

Interim Directors' Report

6M 2024



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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

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DISCLAIMER

The percentages and figures contained in this report have been rounded off and therefore may, in certain cases, 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 forward-looking statements do not constitute a guarantee of the company's future performance and entail risks and uncertainties. Actual performance may thus differ substantially from the performance envisaged by such forecasts.



1. Key aspects

KEY FINANCIALS OF THE GROUP

REVENUE	EBITDA	NET PROFIT
6.4 €м	+3.7 €м	+ 0.5 €M

Renta Corporación ended the first half of 2024 with a **net profit of EUR 0.5 million**, compared to the loss of EUR 3.1 million obtained in the same period of 2023.



ASSET MANAGEMENT BUSINESS

- Firm commitment to growing the asset management business so as to ensure recurring income for the group in the future.
- Expansion of the Wellder REIT specialising in senior citizens homes. Following the acquisition of four new assets in Alicante and Pamplona during the first half of the year, Wellder now has a portfolio of 10 assets with an approximate value of EUR 89 million. An IPO in BME Scale Up is expected during the third quarter of 2024.
- Focus on growing the Cabe platform, which as of the date of publication of this report, is making progress with potential investors to accelerate its growth.



TRANSACTIONAL BUSINESS

- Optimisation of balance sheet management with a focus on the sale of its inventories and non-strategic patrimonial assets.
- At the end of the first half of the year, the company has a transactional business portfolio valued at EUR 149.6 million.
- Preparation of the launch of an investment fund to serve as a vehicle for value-added transactions within the scope of the transactional business.





2. Asset management business

The asset management business is acquiring ever greater weight in the Group's activity with the goal of achieving lower exposure to the cyclical nature of the sector and more recurrent revenue for the Group. This business line is divided into two divisions:



INVESTMENT MANAGEMENT IN ASSET MANAGEMENT VEHICLES

Creation and management of real estate vehicles with third parties. Renta Corporación earns fees linked to the origination, development, management and divestment of the assets, as well as success fees on project completion.



- The **Vivenio REIT** specialises in rented residential assets. It was created in 2017 with a majority equity stake held by the Dutch pension fund manager APG. In 2021, the Australian fund Aware Super PTY LTD acquired equity in the REIT.
- Renta Corporación is the exclusive investment manager for this vehicle.
 At year-end 2023, Vivenio held an asset portfolio of EUR 1,590
 - At year-end 2023, Vivenio held an asset portfolio of EUR 1,590 million, consisting of 41 real estate developments in operation, 5 own developments (of which 3 are turnkey projects).



89€M

- The **Wellder REIT** specialises in senior citizens homes. It was created at the end of 2022 together with the Dutch pension fund APG.
- Renta Corporación is the exclusive manager of this vehicle.
- Wellder was created with the aim of acquiring or developing, in the initial phase, high-quality property assets in Spain built to high ESG standards for a value of EUR 250 million.
- At the end of the first half of 2024, this vehicle has a portfolio of 10 assets, with 1,484 beds, valued at approximately EUR 89 million, having acquired four new assets in Alicante and Pamplona during the period.
- Wellder also has an investment portfolio under consideration that it expects to execute in the coming months and that will allow it to cross the threshold of EUR 100 million in assets.

This division encompasses the acquisition and management of investment property that will contribute to a regular revenue base.





OTHER INVESTMENT PROPERTY GAV

5.5€м



- In 2022 the company created **Cabe**, a highly scalable urban storage leasing business. Cabe offers a differentiated product, both in terms of the city centre location of its assets and in terms of its highly digitised rental and operating processes.
- At present Cabe has 20 locations in Barcelona, Madrid, Palma de Mallorca and Zaragoza, with a total market value of EUR 30.2 million. As of the date of this report, 11 of these facilities are in operation and another eight are expected to open shortly.
- In addition, at the end of the first half of 2024, Cabe has under consideration an investment portfolio of EUR 12.8 million, comprising 27 assets.
- At present, within this **Own assets** division Renta Corporación has residential assets with a market value of EUR 5.5 million, registered as Investment Property.
- In addition, in order to optimise balance sheet management and support the growth of new business lines, the company has started to sell certain non-strategic residential assets, which were classified as Assets classified as held for sale at the end of 2023.

