revised), “First-time Adoption of IFRS”.
- IFRS-2 (modified) “Share-based Payments”.
- IFRIC 12, “Service Concession Arrangements”.
- IFRIC 15, “Agreements for the Construction of Real Estate”.
- IFRIC 16, “Hedges of a Net Investment in a Foreign Operation”.
- IFRIC 17, “Distributions of non-cash assets to owners”.
- IFRIC 18, “Transfers of Assets from Customers”.

The Group has analysed the possible impacts on its financial statements and has concluded that there are no significant impacts.

2.2. Improvement project 2009

This project has been published in April 2009 by the IASB and was adopted by the European Union in March 2010. The improvemtn includes the following amendments:

- IAS 1: Presentation of Financial Statements.
- IAS 7: Cash flow Statement.
- IAS 17: Leases.
- IAS 18: Revenues.
- IAS 36: Impairment of assets
- IAS 38: Intangible Assets.

- IAS 39: Financial instruments: Recognition and Measurement.
- IFRS 2: Share-based Payments.
- IFRS 5: Non-current Assets Held for Sale and Discontinued Activities.
- IFRS 8: Operating Segments.
- IFRIC 9: Reassessment of Embedded Derivatives.
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation.

The accounting policies applied are consistent with those of the previous year, taking into account the adoption of the standards and interpretations discussed above, since they do not have a significant effect on the consolidated accounts or financial situation. Nonetheless, the adoption of IFRS 3 revised and IAS 27 revised have had an effect on the accounting for business combinations completed as from 1 January 2010.

The Group has analysed the possible impacts on its financial statements and has concluded that there are no significant impacts.

2.3. Standards issued prior to the date of preparation of these consolidated annual accounts

The Group has analysed the possible impacts on its financial statements and has concluded that there are no significant impacts.

- Amendment to IAS 24: Related-Party Disclosures.
- Amendment to IAS 32: Classification of Rights Issues.
- Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
- Amendment to IFRIC 14: Prepayments of a Minimum Funding Requirement.
- IFRIC 19: Extinguishing financial liabilities with equity instruments.

2.4. Standards, amendments and interpretations applied to existing standards that have not been adopted to date by the European Union

At the date of signature of these consolidated financial statements, the IASB and IFRIC had published the standards, amendments and interpretations detailed below. These standards, amendments and interpretations are mandatory for all years beginning on or after 1 January 2011 and have not been adopted early by the Group.

- IFRS 9, “Financial Instruments”. These standard accounting standards and interpretations will be applied in the years beginning 1 January 2013.

2.5. Improvement project 2010

The 2010 improvements project was published by the IASB in May 2010 and at the date of preparation of these consolidated annual accounts has not yet been adopted by the European Union. The amendments introduced relate to:

- IFRS 1, “First-time adoption of IFRS”;
- IFRS 3 “Business combinations”
- IFRS 7 – Financial instruments - Disclosures.

- IAS 1 "Presentation of financial statements".
- IAS 27 "Consolidated and separate financial statements"
- IAS 34, "Interim financial reporting".
- IFRIC 13, "Customer loyalty programmes

On the basis of an analysis of these new accounting standards and interpretations to be applied in the years beginning 1 January 2011, the Group does not expect their application to have significant effects on the consolidated annual accounts.

The policies that are indicated below have been applied consistently across all the years that are presented in these consolidated annual accounts.

The consolidated annual accounts have been prepared in accordance with the historical cost method, modified in those cases set down by IFRS-UE in which certain assets and liabilities are stated at fair value.

The requirements of the above-mentioned standards have been fully applied, and therefore, the financial statements express fairly the assets, financial position and net income (loss) on operations of the Group.

The aggregates in the documents comprising these consolidated annual accounts (balance sheet, income statement, statement of changes in net equity, the consolidated statement of recognise income and expenses, statement of cash flows and notes to the annual accounts) are stated in thousand Euros and are comparative with last year.

The companies in the group close their financial year on 31 December and their accounts at that date are the ones used in the consolidation, except for Groupe Immobilier Renta Corporación, S.A.S.U., which closes its year at 31 March.

3. Accounting policies

3.1 Consolidation principles

a) Subsidiaries

Subsidiary companies are companies over which the Group has the power to manage their financial and operating policies. It is assumed that control exists when the shareholding is higher than one half of the voting rights, unless control is limited by contractual agreements or other circumstances. In order to evaluate whether the Group controls another company the existence and the effect of the potential voting rights that are currently exercisable or convertible are taken into account.

The subsidiaries are consolidated as from the date on which the control of the company is transferred to the parent Company and they are excluded from the consolidation on the date on which this control no longer exists.

The intercompany transactions, balances and unrealised profits on transactions between group companies are eliminated. The unrealised losses are also eliminated, unless the transaction provides evidence of impairment loss of the asset transferred. When it is necessary to ensure the uniformity of the policies adopted by the Group, the accountings policies of the subsidiaries are modified.

Appendix I to these notes contains the particulars of the subsidiaries in the consolidation scope that are fully consolidated.

b) Associates

Associates are all companies over which the Group exercises a significant influence when the shareholding of the associate represents between 20% and 50% of the voting rights and the respective representation on the governing bodies of the investee company. If the Group holds less than a 20% interest, it is classified as an associate provided that the Group exercise a significant influence on financial and operating decisions of the investee companies. Investments in associates are accounted for using the equity method and initially recognised at cost of acquisition.

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

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

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

3.2 Information by segments

Information on operating segments is reported on the basis of the internal information supplied to the ultimate decision making body. The management committee which is responsible for strategic decisions has been identified as the ultimate decision- making body responsible for assigning agreements and assessing operating segment performance.

3.3 Intangible assets

Intangible assets include computer programs, spanning licenses acquired from third parties which are capitalised on the basis of the costs that have been incurred to acquire and prepare them for the use in the specific program. These costs are amortised on a straight-line basis over their estimated useful lives over 4 years.

Expenses related to the maintenance of computer software are recognised as an expense when incurred. The costs directly related to the production of unique identifiable computer programs controlled by the Company which will probably generate future economic profits higher than the costs for more than one year, are recognised as intangible assets. The direct costs include cost of the staff that developed the computer programs and the appropriate percentage of overheads.

The costs computer program development recognised as assets are written off over their useful lives (which cannot exceed 4 years).

3.4 Property, plant and equipment

Property, plant and equipment are recognized at acquisition price or cost of production, less the accumulated depreciation and respective accumulated impairment, except for land, which is presented net of impairment, since it is not depreciated.

Historical cost includes expenses directly attributable to the acquisition of the assets.

Costs of renovation, expansion or improvement of PPE are included in the carrying value of the asset when it is likely that the future economic profits related to the assets that are going to flow to the group and the cost of the asset can be determined reliably.

The repairs and maintenance expenses are recorded in the income statement during the year in which they are incurred.

Depreciation is calculated using the straight line method in order to reduce their costs down to their residual values over their estimated useful lives. The depreciation rates applied are:

	Coefficient
Buildings	2.86% – 4%
Furniture	10%
Computer hardware	25%
Other PPE	10% - 12%

The residual values and the useful lives of the assets are reviewed and adjusted, as the case may be, at every balance sheet date.

When the carrying value of an asset is greater than its estimated recoverable value, its value is reduced immediately to its recoverable value (Note 3.6).

The gains and losses on the sale of property, plant and equipment are calculated comparing the income obtained to the carrying value and are included in the income statement.

3.5 Borrowing costs

The financial expenses directly attributed to the acquisition or construction of fixed assets that require more than one year in order to be brought into use are recorded at cost until they are available for use.

3.6. Impairment of non-financial assets

At each balance sheet date the Group evaluates whether there are any indications of asset impairment. If there is, the Group estimates the recoverable amount of the asset.

Depreciated assets are evaluated for impairment provided that an internal or external event or change in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the part of the carrying value of the asset that exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost of sale or the value in use obtained from discounting of cash flows. In order to evaluate the impairment of the asset, assets are grouped at their lowest level for which there are separate identifiable cash flows (cash generating units), these being the two business units in which they operate: Buildings and Land.

3.7 Financial assets

The Group classifies its investments into the following categories: assets at fair value through profit and loss, financial assets available for sale, investments held to maturity, loans and accounts receivable. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments in at initial recognition. The acquisitions and disposals of financial investments are recognised on the trading date, i.e., the date on which the group is committed to acquiring or selling the asset.

Investments are written off the books when the rights to receive the cash flows from them have matured or have been transferred and the Group has substantially transferred all the risk and rewards inherent in their ownership.

The Group does not have assets at fair value through profit and loss.

In accordance with the amendment to IFRS 7 the Group has classified the market valuation of financial instruments on the basis of the lowest level of information used and which is significant for the instrument's fair value as a whole. According to this standard, financial instruments should be classified as follows:

1. Listed prices on active markets for identical instruments.
2. Observable data for the instrument either directly (prices) or indirectly (price based).
3. Data not based on market observations.

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are included in current assets under "Trade and other receivables", except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

These financial assets are initially stated at their fair value, including the directly attributable transaction costs, and later stated at their amortised cost, recognising the interest accrued based on their effective interest rate, understood as the revaluation rate equalises the carrying value of the instrument to all its estimated cash flows until maturity. Notwithstanding the above, trade debtors falling due in no more than one year are stated at the time of initial recognition and afterwards at their nominal value provided that the effect of not restating the flows is insignificant.

Provisions required for impairment are recorded at least at the year end if there is objective proof that the outstanding amounts will not be received.

The amount of the value impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate when initially recognised. The amount of the provision is recognised in the income statement.

Financial assets held to maturity are non-derivative financial assets with fixed or determinable maturities that Group management has the positive intention and capacity to hold to maturity. If the group sells a significant amount of the financial assets held to maturity, the total heading is reclassified as available for sale. These financial assets held to maturity are included in non-current assets, except for those maturing in less than 12 months as from the balance sheet date, which are classified as current assets.

The valuation criteria for these assets are the same as those used for loans and other receivables.

Financial assets are written off when all the risks and rewards attaching to ownership of the asset are substantially transferred. Specifically, for accounts receivable, this situation is generally understood to arise if the insolvency and default risks have been transferred.

Financial assets available for sale: this heading includes the debt securities and equity instruments that are not classified under any of the previous headings. They are included in non-current assets unless Management plans to sell the investment within 12 months following the balance sheet date.

They are stated at their fair value, and any changes are recorded directly in net equity until the asset is sold or impaired, when the accumulated gains and losses in net equity are charged to the income statement, provided that it is possible to determine the aforementioned fair value. If not, they are recorded at their cost less impairment.

In the case of financial assets available for sale, provisions are recorded if there is objective proof that their value has been impaired as a result of a reduction or delay in future estimated cash flows in the case of debt instruments acquired or to due the lack of recoverability of the carrying value of the assets in the case of investments in equity instruments. The provision is the difference between cost or amortised cost less, as the case may be, any provision recognised previously in the income statement and the fair value at the time the provision is recorded. In the event that equity instruments that are measured at cost because their fair value cannot be determined, the provision is determined in the same way as for equity investments in group and multi-group companies and associates.

3.8 Inventories

Inventories include buildings, land and lots, which are stated at the lower of cost or net realisable value. The cost comprises the price of purchase plus the additional expenses incurred, such as renovations, improvements, non recoverable taxes, etc. The net realisable value is the sale price estimated in the normal course of business less the variable costs of sale. When the net realisable value of inventories is lower than their cost, provisions are recorded and recognised as an expense in the income statement. If the circumstances that gave rise to the provision no longer exist, the provision is reversed and recognised as income for the year. At each year end the net realisation value of inventories is tested. The Group asks for appraisals and/or valuations from independent experts several times during the year in order to ascertain the reasonable value of its inventories and to evaluate the possible provision for their impairment.

The borrowing costs from bank financing, both generic financing (syndicated loan) and specific financing (syndicated loan), attributable to the acquisition and transformation of any qualifying asset, as well as other costs incurred from the execution of bank financing, are capitalised as part of the asset over the period of time necessary to complete and prepare the asset for its intended use. A qualifying asset is an asset which is expected since acquisition to require a transformation period longer than 12 months. Other interest costs are recorded as expenses.

The specific cost identification method is used, i.e., only costs incurred that can be totally attributable to each asset in inventories are capitalised.

The amounts disbursed for premiums on building purchase option rights (generally buildings and land) are classified at cost as prepayments under inventories. The acquisition of building purchase option rights is the normal way in which the group arranged the first phase of its building acquisition process, prior to deeding the purchase and sale.

As indicated in Note 13, the valuation has been made in accordance with the valuation Method published by the Royal Institution of Chartered Surveyors of Great Britain 6º edition, and in accordance with the International Valuation Standards (IVS) published by the Internationa Valuation Standards Committee (IVSC).

3.9 Derivative financial instruments and hedging operations

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge exchange rate risk and interest rate risk. These Financial Instruments are initially posted and thereafter at their fair value, which is, since there are unlisted instruments, valuations based on valuation techniques, such as, for example, discounted cash flow analysis.

The method for recognizing the gain or loss on changes in the fair value of these financial instruments depends on whether the derivative has been designated as a hedging instrument, and, if so, the nature of the item it is hedging. Any gain or loss from the changes in the fair value of derivatives that do not meet these requirements to be recorded as hedges are directly expensed, in the net amount, for the year.

In order to record these hedges, they are classified as cash flow hedges when they cover exposure to the variation in cash flows that is attributable either to a specific risk related to an asset or liability already recorded, or to a highly expected future transaction.

The Group documents at the beginning of the transaction the existing relationship between the hedging instrument and the items hedged, as well as they risk management objectives and the strategy for making various hedging transactions. The Group also documents their evaluation, both at the beginning and on a continuous basis, as to whether the derivatives that are used in the hedging transactions are high effective in offsetting the changes in fair value or in the cash flows of the items hedged.

The fair value of the derivative instruments used for hedging purposes is broken down in Note 11. The movement in the hedging reserve in equity is broken down in Note 17.

The total fair value of the hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the item hedges is greater than 12 months and as a current asset or liability if the remaining maturity of the item hedged is lower than 12 months.

<u>Cash flow hedges</u>

The effective part of the gain or loss in the fair value of the hedging instrument (previously designated and qualified as such) is recognised directly under net equity, while the non-effective part is recognised in the income statement.

The amounts recorded in net equity are transferred to profit and loss when the transaction hedged affects results, and when a financial income or expense hedged is recognized, or when there is an expected purchase or sale that is being hedged. The loss or gain relating to the effective party of the interest rate swaps that hedge financial debt at a variable interest rate is recognised in the profit and loss account under “net financial costs”. When the expected transaction that is hedged generates the recognition of a non-financial assets, the gains or losses previously deferred under net equity are transferred from equity and included in the initial valuation of the costs of the asset or liability.

When a hedging instrument matures or is sold or when it does not meet the accounting requirements to be classified as a hedge, any accumulated gain or loss in net equity until that time will remain in net equity and is recognized when the expected transaction is finally recognized in profit and loss. When it is foreseen that the expected transaction will not take place, the accumulated gain or loss in new equity is immediately taken to the income statement.

3.10 <u>Cash and cash equivalents</u>

Cash and cash equivalents includes the cash and balances in current accounts at banks. In the balance sheet the overdrawn are shown as borrowings into current liliabilities.

3.11 <u>Net equity</u>

Share capital is represented by ordinary shares.

The cost of the issue of new shares or share options is presented directly against net equity, as fewer reserves.

In the event of the acquisition of treasury shares the consideration paid, including any directly attributable incremental cost, is subtracted from net equity until cancellation, issue of new shares or sale. When these shares are sold or reissued afterwards, any amount received, net of any directly attributable incremental costs of the transaction, is included in net equity.

3.12 Financial liabilities

This account includes trade and non-trade creditor operations. These borrowed funds are classified as current liabilities, unless the Company has an unconditional right to defer settlement during at least 12 months after the balance sheet date.

