



PROPIEDADES
COMERCIALES

IIQ FY 2019 Conference Call

February 22, 2019

Hosted by: Daniel Elsztain, COO
Matías Gaivronsky, CFO



Financial Statements Adjusted for Inflation

- From this quarter onwards, the Company releases its Financial Statements adjusted for inflation according to the **rule IAS 29** and local regulations that set that companies using the **Argentine peso as their functional currency** must release Financial Statements adjusted for inflation since December 31, 2018.
- Main impacts will be explained in the Financial Section

Rental Operating Figures

- Shopping malls' sales grew by **24%** in 6M19 vs. 6M18 (-13% in real terms) and occupancy decreased to **95%** mainly due to the termination of Walmart's agreement in DOT Baires.
- The average rent of the office portfolio increased to **USD/sqm 27.0** and occupancy decreased to **90.0%**, mainly due to the vacancy of four floors (República and Dot Building)

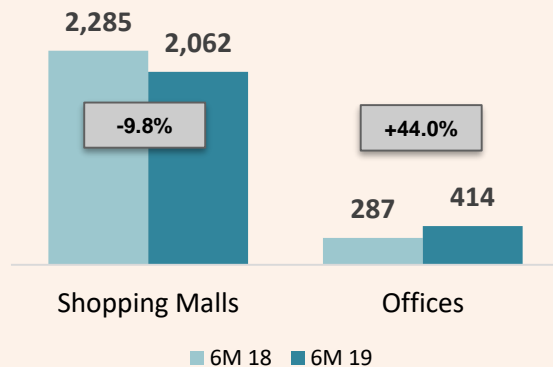
CAPEX

- Delivery of units of Zetta building (Polo Dot) to its tenants, Falabella and Mercado Libre. Opening expected for next quarter.
- Acquisition of **14,000 sqm** of Catalinas building under development from controller IRSA for USD 60.3 million (November 2018).
- Works in progress in Alto Palermo and other current malls expansions.

Consolidated Financial Statements

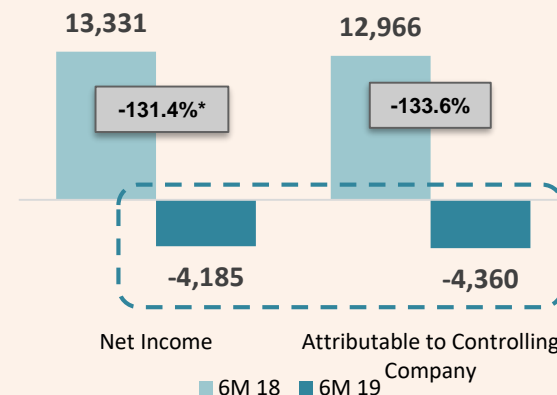
Adjusted EBITDA by Segment

ARS million



Net Income

ARS million

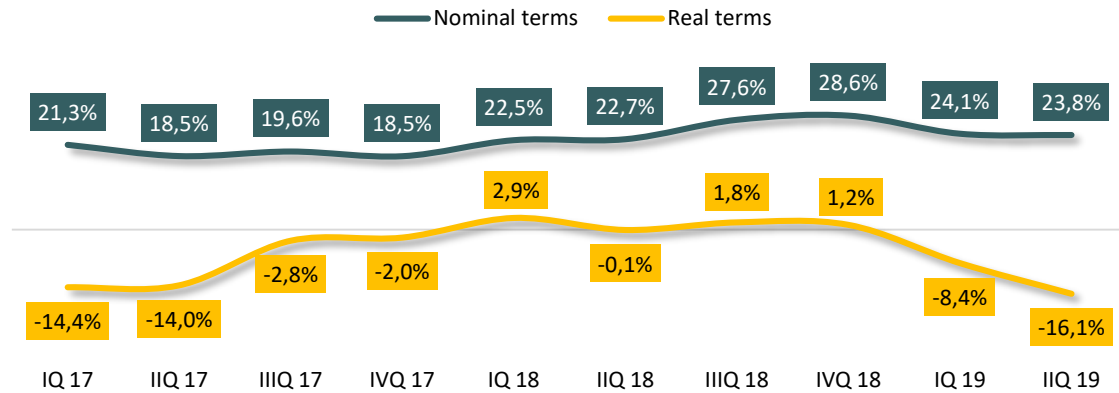


* Mainly explained by negative results from changes in fair value of investment properties due to the inflation adjustment effect

