PRICEV/ATERHOUSE COPERS 18



Audit Report, Annual Accounts at 31 December 2009 and Directors' Report for 2009



Edifici Caja de Madrid Avinguda Diagonal, 640 08017 Barcelona Tel. +34 932 532 700 Fax +34 934 059 032

A free translation of the report on the annual accounts originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails

AUDIT REPORT ON THE ANNUAL ACCOUNTS

To the Shareholders Renta Corporación Real Estate, S.A.:

- 1. We have audited the annual accounts of Renta Corporación Real Estate, S.A. consisting of the balance sheet as at 31 December 2009, the income statement, the statement of changes in net equity, the statement of cash flows and the related notes to the annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Company. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on the work carried out in accordance with auditing standards generally accepted in Spain which require the examination, on a test basis, of the evidence supporting the annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.
- 2. In accordance with Spanish Corporate Law, the Company's Directors have presented, for comparative purposes only, for each item of the balance sheet, the income statement, the statement of changes in net equity, the statement of cash flows and the related notes to the annual accounts, the corresponding amounts for the previous year as well as the amounts for 2009. Our opinion refers exclusively to the annual accounts for 2009. On 1 April 2009, we issued our audit report on the 2008 annual accounts, in which we expressed a qualified opinion.
- 3. As indicated in Note 16 to the accompanying annual accounts, the Company has recorded at 31 December 2009 deferred tax assets totalling Euros 65,790 thousand. The realisation of these deferred taxes is foreseen for the medium- and long-term, and, accordingly, depends on future events, especially the evolution of the real estate market in Spain.
- 4. In our opinion, except for the effect of any adjustment that could be required were the final outcome of the uncertainty described in paragraph 3 above known, the accompanying annual accounts for the year 2009 present fairly, in all material respects, the equity and financial position of Renta Corporación Real Estate, S.A. at 31 December 2009 and the results of its operations, changes in net equity and its cash flows for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with generally accepted accounting principles in Spain, applied on a basis consistent with that of the preceding year.

PRICEV/ATERHOUSE COPERS 18

5. The accompanying Directors' Report for 2009 contains the information that the Company's Directors consider relevant to the position of the Company, the evolution of its business and of other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the aforementioned Directors' Report coincides with that of the annual accounts for 2009. 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.

Stefan Mundorf Audit Partner

25 March 2010



Renta Corporación Real Estate, S.A.

Annual accounts at 31 December 2009 and Directors' Report for 2009





INDEX OF THE ANNUAL ACCOUNTS OF RENTA CORPORACIÓN REAL ESTATE, S.A.

Note		Page
	Balance sheets	1
	Income statements	3
	Statements of recognised income and expenses	4
	Statements of changes in net equity	5
	Statements of cash flows	7
	Notes to the annual accounts	
1	General information	8
2	Basis of presentation	8
3	Accounting policies	10
	3.1 Intangible assets	10
	3.2 Property, plant and equipment	10
	3.3 Impairment of non-financial assets	11
	3.4 Financial assets	11
	3.5 Net equity	13
	3.6 Financial liabilities	13
	3.7 Current and deferred tax	14
	3.8 Employee benefits	15
	3.9 Provisions and contingent liabilities	15
	3.10 Revenue recognition	16
	3.11 Leases	16
	3.12 Transactions in foreign currency	17
	3.13 Transactions between related parties	17
	3.14 Environment	18
4	Financial risk management	18
	4.1. Financial risk factors	18
	4.2 Capital risk management	20
5	Intangible assets	21
6	Property, plant and equipment	22
7	Shareholdings in group companies and associates	23
8	Loans and receivables	28
9	Available-for-sale financial assets	28 29
10	Cash and other cash equivalents	29
11	Capital and share premium	
12	Reserves	32 33
13	Profit (loss) for the year	33
14	Debits and other payables	34
15	Other provisions	34
16	Deferred taxes	36
17	Income and expenses	38
18	Income Tax and Tax situation	40
19	Net financial income (expense)	41
20 21	Cash flows from operations activities Cash flows from investments activities	41
		42
22 23	Cash flows from financing activities	42
24	Contingencies Commitments	43
24 25	Remuneration of the Board of Directors and senior management	43
26 26	Other operations with the Group and related parties	47
27	Environment	49
28	Subsequent events	50
29	Auditors fees	50
2.0	Directors' Report	51





RENTA CORPORACIÓN REAL ESTATE, S.A. Balance Sheets at 31 December 2009 and 2008 (in Thousand Euros)

		At 31 Decei	nber
ASSETS	NOTE	2009	2008
NON-CURRENT ASSETS		129,749	201,044
Intangible assets	5	1,963	2,201
Property, plant and equipment	6	1,028	63,392
Investments in group companies and associates - long-term	7	59,806	86,283
Equity instruments		59,806	86,283
Long-term investments		143	107
Other financial instruments	1000	143	107
Financial assets available for sale	9	1,019	6,572
Deferred tax assets	16	65,790	42,489
CURRENT ASSETS		16,000	18,847
Trade and other receivables	8	11,931	18,213
Sales and services		86	133
Customers, group companies and associates		11,700	15,169
Sundry receivables		89	12
Other tax refundable		56	2,899
Investments in group companies and associates - short-term		2	2
Other financial assets	50	2	2
Short-term prepayments		53	406
Cash and other cash equivalents	10	4,014	226
		145,749	219,891





RENTA CORPORACIÓN REAL ESTATE, S.A. Balance Sheets at 31 December 2009 and 2008 (in Thousand Euros)

		At 31	December
NET EQUITY AND LIABILITIES	NOTE	2009	2008
NET EQUITY		52,812	99,759
Equity	-	52,812	96,977
Capital	11	27,276	25,029
Share premium	11	89,296	86,723
Reserves	12	21,190	22,384
(Treasury shares)	11	(4,052)	(6,003)
Profit (loss) brought forward		(31,156)	5 40
Profit (loss) for the year	13	(49,742)	(31,156)
Value adjustments	*****		2,782
Available-for-sale financial assets			2,782
NON-CURRENT LIABILITIES		74,720	1,598
Long-term provisions	15	4,374	•
Other provisions		4,374	-
Long-term payables	14	19,874	
Other financial liabilities	S	19,874	-
Due to group companies and associates - long-term	14	50,472	406
Deferred tax liabilities	16		1,192
CURRENT LIABILITIES		18,217	118,534
Short-term payables	14	765	-
Other financial liabilities		765	-
Amounts owing to group companies and associates - short-term	26 d	13,544	115,701
Trade and other payables	14	3,908	2,833
Sundry payables		507	943
Accrued wages and salaries		493	1,479
Other tax payable		2,908	411
		145,749	219,891





RENTA CORPORACIÓN REAL ESTATE, S.A. Income Statements for the Years Ended 31 December 2009 and 2008 (in Thousand Euros)

			Ended cember
	NOTE	2009	2008
CONTINUED OPERATIONS	17b	9,476	17,801
Net turnover	170 —	9,470	17,001
Sales Services		9.476	17,801
Variation in inventories of finished product and work in progress	-	-	- 17,001
Own work capitalised	3-	234	713
Supplies			
Consumption of goods for resale	-	:•:	
Consumption of raw materials and other consumables		: <u>=</u> :	-
Outsourced work			**
Impairment of goods for resale, raw materials and other supplies		:=:	-
Other operating income		97	69
Ancillary income and the like		97	69
Operating grants released to profit (loss) for the year			-
Staff costs	17c	(6,156)	(11,485)
Wages, salaries and the like		(5,485)	(10,715)
Social welfare charges		(671)	(770)
Provisions	-	(3.000)	(0.400)
Other operating expenses		(7,993)	(9,486)
External services	17e 17f	(3,314)	(9,037) (264)
Local taxes	171	(4,679)	(185)
Loss, impairment and variation in trade provisions Other operating expenses		-	(103)
Depreciation of fixed assets		(1,251)	(1,861)
Release of non-financial grants and others	-	(1,20.)	(.,,,
Release of provisions		-	-
Impairment and profit (loss) on disposal of fixed assets	17d	616	(2,444)
Impairment and loss		2.279	(2,379)
Profit (loss) on disposals and others		(1,663)	(65)
OPERATING PROFIT (LOSS)		(4,977)	(6,693)
Financial income	19 —	10	5
Financial expenses	19	(4,473)	(3,811)
Variation in fair value of financial instruments	10	(1,579)	(0,011)
Exchange differences	19	(19)	(4)
Impairment and profit (loss) on disposals of financial instruments	19	(57,619)	(34,939)
NET FINANCIAL INCOME (EXPENSE)		(63,680)	(38,749)
PROFIT (LOSS) BEFORE TAX	-	(68,657)	(45,442)
Corporate income tax	18	18,915	14,286
PROFIT (LOSS) FOR THE YEAR FROM CONTINUED OPERATIONS	_	(49,742)	(31,156)
DISCONTINUED OPERATIONS	,		
Profit (loss) for the year from discontinued operations net of tax			
PROFIT (LOSS) FOR THE YEAR	-	(49,742)	(31,156)





Statements of Recognised Income and Expenses for the Years Ended 31 December 2009 and 2008
(in Thousand Euros)

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSES

	Year Ende 31 Decemb	
	2009	2008
Profit (loss) according to income statement	(49,742)	(31,156)
Income and expenses charged directly to net equity From valuation of financial instruments		
- Financial assets available for sale	(3,974)	3,974
- Other income / expenses		2
Cash flow hedges		9
Grants, donations and bequests received		•
Other adjustments	(1,194)	-
Tax effect	1,192	(1,192)
	(3,976)	2,782
Releases to the income statement	•	=
From valuation of financial instruments	-	-
- Financial assets available for sale	-	=
- Other income / expenses	-	8
Cash flow hedges	-	
Grants, donations and bequests received	-	-
Tax effect	(<u>#</u>)	-
	•	-
TOTAL RECOGNISED INCOME AND EXPENSES	(53,718)	(28,374)



Ronta Corporation Roal Estate, Scialedard Andrima - Insertia on ol Rogistro Merrantil de Bornelona. Tomo 33.020. Follo 118, Hoja R-220077- Inscripcien 1 - CIF A-62385729

RENTA CORPORACIÓN REAL ESTATE, S.A.
Statements of Changes in Net Equity for the Years Ended 31 December 2009 and 2008 (in Thousand Euros)

REN

STATEMENT OF CHANGES IN NET EQUITY 8

	Capital	la										CI
						Profit or loss	Other	Profit		Other net	Value	A
	A collection of	bellean	Share		(Treasury	brought	shareholder	(loss) for	(Interim	equity	adjustments	ا دوند د
BALANCE 34 42 07	Authorised	Oricalled prefillulin	premium 96 722	A D DAD	Silares)	IOIWAIG	contributions	42 440	dividend	mstruments.	Aumonsea	120 0AD
DALANCE SI. 12.07	620,62	•	00,123	13,240	(0/6'6)			014'0	ī		•	20,040
Adjustments due to changes in	31	1	à			,	•		i	31		: 1
Adjustments of the to												
Adjustments due to misstatements	•	•	•		•	,	,	1	,	•		•
ADJUSTED BALANCE 01.01.08	25,029	1	86,723	19,240	(5,570)			13,418		,	•	138,840
Total recognised income and												
expenses	1	1	9	i	1	9	Ø.	(31,156)	•	31	2,782	(28,374)
Operations with shareholders								8				
or owners	9	9	ä		9	9	9	1	9		•	•
 Capital increases 	э	1	Ü	3	9	3	1	1	•		1	,
 Capital decreases 	1	9	ä	•	•	ā		1	1	1	1	3
 Conversion of financial 												
liabilities into net equity	31	1	1	1	1	er.		3	1	3	7	î
Distribution of net income		1	,	2,812		1		(13,418)		1	7	(10,606)
 Operations with treasury 												
shares (net)	i	1	1	1	(433)	Ŧ	1	1	1	1	1	(433)
 Other operations with 												
shareholders or owners	i	•	1	332	1	ı	1	1	1	1	•	332
Other variations in net equity	ì		1	•	1	1	1	1	į	Ī		
BAI ANCE AT 31 12 2008	25,029		86 723	22 384	(5,003)			(21 156)			2 782	99 759
	20,02		27,00	44,004	(0000)			(001,100)			4,10	201120



Statements of Changes in Net Equity for the Years Ended 31 December 2009 and 2008 (in Thousand Euros)

B) STATEMENT OF CHANGES IN NET EQUITY

	Capital					Profit or		Profit				TA
					į	ssol	Other	(Loss)		Other net	*******	1
	Authorised	Uncalled	premium	Reserves	(Treasury shares)	forward	contributions	ror the year	(interim dividend)	equity	value	Capital
BALANCE 31.12.08	25,029		86,723	22,384	(6,003)	•	1	(31,156)	31	•	2,782	99,759
Adjustments due to changes in criteria in 2008												
Adjustments due to misstatements					3	:1	<u>3</u>			:1	1	9
ADJUSTED BALANCE	000		100	700 00	600 07		1	017	9		0010	00 120
Total recognised income and	670'67	•	00,723	77,304	(6,003)			(31,136)		•	701,7	99,799
expenses	7	1	•	(1.194)	1		1	(49.742)	1	1	(2,782)	(53,718)
Operations with shareholders				•								
or owners												
 Capital increases 	2,247	Ü	2,697	T	1	1	1	1	k I D)	1	1	4,944
Capital increase expenses												
- Gross	1	1	(177)	а	9	ì	9	9	i I	1	ì	(177)
- Tax effect	4	i	53	1	•	î	•	1	91	ì	3	23
Distribution of net income	1	ä	1	à	9	•			31	•		3
 Operations with treasury 												
shares (net)		ï	•	3	1,951	1	į	į	;1	1	9	1,951
 Other operations with 												
shareholders or owners	1	1	•	x	1	1	ı	X	ī	ï	1	,
Other variations in net equity		•	•	1	1	(31,156)	1	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 Cash Flow for the Years Ended 31 December 2009 and 2008
(in Thousand Euros)

		Year Ended 31 [December
	NOTE	2009	2008
CASH FLOWS FROM OPERATIONS ACTIVITES			
Profit (loss) for the year before tax		(68,657)	(45,442)
Adjustments to profit and loss		68,656	43,736
Changes in working capital		3,979	85,513
Other cash flows from operations activities		(5,173)	4,095
Cash flows from operations	20	(1,195)	87,902
CASH FLOWS FROM INVESTMENTS ACTIVITIES			
Payments for investments		(49,502)	(101,476)
Disposal of investments		80,292	24,992
Cash flows from investments	21	30,790	(76,484)
CASH FLOWS FROM FINANCIING ACTIVITIES			
Receipts and payments for equity instruments		4,820	(433)
Receipts and payments for financial liability instruments		(30,627)	131
Payments for dividends and remuneration from other equity instruments		-	(10,955)
Cash flows from financing activities	22	(25,807)	(11,257)
EFFECT OF VARIATIONS IN EXCHANGE RATES			
NET INCREASE / DECREASE IN CASH AND CASH	8		
EQUIVALENTS		3,788	161
Cash of cash equivalents at the beginning of the year		226	65
Cash of cash equivalents at the year end		4,014	226





Notes to the Annual Accounts for 2009 (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 2009, 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 2009. The main aggregates shown in these consolidated annual accounts, which have been audited, are as follows:

Total assets	392,285
Total Net equity	42,180
Consolidated profit (loss) for the year attributable to the equity	
holders of the company	(54,486)
Ordinary income	360,172

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, 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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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 2009 the Company has negative working capital of Euros 2,217 thousand. Of this amount, Euros 1,844 thousand relates to the short-term net creditor position with Group companies.

On 26 May 2009 the Group signed a refinancing agreement for its syndicated loan. The most relevant features of the agreement are, on the one hand, the long-term refinancing under new terms and conditions adapted to the current circumstances of the market. On the other hand, the agreement to sell assets has allowed the group to significantly reduce its debt.

The Company presents its annual accounts on the going concern principle, in the understanding that its shareholders will continue supporting it financially, so that it will be able to realise its assets and settle its liabilities in the amounts and as classified in the annual accounts.

d) Comparability

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

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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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:

Buildings
Other plant and furniture
Computer hardware
Other fixed assets

2.86%-4% 10% 25% 10%-12%

Rate (%)





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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 change in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the part of the carrying value of the asset that exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less cost of sale or the value in use obtained from discounting of cash flows. In order to evaluate the impairment of the asset, assets are grouped at their lowest level for which there are separate identifiable cash flows (cash generating units).

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.



Notes to the Annual Accounts for 2009 (in Thousand Euros)

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) <u>Available-for-sale financial assets</u>: 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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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) <u>Financial assets held to maturity</u> 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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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. 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 tax assets are recognized to the extent that it is probable that there will be future tax profits with which to offset the temporary differences. Their recuperation is evaluated each year and the recovery of those that have not been capitalised are evaluated again.

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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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).





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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.

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) <u>Interest income</u>

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.



Notes to the Annual Accounts for 2009 (in Thousand Euros)

b) 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 use the following criteria:

- a) 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.
- b) 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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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.

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 2009 the average interest rate on borrowing has been 3.1%, with a differential estimated on the Euribor of 1.25%. This represents a reduction of 223 basis point 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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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 2009 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.

Accordingly, the Group has in the first half of 2009 successfully completed the restructuring of practically its entire financial borrowings, reducing them through the sale of assets to the financial entities in the syndicate, and by refinancing the remaining debt. This process has been motivated mainly by the need to adapt the terms and conditions of the Group debt to the negative evolution of its results, to its new revised Business plan, and to the recession in the real estate and financial market impacting nationally and internationally. This has allowed the Group to obtain longer-term financing and new liquidity lines required to meet its treasury needs. Accordingly, practically the entire debt matures in more than two years and 65% matures in more than four, with a average term of debt of 5.75 years.

The restructured financial borrowings are basically due to the syndicated loan mentioned above. Furthermore, the Group's debt from certain bi-lateral financing agreements, various lines of guarantees and various interest rate hedging contracts have also been restructured with banks in the syndicate.

The signing in 2009 of the new syndicated loan for refinancing gives the Group stability and the necessary balance to face the current environment over the next few years.

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.

	Less than 1	Between 1	Between 3 and	More than 5
At 31 December 2009	<u>year</u>	and 3 years	5 years	<u>years</u>
(Thousand Euros)				
Trade and other payables	3,908	15,789	4,085	-
Due to Group companies and associates	13,544	406	÷	50,066





Notes to the Annual Accounts for 2009 (in Thousand Euros)

At 31 December 2008	Less than 1 year	Between 1 and 3_years	Between 3 and 5 years	More than 5 years
(thousand)				
Trade and other payables	2,833		-	
Due to Group companies and associates	115,701	406	-	12/7

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 2009 and 2008 were as follows:

	2009	2008
Borrowings and derivative financial instruments	302,768	668,900
Less: Cash and cash equivalents plus other		
current deposits	25,186	27,341
Net debt .	277,582	641,559
Net equity	42,180	90,808
Total capital	319,762	732,367
Leverage index	86.80%	87.60%





Notes to the Annual Accounts for 2009 (in Thousand Euros)

5. Intangible assets

a) The breakdown and movement in the accounts under "Intangible assets" is as follows:

			Thousand Euros
	Computer software	Fixed assets under construction	Total
Balance at 1.1.2008	368		368
Cost	453	5 5	453
Accumulated amortisation	(85)	ne:	(85)
Carrying balance a 1.1.08	368	•	368
Additions	200	1,848	2,048
Transfers	800	(800)	# C
Amortisation allowance	(215)	Daily.	(215)
Balance at 31.12.2008	1,153	1,048	2,201
Cost	1,453	1,048	2,501
Accumulated amortisation	(300)	\$ <u>#</u> 6	(300)
Carrying balance at 31.12.08	1,153	1,048	2,201
Additions	309	150	459
Disposals	List Control of the C	(268)	(268)
Transfers	519	(519)) GE
Amortisation allowance	(429)		(429)
Balance at 31.12.2009	1,552	411	1,963
Cost	2.281	411	2,692
Accumulated amortisation	(729)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	(729)
Carrying balance at 31.12.09	1,552	411	1,963

The additions of computer software relate mainly to projects for improving computer equipment, obtaining licenses and the completion of various projects.

b) Fully amortised intangible assets

Fully amortised intangible assets still in use at the 2009 year end total Euros 74 thousand. At 31 December 2008 there were no fully amortised intangible assets still in use.

c) Assets pledged and restrictions on ownership

At 31 December 2009 there are no significant intangible assets subject to restrictions of ownership or pledged as guarantees for liabilities.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

6. Property, plant and equipment

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

Balance at 1.1.2008 58,192 7,823 494 66,509		economic and a second		Th	ousand Euros
Land and buildings Furniture Other PPE Total Cost 58,192 7,823 494 66,500 66,830 6			Other plant and		
Balance at 1.1.2008 58,192 7,823 494 66,509		Land and buildings		Other DDE	Total
Cost 58,356 7,941 539 66,836 Accumulated depreciation (164) (118) (45) (327 mpairment (164) (118) (45) (45) (45) (45) (45) (45) (45) (45					
Accumulated depreciation (164) (118) (45) (327 Impairment Carrying balance at 1.1.2008 58,192 7,823 494 66,509 Additions - 858 115 973					
Impairment Carrying balance at 1.1.2008 58,192 7,823 494 66,509					
Carrying balance at 1.1.2008 58,192 7,823 494 66,504 Additions - 858 115 97. Disposals - (64) (1) (65 Impairment (2,379) - - (2,379) Depreciation allowance (653) (841) (152) (1,646) 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 31.12.08 55,160 7,776 456 63,392 Additions - 4 524 524 Disposals (58,356) (8,305) (3) (66,664 Transfers - - - - - Impairment/reversals 2,379 - (100) 2,275 Depreciation allowance (261) (401) (160) (822 Dispo		(164)	(118)	(45)	(327)
Additions - 858 115 973 Disposals - (64) (1) (65 Impairment (2,379) - (2,375 Depreciation allowance (653) (841) (152) (1,646 Balance at 31.12.2008 55,160 7,776 456 63,393 Cost 58,356 8,735 653 67,744 Accumulated depreciation and impairment (3,196) (959) (197) (4,352 Carrying balance at 31.12.08 55,160 7,776 456 63,393 Additions - 4 524 528 Disposals (58,356) (8,305) (3) (66,664 Transfers				40.4	00.500
Disposals	Carrying balance at 1.1.2008	58,192			
Impairment	Additions	:•:			973
Depreciation allowance (653) (841) (152) (1,646)	Disposals	()	(64)	(1)	(65)
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 31.12.08 55,160 7,776 456 63,392 Additions - 4 524 528 Disposals (58,356) (8,305) (3) (66,662 Transfers - - - - - Impairment/reversals 2,379 - (100) 2,275 Depreciation allowance (261) (401) (160) (822 Disposals for depreciation 1,078 1,237 - 2,315 Balance at 31.12.2009 - 311 717 1,026 Cost - 434 1,174 1,608 Accumulated depreciation and impairment - (123) (457) (580	Impairment	(2,379)	% ■	(₩	(2,379)
Cost 58,356 8,735 653 67,744 Accumulated depreciation and impairment (3,196) (959) (197) (4,352) Carrying balance at 31.12.08 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) 2,275 Depreciation allowance (261) (401) (160) (822) Disposals for depreciation 1,078 1,237 - 2,315 Balance at 31.12.2009 - 311 717 1,026 Cost - 434 1,174 1,608 Accumulated depreciation and impairment - (123) (457) (580)	Depreciation allowance	(653)			(1,646)
Accumulated depreciation and impairment (3,196) (959) (197) (4,352) (2 arrying balance at 31.12.08 55,160 7,776 456 63,392 Additions - 4 524 528 528 528 528 528 528 528 528 528 528	Balance at 31.12.2008	55,160		7. A.	63,392
impairment (3,196) (959) (197) (4,352) Carrying balance at 31.12.08 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) 2,275 Depreciation allowance (261) (401) (160) (822 Disposals for depreciation 1,078 1,237 - 2,315 Balance at 31.12.2009 - 311 717 1,026 Cost - 434 1,174 1,608 Accumulated depreciation and impairment - (123) (457) (580	Cost	58,356	8,735	653	67,744
Carrying balance at 31.12.08 55,160 7,776 456 63,392 Additions - 4 524 526 Disposals (58,356) (8,305) (3) (66,664) Transfers - - - - Impairment/reversals 2,379 - (100) 2,275 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)	Accumulated depreciation and				
Additions - 4 524 526 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 1,026 Cost - 434 1,174 1,606 Accumulated depreciation and impairment - (123) (457) (586)	impairment	(3,196)	(959)	(197)	(4,352)
Additions Disposals Cost Additions Cost Additions Cost Additions Cost Additions Cost Additions Cost Additions Cost Cost Cost Additions Cost Cost Additions Cost Cost Cost Accumulated depreciation and impairment Cost Cost Cost Cost Cost Cost Cost Cos	Carrying balance at 31.12.08	55,160	7,776		63,392
Transfers -		S # -	4	524	528
Transfers -	Disposals	(58,356)	(8,305)	(3)	(66,664)
Depreciation allowance (261) (401) (160) (822 (160) (160		Y		3 €	
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)	Impairment/reversals	2,379		(100)	2,279
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)		(261)	(401)	(160)	(822)
Balance at 31.12.2009 - 311 717 1,028 Cost - 434 1,174 1,608 Accumulated depreciation and impairment - (123) (457) (580)		1,078	1,237		2,315
Cost - 434 1,174 1,608 Accumulated depreciation and impairment - (123) (457) (580		3-4	311	717	1,028
Accumulated depreciation and impairment - (123) (457) (580)	Cost		434	1,174	1,608
impairment - (123) (457) (580	5 to 50				
			(123)	(457)	(580)
Carrying balance at 31.12.09 - 311 /1/ 1,028	Carrying balance at 31.12.09	5 •	311	717	1,028

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. However, the Group can assign this option if it decides not to exercise it.

a) Impairment loss

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

b) Fully depreciated assets

At 31 December 2009 there are no fully depreciated assets still in use, as was the case at 31 December 2008.

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.



Notes to the Annual Accounts for 2009 (in Thousand Euros)

The lease of this property, plant and equipment has generated rental income for the period from January to May 2009 of Euros 993 thousand (2008: Euros 2,247 thousand).

d) <u>Insurance</u>

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 2009 and 2008.