Financial liabilities are initially recognised at fair value adjusted by the directly attributable transaction costs, and later recognised at their amortised cost using the effective interest rate method. This effective interest is the revaluation rate that equalises the carrying value of the instruments to the expected flow of future payments expected until the maturity of the liability.

However, debits for trading operations falling due within one year and which have no contractual interest rate are stated both initially and thereafter at their nominal value when the effect of not updating cash flows is not significant.

If there is a renegotiation of existing debts, it is considered that there are no substantial modifications of the financial liability if the lender of the new loan is the same party that gave the initial loan and the current value of the cash flows, including the net commissions, do not differ by more than 10% from the current value of the cash flows payable on the original liability calculated using this same method.

3.13 Current and deferred tax

The income tax expense (income) is the amount which, for this item, accrues during the year and comprises both the expense (income) for current taxes and deferred taxes.

Both the current and deferred income tax expense (income) is recorded in the income statement. However, the tax effects related to items that are recorded directly in net equity are recognised in net equity.

The current tax assets and liabilities will be stated at the amounts expected to be paid or refunded from the tax authorities, in accordance with current legislation and legislation pending enactment at the year end.

The deferred tax is calculated using the liability method on the basis of the temporary differences that arise between the tax bases of the assets and liabilities and their carrying value. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction does not affect either accounting profit or taxable income, it is not recognised. The deferred tax is determined by applying the legislation and tax rates in force or about to come into force on the balance sheet date and which is expected to be applied when the respective deferred tax asset is realised or the deferred tax liability is settled.

The deferred tax assets are recognised to the extent that it is probable that there will be future tax profits with which to offset the temporary differences. Each year the Group evaluates the recoverability of those that have not been capitalised.

Deferred income tax is recognised for temporary differences arising on investments in subsidiaries and associates, except where it is probable that the temporary difference will not reverse in the foreseeable future.

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

The consolidated income statement for the year includes the corporate income tax whose calculation includes the corporate income tax payable accrued during the year, the effect of the deferral of the differences generated between the taxable income and accounting profit before applying the tax that reverses in subsequent years, as well as the tax credits and deductions available to the Group companies.

Renta Corporación Real Estate, S.A. is taxed under the General VAT regime.

Renta Corporación Real Estate ES, S.A.U. as from 2004 is subject to the special prorated VAT regime.

Renta Corporación Real Estate Finance, S.L.U. as from 2004 has been subject to the special prorated VAT regime.

Masella Oeste, S.L. is subject to the general VAT regime.

The parent company avails itself of the tax regime for VAT groups, and has been taxed jointly with one of its subsidiaries, Renta Corporación Real Estate ES, S.A.U. as from 1 January 2008, with Renta Corporación Real Estate 1, S.L.U. since July 2010 and with Renta Corporación Real Estate 3, S.L.U. and Renta Corporación Real Estate 4, S.L.U. since October 2010.

Groupe Immobilier Renta Corporación, S.A.S.U. and Renta Corporación France, S.A.S.U. are taxed under the French *marchand de biens* VAT regime.

Renta Properties (UK), Ltd. and RC Real Estate Deutschland GmbH are taxed under the prorated regime as per the specific legislation of the country.

3.14 Employee benefits

a) Share-based payments

The Group has a compensation plan based on shares and payable in shares. The fair value of the services of employees in consideration for shares is expensed over the accrual period. The total amount that is expensed over the accrual period is determined by the fair value of the shares granted at the beginning of the operation, excluding the impact of accrual conditions that are not market conditions (for example, the objectives of profitability and sales growth).

b) Severance indemnities

Severance indemnities are paid to employees as a result of a Group decision to rescind their employment contract before the normal retirement age or when the employee agrees to voluntarily resign in exchange for these benefits. The Company recognises these benefits when it has demonstrably shown its commitment to dismiss the workers, on the basis of a formal detailed plan that cannot be withdrawn, or to provide indemnities for dismissals as a result of an offer to encourage workers to resign voluntarily. The benefits that are not going to be paid in the next twelve months as from the balance sheet date are discounted from their current value.

c) Profit-sharing and bonus plans

The Group recognises a liability and expense for bonuses and profit sharing based on a formula that takes into account the profit attributable to the shareholders after certain adjustments. The Company recognises a provision when it has a contractual obligation or when past practice has created a tacit obligation.

3.15 Provisions and contingent liabilities

Provisions for litigation are recognised when the Group has a present legal or implicit obligation as a result of past events, which will likely lead to an outflow of funds in order to meet the obligation, and when the amount can be reliably estimated.

Provisions are stated at the current value of the disbursements that are expected to be necessary to settle the liability using a pre-tax rate reflecting the current market valuations of the temporary value of money and the specific risks to the liability. The adjustments to the provision due to the restatement are recognised as a financial expense as they accrue.

The provisions expiring in less than or equal to than one year, with an insignificant financial effect, are not discounted.

Contingent liabilities are those possible liabilities arising as a result of past events, whose materialisation depends on whether future events occur or not that are beyond the control of the Group (Note 33).

3.16 Recognition of income and expenses

Income is recorded at the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered during the Company's normal course of business, minus returns, price reductions, discounts and value added tax.

The Group recognises income when it can be reliably measured, and when it is probable that future economic profit will be generated for the Company and the specific conditions for each activity undermentioned are met. Income cannot be reliably valuated until all the contingencies related to a sale have been resolved.

a) Sale of goods and services

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

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

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

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

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

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

b) Interest income

Interest income is recognised using the effective interest rate method. When an account receivable has been impaired, the Company lowers the carrying value to its recoverable amount, discounting the future cash flows estimated at the original effective interest rate of the instrument and continues to subtract the discount from income. Interest income from impaired loans is recognised using the effective interest rate method.

c) Dividend income

Dividend income is recognised as income on the income statement when the right to receive the dividend is established. However, if the dividends paid out are from earnings generated prior to the acquisition date, they are not recognised as income, and the carrying value of the investment is decreased.

3.17 Leases

a) When a Group company is the lessee – Operating lease

Leases in which the lessor substantially retains a large part of the risks and rewards of ownership are classified as operating leases. The operating lease payments (net of any incentives received from the lessor) are charged to the income statement for the year in which they accrue on a straight-line basis over the lease periods.

b) When a Group company is the lessor – Operating lease

When the assets are leased under an operating lease, the asset is included in the balance sheet in accordance with its nature. The income generated from the lease is recognised on a straight-line basis over the term of the lease.

3.18 Transactions in foreign currency

a) Functional and presentation currency

The Group's annual accounts are stated in Euros, which is its functional and presentation and currency.

b) Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates in force on the date of the transactions. The gains and losses in foreign currency that arise from the settlement of these transactions and the translation at closing exchange rates of the monetary assets and liabilities denominated in foreign currency are recognised in the income statement, unless they are differentiated in net equity as qualifying cash flow hedges and qualifying cash flow hedges.

Translation differences of non-monetary items, such as equity instruments held at fair value through profit and loss, are presented as part of the gain or loss in fair value. The translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in net equity.

c) Group companies

The results and financial position of Renta Properties (UK), Ltd. and Renta Corporation (USA) and their group companies, which have a functional currency that differs from the Group's, are translated into the presentation currency as follows:

(i) The assets and liabilities of each balance sheet are translated at the exchange rate at the balance sheet date;

(ii) Income and expenses of each income statement are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulated effect of the existing rates on the transaction dates, in which case the income and expenses are translated on the transaction dates); and

(iii) All the exchange differences generated are recognised as a separate item in net equity.

3.19 Transactions with related parties

In general, operations between group companies are recorded initially at their fair value. However, if the price agreed differs from fair value, the difference is recorded taking into account the economic substance of the operation. The subsequent valuation is made in accordance with the provisions of respective legislation.

However, mergers, de-mergers and non-cash contributions of a Company business for operations between group companies in which the parent company, or the parent of a sub-group, and its direct or indirect subsidiary, intervenes, the assets and liabilities of the business acquired are stated, at the amount corresponding to them after the transactions, in the consolidated annual accounts of their group or sub-group.

In operations between Group companies in which the parent Company of the group or the parent company of a subgroup and its subsidiary intervenes directly or indirectly, the assets and liabilities of the business acquired are stated at the amount at which they are recorded in the consolidated annual accounts of the group after the operations have been concluded.

In such cases, the difference that may arise between the net value of the assets and liabilities of the acquiree, as adjusted for the balance of groupings of grants, donations and bequests received and value adjustments and any capital and share premium, if appropriate, issued by the acquiring company, is reflected in reserves.

3.20 Distribution of dividends

The distribution of dividends to the shareholders is recognised in the consolidated annual accounts of the Group in the year in which the distribution has been agreed.

3.21 Environment

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

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

4 Financial risk management

4.1 Financial risk factors

The activities of the Group are exposed to various financial risks: market risk (including Exchange rate and cash flow interest rate risks), credit risk and liquidity risk. The overall risk management program of the Group is centred on the uncertainty of the financial markets and tries to minimize the potentially adverse effects on the Group's financial profitability. The Group uses various derivatives to cover certain risks.

Risk management is controlled by the Departments of Finance and Treasury of the Group in accordance with the policies adopted by the Board of Directors. These Departments identify, evaluate and hedge the financial risks in close collaboration with the Group's operating units. The Board provides policies for global risk management and for specific areas, such as exchange rate risk, interest rate risk, liquidity risk, the use of derivatives and non-derivatives and the investment of surplus liquidity.

Because of its implications for the Group's liquidity, particularly important is the monitoring of the current and future conditions laid down for the syndicated loan insofar as it is the Group's main source of financing.

Market risk: exchange rate risk

The Group defines as exchange rate risks the negative effect that the fluctuation in exchange rates can have on the results of its companies, Group equity or cash flows.

The Group's activity is located in the Euro zone, except for some engagement in the UK and the USA.

The Group holds intra-group financial positions with its subsidiaries in London and New York, where it operates with non-Euro currencies, which generates exchange rate exposure.

During 2010 the Group has continued to apply a risk management policy for currencies in order to minimise the negative effect that a fluctuation in exchanges rates could have on the results of Group companies on the equity or cash flows.

In relation to the dollar, in the first half of the year, there was a clear increase with respect to the euro, reaching 1.19 as compared with 1.44 at the start of the year. During the second half of the year, the scenario changed with a marked fall, its value ending 2010 at 1,336. The impact has been a loss of Euros 0.2 million.

The situation of the GBP has been appreciation against the Euro, especially in the first half of the year, reaching levels of 0.81. In the second half of the year this trend was was GBP 0.86 beginning the year with GBP 0.888. The result for the exchange differences is Euros 0.4 million loss.

If at 31 December 2010 the value of the euro had fallen by 10% with respect to the dollar, other variables remaining constant, losses after tax would have been Euros 671 thousand lower (2009: Euros 547 thousand). If the value of the euro had fallen by 10% with respect to the pound, other variables remaining constant, losses after tax would have been Euros1,199 thousand lower (2009: Euros 202 thousand).

Market risk: interest rate risk

External financing is contracted at floating interest rates. In 2010 the average interest rate on borrowing has been 2.15% (2009:3.1%), with a differential estimated on the Euribor of 1.43%. This represents a reduction of 95 basis points against last year.

Due to the new accounting standards, the Company must defer its financial expense for the Syndicated Loan, using an average spread over its term (7 years). In other words, 2.01% instead of 1.25% currently in force under the agreement. This spread represents an overprice of Euros 1,966 thousand in 2010, which has led to an increase in the average interest rate on the debt by 0.6% as a result of the same on the spread.

The interest rate risk control policy of the Group is managed in line with the policies approved by the Board of Directors, in which there is a need to hold hedging instruments that minimise the impact of interest rate volatility in order to cover 30% of the total debt drawn down at a fixed interest rate.

As a result of the new Syndicated Loan arranged in May 2009, the interest rate hedging instruments that covered part of the refinanced debt were cancelled.

Although the Group has no operations currently underway, it evaluates the usefulness of contracting hedges adapted to the financial structure in an ongoing way, provided that the conditions for contracting these hedges are favourable to the Company.

Credit risk

Credit risk exposure arises from cash and cash equivalents and deposits with banks and financial institutions and receivable, including outstanding accounts receivable and committed transactions.

A large number of sales of buildings made by the Group are settled in cash at the time of the transfer of title. In sales in which the collection of all or part of the purchase price is made after the transfer of title to the new owner, the amount owed to the Group is guaranteed generally by means of a bank guarantee or through a reservation of title agreement or guarantees *in rem* or the like so that the Group can recover title to the building in the event of default on the payment of the price. The Group has not had any difficulties in collecting these receivables for sales in the past.

Liquidity risk

The Group is engaged in the purchases, transformation and sale of real estate assets with high turnovers, which generates quick liquidity. The business model of Renta Corporación, because of its dynamic, constant flow of purchases and sales, quickly identifies changes in the market and adjusts its practices to the context in which it operates.

During 2010 this target has continued to be a priority within the Group's plans. However, the worsening of the international financial and economic crisis has been reflected in the squeezing of credit by financial institutions and the stiffening of credit terms. In this adverse environment, credit risk management has been one of the fundamental pillars of Group management, in order to align the Group with the new market circumstances.

The lengthening of the crisis and therefore the decline in the conditions for obtaining credit have also had an effect on the Group's perception of the risk in relation to current and future compliance with the conditions of its syndicated loan. This reconsideration by the Group has led to financial institutions again being approached in order to reach an agreement that will enable the debt to be adjusted to the foreseeable scenario of the development of the company and market in general and which in the last instance will permit the development of its business plan.

The three basic pillars of the agreement under consideration are: i) reduction in the volume of debt through formulae involving dation in payment to creditors or whomever they may designate; ii) accommodating the conditions of the current syndicated loan mainly with respect to debt maturities, the accrual and payment of interest and other obligations and conditions and iii) the strengthening of the shareholders' funds of the group and individual companies that form it.

The good relations with financial creditors and the absence of any non-compliance to date with the conditions agreed in the syndicated loan and which are in effect, will make it possible, in all likelihood, to reach a new agreement in the short term.

However, at the date of the second preparation of the current annual accounts, negotiations are still ongoing with the financial institutions involved and a new agreement has not yet been reached, which is basic to the Group's viability. In addition, the new agreement which is currently under negotiation differs from that initially considered in that the amount of the debt that would be repaid through dation in payment arrangements would be substantially less than foreseen.

The consequences of the above situation as follows i) de-recognition of tax credits with a direct impact on equity which is reduced to a negative figure, ii) transfer of the entire debt to current and ii) de-capitalisation of the formalisation expenses related to the refinancing agreement of May 2009.

The Group has reprepared its accounts again on a going-concern basis on the understanding that it is possible to reach a new agreement with all financial creditors in the terms under consideration in the near future as it has currently received expressions of support from most institutions. If the agreement is reached under the terms envisaged, it would enable i) the Group's share capital/ equity ratio to be restored i) inventories and the Group's debt to be reduced iii) the reclassification of a high percentage of the remaining debt to long term. In case of not reaching an agreement with the financial institutions before the date of the Board of Directors, there will be a capital increase proposal to re-establish the equity and in order to pay the commitments. If the Board of Directors turns down this capital increase proposal, the alternative agreement will be the dissolution of the Company.

The table below presents an analysis of the financial liabilities of the Group grouped by maturities in line with the outstanding instalments at the balance sheet date until the maturity date stipulated in the contract. In respect of the derivative financial instruments, the amounts relate to the bases of the contracts on which the aforementioned derivative financial instruments have been contracted whose maturity has arisen.

At 31 December 2010 (thousand)	**Less than one year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
Bank loans	319,411	-	-	-
Trade and other payables	18,267	13,400	-	-

At 31 December 2009 (thousand)	**Less than one year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
Bank loans	44,038	27,525	76,454	154,751
Trade and other payables	17,734	15,789	4,084	-

4.2 Capital risk management

The Group's objectives in relation to capital management are to safeguard its capacity to continue its operations as a going concern in order to generate value for its shareholders and profit for other holders of net equity instruments and to maintain an optimal capital structure and to reduce its cost.

In order to be able to maintain or adjust the capital structure, the Group could adjust dividends payable to shareholders, refund capital to the shareholders, issue new shares or sell assets to reduce debt.

