



2017



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LETTER FROM THE CHAIRMAN

It is my pleasure once again this year to present the Renta Corporación Group annual report. It is a distinct pleasure this year because I am glad to report a net profit of €12.5 million – a record high for group in the past 10 years. Throughout this period we have we have worked persistently to lay the groundwork for sustained future growth that will help us identify and leverage all market opportunities. Being able to post this profit proves that all our actions have been successful and I'm sure will guarantee good results for years to come.

Dear shareholders,

Fiscal year 2017 was characterised by a qualitative leap in the Group's operations. We witnessed a substantial increase in the amount of transactions and their operating profit. Certain elements have come into play to improve our results, of which I would like to highlight three. First, Renta Corporación's business model – unique in the market – offers high growth potential thanks to a very efficient resource structure. Second, the Group boasts high capacity to identify and close investment opportunities as a result of its strong experience and in-depth knowledge of the property market in Spain. Finally, the substantial improvement in access to bank credit and other sources of funding has removed a constraint on operations in the industry.

In addition to the significant progress in Renta's transactional business volume, 2017 will stand out as the year we launched a new line of business aimed at the creation and management of real estate assets. In April 2017 I had the pleasure of announcing an early agreement with the APG pension fund for creating a SOCIMI (Real Estate Investment Trust) specialising in residential assets. This fiscal year was marked by the consolidation of the project through a partnership for creating Vivenio SO-CIMI. It currently holds €130 million in disbursed capital and €250 million in additional committed capital, which will allow us to invest about €700 million in residential assets in the short term. During 2017, Vivenio acquired more than 650 homes and signed exclusivity agreements for more than 1000.

The group's balance sheet continues to grow stronger. Net financial debt in our capital structure, excluding the equity loan, stands at €15.8 million, or in other words a leverage ratio below 35% the company's net equity.

As you already known, in 2017 investment in the Spanish housing market maintained the same level of investment as in previous years, supported by a rallying economy and key indicators in the industry. The volume invested this year almost reached €13 billion, driven by an increased appetite in residential and hotel investments vs. office and commercial (stronger in previous years). Considering the bright economic prospects in Spain, favourable financing conditions and the clear upswing in the property market – especially the housing segment – I am convinced that in FY 2018 we will achieve an even stronger activity level than in FY 2017.

I am particularly eager to remind you of Renta Corporación's commitment to its Foundation. The contributions made during 2017 reached €250 000 and allowed us to invest in over 20 charitable projects.

On behalf of the Board of Directors, I would like to congratulate the entire Renta Corporación team for the results obtained this year. I also want to express our gratitude to you, our shareholders, for your trust in the group. Please be assured of our commitment – stronger than ever – to continue working so you can enjoy the greatest possible returns during 2018.



Luis Hernández de Cabanyes
Renta Corporación Chairman

CORPORATE GOVERNANCE

Throughout 2017, Renta Corporación has continued focusing on and reviewing the set of standards governing its action policies and corporate governance transparency, with the aim of upholding high standards in this area and proper recognition from our shareholders, investors and customers.

The Company's internal regulations and compliance with the Good Governance Code are set out in the Statutes, the Regulations of the General Meeting of Shareholders, the Regulations of the Board of Directors, the Internal Code of Conduct for Stock Market Operations and the Code of Conduct. All these

standards are part of the organisation's corporate culture which must press onward in the development of values, in professional standards and business transparency to continue building a company capable of continuing to generate confidence in the market, especially in its shareholders.

GOVERNING BODIES

31/12/2017

Board of Directors



During FY 2017, the following have resigned as directors: (i) Carlos Tusquets Trías de Bes, (ii) Javier Carrasco Brugada and (iii) Juan Gallostra Isern. The new directors are (i) Ainoa Grandes Massa, (ii) Luis Conde Moller and (iii) Manuel Valls Morató. José María Cervera Prat joined as Non-director Board secretary.

Finally, it is worth noting that Manuel Valls has been appointed coordinating director replacing Juan Gallostra Isern.

During 2017, Juan Gallostra Isern and Carlos Tusquets Trías de Bes both stepped down as directors and therefore were no longer members of the Appointments and Remuneration Committee and the Audit Committee. The same applies to Javier Carrasco Brugada. As a result of his resignation as director he is no longer a member of the Audit Committee.

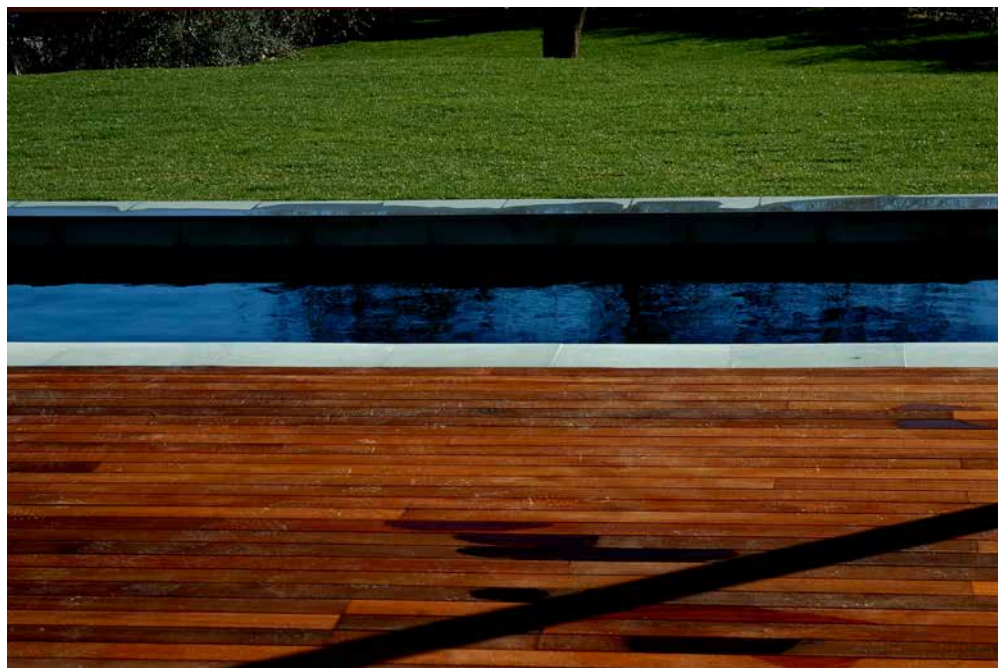
Senior management

The Company's highest executive body and the backbone for the whole organisation. As of 31 December 2017, this body is made up of three professionals with a proven track record and a strong ability to channel, organise and coordinate the various circumstances which converge in the company's business activity, with the objective of maintaining the business targets in the various environments where it operates as aligned and streamlined as possible.

Luis Hernández de Cabanyes
Executive Chairman and CEO

David Vila Balta
Vice-Executive Chairman and CEO

José M^a Cervera Prat
Corporate General Manager and
Non-director Secretary



RENTA CORPORACIÓN DIRECTORS: BACKGROUND

Luis Hernández de Cabanyes Chairman

Founder and Chairman of the Renta Corporación Board of Directors, as well as Founder and Chairman of Fundación Renta Corporación. He has devoted his professional life to business, beginning his career at PricewaterhouseCoopers and going on to found and manage various companies, including Second House and Mixta África. He was President of Mixta África until late 2007. Holds a degree in Economics and Business Studies from the Universitat Autònoma de Barcelona and has completed the IESE Business School Business Management Programme.

David Vila Balta Vice-Chairman and CEO

Joined Renta Corporación in 2000. From 1994 to 1997 he worked as Factory Manager at Rochelís. From 1997 to 1998 he was Deputy Purchasing Manager with Outokumpu Rawmet and National Sales Director with LOCSA from 1998 to 2000. He is President of Fundación Sagrado Corazón. He holds a degree in Industrial Engineering from the Barcelona School of Engineering and has a PDG from IESE Business School and a degree from Harvard Business School on creating a high-performing Board of Directors.