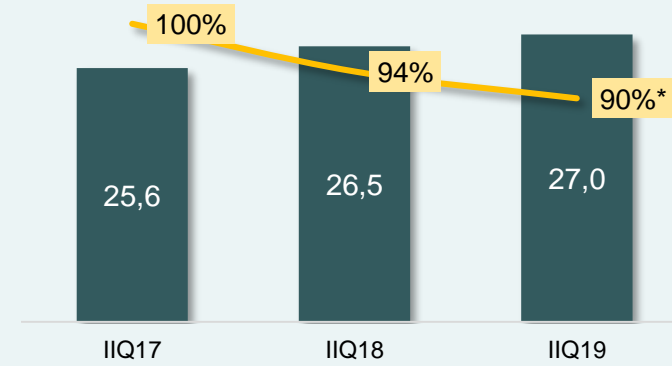
Shopping Malls & Offices Operating Figures

Shopping Malls – Tenants’ Sales

(% Var i.a.)

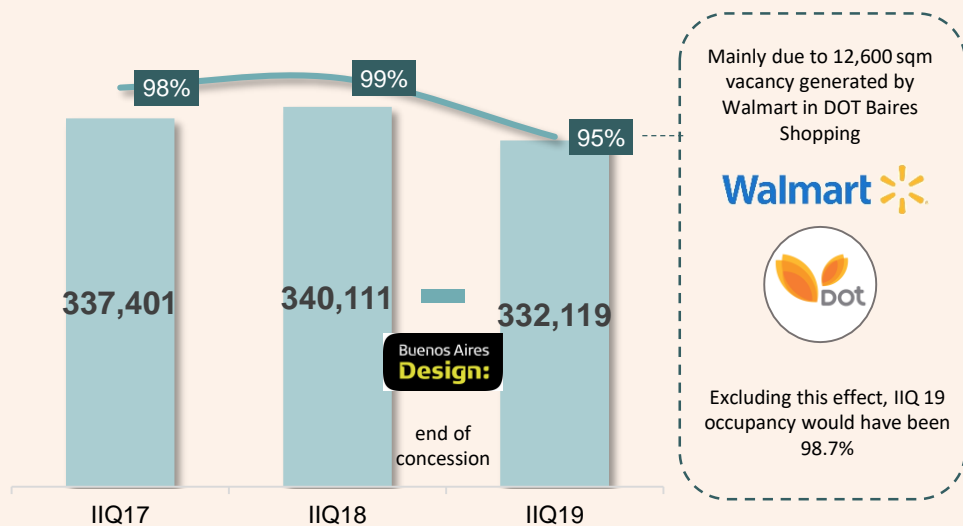


Offices – Leases USD/sqm/month & Occupancy

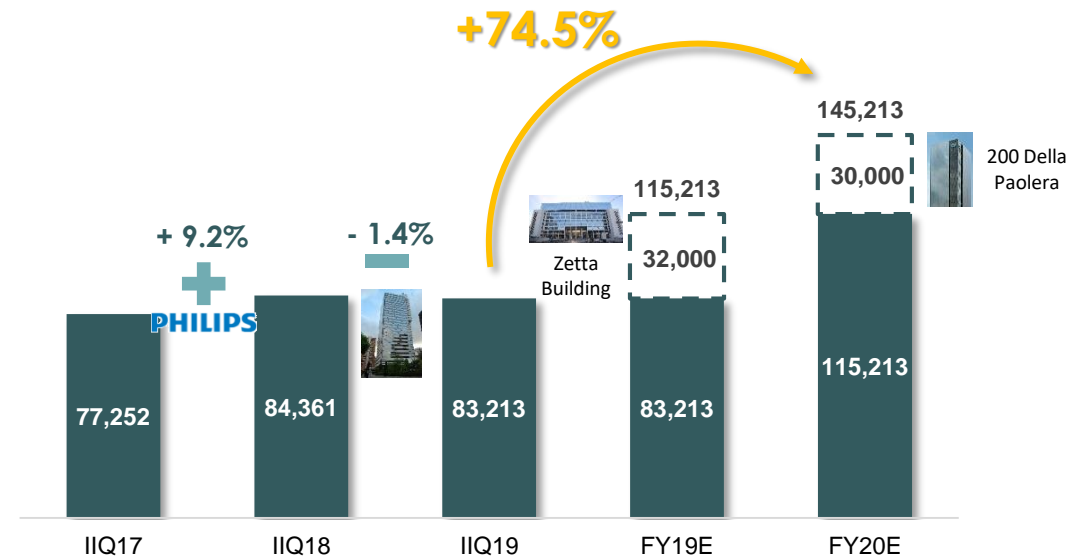


* Mainly explained by new vacant floors at Dot building. Considering Zetta building fully leased to open next quarter, the ave occupancy would have been ~93%.

