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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. Covid-19 crisis

After the restrictions were partially lifted in the summer, the third wave of the pandemic dominated the last quarter of 2020. As expected, the third wave was accompanied by new restrictions on people's movement and on normal business activity, leading to the greatest historical fall in GDP in Spain. The discovery of an effective vaccine against covid-19 and its administration to the most vulnerable groups of the population meant that the year ended with a better outlook for 2021.

Nevertheless, the impact of the crisis on companies and households has been profound and the economic forecasts continue to be very closely linked to the evolution of the pandemic. Economic recovery is expected to gradually become visible as people are able to move around again and the vaccine is rolled out. Even so, recovery of pre-covid levels is not expected to be achieved until 2022.

Investment has been severely disrupted by the emergency situation but a gradual return to normality is forecast for 2021. The real estate industry, particularly the logistics and residential rental segments, continues to be attractive and, despite the limited and selective financing scenario, it is benefiting from the backdrop of inflation and very low interest rates.

Renta Corporación is facing the current situation with firm foundations and has a highly liquid asset portfolio, a healthy balance sheet and a sound financial position, which will enable it to seize the opportunities that arise in the future, which will be undertaken provided that they have clear visibility.

Following this assessment of the current situation, we will now highlight the following impacts of covid-19 on Renta Corporación:

## Covid-19 committee

The Company has set up a covid-19 committee comprising the chairman and coordinating director of the Audit Committee, the CEO and the corporate general manager, in order to closely monitor the evolution of employee health and the financial and non-financial impacts that may arise, and also to follow up on the contingency measures being implemented by the Company to address the threats posed as a result of this crisis.

## Liquidity

Cash was a priority in 2020 and was therefore monitored frequently and in detail. The year closed with a healthy liquidity position and a sustainable leverage ratio of 38% of assets and cash of EUR 7.7 million, enabling the Group to meet its payment obligations and investment needs in the medium term.

The current situation of the markets is causing an overall increase in liquidity constraints in the economy, as well as a contraction in the credit market. The Group is continuing to take appropriate steps to tackle the situation and minimise its impact, incorporating, among other actions, new sources of financing in addition to those already in existence. The Company has a diversified financial structure, made up of bank and non-bank borrowings, the latter mainly in the form of bonds and commercial paper issues. This diversified structure affords the Group greater flexibility to cater to transactions which, due to their nature, are less likely to be financed by traditional banks, which have become more restrictive.

Also, in view of the performance of the Company's results in 2020 as a result of the current market situation, the Group reached an agreement with the bondholders of the 2018 issue that involves suspending the calculation of the covenant until 2022.

## Business plan

The start of the pandemic resulted in a downturn in the business. The sudden outbreak of the health crisis and its global nature paralysed the investment market, delayed the execution of the operations envisaged in the plan and led the Company to decrease its investment in new projects which had a direct impact on the business portfolio and operating margin and, therefore, on the profit for the year.

Due to the current market scenario and the fact that its effects will last longer than initially envisaged, the Company has re-evaluated its five-year strategic plan, reflecting the delay in its implementation and forecasting the recovery of pre-covid levels in 2022. The Group has not changed the assumptions of the plan or its value levers, which continue to be the development of the asset business, on the one hand, and the increase of the size of the transactional operations, on the other.

Renta Corporación has a healthy asset portfolio on its balance sheet, made up of highly liquid and well-located assets which give it a high degree of visibility, above all with respect to the transactional business, allowing it to reverse the situation when market activity returns to normal, probably in the second half of 2021.

As reported in previous publications, the Company has not seen any erosion of the value of its assets beyond that reflected in its accounts, although it is true that there is greater uncertainty as to when its margin will materialise, which will depend to a large extent on how the health crisis evolves.

In addition, although no doubts have been raised as to the recoverability of the tax assets recognised, the Company decided not to increase the tax assets recognised on its balance sheet at 2019 year-end but to recognise them on the basis of the evolution of the new strategic plan.

Lastly, no additional provisions have been recognised for risks resulting from the current market situation beyond those relating to the normal course of the Company's business, which have not had a significant impact.

## 2. Executive summary

### MAIN AGGREGATES OF THE GROUP

REVENUE	OPERATING MARGIN	EBITDA	NET LOSS / PROFIT
46.1 €M	4.2 €M	-5.2 €M	-8.8 €M
-50% vs. '19	-86% vs. '19	€-26.2M vs. '19	€17.1M in '19

OPERATING MARGIN/REVENUE	DEBT AS A % OF ASSETS	CHANGE IN NET FINANCIAL DEBT	PORTFOLIO
9%	38%	▽26%	129.8 €M
-23 pp vs. '19	-3 pp vs. '19	€47.5M vs. €63.9M Dec'19	-39% vs. '19

### TRANSACTIONAL BUSINESS

	REAL ESTATE SALES	REAL ESTATE PROJECT MANAGEMENT	TOTAL
# transactions 2020	10	1	11
Transactional business margin (€M)	3.6	1.5	5.1
Average margin per transaction (€M)	0.4	1.5	0.5

### OPPORTUNITIES ANALYSED IN BUSINESS VOLUME %



### ASSET BUSINESS

	REIT MANAGEMENT	INVESTMENT PROPERTY	TOTAL
GAV of assets (€M)	1,116.6	24.0	1,140.6
Transactional business margin (€M)	1.5	1.3	2.8
# managed assets	31	4	35
# assets under development	14	-	14
Medium-sized assets (€M)	24.8	6.0	23.3

### OPPORTUNITIES ANALYSED IN GAV %





- Renta Corporación ended 2020 with a **cumulative net loss of EUR -8.8 million**, compared with the EUR 17.1 million profit obtained in 2019, due to the paralysis of the economy caused by the covid-19 pandemic.
- The operating margin fell significantly compared to 2019 due to the delay in the materialisation of the transactions, dropping from EUR 29.7 million in 2019 to EUR 4.2 million in 2020. This margin consists of EUR 5.1 million from the transactional business, EUR 2.8 million from the asset business and EUR -3.7 million from other income and expenses.
- **Overhead expenses** amount to EUR 9.4 million and consist of recurring costs of EUR 8.1 million, compared to the EUR 8.7 million in 2019; and non-recurring costs of EUR 1.3 million incurred in the development of new projects, which have not yet materialised.
- The net financial debt fell by 26% to EUR 47.5 million, with a reduction of more than 20% in short-term debt, as a result of the sales in the year and decreased investment activity. Debt fell to 38% of assets.
- The Company has consolidated the diversification of its financing sources, affording it greater flexibility to tackle projects that are more difficult to finance through traditional banks. In this regard, in May 2020 the Company renewed its commercial paper programme and in the last quarter of the year it participated in the Spanish Official Credit Institute ("ICO") commercial paper purchase programme, and in its secured commercial paper programme in February 2021. Lastly, at the end of 2020 the Group reached an agreement with the bondholders of the 2018 issue to change the terms and conditions of the bonds.
- The Company ended the year with a healthy **cash position of EUR 7.7 million**, although cash continues to be a priority and subject to constant monitoring.
- The Company's **business portfolio** at year-end totalled EUR 129.8 million, and despite having decreased by 39% compared to 2019 year-end, it provides a clear indication of the transactional margin forecast for 2021.
- **Equity** at 2020 year-end stood at EUR 66.8 million, EUR 9.0 million lower than at 2019 year-end.
- Although the crisis situation has delayed implementation of the new investment vehicles specialising in the acquisition of assets in the logistics and hotel segments, the Company continues to work on ensuring that they will be started up in the coming quarters.
- The Company held the Annual General Meeting on 16 June, which was attended by telematic means for safety reasons and at which the shareholders approved a new proposal for the distribution of profit that did not include the payment of a final dividend for 2019.
- The **share price** at 2020 year-end was EUR 2.05 per share, 35% lower than the price of EUR 3.15 per share at 2019 year-end.

