

## Summary

- Renta Corporación closes first half of the year 2014 with a positive cumulative net result of 8.5 M€. This total result is made up of a positive result of 1.6 M€ from the ordinary activity of the company, together with an extraordinary result of 6,9 M€ coming from the assignment of assets in payment of the syndicate loan.
- It is worth to highlight the important sales activity that distinguish the first months of year 2014, following the trend that began at the end of 2013. During the first half of year 2014 the company has been involved in sale transactions of important buildings amounting to more than 95 M€.
- On July 8th, 2014 the insolvency process was lifted and the Insolvency Administration relieved from his duty. The Commercial Court number nº 9 of Barcelona pronounced favourable to the Creditors Agreement Proposal presented by Renta Corporación Real Estate, S.A., together with Renta Corporación Real Estate Finance, S.L.U., Renta Corporación Real Estate ES, S.A.U. and Renta Corporación Core Business, S.L.U. The Agreement Proposal had been previously approved in the Creditors Meeting held on last 13th of June of 2014.
- On June 11th, 2014 the company is notified with the magistrate order confirming the assignment of assets to the financial entities of the syndicate, although the assets will not be transferred until the last quarter of year 2014.
- The company has requested the resumption of the share quotation in the stock market in order to get it as soon as possible.

	January-June		
	2014	2013	% var.
<b>Consolidated profit and loss summary (M €)</b>			
Sales	4.4	6.7	-35%
Margin from sales (including insolvency process effect)	-27.7	-0.5	n.a.
Margin from service rendering	4.8	0.3	n.a.
Total margin	-23.0	0.3	n.a.
EBITDA	-25.2	-3.5	n.a.
EBIT	-25.3	-3.8	n.a.
Net financial income (including insolvency process effect)	31.8	-1.3	n.a.
Net profit	8.5	-5.0	n.a.
<b>Consolidated balance sheet summary (M €)</b>			
	2014	2013	dif.
Total assets	125.6	151.0	-25.4
Current assets	124.7	148.9	-24.3
Commercial Equity	12.0	3.3	8.6
Financing debt	63.9	161.4	-97.5
<b>Consolidated main figures (M €)</b>			
	2014	2013	dif.
Total investment	3.0	0.6	2.4
Inventory previous to 2009	114.3	142.5	-28.2
Ordinary business portfolio	150.0	44.8	105.2
Inventory	1.9	2.8	-0.8
Investment rights	148.1	42.0	106.1
Net debt	59.4	160.2	-100.8

Year 2014 has a difficult compariso with year 2013 in several items, as year 2014 includes the effects of the assets assignment to the financial entities of the syndicate.

In the profit and loss account, the assignment of assets has an impact of -28.3 M€ in the total margin line due to the depreciation of the assets assigned, offset by another impact of +33.1 M€ in the financial costs due to the implicit waive in the repayment of debt.

Regarding the balance sheet, the assets assignment impacts mainly in the inventory, debt and creditors lines.

## Market situation

- The improvement of the Spanish economy initiated in year 2013 continues in the first months of year 2014, although the recovery speed remains very low. Credit restrictions and stricter conditions in credit concession to companies and individuals are maintained.
- In the real estate market it is noticed a larger investment coming from international funds, mainly Asian and Latin American, although the credit recovery is still pending.
- The interest of international funds is focused mainly on the **residential and office markets**, while the **land market** is totally stagnated except for opportunistic transactions.
- So far this year there has been a significant increase in the number of REITs, Real Estate Investment Trust companies (named SOCIMI in Spain, Sociedades Cotizadas de Inversión Inmobiliaria), that are companies listed on the stock market that profit from important fiscal benefits and which activity consists of the acquisition, development and refurbishment of real estate properties.

