

# IIIQ 2018 Conference Call

May 9, 2018

IRSA COMMERCIAL PROPERTIES



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

## Rental Operating Figures

- Shopping malls' sales grew by **24.0%** in 9M18 vs. 9M17 and occupancy increased to **98.6%**
- The average rent of the office portfolio remained at **USD/sqm 26.5** while occupancy reduced to **91.0%** due to the addition of Philips Building leasable area occupied at 68%.



## CAPEX 2018: Acquisitions & Developments

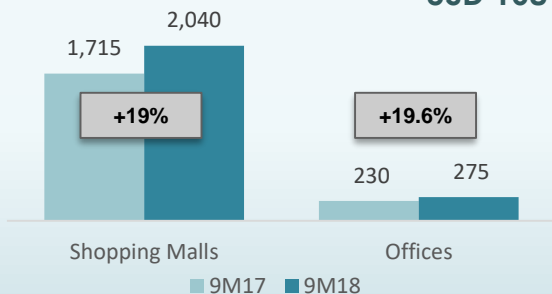
- On February 2018, **IRCP acquired a 60% of La Arena S.A.**, owner of the stadium DirecTv Arena in Pilar (BA Province) for a total amount of **USD 4.2 million**
- On March 2018, **IRCP acquired a plot of land of 78,000 sqm** in La Plata (BA Province) to develop a mixed-uses project of ~100,000 sqm
- During IIIQ FY18, we advanced in the development of 21,300 sqm expansions in our Shopping Malls and Polo Dot (1<sup>st</sup> stage) & Catalinas office buildings

## Consolidated Financial Statements

### Adjusted EBITDA by Segment

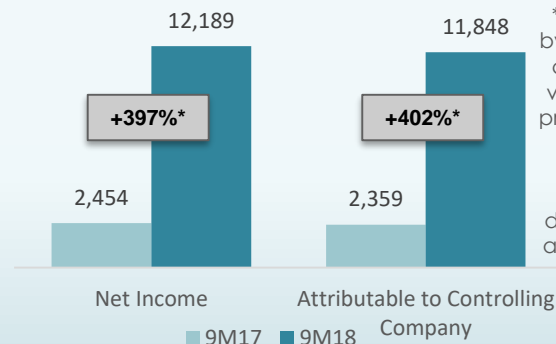
ARS million

**Adj. EBITDA (LTM)  
USD 168 MM**



### Net Income

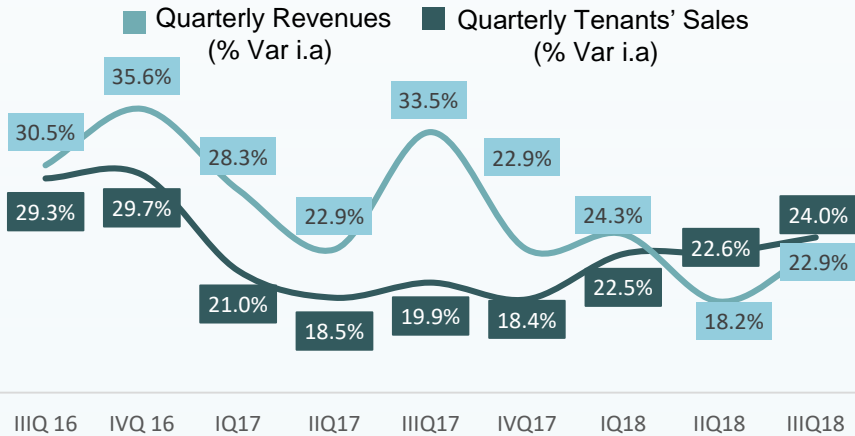
ARS million



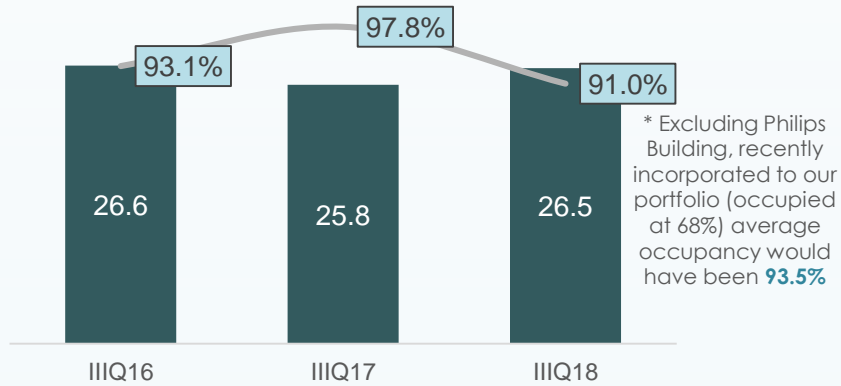
\* Mainly explained by higher results from changes in the fair value of investment properties due to the impact of the tax reform and the currency depreciation on our assets denominated in USD

