

**IRSA**

PROPIEDADES  
COMERCIALES

# Earnings Release

## Second Quarter FY 2017



Alto Noa Shopping – Salta (Argentina)

**IRSA Propiedades Comerciales cordially invites you to participate in the six month period of  
FY 2017 Conference Call Results**

**Monday, February 13, 2017 at 1:00 p.m. US EST**

The call will be hosted by:

**Alejandro Elsztain, CEO**

**Daniel Elsztain, COO**

**Matías Gaivironsky, CFO**

To participate please call:

**1-877-317-6776 (toll free) ó**

**1-412-317-6776 (international)**

**Conference ID # IRSA CP**

In addition, you can Access through the following webcast:

<http://webcast.neo1.net/Cover.aspx?PlatformId=iMsv5lcReh8Udk2%2Bb3CL2Q%3D%3D>

Preferably 10 minutes before the cal is due to begin.

The conference will be in English.

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**PLAYBACK**

**Available until February 20, 2017**

Please call:

**1-877-344-7529**

**1-412-317-0088**

**Replay access code: 10100691**

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For further information  
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## Highlights of the Period

- Net Income for the six-month period of FY 2017 reached ARS 518.4 million compared to ARS 432.2 million in the same period of FY 2016.
- The Company's EBITDA reached ARS 1,318.3 million in the six-month period of 2017 while the EBITDA for the rental segment grew by 28.6% compared to the same period of 2016.
- Our shopping centers' sales grew by 19.9% in the six-month period of 2017 and the portfolio's occupancy rate stood at 98.4%.
- We maintained 100% occupancy in our portfolio of Premium Offices.
- During November 2016, we paid a cash dividend of ARS 460 million, equivalent to ARS 0.3650 per ordinary share and ARS 14.6015 per ADR.



**Buenos Aires, February 9, 2017** - IRSA Propiedades Comerciales S.A. (NASDAQ: IRCP) (BCBA: IRCP), leading real estate Company in Argentina, announces today its results for the six months of the Fiscal Year 2017 ended December 31, 2016.

**I. Brief comment on the Group's activities during the period, including references to significant events occurred after the end of the period.**

**Consolidated Results**

	IIQ 17	IIQ 16	YoY Var	6M 17	6M 16	YoY Var
Revenues from sales, leases and services <sup>(1)</sup>	911.2	706.1	29.0%	1.679.6	1.296.6	29.5%
Operating income	693.6	477.5	45.3%	1.197.0	1.023.9	16.9%
Depreciation and amortization	59.9	58.3	2.9%	121.4	119.6	1.5%
<b>EBITDA<sup>(2)</sup></b>	<b>753.6</b>	<b>535.7</b>	<b>40.7%</b>	<b>1.318.3</b>	<b>1.143.5</b>	<b>15.3%</b>
<b>EBITDA from rental segment <sup>(3)</sup></b>	<b>735.2</b>	<b>558.4</b>	<b>31.7%</b>	<b>1.319.9</b>	<b>1.026.0</b>	<b>28.6%</b>
<b>Income for the period</b>	<b>420.8</b>	<b>321.1</b>	<b>31.1%</b>	<b>518.4</b>	<b>432.2</b>	<b>19.9%</b>

- (1) Does not include Revenues from Expenses or Collective Promotion Fund.
- (2) EBITDA: Operating income plus Depreciation and Amortization.
- (3) EBITDA from Rental Segment includes EBITDA from Shopping Centers and Offices.

The Company's revenues grew by 28.6% in the first six months of fiscal year 2017 as compared to the same period of 2016, mainly due to higher revenues from the shopping centers segment, which grew 25.3%, and the offices segment, reflecting the variation in the exchange rate that positively impacted on its dollar-denominated contracts. EBITDA reached ARS 1,318.3 million (+15.3%) during the first six months of fiscal year 2017, whereas EBITDA from our rental segments (Shopping Centers and Offices) grew by 28.6%. The difference is explained mainly by fewer sales of investment property made during the period under review.

Net income for the period reached ARS 518.4 million, 19.9% higher than in the same period of the previous fiscal year, mainly explained by a higher operating income and lower financial expenses.

## II. Shopping Centers

During the first six months of fiscal year 2017, our tenants' sales reached ARS 17,815.5 million, 19.9% higher than in the same period of 2016, although recording a deceleration as compared to the preceding quarters, reflecting the fall in spending that has been observed in the past months. Our portfolio's leasable area increased by approximately 2,300 square meters, mainly explained by the completion of the second expansion stage at Distrito Arcos and the addition of significant tenants such as Megatlon, Farmacity, Akiabara, Stock Center and Mishka. The occupancy rate stood at optimum levels of 98.4%, reflecting the quality of our portfolio.