## Accounting effects of the assignment of assets in payment of debt

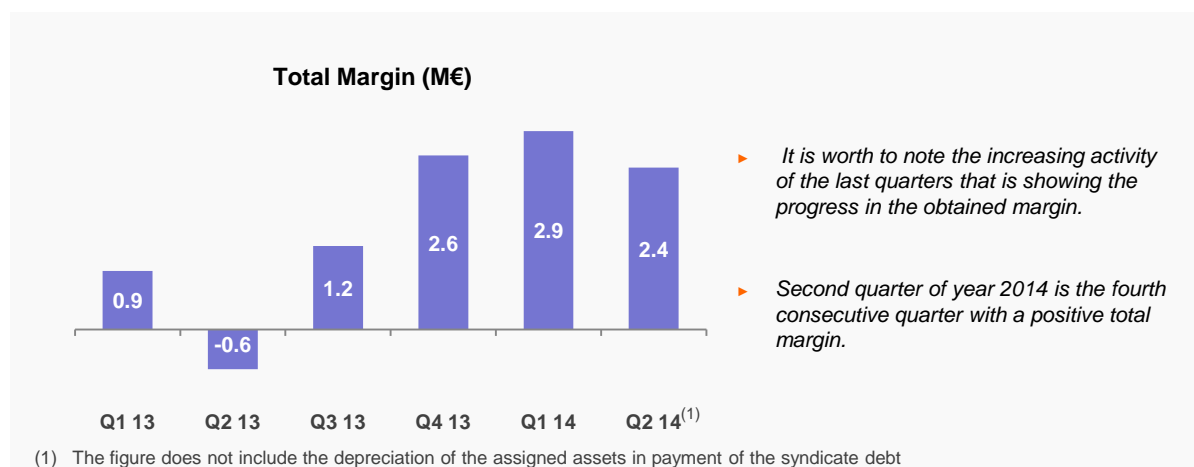
- On June 11th, 2014 the company is notified with the magistrate order confirming the assignment of assets to the financial entities of the syndicate, although the assets will not be transferred until the last quarter of year 2014.
- The assigned assets have an accounting value of 93.7 M€ and the debt repayed is of 98.6 M€, which leads to a positive result in the profit and loss account of 4.9 M€. This result must be increased with an additional amount of 2.0 M€ due to the deferred fiscal effect of the financial costs capitalised in past years as more inventory value of the assets assigned in payment of debt.
- Due to the special implementation of this assignment of assets with a deferred transfer of them, the company is forced to register the following effects in the financial statements of the Group:
  - ▶ In the profit and loss account:
    - Depreciation of the assigned assets totalling -28.3 M€ in the total margin line, in order to adapt its book value to its valuation amounting to 65.4 M€. This valuation has been carried out by the financial entities under special assumptions that meet the requirements of an assignment of assets in payment of debt in an insolvency process environment.
    - Financial income totalling +33.1 M€ as a result of the implicit waive in the repayment of debt totalling 98.6 M€ with the assignment of assets with a value of 65.4 M€.
  - ▶ In the balance sheet:
    - Inventory decrease of -28.3 M€, as previously explained
    - Debt decrease of 98.6 M€, 65.4M€ of which have been classified as short term creditors until the transfer of the assigned assets became effective.
- The assignment of assets will be completely fulfilled in the last quarter of 2014 with the transfer of the assigned assets, with a book value of 65.4 M€, in payment of the debt classified as short term creditors with that same amount. The profit and loss account will not register any additional effect due to the assignment of assets.