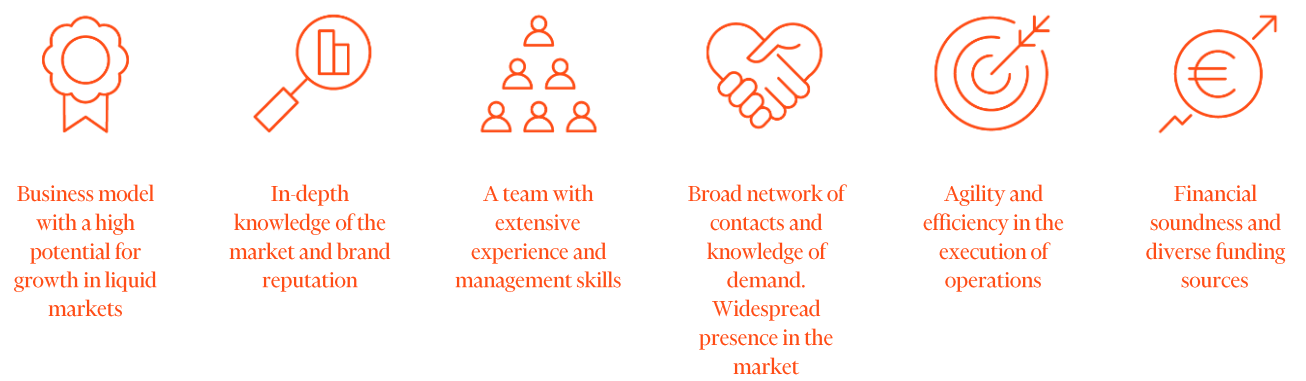


# 3. Description of the Group

## 3.1 Introduction to the Group

Renta Corporación is a Group with a high differential component within the real estate industry in Spain and more than 30 years' 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.

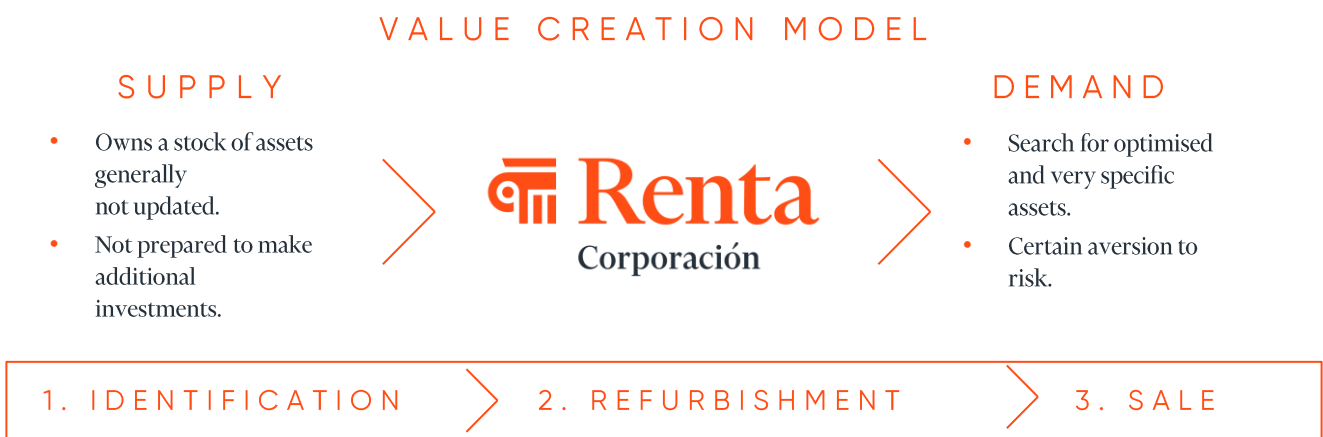
### The pillars of the Group

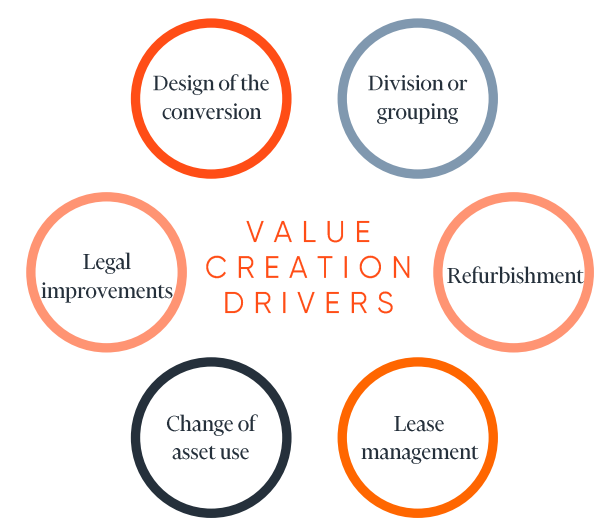


### Two differentiated lines of business: transactional and asset based

## 3.2 Transactional business

The transactional business is based on the performance of value-added transactions for the different uses of the asset. The value added 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.





Specifically, in order to create value, in the transactional business actions such as those illustrated in the “Value creation drivers” figure can be undertaken either on their own or together.

The in-depth knowledge of the needs of demand and of the stock available in the markets in which the Group operates is what allows it to identify transactions in which to generate value. The entire design of the transactions is generated within the Group itself and, depending on the transaction, the conversion 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 is around 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 is generally lower than that of “real estate sales” transactions.





## 3.3 Asset 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 the creation, together with the pension fund manager APG, of Vivenio Socimi, in April of the same year. Vivenio Socimi specialises in the residential rental segment in Spain.

Renta Corporación is a shareholder and the sole manager of this vehicle, which operates mainly in Madrid and Barcelona, having invested in some other Spanish provincial capitals. Due to the addition of this new line of business, the Company has increased its target market and obtains higher revenues on an increasingly recurring basis.

APG, the 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 it has arrived on the Spanish market through this vehicle, along with Renta Corporación, as a result of the great opportunities for synergy and Renta Corporación's high degree of penetration in the market.

The Company is continuing to make progress in the projects to implement two investment vehicles specialising in property asset acquisitions in Spain, one of which focuses on the logistics segment, and the other, on the hotel industry.

The Group also manages residential properties owned by it and leased out.



## 4. Business performance and results

### 4.1 Consolidated statement of profit or loss

(million EUR)	12M 2020	12M 2019	% change
Transactional business revenue	38.8	77.3	
Asset management business revenue	6.2	14.1	
Other income	1.1	0.6	
<b>REVENUE</b>	<b>46.1</b>	<b>92.0</b>	<b>-50%</b>
Transactional business margin	5.1	19.8	
Asset management business margin	2.8	11.0	
Other income and expenses	-3.7	-1.1	
<b>OPERATING MARGIN</b>	<b>4.2</b>	<b>29.7</b>	<b>-86%</b>
Overheads and staff costs	-9.4	-8.7	
<b>EBITDA</b>	<b>-5.2</b>	<b>21.0</b>	<b>n.a.</b>
Depreciation and amortisation charge, provisions and other	-0.5	-0.3	
<b>EBIT</b>	<b>-5.7</b>	<b>20.7</b>	<b>n.a.</b>
Net financial loss	-3.1	-3.5	
<b>PROFIT BEFORE TAX</b>	<b>-8.8</b>	<b>17.2</b>	<b>n.a.</b>
Income tax	0.0	-0.1	
<b>NET PROFIT</b>	<b>-8.8</b>	<b>17.1</b>	<b>n.a.</b>

#### 4.1.1 Revenue

The detail of revenue by business line is as follows:

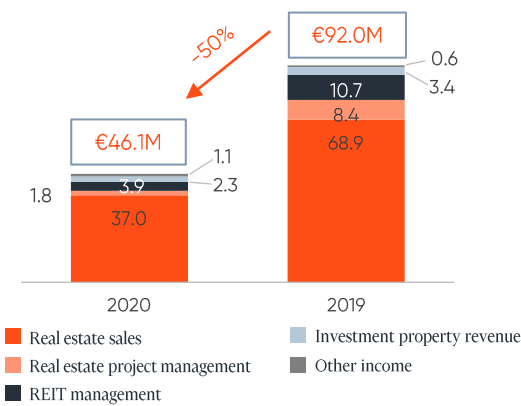
Revenue by business line (million EUR)	12M 2020	12M 2019	Change
Real estate sales	37.0	68.9	-31.9
Real estate project management	1.8	8.4	-6.6
<b>Total revenue - transactional business</b>	<b>38.8</b>	<b>77.3</b>	<b>-38.5</b>
REIT management	3.9	10.7	-6.8
Investment property	2.3	3.4	-1.1
<b>Total revenue - asset management business</b>	<b>6.2</b>	<b>14.1</b>	<b>-7.9</b>
Other income	1.1	0.6	0.5
<b>REVENUE</b>	<b>46.1</b>	<b>92.0</b>	<b>-45.9</b>

Revenue from the **transactional business** dropped by EUR 38.5 million with respect to 2019, with a reduction in both **real estate sales** and **real estate project management** revenue. The transactions that make up the revenue generated by the transactional business relate mainly to two office buildings on Gran Vía and calle Badajoz, an off-market hotel transaction in Barcelona; and two residential transactions on calle Palencia and calle Marqués de Monteagudo in Madrid.

