RENTA CORPORACIÓN REAL ESTATE, S.A.

Audit Report,
Annual Accounts at 31 December 2010 and
Directors' Report for 2010

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

AUDIT REPORT ON THE ANNUAL ACCOUNTS

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

1. We have audited the annual accounts of Renta Corporación Real Estate, S.A. (the Company) consisting of the balance sheet at 31 December 2010, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts for the year then ended. The directors are responsible for the preparation of the Company's annual accounts, in accordance with the applicable financial reporting framework (as identified in note 1 to the accompanying accounts) and in particular, the accounting principles and criteria included therein. Our responsibility is to express an opinion on the aforementioned annual accounts, taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

2. In our opinion, the accompanying annual accounts for 2010 present fairly, in all material respects, the financial position of the Company at 31 December 2010, and the results of its operations and cash flows for the year ended in accordance with the applicable financial reporting framework and in particular, with the accounting principles and criteria included therein.

3. Without this affecting our audit opinion, noteworthy is note 2.c to the accompanying accounts which indicates that at 31 December 2010 the Company records negative equity of Euros 26.5 million and therefore fulfils one of the causes for mandatory dissolution envisaged in Article 363 of the Spanish Capital Companies Act and has incurred losses during the year then ended amounting to Euros 79.7 million while the overall amount of current liabilities exceeds total current assets by Euros 30.8 million. These conditions indicate the existence of significant uncertainty concerning the Company's capacity to continue its operations if it fails to reach an agreement with its financial creditors in the terms currently under consideration. Nonetheless, as is explained in this same note to the accounts, the Directors have prepared the present annual accounts on a going-concern basis since they expect the success of the refinancing process will provide the Company with sufficient equity and financial stability to continue its operations in the next years.

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4. The accompanying Directors' Report for 2010 contains the information that the Directors of Renta Corporación Real Estate, S.A. consider relevant to the Company's position, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the financial information contained in the aforementioned Directors' Report coincides with that of the annual accounts for 2010. Our work as auditors is limited to checking the Directors' Report within the scope already mentioned in this paragraph and it does not include a review of information other than that obtained from the Company's accounting records.

PricewaterhouseCoopers Auditores, S.L.

Original signed in Spanish by
Stefan Mundorf
Audit Partner

29 April 2011

Renta Corporación Real Estate, S.A.

Annual accounts at 31 December 2010 and
Directors’ Report for 2010

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RENTA CORPORACIÓN REAL ESTATE, S.A.

Balance Sheets at 31 December 2010 and 2009
(in Thousand Euros)

ASSETS	NOTE	At 31 December 2010	2009
NON-CURRENT ASSETS		**53,910**	**129,749**
Intangible assets	5	**1,628**	**1,963**
Property, plant and equipment	6	**419**	**1,028**
Investments in group companies and associates - long-term	7	**51,136**	**59,806**
Equity instruments		**51,136**	59,806
Long-term investments		**118**	**143**
Other financial instruments		**118**	143
Financial assets available for sale	9	**344**	**1,019**
Deferred tax assets	16	**265**	**65,790**
CURRENT ASSETS		**49,668**	**16,000**
Trade and other receivables	8	**45,426**	**11,931**
Sales and services		**-**	86
Customers, group companies and associates		**41,675**	11,700
Sundry receivables		**9**	89
		6	
Other tax refundable		**3,736**	56
Investments in group companies and associates - short-term		**184**	**2**
Other financial assets		**184**	2
Short-term prepayments		**84**	**53**
Cash and other cash equivalents	10	**3,974**	**4,014**
		103,578	**145,749**

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

NET EQUITY AND LIABILITIES	NOTE	At 31 December 2010	2009
NET EQUITY		**(26,489)**	**52,812**
Equity		**(26,489)**	**52,812**
Capital	11	27,276	27,276
Share premium	11	89,296	89,296
Reserves	12	20,847	21,190
(Treasury shares)	11	(3,285)	(4,052)
Profit (loss) brought forward		(80,898)	(31,156)
Profit (loss) for the year	13	(79,725)	(49,742)
NON-CURRENT LIABILITIES		**49,624**	**74,720**
Long-term provisions	15	**35,818**	**4,374**
Other provisions		35,818	4,374
Long-term payables	14	**13,400**	**19,874**
Other financial liabilities		13,400	19,874
Due to group companies and associates – long-term	14	**406**	**50,472**
Deferred tax liabilities	16	**-**	**-**
CURRENT LIABILITIES		**80,443**	**18,217**
Short-term payables	14	**1,509**	**765**
Other financial liabilities		1,509	765
Amounts owing to group companies and associates - short-term	14, 26 d	**73,069**	**13,544**
Trade and other payables	14	**5,865**	**3,908**
Sundry payables		**692**	507
Accrued wages and salaries		**461**	493
Other tax payable		**4,712**	2,908
		103,578	**145,749**

RENTA CORPORACIÓN REAL ESTATE, S.A.

Income Statements for the Years Ended 31 December 2010 and 2009

(in Thousand Euros)

	NOTE	Year Ended 31 December 2010	2009
CONTINUED OPERATIONS			
Net turnover	17b	**11,874**	**9,476**
Sales		5,000	-
Services		6,874	9,476
Variation in inventories of finished product and work in progress			-
Own work capitalised		**192**	**234**
Supplies		-	-
Other operating income		**48**	**97**
Ancillary income and the like		48	97
Operating grants released to profit (loss) for the year			-
Staff costs	17c	**(5,591)**	**(6,156)**
Wages, salaries and the like		(4,970)	(5,485)
Social welfare charges		(621)	(671)
Other operating expenses		**(2,847)**	**(7,993)**
External services	17e	(2,834)	(3,314)
Local taxes	17f	(13)	(4,679)
Depreciation of fixed assets		**(837)**	**(1,251)**
Release of provisions		**4,306**	**-**
Impairment and profit (loss) on disposal of fixed assets	17d	**(496)**	**616**
Impairment and loss		(406)	2,279
Profit (loss) on disposals and others		(90)	(1,663)
OPERATING PROFIT (LOSS)		**6,649**	**(4,977)**
Financial income	19	**13**	**10**
Financial expenses	19	**(8,274)**	**(4,473)**
Variation in fair value of financial instruments		**(675)**	**(1,579)**
Exchange differences	19	**-**	**(19)**
Impairment and profit (loss) on disposals of financial instruments	19	**(44,405)**	**(57,619)**
NET FINANCIAL INCOME (EXPENSE)		**(53,341)**	**(63,680)**
PROFIT (LOSS) BEFORE TAX		**(46,692)**	**(68,657)**
Corporate income tax	18	**(33,033)**	**18,915**
PROFIT (LOSS) FOR THE YEAR FROM CONTINUED OPERATIONS		**(79,725)**	**(49,742)**
DISCONTINUED OPERATIONS			
Profit (loss) for the year from discontinued operations net of tax			
PROFIT (LOSS) FOR THE YEAR		**(79,725)**	**(49,742)**

RENTA CORPORACIÓN REAL ESTATE, S.A.

Statements of Recognised Income and Expenses for the Years Ended 31 December 2010 and 2009

(in Thousand Euros)

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSES

	Year Ended 31 December	
	2010	**2009**
Profit (loss) according to income statement	**(79,725)**	**(49,742)**
Income and expenses charged directly to net equity		
From valuation of financial instruments		
- Financial assets available for sale	-	(3,974)
- Other income / expenses	-	-
Cash flow hedges	-	-
Grants, donations and bequests received	-	-
Treasury shares	(334)	(1,194)
Tax effect	-	1,192
	(334)	(3,976)
Releases to the income statement	-	-
From valuation of financial instruments	-	-
- Financial assets available for sale	-	-
- Other income / expenses	-	-
Cash flow hedges	-	-
Grants, donations and bequests received	-	-
Tax effect	-	-
		-
TOTAL RECOGNISED INCOME AND EXPENSES	**(80,059)**	**(53,718)**

RENTA CORPORACIÓN REAL ESTATE, S.A.
Statements of Changes in Net Equity for the Years Ended 31 December 2010 and 2009
(in Thousand Euros)

B) STATEMENT OF CHANGES IN NET EQUITY

	Capital											
	Authorised	**Uncalled**	**Share premium**	**Reserves**	**(Treasury shares)**	**Profit or loss brought forward**	**Other shareholder contributions**	**Profit (Loss) for the year**	**(Interim dividend)**	**Other net equity instruments**	**Value adjustments**	**Capital**
BALANCE 31.12.08	**25,029**	**-**	**86,723**	**22,384**	**(6,003)**	**-**	**-**	**(31,156)**	**-**	**-**	**2,782**	**99,759**
Adjustments due to changes in criteria in 2008												
Adjustments due to misstatements					-	-	-			-	-	-
ADJUSTED BALANCE 01.01.09	**25,029**	**-**	**86,723**	**22,384**	**(6,003)**	**-**	**-**	**(31,156)**	**-**	**-**	**2,782**	**99,759**
Total recognised income and expenses	-	-	-	(1,194)	-	-	-	(49,742)	-	-	(2,782)	(53,718)
Operations with shareholders or owners												
- Capital increases	2,247	-	2,697	-	-	-	-	-	-	-	-	4,944
Capital increase expenses												
- Gross	-	-	(177)	-	-	-	-	-	-	-	-	(177)
- Tax effect	-	-	53	-	-	-	-	-	-	-	-	53
Distribution of net income	-	-	-	-	-	-	-	-	-	-	-	-
- Operations with treasury shares (net)	-	-	-	-	1,951	-	-	-	-	-	-	1,951
- Other operations with shareholders or owners	-	-	-	-	-	-	-	-	-	-	-	-
Other variations in net equity	-	-	-	-	-	(31,156)	-	31,156	-	-	-	-
BALANCE AT 31.12.2009	**27,276**	**-**	**89,296**	**21,190**	**(4,052)**	**(31,156)**	**-**	**(49,742)**	**-**	**-**	**-**	**52,812**