7. Shareholdings in group companies and associates

a) Shareholdings in group companies and associates

			% share	capital	Voting I	Rights
		_	Direct	Indirect	Direct	Indirect
Name and registered office		Activity	%	%	%	%
24.42.222						
31.12.2008						
Renta Corporación Real Estate ES,	(1)	Real estate	100		100	-
S.A.U./ Barcelona		transactions				
Masella Oeste, S.L.		Real estate	-	100	-	100
		transactions	5000		722	
Renta Corporación Real Estate		Real estate	100	-	100	-
Finance, S.L.U./ Barcelona		transactions				
Renta Properties (UK), LTD/ London	(1)	Real estate	100	•	100	:=
		transactions		0.2727		
Winterley Properties 3, Unlimited /	(1)	Real estate	Ė	100	-	100
London		transactions		장면건		
Renta 1001 (UK), Limited / London	(1)	Real estate	=	100	-	100
		transactions				
RC Real Estate Deutschland GmbH /	(1)	Real estate	100	-	100	÷ •
Berlin		transactions	97070			
RC Luxembourg, S.a.r.l. / Luxembourg		Real estate	100	-	100	(iii)
		transactions		0.00		
Tanit Corporation, S.a.r.l. /		Real estate	-	100	÷ = :	100
Luxembourg		transactions				
Norfeu, S.a.r.l. / Luxembourg		Real estate	-	100	-	100
		transactions				
Medas Corporation, S.a.r.l. /		Real estate	-	100	5 2 1	100
Luxembourg		transactions			1.22	
Renta Corporation/ New York		Real estate	100	= 3	100	-
		transactions				100
RC I, LLC / New York		Real estate	-	100	-	100
		transactions				400
RC II, LLC / New York		Real estate	÷.	100		100
		transactions				400
RC III, LLC / New York		Real estate	-	100	15 -7 5	100
		transactions				400
RC IV, LLC / New York		Real estate	-	100	(14)	100
		transactions		400		400
RC V, LLC / New York		Real estate	=	100		100
and an increase consistence		transactions			400	
Groupe Immobilier Renta	(1)	Real estate	100	,=.:	100	(2)
Corporación, S.A.S.U./ Paris		transactions			400	
				•	100	-
					11	



RENTA CORPORACION REAL ESTATE, S.A.

Notes to the Annual Accounts for 2009

(in Thousand Euros)

		% share capital		Voting	Rights
	-	Direct	Indirect	Direct	Indirec
Name and registered office	Activity	%	%	%	9/
31.12.2009					
Renta Corporación Real Estate ES,	(1) Real estate	100	-	100	
S.A.U./ Barcelona Masella Oeste, S.L.	transactions Real estate		100		10
Renta Corporación Real Estate Finance, S.L.U./ Barcelona	transactions Real estate transactions	100	•	100	
Renta Properties (UK), LTD/ London	(1) Real estate transactions	100	-	100	
Ninterley Properties 3, Unlimited /	(1) Real estate transactions	-	100		10
Renta 1001 (UK), Limited / London	Real estate transactions	=	100	-	10
Palmerston & Compton, Limited /	(1) Real estate transactions		100	-	10
RC Real Estate Deutschland GmbH Berlin	(1) Real estate transactions	100	=	100	
RC Luxembourg, S.a.r.l. / Luxembourg	Real estate transactions	100	227	100	
Γanit Corporation, S.a.r.l. / _uxembourg	Real estate transactions		100	-	10
Norfeu, S.a.r.I. / Luxembourg	Real estate transactions	÷1	100 100	Q.	10 10
Medas Corporation, S.a.r.l. / _uxembourg	Real estate transactions	100	100	100	10
Renta Corporation/ New York	Real estate transactions Real estate	100	100	-	10
RC I, LLC / New York RC II, LLC / New York	transactions Real estate	_	100	74	10
RC III, LLC / New York	transactions Real estate	=-	100		10
RC IV, LLC / New York	transactions Real estate	-	100	8=	10
RC V, LLC / New York	transactions Real estate	-1	100		10
Renta Corporación Real Estate	transactions (1) Real estate	100		100	
France, S.A.S.U. Groupe Immobilier Renta Corporación, S.A.S.U./ Paris	transactions (1) Real estate transactions	100	9	100	

(1) Audited companies.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

The movement in the cost of the shareholdings of the Group and associates for 2009 and 2008 breaks down as follows:

				Thou	sand Euros
	Balance				Balance
_	01.01.08	Additions	Disposals	Transfers	31.12.08
Renta Corporación Real					
Estate O.N., S.A.U. *	546	35,000	-	1,529	37,075
Renta Corporación Real		,		10 Production 200	
Estate R.A., S.A.U.	1,346	-	-	(1,346)	-
Renta Corporación Real				38 / St / 1/5	
Estate G.O., S.L.U.	183		-	(183)	-
Renta Corporación Real					
Estate Finance, S.L.U.	607			=	607
Renta Properties (UK), Ltd.	19,800	20,226	_	<u>=</u>	40,026
RC Real Estate Deutschland		020			
GmbH	25,025	-	₩	÷	25,025
RC Luxembourg, S.a.r.l.	100	_	- 0	-	100
Groupe Immobilier Renta					
Corporación, S.A.S.U.	12,000	17,000	₩	=	29,000
Renta Corporation (USA)	4,166	17,217	-	=	21,383
Mixta África, S.A.	282	(-	(222)	(60)	*
	64,055	89,443	(222)	(60)	153,216

			Thou	sand Euros
	Balance 01.01.09	Additions	Disposals	Balance 31.12.09
Renta Corporación Real Estate ES, S.A.U. * Renta Corporación Real Estate Finance,	37,075		-	37,075
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	Ξ:	20	100
Groupe Immobilier Renta Corporación,				
S.A.Ś.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	#0	3,050
_	153,216	48,480	(22,180)	179,516

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

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





Notes to the Annual Accounts for 2009 (in Thousand Euros)

At 31 December 2008 Renta Corporación Real Estate, ES, S.A.U, Groupe Inmobiliere Renta Corporación, S.A.S.U., Renta Properties (UK), Ltd. and Renta Corporation (USA) increased capital by Euros 35,000 thousand, Euros 17,000 thousand, £ 15,000 thousand (Euros 20,226 thousand) and US\$ 22,000 thousand (Euros 17,217 thousand) respectively, which were subscribed and fully paid by the Company in the first three cases while the capital increase of Renta Corporation (USA) was made through an offset of loans (Euros 15,940 thousand) and cash disbursement (Euros 1,277 thousand).

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

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 8,500 thousand (Euros 6,040 thousand), respectively. These capital increases were performed by offsetting loans. Furthermore, a company in the subgroup of Renta Corporación Luxemburgo increased capital by Euros 13,825 thousand, which was subscribed in full by the Group company Renta Corporación Real Estate Finance, S.L.U.

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.I. 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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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

				Thous	sand Euros
		Net equity			
Company	Capital	Reserves	Profit (loss) for the year	Carrying value in the parent company	Interim dividend
<u>31.12.2008</u> :					
Renta Corporación Real Estate ES, S.A.U. (1)	204	66,218	(60,838)	37,075	243
Renta Properties (UK) (1) (2)	40,026	(7,631)	(41,702)		-
RC Real Estate Deutschland GmbH (1)	25,025	(622)	(4,917)	19,486	
RC Luxembourg, S.a.r.l. (2)	100	12,813	(2,451)	100	3
Renta Corporation USA (2)	21,383	(3,472)	(13,132)	4,779	
Renta Corporación Real Estate Finance, S.L.U. (2)	3	19,298	(9,659)	607	
Groupe Immobilier Renta Corporación, S.A.S.U. (2)	29,000	5,948	(10,713)	24,236	=
_				86,283	

				Thou	sand Euros
-		Net equity			-
Company	Capital	Reserves	Profit (loss) for the year	Carrying value in the parent company	Interim dividend
<u>31.12.2009</u> :					
Renta Corporación Real Estate ES, S.A.U. (1)	204	5,345	(19,297)	9,450	-
Renta Properties (UK), Ltd. (1) (2)	79,416	(50,494)	(1,822)	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	(16,724)	(5,887)	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)	=	1.
Renta Corporación Real Estate France, S.A.S.U.(1) (2)	3,050	<u>.</u>	(556)	2,555	
_				59,806	

(1) (2) According to the audited annual accounts at 31 December 2008 and 2009.

Relating to the consolidated annual accounts at 31 December 2008 and 2009.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

b) Other information to be disclosed on different shareholdings:

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

	Thou	Thousand Euros		
	2009	2008		
Opening balance	(66,933)	(7,411)		
Charge (Note 19)	(57,619)	(59,522)		
Utilisation	4,842	= 10 E		
Closing balance	(119,710)	(66,933)		

8. Loans and receivables

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

	Thous	and Euros
	2009	2008
Trade and other receivables - short-term:		
- Trade	86	133
- Sundry receivables	89	12
- Receivables with related parties (Note 26)	11,700	15,169
- Other tax credits (Note 18)	56	2,899
and the second s	11,931	18,213

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:

	Thous	and Euros
	2009	2008
Mixta Àfrica, S.A.	1,019	6,572
	1,019	6,572

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

	Thousand Euro		
	2009	2008	
Opening balance	6,572		
Additions	-	2,537	
Transfers	<u> </u>	61	
Restatements	·	3,974	
Net Gains / (Losses) in net equity	(3,974)	=	
Net Gains / (Losses) in income statement (Note 19)	(1,579)	-	
Closing balance	1,019	6,572	





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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

In 2009 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 2009.

On 28 January 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	
2009	2008
4,014	226
4,014	226
	4,014

The balance at 31 December 2009 and 2008 is made up entirely of cash and current bank accounts.

Included in the treasury balance at the 2009 year end an amount of Euros 3,931 thousand, is not available due to the covenants of the syndicated loan.

11. Capital and share premium

a) Capital

	Thou	Thousand Euros	
	2009	2008	
Authorised capital	27,276	25,029	
·	27,276	25,029	

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





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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.

The main equity holders of the Company at 31 December 2009, with a direct or indirect percentage of control greater than 10%, are as follows:

<u>Name</u>	% number of shares		
	Direct	Indirect	Total
Mr. Luis Hernández de Cabanyes	1.118%	38.151%	39.269%

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.

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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

c) Treasury shares

The movements in the accounts under Treasury shares during the years 2009 and 2008 have been as follows:

				Thous	sand Euros
	Number	Nominal	Average price of acquisition/ disposal	Cost	Total
Balance at 1.1.08	198,755	(199)	s = .	(5,570)	(5,570)
Acquisitions	198,544	(199)	4,99	(991)	(991)
Sales	(19,532)	20	28,50	558	558
Balance at 31.12.08	377,767	(378)		(6,003)	(6,003)
Acquisitions	×2	-			-
Sales	(68,490)	68	28,50	1,951	1,951
Balance at 31.12.09	309,277	(310)		(4,052)	(4,052)

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.

d) Share plan

In 2009 the Company decided not to implement a new share plan scheme. At 31 December 2009 it has two specific share repurchase plans, in order to meet the needs of an employee and management incentive plan and to give shares to the Directors. The purpose of these schemes is to motivate their beneficiaries and foster loyalty to the 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.

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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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 2009 for the schemes for 2008, 2007 and 2006 total Euros 544 thousand. The expense accrued at 31 December 2008 totalled Euros 682 thousand.

During 2009 the shares for the last tranche of the plan begun in 2006 have been distributed as well as the second tranche of the share plan begun in 2007 and the first tranche in 2008.

12. Reserves

The Reserves break down as follows:

	Thousand Euros		
	2009	2008	
Legal and statutory: - Legal reserve	5,006	5,006	
Other reserves: - Voluntary reserves	15,468	16,539	
- Share-based employee remuneration	716 21,190	839 22,384	

Legal reserve

Appropriations to the legal reserve are made in compliance with Article 214 of the Spanish 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

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





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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
	2009
Basis of distribution Profit (loss) for the year	(49,742)
	(49,742)
<u>Distribution</u> To loss brought forward	(49,742)
	(49,742)

b) Interim dividend

It was agreed by the shareholders not to payout an interim dividend in 2009.

14. Debits and other payables

The breakdown in the accounts under Debits and other payables at 31 December 2009 and 2008 is as follows:

	Thousand Euros		
	2009	2008	
Debits and other payables - long-term:			
- Other financial liabilities	19,874	-	
- Due to Group companies and associates	50,472	406	
	70,346	406	
Debits and other payables – short-term:			
- Trade payables	507	943	
- Accounts payable with related parties (Note 26)	13,544	115,701	
- Accrued wages and salaries	493	1,479	
- Social Security and other taxes	2,908	411	
- Other financial liabilities	765	_	
	18,217	118,534	

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 2009 and 2008.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

Other financial liabilities carries 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 2009 totals Euros 765 thousand, which are recorded under Other financial liabilities – short-term.

Amounts due to Group companies and associates-long-term 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 2009 totals Euros 1,034 thousand.

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 2009 is Euros 4,374 thousand, which includes Euros 3,931 thousand to cover the exposure to possible different interpretations of tax law in force, which cannot be determined insofar as the respective Tax Authorities have not raised any tax assessments yet. However, the Directors of the Company believe that the provision recorded at 31 December 2009 is sufficient.

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.

16. Deferred taxes

The breakdown of deferred taxes is as follows:

Thousand Euros		
2009	2008	
218	263	
59	= :	
65,513	42,226	
65,790	42,489	
	——————————————————————————————————————	
¥	(1,192)	
	(1,192)	
65,790	41,297	
	2009 218 59 65,513 65,790	

Deferred tax assets and liabilities are offset if at that time the Company has the right to offset the amounts recognised or if it has the intention to settle amounts in the net amount or realise the asset and cancel the liabilities simultaneously.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

The gross movement in deferred taxes has been as follows:

Thousand Eur	
2009	2008
41,297	147
18,915	14,286
1,192	(1,182)
4,571	28,046
(185)	_
65,790	41,297
	2009 41,297 18,915 1,192 4,571 (185)

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 1 January 2008 Charge (credit) to income	143	=	12	155	
statement	98	14,180	-	14,278	
Charge to net equity	•		10	10	
Consolidated taxation	-	28,046	-	28,046	
Balance at 31 December 2008 Charge (credit) to income	241	42,226	22	42,489	
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	

			Thou	sand Euros
Deferred tax liabilities	Share-based payments	Assets available for sale	Others	Total
Balance at 1 January 2008 Charge (credit) to income	-	1	8	8
statement	-0		(8)	(8)
Charge to net equity	-	1,192	-	1,192
Balance at 31 December 2008		1,192	-	1,192
Charge (credit) to income statement	_	s -		- 3
Charge to net equity	-	(1,192)	-	(1,192)
Balance at 31 December 2009		-	-	-





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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

	Thousand Euros	
	2009	2008
Available-for-sale financial assets Others	1,192	(1,192)
	·	10
	1,192	(1,182)

17. Income and expenses

a) <u>Transactions in foreign currency</u>

There have been no transactions in foreign currency during the years ended 31 December 2009 and 2008.

b) Net turnover

Net turnover from ordinary activities breaks down geographically as follows:

		%
Market	2009	2008
Spain	52%	73%
Berlin	4%	6%
London	7%	5%
Paris	28%	10%
Luxembourg	9%	4%
New York		2%
(State 20) - 0.000	100%	100%

c) Staff costs

	Thousand Euros	
	2009	2008
Wages, salaries and the like	(5,485)	(10,715)
Social welfare expenses:		
- Social Security	(595)	(537)
- Remuneration in kind	(1)	(4)
- Other social welfare charges	(75)	(229)
•	(6,156)	(11,485)

"Wages, salaries and the like" includes severance indemnities of Euros 190 thousand (2008: Euros 2,444 thousand) and the amount representing Share plans given to employees totals Euros 544 thousand (2008: Euros 682 thousand) (Note 11 d).





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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

	2009	2008
Management	4	5
Graduates, technicians and administration	47	38
Services	4	4
	55	47

In 2009, the average number of employees has increased against last year due to the transfer of employees from the subsidiary company Renta Corporación Real Estate ES, S.A.

Furthermore, staff breaks down by gender as follows:

			2009			2008
	Men	Women	Total	Men	Women	Total
Management	4	-	4	4	1	5
Graduates, technicians and administration	6	41	47	5	33	38
Services	3	1	4	4	-	4
	13	42	55	13	34	47

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

	Thousand Euros	
	2009	2008
Intangible assets (Note 5) – disposals	(268)	
Property, plant and equipment (Note 6) – disposals/sales	(1,395)	(65)
Property, plant and equipment (Note 6) - impairment/reversal	2,279	(2,379)
	616	(2,444)
		0.00

e) External services

This account breaks down as follows:

	Thousand Euros	
	2009	2008
Leases and royalties	(600)	(307)
Maintenance and repairs	(410)	(993)
Professional and brokering services	(913)	(2,137)
Insurance premiums	(306)	(664)
Banking services and the like	(6)	(21)
Advertising, publicity and public relations	(362)	(1,242)
Supplies	(457)	(336)
Other services	(260)	(3,337)
	(3,314)	(9,037)





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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

Other services in 2008 includes the costs relate to the services of personnel seconded by Renta Corporación Real Estate, ES S.A.U. to the Company for Euros 352 thousand. After the relocation of part of staff between Group companies, this service was discontinued in 2009.

f) Other taxes

This account includes Euros 3,931 thousand to cover the exposure to possible different interpretations of current tax legislation (Note 15).

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 Estate 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
_			Income and expen	ses charged directly
		Income statement		to net equity
Balance of net income and expenses for the year		(49.742)		
	Increases	Decreases	Increases	Decreases
Corporate income tax		(18,915)	-	-
Permanent differences Temporary differences:	1,874	15	3 <u>—</u> 8	-
- arising during the year	4,474	(740)		7/2
- arising in prior years		(37)	-	3,975
Taxable income	-	(63,086)	148	3,975

Temporary differences arising during the year include Euros 3,930 thousand for which the Company has not recognised the respective deferred tax asset since at this time the circumstances do not exist to do so. In following years the Company will evaluate their recovery based on the probability that it will have future tax profits with which to offset these temporary differences.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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

	Thousand Euros	
	2009	2008
Current tax		1
Deferred tax (Note 16)	(18,926)	(14,286)
Net tax effect of the temporary differences	70	-
Deductions	(59)	-
	(18,915)	(14,286)

The deferred tax relates to the capitalisaton of the tax credit resulting from application of the 30% tax rate to taxable income.

Withholding and payments on account for 2009 have totalled Euros 124 thousand (2008: Euros 128 thousand).

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 2009 of Euros 56 thousand (2008: Euros 660 thousand) for the reinvestment of profit from the sale of shares in an associate.

At 31 December 2009 the parent Company has outstanding deductions for the same item described in the preceding paragraph totalling Euros 2,234 (2008:euros 2,290 thousand) generated in the year 2008, which it can use in 2010.

At 31 December 2009 the Company has tax loss carryforwards available for offset of Euros 118,000 thousand. These break down by year of generation as follows:

	Thousand Euros	
Year of generation	Tax loss carryforwards	Expiry
2009	63,086	2024
2008	44,972	2023
2007		/ -
2006	9,942	2021
	118,000	

The breakdown of the debit with the Public Treasury at 31 December 2009 is as follows:

	Thousand Euro	
<u>Creditor balances</u>	2009	2008
Public Treasury, creditor for payroll tax, capital gains tax and others Social Security, creditor	2,855 53	321 90
Coolar Coolary, Ground	2,908	411
Debtor balances		
Public Treasury, debtor for sundry items (Note 8)	56	2,899
	56	2,899





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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.

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)

	Tho	ousand Euros
	2009	2008
Financial income:	10	5
From shareholdings in equity instruments	10	5
 Group companies and associates Third parties 	10	5
From negotiable securities and other financial instruments	10	· ·
- Group companies and associates	•	
- Third parties		-
	10	5
Financial expenses:		
Amounts owing to group companies and associates	(2,929)	(3,442)
Amounts owing to third parties	(1,544)	(369)
	(4,473)	(3,811)
Variation of fair value in financial instruments (Note 9)	(1,579)	
Exchange differences:	(19)	(4)
Impairment and profit and loss on disposals of financial instruments: Impairment and loss on shareholdings in group companies and		
associates (Note 7)	(57,619)	(59,522)
Profit and loss on disposals and others	(0.,0.0)	24,583
i rem and rece and analysis	(57,619)	(34,939)
Net financial income (expense)	(63,680)	(38,749)





Notes to the Annual Accounts for 2009 (in Thousand Euros)

20. Cash flows from operations activities

	Thousand Euros	
	2009	2008
Profit (loss) for the year before tax	(68,657)	(45,442)
Adjustments to profit and loss:		
- Amortisation and depreciation	1,251	1,861
- Impairment provisions	55,340	61,901
- Variation in provisions for liabilities and charges	4,374	-
- Profit and loss on disposals and disposals of fixed assets	1,663	(24,518)
- Financial income	(10)	(5)
- Financial expenses	4,459	3,811
- Variations in fair value of financial instruments	1,579	 ∃
- Exchange differences	· ·	4
- Other income and expenses	-	682
with additional section in a control of the section	68,656	43,736
Changes in working capital:		
- Debtors and other accounts receivables	6,282	14,882
- Creditors and other accounts payables	(3,311)	70,641
- Other non-current assets and liabilities	1,008	(10)
	3,979	85,513
Other cash flows from operations:		
- Interest paid	(5,173)	
- Receipts from dividends)(2	(684)
- Receipts from interest	The state of the s	-
- Receipts (payments) for corporate income tax	9000	5
- Other payments (receipts)	(4)	4,774
	(5,173)	4,095
Cash flows from operations activities	(1,195)	87,902

21. Cash flows from investments activities

Illousan	Thousand Euros	
2009	2008	
Payments for investments:		
- Group companies and associates (48,480)	(95,737)	
- Intangible assets (459)	(2,048)	
- Property, plant and equipment (528)	(973)	
- Other financial assets (35)	(2,718)	
(49,502)	(101,476)	
Receipts from divestments:		
- Group companies and associates 17,338	24,804	
- Intangible assets 268	-	
- Property, plant and equipment 62,686	-	
- Other financial assets	188	
80,292	24,992	
Cash flows from investments activities 30,790	(76,484)	





Notes to the Annual Accounts for 2009 (in Thousand Euros)

22. Cash flows from financing activities

	Th	nousand Euros
	2009	2008
Receipts and payments for equity instruments:		
- Issue of equity instruments	4,820	-
- Acquisition of treasury shares	=	(991)
- Disposal of treasury shares	=	558
5 8		
	4,820	(433)
Receipts and payments for financial liability instruments:		
- Issue:		
- Bank loans		-
 Amounts owing to group companies and associates 	50,066	131
- Other borrowings	19,875	. **
- Repayment and redemption of:		
- Bank loans		-
 Amounts owing to group companies and associates 	(100,568)	-
- Other borrowings	-	1
	(30,627)	131
Payments for dividends and remuneration of other equity		
instruments:		(40.000)
- Dividends paid	— 22	(10,606)
 Remuneration from other equity instruments – Share plan 	- %	(349)
Sitate plan	•	(10,955)
Cash flows from financing activities		
	(25,807)	(11,257)

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.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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 May 2009 has totalled Euros 993 thousand (2008: Euros 2,247 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.

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

	Thousand Euros	
	2009	2008
Less than one year	533	257
Between one and five years	1,821	420
•	2,354	677

The expense recognised in the income statement during the year relates to operating leases and totals Euros 572 thousand (2008: Euros 252 thousand).

b) Other commitments

The Company, together with other Group companies, is the guarantor to a syndicated loan totalling Euros 254 million, renegotiated in May 2009, 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.

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 5 key managers plus 1, including the aforementioned four executive officers.





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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 2009:

Direct	Indirect	Total
1.118%	38.151%	39.269%
0.521%	*	0.521%
0.088%	(4)	0.088%
0.007%	2.036%	2.043%
=	<u>~</u>	2 3
₩.	0.400%	0.400%
	1.542%	1.542%
≖;	7.935%	7.935%
0.247%	; = 8	0.247%
2.255%	-	2.255%
	1.118% 0.521% 0.088% 0.007% - - - - - 0.247%	1.118% 38.151% 0.521% - 0.088% - 0.007% 2.036% - - 0.400% - - 1.542% - 7.935% 0.247% -

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 2009 and 2008:

	2009	2008
Attendance at meetings of the Board of		
Directors / Delegated Committees	169	449

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

The total amount in life and accident insurance premiums as well as civil liability insurance premiums paid by the Company for Members of the Board of Directors and senior managers totals Euros 8 thousand (2008: Euros 11 thousand) and Euros 74 thousand (2008: 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 (2008: Euros 3 thousand).

d) Remuneration of key management and Members of the Board

	2009	2008
Salaries and other contributions to Executive Board Members	1,406	4,828
Salaries and other remuneration to the rest of key management	422	1,123
	4 000	5.054
	1,828	5,951





Notes to the Annual Accounts for 2009 (in Thousand Euros)

The remuneration of Executive Officers and the other key management includes the expense accrued for the share plan (Note 17c), which totals Euros 235 thousand for Executive Officers (2008: Euros 218 thousand) and Euros 43 thousand for the other key management (2008: Euros 98 thousand). In 2008 the remuneration of Executive Officers included the non-recurrent expenses totalling Euros 3,575 thousand for salaries, severance payments and other benefits of Executive Officers who left the Company during that year.

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

In accordance with the provisions of article 127.3.4 of the Spanish Companies Act, adopted by Law 26/2003 of 18 July, which modified the Stock Exchange Act, and the Spanish Companies Act, in order to reinforce the transparency of public limited companies, we set out below the companies with the same, analogous or complementary activity as that which constitutes the corporate purpose of the Company in which Members of the Board of Directors hold an interest, including the shareholdings that they hold in group companies and the offices and functions, as the case may be, they hold therein.

Thus, the following information has been provided to the Company by the Directors, who, at 31 December 2009, hold the following offices on the Board of Directors of the Company:

Name	Name of company	Shareholding	Offices or duties
Mr. Luis Hernández de Cabanyes	SECOND HOUSE, S.A.	47.5%	
Cabanyes	FINANTING 2001, S.L.	63.15%	Sole Administrato
	AURODOC 75, S.L.	69.13%	Sole Administrato
	TOGA 20, S.L.	63.15%	Sole Administrato
	SDEEGTUTERS, S.L.	63.15%	Sole Administrato
	DINOMEN, S.L.	62.04%	Sole Administrato
	ALDERAMIN STAR, S.L.	62.04%	Sole Administrato
	MALAREN BAY, S.L.	49.95%	<u>-</u>
	MIXTA AFRICA, S.A.	14.59%	Director
Mr. David Vila Balta	SECOND HOUSE, S.A.	0.53%	-
	MIXTA AFRICA, S.A.	0.22%	Director
Mr. Juan Velayos Lluis	MIXTA AFRICA, S.A.	0.14%	Non-Member Secretary
	JUCARIN, S.L.	50%	Sole Administrato





RENTA CORPORACION REAL ESTATE, S.A.