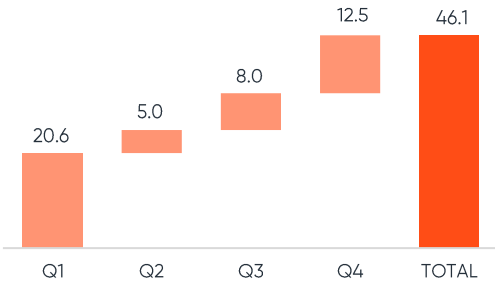
The **REIT management** business line generated revenue of EUR 3.9 million, more than half the figure obtained in 2019, as a result of the decrease in revenue from the origination of the investment portfolio due to the effects of the pandemic and of the fact that an incentive fee obtained in 2019 was not repeated in 2020.

Lastly, the **investment property** revenue totalled EUR 2.3 million and included the rent from all the assets held on the Company’s balance sheet, in addition to the investment property revaluations. This item decreased by EUR 1.1 million compared to 2019 year-end as the investment property revaluations were much lower than those recognised at 2019 year-end.

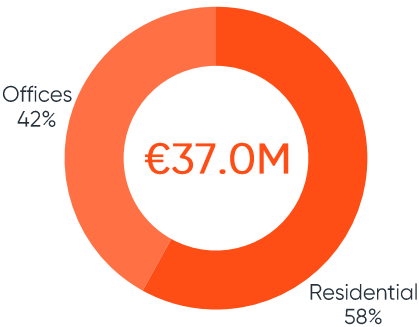
REVENUE BY BUSINESS LINE



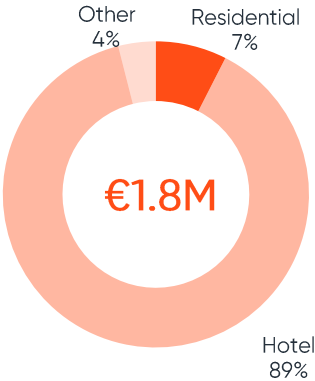
2020 REVENUE BY QUARTER



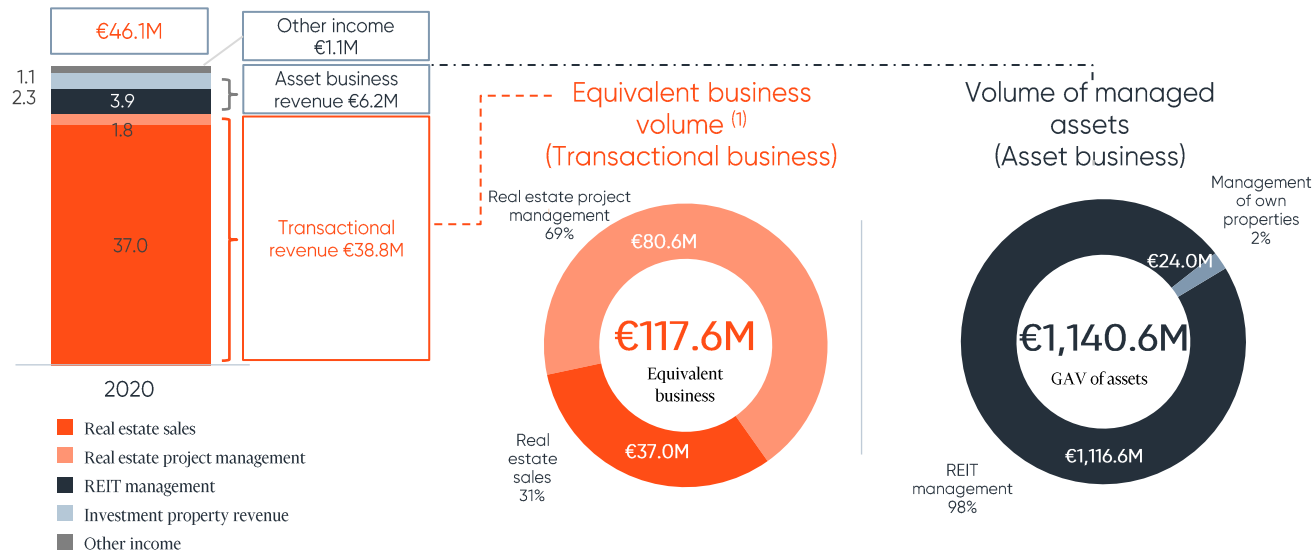
REAL ESTATE SALES REVENUE BY TYPE OF ASSET



REAL ESTATE PROJECT MANAGEMENT REVENUE BY TYPE OF ASSET



EQUIVALENT BUSINESS VOLUME IN 2020



Notes: (1) The equivalent business in the real estate project management business line is equal to the selling price of the underlying property of the purchase options arranged.

4.1.2 Operating margin

The operating margin by business line was as follows:

Margin by business line (million EUR)	12M 2020	12M 2019	Change
Real estate sales margin	3.6	12.8	-9.2
Real estate project management margin	1.5	7.0	-5.5
Total margin - transactional business	5.1	19.8	-14.7
REIT management margin	1.5	8.3	-6.8
Investment property margin	1.3	2.7	-1.4
Total margin - asset management business	2.8	11.0	-8.2
Other income and expenses	-3.7	-1.1	-2.6
OPERATING MARGIN	4.2	29.7	-25.5



“Real estate sales” margin

The margin of the “real estate sales” business line, understood to be sales less direct costs of disposal, amounted to EUR 3.6 million, EUR 9.2 million lower than the EUR 12.8 million obtained in 2019.

“Real estate project management” margin

The margin of the “real estate project management” business line amounted to EUR 1.5 million, EUR 5.5 million lower than the 2019 figure.

“REIT management” margin

The margin of the “REIT management” business line amounted to EUR 1.5 million, EUR 6.8 million lower than the 2019 figure. The margin was generated mainly by the origination arising from the transactions under development and investment portfolio turnkey projects.

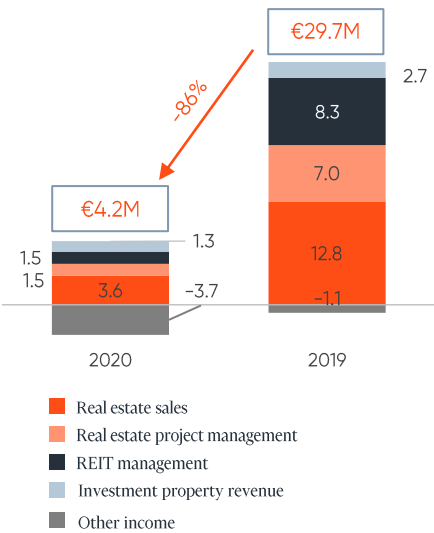
Investment property margin

The margin of this line amounted to EUR 1.3 million, EUR 1.4 million lower than the 2019 figure. The margin is generated mainly by the net rents of all the assets on the Company’s balance sheet and the changes in fair value of investment property.

Other income and expenses

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

MARGIN BY BUSINESS LINE

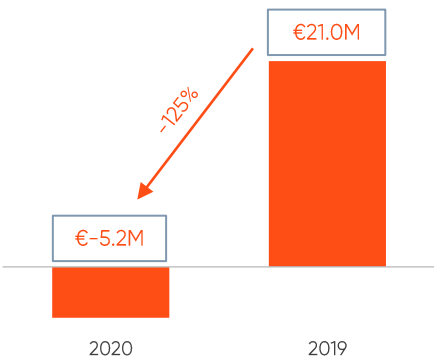


4.1.3 EBITDA

Overhead expenses amounted to EUR 9.4 million, reflecting an increase of EUR 0.7 million with respect to 2019. The total figure is made up of staff costs of EUR 5.8 million, down EUR 0.4 million on 2019; and other overheads of EUR 3.6 million, up EUR 1.1 million on 2019, of which EUR 1.5 million relate to the development of new real estate investment vehicle projects and are non-recurring.