Bailén, 28 · Barcelona

Ainhoa Grandes Massa

Independent Director

Director of Renta Corporación since April 2017. She is Chairman of the MUSEUM OF CONTEMPORARY ART OF BARCELONA, vice chairman of the MACBA Foundation and member of its General Board and its Executive Committee.

She is also a member of the advisory board of law firm HERBERT SMITH FREEHILLS in Spain, the advisory board of communications company LLORENTE Y CUENCA and a member of the board of the Ship2B Foundation. She serves on the board of the ARCO fair in Madrid, the Balía Foundation for Children and the Board of Barcelona Global. Member of Foro Iberoamérica and the International Council of MOMA in NY. She teaches a yearly module for the Cultural Management Master at the Carlos III University in Madrid.

She holds a degree in Business Administration and Management, Finance specialty, from the International University of Catalonia (UIC) and an AMP (Advanced Management Program) from IESE. She completed her training with courses in marketing and communication at EADA, cultural management and patronage at NYU and PADI in digital business at ISDI.

She worked at the company Sotheby's in Barcelona, Madrid and London before joining the MACBA Foundation as executive director, a position she held for 18 years until her appointment as Chairman.

Luis Conde Moller

Independent Director

Director of Renta Corporación since May 2017. Founded Seeliger y Conde in 1990. He specialises in succession processes for large corporations. He has been Chairman of Amrop from 2003 to 2006 and currently chairs the Amrop Advisory Board.

He began his career as Director of the International and Corporate Banking Division of the Mas-Sardá Bank in Barcelona. He was later a member of the Board of Directors and Executive Vice President of Banco Consolidado de Venezuela, as well as Chairman of Consolidado International Bank in New York. He currently chairs the Barcelona International Boat Show and is a director of the Godó Group Lazard Investment Bank, member of the Board of Directors of Fira de Barcelona and member of the Advisory Board of Altair. He holds a degree in Economics from the University of Barcelona.

Manuel Valls Morató

Independent Director

Director of Renta Corporación since December 2017. Holds a degree in Economics and Business Administration from the University of Barcelona a postgraduate degree from IESE – University of Navarra. He is a Chartered Accountant and member of the Official Register of Auditors. He boasts 40 years of experience in PwC, of which 26 years have been as a company partner, where he held various positions of responsibility at the board level, including as Partner responsible for the Barcelona office and Partner in charge of the Financial Sector in Catalonia, Balearic Islands and Valencia, leading to his position as Head of the Audit Division and as such, Chairman of PwC Auditores, S.L. He has served as Patron of the PwC Foundation and lecturer at various universities.

He is currently Director of Banco de Sabadell and chairs its Audit Committee. He is also Member of the Risk Committee.

Blas Herrero Fernández

Director representing substantial shareholders

Director of Renta Corporación since June 2008. Businessman with experience in various industries, including food, audiovisual, real estate and automotive.

He is president and owner of Radio Blanca Group, which manages Kiss FM and Hit FM radio stations and two TV channels: DKISS, the new national DTT channel, and Hit TV, the only music TV channel broadcasting free-to-air (FTA) in Spain.

Through his company HVB Casas, he carries out real estate projects throughout Spain.

In 2006 he founded Kiss Capital Group SCR, S.A., a venture capital company of which he is Chairman and through which he has a stake in media companies and film and television producers.

He has also served on the Board of the Economic and Social Council of the Polytechnic University of Madrid since 1997.

ORAVLA INVERSIONES, S.L.

Duly represented by Baldomero Falcones Jaquotot
Director representing substantial shareholders

Director of Renta Corporación since April 2016. He was Chairman and Chief Executive Officer of Fomento de Construcciones y Contratas (FCC) from 2008 to January 2013 and of MasterCard International (New York), where he led the merger between MasterCard and Europay and the IPO on the New York Stock Exchange in 2005. He has also been Managing Director of Banco Hispanoamericano, Banco Central Hispano and of Banco Santander Central Hispano and a member of its Steering Committee for 15 years. He has also been Chairman of Banco Urquijo Limited (UK), Hispano Americano Sociedade do Investimento (Portugal), Banco Hispano Americano Benelux, Banco Urquijo Chile, Fiat Finance, S.A. and Santander Seguros, S.A.

After his career in banking, he founded Magnum Industrial Partners. He has also served on the boards of directors of Unión Fenosa, CESCE, Generalli Spain and Seguros La Estrella.

He is the natural person representing Oravla Inversiones, S.L., a Spanish company registered in Madrid, C/ Barquillo nº 9, 5ª Pl. and NIF B-81796591 whose purpose is (i) to acquire, manage and dispose of stocks, shares and any securities, (ii) to promote the creation of companies, their expansion, development and modernisation, domestically and internationally, (iii) to acquire, dispose of, manage, lease, and construct real estate (iv) to conduct agricultural and hunting activities, and (iv) to manage its own securities, stocks and shares in all types of entities.

Elena Hernández de Cabanyes

External Director

A Member of the Renta Corporación Board of Directors since 2000. Founder of Second House, of which she is currently Sole Administrator. Founder and trustee of FUNDACIÓN PRIVADA RENTA CORPORACION and FUNDACIÓN SOÑAR DESPIERTO. Holds a degree in Economics and Business Studies from the Universitat Autònoma de Barcelona and has completed IESE Business School's General Management Program (PDG).

José María Cervera Prat

Non-director Board Secretary

He joined Renta Corporación in March 2015 and in May 2017 he became Non-director Secretary of the Board of Directors. He spent his early career in the auditing field. In 1988 he joined Georgia Pacific as responsible for internal audit in Southern Europe until he was appointed Financial Managing Director for Iberia in 2001. In December 2005 he joined the Miquel Group and Costas & Miquel as Chief Financial Officer. Holds a degree in Business Administration and Management from the University of Barcelona and an MBA from ESADE Business School.

Prevention of money laundering

Renta Corporación has a money laundering prevention system consisting of client identification, establishment of risk profile and analysis of operations to ascertain whether they are suspicious. If they are, the information is presented to the Company Secretary's Office for review and, if confirmed, the issue is reported to the relevant government agency.

There were no incidents in the past year and an annual report has been prepared by an external expert for the period 1 January 2016 to 31 December 2016 concerning the internal control and communication procedures and bodies referred to in Article 11, Section 7 of Royal Decree 925/1995 of 9 June, which approves the Regulation of Law 19/1993 of 28 December on certain measures to prevent money laundering, demonstrating that Renta Corporación has control and detection systems in place to ensure compliance with regulations to prevent money laundering.

INTERNAL SAFEGUARD POLICY AND RISK MANAGEMENT SYSTEM

The risk management policy and strategy is the responsibility of the Board of Directors which relies on senior management for its definition and implementation. However, all members of the organisation contribute and are responsible for ensuring the success of the risk management system.

As noted in the Board of Directors Regulations, the Audit Committee is responsible for periodically reviewing the internal control and risk management systems to properly identify, manage and properly disclose key risks.

The Committee is supported in performing these functions by Internal Audit which, reporting to the Committee, is responsible for continuously reviewing and approving the proper operation of the risk management and internal control system, which also contributes to its improvement. Specifically, Internal Audit – which has currently outsourced its functions to an external audit company – is responsible for developing and updating the Corporate Risk Map in collaboration with Finance Management and the various corporate and business areas. This is in fact a key element in planning audit efforts.



Pg Pujades, 2 - Barcelona

The descriptive representation of Renta Corporación's Risk Map indicates:

1. Existing risks – classified as Strategic, Business, Financial and Operational – detailing underlying risk (or sub-risk) factors and the person responsible for them. This first classification is subdivided into a lower level. Business and Financial risks are broken down by predefined risk type and Operational risks by areas or departments responsible.
2. Description of the effect and quantification, where appropriate, of the materialisation of these risk factors.
3. Existing controls.
4. Assessment of risk factors in terms of impact, level of preparation or control and probability of occurrence. According to the first two variables, they can be categorised between Extreme Risk (A+), High Risk (A), Moderate/Acceptable Risk (B) and Low Risk (B-), and probability is represented according to the risk magnitude.
5. The Action Plan that will be implemented for improved risk factor management, identifying actions to be launched (controls).