### Shopping Centers' Financial Indicators

(in ARS million)

	IIQ 17	IIQ 16	YoY Var	6M 17	6M 16	YoY Var
Revenues from sales, leases and services	812.0	660.7	22.9%	1,495.3	1,193.5	25.3%
Operating income	570.8	485.0	17.7%	1,047.5	869.7	20.4%
Depreciation and amortization	36.8	34.1	7.8%	73.4	69.1	6.3%
EBITDA	607.6	519.1	17.0%	1,120.9	938.7	19.4%

### Shopping Centers' Operating Indicators

(in ARS million, except as indicated)

	IIQ 17	IQ 17	IVQ 16	IIIQ 16	IIQ 16
Gross leaseable area (sqm)	337,396	335,032	333,155	334,079	333,719
Tenants' sales (3 month cumulative)	9,809.3	8,006.2	7,910.9	6,132.2	8,273.8
Occupancy	98.4%	98.4%	98.4%	98.6%	99.0%

Revenues from this segment grew 25.3% during this six-month period, whereas EBITDA reached ARS 1,120.9 million (+ 19.4% compared to the same period of 2016). The EBITDA margin, excluding income from expenses and collective promotion fund, was 75.0%, 3.7 pp below the figure recorded in the previous fiscal year.

### Operating data of our Shopping Centers

Shopping Center	Date of Acquisition	Gross Leaseable Area (sqm) <sup>(1)</sup>	Stores	IRSA Propiedades Comerciales S.A.'s Interest	Occupancy <sup>(2)</sup>	Book Value (ARS thousand) <sup>(3)</sup>
Alto Palermo	Nov-97	18,966	144	100.0%	99.5%	78,511
Abasto Shopping <sup>(4)</sup>	Jul-94	36,827	172	100.0%	99.8%	102,175
Alto Avellaneda	Nov-97	36,040	136	100.0%	99.9%	49,813
Alcorta Shopping	Jun-97	15,377	113	100.0%	92.3%	54,819
Patio Bullrich	Oct-98	11,760	90	100.0%	100.0%	58,984
Buenos Aires Design	Nov-97	14,352	63	53.7%	96.0%	2,386
Dot Baires Shopping	May-09	49,847	159	80.0%	100.0%	384,909
Soleil	Jul-10	13,991	78	100.0%	99.6%	97,089
Distrito Arcos	Dec-14	14,508	66	90.0%	97.7%	270,860
Alto Noa Shopping	Mar-95	19,038	90	100.0%	99.4%	18,363
Alto Rosario Shopping <sup>(5)</sup>	Nov-04	29,515	149	100.0%	99.5%	77,804
Mendoza Plaza Shopping	Dec-94	42,146	141	100.0%	94.8%	50,764
Córdoba Shopping	Dec-06	15,299	109	100.0%	100.0%	40,150
La Ribera Shopping <sup>(6)</sup>	Aug-11	9,841	66	50.0%	97.4%	24,163
Alto Comahue	Mar-15	9,890	104	99.6%	97.4%	307,629
Patio Olmos <sup>(7)</sup>						23,899
<b>Total</b>		<b>337,396</b>	<b>1,680</b>		<b>98.4%</b>	<b>1,642,318</b>

(1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.

(2) Calculated dividing occupied square meters by leasable area as of the last day of the period.

(3) Cost of acquisition plus improvements, less cumulative depreciation, plus adjustment for inflation.

(4) Excludes Museo de los Niños (3,732 square meters).

(5) Excludes Museo de los Niños (1,261 square meters).

(6) Through our joint venture Nuevo Puerto Santa Fe S.A.

(7) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Cordoba, operated by a third party.

### Cumulative tenants' sales as of December 31

(per Shopping Center, in ARS million)

Shopping Center	IIQ 17	IIQ 16	YoY Var	6M 17	6M 16	YoY Var
Alto Palermo	1,234.6	1,036.5	19.1%	2,208.0	1,796.7	22.9%
Abasto Shopping	1,322.7	1,150.5	15.0%	2,424.0	2,104.3	15.2%
Alto Avellaneda	1,241.8	1,121.9	10.7%	2,259.1	1,991.8	13.4%
Alcorta Shopping	682.3	583.2	17.0%	1,195.5	993.0	20.4%
Patio Bullrich	376.6	306.1	23.1%	657.1	552.5	18.9%
Buenos Aires Design	139.3	105.9	31.5%	269.7	208.7	29.2%
Dot Baires Shopping	1,116.4	974.9	14.5%	1,959.2	1,692.1	15.8%
Soleil	453.1	333.5	35.9%	853.2	625.6	36.4%
Distrito Arcos	420.0	257.3	63.2%	739.5	470.6	57.1%
Alto Noa Shopping	424.7	376.6	12.8%	797.0	689.3	15.6%
Alto Rosario Shopping	885.2	748.4	18.3%	1,626.0	1,341.0	21.3%
Mendoza Plaza Shopping	706.9	629.6	12.3%	1,354.6	1,204.1	12.5%
Córdoba Shopping	337.6	287.6	17.4%	607.2	508.0	19.5%
La Ribera Shopping <sup>(1)</sup>	198.4	163.7	21.2%	379.2	316.6	19.7%
Alto Comahue	269.8	198.3	36.1%	486.2	360.6	34.9%
<b>Total</b>	<b>9,809.3</b>	<b>8,273.8</b>	<b>18.6%</b>	<b>17,815.5</b>	<b>14,854.8</b>	<b>19.9%</b>

(1) Through our joint venture Nuevo Puerto Santa Fe S.A.

