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DISCLAIMER

The percentages and figures that appear in this report have been rounded off and, accordingly, in certain cases they may differ from the actual figures in euros. Also, the information in this report may contain statements that represent forecasts or estimates in relation to the Company's future performance. Analysts and investors should bear in mind that such statements in relation to the future do not constitute a guarantee of the Company's future performance, and they assume risks and uncertainties; therefore, actual performance could differ substantially from the performance envisaged by such forecasts.

1. Executive summary

MAIN AGGREGATES OF THE GROUP

Consolidated income statement (EUR M)	2018	2017	Change
Revenue	92.4	45.8	46.6
Operating margin	26.6	18.3	8.3
EBITDA	19.7	11.4	8.3
Net profit	16.6	12.5	4.1

+102%
Revenue '18 vs. '17

+45%
Margin '18 vs. '17

+73%
EBITDA '18 vs. '17

+33%
Net profit '18 vs '17

Consolidated balance sheet (M€)	Dec-18	Dec-17	Change
Total assets	131.2	92.7	38.5
Current assets	72.2	49.9	22.3
Equity	61.5	45.6	15.9
Net financial debt ⁽¹⁾	29.2	15.7	13.5

27%
ROE 2018

134
Business portfolio
at reporting date (€M)

1.5x
NFD ⁽¹⁾/ EBITDA

26%
NFD ⁽¹⁾/ TOTAL
ASSETS ⁽²⁾

	REAL ESTATE SALES	REAL EST. PROJ. MAN.
# TRANSACTIONS 2018	14	6
EQUIVALENT BUSINESS VOLUME (€M)	74.1	51.5
AVERAGE SIZE TRANSACTION (€M)	5.3	8.6

Transactional
business

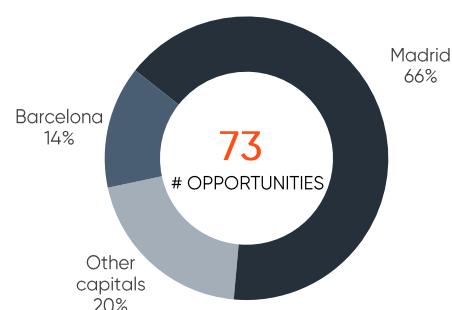
OPPORTUNITIES ANALYSED IN BUSINESS VOLUME %



	REIT MANAGEMENT
GAV MANAGED ASSETS (€M)	524
# MANAGED ASSETS	23
# ASSETS UNDER DEVELOPMENT	10
AVERAGE SIZE MANAGED ASSETS (€M)	22.8

Asset business

OPPORTUNITIES ANALYSED IN GAV %



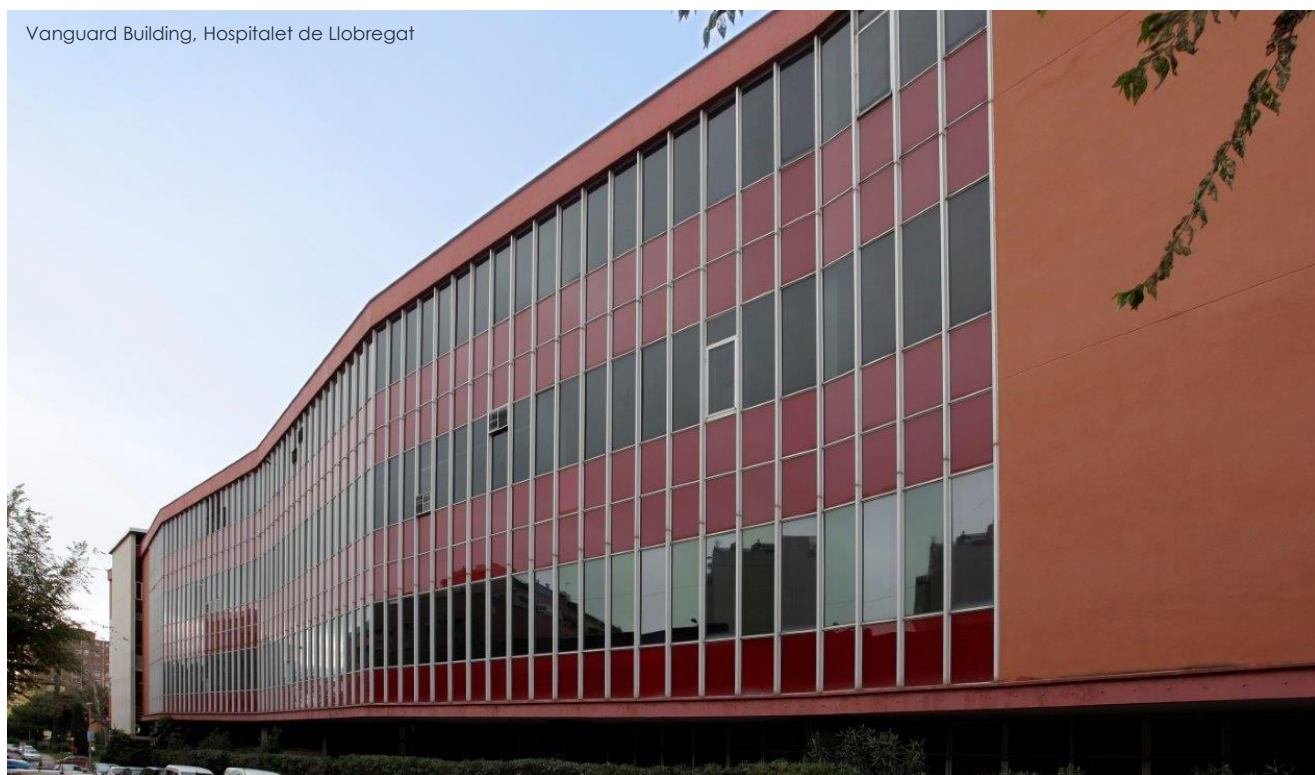
Notes: (1) Not including the participating debt amounting to EUR 16.9 million (2) Not including the Cánoves asset securing the participating debt amounting to EUR 18.1 million.

- Renta Corporación ended 2018 with a **net profit of EUR 16.6 million**, 33% higher than the EUR 12.5 million obtained in 2017.
- Year-on-year performance in the last quarter was highly positive with a 129% increase in net profit.
- **Total revenue** grew by 102%, to EUR 92.4 million, of particular note being the sale in Barcelona of a property in calle Mare de Déu de Montserrat, a building in calle Unió and another in calle Diputació; as well as the sale in Madrid of housing units in Alcalde Sainz de Baranda and Orense, and a building in calle Luchana.
- The **business portfolio**, understood to be investment rights and inventories for sale, amounts to EUR 133.9 million at 31 December 2018. Also, the Group, together with real estate funds, manages assets for sale with an estimated investment amount of EUR 35 million.
- The **share price** at the end of 2018 was EUR 3.19, 9% higher than the EUR 2.93 per share at the end of 2017.
- In 2018 **Vivenio Socimi**, managed by Renta Corporación, acquired 18 residential properties in use with around 1,400 housing units, and entered into an agreement for the acquisition of 10 new "turnkey" assets with a further 1,100 housing units, all for a total of EUR 579 million. These projects are located in Madrid, Barcelona, Valencia, Palma de Mallorca and Malaga.

In December 2018 Vivenio Socimi was admitted for listing on the Alternative Equity Market ("MAB") with a reference value of EUR 1.15 per share, representing a capitalisation of EUR 329.4 million.