On February 24, 2017, the Board of Directors approved a new plan, reviewed by an independent expert, for the 2017-2021 five-year period. On February 28, 2018, the Board of Directors approved the strategic plan for 2022, which has been incorporated into the existing plan for the Renta Corporación Group thereby completing the five-year 2018-2022 Strategic Plan.

The assessment of the main risk factors of the Renta Corporación Group in general is much more positive than in recent years. This is thanks to the fact that the Group's level of preparation and control to mitigate those risks is much higher. All this coupled to (i) the positive results, (ii) a context of gradual recovery in the real estate market and greater access to financing and (iii) its future strategy focused on consolidating its position in the market and continue growing as it meets the agreements reached in its Creditors' Agreement and its special agreement with the Spanish Tax Office to repay its debt with general preference.

The main risk factors to which the Renta Corporación group is exposed to are:

- Failure to comply with the agreements reached in its Creditors' Agreement and deadlines stipulated in the agreement between the State Tax Administration Agency and Renta Corporación.
- The risk inherent in the high dependence of the Renta Corporación Group on key figures.
- The impact of the Catalan crisis in the housing market due to political uncertainty in Catalonia and the underlying legal uncertainty may have a negative impact on foreign investment in Catalonia (and throughout Spain to a lesser degree), causing an adverse effect on housing purchase. It may provoke a decline in both price and demand.
- The risks associated with the return on investment is lower than expected and that valuations or estimates may prove inaccurate, leading to a loss of options and therefore business opportunities.



The assessment of main risk factors for the Renta Corporación Group in general is much more positive than in previous years.

- Risk associated with non-compliance of legal persons' liabilities in the reform of the Criminal Code. When this Organic Law enters into force, legal persons become criminally responsible for certain crimes committed by their executives or employees in the exercise of their respective positions.

At year-end 2017, the main challenge facing the company was accessing new operations aligned with the new scenario and market needs to guarantee future recurrence, stability and growth as described in the 2018-2022 Business Plan.

The Annual Corporate Governance Report provides extensive information about the risks identified as well as those experienced during 2017.

Renta Corporación diligently manages existing risks, although a significant number of the above are inherent in the business and/or dependent on the economic and financial environment. The strong results obtained by the Renta Corporación Group as of December 31, 2017 show that the Group is meeting the objectives set in its new Business Plan and all the measures included therein. The Group

expects to double the annual net profit in these five years to reach €25.7 million in 2022. The estimated net profit in the Strategic Plan for the year 2017 was €13.1 million, and the year closed with a consolidated real result of €12.5 million.

In relation to the internal control of financial reporting and in compliance with the recommendations of the National Securities Market published in June 2010, during 2011 a project was carried out jointly by Internal Audit and Corporate General Management to detect the degree of compliance with these

recommendations and establish a plan for the implementation of appropriate measures to enable the optimal development of an internal control over financial reporting (ICFR) system between the years 2011 and 2012. This plan was rolled out and enhanced during the years prior to 2017, as planned.



Renta Corporación diligently manages existing risks, although a significant number of the above are inherent in the business and/or dependent on the economic and financial environment.



Plaza de Isabel II, 7 · Madrid



Via Augusta, 59 · Barcelona

BUSINESS AND MARKET ENVIRONMENT REPORT

The Renta business portfolio, focused entirely on Madrid and Barcelona, amounts to €157 million. Some major operations were carried out in 2017. In Barcelona, we can highlight the sale of the flats in Ronda General Miter and the Open Hotel. Two buildings were sold in Madrid, located in Plaza Isabel II and General Moscardó Street.

The recovery of the Spanish economy was consolidated in FY 2017. GDP increased and the unemployment rate dropped. There was a 3% increase in the confidence index (Q4 2016 - Q4 2017), as well as 1.5% boost in business creation. The Spanish economy has achieved three exceptionally good years, growing above 3% and creating 1.5 million jobs. Investment in the Spanish housing market maintained the same intensity as in previous years, bolstered by a strong economy and key market indicators. High market liquidity, an ongoing loose ECB monetary policy and the search for alternative investments by investors in 2017 have served to compress prime yields that were already at historic lows.

As far as real estate is concerned, the residential market is in a bull cycle. The price of housing has been growing since 2014, reaching double digits in some areas. The sector's recovery is solid, driven by significant recovery in activity and rise in demand fueled by the dynamism of the labour market and improving financial conditions. With regard to the office segment, the unemployment rate dropped more than expected in the Madrid and Barcelona markets. By contrast, the strong performance of the tourism industry has generated great appeal in the hotel segment for both domestic and international investors. Likewise, the recovery of consumption and the increase in the consumer confidence index has resulted in the retail segment becoming one of the most interesting segments for investors. Average rent and sales are witnessing a positive trend thanks to the favourable macroeconomic environment.

Regarding Renta Corporación, some major operations were carried out in 2017 in the cities where it operates. In Barcelona, we can highlight the sale of the flats in Ronda General Miter and the Open Hotel. Two buildings were sold in Madrid, located in Plaza Isabel II and General Moscardó Street.

The company's business portfolio increased to €157 million in December 2017. Properties in this portfolio are focused exclusively in Madrid and Barcelona.

Moreover, last April Renta Corporación and Dutch company APG created the Vivenio SOCIMI aiming to acquire residential rental assets in Spain worth €1.5 billion over the next five years. The trust – which already has a committed capital of €130 million – finances operations up to 50% of gross asset value.



€157^M
Business portfolio
as of 31/Dec/2017



Bailén, 28 - Barcelona

Renta Corporación is a shareholder and exclusive manager of this trust, which focuses in Madrid and Barcelona, while it does not rule out other Spanish cities. The company thus starts a new line of business that expands its target market and boosts its recurring income.

APG, the majority shareholder of the SOCIMI, holds a stake of more than 95% of the capital. It is one of the largest pension funds in the world, boasting a strong presence in the residential property sector. It enters the Spanish market through this trust and Renta Corporación, attracted by the great opportunities for synergy and Renta Corporación's high level of penetration in the market.

Moreover, Renta Corporación manages assets for subsequent sale in collaboration with real estate fund for an estimated total of €35 million.

Share price performance has also been positive in 2017, closing the year at €2.93 per share, 59% above the €1.84 per share at year-end 2016, and even hitting €3.47 per share during August.

RENTA'S 2017 RESULTS

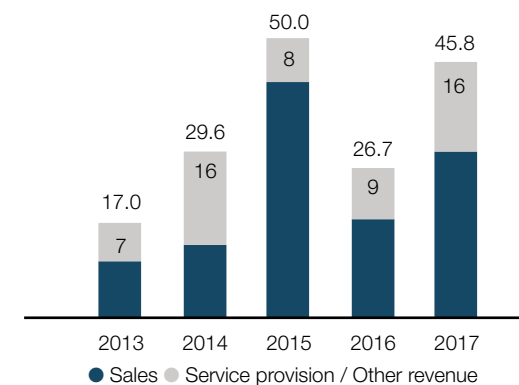
Renta Corporación posted a turnover of €45.8 million at year-end 2017, higher than in 2016, mainly due to an increase in property sales and real estate project management, coupled with revenue from managing the SOCIMI, property rentals and the revaluation of real estate investments.

At year-end 2017, Renta Corporación reached a net profit of €12.5 million as a result of improved performance both in terms of margins and volume.