### Cumulative tenants' sales as of December 31

(per Type of Business, in ARS million)

Type of Business	IIQ 17	IIQ 16	YoY Var	6M 17	6M 16	YoY Var
Anchor Store	527.7	455.9	15.8%	945.2	822.8	14.9%
Clothes and Footwear	5,586.9	4,492.0	24.4%	9,746.1	7,810.0	24.8%
Entertainment	206.8	177.3	16.6%	559.6	463.1	20.8%
Home	252.1	208.6	20.8%	471.5	398.2	18.4%
Restaurant	871.4	637.8	36.6%	1,771.8	1,303.3	35.9%
Miscellaneous	1,208.5	1,008.5	19.8%	2,122.0	1,743.4	21.7%
Services	53.4	117.5	-54.5%	108.2	205.3	-47.3%
Electronic appliances	1,102.6	1,176.2	-6.3%	2,091.1	2,108.7	-0.8%
<b>Total</b>	<b>9,809.3</b>	<b>8,273.8</b>	<b>18.6%</b>	<b>17,815.5</b>	<b>14,854.8</b>	<b>19.9%</b>

### Revenues from cumulative leases as of December 31

(Breakdown, in ARS million)

	IIQ 17	IIQ 16	YoY Var	6M 17	6M 16	YoY Var
Base Rent <sup>(1)</sup>	411	306	34.3%	786	579	35.8%
Percentage Rent	232	221	5.2%	383	362	5.7%
<b>Total Rent</b>	<b>643</b>	<b>527</b>	<b>22.1%</b>	<b>1,169</b>	<b>940</b>	<b>24.2%</b>
Admission rights	64	48	32.5%	126	93	34.8%
Fees	12	10	14.7%	23	18	28.6%
Parking	49	38	27.6%	95	75	26.3%
Commissions	24	18	31.7%	45	34	33.3%
Revenues from non-traditional advertising	16	18	-8.0%	32	30	7.2%
Others	4	1	176.7%	6	3	101.9%
<b>Revenues before Expenses and Collective Promotion Fund</b>	<b>812</b>	<b>661</b>	<b>22.9%</b>	<b>1,495</b>	<b>1,193</b>	<b>25.3%</b>
Expenses and Collective Promotion Fund	376	329	14.3%	690	581	18.8%
<b>Total<sup>(2)</sup></b>	<b>1,188</b>	<b>990</b>	<b>20.0%</b>	<b>2,186</b>	<b>1,775</b>	<b>23.2%</b>

(1) Includes Revenues from stands for ARS 91 million

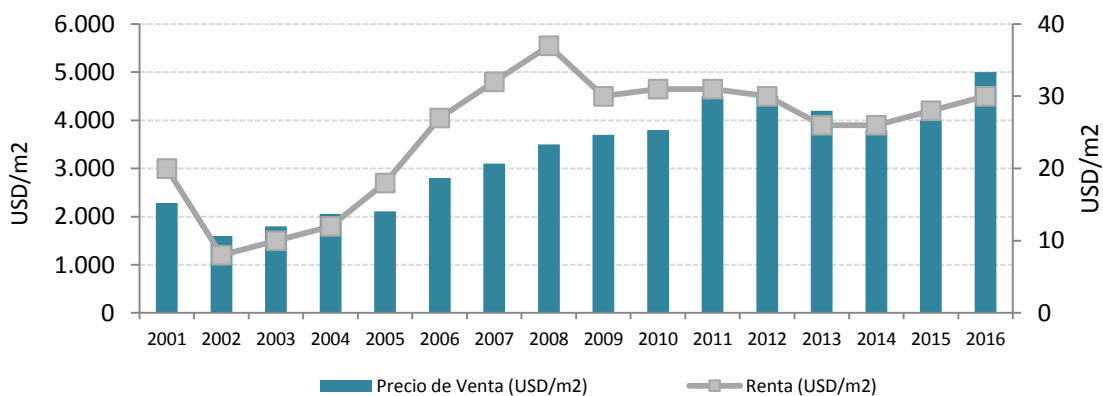
(2) Does not include Patio Olmos,

### III. Offices

The A+ office market in the City of Buenos Aires remains robust. Demand for Premium commercial spaces continues its upward trend, with sale prices in the whereabouts of USD 5,000 per square meter, 25% higher than at the closing of 2015, while rental prices increased slightly as compared to the previous year, averaging USD 30 per square meter for the A+ segment. The vacancy rate stood at 5.3%, significantly below the figures recorded at the closing of 2015.

