

The background of the page is a close-up, high-angle photograph of wooden planks, likely from a deck or staircase, arranged in a grid pattern. The planks are light-colored with visible wood grain and knots. The perspective is from above, looking down at the planks.

Individual  
financial  
statements

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## a. Auditors' Report



Edifici Caja de Madrid  
Avinguda Diagonal, 640  
08017 Barcelona  
Tel. +34 902 021 111  
Fax +34 934 059 032

*A free translation of the report on the annual accounts originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish language version prevails*

### AUDIT REPORT ON THE ANNUAL ACCOUNTS

To the shareholders of Renta Corporación Real Estate, S.A.

We have audited the annual accounts of Renta Corporación Real Estate, S.A. consisting of the abridged balance sheet as at 31 December 2005, the abridged income statement and the related notes to the annual accounts for the year then ended, the preparation of which is the responsibility of the Directors of the Company. Our responsibility is to express an opinion on the aforementioned annual accounts taken as a whole, based on the work carried out in accordance with auditing standards generally accepted in Spain, which require the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of their overall presentation, the accounting principles applied and the estimates made.

In accordance with Spanish Corporate Law, the Company's Directors have presented, for comparative purposes only, for each item of the balance sheet and the income statement, the corresponding amounts for the previous year as well as the amounts for 2005. Our opinion refers exclusively to the annual accounts for 2005. On 23 March 2005, we issued our audit report on the 2004 annual accounts, in which we expressed an unqualified opinion.

In our opinion, the accompanying annual accounts for the year 2005, appearing on pages 87 to 107, present fairly, in all material respects, the financial position of Renta Corporación Real Estate, S.A. at 31 December 2005 and the results of its operations for the year then ended, and contain all the information necessary for their interpretation and comprehension in accordance with generally accepted accounting principles, which have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers Auditores, S.L.

Miguel Alfocea Martí  
Audit Partner

13 February 2006



## b. Financial statements

### COMPANY NAME

NIF: A62385729	
Registered Name: RENTA CORPORACIÓN REAL ESTATE, S.A	
Registered Office: Avda. Diagonal, 449, 2º	
Town: Barcelona	Province: Barcelona
Post code: 08036	Telephone: 93 494 96 70

### ACTIVITIES

Main activity: Real estate development		
CNAE code	810010	70.11

### EMPLOYEES

		YEAR 2005	YEAR 2004
Salaried employees (average number for the year)	PERM. 810100	3	3
	TEMP. 810110	-	-

### PRESENTATION OF THE ACCOUNTS

	YEAR	MONTH	DAY
Year-end date to which the accounts refer	810190 2005	12	31

Number of pages deposited:	810200	21
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If no figures are stated for any of the years, indicate the reason for this:

### UNITS

Place a X against the unit in which the annual accounts have been prepared:	Euros	999024	
	Thousand euros	999025	X

**ABBREVIATED BALANCE SHEET**

**BA1**

NIF: A62385729	Space for directors' signatures	<b>UNIT (1)</b>		
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.		Euros	999414	
		Thousands	999415	<b>X</b>

ASSETS		YEAR 2005	YEAR 2004
A) UNCALLED SHARE CAPITAL	110000		
B) FIXED ASSETS	120000	2,816	2.483
I. Formation expenses	121000	328	248
II. Intangible assets	122000	95	13
III. Tangible assets	123000	171	91
IV. Investments	124000	2,222	2,131
V. Own shares	125000		
VI. Long-term trade debtors	126000		
C) DEFERRED EXPENSE	130000		
D) CURRENT ASSETS	140000	62,448	60,398
I. Called up share capital not paid	141000		
II. Stocks	142000		
III. Debtors	143000	18,098	6,690
IV. Investments	144000	44,117	53,569
V. Own shares	145000	94	57
VI. Cash at bank and in hand	146000	139	15
VII. Prepayments and accrued income	147000	-	67
<b>GRAND TOTAL (A+B+C+D)</b>	<b>100000</b>	<b>65,264</b>	<b>62,881</b>

**ABBREVIATED BALANCE SHEET**

**BA2**

<b>NIF:</b> A62385729	Space for directors' signatures
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.	