- On 2 October the Company completed an issue of unsecured five-year senior bonds, aimed at qualified and institutional investors, for a total of EUR 16.5 million, several times oversubscribed. The issue makes it possible to optimize the financial structure of the Company to cater for the significant growth it is experiencing.
- In October the Board of Directors resolved to approve the payment of an interim dividend of EUR 1.1 million (gross) to the shareholders of Renta Corporación out of the Company's profit for the current year 2018, that was paid on November 6, 2018.

Vanguard Building, Hospitalet de Llobregat

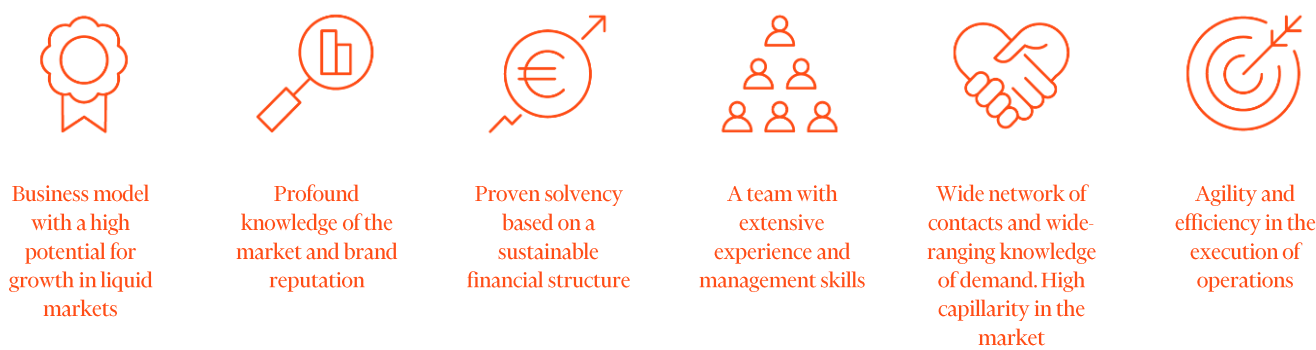


2. Description of the Group

2.1 Introduction to the Group

Renta Corporación is a Group with a high differential component within the real estate industry in Spain, with more than 25 years of experience. It has developed its business model, based on the acquisition of properties to adapt them to the needs of demand and their subsequent sale to third parties.

The Group’s cornerstones



Two differentiated lines of business: transactional and asset management

2.2 Transactional business

The transactional business is based on the quest to create value in all its transactions. The added value is generated through the conversion of the properties, which usually entails changes in and/or a redistribution of uses, physical improvements to the properties and their repositioning in the market, through improved profitability.



1. IDENTIFICATION

2. REFURBISHMENT

3. SALE

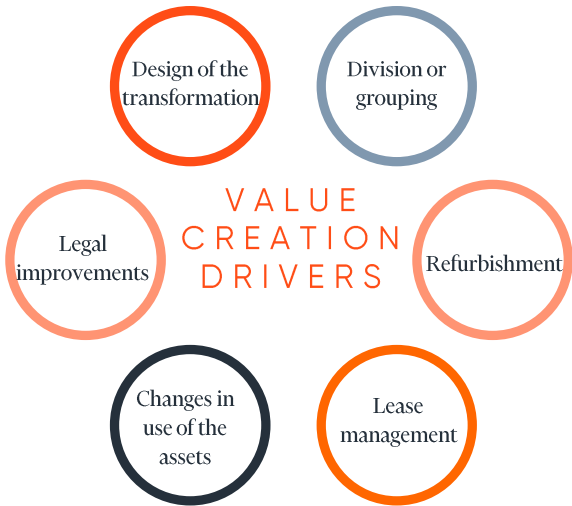


Figure 1



Specifically, in the transactional business, and with the objective of creating value, actions such as those described in Figure 1 can be carried out jointly or individually.

The in-depth knowledge of the needs of demand, on the one hand, and of the stock available in the markets in which the Group operates, on the other, is what allows it to identify operations in which to generate value. The entire design of the transactions is generated within the Group itself, and depending on the transaction, the transformation may be executed by Renta Corporación or the buyers themselves.

Transactional business lines

There are two lines of business generation within the transactional business:

a. “Real estate sales” line

Renta Corporación buys and refurbishes the building and sells it to an end third party. The average maturity period of these transactions ranges from 6 to 12 months.

b. “Real estate project management” line

Renta Corporación acquires the right to purchase a property and develops the entire conversion design of the project, which it sells to a third party. The proposed improvements and conversions may or may not be developed by the Group itself, at the request of the buyer. The average maturity period of these transactions ranges between 3 and 9 months, depending on the scope of each transaction.

Types of transactions

Within the two lines of transactional business described, there are two different types of transaction depending on the market and the volume of the investment:

- **“Core” transactions:** Acquisition of residential buildings of up to EUR 10 million for their conversion and subsequent sale.
- **Large transactions and Exceptional transactions:** Acquisition of large urban, residential and tertiary buildings (offices, hotels, industrial) for their conversion and subsequent sale.



2.3 Asset management business

“REIT management” line of business

In 2017 Renta Corporación started a new line of business focused on the creation and management of real estate portfolios that led to, in April of the same year, the creation, together with the pension fund manager APG, of Vivenio Socimi, a REIT specialised in the Residential rental segment in Spain.

Renta Corporación is a shareholder and the sole manager of this vehicle, whose main activity is centred on Madrid and Barcelona, having already invested in some other Spanish provincial capitals. With the addition of this new line of business, the Company increases its target market and can obtain higher revenues on an increasingly recurring basis.

APG, majority shareholder of the REIT with a percentage of ownership exceeding 95% of the capital, is one of the largest pension funds in the world with a long history in the residential real estate sector, and has arrived in the Spanish market through this vehicle along with Renta Corporación, as a result of the great opportunities for synergy and the Renta Corporación's high degree of penetration in the market.

Lastly, and while not considered to be a business line in itself, the Group manages residential properties owned by it that are under lease.



3. Business performance and results

3.1 Consolidated statement of profit or loss

(EUR M)	2018	2017	% change
Transactional business revenue	78.6	42.8	
Asset management business revenue	13.8	3.0	
REVENUE	92.4	45.8	102%
Transactional business margin	16.3	17.6	
Asset management business margin	10.3	0.7	
OPERATING MARGIN	26.6	18.3	45%
Overheads and staff costs	-6.9	-6.9	
EBITDA	19.7	11.4	73%
Depreciation and amortisation charge, provisions and other	-0.3	-0.1	
EBIT	19.4	11.3	72%
Net financial loss	-3.3	-1.4	
Results from equity method		-0.1	
PROFIT BEFORE TAX	16.1	9.8	64%
Income tax	0.5	2.6	
NET PROFIT	16.6	12.5	33%

The revenue of Renta Corporación at the end of 2018 amounted to EUR 92.4 million, which is EUR 46.6 million higher than the revenue for 2017, with most of the increase concentrated in the transactional business.

Renta Corporación's operating margin was EUR 26.6 million, representing an increase of 45% with respect to 2017, when EUR 18.3 million was achieved, with a substantial contribution from the asset management line of business.

Overheads remained virtually unchanged with respect to 2017, despite the increase in the Company's activities.

EBITDA totalled EUR 19.7 million, EUR 8.3 million above that generated in 2017.

Lastly, the net profit obtained by Renta Corporación amounted to EUR 16.6 million, 33% higher than the EUR 12.5 million obtained in 2017, and included a higher positive impact in terms of taxes.