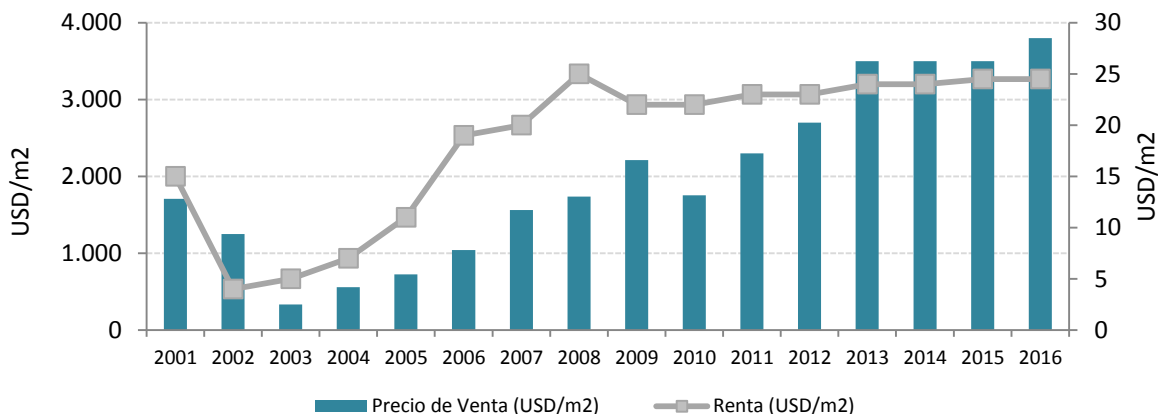
As concerns the A+ office market in the Northern Area, we have noted a significant improvement in the price of units during the last 10 years, and we believe in its potential during the next years. Rental prices have remained at USD 24.5 per square meter.

**Sale and Rental Prices of A+ Offices – City of Buenos Aires**



Source: LJ Ramos

**Sale and Rental Prices of A+ Offices – Northern Area**



Source: LJ Ramos

During the first six months of fiscal year 2017, revenues from the offices segment increased 76.0% as compared to the same period of 2016, mainly explained by the depreciation of the peso vis-à-vis the dollar. EBITDA from this segment grew 128% in the first six months of fiscal year 2017 compared to the same period of 2016, principally explained by the increase in revenues and the ARS 44.0 million gain resulting from the business combination of Entertainment Holding S.A., which is indirect holder of 35% of La Rural S.A., the company that runs the exhibition center known as Predio Ferial de Palermo in the City of Buenos Aires.

	IIQ 17	IIQ 16	YoY Var	6M 17	6M 16	YoY Var
Revenues from sales, leases and services	106.5	50.3	111.6%	197.9	112.5	76.0%
Operating income	104.4	14.7	608.1%	151.2	36.1	318.9%
Depreciation and amortization	23.2	24.5	-5.4%	47.7	51.2	-6.7%
EBITDA	127.6	39.3	225.0%	199.0	87.3	128.0%

	IIQ 17	IQ 17	IVQ 16	IIIQ 16	IIQ 16
Leaseable area	77,252	79,048	79,048	79,048	79,946
Occupancy	100.0%	100.0%	98.6%	93.1%	94.0%
Rent ARS/sqm	406	382	386	388	342
Rent USD/sqm	25.6	25.0	25.9	26.6	26.3

Gross leaseable area during the second quarter of 2017 was 77,252 sqm, slightly smaller than the one recorded in the same period of the previous fiscal year, reflecting the partial sales of the Intercontinental Plaza building. For the second quarter in a row, the portfolio maintained an occupancy rate of 100%, which increased by 6.0 pp compared to the same quarter of 2016 due to the lease of vacant floors in the República building, one floor in Torre BankBoston and two floors in the Suipacha building. Rental prices stood at USD 25.6 per square meter, slightly below the previous quarters, reflecting the fact that the prices of the lease agreements signed for the Suipacha building were lower than our portfolio average.

Below is information on our office segment and other lease properties as of December 31, 2016.

(In ARS thousand)

	Date of Acquisition	Gross Leaseable Area (sqm) <sup>(1)</sup>	Occupancy Rate <sup>(2)</sup>	IRSA Propiedades Comerciales' Effective Interest	Book Value <sup>(3)</sup>
<b>Offices</b>					
Edificio República	12/22/2014	19,885	100.0%	100%	658,537
Torre BankBoston (Della Paolera)	12/22/2014	14,873	100.0%	100%	505,628
Intercontinental Plaza	12/22/2014	4,774	100.0%	100%	71,826
Bouchard 710	12/22/2014	15,014	100.0%	100%	486,922
Suipacha 652/64	12/22/2014	11,465	100.0%	100%	105,762
Dot Building <sup>(5)</sup>	11/28/2006	11,242	100.0%	80%	113,977
<b>Subtotal Offices</b>		<b>77,252</b>	<b>100.0%</b>	<b>N/A</b>	<b>1,942,652</b>
<b>Other Properties</b>					
Ex - Nobleza Piccardo <sup>(6)</sup>	05/31/11	109,610	78.1%	50%	80,496
Other Properties <sup>(4)</sup>	N/A	13,992	90.3%	N/A	51,651
<b>Subtotal Other Properties</b>		<b>123,602</b>	<b>79.5%</b>	<b>N/A</b>	<b>132,147</b>
<b>TOTAL OFFICES AND OTHERS</b>		<b>200,854</b>	<b>87.4%</b>	<b>N/A</b>	<b>2,074,799</b>

(1) Gross leaseable area for each property as of 12/31/16. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of 12/31/16.

(3) Agreements in effect in each property as of 12/31/16 were computed.

(4) It includes the following properties: Ferro, Dot Adjoining Lot, Anchorena 665, Chanta IV and Intercontinental Lot.

(5) Through IRSA Propiedades Comerciales S.A.

(6) Through Quality Invest S.A.