Thus, the Group on 30 December 2009 increased capital by Euros 4,944 thousand in order to meet its commitments acquired under the financing process and to reinforce the structure of its Group equity. This capital increase involved the issue of 2,247,274 ordinary shares with a par value of Euro one. The new shares were issued at a price of Euros 2.20 per share.

The Group monitors its capital in accordance with the leverage indicator, in line with the practice in the sector. This indicator is calculated as the net debt divided by total capital. The net debt is calculated as the total of financial debt (including current and non-current external borrowings, as shown in the consolidated balance sheet) less cash and cash equivalents. Capital is calculated as net equity, as stated in the consolidated accounts, plus net debt.

The leverage indicators at 31 December 2010 and 2009 were as follows:

	2010	**2009**
Borrowings and derivative financial instruments	319,411	302,768
Less: Cash and cash equivalents plus other current deposits	21,929	25,186
Net debt	297,482	277,582
Net equity	(41,000)	42,180
Total capital	256,482	319,762
Leverage index	115.99%	86.81%

The average balance of the net debt for the year totals Euros 285,766 thousand (Euros 381,555 thousand in 2009), which represents a significant decrease of approximately 25%.

Net debt at the year end, for its part, totals Euros 297,482 thousand, an increase of Euros 19,900 thousand against 31 December 2009. The leverage ratio is 115.99%, having increased slight against 2009 being one the causes of the second preparation of the annual accounts and are explained in the previous Note 4.1.

5. Accounting estimates and judgements

The preparation of the annual accounts requires the Company's use of certain estimates and judgements in relation to the future that are evaluated continuously and are based on historical experience and other factors, including the expectations of future success that are considered reasonable under the circumstances.

The resulting accounting estimates, by definition, will rarely equal actual results, although the Directors believe that there are no estimates or judgements that have a significant chance of giving rise to a material adjustment to the carrying values of the assets and liabilities within the next financial year.

Inventories: Inventories are stated at their net realisable value defined as the sale price estimated over the normal course of business, less the variable costs of sale. The market prices of the buildings are analysed in each location along with the main costs of sale, basically commissions that are agreed for each building.

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

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

Deferred income tax: the recoverability of the deferred income tax assets is evaluated when they are generated depending on the evolution of Group profit forecast in its overall business plan, and taking into account the tacit latent capital gains of Group inventories at the year end.

Derivative financial hedge instruments: the fair value of financial instruments that are traded on official markets (such as the available-for-sale instruments) is based on market prices at the balance sheet date. The market price that is used for financial assets is the current buyer price.

The fair value of the financial instruments that are not traded on an official market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on existing market conditions on each of the balance sheet dates.

In order to determine the fair value of the other financial instruments other techniques are used, such as estimated discounted cash flows.

5.1 Fair value estimates

The book value less the provision for the impairment of accounts receivable and payable is presumed to be close to the fair values due to fact that they fall due in less than one year.

When relevant, the fair value of the financial liabilities for financial reporting purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for the Group for similar financial instruments.

5.2 Going concern

At 31 December 2010 the Group has negative working capital of Euros 37,840 thousand and negative net equity of Euros 41,000 thousand.

At 31 December 2010 the Group's parent company reflects negative working capital of Euros 30,775 thousand and negative equity of Euros 26,489 thousand. Similarly, at 31 December 2010 the subsidiary Renta Corporación Real Estate ES, S.A.U. reflects negative working capital of Euros 75,264 thousand and negative equity of Euros 63,613 thousand while at that same date the subsidiary Renta Corporación Real Estate Finance, S.A.U, reflects negative working capital of Euros 151,698 thousand and negative equity of Euros 35,736 thousand.

Therefore these companies meet one of the conditions for mandatory dissolution envisaged in Article 363 of the Spanish Companies Act 2010 although the Group's directors are completing the necessary formalities with financial institutions to reach a new agreement to refinance and restore equity.

Given the financial situation of the parent company and subsidiaries, the consolidated Group's directors have decided to reclassify amounts payable with financial institutions in respect of the syndicated loan to current at the 2010 year end.

At 31 December 2010 the Group records amounts payable to financial institutions under the syndicated loan signed in May 2009 totalling Euros 279 million. That loan lays down, among other conditions, the obligation that the Group reflect at the 2011 year end equity of Euros 50 million and pay 50% of the amount in tranche C (Euros 5,2 million) in November 2011 and 10% of tranche A in May 2012, pay 50% of the amount in tranche B, pay 50% of the amount in tranche C and pay 10% of the amount in tranche D1 of the syndicated loan (Euros 37.5 million), which totals Euros 43 million at the 2010 year end.

At the 2010 year end the Group complies with the covenants stipulated in the aforementioned syndicated loan. However, the uncertainties concerning the development of the crisis and economy in general and the real estate sector in particular, have led the Group to reconsider the need to approach financial institutions in order to reach a new agreement. This would make it possible, inter alia, to increase the Group's equity through the conversion of part of the debt into a participating loan (in accordance with Royal Decree Law 7/1996,) and ensure that equity exceeds half of the share capital of the Group and its subsidiaries and to adapt certain terms and conditions of the current syndicated loan, including the long-term deferral of maturities mentioned in the paragraph above, among others.

Moreover, on 13 December 2008 Royal Decree Law 10/2008 was published under which financial measures were adopted to improve the liquidity of companies as well as other economic measures. On 1 April 2010 Royal Decree Law 5/2010 was published extending the economic measures adopted by Royal Decree Law 10/2008 over time. The Royal Decree Law and its respective extensions include among the measures adopted, provisions affecting the calculations to be made to determine whether a company is in a situation calling for the mandatory reduction of share capital and defining the items that form part of equity in such circumstances and the effects of mandatory dissolution owing to losses.

On the basis of the above, the provisions for the depreciation of inventories should be taken into account in equity in accordance with Royal Decree Law 10/2008 which contains the economic measures which were subsequently extended by Royal Decree – Law. Therefore equity should take into account an amount of Euros 27,609 thousand relating to losses for impairment of inventories of property, plant and equipment in 2008, 2009 and 2010. As a result, the Group's equity for mercantile purposes is negative in an amount of Euros 13,391 thousand.

The Group has reprepared its accounts on a going-concern basis on the understanding that it is possible to reach a new agreement with all financial creditors in the near future in the terms under consideration as it has currently received expressions of support from most institutions. The agreement, under the terms envisaged would enable: i) the Group's equity to be restored ii) the Group's inventories and debt to be reduced and iii) commitments to be entered into for the repayment of the debt and payment of the relevant interest consistent with the Group's business plan. On the basis of this understanding, the Group may realise its assets and settle its liabilities for the amounts and according to the classification at which they are carried in the annual accounts.

5.3 Grouping of items

In order to facilitate the understanding of the balance sheet, income statement, statement of changes in net equity, the consolidated statement of recognised income and expenses, and the statement of cash flows, these statements have been grouped, and the analysis required is set out in the respective notes to the accounts.

5.4 Comparability

The aggregates in the documents comparing these annual accounts (balance sheet, income statement, statement of changes in net equity, the consolidated statement of recognised income and expenses, the statement of cash flows and the notes to the annual accounts) are fully comparable with those of last year and are stated in thousand Euros.

(Thousands)

6. Segment reporting

6.1. Primary format of presentation segment reporting: business segments

At 31 December 2010, the Group is organised globally into two main business units.

(i) Buildings
(ii) Land

The main accounts for the year ended 31 December 2010 are:

Account	Buildings	Land	Not assigned	Total Consolidation
Ordinary income (Note 21.1)	58,201	-	-	58,201
- External	58,201	-	-	58,201
- Other segments				
Goods for resale	(53,511)	(4,545)	-	(58,056)
Gross margin	4,690	(4,545)	-	145
Total assets	147,291	142,936	26,831	317,058
Total liabilities	226,097	103,957	28,004	358,058

The main accounts for the year ended 31 December 2009 are:

Account	Buildings	Land	Not assigned	Total Consolidation
Ordinary income (Note 20.1)	233,387	126,785	-	360,172
- External	233,387	126,785	-	360,172
- Other segments	-	-	-	-
Goods for resale	(259,958)	(117,864)	-	(377,822)
Gross margin	(26,571)	8,921	-	(17,650)
Total assets	209,846	151,563	30,876	392,285
Total liabilities	236,155	89,577	24,373	350,105

In 2009 a significant part of the ordinary income has been the result of sales to financial entities due to the refinancing arrangements.

The accounting policies for all business segments are the same as the ones mentioned for the whole Group in Note 3 to these financial statements.

6.2. Secondary format of presentation segment information: geographic segments

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

Spain is the country of origin of the Group, and it is the main geographic area in which it operates. During 2010 the main sales has been in the domestic market, although in 2009 sales had been almost similar in the domestic and international markets.

(Thousands)

ORDINARY INCOME	2010	2009
Domestic	39,856	186,280
International	18,345	173,892
	58,201	**360,172**

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

ASSETS	2010	2009
Domestic	299,823	380,830
International	17,235	11,455
	317,058	**392,285**

Total assets are assigned based on their location.

Analysis of sales by business and geographic segment:

	2010		2009	
	Domestic	International	Domestic	International
Buildings	39,856	18,345	59,496	173,892
Land	-	-	126,784	-
	39,856	**18,345**	**186,280**	**173,892**

(Thousands)

7. Intangible assets

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

	Computer Software	Advances and fixed assets under construction	TOTAL
At 31 December 2008			
Cost	1,547	1,048	2,595
Accumulated amortisation	(384)	-	(384)
Net book value at 31.12.08	1,163	1,048	2,211
Year ended 31 December 2009			
Net book value at 31.12.08	1,163	1,048	2,211
Additions	309	150	459
Disposals	-	(268)	(268)
Transfers	519	(519)	-
Amortisation allowance	(435)	-	(435)
Net book value at 31.12.09	1,556	411	1,967
At 31 December 2009			
Cost	2,375	411	2,786
Accumulated amortisation	(819)	-	(819)
Net book value at 31.12.09	**1,556**	**411**	**1,967**
Year ended 31 December 2010			
Net book value at 31.12.09	1,556	411	1,967
Additions	136	264	400
Disposals	(269)	-	(269)
Transfers	60	(60)	-
Amortisation allowance	(629)	-	(629)
Disposals - depreciation	178	-	178
Net book value at 31.12.10	1,032	615	1,647
At 31 December 2010			
Cost	2,302	615	2,917
Accumulated amortisation	(1,270)	-	(1,270)
Net book value at 31.12.10	**1,032**	**615**	**1,647**

The additions of computer software relate mainly to projects for improving computer equipment, obtaining licenses and the completion of various projects. Disposals of intangible assets in progress are basically from the new IT aplication which has come into opeartion in January 2011.

a) Fully amortised intangible assets

At 31 December 2010 fully amortised intangible assets still in use total Euros 253 thousand (2009: Euros 162 thousand). The difference between both years is mainly due to the amortization of the computer software.

(Thousands)

b) Assets pledged as guarantees and restrictions on ownership

At 31 December 2010 and 2009 there are no significant intangible assets subject to restrictions on ownership or pignorated as guarantees for liabilities.

8. Property, plant and equipment

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

At 31 December 2008	**Land and buildings**	**Other plant and furniture**	**Other PPE**	**Total**
Cost	58,369	9,047	1,322	68,738
Accumulated depreciation and impairment	(3,199)	(1,098)	(698)	(4,995)
Net book value at 31.12.08	55,170	7,949	624	63,743
Year ended 31 December 2009				
Net book value at 31.12.08	55,170	7,949	624	63,743
Additions	1	11	599	611
Disposals	(58,356)	(8,343)	(190)	(66,889)
Exchange differences	-	1	1	2
Impairment / reversals	2,379	-	(100)	2,279
Disposals - depreciation	1,078	1,258	107	2,443
Depreciation allowance	(261)	(433)	(221)	(915)
Net book value at 31.12.09	11	443	820	1,274
At 31 December 2009				
Cost	14	716	1,732	2,462
Accumulated depreciation and impairment	(3)	(273)	(912)	(1,188)
Net book value at 31.12.09	**11**	**443**	**820**	**1,274**
Year ended 31 December 2010				
Net book value at 31.12.09	11	443	820	1.274
Additions	-	8	6	14
Disposals	-	(33)	(2)	(35)
Exchange differences	-	2	4	6
Impairment / reversals	-	18	13	31
Disposals - depreciation	-	(76)	(224)	(300)
Depreciation allowance	-	-	(406)	(406)
Net book value at 31.12.10	11	362	211	584
At 31 December 2010				
Cost	14	693	1,740	2,447
Accumulated depreciation and impairment	(3)	(331)	(1,529)	(1,863)
Net book value at 31.12.10	**11**	**362**	**211**	**584**

The movement in Land and buildings and other plant and furniture in the year 2009 basically included the sale of the Group's head office for Euros 63 million, as part of the refinancing agreement of the Group bank debt (note 18). Additionally, and included in the purchase and sale agreement, the Group had acquired a building purchase right for Euros 506 thousand, exercisable at a certain price until 2012. However, the Group can assign this option if it decides not to exercise it.

During 2010 there have not been significant movements.

a) Impairment loss

During 2010 the carrying value of the call option over the head office amounting to Euros 406 thousand was adjusted as the Company's Directors consider it unlikely that it will be exercised (2009: Euros 100 thousand).

In 2009 the impairment recorded was about Euros 2,379 thousand, due to the sale of the head office under the refinancing agreement, was reversed.

b) Fully depreciated assets

At 31 December 2010 fully depreciated property, plant and equipment still in use totals Euros 446 thousand (2009: Euros 356 thousand).

c) Assets under operating leases

"Buildings and plant" included until May 2009 the Group head office building rented to third parties under an operating lease. The net carrying value at that date totalled Euros 61,613 thousand.

The lease of this property, plant and equipment has generated rental income for the period from January to May 2009 of Euros 993 . Since the sale of the Group head office building, there has not been any rental income generated.

d) Insurance

The company has taken out several insurance policies to cover the risks faced by its property, plant and equipment. The coverage of these policies is considered sufficient.

e) Property, plant and equipment located abroad

The net carrying value of PPE located outside Spain total Euros 78 thousand and Euros 122 thousand at 31 December 2010 and 2009, respectively.

(Thousands)

9. Investments in associates

The movement of investment in associates is set out below:

	Masella Oeste, S.L.
At 31 December 2008	**407**
Participation in equity	(168)
Participation in results	(77)
At 31 December 2009	**162**
Participation in equity	(24)
Participation in results	26
At 31 December 2010	**164**

The main aggregates of the Group's shareholdings in Masella Oeste, S.L. are:

Name	Country of incorporation	share-holding %	Assets	Liabilities	Ordinary income	Profit (loss)
2010						
Masella Oeste, S.L. (1)	España	40%	421	11	-	65
2009						
Masella Oeste, S.L. (1)	España	40%	461	115	-	(193)

(1) Figures relating to annual accounts. The company is not obligated to be audited.

The company is not listed on a stock exchange.

During 2010 and 2009 no significant transactions with Masella Oeste, S.L. have taken place.

10. Loans and other accounts receivable

At 31 December 2010 Loans and other accounts receivable is as follows:

	2010	2009
Sales and services	1,025	26,240
Other accounts receivable	2,076	3,687
Current deposits and guarantee deposits	150	107
Taxes refundable	5,552	2,101
Total current accounts receivable	**8,803**	**32,135**
Non-current deposits and guarantee deposits	333	377
Sales and services	12,514	12,514
Other non-current investments	776	776
Total non-current accounts receivable	**13,623**	**13,667**

(Thousands)

The balance of “Non-current sales and services” relates to the outstanding receivable (not fallen due and restated at fair value) with a customer, guaranteed by a mortgage, given that the Town Zoning Plan of the city in which the property subject to the transaction is located is pending adoption. However, the Directors have recorded an impairment provision, given the financial situation in which this customer finds itself. The outstanding amount is coverd by the actual amount of the asset.