3. Transactional business



(*) Amount based on external valuations

- The real estate market remains weak, with activity in the first half of the year weaker than in the previous half, pending further interest rate corrections.
- At the end of the first half, the company has customer reservations that will result in future revenue of around EUR 4.1 million.
- The company has taken steps to launch an investment fund that will serve as a vehicle for value-added transactions within the scope of the transactional business.
- The company has a transactional business portfolio, including assets acquired and investment rights, totalling approximately EUR 150 million, concentrated mainly in the residential and office sectors.

4. ESG



Sustainable construction and circular economy

Decent work.

equality and

inclusion



model based on ethics and integrity

- During the first half of the year, progress was made in the implementation of the new ESG policy approved by the Board of Directors in February, which established 33 environmental, social and governance measures to be implemented over the next three half-years.
- At the end of the first half, 86% of the actions envisaged for this period had been completed.
- Most notably, the period saw progress in the calculation of the company's carbon footprint, which will provide a basis for setting emission reduction targets under the plan to be carried out during the second half.





5. Business performance

(million EUR)	6M 2024	6M 2023	% change
Transactional business revenue	3.2	27.1	
Asset management business revenue	2.9	1.4	
Other income	0.3	0.1	
REVENUE	6.4	28.6	-78%
Transactional business margin	0.8	2.0	
Asset management business margin	7.5	2.9	
Other income and expenses	-0.1	-0.4	
BUSINESS MARGIN	8.2	4.5	82%
Overheads and staff costs	-4.5	-4.4	
EBITDA	3.7	0.1	n.a.
Depreciation and amortisation charge, provisions and	0.7	0.7	
other	-0.3	-0.3	
EBIT	3.4	-0.2	n.a.
Net financial loss	-1.5	-2.4	
PROFIT BEFORE TAX	1.9	-2.6	n.a.
Income tax	-1.4	-0.5	
NET PROFIT	0.5	-3.1	n.a.
% Transactional business margin/revenue	25%	7%	+18 pp

Revenue







Revenue in the first half of 2024 amounted to EUR 6.4 million, a decrease from the previous year's figure. Eliminating the impact of the extraordinary dation in payment in the amount of EUR 18.9 million, ordinary revenue for the same period of 2023 amounted to EUR 9.7 million.

- The decrease in revenue is attributable to the slowdown in the market, with high interest rates and geopolitical instability. The delay in further interest rate corrections continues to hold back transactions and investment volume.
- Transactional business operations are divided between the commercial and residential sectors, most notably the partial sale of a residential building on Via Augusta in Barcelona and an office building on Carrera de San Jerónimo in Madrid.
- At the end of the first half, the company has customer reservations that will result in future revenue of around EUR 4.1 million.
- Revenue from the Asset management business has increased by EUR 1.5 million compared to 2023. A large part of the revenue comes from the fees earned in the REIT management business for the management of Wellder and Vivenio. These fees were earned mainly for origination through asset purchase, the delivery of completed own developments, the asset sales and the vehicle management.
- The rest of the revenue from the asset management business came from the leasing of certain assets owned by the company and the Cabe urban storage business, which as of the date of this report has 20 assets in its portfolio, 11 in operation and 8 expected to open shortly.



Notes

(1) The equivalent business in Real estate project management is equal to the selling price of the underlying property in exercised purchase options (2) Includes EUR 14 million from sales of held-for-sale assets



Business margin



- The business margin comes mainly from the REIT management business and the changes in the value of Cabe's assets resulting from the stabilisation of rents in the storage facilities already in operation, operational efficiency, and the start-up of new facilities.
- **Real estate project management:** EUR 0.8 million, up EUR 0.6 million year-on-year. This margin comes mainly from an office transaction in Madrid.
- **REIT management margin:** This consists mainly of the origination fees from the acquisition of four senior citizens' homes and one residential building; and from the completion and delivery of an own development in Vivenio. The REIT management margin is up EUR 1.4 million compared to the first half of 2023.

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- **Change in value:** EUR 5.4 million, relating to the increase in the value of Cabe's urban storage facilities due to the consolidation of the centers in operation, investment progress and purchase of new premises.
- **Other revenue and expenses:** The total business margin also includes other operating revenue and all the other variable overhead costs associated with the properties.





EBITDA

- Overhead expenses amount to EUR 4.5 million, in line with the figure for the first half of 2023. This total is made up of EUR 3.2 million of staff costs and EUR 1.3 million of other overhead expenses.
- EBITDA at the end of the first half of 2024 is EUR 3.7 million, compared to EUR 0.1 million in the same period of 2023.