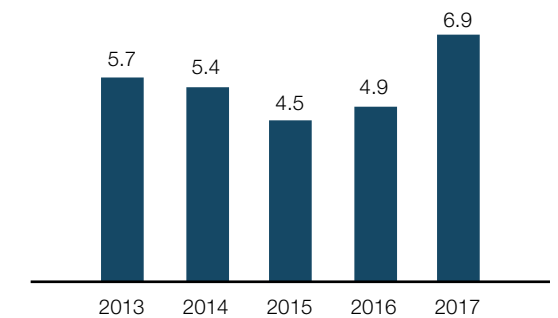
The operating profit for the year stood at €18.3 million, up 103% from the 2016 figure, which was €9 million. The EBITDA for the year stood at €11.4 million up from €4.2 million in 2016.

As far as the company's balance sheet is concerned, it is worth noting the increase in its non-current assets due primarily to the accounting of the aforementioned tax credit and the increased share of Renta Corporación in investment instruments, mainly in the SOCIMI created together with the APG pension fund. Likewise, inventory increased by €14.2 million, reaching €41.5 million by year-end 2017. This increase results from the acquisition of properties for transformation and sale during the year. In addition, shareholders' equity increased from €33.6 million at the end of 2016 to €45.6 million at the end of 2017, mainly due to the net profit generated in 2017.

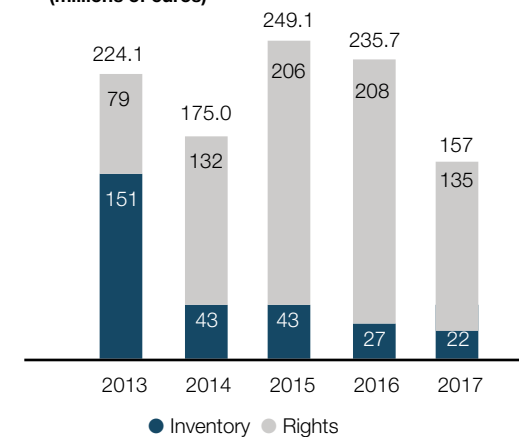
Turnover
(millions of euros)



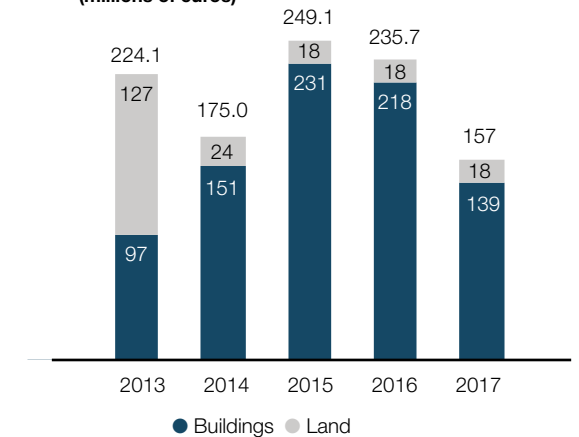
Overhead and staff costs
(millions of euros)



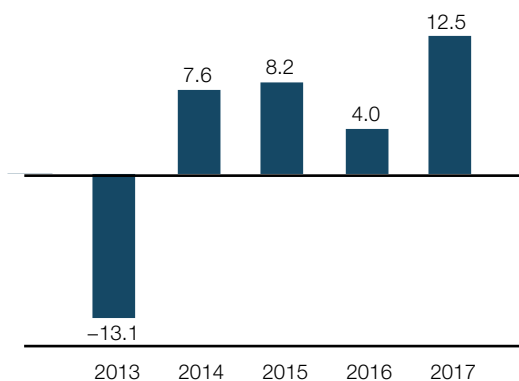
Portfolio
(millions of euros)



Portfolio by product
(millions of euros)



Net profit
(millions of euros)



BUSINESS PLAN 2018 – 2022

The company has reviewed its strategic plan for the next five years, maintaining the initial assumptions and consolidating a new line dedicated to asset management (both internal and external assets) that should provide a greater and more recurrent revenue stream for the group. Therefore, the plan continues to make growth contingent on increasing the number and especially the size of transactions, without neglecting cost control, all aimed at creating greater shareholder value as a result of improved results.

In 2017 the new asset management line took shape with the creation of the VIVENIO SOCIMI in partnership with Dutch pension fund APG, which is its main shareholder. Vivenio aims to acquire residential rental assets in Spain worth €1.5 billion over the next five years. The trust already has a committed capital of €130 million and will finance operations up to 50% of asset value. There are plans for it to be listed in late 2018. At present it has already invested approximately €168 million in assets, involving more than 1,000 homes for rent.

The plan continues to make growth contingent on increasing the number and especially the size of transactions, without neglecting cost control.

FINANCIAL MANAGEMENT

The net financial debt of the group is up €8.5 million since the close of the previous year, standing at €12.5 million at December 31, 2017, which amounts to a 210% increase.

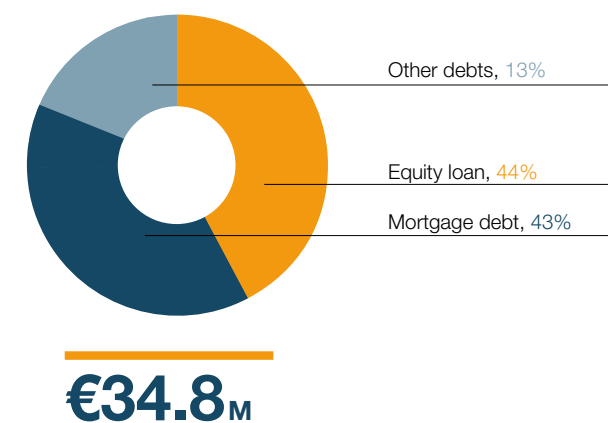
FINANCE

The net financial debt of the group is up €9.7 million since the close of the previous year, standing at €31.1 million at December 31, 2017, which amounts to an increase of 45%. This increase is due mainly to increased mortgage transactions linked to inventory as well as a non-bank loan linked to a particular operation.

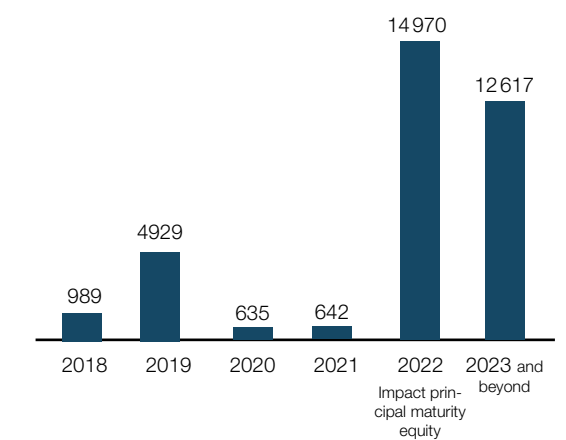
Performance by headings in financial year 2017 (in millions of euros)

	Dec-17	Dec-16	Variance
Equity loan	15.3	14.5	0.8
Mortgage debt	14.9	11.2	3.7
Other debts	4.6	–	4.6
Financial debt	34.8	25.7	9.1
(–) Cash and short-term deposits	–3.7	–4.3	0.6
Total Net Debt	31.1	21.4	9.7

Financial debt by type of instrument



Financial debt amortisation schedule (in thousands of euros)



The assets listed under the “Inventory” heading are classified as current assets because they are to be completed in the Group’s normal operating cycle. Consequently, the debt associated with the assets listed under this heading are included in their entirety under “Current liabilities”, regardless of maturity date. The financial debt maturity appears on the above chart.

FINANCIAL RISK MANAGEMENT

The Group's business is exposed to various financial risks: market risk (including exchange rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on profitability.

Risk management is controlled by the Group's General Management pursuant to policies approved by the Board of Directors. This department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Group's Board of Directors stipulates policies for managing global risk, exchange rate risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives and investment of excess liquidity.

In 2017 investment in the Spanish housing market maintained the same intensity as in previous years, bolstered by a strong economy and key indicators in the industry. Volume was slightly higher than €9 billion, exceeding the 2016 figure.