**Consolidated profit and loss account**

(M €)	1H 2014			1H 2013	TOTAL
	TOTAL	ordinary	insolvency effects	TOTAL	% var
Sale	4.4	4.4		6.7	-35%
Cost of sales and variable expenses	-32.1	-3.8	-28.3	-7.2	346%
<b>Margin from sales</b>	<b>-27.7</b>	<b>0.5</b>	<b>-28.3</b>	<b>-0.5</b>	<b>n.a.</b>
Income from Service Rendering	7.9	7.9		0.4	n.a.
Cost and variable expenses of Service Rendering	-3.1	-3.1		0.0	n.a.
<b>Margin from Service Rendering</b>	<b>4.8</b>	<b>4.8</b>	<b>0.0</b>	<b>0.3</b>	<b>n.a.</b>
Rents and other income	0.3	0.3		0.9	-69%
Variable sale expenses	-0.3	-0.3		-0.4	-27%
<b>TOTAL MARGIN</b>	<b>-23.0</b>	<b>5.3</b>	<b>-28.3</b>	<b>0.3</b>	<b>n.a.</b>
Admin and payroll expenses	-2.3	-2.3		-3.8	40%
<b>EBITDA</b>	<b>-25.2</b>	<b>3.1</b>	<b>-28.3</b>	<b>-3.5</b>	<b>n.a.</b>
Depreciation, Provisions & Other	-0.1	-0.1		-0.3	-63%
<b>EBIT</b>	<b>-25.3</b>	<b>3.0</b>	<b>-28.3</b>	<b>-3.8</b>	<b>n.a.</b>
Net financial income	31.8	-1.4	33.1	-1.3	n.a.
<b>PROFIT BEFORE TAX</b>	<b>6.5</b>	<b>1.6</b>	<b>4.9</b>	<b>-5.0</b>	<b>n.a.</b>
Taxes	2.0	0.0	2.0	0.0	n.a.
<b>NET PROFIT</b>	<b>8.5</b>	<b>1.6</b>	<b>6.9</b>	<b>-5.0</b>	<b>n.a.</b>

**Notes on the results**
**1-TOTAL MARGIN**

- **Total margin** stood at -23.0 M€ and it is made up of a positive margin amounting to 5.3 M€ for the ordinary activity of the company, and an extraordinary margin of -28.3 M€ coming from the assignment of assets in payment of the syndicate loan. The assignment of assets will be completely registered in the last quarter of the year with the transfer of the asset ownership. Thus, the total margin is made up of:
  - ▶ **Margin from sales**, that is the difference between sales and the cost of sales adding the variable expenses of them, amounting to 0.5 M€ and increasing by 1.0 M€ compared to the figure registered in the same period of year 2013. This sales are focused on the domestic market, noting the sale of an entire residential building in Barcelona and the sale of an office plant in Gran Via street of Madrid.
  - ▶ **Margin from service rendering** of 4.8 M€, 4.5 M€ higher than the amount of first half of last year, showing the activity increase over the last few quarters. It is worth to highlight the margin obtained in significant size operations such as the sale of Estel building and Rambla de Cataluña 19 in Barcelona; or the sale of Salustiano Olózaga 12 and General Oraá 9 in Madrid.
  - ▶ **Margin from the assignment of assets in payment** of the syndicate debt amounting to -28.3 M€, coming from the depreciation of the assigned assets in its entirety.
- **Other income** decrease with regard to the same period of year 2013 in which a compensation for damages in favour of the company in relation to a pending legal claim was registered.



## 2- OVERHEAD EXPENSES

- The group's combined general and personnel expenses came to 2.3 M€ vs 3.8 M€ in the first half of 2013. Excluding extraordinary expenses, the overhead costs have reduced in 35% compared to last year, going from 2.6 M€ in the 1H 2013 to 1.7 M€ in the same period of 2014.

(M €)	January-June					
	2014	% Sales	2013	% Sales	dif.	% Var.
Sales	4.4		6.7		-2.3	-35%
G&A and personnel expenses	-2.3	-51%	-3.8	-56%	-1.5	-40%
Excluding extraordinary expenses	-1.7	-39%	-2.6	-39%	-0.9	-35%
G&A	-1.1	-24%	-1.5	-22%	-0.4	-27%
Personnel	-1.2	-27%	-2.3	-34%	-1.1	-49%

- General expenses** totalled 1.1 M€, 0.4 M€ down the amount of same period of year 2013. Year 2014 amount includes a non-recurring expense of 0.5 M€ in relation to the insolvency process, the same amount that was also registered in the first half of 2013. If these costs are disregarded, operating general expenses decrease by 0.4 M€ vs same period of year 2013, which represents a drop of 44%.