CAPITAL AND RESERVES		YEAR 2005	YEAR 2004
<b>A) CAPITAL AND RESERVES</b>	<b>210000</b>	48,541	38,533
I. Share capital	<b>211000</b>	21,949	8,381
II. Share premium account	<b>212000</b>	483	14,051
<b>III. Revaluation reserve</b>	<b>213000</b>		
IV. Other reserves	<b>214000</b>	13,114	14,994
<b>V. Profit and loss account brought forward</b>	<b>215000</b>		
<b>VI. Profit (loss) for the year</b>	<b>216000</b>	12,995	1,107
VII. Interim dividend	<b>217000</b>		
VIII. Own shares for capital decrease	<b>218000</b>		
B) DEFERRED INCOME	<b>220000</b>		
C) PROVISIONS FOR LIABILITIES AND CHARGES	<b>230000</b>		
D) CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	<b>240000</b>		
E) CREDITORS FALLING DUE WITHIN ONE YEAR	<b>250000</b>	16,723	24,348
F) PROVISIONS FOR LIABILITIES AND CHARGES	<b>260000</b>		
<b>GRAND TOTAL (A+B+C+D+E+F)</b>	<b>200000</b>	65,264	62,881

**ABBREVIATED PROFIT AND LOSS ACCOUNT**

**PA1**

NIF: A62385729	Space for directors' signatures	<b>UNIT (1)</b>		
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.		Euros	999514	
		Thousands	999515	<b>X</b>

DEBIT		YEAR 2005	YEAR 2004
<b>A. EXPENSE (A.1 to A.15)</b>	<b>300000</b>	3,331	3,453
A.1. Supplies	<b>301009</b>		
<b>A.2. Staff costs</b>	<b>303000</b>	1,565	1,240
a) Wages, salaries and similar remuneration	<b>303010</b>	1,511	1,220
b) Social security contributions	<b>302020</b>	54	20
A.3. Fixed asset depreciation	<b>304000</b>	95	13
A.4. Changes in trade provisions	<b>305000</b>		
A.5. Other operating charges	<b>306000</b>	2,184	2,424
A.I OPERATING PROFIT (B.1 - A.1 - A.2 - A.3 - A.4 - A.5)	<b>301900</b>		
A.6. Financial expenses and similar costs	<b>307000</b>	389	670
a) Amounts owed to group undertakings	<b>307010</b>	49	256
b) Amounts owed to associated undertakings	<b>307020</b>		
c) Amounts payable to third parties and similar expenses	<b>307030</b>	340	414
d) Loss on sale of investments	<b>307040</b>		
A.7. Change in provisions for investments	<b>308000</b>		
<b>A.8. Loss on exchange</b>	<b>309000</b>		
<b>A.II NET FINANCIAL INCOME (B.2 + B.3 - A.6 - A.7 - A.8)</b>	<b>302900</b>	12,348	2,524
<b>A.III PROFIT FROM ORDINARY ACTIVITIES (A.I + A.II - B.I - B.II)</b>	<b>303900</b>	11,985	213
A.9. Change in provisions for depreciation of tangible and intangible fixed assets and controlling shareholdings	<b>31000</b>	262	-
A.10. Loss on disposal of tangible and intangible fixed assets and controlling shareholdings	<b>311000</b>	-	18
A.11. Loss on dealings with own shares and debentures	<b>312000</b>		
A.12. Extraordinary expenses	<b>313000</b>		
A.13. Expenses relating to prior years	<b>314000</b>		
A.IV NET EXTRAORDINARY PROFIT (B.4 + B.5 + B.6 + B.7 + B.8 + A.9 - A.10 - A.11 - A.12 - A.13)	<b>304900</b>		
A.V PROFIT BEFORE TAXES (A.III + A.IV - B.III - B.IV)	<b>305900</b>	11,831	195
A.14. Corporation tax	<b>315000</b>	-1,164	-912
A.15. Other taxes	<b>316000</b>		
A.VI PROFIT FOR THE YEAR (A.V - A.14 - A.15)	<b>306900</b>	12,995	1,107

**ABBREVIATED PROFIT AND LOSS ACCOUNT**

**PA2**

<b>NIF:</b> A62385729	Space for directors' signatures
REGISTERED NAME RENTA CORPORACIÓN REAL ESTATE, S.A.	

