

Summary

- Renta Corporación closed first half of year 2015 with a net consolidated profit of 4.5 M€ compared to the profit of same period of year 2014, which was of 8.5 M€.
- By the end of first half 2015 the company has deposits on pre-sales totalling an equivalent future sale amount of around 34 M€.
- The alliance with real estate fund Kennedy Wilson with the aim of investing in residential buildings in Spain has resulted in the beginning of two new operations, Póstigo de San Martín 3 and Puerta del Sol 9, both in Madrid, within the first half of 2015 .
- The company has registered the reclassification of part of the debt with the Tax Authorities in the balance sheet and the profit and loss account as a result of the Provincial Court of Barcelona sentence, which effects could be reversed if the Supreme Court considers the appeal presented by the company.
- The Board of Directors of Renta Corporación approved a new strategic plan for the period 2016-2020 once it has been considered that the current viability plan has been overcome by the reality of the market and the company progress.
- The share price by the end of the semester is 1.74 euros per share, 50% above the price of year end 2014 which was of 1.16 euros per share.

Main figures

- The financial statements are presented according to the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Consolidated profit and loss summary (M €)	1H 15	1H 14	% var.
Sales	4.4	4.4	1%
Margin from operations	1.6	-23.0	n.a.
EBITDA	-0.5	-25.2	98%
EBIT	-0.6	-25.3	98%
Net profit	4.5	8.5	-47%
Consolidated balance sheet summary (M €)	Jun 15	Dec 14	dif.
Total assets	70.4	56.9	13.5
Current assets	53.3	55.6	-2.4
Equity	26.3	22.2	4.1
Financing debt ⁽¹⁾	21.4	22.9	-1.5
Consolidated main figures (M €)	Jun 15	Dec 14	dif.
Ordinary business portfolio	248.8	135.7	113.0
Inventory	2.3	3.8	-1.5
Investment rights	246.5	132.0	114.5
Net debt ⁽¹⁾	17.6	17.0	0.6

(1) Includes the temporary effect of the restatement of the equity loan, which has a nominal value of 18.1 M€

Market situation

- As gathered from macroeconomic forecasts, the Spanish economy will grow above the European average and will be able to generate employment during year 2015, although a very high unemployment rate will remain.
- The real estate market is still noticing a larger investment coming from international funds, mainly American and Asian.
- The interest of international funds is focused mainly on **residential**, **office** and **commercial** buildings, while the **land market** is totally stagnant except for opportunistic transactions.
- Significant increase in the number of REITs, Real Estate Investment Trust companies (named SOCIMI in Spain, Sociedades Cotizadas de Inversión Inmobiliaria), which are stock market listed companies that profit from important fiscal incentives and whose activity consists of the acquisition, development and refurbishment of real estate properties.

Consolidated profit and loss account

(M €)	January-June				TOTAL Var. vs 2014
	2015		2014		
	TOTAL	% Income	TOTAL	% Income	
Sales	4.4		4.4		0.1
Cost of sales and variable expenses	-5.6		-32.1		26.5
Margin from sales	-1.2		-27.7		26.6
Income from service rendering	3.8		7.9		-4.1
Costs and variable expenses of service rendering	-0.9		-3.1		2.2
Margin from services rendered	2.9		4.8		-1.9
Rents and other income	0.4		0.3		0.2
Variable sale expenses	-0.6		-0.3		-0.3
MARGIN FROM OPERATIONS	1.6	19%	-23.0	-183%	24.6
Admin and payroll expenses	-2.2	-25%	-2.3	-18%	0.1
EBITDA	-0.5	-6%	-25.2	-201%	24.7
Depreciation, provisions & other	0.0	0%	-0.1	-1%	0.1
EBIT	-0.6	-6%	-25.3	-202%	24.8
Net financial income	-10.1	-116%	31.8	253%	-41.9
PROFIT BEFORE TAX	-10.6	-123%	6.5	52%	-17.1
Taxes	15.1	174%	2.0	16%	13.1
NET PROFIT	4.5	52%	8.5	68%	-4.0

Notes on the results

1-INCOME

- Total **income**, including sales and income coming from service rendering and rents, stood at 8.7 M€ compared with first half of 2014 amount which was of 12.6 M€.