# Shopping Malls & Offices: Strong Operating Figures

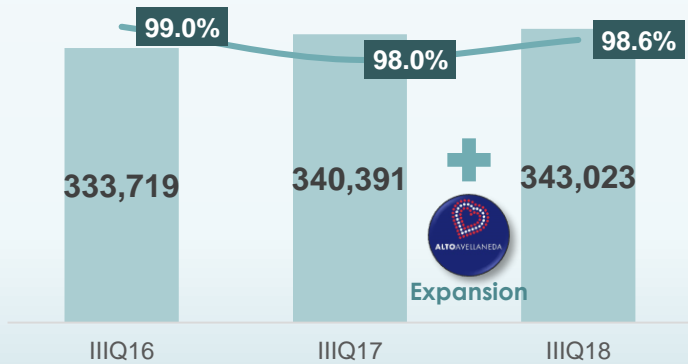
## Shopping Malls – Quarterly Revenues & Tenants' Sales (% Var i.a)



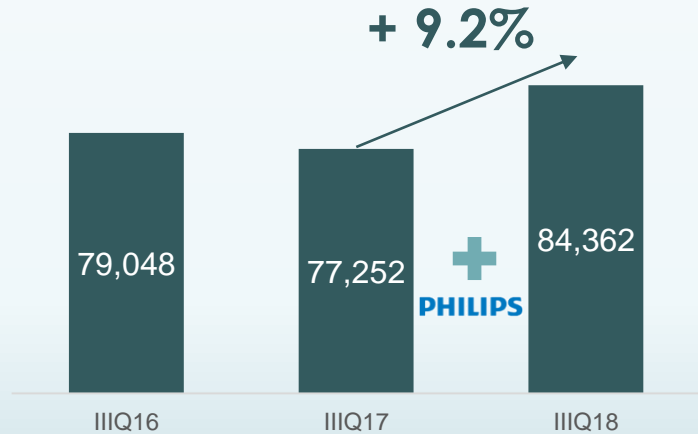
## Offices – Leases USD/sqm/mth & Occupancy



