

# FY 2018 Conference Call

August 24, 2018

IRSA COMMERCIAL PROPERTIES



Hosted by: **Alejandro Elsztain, CEO**  
**Daniel Elsztain, COO**  
**Matías Gaivronsky, CFO**

## Rental Operating Figures

- Shopping malls' sales grew by **25.3%** in FY18 vs. FY17 and occupancy remained at **98.5%**
- The average rent of the office portfolio slightly decreased to **USD/sqm 26.1** while occupancy reduced to **92.3%** mainly due to the addition of Philips Building leasable area occupied at 69.8%.



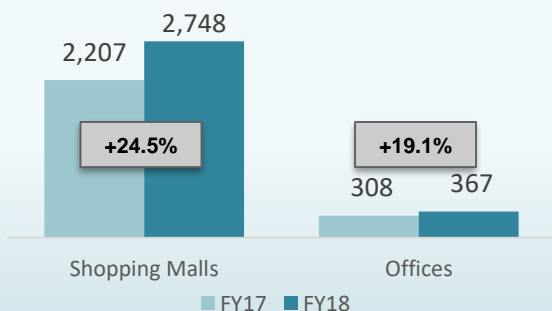
## CAPEX 2018: Acquisitions & Developments

- Acquisition of **a plot of land of 78,000 sqm in La Plata** (BA Province) at **USD 7.5 million** to develop a mixed-uses project of **~100,000 sqm** (March 2018)
- Acquisition of **Maltería Hudson property** with a construction capacity of **177,000 sqm** in Hudson (BA Province) at **USD 7 million** to develop a mixed-uses project (July 2018)
- Acquisition of an indirect **60% of La Arena S.A.**, owner of the stadium **DirecTv Arena** in Pilar (BA Province) for a total amount of **USD 4.2 million** (February 2018)
- During FY18, we advanced in the development of expansions in our Shopping Malls (3,000 sqm already added to our portfolio) and Polo Dot & Catalinas office buildings

## Consolidated Financial Statements

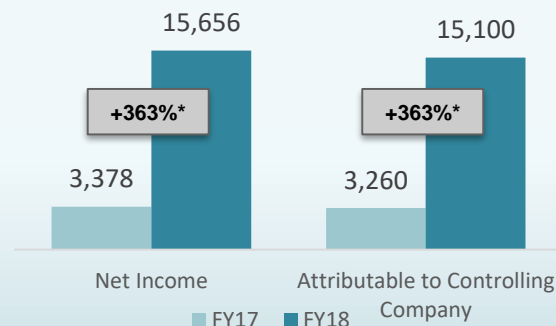
### Adjusted EBITDA by Segment

ARS million



### Net Income

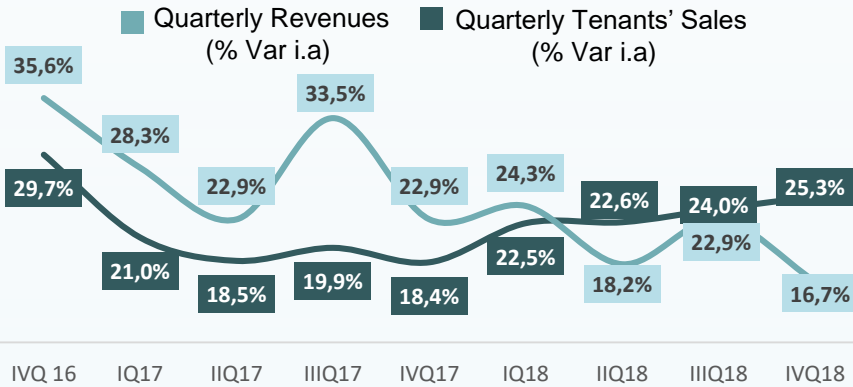
ARS million



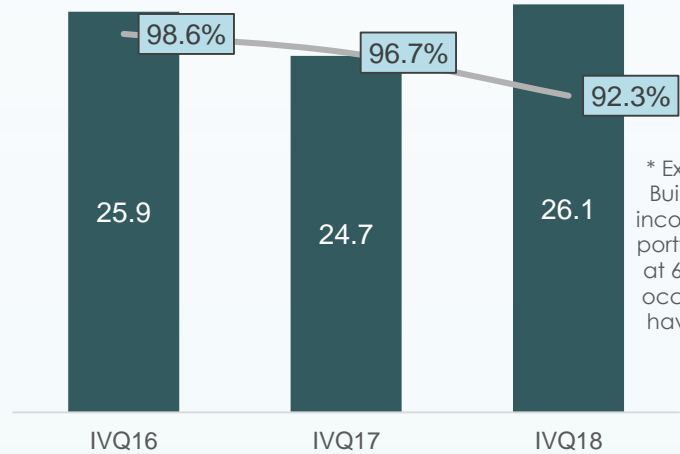
\* Mainly explained by higher operating results & higher results from changes in the fair value of investment properties that compensated net financial losses due to the devaluation effect