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



Offices – Stock (sqm GLA)

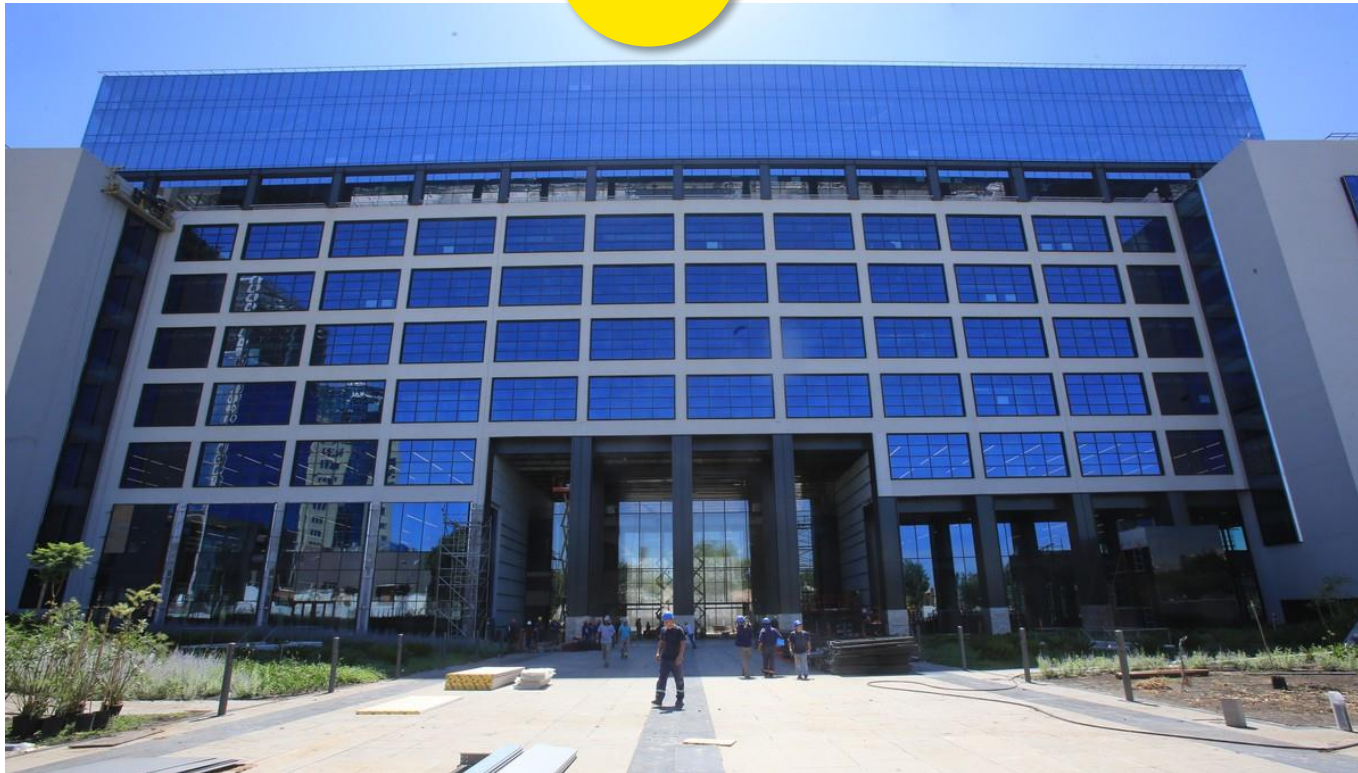
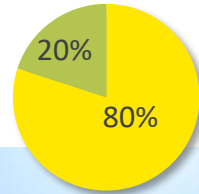


Zetta building (Polo Dot 1st office building)