EBITDA at the end of 2020 amounted to EUR -5.2 million, compared to the EUR 21.0 million obtained in 2019.

EBITDA



4.1.4 Financial loss

The financial loss amounted to EUR -3.1 million, representing a decrease of EUR 0.4 million on 2019 due mainly to the combined effect of the increase in finance costs of EUR -0.6 million on 2019, and the positive impact of EUR 1.0 million due to the lower interest expense on the participating loan, based on the new strategic plan approved.

## 4.1.5 Net profit

Since the Company incurred a loss before tax of EUR -8.8 million in 2020 there is no income tax impact arising from its current activity compared to the EUR -3.1 million recognised in 2019.

In addition, in accordance with the strategic plan, which was reviewed at year-end, no additional tax assets to the tax loss carryforwards at 2019 year-end were recognised. At 2019 year-end the impact recognised in this connection amounted to EUR +3.0 million.

As a result of all of the above, Renta Corporación closed 2020 with a **net loss of EUR -8.8 million**, compared to the EUR 17.1 million profit obtained in 2019.



## 4.2 Consolidated balance sheet

### 4.2.1 Assets

Assets (million EUR)	Dec-20	Dec-19	Change
Non-current assets and right-of-use assets	1.5	1.7	-0.2
Other non-current assets	72.6	71.6	1.0
<b>Non-current assets</b>	<b>74.1</b>	<b>73.3</b>	<b>0.8</b>
Inventories	65.2	88.3	-23.1
Accounts receivable	4.3	10.7	-6.4
Cash	7.7	5.3	2.4
Financial assets	0.5	0.4	0.1
<b>Current assets</b>	<b>77.7</b>	<b>104.7</b>	<b>-27.0</b>
<b>Total assets</b>	<b>151.8</b>	<b>178.0</b>	<b>-26.2</b>

#### Non-current assets

Renta Corporación's non-current assets amounted to EUR 74.1 million, reflecting an increase of EUR 0.8 million with respect to December 2019. The detail of the balances forming part of the non-current assets is as follows:

(million EUR)	Dec-20	Dec-19	Change
Non-current assets and right-of-use assets	1.5	1.7	-0.2
Investment property	24.0	23.6	0.4
Non-current financial assets	21.4	21.0	0.4
Deferred tax assets	27.2	27.0	0.2
<b>Total non-current assets</b>	<b>74.1</b>	<b>73.3</b>	<b>0.8</b>

- **Non-current assets and right-of-use assets**, relating mainly to the recognition of the leases under IFRS 16, amounted to EUR 1.5 million, EUR 0.2 million lower than the December 2019 figure due to depreciation and amortisation.
- The assets classified as **investment property** include four residential-use buildings located in Barcelona, the value of which increased by EUR 0.4 million with respect to 2019 year-end.
- **"Non-Current Financial Assets"** includes mainly Renta Corporación's ownership interest in the share capital of Vivenio Socimi, and the non-current account receivable amounting to EUR 0.7 million, yet to be converted into shares.
- **"Deferred tax assets"** relate mainly to tax loss carryforwards, and there were EUR 65 million of unrecognised tax losses. Although no doubts have been raised as to the recoverability of the tax assets recognised, the Company decided not to increase this asset item but to recognise tax assets on the basis of the evolution of the new strategic plan.

## Current assets

(million EUR)	Dec-20	Dec-19	Change
Inventories	65.2	88.3	-23.1
Accounts receivable	4.3	10.7	-6.4
Cash	7.7	5.3	2.4
Financial assets	0.5	0.4	0.1
<b>Total current assets</b>	<b>77.7</b>	<b>104.7</b>	<b>-27.0</b>

The current assets at 31 December 2020 amounted to EUR 77.7 million, down EUR 27.0 million on 2019. This change is explained mainly by the decrease in inventories as a result of cumulative sales in the year and, to a lesser extent, by the decrease in the accounts receivable figure. The detail of the line items forming part of the current assets and the changes therein is as follows:



Provença-Rosselló, Barcelona

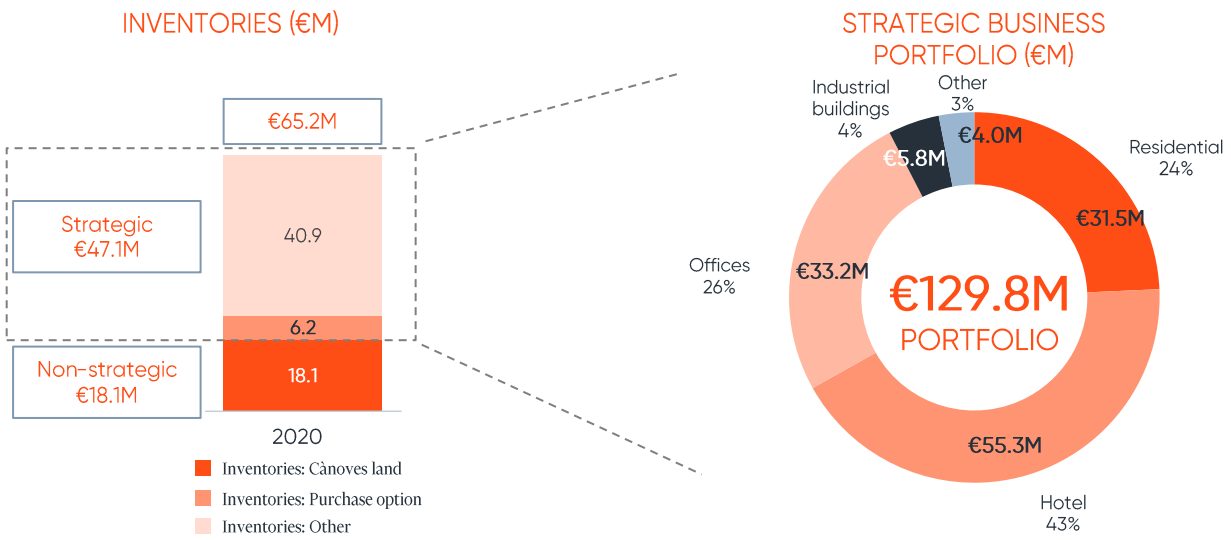
## Inventories and transactional business portfolio

Renta Corporación recognised inventories amounting to EUR 65.2 million at 2020 year-end. This represents a decrease of EUR 23.1 million with respect to 2019, due to the sales made in 2020, the most noteworthy of which were the two transactions relating to residential buildings on calles Rosselló and Monterols, in addition to a transaction relating to office buildings on Gran Vía in Barcelona; and two transactions relating to residential buildings on calles Marqués de Monteagudo and Palencia in Madrid. Property acquisition dropped significantly in 2020 in comparison with 2019 as a result of the pandemic, which was also reflected in the decrease in inventories.

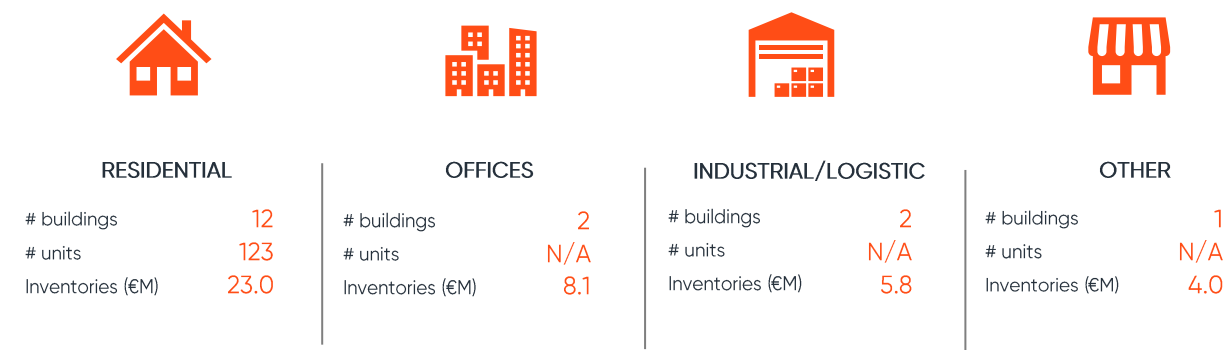
Renta Corporación recognised the Cànoves residential land for EUR 18.1 million under “Inventories”. This asset is collateral for creditors pursuant to the agreement of 2014, which foresees the datation in payment thereof in 2022. Consequently, the analysis of the inventories, which is presented below, will focus on the assets that make up the other EUR 47.1 million.