Notes to the Annual Accounts for 2009

(in Thousand Euros)

Name	Name of company	Shareholding	Offices or duties
Ms. Esther Elisa Giménez Arribas	SECOND HOUSE, S.A.	4.13%	-
Allibas	ANPOL CAPITAL, S.L.	48.387%	Several Administrato
	MIXTA AFRICA, S.A.	0.15%	Natural person representing the Director Fundación Privada Renta
	TIZZANO NOVARA, S.L.	50%	Several Administrato
	TRACENLIT WORLD, S.L.	50%	_
Mr. Juan Gallostra Isern	GRUPO JG INGENIEROS CONSULTORES DE PROYECTOS, S.A.	5.78%	Chief Executive Officer
Mr. Carlos Tusquets Trias De Bes	LIFE MARINA IBIZA, S.L.	6.54%	-
Mr. Ramchand Wadhumal Bhavnani	CASA KISHOO, S.A.	25%	Chief Executive Officer and Secretar
	JANSI KI RANI, S.L.	2%	-
	EL CORTE HINDU, S.L.	1.68%	-
Mr. Blas Herrero Fernández	HBV CASAS, S.A.	98.35%	Several Administrato
	ARGIA INVERSIONES INMOBILIARIAS, S.A.	47.89%	Director
	BARANDON INVERSIONES, S.L.	13.77%	Joint Administrator
	UNITS 3501/3503 FBII, LLC	98.35%	Director
	INMOBILIARIA PORCEYO, S.A.	51%	Joint Administrator
	INVERSIONES SB, S.L.	50%	Joint Administrator
	GESTORA ASTURIANA, S.A.	50%	Joint Administrator
	FUENTE NOZANA, S.L.	50%	Joint Administrator
	PRODUCTOS LACTEOS DE CORNELLANA, S.L.	49.17%	Joint Administrator
	H&VB INVESVAL, S.A.	100%	Sole Administrator
	BVCR TITULOS, S.L.	50%	Several Administrato
Mr. César A. Gibernau Ausió	SECOND HOUSE, S.A.	1.05%	78=





Notes to the Annual Accounts for 2009 (in Thousand Euros)

Name	Name of company	Shareholding	Offices or duties
	CHARCEBOY, S.L.	10.91%	
	GP CONSULTING, SL.	11.52%	General Power
	MIXTA AFRICA, S.A.	0.22%	Director
Ms. Elena Hernández de	SECOND HOUSE, S.A.	3.66%	Sole Administrator
Cabanyes	MIXTA AFRICA, S.A.	0.87%	B)
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	5%	-
	IGLU VERDE, S.L.	50%	Several Administrator
	INMO ERCINA, S.L.	50%	Several Administrator

26. Other operations with Group and related parties

The transactions with related parties are set out below:

a) Provision of services

	Thousand Euros	
	2009	2008
Renta Corporación Real Estate ES, S.A.U.	5,046	10,011
Renta Corporación Real Estate Finance, S.L.U.	262	412
Groupe Immobiliere Renta Corporación, S.A.S.U.	845	1,690
Renta Properties (UK), Ltd.	604	782
RC Real Estate Deustchland, GmbH	626	1,097
Renta Corporación Luxembourg, S.a.r.l.	438	699
Renta Corporation (USA)	237	360
Mixta Africa, S.A.	10	22
Fundación Privada Renta Corporación	16	27
Renta Corporación Real Estate France, S.A.S.U.	31	
Substitution Production and Substitution (S. S. C.	8,115	15,100





Notes to the Annual Accounts for 2009 (in Thousand Euros)

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

	Thousand Euros	
	2009	2008
Renta Corporación Real Estate ES., S.A.U.	7,660	9,582
RC Real Estate Deutschland GmbH	1,296	663
Renta Corporación Real Estate Finance, S.L.U.	-	478
Renta Corporación Real Estate France, S.A.S.U.	82	489
Renta Properties (UK), Limited	214	1,781
RC Luxembourg, S.A.	1,554	1,116
Renta Corporation (USA)	891	1,055
Fundación Renta Corporación	3	5
	11,700	15,169

The most significant balances under Related party receivables includes a payable balance with Renta Corporación Real Estate ES, S.A.U. totalling Euros 26,562 thousand, for the payable of this company as a result of consolidated corporate income tax, and a receivable balance for consolidated VAT totalling Euros 32,123 Thousand. Company Management presents the outstanding receivable balance of this company net of the liabilities it has with it at the year end as it has to right to demand compensation for the amounts recognised and for plans to settle them at their net amount.

c) Purchases of goods, services received and financial expenses

	Thousand Euros	
·	2009	2008
Services received and financial expenses: Group companies		
- Renta Corporación Real Estate Finance, S.L.U.	2,920	3,442
- Renta Corporación Real Estate ES, S.A.U.	-	2,328
- Groupe Inmobilier Renta Corporación, S.A.S.U.	9	54 (1.1.0 • Control (1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.
	2,929	5,770
Companies related by a common shareholder		
- Second House, S.A.	398	24
- Second House Rehabilitación, S.L.U.	13	_
 Closa Asociados Correduría de Seguros, S.L. 	316	664
- Fundación Privada Renta Corporación (donation)	5	:=
- Gibernau & Plana Asociados, S.L.	105	130
 Instituto Internacional de Finanzas, S.L. 	-	50
- Near Technologies, S.L.	-	155
 Servei de Documentació i Gestió 	1	-
- Dinomen, S.L.	75) -
- Aladin Capital, S.L.	- 0	88
- Juan Ignacio Cabrera Marrero	10	% =
 Test Tecnología de Sistemas, S.L. 	2 3 3	±.
- Tizzano Novara, S.L.	3	1.00
- Iglú Verde, S.L.		·-
	931	1,111
Key management personnel and directors	75	15
Total services received and financial expenses:	3,935	6,896



Notes to the Annual Accounts for 2009 (in Thousand Euros)

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) <u>Balances at the year end arising from purchases, services received and financial</u> expenses

	Thousand Euros	
	2009	2008
Renta Corporación Real Estate E.S., S.A.U.		12,407
Renta Corporación Real Estate Finance, S.L.U.	13,195	103,294
Groupe Immobilier Renta Corporación, S.A.S.U.	349	-
	13,544	115,701

Related party payables includes the payable balance with Renta Corporación Real Estate Finance, S.L.U. totalling Euros 614 thousand for the payables with this company as a result of the tax consolidation. Company Management presents the outstanding payable balance of this company net of the assets it has with it at the year end as it has to right to demand compensation for the amounts recognised and plans to settle them at their net amount.

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 2009 of Euros 8,963 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.



Notes to the Annual Accounts for 2009 (in Thousand Euros)

28. Subsequent events

There have been no relevant 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 total Euros 14 thousand. (2008: Euros14 thousand)

The Company has no relations with other companies trading under the PricewaterhouseCoopers mark.





Directors' Report for 2009

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

2009 has been characterised by continued support to the management of the business from the parent company of the Group. Revenue totals Euros 9,476 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 2008, which reduced staff costs in 2009 to Euros 6,156 thousand against Euros 11,485 thousand recorded in 2008.

On the other hand, external services for 2009 have totalled Euros 3,314 thousand compared to Euros 9,037 thousand in 2008, the result of Company cost cutting policies in all areas.

Operating profit, as a result of the aforementioned policies and in spite of the decrease in revenues, has improved significantly against last year.

Given the sharp, steady decline of the financial markets in 2008 the Group began negotiations with the financial entities that were party to the syndicated loan in order to restructure its Financing and terms and conditions and provide it with stability. This agreement was reached on 26 May 2009 and has allowed the Group to refinance its debt and adapt it both to the specific needs of the Group and to the new circumstances of the market. The Company has participated since February 2007 as a borrower in the syndicated loan agreement, which has been arranged through another Group company.

On 30 December 2009, and as reported to the CNMV (Comisión Nacional del Mercado de Valores), the Company carried out a capital increase totalling Euros 4,944 thousand through the issue of 2,247,274 shares with a par value of Euro 1 each. Accordingly, at the 2009 year end the Company's' share capital totals Euros 27,276 thousand, and all the shares have been fully subscribed and paid.

On the other hand, the share price, after a downward trend of the entire market in 2008, ended the year 2008 at Euros 1.84 per share. In 2009 the share has been bullish throughout the year and closed the year at Euros 2.95 per share. This has meant a share price revaluation of 60%.

2. Business outlook

In line with the actions carried out in 2009, 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.





Directors' Report for 2009

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.
- External financing is contracted at floating interest rates. The Company constantly
 evaluates the usefulness of contracting hedges adapted to the financing structure,
 provided that the contracting conditions of these instruments are favourable.
- The Company has not to date had problems in collecting its receivables arising from its transactions.
- The Company is exposed to risks related to debt financing. The Group has renegotiated the debt this year and has adapted it to the current market conditions.
- The Company monitors its capital management in order to ensure returns for its shareholders and to safeguard the leverage index and equity balance for itself and its subsidiaries.

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 2009 the parent Company sold 68,490 treasury shares, all of which were given to its employees as part of the Incentive Plan.

The parent company at 31 December 2009 holds 309,277 shares. The par value of these shares totals Euros 310 thousand.

The parent Company has booked a Treasury shares reserve at 31 December 2009.





Directors' Report for 2009

6. Subsequent events

On 28 January 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.

Since 31 December 2009 and until the date of formulation of these annual accounts, there have been no relevant 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. Article 116 b of the Securities Exchange Act

We set out below the information required under article 116 b of the Securities Exchange Act:

a) The share capital of the Company totals Euros twenty-five million twenty-nine thousand three hundred and one (€ 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.





Directors' Report for 2009

- b) 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.
- c) The significant direct and indirect shareholdings in the parent Company at 31 December 2009 are as follows:

Name Percentage shareholding			lding
	Direct	Indirect	Total
Luis Hernández de Cabanyes	1.118%	38.151%	39.269%
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%	7.935 %	7.935%

- d) The Articles of Association do not set down any restrictions on the exercising of voting rights.
- e) The only para-corporate agreement is that mentioned above in point b) of this section.
- f) 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.
- g) 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) and Ms. Esther Giménez Arrivas (HR Director) have sufficient, economically limited powers to carry out the day-to-day corporate purposes of Renta Corporación.





Directors' Report for 2009

Furthermore, the General Meeting of Shareholders of 10 June 2009 empowers the Board of Directors to:

- 1. 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 25 April 2008.
- 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 25 April 2008
- 3. 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.
- h) The contract with the Chief Executive Officer contains a clause providing him with an indemnity equivalent to 45-days salary per year of service with a minimum of six monthly pays calculated on the basis of fixed salary received at the time of termination and using the average of the last two years of his variable remuneration.

10. Annual Corporate Governance Report

Set out further below please find the Annual Corporate Governance Report, set out on 79 pages, numbered 1 to 79, both inclusive.



ANNUAL CORPORATE GOVERNANCE REPORT LISTED COMPANIES ISSUERS' PARTICULARS

YEAR END: 31/12/2009

TAXPAYER ID Nº: A62385729

Registered Name: RENTA CORPORACION REAL ESTATE, S.A.



TEMPLATE FOR THE ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

In order to enhance our understanding of the template and prepare it, please read the instructions at the end of the report.

A CAPITAL STRUCTURE

A.1 Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
30/12/2009	27,276,575.00	27,276,575	27,276,575

Please indicate whether or not there are different types of shares with different rights associated:

Yes □ No X

A.2 Provide details of the direct and indirect owners of significant stakes in your company at year end, excluding Directors:

Name or company name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights	
Durango Different, S.L.	1,000,000	503,063	5.510%	
Fundación Privada Renta Corporación	1,253,980	0	4.597%	

Name or company name of indirect shareholder	Through: Name or company name of the direct shareholder	Number of direct voting rights	% of total voting rights	
Durango Different, S.L.	Promociones Santa Rosa, S.A.	503,063	1.844%	

Indicate the most significant changes in the shareholder structure occurred during the year:

Name or company name of indirect shareholder	Date of operation	Description of operation
Fundación Privada Renta Corporación	30/12/2009	Dropping below 5% of share capita



A.3 Complete the following tables regarding the members of the company's Board of Directors who hold voting rights over the company shares:

Name or company name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Luis Hernández de Cabanyes	305,040	10,406,311	39.269
Mr. David Vila Balta	142,162	0	0.521
Mr. Juan Velayos Lluis	24.234	0	0.089
Mr. Blas Herrero Fernandez	0	2,164,442	7.935
Mr. Carlos Tusquets Trias de Bes	109.090	0	0.400
Mr. César A. Gibernau Ausió	67,360	0	0.247
Ms. Elena Hernández de Cabanyes	615,000	0	2.255
Mr. Esther Elisa Giménez Arribas	1,699	555,470	2.043
Mr. Juan Gallostra Isem	50	0	0.000
Mr. Ramchand Wadhumal Bhavnani	0	420,714	1.542

Name or company name of the indirect holder of	Through: name or company name of the direct holder of the		% of total voting rights
the stake	stake		
Mr. Luis Hernández de Cabanyes	Dinomen, S.L.	3,967,289	14.545
Mr. Luis Hernández de Cabanyes	Aurodoc 75, S.L.	1,715,306	6.289
Mr. Luis Hernández de Cabanyes	Finanting 2001, S.L.	1,617,720	5.931
Mr. Luis Hernández de Cabanyes	Sdeegtuters, S.L.	1,578,420	5.787
Mr. Luis Hernández de Cabanyes	Toga 20, S.L.	1,527,576	5.600
Mr. Blas Herrero Fernández	Radio Blanca, S.A.	1,293,597	4.743
Mr. Blas Herrero Fernández	Kiss Capital SCR de Regimen Group Simplificado, S.A.	870,845	3.193

% total voting rights in possession of the Board of Directors	54.301
---	--------

Fill in the following tables regarding the members of the Company's Board of Directors who own stock options in the Company:



- A.4 Indicate, where applicable, the family, commercial, contractual or corporate relations which could exist between the owners of significant stakes, provided they are known by the Company, unless they are irrelevant or arise from normal trading activities:
- A.5 Indicate, where applicable, the family, commercial, contractual or corporate relations which could exist between the holders of significant shares and the company and/or its group, unless they are irrelevant or arise from normal trading activities:
- A.6 Specify whether any shareholders' agreements have been notified to the company that affect it in accordance with the provisions set forth in Article 112 of the Securities Exchange Act. Where applicable, give a brief description and list the shareholders associated with the agreement:

Yes X

No 🛘

% share capital affected: 0.893

Brief description of the agreement:

On 6 June 2007 they were party o the agreement entered into as part of the listing of the company, dated 24 February 2006 mentioned above.

Parties to parallel shareholders agreements

Ms. Ana Hernandez de Cabanyes Mr. David Vila Balta

% share capital affected:

1.554

Brief description of the agreement:

By virtue of the deed of donation and usufruct notarised on 15 January 2003 by the notary Public of Barcelona Mr. Antonio Bosch, under no 31 of his official records, Fundación Unicef-Comité Español y Fundación Intermón-Oxfam undertake to (i) not transfer their shares in the company until two years have lapsed as from the listing of said shares on the stock exchange, as from which time they can be transferred up to a maximum of 50% of the shares held; and (ii) not to transfer any shares of the remaining 50% until four years have lapsed as from said listing of the shares on the stock exchange.

Parties to parallel shareholders agreements

Comité Español del Unicef Fundación Intermon

% share capital affected: 51.287

Brief description of the agreement:

As part of the listing on the stock market, certain shareholders entered into a shareholders' agreement on 24 February 2006 regulating certain restrictions on the transfer of company shares. These restrictions materialised in a preferential acquisition right in the transfer of company shares between parties to the agreement.

Parties to parallel shareholders agreements

Ms. Cristina Orpinell Krist Jansdottir

Ms. Esther Elisa Giménez Arribas

Mr. César A. Gibernau Ausió

Mr. Pere Arimon Vilageliu

Ms. Anna Ma Birulés Bertran

Ms. Celso Cabrera Marrero

Mr. Luis Hernández de Cabanyes

Ms. Elena Hernández de Cabanyes

Dinomen, S.L.

Finanting 2001, S.L.

Sdeegtuters, S.L.

Toga 20, S.L.

Aurodoc 75, S.L..

Anpol Capital, S.L.

Instituto Internacional de Finanzas

Fundación Privada Renta

Indicate whether the company knows of the existence of joint actions by its shareholders. Describe them briefly, if any:

Yes X

No [

% share capital affected:

39.269

Brief description of the agreement:

Mr. Luis Hernández de Cabanyes, direct and indirect shareholder of 39.269% of the share capital of Renta Corporación is married (under the division of estates) to Ms. Cristina Orpinell Kristjansdottir, who holds 0.809% of the share capital.

Parties to parallel shareholders agreements

Mr. Luis Hernández de Cabanyes

% share capital affected:

2.255

Brief description of the agreement:

Ms. Elena Hernández de Cabanyes, holder of 2.255% of the share capital of Renta Corporación, is married (under division of estates) to Mr. Celso Cabrera Marrero, holder of 0.312% of the share capital.

Parties to parallel shareholders agreements

Mrs. Elena Hernández de Cabanyes



% share capital affected:

0.521

Brief description of the agreement:

Mr. David Vila Balta, holder of 0.521% of the share capital of Renta Corporación is married (under division of estates) to Ms. Ana Hernández de Cabanyes, holder of 0.372% of the share capital.

Parties to parallel shareholders agreements

Mr. David Vila Balta

% share capital affected:

2.043

Brief description of the agreement:

Ms. Esther Giménez Arribas, direct and indirect shareholder of 2.043% of the share capital of Renta Corporación is the common law spouse of Mr. Pere Arimón Vilageliu, holder of 0.124% of the share capital.

Parties to parallel shareholders agreements

Ms. Esther Giménez Arribas

% share capital affected:

0.312

Brief description of the agreement

Mr. Celso Cabrera Marrero, holder of 0.312% of the share capital of Renta Corporación is married (under division of estates) to Ms. Elena Hernández de Cabanyes, holding of 2.255% of the share capital.

Parties to parallel shareholders agreements

Ms. Celso Cabrera Marrero

% share capital affected:

0.372

Brief description of the agreement:

Ms. Ana Hernández de Cabanyes, holder of 0.372% of the share capital of Renta Corporación is married (under division of estates) to Mr. David Vila Balta, holder of 0.521% of the share capital.

Parties to parallel shareholders agreements

Ms. Ana Hernández de Cabanyes

% share capital affected:

0.809

Brief description of the agreement:

Ms. Cristina Orpinell Kristjansdottir, holder of 0.809% of the share capital of Renta Corporación is married (under division of estates) to Mr. Luis Hernández de Cabanyes, direct and indirect holder of 39.269% of the share capital.

Parties to parallel shareholders agreements

Ms. Cristina Orpinell Kristjansdottir

% share capital affected:

0.124

Brief description of the agreement:

Mr. Pere Arimón Vilageliu, holder of 0.124% of the share capital of Renta Corporación is married (under common law) to Mr. Esther Giménez Arribas, direct and indirect holder of 2.043% of the share capital.

Parties to parallel shareholders agreements

Mr. Pere Arimón Vilageliu

If any modification or cancellation of said agreements or concerted actions has taken place during the year, please make express mention of this.

None, notwithstanding the purchases/sales made.

A.7 Indicate if there is any individual person or body corporate that exercises or who might exercise control of the Company pursuant to Article 4 of the Securities Exchange Act. Where applicable, identify it:

Yes

No X

A.8 Complete the following tables concerning the Company's treasury stock:

At year end:

Number of direct shares	Number of indirect shares (*)	% of share capital
309,277	0	1.134

(*) Through:

Name or company name of the direct holder of the stake	Number of direct shares
Total:	0



Provide details of the significant changes occurring during the year pursuant to Royal Decree 1362/2007:

Unrealised gains / (Losses) of treasury stock disposed of	-1.144
over the period (thousand Euros)	

A.9. Give details of the terms and conditions corresponding to the General Meeting of Shareholders' current mandate to the Board of Directors for acquiring or assigning own shares.

The General Meeting of Shareholders of Renta Corporación of 10 June 2009 authorised the Board of Directors to purchase treasury shares. Set out below please find the terms and conditions of the 15th resolution adopted by the aforementioned General Meeting of Shareholders.

To expressly authorise the Board of Directors, with the power to delegate, in accordance with the provisions of article 75 of the Spanish Companies Act, to acquire Company shares under the following conditions.

- The acquisitions may be made directly by the Company or indirectly through its subsidiaries.
- b) The acquisitions shall be made through purchase and sale, swaps or any other type of operation permitted by law.
- c) The acquisition shall be made at any time up to the maximum number permitted by law.
- d) The acquisitions shall not be made at a price higher than the Stock Market price.
- e) This authorisation is granted for a maximum period of 5 years.

Furthermore, and for the purposes of the second paragraph of number 10 article 75 of the Spanish Companies Act, express authorisation is granted for the acquisition of shares of the Company by any of the subsidiary companies under the terms of this resolution.

It is expressly stipulated in the record that the shares that are acquired as a result of this authorisation can be used both for sale or treasury stock reduction and for allocation to the remuneration plans indicated in paragraph 3, section 1 of article 75 of the Spanish Companies Act, as well as to programs that foster holdings in the company, such as, for example, dividend reinvestment plans, loyalty bonuses or other similar instruments.

This authorisation replaces and voids in the amount not used the authorisation adopted by the General Meeting of Shareholders of 25 April 2008.

A.10 Indicate, where applicable, the legal and statutory requirements in the Articles of Association regarding the use of voting rights, and legal restrictions on the acquisition or sale of holdings in the share capital. Indicate whether or not there are legal restrictions to exercising voting rights:

Yes

No X

Maximum percentage of voting rights that can be exercised by a shareholder in accordance with legal restrictions

X.

Indicate whether or not there are statutory restrictions to exercising voting rights:

Yes 🛛

No X

Maximum percentage of voting rights that can be exercised by a	0
shareholder in accordance with statutory restrictions	

Indicate whether or not there are legal restrictions to the acquisition or assignment of shares in the company's capital:

Yes 🛛

No X

A.11 Specify whether the General Meeting has agreed to take up measures of neutralisation against a takeover bid by virtue of provisions set forth in Law 6/2007.

Yes []

No X

If appropriate, explain the measures approved and the terms under which the restrictions would not be enforceable:

- B STRUCTURE OF THE MANAGEMENT OF THE COMPANY
- B.1 Board of Directors
- B.1.1 Describe the maximum and minimum number of directors set forth in the Articles of Association:

Maximum number of Directors	15	
Minimum number of Directors	5	

B.1.2 Complete the following table with the members of the Board:

Name or company name of Director	Represen- tative	Position on Board	Date first appointment	Date last appointment	Election procedure
Mr. Luis Hernández de Cabanyes		Chairman – Chief Executive Officer	19/12/2000	15/03/2006	General Meeting of Shareholders
Mr. David Vila Balta		Vice- Chairman	17/07/2008	10/06/2009	General Meeting of Shareholders
Mr. Juan Velayos Lluis		Chief Executive Officer	17/07/2008	17/07/2008	Co-optation
Mr. Blas Herrero Fernández		Director	11/06/2008	11/06/2008	Co-optation
Mr. Carlos Tusquets Trias de Bes		Director	27/12/2004	10/06/2009	General Meeting of Shareholders
Mr. César A Gibernau Ausió		Director	17/11/2003	10/06/2009	General Meeting of Shareholders
Mr. Elena Hernández de Cabanyes		Director	19/12/2000	15/03/2006	General Meeting of Shareholders
Ms. Esther Elisa Giménez Arribas		Director	19/12/2000	15/03/2006	General Meeting of Shareholders



Name or company name of Director	Represen- tative	Position on Board	Date first appointment	Date last appointment	Election procedure
Mr. Juan Gallostra Isem		Director	09/02/2006	09/02/2006	General Meeting of Shareholders
Mr. Ramchand Wadhumal Bhavnani		Director	24/04/2008	25/04/2008	General Meeting of Shareholders

Total number of Directors	10

Indicate the replacements occurring in the Board of Directors during the period:

Name or company name of Director	Condition member of the Board at the time of replacement	Replacemen t date
Mr. Carlos Solchaga Catalan	Independent	31/03/2009
Ms. Pedro Nueno Iniesta	Other external member	30/11/2009

B.1.3 Complete the following tables regarding the members of the Board of Directors and their different statuses:

EXECUTIVE DIRECTORS

Name or company name of Director	Committee which proposed appointment	Position in the Company's management structure	
Mr. Luis Hernández de Cabanyes	Appointments and Remuneration Committee	Chairman and Chief Executive Officer	
Mr. David Vila Balta	Appointments and Remuneration Committee	Vice-Chairman and General Director of Operations	
Mr. Juan Velayos Lluis	Appointments and Remuneration Committee	Chief Executive Officer	
Ms. Esther Elisa Giménez Arribas	Appointments and Remuneration Committee	Human Resources Director	

Total number of Executive Directors	4	
% total of the Board	40.000	

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of Director	Committee which proposed appointment	Name or title of significant shareholder he/she represents or who proposed appointment
Mr. Blas Herrero Fernandez	Appointments and Remuneration Committee	Radio Blanca, S.A.

Total number of Proprietary Directors	1
% total of the Board	10.000



INDEPENDENT EXTERNAL DIRECTORS

Name or title of board member.

MR. CARLOS TUSQUETS TRIAS DE BES

Profile

Director of Renta Corporación since 2004. He is President of the FIBANC – MEDIOLANUM Group and director of the Mediolanum Bank (Italy). He is President of Inverco Catalunya and Vice-President of Inverco Nacional. He is also director of Spanair. He is President of EFPA Spain (European Financial Planner Association). In 1971 he joined the Equity Management of the Banca Catalana Group, for which he was General Sub-director. In 1977 he joined BANKUNION, where he developed the Capital Markets Department. In 1983 he fostered the creation of the FIBANC Group, for which he is still President. He is also a member of the 3i Advisory Board (one of the largest Private Equity companies in Europe). He has his doctorate in Economics from the University of Barcelona.

Name or title of board member.

MR. JUAN GALLOSTRA ISERN

Profile

Director of Renta Corporación since February, 2006. He has been Chief Executive Officer and General Manager of the Group, JG Ingenieros Consultores de Proyectos, S.A. since 2001, where, from 1995 to 2000, he occupied the position of Managing Director. He is Director of Hospitecnia S.L. and of the British company, First Q Ltd. He was a member of the ID department of the British company Ove Arup Partners between 1988 and 1989. In 1989 he founded TEST, S.A., and was also its Managing Director until 1995. Between 1997 and 2005 he was Associate Professor in the Construction Engineering Department at the Polytechnic University of Catalonia. He is also a member of the Executive Committee of the Business Administration Chair in Sustainability in Construction Engineering (chair funded by the JG Group) for the UPC-JG Group. He is a speaker and instructor at seminars and courses on Construction Engineering, and has published various articles in special interest magazines. He belongs to the Board of Directors at the Official College of Industrial Engineers of Catalonia and is President of the Professional Committee. He is also an Industrial Engineer for the UPC and PDG for the IESE.

Name or title of board member.

MR. RAMCHAND WADHUMAL BHAVNANI

Profile

Director of Renta Corporación since April 2008. He began his professional career in Hong Kong, moving in 1966 to Santa Cruz de Tenerife, where he took charge of the management of Casa Kishoo, S.A. of which he is currently the Chief Executive Officer. He is also a Director of Mirador de la Gomera, S.L. and Chairman of the Board and Director of Hanuman Investment, S.A. From 2001 to 2003 he wa proprietary director of Banco Zaragozano and from 2004 to 2007 he was proprietary director of Bankinter. At this time he is Chairman of the Board of Hanuman Investment, S.A., Director of Mirador de la Gomera, S.L. and advisor to the Board of Directors of Club Deportivo Tenerife, S.A.