CREDIT		YEAR 2005	YEAR 2004
<b>B) INCOME (B.1 to B.8)</b>	<b>400000</b>	16,326	4,560
B.1. Operating income	<b>401009</b>	3,481	1,366
a) Net turnover	<b>401000</b>	3,481	1,366
b) Other operating income	<b>401029</b>		
B.I OPERATING LOSS (A.1 + A.2 + A.3 + A.4 - B.1)	<b>401900</b>	363	2,311
B.2 Financial income	<b>402009</b>	12,737	3,194
a) from group undertakings	<b>402019</b>	12,607	2,970
b) from associated undertakings	<b>402029</b>		
c) from non-group undertakings	<b>402039</b>	130	224
d) gains on sale of investments	<b>402040</b>		
B.3. Gains on exchange	<b>408000</b>		
B.II NET FINANCIAL EXPENSE (A.6 + A.7 + A.8 - B.2 - B.3)	<b>402900</b>		
B.III LOSS FROM ORDINARY ACTIVITIES (B.I + B.II - A.I - A.II)	<b>403900</b>		
B.4. Profit from disposal of tangible and intangible fixed assets and controlling shareholdings	<b>409000</b>	3	-
B.5 Profit from dealings in own shares and debentures	<b>410000</b>	105	-
B.6 Capital grants released to income during the year	<b>411000</b>		
B.7. Extraordinary income	<b>412000</b>		
B.8 Income relating to prior years	<b>413000</b>		
B.IV. NET EXTRAORDINARY LOSS (A.9 + A.10 + A.11 + A.12 + A.13 - B.4 - B.5 - B.6 - B.7 - B.8)	<b>404900</b>	154	18
B.V. LOSS BEFORE TAXES (B.III + B.IV - A.III - A.IV)	<b>405900</b>		
B.VI LOSS FOR THE YEAR (B.V + A.15 + A.16)	<b>406900</b>		



## **1. Activity**

Renta Corporación Real Estate, S.A. (as from its incorporation until 2 June 2001, under the name of Suatel XXI, S.L., and for the subsequent period from 2 June 2001 to 5 December 2003, under the name of Corporación Renta Antigua, S.A.), was incorporated as a limited liability company on 27 October 2001, with its registered office for legal and tax purposes in Avda. Diagonal, Barcelona, Spain. The company's is mainly engaged in all manner of operations involving moveable property (except those governed by special legislation) and real estate.

## **2. Basis of presentation**

- a) The annual accounts have been prepared on the basis of the accounting records of the Company and are presented in accordance with company law in force and the standards set down in the General Accounting Plan, in order to show a true and fair view of the financial position and results of the Company.
- b) The figures in the documents comprising these annual accounts, the balance sheet, the profit and loss account and the notes to the accounts are expressed in Euros thousand.
- c) As the Company meets the conditions set down in article 181.1 of the Spanish Companies Act, the Directors present these annual accounts in abridged form.
- d) The consolidated annual accounts of Renta Corporación Real Estate, made up of Renta Corporación Real Estate, S.A. and its subsidiary companies at 31 December 2005, have been formulated separately from these individual annual accounts. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Standards and its interpretations issued respectively by the IASB and IFRIC and adopted by the European Union and approved by the Regulations of the European Commission, which are in force at 31 December 2005. These are the first consolidated annual accounts filed under these standards. The main figures set down in the audited consolidated annual accounts are as follows:

Total assets	394,290
Equity	84,994
Profit for the year attributed to the parent Company	32,502
Net turnover	320,843

### **3. Proposed distribution of results**

The follow distribution of 2005 results will be proposed to the General Meeting of Shareholders:

<u>Basis of distribution</u>	
Profit and loss (profits)	12,995
<u>Distribution</u>	
To dividends	10,086
To legal reserve	1,300
To voluntary reserve	1,609
	12,995

### **4. Accounting policies**

The most significant accounting policies applied in the preparation of these annual accounts are set out below:

a) Start-up expenses

These basically include capital increase expenses and are stated at their acquisition price.

They are presented net of their amortisation, which is carried out on a straight-line basis over a period of five years.

When the circumstances permitting their capitalization have changed, the outstanding part of the amortisation is taken to profit and loss in the year in which the change occurred.

b) Intangible fixed assets

Intangible fixed assets are stated at their purchase price or production cost.

The amortisation rates used have been as follows:

	Rate (%)
Computer software	25%

c) Tangible fixed assets

Tangible fixed assets are stated at their purchase price or production cost.

The costs of renovations, extensions or improvements of fixed assets are capitalised only when they extend the useful lives of existing assets, or increase their capacity or productivity, and provided that it is possible to know or estimate the net book value of the assets that are written off inventories when replaced. Repair and maintenance costs are expensed in the year in which they are incurred.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives using the following rates, taking into account normal wear and tear, using the following depreciation rates:

	Rate (%)
Other plant, furniture and fittings	10%
Other fixed assets	10%

d) Investments

Investments are stated at their purchase price.