Lastly, the value of the inventories at the reporting date included purchase option premiums amounting to EUR 6.2 million, which grant the right to purchase assets amounting to EUR 88.9 million in the future. This, together with the strategic inventories, gives rise to a business portfolio of EUR 129.8 million. The breakdown of this business portfolio by type of asset is as follows:





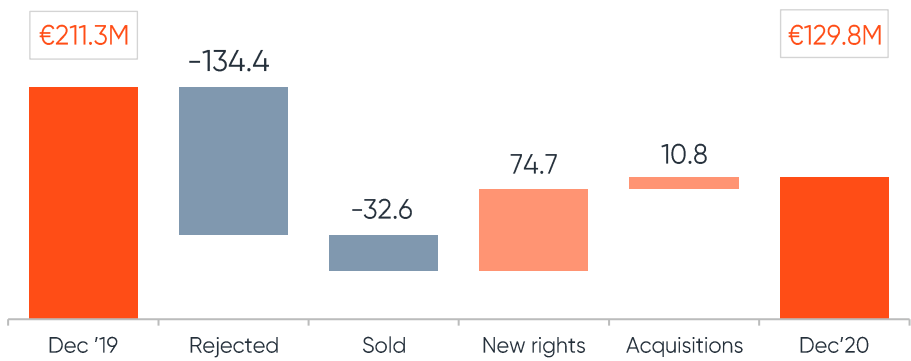
BREAKDOWN OF STRATEGIC INVENTORIES <sup>(1)</sup> (€M)



Notes: (1) The breakdown of the strategic inventories does not include the value of the purchase options.

CHANGES IN TRANSACTIONAL BUSINESS PORTFOLIO (€M)

The detail of the changes in the business portfolio from 2019 year-end to 2020 year-end is as follows:

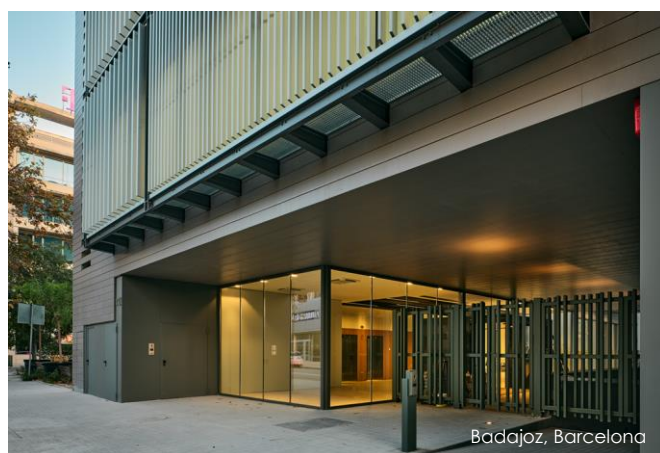
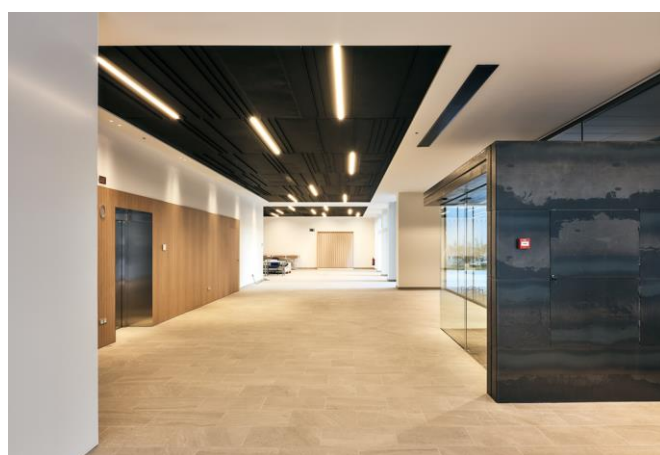
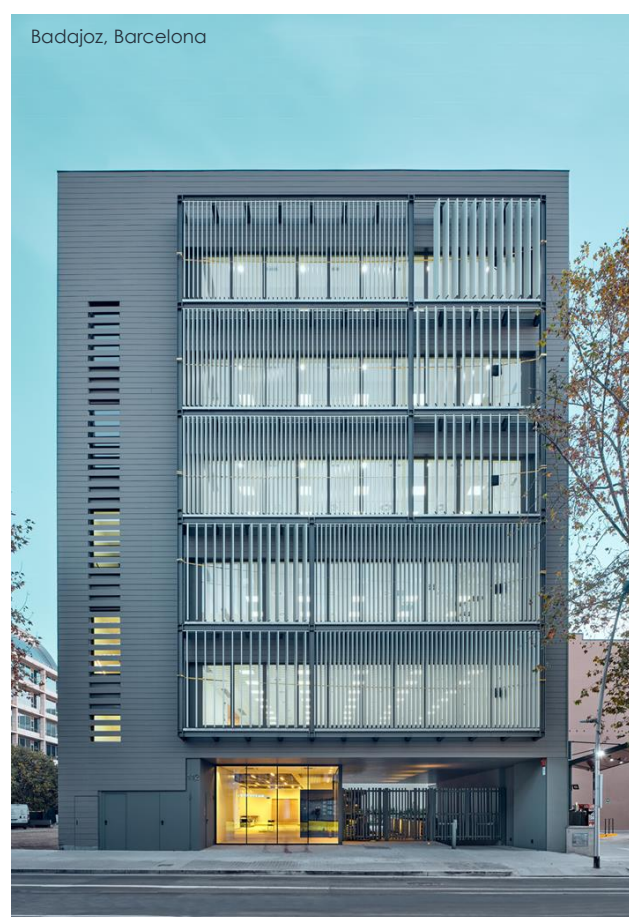


## Accounts receivable

(million EUR)	Dec-20	Dec-19	Change
Trade receivables and notes receivable	3.0	7.1	-4.1
Tax receivables	0.6	1.1	-0.5
Other receivables	0.7	2.5	-1.8
<b>Total receivables</b>	<b>4.3</b>	<b>10.7</b>	<b>-6.4</b>

At 2020 year-end the balance of accounts receivable amounted to EUR 4.3 million, down EUR 6.4 million with respect to 2019 year-end. This balance is broken down into three line items:

- **Trade receivables and notes receivable:** The balance of this line item decreased by EUR 4.1 million compared to the figure at 2019 year-end due, on the one hand, to the collection of the account receivable relating to an office building project located in Barcelona in the 22@ district, sold to an institutional investor and delivered at 2020 year-end and, on the other, to the income received from the sale of fixtures and fittings in the Guinardó district at the end of 2019.
- **Tax receivables:** Tax receivable by Renta Corporación, which decreased by EUR 0.5 million with respect to December 2019, due to the refund of income tax from previous years.
- **Other receivables:** This line item decreased by EUR 1.8 million with respect to December 2019, due basically to a reduction in the premiums relating to the purchase options under consideration and purchase costs deposited with a notary.