Net result

- The net financial result is an expense of EUR 1.5 million, which is EUR 0.9 million less than the expense recorded in the same period of 2023, mainly as a result of the reduction in corporate debt and the cancellation of the participating loan in 2023.
- The Group has recognised corporate income tax expense of EUR 1.4 million, compared to EUR 0.5 million in the first half of 2023.
- As in previous years, following the revised strategic plan, no additional net tax assets have been recognised in respect of tax loss carryforwards be set off against future profits.
- Renta Corporación thus ended the first half of 2024 with a **net profit of EUR 0.5 million**, compared to the loss of EUR 3.1 million reported at the end of the first half of 2023.





6. Balance sheet

Assets

Assets (million EUR)	Jun-24	Dec-23	Change
Non-current assets and right-of-use assets	6.0	6.2	-0.2
Other non-current assets	62.7	54.0	8.7
Non-current assets	68.7	60.2	8.5
Assets classified as held for sale	8.4	9.8	-1.4
Inventories	28.4	27.3	1.1
Accounts receivable	2.9	1.7	1.2
Financial assets	0.2	0.3	-0.1
Cash	1.5	5.2	-3.7
Current assets	41.4	44.3	-2.9
Total assets	110.1	104.5	5.6

68.7 €M 60.2 €M Non-current assets 6.0 and right-of-use assets 6.2 Investment property 31.8 24.3 Non-current financial investments Deferred tax assets Jun 24 Dic 23

CURRENT ASSETS



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NON-CURRENT ASSETS

Non-current assets

- The figure for **Non-current assets and rights of use**, which relates mainly to the recognition of leases under IFRS 16, is EUR 6.0 million, slightly lower than the figure reported at the end of the previous year.
- Assets classified as **Investment property** are up EUR 7.5 million compared to the end of 2023, mainly due to (i) the acquisition of new premises for operation as urban storage facilities in the Cabe business; and (ii) the increase in the fair value of the assets included in this category, as a result of the consolidation of the facilities already in operation and further investment in new premises.
- The **Non-current financial investments** item, which mainly includes Renta Corporación's share of the capital of the Vivenio and Wellder REITs, is up EUR 1.3 million as a result of capital contributions to Wellder for the purchase of four new assets during the first half of the year.
- **Deferred tax assets** relates mainly to tax loss carryforwards, with EUR 79 million of unrecognised tax losses.

Current assets

• **Current assets** amount to EUR 41.4 million, down EUR 2.9 million compared to year-end 2023. This decrease is attributable mainly to sale of inventories and held-for-sale assets, as well as the decrease in cash.

Business portfolio

Assets classified as held for sale: This item amounts to 8.4 million euros and includes properties that were reclassified from Investment property at year-end 2023. The properties in question are five residential buildings located in Barcelona city centre which are operated on a rental basis and which the company decided to offer for sale by unit.

This item is down EUR 1.4 million compared to December 2023, as various homes and premises were sold during the first half.

• **Inventories:** Renta Corporación has recognised inventories totalling EUR 28.4 million at the end of the first half, which is EUR 1.1 million more than at the end of 2023. The change is attributable mainly to the net effect of: the acquisition of an office asset and the sales completed during the period, most notably the sale of units in

a building on Via Augusta in Barcelona and in two buildings on Calle Nuestra Señora de la Soledad and Calle Juan Bautista Monegro in Madrid.

- **Investment rights**: The balance of the Inventories item at the end of June 2024 includes EUR 0.3 million of premiums on purchase options on properties in the transactional business, giving the right to a future asset purchase in the amount of EUR 113.1 million.
- **Transactional business portfolio**: Inventories, assets held for sale and investment rights together form a transactional business portfolio of EUR 149.6 million, which is 64% more than at year-end 2023.



Notes: (1) This breakdown does not include the value of the purchase options.



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Business portfolio







Liabilities

Equity + liabilities (million EUR)	Jun-24	Dec-23	Change
Equity	59.4	58.5	0.9
Liabilities			
Non-current mortgage debt	6.7	1) 6.0	0.7
Other non-current payables	6.4	5.6	0.8
Non-current liabilities	13.1	11.6	1.5
Non-current mortgage debt	3.9		-1.3
Currrent financial debt	27.1	3) 22.2	4.9
Other current payables	6.6	7.0	-0.4
Current liabilities	37.6	34.4	3.2
Total equity + liabilities	110.1	104.5	5.6

FINANCIAL DEBT (€M)

	Non current	Currei	nt	Total
(M€)	l/t	l/t	s/t	
Mortgage debt	6.7	3.9	3.3	13.9
Other payables	-	-	23.8	23.8
Total Financial Debt	6.7	⁽¹⁾ 3.9 ⁽²⁾	⁾ 27.1	³⁾ 37.7

NET FINANCIAL DEBT (€M)

(M€)	Jun-24	Dec-22	Change
Mortgage debt	13.9	11.6	2.3
Other payables	23.8	21.8	2.0
(-) Cash and financial asse [.]	-1.7	-5.5	3.8
Total Net Financial Debt	36.0	27.9	8.1

Equity

• **Equity** ended the half-year at EUR 59.4 million, up EUR 0.9 million compared to year-end 2023, mainly as a result of the profit generated during the period and the distribution of shares under the agreed employee remuneration plan.