RENTA CORPORACIÓN REAL ESTATE, S.A.
Statements of Changes in Net Equity for the Years Ended 31 December 2010 and 2009
(in Thousand Euros)

B) STATEMENT OF CHANGES IN NET EQUITY

	Capital											
	Authorised	**Uncalled**	**Share premium**	**Reserves**	**(Treasury shares)**	**Profit or loss brought forward**	**Other shareholder contributions**	**Profit (Loss) for the year**	**(Interim dividend)**	**Other net equity instruments**	**Value adjustments**	**Capital**
BALANCE 31.12.09	**27,276**	**-**	**89,296**	**21,190**	**(4,052)**	**(31,156)**	**-**	**(49,742)**	**-**	**-**	**-**	**52,812**
Adjustments due to changes in criteria in 2009												
Adjustments due to misstatements												
ADJUSTED BALANCE 01.01.10	**27,276**	**-**	**89,296**	**21,190**	**(4,052)**	**(31,156)**	**-**	**(49,742)**	**-**			**52,812**
Total recognised income and expenses	-	-	-	(334)	-	-	-	(79,725)	-	-	-	(80,059)
- Capital increases												
Capital increase expenses	-	-	-	-	-	-	-	-	-	-	-	-
- Gross	-	-	-	(13)	-	-	-	-	-	-	-	(13)
- Tax effect	-	-	-	4	-	-	-	-	-	-	-	4
Operations with shareholders or owners				-	767							767
- Distribution of net income	-	-	-	-	-	(49,742)	-	49,742	-	-	-	-
BALANCE AT 31.12.2010	**27,276**	**-**	**89,296**	**20,847**	**(3,285)**	**(80,898)**	**-**	**(79,725)**	**-**	**-**	**-**	**(26,489)**

RENTA CORPORACIÓN REAL ESTATE, S.A.

Statements of Cash Flow for the Years Ended 31 December 2010 and 2009

(in Thousand Euros)

		Year Ended 31 December	
	NOTE	**2010**	**2009**
CASH FLOWS FROM OPERATIONS ACTIVITES			
Profit (loss) for the year before tax		(46,692)	(68,657)
Adjustments to profit and loss		45,035	68,656
Changes in working capital		6,074	3,979
Other cash flows from operations activities		15	(5,173)
Cash flows from operations	20	**4,432**	**(1,195)**
CASH FLOWS FROM INVESTMENTS ACTIVITIES			
Payments for investments		(575)	(49,502)
Disposal of investments		30	80,292
Cash flows from investments	21	**(545)**	**30,790**
CASH FLOWS FROM FINANCIING ACTIVITIES			
Receipts and payments for equity instruments		758	4,820
Receipts and payments for financial liability instruments		(4,685)	(30,627)
Cash flows from financing activities	22	**(3,927)**	**(25,807)**
EFFECT OF VARIATIONS IN EXCHANGE RATES			
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		**(40)**	**3,788**
Cash of cash equivalents at the beginning of the year		4,014	226
Cash of cash equivalents at the year end		3,974	4,014

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

1. General Information

Renta Corporación Real Estate, S.A. (as from its incorporation until 2 June 2001, under the name of Suatel XXI, S.L., and for the subsequent period from 2 June 2001 to 5 December 2003, under the name of Corporación Renta Antigua, S.A.), parent company of the Renta Corporación Group, was incorporated as a limited liability company in Barcelona on 9 October 2000, and became a public limited company on 27 October 2001, with its registered office for legal and tax purposes in Via Augusta, 252-260 (Barcelona) The company is mainly engaged in all manner operations in moveable property (except those governed by special legislation) and real estate.

The consolidated annual accounts of the Renta Corporación Group, made up of Renta Corporación Real Estate, S.A. and its subsidiaries at 31 December 2010, have been formulated separately from these individual annual accounts. The consolidated annual accounts 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 main aggregates shown in these consolidated annual accounts, which have been audited, are as follows:

Total assets	317,058
Total Net equity	(41,000)
Consolidated profit (loss) for the year attributable to the equity holders of the company	(84,879)
Ordinary income	58,201

2. Basis of presentation

a) Fair view

The annual accounts have been prepared on the basis of the accounting records of the Company and are presented in accordance with current company law and the standards of the new General Chart of Accounts (GCA) adopted by Royal Decree 1514/2007 and the modifications included by the RD 1159/2010, in order to fairly express the equity, financial position and results of the Company and the accuracy of the cash flows included in the statement of cash flows.

b) Critical aspects of the measurement and estimation of uncertainty

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.

Fair value of derivatives or financial instruments

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

The fair value of financial instruments that are not listed are determined using valuation techniques. The Company uses a variety of methods and makes hypotheses that are based on market conditions on each balance sheet date.

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

c) Going concern

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, meeting one of the conditions for mandatory dissolution envisaged in Article 363 of the Spanish Capital 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.

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.

The Group has prepared 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.

d) Comparability

In accordance with Transitional Provision Five of Royal Decree 1159/2010 the company has opted to consider the present annual accounts for 2010 as initial accounts for the purposes of comparability and the application of the principle of consistency. Therefore the comparative figures relating to the previous year have not been adapted to the new criteria. Nonetheless, given that the changes introduced by the aforementioned Royal Decree are not applicable to the company, their inclusion has no effect on the comparability or consistency of the present accounts.

e) Grouping of items

In order to facilitate understanding of the balance sheet, income statement, statement of changes in net equity, statement of recognised income and expenses and statement of cash flows, these statements are presented in grouped form, and the analysis required is included in the respective notes to the accounts.

3. Accounting policies

3.1 Intangible assets

Computer software

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).

3.2 Property, plant and equipment (PPE)

Property, plant and equipment are recognised at their acquisition price or production cost, less the accumulated depreciation and accumulated recognised impairment loss.

Own work capitalised has been calculated by adding the direct and indirect costs attributable to these assets to their acquisition cost.
The costs of extension, modernisation or improvement of PPE are capitalised only when they represent an increase in their capacity, productivity or a lengthening of their useful life, and as long as it is possible to know or estimate the carrying value of the assets that are written off inventories when replaced.

Major repairs are capitalised and depreciated over the estimated useful life of the assets while recurrent maintenance expenses are recorded in the income statement during the year in which they are incurred.

The depreciation of PPE, except for land, which is not depreciated, is calculated on a straight-line basis according to their estimated useful lives, taking into account ordinary wear and tear. The estimated useful lives are as follows:

	Rate (%)
Buildings	2.86%-4%
Other plant and furniture	10%
Computer hardware	25%
Other fixed assets	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 3.3).

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.

3.3 Impairment of non-financial assets

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

Depreciated assets are evaluated for impairment provided that an internal or external event or changeS 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 levels for which there are separate identifiable cash flows (cash generating units).

The non-financial assets other than goodwill that have been impaired are subject to review at each balance sheet date in case reversals of the loss have taken place.

3.4 Financial assets

a) Loans and other receivables: are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in "Loans to companies" and "Trade and other receivables" in the balance sheet.

These financial assets are initially stated at their fair value, including their directly attributable transaction costs, and then at amortised cost recognising the interest accrued on the basis of the effective interest rate, understood as the restated rate that equals the carrying value of the instrument with the total estimated cash flows until maturity. However, the credits for trading operations falling due in no more than one year are stated both at the time of initial recognition and afterwards at their nominal value provided that the effect of not updating the cash flows is not significant.

At least at the year end the necessary value adjustments are made for impairment if there is objective evidence that all the amounts outstanding will not be paid.

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.

b) Investments in equity of group companies, multi-group companies and associates: These are stated at cost less, as the case may be, the accumulated provisions for impairment. However, if there is an investment prior to their classification as group or multi-group companies or associates, the cost of the investment is considered to be the carrying value before being qualified as such. The previous provisions recorded directly in net equity remain there until the investment is written off.

If there is objective proof that the carrying value is not recoverable, provisions are recorded in the amount of the difference between carrying value and the recoverable amount, understood as the greater of fair value less cost of sale and current value of the cash flows generated by the investment. Unless there is further proof of the recoverable amount, the impairment estimate for these investments takes into account the net equity of the investee companies adjusted by the tacit capital gains existing at the valuation date. The provision, and, if any, its reversal, is recorded in the income statement for the year in which it occurs.

c) Available-for-sale financial assets: 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 case of equity instruments that are stated at cost when fair value cannot be determined, the provision is determined in the same way as for the investments in the equity of group and multi-group companies and associates.