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

Recent delivery of units to its tenants for conditioning

falabella



32,000 GLA sqm

Fully Leased

ARS 1,425 mm

Est. investment

~ USD 9mm

Est. EBITDA

99% Work Progress

IIIQ 2019 Est. opening

Polo Dot Project



“200 Della Paolera” Office building (under development in Catalinas)

Recent acquisition from IRSA

14,213 sqm

12 floors

131 parking spaces

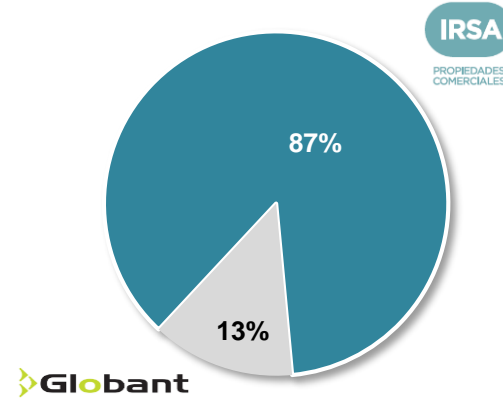
Price:
(including remaining development)

USD 60.3 mm

Price/sqm:

~USD 4,200

Current Ownership



Total Project

35,000 GLA sqm

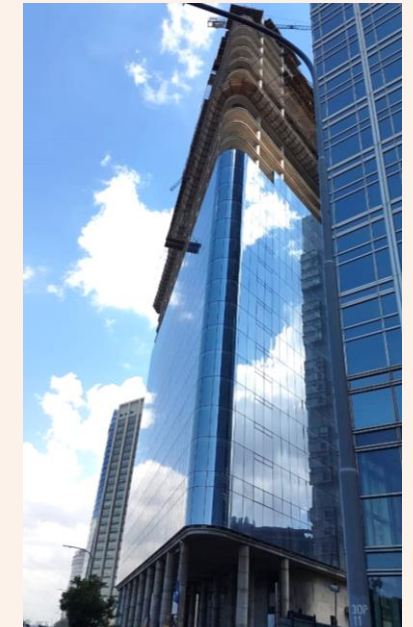
FY 2020 Est. opening

USD 10-12mm

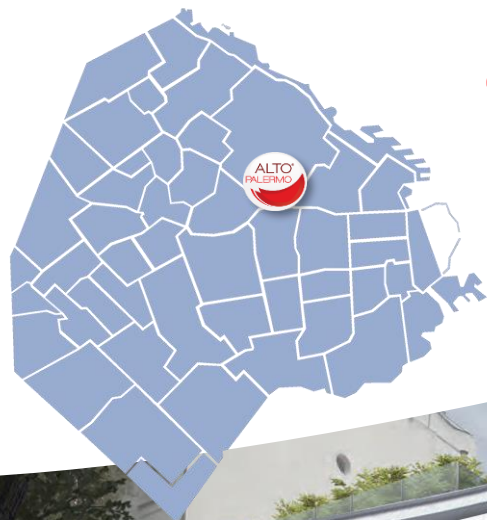
Est. EBITDA

41% Work Progress*

*As of January 31, 2018



Alto Palermo expansion



City of Buenos Aires
Highest sales/sqm shopping mall



3,900
sqm GLA

US\$28.5mm
estimated investment

FY2020
opening date

Recent Approval: La Plata Mixed-use Project

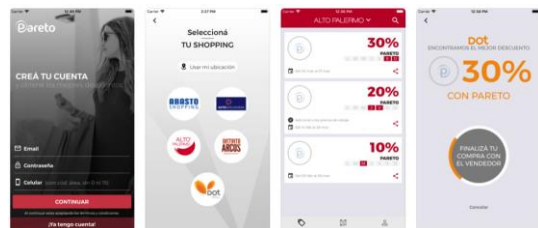


Land Plot
78,000 sqm

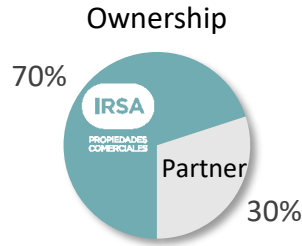
Capacity to develop
100,000 sqm



La Plata is the 5th highly populated city of Argentina with no shopping malls



With specific actions, it became the most downloaded e-marketplace application in Argentina in recent months