## 4.2.2 Liabilities

Equity + liabilities (million EUR)	Dec-20	Dec-19	Change
<b>Equity</b>	<b>66.8</b>	<b>75.8</b>	<b>-9.0</b>
<b>Liabilities</b>			
Non-current financial debt	39.0 <sup>(1)</sup>	39.5	-0.5
Other non-current payables	4.2	4.8	-0.6
<b>Non-current liabilities</b>	<b>43.2</b>	<b>44.3</b>	<b>-1.1</b>
Non-current financial debt	18.7 <sup>(2)</sup>	27.9	-9.2
Current financial debt	15.0 <sup>(3)</sup>	19.5	-4.5
Other current payables	8.1	10.5	-2.4
<b>Current liabilities</b>	<b>41.8</b>	<b>57.9</b>	<b>-16.1</b>
<b>Total equity + liabilities</b>	<b>151.8</b>	<b>178.0</b>	<b>-26.2</b>

### Financial debt

#### DEBT BY TYPE AND CLASSIFICATION (€M) – Dec 2020

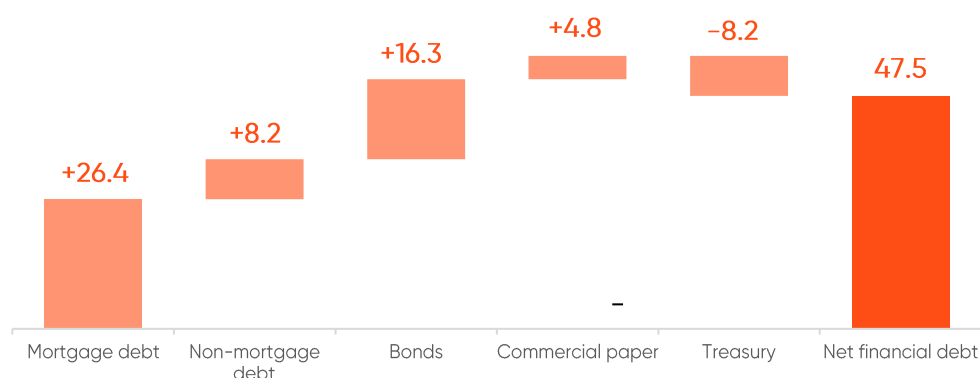
	Non current	Current		Total
(M€)	l/t	l/t	s/t	
Mortgage debt	5.9	18.7	1.8	26.4
Other payables	16.1	-	13.2	29.3
Participating debt	17.0	-	0.0	17.0
<b>Total Financial Debt</b>	<b>39.0<sup>(1)</sup></b>	<b>18.7<sup>(2)</sup></b>	<b>15.0<sup>(3)</sup></b>	<b>72.7</b>

#### NET FINANCIAL DEBT (€M)

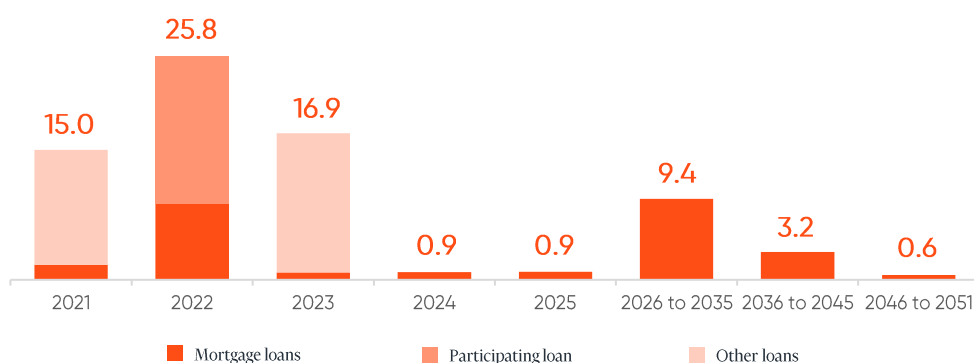
(million EUR)	Dec-20	Dec-19	Change
Mortgage debt	26.4	35.6	-9.2
Other payables	29.3	34.0	-4.7
(-) Cash and financial assets	-8.2	-5.7	-2.5
<b>Total Net Financial Debt</b>	<b>47.5</b>	<b>63.9</b>	<b>-16.4</b>

Net financial debt decreased significantly to EUR 47.5 million compared to EUR 63.9 million at 2019 year-end, due mainly to the repayment of the mortgage debt and other debts associated with the sold assets.

## NET FINANCIAL DEBT BY TYPE (€M)



## REPAYMENT SCHEDULE FOR FINANCIAL DEBT (€M)

**Maturity of the financial debt**

Since “Inventories” are classified as “current”, as they are assets that must be realised during the Group’s normal operating cycle, the associated liabilities must also be recognised as “current”, drawing a distinction between short and long term on the basis of their maturity date.

**Mortgage debt**

The *mortgage debt on inventories* tied to transactional business (“Real Estate Sales” business line) stood at EUR 20.2 million, with an LTC ratio of 49% on the Company’s inventories and an average cost of 2.11%.

The *mortgage debt on investment property* stood at EUR 6.2 million, with an LTV ratio of 26% and an average cost of 3.78%.

**Other payables**

“Other Payables” includes bonds, commercial paper and other non-mortgage debt.

On 7 May 2020, the Company renewed its commercial paper programme for a maximum outstanding amount of EUR 30 million, maturing at 12 months. The outstanding amount at 2020 year-end, at discounted value, was EUR 4.8 million, compared to EUR 12.7 million at 2019 year-end.

In the final quarter of 2020 the ICO began to finance the Company through the direct purchase of commercial paper. In addition, in February 2021 the Company entered into an agreement with the ICO under the latter’s guarantee line, which will enable secured commercial paper up to the amount of EUR 4.6 million to be issued.

In view of the shift in market trends in 2020 as a result of the covid-19 crisis, the Group reached an agreement with the bondholders of the 2018 issue, under which the calculation of the covenant will be suspended until 2022.

**Participating debt**

This debt is a participating loan for a nominal amount of EUR 18.2 million, guaranteed by means of a real estate mortgage on the site identified as Cánoves. 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 participating loan will be settled in 2022 through the dation in payment of this asset.



## Other non-current payables

At 31 December 2020, Renta Corporación recognised “**Other Non-Current Payables**” totalling EUR 4.2 million. This balance is broken down as follows:

(million EUR)	Dec-20	Dec-19	Change
Non-current payables (insolvency proceedings)	1.0	1.4	-0.4
Deferred Taxes	2.3	2.3	0.0
Long-term finance leases (IFRS 16)	0.9	1.1	-0.2
<b>Total other non-current payables</b>	<b>4.2</b>	<b>4.8</b>	<b>-0.6</b>

- **Non-current payables relating to insolvency proceedings:** this line item reflects the debt of EUR 1.0 million owed to the pre-insolvency creditors, approximately half of which is payable until 2022. 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.
- **“Deferred Taxes”:** this item amounts to EUR 2.3 million and remains at the same level as at 2019 year-end.
- **Long-term finance leases (IFRS 16):** this item amounts to EUR 0.9 million and arose in 2019 as a result of the initial application of IFRS 16, Leases.

## Other current payables

Other current payables amounted to EUR 8.1 million, EUR 2.4 million lower than at 2019 year-end.

(million EUR)	Dec-20	Dec-19	Change
Current payables	4.2	5.6	-1.4
Pre-sale downpayments and prepayments	1.2	2.4	-1.2
Other current payables	2.7	2.5	0.2
<b>Total other current payables</b>	<b>8.1</b>	<b>10.5</b>	<b>-2.4</b>

- **Current payables** relate to the Company's purchase, conversion and sale transactions. At 2020 year-end they stood at EUR 4.2 million, representing a EUR 1.4 million decrease with respect to the figure at 2019 year-end, due largely to the reimbursement of financing received under a silent partnership set up for a transaction that was ultimately rejected.
- **Pre-sale downpayments and prepayments** stood at EUR 1.2 million, reflecting a EUR 1.2 million drop compared to 2019 year-end, and will give rise to future revenue of EUR 10.3 million in Madrid and EUR 5.5 million in Barcelona.
- **Other current payables** amounted to EUR 2.7 million, reflecting a EUR 0.2 million increase with respect to 2019 year-end and comprised mainly of tax payables.

## Cash flow performance

The operating cash flow used by the Company totalled EUR -2.3 million as a result of the loss of EUR -1.4 million incurred from operations in the year and the loss of EUR -0.9 million incurred on the investment in Vivenio Socimi.

Also, working capital and other operating cash flows generated positive cash flows of EUR 20.6 million, due mainly to inventory sales in 2020 and the collection of accounts receivable, which were partially offset by the decrease in balances payable.