If there is objective proof of impairment, the Company recognizes in the income statement the accumulated gain and losses recognized previously in net equity due to the decrease in fair value. The impairment of the value recognized in the income statement for equity instruments does not reverse through the income statement.

The fair value of the investments listed on a stock exchange are based on current purchase prices. If the market for a financial asset is not operating (and for unlisted securities), the Company establishes fair value using valuation techniques that include the use of recent transactions between interested, duly informed third parties, or references to other substantially similar instruments, estimated future cash flow discounting methods and option price setting models, making maximum use of observable market information and trusting as little as possible in subjective considerations of the Company.

d) 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 not insignificant 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.

3.5 Net equity

Share capital is represented by ordinary shares.

The costs of issuing new shares or options are presented directly against net equity and subtracted from reserves.

In the case of the acquisition of treasury shares, the consideration paid, including any directly attributable incremental cost, are deducted from net equity until their cancellation, issuing of new shares or disposal. When these shares are sold or issued again, any amounts received, net of any incremental directly attributable transaction costs, are recorded in net equity.

3.6 Financial liabilities

a) Debits and other payables

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

These debits are initially recognised at their fair value adjusted by the directly attributable transaction costs, and later recorded at their amortised cost using the effective interest rate method. This effective interest is the actualisation rate that brings the carrying value of the instrument into line with the current value expected from future payments expected until the liability matures.

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.

3.7 Current and deferred tax

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

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

The current tax assets and liabilities are stated at the amounts that are expected to be paid to or refunded by the tax authorities, in accordance with current legislation pending enactment on the year end date.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if the deferred taxes arise on the initial recognition of an asset or liability on a transaction other than a business combination which at the date of the transaction has no effect on the accounting results or tax base, they are not recognized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised for the temporary differences that arise from investments in subsidiaries and associates, and joint ventures, except in those cases in which it is likely that these will not reverse in the foreseeable future.

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

3.8 Employee benefits

a) Share-based remuneration

The Company 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 the accrual conditions that re not market conditions (for example, the profitability and sales growth targets).

b) Severance indemnities

Severance indemnities are paid to employees as a result of the Company's decision to rescind an employment contract before the normal retirement age. The Company recognizes this compensation when it demonstrably undertakes to dismiss workers in accordance with a breakdown plan that cannot be withdrawn or to provide severance indemnities as a result of an offer to encourage voluntary resignation. The compensation that is not paid within the twelve months following the balance sheet date is discounted at its current value.

c) Profit sharing and bonus plans

The Company 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.

3.9 Provisions and contingent liabilities

Provisions for litigation are recognised when the Company 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 Company (Note 23).

3.10 Revenue recognition

Revenues are recorded at the fair value of the consideration to be received and represent the amounts receivable for goods delivered and services rendered during the ordinary course of Company business, less returns, rebates, discounts and value added tax.

The Company recognises income when the amount can be valuated reliably, it is probable that the future economic benefits will flow to the Company and the specific conditions are met for each activity as set out below. Income cannot be valuated reliably until all the contingencies related to the same have been worked out.

In accordance with the reply of the Spanish Institute of Auditors in BOICAC 79 to the query relating to the accounting classification in the individual accounts of a holding company's income and expenses and the calculation of that company's net revenue, certain figures in the income statement and cash flow statement included in these annual accounts have been classified as income (Note 17b).

a) Services

The Company provides technical consultancy and support for the Group.

Consultancy revenues are based on calculations related to the time and expense incurred to render these services, plus a margin. All these services are provided at arm's length.

If circumstances arise that modify the initial estimates of ordinary income, costs, or the degree of progress, these estimates are revised. The revisions could give rise to increases or decrease in estimated income and costs and are reflected in the income statement over the period in which the circumstances that gave rise to these revisions are known by management.

b) Interest income

Interest income is recognized using the effective interest rate method. When a receivable is impaired, the Company reduces its carrying value to its recoverable amount, discounting the estimated future cash flows at the original effective interest rate of the instrument, and continues carrying the discount as less interest income.

The interest income on loans that are impaired is recognised using the effective interest rate method.

c) Dividend income

Dividend income is recognized as income in the income statement when the right to receive the payment is established. However, if the dividends paid are generated by results prior to the date of acquisition they are not recognized as income and the carrying value is subtracted from the investment.

3.11 Leases

a) When the company is the lessee - operating lease

Leases under which the lessor retains a major part of the risks and rewards deriving from 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 period.

When the 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.

3.12 Transactions in foreign currency

a) Functional and presentation currency

The annual accounts are presented in Thousand Euros. The Euro is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences in respect of non-monetary items such as equity instruments at fair value through profit or loss are presented as part of the fair value gain or loss. Translation differences in respect of non-monetary items such as equity instruments classed as available-for-sale financial assets are included in net equity.

3.13 Transactions between related parties

In general the transactions between group companies are recorded initially at fair value. As the case may be, if the price agreed differs from the fair value, the difference is recorded based on the economic reality of the transaction. The later valuation is made in line with the 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.

For operations between other group companies, the assets and liabilities of the business are stated at their carrying values in the individual annual accounts before the transaction takes place with no participation of the Parent Company, the annual accounts to be considered will be the major group or sub-group ones in which the equity elements of its Parent Company is Spanish.

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.

3.14 Environment

Costs arising from business activity related to the protection and improvement of the environment are expensed as they are incurred.

When these costs involve additions to tangible fixed assets in order to minimize environmental impact and to protect and improve the environment, they are capitalised.

4. Financial risk management

4.1. Financial risk factors

The activities of the Company are exposed to various financial risks: credit risk and liquidity risk and market risk (including exchange rate risk, price and interest rate risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Company's financial performance.

Risk management is carried out by the Finantial and Treasury Department, which identifies, evaluates and covers the financial risks by following the policies approved by the Board of Directors. The Board lays down policies for the management of overall risk, and for specific areas, such as exchange rate risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives and investment of cash surpluses.

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 rates

The Company defines the negative effect of the fluctuation in exchange rates on the results of its companies, Company equity or cash flows as exchange rate risk.

The Company's activity is located in the Euro zone, and, accordingly, it is not exposed to exchanger rate risk on its operations.

Market risk: interest rates

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.

The interest rate risk control policy of the Company 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.

Although the Company 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.

The Company has not to date had problems in collecting its receivables arising from its transactions.

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 the Group, 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 Company'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 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 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 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.

The table below presents an analysis of the financial liabilities of the Company grouped by maturities in line with the outstanding instalments at the balance sheet date until the maturity date stipulated in the contract.

At 31 December 2009	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
(thousand)				
Trade and other payables	3,908	15,789	4,085	-
Due to Group companies and associates	13,544	406	-	50,066
Short term debt	765	-	-	-

At 31 December 2010 (thousand)	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Trade and other payables	5,865	13,400	-	-
Due to Group companies and associates	73,069	406	-	-
Short term debt	1,509	-	-	-

4.2. Capital risk management

The Company'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 Company could adjust dividends payable to shareholders, refund capital to the shareholders, issue new shares or sell assets to reduce debt.

Thus, the Company 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 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 Company 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%	86.80%

(in Thousand Euros)

5. Intangible assets

The breakdown and movement in the accounts under “Intangible assets” is as follows:

	Thousand Euros		
	Computer software	**Fixed assets under construction**	**Total**
Balance at 31.12.2008	**1,153**	**1,048**	**2,201**
Cost	1,453	1,048	2,501
Accumulated amortisation	(300)	-	(300)
Carrying balance at 31.12.08	**1,153**	**1,048**	**2,201**
Additions	309	150	459
Disposals	-	(268)	(268)
Transfers	519	(519)	-
Amortisation allowance	(429)	-	(429)
Balance at 31.12.2009	**1,552**	**411**	**1,963**
Cost	2.281	411	2,692
Accumulated amortisation	(729)	-	(729)
Carrying balance at 31.12.09	**1,552**	**411**	**1,963**
Additions	139	249	388
Disposals	(272)	-	(272)
Transfers	60	(60)	-
Amortisation allowance	(629)	-	(629)
Disposals of depreciation	178	-	178
Balance at 31.12.2010	**1,028**	**600**	**1,628**
Cost	2,208	600	2,808
Accumulated amortisation	(1,180)	-	(1,180)
Carrying balance at 31.12.10	**1,028**	**600**	**1,628**

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

Fully amortised intangible assets still in use at the 2010 year end total Euros 160 thousand (2009: Euros 74 thousand). The difference between both years is mainly due to the amortization of computer software.

b) Assets pledged and restrictions on ownership

At 31 December 2010 there are no significant intangible assets subject to restrictions of ownership or pledged as guarantees for liabilities.