Considering the good economic forecasts for Spain, favourable financing conditions and the market's maturity cycle, we think that 2018 will be another year of strong activity for Spain as a whole, reaching levels similar to 2017 figures.



Diputació, 100 - Barcelona

Market risk: Exchange rate

The Group defines currency risk as the negative effect that a fluctuation of exchange rates may have on profit, equity or cash flows.

The Group has no international companies so exposure to this risk is not significant.

Market risk: interest rate

The Group has an equity loan for a nominal amount of €18.1 million secured by a mortgage on an asset identified as Cánovas. This equity loan, in turn, bears interest at a rate between 1% and 3% depending on the Group's consolidated net profit, always provided that it exceeds €10 million. If the consolidated net profit is under €10 million, no variable interest is accrued. In FY 2017 the consolidated profit was over €10 million, interest was accrued on this loan (no interests accrued in 2016).

The interest rate risk is managed in accordance with policies approved by the Board of Directors, which establish whether or not hedging instruments are needed to minimise the impact of volatile interest rates. To date, Renta Corporación Group does not have any interest rate hedging contracted.

However, given the favourable interest rate terms agreed in the Creditors' Agreement for the equity loan, in terms of effective rate and basis of calculation, there is a natural hedge limiting volatility, so there is no need to take out interest rate insurance.

Credit risks

Credit risk arises from both the ability to obtain financing and the ability to access cash and deposits with banks and financial institutions as well as collection from customers, including outstanding receivables and committed transactions.

In 2017, this has continued to be a priority for the Group, which has managed to obtain mortgage financing for some real estate transactions, seeming to indicate that banks are gradually becoming more receptive to granting credit for low-risk real estate transactions.

The Group has so far not experienced any difficulty in collecting receivables arising from transactions during the year, either due to lack of delinquencies or for being able to execute guarantees covering said recovery.

Liquidity risk

The Group's ability to obtain new financing depends on many factors, some of which are not under its control, such as general economic conditions, availability of credit from financial institutions and established monetary policies.

Several mortgage-based finance operations were carried out in 2016 and 2017 with several Spanish lending institutions. These have financed Renta Corporación business model real estate projects: asset purchase, rehabilitation and sale of units in under two years.



On the other hand, the Renta Corporación Group continues to explore new avenues of funding including any kind of alliance with financial partners, which should allow for the extension of funding sources to carry out more large-scale projects in the future which will bring higher margins.

Capital risk management

Exposure to capital risk is determined by the difficulty of maintaining sufficient net equity and debt levels to keep the company operational, to generate returns for shareholders and profits for holders of other equity instruments and to maintain an optimal capital structure and limit or reduce its cost.

CASH MANAGEMENT

The Renta Corporación Group managed to finance their investments through an equity loan and mortgage loans on favourable terms, other non-bank loans as well as through regular business revenue.

Treasury management aims to meet payment obligations in the short term and manage cash surpluses. In order to meet payment commitments in the medium and long term and provide the financial resources needed for strategy implementation, Corporate General Management:

- Monitors the liquidity capacity to meet payments in the short term.
- Monitoring of financing capacity to meet payment obligations in the medium and

long term, as well as to continue the normal course of operations and the defined strategy.

- Monitoring of compliance with provisos or other obligations associated with debt.
- Search for lines of credit with the best conditions for the group.
- Adjust the structure and amount of debt depending on the current situation and evolution of the business.
- Planning and monitoring of cash inflows and outflows.



General Mitre, 29 - Barcelona

NOTES ON THE CONSOLIDATED BALANCE SHEET

On February 28, 2018, the Board of Directors approved the strategic plan for 2022, which has been incorporated into the existing plan for the Renta Corporación Group thereby completing the five-year 2018-2022 Strategic Plan. As a result of this plan, the Group has expanded its business model through the addition of a new line dedicated to rent asset management (internal and external) that ensure a greater and more recurrent revenue stream. This line of business was consolidated during 2017 thanks to the exclusive business management contract signed with Vivenio Inmuebles Residenciales SOCIMI, S.A. The Group structure has modified accordingly to handle this new business.

Renta Corporación non-current assets stood at €42.8 million. Over FY 2016, this heading increased by €6.1 million mainly due to the net change of the tax credit for the year (+€3.7 million) and the variation of Renta Corporación's share in investment instruments. On the one hand, Renta Corporación holds a 1.94% (+€2.5 million) share in the SOCIMI created along with the pension fund APG. Its investment in group companies and associates, however, has declined (–€1 million). To a lesser extent, the figure is also influenced by the increase in the value of real estate investments by €0.9 million.

The current assets for the year stood at €49.9 million, representing an increase of €15.5 million over FY 2016. This variation is mainly explained by changes in inventory due to investments made by Renta Corporación in purchasing new assets.

Renta Corporación registered inventory at year-end 2017 stood at €41.5 million. This represents an increase of €14.2 million over FY 2016, mainly due to acquisitions during the year.

The value of inventory at year-end includes gross purchase options worth €1.8 million, entitling a future purchase of assets for €135.3 million.

Equity stood at €45.6 million, up €12 million compared to the €33.6 million in December 2016 due to the application of positive results for FY 2017.

The long-term financial debt stood at €21.5 million, comprising the equity loan and mortgages associated to real estate investments. Short-term debt stands at €13 million, representing an increase of €8.7 million, comprised by the increase of mortgages with financial institutions and a new non-bank loan for €4.4 million.

Consolidated balance sheet (in thousands of euros)

	2017	2016	Variance
Assets			
Total non-current assets	42 780	36 678	6 102
Inventory	41 474	27 273	14 201
Trade debtors and other accounts receivable	4 682	2 846	1 836
Financial investment	13	1 036	–1 023
Cash and cash equivalents	3 715	3 234	481
Total current assets	49 884	34 389	15 495
Total assets	92 664	71 067	21 597
Liabilities			
	2017	2016	Variance
Shareholders' funds and reserves	45 612	33 640	0
Total net equity	45 612	33 640	11 972
Financial debt	21 531	21 374	157
Total non-current liabilities	6 057	7 486	–1 429
Total non-current liabilities	27 588	28 860	–1 272
Trade creditors and other accounts payable	6 470	4 311	2 159
Financial debt	8 644	4 256	4 388
Other financial liabilities	4 350	0	4 350
Total current liabilities	19 464	8 567	10 897
Total liabilities	47 052	37 427	9 625
Total net equity and liabilities	92 664	71 067	21 597

Headings for other non-current liabilities decreased by €1.4 million, reaching €6.1 million in 2017. This decrease is due to the reclassification from long to short term depending on the date of maturity. Moreover, long-term deferred tax liabilities posted reach €1 million.

NOTES ON CONSOLIDATED PROFIT AND LOSS STATEMENT

€44.9_M

Revenue for the year

+210%

Net profit

Revenues in 2017 reached €44.9 million (€24 million in 2016) comprising €29.7 million in property sales (€17.5 million in 2016) and other revenue of €15.2 million (€6.5 million in 2016).

Variable sales expenses increased less proportionally than increase in revenue. Personnel expenses as a whole increased by 25% due to increased staffing required to handle increased activity and the launch and management of Vivenio SOCIMI assets. Outsourcing expenses stood at €4.6 million compared to €3.3 million for the year 2016.

The net financial result is negative at €1.4 million, €0.5 million higher than the 2016 financial result. This variation is mainly due to the increase in ordinary financial expenses (€0.4 million) as a result of mortgages linked to inventory.

Consolidated profit for the year attributable to shareholders stood at €12.5 million, compared to €4 million in 2016.