92.4M

2018 revenue

26.6M

Op. margin 2018

19.7M

2018 EBITDA

3.1.1 Revenue

The revenue of Renta Corporación in 2018 amounted to EUR 92.4 million. The breakdown by business line is as follows:

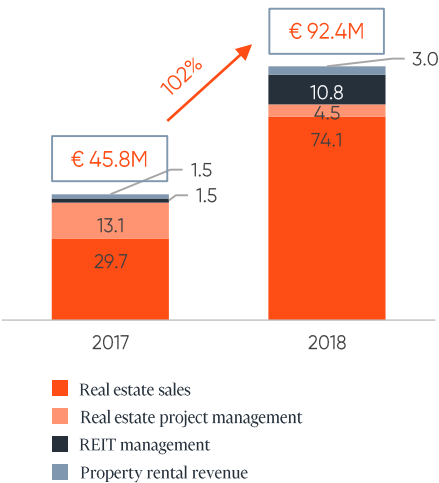
Revenue by business line (EUR M)	2018	2017	Change
Real estate sales	74.1	29.7	44.4
Real estate project management	4.5	13.1	-8.6
Total revenue - transactional business	78.6	42.8	35.8
REIT management	10.8	1.5	9.3
Property rental revenue/Investment property revaluation	3.0	1.5	1.5
Total revenue - asset management business	13.8	3.0	10.8
REVENUE	92.4	45.8	46.6

Revenue from **Real estate sales** increased by EUR 44.4 million with respect to 2017 and relate substantially in full to assets for residential use in prime areas. The transactions of this group include most notably those of Mare de Déu de Montserrat, Unió and Santa Eulalia in Barcelona, and Alcalde Sainz de Baranda and Orense in Madrid.

Also, revenue from **Real estate project management** amounted to EUR 4.5 million, which includes the transactions of La Font del Lleó and Major de Sarrià in Barcelona; and the transactions in Madrid of a residential building in calle Luchana, another for hotel use in Méndez Álvaro and the second phase of the sale of a building in Plaza Isabel II.

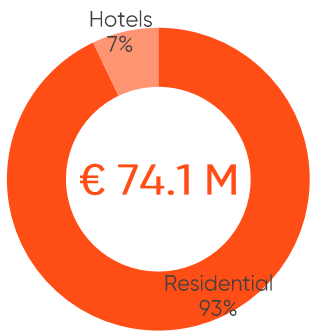
The change in the revenue mix of the transactional business line with respect to 2017 is designed to achieve better adaptation to the characteristics of the supply in the real estate market existing at any given time, and to maintain the competitive advantage that this ability to adapt to the market at demanding times represents. All this is to be achieved without losing focus on the rotation of the real estate portfolio, which remains unchanged with respect to 2017 and is one of the essential characteristics of Renta Corporación's business model.

REVENUE BY BUSINESS LINE

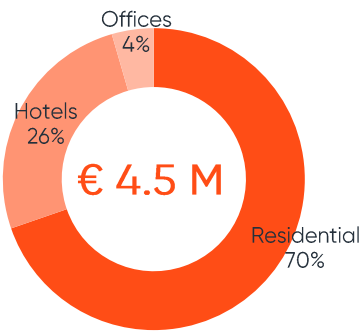


Notably, the **REIT management** business line, that started its activity in April 2017, with revenue of EUR 10.8 million. In 2018 the **Vivenio Socimi**, managed by Renta Corporación, acquired 18 residential properties in use with around 1,400 housing units, and entered into an agreement for the acquisition of 10 new “turnkey” assets with a further 1,100 housing units, all for a total of EUR 579 million. These projects are located in Madrid, Barcelona, Valencia, Palma de Mallorca and Malaga.

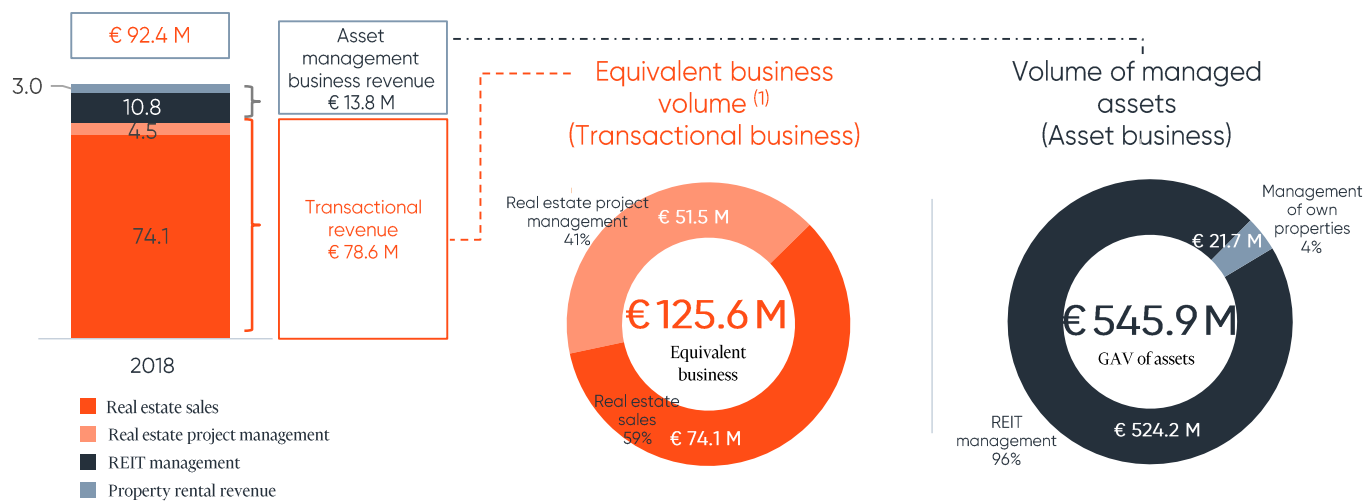
REAL ESTATE SALES REVENUE BY TYPE OF ASSET



REAL ESTATE PROJECT MANAGEMENT REVENUE BY TYPE OF ASSET



EQUIVALENT BUSINESS VOLUME IN 2018



Notes: (1) The equivalent business in the Real estate project management business line is equal to the selling price of the asset that the transferred purchase options give the right to buy.

3.1.2 Operating margin

The operating margin in 2018 amounted to **EUR 26.6 million**, representing a 45% increase on the EUR 18.3 million achieved in 2017.

Margin by business line (EUR M)	2018	2017	Change
Real estate sales margin	12.7	6.8	5.9
Real estate project management margin	3.6	10.8	-7.2
Total margin - transactional business	16.3	17.6	-1.3
REIT management margin	9.6	1.3	8.3
Rental margin and other variable costs	0.7	-0.6	1.3
Total margin - asset management business	10.3	0.7	9.6
OPERATING MARGIN	26.6	18.3	8.3

“Real estate sales” margin

The margin of the “Real estate sales” business line, understood to be sales less direct costs to sell, amounted to EUR 12.7 million, representing an 87% increase on the EUR 6.8 million obtained in 2017.

“Real estate project management” margin

The margin of the “Real estate project management” business line amounted to EUR 3.6 million, down 67% due to the change in the breakdown of “Revenue” explained above.

This mix between transactional business lines endows the business portfolio with a greater weight of prime residential assets with lower risk and volatility.

“REIT management” margin

The margin of the “REIT management” business line amounts to EUR 9.6 million and relates mainly to the origination of the investment portfolio, success fee and the management of the portfolio.

Property rental revenue margin and other variable costs

Also, in order to calculate the total operating margin, rental revenue, investment property revaluations and the other variable costs to sell relating to the indirect costs associated with the properties (loss of options, marketing, administrative services company fees, etc.) must be taken into account.

3.1.3 EBITDA

Overhead expenses amounted to EUR 6.9 million, virtually unchanged with respect to 2017. The total figure is made up of staff costs of EUR 4.7 million, with a EUR 0.8 million increase on 2017 due to the increase in the team related to “REIT management”, and other overheads of EUR 2.2 million, with a EUR 0.8 million decrease from 2017, in tune with the Company’s cost containment drive.