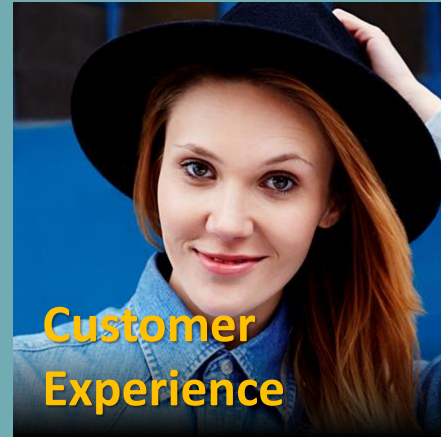
Customer fidelity System
100% Digital

Main functionalities:

- General and customized discounts
- Use and consumption benefits
- Information about activities and events
- “Push” notifications
- Advanced segmentation according to propensity to consume

CRM

It allows to connect all the points of the interaction of the users and the tenants to optimize the knowledge of them and thus be able to enhance the value of each client.



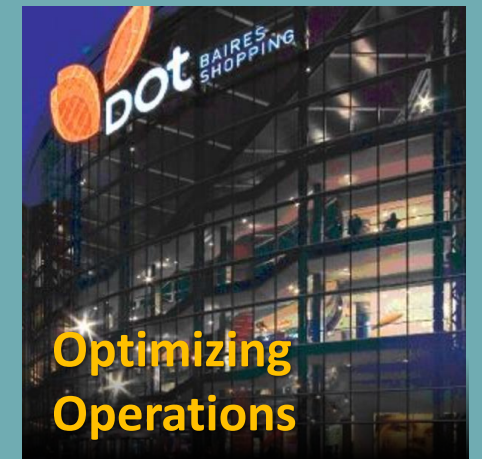
- Helping clients find the right product



- Allowing employees to work more effectively



- Getting ideas to personalize the customer experience



- Optimizing actions, effectiveness and costs of promotional campaigns



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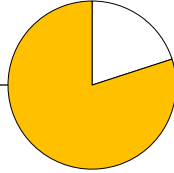
Financial Results



Impact on Assets

• Investment Properties

(80% of Non-Monetary Assets)



Shopping Malls



Office Buildings



Land Reserves



Valued at Fair value

Balance Sheet

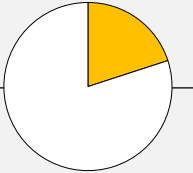
No impact

Income Statement

Segregation of net gain/loss between: (i) real FV adjustment gain/loss, and (ii) inflation adjustment

• Other Assets

(20% of Non-Monetary Assets)



- **Property, Plant & Equipment**

- **Properties for Sale**

- Air space Coto
- Córdoba plot of land
- Neuquén residential plot
- Condominios II Alto Rosario

- **Intangibles**

- Goodwill
- Software
- Rights of use (Distrito Arcos)
- Right to receive units (Barter agreements)

Valued at historical cost adjusted for inflation

Balance Sheet

Items are adjusted for inflation since incorporation or the beginning of the period, if later.

Income Statement

- Annual inflation gain/loss reflected in a separate P&L item "Inflation Adjustment"
- Increased depreciation charge for the year due to PP&E inflation adjustment

Impact on Liabilities & Equity

- **Liabilities - Deferred Revenues**

(Admission rights and Rent and Service payments received in advance)

**Valued at historical cost
adjusted for inflation**

Balance Sheet

Income Statement

Items are adjusted for inflation since collection.

- a. Annual inflation gain/loss reflected in a separate P&L item "Inflation Adjustment"
- b. Increased Revenues due to adjusted accrual of Admission rights, Rent and Services collected in advance.

- **Shareholders' Equity**

- Adjustment by inflation of equity accounts from the beginning until the end of the period generates an impact in P&L reflected in "Inflation Adjustment" line item.