When necessary the Company provides for the decline in value of investments. This provision cannot be lower than the loss in value of the shareholding percentage it holds. When the company's shareholdings include tacit goodwill, it estimates the time needed for recovery of this goodwill through the generation of future profits by the investee company. In the event that this tacit goodwill cannot be offset, the corresponding provision for depreciation of the investment is recorded.

e) Accounts payable and receivable for trading operations

Debits and credits arising from the company's short- and long-term debit and credit trading operations are recorded at their face value.

f) Own shares

The value of the company's own shares is stated at the purchase price and a non-distributable reserve of the same amount is set up for own shares. This amount is carried under the Equity in accordance with applicable legislation. The eventual outcome planned for such shares is disposal in the short-term.

g) Corporate income Tax

For corporate tax purposes, the parent Company comes under the tax regime for group companies and pays taxes jointly with its subsidiaries Renta Corporación Real Estate R.A., S.A.U., Renta Corporación Real Estate G.O., S.L.U., Renta Corporación Real Estate O.N., S.A.U.

Corporate income tax expense is recognised based on the reported profit as adjusted for permanent differences between reported and taxable profits, and the effects of any tax credits and deductions. Deferred tax assets and liabilities arising from timing differences in the recognition of income and expense for accounting and tax purposes are recorded in the balance sheet until the underlying timing differences reverse.

Tax credits and deductions and the tax effect of applying tax-loss carryforwards are treated as a reduction in the corporate income tax expense for the year in which they are applied.

The Company provides in full for all its deferred tax liabilities even though they may not be expected to reverse in the foreseeable future. The provision is adjusted to reflect changes in the corporate income tax rate. Deferred tax assets are only recorded if there is reasonable assurance that they will be realised.

h) Income and expenses

Income and expenses are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred rather than the period in which the cash is actually received or disbursed.

For reasons of prudence, however, the Company only records profits realised at the year end, while foreseeable risks and potential losses arising in the year or in prior years are recorded as soon as they are known.

i) Environment

The Company takes into account in their overall operations legislation relating to the protection of the environment. The Company considers that it complies substantially with such legislation and that it carries out procedures designed to encourage and guarantee compliance with the same.

**5. Start-up expenses**

	Balance at 31-12-04	Increases	Disposal due to Amortisation	Balance at 31-12-05
Capital increase expenses	248	163	(83)	328

The increase is due to the capital increase of 22 April 2005 (Note 12).

**6. Intangible fixed assets**

Movements in the accounts included under Intangible assets are as follows:

	Balance at 31-12-04	Increases	Balance at 31-12-05
Cost			
Patents and trademarks	13	8	21
Computer software	-	74	74
	13	82	95
Accumulated amortisation			
Computer software	-	-	-
Net book value	13		95

## 7. Tangible fixed assets

Movements in the accounts included under Tangible fixed assets are as follows:

	Balance at 31-12-04	Increases	Balance at 31-12-05
Cost			
Other plant, furniture and fittings	91	89	180
Other fixed assets	-	3	3
	91	92	183
	Balance at 31-12-04	Charge for the year	Balance at 31-12-05
Accumulated depreciation			
Other plant, furniture and fittings	-	12	12
Other fixed assets	-	-	-
	-	12	12
Net book value	91		171

## 8. Investments

8.1 Movements in the accounts included under Intangible assets are as follows:

	Balance at 31-12-04	Increases	Decreases	Balance at 31-12-05
Shareholdings in Group undertakings	2,117	25	-	2,142
Shareholdings in associated companies	-	300	(12)	288
Other shareholdings	-	25	-	25
Long-term deposits	14	15	-	29
Provision for loss in value of shareholdings in associated companies	-	(262)	-	(262)
Total	2,131	103	(12)	2,222