Lastly, the free cash flow generated was used to repay debt totalling EUR 15.5 million, which resulted in a EUR 2.4 million increase in cash and cash equivalents at 2020 year-end.

(million EUR)	Dec-20
Profit or loss from operations	-1.4
Investment in the REIT <sup>(1)</sup>	-0.9
<b>Operating cash flow</b>	<b>-2.3</b>
Changes in working capital and other operating cash flows	20.6
Investment in non-current assets	-0.4
<b>Free cash flow</b>	<b>17.9</b>
Change in borrowings	-15.5
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2.4</b>

Notes: (1) Relates to EUR 0.9 million in receivables from Vivenio Socimi, of which EUR 0.7 million are yet to be converted into shares.

## 5. Information on the outlook for the Group

The whole of 2020 was marked by the global health crisis caused by the covid-19 virus, with Spain being one of the most heavily affected countries. The launch at the end of the year of a potentially effective vaccine against the covid-19 virus marked a shift in market trends and offered a glimmer of light at the end of the tunnel.

Bank of Spain forecasts estimate a fall of around -11% in GDP for 2020. On a positive note, in the final quarter of the year the GDP figures were positive, reflecting quarterly growth of 0.4%. The Bank of Spain predicts an upturn for 2021, particularly in the second half of the year, which could give rise to positive annual GDP ranging from 4% to 9%, depending on the severity of the scenario. The pre-covid-19 GDP level will probably not be recovered until the end of 2022. Meanwhile, the unemployment rate will stand at around 16% at the end of 2020, and will subsequently range from 17% to 20% in 2021, depending on the evolution of the pandemic.

In this scenario, expected inflation stands at negative or modest levels for 2021 and 2022; and the long-term interest rates will remain at low levels, a positive factor for the real estate industry, which will continue to be an attractive industry for investment.

It is expected that bank financing will continue to be restrictive and selective in 2021, although the assets least affected by the health crisis, such as the logistics and residential rental segments, will foreseeably obtain financing more easily and under better conditions. As a result of the bank restrictions on the financing of certain assets, a sharp increase in the demand for alternative financing is also expected in 2021.

Therefore, although stronger growth is expected for 2021, the economic outlook continues to be heavily contingent upon the evolution of the pandemic, the easing of the restrictions on people's movement and the vaccination of the population. The impact of the crisis on household and company solvency will be another factor affecting the evolution of the economy.

### Residential segment

Although sales of housing units fell in 2020 with respect to 2019, a slight recovery is forecast for 2021. As regards prices, a slight fall is expected, which will affect second-hand housing more than new builds. Similarly, the markets in Madrid and Barcelona will experience much more minor adjustments given the greater demand and more limited offer in these locations.

A shift in trend continues to be observed with the increase in housing rentals and, accordingly, investors are continuing to focus on the residential rental, student housing and care homes for the elderly segments, which are less affected by financing restrictions.

### Offices segment

In 2020 office contracts fell by 35% in Madrid and by 51% in Barcelona, compared to the average figure in the last five years. Although the outlook for 2021 is more positive, it continues to fall below previous years.

The vacancy rate will continue to rise as a result of both company cost readjustments due to the impact of the economic crisis and the new offerings arising from completed construction projects, or the return to the market of second-hand assets. The evolution of teleworking as a future practice will also affect demand for offices. This increased supply will affect prime rents, which could experience a slight downward adjustment.

Investors in the offices segment remain interested, although they are more selective towards prime assets with respect to location, asset quality and income security.

## Retail segment

Developments in this segment are expected to go hand in hand with the recovery of household consumption due to the gradual vaccination process and the return to normality with respect to people's movement.

The post-covid-19 scenario will be marked by a gradual and steady increase in online shopping in the coming years. In this new scenario, optimal online and offline integration will be sought, and the role of technology will therefore play an increasingly important role.

Supermarkets will foreseeably continue to be a safe choice for investors.

## Logistics segment

The logistics segment was certainly one of the most resilient in 2020, displaying firm demand that is expected to continue to rise throughout 2021. The main drivers of this robust performance are the food, pharmaceutical, technology and sports industries, in addition to online retail.

Rents also remained stable throughout 2020, a trend which is expected to continue throughout 2021 since, despite the high level of demand, the additional surface area that has come onto the market will limit any increase in this connection.

The logistics segment will continue to be very attractive to investors in 2021, and will focus on large portfolios and proximity-based logistics.

## Hotels segment

The tourism industry was one of the hardest hit in 2020, experiencing an unprecedented contraction in demand and an offering that was forced to close for most of the year. The segment is expected to begin to pick up in mid-2021, once the restrictions on people's movement have eased, although full recovery is not expected until 2023-2024.

Meanwhile, the investment market seems to be waking up and will probably increase in the coming months as a result of the liquidity constraints affecting certain owners, on the one hand, and the low interest rates and lower returns on other types of assets, on the other.

Despite the expected price adjustment, the high-level competition expected in purchase and sale processes will mitigate the price discounts to a certain extent, particularly for prime or strategic transactions.



## Business outlook

The Group did not adjust the assumptions relating to its strategic plan, although the crisis caused by the covid-19 pandemic did cause a delay in the implementation of the plan, and recovery of pre-covid-19 levels is forecast for 2022.

The Group's long-term strategic plan defines its value drivers in the development of the asset business and the increase in the size of the transactional business, which remains intact, boosting the recovery of the growth rate as the health situation returns to a certain degree of normality in Spain.

Renta Corporación's plan for 2021 envisages maintaining a very similar transactional/asset business distribution to that of 2019, albeit with a somewhat lower level of activity. The visibility of the transactional business for 2021 is considerably high due to the business portfolio held by the Group at 2020 year-end, and the asset business expects to recover a considerable proportion of the investment level from the second half of 2021 onwards.

Overheads are expected to decrease with respect to 2020, while finance costs will remain at the same level.