Total number of Independent Directors	3
% total of the Board	30.000



OTHER EXTERNAL DIRECTORS

Name or company name of Director	Committee which proposed appointment
Mr. César A. Gibernau Ausió	Appointments and Remuneration Committee
Ms. Elena Hernández de Cabanyes	Appointments and Remuneration Committee

Total number of other External Directors	2
% total of the Board	20.000

Detail the reasons why they cannot be considered as proprietary or independent and their relationships, either with the company or its executives or with its shareholders:

Name or company name of Director	Reasons	Company, Executive or shareholder with whom the bond is maintained
Mr. César A. Gibernau Ausió	In spite of holding a direct stake in the share capital this stake is not sufficiently relevant to qualify Mr. César A. Gibernau Ausió a proprietary director. Neither does he qualify as an independent director, given the advisory relationship of the company Gibernau Asesores with the Company. Therefore, the Board of Directors of Renta Corporación at its meeting of 9 February 2006 reclassified the office of Mr. César A. Gibernau Ausió to "Other external directors".	-
Ms. Elena Hernández de Cabanyes	In spite of holding a stake in share capital, this stake is not sufficiently relevant to qualify Ms. Elena Hernández de Cabanyes a proprietary director. Neither does she qualify as an independent director, given the familial relationship she has with Mr. Luis Hernández de Cabanyes, and as sole administrator of Second House, S.A., in which some of the Company's Directors hold an interest. Therefore, the office of Ms. Elena Hernández de Cabanyes is classified under "Other external directors".	Mr. Luis Hernández de Cabanyes

Indicate the changes, if any, in the type of director during the period:

Name or company name of Director	Date of change	Former status	Present status
Mr. Ramchand Wadhumal Bhavnani	29/04/2009	Proprietary	Independent
		Dierctor	



B.1.4 Explain, if appropriate, the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is less than 5% of the share capital:

Indicate whether or not formal requests have been accepted for presence on the Board from shareholders whose holding is equal to or higher than that of others for whom Proprietary Directors have been appointed. If appropriate, explain the reasons why these have not been dealt with:

Yes 🗆 No X

B.1.5 Indicate whether or not a Director has resigned from his/her post before the conclusion of his/her term of office, whether or not he/she has provided the Board with reasons and through which medium and, if he/she has done so in writing to the entire Board, explain at least the reasons given:

Yes X No

Director's name	Reason for resignation
Mr. Carlos Solchaga Catalan	Personal reasons

B.1.6 Indicate, where applicable, the powers delegated to the managing director(s):

Name or company name of Director	Brief outline
Mr. Juan Velayos LLuis	He has delegated extensive powers in accordance with legislation, but subject to certain restrictions.
Mr. Luis Hernández de Cabanyes	He has delegated extensive powers in accordance with legislation, by virtue of his office a Chairman and Chief Executive Officer of the company, the latter office to which he was re-elected under a resolution of the Board of Directors meeting on 6 June 2006.

B.1.7 Indicate, where applicable, the Board members holding positions of administrators or executives in other companies forming part of the group of the listed company:

Name or company name of Director	Company name of group company	Position
Mr. Luis Hernández de Cabanyes	Groupe Immobilier Renta Corporación, S.A.S.	Natural person representing the Chairman



Name or company name of Director	Company name of group company	Position
Mr. Luis Hernández de Cabanyes	Masella Oeste, S.L.	Director
	Palmerston&Compton	Director
Mr. Luis Hernández de Cabanyes	***	- 3
Mr. Luis Hernández de Cabanyes	RC 1.LLC	Chairman
Mr. Luis Hernández de Cabanyes	RC II. LLC	Chairman
Mr. Luis Hernández de Cabanyes	RC III. LLC	Chairman
Mr. Luis Hernández de Cabanyes	RC IV. LLC	Chairman
Mr. Luis Hernández de Cabanyes	RC Real Estate Deutschland GMBH	Sole Director
Mr. Luis Hernández de Cabanyes	RC V. LLC	Chairman
Mr. Luis Hernández de Cabanyes	Renta 1001 (UK) Limited	Chairman
Mr. Luis Hernández de Cabanyes	Renta Corporación Real Estate ES. S.A.	Natural person representing Sole Director of Renta Corporación
Mr. Luis Hernández de Cabanyes	Renta Corporación Real Estate Finance, S.L.	Natural person representing Sole Director of Renta Corporación
Mr. Luis Hernández de Cabanyes	Renta Corporation	Chairman
Mr. Luis Hernández de Cabanyes	Renta Properties (UK) Limited	Chairman
Mr. Luis Hernández de Cabanyes	Winterley Properties	Chairman
Mr. Juan Velayos Lluis	Group Immobilier Renta Corporación, SAS	General Manager
Mr. Juan Velayos Lluis	Medas Corporation SARL	Joint Director
Mr. Juan Velayos Lluis	Palmerston&Compton	Director
Mr. Juan Velayos Lluis	RC 1.LLC	Director
Mr. Juan Velayos Lluis	RC II. LLC	Director
Mr. Juan Velayos Lluis	RC III. LLC	Director
Mr. Juan Velayos Lluis	RC IV. LLC	Director
Mr. Juan Velayos Lluis	RC Real Estate Deutschland GMBH	Sole Director
Mr. Juan Velayos Lluis	RC V. LLC	Director
Mr. Juan Velayos Lluis	Renta 1001 (UK) Limited	Director
Mr. Juan Velayos Lluis	Renta Corporación Luxembourg, SARL	Joint Director
Mr. Juan Velayos Lluis	Renta Corporacion Real Estate France S.A.S.	Natural person representing the Chairman



Name or company name of Director	Company name of group company	Position
Mr. Juan Velayos Lluis	Renta Corporation	Director
Mr. Juan Velayos Lluis	Renta Properties (UK) Limited	Director
Mr. Juan Velayos Lluis	Tanit Corporation SARL	Joint Director
Mr. Juan Velayos Lluis	Winterley Properties	Director

- B.1.8 Identify, if applicable, the directors of your company who are members of the Board of Directors of other companies listed on official stock exchanges in Spain other than those of your group, that have been reported to the company:
- B.1.9 Indicate and, where applicable, explain whether or not the Company has laid down rules on the number of Boards on which its Directors can sit:

Yes

No X

B.1.10 With regard to Recommendation No. 8 of the Unified Code, indicate the general policies and strategies of the company that the plenary Board has reserved the right to approve:

	Yes	No
The investment and finance policy	Х	
The definition of the structure of the group of companies	Х	
The corporate governance policy	Х	
The corporate social responsibility policy	Х	
Strategic or business plan, as well as the management aims and annual budgets	Х	25
The remuneration policy and appraisal of senior management performance	Х	
Control of risk management policy, as well as periodic monitoring of the internal information control system	х	
The dividend policy, as well as the treasury stock policy, with special focus on their limits.	Х	



B.1.11. Fill in the following tables regarding the total remuneration of the Directors earned over the year:

a) In the Company which is the object of this report:

Remuneration concept	(in thousands of Euros)	
Fixed remuneration	1,171	
Variable remuneration	0	
Expenses	169	
Established in Articles of Association	0	
Stock options and/or other financial instruments	0	
Others	235	
TOTAL:	1,575	

Other benefits	(in thousands of euros)
Advances	0
Credits granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations	0
Life insurance premiums	0
Guarantees made by the Company to Directors	0

b) Through company directors belonging to other boards of directors and/or the senior management of group companies:

Remuneration item	(in thousands of euros)	
Fixed remuneration	0	
Variable remuneration	0	
Expenses	0	
Established in Articles of Association	0	
Stock options and/or other financial instruments	0	
Others	0	
TOTAL:	0	

Other benefits	(in thousands of euros)
Advances	0
Credits granted	0
Pension plans and funds: Contributions	0
Pension plans and funds: Obligations	0
Life insurance premiums	0
Guarantees made by the Company to Directors	0



c) Total remuneration by type of director:

Director type	By company	By group
Executives	1.406	0
External Proprietary	28	0
External Independent	59	0
Other External	82	0
Total	1.575	0

 d) As a percentage of the profits attributable to the controlling company;

Total remuneration of directors (in thousands of euros)	1,575
Directors' total remuneration/(net) profit attributed to the	0.0
parent company (%)	

B.1.12 Identify members of senior management who are not also Executive Directors, and indicate the total remuneration they earned during the year:

Name or company name	Position
Mr. Javier Carrasco Brugada	Corporate Managing Director
Ms. Noelia Ortiz Garcia	Internal Auditor

F	Total remuneration of senior management (in thousands of	422
	euros)	

B.1.13 Indicate if there are guarantee or ironclad clauses, for cases of dismissal or control changes, in favour of members of senior management, including Executive Directors of the Company or its Group. Indicate if these contracts must be notified and/or approved by the bodies of the Company or its Group:

Number of beneficiaries	1
-------------------------	---

	Board of Directors	General Meeting
Body that authorises the clauses	Yes	No

	YES	NO
Is the General Meeting informed of the clauses?	X	

B.1.14 Indicate the process for establishing the remuneration of the members of the Board of Directors and the relevant clauses of the articles of association in that respect.

Procedure to establish the remuneration of members of the Board of Directors and the statutory clauses

In accordance with article 46 of the Articles of Association:

The members of the Board of Directors will receive, for every financial year, a fixed annual amount that will be determined at the General Board Meeting of Shareholders to be distributed between the directors. This amount will fluctuate from a minimum of zero point five percent (0.5%) to a maximum of five percent (5%) of the Company's net profits from the previous financial year. In the event that there is no net profit of the company, the members of the board of directors



Procedure to establish the remuneration of members of the Board of Directors and the statutory clauses

will receive only a specific amount in cash for per diems for attendance at the meetings of the board.

Said amount, established by the General Meeting of Shareholders, while not being modified by it, will be increased annually in line with the Consumer Price Index.

For each financial year, the Board of Directors will establish a specific amount to be received by each member, modifying this amount depending on whether or not the members belong to delegated bodies of the Board, the positions they occupy in these delegated bodies, or in general, and their dedication to administrative tasks or to service to the Company.

As well, the Directors can be remunerated through shares in the Company or in other companies in the same group, stock options or listed shares. In terms of receiving shares in the Company, this type of remuneration will be agreed upon by the General Meeting of Shareholders. The agreement will express, where appropriate, the number of shares to be given, the exercising of option prices, the value of the shares used as a reference and for how long this form of remuneration will be in effect.

The Company is authorized to contract civil liability insurance for its directors.

The remuneration set down in this article will be compatible with and independent of the salaries, remuneration, indemnities, pensions, contributions to life insurance policies and pensions, shares or stock options or compensation of any kind, established globally or individually for those members of the Board of Directors who have executive functions, regardless of the nature of their relationship with the Company, be it an ordinary or top management labour relationship, a mercantile relationship or one established through the rendering of services. These relationships will be compatible with the conditions of the members of the Board of Directors.

Article 25 of the Regulations of the Board of Directors also stipulates the following:

- 1. The directors and members of the Auditing Committee and the Appointments and Remuneration Committee will have the right to receive remuneration that is decided upon in accordance with the provisions of the Articles of Association. In particular, the members of the Board of Directors will receive, for every financial year, a fixed annual amount that will be determined by the General Meeting of Shareholders and that will fluctuate from a minimum of zero point five percent (0.5%) to a maximum of five percent (5%) of the Company's net profits for the previous financial year. In the event that there is no net profit of the company, the members of the board of directors will receive only a specific amount in cash for per diems for attendance at the meetings of the board.
- 2. Said amount, established by the General Meeting of Shareholders, while not being modified by them, will be increased annually depending on the Consumer Price Index.

For each financial year, the Board of Directors will establish a specific amount to be received by each member, modifying this amount depending on whether or not the members belong to delegated bodies of the Board, the positions they occupy in these delegated bodies, or in general, and their dedication to administrative tasks or to service to the Company.

The Board must approve the remuneration policy, which must at least cover the following matters:

- Fixed remuneration, with breakdowns, where appropriate, of income received for participation on the Board and its Committees and an estimate of the fixed annual remuneration to which they give rise;
- Types of variable remuneration, including, in particular, (i) the type of director to which the remuneration applies, as well as an explanation of the relative importance of the variable sources of remuneration in respect to fixed sources; (ii) criteria for evaluation of results based on the right to remuneration through shares, stock options or other variable sources; (iii) fundamental parameters and foundations of any annual bonus system or of other profits not paid in cash; and (iv) an estimate of an absolute amount of the variable remuneration which will arise from the proposed remuneration plan, depending on the degree of completion of the assumptions or targets that the plan refers to.



Procedure to establish the remuneration of members of the Board of Directors and the statutory clauses

c) Main characteristics of the provisional systems, with an estimate of their amounts or equivalent annual cost.

d) Conditions that must respect the contracts of those who carry out top level executive functions as executive directors, including: (i) duration; (ii) terms of notice; and (iii) any other clauses related to hiring bonuses, as well as indemnities or golden parachutes for early termination of the contractual relationship between the Company and the executive director.

In the event that variable remuneration is agreed upon, the remuneration policy will incorporate the necessary technical precautions in order to assure that such remuneration maintains a connection to the professional performance of the beneficiaries and are not derived simply from the general evolution of the markets or the sector in which the Company operates or from other similar circumstances.

- 3. In particular, the Board of Directors will adopt all the available measures needed to assure that the remuneration of the external directors, including that received by the members of the Committees, is in line with the following guidelines:
- a) The remuneration of the external director must be in line with his or her time commitment, qualifications and the responsibility associated with his or her position, but not so high as to compromise their independence.
- b) The external director must be excluded from the provisional systems financed by the Company in the event of resignation, death or other.
- 4. The remuneration for the position of Administrator is not affected by the amounts that can be received additionally, such as fees, or salaries connected to the rendering of professional services or labour relationships, depending on each particular case.
- In any case, the Board will make sure that the remuneration depends on the demands of the market.
- Remuneration that has been fixed in accordance with the Company's figures will take into account future qualifications expressed in the external auditor's report and will decrease said figures.
- 7. As well, the executive directors can be remunerated through shares in the Company or other companies in the same group, stock options or instruments linked to the value of the share, variable remuneration linked to the Company's performance or social welfare benefits. When referring to Company shares or to listed shares, this remuneration must be agreed upon by the General Meeting of Shareholders. The agreement will express, where appropriate, the number of shares to be given, the exercising of option prices, the value of the shares used as a reference and for how long this form of remuneration will be in effect.
- 8. The previously considered remuneration based on receiving shares can be extended to directors other than executive directors when under said remuneration the directors maintain their shares until they resign from the Company.
- The Company is authorized to contract civil liability insurance for its directors.
- 10. The Board will put to the vote of the General Meeting of Shareholders, as a separate point on the agenda, and in an advisory capacity only, a report on director remuneration policy. This report will be available to the shareholders separately or in any other manner the Company deems convenient.

This report will be focused in particular on the remuneration policy approved by the Board for that year, as well as, where appropriate, what has been set down for future years. The report will deal with all the matters addressed in the remunerations policy, a policy which has been approved by the Board, except for when dealing with extreme cases that might signify the disclosure of sensitive company information. The report will emphasize the most significant changes to the remuneration policy in respect to the policy employed during the previous year by the General Board Meeting of Shareholders, and will include a global summary about how its remuneration policies were applied during that year. Furthermore the Board will report on the role played by the



Procedure to establish the remuneration of members of the Board of Directors and the statutory clauses

Appointments and Remuneration Committee in the preparation of the remuneration policy, and, if an external advisor has been used, the identity of the external consultants used.

The Board of Directors will evaluate the need to indicate in the Notes to the Accounts all or part of the information relating to the individual remuneration of the board members during the year, in accordance with the recommendation on corporate governance applicable at all times.

Indicate whether or not the Board in its plenary session has reserved the right to adopt the following decisions:

	Yes	No
At the proposal of the chief executive of the company, the appointment and possible resignation of senior executives, as well as their compensation clauses.	Х	
The remuneration of directors, as well as, in the case of executives, the additional remuneration through their executive duties and other conditions that their contracts must include.		

B.1.15 Indicate whether or not the Board of Directors adopts a detailed payments policy and specify the matters on which it pronounces:

Yes X No 🛘

	Yes	No
The amount of the fixed components, with a breakdown, where applicable, of the allowances for participation in the Board and its Committees and an estimate of the annual fixed remuneration resulting therefrom	х	
Variable payment concepts	х	
Main characteristics of the social benefits systems, with an estimate of the equivalent annual cost or amount.	х	
Conditions to be observed in the contracts of those who exercise senior management functions as Executive Directors including	х	

B.1.16 Specify whether the Board submits a report on the remuneration policy for directors to voting at the General Meeting as a separate item of the agenda. Where applicable, explain the aspects of the report regarding the salary policy adopted by the Board for future years, the most significant changes in the said policies with regard to that applied during the year and the global summary of how the remuneration policy was applied during the year. Give details of the role played by the Remuneration Committee and, if external consultancy services have been used, the identity of the external consultants that have provided the service:

Yes X No



Matters covered by the report on the remuneration policy

The Report on remuneration policy adopted by the Board of Directors for future years contains: General Principles, Fixed Remuneration, Variable Remuneration, Shares, Profits not paid in cash, and life insurance schemes, Executive Officers and conclusions.

Per diems for attending meetings of the Board in 2009 have not varied against 2008, and, therefore, the remuneration policy applied in 2009 is the same as that initially established. The remuneration is moderate given the demands of the market and times and effort that is made by the officers in diligently and effectively undertaking their offices as Company directors,

Role played by the Remuneration Committee

either as executive officers or external, proprietary or independent directors, or others.

The Appointments and Remuneration Committee is responsible for preparing the report on the remuneration policy for directors and submit it to the Board of Directors for adoption and vote by the General Meeting of Shareholders.

	Yes	No
Have external consultancy services been used?		
Identity of the external consultants		

B.1.17 Indicate, where applicable, the identity of Board members who are also members of the Boards of Directors, directors or employees of companies that hold significant stakes in the listed company and/or companies of your group:

Name or company name of Director	Company name of significant shareholder	Position
Mr. Luis Hernández de Cabanyes	Sdeegtuters, SL	Sole Director
Mr. Luis Hernández de Cabanyes	Dinomen, SL	Sole Director
Mr. Luis Hernández de Cabanyes	Toga 20, SL	Sole Director
Mr. Luis Hernández de Cabanyes	Finanting 2001,SL	Sole Director
Mr. Luis Hernández de Cabanyes	Autodoc 75, SL	Sole Director
Mr. Blas Herrero Fernandez	Kiss Capital Group SCR de Regimen Simplificado, SA	President of the Board of Directors
Mr. Blas Herrero Fernandez	Radio Blanca, SA	Sole Director

Provide details, as the case may be, of the relevant relationships other than those included in the previous heading, of the members of the Board of Directors with the significant shareholders and/or in entities of its Group:

Name or company name of associated Director	Name or company name of significant linked shareholder	Description of relationship
Mr. Luis Hernández de Cabanyes	Sdeegtuters, SL	Mr. Luis Hernández de Cabanyes is the direct shareholder of 43.15% and indirect shareholder of 20%.



Name or company name of associated Director	Name or company name of significant linked shareholder	Description of relationship
Mr. Luis Hernández de Cabanyes	Dinomen, SL	Mr. Luis Hernández de Cabanyes is the direct shareholder of 44.44% and indirect shareholder of 17.6%.
Mr. Luis Hernández de Cabanyes	Toga 20, SL	Mr. Luis Hernández de Cabanyes is the direct shareholder of 43.15% and indirect shareholder of 20%.
Mr. Luis Hernández de Cabanyes	Finanting 2001,SL	Mr. Luis Hernández de Cabanyes is the direct shareholder of 43.15% and indirect shareholder of 20%.
Mr. Luis Hernández de Cabanyes	Autodoc 75, SL	Mr. Luis Hernández de Cabanyes is the direct shareholder of 54.36% and indirect shareholder of 14.77%.
Mr. Blas Herrero Fernandez	Kiss Capital Group SCR de Regimen Simplificado, SA	Mr. Blas Herrero Fernandez is the direct shareholder of 0.13% and indirect shareholder of 86.07%.
Mr. Blas Herrero Fernandez	Radio Blanca, SA	Mr. Blas Herrero Fernandez is the direct shareholder of 80%.

B.1.18 Indicate whether or not there has been any modification to the regulations of the Board during the year:

Yes X No

Description of modifications

ARTICLE 25.REMUNERATION OF THE DIRECTORS AND MEMBERS OF THE COMMITTEES OF THE BOARD.

1. The directors and members of the Audit Committee and the Appointments and Remuneration Committee will have the right to obtain the remuneration established under the articles of association. In particular, the members of the Board of Directors will receive each year a fixed amount that will be set by the General Meeting of Shareholders and that must oscillate between a minimum of 0.5% and a maximum of 5% of net profit of the Company in the immediately preceding year. IN THE EVENT THAT THERE IS NO NET PROFIT OF THE COMPANY, THE MEMBERS OF THE BOARD OF DIRECTORS WILL RECEIVE ONLY A SPECIFIC AMOUNT IN CASH FOR PER DIEMS FOR ATTENDANCE AT THE MEETINGS OF THE BOARD.



The above-mentioned amount established by the General Meeting of Shareholders, while not modified by the latter, will be increased annually in line with the Consumer Price Index.

- 2. The Board will set each year the specific amount to be received by each member of the Board, and can adjust the amount to be received by each member on the basis of whether they belong or not to authorised bodies of the Board, the offices they hold, or in general, their dedication to the administrative remits or the service of the Company. Thus, the Board shall adopt the remunerations policy that must rule on the following questions, at least:
- a) Amount of the fixed component, breaking down, as the case may be, the per diems for participation on the Board and its Committees and an estimate of the annual fixed remuneration to which they give rise;
- b) Variable remuneration items, including, in particular, (i) classifications of directors that are applied, as well as an explanation of the relative importance of the variable remuneration items in relation to the fixed items; (ii) criteria for evaluation of results on which any right to share-based remuneration is based, or share options, or any variable components; (iii) fundamental parameters and basis of any system of annual bonuses or other benefits not paid in cash; and (iv) an estimate of the absolute amount of the variable remuneration to which the remuneration plan proposed gives rise, based on the degree of compliance with the assumptions and targets that are used as a reference point.
- Main characteristics of the pension systems, with an estimate of their amount or annual equivalent cost.
- d) Conditions that must be respected by the contracts of those who exercise senior management functions as executive officers, including: (i) duration; (ii) notice terms; (iii) any other clauses on hiring bonuses, as well as indemnities or golden parachutes for early resolution or termination of the contractual relationship between the Company and the executive officer.
 - In the event that variable remuneration is agreed, the remuneration policy will include the technical cautionary measures necessary in order to ensure that said remuneration will relate to the professional performance of the beneficiaries and will not simply be based on the general evolution of the market or the industry in which the Company is involved or other similar circumstances.
- 3. In particular, the Board of Directors will adopt all the measure that are at its disposal in order to ensure that the remuneration of the external directors, including what, as the case may be, they receive as members of the Committees, is in line with the following directives:
 - a) the remuneration of the external director must be what is necessary in order to remunerate their actual dedication, qualifications and responsibilities that the office demands, but will not be so high as to compromise their independence.
 - b) The external director must be excluded from the insurance systems financed by the Company in the case of removal, death or any other contingency.
- 4. The remuneration for the position of Administrator is not affected by the amounts that can be received additionally, such as fees, or salaries connected to the rendering of professional services or labour relationships, depending on each particular case.
- 5. In any case, the Board will ensure that the remuneration shall be adjusted on the basis of the demands of the market.
- The remuneration that would have been set according to the results of the Company will take into account any future qualifications that are set out in the external auditor's report and will be lowered by said results.
- 7. Furthermore, the executive directors shall be entitled to be remunerated by shares of



the Company or another company in its group, or share options, or instruments indexed to the value of the shares of the Company or instruments indexed to their quotation price. This remuneration must be agreed by the General Meeting of Shareholders. The resolution will express, as the case may be, the number of shares to be given, the exercise price of the options, the value of the shares that are used as a reference point and the duration of this form of remuneration.

Share-based remuneration shall be given to the directors other than the executive officers provided that said remuneration is based on the fact that the directors keep the shares until they resign as directors.

- 8. The Company is authorised to take out a civil liability insurance policy for its directors.
- 9. The Board shall submit to a vote of the General Meeting of Shareholders, as a separate point on the agenda, and for consultation purposes, a report on the director remuneration policy. This report will be placed at the disposal of the shareholders either separately or in any other way that the Company deems suitable. This report shall centre especially on the remuneration policy adopted by the Board for the current year, and, as the case may be, that foreseen for future years. It shall deal with all the questions on which the remuneration policy adopted by the Board must rule, except those points that may involve the disclosure of sensitive commercial information. It will emphasise the most significant changes in said policies in respect of that applied in the preceding year to which the General Meeting of Shareholders refers and will include an overall summary of how the remuneration policy was applied last year. Furthermore, the Board will report on the role played by the Appointments and Remuneration Committee in the preparation of the remuneration policy, and, if it has used external advisors, and the identity of said advisors.

The Board of Directors shall evaluate the usefulness of disclosing in the Notes to the Accounts of the Company all or part of the information on the individual remuneration of the directors during the year, in accordance with the corporate governance recommendations applicable at all times.

B.1.19 Indicate the procedures for the appointment, re-election, assessment and removal of Directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

Articles 17 to 22 of the Regulations of the Board of Directors regulate the appointment and removal of the Directors of Renta Corporación.

Appointment of directors

- Directors shall be appointed to the Board of Directors, after the submission of the report of the Appointments and Remuneration Committee, by the General Meeting of Shareholders, in accordance with the provisions of the Spanish Companies Act.
- 2. At the time of the appointment of a new director, he must follow the orientation program for new directors established by the Company, in order to acquire quick, sufficient knowledge of the Company, and its corporate governance
- 3. Furthermore, the directors must follow the programs for updating their knowledge established by the Company when circumstances do so advice.

Appointment of external directors

The Board of Directors shall ensure that the election of candidates is the responsibility of persons of renowned skill and experience, and must take all measures in relation to the calls to fill the offices of independent directors under the terms set down in article 6 of these Regulations.



Re-election of directors

The Board of Directors, before proposing the reappointment of Directors to the General Meeting of Shareholders, shall evaluate (with the subject involved abstaining) as per article 22.1, the quality of the work and dedication to the office of the director proposed during the preceding mandate.

Duration of the office

- The directors shall undertake their office for the term set by the General Meeting of Shareholders, which must be equal for all and cannot exceed six years, at the end of which they can be reappointed one or more times for equal periods of maximum duration.
- 2. The mandate of the directors shall expire when, once the term has expired, the next General Meeting of Shareholders has been held, or the legal term for holding the General Meeting of Shareholders for resolving the approval of the annual accounts of the previous year has lapsed.
- 3. The directors appointed by co-optation must be ratified at the date of the meeting of the first General Meeting of Shareholders.
- 4. The Director who terminates his mandate or for any other causes ceases to undertake his office cannot be a director or occupy executive offices in another company that has an analogous corporate purpose to that of the Company for a period of two years.