Consolidated profit and loss statement (in thousands of euros)

	2017	2016	Variance
Operating revenue	44 905	23 974	20 931
Other operating income	23	47	-24
Goods used	-22 326	-13 487	-8 839
Employee benefit expenses	-3 933	-3 136	-7 97
Other expenses – buildings	-2 825	-2 766	-59
Outsourcing expenses	-4 590	-3 289	-1 301
Other taxes	-667	98	-765
Losses, impairment and changes in trade provisions			0
Amortisation and losses related to assets	-76	-68	-8
Profit from disposal of fixed assets			0
Consolidated operating profit	10 511	1 373	9 138
Change in value of real estate investments	834	2 727	-1 893
Net financial expenses	-1 372	-920	-452
Income from investments recorded using the equity method	-124	124	-248
Consolidated profit before tax	9 849	3 304	6 545
Profit tax	2 635	729	1 906
Profit and loss for the period from continuing operations	12 484	4 033	8 451
Profit and loss for the preceding period from discontinued operations, after tax	0	0	0
Consolidated profit for the year	12 484	4 033	8 451
Profit attributable to shareholders	12 484	4 033	8 451
Profit/(loss) attributable per share from continuing operations (stated in euros/share)	0.38	0.12	0.26
Profit/(loss) attributable per share from discontinued operations (stated in euros/share)			
Profit/(loss) attributable per share (in euros/share)"	0.38	0.12	0.26

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

The Group's practice is focused on the acquisition, transformation and sale of real estate assets with high turnover, which allows rapid acquisition of liquidity. Thus, the buoyancy of the housing market is pinpointed as the most determining factor for generating liquidity in the Group. The Group's business model, by its very essence of acquisition and sales flow, quickly identifies market changes and adapts its practices to the context in which they take place.

Cash flow from operating activities was negative by €6.2 million due to purchase of properties in inventory and payment on account of corporate tax.

The flow of investment activities was negative by €1 million mainly caused by increased investment in Vivenio and disinvestment of €1.7 million in shares by the equity method and other financial assets.

Finally, the flow of financing activities was positive by €7.6 million mainly due to the €3.8 million change in mortgage debt and the signing of a new non-bank loan worth €4.4 million.



Consolidated cash flow statement (in thousands of euros)

	2017	2016	Variance
Operations			
Cash flows from operations	-3634	1152	-4786
Interest paid	-509	-1034	525
Interest earned	194		194
Corporation tax payment	-2237	-1176	-1061
Cash generated / (used) – Operations	-6186	-1058	-5128
Investment operations			
Acquisition of tangible fixed assets	-30	-71	41
Purchase of intangible assets	-4	-5	1
Receipts from sales of fixed assets			0
Real estate investment payments	-81		
Income from the sale of financial investments/assets	1740		1740
Payments on investments group and associated companies	-28	-56	28
Other financial assets	-2579	-15	-2564
Cash generated / (used) – Investment	-982	-147	-835
Financing operations	2017	2016	Difference
Issuance of equity instruments			0
Purchase of equity instruments	-557	-283	-274
Alienation of equity instruments	45	21	24
Issuance of loans by financial institutions	13737	5430	8307
Issuance of other loans	4361	8	4353
Repayment of loans	-9937	-5330	-4607
Repayment of other debts			0
Cash generated / (used) – Financing	7649	-154	7803
Cash at beginning of the year	3234	4593	-1359
Cash at year-end	3715	3234	481
(Net reduction) / increase in cash flows and cash equivalents	481	-1359	1840

STOCK MARKET AND SHAREHOLDERS

Renta Corporación's share capital consists of 32,888,511 shares in circulation with a par value of €1/share.

Renta Corporación shares have been listed on the Barcelona and Madrid Stock Exchanges since April 2006, and are traded on the Spanish Stock Exchange Interconnection System (ISBE or Continuous Market).

Renta Corporación's share capital consists of 32,888,511 shares in circulation with a par value of €1/share. All shares have the same voting and financial rights.

SHARE HISTORY

After Renta Corporación's share closing 2016 at €1.84, in 2017 share value has seen an upward trend for the whole the year, ending at €2.93/share.

The year-end price equates to a market capitalisation of €96.3 million.

Trading

In FY 2017, 23,578,871 shares were traded, a turnover of less than 1. The highest trading volume was recorded in November and the lowest trading volume was recorded in January.

2.93

euros/share
Share price as of 31/12/2017

59.24%

Variance with respect to share price 31/12/2016

3.47

euros/share
Annual maximum 2017

1.79

euros/share
Annual minimum 2017
Source: BME and Inverta

Trading volume (shares)

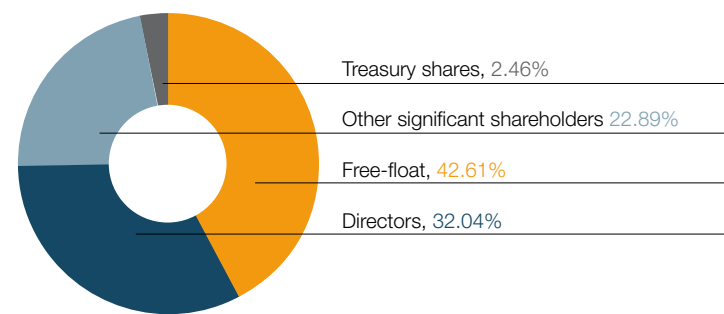
Cumulative	23,578,871	(31/12/2017)
Daily maximum	1,074,264	(November)
Daily minimum	1488	(January)

Shares traded (procurement)

	Maximum	Minimum
January	251 657	1488
February	381 169	18 024
March	367 396	10 633
April	605 058	24 254
May	368 222	45 536
June	114 858	4370
July	333 232	13 362
August	268 932	13 355
September	269 910	3655
October	417 649	25 761
November	1,074,264	8798
December	402 479	4535

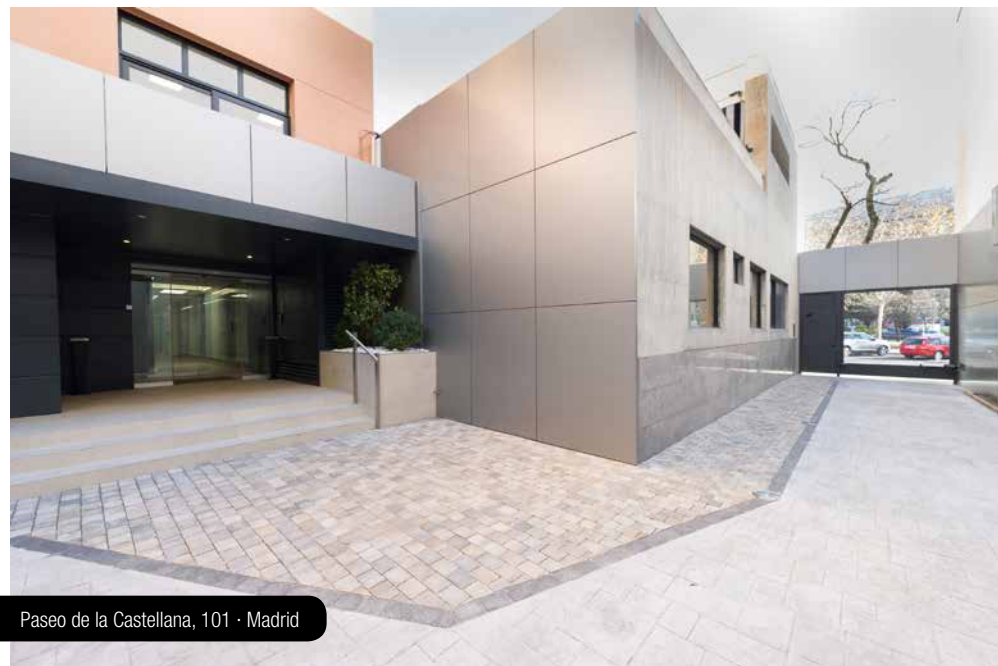
SHAREHOLDERS

Distribution of holdings in Renta Corporación Real Estate S.A. at 31 December 2017



Note: Information provided in this section was produced from reports filed by shareholders who have reported their shareholder positions either because their holding exceeds regulated levels or because they are obliged to do so as company directors.