2-MARGIN FROM OPERATIONS

- The **margin from operations** is of 1.6 M€ vs -23.0 M€ for the same period of year 2014. Year 2014 amount included extraordinary effects coming from the assignment of assets in payment of the syndicate loan. Total operating margin is mainly made up of:
 - ▶ **Margin from sales** amounting to -1.2 M€ and including:
 - ▶ The difference between sales and their cost and the variable expenses, totalling 0.6 M€ and coming primarily from the unit by unit sale of two buildings in Barcelona.
 - ▶ Inventory depreciation amounting to -1.8 M€ to adjust the value of an asset previous to the crisis period to its sale value.
 - ▶ **Margin from services rendered** totalling 2.9 M€.

3- OVERHEAD EXPENSES

- The group's combined general and personnel expenses came to 2.2 M€, 0.1 M€ below the amount of same period of year 2014, which was of 2.3 M€.

	January-June					
(M €)	2015	% Sales	2014	% Sales	dif.	% Var.
Sales	4.4		4.4		-0.1	-1%
G&A and personnel expenses	-2.2	-49%	-2.3	-51%	-0.1	-4%
G&A	-0.6	-14%	-1.1	-24%	-0.4	-41%
Personnel	-1.5	-35%	-1.2	-27%	0.3	29%

4- EBITDA

- First half 2015 **EBITDA** is negative of -0.5 M€, compared to the amount of same period of year 2014 that totalled -25.2 M€ and included extraordinary impacts from the assignment of assets in payment of the syndicate debt.

5- FINANCIAL RESULT

- Net financial result stood at -10.1 M€, hard to compare to the figure of same period last year due to the registration of several extraordinary impacts, both in the past and the current year. To correctly interpret this result, following effects should be noted:
 - ▶ Ordinary incomes and expenses total -0.1 M€ and stays at the same level than first half 2014.
 - ▶ Several extraordinary impacts amounting to -10.0 M€ have been registered in other interest line:
 - ▶ Net effect of the classification of part of the Tax Authorities debt as general privilege totalling -9.3 M€.
 - ▶ Partial reversal of the temporary effect on the equity loan due to the interest rate adjustment amounting to -1.1 M€.
 - ▶ Extraordinary income of +0.4 M€ in relation to the collection of the interest derived from the VAT of an uncollected loan from the Tax Authorities.

(M €)	January-June		
	2015	2014	dif
Ordinary interest expenses	-0.2	-0.2	0.0
Ordinary interest incomes	0.0	0.0	0.0
Ordinary net financial result	-0.1	-0.2	0.1
Other interests	-10.0	32.0	-41.9
Net financial result	-10.1	31.8	-41.9

6- TAXES

- Due to the approval of a new business plan in a context of gradual recovery of the real estate market, the company has recognised a tax credit in assets amounting to 15.1 M€ as a result of tax losses to be offset against the future profits established in the new plan.

7- NET PROFIT

- Renta Corporación closed first half of year 2015 with a net consolidated profit of 4.5 M€ compared to the profit of same period of year 2014, which was of 8.5 M€.
- Several extraordinary impacts totalling a result of +3.4 M€ have been recorded within first half 2015:
 - ▶ Inventory depreciation of -1.8 M€
 - ▶ Impact of -10.0 M€ in the financial result primarily related to the classification of part of the Tax Authorities debt.
 - ▶ Positive impact of 15.1 M€ due to the recordering of a tax credit in assets.

Consolidated balance sheet

Assets (M €)	Jun-15	Dec-14	Equity and Liabilities (M €)	Jun-15	Dec-14
Long term financial assets	1.3	0.6	Capital & Reserves	21.8	-35.6
Other long term assets	15.8	0.7	Net profit	4.5	57.8
Long term assets	17.1	1.3	Equity	26.3	22.2
Inventory	42.0	43.0			
Debtors	7.5	6.7	Long term debt	13.5	12.5
Cash/Financial investments	3.8	5.9	Long term creditors	3.7	4.9
Current assets	53.3	55.6	Short term debt	7.9	10.5
			Short term creditors	18.9	6.9
Total Assets	70.4	56.9	Equity and liabilities	70.4	56.9

Notes on the balance sheet
Assets
1- LONG TERM ASSETS

- Long term assets stood at 17.1 M€, increasing by 15.8 M€ compared to year end 2014 due to the recordering of a tax credit in assets as a result of tax losses to be offset against future profits, and also due to the increase in non-current loans and investments in equity instruments.