(in Thousand Euros)

6. Property, plant and equipment

The breakdown and movement in the accounts under Property, plant and equipment are as follows:

	Thousand Euros			
	Land and buildings	**Other plant and furniture**	**Other PPE**	**Total**
Balance at 31.12.2008	**55,160**	**7,776**	**456**	**63,392**
Cost	58,356	8,735	653	67,744
Accumulated depreciation and impairment	(3,196)	(959)	(197)	(4,352)
Carrying balance at 31.12.2008	**55,160**	**7,776**	**456**	**63,392**
Additions	-	4	524	528
Disposals	(58,356)	(8,305)	(3)	(66,664)
Transfers	-	-	-	-
Impairment/reversals	2,379	-	(100)	2,279
Depreciation allowance	(261)	(401)	(160)	(822)
Disposals for depreciation	1,078	1,237	-	2,315
Balance at 31.12.2009	**-**	**311**	**717**	**1,028**
Cost	-	434	1,174	1,608
Accumulated depreciation and impairment	-	(123)	(457)	(580)
Carrying balance at 31.12.09	**-**	**311**	**717**	**1,028**
Additions	-	5	6	11
Disposals	-	(6)	-	(6)
Impairment/reversals	-	-	(406)	(406)
Depreciation allowance	-	(47)	(161)	(208)
Balance at 31.12.2010	**-**	**263**	**156**	**419**
Cost	-	433	1.180	1.613
Accumulated depreciation and impairment	-	(170)	(1,024)	(1,194)
Carrying balance at 31.12.10	**-**	**263**	**156**	**419**

The movement in Land and buildings and Other plant and furniture basically include the sale of the Group's head office in 2009 for Euros 63 million, as part of the refinancing agreement of the Group bank debt. Additionally, and included in the purchase and sale agreement, the Group has acquired a building purchase right for Euros 500 thousand, exercisable at a certain price until 2012.

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 impairment of Euros 2,379 thousand was recorded due to the sale of the head office under the bank debt refinancing agreement.

(in Thousand Euros)

b) Fully depreciated assets

The amount of fully depreciated assets still in use and the end of 2010 is Euros 20 thousand (2009: Euros 0).

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 thousand.

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

There is no PPE located outside Spain at 31 December 2010 and 2009.

7. Shareholdings in group companies and associates

a) Shareholdings in group companies and associates

			% share capital		Voting Rights	
Name and registered office		**Activity**	**Direct %**	**Indirect %**	**Direct %**	**Indirect %**
31.12.2009						
Renta Corporación Real Estate ES, S.A.U./ Barcelona	(1)	Real estate transactions	100	-	100	-
Masella Oeste, S.L.		Real estate transactions	-	40	-	40
Renta Corporación Real Estate Finance, S.L.U./ Barcelona		Real estate transactions	100	-	100	-
Renta Properties (UK), LTD/ London	(1)	Real estate transactions	100	-	100	-
Winterley Properties 3, Unlimited / London	(1)	Real estate transactions	-	100	-	100
Renta 1001 (UK), Limited / London		Real estate transactions	-	100	-	100
Palmerston & Compton, Limited / London	(1)	Real estate transactions	-	100	-	100
RC Real Estate Deutschland GmbH / Berlin	(1)	Real estate transactions	100	-	100	-
RC Luxembourg, S.a.r.l. / Luxembourg		Real estate transactions	100	-	100	-
Tanit Corporation, S.a.r.l. /		Real estate	-	100	-	100

(in Thousand Euros)

Luxembourg	transactions				
Norfeu, S.a.r.l. / Luxembourg	Real estate transactions	-	100	-	100
Medas Corporation, S.a.r.l. / Luxembourg	Real estate transactions	-	100	-	100
Renta Corporation/ New York	Real estate transactions	100	-	100	-
RC I, LLC / New York	Real estate transactions	-	100	-	100
RC II, LLC / New York	Real estate transactions	-	100	-	100
RC III, LLC / New York	Real estate transactions	-	100	-	100
RC IV, LLC / New York	Real estate transactions	-	100	-	100
RC V, LLC / New York	Real estate transactions	-	100	-	100
Renta Corporación Real Estate France, S.A.S.U.	(1) Real estate transactions	100	-	100	-
Groupe Immobilier Renta Corporación, S.A.S.U./ Paris	(1) Real estate transactions	100	-	100	-

(1) Audited companies as at 31 December 2009

		% share capital		Voting Rights	
Name and registered office	**Activity**	**Direct %**	**Indirect %**	**Direct %**	**Indirect %**
31.12.2010					
Renta Corporación Real Estate ES, S.A.U./ Barcelona	(1) Real estate transactions	100	-	100	-
RCRE 1, S.L.U.	Real estate transactions	-	100	-	100
RCRE 2, S.L.U.	Real estate transactions	-	100	-	100
RCRE 3, S.L.U.	Real estate transactions	-	100	-	100
RCRE 4, S.L.U.	Real estate transactions	-	100	-	100
RCRE 5, S.L.U.	Real estate transactions	-	100	-	100
RCRE 6, S.L.U.	Real estate transactions	-	100	-	100
RCRE 7, S.L.U.	Real estate transactions	-	100	-	100
Navia Avanza, S.L.U.	Real estate transactions	-	100	-	100
Masella Oeste, S.L.	Real estate transactions	-	40	-	40
Renta Corporación Real Estate Finance, S.L.U./ Barcelona	Real estate transactions	100	-	100	-
Renta Properties (UK), LTD/ Londres	(1) Real estate transactions	100	-	100	-
Palmerston & Compton, Limited / Londres	Real estate transactions	-	100	-	100
RC Luxembourg, S.a.r.l. / Luxemburgo	Real estate transactions	100	-	100	-
Tanit Corporation, S.a.r.l. / Luxemburgo	Real estate transactions	-	100	-	100
Medas Corporation, S.a.r.l. / Luxemburgo	Real estate transactions	-	100	-	100
RC Real Estate Deutschland GmbH / Berlín	(1) Real estate transactions	100	-	100	-
Renta Corporation/ Nueva York	Real estate	100	-	100	-

(in Thousand Euros)

		transactions				
RC I, LLC / Nueva York		Real estate transactions	-	100	-	100
RC II, LLC / Nueva York		Real estate transactions	-	100	-	100
RC III, LLC / Nueva York		Real estate transactions	-	100	-	100
Renta Corporación Real Estate France, S.A.S.U.	(1)	Real estate transactions	100	-	100	-
Groupe Immobilier Renta Corporación, S.A.S.U./ Paris	(2)	Real estate transactions	100	-	100	-

(1) Audited companies as at 31 December 2009
(2) Last audited balance as 31 March 2010

The movement in the cost of the shareholdings of the Group and associates for 2010 and 2009 breaks down as follows:

	Thousand Euros			
	Balance 01.01.09	**Additions**	**Disposals**	**Balance 31.12.09**
Renta Corporación Real Estate ES, S.A.U. *	37,075	-	-	37,075
Renta Corporación Real Estate Finance, S.L.U.	607	-	-	607
Renta Properties (UK), Ltd.	40,026	39,390	-	79,416
RC Real Estate Deutschland GmbH	25,025	-	-	25,025
RC Luxembourg, S.a.r.l.	100	-	-	100
Groupe Immobilier Renta Corporación, S.A.S.U.	29,000	-	(22,180)	6,820
Renta Corporation (USA)	21,383	6,040	-	27,423
Renta Corporación Real Estate France, S.A.S.U.	-	3,050	-	3,050
	153,216	**48,480**	**(22,180)**	**179,516**

* Formerly named Renta Corporación Real Estate O.N., S.A.U

	Thousand Euros			
	Balance 01.01.10	**Additions**	**Disposals**	**Balance 31.12.10**
Renta Corporación Real Estate ES, S.A.U. *	37,075	-	-	37,075
Renta Corporación Real Estate Finance, S.L.U.	607	-	-	607
Renta Properties (UK), Ltd.	79,416	-	-	79,416
RC Real Estate Deutschland GmbH	25,025	-	-	25,025
RC Luxembourg, S.a.r.l.	100	-	-	100
Groupe Immobilier Renta Corporación, S.A.S.U.	6,820	-	-	6,820
Renta Corporation (USA)	27,423	-	-	27,423
Renta Corporación Real Estate France, S.A.S.U.	3,050	-	-	3,050
	179,516	**-**	**-**	**179,516**

In 2009 a company in the Renta Properties (UK), Ltd. subgroup and Renta Corporation (USA) increased capital by GBP 35,655 thousand (Euros 39,390 thousand) and USD

(in Thousand Euros)

8,500 thousand (Euros 6,040 thousand), respectively. These capital increases were performed by offsetting loans.

On 26 May 2009 Groupe Inmobilier Renta Corporación, S.A.S.U. reduced its share capital by Euros 4,842 thousand by decreasing the par value of its shares. Additionally, and on that same date, it agreed to the reduction of share capital by Euros 17,338 thousand through the reduction of the par value of the shares and the partial reimbursement of shareholder contributions.

On 24 June 2009, Renta Corporación Real Estate France, S.A.S.U. was incorporated, through which the Group will carry out its Business in France, replacing Groupe Inmobilier Renta Corporación, S.A.S.U.

Renta Corporación Real Estate France, S.A.S.U. increased capital on 28 December 2009 by Euros 3,000 thousand by subscribing 300,000 new shares with a par value of Euros 10 each.

In 2009 the shareholding percentages in the companies 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 Grupo Renta Corporación Real Estate ES, S.A.U. and Renta Corporación Real Estate Finance, S.L.U., respectively.