Up-to-date information is also available in the Annual Corporate Governance Report, as required by regulations, and on the Spanish Securities and Investment Board and Renta Corporación websites.



Paseo de la Castellana, 101 · Madrid

DIVIDENDS

No dividend was distributed in 2017.

INVESTOR RELATIONS

It is our wish to keep investors constantly informed of developments within the group, so that both shareholders and investors can access company public information and material events through the following communication channels:

Face-to-face: mainly via the General Meeting of Shareholders.

Publications: The Annual Report is the main means of communication, supplemented by communications with the Spanish Securities and Investment Board (CNMV):

1. Annual Report, including the Annual Corporate Governance Report, which provides relevant and accurate information on the company business.
2. Reporting of all material events to the Spanish Securities and Investment Board (CNMV).

Internet: Via its website at www.rentacorporacion.com, the company provides clear, objective and real-time information about corporate events, its organisation and financial statements, as well as the latest news, material events, reports, presentations and any other information which may help give a clear picture of the current status of the group.

To handle shareholder queries about the progress of the Company, a channel exists which was specifically set up for this purpose via the e-mail address: r.inversores@rentacorporacion.com.



Jorge Juan, 93 · Barcelona

CORPORATE SOCIAL RESPONSIBILITY

This CSR activity report features all aspects that distinguish Renta Corporación as a responsible company.

Renta Corporación is a company which considers Corporate Social Responsibility (CSR) a strategic part of the business and has as a roadmap a mission, vision and values that are applied and shared with the people and stakeholders with which the Company interacts on a permanent basis during its business activity.

This CSR activity report features all aspects that distinguish Renta Corporación as a responsible company. And we understand responsibility as not merely complying with environmental parameters and applying sustainability criteria when planning our business activity, but in reference to our ethics and responsibility to employees, our commitment to them and our need for transparency in all areas of our relationship.



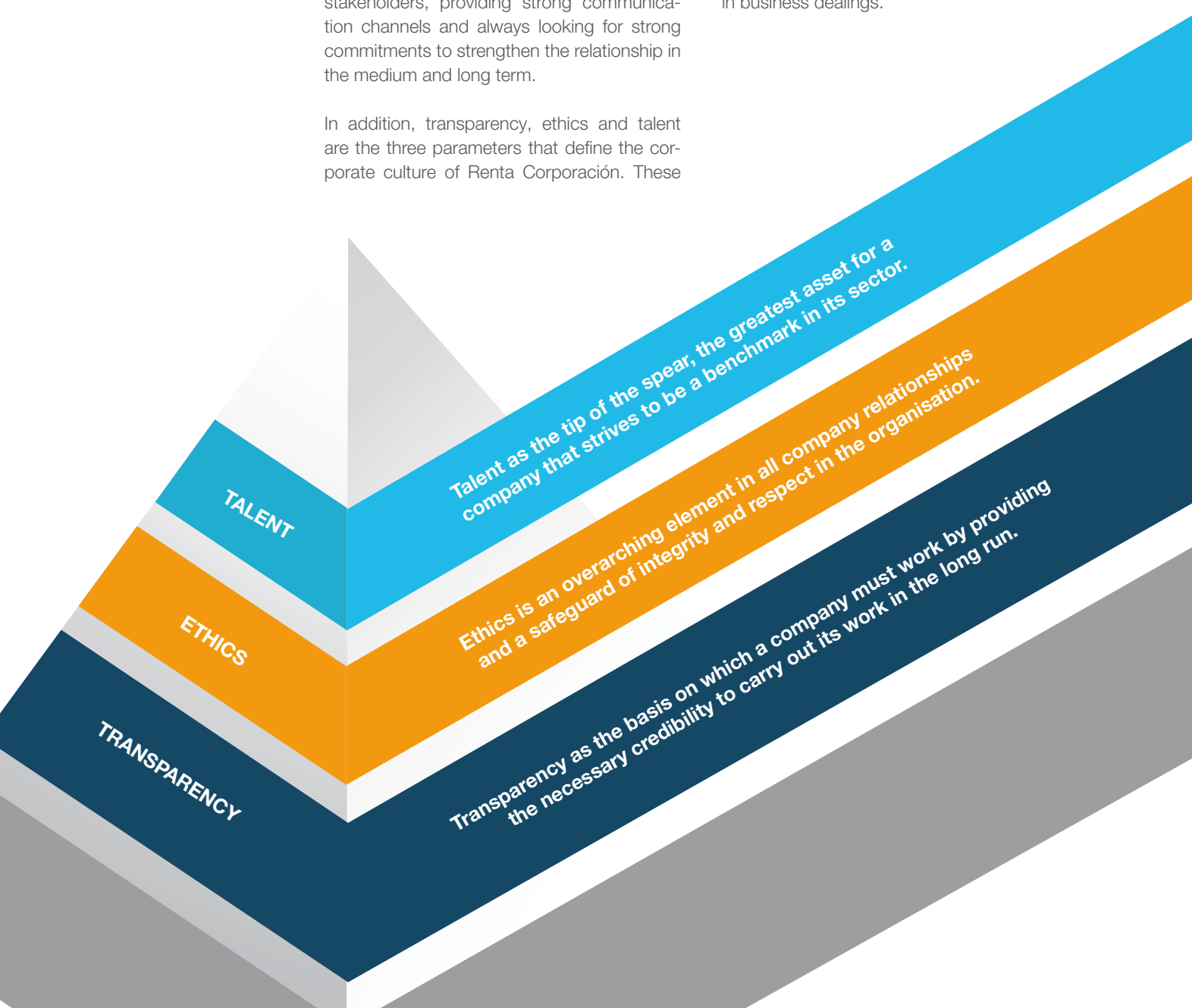
We understand responsibility as not merely our ethics, but also our responsibility to employees, our commitment to them and our need for transparency in all areas of our relationship.

CORPORATE CULTURE AND STAKEHOLDERS

Companies that have integrated CSR into their business model are in a better competitive position for facing future challenges. This is the case of Renta Corporación, which during 2017 has continued to be committed to its stakeholders, providing strong communication channels and always looking for strong commitments to strengthen the relationship in the medium and long term.

In addition, transparency, ethics and talent are the three parameters that define the corporate culture of Renta Corporación. These

principles guide the company's activity and its relationship with the environment, reflecting its commitment, its strong belief in people as guarantors of delivering value to all its activities and preserving the reputation of the brand in business dealings.