# Shopping Malls & Offices: Strong Operating Figures

## Shopping Malls – Quarterly Revenues & Tenants' Sales (% Var i.a)

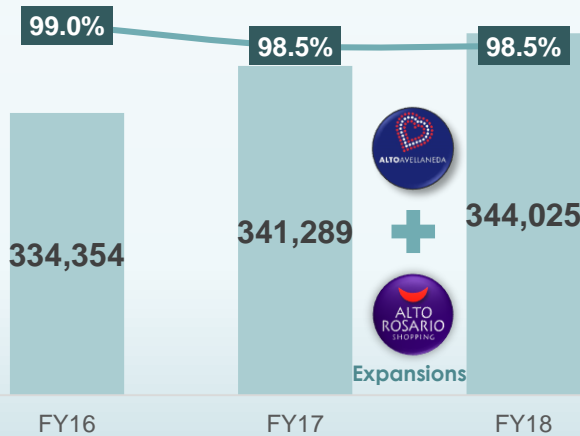


## Offices – Leases USD/sqm/mth & Occupancy



\* Excluding Philips Building, recently incorporated to our portfolio (occupied at 69.8%) average occupancy would have been **94.6%**

## Shopping Centers – Sqm of GLA (Th.) & Occupancy %

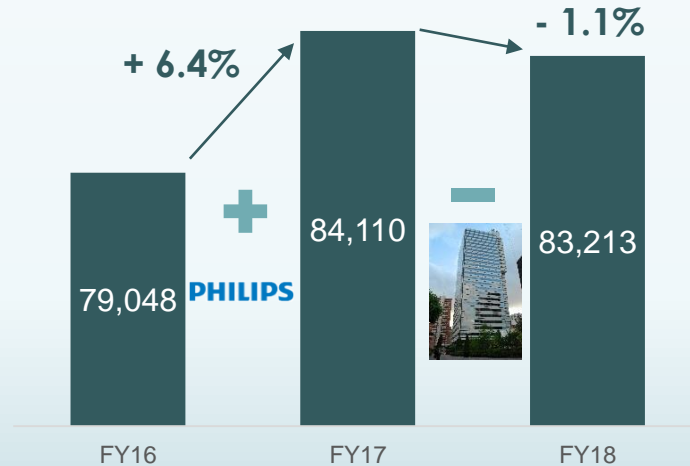


Expansions

~110mm  
annual visitors



## Offices – Stock (sqm GLA)



## Alto Avellaneda

Expansion of two big stores in surface bought to Walmart



**April 2018**  
opening date

**GARBARINO**

**August 2018**  
opening date



**3,000**  
sqm GLA

**USD 2mm**  
invested

## Alto Rosario

1st Zara store of the interior and the largest of Argentina

**ZARA**



**April 2018**  
opening date

**2,900**  
sqm GLA

**USD 0.6mm**  
invested

The first building of the Office Park to be developed in the north area of BA City