**8.2** At 31 December 2005 the direct or indirect investee companies are as follows:

Company	Activity	Date of incorporation	Company through which the shareholding is held	Net amount of the shareholding	% share-holding	Year end	Capital	Reserves	Interim dividend	Results	
Renta Corporación Real Estate R.A., S.A.U.	Real estate operations	31-07-97	Renta Corporación Real Estate, S.A.	1.346	100	31-12-05	500	483	(5,000)	12,216 <sup>(1)</sup>	
Renta Corporación Real Estate G.O., S.L.U.	Real estate operations	21-06-01	Renta Corporación Real Estate, S.A.	183	100	31-12-05	183	1,761	(2,000)	2,005 <sup>(1)</sup>	
Renta Corporación Real Estate Patrimonio, S.L.	Real estate operations	31-11-01	Renta Corporación Real Estate, S.A.	3	96,97	31-12-05	3	16	-	4,403 <sup>(1)</sup>	
Renta Corporación Real Estate ON., S.A.U.	Real estate operations	18-02-00	Renta Corporación Real Estate, S.A.	546	100	31-12-05	120	1,451	-	7,171 <sup>(1)</sup>	
Groupe Immobilier Renta Corporación, S.A.S.U.	Real estate operations	27-03-02	Renta Corporación Real Estate, S.A.	38	100	31-12-05	38	303	-	297 <sup>(1)</sup>	
Renta Properties (UK), LTD	Real estate operations	8-12-04	Renta Corporación Real Estate, S.A.	1	100	31-12-05	1	-	-	(1,738) <sup>(1)</sup>	
Masella Oeste, S.L.	Real estate operations	29-9-00	Renta Corporación Real Estate, O.N., S.A.U.	-	40	31-12-05	290	328	-	578	
One Vincent Square Limited	Real estate operations	15-06-05	Renta Properties (UK), LTD	-	100	31-12-05	1	-	-	(121) <sup>(1)</sup>	
Mixta África, S.A.	Holding company	7-04-05	Renta Corporación Real Estate, S.A.	26	48	31-12-05	600	-	-	(547)	
RC Fundación Marruecos Tánger, S.A.R.L	Social housing construction	25-05-05	Mixta África, S.A.	-	48	31-12-05	274	-	-	(20)	
RC Real Estate Deutschland GMBH	Real estate operations	04-11-05	Renta Corporación Real Estate, S.A.	25	100	31-12-05	25	-	-	-	
				2,168							

(1) According to the audited annual accounts at 31 December 2005.

- 8.3** Renta Properties (UK), Limited is now starting up its activity, having incurred in 2005 only structural, personnel and financial expenses for the acquisition of initial buildings with which to begin residential renovations in 2006. Once the Company can fully carry out its activity in 2006, it expects to generate sufficient funds in the short term to offset the loss for the first year.
- 8.4** All the companies in the group have their registered office for corporate and tax purposes in Barcelona, except Groupe Immobilier Renta Corporación S.A.S.U., which is located in Paris, Renta Properties (UK), L.T.D y One Vincent Square, Limited which are located in London, RC Fundación Marruecos Tánger, S.A.R.L which is located in Tangier and RC Real Estate Deutschland GMBH which is located in Berlin. None of the Group companies are listed on a stock exchange.
- 8.5** At 8 December 2004 the Company acquired all the shares of a British company that changed its registered name to Renta Properties (UK) Limited. The share capital of this company was Pounds Sterling 1, and on 14 December 2004 it issued 99 shares with a par value of Pounds Sterling 1 each, which were fully subscribed by Renta Corporación Real Estate, S.A.
- 8.6** On 7 April 2005 the parent Company incorporated a Spanish company called Renta Corporación Marruecos Tánger, S.A., in which it holds a 50% interest. On 4 November 2005 this company changed its registered name to Mixta África, S.A. Also on 4 November 2005 the parent company sold 2% of its interest, keeping its remaining 48%.
- 8.7** On 25 May 2005 Renta Corporación Marruecos Tánger, S.A. fully incorporated the Moroccan company RC Fundación Marruecos Tánger, S.A.R.L.
- 8.8** On 4 November 2005 the parent Company acquired 100% of a German company that changed its registered name to RC Real Estate Deutschland GMBH.
- 8.9** On 15 June 2005 Renta Properties (UK), Limited incorporated an English company with the registered name of One Vincent Square, Limited. The share capital of this company was contributed entirely by Renta Properties (UK), Limited.

## **9. Debtors**

The breakdown of the debtors balance at 31 December 2005 is as follows:

Group companies, debtors	18,057
Sundry debtors	40
Public Administrations, debtors	1
	18,098

The breakdown at 31 December 2005 of the receivable balances with group companies is as follows:

Renta Corporación Real Estate R.A., S.A.U.	4,460
Renta Corporación Real Estate O.N., S.A.U.	8,047
Renta Corporación Real Estate G.O., S.L.U.	4,793
RC Real Estate Deutschland GMBH	512
Renta Corporación Real Estate Patrimonio, S.L.	80
Groupe Immobilier Renta Corporación, S.A.S.U.	75
Renta Properties (UK), Limited	90
	18,057

“Group companies, debtors”, includes the receivable balance of Euros 13,560 thousand relating to the amounts owed by its affiliates as a result of the consolidated tax regime, (See Note 15). The amount of Euros 3,985 thousand relates to the outstanding receivable for corporate management and advisory service charges that it passed on to its subsidiaries and an outstanding payable balance of Euros 512 thousand with RC Real Estate Deutschland GMBH.