The most significant balance under “Current sales and services” included at the end of the year 2009 an impairment provision in receivables past due with another customer, which the Group considers non-recoverable. The mortgage was executed during the first six months of the year and the pending amount was cancelled. The amount of the asset is is reflected under the epigraf “Inventories” fot it´s inicial cost (Note 13).

Current trade receivables for sales and services in 2010 include a provision for impairment amounting to Euors 41 thousand in respect of overdue receivables with other lessees, which the Group has considered irrecoverable.

Other receivables basically include the provision for taxes, notary and procurator fees and certain debtor advances.

At 31 December 2009 the ageing analysis of the receivables is as follows:

	Thousand Euros	
	2010	**2009**
Balance not fallen due	895	86
Falling due from 1 to 90 days	81	9,003
Falling due from 91 to 180 days	19	62
Falling due in more than 180 days	71	22,764
Impairment provision	(41)	(5,675)
Total Receivables	**1,025**	**26,240**

The movement in guarantee deposits and deposits given is as follows:

	Non-current	Current	Total
Closing balance at 31 December 2008	**381**	**255**	**636**
Increases	103	90	193
Decreases	(107)	(238)	(345)
Closing balance at 31 December 2009	**377**	**107**	**484**
Increases	18	43	61
Decreases	(62)	-	(62)
Closing balance at 31 December 2010	**333**	**150**	**483**

The breakdown of Tax refundable is as follows:

(Thousands)

	2010	2009
VAT refundable	5,251	1,834
Tax refundable for sundry items	301	267
	5,552	**2,101**

11. Derivative financial instruments

The breakdown of the fair value of derivative financial instruments at the end of 2010 and 2009 is as follows:

	2010		2009	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps	-	-	-	-
Total non-current part	**-**	**-**	**-**	**-**
Foreign currency forward contracts – cash flow hedges	-	-	81	-
Total current part	**-**	**-**	**81**	**-**

Foreign currency forward contract

During 2009, the Group has two foreign currency forward contracts (one USD put/EUR call and the other a EUR call/GBP put), in conformity with the financial risk management policies described in Note 4.1 to these annual accounts.

At 31 December 2010 there is no contract in foreing currency.

12. Available-for-sale/held to maturity financial assets

12.1 Available-for-sale financial assets

The Available-for-sale financial assets are:

	2010	2009
Mixta Àfrica, S.A.	344	1,019
	344	**1,019**

The moviment in Available-for-sale financial assets is as follows:

	2010	2009
Opening balance	1,019	6,572
Net gains/(losses) in net equity	-	(1,579)
Gains/(losses) in income statement (Note 27)	(675)	(3,974)
Closing balance	**344**	1,019

(Thousands)

In 2008 the shareholding in Mixta Africa, S.A. was reduced from 18.55% to 4.55% and, accordingly, given that there is no significant influence through other agreements or contracts, or the entry of new shareholders on the Board of Directors, this shareholding has been classified under this heading.

In 2010 there has been impairment of an available-for-sale fixed asset due mainly to adjustments in the valuation of inventories booked by Mixta Africa, S.A. at 31 December 2010.

On 04 March 2010, the shareholders of the company Mixta Africa, S.A., including companies in the Renta Corporación Group, signed a loan agreement up to a maximum of Euros 6 million, of which Euros 2.5 million have already been disbursed by companies in the Renta Corporación Group and the outstanding amount up to a maximum amount by the other shareholders at the date of formuation of these annual accounts, in order to provide financial assistance to Mixta Africa, S.A. These borrowings are duly backed by a mortgage guarantee.

12.2 Financial assets held to maturity

At the December 2010 the balance is mainly made up of short-term deposits totalling Euros 181 thousand (2009: Euros 2,814 thousand).

13. Inventories

	2010	2009
Land and plots	135,399	109,752
Buildings acquired for restoration and/or transformation	156,896	199,057
Work in progress	540	801
Purchase options	961	3,514
Provisions	(26,799)	(42,396)
	266,997	**270,728**

The cost of inventories recognised as an expense and included in consumption of goods for resale at 31 December 2010 and 2009 totals Euros 74,416 and Euros 393,698 thousand, respectively (Note 22).

Under Inventories, accumulated capitalised interest at 31 December 2010 and 2009 total Euros:

	2010	2009
Capitalised interest	20,647	20,631

The capitalisation rate used to determine the interest costs arising from the generic Financing is approximately 3.38% (3.9% in 2009).

“Buildings and land” at 31 December 2010 and 2009 related to mortgage-backed loans carried under Borrowings (in current liabilities) totals Euros:

(Thousands)

	2010	2009
Inventories related to mortgage-backed loans	53,617	63,991
Mortgage-backed loans (See Note 19)	34,238	41,000

a) Purchase options

The net balance of purchase options recorded relates to operations that are thoroughly studied, and which are discussed by Group Management after maturity in relation to the continuity of the project based on its adaptation to market conditions. The purpose of the purchase options is to acquire buildings or land that will be used in the business. The purchase options recorded at 31 December 2010 (Euros 961 thousand) are made up of amount given as option premiums (Euros 6,226 thousand), less the provision for possible loss on unmatured purchase options (Euros 5,265 thousand). The amount of the underlying assets for all the net options at 31 December 2010 (Euros 3,514 thousand) totals Euros 33,531 thousand (against Euros 79,411 thousand at 31 December 2009), of which the realisation of Euros 2,410 thousand is estimated in period longer than one year.

The balance of purchase options recorded at 31 December 2009 totalling Euros 3,514 thousand was made up of Euros 6,000 thousand in option premiums, less the provision for possible loss on purchase options of Euros 2,486 thousand.

b) Impairment of inventories

Inventories are stated at net realisation value. The net carrying value of those that include an impairment loss total Euros 152,034 thousand at 31 December 2010 (2009: Euros 152,278 thoudand).

Income from the impairment of inventories recorded in the income statement for the year ended 31 December 2010 has a positive impact and amounts to Euros 16,360 thousand. In 2009 the impact was also positive amounting to Euros 15,876 thousand (as a result of the application of part of these provisions, respectively).

The impairment of inventories has been determined on the basis of the valuations and appraisals made by experts at 30 November 2010, as well as on the basis of non-binding offers for certain assets from independent third parties. However, had such valuations been made at 31 December 2010, they would not have differed significantly from the others.

The valuation has been made in accordance with the valuation Method published by the Royal Institution of Chartered Surveyors of Great Britain 6º edition, and in accordance with the International Valuation Standards (IVS) published by the Internationa Valuation Standards Committee (IVSC).

(Thousands)

14. Cash and other cash equivalents

	2010	2009
Cash and banks	21,749	22,038

The balance at 31 December 2010 and 2009 is made up entirely of cash and current bank accounts.

Of the cash at the 2010 year end, a total of Euros 3,947 thousand is not available under the requirements of the syndicated loan.

15. Capital and share premium

	Capital (Note 15.1)	Treasury shares (Note 15.2)	Share premium (Note 15.4)	Total
At 31 December 2008	25,029	(6,003)	80,419	99,445
At 31 December 2009	27,276	(4,052)	82,992	106,216
At 31 December 2010	27,276	(3,285)	82,992	106,983

In 2009 the parent company received a participating loan from its main shareholder through Dinomen, S.L. amounting to Euros 4.000 thousand. On a date close to the 2009 year end this loan was capitalised as part of the capital increase carried out by the parent company. Financial expenses accrued in 2009 on the participating loan amounted to Euros 53 thousand.

On 30 December 2009 there was a capital increase with a preferred subscription right totalling Euros 4,944 thousand through the issue and circulation of 2,247,274 ordinary shares with a par value of Euro 1 each. This capital increase has a share premium of Euros 2,697 thousand and capital increase expenses of Euros 124 thousand.

15.1 Movement in the number of shares

	Ordinary shares Nominal	Treasury shares Nominal	Total
Balance at 31 December 2008	24,651	378	25,029
Issue (Note 14)	2,247	-	2,247
Sales (Note 14.3)	68	(68)	-
Balance at 31 December 2009	**26,966**	**310**	**27,276**
Sales (Note 14.3)	59	(59)	-
Balance at 31 December 2010	**27,025**	**251**	**27,276**

The number of shares at 31 December 2010 totals Euros 27,276,575 fully subscribed and paid, authorised, ordinary, registered shares, all with the same rights (Note 15).

The par value of each share in 2010 and 2009 has been Euro 1.

(Thousands)

The parent company was listed on 5 April 2006.

At 31 December 2010 the Group has a negative net equity of Euros 41,000 thousand (Note 5.2).

15.2 Transactions with treasury shares

The movements in the accounts under Treasury shares in 2010 and 2009 have been as follows:

	Number	Nominal	Average price of acquisition/ sale	Cost	Total
Balance at 31.12.08	377,767	(378)		(6,003)	(6,003)
Acquisitions	-	-	-	-	-
Sales	68,490	68	28,50	1,951	1,951
Balance at 31.12.09	309,277	(310)		(4,052)	(4,052)
Sales	59,159	59	12,96	767	767
Balance at 31.12.10	250,118	(251)		(3,285)	(3,285)

At 31 December 2010 the Company has one specific share repurchase plans, in order to meet the needs of an employee and management incentive plan and to give shares to the Directors. The purpose of these schemes is to motivate their beneficiaries and foster loyalty to the Group and to give the employees the status of shareholders in the Company.

In addition to the share repurchase plan there is also a derivative acquisition of treasury shares up to the maximum amount permitted by law, in order to contribute to the liquidity of the shares on the market, which was adopted by the Board of Directors' meetings of 20 February 2008, 29 April 2009, and 28 April 2010 and ratified by the General Meetings of Shareholders of 25 April 2008, 10 June 2009 and 08 June 2010.

15.3 Share transfer regime

Article 13 of the Articles of Association now in force does not lay down any restrictions on the free transfer of shares, although there are two para-corporate agreements set out below. On the one hand, UNICEF-Spanish Committee (UCE) and Fundación INTERMON-OXFAM acquired the commitment not to transfer their shares in the company for certain periods of time as from the listing of the company.

On the other hand, within the context of the listing on the stock exchange, certain shareholders entered into a shareholders agreement regulating certain restrictions on the transfer of shares. These restrictions materialised in the right of preferential acquisition amongst the signees of the agreement in relation to the transfer of company shares had been cancelled in February 2010.

(Thousands)

At December 31st 2010, these are freely available for transmission.

15.4 Share premium

	Capital increase expenses	Share premium	Total
Balance at 31 December 2008	(6,304)	86,723	80,419
Capital increase	(124)	2,697	2,573
Balance at 31 December 2009	**(6,428)**	**89,420**	**82,992**
Balance at 31 December 2010	**(6,428)**	**89,420**	**82,992**

The Spanish Companies Act expressly permits the use of the share premium balance to increase share capital and does not establish any restrictions in relation to the distributability of this balance.

15.5 Main shareholders of the Company at 31 December 2010

The Company's main shareholders at 31 December 2010 holding more than 5% direct or indirect control of the parent Company are as follows:

Name	**Percentage number of shares**		
	Direct	**Indirect**	**Total**
Mr. Luis Rodolfo Hernández de Cabanyes	1.142%	38.243%	39.385%
Wilcox Corporacion Financiera, S.L.	3.666%	1.844%	5.510%
Mr. Blas Herrero Fernández	-	9.658%	9.658%

16. Cumulative translation difference

The differences in this account are mainly due to the shareholding in Renta Properties UK, Ltd. and its sub-group and Renta Corporation (USA) and its sub-group. The movement in 2010 and 2009 is as follows:

	Translation
31 December 2008	(6,726)
Translation differences:	
– Group	431
31 December 2009	(6,295)
Translation differences:	
– Group	1,154
31 December 2010	(5,141)

(Thousands)

17. Reserves and profit (loss) for the year attributed to the parent Company

	Legal reserve	Other reserves of the parent company	Reserves in fully consolidated companies	Reserves in companies consolidated by the equity method	Results attributed to the parent company	Total Retained earnings and other reserves
Balance at 31 December 2008	**5,007**	**30,518**	**73,813**	**283**	**(111,532)**	**(1,911)**
Distribution of 2008 net income	-	7,879	(119,419)	8	111,532	-
Share plan reserve allowance		743	-	-	-	743
Plan shares awarded	-	(963)	-	-	-	(963)
Others variations in Equity	-	-	291	-	-	291
Available-for-sale financial assets		(1,105)				(1,105)
Cash flow hedging Instruments	-	-	(310)	-	-	(310)
Net income for the year	-	-	-	-	(54,486)	(54,486)
Balance at 31 December 2009	**5,007**	**37,072**	**(45,625)**	**291**	**(54,486)**	**(57,741)**
Distribution of 2009 net income	-	(10,613)	(43,796)	(77)	54,486	-
Share plan reserve allowance		346				346
Plan shares awarded	-	(751)	-	-	-	(751)
Others variations in Equity	-	(9)	(94)	(24)	-	(127)
Available-for-sale financial assets						
Cash flow hedging instruments Instruments	-	-	310	-	-	310
Net income for the year	-	-	-	-	(84,879)	(84,879)
Balance at 31 December 2010	**5,007**	**26,045**	**(89,205)**	**190**	**(84,879)**	**(142,842)**

17.1 Movements in reserves and retained earnings during 2009

Legal reserve

Appropriations to the legal reserve are made in compliance with Article 274 of the Spanish Capital Companies Act, which stipulates that 10% of the profits must be transferred to this reserve until it represents at least 20% of share capital.

This reserve cannot be distributed and if it is used to offset losses, if there are no other sufficient reserves available to do so, it must be replenished with future profit.

Other reserves of the parent company

These reserves are voluntary and freely available for distribution.

Reserves in fully consolidated companies

The movement as a whole in the Reserves in fully consolidated companies during the year 2009 have been as follows:

(Thousands)

	Balance at 31.12.2008	Inclusion of 2008 results	Others movements	Cash flow hedging instruments	Balance at 31.12.2009
Renta Corporación Real Estate ES., S.A.U.	39,248	(55,418)	-	-	(16,170)
Groupe Immobilier Renta Corporación, S.A.S.U	9,174	(13,485)	-	-	(4,311)
Renta Corporación Real Estate Finance, S.L.U.	18,115	(3,585)	-	(25)	14,505
Renta Properties (UK) Limited	(3,355)	(32,173)	291	(285)	(35,522)
Renta Corporación Luxembourg	11,686	(2,418)	-	-	9,268
RC Real Estate Deutschland	(305)	(4,345)	-	-	(4,650)
Renta Corporation	(750)	(7,995)	-	-	(8,745)
Total	**73,813**	**(119,419)**	**291**	**(310)**	**45,625**

Reserves in companies consolidated by equity accounting

The movement as a whole in the Reserves in companies consolidated by equity accounting during the year 2009 have been as follows:

	Masella Oeste, S.L.	**Total**
Balance at 31.12.2008	283	283
Inclusion of profit (loss)/variation in interest in equity for the year 2009	8	8
Balance at 31.12.2009	**291**	**291**

17.2 Movements in reserves and retained earnings during the year 2010

Legal reserve

Appropriations to the legal reserve are made in compliance with Article 274 of the Spanish Capital Companies Act, which stipulates that 10% of the profits must be transferred to this reserve until it represents at least 20% of share capital.

This reserve cannot be distributed and if it is used to offset losses, if there are no other sufficient reserves available to do so, it must be replenished with future profit.

There have been no movements in 2010.

Other reserves of the parent company

The reserves of the parent company have been increased as a result of the inclusion the net income distributed last year totalling Euros 10,613 thousand and the 2010 Share Plan allowance of Euros 346 thousand (Note 25), and have decreased due to the hand over of the Share Plan for 2010 totalling Euros 751 thousand.

These reserves are voluntary and freely available for distribution.