None of the Group companies are listed on a stock exchange, except for the parent Company of the Group.

Capital, reserves, profit (loss) for the year and other information of interest, according to the individual annual accounts of the companies, are as follows:

	Thousand Euros				
	Net equity				
Company	**Capital**	**Reserves**	**Profit (loss) for the year**	**Exchange differences**	**Carrying value in the parent company**
31.12.2009:					
Renta Corporación Real Estate ES, S.A.U. (1)	204	5,345	(5)	-	9,450
Renta Properties (UK), Ltd. (1) (2)	79,416	(48,635)	(1,822)	(1,859)	27,100
RC Real Estate Deutschland GmbH (1)	25,025	(5,534)	(4,309)	-	15,182
RC Corporación Luxembourg S.a.r.l. (2)	13,925	10,361	(13,323)	-	100
Renta Corporation USA (2)(*)	27,423	(14,463)	(5,887)	(2,261)	4,812
Renta Corporación Real Estate Finance, S.L.U. (2)	3	9,614	5,500	-	607
Groupe Immobilier Renta Corporación, S.A.S.U. (2)	6,820	62	(6,949)	-	-
Renta Corporación Real Estate France, S.A.S.U.(1) (2)	3,050	-	(556)	-	2,555

(in Thousand Euros)

				(4,120)	**59,806**

	Thousand Euros				
	Net equity				
Company	**Capital**	**Reserves**	**Profit (loss) for the year**	**Exchange differences**	**Carrying value in the parent company**
31.12.2010:					
Renta Corporación Real Estate ES, S.A.U. (1)	204	(14,028)	(49,789)	-	-
Renta Properties (UK), Ltd. (1) (2)	79,416	(50,458)	(1,315)	(987)	26,656
RC Real Estate Deutschland GmbH (1)	25,025	(9,844)	1,473	-	16,654
RC Corporación Luxembourg S.a.r.l. (2)	13,925	(7,963)	(5,639)	-	100
Renta Corporation USA (2)(*)	27,423	(20,350)	(951)	(1,876)	6,255
Renta Corporación Real Estate Finance, S.L.U. (2)	3	15,140	(56,501)	-	-
Groupe Immobilier Renta Corporación, S.A.S.U. (2)	6,820	(6,949)	(43)	-	-
Renta Corporación Real Estate France, S.A.S.U.(1) (2)	3,050	(516)	(1,063)	-	1,471
				(2,863)	**51,136**

(*) This group company has capital gains of Euros 1.100 thousand from de valuation of independent experts on stocks
(1) According to the audited annual accounts at 31 December 2009 and 2010.
(2) Relating to the consolidated annual accounts at 31 December 2009 and 2010.

b) Other information to be disclosed on different shareholdings:

The movement in the provision for depreciation of investments breaks down as follows:

	Thousand Euros	
	2010	**2009**
Opening balance	(119,710)	(66,933)
Charge (Note 19)	(11,585)	(57,619)
Utilisation (Note 19)	2,916	4,842
Closing balance	**(128,379)**	**(119,710)**

8. Loans and receivables

The breakdown of trade and other receivables at 31 December 2010 and 2009 is as follows:

	Thousand Euros	
	2010	**2009**
Trade and other receivables - short-term:		
- Trade	-	86
- Sundry receivables	9	89
- Staff	6	-
- Receivables with related parties (Note 26)	41,675	11,700

(in Thousand Euros)

- Other tax credits (Note 18)	3,736	56
	45,426	**11,931**

All loans and other receivables mature in the short-term.

9. Available-for-sale financial assets

The available-for-sale financial assets relate to unlisted securities. They breakdown as follows:

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

The movement in available-for-sale financial assets is set out below:

	Thousand Euros	
	2010	**2009**
Opening balance	1,079	6,572
Net Gains / (Losses) in net equity	-	(3,974)
Net Gains / (Losses) in income statement (Note 19)	(675)	(1,579)
Closing balance	**344**	**1,019**

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. At December 2010 the shareholding in Mixta Africa, S.A. is 1.27%.

In 2010 there was an impairment of the available-for-sale financial asset for the sale due to the value adjustments of inventories recorded by Mixta Africa, S.A. at 31 December 2010.

On 4 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 formulation of these annual accounts, in order to provide financial assistance to Mixta Africa, S.A. These borrowings are duly backed by a mortgage guarantee.

10. Cash and other cash equivalents

	Thousand Euros	
	2010	**2009**
Cash	3,974	4,014
	3,974	4,014

(in Thousand Euros)

The balance at 31 December 2010 and 2009 is made up entirely of cash and current bank accounts.
Included in the treasury balance at the 2010 year end an amount of Euros 3,947 thousand (2009: Euros 3,931 thousand), is not available due to the covenants of the syndicated loan.

11. Capital and share premium

a) Capital

	Thousand Euros	
	2010	**2009**
Authorised capital	27,276	27,276
	27,276	**27,276**

Share capital is made up of 27,276,575 fully subscribed and paid registered shares with a par value of Euro 1 each.

The Company was listed on the Madrid and Barcelona stock exchanges on 5 April 2006.

In 2009 Renta Corporación Real Estate, S.A. increased capital 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.

During 2010 there have not been changes in the capital.

At 31 December 2010 the Company has a negative equity of Euros 26,489 thousand (see Note 2.c).

The main equity holders of the Company at 31 December 2010, with a direct or indirect percentage of control greater than 10%, are as follows:

Name	% number of shares		
	Direct	Indirect	Total
Mr. Luis Hernández de Cabanyes	1,142%	38,243%	39,385%

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, UIASEF-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. This agreement was rescinded in February 2010 as the conditions that gave rise to it did not arise.

(in Thousand Euros)

b) Share premium

This reserve is freely available for distribution. In 2009 the share premium related to the capital increase mentioned in section a) above was increased by Euros 2,697 thousand. The Company has recorded the capital increase expenses of Euros 124 thousand under this heading.

c) Treasury shares

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

					Thousand Euros
	Number	**Nominal**	**Average price of acquisition/ disposal**	**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)**
Acquisitions	-	-	-	-	-
Sales	(59,159)	59	12,96	767	767
Balance at 31.12.10	**250,118**	**(251)**		**(3,285)**	**(3,285)**

The Company has a share repurchase plan for the 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 14 June 2006, 21 February 2007, 20 February 2008 and 29 April 2009, and 10 June 2009, and ratified by the General Meetings of Shareholders of 29 March 2007 and 25 April 2008, 10 June 2009 and 8 June 2010.

d) Share plan

In 2010 the Company decided not to implement a new share plan scheme. At 31 December 2010 the only valid plan is the 2008 Share Plan, owing to the fact the 2007 Share Plan finished on July 2010, having a six months effect on 2010. The purpose of these schemes is to motivate their beneficiaries and foster loyalty to the Company and to give the employees the status of shareholders in the Company. The latter plan consists of the distribution of shares over 3 years that accrue annually at a fixed rate for the first 12 and 24 months, (20% respectively) and then the rest (60%) accrue until all the shares have been distributed by the end of the third year. The number of shares to give is fixed on the 30th of June of each year.

(in Thousand Euros)

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

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 (Note 17c) and the respective counter-entry under Net equity, specifically under Reserves for employee share-based payments (Note 12).

The expense accrued at 31 December 2010 for the schemes for 2008, 2007 total Euros 257 thousand. The expense accrued at 31 December 2009 totalled Euros 544 thousand.

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

12. Reserves

The Reserves break down as follows:

	Thousand Euros	
	2010	**2009**
Legal and statutory:		
- Legal reserve	5,006	5,006
Other reserves:		
- Voluntary reserves	15,462	15,468
- Share-based employee remuneration	379	716
	20,847	**21,190**

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.

Voluntary reserves

(in Thousand Euros)

These are freely available for distribution. The variation against last year is due to the distribution under the Share Plan scheme (Note 11 d).

13. Profit (loss) for the year

a) Proposed distribution of profit (loss) for the year

The proposed distribution of profit (loss) for the year to be presented to the General Meeting of Shareholders is as follows:

	Thousand Euros	
	2010	**2009**
Basis of distribution		
Profit (loss) for the year	(79,725)	(49,742)
	(79,725)	**(49,742)**
Distribution		
To loss brought forward	(79,725)	(49,742)
	(79,725)	**(49,742)**

b) Interim dividend

It was agreed by the shareholders not to payout an interim dividend in 2010.

14. Debits and other payables

The breakdown in the accounts under Debits and other payables at 31 December 2010 and 2009 is as follows:

	Thousand Euros	
	2010	**2009**
Debits and other payables – long-term:		
- Other financial liabilities	13,400	19,874
- Due to Group companies and associates	406	50,472
	13,806	**70,346**
Debits and other payables – short-term:		
- Trade payables	692	507
- Accounts payable with related parties (Note 26)	73,069	13,544
- Accrued wages and salaries	461	493
- Social Security and other taxes	4,712	2,908
- Other financial liabilities	1,509	765
	80,443	**18,217**

The carrying value of the short-term debits approximates fair value, given that the discounting effect is not significant.

There are no debits in foreign currency at 31 December 2010 and 2009.