Financial debt

- **Gross financial debt** is up EUR 4.3 million compared to the end of last year and debt amounted to 33% of total assets. Major steps were taken during the first half of 2024 to refinance and cancel this debt. Principally, promissory notes in the amount of EUR 6.2 million were paid off and new debt in the nominal amount of EUR 11.1 million was issued, extending the maturities and adapting them to the project execution schedule.
- In addition, the company has borrowing capacity of up to EUR 50 million under its promissory note programme, which was started in April this year.
- Net financial debt is up EUR 8.1 million compared to the end of last year, mainly as a result of the net effect of the repayment of promissory notes, the increase in mortgage and non-mortgage debt, and the consumption of cash.







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Cash flow

(million EUR)	Jun-24
Profit or loss from operations	-1.6
Investment in the REIT	0.0
Operating cash flow	-1.6
Changes in working capital and other operating cash flows	-3.7
Investment in non-current assets	-2.4
Free cash flow	-7.7
Change in cash flows from financing activities	4.0
Interim dividends paid	0.0
Net increase/decrease in cash and cash equivalents	-3.7

- Cash flow is down EUR 3.7 million as a result of the operating result for the year, the change in operating cash flows and the investment in non-current assets.
- The changes in working capital and other operating cash flows result in a negative cash flow of EUR 3.7 million, mainly due to the increase in inventories and receivables and the payment of interest on non-bank debt.
- On the other hand, the investment in non-current assets has also resulted in a negative cash flow of EUR 2.4 million, mainly as a result of the capital contributions to the Wellder REIT for the purchase of new assets and the increase in investment property due to the purchase and adaptation of new storage facilities.
- Lastly, the cash flow from financing activities was a positive EUR 4.0 million, mainly due to the net effect of the repayment and issue of mortgage and non-mortgage debt.

7. Information on market performance

The first half of 2024 was marked by persistent geopolitical tensions, mainly due to the conflicts between Russia and Ukraine and between Israel and Palestine. Despite these challenges, global economic activity proved remarkably resilient and even accelerated.

At the macroeconomic level, after a period of unprecedented monetary tightening since July 2022, the European Central Bank agreed to reduce interest rates from 4.5% to 4.25% in June 2024.

In this context, the Spanish economy showed stronger-than-expected growth, taking the lead among the large euro area economies. In the first quarter of the year, GDP grew by 0.8% quarter-on-quarter, driven mainly by the tourism sector. The Bank of Spain has revised its GDP forecasts upwards and expects the economy to grow by 2.3% this year.

Employment also reached record levels, completing 50 consecutive months of growth this June.

Inflation has remained above 3%, although the Bank of Spain expects headline inflation to resume a downward path in the next few quarters.

The real estate sector continues to face challenges due to the increase in the cost of funding, which has delayed investment decisions. Thus, in the first half of 2024, total investment in the sector dropped 15% year-on-year. The passage of the Housing Law (*Ley de Vivienda*) in May 2023 added to the climate of uncertainty and insecurity, prompting a freeze in investment decisions.

Once interest rates stabilise, activity and growth in the sector are expected to pick up moderately, albeit subject to any changes in monetary policy. Investors are likely to continue to put off decision making during this period. Nevertheless, interest on the part of international investors persists and the Spanish property market has become an investment destination for foreigners, positioning itself as a haven against inflation.

Meanwhile, sustainability and ESG criteria have become a significant aspect of investor appeal. The sector is thus adapting to new lifestyles. Digitalisation and artificial intelligence are also emerging as major trends in the sector.

Residential segment

In the first quarter of 2024, the growth of the residential sector continued to moderate against the background of rising interest rates and the consequent rise in borrowing costs.