The Board of Directors, if it considers it necessary, shall be entitled to exempt the departing director of this obligation or reduce its duration.

Dismissal of directors

- Directors shall be removed from office when the period for which they were appointed expires or when so decided by the General Meeting of Shareholders, which is empowered to do so by law or under the articles of association of the Company.
- 2. The directors shall tender their resignation to the Board of Directors and formalise it, if the latter deems it necessary, in the following cases:
 - a) When they are removed from their executive offices they occupied by virtue of being directors.
 - b) when they are involved in any of the grounds of incompatibility or prohibition legally laid down.
 - c) When they have been seriously reprimanded by the Board of Directors for having infringed their obligations as directors.
 - d) When their sitting the Board may put the interests, credit or reputation of the Company at risk or jeopardise them or when the reasons of which they were appointed (for example, when a proprietary director divests his stake in the Company) disappear.
 - e) In the case of independent directors, they cannot remain as such for a continuous period longer than 12 years, and, accordingly, after this term, they must resign their office to the Board of Directors and formalise their respective resignation.
 - f) In the case of proprietary directors (i) when the shareholder they represent sells his total stake; and; also (ii) in the respective number, when said shareholder lowers his stake to a level that requires the reduction of the number of proprietary directors.
- 3. In the event that, due to resignation or any other reason, a director resigns his office before the end of his mandate, he must explain why in a letter to be submitted to all the members of the Board.



The Board of Directors can only propose the removal of an independent director before the lapse of his statutory mandate when there is just cause, as appreciated by the Board, subject to the submission of a prior report from the Appointments and Remuneration Committee. In particular, just cause is understood to exist when the director has not complied with the duties of his office or has suddenly incurred in any of the impediments for being a director described in the definition of the independent director laid down in the recommendations of good corporate governance applicable at all times.

Objectivity and secret ballot

- 1. In accordance with article 29 of these Regulations, the directors affected by appointment proposals, reappointment or removal, shall abstain from intervening in the deliberations and votes dealing with them.
- 2. All votes of the Board of directors dealing with appointments, reappointment or removal of directors shall be conducted by secret ballot.

B.1.20 Indicate cases in which Directors are compelled to resign.

The directors must tender their resignation to the Board of Directors and formalise it, if the latter deems it necessary, in the following cases: (i) When they are removed from the executive offices that they occupied by virtue of being directors; (ii) when they are involved in any of the grounds of incompatibility or prohibition legally laid down; (iii) when they have been seriously reprimanded by the Board of Directors for having infringed their obligations as directors; (iv) when their sitting the Board may put the interests, credit or reputation of the Company at risk or jeopardise them or when the reasons of which they were appointed (for example, when a proprietary director divests his stake in the Company) disappear; (v) in the case of independent directors, they cannot remain as such for a continuous period longer than 12 years, and, accordingly, after this term, they must resign their office to the Board of Directors and formalise their respective resignation; and (vi) in the case of proprietary directors (i) when the shareholder they represent sells his total stake; and; also (ii) in the respective number, when said shareholder lowers his stake to a level that requires the reduction of the number of proprietary directors.

Furthermore, article 39 of the Articles of Association of Renta Corporación stipulates that the Director who terminates his mandate or for any other causes ceases to undertake his office cannot be a director or occupy executive offices in another company that has an analogous corporate purpose to that of the Company for a period of two years. The Board of Directors, if it considers it necessary, shall be entitled to exempt the departing director of this obligation or reduce its duration.

B.1.21 Explain whether the duties of the chief executive of the Company corresponds to the position of Chairman of the Board. If this is the case, indicate the measures which have been taken to limit the risks of accumulation of powers in a single person:

Yes X No



Measures for limiting risks

There is no risk of concentration of power. The lists of powers of the Board of Directors, the Audit Committee and the Appointments and Remuneration Committee, constitute proper measures for limiting the risk of accumulation of power by a single person. Furthermore, the Chairman and executive officer of the Company exercises their duties with the assistance of the senior executive branch, in particular, the Vice-Chairman and General Operations Manager, the Chief Executive Officer and the Secretary of the Board of Directors and the General Corporate Manager, which avoids the risk of power being accumulated by one individual.

Indicate and, where applicable, explain whether or not rules have been laid down to empower one of the Independent Directors to request the call of a Board meeting or the inclusion of new matters on the agenda to coordinate and report the concerns of the External Directors and direct the assessment by the Board of Directors.

Yes X No

Explanation of the rules

Article 15.4 of the Regulations of the Board of Directors stipulates that in the event that the Chairman of the Board is also the chief executive officer of the Company, any independent director shall on his own be entitled to request a meeting of the Board or the inclusion of new points on the agenda. In the event that some of the Vice-Chairmen of the Company are classified as independent directors, the latter will take on the functions set down in section 15.4

B.1.22 Are reinforced majorities other than those applicable by law required for any type of decision?

Yes

No X

Indicate how decisions are taken in the Board of Directors, specifying at least the minimum quorum and the type of majorities for approving decisions:

Approval of decisions		
Description of resolution	Quorum	Type of majorities
Any resolution.	The Board will be validly constituted when at least half the member plus one present or represented are in attendance. 50.01%	Except in cases in which the law or articles of association specifically establish other quorums, the resolutions shall be adopted by a majority of the attendees. In the event of a tie, the Chairman shall cast the deciding ballot.

B.1.23 Indicate if there are specific requirements other than those relating to Directors in order to be appointed as Chairman.

Yes

No X

B.1.24 Indicate whether the Chairman casts the deciding ballot:

Yes X

No

Matters	for which there is a casting vote
The deciding ballot of the Chairma	an will always be cast when there is a draw.

B.1.25 Indicate whether the Articles of Association or the Board Regulations establish any age limit for directors:

Yes 🛘

No X

Age limit for Chairman	Age limit for CEO	Age limit for directors 0
NO	NO	NO

B.1.26 Indicate whether the Articles of Association or the Board Regulations establish a limited mandate for independent directors:

Yes X

No 🛛

Maximum number of years of mandate	1

B.1.27 If there are few or no female directors, explain the reasons or the initiatives adopted to correct this situation.

In particular, indicate whether or not the Appointments and Remuneration Committee has laid down procedures to ensure that the selection processes are not subject to implicit bias that prevents the selection of female Directors and deliberately look for female candidates with the required profile:

Yes

No X

B.1.28 Indicate if there are formal processes for delegation of votes in the Board of Directors. If so, describe them briefly.

At 31 December 2009 there are no formal processes for delegating votes for the Board of Directors meetings. Such processes must be in line with current legislation.

However, article 16 of the Regulations of the Board of Directors lays down that the directors will do whatever they can to attend the meetings of the Board, and when they cannot do so in person, they will ensure that they delegate their vote in writing to another member of the Board, along with the necessary instructions, and shall inform the Chairman of the Board of this.

B.1.29 Indicate the number of meetings that the Board of Directors has held over the year. Also indicate, where applicable, how many times the Board has met without the Chairman being present:

Number of meetings of the Board	7
Number of Board meetings without the Chairman attending	0



Indicate the number of meetings held by the different Board committees over the year:

Number of meetings of the Executive or Delegated Committee	0
Number of meetings of the Audit Committee	4
Number of meetings of the Appointments and Remuneration Committee	4
Number of meetings of the Appointments Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 Indicate the number of meetings held by the Board of Directors during the year without the attendance of all its members. When calculating the number, representations made without specific instructions shall be considered as non-attendance:

Number of non-attendances of Directors during the year	5
% of non-attendances over the total number of votes during the year	6.000%

B.1.31 Indicate if the individual and consolidated annual accounts submitted for approval by the Board are certified previously:

Yes X

No 🛛

Identify, where applicable, the person(s) who has/have certified the Company's individual and consolidated annual accounts in order to be drawn up by the Board:

Name	Position
Mr. Javier Carrasco Brugada	Corporate Managing Director
Ms. Fernanda Sáenz de Cabezón Escoruela	Comptroller

B.1.32 Explain, where applicable, the mechanisms established by the Board of Directors to prevent the individual and consolidated annual accounts it draws up from being submitted to the General Meeting of Shareholders with qualifications in the auditors' report.

Article 39.3 of the Regulations of the Board of Directors stipulates that the Board shall definitively formulate the annual accounts so that the auditor can issue an unqualified report. It also stipulates that, when the Board deems it necessary to maintain its criteria, it will publicly disclose the content and the scope of the discrepancy.

On the other hand, the same article stipulates that, in order to avoid the presentation of qualified annual accounts to the General Meeting of Shareholders, the Audit Committee, prior to the formulation, shall:

- (a) Ascertain the financial reporting process and the Company's internal control systems, confirm their adequacy and integrity and verify the appointment or substitution of those responsible for the systems.
- (b) Supervise the internal auditing systems.
- (c) Review the annual accounts and the Company's periodical financial reporting in search of compliance with legal requirements and the correct application of generally accepted accounting principles, relying on direct collaboration between the internal and external auditors for this purpose.
- (d) Deal with the relationships with external auditors in order to receive information on those matters related to the process of carrying out the auditing of the annual accounts, as well as other reporting regulations set down by accounts auditing legislation and the technical standards on auditing.

As well, the Audit Committee ordinarily meets every three months, with the goal of verifying the periodical financial information that is to be submitted to the stock exchange regulators as well as verifying the information that the Board of Directors has approved, including it in the annual report.

B.1.33 Is the Secretary of the Board a Director?

Yes

No X

B.1.34 Explain the procedures for appointing and dismissing the Secretary of the Board, indicating whether or not his/her appointment and dismissal have been reported by the Appointments Committee and adopted by the Board in its plenary session.

Appointments and dismissal procedure

Article 10 of the Regulations of the Board of Directors stipulates that the appointment of the Secretary of the Board of Directors shall be approved by the Board on the basis of a proposal from the Appointments and Remuneration Committee. The Secretary can be one of the members of the Board or a non-Board member who can undertake these functions. In the event that the Secretary of the Board of Directors is not a Director, he will have voice but not vote.

	Yes	<u>No</u>
Does the Appointments Committee report the appointment?	X	
Does the Appointments Committee report the dismissal?	X	
Does the plenary session of the Board adopt the appointment?	X	
Does the plenary session of the Board adopt the dismissal?	X	

Is the Board Secretary commissioned with the duty of especially supervising the good governance recommendations?

Yes X

No 🛛

Observations

This function is attributed to the Secretary under article 10.3 of the Regulations of the Board of Directors.

B.1.35 Indicate, where applicable, the mechanisms established by the Company to safeguard the independence of the auditor, financial analysts, investment banks and rating agencies.

Article 39 of the Regulations of the Board stipulates that the Audit Committee will refrain from suggesting to the Board of Directors, and at the same time will refrain from submitting to the General Meeting of Shareholders, the appointment as Company auditor any auditing firm that finds itself in an incompatible situation with the Company in accordance with auditing legislation, as well as those firms in which the fees that the Company anticipates paying, for all items, are higher than five percent of the firms' total profits during the previous financial year.

The Board of Directors will give a public report on the total fees that the Company has paid to the auditing firm for auditing and other services.

The Audit Committee is therefore in charge of relations with the Company's external auditors, receiving information on matters that may place the independence of these external auditors at risk and any other matters related to the process of carrying out the audit, as well as any other communications set down in auditing legislation and in the technical auditing standards (article 48 of the Articles of Associations and article 13 of the Regulations of the Board of Directors).

On the other hand, article 38 of the Regulations of the Board of Directors governs the relationship of the Company with the markets in general and therefore with financial analysts and investment banks, amongst others, with which the Renta Corporación has a relationship based on the principles of transparency and non-discrimination. The Company coordinates the deals with them, managing both their requests for information and their institutional or private investments. The Company is not subject to credit rating.

B.1.36 Specify whether the Company has changed external auditor over the year. If appropriate identify the incoming and outgoing auditors:

Yes 🗆 No X

In the event of disagreements with the outgoing auditor, explain the content of said disagreements:

Yes □ No X

B.1.37 Indicate if the audit company performs other tasks for the company and/or its group other than auditing activities, and if so, state the amount of the fees received for said activities and the percentage of the fees billed to the company and/or its group:

Yes No X

	Company	Group	Total
Amount charged for tasks other than auditing activities (in thousands of euros)	Ö	0	0
Amounts charged for tasks other than auditing/Total amount billed by the audit company (%)	0.000	0.000	0.000

B.1.38 Specify whether the Annual Accounts audit report from the previous year includes any reservations or qualifications. Where applicable, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of the said reservations or exceptions.

Yes X No

Explanation of the reasons

The audit report for the consolidated annual accounts for 2008 contains two qualifications:

The first qualification included by the auditor in paragraph 3 of the audit reports for the individual and consolidated annual accounts for 2008 refers to the fact that the signing of the new debt financing agreement requires the execution of the binding purchase and sale agreements by a series of financial entities, subject to ordinary due diligence and administrative authorisation. This uncertainty was cleared up through the total execution of the purchase and sale agreements in the first half of 2009 and by the signing of the refinancing agreement, as stated by the auditors in their limited review report on the consolidated financial statements at 30 June 2009.



Additionally, in paragraph 4 of both audit reports the auditor refers to the uncertainty of the realisation of the capitalised deferred tax, which is expected in the medium and long-term, and which, therefore, depends on future events, especially the evolution of the real estate market in Spain.

B.1.39 Indicate how many years the current audit company has been auditing, without interruption, the annual accounts of the Company and/or its Group. Also indicate the percentage of the number of years audited by the current audit company over the total number of years that the annual accounts have been audited:

	Company	Group
Number of years without interruption	7	10

	Company	Group
No. of years audited by the current audit company /No. of years the Company has been	100	100
audited (%)		

B.1.40 Indicate the holdings of the members of the Board of Directors in the capital of companies which have the same, similar or complementary type of activity that constitutes the business purpose of the Company and of its Group, and of which the Company has been informed. Also indicate the positions or duties that they perform in these companies:

Name or company name of Director	Name of object company	% holding	Position or duties
Mr. Luis Hernández de Cabanyes	Aurodoc 75, SL	69.130	Sole Director
Mr. Luis Hernández de Cabanyes	Second House, SL	47.500	
Mr. Luis Hernández de Cabanyes	Alderamin Star, SL	62.040	Sole Director
Mr. Luis Hernández de Cabanyes	Mixta Africa, SA.	14.590	Director
Mr. Luis Hernández de Cabanyes	Malareny Bay, S.L.	49.950	
Mr. Luis Hernández de Cabanyes	Dinomen, SL	62.040	Sole Director
Mr. Luis Hernández de Cabanyes	Finanting 2001, SL	63.150	Sole Director
Mr. Luis Hernández de Cabanyes	Sdeegtuters, SL	63.150	Sole Director
Mr. Luis Hernández de Cabanyes	Toga 20, SL	63.150	
Mr. David Vila Balta	Mixta Africa, SA	0.220	Director
Mr. David Vila Balta	Second House, SL	0.530	
Mr. Juan Velayos Lluis	Jucarin, S.L.	50.00	AND
Mr. Juan Velayos Lluis	Mixta Africa, SA	0.400	Non-member Secretary
Mr. Blas Herrero Fernandez	Argia Inversiones Inmobiliarias, S.A.	47.890	Director
Mr. Blas Herrero Fernandez	BVCR Titulos, SL	50.000	Sole Director



Name or company name of Director	Name of object company	% holding	Position or duties
Mr. Blas Herrero Fernandez	Productos Lacteos de Cornellana	49.170	Sole Director
Mr. Blas Herrero Fernandez	Inversiones SB, SL	50.000	Joint Director
Mr. Blas Herrero Fernandez	Gestora Asturiana, SA	50.000	Joint Director
Mr. Blas Herrero Fernandez	Inmobiliaria Porceyo, SA	51.000	Joint Director
Mr. Blas Herrero Fernandez	HVB Casas, SA		Sole Director
Mr. Blas Herrero Fernandez	HVB Invesal	18.119.90.000.011.00.000.000	Sole Director
Mr. Blas Herrero Fernandez	Units 3501/3503 FBII, LLC	98.350	
Mr. Blas Herrero Fernandez	Fuente Nozana	50.000	
Mr. Blas Herrero Fernandez	Barandon Inversiones, SL	13.770	Joint Director
Mr. Carlos Tusquests Trias de Bes	Life Marina Ibiza, SL	6.540	
Mr. César A. Gibernau Ausió	Second House, SL	1.050	
Mr. César A. Gibernau Ausió	Mixta Africa, SA		Director
Mr. César A. Gibernau Ausió	GP Consulting	11,520	Power
Mr. César A. Gibernau Ausió	Charceboy, SL	10.910	
Ms. Elena Hernández de Cabanyes	Second House, SA	3.660	Sole Director
Ms. Elena Hernández de Cabanyes	Promotora de Industrias Gráficas, SA	5.000	
Ms. Elena Hernández de Cabanyes	Mixta Africa, SA	0.870	
Ms. Elena Hernández de Cabanyes	Iglu Verde, SL	50.000	Sole Director
Ms. Elena Hernández de Cabanyes	Inmo Ercina, SL	50.000	Sole Director
Ms. Esther Elisa Giménez Arribas	Trancelit World, SL	50.000	
Ms. Esther Elisa Giménez Arribas	Tizzano Novara, SL	50.000	Sole Director
Ms. Esther Elisa Giménez Arribas	Anpol Capital, SL	48.387	Sole Director
Ms. Esther Elisa Giménez Arribas	Mixta Africa, SA	0.150	Natural person representing director Fundación Privada Renta
Ms. Esther Elisa Giménez Arribas	Second House, SL	4.130	
Mr. Juan Gallostra Isem	Grupo JG Ingenieros Consultores de Proyectos, SA	5.780	Chief Executive Officer
Mr. Ramchand Wadhumal Bhavanani	Casa Kishoo, S.A.	25.000	Secretary and Chief Executive Officer
Mr. Ramchand Wadhumal Bhavanani	Jansi Ki Rani, SL	2.000	
Mr. Ramchand Wadhumal Bhavanani	El Corte Hindu, SL	1.680	

B.1.41 Indicate and, where applicable, provide details of whether there is a procedure whereby Directors can have external assessment:

Yes X

No 🛛



Details of the procedure

The Regulations of the Board of Directors (articles 23 and 24) governing the director's information stipulates the following:

Article 23. Powers of information and inspection

- 1. The director can request information on any matter within the remit of the Board, and, thus, examine its books, records, documents and other documentation. The right to information covers the investee companies to the extent possible.
- The request for information must be addressed to the secretary of the Board of Directors, who will submit it to the Chairman of the Board of Directors and the appropriate contact in the company.
- The Secretary shall notify the director confidentially of the information requested and received and of his duty of confidentiality in accordance with the provision of these Regulations.
- 4. The Chairman shall be entitled to deny the information if he believes: (i) that it is not necessary for the proper undertaking of the duties of the director or (ii) that its costs is no reasonable in light of the importance of the matter and the assets and income of the Company.

Article 24. Assistance of experts.

- In order to be assisted in the undertaking of their functions, all the directors shall be entitled to obtain from the Company the necessary advice to comply with their duties. To do so the Company shall provide the proper channels which, under special circumstances, could include external advisory assistance charged to the Company. The engagement must necessarily deal with specific problems of certain importance and complexity that arise in the course of the director's duties.
- 2. The decision to make the engagement must submitted to the Chairman of the Company, which can be vetoed by the Board of Directors if it is shown that:
 - a) It is not necessary for the proper undertaking of the duties of the external directors;
 - b) its cost is not reasonable in light of the importance of the problem and the asset and income of the Company;
 - or the technical assistance that is gathered can be properly provided by experts and technical staff of the Company.
- B.1.42 Indicate and, where applicable, provide details of whether there is a procedure whereby Directors can have the information necessary to prepare the meetings of the Boards of Directors with sufficient time:

Yes X No □

Details of the procedure

Article 15 of the Regulations of the Board stipulates that the calls for the meetings of the Board shall be made at least three days in advance, and shall always include the agenda of the meeting and be accompanied by the relevant information.

B.1.43 Indicate and, where applicable, give details of whether or not the Company has laid down rules that oblige the Directors to report and, in cases that damage the Company's credit and reputation, resign:

Yes X

No 🛛



Explain the rules

Article 21.d of the Regulations of the Board of Directors states that the directors must resign their seat on the Board of Directors and formalise such resignation, if the latter deems it necessary, in the event that their office on the Board could place the interest, credit or reputation of the Company at risk or damage it.

B.1.44 Indicate whether or not any member of the Board of Directors has informed the Company that he/she has been prosecuted or hearings against him/her have been opened for any of the offences laid down in Article 124 of the Spanish Companies Act:

Yes

No X

Indicate whether or not the Board of Directors has analysed the case. If the answer is affirmative, give a reasoned explanation of the decision taken as to whether or not the director remains in his/her post.

Yes

No X

Decision taken	Reasoned explanation
Remains/Does not remain	

- B.2. Committees of the Board of Directors
- B.2.1 Provide details of all the committees of the Board of Directors and their members:

AUDIT COMMITTEE

Name	Position	Type
Mr. César A. Gibernau Ausió	Secretary-Board Member	Other external
Mr. Juan Velayos Lluis	Board Member	Executive
Mr. Carlos Tusquets Trias de Bes	Chairman	Independent

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Туре
Mr. César A. Gibernau Ausió	Secretary-Board Member	Other external
Mr. Juan Velayos Lluis	Board Member	Executive
Mr. Carlos Tusquets Trias de Bes	Chairman	Independent



B.2.2 Specify whether the Audit Committee is responsible for the following:

	Yes	No
Supervising the preparation process and integrity of the financial information related to the Company and, where applicable, the Group, reviewing compliance with the standard requirements, the appropriate definition of the consolidation perimeter and the correct application of the accounting criteria.	х	
Regularly reviewing the internal control and risk management systems so that the main risks can be identified, processed and appropriately publicised.	х	
Ensuring the independence and effectiveness of the internal audit duty; propose the selection, appointment, re-election and dismissal of the person in charge of the internal audit service; forward the budget for this service; receive periodic information on its activities, and verify that senior management considers the conclusions and recommendations in its reports.	x	
Setting up and supervising a mechanism that enables employees to communicate any significant irregularities, especially those related to finance and bookkeeping, and to do so in a confidential manner.	Х	
Raising the selection, appointment, re-election and substitution proposals concerning the external auditor to the Board, as well as the terms and conditions of his/her contract.	х	
Likewise receiving information from the external auditor on the audit plan and the results of carrying it out and checking that senior management take its recommendations into account	х	
Guaranteeing the independence of the external auditor.	x	
In the event of groups, to see that the group auditor accepts liability for the audits of the companies that make up the group.	х	

B.2.3 Describe the organisational and operational rules and the responsibilities attributable to each of the Board's committees.

Name of Committee

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

Appointments and Remuneration Committee

Under article 14 of the Regulations of the Board, the Board of Directors will have an Appointments and Remuneration Committee that is governed by the following rules:



I. Composition

The Appointments and Remuneration Committee will be made up of a minimum of three directors, all of whom are external insofar as that is possible given the composition of the Board of Directors and recommendable for the proper operations of the Committee, which will be appointed by the Board of Directors.

The President of the Appointments and Remuneration Committee will be elected from amongst the external directors, and must be replaced every four years, although he can be re-elected after a period of one year as from the date of his removal has lapsed.

The director designated by the member of the Committee will act as the Secretary.

II. Remit

Notwithstanding the other functions that could be assigned by the Board of Directors, the Appointments and Remuneration Committee has the following basic duties:

To formulate and review the criteria to be followed for the formation of the management team of the company and its subsidiaries and to select candidates.

To submit to the Board of Directors the proposal for appointments of managers so that it can appoint them.

To analyse, formulate and periodically review the proposals of hiring and loyalties policies for new executives.

To analyse, formulate and periodically review the proposals of remuneration policies for executives, weighing their adequacy and performance.

To guarantee the transparency of remuneration.

To report on the transactions that involve or could involve conflicts of interest.

III. Operations

The Appointments and Remuneration Committee will normally meet quarterly. It also meets whenever convened by the President, who must do so provided that the Board of Directors has requested a report or the adoption of proposals, and, in any case, provided that it is necessary for the proper undertaking of its duties.

Name of Committee

AUDIT COMMITTEE

Brief description

Audit Committee

The rules for the organisation and operations of the Audit Committee are those set out below and set down in the article 48 of the Articles of Association and article 13 of the Regulations of the Board of Directors:

Composition.

The Audit Committee shall be made up of three directors, a majority of which are not executive officers, appointed by the Board of Directors.

The President of the Audit Committee will be elected from amongst the external directors, and must be replaced every four years, although he can be re-elected after a period of one year as from the date of his removal has lapsed.

The director designated by the member of the Committee will act as the Secretary.

II. Remit

Notwithstanding the other functions that could be assigned by the Board of Directors, the Audit Committee has the following basic duties:

37

To report to the General Meeting of Shareholders on the matters that are raised by the shareholders in the areas of its remit.

To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment of the external auditors referred to in article 204 of the Spanish Companies Act, as well as their engagement terms and conditions, the scope of their engagement and, as the case may be, their cessation or non-renewal.

To supervise the internal auditing systems.

To review the Company's accounts, oversee compliance with the legal requirements and correct application of generally accepted accounting principles, with the direct collaboration of the internal and external auditors.

To supervise the management and control policy of the risks that affect the achievement of the corporate purposes of the Company.

To understand the financial information process, the internal controls system of the Company, to verify its appropriacy and integrity and review the appointment or replacement of the persons responsible for it.

To handle the relationship with the external auditors in order to receive information on matters that could jeopardise their independence and any other matters relating to the auditing of the accounts, as well as other communications required by auditing legislation and technical auditing standards.

To oversee compliance with the audit engagement contract, ensuring that the opinion on the annual accounts and the main content of the audit report are worded clearly and precisely, and to evaluate the results of each audit.

To review the periodical financial information that must be provided by the Board to the markets and to its supervisory bodies.

To examine compliance with the Internal Code of Conduct, the Regulations of the Board, and, in general, the rules of governance of the Company and to make the necessary proposals for their enhancement.

To receive information, and, as the case may be, issue a report on the disciplinary measures that are to be imposed on the members of senior management of the Company.

III. Operations

The Audit Committee will normally meet quarterly in order to review the periodical financial information that must be submitted to the stock exchange regulators as well as the information that the Board of Directors has approved and must be included in its public annual filings. Furthermore, it will also meet upon the request of any of its members and whenever convened by the Chairman, who must do so, provided that the Board or its Chairman has requested a report or the adoption of proposals, and, in any case, provided that it is always useful to the proper undertaking of its duties.

The Audit Committee shall prepare an annual report on its operations highlighting the main incidences that have arisen, if any, in relation to its own duties. Furthermore, when the Audit Committee deems it necessary, it will include in said report proposals to improve the rules of governance of the company. The Audit Report will be appended to the annual report on corporate governance and will be made available to the shareholders and investors on the company website.