Other financial liabilities carry an amount relating to a payable with the Public Treasury for deferred VAT, with a repayment period of 4 years. The interest accrued and not paid at 31 December 2010 totals Euros 1,506 thousand (2009: Euros 765 thousand), which are recorded under Other financial liabilities – short-term.

Amounts due to Group companies and associates-long-term (Euro 55,000 thousand) relates to the Company's payable with its subsidiary Renta Corporación Real Estate Finance, S.L.U. that will mature in June 2016. The interest rate on this payable is Euribor at 3 months plus a spread of 1.9 points. The interest accrued and not paid at 31 December 2010 totals Euros 3,337 thousand (2009: Euros 1,034 thousand).

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 there is no balance payable to suppliers deferred for more than the legal payment period.

15. Other provisions

The provision for liabilities and charges is to cover liabilities and obligations for claims and litigation underway before the competent administrative and court authorities. The balance of the provision at 31 December 2010 is Euros 35,818 thousand (2009: Euros 4,374 thousand).

The balance under "Long-term provisions" at 31 December 2010 includes Euros 35,735 thousand relating to the provision for third- party liabilities aimed at covering the equity deficit in investees (Note 7.b). The remaining balance relates to the provision established to cover the risks of the possible different interpretations that may be afforded to current tax legislation, and which cannot be determined as the authorities have not yet issued the relevant inspection assessments. Nonetheless, the Company's directors consider that the provision recorded at 31 December 2010 is sufficient.

The variation with respect to the previous year is mainly due (in an amount of Euros 3.930 thousand) to the decision on the proceedings instigated in previous years that resulted in a penalty proposal against the Group company that recorded a provision for such contingencies as it acted as the guarantor as well as the aforementioned provision for third party liabilities. The amount of that penalty is recorded at 31 December 2010 in the investee which has been penalised. The Company has recorded the amount in question in Overprovisions in the income statement for 2010.

Litigation

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

(in Thousand Euros)

16. Deferred taxes

The breakdown of deferred taxes is as follows:

	Thousand Euros	
	2010	**2009**
Deferred tax assets:		
- Temporary differences	265	218
- Others, deductions available for offset	-	59
- Tax credits for tax loss carryforwards	-	65,513
	265	65,790
Deferred tax liabilities		
- Temporary differences	-	-
	-	-
Deferred tax	**265**	**65,790**

The deferred tax assets recognised deriving from tax losses generated in previous years by the Tax Group have been adjusted as a result of the decision taken by the Directors of the Renta Corporación Group to adjust tax credits as a result of not having reached, at the date on which these annual accounts were reprepared, an agreement with financial creditors concerning the amendment of the conditions of the current syndicated loan (Note 2).

The gross movement in deferred taxes has been as follows:

	Thousand Euros	
	2010	**2009**
Opening balance	**65,790**	**41,297**
Charge/(credit) in the income statement (Note 18)	(33,033)	18,915
Tax charged directly to net equity	-	1,192
Consolidated taxation	(32,492)	4,571
Others	-	(185)
Closing balance	**265**	**65,790**

The movement in the year under deferred tax assets and liabilities has been as follows:

	Thousand Euros			
Deferred tax assets	**Share-based payments**	**Tax credits**	**Others**	**Total**
Balance at 31 December 2008	241	42,226	22	42,489
Charge (credit) to income statement	(27)	18,926	16	18,915
Consolidated taxation	-	4,571	(185)	4,386
Balance at 31 December 2009	**214**	**65,723**	**(147)**	**65,790**
Charge (credit) to income statement	(100)	(33.231)	298	(33.033)
Consolidated taxation	-	(32.492)	-	(32.492)
Balance at 31 December 2010	**114**	**-**	**151**	**265**

(in Thousand Euros)

				Thousand Euros
Deferred tax liabilities	**Share-based payments**	**Assets available for sale**	**Others**	**Total**
Balance at 31 December 2008	-	1,192	-	1,192
Charge (credit) to income statement	-	-	-	-
Charge to net equity	-	(1,192)	-	(1,192)
Balance at 31 December 2009	-	-	-	-
Charge (credit) to income statement	-	-	-	-
Charge to net equity	-	-	-	-
Balance at 31 December 2010	-	-	-	-

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 second preparation of these consolidated annual accounts, 29 April 2011, no agreement has yet been reached with the financial institutions involved 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 2.c).

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.

(in Thousand Euros)

The deferred taxes charged to net equity during the year have been as follows:

	Thousand Euros	
	2010	**2009**
Available-for-sale financial assets	-	1,192
	-	**1,192**

17. Income and expenses

a) Transactions in foreign currency

There have been no transactions in foreign currency during the years ended 31 December 2010 and 2009.

b) Net turnover

Net turnover from ordinary activities breaks down geographically as follows:

	%	
Market	**2010**	**2009**
Spain	73%	52%
Berlin	9%	4%
London	6%	7%
Paris	5%	28%
Luxembourg	5%	9%
New York	2%	-
	100%	**100%**

As mentioned in Note 2, teh financial income resulted from the received dividends of one of the shareholding company by Euros 5,000 thousand, has been classifyied as more Net Turnover.

c) Staff costs

	Thousand Euros	
	2010	**2009**
Wages, salaries and the like	(4,970)	(5,485)
Social welfare expenses:		
- Social Security	(555)	(595)
- Remuneration in kind	-	(1)
- Other social welfare charges	(66)	(75)
	(5,591)	**(6,156)**

“Wages, salaries and the like” includes severance indemnities of Euros 403 thousand (2009: Euros 190 thousand) and the amount representing Share plans given to employees totals Euro 257 thousand (2009: Euros 544 thousand) (Note 11 d).

(in Thousand Euros)

The average number of current employees by job category is as follows:

	2010	2009
Management	4	4
Graduates, technicians and administration	44	47
Services	3	4
	51	**55**

In addition, sex distribution at the year end of the Company is the following one:

	2010			2009		
	Man	**Woman**	**Total**	**Man**	**Woman**	**Total**
Management	4	-	4	4	-	4
Graduates, technicians and administration	6	38	44	6	41	47
Services	2	1	3	3	1	4
	12	**39**	**51**	**13**	**42**	**55**

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

d) Profit (loss) on disposals of fixed assets and impairment

	Thousand Euros	
	2010	**2009**
Intangible assets (Note 5) – disposals	(84)	(268)
Property, plant and equipment (Note 6) – disposals/sales	(6)	(1,395)
Property, plant and equipment (Note 6) – impairment/reversal	(406)	2,279
	(496)	**616**

e) External services

This account breaks down as follows:

	Thousand Euros	
	2010	**2009**
Leases and royalties	(549)	(600)
Maintenance and repairs	(225)	(410)
Professional and brokering services	(1,166)	(913)
Insurance premiums	(306)	(306)
Banking services and the like	(7)	(6)
Advertising, publicity and public relations	(52)	(362)
Supplies	(272)	(457)
Other services	(257)	(260)
	(2,834)	**(3,314)**

Professional services and brokering includes mainly costs of advisors and lawyers.

(in Thousand Euros)

f) <u>Other taxes</u>

This account included at 31 December 2009 Euros 3,930 thousand to cover the exposure to possible different interpretations of current tax legislation (Note 15).

As mentioned in Note 15, during 2010 the Company has regularized the above provision because the sanction has fallen on a shareholding company.

18. Income Tax and Tax situation

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 the registered name of the merging Company to Renta Corporación Real Estate ES, S.A., the latter is the parent of the tax consolidation.

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 of net income and expenses for the year end taxable income is as follows:

	Thousand Euros	
	Profit and loss	
Balance of net income and expenses for the year		(79,725)
	Gain	Loss
Corporate income tax	33,033	
Permanent differences	-	-
Temporary differences:		
- arising during the year	41,210	(5,324)
- arising in prior years	-	(5,509)
Base imponible (resultado fiscal)		(16,315)

Positive temporary differences arising in the year basically consist of Euros 35,735 thousand relating to the provision for liabilities aimed at covering the shareholders' fund deficit in one of the investees.

Negative temporary differences arising in the year include Euros 5.000 thousand in respect of dividends received from a Group company, to which the double tax exemption is applied. In this respect, the Company fulfils the requirements of Article 21 of the Corporate Income Tax Law. Similarly, the reserves related to the share plan are included.

(in Thousand Euros)

Negative temporary differences arising in prior years include Euros 1,578 thousand relating to the delivery of shares in 2010 of Mixta África and therefore the loss recorded in 2009 became effective in 2010 and Euros 3,931 thousand relating to the reversal of a provision for a tax litigation of one of the Group companies.. Therefore the off-balance sheet positive adjustment made in the previous year has been reversed.

The amount of temporary differences does not include the recognition of the corresponding deferred tax asset since the circumstances for such recognition did not arise last year or in the present year except with respect to those temporary differences related to the share plan and the provision for the impairment of the head office call option (Note 16).

The amount recorded under “Income tax” in the income statement totals Euros 33,033 thousand and is made up of an expense of Euros 33,086 thousand relating to the elimination of the tax credits generated in prio ryears and which were recorded in an account with Group companies within the framework of the tax consolidation and net income of Euros 53 thousand relating to the temporary differences indicated.