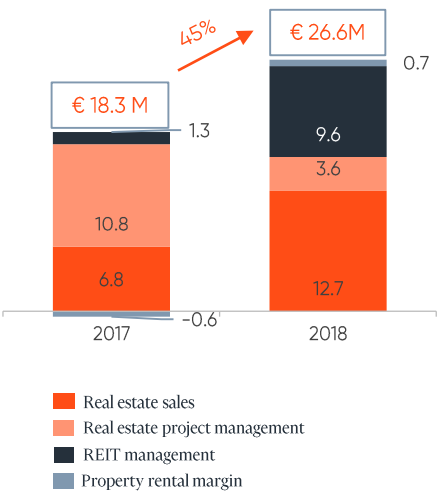
Renta Corporación had generated EBITDA of EUR 19.7 million at 31 December 2018. This represents an increase of EUR 8.3 million with respect to the EBITDA for 2017.

3.1.4 Financial loss

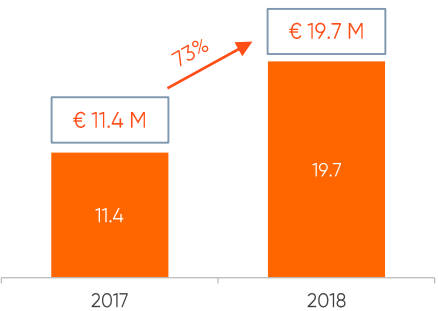
The financial loss amounted to EUR -3.3 million and increased by EUR -1.9 million compared to 2017. This increase is due, on the one hand, to the increase in activity during the year, which led to both an increase in the financing of operations and a greater diversification of funding sources. In this connection, in October 2018 the Company completed an issue of unsecured five-year senior bonds, aimed at qualified and institutional investors, for a total of EUR 16.5 million.

Also, the improved earnings forecasts for the coming years have prompted the recognition of an additional finance cost in relation to the participating loan amounting to EUR 0.8 million and maturing in 2022.

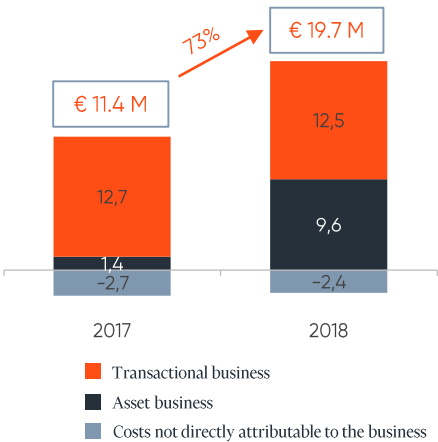
MARGIN BY BUSINESS LINE



EBITDA



EBITDA BY BUSINESS LINE (€ M)



3.1.5 Net profit

The Group has recognised a positive impact for income tax of EUR +0.5 million, substantially lower than the EUR +2.6 million of 2017, which comprised:

- Income tax arising from the Group’s ordinary activities amounting to EUR -2.9 million, compared with EUR -0.9 million in 2017.
- Recognition of a tax asset and a deferred tax asset for a total of EUR +3.4 million, corresponding, on the one hand, to tax loss carryforwards and, on the other hand, to the finance costs not deducted in previous years which it is estimated will be recovered in the coming five years. The amount recognised in this connection in 2017 was EUR +3.5 million.

Consequently, Renta Corporación ended 2018 with a **net profit of EUR 16.6 million**, 33% higher than the EUR 12.5 million obtained in 2017.

3.1.6 Other management indicators

Financial indicators	2018	2017
ROE	27%	27%
ROA	15%	12%

3.2 Consolidated balance sheet

3.2.1 Assets

Assets (M€)	Dec-18	Dec-17	Change
Non-current assets	0.3	0.1	0.2
Other non-current assets	58.7	42.7	16.0
Non-current assets	59.0	42.8	16.2
Inventories	57.4	41.5	15.9
Accounts receivable	6.0	4.6	1.4
Cash + financial assets	8.8	3.8	5.0
Current assets	72.2	49.9	22.3
Total assets	131.2	92.7	38.5

Non-current assets

Renta Corporación's non-current assets amounted to EUR 59.0 million and increased by EUR 16.2 million with respect to 2017. The detail of the balances forming part of the non-current assets is as follows:

(EUR M)	Dec-18	Dec-17	Change
Non-current assets	0.3	0.1	0.2
Investment property	21.7	19.6	2.1
Ownership interests in vehicles	12.9	2.6	10.3
Deferred tax assets	24.1	20.5	3.6
Total non-current assets	59.0	42.8	16.2

- The assets classified as **investment property** comprise four fully-leased residential-use buildings located in Barcelona. The value of these buildings increased by EUR 2.1 million in 2018.
- **Ownership interests in vehicles** includes basically Renta Corporación's ownership interest and non-current account receivable in relation to the share capital of Vivenio Socimi, which increased by EUR 10.3 million in 2018, of which EUR 9.8 million are yet to be converted into shares.
- **Deferred tax assets** increased by EUR 3.6 million due to the recognition of a tax loss carryforward of EUR +2.3 million, the recognition of a deferred tax asset arising from temporary differences amounting to EUR +0.2 million and the recognition of a deferred tax asset amounting to EUR +1.1 million corresponding to finance costs not deducted in prior years. At the end of 2018 there were EUR 82 million of unrecognised tax losses.

Current assets

(EUR M)	Dec-18	Dec-17	Change
Inventories	57.4	41.5	15.9
Accounts receivable	6.0	4.6	1.4
Cash + financial assets	8.8	3.8	5.0
Total current assets	72.2	49.9	22.3

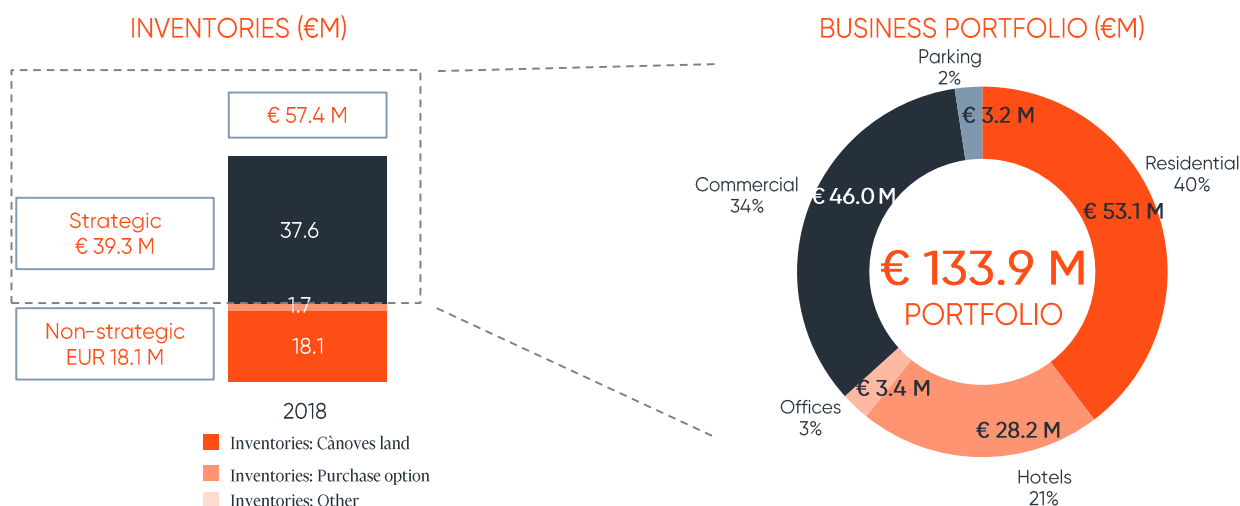
The current assets at the end of 2018 amounted to EUR 72.2 million, up EUR 22.3 million on 2017. This change is explained mainly by Renta Corporación's investment in the purchase of new assets. The detail of the line items forming part of the current assets and the changes therein are as follows:

Inventories and transactional business portfolio

Renta Corporación recognised inventories amounting to EUR 57.4 million at 2018 year-end. This represents an increase of EUR 15.9 million with respect to 2017, due mainly to the acquisitions made in the year. In 2018 properties amounting to EUR 65 million were acquired, mostly for residential use.