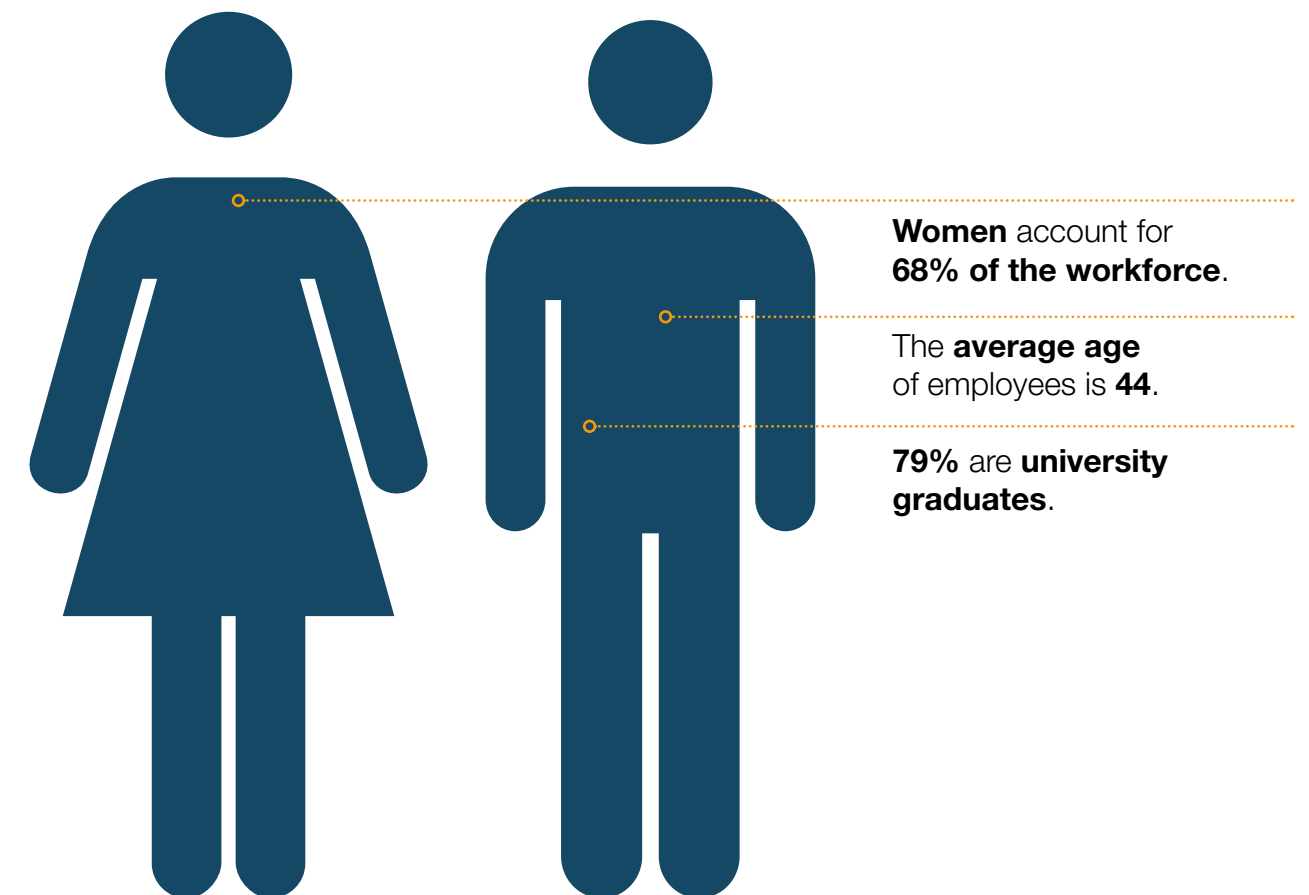
COMMITMENT TO THE TEAM

Renta Corporación's people have always been one of the company's most obvious strengths, pivotal for business development and its quest for excellence. The company's responsibility in this area is among the main objectives of its Corporate Social Responsibility.

As of 31 December 2017, the company had 34 employees.

By year-end 2017, 24% of the company's team worked from the Madrid office and the remaining 76% from the Barcelona office.

Renta Corporación is aware that its team is its most important asset. This statement becomes more valuable in difficult times, since talent management in the pursuit of excellence is essential for overcoming any crisis situation.



MAIN COMMUNICATION CHANNELS

Communication with stakeholders is part of Renta Corporación's strategy and business management, the objective of which is to harness the information and opportunities that a smooth and direct relationship can provide. In order to ensure the very best quality, the company is in constant contact with its customers,

shareholders, investors and suppliers through various channels. These channels serve to detect strengths and weaknesses and to observe the needs and expectations of the customers themselves.

THE VALUE CHAIN

Ethics and efficiency are the principles which underlie all activities carried out by Renta Corporación and its relationships with all of its stakeholders, as well as its professionalism as a manifestation of its strong commitment to the business model and the belief that it is the way forward in the coming years. These principles, coupled with the conviction that people are the strength of our organisation, make Renta Corporación a company that is guided not only by the bottom line but also by the desire to promote more sustainable and efficient development with its business.

Renta Corporación helps to create quality and each day more sustainable environments for its customers, with efficient resource management as its driver, a philosophy extended to its suppliers.



Renta Corporación is a company that is guided not only by the bottom line but also by the desire to promote more sustainable and efficient development with its business.

COMMUNICATION CHANNELS

CUSTOMERS

- Bilateral information regarding new products.
- Regular sales campaigns.
- Internal policy for excellent relationships with tenants, involving direct and personal communication.
- Website and e-mail.

EMPLOYEES

- Annual corporate meetings.
- Human Resource Department performance review meetings with all employees.
- Monthly Management Committee meetings.
- Quarterly information meetings.
- E-mail updates (announcing appointments, organisational changes, job vacancies, etc.).
- Website, Intranet and Employee Mailbox.

SUPPLIERS

- Loyalty actions designed to foster and strengthen good relations.
- Submittal of relevant information to technical personnel and property appraisers.
- Website and e-mail.

SOCIETY

- Regular presentations to the press of Company results.
- Dialogue with neighbourhood associations and government authorities.
- Membership of trade associations and CSR promoters.
- Feedback from NGOs and society at large about Fundación Renta Corporación's contributions and activities.
- Website and e-mail.

INVESTORS/ SHAREHOLDERS

- Publication of annual and quarterly financial results.
- Press releases.
- Yearly publication of reports (Annual, Corporate Social Responsibility, Corporate Governance).
- Shareholder relations office.
- Website and e-mail.



GOOD GOVERNANCE



The Company has strengthened its commitment to good governance by encouraging awareness of it and safeguarding compliance.

In its commitment to establishing a culture of integrity, the Company has strengthened its commitment to good governance by encouraging awareness of it and safeguarding compliance. Thus, the Good Governance Code, beyond its obligations and recommendations, guarantees the transparency of our operations and proper corporate governance in order to unify and strengthen the identity, culture and behaviour patterns of the Group.

A basic principle of our Corporate Governance is that of transparency with shareholders, investors and the market in general, and to carry out monitoring of best practices in this regard, identify risks and instruments for control and management, information management and security policies and promotion of socially responsible corporate policies.

Through the company's website, www.rentacorporacion.com, all stakeholders have access to detailed information for any question or request.

Aware of the importance of risk management, Renta Corporación has established procedures for identifying reputation risks, as well as other risks deriving from compliance with the law, general and industry standards, and internal policies. The company has two supervisory bodies in the Board of Directors that act as safeguards: the Audit Committee and the Appointments and Remuneration Committee. The Audit Committee assists the Board in its oversight duties by periodically reviewing the process of preparing the financial information, internal controls and ensuring the external auditor's independence. The Appointments and Remuneration Committee has the function to inform the Board on appointments, re-elections, separations and remunerations of the Board of Directors and their positions, as well as the general remuneration and incentives general policy for the same and senior management.

A basic principle of our Corporate Governance is that of transparency with shareholders, investors and the market in general, and to carry out monitoring of best practices in this regard.

RENTA CORPORACIÓN FOUNDATION

Since October 1999, the company's social commitment is channelled through the Renta Corporación Foundation, which aims to collaborate on projects dedicated to:

1. Helping children and women
2. Health
3. Housing, sanitation and infrastructure
4. Nutrition and water programmes
5. Education
6. Social Aid

Since its inception to date, the Foundation has contributed a total of €23,900,000 in over 800 projects.

Worth highlighting in FY 2017 is the Foundation's support for the Sant Joan de Déu Cancer Centre, the Fundació Pasqual Maragall (fighting Alzheimer's), the ESADE Scholarship Fund and the Ashoka organisation promoting social entrepreneurship. The Foundation also supports numerous charitable projects in Barcelona, Madrid and some African countries.

It should be noted that the Renta Corporación Board of Directors as of October 22, 2014, and in order to continue the Group's policy of corporate social responsibility, agreed to allocate 2% of the Group's annual net profit to the Renta Corporación Foundation.

The Renta Corporación holds 3% in the shareholding of Renta Corporación Real Estate, S.A. since December 2017.



The company's social commitment is channelled through the Renta Corporación Foundation.





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<https://www.rentacorporacion.com/es/>