**Fully leased**



**32,000** ~ **ARS 1,000mm**  
sqm GLA estimated investment

**Work Progress 74%**

**FY2019**  
opening date



## Future iconic landmark in the most premium location of Buenos Aires City



**16,000**  
sqm GLA

**~ ARS 720 mm**  
estimated investment

**FY2020**

opening date

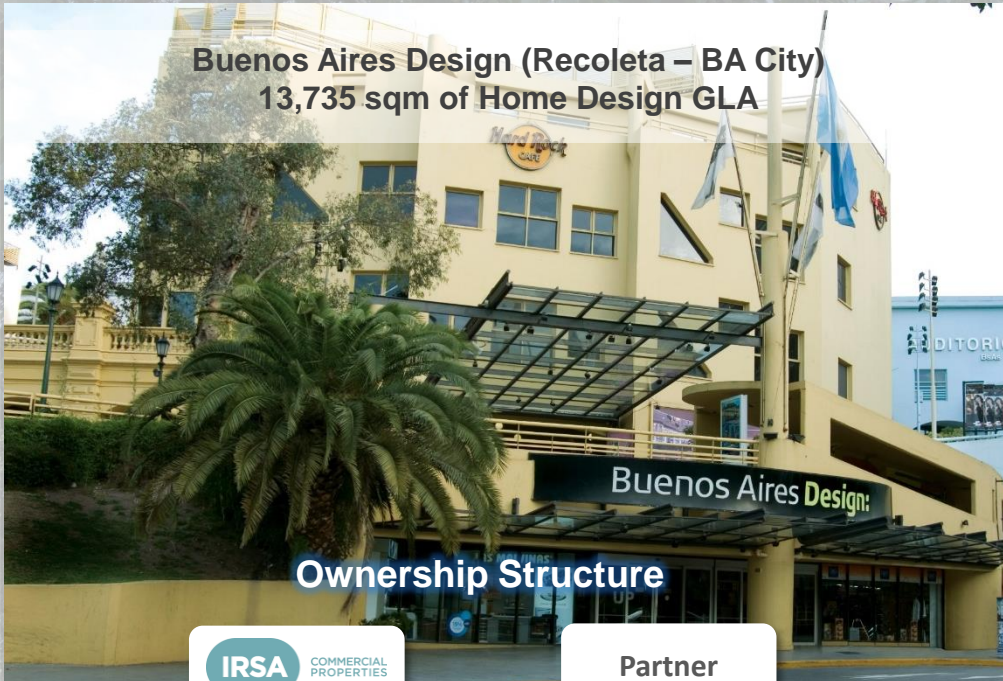


**Work Progress 16%**



# Buenos Aires Design – End of Concession

- ✓ Buenos Aires Design Concession will expire on November 18, 2018
- ✓ We expect a marginal potential impact in our portfolio

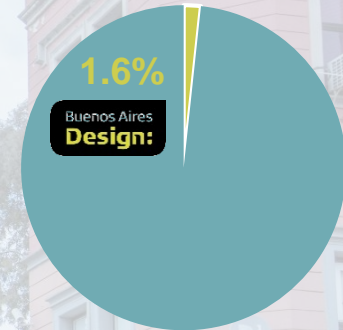


**Buenos Aires Design (Recoleta – BA City)**  
13,735 sqm of Home Design GLA

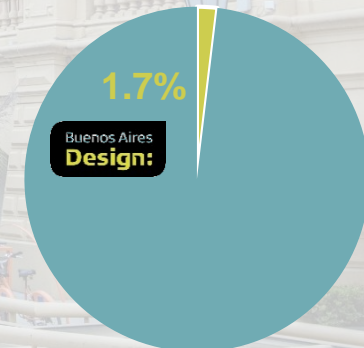
## Ownership Structure



**Tenant Sales**  
(LTM as of June 30, 2018)



**Revenues**  
(LTM as of June 30, 2018)



# Projects under development: CAPEX 2018-2020

- ✓ Total investment: ~ **USD 208 million** (including land at BV)
- ✓ Projected stabilized EBITDA: **USD 24 million**
- ✓ EBITDA / Investment: **11,6%**

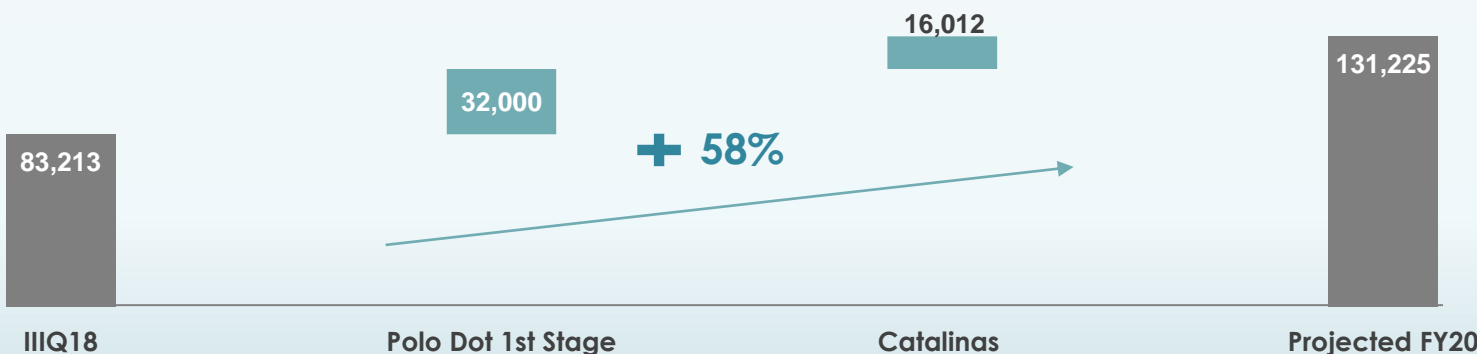
## Shopping Malls' Expansions under development – sqm GLA



~**USD 8 million** increase in EBITDA (+7%)

Investment: **USD 54 million**

## Office buildings under development – sqm GLA



~**USD 16 million** increase in EBITDA (+70%)