The members of the management team or company personnel will be obligated to attend the meetings of the Audit Committee and collaborate with it and give it access to the information they have when required by the Audit Committee to do so. The Committee shall also be required to attend the auditor's meetings. In order to best fulfil its duties, the Audit Committee shall be entitled to seek external expert advice, when it deems it necessary for the proper fulfilment of its duties.

B.2.4 Indicate the powers for advising, consultancy and, if relevant, appointments, for each of the committees:

Committee	Brief outline		
Appointments and Remuneration Committee	Article 14 of the Regulations of the Board of Directors provides the appointments and remuneration committee with the duties described in section B.2.3 above.		
Audit Committee	Article 13 of the Regulations of the Board of Directors provides the appointments and remuneration committee with the duties described in section B.2.3 above.		

B.2.5 Indicate, where applicable, the existence of Committee Regulations, the location at which they are available for consultation, and the modifications that have been made during the financial year. Also indicate whether any annual report on each Committee's activities has been voluntarily drafted.

Name of committee

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description:

The rules of organisation and operations of the Audit Committee and the Appointments and Remuneration Committee are included in the Regulations of the Board of Directors, which are available for consultation on the Company's website (www.rentacorporacion.com), without separate Regulations for the Audit Committee or for the Appointments and Remuneration Committee having been adopted to date.

Name of committee

AUDIT COMMITTEE

Brief description

The rules of organisation and operations of the Audit Committee and the Appointments and Remuneration Committee are included in the Regulations of the Board of Directors, which are available for consultation on the Company's website (www.rentacorporacion.com), without separate Regulations for the Audit Committee or for the Appointments and Remuneration Committee having been adopted to date.

The Audit Committee prepares an annual report (which accompanies this report and is made available to the shareholders on the Company's website) highlighting the main activities and incidences, as the case may be, in relation to its own duties. Furthermore, when the Audit Committee deems it necessary, it will include proposals for improving the rules of governance of the Company in its report.



B.2.6 Indicate whether the makeup of the Executive Committee reflects the participation in the Board by the various Directors depending on status:

Yes

No X

If the answer is No, explain the makeup of your Executive Committee

There is no Executive Committee.

C RELATED-PARTY TRANSACTIONS

C.1 Indicate whether the plenary Board has reserved the power to approve the operations that the company carries out with directors, with major shareholders or shareholders represented on the Board, or with individuals related to these, following a favourable report from the Audit Committee or any other Committee commissioned with this duty:

Yes X

No

- C.2 Detail the significant operations that imply a transferral of resources or obligations between the Company and entities within its Group and the significant shareholders of the Company:
- C.3 Detail the significant operations that imply a transferral of resources or obligations between the Company or entities within its Group and the Administrators or Executives of the Company:

Name or company name of significant shareholder	Name or company name of the company or entity of the Group	Nature of the operation	Type of operation	Amount (thousands of euros)
Mr. Luis Hernández de Cabanyes	Renta Corporación Real Estate RA, SA	Contractual	Financing agreements: loans and capital contributions (lender)	4,000

- C.4 Detail the important operations carried out by the Company with other companies belonging to the same Group, provided that they are not eliminated in the process of drafting the consolidated financial statements and are not part of the Company's usual trading in terms of its purpose and conditions:
- C.5 Indicate whether the members of the Board of Directors have been affected by any conflicts of interest over the year, in accordance with the provisions set forth in Article 127.3 of the Public Limited Companies Act.

Yes X No



Name or company name of Director	Description of the conflict of interest
Ms. Elena Hernandez de Cabanyes	Voiding the agreement entered into by Renta Corporación Real Estate, S.A. and Second House, S.A. of 29 December 2005 (ratified by the Board of Directors on 15 March 2006)
Mr. Luis Hernandez de Cabanyes	Signing of a participating loan between Renta Corporación Real Estate, S.A. as borrower and Mr. Luis Hernández de Cabanyes as lender for an amount of Euros 4 million and maturing in 7 years.

C.6 Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or the Group, and its Directors, Executives or significant shareholders.

The Regulations of the Board of Directors and the Internal Code of Conduct for governing the mechanisms established to detect and regulate possible conflicts of interest

In relation to the directors, the mechanisms established to detect possible conflicts of interest are regulated by the Regulations of the Board of Directors. Article 29 of the Regulations of the Board of Directors stipulate that the Director must report any conflicts of interest to the Board of Directors and refrain from attending or intervening in the deliberations that affect matters in which they are personally interested. A personal interest on the part of a Director exists when the matter affects a member of his family or related persons and companies or entities over which a member of his family may have a significant influence. Article 32 of the Regulations of the Board of Directors stipulate that a Director cannot use to his own benefit or that of a person related to him under the terms of article 29 above one of the Company's business opportunities, unless it is offered previously to the Company, which refuses to exploit it. For the purposes of that mentioned above, a business opportunity is understood as any possibility of making an investment or undertaking commercial operations that have arisen or have been discovered related to his office by the Director, or through the use of means and information of the Company, or under circumstances that would make it reasonable to think that the offer of the third party was actually addressed to the Company.

Furthermore, the Director must inform the Company of the offices he undertakes or holds on the Boards of Directors of other listed companies and, in general, the facts, circumstances or situations that could be relevant vis-à-vis his duties as Company administrator in accordance with the provisions of the Regulations of the Board of Directors.

The body that regulates and resolves the conflicts of interest of the directors is the Audit Committee.

In relation to senior management, the mechanisms established to detect and regulate possible conflicts of interest are regulated in the Internal Code of Conduct that is also applicable to the directors. Article 10 of the Regulations of the Internal Code of Conduct stipulates that the person in question must act at all times judiciously, with loyalty to the company and its shareholders, and independently in respect of his own or third party interests. Consequently, he will refrain from prioritising his interests to the detriment of those of the Company or those of certain investors at the expense of the others, and from intervening in or influencing the decisions that could affect the person or entities with which there is a conflict and from accessing confidential information that may affect said conflict.



Furthermore, the person in question must report to the General Secretary of the Company possible conflicts of interest in which he is involved due to his activities outside the Company, family relations, personal equity or for any other reasons, with the Company or any of the companies in the Group, significant suppliers or customers of the Company or Group companies, and companies that are involved in the same business or are competitors or the company or any of the Group companies. Any doubts about the possibility of a conflict of interest must be discussed with the General Secretary, and the final decision is the remit of the Audit Committee.

C.7 Is more than one Group Company listed on the stock markets in Spain?

Yes [

No X

Identify the subsidiary companies that are listed:

D RISK CONTROL SYSTEMS

D.1 General description of the risk policies of the Company and/or the Group, detailing and assessing the risks covered by the system, together with justification for the adaptation of the system to the profile of each risk type.

Renta Corporación is exposed to strategy, business, financial and operating risk.

The policy and strategy of risk management is the responsibility of the Board of Directors supported by Senior Management for definition and implementation. However, all the members of the organisation participate in and are responsible for ensuring the success of the risk management system.

It is the remit of the Audit committee, as the specialised body of the Board of Directors, to supervise the policy of control and management of risk in order to provide reasonable assurance in achieving the corporate purposes of the Company, and, therefore, it is the body that reviews and approves the Risk Map of Renta Corporación and the Risk Management System.

In its oversight functions, the Committee receives the support from Internal Audit, which, through the functional dependence of this body, is in charge of reviewing and evaluating continuously the effectiveness of internal risk management and control system operations, which also contributes to their improvement.

Furthermore, there are other bodies that participate in risk supervision and control.

- Senior Management, manage risk related to their area of responsibility through the identification and evaluation of the different risks, the establishment of policies and plans to manage them and by following up and supervising the measures taken by the different departments and subsidiaries.
- Senior Management is responsible to the Board of Directors for the decisions adopted and the results obtained, especially those that could affect or compromise compliance with the corporate strategy and objectives.
- Economic-Financial Management, responsible for the preparation and monitoring of the business plans, budgetary control, liquidity and financial capacity, maintenance of a proper capital structure and the risk control polices for interest and exchange rates.
- Department and subsidiary management (Management Committee), managing operational risk in accordance with the risk management policies and methodologies set by Senior Management.
- General Secretary, responsible for compliance with corporate law, the obligations and recommendations of Good Governance, the stock market legislation, money laundering legislation and the protection of personal data.



On the other hand, and in relation to internal control, of special note is the fact that Renta Corporación has a Code of Conduct for employees and the persons forming part of its governing bodies and has a channel for reporting misconduct.

Renta Corporacion has developed a methodology for risk management, based on the Integrated Framework for Corporate Risk Management proposed by COSO (Committee of Sponsoring Organisations of the Treadway Commission), in order to provide reasonable assurance that the objectives set will be met and that any deviations will be detected. The objectives of the organisation are divided into the following categories:

- Strategic: to delve deeper into the various options of transformation of the portfolio of buildings creating more value and improving positioning, optimising purchase options over buildings and opening up new business lines in the management of assets for third parties, while maintaining the company's international focus.
- Operations: operations must be agile, effective and efficient and generate value and liquidity.
- Information and reporting: the information systems must be appropriate, sufficient and reliable.
- 4. Compliance: general, sector and internal company rules and legislation must be met.

The methodology followed by Renta Corporación for risk management is as follows:

- 1. Establishment of the objectives of the Renta Corporación Group.
- Identification of the potential risks that could affect the objectives defined and identification of the existing controls.
- 3. Valuation of risks in line with their importance, probability of occurrence and taking into account the degree of management or preparation to respond to them.
- 4. Definition of action plans, prioritise according to the valuation made, so that exposure is at a risk level acceptable to Renta Corporación.
- 5. Information and reporting to Management and the Audit Committee.
- 6. Monitoring and reviewing the Risk Management System.
- 7. Updating of the Risk Map.

The Risk Map is the instrument through which we identify and evaluate the risk detected in each process, in accordance with the work of Senior Management and the persons responsible for the different corporate departments and businesses, all of whom are participants in carrying out the same.

From the combination of the Risk Map and the Process Map for the entire group we obtain the risk-process master which identifies the activities that are most exposed to risk and with a priority areas.

Both the Risk Map and the risk-process master are reviewed annually in order to evaluate the degree of exposure to the risks that we have and to define the action plan that can manage them. Furthermore, the results are reported to Senior Management and the Audit Committee.

The risk identified are classified in the following categories:

- Strategic risk

This arises from the exposure to a loss of opportunities and value as a result of an inappropriate strategic definition in relation to the economic environment, evolution of the business or risk concentration, and also errors in its implementation or inadequate monitoring.

Renta Corporación follows up the main variables of its activity as well as a series of business, financial and operating risks that could affect its current and future situation. Based on this analysis, the Senior Management defines, adapts or modifies its business strategy by specifying its strategic and economic planning, which it monitors permanently. Ultimately, the strategy is adopted by the Board of Directors, who in turns supervises that the goals established are met.



Business risk

The Renta Corporación group is exposed to risks related to the real estate sector, which can threaten the business and the achievement of strategic objectives. This category includes the risk related to:

• The environment, as a result of adverse external factors (for example, the international financial situation, the situation of the markets in which it operates, fall in market prices and surplus supply).

 The regulatory framework (for example, the impact of changes in legislation on land)

 Image and reputation, due to the loss, damage or erroneous perception of the different stakeholders,

• The competition, (for example, entry of new competitors).

 Product portfolio (for example, the concentration of certain products or markets, incorrect appraisals of profitability that are not in line with expectations).

In order to reduce the exposure to these risks, and taking into account the impact that they can have on the strategy of Renta Corporación, follow up is made of all these variables, redefining – as the case may be – the strategy and preparing the respective action plans:

Exposure to environment risk is studied on the basis of a monitoring of each market in which Renta Corporación operates and the impact that certain variables can have on the evolution of these markets. The internationalisation and diversification of products and the nature of the business, centred on the acquisition and transformation of buildings in large cities and prime real estate zones, constitute elements that mitigate risk.

 Regulatory risk is the result of changes in legislation governing the real estate sector (for example, the Land Act). Renta Corporación has a Town Planning Department that has experts in the field, responsible for giving advice on the

measures to adopt.

Exposure to image and reputational risk, due to the loss, damage or erroneous perception of the different stakeholders, could be the result of unethical actions by the governing bodies, management and employees, due to opaque behaviour towards customs, governments and investors, for breaches of corporate governance standards or because of external factors that discredit or damage the image of the real estate sector.

In order to mitigate the exposure to this risk, Renta Corporación carries out a policy of selection of the personnel involved with the organisation and has a Code of Conduct for all employees and members of the governing bodies, as well as channels for reporting any infringements of standards; it has a Communications Department in charge of handling relations with the media and to ensure that communications are accurate, reliable and transparent; it has an Investor Relations Department in charge of relations with this group; and a General Secretary in charge of relations with the Spanish Security and Exchange Commission (CNMV) and for ensuring compliance with the obligations of listed companies in the area of Good Governance.

In relation to competition risk, please note that the business of Renta Corporación is based on the acquisition and legal, physical, technical or town-planning-related conversion of business in prime real estate zones in large cities. Therefore, it does not compete with builders and land developers. Historically, the competition risk has had its main impact on the acquisition phase, and, accordingly, the development of swift processes and an appropriate structure for quick decision making mitigated its impact.

Currently, in relation to purchases, the capacity to find and acquire properties at attractive prices and under favourable terms and conditions continues to be of vital importance in order to successfully roll out the strategy defined for the next few years. Renta Corporación tries to find properties a bit after or even before they enter the market and to do so it has estate agents and a team of professionals who work on finding and locating these assets.

As for sales, Renta Corporación has set up specialised teams for the sale of buildings to all types of customers and in all markets of interest.



- In relation to product portfolio risk, Renta Corporación is constantly monitoring:
- The composition of the portfolio in terms of markets and product type and the interest of the market in acquiring or transforming buildings.
- The appraisal of the assets acquired, which can be damaged by external factors. In order to record the appropriate carrying value of the assets, appraisals are made periodically by independent experts.
- Thorough analysis of the options of transformation and future profitability using different scenarios, selection of the best transformation strategy that determines the forecast profitability, preparation of statements of budgeted results and continuous monitoring of the execution of the transformation plans and the possible deviations.

- Financial risks

These are related to liquidity and financial capacity, capital, credit and the variations in exchange or interest rates.

Liquidity risk and financial capacity

Liquidity risk is related to the capacity to meet short-term payments and the proper management of cash surpluses. The risk in financial capacity refers to the financial position of Renta Corporación to meet its payments in the medium and long-term and to contribute economic resources necessary to carry out its strategy. Both risks are managed by the Economic-Financial Management through:

- Planning and follow up of cash inflows and outflows.
- Monitoring of the financial capacity to comply with the payments in the medium and long-term and to continue operations and applying the defined strategy.
- Monitoring of compliance with covenants or other debt-related obligations.
- Search for financing facilities under the best conditions for the group.
- Adapting the structure and volume of debt to the current evolution and condition of the business.

Renta Corporación finances the acquisition of buildings and transformation activities of the latter by obtaining borrowed funds. As a result, the group is subject to the risks normally related to debt-financing, including the risk that cash flows from the sale of buildings may not be sufficient to repay debt, although the quality of the assets is a good guarantee of the debt.

Capital risk

Capital risk is calculated as net equity plus net debt.

The exposure to capital risk is determined depending on the difficulty of safeguarding the capacity of capital to ensure that the company continues as a going concern, in order to generate shareholder return and profits for net equity instrument holders and to maintain an optimal capital structure and contain or reduce its cost.

The Group continuously monitors the capital structure in line with the leverage index.

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

Trade receivable credit risk

The trade receivable risk is managed through the sales policy, according to which the transactions for the buildings are carried out in cash on the date of transfer of ownership of the property. In the event of a deferral of payment the debt must be guaranteed as general rule by means of a bank guarantee, through reservation of title or similar forms of guarantees *in rem* that enable the group to recover ownership of the property in the event of a default on payment.



Exchange and interest rate risk

Exchange rate risk arises directly from activity or presence in different Euro zone countries, as in the US or the UK, and from the financing of these subsidiaries in non-Euro currencies.

The exposure to interest rate risk is due to the possible variations that could arise and lead to increased financing costs.

Both exchange rate and interest rate risk are managed in accordance with the policies adopted by the Board of Directors, establishing hedging instruments that minimise the impact of the volatility in these variables.

Operational risk

This category includes all the risks arising during operations caused by an inadequacy or failure of processes, underperformance of employees, technology and information systems or by external factors. Consequently, this category identifies risks related to:

- Operations: covering all risks directly related to corporate activities or business (for example, the quality of products or planning, the integrity of operations and transactions, depreciation of assets and accidents, ethics or integrity of personnel in their actions, etc.).
- Information for decision-making: related to any type and level of operational, financial or management information.
- Human Resources: related to motivation, satisfaction and loyalty of personnel, the sizing, concentration of knowledge or dependence on key personnel, and the training and availability of suitable human resources.
- Management and Governance: in relation to the capacity of management and governance of operations, especially in the establishment, communication and management of goals, criteria, policies, functions, and assignment of duties.
- Legal: related to compliance with current legislation connected to the activities carried out in corporate or business areas (accounting, tax, labour, environmental, technical, sectorial, town-planning or others).
- Technology and information systems: related to technological infrastructure, the management and integrity of the information in the systems and its physical and logical security.

The operational risks identified in the Company's processes are managed by the design, implementation and evaluation of internal controls that prevent their materialisation and provide reasonable assurance for compliance with the objectives or, if they do materialise, ensure that their impact is mitigated to the maximum acceptable limit.

The management of these risks is decentralised to different persons responsible for the processes and supervised by Senior Management.

Furthermore, the Internal Audit function supports the identification and valuation of risks and their management. Furthermore, audits are planned and carried out on the different processes depending on their criticality and the exposure to risk of each one, in order to evaluate the effectiveness and efficiency of the risk management systems. The results of these audits are reported regularly to the Audit Committee.

D.2. Indicate whether or not any of the various types of risk (operative, technological, financial, legal, reputational, fiscal, etc.) that affect the Company and/or its Group have arisen during the year:

Yes X No 🗆



If the answer is Yes, indicate the circumstances that caused them and whether or not the established control systems worked.

Risks occurred during		200
the year.	Causes of risks	Operation of Control Systems
Liquidity and financing capacity.	The forecast of difficulties in meeting the payment of the financial debt costs and the future return on capital within the terms initially established.	During 2009 and in order to reduce the degree of exposure to this risk, Renta Corporación has reached a refinancing agreement with financial entities and has reduced its debt through the sale of assets and has entered into a new long-term financing agreement for Euros 254 million, obtaining in turn liquidity of Euros 22 million and a credit facility to finance, as the case may be, the interest accrued over the next two years.
Valuation of the buildings portfolio.	The decrease in value of the buildings portfolio.	According to the appraisals made by independent experts, Renta Corporación has readjusted its accounting valuations of buildings by Euros 25,303 thousand, adapting it to market value. Renta Corporación makes periodical reviews of the values of its buildings, adjusting them when it detects a decrease in value.
Exchange rates.	The volatility of the US Dollar and the Pound Sterling in relation to the debt of these subsidiaries with the parent company.	The management of this risk has centred both on the contracting of two hedging instruments, one in each currency, and the capitalisation of debt. Furthermore, this risk is limited to obtaining borrowings in local currency as has been the case of the English subsidiary of the Company, which obtained financing in Sterling for Euros 15 million.
		In 2009, the effect of the exchange differences has been positive in the amount of Euros 2.2 million, mainly for the appreciation of the Pound in the first half of the year, partially offset by a loss on the USD. However, at the year end the differences in the fair value of the derivatives contracted whose effect on net income will occur upon their maturity (to take place in the first half of 2010) have been recognised in net equity. The estimated loss is Euros 500 thousand, although the final impact on results will be subject to the evolution of the exchange rates and the valuation of these instruments at maturity.
Limitations on the capacity to operate or acquire property assets	The conditions established in the new syndicated loan signed in May 2009 in which the maximum amounts were established at which Renta Corporación is authorised to	The reduction of the degree of exposure to this risk is the mainly results of the adaptation of the business model of Renta Corporación to the current market conditions. This consists firstly in finding a property of interest and using purchase options characterised by the payment of a

47

Risks occurred during	Causes of risks	Operation of Control Systems		
the year.	allocate for its business, in addition to the need to obtain the prior approval by the financial entities for new acquisitions, as well as the restrictions on the way in which these acquisitions must be financed.	small premium in exchange for the right to acquire the property well into the future, so that the assets is retired quickly form the market in order to be analysed in depth. During the time established in the option, in most cases, all the transformations designed that are possible can be made, be they physical, legal, lease-related structure, and agreed the sale and event the purchase option before the end of the term so that the date of acquisition of the property approximates that of its sale or may even coincide with the latter. The idea is to try to minimise the period between the actual purchase		
		and sale or make them coincide, thus reducing the funds invested and the investment time, as well as generate cash flows from operations. Consequently, the exposure to this risk is reduced, as well as the risks relating to liquidity and financing capacity and product portfolio.		
Valuation of investments	The decrease in the valuation of the shareholding of Mixta Africa, S.A. as a result of the conditions agreed under the entry of three major institutional shareholders in the share capital of this company. These conditions the valuation of entry to later adjustments based on the real valuation of the company's market, adjustments that will materialise through the handing over of shares by the former shareholders before the entry of these investors.	product portfolio. Mixta Africa has not been free of turbulence in the real estate a financial markets, which is why valuation of the investors will adjusted to the current market valuation siderably lower than what we used as the reference when they to up their interest, and, therefore, Recorporación, must hand over significant number of shares that has, which, together with a lower var of the investment as a whole, has han impact on the income statement Euros 3.9 million and on reserves Euros 1.6 million. Furthermore, pleanote that there is a financ commitment of certain shareholde including Renta Corporación, totall a maximum of Euros 6 million of whe Euros 2 million has been disbursed. Renta Corporación makes a follow of all its investee companies a adjusts their carrying value in line we current market valuations.		
Tax risk	A tax field audit that began in March 2009 by the French Tax Authorities on corporate income tax (CIT) and VAT for the three operations of one of the Luxembourg companies in the Renta Corporación Group in Paris totalling Euros 83.4	At the 2009 year end, the inspectors have not issued a tax assessment, and, therefore, its scope is not known, and the future contingencies that could arise are not known either. However, Renta Corporación has provided Euros 3.9 million in 2009.		



Risks occurred during the year.	Causes of risks	Operation of Control Systems
•	million, the taxable income subject to CIT contingency of Euros 18.2 million and Euros 3.6 million for VAT.	
Recovery of deferred tax assets	The risk of recovery of the deferred tax assets totalling Euros 46.1 million for the capitalisation of tax credits related to the losses of the Group and which must be offset in future years. From this amount we must deduct Euros 1.9 million for the deferred tax liabilities.	According to the expected future evolution of the business and economic results, Renta Corporación believes that these taxes will be available for offset in future tax periods, in the medium and long-term. However, this depends on future events, especially the evolution of the real estate market, and, therefore, Group activity.
Customer credit	The cancellation of a purchase and sale operation for which the purchasing real estate company had given Euros 3.178 thousand and which return it is suing for in	Renta Corporación believes that the amount claimed relates to damages caused by not having met the land purchase obligation. Due to the fact that there is not sufficient evidence of the future outcome, no provision has been recorded.
	the courts.	Renta Corporación has taken legal measures to defend its allegations, although, in the event that there is evidence of a full or partial negative outcome, it will recognise the effect as soon as it is known.
Concentration of product portfolio	This risk is due to the concentration in the Spanish market and land as well as high levels of inventories and an average age of buildings of three years and land for three and a half years. With regards to land, amongst the factors that lead to an increase in the	In order to decrease the degree of exposure to this risk, the Company has adopted intensive commercial policies to move its units, including the definition and execution of alternative transformations the prioritisation in the execution of transformation over the other products, and the domestic and international commercial management in seeking more customers.
	turnover period higher than the targets set by Renta Corporación, of note is the duration of the urban development processes, the failure to approval the	Additionally, as for land, please note that the strategy of Renta Corporación for the next few years does not include the acquisition of land except if this acquisition allows it to contribute greater added value to that land.
	transformation initially planned or the low demand for this product, all of which is added to the economic situation and the real estate market in Spain.	Furthermore, Renta Corporación basically operates in Madrid, Barcelona, London, Berlin, Paris and New York, large markets that are traditionally considered to be liquid, which favour, in principle, the high asset turnover model, as well as dealing with markets in which the first signs of recovery are foreseen.
		2009 has continued to be a period in which Renta Corporación has been

Risks occurred during the year.	Causes of risks	Operation of Control Systems		
tile year.		significantly affected by the recession, although less sharply than in 2008. Since the second half of the year, we have seen a slight change in trend. However, there is no certain knowledge of when the market will fully recover and the forecasts for the next few years continue to call for difficulties in the real estate sector.		
		Therefore, Renta Corporación is centred on applying the strategy defined and is continuously alert to any indicator that could point to the need to redefine it so as to adapt to current market conditions. The main axes of this strategy are the decrease in stocks, going deeper into the transformation of buildings acquired, prioritising liquidity in operations over margins, optimising the use of purchase options with small premiums and long terms under very selective criteria for new investments, management of the business by approximating or having the date of purchase ad sale coincide, thus minimising the use of financing resources and cost containment.		
Capital risk	The reduction of equity due to losses, the leverage index and working capital.	In order to reinforce equity, in 2009 the Group subscribed and paid capital increases for Renta Corporación Real Estate France, S.A.S.U., Palmerston and Compton Ltd. (UK), Renta Corporación (USA), and Tanit Corporación, S.a.r.I. (Luxembourg) totalling Euros 3,000, 39,390, 6,040 and 13,825 thousand, respectively. IT also increased share capital of Renta Corporación Real Estate, S.A. by Euros 4,944 thousand.		
		Of special note is the fact that at 31 December 2009 the Spanish Company Renta Corporación Real Estate ES, S.A.U. has negative equity of Euros 13,748 thousand, although working capital is positive in the amount of Euros 74,890 thousand. As per Royal Decree Law 10/2008/12 December, the losses for impairment of inventories is not included in 2008 and 2009 for the purposes of determining the loses for the obligatory reduction of share capital and for the winding up of companies under articles 163 and 260 of the Spanish Companies Act. Consequently, equity must be increased by Euros 10,867 thousand, corresponding to the losses for impairment of inventories for 2008 and		



Risks occurred during the year.	Causes of risks	Operation of Control Systems	
the year.		2009, net of tax.	
		In order to restore the equity balance of Renta Corporación Real Estate ES, S.A.U. and materialise the financial support for the company, on 16 March 2010 the latter received from a Group company a participating loan of Euros 20 million. This loan will have a duration of 3 years, and pays market interest, and will be considered net equity for corporate purposes.	
		As for the equity balance of the rest of the Group, there has been a capitalisation of long-term debt with group companies Renta Corporación Real Estate, S.A., Renta Corporación Real Estate ES, S.A.U. and Renta Corporación (US) for Euros 50, 100 and 5 million, respectively.	
		At 31 December 2009, all the companies have positive working capital except Renta Corporación Real Estate, S.A., which has negative working capital of Euros 2,217 thousand, although the net creditor position in the short term with the Group and associates (difference between accounts receivable and payable) at that date totals Euros 1,844 thousand.	
		As for the leverage ratio of the Group, as a result of the refinancing agreement reached with financial entities, this has decreased slightly at the 2009 year end against the preceding year to 86.8%, due to the fact that in spite of the major reduction of debt, net equity has also significantly declined.	
		The Renta Corporación Group follows the going concern principle, with the understanding that the shareholders of the subsidiary companies in the Group will continue providing financial support to the subsidiaries by providing them with the capacity to continue their business, realise their assets and settle their liabilities during the normal course of their operations.	
Customer credit	This risk has materialised in two land sale operations due to;	In order to reduce the risk related to the first operation, there is a mortgage in favour of Renta Corporación as a guarantee of payment and if the total damage is not compensated, the	
	The recognised incapacity of a customer, a real estate	necessary legal actions will be taken. In February 2010 this customer has	

Risks occurred during the year.	Causes of risks	Operation of Control Systems
the year.	company, to meet all its deferred payments for an operation in 2006. The amount owed is Euros 25,000 thousand booked in accounts receivable long-term at the restated value of Euros 22,776 thousand. This amount must be paid through two guaranteed promissory notes maturing in 12 and 24 months as from the date on which the urban development milestone was met, which is estimated will take place in May 2011, and, accordingly, the promissory notes will fall due in May 2012 and May 2013. 2. The incapacity of the customer, a real estate company, to meet its payment of the debt past due for an operation in 2007.	filed for bankruptcy protection, and, accordingly, Renta Corporación has provided Euros 10,261 thousand for this item, based on the most prudent scenario, in which the purchase and sale agreement is terminated and the asset is recouped and the margin generated by the operation is reversed. In the second operation, Renta Corporación has adjudicated to itself in a legal trial the execution of the mortgage for 50% of the appraisal value, This execution has been appealed by the counterparty. For the rest of the amount owed of Euros 17,568 thousand, Renta Corporación will claim it legally from the debtor and as the case may be, its parent company, plus the amount of Euros 9,210 thousand for interest and legal costs. Additionally, at the year end, since the outcome of the actions taken is not known, Renta Corporación has recorded a provision of Euros 5,531 thousand. Furthermore, in the event that evidence were found of a greater loss, Renta Corporación will record this as soon as it is known.