#### IV. Others

This item includes the "Sales and Developments" and "Financial Operations" segments.

in ARS Million	Sales and Developments <sup>(1)</sup>			Financial Operations <sup>(2)</sup>		
	6M 17	6M 16	Var %	6M 17	6M 16	Var %
Revenues	0.5	1.2	100.0%	0.4	0.3	26.9%
Operating income	18.6	128.9	-85.6%	-2.1	-0.0	4261.7%
Depreciation and amortization	0.3	0.4	-29.6%	-	-	0.0%
EBITDA	18.9	129.3	-85.4%	-2.1	-0.0	4261.7%

(1) Includes Torres Rosario Project (Condominios del Alto I).

(2) 20% interest held in Tarshop, residual business of Apsamedia and Avenida Inc.

EBITDA from the Sales and Developments segment decreased 85.4% during the first six months of 2017, mainly due to lower sales in the Intercontinental Plaza building. While 5,963 square meters had been sold in



this building during the first six months of 2016, only 1,795 square meters were sold during the first six months of 2017.

## V. CAPEX 2017

	Developments		Acquisitions + Developments
	<i>Greenfields</i>	<i>Expansions</i>	
	Polo Dot (First Stage)	Alto Palermo	Catalinas
			
Beginning of works	FY2017	FY2017	FY2017
Estimated opening date	FY2019	FY2019	FY2020
GLA (sqm)	32,000	3,884	16,012
% held by IRSA Propiedades Comerciales	80%	100%	45%
Estimated investment amount at 100% (USD million)	65	28.5	101
Work progress (%)	0.9%	0%	0.1%
Estimated stabilized EBITDA (USD million)	USD 8-10	USD 4-6	USD 5-7

### Alto Palermo Expansion

The expansion project of Alto Palermo shopping center will add a gross leaseable area of approximately 4,000 square meters to the shopping center with the highest sales per square meter and consists in moving the food court to a third level by using the area of an adjacent building acquired in 2015. The demolition stage ended in the second quarter of FY2017.

### First Stage of Polo Dot

The project called “Polo Dot”, located in the commercial complex adjacent to our Dot Baires shopping center, has experienced significant growth since our first investments in the area. The total project will consist in 3 office buildings (one of them could include a hotel) in land reserves owned by the Company and the expansion of the shopping center by approximately 15,000 square meters of gross leaseable area. At a first stage, we will develop an 11-floor office building with an area of approximately 32,000 square meters on an existing building, in respect of which we have already executed lease agreements for approximately 75% of the footage, before starting the works. The construction stage started in the second quarter of FY2017, and we expect that the building will become operational within 18 to 24 months. The second stage of the project will include two office/hotel buildings that will add 38,400 square meters of gross leaseable area to the complex. We have seen a significant demand for Premium office spaces in this new commercial hotspot, and we are confident that we will be able to open these buildings with attractive rent levels and a high occupancy rate.

### Catalinas Building

The building to be constructed will have 35,468 square meters of gross leaseable area consisting of 30 office floors and 316 parking spaces, and will be located in the “Catalinas” area in the City of Buenos Aires, one of the most sought-after spots for Premium office development in Argentina. The company owns 16,012 square meters consisting of 14 floors and 142 parking spaces in the building project. Construction works started during the second quarter of FY2017, and are expected to be completed in about 3 years.

## VI. Reconciliation with Consolidated Income Statement

Below is an explanation of the reconciliation of the Company's total income by segment with its consolidated Income Statement. The difference lies in the presence of joint ventures included in the Segment Income Statement but not in the Income Statement.

For the six-month period ended December 31, 2016  
(stated in ARS thousands)

Item	Total as per segment information	Expenses and Collective Promotion Funds	Adjustment for share of profit / (loss) of joint ventures <sup>(1)</sup>	Adjustment to income for elimination of Inter-segment transactions	Total as per Statement of income
Revenues	1,694,170	744,179	-14,553	-	2,423,796
Costs	-271,283	-757,307	7,711	-	-1,020,879
<b>Gross Profit / (loss)</b>	<b>1,422,887</b>	<b>-13,128</b>	<b>-6,842</b>	<b>-</b>	<b>1,402,917</b>
Gain from disposal of investment property	47,171	-	-	-	47,171
General and administrative expenses	-153,717	-	493	-	-153,224
Selling expenses	-125,510	-	1,094	-	-124,416
Other operating results, net	24,421	-	103	-	24,524
<b>Profit / (loss) from operations</b>	<b>1,215,252</b>	<b>-13,128</b>	<b>-5,152</b>	<b>-</b>	<b>1,196,972</b>

(1) Includes operating results from La Ribera Shopping and San Martín Plot (50%).

## VII. Consolidated Financial Debt

As of December 31, 2016, IRSA Propiedades Comerciales S.A. had a net debt of USD 199.7 million. Below is a detail of IRSA Propiedades Comerciales S.A.'s debt:

Description	Currency	Amount (US\$ MM) <sup>(1)</sup>	Interest Rate	Maturity
Bank overdrafts	ARS	7.0	Floating	< 360 d
IRSA CP Non-Convertible Notes Series I	ARS	25.6	26.5% / Badlar + 400 bps	Mar-17
IRSA CP Non-Convertible Notes Series II	USD	360.0	8.75%	Mar-23
Other loans	ARS	0.3	-	-
<b>IRSA CP's Total Debt</b>		<b>392.9</b>		
Cash & Cash Equivalents + Investments <sup>(2)</sup>		193.2		
<b>Consolidated Net Debt</b>		<b>199.7</b>		

(1) Principal amount at an exchange rate of ARS 15.89, without considering accrued interest or eliminations of balances with subsidiaries.