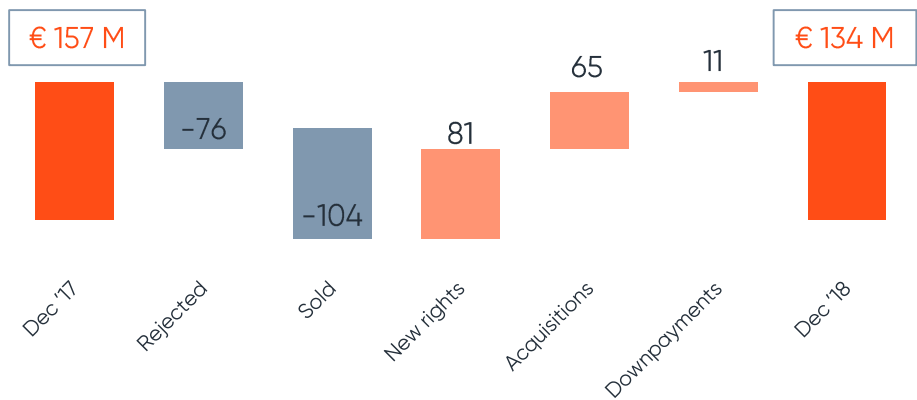
Renta Corporación recognised the Cànoves residential land for EUR 18.1 million under "Inventories". This asset is collateral for creditors pursuant to the agreement of 2014, which foresees the dation in payment thereof in 2022. Given that this asset is not strategic for the Group, the analysis of the inventories, which is presented below, will focus on the assets that make up the other EUR 39.3 million.

The value of the inventories at year-end included gross purchase option premiums amounting to EUR 1.9 million, which grant the right to purchase assets amounting to EUR 96.3 million in the future. Therefore, the business portfolio amounted to EUR 133.9 million, the distribution by type of asset being as follows:



CHANGES IN TRANSACTIONAL BUSINESS PORTFOLIO (€ M)

The detail of the changes in the business portfolio from 2017 year-end to 2018 year-end is as follows:



Accounts receivable

(EUR M)	Dec-18	Dec-17	Change
Trade receivables and notes receivable	1.1	1.1	0.0
Tax receivables	2.2	2.4	-0.2
Other receivables	2.7	1.1	1.6
Total receivables	6.0	4.6	1.4

At 2018 year-end the balance of accounts receivable amounted to EUR 6.0 million. This balance is broken down into three line items:

- **Trade receivables and notes receivable:** This line item amounts to EUR 1.1 million, the same level as in December 2017.
- **Tax receivables:** Tax receivable by Renta Corporación, which decreased by EUR 0.2 million with respect to 31 December 2017.
- **Other receivables:** This line item increased by EUR 1.6 million with respect to December 2017 due basically to the amounts of the purchase options and purchase costs deposited with a notary.

3.2.2 Liabilities

Equity + liabilities (EUR M)	Dec-18	Dec-17	Change
Equity	61.5	45.6	15.9
Non-current financial debt (1)	38.9	21.5	17.4
Other non-current payables	3.4	6.1	-2.7
Non-current liabilities	42.3	27.6	14.7
Current financial debt (1)	16.0	13.3	2.7
Other current payables	11.4	6.2	5.2
Current liabilities	27.4	19.5	7.9
Total	131.2	92.7	38.5
(1) Total Financial Debt	54.9	34.8	20.1

Other non-current payables

At 31 December 2018, Renta Corporación recognised **Other non-current payables** totalling EUR 3.4 million. This balance is broken down as follows:

- Non-current payables relating to insolvency proceedings: this line item reflects the debt of EUR 1.8 million owed to the insolvency creditors, which is payable within the next four years. The debt has been discounted at the effective market interest rate, an effect that has been and will be reversed in the years over which this debt is repaid. This line item decreased by EUR 3.4 million with respect to 2017 year-end, due mainly to the prepayments made in the year as part of the tax agreement ("Convenio Singular") reached with the Spanish tax authorities.
- Deferred taxes: this line item increased by EUR 0.7 million to EUR 1.6 million due to the tax effect of the revaluation of the investment property.

Other current payables

Other current payables amount to EUR 11.4 million, which represents a EUR 5.2 million increase with respect to 2017 year-end.

(EUR M)	Dec-18	Dec-17	Change
Current payables	8.2	3.2	5.0
Pre-sale downpayments and prepayments	1.3	0.7	0.6
Other current payables	1.9	2.3	-0.4
Total other current payables	11.4	6.2	5.2

- **Current payables** increased by EUR 5.0 million with respect to 2017 year-end due mainly to the deferred payment of the purchase and the acquisition and transformation costs relating to certain purchase transactions in the year.
- **Pre-sale downpayments and prepayments** stand at EUR 1.3 million, reflecting a EUR 0.6 million increase on 2017 year-end. This increase relates to downpayments for sales due to take place mainly in the next quarter.
- **Other current payables** amount to EUR 1.9 million, reflecting a EUR 0.4 million decrease with respect to 2017 due to net changes in the Company's tax debt, mainly as a result of the settlement of the account payable relating to insolvency proceedings and the debt arising from taxes relating to the Company's activity.

Financial debt

(EUR M)	Dec-18	Dec-17	Change
Mortgage debt	18.9	14.9	4.0
Other payables	19.1	4.6	14.5
(-) Cash and financial assets	-8.8	-3.8	-5.0
Total Net Financial Debt	29.2	15.7	13.5
Participating debt	16.9	15.3	1.6
Total Net Debt	46.1	31.0	15.1

The net financial debt amounted to EUR 46.1 million, compared with EUR 31.0 million at the end of the 2017, which represents a rise of EUR 15.1 million, due mainly to an increase in the financing of new transactions and the bond issue performed.

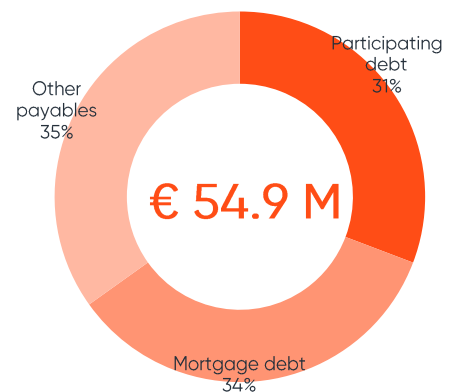
On 2 October the Company completed an issue of unsecured five-year senior bonds, aimed at qualified and institutional investors, for a total of EUR 16.5 million. The issue enables the Company to optimize its financial structure in order to cater for the significant growth currently experienced by its activities. In this connection, an adequate balance between the financing of operations and exposure to debt remains a priority objective. Proof of this is the level of net financial debt at the end of the year, which amounted to EUR 29.2 million, excluding the participating bank debt, and which represents a scant 26% of the Company's total assets, excluding the collateral of this debt.

The aforementioned participating debt, which amounts to EUR 16.9 million, will not give rise to cash outflows, since it is secured by an asset in Cànoves to be transferred in lieu of payment in 2022.