D.3. Indicate whether there is a committee or governing body that is responsible for establishing and supervising these control devices:

Yes X

No 🛛

If the answer is Yes, describe its functions.

Name of the Committee or Body	Description of duties
Senior Management	The Board of Directors delegates ordinary management of the Company to Senior Management, concentrating its activity in the function of general supervision and the adoption of the most important decisions for the Company administration.
	Consequently, Senior Management, made up of the senior executives of the organisation (the chairman, the vice-chairman and general operations manager, the chief executive officer, the general corporate manager, and the human resources manager), manages the risks related to their duties, through the identification and evaluation of risk, the establishment of policies and plans for risk management and the monitoring and oversight of the management carried out by other departments and subsidiaries.



Name of the	Description of duties
Committee or Body	The state of the s
	Senior Management is responsible to the Board of Directors for the decisions adopted and the results of this management, especially in those areas that could affect or compromise compliance with the company strategy and corporate objectives.
Internal Audit	In its oversight functions, the Audit Committee is supported by the
	Internal Audit Department which is functionally dependent on this
	body, and reviews and evaluates on an ongoing basis the
	effectiveness of the operations of the risk management and internal
	control system and contributes to improving them.
	Internal Audit reports periodically to the Board of Directors on the
	results of the audits carried out and the recommendations made to
	Management in order to improve the risk management and internal control systems and the degree of their adoption.
Audit Committee	The Audit Committee is the body of the Board of Directors
	competent in supervising the risk management and control policies
	in order to provide reasonable assurance of the achievement of
	corporate objectives.
	Article 13.2 of the Regulations of the Board of Directors assigns the
	Audit Committee, amongst others, the following functions:
	a. To identify the different types of risk (operating, technological, financial, legal, reputational) that the Company faces, including, amongst the financial or economic risk, the contingent liabilities and other off-balance sheet risks. b. To identify the risk level that the Company considers acceptable. c. To identify the measures set down to mitigate the impact of the risk identified, in the event that they materialise. d. To identify the information and internal control systems that will be used to monitor and manage these risks, including the contingent liabilities or off-balance sheet risks. In relation to the information and internal control systems a. To supervise the process of preparation and the integrity of the financial information concerning the Company, and, as the case may be, the group, reviewing compliance with the legislative requirements, the proper limitation of the consolidation scope and the proper application of the accounting criteria. b. To periodically review the internal control and risk management systems, so that the main risks are identified, managed and become known properly. c. To oversee the independence and effectiveness of the Internal Audit function; to propose the selection, appointment,
	reappointment and removal of the person responsible for the Internal Audit service; to propose the budget for the service; to receive information periodically on its activities; and to verify that
	senior management takes the conclusions and recommendations of its reports into account.
	d.To establish and supervise a mechanism that will enable
	employees to confidentially, and if considered appropriate,
	1

Name of the Committee or Body	Description of duties		
	anonymously report any irregularities of potential importance, especially financial and accounting irregularities, that are discovered in the Company.		
Board of Directors	The Board of Directors is the body responsible for approving the Company's strategy and the precise organisation for putting it into practice, and for supervising and monitoring Management to ensure that it meets its targets.		
	With this goal in mind and in relation to risk management, the Board of Directors approves the risk management and control policy and the periodically follow up of the internal information and control systems.		

D.4 Identification and description of the procedures for compliance with the different Regulations affecting the Company and/or its Group.

Amongst the risks identified in Renta Corporación in the business risk category we find the issue of the regulatory framework, due to the uncertainty of the impact of any variations or deficiencies in the regulation of the industry (for example, the land act), and, on the other hand, within the category of operational risk, the legal risk related to the possible infringement of current legislation.

The legal operational risk covers the risk of infringement of accounting, tax, labour, environmental, technical, sectorial, zoning risk and other regulations that affect Renta Corporación (for example, the stock exchange, corporate governance, money laundering, personal data protection and company law).

In order to reduce exposure to the risk of infringement of the different regulations, Renta Corporación has various departments that analyse and monitor any changes in legislation, provide advice to the different areas and supervise and coordinate compliance with legislation. The Management of the different areas affected are responsible for transferring legislation to the standards, policies and operating procedures. Furthermore, Renta Corporación has external experts in legal, tax, accounting and business areas that provide advice when necessary.

These departments are:

- -Zoning and town-planning: in relation to regulation of the industry.
- -Technical: in relation to technical and environmental regulation.
- -Human Resources: in relation to labour regulation.
- -Tax and Accounting: in relation to tax and accounting regulation, respectively.
- -General Secretary: in relation to compliance mainly with legislation on the stock exchange, corporate governance, money laundering, personal data protection and company law.
- <u>-Legal: providing support to other areas in order to comply with company law in the company's operations.</u>



E GENERAL MEETING OF SHAREHOLDERS

E.1 Indicate and, where applicable, give details of whether or not there are differences between the minimums system laid down in the Spanish Companies Act (or LSA) and the quorum for constituting the General Meeting of Shareholders.

Yes I No X

	% quorum different to that laid down in Article 102 Spanish Companies Act (or LSA) for general cases	% quorum different to that laid down in Article 103 LSA for special cases
Quorum required for the first call to meeting	0	0
Quorum required for the second call to meeting	0	0

E.2 Indicate and, where applicable, give details of whether or not there are differences between the system laid down in the Spanish Companies Act and the system for adopting corporate agreements:

Yes

No X

Describe how the system differs from that of the LSA.

E.3 List the shareholders' rights in relation to General Meetings which differ from those of the Spanish Companies Act (or LSA).

The shareholders' rights in relation to the General Meeting of Shareholders are set down in the LSA, which are now set out in articles 26, 28, 30, 31, 32 and 33 of the Articles of Association. Furthermore, these rights are found in further detail in the Regulations of the General Meeting of Shareholders, which are available to the public on the Company's website.

In particular, the Regulations of the General Meeting of Shareholders includes the following shareholders' rights.

Right to information

Article 9 stipulates that as from the date of publication of the call for the General Meeting of Shareholders and until the seventh day prior to the date slated for the General Meeting of Shareholders, inclusive, the shareholders have the right to ask the Board of Directors about the matters on the agenda, the information or clarifications they require, or formulate any questions in writing that they believe to be pertinent.

Furthermore, within the same due form and time, the shareholders are entitled to ask for information or clarification or formulate questions in writing on the information available to the public that has been submitted by the Company to the Spanish Securities and Exchange Commission (CNMV) since the last General Meeting of Shareholders. The Board of Directors is obligated to provide in writing the information requested until the date of the General Meeting of Shareholders.

The requests for information can be made by personal delivery of the request to the registered office, or by sending the Company the request by mail or by other means of electronic communication addressed to the management specifying the respective announcement of the call, or, failing said specification, to the Shareholder Service Office. Requests will be admitted as such if the electronic document through which the information has been requested includes the legal electronic signature used by the applicant, or other mechanisms which, by means of a resolution adopted to that effect previously, is considered by the Board of Directors to properly guarantee the authenticity and identification of the shareholder who is exercising his right to information.

No matter what the means used to issue the request for information, the request of the shareholder must include his name and surnames, accrediting the shares he owns, so that this information can be checked against the list of shareholders and the number of shares in his name provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidacion de Valores, S.A. (Sociedad de Sistemas or Iberclear), for the General Meeting of Shareholders in question. The shareholder is responsible for the receipt of delivery of the request to the Company in due form and time. The Company's website will provide the pertinent explanations for exercising the right to information of the shareholder under the terms set down in current legislation in force.

The requests for information, regulated under this article, will be answered, once the identity and status of the shareholder applicant is verified, before the General Meeting of Shareholders.

The directors are obligated to provide the information in writing, up to the day of the General Meeting of Shareholders, except in the cases in which:

- (i) the publication of the information requested could damage the company's interests, in the opinion of the Chairman;
- (ii) the request for information or clarification does not refer to the matters on the agenda or the information accessible to the public that has been filed by the Company with the Spanish Securities and Exchange Commission (CNMV) since the last General Meeting of Shareholders;
- (iii) the information or clarification requested is considered abusive; or
- (iv) as a result of legal or regulatory provisions or legal rulings.

However, the exception indicated in point (i) above shall not apply if the request is supported by shareholders who represent at least one fourth of share capital.

The Board of Directors shall be entitled to empower any of its members, the Presidents of the Committees that answer to it or its Secretary, so that, in name and behalf of the Board of Directors, they can respond to any of the requests for information formulated by the shareholders.

The means for providing the information requested by the shareholders shall be those means through which the respective request was made, unless the shareholder indicates a different form from among those deemed suitable in accordance with this article. In any case, the directors shall be entitled to provide the information in question by certified post with acknowledgement of receipt or by burofax.

The Company shall be entitled to post on its website information relating to the responses provided to the shareholders in answer to their questions formulated by virtue of their right to information regulated hereunder.



Right to representation

Article 12 stipulates that all shareholders who have the right to attend can be represented at the General Meeting of Shareholders by another person, who may or may not be a shareholder. The representation must be conferred in writing or by the means of communication whose use is set down by the governing body expressly in the call, provided that the requirements of said call are met, and, in any case, the identity of the shareholder and his representative is duly guaranteed. The same precept regulates the rules for validating the representation granted by the means of long-distance communication.

Voting by mail

Article 24 contemplates the right to cast a ballot by mail or other electronic means, empowering the Board of Directors to lay down provisions in this article and establish rules, means and procedures in line with the technical status for arranging the vote and the delegation of proxies by electronic means, coming into line as the case may be with legal standards for this system and set down in the articles of association and the Regulations of the General Meeting of Shareholders.

E.4 Indicate, where applicable, the measures adopted to encourage participation of the shareholders in General Meetings.

Article 35 of the Articles of Association of Renta Corporación stipulates that, as a means for fostering the participating of the shareholders in the General Meeting of Shareholders, any shareholder can intervene at least once in the deliberations of the points on the agenda, without infringing the rights of the Chairman to use his powers, to adopt such rules of order that limit speaking time, impose turn-taking or the close the list of interventions.

On the other hand, article 36 of the Regulations of the Board of Directors establishes that the General Meeting of Shareholders will promote the informed participation of the shareholders at the General Meeting of Shareholders and will adopt any measures considered necessary to ensure that the General Meeting of Shareholders effectively carries out its functions under law and the articles of association. In particular, the General Meeting of Shareholders shall adopt the following measures: (i) it shall strive to provide the shareholders prior to the General Meeting of Shareholders with all the information legally required and all that which, even if it is not, could be of interest and can be reasonably provided; (ii) it shall satisfy, as diligently as possible, the requests for information formulated by the shareholders prior to the General Meeting of Shareholders; and (iii) it shall respond, with the same diligence, to the questions formulated by the shareholders at the General Meeting of Shareholders.

Consequently, the shareholders have all the documentation necessary at their disposal to be able to discuss the items on the agenda of the General Meetings of Shareholders sufficiently in advance. Such documents are published on the website of the Company and by the CNMV. Likewise, the shareholders can delegate representation and proxy votes to another person who may or may not be a shareholder, if they cannot attend the General Meeting of Shareholders in person.

E.5 Indicate whether the position of Chairman of the General Meeting coincides with that of Chairman of the Board of Directors. Indicate, where applicable, the measures adopted to encourage independence and effective operation of the General Meeting:

Yes X No □



Details of measures

Article 16 of the Regulations of the General Meeting of Shareholders stipulates that the General Meeting of Shareholders will be chaired by the Chairman of the Board of Directors or, failing that, the Vice-Chairman, and failing them both, by the member of the Board of Directors designated by the General Meeting of Shareholders.

It also indicates that the Chairman, even when present at the meeting, shall be entitled to delegate the chairing of the meeting to the Secretary, or the member of the governing body he deems suitable. Furthermore, the Chairman shall be entitled to have assistance, if he so desires, from any expert he deems suitable.

The Chairman is responsible for declaring that the General Meeting of Shareholders has been validly constituted, and for chairing and keeping order during the deliberations and interventions and for the times assigned to the shareholders in their interventions in accordance with the provisions of the Regulations of the General Meeting of Shareholders, for terminating debate when he considers that the matter has been sufficiently discussed and for calling for the votes, resolving doubts that arise in relation to the agenda and the list of attendees, for proclaiming the adoption of the resolutions, adjourning the meeting and, as the case may be, agreeing to its suspension, and, in general, exercising all powers, including maintaining order and discipline, that are necessary for an appropriate meeting to be held, and is even empowered to expel from the meeting those who disturb it, and shall even presided over the interpretation of the provisions of the Regulations.

Furthermore, the Regulations of the General Meeting of Shareholders contain, amongst others, provisions on the creation of lists of attendees, the General Meeting of Shareholders and voting on the proposed resolutions that ensure its proper functioning.

The governing body shall be entitled to call on the presence of a Notary to certify the General Meeting of Shareholders and will be obligated to do so provided that, subject to five days notice prior to the General Meeting of Shareholders, it has been requested by shareholders representing at least one percent of share capital.

The notary's certificate will be considered as the minutes of the General Meeting of Shareholders and will not require adoption by the latter.

Notwithstanding the inscription in the Mercantile Registry of those resolutions that can be inscribed and the legal provisions applicable on the publication of resolutions, the Company will notify the CNMV by means of communication required for filing a relevant event, the resolutions adopted either literally or in an extract. The resolutions of the General Meeting of Shareholders held during the year and the prior year will also be posted on the Company's website. Furthermore, upon the request of any shareholder or his representative at the General Meeting of Shareholders, the Secretary shall expedite a certificate of the resolutions or notary's certificate, as the case may be.

E.6 Indicate, where applicable, the amendments made during the financial year to the General Meeting Regulations.

The Regulations of the General Meeting of Shareholders were not modified in 2009.

E.7 Indicate the attendance data of the General Meetings held during the financial year to which this report refers:

	Attendance data				
Date of General	% physical	%	% remote voting		Total
Meeting	presence	represented	Electro nic vote	Others	
10/06/2009	70.232%	4.284%	0.003%	0,00%	74.519%



E.8 Indicate briefly any decisions taken in the General Meetings held during the financial year to which this report refers, and the percentage of votes in the case of each decision.

ONE.- Analysis and approval, where applicable, of the individual and consolidated Annual Accounts of the Company for the year ended 31 December 2008.

Votes in favour: 91.898%

TWO.- Analysis and approval, where applicable, of the individual and consolidated Directors' Reports of the Company and its investee companies for the year ended 31 December 2008., as well as the corporate management for said year.

Votes in favour: 91.941%

THREE.- Application of results for the year ended 31 December 2008.

Votes in favour: 91.941%

FOUR.- Ratification of the appointment of the director Mr. Blas Herrero Fernández by cooptation.

Votes in favour: 90.272%

FIVE.- Ratification of the appointment of the director Mr. David Vila Balta by cooptation.

Votes in favour: 90.226%

SIX.- Ratification of the appointment of the director Mr. Juan Velayos Lluis by cooptation.

Votes in favour: 90.239%

SEVEN.- Reappointment upon the proposal of the Board of Directors and subject to prior favourable report of the Appointments and Remuneration Committee of the Director Mr. Carlos Tusquets Trias de Bes, and, as the case may be, ratification or modification of the nature of his office.

Votes in favour: 91.941%

EIGHT.- Reappointment upon the proposal of the Board of Directors and subject to prior favourable report of the Appointments and Remuneration Committee of the Director Mr. César Gibernau Ausió, and, as the case may be, ratification or modification of the nature of his office

Votes in favour: 90.226%

NINE.- Reappointment upon the proposal of the Board of Directors and subject to prior favourable report of the Appointments and Remuneration Committee of the Director Mr. Pedro Nueno Iniesta, and, as the case may be, ratification or modification of the nature of his office.

Votes in favour: 90.226%

TEN.- Reappointment upon the proposal of the Board of Directors and subject to prior favourable report of the Appointments and Remuneration Committee of the Director Mr. David Vila Balta, and, as the case may be, ratification or modification of the nature of his office.

Votes in favour: 90.226%

ELVEN.- Modification of article 46 of the Articles of Association of the Company.

Votes in favour: 91.941%

TWELVE.- Modification of article 25 of the Regulations of the Board of Directors.

Votes in favour: 91.941%

THIRTEEN.-Adoption of the maximum amount p.a. to be received by the members of the Board of Directors under article 46 of the Articles of Association of the Company.

Votes in favour: 91.941%

FOURTEEN -Reappointment of the auditors of the Company and its consolidated group.

Votes in favour: 91.941%

FIFTEEN-.Authorisation of the Board of Directors to acquire treasury shares by the Company and/or by its investee companies under the terms of legislation, voiding, in the amount not used, the authorisation granted by the General Meeting of Shareholders of 25 April 2008.

Votes in favour: 91.941%

SIXTEEN.- Authorisation of the Board of Directors under the provisions of article 153.1.b) of the Spanish Companies Act, so that, within a maximum period of five years, and if deemed necessary, it can increase share capital up to half of the current share capital once or more times, and at the time and amount deemed appropriate, with the power to exclude the right of preferred subscription, rewording article 5 of the Articles of Association and voiding the authorisation adopted by the General Meeting of Shareholders of 25 April 2008.

Votes in favour: 91.941%

SEVENTEEN.- Delegating the Board of Directors the power to issue bonds, debentures, and other simple, swappable fixed income securities convertible into shares, warrants, promissory notes and preferred participations with the power to exclude the right to preferred subscription and authorisation so that the Company can guarantee the issues of fixed income securities by its subsidiaries.

Votes in favour: 90.173%



EIGHTEEN.- Authorisation of the Board of Directors to apply for listing and delisting on secondary Spanish or foreign markets of shares, debentures or other securities issued or to be issued, and, to adopt the resolutions necessary to keep the Company's shares, debentures or other securities listed and in circulation.

Votes in favour: 91.941%

NINETEEN: Authorisation for the Board of Directors of the Company, in the broadest terms, to carry out in full the above-mentioned resolutions, expressly including the powers to construe, remedy and complete them and record them in public deeds until they are inscribed where required in the pertinent registries and to substitute the powers granted by the General Meeting of Shareholders.

Votes in favour: 91.941%

TWENTY.- Presentation for information purposes in the Annual Report of the director Remuneration Policy.

Votes in favour: 91.335%

TWENTY-ONE.- Filing, for information purposes in relation to the annual report, the directors' report, regulated under article 116 b of the Securities and Exchange Act, in accordance with the wording given in Law 6/2007/12 April.

E.9 Indicate whether or not there is a statutory restriction to the minimum number of shares required to attend the General Meeting of Shareholders:

Yes No X

E.10 Indicate and justify the company's policies with regard to delegation of votes at the General Meeting.

Article 31 of the Articles of Association of Renta Corporación stipulates that, notwithstanding the attendance of the *legal-person shareholders* through whom the power of representation is held, all shareholders who have the right to attend can be represented at the General Meeting of Shareholders by another person even if they are not shareholders. The representation must be conferred in writing or by other means of communications which must duly guarantee the identity of the shareholder represented and his representative, as determined by the governing body, especially for each General Meeting of Shareholders, under the terms and scope set down by the Spanish Companies Act and the Regulations of the General Meeting of Shareholders.

Furthermore, the Chairman, Secretary of the General Meeting of Shareholders or the persons appointed by them, will be empowered to determine the validity of the proxies conferred and compliance with the requirements to attend the General Meeting of Shareholders.

However, the above will not be applicable if the proxy is the spouse, ascendant or descendent of the shareholder represented; nor if it is the person who has been granted the general power in a public deed with powers to administer all the equity of the shareholder represented in Spain.

Representation is always revocable and the personal attendance of the represented shareholder at the General Meeting of Shareholders will be considered revocation of the proxy.

Thus, article 12 of the Regulations of the General Meeting of Shareholders stipulates that a proxy is always revocable. In general, and provided that the date can be accredited, the last action carried out by the shareholder before the General Meeting of Shareholders will be considered valid. If such certainty does not exist, the vote of the shareholder will prevail over the proxy. In any case, the personal attendance at the General Meeting of Shareholders of the represented shareholder will be considered the valid revocation of the proxy.

Notwithstanding the provisions of article 108 of the Spanish Companies Act, the proxy, which must be made for each General Meeting of Shareholders, must be granted in writing. When granted by other means of communication, it will only be valid if made:

(i) by post, sending the Company the attendance card, expedited by the entity or entities in charge of recording the accounting entries, duly signed and filled in by the shareholders or by other written means, which, in the opinion of the Board of Directors in an resolution previously adopted to said effect, permits the due verification of the identity of the shareholder granting the proxy and that of the proxy he designates.

(ii) by electronic means that duly guarantee the representation given and the identity of the proxy. This means will be permitted when the electronic document conferring the proxy includes the legally recognised electronic signature used by the shareholder represented or any other type of signature which, under the resolution adopted to said effect previously, is considered by the Board of Directors to properly meet the guarantees of authenticity and identification of the shareholder granting the proxy.

For validation, the proxy given using any of the means of communication mentioned above in this section, must be received by the Company 24 hours prior to the General Meeting of Shareholders on first call. The Board of Directors can establish a shorter period in accordance with the articles of association.

E.11 Indicate whether the Company is aware of the institutional investors' policy of participating or not in the Company decisions:

Yes

No X

E.12 Indicate the address and means of access to corporate governance content on the website.

The Company's website is www.rentacorporacion.com. In order to access the contents of corporate governance on the website you must click on the tab "Information for shareholders and investors" and then on "Corporate Governance".

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations given in the Unified Code of Good Governance.

 The Articles of Association of listed companies should not limit the maximum number of votes that can be issued by the same shareholder or contain other restrictions that prevent the Company from being taken over through the purchase of its shares on the market.

See epigraphs: A.9, B.1.22, B.1.23 and E.1, E.2.

Complies x Explain

X.

2.		ien the paren fine the follow	ring in detail:	
	a)		re areas of activity and possible business relationships between them hose of the dependent listed company with the remaining group	
	b)	The mechani	sms in place to solve possible conflicts of interest that may occur.	
		See epigraph	s: C.4 and C.7	
		Complies	□ Complies partially □ Explain □ Not applicable X	
3.	the	transaction	ot expressly required in mercantile legislation, they should submi s that involve a modification to the Company's structure fo General Meeting of Shareholders, especially the following:	
	a)	of subsidiarie	nation of listed companies into holding companies through the creation is or the incorporation of essential activities into dependent enterprises had been carried out by the company itself, even though this party nain over the former;	
	b)		on or disposal of essential operating assets, when this involves an dification of the corporate purpose;	
	c)	Operations th	at have the same affect as liquidation of the company.	
			Complies x Complies partially □ Explain □	
4.	of sh	Shareholders	oposals of the agreements to be adopted by the General Meeting, including the information referred to in Recommendation 28 shed with the publication of the announcement of the call to the	
			Complies X Explain □	
5.	inc	dependent m	Meeting of Shareholders, the matters that are substantially ust be voted separately so that shareholders can exercise theix es separately. And the said rule should be applied, in particular:	
a)	То	the appointme	ent or ratification of directors, which must be voted on separately;	
b)	In the event of amendments to the Articles of Association, to each article or group articles that are substantially independent.			
	Se	e epigraph:	E.8	
			Complies X Complies partially □ Explain □	
6.	leg	itimated as	should allow the division of the vote so that the financial brokers shareholders but acting on behalf of different clients can issue cordance with the instructions given by the said clients.	
	Se	e epigraph:	E.4	
			Complies X Explain □	



7. The Board should carry out its functions on the basis of a unified purpose and independence, giving the same treatment to all the shareholders and following the Company's interest, understood as maximising the Company's economic value in a sustained manner.

It should also ensure that, in its relations with the stakeholders, the company observes legislation and regulations; fulfils its duties and contracts in good faith; observes the uses and good practices of the sectors and territories in which it operates; and observes the additional principles of social responsibility it has voluntarily accepted.

Complies X Complies partially

Explain

- 8. As the core of its mission, the Board should adopt the Company's strategy and the organisation required for its implementation, as well as supervising and controlling the management's fulfilment of targets and observance of the Company's corporate interest and purpose. Accordingly, in its plenary session, the Board reserves the competency for adopting the following:
- a) The general policies and strategies of the company, and more specifically:
 - The strategic or business plan, as well as the management aims and annual budgets;
 - ii) The investment and finance policy;
 - iii) The definition of the group companies structure;
 - iv) The corporate governance policy;
 - v) The corporate social responsibility policy;
 - vi) The remuneration policies and assessment of performance of senior management;
 - vii) The policy for control and management of risks, as well as periodic monitoring of the internal information and control systems;
 - viii) The dividend policy, as well as the treasury stock policy, with special focus on their limits.

See epigraphs: B.1.10, B.1.13, B.1.14 and D.3

- b) The following decisions:
 - At the proposal of the chief executive of the company, the appointment and possible resignation of senior executives, as well as their compensation clauses.

See epigraph: B.1.14.

ii) The remuneration of directors, as well as, in the case of executives, the additional remuneration through their executive duties and other conditions that their contracts must include.