(2) Includes Cash and cash equivalents + Investments in Current Financial Assets + a loan from our controlling company IRSA Inversiones y Representaciones S.A.

## VIII. Dividends

Pursuant to Argentine law, the distribution and payment of dividends to shareholders is only valid if they result from realized and net earnings of the Company pursuant to annual financial statements approved by the shareholders. The approval, amount and payment of dividends are subject to the approval by our shareholders at our annual ordinary shareholders' meeting. The approval of dividends requires the affirmative vote of a majority of the shares entitled to vote at the meeting.

Pursuant to Argentine law and our by-laws, net and realized profits for each fiscal year are allocated as follows:

- 5% of such net profits is allocated to our legal reserve, until such reserve amounts to 20% of our capital stock;
- a certain amount determined at a shareholders' meeting is allocated to the compensation of our directors and the members of our Supervisory Committee; and
- additional amounts are allocated to the payment of dividends, optional reserve, or to set up reserves for any other purpose as determined by our shareholders.

The following table illustrates the ratio between the amounts paid as dividends and the total amount paid as dividends on each fully paid-in common share for the fiscal years mentioned.

Year	Cash dividends (ARS)	Stock dividends	Total per share (ARS)
2005	14,686,488	-	0.0188
2006	29,000,000	-	0.0372
2007	47,000,000	-	0.0601
2008	55,721,393	-	0.0712
2009	60,237,864	-	0.0770
2010	56,000,000	-	0.0716
2011	243,824,500	-	0.1936
2012	294,054,600	-	0.2334
2013	306,500,000	-	0.2432
2014	407,522,074	-	0.3234
2015	437,193,000	-	0.3469
2016	283,580,353	-	0.2250
IIQ17	460,000,000	-	0.3650

## IX. Material and Subsequent Events

### ***November 2016: Payment of cash dividend***

At the Board meeting held on November 3, 2016, it was resolved to make available to the shareholders, as from November 17, 2016, a cash dividend of ARS 460,000,000 (Argentine legal tender) equivalent to 365.038658054% of the Stock Capital, i.e., an amount per share (ARS 0.10 par value) of \$0.365038658054 and an amount per ADR (Argentine Pesos per ADR) of \$14.6015463222 to be charged against the fiscal year ended June 30, 2016, which was paid to all the shareholders recorded as such as of November 16, 2016, according to the register kept by Caja de Valores S.A.

### ***December 2016: Sale of functional units in the Intercontinental Plaza building***

On December 27, 2016, IRSA Propiedades Comerciales sold to an unrelated party 1,795 rentable square meters consisting of two office floors and 16 parking units in the Intercontinental Plaza building, located in the neighborhood of "Montserrat", City of Buenos Aires. The total price of the transaction was fixed in US\$ 6.0 million, and has been fully paid.

### ***December 2016: IRSA CP's shares' par value***

IRSA Propiedades Comerciales' stock capital was originally represented by common shares with a par value of \$0.1 per share and entitled to one vote each. On December 18, 2016, the Superintendencia of Corporations recorded the amendment to our corporate bylaws, whereby the shares' par value was increased from \$0.1 to \$1 each. This amendment, notified through the CNV, was recorded under number 20,264, book 62, Volume T°, of stock companies.

On October 18, 2016, the CNV granted its consent to the Public Offering and Listing Transfer proceedings due to the change of the shares' par value from \$0.10 to \$1 each.

### **January 2017: Subscription of Avenida Inc.'s shares**

The e-commerce company Avenida Inc. ("Avenida") has changed its shareholding structure following the withdrawal of its two principal investors, who decided not to inject any further funds in light of the significant losses recorded by them in comparable operations abroad.

On January 20, 2017, Avenida issued shares of stock under the scope of a new investment round for USD 3.8 million, in which the Company made a USD 460,000 contribution and capitalized a loan held with Avenida for USD 229,515, and new investors participated. Therefore, the Company increased its stake in Avenida's stock capital to 17.3%. In addition, Avenida has set apart 385,103 shares to be allocated to stock option plan.

Moreover, the Company is the only shareholder that holds a warrant entitling it to purchase 3,976,225 additional preferred shares at a price of USD 0.10 per share, exercisable until the earlier of the expiration of an 18-month term or the date a new equity issuance is resolved upon, subject to certain conditions. In the event of such exercise, its interest in Avenida's stock capital would increase to 25%. In this context, Avenida has changed its management team and its business model and strategy.

### **X. Brief Comment on Prospects for the Next Quarter.**

IRSA Propiedades Comerciales S.A. continues to record growth in both its shopping center and Premium office businesses. Although our tenants' sales decelerated during the first half of 2017 as compared to the previous fiscal year, occupancy remains significantly high and the public keeps choosing each of our proposals; besides, top-notch domestic and international corporations select our spaces for their installing their offices. The portfolio retained full occupancy during the whole semester of 2017, with an average rental price of USD 25.6 per square meter.