FINANCIAL DEBT BY TYPE AND CLASSIFICATION DEC-18

(EUR M)	Non current	Current	Total
Mortgage debt	6.4	12.5 ⁽¹⁾	18.9
Other payables	15.8	3.3	19.1
Participating debt	16.7	0.2	16.9
Total Financial Debt	38.9	16.0	54.9
(-) Cash and financial assets		-8.8	-8.8
Total Net Debt	38.9	7.2	46.1

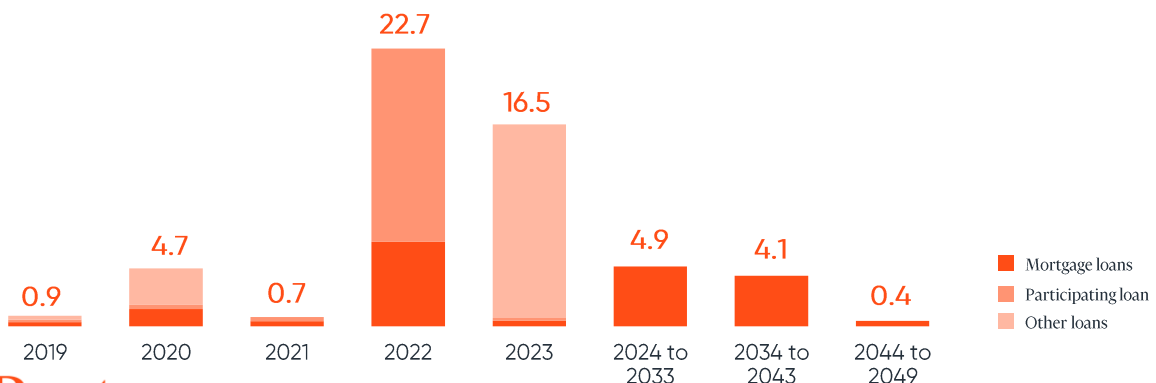
Notes: (1) Includes EUR 0.2 million in mortgage debt relating to investment property



Maturity of the financial debt

The assets detailed in "Inventories" are classified as current, given that they must be realised during the Group's normal operating cycle. Accordingly, all the payables associated with the assets included under this heading are classified as "Current Payables", irrespective of their maturity.

REPAYMENT SCHEDULE FOR FINANCIAL DEBT (€M)



Mortgage debt

The *mortgage debt on inventories* tied to transactional business ("Real Estate Sales") stands at EUR 12.3 million, with an LTC ratio of 63% and an average cost of 2.41%. This debt is tied to the assets located at carretera Collblanc, calle Rosselló, travesía de Sant Antoni, calle Divino Vallés, calle Mare de Déu de Montserrat, calle Alcalá, calle Fernando VII and calle Palencia.

The *mortgage debt on investment property* stands at EUR 6.6 million, with an LTV ratio of 30% and an average cost of 3.69%. This debt is tied to the Camelias, Roig, Picalquers and Valencia assets, which are currently in operation.

Other payables

In addition, the Group increased and diversify non-bank loans by EUR 14.5 million to finance the transactions due to the aforementioned bond issue. Those loans accrued interest of EUR 1.1 million in 2018.

Participating debt

The Company's main debt is a participating loan for a nominal amount of EUR 18 million, guaranteed by means of a real estate mortgage on the site identified as Cànoves. The mortgage was registered by the Company in favour of the creditors who had adhered to Option B of the payment proposal detailed in the Creditors Arrangement. The debt will foreseeably be discharged by transfer of the asset in lieu of payment (dation in payment) in 2022.

Cash flow performance

The Company generated cash flows from operations in the year amounting to EUR 18.0 million, which was used for the following:

- Investment in the REIT amounting to EUR 9.8 million.
- Changes in working capital, mainly for the purchase of properties for their subsequent sale, for an amount of EUR 18.5 million.
- Investments in non-current assets for EUR 0.4 million.
- Payment of an interim dividend out of the Company's profit for 2018 amounting to EUR 1.1 million.

This growth in activities was financed with a net increase in debt of EUR 16.8 million, which resulted in a EUR 5.0 million increase in cash and cash equivalents at the end of 2018.

(EUR M)	Dec-18
Profit or loss from operations	18.0
Investment in the REIT ⁽¹⁾	-9.8
Operating cash flow	8.2
Change in working capital	-18.5
Investment in non-current assets	-0.4
Free cash flow	-10.7
Change in borrowings	16.8
Interim dividends paid	-1.1
Net increase/decrease in cash and cash equivalents	5.0

Notes: (1) Relates to EUR 9.8 million in receivables from Vivenio Socimi to be converted into shares, which will take place in 2019

4. Information on the outlook for the Group

Macro environment - Main aggregates

GDP in Spain increased by 2.5% in 2018, in line with expectations, and similar growth is expected for 2019, which would see Spain maintaining its position as one of the most dynamic economies in the eurozone. Also, the unemployment rate continues to fall and stood at 14.6% at 2018 year-end, representing a fall of two percentage points from 2017 year-end.

The Spanish economy, which has consolidated four years of positive performance, faces 2019 with an outlook of maintaining growth and continuing to correct its main economic imbalances, all in a context of low interest rates and acceptable compliance with the target public deficit.

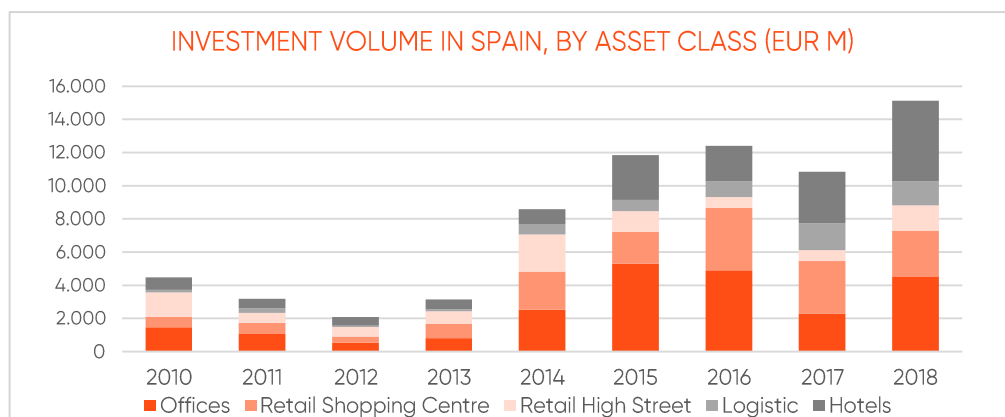
Investment market and yields

Investment

In 2018 investment in the Spanish real estate industry continued the positive trend of recent years, supported by the performance of the economy and market fundamentals. The volume invested in 2018 increased by 40% on 2017, reaching EUR 15,100 million, compared with EUR 10,800 million in 2017, although it should be noted that the figures for 2018 include corporate transactions within the industry of approximately EUR 4,400 million compared with EUR 1,600 million in 2017.

In view of the positive economic forecasts for Spain, favourable financing conditions and the market's maturity cycle, it is envisaged that 2019 will be yet another year of intense activity in Spain as a whole and that levels similar to those of 2018 will be reached.

In an environment of increased liquidity and finance costs that have remained low, the great challenge for investors, who are increasingly specialised, is to find the product that fits in with their investment strategy. Accordingly, in 2019 we forecast that there will continue to be substantial appetite and activity on the part of all investor profiles, from the most core type of segment to the opportunistic.



Yields

The high market liquidity and lack of alternative investments from institutional investors in 2018 served to maintain prime yields that were already at all-time lows. At the end of 2018 these yields were at approximately 4.5% at shopping centres, 3.25% on the high street, 3.75% in offices and 5.75% in hotels.