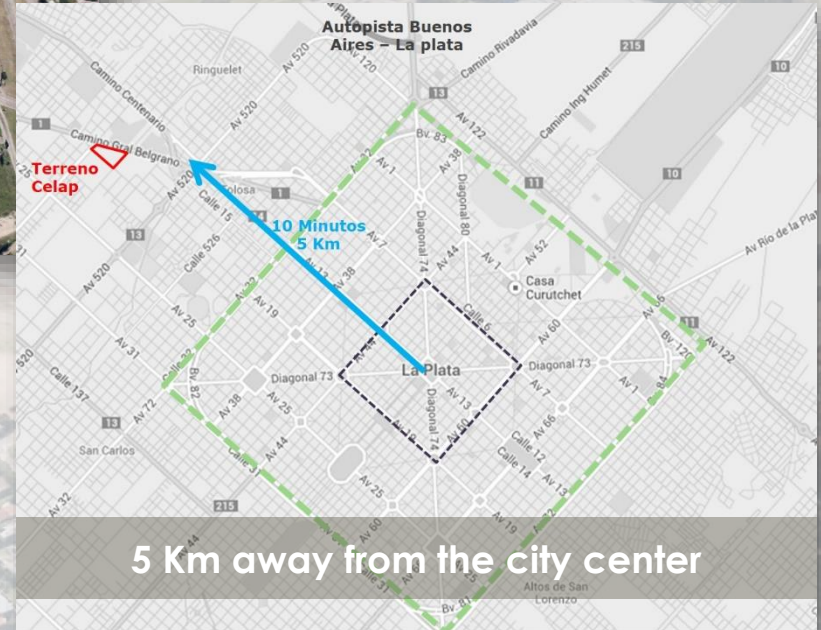
Investment: Land **USD 44 million**  
Development **USD 110 million**



# Recent acquisition – Land Plot in La Plata district (March 2018)



- ✓ Surface: 78,000 sqm
- ✓ Capacity to develop: 100,000 sqm
- ✓ Price paid: USD 7.5 million



- ✓ Potential use: **Mixed use** (shopping mall, offices, hotel & residential)
- ✓ La Plata is the 5th highly populated district in Argentina with no shopping malls

5 Km away from the city center

# Recent acquisition – Maltería Hudson (July 2018)



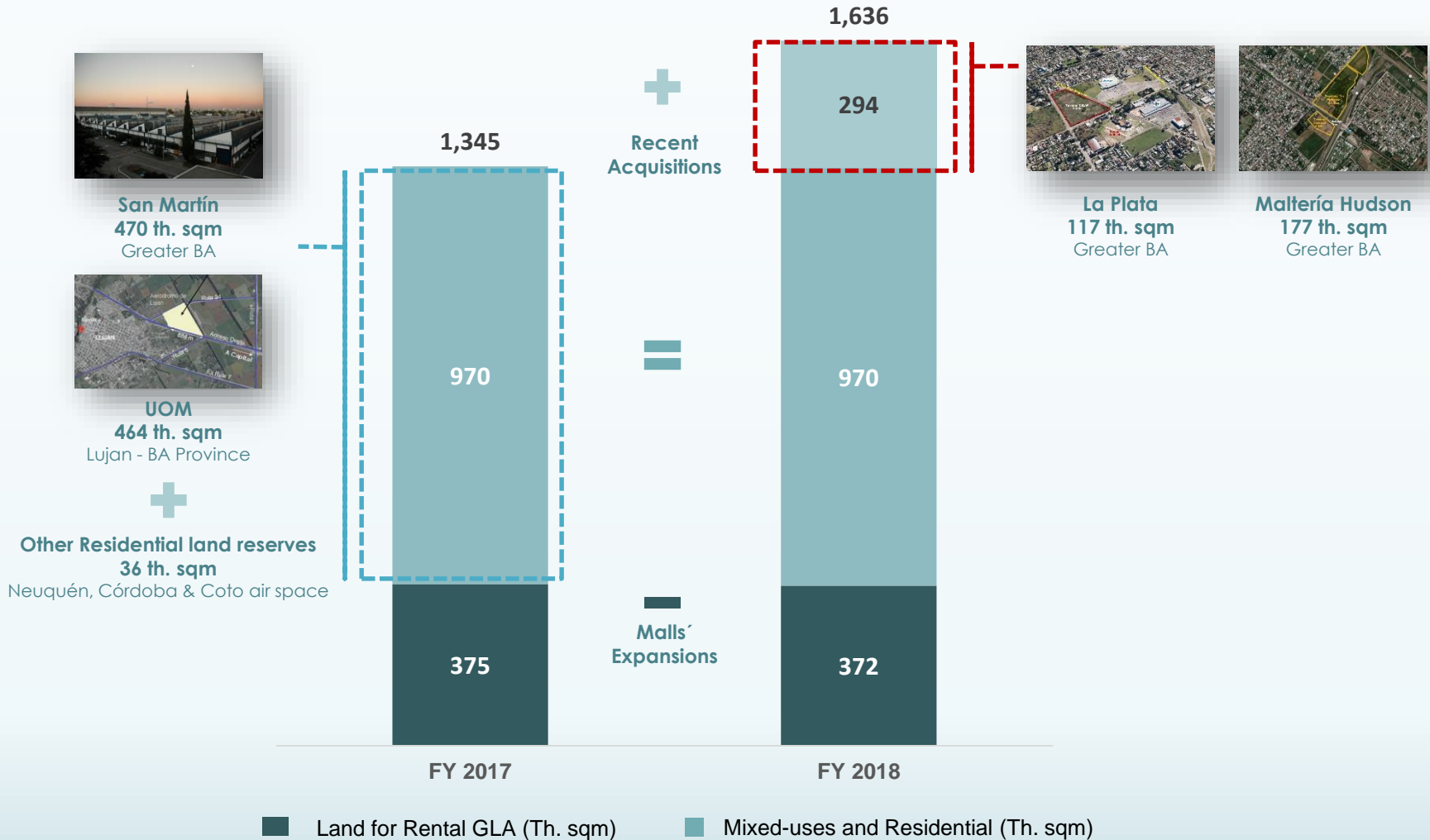
- ✓ Surface: 190,000 sqm
- ✓ Capacity to develop: 177,000 sqm
- ✓ Price paid: USD 7 million
- ✓ Potential use: Mixed use