We will remain active during the year by promoting marketing actions, events and promotions in our shopping centers, which have proved to be highly effective in terms of sales and have been eagerly endorsed by the public. Moreover, we plan to optimize even further the performance of our current shopping centers through improvements that result in taking better advantage of the leaseable square meters and creating higher functionality and appeal for the benefit of consumers, retailers and tenants alike.

As concerns the office projects launched at the start of this fiscal year, we are making progress in the development of the first stage of the "Polo Dot" project, which consists of an 11-floor, 32,000-square meter office building in a property owned by the Company. The project will be featured as the first "Office Park" in Buenos Aires, and we expect it to become operational in fiscal year 2019. We have had a large demand for Premium office spaces in this emerging new commercial hotspot, and we hope to secure high occupancy at this building upon completion of construction works, as shown by the fact that 75% of the footage has already been rented. Moreover, the Catalinas office project, which is being developed by our controlling company IRSA Inversiones y Representaciones S.A. and in which we own 16,012 square meters, is already in progress and is scheduled to be completed in fiscal year 2020.

We are optimistic about the opportunities that may arise in Argentina in the second half of fiscal year 2017. We have a large reserve of lands for future shopping center and office development projects in an industry scenario with high growth potential.

We hope that throughout fiscal year 2017, IRSA Propiedades Comerciales will continue to consolidate as the leading commercial real estate company in Argentina, adding new properties and footage to its current portfolio, new leading brands and different formats to keep growing in Argentina, by offering the best commercial proposals to our visitors and top-quality spaces to our lessees. Given our financial position, experience in seizing market opportunities and franchise for accessing the capital markets, we remain confident in the growth and consolidation of our portfolio.

# IRSA PROPIEDADES COMERCIALES S.A.

## Consolidated Condensed Interim Balance Sheets as of December 31, and June 30, 2016

(amounts stated in thousands of Argentine pesos, except shares and per share data, and as otherwise indicated)

	Note	12.31.16	06.30.16
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment property .....	10	3,852,174	3,908,178
Property, plant and equipment .....	11	112,834	116,111
Properties for sale .....	12	14,155	14,189
Intangible assets .....	13	101,695	67,139
Investments in associates and joint ventures .....	8,9	351,108	229,695
Deferred tax assets .....	23	55,861	59,781
Income tax and minimum presumed income tax credit .....		27,655	249
Trade and other accounts receivable .....	16	703,022	488,198
Investments in financial assets .....	15	100,076	312,425
<b>Total non-current assets .....</b>		<b>5,318,580</b>	<b>5,195,965</b>
<b>Current assets</b>			
Inventories .....	14	23,356	18,202
Income tax credit .....		54,871	345,815
Trade and other accounts receivable .....	16	1,577,084	1,934,134
Investments in financial assets .....	15	1,313,571	1,772,323
Derivative financial instruments .....	15	6,056	-
Cash and cash equivalents .....	15	1,304,243	33,049
<b>Total current assets .....</b>		<b>4,279,181</b>	<b>4,103,523</b>
<b>TOTAL ASSETS .....</b>		<b>9,597,761</b>	<b>9,299,488</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Equity and reserves attributable to equity holders of the parent</b>			
Stock capital .....		126,014	126,014
Comprehensive adjustment of stock capital .....		69,381	69,381
Additional paid-in capital .....		444,226	444,226
Statutory reserve .....		39,078	39,078
Special reserve .....		15,802	15,802
Reserve for future dividends .....		356,598	-
Changes in non-controlling interest .....		(19,770)	(19,770)
Retained earnings .....		479,141	816,600
<b>Total equity and reserves attributable to equity holders of the parent .....</b>		<b>1,510,470</b>	<b>1,491,331</b>
Non-controlling interest .....		242,550	180,784
<b>TOTAL SHAREHOLDERS' EQUITY .....</b>		<b>1,753,020</b>	<b>1,672,115</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other accounts payable .....	19	325,218	326,069
Income tax payable .....		763	-
Loans .....	22	5,627,033	5,266,576
Deferred tax liability .....	23	155,717	186,368
Provisions .....	21	17,475	26,286
<b>Total non-current liabilities .....</b>		<b>6,126,206</b>	<b>5,805,299</b>
<b>Current liabilities</b>			
Trade and other accounts payable .....	19	906,395	963,931
Income tax payable .....		46,644	114,624
Salaries and social security charges .....	20	87,579	107,382
Loans .....	22	654,628	626,492
Derivative financial instruments .....	15	-	2,857
Provisions .....	21	23,289	6,788
<b>Total current liabilities .....</b>		<b>1,718,535</b>	<b>1,822,074</b>
<b>TOTAL LIABILITIES .....</b>		<b>7,844,741</b>	<b>7,627,373</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY .....</b>		<b>9,597,761</b>	<b>9,299,488</b>

The accompanying notes are an integral part of the consolidated condensed interim financial statements.