Note should be made of the strong interest that residential rental investment continues to arouse among investors, being a product with fertile ground for expansion in the most important cities and metropolitan areas in Spain, driven by the significant increases in rentals recorded in recent years, with all-time highs recorded in certain cities such as Barcelona and Madrid. A prime example of this investor interest is the rapid growth achieved by Renta Corporación with its residential REIT, the assets of which increased from EUR 100 million to just over EUR 500 million in the period of one year.

Lastly, it should be highlighted that the new trends in e-commerce have catapulted the logistics sector to its status as one of the on-trend sectors with the greatest growth potential.

Residential segment

The residential market continues its upward trend, with housing unit price growth on the rise since 2014, reaching double digits in certain areas. The sector's recovery is solid, supported by a noteworthy recuperation in activity and increased demand, fostered by the dynamism of the labour market and improved financial conditions.

The scant number of new constructions started in recent years has resulted in demand being channelled mainly through second-hand housing, which causes the existing stock to decrease.

The new profile of institutional investors in residential properties usually corresponds to REITs or asset-holding companies, mainly Spanish, representing 60% of the volume. These formal vehicles seek assets that generate an immediate yield, with medium-term value growth potential. The transactions are medium-sized, between EUR 10 million and EUR 15 million, and the seller is usually a bank, a Spanish private owner or a small asset-holding company.

The market for land to which a specific use has been assigned, which is considered to be an early indicator of the state of the real estate market, began to recover in 2010, showing a recovery trend in the following years. This is a very scarce product in cities such as Madrid and Barcelona, which will have greater repercussions on prices.

Rental has been consolidated as an option for a significant portion of the demand for housing, increasing from 19.5% in 2007 to 25% in 2017, although it remains lower than the other comparable countries. The increased demand has been accompanied by an expansion in supply and product concentration from professional residential rental management companies. The increase in demand and upturn in rent are generating gross yields that outstrip equivalent alternative investments. While the average yield for a rented housing unit was around 2.5-3%, the annual average gross yield is approximately 4.3% in 2018. The performance of housing rentals is enabling the consolidation of the Residential segment as a type of investment.

Offices segment

Madrid and Barcelona represent over 85% of the offices stock in Spain, with 13 million and 6.1 million square meters, respectively.

Madrid

The average vacancy rate at the end of 2018 was 9.5%, 390 basis points lower than in 2014 due to the reactivation of demand in recent years.

The average rent in CBDs stood at EUR 33/m², compared with EUR 30.5/m² in the previous year. The investment volume in this segment in 2018 was EUR 3,145 million, representing equivalent new supply of 75,600 square metres.

3.50%

Average yield -
CBD Madrid

Barcelona

The offices market in Barcelona performed excellently in terms of new contracts and investments, as a result of robust demand which reduced vacancies to all-time lows of around 6.1%.

The average rent in CBDs stood at EUR 25/m², compared with EUR 22.5/m² in the previous year. The investment volume in 2018 was EUR 1,049 million, representing equivalent new supply of 153,900 square metres.

3.75%

Average yield -
CBD Barcelona

Hotels segment

Madrid and Barcelona

The strong performance of the tourism industry, together with the yield offered by the hotel product, has proved highly attractive to both Spanish and international investors. The investment volume amounted to EUR 4,850 million in 2018, the highest level, by far, of the historical series of the last ten years. Average yields are around 6.25% and 6.00% in Madrid and Barcelona, respectively.

6.25%

Average yield -
Madrid

6.00%

Average yield -
Barcelona

Commercial segment

The recovery of consumption and the increase in consumer confidence has made this segment one of the most appealing for investors in recent years. The level of investment in 2018 was around EUR 4,300 million, compared with EUR 3,820 million in 2017, although with a shift in the weight of investment in favour of the high street as opposed to shopping centres.

4.25%

Average yield -
Madrid and
Barcelona

5.25%

Average yield -
Other areas

Logistics segment

Driven by the latest trends in e-commerce, investment in this segment increased considerably and closed 2018 with a figure of around EUR 1,500 million.

High demand has given rise to record figures in terms of surface area contracted, both in the metropolitan areas of Barcelona and in Madrid.

5.80%

Average yield -
Madrid

5.70%

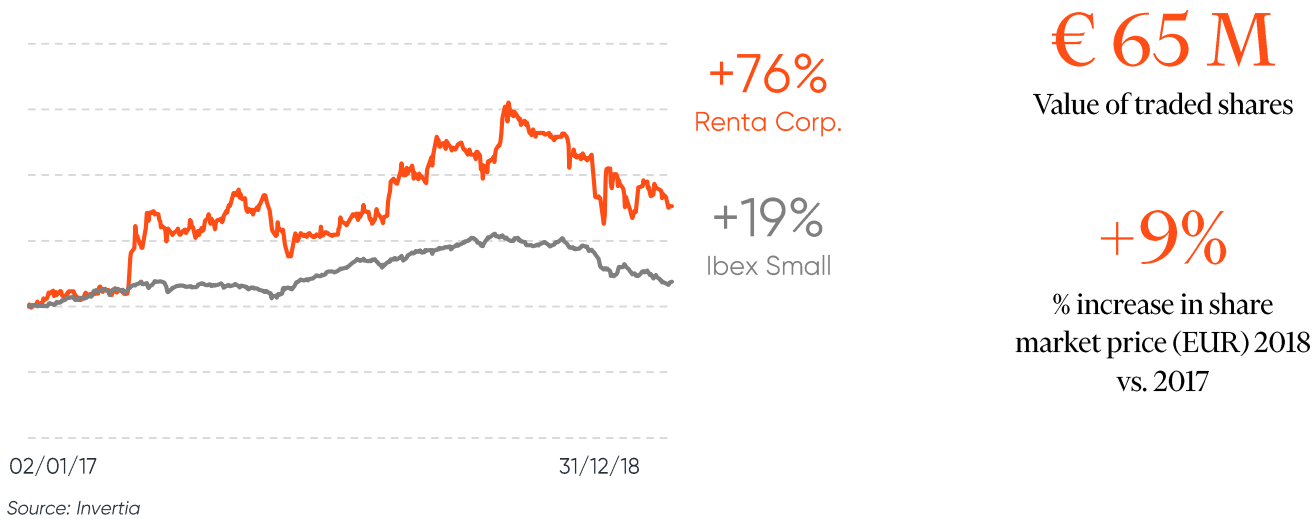
Average yield -
Barcelona

5. Treasury shares and stock market information

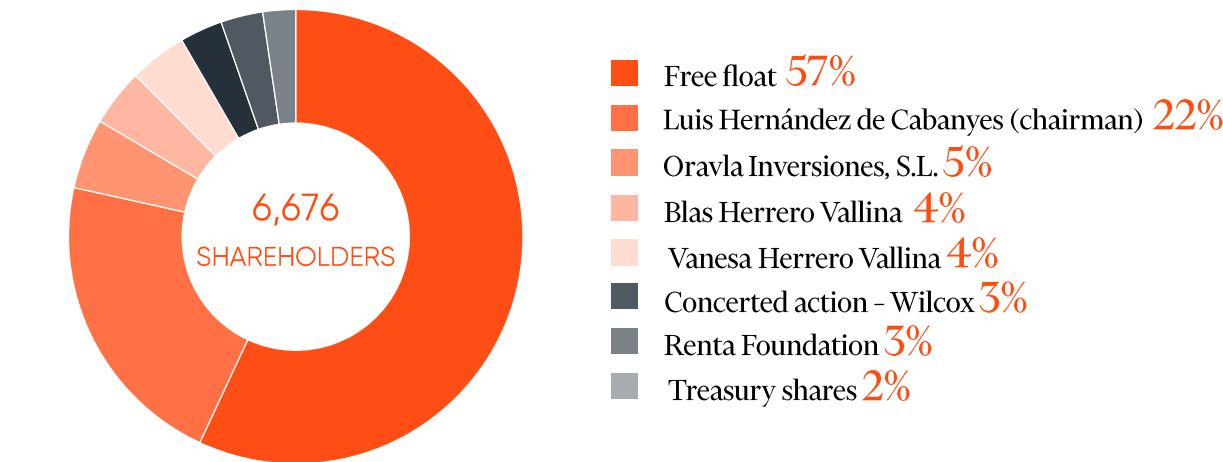
The share market price at 2018 year-end was EUR 3.19 per share, 9% higher than the price of EUR 2.93 per share at 2017 year-end.