	January-June					
	2014	% Sales	2013	% Sales	dif.	% Var.
Sales	4.4		6.7		-2.3	
- Operating G&A expenses	-0.5	-12%	-0.9	-14%	-0.4	-44%
- Insolvency process expenses & others	-0.5	-13%	-0.5	-8%	0.0	n.a.
G&A expenses	-1.1	-24%	-1.5	-22%	-0.4	-27%

- **Personnel expenses** are 1.2 M€, 1.1 M€ down the amount of January-June 2013. The amount of year 2013 included a non-recurring expense of 0.6 M€ coming from the staff restructuring process, resulting from the viability plan adopted by the company within the voluntary insolvency process in which it was involved since the first quarter of last year. If these extraordinary costs are not taken into account, ordinary personnel expenses decrease by 0.5 M€ vs the same period of last year, which would represent a drop of 30%.

	January-June				dif.	% Var.
	2014	% Sales	2013	% Sales		
Sales	4.4		6.7		-2.3	
- Ordinary personnel expenses	-1.2	-27%	-1.7	-25%	-0.5	-30%
- Organisational restructuring costs		0%	-0.6	-9%	-0.6	100%
Personnel expenses	-1.2	-27%	-2.3	-34%	-1.1	-49%

### 3- EBITDA

- First half 2014 **EBITDA** is negative of -25.2 M€. This total amount is made up of a positive EBITDA amounting to +3.1 M€ for the ordinary activity of the company, and a negative EBITDA of -28.3 M€ coming from the partial accounting of the effects of the assignment of assets in payment of the syndicate debt, specifically, concerning the depreciation of the assigned assets.

### 4- FINANCIAL RESULT

- Net financial result stood at 31.8 M€, hard to compare to the figure of same period last year as it includes the accounting of the waive implicit to the assignment of assets in payment of the syndicate loan. To correctly interpret this result, following effects should be noted:
  - ▶ The section of ordinary incomes and expenses stay at the same level than year 2013 amount, with a net expense of 1.4 M€ by the end of first half of 2014. Average net debt decreases from 159,9 M€ in 1H 2013 to 141.1 M€ in the first half of year 2014 due to the debt decrease caused by the assignment of assets in payment of the syndicate loan in June 2014. Average interest rate is of 1.63% by the end of 1H 2014, slightly above the rate of 1H 2013, which was of 1.57%.
  - ▶ An extraordinary effect amounting to +33.1 M€ has been registered as a result of the implicit waive in the repayment of debt totalling 98,6 M€ with the assignment of assets with a value of 65.4 M€.

(M €)	January-June		
	2014	2013	dif
Ordinary interest expenses	-2.0	-2.1	0.1
Ordinary interest incomes	0.6	0.7	-0.1
Capitalised Interests	0.0	0.0	0.0
Ordinary net financial result	-1.4	-1.4	0.0
Other interests	33.1	0.2	33.0
<b>Net financial result</b>	<b>31.8</b>	<b>-1.3</b>	<b>33.0</b>

### 5- TAXES

- It is worth mentioning a positive impact of 2.0 M€ due to the deferred fiscal effect of the financial costs capitalised in past years as more inventory value of the assets assigned in payment of debt.

## 6- NET PROFIT

- Renta Corporación closes first half of the year 2014 with a positive cumulative net result of 8.5 M€. This total result is made up of a positive result of 1.6 M€ from the ordinary activity of the company, together with an extraordinary result of 6,9 M€ coming from the assignment of assets in payment of the syndicate loan.
- It is worth to highlight the important sales activity that distinguish the first months of year 2014, following the trend that began by the end of 2013.
- Several extraordinary impacts totalling a result of +6.3 M€ have been recorded within year 2014, most of them related to the assignment of assets in payment of the syndicate loan:
  - ▶ Depreciation of the assigned assets in payment of debt after the valuation carried out by the financial entities, amounting to -28.3 M€.
  - ▶ Extraordinary overhead costs in relation to the insolvency process of the company totalling -0.5 M€.
  - ▶ Financial income of +33.1 M€ as a result of the implicit waive in the repayment of debt totalling 98,6 M€ with the assignment of assets with a value of 65.4 M€.
  - ▶ Deferred fiscal effect of the financial costs capitalised in past years as more inventory value of the assets assigned in payment of debt, totalling +2.0 M€.