Nevertheless, real estate sales are starting to show signs of recovery and improvement. According to the latest data published by the Ministry of Housing and Urban Agenda, the number of sales increased by 1.8% in the first quarter of the year, the first such increase after five consecutive quarters of decreases. Activity and growth in the residential sector are expected to pick up from the second half of 2024, though largely subject to changes in monetary policy.

Investment in the 'living' sector dropped 40% during the first quarter compared to the last quarter of 2023, with the bulk of the investment concentrated in Build to Rent (BTR) and the Private Rented Sector (PRS). Residential prime yields reached 3.8% in Madrid and 4.0% in Barcelona.

Student residences and senior living, together with new housing formats such as flex living and coliving continue to position themselves as the main trends in the residential market.





Offices segment

Under the impact of the boom in telecommuting and the rise in interest rates, the office market continued to lose momentum and registered a slowdown during the first half of 2024. Investment activity in the office segment fell 60% year-on-year in the first half. The segment continues to be marked by polarisation between prime and secondary assets.

The first half was marked by the return of large rental transactions in Madrid and Barcelona, after a slack year for transactions of this kind. Prime yields continued to rise, reaching 5% in both Madrid and Barcelona.

The segment continues to adapt to new ways of working. Companies have been adjusting and adapting their office spaces to new trends, incorporating technological advances and creating more attractive environments.

The growth of activity in this segment during the second half of the year will be affected by interest rate trends.

Hotels segment

Tourism continues to break records and strengthen its role as one of the main drivers of the Spanish economy, with 33.2 million tourist arrivals in the first five months of the year, representing an annual increase of 13.6%.

In this context, the hotel segment continued to lead real estate investment during the first half, increasing by 30% year-on-year. On account of their greater resilience and inelasticity, high-end hotels have emerged as one of investors' main targets.

Prime yields remained stable at around 5.25% in Madrid and Barcelona during the first four months of the year.

Despite the challenges related to the cost of debt and construction, the hotel segment is expected to maintain its growth trend for the rest of the year, thanks to strong demand and the transformation under way in the sector.

At the same time, ESG criteria continue to weigh more heavily in investment decisions, affecting the value of assets and the negotiation of rents in contracts.

Retail segment

After a year with low investment volumes, the retail sector has returned to growth. Driven by shopping centre transactions, this was one of the best performing real estate investment segments in the first few months of the year. Retail tripled its investment volume year-onyear in the first half of 2024 and has already reached more than 90% of the total investment in 2023.

Demand for the main commercial hubs remains high in a context in which Spain continues to break records in number of tourists, who are also spending more during their stay. Yields in prime areas have risen slightly, reaching around 4.25% at the end of the first four months, due to the shortage of supply.

Shopping centre sales and visitor numbers continue to increase, keeping rents stable during the first four months of the year.

Given the proven interest in the retail sector, strong sales and visitor number indicators and the positive consumption forecast, this trend is expected to continue in the coming months.

Logistics segment

The logistics sector continues to show signs of flagging, and investment activity slowed in the first six months of 2024, dropping 30% year-onyear. The factors driving this decline in activity include the increase in the cost of materials and construction, the uncertainty caused by events such as the trade war between the United States and China and the ongoing armed conflicts, and the rise in interest rates.

Unlike the previous year, when secondary markets played a more prominent role, in the first quarter of 2024 the large logistics hubs showed stronger growth. The three main markets, Madrid, Catalonia and Valencia, accounted for most of the activity during that period.

The logistics market continues to generate confidence in investors, supported by the robust performance of e-commerce and merchandise warehousing. The resurgence of activity in the second half of the year will depend to a large extent on interest rate developments. Prime yields reached 5.35% in Madrid and 5.25% in Barcelona.

Technology and sustainability are key considerations for investors and users in this segment. Specifically, artificial intelligence, which is key to route optimisation and cost and carbon emission reduction, has become a key factor for the transformation of the logistics sector over the next months.



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8. Shareholders and share price performance







Appendix 3: Glossary

Business portfolio	Investment rights plus strategic stocks (for sale)
Financial debt	Mortgage debt + Other payables
Net financial debt	Mortgage debt + Other payables - Cash - Current financial assets
Debt as a % of assets	Net financial debt / Total assets - Cash - 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	Gross Asset Value (market value)
IBEX Small Cap	Index of small market capitalisation securities listed on the Spanish Stock Market Interconnection System
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	In millions of euros
REITs	Real estate investment trusts







Vía Augusta 252-260, 5ª planta 08017 Barcelona Velázquez, 51, 1º izq. 28001 Madrid

Tel. (+34) 934 949 670

Tel. (+34) 915 750 462