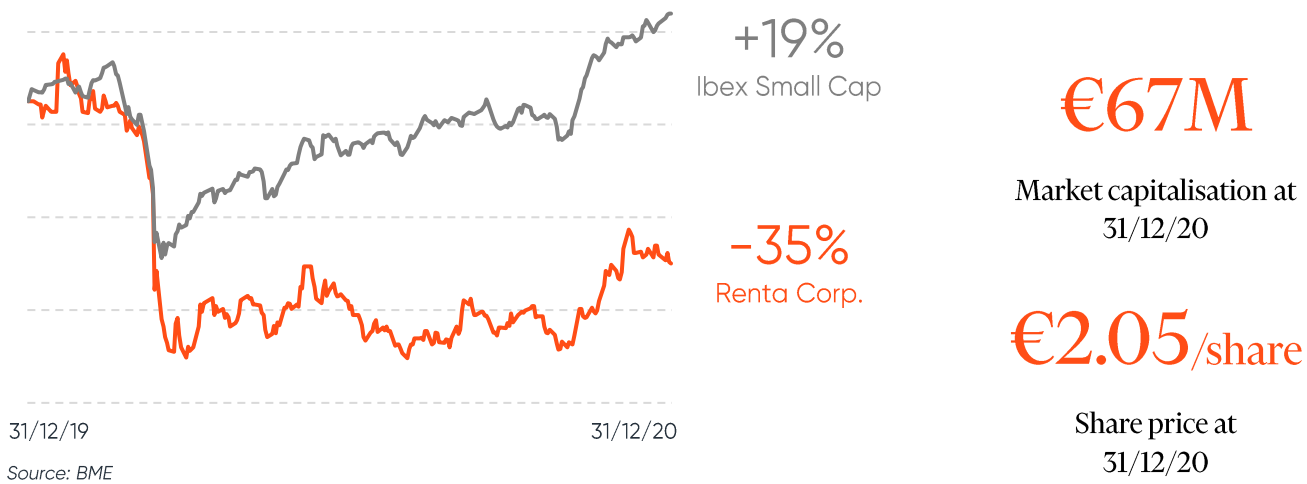


# 6. Shareholder structure and stock market performance

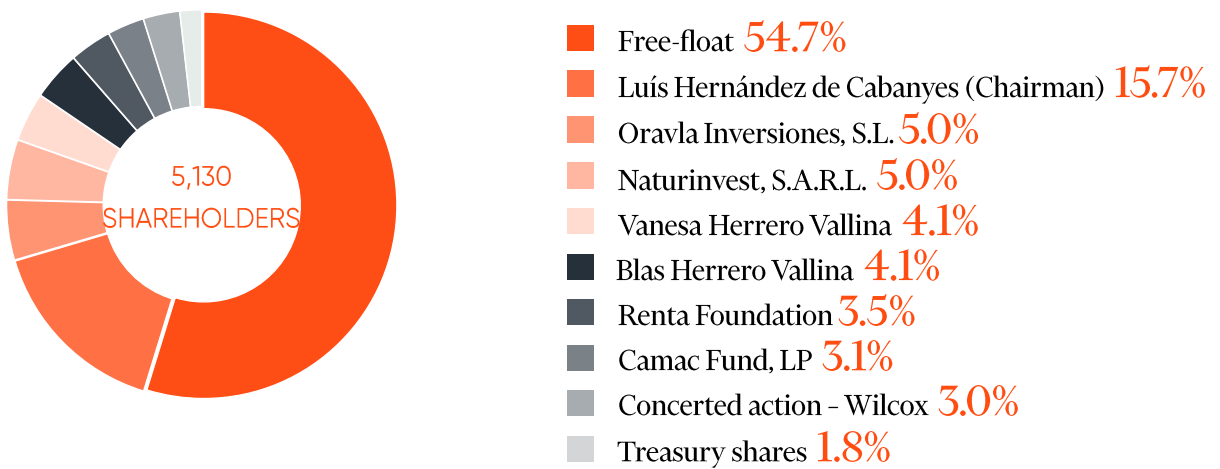
The share price at 2020 year-end was EUR 2.05 per share, 35% lower than the price of EUR 3.15 per share at 2019 year-end.

At the end of 2020, market capitalisation stood at EUR 67.4 million, compared with EUR 103.6 million at the end of 2019, with 13.6 million shares having been traded at a value of EUR 27.5 million in the year.

## SHARE PERFORMANCE SINCE DEC-19 (BASE 100)



## SHAREHOLDER STRUCTURE DEC-20



# Appendix 1: Significant transactions in 2020

## Transactional business

### PALENCIA Madrid



- **Project:** Lease management, completion of construction project and individual sales
- **Surface area:** 1,009 m<sup>2</sup>

### ROSSELLÓ Barcelona



- **Project:** Lease management, sale with sitting tenants
- **Surface area:** 430 m<sup>2</sup>

### MARQUÉS DE MONTEAGUDO Madrid



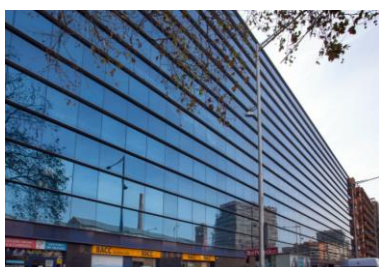
- **Project:** New build residential project, conversion and comprehensive refurbishment of an office building
- **Surface area:** 1,346 m<sup>2</sup>

### BADAJOS Barcelona



- **Project:** Office building development
- **Surface area:** 2,340 m<sup>2</sup> a/g + 541 m<sup>2</sup> b/g

### GRAN VIA DE LES CORTS CATALANES Barcelona



- **Project:** Management of lease situation, facility management
- **Surface area:** 11,486 m<sup>2</sup> a/g + 3,000 m<sup>2</sup> b/g

### AÑOVER DE TAJO Madrid



- **Project:** Lease management, refurbishment of housing units, piece by piece sale
- **Surface area:** 2,409 m<sup>2</sup>



Asset business

HERMOSILLA  
Madrid



- Housing units: 80
- Surface area: 6,619 m<sup>2</sup>

MONTESA  
Madrid



- Housing units: 68
- Surface area: 7,067 m<sup>2</sup>

AVDA SAN LUÍS  
Madrid



- Housing units: 170
- Surface area: 14,865 m<sup>2</sup>

ENSANCHE DE VALLECAS  
Development in Madrid



- Expected housing units: 216
- Surface area: 18,953 m<sup>2</sup>

MÉNDEZ ÁLVARO  
Development in Madrid



- Housing units: 273
- Surface area: 18,308 m<sup>2</sup>

NUEVO MAHOU CALDERÓN  
Development in Madrid



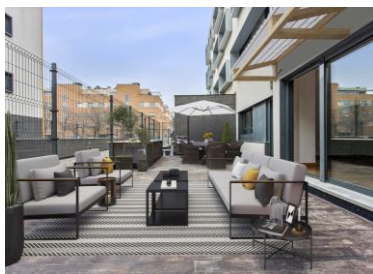
- Expected housing units: 408
- Surface area: 33,680 m<sup>2</sup>

ATOCHA  
Madrid



- Housing units: 47
- Surface area: 2,799 m<sup>2</sup>

PIONEER  
Barcelona - Madrid

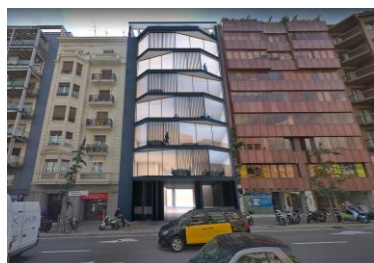


- Housing units: 510
- Surface area: 39,152 m<sup>2</sup>

# Appendix 2: Significant inventories in progress at end of 2020

## VÍA AUGUSTA

Barcelona



- **Project:** Comprehensive refurbishment of an office building, sale with sitting tenants
- **Surface area:** 3,103 m<sup>2</sup> a/g + +799 m<sup>2</sup> b/g

## GARMUR

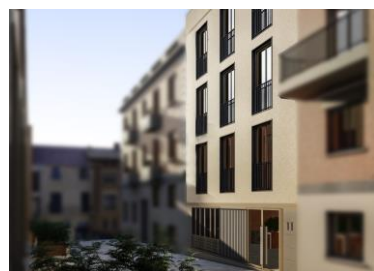
Madrid



- **Project:** Batch of five buildings in Ciudad Lineal, refurbishment of common areas and conversion of commercial premises into housing units
- **Surface area:** 3,546 m<sup>2</sup> a/g + 1,178 m<sup>2</sup> courtyards

## EUTERPE

Barcelona



- **Project:** New build development in the Sarrià district, which will consist of seven housing units
- **Surface area:** 602 m<sup>2</sup> + 159 m<sup>2</sup> patios.

## VANGUARD BUILDING

Barcelona



- **Project:** Conversion of property to hotel and residential use
- **Surface area:** 21,023 m<sup>2</sup> a/g + 2,496 m<sup>2</sup> b/g

## FRANCESC DE BOLÓS

Barcelona



- **Project:** Comprehensive conversion of a building into 16 new build housing units
- **Surface area:** 1,362 m<sup>2</sup>

## GRAN VÍA DE LES CORTS CATALANES

Barcelona



- **Project:** Management of lease situation, facility management
- **Surface area:** 11,486 m<sup>2</sup> a/g + 3,000 m<sup>2</sup> b/g



# Appendix 3: Glossary

<b>Business portfolio</b>	Investment rights plus strategic stocks (for sale)
<b>Covenant</b>	Guarantee to the lender that the loan will be repaid
<b>Financial debt</b>	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
<b>Net financial debt</b>	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
<b>EBITDA</b>	Consolidated profit or loss from operations + changes in value of investment property - depreciation and amortisation
<b>Free float</b>	Capital shares freely traded on the Spanish Stock Market Interconnection System and not stably controlled by shareholders
<b>GAV</b>	Market value ("Gross Asset Value")
<b>IBEX Small</b>	Index of small market capitalisation securities listed on the Spanish Stock Market Interconnection System
<b>LTV</b>	Net financial debt/market value of assets ("Loan to Value")
<b>LTC</b>	Net financial debt/cost of assets held in inventory ("Loan to Cost")
<b>Operating margin</b>	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
<b>€M</b>	Millions of euros
<b>REIT</b>	Real estate investment trusts
<b>Waiver</b>	Temporary exemption from compliance with certain loan terms
<b>Off-market</b>	Transactions performed without the involvement of a clearing corporation or stock exchange