Located over BA - La Plata highway, main connection to the south of BA and the Atlantic Coast

# Landbank Growth for mixed-use developments in Argentina

## Commercial, Mixed-uses and Residential Landbank (th. Sqm)



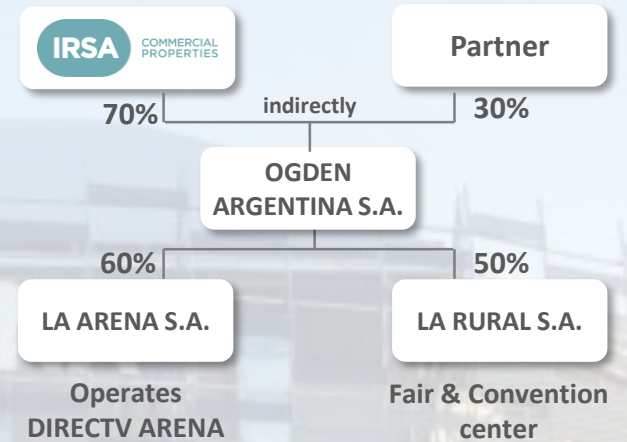
### Concession



- ✓ Price paid: USD 4.2 million
- ✓ Entertainment Business Unit - Potential synergies with our Shopping Malls business

**One of the largest stadiums for international events in BA Province**

### Ownership Structure



## Remodeling work and start of activities of the new Exhibition & Convention Center of BA City

IRCP indirect stake: 54.25%



- ✓ Total Covered Area: **22,800 sqm**
- ✓ Exhibition area: **18,000 sqm**
- ✓ Theatre Capacity for ~ **4,500 people**

### First events of the renewed Center

- ✓ Dec 2017: **OMC Meeting**
- ✓ Mar 2018: **G 20 Meeting of Finance**
- ✓ Apr 2018: **Real Estate Congress**
- ✓ 26 Congresses confirmed for 2018

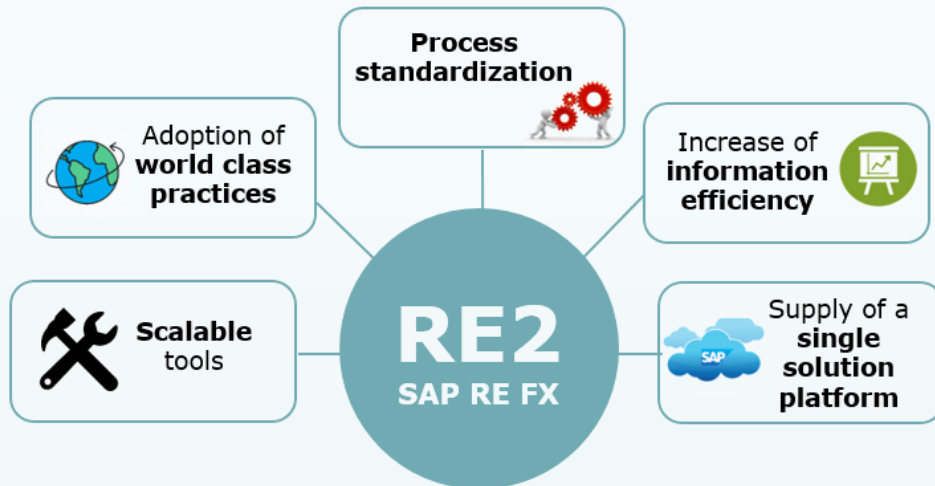




## SAP RE - FX

## DIGITAL TRANSFORMATION ALLIANCE

Integrated to our SAP ERP



Strategic alliance to collaborate in a number of projects and initiatives in order to support our digital transformation