## **10. Current asset investments**

Movements in Current asset investments have been as follows:

	Balance at 31-12-04	Additions	Disposals	Balance at 31-12-05
Shareholdings in other companies	8	-	(8)	-
Loans to group companies	44,159	119,790	(122,736)	41,213
Loans to associated companies	-	1,790	-	1,790
Loans to related companies	9,235	-	(9,235)	-
Interest receivable	167	1,825	(878)	1,114
	53,569	123,405	(132,857)	44.117

Loans to group and associated companies mature in one year and can be tacitly extended for one year periods after maturity.

The amount extended at 31 December 2005 under these credit facilities and their corresponding credit limits are as follows:



	Contract date	Limit	Amount drawn down
Renta Corporación Real Estate R.A., S.A.U.	30.04.02	40,000	5,635
Renta Corporación Real Estate O.N., S.A.U.	30.04.02	50,000	16,441
Renta Corporación Real Estate Patrimonio, S.L.	20.03.03	6,000	1,413
Renta Corporación Real Estate G.O., S.L.U.	11.10.02	30,000	1,390
Groupe Immobilier Renta Corporación, S.A.S.U.	01.04.02	15,000	10,801
Renta Properties (UK), Limited	17.01.05	6,000	5,533
Mixta África S.A.	31.05.05	3,000	1,790
			43,003

These facilities have accrued an interest rate of Euribor at three months 0.75% since 2005.

During 2005 the credit facilities entered into by the Company and companies related by common shareholders have been cancelled.

The interest accrued not collected at 31 December 2005 totals Euros 1,114 thousand.

## 11. Own shares

The movement in the own shares accounts during the year has been as follows:

	Number	Nominal	Average purchase/ sale price	Cost
Balance at 31-12-04	2,304	(10)		(57)
Purchases	1,926	(21)	0.0489	(94)
Balance before capital increase through the increase in the par value charged against the share premium reserve	4,230	(31)		(151)
Balance after the capital increase through the increase in the par value charged against the share premium reserve	4,230	(47)		(151)
Balance after the split in the par value of the shares (see Note 12)	46,530	(47)		(151)
Disposals	(17,560)	18	0.00325	57
Balance at 31-12-05	28,970	(29)		(94)

The final use of the other own shares will be sale of the same.

## 12. Capital and reserves

The breakdown of this account at 31 December 2005, and its movement during the year is as follows:

	Share capital	Share Premium	Legal reserve	Other reserves	Own shares reserve	Profit and loss	Total Capital and Reserves
Balance at 31-12-04	8,381	14,051	1,618	13,319	57	1,107	38,533
Distribution of 2004 results	-	-	59	1,048	-	(1,107)	-
Acquisition de own shares	-	-	-	(37)	37	-	-
Capital increase	13,568	(13,568)	-	-	-	-	-
Payment of dividends	-	-	-	(2,987)	-	-	(2,987)
2005 results	-	-	-	-	-	12,995	12,995
Balance at 31-12-05	21,949	483	1,677	11,343	94	12,995	48,541

The share capital is made up of 21,949,301 fully paid and subscribed bearer shares with a par value of Euro 1 each, number from 1 to 21,949,301.

On 22 April 2005 the Extraordinary Meeting of Shareholders adopted a resolution to increase share capital of the Company by raising the par value of the shares by Euros 6.80 each, against the share Premium reserve, maintaining the same number of shares, so that share capital after this increase totalled Euros 21,949 thousand, with 1,995,391 shares in circulation with a par value of Euros 11 each.

After the above-mentioned capital increase was agreed, and on the same day, a resolution was adopted to split the number of shares by decrease the unit par value to Euro 1 in order to have a larger number of shares. The share capital and net equity remain unchanged and the only increase is in the number of shares in circulation. Thus, 11 new shares were given to each old shares, so that share capital totals Euros 21,949 thousand and the number of shares in circulation totals 21,949,301 with a par value of Euro 1 each.

Due to the fact that the Legal Reserve has not been fully allocated as per article 214 of the Spanish Companies Act, the parent Company must allocate 10% of its profits until it reaches at least 20% of share capital. The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits.

The Company has set up an Own Shares Reserve of Euros 94 thousand against voluntary reserves. This reserve is not available for distribution as long as the treasury shares on the asset side of the balance sheet remain unsold.