(Thousands)

Reserves in fully consolidated companies

The movement as a whole in the Reserves in fully consolidated companies during the year 2010 have been as follows:

	Balance at 31.12.2009	Inclusion of 2009 results	Others movements	Cash flow hedging instruments	Balance at 31.12.2010
Renta Corporación Real Estate ES., S.A.U.	(16,170)	(25,434)	(15)	-	(41,619)
Groupe Immobilier Renta Corporación, S.A.S.U	(4,311)	(6,216)	-	-	(10,527)
Renta Corporación Real Estate Finance, S.L.U.	14,505	13,252	(64)	25	27,718
Renta Properties (UK) Limited	(35,522)	(2,019)	(15)	285	(37,271)
Renta Corporación Luxembourg	9,268	(13,323)	-	-	(4,055)
RC Real Estate Deutschland	(4,650)	(4,309)	-	-	(8,959)
Renta Corporation	(8,745)	(5,747)	-	-	(14,492)
Total	**45,625**	**(43,796)**	**(94)**	**310**	**(89,205)**

Reserves in companies consolidated by equity accounting

The movement as a whole in Reserves in companies consolidated by equity accounting during the year 2010 has been as follows:

	Balance at 31.12.2009	Inclusion of 2009 results	Others movements	Balance at 31.12.2010
Masella Oeste, S.L.	291	(77)	(24)	190
Total	**291**	**(77)**	**(24)**	**190**

17.3 Reserves in fully consolidated companies

Reserves in fully consolidated companies include restricted reserves (since they are legal reserves) for 2010 and 2009, as shown below:

	2010	**2009**
Renta Corporación Real Estate ES, S.A.U.	24	24
Renta Corporación Real Estate Finance, S.L.U.	1	1
Renta Corporación Luxembourg, S.ar.l.	1	1
	26	**26**

Freely distributable reserves of the individual companies as well as net income for the year have no limitations on their distribution since they have no restrictions.

17.4 Reserves in companies consolidated by equity accounting

Includes restricted legal reserves totalling Euros 23 thousand at 31 December 2010 and 2009.

(Thousands)

17.5 Consolidated net income for the year

The contribution of each company in the consolidation scope to consolidated income, including consolidation adjustments, is as follows:

Company	2010 Consolidated net income	2009 Consolidated net income
Renta Corporación Real Estate, S.A.	(4,799)	(10,613)
Renta Corporación Real Estate ES, S.A.U.	(50,543)	(25,434)
Groupe Immobilier Renta Corporación, S.A.S.U.	(1,106)	(6,216)
Renta Corporación Real Estate Finance, S.L.U.	(6,405)	13,252
Renta Properties (UK), Limited	(11,200)	(2,019)
Renta Corporación Luxembourg, S.á.r.l	(4,546)	(13,323)
RC Real Estate Deutschland GmbH	550	(4,309)
Renta Corporation (USA)	(6,717)	(5,747)
Navia Avanza, S.L. (*)	(1)	-
Renta Corporación Real Estate 1, S.L.	122	-
Renta Corporación Real Estate 2, S.L.	(29)	-
Renta Corporación Real Estate 3, S.L.	(228)	-
Renta Corporación Real Estate 4, S.L.	(1)	-
Renta Corporación Real Estate 5, S.L.	(1)	-
Renta Corporación Real Estate 6, S.L.	(1)	-
Renta Corporación Real Estate 7, S.L.	-	-
Masella Oeste, S.L.	26	(77)
	(84,879)	**(54,486)**

The proposed distribution of 2010 results and other reserves of the parent Company to be presented to the General Meeting of Shareholders, as well as the adopted distribution for 2009 is as follows:

	2010	2009
Basis of distribution		
Income (loss) for the year	(84,879)	(54,486)
Distribution		
Loss brought forward	(84,879)	(54,486)
	(84,879)	**(54,486)**

(Thousands)

18. Debits and other payables

The breakdown of trade and other payables at 31 December 2009 and 2008 is as follows:

	2010		2009	
	Current	**Non-current**	**Current**	**Non-current**
Trade payables	7,394	-	9,887	-
Accrued wages and salaries	766	-	781	-
Deferred income	178	-	1,153	-
Other accounts payable	190	13,400	84	19,873
Deposits received from customers (earnest money)	204	-	485	-
Social Security and other taxes	9,535	-	5,344	-
	18,267	**13,400**	**17,734**	**19,873**

The pending amount is similar to the fair value, due to the discounted cash flow is not significant.

"Other accounts payable, non-current" for 2010 includes the long-term maturity of the VAT deferral granted by the Public Treasury to be paid over 4 years. The interest accrued and not paid at 31 December 2010 totals Euros 1.506 thousand (2009: Euros 765 thousand), which is recorded under short-term interest payable (Note 19).

Information on the deferral of payment to suppliers. Additional provision three "Duty to report" of Law 15/2010,.

The Company has adjusted its payment period in order to adapt to Law 15/2010. At 31 December 2010 the amount payable to suppliers deferred for more than the legal payment period amounts Euros 1,816 thousand and as a consequence suppose a desviation of 150 day.

19. Borrowings

The breakdown of borrowings at 31 December 2010 and 2009 is as follows:

	2010	**2009**
Current		
Mortgage-backed loans (Note 13)	34,238	41,000
Syndicated loan	279,346	-
Interest debt	5,827	3,038
	319,411	**44,038**
Non-current		
Syndicated loan	-	250,471
Mortgage-backed loans	-	8,259
	-	258,730
Total borrowings	**319,411**	**302,768**

(Thousands)

Bank loans accrue a market interest rate at the Euribor plus a spread. Therefore, the fair value of the long-term borrowings is approximate to their book value.

The movement in borrowings during 2010 and 2009 has been as follows:

	Loans from financial institutions	**Mortgage Backed loans**	**Interest debt**	**Syndicated loan**	**Total**
Balance at 31 December 2008	25,121	124,854	12,672	500,000	662,647
Financing	-	15,282	-	259,724	275,006
Cancellation of financing	(25,121)	(90,877)	-	(500,000)	(615,998)
Interest charged	-	-	14,319	1,286	15,605
Interest paid	-	-	(23,953)	(10,539)	(34,492)
Balance at 31 December 2009	-	**49,259**	**3,038**	**250,471**	**302,768**
Financing	-	6,440	-	14,200	20,640
Cancellation of financing	-	-	3,975	14,675	18,650
Interest charged	-	-	(1,186)	-	(1,186)
Interest paid	-	(21,461)	-	-	(21,461)
Balance at 31 December 2010	**-**	**34,238**	**5,827**	**279,346**	**319,411**

On 15 February 2007 Renta Corporación, through Renta Corporación Real Estate, S.A. and Renta Corporación Real Estate Finance, S.L.U., entered into a syndicated loan agreement for Euros 500 million. This operation was the Company's first in structured financing. The transaction was led by Banco Santander Central Hispano, Eurohypo, Fortis Bank and BBVA as director and insurer entities. 17 other domestic and international entities were also involved in the bank syndicate.

On 8 August 2008 the Group obtained a temporary waiver from the majority of the financial institutions participating in the syndicated loan in order to bring the covenants in the agreement into line at the end of 2009 with the new market situation.

Given the crisis in the financial markets, on 3 October 2008 the Group asked the financial entities participating in the syndicated loan to review the terms of the waiver granted on 8 August 2008 and to begin conversations to bring the covenants and other terms of the syndicated loan into line with the impact of the exceptional temporary situation in the markets.

Since that time, negotiations have begun with these entities to restructure its financial debt and to adapt it to the current economic conjuncture.

On 26 May 2009 the Group signed a refinancing agreement with the financial entities which, in 2008. Furthermore, the Group's debt stemming from bilateral borrowing contracts, sundry guarantee lines and various interest rate hedging agreements have all been restructured with the entities in the syndicate.

The new loan agreement in which 17 entities have intervened has a term of 7 years and includes an initial grace period of 2 years and a repayment of the principal over 5 years at the rate of 10% in 2012 and 30% in 2013, 2015 and 2016.

- The applicable interest rate is the Euribor plus an increasing spread as from the third year.
- The loan is made up of four tranches (i) 254 million for the partial refinancing of the former syndicated loan; (ii) 22 million for the financing of general treasury needs and working capital of the Group for the first 2 years, through a credit facility up to a maximum of Euros 22 million of which Euros 18.6 million are through a syndicated credit line and the other Euros 3.4 million through liquidity obtained by the Group in asset sale transactions through cash contributions; (iii) to the financing of the interest from the new loan agreement for the first 2 years, provided that there is no cash available to do so; and (iv) a credit facility of Euros 5 million for the financing of certain guarantees given to the Group prior to the new loan agreement.

- The new syndicated loan agreement still in force as at December 2010 includes the normal contents of financing contracts in terms of covenants and other obligations of the borrowers.

Although all the requirements agreed with financial institutions during the refinancing process of May 2009 have been met, with foresight, the Group considers it appropriate to again approach the financial institutions involved which will permit, if a new agreement is reached, a new adjustment of the debt to the foreseeable scenario of the development of the Group and the market in general. Therefore and on a conservative basis, the expenses relating to the formalisation of the agreement in May 2009 have been de capitalised with an impact of Euros 9.4 million on commissions for 2010.

The new agreement which is under negotiation and has been submitted to the financial creditors is underpinned by three basic pillars: i) reduction in the volume of debt through formulae involving dation in payment to creditors or whomever they may designate; ii) accommodating the conditions of the current syndicated loan mainly with respect to debt maturities, the accrual and payment of interest and other obligations and conditions and iii) the strengthening of shareholders' funds of the group and individual companies that form it.

The good relations with financial creditors and the absence of any non-compliance to date with the conditions agreed in the syndicated loan and which are in effect, we understand, will make it possible, in all likelihood, to reach a new agreement in the short term.

However, at the date of the re-preparation of the present annual accounts, negotiations are still ongoing with the financial institutions involved and a new agreement has not yet been reached, which is basic to the Group's viability. In addition, the new agreement which is currently under negotiation differs from that initially considered in that the amount of the debt that would be repaid through dation in payment arrangements would be substantially less than foreseen.

The consequences of the above situation which are disclosed in the present consolidated accounts are as follows i) de-recognition of tax credits with a direct impact on equity which is reduced to a negative figure, ii) transfer of the entire debt to current and ii) de-capitalisation of the formalisation expenses related to the refinancing agreement of May 2009 mentioned above.

(Thousands)

Nonetheless, the Group has reprepared its accounts again on a going-concern basis on the understanding that it is possible to reach a new agreement with all financial creditors in the near future in the terms under consideration as it has currently received expressions of support from most institutions. If the agreement is reached under the terms envisaged, it would enable: i) the Group's equity to be restored ii) the Group's inventories and debt to be reduced and iii) the reclassification of a significant percentage of the remaining debt to long term.

The average interest rate for 2010 on debts with financial institutions amounts to 2.15%, while in 2009 the average interest rate stood at 3.1%.

The amount relating to mortgage-backed loans is guaranteed by buildings owned by different Group companies and recorded under Inventories (Note 13).

For borrowings as a whole in 2010 the average interest rate was 2.15% p.a., while in 2009 it was 3.09%. Mortgage loans qualifying for subrogation constitute preferential financing which is linked to the corresponding asset and eliminated in the relevant account either through subrogation by the customer or cancellation when the customer pays in cash.

The interest accrued and not paid at the 2010 and 2009 year end totals Euros 4,321 and 2,273 thousand, respectively.

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

	2010	**2009**
Euro	319,411	294,509
GBP	-	8,259
	319,411	**302,768**

20. Deferred tax

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

	2010	**2009**
Opening balance	46,147	41,425
Receipt of tax credits (*)	-	(3,625)
(Charge)/Credit in the income statement	(45,289)	8,509
(Charge)/Credit in net equity	-	(162)
Closing balance	**858**	**46,147**

(*) Relates to the receipt of tax credits from one of the Group companies located outside Spain.

The movements in the accounts under deferred tax assets have been as follows:

(Thousands)

Deferred tax assets	Tax credits	Prepaid expenses for sales commissions	Prepaid expenses generated from amortisations	Others	Total
At 31 December 2008	**40,954**	**(5)**	**2**	**474**	**41,425**
Receipt of tax credits	(3,625)	-	-	-	(3,652)
(Charge) / credit to the income statement	8,549	-	-	(40)	8,509
(Charge) / credit to net equity	-	-	-	(162)	(162)
At 31 December 2009	**45,838**	**(5)**	**2**	**272**	**46,147**
(Charge) / credit to the income statement	(45,878)	5	(2)	586	(45,289)
At 31 December 2010	**-**	**-**	**-**	**858**	**858**

The Group has de-recognised all deferred tax assets except for those that are recoverable, namely those accumulated until 2010 and those actually generated in 2010.

The Group has recorded deferred tax assets for the recognition of the tax credit as a result of applying a 30% tax rate with respect to available tax losses generated by the parent company and the other companies that form the consolidated tax group to the date of preparation of the annual accounts on 31 March 2010. This was based mainly by:

i) A business plan permitting the recoverability of tax losses and which amounted to Euros 189,300 thousand at 31 December 2010 (2009: Euros 153,823 thousand). This business plan was based on a gradual recovery of the real estate market as from 2011.

ii) The scope of a new agreement with financial creditors of the bank syndicate that permitted a substantial reduction in the debt through dation in payment and a reorganisation of the current terms of the syndicated loan for the remaining debt. Both factors permitted a greater and faster generation of profits in the Group and afforded sufficient financial stability for the ordinary development of the Group's business plan.

At the date of the re-preparation of these consolidated annual accounts, 29 April 2011, no agreement has yet been reached with the financial institutions involved (see Note 19) and it has been observed that the Group's economic recovery may be slower than was initially envisaged given the new conditions of the agreement currently under negotiation, where, inter alia, dation in payment is substantially reduced and therefore so is the reduction of the debt, pointing to a palpable slow-down in the economic recovery and adding an additional corrective factor of prudence to the business plan (Note 5.2).

These factors together with the fact that after various months of negotiation with creditors an agreement has not yet been signed, reduces the probability of realisation mentioned above with respect to the recognition of deferred taxes and the Consolidated Group's Directors have therefore taken the decision to de-recognise them.

(Thousands)

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

	2010	2009
Opening balance	1,866	7,687
(Charge) / credit to the income statement	-	(473)
(Charge) / credit to net equity (Note 28)	994	(5,348)
Closing balance	**2,860**	1,866

The movements in the accounts under deferred tax liabilities have been as follows:

Deferred tax liabilities	**Variation in valuation of Mixta Africa**	**Capitalisation of financial costs**	**Total**
At 31 December 2008	(1,193)	(6,494)	(7,687)
(Charge) / credit to equity	473	-	473
(Charge) / credit to the income statement	1,021	4,327	5,348
Offset with deferred tax assets	-	-	-
At 31 December 2009	301	(2,167)	(1,866)
(Charge) / credit to equity	-	-	-
(Charge) / credit to the income statement	(301)	(693)	(994)
At 31 December 2010	**-**	**(2,860)**	**(2,860)**

There are no unrecognised deferred tax assets or liabilities involving significant amounts. The realisation of deferred taxes will depend on the attainment of the Group's business plan and the scope of the potential new debt restructuring agreement with financial institutions (Note 39).

21. Ordinary income and other operating income

21.1 Ordinary income

The breakdown of ordinary income is as follows:

	2010	2009
Sale of assets (Note)	58,201	360,172
Total ordinary income	**58,201**	**360,172**

21.2 Other operating income

The breakdown of Other operating income is as follows:

(Thousands)

	2010	2009
Income from operating leases	1,753	6,011
Other income	1,266	6,246
Total other operating income	**3,019**	**12,257**

22. Consumption of goods for resale

The breakdown of Supplies is as follows:

	2010	2009
Purchases of buildings and transformation costs	(55,784)	(6,472)
Variation in building inventories	(18,632)	(387,226)
Variation in provision for inventories	16,360	15,876
Total consumption of goods for resale (Note 13)	**(58,056)**	**(377,822)**

“Variation in building inventories” in 2010 includes Euros (1,857) thousand (2009: Euros 3,693 thousand) for the effect of the application of the year end exchange rate on inventories (Note 13) and the average exchange rate on consumption due to consolidation. “Variation in provision for inventories” also includes Euros 763 thousand (2009: Euros 1,478 thousand) for the same reason.