Since at the date of the re-preparation of the present annual accounts the Directors of the Renta Corporación Group have not reached an agreement with financial creditors concerning the amendment of the conditions of the current syndicated loan (Note 2) they have decided to regularise all deferred tax assets resulting from tax losses .

Withholdings and payments on account in 2010 amounted to Euros 5 thousand (2009: Euros 124 thousand.

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

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 the Company has tax loss carryforwards available for offset of Euros 124,373 thousand (2009: Euros 118,000 thousand). These break down by year of generation as follows:

	Thousand Euros	
Year of generation	**Tax loss carryforwards**	**Expiry**
2010	16,315	2025
2009	63,086	2024
2008	44,97	2023
	124,373	

The breakdown of the debit with the Public Treasury at 31 December 2010 is as follows:

(in Thousand Euros)

Creditor balances	Thousand Euros 2010	2009
Public Treasury, creditor for payroll tax, capital gains tax and others	4,653	2,855
Social Security, creditor	59	53
	4,712	2,908
Debtor balances		
Public Treasury, debtor for sundry items (Note 8)	3,736	56
	3,736	56

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

The Company is open to tax inspection for all the applicable taxes for the last four years.

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.

19. Net financial income (expense)

	Thousand Euros 2010	2009
Financial income:		
From shareholdings in equity instruments	13	10
- Group companies and associates	-	-
- Third parties	13	10
	13	10
Financial expenses:		
Amounts owing to group companies and associates	(2,309)	(2,929)
Amounts owing to third parties	(5,965)	(1,544)
	(8,274)	(4,473)
Variation of fair value in financial instruments (Note 9)	(675)	(1,579)
Exchange differences:	-	(19)
Impairment and profit and loss on disposals of financial instruments:		
Impairment and loss on shareholdings in group companies and associates (Note 15)	(44,405)	(57,619)

(in Thousand Euros)

Net financial income (expense)	**(53,341)**	**(63,680)**

Within the epigraph "Financial expenses owing to third parties" at 31 December 2010 it is included an amount of Euros 4,972 thousand corresponding to the anticipated amortization of th the formalization expenses of the 2009 syndicate loan.

20. Cash flows from operations activities

	Thousand Euros	
	2010	**2009**
Profit (loss) for the year before tax	**(46,692)**	**(68,657)**
Adjustments to profit and loss:		
- Amortisation and depreciation	837	1,251
- Impairment provisions	9,062	55,340
- Variation in provisions for liabilities and charges	31,444	4,374
- Profit and loss on disposals and disposals of fixed assets	90	1,663
- Financial income	(13)	(10)
- Financial expenses	8,274	4,459
- Variations in fair value of financial instruments	675	1,579
- Exchange differences	(5,334)	-
	45,035	**68,656**
Changes in working capital:		
- Debtors and other accounts receivables	5,128	6,282
- Creditors and other accounts payables	(80)	(3,311)
- Other non-current assets and liabilities	1,026	1,008
	6,074	**3,979**
Other cash flows from operations:		
- Interest paid	-	(5,173)
- Receipts from dividends	15	-
	15	**(5,173)**
Cash flows from operations activities	**4,432**	**(1,195)**

21. Cash flows from investments activities

	Thousand Euros	
	2010	**2009**
Payments for investments:		
- Group companies and associates	-	(48,480)
- Intangible assets	(378)	(459)
- Property, plant and equipment	(11)	(528)
- Other financial assets	(186)	(35)
	(575)	**(49,502)**
Receipts from divestments:		
- Group companies and associates	-	17,338
- Intangible assets	-	268
- Property, plant and equipment	-	62,686
- Other financial assets	30	-
	30	**80,292**
Cash flows from investments activities	**(545)**	**30,790**

(in Thousand Euros)

22. Cash flows from financing activities

	Thousand Euros	
	2010	**2009**
Receipts and payments for equity instruments:		
- Issue of equity instruments	767	4,820
- Acquisition of treasury shares	(9)	-
	758	**4,820**
Receipts and payments for financial liability instruments:		
- Issue:		
- Amounts owing to group companies and associates	-	50,066
- Other borrowings		19,875
- Repayment and redemption of:		
- Amounts owing to group companies and associates	(250)	(100,568)
- Other borrowings	(4,435)	-
	(4,685)	**(30,627)**
Cash flows from financing activities	**(3,927)**	**(25,807)**

23. Contingencies

Contingent liabilities

There are not and have not been any governmental, legal, court or arbitral proceedings (including those that are current or pending resolution or those of which the Company is aware affecting it) which have had in the recent past or could have significant effects on the position and/or profitability of the Company.

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

24. Commitments

a) Operating lease commitments (when the Company is lessee)

Until May 2009 the Company rented various offices to Group companies and third parties. As a result of the sale of its building (under one of the covenants of the syndicated loan executed in May 2009) where it had its offices, the Company has gone from being a lessor to a lessee. The income for rent for the period from January to December 2010 has totalled Euros 20 thousand (2009: Euros 993 thousand).

The rental contracts of the Company have a term between one and five years, most of which can be renewed at arm's length when they expire.

(in Thousand Euros)

The total future minimum payments for its uncancellable operating leases are as follows:

	Thousand Euros	
	2010	**2009**
Less than one year	533	533
Between one and five years	1,288	1,821
	1,821	**2,354**

The expense recognised in the income statement during the year 2010 relates to operating leases and totals Euros 534 thousand (2009: Euros 572 thousand).

b) Other commitments

The Company, together with other Group companies, is the guarantor to a syndicated loan totalling Euros 279 million (2009: Euros 254 thousand), amongst the lender companies in the group, Renta Corporación Real Estate, S.A. (principal) and Renta Corporación Real Estate Finance, S.L.U. and a syndicate of lending institutions.

Despite the accomplishment of all the requirements agreed with financial institutions in the refinancing process of May 2009 and with the willingness to anticipate, the Company, together with other group companies, has realized a new approach to financial institutions which will permit, in case of agreement, a new adjustment of the debt for a foreseeable scene of the evolution of te Company and the market in general.

25. Remuneration of the Board of Directors and senior management

a) Remuneration of the Board of Directors and senior management

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 four executive officers.

b) 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:

(in Thousand Euros)

	Directas	Indirectas	Total
D. Luis Hernández de Cabanyes	1.142%	38.243%	39.385%
D. David Vila Balta	0.538%	-	0.538%
D. Juan Velayos Lluis	0.12%	0.051%	0.171%
D. Juan Gallostra Isem	-	-	-
D. Carlos Tusquets Trias de Bes	0.400%	-	0.400%
D. Ignacio López del Hierro Bravo	0.002%	-	0.002%
D. Blas Herrero Fernandez	-	9.658%	9.658%
D. Cesar. A. Gibernau Ausio	0.082%	-	0.082%
Dña. Elena Hernandez de Cabanyes	2.255%	-	2.255%

c) 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:

	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 2009 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 4 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).

d) Remuneration 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 17c), which totals Euros 121 thousand (2009: Euros 235 thousand for Executive Officers and Euros 24 thousand for the other key management (2009: Euros 43 thousand).

e) Shareholdings of the Members of the Board of Directors in analogous companies

In accordance with the provisions of article 229 and 231 of 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 Renta Corporación Real Estate, S.A. in which Members of the Board of Directors and/or undertake on their own behalf or that of 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.

(in Thousand Euros)

Thus, the following information has been provided to the Company by the Directors, who, at 31 December 2010, hold the following offices on the Board of Directors of the Company:

Name	Name of company	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
	JUCARIN, S.L.	50%	Sole administrator
Cónyuge e hijos	JUCARIN, S.L.	50%	-

(in Thousand Euros)

Name	Name of company	shareholding	Office or duties
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

(in Thousand Euros)

Name	Name of company	shareholding	Office or duties
			Administrator
	PRODUCTOS LACTEOS DE CORNELLANA, S.L.	49.17%	Several Administrator
	H&VB INVESVAL, S.A.	100%	Sole Administrator
	BVCR TITULOS, S.L.	50%	Joint Administrator
Cónyuge	BVCR TITULOS, S.L.	50%	Joint 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%	Sole administrator
	INMO ERCINA, S.L.	50%	Sole 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%	Sole administrator
	INMO ERCINA, S.L.	50%	Sole administrator

(*) Related party to Luis Hernandez de Cabanyes in accordance with the article 231 of the Spanish Capital Companies
(**) 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.