<i>(M €)</i>	Jun-15	Dec-14	dif
Non-current loans/investments in equity instruments	1.3	0.6	0.7
Other long term assets	0.2	0.2	0.0
Tax credit	15.6	0.4	15.1
Long term assets	17.1	1.3	15.8

2- INVENTORY

- Inventory stood at 42.0 M€, decreasing by 1.0 M€ compared to the end of year 2014 due to the sales of first semester of 2015 and the depreciation of an asset previous to the crisis period, partially offset by the investment in new assets. This amount includes option premiums of 2.9 M€ that entitle the company to acquire future assets amounting to 246.5 M€.

3- DEBTORS

- The breakdown of debtors is as follows:

(M €)	Jun-15	Dec-14	dif
Trade debtors & receivables	2.9	1.1	1.8
Accrued taxes	3.2	2.9	0.3
Other debtors	1.4	2.7	-1.3
Debtors	7.5	6.7	0.8

- By the end of June 2015 debtors totalled 2.9 M€ and increased by 1.8 M€ compared with year end 2014 due to accrued debts from service rendering concerning real estate funds operations of the company.
- Accrued taxes amount to 3.2 M€ in June 2015, almost at the same level as December 2014, and will be offset by tax payable.
- Other debtors amount to 1.4 M€ by the end of June 2015 and decreases by 1.3 M€ vs the end of year 2014 due mainly to the amounts deposited in the notary office in relation to acquisition operations under due diligence process.

Equity

- Equity stood at 26.3 M€ , increasing by 4.1 M€ compared to the amount of year end 2014, which was of 22.2 M€, due primarily to the profit of first half 2015 and also as a consequence of the acquisition of treasury shares totalling 0.4 M€.

(M €)	Jun-15	Dec-14	dif
Capital & Reserves	21.8	-35.6	57.4
Net profit	4.5	57.8	-53.3
Equity	26.3	22.2	4.1

Liabilities

1- CREDITORS

(M €)	Jun-15	Dec-14	dif
Long-term creditors	2.6	3.8	-1.2
Short-term creditors	2.5	3.1	-0.6
Pre-sales/Deferred income	4.4	1.4	3.0
Other	13.2	3.5	9.7
Short & long term creditors	22.6	11.8	10.9

- Long-term creditors stand at 2.6 M€ and include the debt with the creditors coming from the insolvency period that will be repaid over 7 years from year 2016 onwards. It is also included under this item the registration of the temporary effect coming from the restatement of this debt taking into account the effective interest rate based on the market long term interests. This impact will be reversed as the debt is being repaid during the following years. Long-term creditors have decreased in 1.2 M€ vs year end 2014 after the reclassification of part of the Tax Authorities debt as general privilege.

- Short-term creditors stand at 2.5 M€ by the end of June 2015, 0.6 M€ below the amount of December 2014 due to the company activity.
- Pre-sales and deferred incomes totalled 4.4 M€ and increase by 3.0 M€ compared to year end 2014. This amount is equivalent to a future sales volume of approximately 34 M€.
- “Other” item increases by 9.7 M€ over year end 2014 due primarily to the classification of part of the Tax Authorities debt as general privilege. The total amount is mainly made up of: i) Tax Authorities debt totalling 10.8 M€; ii) legal claims and tax provisions up to 1.1 M€ y iii) third parties loans of 1.0 M€.