23. Asset depreciation and impairment

The breakdown of asset depreciation and impairment is as follows:

	2010	2009
Charge for depreciation of property, plant and equipment	(300)	(915)
Charge impairment/reversal of property, plant and equipment	(406)	(100)
Charge amortisation of intangible assets	(629)	(435)
Losses on disposal of property, plant and equipment and intangible assets	(91)	(608)
Losses on bad debts	(2,327)	(16,097)
	(3,753)	**(18,155)**
Gains on disposal of property, plant and equipment and intangible assets	-	1,319
Accrual Excess	1,746	
	(2,007)	**(16,836)**

“Loss on bad debts” as at December 2009 included significant balances totalling Euros 10,261 thousand for the outstanding account receivable (not due and restated at fair value) with a customer, guaranteed by a mortgage, given that the Town Zoning Plan of the city in which the property subject to the transactions is located is pending adoption, and an amount of Euros 5,531 thousand for receivables past due with another customer, which the Company considers to be unrecoverable (Note 10).

(Thousands)

"Loss on bad debts" as at December 2010 includes mainly (Euros 1,400 thousand) for the accrual of a legal claim refound.

Overprovisons mainly include the application of provisions for taxes (Euros 1,371 thousand) by a Group company.

24. Expenses for external services and other taxes

24.1. Expenses for external services

The breakdown of Other operating expenses is as follows:

	2010	2009
Leases and royalties	(972)	(992)
Repairs and maintenance	(498)	(629)
Professional and brokering services	(3,226)	(5,000)
Insurance premiums	(343)	(410)
Banking and the like	(200)	(165)
Publicity, advertising and public relations	(1,078)	(1,133)
Supplies	(389)	(788)
Other services	(3,235)	(4,367)
	(9,941)	**(13,484)**

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

"Other services" mainly includes unexercised purchase options totalling Euros 2,779 thousand (2009: Euros 3,839 thousand) (See Note 34).

24.2 Others taxes

Other taxes basically include special municipal taxes totalling Euros 511 thousand, and non-deductible Value-Added Tax totalling Euros 2,581 thousand, and other local taxes totalling Euros 289 thousand.

In addition, "Other taxes" for the year 2009 included Euros 3,931 thousand to cover possible contingencies (Note 33).

25. Employee benefits

The breakdown in the accounts under Employee benefits is as follows:

	2010	2009
Wages, salaries and severance payments	(6,774)	(7,287)
Social Security expenses	(895)	(1,026)
Other social welfare expenses	(137)	(117)
Contributions to the share plan	-	(50)
Share-based payment (note 36)	(346)	(743)
	(8,152)	**(9,223)**

At 31 December 2010 severance indemnities have totalled Euros 549 thousand (2009: Euros 381 thousand).

During the last two years, as a result of the cost-savings policy, salaries of the management team have decreased and those of the rest of staff have been frozen.

26. Operating lease

The minimum future uncancellable operating lease payments are as follows:

	2010	2009
Less than 1 year	598	898
Between 1 and 5 years	1,435	2,495
More than 5 years	-	94
	2,033	**3,487**

The expense recognised in the profit and loss account for the year relating to operating leases totals Euros 957 thousand (2009: Euros 964 thousand).

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

Group company	Asset leased	Location	Maturity of the lease contract	Monthly rental payment (Thousand Euros)
Renta Corporación Real Estate , S.A.	Branch	Barcelona	26/05/2014	44
Renta Corporación Real Estate ES, S.A.U.	Branch	Madrid	31/12/2017	3
Renta Corporación Real Estate France, S.A.U.	Branch	Paris	28/02/2011	6
Renta Properties (UK), Limited	Branch	London	27/01/2011	3
RC Real Estate Deutschland GmbH	Branch	Berlin	31/12/2012	2
Renta Corporation (USA)	Branch	New York	31/12/2013	17

(Thousands)

During the first six month of the year 2011, the leasing contracts of the Paris and London offices has been over, without being renewed or replaced. Add to this, the New York City leasing contract office has been cancelled in advanced and permanently.

The parent company included until May 2009 under "Buildings and constructions" the building housing the head office that it rented to third parties under operating leases. The lease of this property, plant and equipment has generated rental income from January to May 2009 of Euros 993 thousand.

27. Net borrowing costs

The breakdown of this account is as follows:

	2010	2009
Financial expenses:		
– Interest on bank loans (Note 32)	(16,939)	(12,056)
– Variation in fair value of derivatives	(500)	(4,619)
– Variation in fair value of available-for-sale financial assets (Note 12.1 and Note 35.6)	(1,152)	(3,975)
– Exchange differences (Note 29)	(109)	(6,698)
	(18,700)	**(27,348)**
Financial income:		
– Other financial income	186	1,868
– Exchange differences (Note 29)	5	8,914
	191	**10,782**
Net financing costs	**(18,509)**	**(16,566)**

In the statement of cash flows, the interest paid includes:

	2010	2009
Interest expense	16,939	12,056
Provision for interest accrued and not paid at the beginning of the year	3,038	12,672
Provision for interest accrued and not paid at the end of the year	(5,827)	(3,038)
Interest capitalised under inventories	1,711	3,550
Interest charged/(but not paid) on syndicated loan	(14,675)	-
Interest charged/(paid) on syndicated loan	-	9,252
	1,186	**34,492**

In the statement of cash flows, the interest received includes:

	2010	2009
Interest expense	186	1,868
Provision for interest accrued and not received at the beginning of the year	-	289
Variation in financial discount of non-current accounts receivable	-	(1,643)
	186	**514**

(Thousands)

28. Corporate income tax

28 .1 Tax consolidation

As the Company meets the requirements set down in the Group Companies Corporate Income Tax Regime Chapter VII, Section VIII of Royal Legislative Decree 4/2004 of 5 March, which adopted the Corporate Tax Act, it filed as parent company, for the first time in 2002, a consolidated tax return in conjunction with Renta Corporación Real Estate R.A., S.A.U., Renta Corporación Real Estate G.O., S.L.U., Renta Corporación Real Estate O.N., S.A.U. and Renta Corporación Real Este Finance, S.L.U. As from 1 January 2008, due to the merger of Renta Corporación Real Estate O.N, S.A.U. (merging company) and Renta Corporación Real Estate R.A., S.A.U. and Renta Corporación Real Estate G.O., S.L.U (merged companies) and later change in registered name of the merging Company to Renta Corporación Real Estate ES, S.A., the latter is parent of the tax consolidation.

The expense/(income) from corporate income tax breaks down as follows:

	2010	2009
Deferred tax (Note 20)	46,283	(13,857)
Other	(204)	(473)
	46,079	**(14,330)**

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

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

	2010
Consolidated profit (loss) before income tax	(38,800)
Theoretical tax rate	30%
Theoretical tax expense / (income)	(11,640)
Permanent differences	(1,936)
Differences for using different tax rates	(401)
Deductions	(41)
Tax credits no recognized	14,018
Receip of tax credits (Note 20)	46,283
Others	(204)
Real income tax expense / (income)	**46,079**

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

	2010	2009
Withholding	-	112

(Thousands)

In accordance with article 42 of Royal Decree Law 4/2004/5 March, which adopted the Corporate Income Tax Act, the parent Company has applied a deduction in 2010 of Euros 38 thousand (2009: Euros 56 thousand) for the reinvestment of profit from the sale of shares in an associate.

At 31 December 2010 and 2009 the parent Company has outstanding deductions for the same item described in the preceding paragraph totalling Euros 100 and Euros 2,234 thousand, respectively, generated in 2008, which it can use in 2011.

At 31 December 2010 the Group has tax loss carryforwards available for offset Euros 323,301 thousand. These break down by year of generation as follows:

	Thousand Euros	
Year of generation	**Tax loss carryforward**	**Final year available for offset**
2010	39,542	2025
2009	93,764	2024
2008	182,943	2023
2007	3,476	2022
2006	1,971	2021
2005	1,606	2020
	323,301	

28.2 <u>Others matters</u>

All the companies in the consolidation scope are open to inspection by the tax authorities for the last four years for the main taxes, except for Groupe Immobilier Renta Corporación, S.A.S.U., which was inspected for the years 2003 to 2005 but did not generate significant liabilities, said years being closed to new tax audits.

In 2010 the proceedings instigated late March 2009 as a result of a tax inspection by the French authorities in connection with operations in Paris by a Luxembourg subsidiary (Norfeu Sarl) which was merged and absorbed by Renta Corporación Luxembourg, S.a.r.l.) came to an end and resulted in a penalty proposal. The amount of the penalty at the 2010 year end is duly accounted for by that Luxembourg subsidiary.

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

29. Net gains / (losses) from exchange differences

The exchange differences (charged) / credited to the income statement include the following items and amounts:

	2010	2009
Exchange losses	(109)	(6,698)
Exchange gains	5	8,914
	(104)	**2,216**

These differences have been generated by the Group's operations in GBP and USD. During 2010 and 2009 the Group has had various exchange rate hedges on a part of the amount financed, given the depreciation that these currencies are undergoing in relation to the Euro (see Notes 4 and Note 11). These differences on exchange are carried under "Net borrowing costs" (Note 27).

30. Earnings per share

30.1 Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company's equity holders by the average weighted number of ordinary shares in circulation during the year, excluding treasury shares acquired by the Company (Note 15.1).

	2010	2009
Profit/(loss) attributable to the Company's shareholders (Thousand Euros)	(84,879)	(54,486)
Average number of ordinary shares in circulation	26,992,164	24,686,496
Basic earnings per share (Euros per share)	**(3.15)**	**(2.21)**

30.2 Diluted

Diluted earnings per share are calculated by adjusting the profit attributable to the equity holders of the Company and the average weighted number of ordinary shares in circulation in order to reflect the conversion of all the potential dilutive ordinary shares. There are no differences in relation to the basic shares.

31. Dividends per share

No dividends have been paid by the consolidated Group during the years 2010 and 2009.

(Thousands)

32. Cash generated from operations

	2010	2009
Profit (loss) for the year attributable to the parent Company	(84,879)	(54,486)
Adjustments for:		
– Taxes	46,079	(13,857)
– Depreciation and impairment of property, plant and equipment	706	1,015
– Amortisation of intangible assets	629	435
– (Profit)/loss on the disposal of property, plant and equipment and intangible assets	91	(711)
– Loss on bad debts	581	16,097
– Corrections of value impairment	(16,360)	(14,398)
– Variation in fair value of financial instruments	1,754	3,975
– Interest income	(186)	(514)
– Interest expense	16.939	12,056
– Allowance / (utilisation) provision for liabilities and charges	(3,744)	3,995
- Allowance to share plan	(405)	(220)
– Participation in the loss / (profit) of associates	(26)	77
Variations in working capital		
– Inventories	44,147	389,907
– Exchange differences in working capital	1,154	431
– Trade and other receivables	1,532	3,800
– Trade and other payables - non-current	(1,789)	(3,313)
– Trade and other payables - current	(742)	(55,217)
– Taxes refunded	-	3,625
Cash absorbed by operations	**5,481**	**292,697**

33. Contingencies/provisions

Contingencies

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

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

Provisions

At 31 December 2010 Group Management has recorded a provision covering liabilities for litigation and other claims, and, as the case may be, present obligations, contingent liabilities and commitments it must face, classified under non-current provisions for liabilities and charges.

The provision for liabilities and charges is to cover liabilities and obligations for claims and litigation underway before the competent administrative and court authorities. These arise from possible different interpretations of tax law. On the one hand, in relation to the application of the Transfer Tax (ITP) and to the calculation of the tax on buildings, installations and works (ICIO), and, on the other hand, in relation to tax inspections.

(Thousands)

The Group considers that the application of this provision cannot be determined for a specific time and, in any case, will be greater than one year. It is not clear when the provision will lapse since that depends on external factors, such as how quickly the competent Authorities and the Courts expedite matters.

The quantification of this provision is based on the amounts claimed by the competent Authorities.

The balance of this provision at 31 December 2010 totals Euros 4,120 thousand (2009: Euros 7,864 thousand). The provision 31 December 2009 included an additional posting of Euros 3,931 thousand (Note 24.2) for possible contingencies arising from the initiation of a tax field audit.

The variation to the previous year (Euros 3,931 thousand) is due to the resolution future contingencies that could arise from this inspection cannot at the date of formulation of these annual accounts be determined insofar as the Tax Authorities have yet to issue their respective tax assessment.

34. Commitments

The nature of the business of the Renta Corporación Group means that the buildings acquired are accounted for as inventories.

At 31 December 2010 the Group has given guarantees in favour of third parties and financial entities totalling Euros 2,070 thousand (2009: Euros 3,032 thousand). These amounts guarantee payment obligations to the Government.

Inventories include the premiums paid by the Group on purchases options for real estate assets. The following table shows the number of options in the portfolio, their cost and investment rights they represent at 31 December:

	2010	**2009**
Number of options	15	20
Option premiums	961	3,514
Investment rights of purchase options	33,351	79,411

In 2010 five purchase options were rejected during the year. The losses on these unexercised options totalled Euros 2,279 thousand (Note 24.1)

At 31 December 2010 there are no relevant third party contracts outside the scope of the Company's business and no contracts with any members of the Group containing a clause by virtue of which any member of the Group has a relevant obligation or a right in relation to the Group.

(Thousands)

35. Balances and transactions with companies and related parties

35.1 Identification of companies and related parties

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

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

Name	Office	Nature of office
Mr. Luis Hernández de Cabanyes	Chairman and Chief Executive Officer	Executive
Mr. David Vila Balta	Vice-Chairman	Executive
Mr. Juan Velayos Lluis	Chief Executive Officer	Executive
Mr. Juan Gallostra Isern	Director	External independent
Mr. Carlos Tusquets Trías de Bes	Director	External independent
Mr. Ignacio López del Hierro Bravo	Director	External independent
Mr. Blas Herrero Fernández	Director	Significant shareholder
Mr. César A. Gibernau Ausió	Director	Other external director
Mrs. Elena Hernández de Cabanyes	Director	Other external director
Mr. Javier Carrasco Brugada	Non-Member Secretary	-

35.1.2 Key management of the Company

According to the definition of a senior manager in the Unified Code of Good Governance, the Company's key managers are those persons who form part of senior management plus the internal auditor. There are 4 key managers plus 1, including the aforementioned three executive officers.

During 2010, two directors have left the Company (Note 35.7).

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

The Members of the Board of Directors have the following interests or control at 31 December 2010:

Name	Percentage of shares		
	Direct	Indirect	Total
Mr. Luis Hernández de Cabanyes	1.142%	38.243%	39.385%
Mr. David Vila Balta	0.538%	-	0.538%
Mr. Juan Velayos Lluis	0.12%	0.051%	0.171%
Mr. Juan Gallostra Isem	-	-	-
Mr. Carlos Tusquets Trias de Bes	0.400%	-	0.400%
Mr. Ignacio López del Hierro Bravo	0,002%	-	0,002%
Mr. Blas Herrero Fernandez	-	9.658%	9.658%
Mr. Cesar. A. Gibernau Ausio	0.082%	-	0.082%
Mrs. Elena Hernandez de Cabanyes	2.255%	-	2.255%

(Thousands)

35.2 Sales of assets, provision of service and financial income

	2010	2009
Sale of assets:		
Companies related by a common shareholder		
- Sunpeak, S.L.	180	672
Total sale of assets	**180**	**672**

	2010	2009
Provision of services:		
Companies related by a common shareholder		
- Mixta Africa, S.A.	20	10
- Sunpeak, S.L.	29	-
- Fundación Privada Renta Corporación	6	16
Total services provided:	**55**	**26**

In 2010 no earnest money for the acquisition of assets was paid to the Group (2009: Euros 75 thousand).