# IRSA PROPIEDADES COMERCIALES S.A.

## Consolidated Condensed Interim Comprehensive Income Statements for the six- and three-month periods started July 1, and October 1, 2016 and ended December 31, 2016 and 2015 (amounts stated in thousands of Argentine pesos, except shares and per share data, and as otherwise indicated)

	Note	Six months		Three months	
		12.31.16	12.31.15	12.31.16	12.31.15
Revenues from sales, leases and services .....	24	1,679,617	1,296,643	911,194	706,125
Revenues from expenses and common promotional fund .....	24	744,179	588,585	404,123	336,707
Costs .....	25	(1,020,879)	(813,510)	(539,987)	(455,128)
<b>Gross profit</b> .....		<b>1,402,917</b>	<b>1,071,718</b>	<b>775,330</b>	<b>587,704</b>
Gain from disposal of investment property .....	10	47,171	155,853	47,171	-
General and administrative expenses .....	25	(153,224)	(110,004)	(89,055)	(56,671)
Selling expenses .....	25	(124,416)	(77,836)	(65,209)	(42,536)
Other operating results, net .....	27	24,524	(15,834)	28,544	(11,046)
<b>Profit from operations</b> .....		<b>1,196,972</b>	<b>1,023,897</b>	<b>696,781</b>	<b>477,451</b>
Share of profit / (loss) of associates and joint ventures .....	8.9	36,696	(3,780)	20,640	(1,138)
<b>Profit from operations before financial results and income tax</b> .....		<b>1,233,668</b>	<b>1,020,117</b>	<b>717,421</b>	<b>476,313</b>
Finance income .....	28	133,990	324,525	85,973	290,104
Finance expenses .....	28	(670,592)	(1,750,325)	(403,498)	(1,505,669)
Other financial results.....	28	49,973	940,577	133,468	1,101,515
Financial results, net.....		(486,629)	(485,223)	<b>(184,057)</b>	(114,050)
<b>Profit before income tax</b> .....		<b>747,039</b>	<b>534,894</b>	<b>533,364</b>	<b>362,263</b>
Income tax expense .....	23	(228,593)	(102,648)	(112,529)	(41,149)
<b>Profit for the period</b> .....		<b>518,446</b>	<b>432,246</b>	<b>420,835</b>	<b>321,114</b>
<b>Total comprehensive income for the period</b> .....		<b>518,446</b>	<b>432,246</b>	<b>420,835</b>	<b>321,114</b>
<b>Attributable to:</b>					
Equity holders of the parent.....		479,139	379,239	400,257	276,237
Non-controlling interest.....		39,307	53,007	20,578	44,877
<b>Income per share attributable to equity holders of the parent during the period:</b>					
Basic .....		3.80	3.01	3.18	2.19
Diluted .....		3.80	3.01	3.18	2.19

The accompanying notes are an integral part of the consolidated condensed interim financial statements.

# IRSA PROPIEDADES COMERCIALES S.A.

## Consolidated Condensed Interim Cash Flow Statements for the six-month periods ended December 31, 2016 and 2015

(amounts stated in thousands of Argentine pesos, except shares and per share data, and as otherwise indicated)

	Note	12.31.16	12.31.15
<b>Operating activities:</b>			
Cash generated by operating activities.....	17	1,163,761	449,672
Income tax paid.....		(158,147)	(470,849)
<b>Net cash generated by (used in) operating activities.....</b>		<b>1,005,614</b>	<b>(21,177)</b>
<b>Investment activities:</b>			
Acquisition of and Irrevocable contributions to joint ventures and associates.....		(1,000)	(21,000)
Increase of investment property .....	10	(78,928)	(101,750)
Purchases of property, plant and equipment.....	11	(10,213)	(4,719)
Purchases of intangible assets .....	13	(12,928)	(273)
Loans granted to related parties .....		(244,722)	(198,471)
Collections of loans granted to related parties .....		283,556	-
Proceeds from sale of investment property.....		90,720	316,579
Increase from purchase/subscription of financial assets .....		(1,216,376)	(2,073,819)
Decrease from sale/redemption of financial assets.....		1,766,117	1,175,117
Interest and dividends received from financial assets .....		14,300	6,350
Acquisition of subsidiaries, net of acquired funds.....		(46,145)	-
<b>Net cash generated by (used in) investment activities .....</b>		<b>544,381</b>	<b>(901,986)</b>
<b>Financing activities:</b>			
Issue of non-convertible notes.....		-	403,051
Borrowings .....		82,426	781,053
Repayment of loans .....		(68,047)	(939,907)
Payment of interest on loans from related parties .....		-	(61,619)
Repayment of financial leases.....		(883)	(943)
Dividends paid.....		(25,305)	(70,477)
Dividends paid to non-controlling shareholders .....		(33,036)	(4,502)
Interest paid .....		(272,218)	(128,459)
Payments of derivative financial instruments .....		(26,664)	(14,805)
Proceeds from derivative financial instruments.....		64,512	810,938
<b>Net cash (used in) generated by financing activities .....</b>		<b>(279,215)</b>	<b>774,330</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>		<b>1,270,780</b>	<b>(148,833)</b>
Cash and cash equivalents at beginning of period.....	15	33,049	303,499
Foreign exchange gain on cash and cash equivalents.....		414	11,614
<b>Cash and cash equivalents at end of period .....</b>	<b>15</b>	<b>1,304,243</b>	<b>166,280</b>

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

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Ticker BCBA: **IRCP** / Ticker Nasdaq: **IRCP**