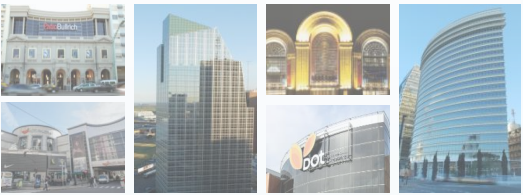


# Financial Results



COMMERCIAL  
PROPERTIES

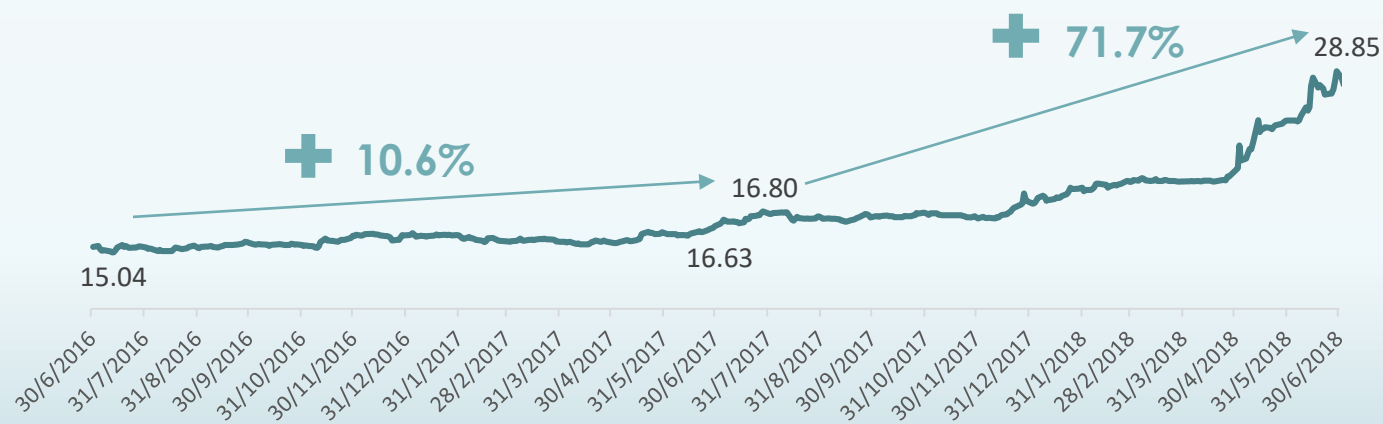
# Consolidated Financial Results FY 2018


	P&L – ARS million					
	IVQ 2018	IVQ 2017	Var %	FY 2018	FY 2017	Var %
<b>Revenues from sales, leases &amp; services</b>	1,151	1,015	13.4%	4,232	3,509	20.6%
<b>Revenues from expenses and common advertising fund</b>	443	400	10.7%	1,717	1,488	15.4%
<b>Costs</b>	-534	-564	-5.3%	-2,139	-1,900	12.6%
<b>Gross Profit</b>	<b>1,060</b>	<b>851</b>	<b>24.6%</b>	<b>3,810</b>	<b>3,097</b>	<b>23.0%</b>
<b>Change in Fair Value</b>	6,214	1,204	416.0%	16,690	3,133	432.6%
<b>S,G&amp;A Expenses</b>	-218	-170	28.4%	-710	-559	27.1%
<b>Operating Income</b>	<b>7,074</b>	<b>1,824</b>	<b>287.8%</b>	<b>19,785</b>	<b>5,621</b>	<b>252.0%</b>
<b>Net Financial Results</b>	-3,368	-405	730.6%	-4,482	-787	469.6%
<b>Income Tax</b>	-633	-449	41.0%	-287	-1,609	-82.2%
<i>Current Tax</i>	53	39	41.0%	-138	-510	-72.9%
<i>Deferred Tax</i>	-688	-488	41.0%	-149	-1,099	-86.4%
<b>Net Income</b>	<b>3,467</b>	<b>923</b>	<b>275.5%</b>	<b>15,656</b>	<b>3,378</b>	<b>363.5%</b>
<b>Attributable to:</b>						
<b>Controlling Interest</b>	<b>3,259</b>	<b>902</b>	<b>261.3%</b>	<b>15,100</b>	<b>3,260</b>	<b>363.2%</b>
<b>Non-controlling Interest</b>	<b>208</b>	<b>21</b>	<b>890.5%</b>	<b>556</b>	<b>118</b>	<b>371.2%</b>