At the end of 2018, market capitalisation stood at EUR 104.9 million, compared with EUR 96.2 million at the end of 2017, with 17.6 million shares having been traded at a value of EUR 65.0 million in the year.

SHARE PERFORMANCE SINCE JAN-17 (BASE 100)



SHAREHOLDER STRUCTURE DEC-18



Appendix 1:

Significant transactions in 2018

Transactional business

DIPUTACIÓ

Barcelona



- **Business line:** Real estate sales
- **Project:** Lease management and regeneration of common spaces.
- **Surface area:** 1,374 m²

ALCALDE SÁINZ DE BARANDA

Madrid



- **Business line:** Real estate sales
- **Project:** Lease management. Regeneration of common spaces. Individual sales.
- **Surface area:** 2,852 m²

ORENSE

Madrid



- **Business line:** Real estate sales
- **Project:** Lease management. Individual sales.
- **Surface area:** 1,021 m²

RAFAEL DE RIEGO

Madrid



- **Business line:** Real estate sales
- **Project:** Lease management. Sale to investor.
- **Surface area:** 760 m²

PLAZA ISABEL II

Madrid



- **Business line:** Real estate project management
- **Project:** Design of change of use to hotel.
- **Surface area:** 2,500 m² a/g
900 m² b/g

COMTE BORRELL

Barcelona



- **Business line:** Real estate project management
- **Project:** Legal management. Lease management. Design of corporate headquarters.
- **Surface area:** 914 m²

Transactional business

MAJOR DE SARRIÀ
Barcelona



- **Business line:** Real estate project management
- **Project:** Lease management. Sale to investor.
- **Surface area:** 583 m²

MÉNDEZ ÁLVARO
Madrid



- **Business line:** Real estate project management
- **Project:** Design of change of use to hotel. Lease negotiation.
- **Surface area:** 3,490 m²

COLLBLANC
Barcelona



- **Business line:** Real estate sales
- **Project:** Refurbishment and individual sales.
- **Surface area:** 2,864 m²

DIVINO VALLÉS
Madrid



- **Business line:** Real estate sales
- **Project:** Refurbishment of a residential building and individual sales.
- **Surface area:** 4,071 m²

LUCHANA
Madrid



- **Business line:** Real estate project management
- **Project:** Lease and legal management
- **Surface area:** 2,955 m² a/g
325 m² b/g

UNIÓN
Barcelona



- **Business line:** Real estate sales
- **Project:** Refurbishment and conversion of office buildings into residential property.
- **Surface area:** 2,117 m² + 95 parking spaces

Asset management business

ARAVACA II
Madrid



- **Business line:** REIT management
- **Price:** € 45.8 M
- **Housing units:** 158
- **Surface area:** 15,600 m²

VALLECAS I
Madrid



- **Business line:** REIT management
- **Price:** € 13.5 M
- **Housing units:** 83
- **Surface area:** 5,800 m²

VALLECAS II
Madrid



- **Business line:** REIT management
- **Price:** € 16.2 M
- **Housing units:** 107
- **Surface area:** 7,000 m²

MONTESA
Madrid



- **Business line:** REIT management
- **Price:** € 36.6 M
- **Housing units:** 68
- **Surface area:** 7,000 m²

SANT CUGAT I
Barcelona



- **Business line:** REIT management
- **Price:** € 29.6 M
- **Housing units:** 95
- **Surface area:** 10,200 m²

SANT CUGAT II
Barcelona



- **Business line:** REIT management
- **Price:** € 27.8 M
- **Housing units:** 74
- **Surface area:** 8,500 m²

Asset management business

BARBERÀ DEL VALLÉS

Barcelona



- **Business line:** REIT management
- **Price:** € 21.6 M
- **Housing units:** 112
- **Surface area:** 12,000 m²

RIERETA

Barcelona



- **Business line:** REIT management
- **Price:** € 11.8 M
- **Housing units:** 51
- **Surface area:** 4,300 m²

Other acquisitions



- **Business line:** REIT management
- **Price:** EUR 376 M
- **Housing units:** 680 + 1,095 turnkeys
- **# assets:** 10 + 10 turnkeys
- **Locations:** Valencia, Teià, Sant Adrià, Palma de Mallorca, Móstoles...

Appendix 2: Inventories in progress at end of 2018

MARE DE DÉU DE MONTSERRAT Barcelona



- **Business line:** Real estate sales
- **Project:** Lease management. Regeneration of common spaces. Individual sales.
- **Surface area:** 3,636 m²

PALENCIA Madrid



- **Business line:** Real estate sales
- **Project:** Lease management, completion of construction project and individual sales.
- **Surface area:** 1,009 m²

MARE DE DÉU DE MONTSERRAT Barcelona



- **Business line:** Real estate sales
- **Project:** Spin-off plan leading to residential development and future fitting-out project.
- **Surface area:** 11,391 m² a/g + 8,616 m² b/g

VANGUARD BUILDING Barcelona



- **Business line:** Real estate sales
- **Project:** Conversion of property to hotel and/or residential use.
- **Surface area:** 21,023 m² a/g + 2,496 m² b/g

ROSELLÓN Barcelona



- **Business line:** Real estate sales
- **Project:** Lease management. Individual sales.
- **Surface area:** 4,200 m²

Appendix 3: Glossary

b/g	Below grade level
Business portfolio	Investment rights plus strategic stocks (for sale)
CBD	Central Business District (prime business area)
Financial debt	Bank borrowings under non-current liabilities + current bank borrowings (long and short term) under current liabilities + other current financial liabilities (long and short term) under current liabilities
Net financial debt	Bank borrowings under non-current liabilities + current bank borrowings (long and short term) under current liabilities + other current financial liabilities (long and short term) under current liabilities - cash and cash equivalents - current financial assets
EBITDA	Consolidated profit or loss from operations + changes in value of investment property - depreciation and amortisation
Free float	Capital shares freely traded on the Spanish Stock Market Interconnection System and not stably controlled by shareholders
GAV	Market value ("Gross Asset Value")
IBEX Small	Index of small market capitalisation securities listed on the Spanish Stock Market Interconnection System
Core investor	Investor focused on yields (not an opportunist)
LTV	Net financial debt/market value of assets ("Loan to Value")
Operating margin	Revenue + other operating income + changes in value of financial assets - changes in inventories of buildings acquired for refurbishment and/or conversion - other operating expenses charged to the operating margin
€M	Millions of euros
GDP	Gross domestic product
ROA	Consolidated profit or loss from operations + changes in value of investment property / total assets ("Return on Assets")
ROE	Consolidated profit or loss for the year / Equity ("Return on Equity")
REIT	Real estate investment trusts
a/g	Above grade level
H1 / H2	First / Second half
Q1 / Q2 / Q3 / Q4	First / Second / Third / Fourth quarter
Yield	Return on an asset