**Consolidated balance sheet**

		Jun-14			Dec-13			Jun-14			Dec-13
Assets (M €)	TOTAL	ordinary	insolvency impacts			Equity and Liabilities (M €)	TOTAL	ordinary	insolvency impacts		
<b>Long term assets</b>	<b>0.9</b>	<b>0.9</b>		<b>1.0</b>		Capital & Reserves	-41.8	-41.8			-28.8
Inventory	116.2	144.5	-28.3	145.2		Net profit	8.5	1.6	6.9		-13.1
Debtors	3.9	3.9		4.2		<b>Total Equity</b>	<b>-33.4</b>	<b>-40.2</b>	<b>6.9</b>		<b>-41.8</b>
Cash/Financial Investm.	4.5	4.5		1.9		<b>Equity loan</b>	<b>45.3</b>	<b>45.3</b>			<b>44.9</b>
<b>Current assets</b>	<b>124.7</b>	<b>152.9</b>	<b>-28.3</b>	<b>151.4</b>		<b>Commercial Equity</b>	<b>12.0</b>	<b>5.1</b>	<b>6.9</b>		<b>3.0</b>
<b>Total Assets</b>	<b>125.6</b>	<b>153.9</b>	<b>-28.3</b>	<b>152.4</b>		<b>Long term debt</b>					
						<b>Long term creditors</b>	<b>1.4</b>	<b>3.4</b>	<b>-2.0</b>		<b>3.4</b>
						<b>Short term debt</b>	<b>18.5</b>	<b>117.1</b>	<b>-98.6</b>		<b>117.6</b>
						<b>Short term creditors</b>	<b>93.7</b>	<b>28.3</b>	<b>65.4</b>		<b>28.3</b>
						<b>Equity and liabilities</b>	<b>125.6</b>	<b>153.9</b>	<b>-28.3</b>		<b>152.4</b>

**Notes on the balance sheet**
**Assets**
**LONG TERM ASSETS**

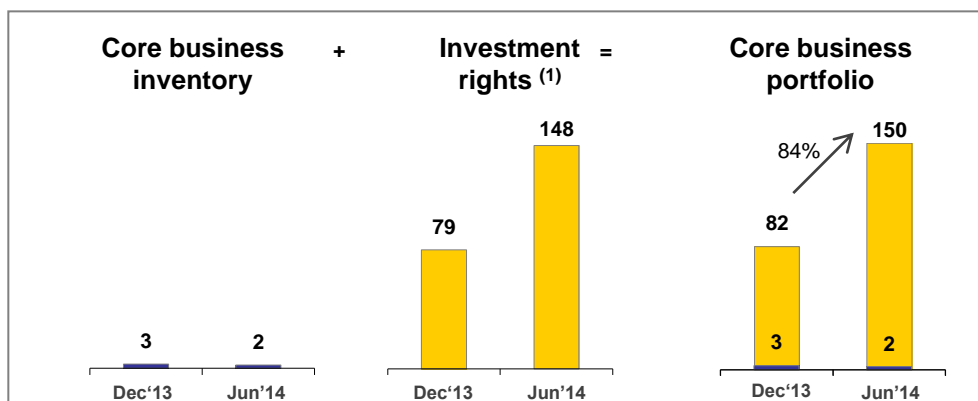
- Long term assets stood at 0.9 M€, at the same level than the end of year 2013.

(M €)	Jun-14	Dec-13	dif.
Long term assets	0.5	0.6	-0.1
Tax credit	0.4	0.4	0.0
Company's holding in MA & others	0.0	0.0	0.0
<b>Long term assets</b>	<b>0.9</b>	<b>1.0</b>	<b>-0.1</b>

**INVESTMENT AND PORTFOLIO**

- Investment for the first half of 2014 is 3.0 M€, above the amount of 0.6 M€ registered in the first half of last year. Current investment strategy of the company consists of: i) investing in new portfolio adapted to the new market conditions and gradually increase the average size of operations; and ii) investing in special operations in which, as a result of funding constriction, priority is given to the transformation of the asset in order to offer an improved asset to the customer for direct sale. Investment amount corresponds entirely to ordinary business portfolio.
- Inventory stood at 116.2 M€, decreasing by 29.0 M€ compared to the end of 2013 due mainly to the depreciation of the assets assigned in payment of the syndicate loan which will be transferred by the end of year 2014; and, to a lesser extent, due to the sales of the period January-June 2014. Once the assignment of assets in payment of debt is completely registered by the end of the year with the transfer of the assets ownership, the inventory figure will decrease by an additional amount of 65,4 M€ for this reason.