Consolidated Financial Statements IIQ FY 2019

(ARS millions)

P&L		IIQ 2019	IIQ 2018	Var %	6M 2019	6M 2018	Var %
1	Revenues from sales, leases & services	2,295	2,355	-2.6%	4,439	4,659	-4.7%
2	Costs	-757	-832	-9.0%	-1,479	-1,663	-11.1%
3	Gross Profit	1,538	1,523	1.0%	2,961	2,996	-1.2%
4	Change in Fair Value	-11,611	7,687	-251.0%	-6,387	8,457	-175.5%
5	S,G&A Expenses	-302	-246	22.6%	-611	-469	30.1%
6	Operating (Loss)/Income	-10,377	8,944	-216.0%	-4,075	10,962	-137.2%
7	Net Financial Results	3,312	-395	-	-1,480	-442	234.6%
8	Income Tax	1,885	3,256	-42.1%	1,278	2,631	-51.4%
9	<i>Current Tax</i>	<i>-42</i>	<i>-171</i>	<i>-75.4%</i>	<i>-57</i>	<i>-311</i>	<i>-81.7%</i>
10	<i>Deferred Tax</i>	<i>1,927</i>	<i>3,427</i>	<i>-43.8%</i>	<i>1,335</i>	<i>2,942</i>	<i>-54.6%</i>
11	Net Income	-5,357	11,984	-144.7%	-4,185	13,331	-131.4%
Attributable to:							
12	Controlling Interest	-4,960	11,630	-142.6%	-4,360	12,966	-133.6%
13	Non-controlling Interest	-398	354	-212.4%	175	365	-52.1%
2+5	Total Costs + Expenses	-1,059	-1,078	-1.8%	-2,090	-2,132	-2.0%

Consolidated Financial Statements IIQ FY 2019

(ARS millions)

Net Financial Results		6M 2019	6M 2018	Var %
1	Net Interest, loss	-855	-481	77.7%
2	Foreign Exchange differences, net	-1,216	-87	1,294.1%
3	Fair value gains of financial assets and derivative Financial Instruments	866	300	188.7%
4	Inflation Adjustment	-191	-130	46.5%
5	Other Net Financial Costs	-84	-43	92.7%
6	Net Financial Results	-1,480	-442	234.6%

Nominal Exchange Rate evolution (ARS/USD)
6M19 vs 6M18



Financial Overview by segment IIQ FY 2019

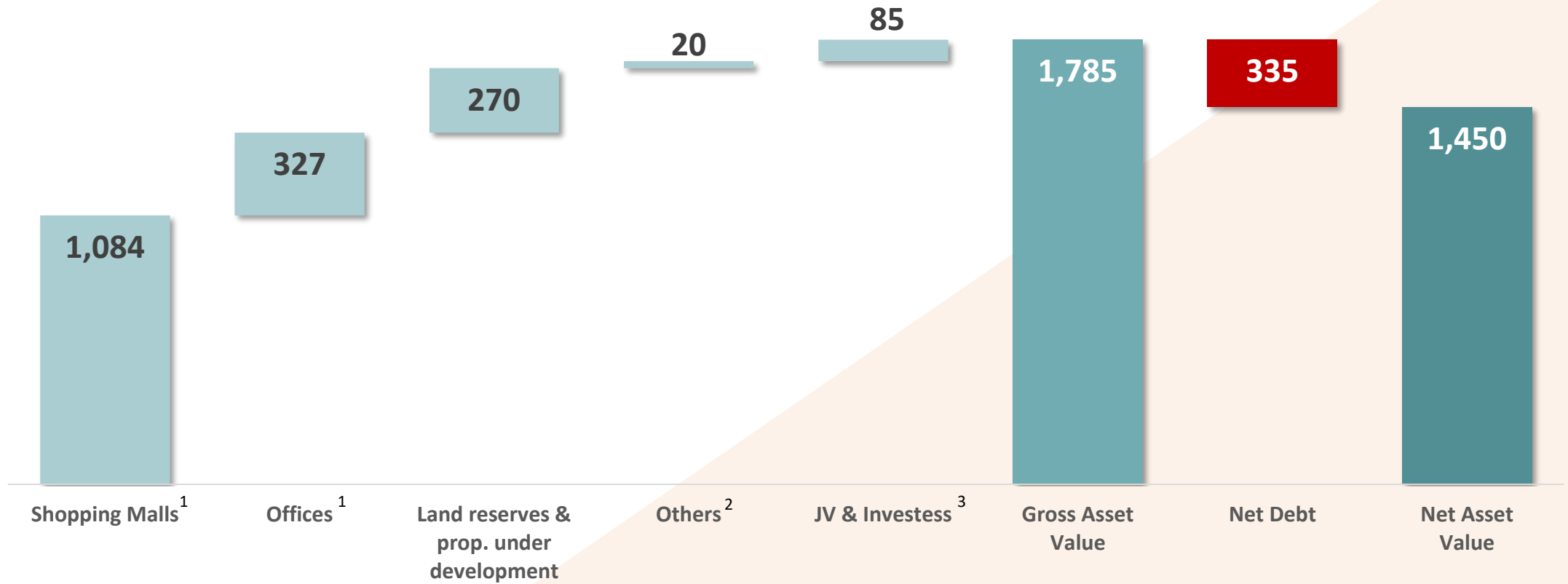
(ARS millions)