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

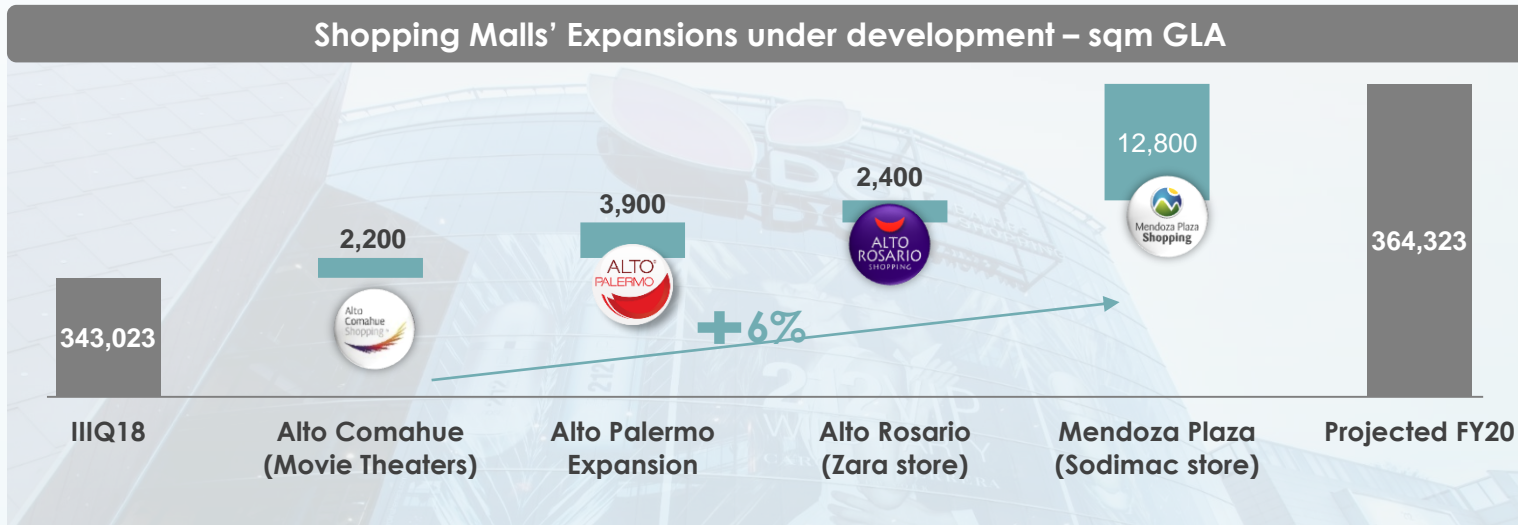


## Offices – Stock (sqm GLA)

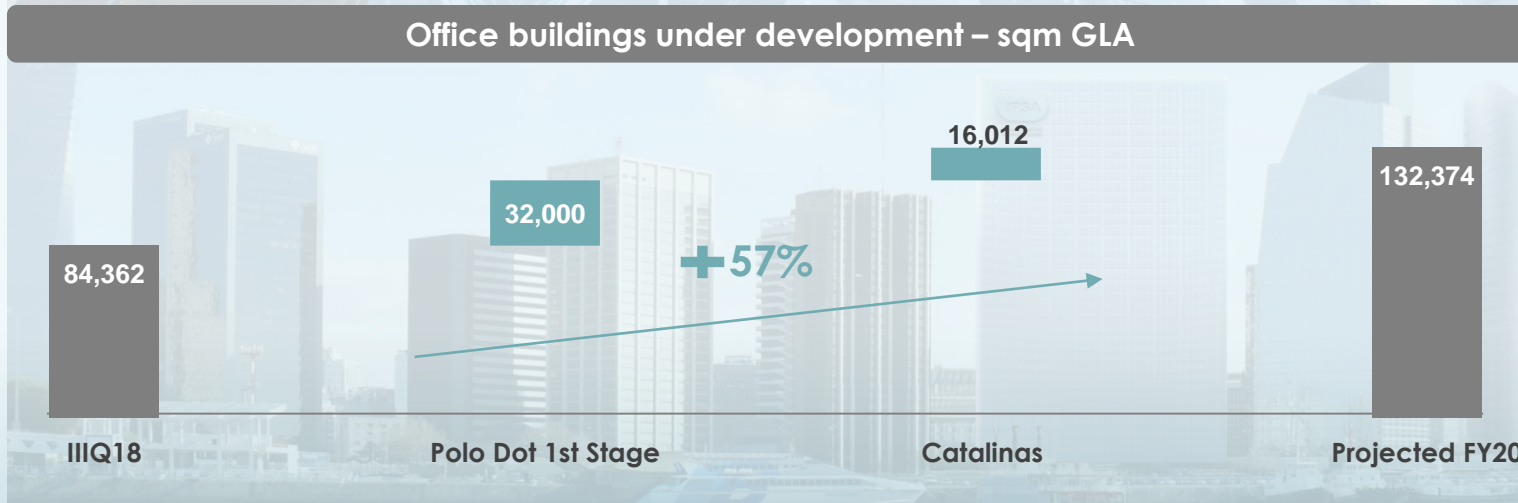


# CAPEX 2018: Projected GLA

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

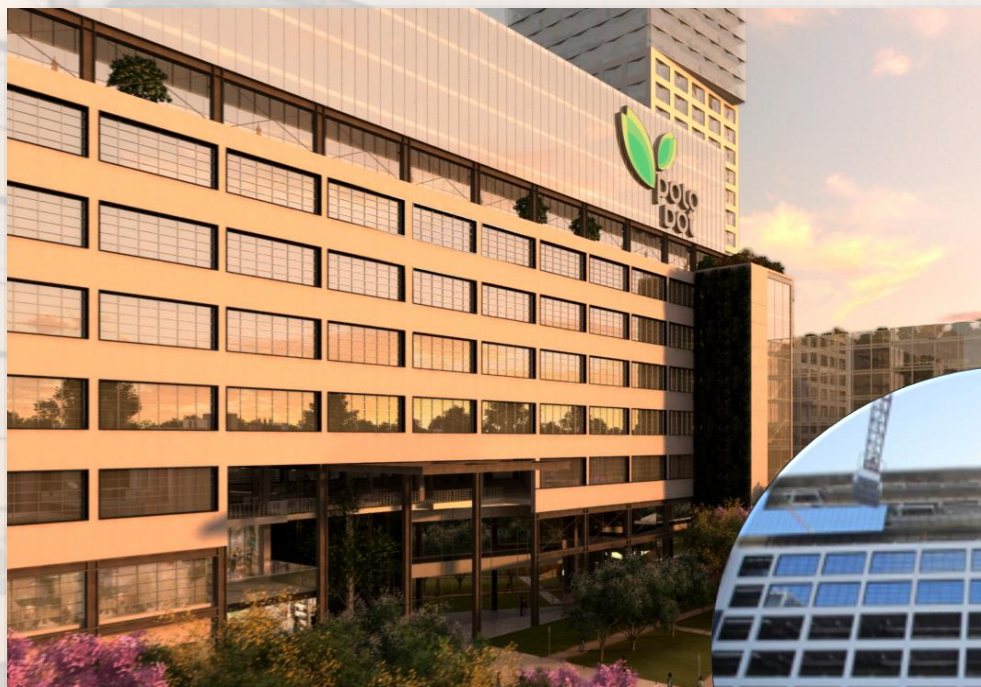


~**USD 10 million** increase in EBITDA **(+7%)**  
**Investment: USD 54 million**