35.3 Purchases of assets, services received and financial expenses

	2010	2009
Services received:		
Companies related by a common shareholder		
- Second House, S.A.	3	398
- Second House Rehabilitación, S.L.U.	-	13
- Closa Asociados. Correduría de Seguros, S.L.	331	316
- Fundación Privada Renta Corporación (donation)	-	5
- Gibernau & Plana Asociados, S.L.	100	105
- Hilo de Inversiones, S.L..	45	-
- Servei de Documentació i Gestió	1	1
- Test Tecnología de Sistemas, S.L.	-	2
- Dinomen, S.L.	-	75
- Juan Ignacio Cabrera Marrero	6	10
- Tizzano Novara, S.L.	-	3
- Iglú Verde, S.L.	2	3
	488	**931**
Key management directors and others	1	75
Total services received:	**489**	**1,006**

The meeting of the Board of Directors of 29 April 2009 decided to void the Master Agreement entered into by Renta Corporación Real Estate, S.A. and Second House, S.A., which regulated the collaborative commercial and contractual relations between both parties, the brokering of sales, consultancy on high end product design, the purchase of buildings and recruitment transactions.

(Thousands)

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

We set out below a table showing the remuneration received only by Members of the Board of Directors of the Company in 2010 and 2009:

Concept	2010	2009
Attendance at meetings of the Board of Directors / Delegated Committees	135	169

In 2010 the remuneration received by the directors for attending meetings of the Board decreased against 2009. Since February 2008 the executive officers and the non-member secretary waived receipt of any remuneration for attending meetings.

The total amount in life and accident insurance premiums as well as civil liability insurance premiums paid by the Company for Members of the Board of Directors and senior managers totals Euros 4 thousand (2009: Euros 8 thousand) and Euros 70 thousand (2009: Euros 74 thousand), respectively. Furthermore, the total amount of medical insurance premiums paid by the Company for top management and executive directors of the Company total Euros 4 thousand (2009: Euros 4 thousand).

35.5 Salaries and other contributions of key management and Members of the Board

	2010	2009
Salaries and other contributions to Executive Board Members	1,479	1,406
Salaries and other remuneration to the rest of key management	403	422
	1,882	**1,828**

The remuneration of Executive Officers and the other key management includes the expense accrued for the share plan (Note 25), which totals Euros 121 thousand (2009: Euros 235 thousand) and Euros 24 thousand (2009: Euros 43 thousand), respectively.

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

	2010	2009
Accounts receivable		
Companies related by a common shareholder		
- Fundación Privada Renta Corporación	-	3
- Mixta Africa, S.A	2,107	250
- Others	1	-
Total accounts receivable	**2,108**	**253**

On 4 March 2010 the shareholders of Mixta África, S.A., including Renta Corporación Real Estate, S.A., arranged a credit facility for a maximum of Euros 6 million, of which Euros 2.5 million had been paid at the 2010 year end (2009: Euros 250 thousand) by a company of the Renta Corporación while the remaining amount, up to the total maximum, was paid in 2010 by other shareholders in order to provide financial support to Mixta Africa, S.A.. This financing is duly secured through a mortgage guarantee. Similarly, at the 2010 year end the Group has established a provision for Euros 477 thousand to cover possible changes in the

(Thousands)

value of that mortgage guarantee.

35.7 Shareholdings of the Members of the Board of Directors

In accordance with the provisions of articles 229 and 231of the Spanish Capital Companies Act, in order to reinforce the transparency of public limited companies, we set out below the companies with the same, analogous or complementary activity as that which constitutes the corporate purpose of the Company in which Members of the Board of Directors and/or undertake on their own behalf or that third parties hold an interest, including the shareholdings that they hold in group companies and the offices and functions, as the case may be, they hold therein:

Name	Company name	Shareholding	Office or duties
D. Luis Hernández de Cabanyes	**SECOND HOUSE, S.A.**	**47.5%**	-
	FINANTING 2001, S.L.	**43.15%**	Sole Administrator
	AURODOC 75, S.L.	**54.36%**	Sole Administrator
	TOGA 20, S.L.	**43.15%**	Sole Administrator
	SDEEGTUTERS, S.L.	**43.15%**	Sole Administrator
	DINOMEN, S.L.	**44.44%**	Sole Administrator
	ALDERAMIN STAR, S.L.	**44.44%**	Sole Administrator
	MALAREN BAY, S.L.	**49.95%**	-
	MIXTA AFRICA, S.A.	**10.99%**	-
Cónyuge e hijos	**DINOMEN, S.L.**	**55.56%**	-
	ALDERAMIN STAR, S.L.	**55.56%**	-
	FINANTING 2001, S.L.	**56.85%**	-
	AURODOC 75, S.L.	**45.64%**	-
	TOGA 20, S.L.	**56.85%**	-
	SDEEGTUTERS, S.L.	**56.85%**	-
	MIXTA AFRICA, S.A.	**0.73%**	-
	SECOND HOUSE, S.A.	**4.67%**	
	MALAREN BAY, S.L.	**50.05%**	-
D. David Vila Balta (*)	**SECOND HOUSE, S.A.**	**0.53%**	-
	MIXTA AFRICA, S.A.	**0.18%**	Director
D. Juan Velayos Lluis	**MIXTA AFRICA, S.A.**	**0.33%**	Director

(Thousands)

Name	Company name	Shareholding	Office or duties
	JUCARIN, S.L.	50%	Sole Administrator
Cónyuge e hijos	JUCARIN, S.L.	50%	-
D.ª Esther Elisa Giménez Arribas (**)	SECOND HOUSE, S.L.	4.13%	-
	ANPOL CAPITAL, S.L.	48.39%	Joint Administrator
	MIXTA AFRICA, S.L.	0.12%	-
	TIZZANO NOVARA, S.L.	50%	Joint Administrator
	TRACELIT WORLD, S.L.	50%	-
Cónyuge	SECOND HOUSE, S.L.	3.66%	-
	ANPOL CAPITAL, S.L.	48.39%	Joint Administrator
	MIXTA AFRICA, S.L.	0.12%	-
	TIZZANO NOVARA, S.L.	50%	Joint Administrator
	TRACELIT WORLD, S.L.	50%	-
D. Juan Gallostra Isern	GRUPO JG INGENIEROS CONSULTORES DE PROYECTOS, S.A.	5.78%	Chief Executive Officer
D. Carlos Tusquets Trias De Bes	LIFE MARINA IBIZA, S.L.	6.54%	-
	TRAZERLAND PROYECTOS, S.L.	100%	-
D. Ramchand Wadhumal Bhavnani (**)	CASA KISHOO, S.A.	25%	Chief Executive Officer and Secretary
D. Blas Herrero Fernández	HBV CASAS, S.A.	98.35%	Joint Administrator
	ARGIA INVERSIONES INMOBILIARIAS, S.A.	47.89%	Director
	BARANDON INVERSIONES, S.L.	13.77%	Several Administrator
	UNITS 3501/3503 FBII, LLC	98.35%	Director
	INMOBILIARIA PORCEYO, S.A.	51%	Several Administrator
	INVERSIONES SB, S.L.	50%	Several Administrator
	GESTORA ASTURIANA, S.A.	50%	Several Administrator
	FUENTE NOZANA, S.L.	50%	Several Administrator
	PRODUCTOS LACTEOS DE	49.17%	Several Administrator

(Thousands)

Name	Company name	Shareholding	Office or duties
	CORNELLANA, S.L.		
	H&VB INVESVAL, S.A.	100%	Several Administrator
	BVCR TITULOS, S.L.	50%	Several Administrator
Cónyuge	BVCR TITULOS, S.L.	50%	Several Administrator
D. César A. Gibernau Ausió	SECOND HOUSE, S.A.	1.05%	-
	MIXTA AFRICA, S.A.	0.18%	-
D.ª Elena Hernández de Cabanyes (*)	SECOND HOUSE, S.A.	13.66%	Sole Administrator
	MIXTA AFRICA, S.A.	0.72%	-
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	5%	-
	IGLU VERDE, S.L.	50%	Several Administrator
	INMO ERCINA, S.L.	50%	Several Administrator
Cónyuge	SECOND HOUSE, S.A.	0.36%	-
	MIXTA AFRICA, S.A.	0.18%	-
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	5%	Chief Executive Officer
	IGLU VERDE, S.L.	50%	Several Administrator
	INMO ERCINA, S.L.	50%	Several Administrator

(*) Persons related to Mr. Luis Hernández de Cabanyes in accordance with the article 231 of the Spanish Capital Companies Act.

(**) During 2010, these Directors are no more Members of Board of Directors.

Furthermore, according with the provision of articles 229 of the Spanish Capital Companies Act, Members of Board of Directors and/or or undertake on their own behalf or that of third parties have communicated any other conflict situation, direct or indirect, to the Company's interest.

36. Share based payments

The Company did not implement new share plan scheme in 2010. The existing schemes relate to 2008, 2007 and 2006, and exist in order to motivate loyalty and the retention of the receivers and beneficiaries of the plan by granting employees the status of Company shareholders. The plans consist of the distribution of shares over 3 years that accrue annually at a fixed rate for the first 12 and 24 months, and then the rest accrue until all the shares have been distributed by the end of the third year.

The accrual is generated during these periods. The number of shares to be given is determined on 30 June of each year, the starting dates of the respective plans, based on the salary conditions of each manager and/or employee and bearing in mind the average weighted share quotation for the month of June 2008, 2007 and 2006, respectively, of the Holding Company.

The Company informs each employee at mid-year (July) of the pre-granting of these shares.

These shares are given to the employee in the period of 3 years following the pre-granting, based on a handover of 20% of this value in shares at the end of 12 months, 20% at the end of 24 months and 60% at the end of 36 months.

The accrual from this plan is made on a straight-line basis per tranche. Each tranche of shares accrues on a straight-line basis as from the time the employee is informed until handover. The shares accrue and are partially handed over annually while the total handover takes place at the end of the 3-year period.

The remuneration of this Plan is only contemplated through the handover of the equity instruments (shares), and cannot be swapped for cash.

In the event that the employee leaves the Group, there is no re-purchase plan, although the employee will only take away the shares given to him until that time, as the purpose of the plan is employee loyalty and team relations.

There are no other equity instruments given by the Group.

The accounting entry for the Share Plan involves a charge to the income statement under Staff costs and the respective counter-entry under Net equity, specifically under Share Plan Reserves.

The expense accrued at 31 December 2010 for the schemes for 2008, 2007 and 2006 total Euros 346 thousand (Note 25). The expense at 31 December 2009 totalled Euros 743 thousand.

During 2010 the shares for the last tranche of the plan begun in 2007 have been distributed and the second tranche of the share plan begun in 2008.

(Thousands)

37. Other information

37.1 Average number of Group employees by job category

	2010			2009		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Managers	-	4	4	-	4	4
Sales personnel	16	10	26	17	10	27
Administrative personnel	33	2	35	38	2	40
Skilled experts	-	3	3	2	3	5
Legal personnel	6	-	6	6	-	6
Services personnel	2	2	4	2	3	5
TOTAL	**57**	**21**	**78**	**65**	**22**	**87**

37.2 Average number of Group employees by gender

	2010	**2009**
Men	20	21
Women	55	60
	75	**81**

There have not been during the 2010 employees with equal or more than 33% of disability.

37.3 Audit fees

The fees accrued to PricewaterhouseCoopers Auditores, S.L. and other companies in its network for current auditing services for all the Group companies for the years ended 31 December 2010 and 2009 total Euros 174 and Euros 210 thousand, respectively.

Additionaly, the fees for other services made by other Companies trading under the PwC mark are Euros 50 thousand (2009: Euros 33 thousand).

38. Environment

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

39. Subsequent Events

On 31 March 2011 the Company's directors prepared the annual accounts for 2010 which were subsequently reprepared on 29 April 2011. The reason for this is that at the date of the re-preparation of the present annual accounts, an agreement had not been reached with financial creditors concerning the restructuring of the debt and the amendment of the conditions of the current syndicated loan signed in May 2009 This has led the Directors of the Consolidated Group to agree to adjust deferred tax assets amounting to Euros 55.780 thousand (Euros 45,878 relates to prior year tax credits and Euros 9,902 thousand to amounts capitalised in 2010 in the annual accounts prepared previously) given that their realisation in the medium and long term laregely depended on the success of the negotiations with banks.

The Group has reprepared its accounts on a going-concern basis on the understanding that it is possible to reach a new agreement with all financial creditors in the near future in the terms under consideration as it has currently received expressions of support from most institutions. The agreement, under the terms envisaged would enable: i) the Group's equity to be restored ii) the Group's inventories and debt to be reduced and iii) commitments to be entered into for the repayment of the debt and payment of the relevant interest consistent with the Group's business plan. From this perspective, the consolidated Group's capacity to continue its operations will depend on the satisfactory future outcome of that financial restructuring process.

The Group will be prudent when considering new operations in international cities and will focus its resources and objectives on Spanish markets where there is more room for negotiation, pricing and selling suitable products inherent in its business. Transactions in the international market will be carried out on a one-off basis and activities will be coordinated from the Barcelona office in an additional effort to minimize costs.

There have been no additional significant post-balance sheet events to be disclosed in these annual accounts.

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Appendix I

RENTA CORPORACIÓN REAL ESTATE, S.A.
Notes to the Consolidated Annual Accounts for 2010
(in Thousand Euros)

Subsidiary companies in the consolidation scope

Registered name	Registered office	Shareholding		Company holding title	Consolidation method	Activity	Auditor
		Cost in thousand Euros	Cost in thousand Euros				
Renta Corporación Real Estate Finance, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	607	100%	Renta Corporación Real Estate, S.A.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate E.S., S.A.U.	Vía Augusta 252-260. Barcelona (Spain)	37,075	100%	Renta Corporación Real Estate, S.A.	Full consolidation	(2)	PwC
Navia Avanza, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate 1, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate 2, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate 3, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate 4, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate 5, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate 6, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Renta Corporación Real Estate 7, S.L.U.	Vía Augusta 252-260. Barcelona (Spain)	-	100%	Renta Corporación Real Estate E.S., S.A.U.	Full consolidation	(2)	Unaudited
Groupe Immobilier Renta Corporación, S.A.S.U.	26, Rue de Trémoille Paris (France)	6,820	99,9%	Renta Corporación Real Estate, S.A.	Full consolidation	(1)-(3)	PwC
Renta Corporación Real Estate France, S.A.S.U.	26, Rue de Trémoille Paris (France)	3,050	100%	Renta Corporación Real Estate, S.A.	Full consolidation	(1)	PwC
Renta Properties (UK), Limited	74 Grafton Street London (UK)	79,416	100%	Renta Corporación Real Estate, S.A.	Full consolidation	(1)	PwC

RENTA CORPORACIÓN REAL ESTATE, S.A.
Notes to the Consolidated Annual Accounts for 2010
(in Thousand Euros)

Palmerston and Compton, Ltd.	74 Grafton Street London (UK)	-	100%	Renta Properties (UK), Limited	Full consolidation	(1), (5)	PwC
RC Real Estate Deutschland GmbH	Charlottenstrasse, 24 Berlin (Germany)	25,025	100%	Renta Corporación Real Estate, S.A.	Full consolidation	(2)	PwC
Renta Corporación Luxembourg, S.a.r.l.	7 rue Robert Stümper, L-2557 Luxembourg (Luxembourg)	100	100%	Renta Corporación Real Estate, S.A.	Full consolidation	(1)	Unaudited
Tanit Corporation, S.a.r.l.	12 rue Guillaume Kroll, L-1882 Luxembourg (Luxembourg)	-	0,09%	Renta Corporación Luxembourg, S.a.r.l.	Full consolidation	(1)-(4)	Unaudited
Medas Corporation, S.a.r.l.	7 rue Robert Stümper, L-2557 Luxembourg (Luxembourg)	-	100%	Renta Corporación Luxembourg, S.a.r.l.	Full consolidation	(1)	Unaudited
Renta Corporation	1240 Avenue of the Americas New York (USA)	27,423	100%	Renta Corporación Real Estate, S.A.	Full consolidation	(1)	Unaudited
RC1, LLC	1240 Avenue of the Americas New York (USA)	-	100%	Renta Corporation	Full consolidation	(1)	Unaudited
RC2, LLC	1240 Avenue of the Americas New York (USA)	-	100%	Renta Corporation	Full consolidation	(1)	Unaudited
RCIII, LLC	1240 Avenue of the Americas New York (USA)	-	100%	Renta Corporation	Full consolidation	(1)	Unaudited

The closing date of the last annual accounts is 31 December.