2- FINANCIAL DEBT

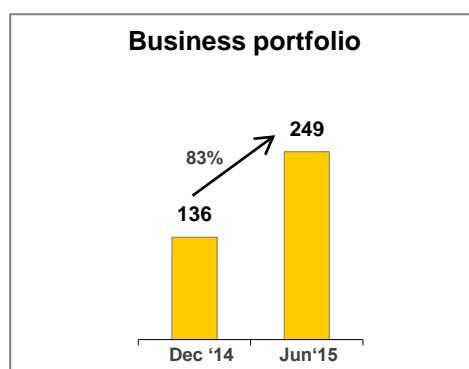
- Net debt totalled 17.6 M€, at the same level than December 2014.
- By the end of June 2015 the balance is of 7.5 M€ in mortgages, 2.4 M€ below the amount of December 2014 derived from the sales of first semester of the year.

(M €)	Jun-15	Dec-14	Dif
Equity loan ⁽¹⁾	13.5	12.5	1.1
Operations with mortgage guarantee	7.5	9.9	-2.4
Other financial debt	0.5	0.6	-0.1
Cash and short term deposits	-3.8	-5.9	2.1
Total Net Debt	17.6	17.0	0.6

(1) It has been included the temporary effect coming from the restatement of the equity loan with a nominal value of 18,1 M€ taking into account the effective interest rate, which is based on the market long term interest rates

Portfolio

- Business portfolio of the company, defined as investment rights and inventory for sale, stands at 248.8 M€ by the end of June 2015 vs 135.7 M€ of year end 2014 and increases by 83%. Both the number of operations and their average size have increased by the end of first semester of 2015 compared to December 2014. All the investment rights are focused in Madrid and Barcelona.



- In addition, Renta Corporación manages assets available for sale in collaboration with real estate funds totalling an investment amount of approximately 55 M€.

Outlook

- The Board of Directors of the company approved a new business plan for the next five years based on:
 - ▶ A context of gradual recovery of the real estate market and a greater credit access.
 - ▶ Future strategy aimed to consolidate its position in the real estate market and to maintain the growth, for which it provides:
 - ▶ An increase in the operating margin through the increase of the number and the size of operations.
 - ▶ Taking advantage of the opportunities arising from the real estate competitive scene, specifically, third parties asset management as real estate funds.
 - ▶ Maintaining the cost control and adjusting the overhead costs to the forecasted activity, considering the outsourcing of certain services.
 - ▶ Fulfillment of the agreements reached in the Creditors Agreement and in the Special Agreement with the Tax Authorities for the repayment of its debt with general privilege.
 - ▶ Through all these measures, the company expects to increase the annual net profit up to 20 M€ in the next years.
- Building a larger value for the investor by means of the gradual improvement in the results as a consequence of a greater activity; and providing the share with an increased liquidity.

Other information

1- MAIN MATERIAL EVENTS

- Of all material events reported to the Spanish Securities Commission (CNMV) since January 2015 until now, the following are worth highlighting:
 - ▶ 25/02/2015 The company posts information about January – December 2014.
 - ▶ 25/02/2015 Corporate Managing Director appointment.
 - ▶ 03/03/2015 Share buyback programme
 - ▶ 09/03/2015 Share buyback programme
 - ▶ 16/03/2015 Share buyback programme
 - ▶ 23/03/2015 Share buyback programme
 - ▶ 30/03/2015 The company reports the drawing up of its 2014 Annual Accounts and the approval of the Corporate Governance Annual Report, its Additional information and the 2014 Annual Directors' Remuneration Report.

- ▶ 30/03/2015 The company posts the 2014 Corporate Governance Annual Report.
- ▶ 30/03/2015 The company posts the 2014 Annual Directors' Remuneration Report.
- ▶ 30/03/2015 Renta Corporación Real Estate 2, S.L.U. insolvency procedure
- ▶ 07/04/2015 Share buyback programme
- ▶ 14/04/2015 Share buyback programme
- ▶ 16/04/2015 Renta Corporación Real Estate 2, S.L.U. insolvency procedure
- ▶ 20/04/2015 Share buyback programme
- ▶ 07/05/2015 The company posts information about Q12015.
- ▶ 07/05/2015 Announcement of the Board of Directors resolutions: announcement of the Ordinary General Meeting of Shareholders.
- ▶ 19/05/2015 Resolution of the Provincial Court of Barcelona
- ▶ 17/06/2015 Approval of proposals for resolution. Ordinary General Meeting of Shareholders.

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Warnings

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