~**USD 14 million** increase in EBITDA **(+70%)**  
**Investment: Land USD 44 million Development USD 110 million**

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



Fully leased



*falabella*



**32,000**  
sqm GLA

**~ ARS 1,000mm**  
estimated investment

**FY2019**  
opening date

## Future iconic landmark in the city with the widest river frontage



**16,000**  
sqm GLA

**~ ARS 720 mm**  
estimated investment

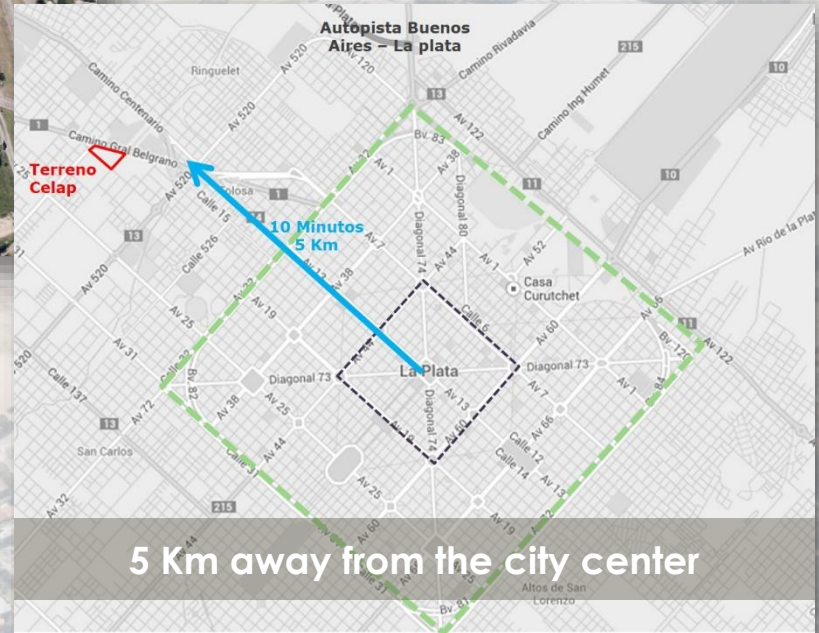
**FY2020**  
opening date



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



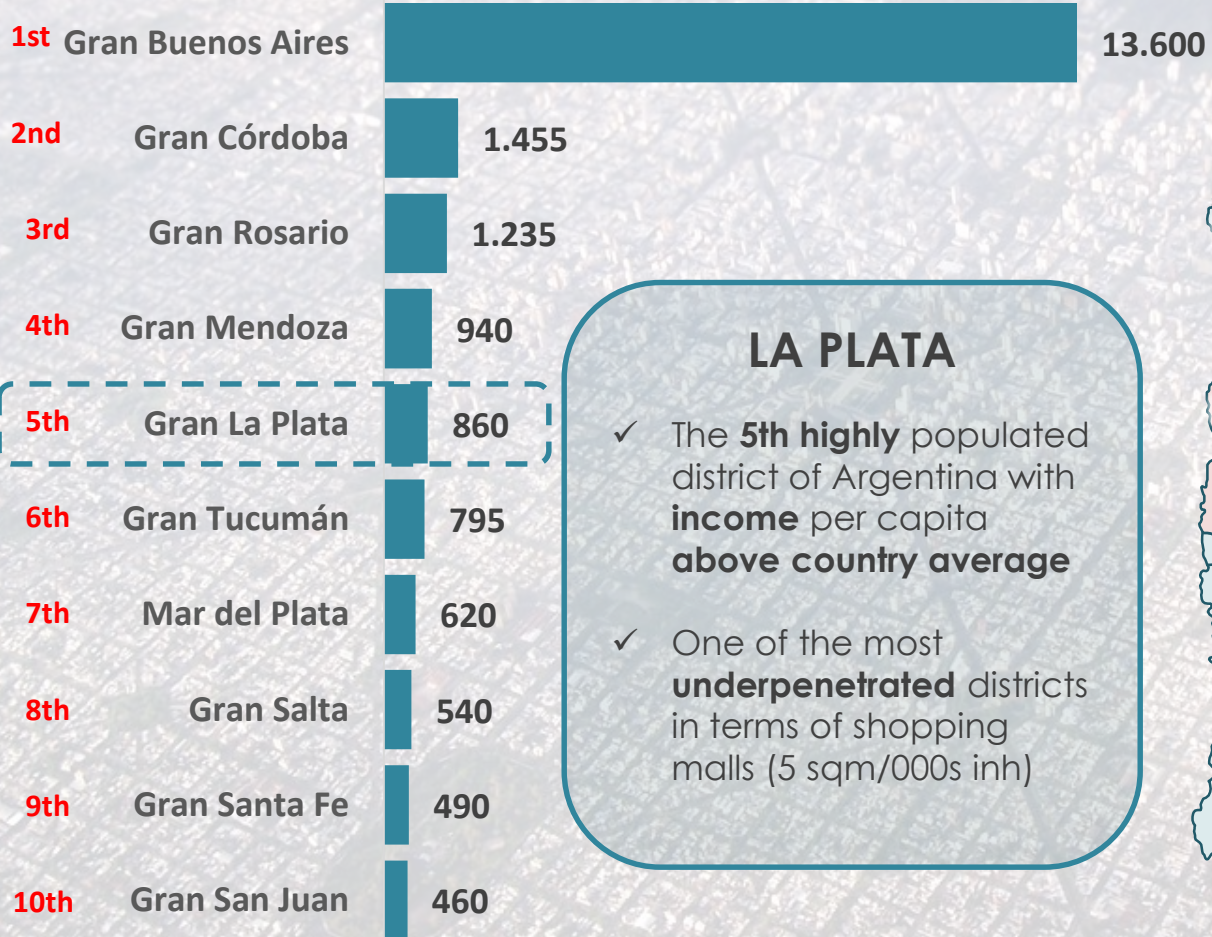
- ✓ Surface: 78,000 sqm
- ✓ Capacity to develop: 100,000 sqm