See epigraph: B.1.14.

iii) The financial information that must be published periodically, given its status as a listed company.

- All kinds of investment or operations which, due to the amount or special characteristics, are of a strategic nature, unless approval falls to the General Meeting;
- v) The creation or acquisition of shareholdings in special purpose enterprises or enterprises with registered offices in countries or territories considered as tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could hamper the Group's transparency.
- c) The operations that the company carries out with directors, with major shareholders or shareholders represented on the Board, or with related parties ("related-party transactions").

However, this authorisation by the Board should not be considered necessary for the related-party transactions that meet the following three conditions:

- 1. They are carried out by virtue of contracts whose terms and conditions are standardised and applied generally too many clients;
- 2. They are carried out at prices or rates generally established by the person acting as the supplier of the good or service in question;
- 3. Their amount does not exceed 1% of the Company's annual revenue.

It is recommended that the Board should approve the associated transactions after a favourable report has been issued by the Audit Committee or, where applicable, any other party to which that function has been commissioned; and, besides not exercising or delegating their right to vote, the members of the Board who are affected should leave the meeting room while the Board deliberates and votes on the matter.

It is recommended that it should not be possible to delegate the competencies attributed to the Board here, except for those mentioned in paragraphs b) and c), which may be adopted in emergencies by the Executive Committee and subsequently ratified by the Board in its plenary session.

See epigraphs:	C.1 and C.6		
	Complies X	Complies partially	Explain

The Board should have the necessary size for effective, participatory operation, which means that it should not have fewer than five or more than fifteen members.

See epigraph: B.1.1

Complies X Explain

Explain

10. The external Proprietary and Independent Directors should represent a broad majority of the Board and the number of Executive Directors should be the required minimum, taking into account the complexity of the corporate group and the percentage of participation of the Executive Directors in the Company's capital.

See epigraphs: A.2, A.3, B.1.3 and B.1.14.

Complies D Complies partially X Explain D

The independent and proprietary directors and the other external directors occupy 6 of the 10 seats on the Board. Furthermore, the number of executive officers is the minimum required taking into account the complexity of the group and the fact that the Chairman and Vice-Chairman occupy executive posts.

11. If there is an external director who cannot be considered as either a proprietary or independent, the Company should explain the said circumstance and his/her association either with the Company or its executives, as well as with its shareholders.

See epigraph:

B.1.3

Complies X

Explain

Not applicable

12. Among the external directors, the ratio between the number of Proprietary Directors and the Independent Directors should reflect the proportion between the Company's share capital represented by the Proprietary Directors and the rest of the share capital.

This criterion of strict proportionality could be reduced as the weight of the Proprietary Directors is greater than that which would correspond to the total percentage of the share capital they represent:

- 1. In companies with high capitalisation in which the shareholdings legally considered as majority are very few or non-existent, but there are shareholders with stock that has an absolute high value.
- 2. When these are companies that do not have a plurality of shareholders represented on the Board, and there are no related-parties between the shareholders.

See epigraphs:

B.1.3, A.2 and A.3

Complies

Explain X

Not application, since one of the shareholders with a significant stake and sitting on the Board of Directors is an executive officer.

13. The number of Independent Directors should represent at least one third of the total number of Directors.

See epigraph:

B.1.3

Complies []

Explain X

Renta Corporación follows the directives of the Regulations of the Board of Directors which in article 6.1 stipulates that the number of independent directors should represent at least one third of all the directors. They now represent 30%.



14. The character of each director must be declared by the Board before the General Meeting of Shareholders, which shall effect or ratify their appointment, an appointment that shall be confirmed or reviewed annually, as appropriate, in the Annual Corporate Governance Report, with prior confirmation by the Appointments Committee. The said report should also explain the reasons why Proprietary Directors have been appointed at the request of shareholders whose holding is less than 5% of the share capital; and reasons should be given for the rejection, where applicable, of formal requests for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose request Proprietary Directors have been appointed.

See epigraphs:	B.1.3 and B.1	1.4
----------------	---------------	-----

Complies X Complies partially

Explain

- 15. That when the number of female directors is very low or non-existent, the Board explains the reasons and the initiatives adopted to correct this situation; and that, more specifically, the Appointments Committee ensures that when new seats on the board are available:
 - The selection procedures are not affected by an implicit bias that prevents female directors from being selected;
 - b) The company purposefully seeks women that satisfy the professional profile, including among potential candidates.

See epigraphs: B.1.2, B.1.27 and B.2.3.

Complies □ Complies partially □ Explain □ Not applicable X

16. That the Chairman, as the person responsible for the effective performance of the Board, ensures that the directors receive sufficient information beforehand; stimulates the debate and active participation of directors during the Board Sessions, safeguarding their right to take their own position and express their own opinion; and organises and coordinates the periodic assessment of the Board together with the chairmen of the relevant Committees as well as, if appropriate, that of the Managing Director or chief executive.

See epigraph: B.1 42

Complies X Complies partially

Explain

17. When the Chairman of the Board is also the Company's chief executive, one of the Independent Directors should be empowered to request the call to meeting of the Board or the inclusion of new matters on the agenda; coordinate and echo the concerns of the external directors; and direct the Board's assessment of its Chairman.

See epigraph: B.1.21

Complies X Complies partially

Explain

Not applicable

- 18. The Secretary of the Board should make particularly sure that the Board's actions:
 - a) Comply with the content and spirit of the laws and their regulations, including those approved by the regulating bodies;

	b)		es and				e company and with	
	c)				nendations co npany has acc		d governance set forth	ı in
	And, in order to safeguard the Secretary's independence, impartiality and professionalism, his/her appointment and dismissal must be reported by the Appointments Committee and approved by the Board in its plenary session; and the said appointment and dismissal procedure must be laid down in the Board Regulations.							
	See epigraph: B.1.34							
			Compli	ies X	Complies par	tially 🏻	Explain □	
19.	The Board should meet as regularly as necessary to carry out its functions effectively, following the schedule of dates and business laid down at the beginning of the year, where each Director may propose other business for the agenda not considered initially.							
	See	e epigraph:	B.1.29					
			Compli	ies X	Complies par	tially □	Explain 🏻	
20.	qua	intified in the	Annua	al Corpora		ce Report.	to essential cases a And if representation	
	See	epigraphs:	B.1.28	and B.1.30)			
			Compli	ies X	Complies par	tially □	Explain □	
21.	I. When the Directors or the Secretary express concern for any proposal or, in the case of the Directors, for the Company's progress and the said concern is not resolved by the Board, it should be recorded in the minutes of the meeting at the request of the person expressing the said concern.							
		Complies	Χ	Complies	partially 🏻	Explain	Not applicable □	
22.	In it	ts plenary ses	ssion, t	he Board	should asses	s the follow	ing once a year:	
a)	The	quality and et	fectiver	ness of the	Board's perfor	rmance;		
b)			1.5		e Appointmen		e, the performance of	the

- 22.
- a)
- b)
- c) The operation of its Committees, based on the report prepared by these.

B.1.19 See epigraph:

> Explain [] Complies partially [] Complies X

23. All the Directors should be able to exercise the right to gather the additional information they consider necessary on business that falls within the competency of the Board. And, unless the Articles of Association or the Regulations of the Board lay down otherwise, they should address their requirement to the Chairman or Secretary of the Board.

See epigraph:

B.1.42

Complies X

Explain



	their functions from the Company. The Company should lay down the appropriate ways of exercising this right, which, under special circumstances, could include external advisory services on the Company's account.						
	See epigraph:	B.1.41					
		Complies X	Explain □				
	with rapid and corporate gove	sufficient knowle rnance. And that	edge of the Company,	to provide new Directors as well as its rules on tors updated awareness advisable.			
		Complies	Complies partially	Explain X			
Not app	licable						
26.			the Directors to devo unction effectively and,	ote the time and effort consequently:			
			Appointments Committee interfere with the dedication	of the other professional on required;			
	b) That the com	20	lles on the number of Boa	ards of which their directors			
	See epigraphs:	B.1.8, B.1.9 and I	3.1.17				
		Complies	Complies partially	Explain X			
	directors can for Remuneration C each director, an Board ensures t	orm part of, the ommittee are fully d the number of bo	Board of Directors ar informed of the other pards on which they may rs dedicate the time an	number of boards that the nd the Appointments and professional obligations of be sitting. In any case, the d effort necessary to their			
27.	to the General I		iolders, as well as their	ctors raised by the Board provisional appointment			
	a) At the propo directors.	osal of the Appoi	ntments Committee, in	the event of independent			
	b) Following a directors.	report from the A	ppointments Committee,	in the event of remaining			
	See epigraph:	B.1.2					
		Complies X	Complies partially □	Explain 🛘			
28.	•	. 	ne following information formation up-to-date:	n about their Directors on			
	a) F	Professional and bi	ographical profile;				
	b) (Other Boards of Di	rectors to which they be	long, whether or not these			

24. All the Directors have the right to obtain the advice they need for the fulfilment of



are listed companies;

c)	An indication of the classification of director to which they belong, specifying, in the event of proprietary directors, the shareholder they represent or with whom they are linked.
d)	Date of the first appointment as director of the company, as well as subsequent appointments; and
e)	Company shares and stock options of which they are the holder.

Complies: This documentation is on the website in the Annual Report.

29. The Independent Directors should not remain as such for a continued term of more than 12 years.

See epigraph:

B.1.2

Complies X

Complies

Explain

Complies partially

30. The Proprietary Directors should present their resignation when the shareholder they represent sells all his/her shares in the Company. They should also present their resignation, in the corresponding number, when the said shareholder lowers his/her shares in the Company to a level that requires a reduction in the number of his /her Proprietary Directors.

See epigraphs:

A.2, A.3 and B.1.2

Complies X

Complies partially

Explain

Explain X

31. That the Board of Directors does not propose the standing down of any independent director prior to compliance with the statutory period for which they were appointed, unless there are good reasons observed by the Board following a report from the Appointments Committee. More specifically, justified reason shall be understood to exist when the director has breached the duties that are inherent to their post or incurs any of the circumstances described in heading 5 of section III of definitions of this Code.

The dismissal of Independent Directors resulting from takeover bids, mergers or other similar corporate transactions that represent a change to the Company's share capital structure could be proposed when the said changes to the structure of the Board are brought about by the criterion of proportionality indicated in Recommendation 12.

See epigraphs:

B.1.2, B.1.5 and B.1.26

X

Complies

Explain

32. Companies should establish rules that oblige the Directors to report and, where applicable, resign in cases that can damage the Company's reputation and credit and, in particular, oblige them to inform the Board of the criminal cases in which they appear as an accused party, as well as their subsequent procedural events.



If the Director is tried or a sentence is issued against him/her for the commencement of a hearing for any of the crimes laid down in Article 124 of the Spanish Companies Act, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide whether or not it is fitting for the Director to continue in his/her post. And, the Board should give a reasoned account of all the events in the Annual Corporate Governance Report.

Explain

See epigraphs:	B.1	B.1.43, B.1.44						

Complies X Complies partially

33. All the Directors should clearly express their opposition when they consider that any proposed decision submitted to the Board may be contrary to the Company's interests. And this should apply especially to the Independent Directors and other Directors not affected by the potential conflict of interest in the case of decisions that may damage the shareholders not represented on the Board.

When the Board adopts significant or reiterated decisions on which the Director has formulated serious reservations, the said Director should draw the corresponding conclusions and, if he/she decides to resign, explain the reasons in the letter referred to in the following Recommendation.

The scope of this Recommendation also includes the Secretary of the Board, even though he/she does not have the status of Director.

Complies	Complies partially	Explain	Not applicable X
Compiles	Complies partially	LAPIGIT	110t applicable 7

34. When, either due to resignation or any other reason, a Director abandons his/her post before the end of his/her mandate, he/she should explain the reasons in a letter sent to all the members of the Board. And, without prejudice to the said resignation being notified as a relevant event, the reason for the resignation should be accounted for in the Annual Corporate Governance Report.

See epigraph: B.1.5

Complies X Complies partially

Explain

Not applicable

- 35. The remuneration policy approved by the Board should indicate at least the following:
- a) Amount of the fixed elements, with a breakdown if applicable of the allowances for participation on the Board and its Committees and an estimate of the annual fixed remuneration to which they are entitled
- b) Variable payment, specifically including:
 - Classification of directors that apply, as well as an explanation of the relative importance of the variable items with regard to the fixed items.
 - Results assessment criteria on which any right to payment in shares, options over shares or any variable component is based;
 - Fundamental parameters and basis of any annual premium system (bonus) or other benefits not paid in cash; and
 - iv) An estimate of the absolute amount of the variable remuneration arising from the proposed remuneration plan in accordance with the level of fulfilment of the hypotheses or objectives taken as reference.

	an	estimate of the	e annual equiva	alent amou	nt or cost.			
d)		nditions that ecutive director	must be inclu	ded in the	contracts	of senior	managemer	nt such as
	i)	Duration;						
	ii)	Periods of no	tice; and					
	iii)	parachute cl	auses concerni auses through between the co	early ter	mination o	r terminat	ion of the	
	Se	e epigraph:	B.1.15					
			Complies X	Com	olies partiall	y Ex	plain 🏻	
36.	Gre vai	oup, options riable remun	on made thro over shares of eration assoc s should be li	or instrum iated witl	ents refere า the Com	nced to t pany's p	he value of erformance	the share,
	COI		ndation will the Director					
	Se	e epigraphs:	A.3, B.1.3					
			Complies X	E	xplain 🏻			
37.	CO	mpensating t	on of the ext he devotion, o as to compro	qualificatio	n and resp	onsibility		
			Complies X	E	xplain □			
38.	ро		on related to					
		Complies	X Expl	ain 🛭 🔝 1	Not applicab	ole 🗆		
39.	inc sai do	orporate the d remunerati not result si	of variable in necessary te on is related to mply from the or other simila	chnical prot to the prot general e	ecautionar essional de volution of	y measui evotion o	es to ensui f the benefic	re that the claries and
		Complies	s Explair	n □ No	t applicable	Х		
40.	the age	e General Me enda. The sa	old submit a re eting of Share aid report she any other way	eholders, ould be m	as a separ ade availa	ate, cons ble to th	ultative mat e sharehold	ter on the

c) Key features of the complementary pensions, life-assurance policies and similar, with



The said report should focus particularly on the remuneration policy approved by the Board for the present year, as well as, where applicable, the policies anticipated for future years. It shall include all the matters referred to in Recommendation 35, except for circumstances that may suppose the revelation of sensitive commercial information. It shall underline the most significant changes in the said policies with regard to that applied during the past year to which the General Meeting refers. It shall also include an overall summary of how the remuneration policy was applied during the past year.

The Board should also report on the role played by the salaries committee in the preparation of the remuneration policy and, if external consultancy services are used, on the identity of the external consultants providing the service.

See epigraph:

B.1.16

Complies X

Complies partially

Explain

- 41. The report should give details of the individual remuneration paid to Directors during the year, and include:
 - a) The individualised breakdown of payment to each director, which shall include, if appropriate:
 - i) The attendance allowances and other fixed remuneration as director;
 - ii) Additional payments as chairman or member of any of the Board's committees;
 - iii) Any payment as profit share or bonuses, and the reason why these were given;
 - iv) Defined contributions to pension schemes in favour of the director; for the increase of the director's consolidated rights, when these are contributions to defined payment plans;
 - v) Any agreed or paid compensation in the event of termination of their duties;
 - vi) Remuneration received as director of other group companies;
 - vii) Payments for the performance of senior management duties carried out by executive directors;
 - viii) Any other payment item other than the foregoing, regardless of their nature or the group company that pays them, especially when it is considered as a related-party operation or leaving it out would distort the true image of total payments received by the director.
 - b) The individualised breakdown of any shares of stock options given to directors, or any other instrument pegged to the share value, with a breakdown of:
 - Number of shares or options granted over the year and the conditions for the exercise of these;
 - Number of options exercised over the year with an indication of the number of shares affected and the price;
 - iii) Number of options pending exercise at the year-end, an indication of their price, date and other requirements to exercise these;
 - iv) Any modification over the year of the terms for exercising the options already granted.

	c)	Information on the ratio, the previous year, between the remuneration obtained by executive directors and the profits or other performance indicators of the company.
		Complies X Complies partially Explain □
42.	Co sh	nen there is a Delegated or Executive Committee (hereinafter called "Executive mmittee"), the participation structure of the various categories of Directors ould be similar to that of the Board itself and its Secretary should be the cretary of the Board.
	Se	e epigraphs: B.2.1 and B.2.6
		Complies □ Complies partially □ Explain □ Not applicable X
43.	ad	e Board should always be aware of the matters dealt with and the decisions opted by the Executive Committee and all the members of the Board should seive a copy of the minutes of the sessions of the Executive Committee.
		Complies □ Explain □ Not applicable x
44.	Ac	at in addition to the Audit Committee required through the Securities Exchange t, the Board of Directors also constitutes one Committee, or two separate mmittees, for Appointments and Remuneration.
	Аp	e rules governing the make-up and operation of the Audit Committee and the pointments and Remuneration Committee or Committees should be given in Regulations of the Board and include the following:
	a)	That the Board designates the members of these Committees, in accordance with the knowledge, skills and experience of the directors and the duties of each Committee; deliberate on the proposals and reports; and report on the activity and the work carried out at the first plenary Board meeting following the committee meetings;
	b)	That these Committees are made up exclusively of external directors, with a minimum of three. The above is understood as without prejudice to the attendance of Executive Directors or senior executives when so agreed expressly by the members of the Committee.
	c) ⁻	Their Chairmen should be Independent Directors.
	d)	That outsourced consultancy can be used whenever deemed necessary for the performance of their duties.
	e)	That minutes of their meetings be taken, with a copy sent to all board members.
	Se	e epigraphs: B.2.1 and B.2.3
		Complies □ Complies partially X Explain □
		spite of the fact that the Audit Committee and the Appointments and Remuneration mmittee are not made up exclusively of External Directors, Renta Corporación

laying down that the Audit Committee be made up of 3 directors, a majority of whom are non-executive and that the Appointments and Remuneration Committee be made up of 3 directors, all of whom are external, to the extent possible given the composition of the

Board of Directors.

complies with the Articles of Association and the Regulations of the Board of Directors

45.	That the supervision of compliance with the internal codes of conduct and the rules of corporate governance are attributed to the Audit Committee, to the Appointments Committee or, if these are separate, to the Compliance or Corporate Governance Committee.
	Complies X Explain □
46.	The members of the Audit Committee and, in particular, its Chairman should be appointed on the basis of their know-how and experience in bookkeeping, audits and risk management.
	Complies X Explain □
47.	The listed companies should have an internal audit function which, under the supervision of the Audit Committee, should monitor the correct functioning of the internal control and information systems.
	Complies X Explain □
48.	The person responsible for the internal audit function should present his/her annual work plan to the Audit Committee; he/she should inform it directly of the incidents occurring during its development; and, at the end of each year, submit an activities report.
	Complies X Complies partially □ Explain □
49.	The risk management and control policies should identify at least:
a)	The different kinds of risk (operational, technological, financial, legal, those affecting the corporate reputation, etc.) which are faced by the company and which include - as part of the financial or economic risks - contingent liabilities and other off-balance sheet risks;
b)	The setting of the risk level that the company believes is acceptable;
c)	The mechanisms to mitigate the impact of the risks identified, in the event that they materialise;
d)	Internal control and information systems which shall be used to control and manage the foregoing risks, including the contingent liabilities or off-balance sheet risks.
	See epigraph: D
	Complies X Complies partially □ Explain □
50.	The Audit Committee should be responsible for the following:
	1. In relation to the internal control and information systems:

- a) Supervising the preparation and completeness of the financial information concerning the company and, if appropriate, the group, checking due compliance with the governing regulations, the proper delimitation of the consolidation criteria and the correct application of accounting criteria
- b) Periodically checking the internal control systems and risk management, to identify, manage and notify the key risks properly



- c) Ensuring the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and dismissal of the person in charge of the internal audit service; forwarding the budget for this service; receiving periodic information on its activities, and verifying that senior management considers the conclusions and recommendations in its reports.
- d) Setting up and supervising a mechanism that enables employees to communicate any irregularities of importance, especially those of a financial and bookkeeping nature, and to do so in a confidential manner.

2. In relation to the external auditor:

- a) Presenting the Board with proposals for selection, appointment, re-election and replacement of the external auditor, as well as their contractual terms.
- Receiving regular information from the external auditor on the audit plan and the results of carrying it out, and checking that senior management take its recommendations into account
- c) Ensuring the independence of the external auditor and, to this end:
 - i) That the company notifies the change of auditor to the CNMV as a relevant event and attaches a declaration on the possible existence of disagreements with the outgoing auditor and, if there are any disagreement, the content thereof.
 - ii) That the company and the auditor be seen to respect the current rules governing the provision of services other than audit services, the limits on business concentration of the auditor and, in general, the other norms established to ensure independence of auditors;
 - iii) In the case of the resignation of the external auditor, it should examine the circumstances leading to the said resignation.
- d) In the event of groups, to see that the group auditor accepts liability for the audits of the companies that make up the group.

See epigraphs:	B.1.35, B.2.2, E	3.2.3 and D.3	
	Complies X	Complies partially	Explain

51. The Audit Committee should be able to call any of the Company's employee or manager, and also have them appear without the presence of any other executive.

Complies X Explain □

- 52. The Audit Committee should report to the Board before the Board adopts the corresponding decisions on the following matters indicated in Recommendation 8:
- a) The financial information that must be published periodically, given its status as a listed company. The Committee should ensure that the intermediate accounts are prepared under the same bookkeeping criteria as the annual accounts and, accordingly, consider the appropriateness of a limited review by the external auditor.
- b) The creation or acquisition of shareholdings in special purpose enterprises or enterprises with registered offices in countries or territories considered as tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could hamper the Group's transparency.

c)	1.50	y transactions, u her of the supervis				unction has	been
	See epigraphs:	B.2.2 and B.2.3					
		Complies X	Complies	partially 🏻	Explai	n 🛮	
53.	Meeting withou whatsoever exc	Directors should at reservation of eptional case, bo clearly explain to exceptions.	or exception	on in the irman of th	auditors e Audit C	' report an ommittee ar	nd, in nd the
	See epigraph:	B.1.38					
		Complies X	Complies	partially 🏻	Explai	n 🛮	
54.		mbers of the App committee, if ther				• • • • • • • • • • • • • • • • • • • •	
	See epigraph:	B.2.1					
		Complies	Explain X	Not a	oplicable 🗆		
	Explained in poin	t 44.					
55.		nctions indicated should correspor					owing
a)	Assessing the skills, knowledge and experience required on the Board, subsequently defining the duties and aptitudes required by the candidates to cover each vacancy, and assessing the time and dedication required to correctly perform their duties.						
b)	Properly examining and organising the succession of the Chairman and chief executive and, if appropriate, making proposals to the Board to enable the foregoing succession to occur in an organised and well planned manner.						
c)	Reporting the ap	opointments and in effective.	resignations	of senior	executives	s proposed t	to the
d)	Notifying the Boa Code.	rd on the gender o	liversity issu	ıes shown ir	n Recomm	endation 14	of this
	See epigraph:	B.2.3					
	Complies X	Complies par	tially 🏻	Explain 🛘	Not app	licable 🏻	
56.	executive, espec	nts Committee sh cially with regard	to busines	s concernii	ng the Exe	ecutive Direc	ctors.
		irector may requates they conside		55 - 157/.		ittee to con	sider
	Complies X	Complies part	ially 🏻	Explain 🏻	Not appl	icable 🏻	



- 57. Besides the functions indicated in the above Recommendations, the following responsibilities should correspond to the Remuneration Committee:
 - a) Proposing to the Board of Directors:
 - i) The remuneration policy for directors and senior executives;
 - ii) Individual remuneration of executive directors and the other conditions of their contracts.
 - iii) The basic contractual conditions of senior executives.
 - b) To ensure that the remuneration policy established by the company is duly observed.

See epigraphs:

B.1.14, B.2.3

Complies X

Complies partially

Explain

Not applicable

58. The Remuneration Committee should consult the Company's Chairman and chief executive, especially with regard to business concerning the Executive Directors and senior executives.

Complies X

Explain

Not applicable []

G OTHER INFORMATION OF INTEREST

If you consider that there is any important principle or aspect regarding the corporate governance practices applied by your company which have not been covered in this report, please explain below.

Yes:

- A) The shareholders agreement in section A.6 has been voided during the month of February 2010.
- B) Both the shares and percentages of the directors in this report are those after the capital increase, in spite of the fact that the operation was completed after the filing of the public deed of capital increase with the Mercantile Registry and after acceptance of the listing of the shares on the Barcelona and Madrid stock exchanges at the beginning of 2010.
- C) In point B.1.11 section d): total remuneration of the directors /profit attributed to the parent company (in %), the figure of 0% appears, since the % of loss cannot be calculated.
- D) In point E.7 the information on the attendance at the General Meetings of Shareholders is 76.028%. This includes the 1.509% of treasury stock.
- E) The company Durango Different, S.L. is now called Wilcox Corporación Financiera, S.L.



F) Since the shareholder Wilcox Corporación Financiera, S.L. (formerly Durango Different, S.L.) did not give notification of subscription of the capital increase, the number of shares that it had prior to the capital increase was taken into account, i.e., its percentage has been diluted with respect to last year.

In this section, you may include any other information, explanation or details related to the above sections of the report.

More specifically, indicate whether your company is subject to any corporate governance legislation other than Spanish law, and if so, include any information that is mandatory and different from that requested herein.

Binding definition of Independent Director:

Indicate whether or not any of the Independent Directors has or has had any relationship with the Company, its significant shareholders or executives which, if sufficiently significant or important, would have meant that the Director could not be considered as independent in accordance with the definition laid down in section 5 of the Unified Code of Good Governance:

Yes

No X

Date and signature:

This Annual Corporate Governance Report has been adopted by the Board of Directors of the Company in its session held on

24/03/2010

Indicate whether or not there have been Directors who voted against or abstained from voting on the adoption of this report.

Yes

No X





RENTA CORPORACION REAL ESTATE, S.A.

Drawing up of the Annual Accounts for the Year Ended 31 December 2009

On 24 March 2010 the Board of Directors of Renta Corporación Real Estate, S.A., in compliance with current legislation, have formulated the annual accounts of Renta Corporación Real Estate, S.A. and the Directors' Report for the year beginning 1 January 2009 and ending 31 December 2009, which comprise the foregoing documents, the Balance Sheet (B1.1 to B1.3 and B2.1 to B2.2) the Income Statement (P1.1 to P1.2), the Statement of Changes in Net Equity (PN1, PN2.1 to PN2.5 and PN2), the Statement of Cash Flows (F1.1 to F1.3), the Notes to the Accounts and the Directors' Report, numbered correlatively from 1 to 55, both inclusive, and from 1 to 79, 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

Mrs. Esther Giménez Arribas Director Mr. César A. Gibernau Ausió Director

Mr. Ramchand Wadhumal Bhavnani Director

Mr. Blas Herrero Fernández Director

Mr. Javier Carrasco Brugada Non-Member Secretary