On 25 March 2002 the Extraordinary General Meeting of Shareholders adopted a resolution to modify the system of transferring shares set down in the Articles of Association, stipulating that voluntary inter vivo transfers for monetary consideration will be unrestricted if made to a spouse, ascendants or descendants or brothers or sisters of the transferring shareholder or to those of another shareholder. In the event that transfer is made to third party there is a procedure by which the Company can exercise its right of preferential acquisition.

In cases of transfers *mortis causa* the former procedure limiting the transferability of the shares will be applied.

Except for the 3i Shareholding Contract, by virtue of which the parties are subject to certain regulations on the transfer of shares, there are no restrictions placed on the members of the Board of Directors or management bodies, or top management of the Company governing the disposal in a determined period of time of their shareholding in the Company. This agreement will terminate once Renta is floated on the stock exchange.

The main shareholders of the Company at 31 December 2005 holding a control of 5% or more of its share capital either directly or indirectly are as follows:

Name	Number of shares			% control
	Direct	Indirect	Total	
Luis Rodolfo Hernández de Cabanyes	1,000,450	8,205,505	9,205,955	41.942%
Fundación Renta Corporación	1,438,811	847,902	2,286,713	10.419%
3i Group Plc.	1,222,463	950,807	2,173,270	9.901%
Josep-Maria Farré Viader	25,135	1,684,287	1,709,422	7.789%
Esther Elisa Giménez Arribas	1,100	1,155,803	1,156,903	5.271%

### 13. Short-term creditors

The breakdown of this account at 31 December 2005 is as follows:

Amounts owing for purchases and services rendered	388
Short-term interest on loans from group companies	49
Bank loans (see Note 14)	3,833
Short-term interest on bank loans	17
Outstanding remuneration	51
Taxes payable (see Note 15)	12,385
	16,723

The company has extended as yet undrawn credit facilities to its subsidiaries with an aggregate limit of Euros 70,000 with a one year term, which can be tacitly extended for yearly periods after maturity. These agreements have accrued interest of Euribor at three months + 0.75% since 2005.

#### **14. Bank loans**

Euros 3,833 thousand relates to the balance of credit facilities drawn down by the Company extended by financial institutions. The average interest rate has been 3.5% p.a.

The total limit of these facilities totals Euros 8,200 thousand.

#### **15. Tax situation**

As the Company met the requirements set down for group companies under Chapter VII, Section VII of Royal Legislative Decree 4/2004 of 5 March, which adopted the Corporate Tax Act, it filed as the parent company a consolidated tax return for the first time in 2002, together with Renta Corporación Real Estate R.A., S.A.U., Renta Corporación Real Estate G.O., S.L.U. and Renta Corporación Real Estate O.N., S.A.U.

Because certain items are treated differently for tax and financial reporting purposes, the tax profit differs from the profit reported in these accounts.

The reconciliation between reported profits and taxable profits is set out below:

Reported net profit / (loss)	12,995
Corporate income tax	(1,164)
Profit before tax	11,831
Elimination of the dividend received from the subsidiary Renta Corporación Real Estate G.O., S.L.U.	(2,000)
Elimination of the dividend received from the subsidiary Renta Corporación Real Estate R.A., S.L.U.	(9,500)
Elimination of group interest	(688)
Elimination of group turnover	(3,224)
Elimination of depreciation provision	262
Taxable income	(3,319)

Corporate income tax relates to 35% of the negative tax base.

At 31 December 2005 the Company does not have tax loss carryforwards or outstanding allowances.

Public Treasury, debtor for corporate income tax	(1,165)
Receivables from subsidiary companies for corporate income tax (See Note 9)	13,560
Tax payable	12,395

During the year ended 31 December 2005 the Company has withheld and made payments on account for Corporate income tax in the amount of Euros 42 thousand and Euros 524 thousand, respectively.

The Company is open to inspection by the Tax Authorities for the last four years for the make applicable taxes.

The breakdown of the creditors balances with Public Administrations at 31 December 2005 is as follows:

<u>Creditor balances</u>	
Public Treasury, VAT creditor	343
Public Treasury, creditor for withholding tax, Tax on income from capital and others	209
Public Treasury, creditor for corporate income tax	11,829
Social Security, creditor	4
	12,385

## **16. Income and expenses**

Transactions with group and associated companies:

The transactions in 2005 with the companies in the Renta Corporación Real Estate group and associated companies have been as follows:

Services rendered	3,458
Dividend income	11,500
Financial income	1,107
Financial expense	49

## **17. Other information**

We set out below the remuneration accrued to the members of the Board of Directors of the Company in 2005:

<u>Description</u>	
Attendance at meetings of the Board of Directors / Delegated Committees	142
Provision of services	660
Salaries	1,916
Total remuneration	2,718

The total amount of life, accident and civil liability insurance premiums paid by the Company for members of the Board of Directs totals Euros 1 thousand.