- ✓ Price paid: USD 7.5 million
- ✓ Potential use: Mixed use (shopping mall, offices, hotel & residential)

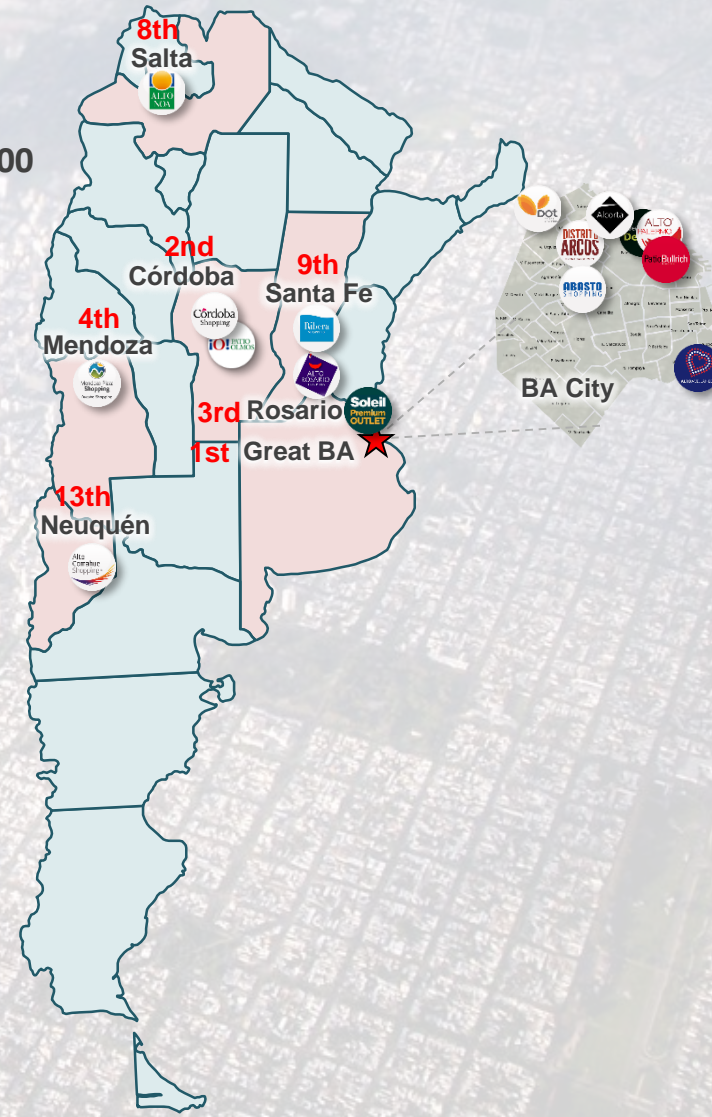
5 Km away from the city center

## Total Inhabitants (thousands)



**LA PLATA**

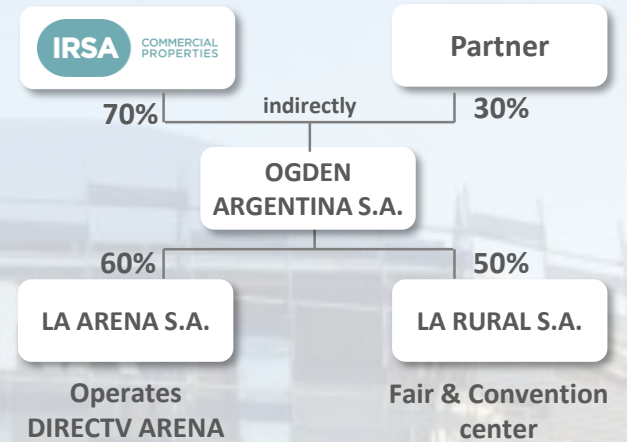
- ✓ The **5th highly** populated district of Argentina with **income** per capita **above country average**
- ✓ One of the most **underpenetrated** districts in terms of shopping malls (5 sqm/000s inh)