- Focusing on the **ordinary business portfolio**, it amounts to 150.0 M€ and it is made up of inventory worth 1.9 M€ and all the investment rights amounting to 148.1M€.



(1) Investment rights include part of option premiums under inventory

- Investment rights stand at 148.1 M€ vs 78.9 M€ by the end of December 2013. All them are focused on ordinary business portfolio adapted to the new market conditions. They are made up of residential assets mainly, focused on the domestic market. Depending on the strategy of each asset, some of these investment rights will be transformed and sold as rights, as well as others will follow the traditional company business model of acquisition, refurbishment and sale.

## DEBTORS

- The breakdown of debtors is as follows:

(M €)	Jun-14	Dec-13	dif.
Trade debtors & receivables	1.6	3.2	-1.6
Accrued Taxes	1.1	0.8	0.2
Other debtors	1.3	0.2	1.0
<b>Debtors</b>	<b>3.9</b>	<b>4.2</b>	<b>-0.3</b>

- By the end of first half of 2014 debtors amount to 1.6 M€, decreasing by half the amount of December 2013. This decrease is due to the delayed collection of some operations carried out during last quarter of 2013.
- Other debtors figure stood at 1.3 M€ by the end of June 2014, substantially increasing vs the end of 2013 due mainly to the amounts deposited in the notary office in relation to acquisition operations.



### Equity

- Commercial equity stood at 12.0 M€, increasing by 8.9 M€ in comparison to 3.0 M€ at year-end 2013 due mainly to the positive result of the first half of year 2014, clearly influenced by the profit coming from the assignment of assets in payment of the syndicate debt.

(M €)	Jun-14	Dec-13	dif.
Capital & Reserves	-41.8	-28.8	-13.1
Net profit	8.5	-13.1	21.6
<b>Total Equity</b>	<b>-33.4</b>	<b>-41.8</b>	<b>8.5</b>
Equity loan	45.3	44.9	0.5
<b>Commercial Equity</b>	<b>12.0</b>	<b>3.0</b>	<b>8.9</b>

### Liabilities

#### CREDITORS

(M €)	Jun-14	Dec-13	dif.
Accrued Taxes	21.1	21.1	0.0
Creditors	5.4	5.5	-0.1
Deposits on pre-sales	0.1	0.0	0.1
Other	68.5	5.1	63.4
<b>Short &amp; long term creditors</b>	<b>95.1</b>	<b>31.8</b>	<b>63.4</b>

- Short & long creditors stood at 95.1 M€ by the end of June 2014, 63.4 M€ above the amount of December 2013. As explained at the beginning of this report, the significant increase of creditors is due mainly to the accounting of the assignment of assets in payment of the syndicate debt, the transfer of which will be made in the last quarter of year 2014, as stated in the magistrate assignment order.
- In relation to the creditors amount it must be pointed out:
  - Deferred of VAT granted by the Tax Authorities amounting to 21.1 M€ and maturing by the end of 2016. This amount does not show any difference in relation to the year end 2013 figure because no amount has been repayed since the request of the voluntary insolvency procedure.
  - Creditors stood at 5.4 M€, the same level as in December 2013. This amount includes the debts previous to the insolvency process which will be repayed following the amounts and schedules agreed in the signed Creditors Agreement.
  - “Other” item increases by 63.4 M€ over December 2013 due mainly to the accounting of the liability linked to the deferred sale of the assets assigned in payment of the syndicate debt, as it has been previously explained. On the other hand, this item also includes the elimination of the deferred fiscal effect related to the financial costs capitalised in past years as more inventory value of the assets assigned in payment of debt. The total amount is mainly made up of: i) accrual adjustments amounting to 65.7 M€ as a result almost entirely of the deferred transfer of the assigned assets in payment; ii) legal claims and tax provisions amounting to 1.4 M€ and ii) other debts with public entities totalling 1.3 M€.