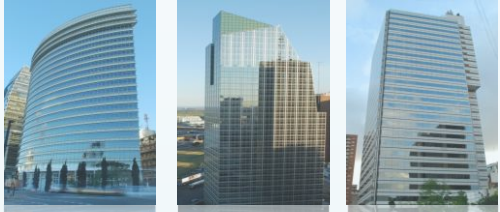


	Net Financial Results ARS million		
	FY 2018	FY 2017	Var %
Loss Net Interest	-688	-455	51%
Foreign Exchange differences, net	-5,993	-550	989%
Fair value gains of financial assets and Derivative Financial Instruments	2,268	284	699%
Other Net Financial Costs	-69	-65	6%
<b>Net Financial Results</b>	<b>-4,482</b>	<b>-787</b>	<b>470%</b>

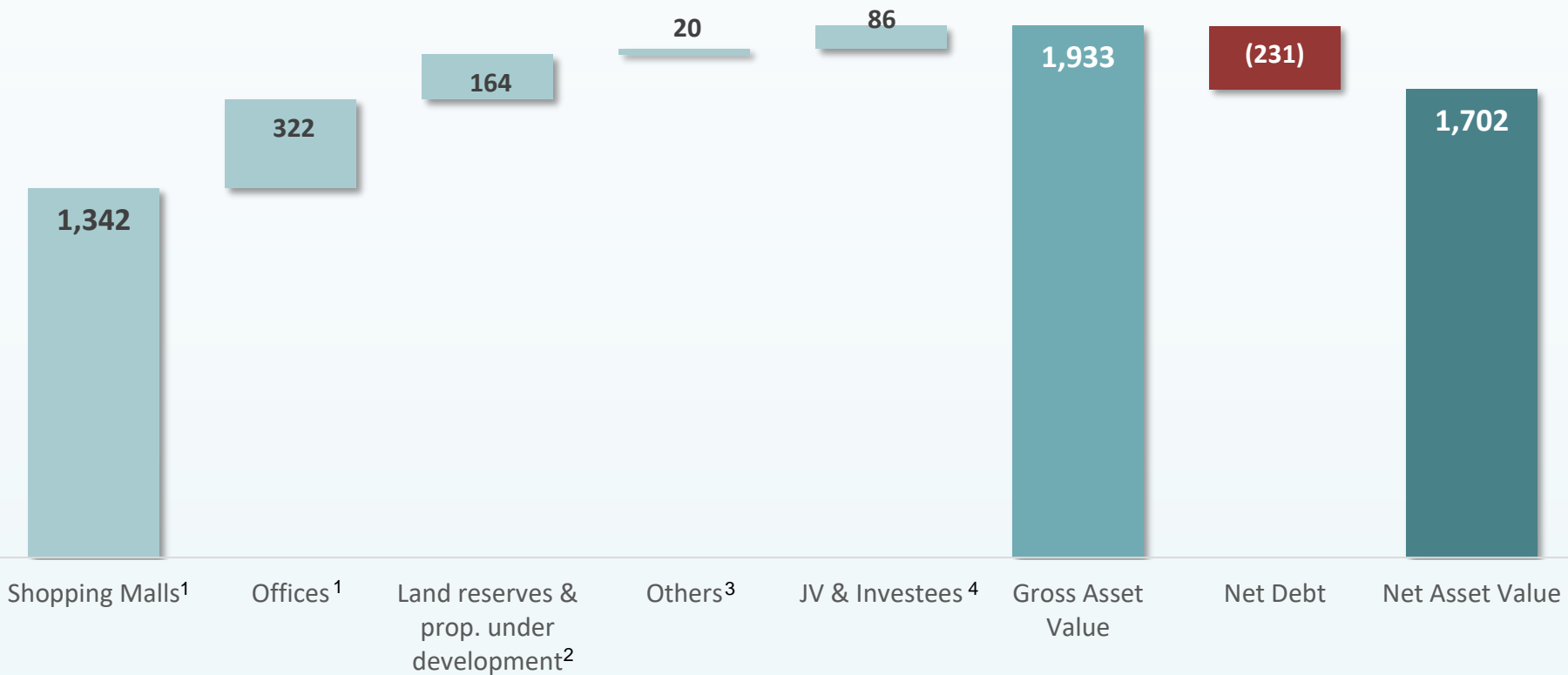
## Exchange Rate Evolution (ARS/USD)



	Shopping Malls – ARS million					
	IVQ 2018	IVQ 2017	Var %	FY 2018	FY 2017	Var %
Revenues	969.0	830.1	<b>16.7%</b>	3,664.7	3,046.6	<b>20.3%</b>
Adjusted EBITDA	708.2	492.8	<b>42.3%</b>	2,748.2	2,207.3	<b>24.2%</b>
EBITDA Margin %	73.1%	59.4%	<b>13.7pp</b>	75.0%	72.5%	<b>2.5pp</b>
Net Operating Income (NOI)	815.6	598.7	<b>36.2%</b>	3,124.9	2,526.5	<b>23.7%</b>