The Company has extended an advance of Euros 40 thousand to a member of the Board of Directors.

The fees accrued to PricewaterhouseCoopers Auditores, S.L. for auditing services total Euros 97 thousand.

At 31 December 2005, the Company is the guarantor for group companies of a credit facilities and mortgage-backed loans totalling a maximum of Euros 129,684 thousand and has been given a guarantee by Renta Corporación Real Estate R.A., S.A.U. for two credit facilities of a maximum of Euros 4,000 thousand.

The Company is the guarantor of a guarantee deposit in the amount of Euros 180 thousand that Masella Oeste, S.L., has lodged in favour of the City Council of Alp to guarantee the urbanisation work in the aware surrounding the housing development being built by Masella Oeste, S.L..

In accordance with the provisions of article 127.3.4 of the Spanish Companies Act, which introduced Law 26/2003 of 17 July, which modified the Securities Exchange Act, Law 24/1988, of 28 July, and the Spanish Companies Act, in order to reinforce the transparency of public limited companies, we set out below the companies with the same, analogous or complementary activity as that of the Company and the Group in which members of the Board of Directors hold an interest or occupy offices or functions therein:

Name	Name of company	Shareholding	Office or functions
Luis Rodolfo Hernández de Cabanyes	RENTA CORPORACIÓN REAL ESTATE PATRIMONIO, S.L.	3.04% direct	Sole Administrator
	SECOND HOUSE, S.L.	6.53% direct 40.77% indirect	-
	LUECO, S.A.	40.00%	Sole Administrator
	FINANTING 2001, S.L.	43.15% direct 20% indirect	-
	AURODOC 75, S.L.	43.15% direct 20% indirect	-
	TOGA 20, S.L.	43.15% direct 20% indirect	-
	SDEEGTUTERS, S.L.	43.15% direct 20% indirect	-
	DINOMEN, S.L.	43.15% direct 20% indirect	Sole Administrator
	ALDERAMIN STAR, S.L.	100% owned by DINOMEN, S.L. %	Sole Administrator

Name	Name of company	Shareholding	Office or functions
Anna M. Birulés Bertran	SECOND HOUSE, S.L.	1.50%	-
Josep-Maria Farré Viader	SECOND HOUSE, S.L.	3.73 % direct 1.95% indirect	-
	LUECO, S.A.	7.00%	-
	SHONAN INVESTMENTS, S.L.	74.71%	-
Esther Elisa Giménez Arribas	SECOND HOUSE, S.L.	4.13%	-
	LUECO, S.A.	5.00%	-
	ANPOL CAPITAL, S.L.	48.387%	Sole Administrator
	TOGA 20, S.L.	-	Sole Administrator
Elena Hernández de Cabanyes	SECOND HOUSE, S.L.	3.66%	Sole Administrator
	SECOND HOUSE REHABILITACION, S.L.	-	Sole Administrator
	LUECO, S.A.	4.00%	-
	PROMOTORA DE INDUSTRIAS GRÁFICAS, S.A.	2.00%	-
César A. Gibernau Ausió	SECOND HOUSE, S.L.	1.05%	-
	CHARCEBOY, S.L.	10.91%	-
	GP CONSULTING, SL.	11.96% indirect	General Power
Carlos Tusquets Trias de Bes	LIFE MARINA IBIZA, S.L.	6.54%	-

The other Directors do not hold any shareholdings in companies with the same, analogous or complementary activity as that which constitutes the corporate purpose of the Company.

### **18. Subsequent events**

On 9 February the General Meeting of Shareholders adopted a resolution to distribute an interim dividend against 2005 results of Euros 0.46 per share, which was put forwards by the Board of Directors at its meeting of 27 December 2005.

At that same general meeting a resolution was adopted, amongst others, to apply to float the company on the Madrid and Barcelona stock exchange through an Initial Public Offering.

## **19. Environment**

The Company has adopted the measures necessary for the protection and improvement of the environment and the minimisation, as the case may be, of any environmental impact, by complying with current legislation. The Company has not made any environment-related investments or incurred significant expenses for the protection and improvement of the environment. Furthermore, the Company has not considered it necessary to record any provisions for environment-related liabilities and charges as it does not have any contingencies related to the protection and improvement of the environment or liabilities of an environmental nature.