(in Thousand Euros)

26. Other operations with Group and related parties

The transactions with related parties are set out below:

a) Provision of services

	Thousand Euros	
	2010	**2009**
Renta Corporación Real Estate ES, S.A.U.	4,766	5,046
Renta Corporación Real Estate Finance, S.L.U.	251	262
Groupe Immobiliere Renta Corporación, S.A.S.U.	336	845
Renta Properties (UK), Ltd.	401	604
RC Real Estate Deustchland, GmbH	485	626
Renta Corporación Luxembourg, S.a.r.l.	329	438
Renta Corporation (USA)	133	237
Mixta Africa, S.A.	-	10
Fundación Privada Renta Corporación	-	16
Renta Corporación Real Estate France, S.A.S.U.	-	31
	6,701	**8,115**

b) Balances at the year end arising from services (receivable)

	Thousand Euros	
	2010	**2009**
Renta Corporación Real Estate ES., S.A.U.	39,316	7,660
RC Real Estate Deutschland GmbH	699	1,296
Renta Corporación Real Estate Finance, S.L.U.	293	-
Renta Corporación Real Estate France, S.A.S.U.	157	82
Renta Properties (UK), Limited	171	214
RC Luxembourg, S.A.	-	1,554
Renta Corporation (USA)	1,028	891
Fundación Renta Corporación	-	3
Mixta Africa, S.A.	11	
	41,675	**11,700**

The most significant balances under Related party receivables includes a payable balance with Renta Corporación Real Estate ES, S.A.U. totalling Euros 9,139 thousand, for the payable of this company as a result of consolidated corporate income tax, and a receivable balance for consolidated VAT totalling Euros 24,472 Thousand. In addition, within the receivables accounts, there is included Euros 5,705 thousand at 31 December 2010 regarding the interest accrued and not received of the management fees.

c) Purchases of goods, services received and financial expenses

	Thousand Euros	
	2010	**2009**
Services received and financial expenses:		
Group companies		
- Renta Corporación Real Estate Finance, S.L.U.	2,309	2,920
- Groupe Inmobilier Renta Corporación, S.A.S.U.	-	9
	2,309	**2,929**
Companies related by a common shareholder		
- Second House, S.A.	-	-
- Second House Rehabilitación, S.L.U.	-	-
- Closa Asociados Correduría de Seguros, S.L.	306	306
- Fundación Privada Renta Corporación (donación)	-	-
- Gibernau & Plana Asociados, S.L.	100	105
- Hilo de Inversiones, S.L.	45	-
- Servei de Documentació i Gestió	-	-
- Dinomen, S.L.	-	-
- Aladin Capital, S.L.	-	-
- Juan Ignacio Cabrera Marrero	-	-
- Test Tecnología de Sistemas, S.L.	-	2
- Tizzano Novara, S.L.	-	3
- Iglú Verde, S.L.	1	3
	452	**419**
Key management personnel and directors	-	75
Total services received and financial expenses:	**2,761**	**3,423**

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. dated 29 December 2005 (ratified by the Board of Directors on 15 March 2006), which regulated the collaborative commercial and contractual relations between both parties.

d) Balances at the year end arising from purchases, services received and financial expenses

	Thousand Euros	
	2010	**2009**
Renta Corporación Real Estate Finance, S.L.U.	72.946	13.195
Groupe Immobilier Renta Corporación, S.A.S.U.	116	349
Renta Corporación Real Estate 1, S.L.U.	7	-
	73.069	**13.544**

Related party payables includes the payable balance with Renta Corporación Real Estate Finance, S.L.U. totalling Euros 793 thousand for the payables with this company as a result of the tax consolidation, Euros 13,818 thousand of received loans and Euros 3,335 thousand for interest accrued but not paid at 31 December 2010. In addition, it includes a debt with Renta Corporación Real Estate Finance, S.L.U for an amount ofEuros 55,000 thousand (Note 14).

The Company has a loan agreement with Renta Corporación Real Estate Finance, S.L.U. tacitly renewable each year for one year periods capped at Euros 150,000 thousand and an amount drawn down at 31 December 2010 of Euros 13,195 thousand. It has been agreed that the amounts extended would accrued interest at the 3-month Euribor (including spread and management fee).

In 2009, the parent Company received a participating loan from its main shareholder, through Dinomen, S.L. totalling Euros 4,000 thousand. At the 2009 year end this loan was capitalised as part of the capital increase carried out by the parent Company (Note 11 a). The financial expenses accrued in 2009 from the participating loan have totalled Euros 53 thousand.

27. Environment

The Company has 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.

28. 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 minimise costs.

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

29. Auditors' fees

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for auditing the individual annual accounts and other services total Euros 69 thousand and Euros 39 thousand respectively (2009: Euros 69 thousand Euros 33 thousand, respectively).

The Company has no relations with other Companies trading under the PwC mark.

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RENTA CORPORACIÓN REAL ESTATE, S.A.
Directors' Report for 2010

1. Evolution of the business and market situation of the Company

2010 has been characterised by continued support to the management of the business from the parent company of the Group. Revenue totals Euros 6,874 thousand, generated mainly by revenues received in consideration for this management support provided by the parent company to its subsidiaries. This amount has decreased against last year due mainly to the decrease in the business volume of the different subsidiaries.

As was the case affecting the other Group companies, the Company initiated a restructuring plan in 2008 to control costs, strengthen its financial structure and successfully hurdle the lack of liquidity that has so negatively affected the market in general. This plan, on the one hand, restructured staff and lowered salaries in 2009, which reduced staff costs in 2009 to Euros 6,156 thousand. During 2010 this expense control policy has been kept with Euros 5,591 thousand of personal expense.

On the other hand, external services for 2010 have totalled Euros 2,834 thousand compared to Euros 3,314 thousand in 2009, the result of Company cost cutting policies in all areas.

Operating losses were reduced by Euros 11,626 thousand , resulting in an operating profit of Euros 6.649 thousand. This is basically due to two effects, Euros 5,000 thousand in income from dividends in one of the Group's international companies and Euros 4,306 thousand from the overprovisions for liabilities and charges recorded in 2009 and which in 2010 were regularised since the liability accrued in one of the Group's investees.

In May 2009 the Group signed the global restructuring of its debt and adapted it to both the Group's specific needs and the new market circumstances. Since February 2009 the Company participates as a borrower in the syndicated loan contract for the Group that has been arranged through another Group company. Nonetheless, although it meets all the requirements agreed with the financial institutions involved, the Group considers it appropriate to approach the financial institution in order to readjust the debt to the foreseeable scenario of the development of the Company and market in general. Therefore and for prudence, the formalisation expenses relating to the agreement in May 2009 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 re-preparation of the present 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.

After the Group's share price ended 2009 at Euros 2.95, in 2010 the price tended to fall during practically the entire year and ended at 1.24 Euros /share. This represents a decline in the share price largely brought about by the real estate and financial crisis that has characterised the stock exchange in 2010 and is very much in line with the performance of listed real estate companies as a whole.

The price at the 2010 year end puts the Group's stock market capitalisation at Euros 34 million.

2. Business outlook

In line with the actions carried out in 2010, the Company is facing the future with the intention of providing the group with the financial, material and human resources necessary to adapt itself to the new market situation.

3. Main risks and uncertainties of the business

The main financial risks that affect the Company would be: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. The Company 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, and accordingly, its not exposed to exchange rate risk.

- The Company's interest rate risk control policy is managed in accordance with the policies approved by the Board of Directors which lay down the need to maintain hedging instruments to minimise the impact of interest rate shifts. The Company assesses on an on-going basis the advisability of arranging hedges adapted to the financing structure provided that the conditions for arranging such instruments are favourable to the Company.

- The Company carries out a follow-up of capital management in order to obtain a return for shareholders and safeguard the leverage ratio and guarantee the share capital/ equity balance in the Company and its investees.

- 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 Company's activity, it does not make any investments in research and development, although the Company 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 251 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 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 prepared 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 minimise 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 Company has adopted the measures necessary for the protection and improvement of the environment and the minimisation, as the case may be, of any environmental impact, by complying with current legislation. During the year the Company 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 adicional references to the new article 61 bis of the Exchange Comission Act:

a) The share capital of the Company totals Euros twenty-seven million two hundred seventy-six thousand five hundred seventy-five (€ 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 totalo 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, UIASEF-Comité Español (UCE) and Fundación 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:

Nombre	Porcentaje número de acciones		
	Directas	**Indirectas**	**Total**
Luis Hernández de Cabanyes	1.142%	38.243%	**39.385%**
Fundación Privada Renta Corporacion	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 re 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. Mr. David Vila Balta (Vice-chairman and General Manager of Operations), Mr. Juan Velayos Lluis (Chief Executive Officer), Mr. Javier Carrasco Brugada (non-voting Secretary) have sufficient, 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) 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.

k) The contract of the Choef executive fficer contains a clause providing him with an indemnity equivalent to 45-days salay 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 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 CORPORACION REAL ESTATE, S.A.
Drawing up of the Annual Accounts for the Year Ended
31 December 2010

On 31 March 2011 the Board of Directors of Renta Corporación Real Estate, S.A., in compliance with current legislation, have prepared the annual accounts of Renta Corporación Real Estate, S.A. 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 reprepared Annual Accounts comprise the foregoing documents, the Balance Sheet, the Income Statement, the Statement of Changes in Net Equity, the Statement of Cash Flows, the Notes to the Accounts and the Directors' Report, numbered correlatively from 1 to 58, 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	Mrs. Elena Hernández de Cabanyes Director
Mr. Juan Gallostra Isern Director	Mr. Carlos Tusquets Trias de Bes Director
Mr. Blas Herrero Fernández Director	Mr. César A. Gibernau Ausió Director
Mr. Javier Carrasco Brugada Non-Member Secretary	Mr. Ignacio Lopez del Hierro Vocal