Activity:

(1) Building business.
(2) Real estate business and services.
(3) In the process of liquidation as part of the commitment acquired with the sale of assets to financial entities. Renta Corporación Real Estate France, S.A.S.U. will be the company through which the Company will undertake its business in France, replacing Groupe Immobilier Renta Corporación, S.A.S.U.
(4) In the process of liquidation as part of the commitment acquired with the sale of assets to the financial entities.
(5) In the process of liquidation.

RENTA CORPORACIÓN REAL ESTATE, S.A.
Notes to the Consolidated Annual Accounts for 2010
(in Thousand Euros)

Associates in the consolidation scope

Registered name	Registered office	Shareholding		Company holding title	Consolidation method	Registered name	Auditor
		Cost in thousand Euros	Cost in thousand Euros				
Masella Oeste, S.L.	Via Augusta 252-260 Barcelona (Spain)	164	40%	Renta Corporación Real Estate ES, S.A.U.	Equity accounting	(6)	Unaudited

The closing date of the last annual accounts is 31 December.

Activity:

(6) Development of new construction.

1. Evolution of the business and situation of the Company

Although at macroeconomic level there are indications of a certain stability, for the domestic and international real estate sector the year 2010 was marked once again by an absence of liquidity, oversupply of products and in general, a significant lack of trust on the part of investors and consumers. The overall situation has had a notable effect on the business performance, of the Group which ended 2010 with a loss. The restructuring plan which was started up late 2008 was essential and enabled costs to be controlled and the lack of liquidity that has had such a negative impact on the market in general to be successfully overcome.

At the 2010 year end total revenue amounted to Euros 58,201 thousand as compared with Euros 360,172 thousand in the previous year. Although the total volume is significantly lower than in 2009, two aspects should be taken into account, namely, the figure for revenues for 2009 included sales to financial institutions within the framework of the refinancing process and amounting to Euros 288 million, which distorts the direct comparison of both figures, and the completion in 2010 of transactions with gross margins which were substantially better than those in 2009. As a result, the future development of the business looks favourable.

In terms of geographical distribution, the international market accounted for 32% of sales while the domestic market accounted for 68%.

In 2009 an agreement was entered into with financial institutions that enabled the overall refinancing of the debt, specifically a decrease in its volume and the adaption of the terms and conditions to the new market situation. In late 2010 the total volume of the financial debt amounted to Euros 319,411 thousand and all the requirements laid down by the financial institutions in the refinancing agreement formalised in May 2009 had been met. Nonetheless, and in order to cover the effects that the prolonging of the crisis may have on the Group, in late 2010 a new process was initiated and the financial institutions involved were approached. The process aims to achieve the overall restructuring of the current debt and the adaptation in the medium and long term of both the amount involved and servicing flows. As a result and on a conservative basis, in 2010 all formalisation expenses relating to the previous agreement were de-capitalised.

Maintaining financial stability in the Group is essential for the natural development of its business plan. In the current market environment, this only seems possible if a new agreement is entered into with financial institutions enabling, inter alia, a reduction in the volume of the debt, the adaptation of the conditions of the current syndicated loan with respect to maturities, accrual and payment of interest and other obligations and conditions and the necessary strengthening of the shareholders' funds of the Group and individual companies that form it.

At the date of the second preparation of the current annual accounts, this new agreement has not been reached. However, in view of the initial majority support of the financial institutions to the agreement under consideration, it is possible to consider that a new agreement will be reached unanimously in the near future.

In 2010 the Group remained loyal to its conservative policy of cleaning up its balance sheet which it started in the previous year and making selective investments adapted to the new market conditions. At the 2010 year end the Group's inventories amount to Euros 266,997 thousand. Although, in overall terms, this volume is similar to that of the previous year, this figure is the result of two opposing effects namely, sales made during the year and the inclusion in inventories of a property that was used to secure a debt that has finally not been settled, resulting in foreclosure. The restrictive investment policy is also revealed in the figure for investment rights amounting to Euros 33,531 thousand in late 2010 all of which are concentrated in ordinary business buildings already adapted to new market conditions.

The absence of agreement with the creditor institutions within the initially estimated time period and the depth and length of the crisis have reduced the level of probability of realisation that had been taken into account when capitalising deferred taxes and has resulted in the decision to derecognise them.

As in previous years and at all times for reasons of prudence, Management has written down the value of its assets to current market prices. This adjustment has resulted in a variation in the provision for inventory impairment of Euros 16,360 thousand.

Employee benefit expenses in 2010 amounted to Euros 8.152 thousand as compared with Euros 9.223 thousand in 2009. This fall forms part of the restructuring plan prepared by the Group and also results from a series of salary policies that have led to a decrease in the salaries of both the management team and other employees.

The consolidated loss attributable to shareholders amounted to Euros 84,879 thousand. Losses attributable per share increased from Euros (2.21) in 2009 to Euros (3.15) in 2010.

In 2010 the share price tended to fall and ended the year at a price of 1.24 euro/share as compared with 2.95 euro/share at the 2009 year end. This represents a fall in the share price of 58%.

2. Outlook

The outlook for 2011 will mainly be determined by two factors. Firstly, the opportunity to continue implementing the strategic plan defined in 2009 and secondly, and for reasons of foresight, the closing of the refinancing agreement with financial institutions in order to accommodate the debt with respect to current market circumstances and future forecasts.

As in previous years according to the strategy laid down in 2009, performance in 2011 will focus on three basic pillars:

- **Old portfolio:** The main goal is to identify the best strategy to contribute value and liquidity in order to divest the assets in the manner most beneficial to the Group.

- **New portfolio:** identification of transactions adapted to the current environment that are of interest to the market. Accordingly, the Group will continue its policy of highly selective investments, centring its resources on products that are truly appealing. The success of this business portfolio will in turn depend on the performance of the real estate market in the cities where the Group is present but mainly in Barcelona and Madrid.

- **Costs:** Given the current market situation, it is still indispensable for the Group to maintain its overheads control policy that was begun last year as part of the Group restructuring plan. Accordingly, the Group will continue working along these lines.

3. Main business risk and uncertainties

The main financial risks that affect the Group would be: exchange rate risk, interest rate risk, credit risk and liquidity risk. The Group constantly monitors these risks in order to anticipate their effects and implement the necessary corrective measures.

- The Group carries out its activity in the Euro zone, as well as the UK and the USA. In these two countries the Group has contracted financial derivatives in order to reduce or minimise the exchange rate risk in their currencies. It has also capitalized debt or the contracting of debt in local currency as additional means to minimise this risk.

- The Group has established interest rate risk control policies in accordance with the policies adopted by the Board of Directors in which there is a need to maintain hedging instruments to minimise the impact of the volatility in interest rates. As a result of the refinancing of the debt in May 2009, the interest rate hedges covering part of the refinanced debt were cancelled. The Company evaluates on an ongoing basis the suitability of contracting hedges adapted to the financing structure, provided that the conditions for contracting these instruments are favourable to the Group.

- Most sales of buildings made by the Group are settled in cash at the time of the transfer of title involve a bank guarantee or reservation of title agreement or guarantees *in rem* so that the Group can recover title to the building in the event of default on the payment of the price.

- The reduction in the Group's debt through the sale of assets, the strengthening of equity with the resulting decease in the leverage level and the adaption of the debt repayment timeline are the best guarantee with respect to the Group's liquidity risk. These objectives are the basic pillars of the agreement that the Group aims to reach with creditors in the near future.

4. Research and development

Due to the nature of the Group's activity, it does not make any investments in research and development, although the Group allocates a major part of its budget to employee training in order to boost work quality and facilitate professional development.

5. Treasury shares

In 2010 the parent Company sold 59,159 treasury shares, all of which were given to its employees as part of the Incentive Plan.

The parent company at 31 December 2010 holds 250,118 shares. The par value of these shares totals Euros 250 thousand.

The parent Company has booked a Treasury shares reserve at 31 December 2010.

6. Subsequent events

On 31 March 2011 the Company's directors prepared the annual accounts for 2010 which were subsequently reprepared on 29 April 2011. The reason for this is that at the date of the re-preparation of the present annual accounts, an agreement had not been reached with financial creditors concerning the restructuring of the debt and the amendment of the conditions of the current syndicated loan signed in May 2009 This has led the Directors of the Consolidated Group to agree to adjust deferred tax assets amounting to Euros 55.780 thousand (Euros 45,878 relates to prior year tax credits and Euros 9,902 thousand to amounts capitalized in 2010 in the annual accounts prepared previously) given that their realization in the medium and long term largely depended on the success of the negotiations with banks.

The Group has reprepared its accounts on a going-concern basis on the understanding that it is possible to reach a new agreement with all financial creditors in the near future in the terms under consideration as it has currently received expressions of support from most institutions. The agreement, under the terms envisaged would enable: i) the Group's equity to be restored ii) the Group's inventories and debt to be reduced and iii) commitments to be entered into for the repayment of the debt and payment of the relevant interest consistent with the Group's business plan. From this perspective, the consolidated Group's capacity to continue its operations will depend on the satisfactory future outcome of that financial restructuring process.

The Group will be prudent when considering new operations in international cities and will focus its resources and objectives on Spanish markets where there is more room for negotiation, pricing and selling suitable products inherent in its business. Transactions in the international market will be carried out on a one-off basis and activities will be coordinated from the Barcelona office in an additional effort to minimize costs.

There have been no additional significant post-balance sheet events to be disclosed in these annual accounts.

7. Human Resources

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

8. Environment

The Group has adopted the measures necessary for the protection and improvement of the environment and the minimisation, as the case may be, of any environmental impact, by complying with current legislation. During the year the Group did not consider it necessary to make environment-related investments or incur expenses to protect and improve the environment as there are no contingencies related to the protection and improvement of the environment or liabilities of an environmental nature.

9. Antique Article 116 b of the Securities Exchange Act

We set out below the information required under article 116 b of the Securities Exchange Act and additional references to the new article 61 bis of the Exchange Commission Act:

a) The share capital of the Company totals Euros twenty-seven million two hundred and seventy-six thousand five hundred and seventy-five (Euros 27,276,575), divided into 27,276,575 ordinary shares with a par value of Euros one (1) each, all belonging to a single class and series and numbered correlatively from 1 to 27,276,575, both inclusive. All the shares are fully subscribed and paid.

b) Renta Corporación Real Estate, S.A. treasury shares at 31 December 2010 are 0.92% which corresponds to a total of 250,118 shares of the Parent Company.

c) In accordance with the provisions of article 13 of the Articles of Association, there are no statutory restrictions on the transferability of the shares and the economic rights deriving thereof, including preferential subscription, although there are two agreements that regulate the transfer of shares, which are set out below. On the one hand, UNICEF-Comité Español (UCE) and Foundation INTERMON-OXFAM acquired a commitment not to transfer their shares in the company for certain periods of time as from the date that the Company's shares began being traded on the stock Exchange. On the other hand, as part of the listing of the company, certain shareholders entered into a shareholders' agreement that regulates certain restrictions on the transferability of shares, which materialized in a preferential acquisition right on the transfer of company shares amongst the signatories of the agreement. This agreement was cancelled in February 2010 as the conditions that gave rise to it did not arise.

d) The significant direct and indirect shareholdings in the parent Company at 31 December 2010 are as follows:

Name	Percentage shareholding		
	Direct	Indirect	Total
Luis Hernández de Cabanyes	1.142%	38.243%	**39.385%**
Fundación Privada Renta Corporación	4.597%	0.000%	**4.597%**
Wilcox Corporación Financiera, S.L.	3.666%	1.844%	**5.510%**
Blas Herrero Fernández	0%	9.658%	**9.658%**

e) The Articles of Association do not set down any restrictions on the exercising of voting rights.

f) The rules applicable to the amendment of by laws do not go further than those established in the bylaws and if appropriate the Spanish Companies Act 2010.

g) The only para-corporate agreement is that mentioned above in point b) of this section.

h) The standards for appointing and replacing the members of the governing bodies are set down in articles 39 and 40 of the Articles of Association and in articles 17 to 21 of the Regulations of the Board of Directors and are in accordance with current legislation.

i) Mr. Luis Hernández de Cabanyes (Chairman and Chief Executive Officer) has been given all the powers of the Board of Directors except those that cannot be delegated by Law and by virtue of the Articles of Association. Mr. David Vila Balta (Vice-chairman and General Manager of Operations), Mr. Juan Velayos Lluis (Chief Executive Officer), and Mr. Javier Carrasco Brugada (non-voting Secretary), economically limited powers, to carry out the day-to-day corporate purposes of Renta Corporación.

Furthermore, the General Meeting of Shareholders of 8 June 2010 empowers the Board of Directors to:

a) Allow the parent Company to acquire treasury shares and/or part of those of its subsidiaries under the terms set down by law, and voiding, in the amount not used, the authorisation granted by the General Meeting of 10 June 2009.

b) Within a maximum period of five years, and when deemed suitable, increase share capital to one half of current share capital, in one or several increases, and when and in the amount considered necessary, with the power to exclude preferred subscription rights, rewording article 5 of the Articles of Association and voiding the authorisation granted by the General Meeting of Shareholders of 10 June 2009.

c) Issue bonds, debentures and other simple, fixed income securities that can be swapped and/or converted into shares, warrants, promissory notes and preferred participations with the faculty to exclude preferred subscription right, and authorisation for the Company to guarantee issues of fixed income securities made by subsidiary companies.

Additionally, all the directors indicated above and the secretary of the Board of Directors, have Powers to purchase, sell, pignorate, swap and redeem securities and collect their interest, dividends, premiums and redemptions; administrate, monitor and dispose of Funds of all types, especially Investment Funds, and their participations, by contributing amounts to the same and receiving their interest and redemptions, as the case may be, up to a several limit of Euros 1,000,000 and jointly with another power up to Euros 3,000,000, except for Mr. Luis Hernández de Cabanyes, upon whom there is no economic limit, notwithstanding the transactions which, due to their relevance, must be submitted to prior approval by the Board of Directors.

j) There are no significant agreements celebrated by the parent Company, which meant changes in the parent Company Control related to a public acquisition offer, except when it´s spreading could damage the Company.

k) The contract with the Chief Executive Officer contains a clause providing him with an indemnity equivalent to 45-days salary per year of service with a minimum of six monthly pays calculated on the basis of fixed salary received at the time of termination and using the average of the last two years of his variable remuneration.

10. Annual Corporate Governance Report

Set out further below please find the Annual Corporate Governance Report, set out on 77 pages, numbered 1 to 77, both inclusive.

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RENTA CORPORACIÓN REAL ESTATE, S.A.

Formulation of the Consolidated Annual Accounts

On 31 March 2011 the Board of Directors of Renta Corporación Real Estate, S.A., in compliance with the current legislation prepared the consolidated annual accounts of Renta Corporación Real Estate, S.A. and its subsidiary companies, and the Directors' Report for the year beginning 1 January 2010 and ending 31 December 2010, which were later reprepared on 29 April 2011. The current prepared Consolidated Annual Accounts comprise the foregoing documents, numbered correlatively from 1 to 82 both inclusive, and from 1 to 77, both inclusive**,** signed, for identification purposes by the Secretary of the Board of Directors of the Company, Mr. Javier Carrasco Brugada.

SIGNATORIES:

Mr. Luis Hernández de Cabanyes
Chairman and Chief Executive Officer

Mr. David Vila Balta
Vice-Chairman

Mr. Juan Velayos Lluis
Chief Executive Officer

Mr. César A. Gibernau Ausió
Director

Mrs. Elena Hernández de Cabanyes
Director

Mr. Juan Gallostra Isern
Director

Mr. Carlos Tusquets Trias de Bes
Director

Mr. Ignacio López del Hierro
Director

Mr. Blas Herrero Fernández
Director

Mr. Javier Carrasco Brugada
Non-Member Secretary