**FINANCIAL DEBT**

- Net debt stood at 59.4 M€ and decreases in 101.2 M€ compared to year-end 2013 due mainly to the assignment of assets in payment of the syndicate loan.
- The average net debt for the first half of year 2014 amounts to 141,1 M€ in comparison to 159.9 M€ for the 1H 2013.
- By the end of June 2014 the balance is 8.5 M€ in mortgages, having repayed 1.4 M€ since year-end 2013.

(M €)	Jun-14	Dec-13	dif.
Syndicated loan	50.5	147.7	-97.3
Operations with mortgage guarantee	8.5	9.9	-1.4
Other financial debt	4.9	4.8	0.0
Cash and short term deposits	-4.5	-1.9	-2.5
<b>Total Net Debt</b>	<b>59.4</b>	<b>160.6</b>	<b>-101.2</b>

**Outlook for the future**

- Once the insolvency process has been overcome and the Insolvency Administration relieved from his duty, the priority of the company focuses on the implementation of the business plan based on:
  - ▶ Maintaining the current business model adapted to the new market conditions.
  - ▶ The continuity of the company activity trying to reach a largest number of operations already adapted to the new features and needs of the market.
  - ▶ The accomplishment of the agreements reached in the Creditors Agreement Proposal after being approved in the Creditors Meeting.
  - ▶ Maintaining the control over the general and the personnel costs, once they have been optimized and adapted to the current activity standard of the company.
- Recovering the share quotation in the stock market is also a priority of the company.

## Other information

### 1- MAIN MATERIAL EVENTS

- Of all material events reported to the Spanish Securities Commission (CNMV) since January 2014 until now, the following are worth highlighting:
  - ▶ 31/01/2014 Admission of the Creditors Agreement Proposal.
  - ▶ 26/02/2014 Reclassification of Javier Carrasco Brugada's position as director.
  - ▶ 26/02/2014 The company posts information about January – December 2013.
  - ▶ 26/02/2014 The company posts the 2013 Annual Directors' Remuneration Report.
  - ▶ 21/03/2014 Creditors Meeting postponement.
  - ▶ 31/03/2014 The company informs about the drawing up of its 2013 Annual Accounts and the approval of the Corporate Governance Annual Report and its Additional information.
  - ▶ 31/03/2014 The company posts the 2013 Corporate Governance Annual Report.
  - ▶ 01/04/2014 Modifications about the financial information about January-December 2013.
  - ▶ 08/05/2014 The company posts information about Q12014.
  - ▶ 08/05/2014 Creditors Meeting postponement.
  - ▶ 08/05/2014 Announcement of the Board of Directors resolutions: announcement of the Ordinary General Meeting of Shareholders.
  - ▶ 16/05/2014 Asset allocation request.
  - ▶ 11/06/2014 Asset allocation.
  - ▶ 13/06/2014 Creditors meeting
  - ▶ 17/06/2014 Approval of proposals for resolution. Ordinary General Meeting of Shareholders.
  - ▶ 11/07/2014 Insolvency procedure judgement

### 2- CHANGES IN THE BOARD OF DIRECTORS

February 2014:

- ▶ Reclassification of Javier Carrasco Brugada's position as director.

Department of Planning, Analysis and Investor Relations  
[r.inversores@rentacorporacion.com](mailto:r.inversores@rentacorporacion.com)  
Investor Relations: +34 93 363 80 87  
Switchboard: +34 93 494 96 70  
[www.rentacorporacion.com](http://www.rentacorporacion.com)

#### Warnings

Percentages in the tables are for actual figures in euros, and may in some instances deviate from the rounded figures shown in the tables. The information published in this report may include statements that assume forecasts or estimates of the Company's future evolution. Analysts and investors should bear in mind that such statements regarding the future do not entail any guarantee of how the Company will perform, and involve risks and uncertainties, whereby actual performance may differ substantially from what is suggested in such forecasts.