## Ownership Structure



- ✓ 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**

## 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

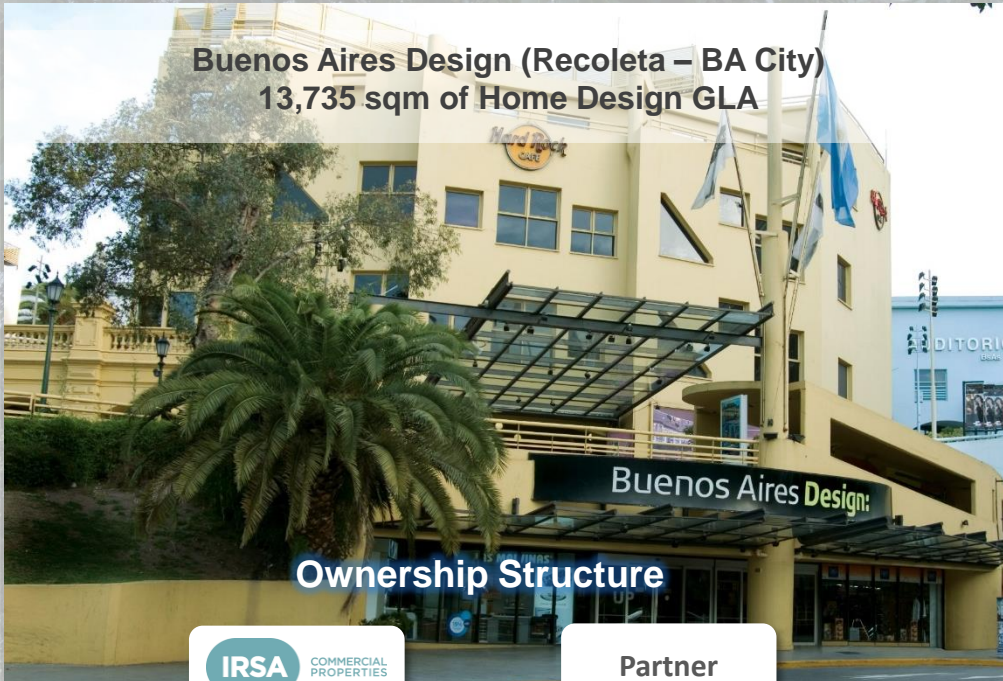
### First events of the renewed Center

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



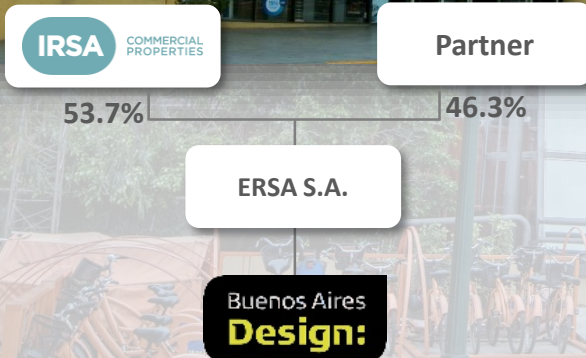
# Buenos Aires Design – End of Concession