Shopping Malls		IIQ 2019	IIQ 2018	Var %	6M 2019	6M 2018	Var %
1	Revenues	1,398	1,508	-7.3%	2,741	2,939	-6.8%
2	Adjusted EBITDA	1,090	1,172	-7.0%	2,062	2,285	-9.8%
3	EBITDA Margin %	78.0%	77.8%	0.2pp	75.2%	77.8%	-2.6pp
4	Net Operating Income (NOI)	1,250	1,302	-4.0%	2,399	2,538	-5.5%

Offices		IIQ 2019	IIQ 2018	Var %	6M 2019	6M 2018	Var %
5	Revenues	295	175	68.7%	521	354	46.9%
6	Adjusted EBITDA	236	140	68.4%	414	287	44.0%
7	EBITDA Margin %	80.1%	80.3%	-0.2pp	79.5%	81.1%	-1.6pp
8	Net Operating Income (NOI)	267	152	75.2%	470	312	50.7%

Book Net Asset Value IIQ FY 2019

(USD millions)



Notes

1. Balance sheet shopping malls and office fair values adjusted by IRCP ownership
2. 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
3. Includes Quality and Nuevo Puerto Santa Fe as JV and La Rural, La Arena, Convention Center, Tarshop, TGLT & Avenida as Investees.

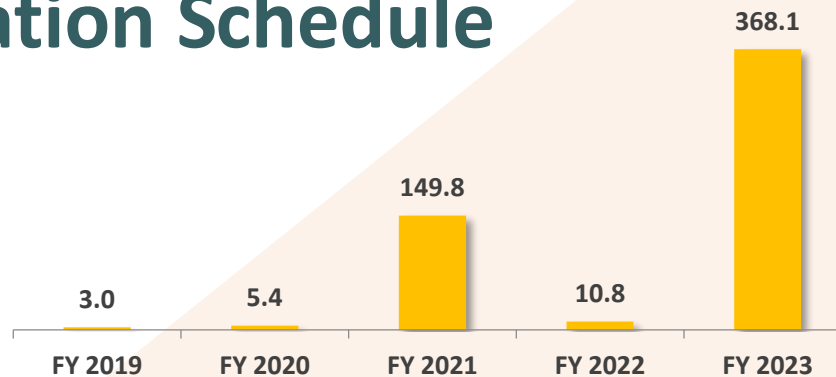
Financial Metrics		Dec 31, 2018
1	LTM Adjusted EBITDA (USD MM)	133.3
2	LTM NOI (USD MM)	153.2
3	LTM Adjusted FFO (USD MM)	82.9
Valuation Ratios		
4	Cap Rate (LTM NOI / Market Cap)	17.3%
5	EV / EBITDA LTM	6.6x
6	P / FFO LTM	6.9x
7	P / NAV	0.4x

Consolidated Debt as of December 31, 2018

(USD millions)

Description	Issue Currency	Outstanding Amount	Rate	Maturity
Series II Notes due 2023 (int.)	US\$	360.0	8.75%	Mar-23
Series IV Note due 2020 (local) ¹	US\$	139.0	5.00%	Sep-20
PAMSA loan	US\$	35.0	fixed	Feb-23
Short-term debt	ARS	3.0	-	< 360 days
Total IRCP's Debt		537.0		
IRCP's Net Debt		334.6²		

Amortization Schedule



Debt Ratios

Net Debt/EBITDA LTM	2.5x
Loan to Value ³	19%
Local Rating (Fitch)	AA+
International Rating	B+

Notes

1. Net of repurchases
2. Gross Financial Debt less cash & equivalents & short-term financial current investments
3. Net Financial Debt over Gross Assets Value



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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 2018 ended June 30, 2018, which are available for you in our web sites.