	Offices – ARS million					
	IVQ 2018	IVQ 2017	Var %	FY 2018	FY 2017	Var %
Revenues	141.2	104.5	<b>35.1%</b>	492.1	401.8	<b>22.5%</b>
Adjusted EBITDA	91.9	78.2	<b>17.6%</b>	367.0	308.2	<b>19.1%</b>
EBITDA Margin %	65.1%	74.8%	<b>-9.7pp</b>	74.6%	76.7%	<b>-2.1pp</b>
Net Operating Income (NOI)	102.4	91.3	<b>12.2%</b>	406.1	346.4	<b>17.2%</b>

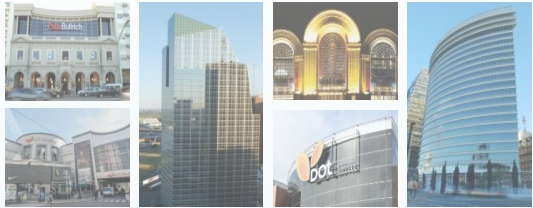
## IRCP book NAV as of June '18 (USD million)



Notes

1. Balance sheet shopping malls and office fair values adjusted by IRCP ownership
2. Includes Catalinas' Plot (45%), consolidated under IRSA Inversiones y Representaciones
3. Includes floors of the Intercontinental building used by IRCP, registered under PP&E, and trading properties and barbers registered under intangible assets. These 3 items are recorded at historical cost in the financial statements
4. Includes Quality and Nuevo Puerto Santa Fe as JV and La Rural, La Arena, Convention Center, Tarshop, TGLT & Avenida as Investees.

# Consolidated Financial Results FY 2018

	ARS million			USD million		
	FY 2018	FY 2017	Var %	FY 2018 <sup>(1)</sup>	FY 2017 <sup>(2)</sup>	Var %
<b>Adjusted EBITDA</b>	3,161	2,596	21.8%	162	168	-3.6%
<b>NOI</b>	<b>3,581</b>	<b>2,955</b>	<b>21.2%</b>	<b>184</b>	<b>191</b>	<b>-3.7%</b>
<b>Adjusted FFO</b>	2,412	1,589	51.8%	124	102	21.6%

Valuation Metrics	Jun 30, 2018
Cap Rate	15.0%
EV/EBITDA	7.4x
P/FFO	7.9x
P/NAV	0.6x

## Notes

1. FY 2018 Avg. FX: \$19.51
2. FY 2017 Avg FX: \$15.45

# Consolidated Debt as of June 30, 2018

## Debt Description (USD million)

Description	Issue Currency	Outstanding Amount (US\$ million)	Rate	Maturity
Series II Notes due 2023 (int.)	US\$	360.0	8.75%	Mar-23
Series IV Note due 2020 (local)	US\$	140.0	5.00%	Sep-20
PAMSA loan*	US\$	35.0	5,24%	Feb-23
Short-term debt	ARS	0.2	-	< 360 days
<b>Total IRSA CP's Debt</b>		<b>535.2</b>		
<b>IRSA CP's Net Debt</b>		<b>230.5<sup>1</sup></b>		

## Debt Ratios

<b>Net Debt/EBITDA LTM</b>	<b>1.45x</b>
<b>Loan to Value<sup>2</sup></b>	<b>23%</b>
<b>Local Rating (Fitch)</b>	<b>AA+</b>
<b>International Rating</b>	<b>B+</b>

\*On February 2018, PAMSA (80% owned by IRCP) granted a loan with a bank for USD 35 million at 5.2365% due on February 2023. Proceeds will be used to complete the Polo Dot 1<sup>st</sup> stage office development

## Debt Amortization schedule (USD million)



### Notes

1. Net Debt less cash & equivalents, short-term financial current investments (cash & equivalents includes our holding in TGLT's convertible Notes for USD 20.2 million).
2. Gross Financial Debt over Total Assets

# Contact Information



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## **Cautionary Statement**

Investing in all equities, including natural resources and real estate-related equities, carries risks which should be taken into consideration when making an investment.

This institutional presentation contains statements that constitute forward-looking statements, in that they include statements regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. You should be aware that any such forward looking statements are no guarantees of future performance and may involve risks and uncertainties, and that actual results may differ materially and adversely from those set forth in this presentation. We undertake no obligation to release publicly any revisions to such forward-looking statements to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements can be found in the companies' Forms 20-F for Fiscal Year 2017 ended June 30, 2017, which are available for you in our web sites.