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

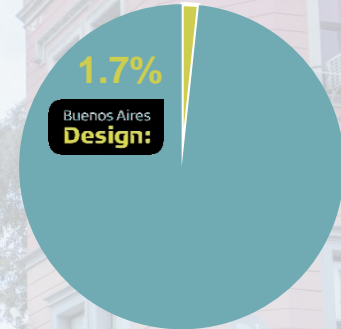


**Buenos Aires Design (Recoleta – BA City)**  
13,735 sqm of Home Design GLA

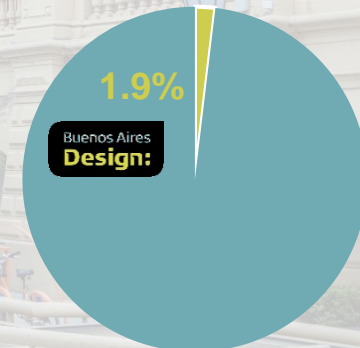
## Ownership Structure



**Tenant Sales**  
(LTM as of Mar 31, 2018)



**Revenues**  
(LTM as of Mar 31, 2018)

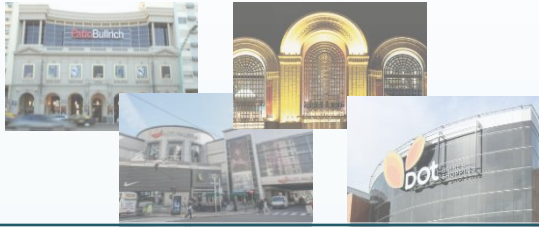




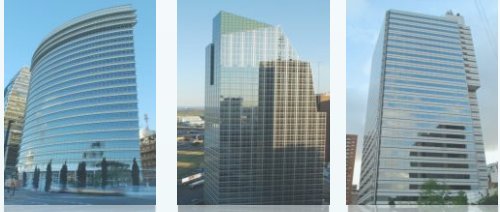
# Financial Results

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PROPERTIES

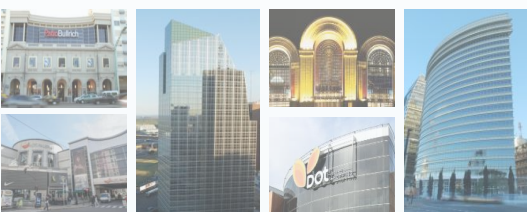


Shopping Malls – ARS million						
	IIIQ 2018	IIIQ 2017	Var %	9M 2018	9M 2017	Var %
<b>Revenues</b>	886.2	721.2	<b>22.9%</b>	2,695.7	2,216.5	<b>21.6%</b>
<b>Adjusted EBITDA</b>	658.6	591.8	<b>11.3%</b>	2,040.0	1,714.6	<b>19.0%</b>
<b>EBITDA Margin %</b>	74.3%	82.1%	<b>-7.8pp</b>	75.7%	77.4%	<b>-1.7pp</b>
<b>Net Operating Income (NOI)</b>	767.1	659.3	<b>16.4%</b>	2,309.3	1,927.8	<b>19.8%</b>



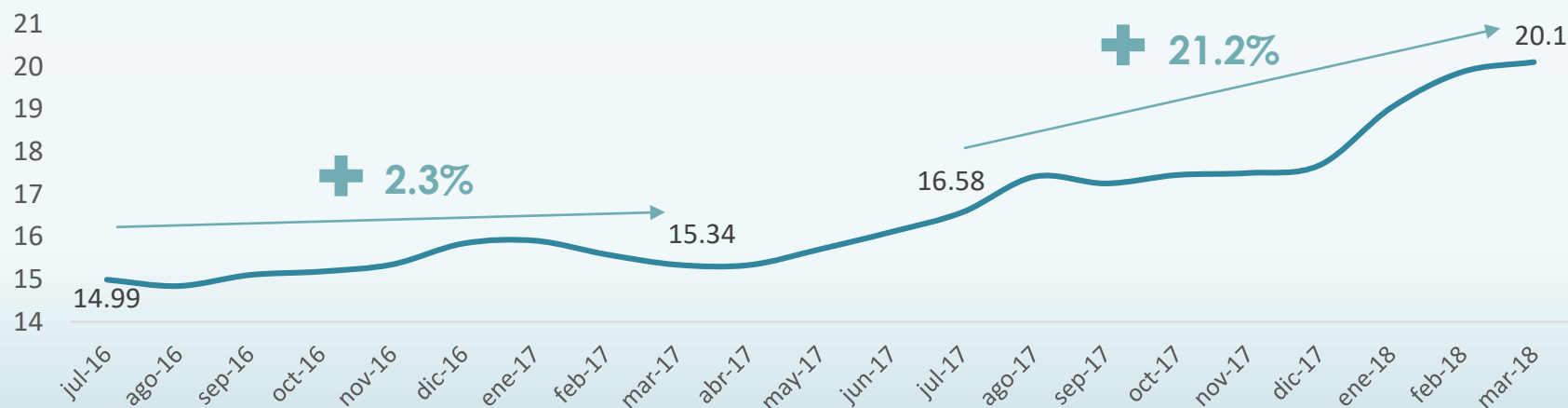
Offices – ARS million						
	IIIQ 2018	IIIQ 2017	Var %	9M 2018	9M 2017	Var %
<b>Revenues</b>	123.6	99.9	<b>23.7%</b>	350.9	297.2	<b>18.1%</b>
<b>Adjusted EBITDA</b>	90.8	80.1	<b>13.4%</b>	275.1	230.1	<b>19.6%</b>
<b>EBITDA Margin %</b>	75.3%	80.2%	<b>-4.9pp</b>	78.4%	77.4%	<b>1.0pp</b>
<b>Net Operating Income (NOI)</b>	104.0	85.6	<b>21.5%</b>	303.7	255.1	<b>19.1%</b>

# Consolidated Financial Results 9M FY 2018

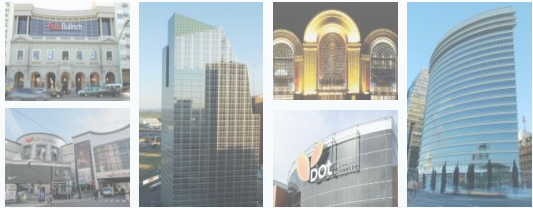
	P&L – ARS million					
	IIIQ 2018	IIIQ 2017	Var %	9M 2018	9M 2017	Var %
<b>Revenues</b>	1,443	1,158	24.6%	4,355	3,582	21.6%
<b>Costs</b>	-546	-421	29.7%	-1,605	-1,335	20.2%
<b>Gross Profit</b>	<b>897</b>	<b>737</b>	<b>21.7%</b>	<b>2,750</b>	<b>2,247</b>	<b>22.4%</b>
<b>Change in Fair Value</b>	607	-356	270.7%	10,476	1,929	443,1%
<b>S,G&amp;A Expenses</b>	-193	-110	75.5%	-492	-389	26.5%
<b>Operating Income</b>	<b>1,303</b>	<b>259</b>	<b>402.7%</b>	<b>12,710</b>	<b>3,797</b>	<b>234.8%</b>
<b>Net Financial Results</b>	-609	105	-678.7%	-1,114	-381	192.2%
<b>Income Tax</b>	-138	-114	21.3%	347	-1,161	-129.9%
<i>Current Tax</i>	5	-287	-102%	-193	-549	-65%
<i>Deferred Tax</i>	-143	173	-183%	540	-612	-188%
<b>Net Income</b>	<b>606</b>	<b>368</b>	<b>64.4%</b>	<b>12,189</b>	<b>2,454</b>	<b>396.7%</b>
<b>Attributable to:</b>						
<b>Controlling Interest</b>	<b>599</b>	<b>356</b>	<b>68.4%</b>	<b>11,841</b>	<b>2,359</b>	<b>402.0%</b>
<b>Non-controlling Interest</b>	<b>7</b>	<b>13</b>	<b>-45.4%</b>	<b>348</b>	<b>96</b>	<b>263.8%</b>

	Net Financial Results ARS million		
	9M 2018	9M 2017	Var %
<b>Loss Net Interest</b>	-461	-346	33%
<b>Foreign Exchange differences, net</b>	-1,610	-115	1,300%
<b>Fair value gains of financial assets and Derivative Financial Instruments</b>	1,012	126	703%
<b>Other Financial Costs</b>	-55	-46	20%
<b>Net Financial Results</b>	<b>-1,114</b>	<b>-381</b>	<b>192%</b>

Exchange Rate Evolution (ARS/USD)



# Consolidated Financial Results 9M FY 2018

	ARS million			USD million		
	LTM 18	LTM 17	Var %	LTM 18	LTM 17	Var %
<b>Adjusted EBITDA</b>	2,959	2,469	19.8%	168	164	2.8%
<b>NOI</b>	<b>3,397</b>	<b>2,773</b>	<b>22.5%</b>	<b>193</b>	<b>184</b>	<b>5.1%</b>
<b>Adjusted FFO</b>	2,039	1,392	46.4%	116	92	25.7%

Valuation Metrics	Mar-31
<b>Cap Rate</b>	<b>12.0%</b>
<b>EV/EBITDA</b>	<b>9.5x</b>
<b>P/FFO</b>	<b>12.1x</b>
<b>P/BV</b>	<b>0.85x</b>



# Consolidated Debt as of March 31, 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	3.9	-	< 360 days
<b>Total IRSA CP's Debt</b>		<b>538.9</b>		
<b>IRSA CP's Net Debt</b>		<b>205.2<sup>1</sup></b>		

## Debt Ratios

Net Debt/EBITDA LTM **1.2 x**

Loan to Value<sup>2</sup> **19%**

Local Rating (Fitch) **AA+**

International Rating **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).  
 2. Gross Financial Debt over Total Assets

# Contact Information



**ALEJANDRO ELSZTAIN** – CEO  
**MATÍAS GAIVIRONSKY** – CFO  
Tel +(54 11) 4323 7449

**Corporate Offices**  
Intercontinental Plaza  
Moreno 877 24° Floor  
Tel +(54 11) 4323 7400  
Fax +(54 11) 4323 7480  
C1091AAQ – City of Buenos Aires – Argentina

NYSE Symbol: **IRCP**  
BASE Symbol: **IRCP**

[www.irsacp.com.ar](http://www.irsacp.com.ar)

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**Independent Auditors**  
**PricewaterhouseCoopers**  
**Argentina**  
Tel +(54 11) 4850 0000  
Bouchard 557 7°  
C1106ABG – City of Buenos Aires  
Argentina

## 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.