



PROPIEDADES  
COMERCIALES

# Earning Release

## 1Q FY 2017



Patio Bullrich Shopping – BA City (Argentina)

**IRSA Propiedades Comerciales cordially invites you to participate in the First  
Quarter of the Fiscal Year 2017 Conference Call Results**

**Monday, November 14, 2016, at 11:00 a.m. US EST Time**

The call will be hosted by:

**Alejandro Elsztain, CEO**

**Daniel Elsztain, COO**

**Matias 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=qSt3dUmTNikiUOTxF5dMoQ%3D%3D>

Preferably 10 minutes before the call is due to begin.

The conference will be in English.

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**PLAYBACK**

**Available until November 23, 2016**

Please call:

**1-877-344-7529**

**1-412-317-0088**

**Replay access code: 10096119**

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**FOR IMMEDIATE RELEASE**

Para mayor información

**Alejandro Elsztain – CEO**

**Matias Gaivironsky – CFO**

+ (5411) 4323 7449

[finanzas@irsa.com.ar](mailto:finanzas@irsa.com.ar)

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

## Highlights of the Period

- Net gain for the three month period of FY 2017 reached ARS 97.6 million compared to ARS 111.2 million in the same period of FY 2016.
- The Company's EBITDA reached ARS 561.6 million in the three-month period of 2017. Excluding the results from sales of investment properties, the EBITDA grew by 24.2% compared to the same period of 2016.
- Our shopping centers' sales grew by 21.0% in the three-month period of 2017 and the portfolio's occupancy rate stood at 98.4%.
- We reached 100% occupancy in our portfolio of Premium Offices.
- As a subsequent event, we announced a cash dividend payment of ARS 460 million, equivalent to ARS 0.3650 per ordinary share and ARS 14.6015 per ADR.

**Buenos Aires, November 9, 2016** - IRSA Propiedades Comerciales S.A. (NASDAQ: IRCP) (BCBA: IRCP), the leading commercial real estate Company in Argentina, announces today its results for the first three month of FY 2017 ended on September 30, 2016.

I.

### Consolidated Results

	IQ 17	IQ 16	YoY Var
Revenues from sales, leases and services	768.4	590.5	30.1%
Operating income	500.2	546.4	-8.5%
Depreciation and amortization	61.4	61.6	-0.3%
<b>EBITDA<sup>(1)</sup></b>	<b>561.6</b>	<b>608.0</b>	<b>-7.6%</b>
<b>EBITDA from Rental segments</b>	<b>584.6</b>	<b>467.6</b>	<b>25.0%</b>
<b>Income for the period</b>	<b>97.6</b>	<b>111.1</b>	<b>-12.2%</b>

(1) EBITDA: Operating income plus Depreciation and amortization.

(2) EBITDA from Rental segments: includes EBITDA from shoppings and offices

The Company's revenues grew by 30.1% in the first three 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 28.3%, and the offices segment, reflecting the variation in the exchange rate that positively impacted on its dollar-denominated contracts. EBITDA reached ARS 561.6 million during the first three months of fiscal year 2017, lower than the figure recorded in the first three months of fiscal year 2016, due to the sale of investment properties made during such period. EBITDA from Rental segments increase 25% during the period under analysis.

Net income for the period under review reached ARS 97.6 million, 12.2% lower than in the same period of the previous fiscal year, mainly explained by lower sales of investment properties and higher financial expenses.

## II. Shopping Centers

During the first three months of fiscal year 2017, our tenants' sales reached ARS 7,971.2 million, 21.0% higher than in the same period of 2016. Our portfolio's leasable area totaled 335,032 square meters during the quarter under review, whereas the occupancy rate stood at optimum levels of 98.4%, reflecting the quality of our portfolio.

### Shopping Centers' Financial Indicators

(in ARS million)

	IQ 17	IQ 16	YoY Var
Revenues from sales, leases and services	683.4	532.8	28.3%
Operating income	476.7	384.7	23.9%
Depreciation and amortization	36.6	34.9	4.9%
EBITDA	513.3	419.6	22.3%

### Shopping Centers' Operating Indicators

(in ARS million, except as indicated)

	IQ 17	IVQ 16	IIIQ 16	IIQ 16	IQ 16
Gross leaseable area (sqm)	335,032	333,155	334,079	333,719	334,056
Tenants' sales (3 month cumulative)	7,971.2	7,910.9	6,132.2	8,272.8	6,589.0
Occupancy	98.4%	98.4%	98.6%	99.0%	98.9%

Revenues from this segment grew 28.3% during this three-month period, whereas EBITDA reached ARS 513.3 million (+ 22.3% compared to the same period of 2016). The EBITDA margin, excluding income from expenses and collective promotion fund, was 75.0%, 3.8 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	18,983	143	100.0%	99.5%	76,524
Abasto Shopping <sup>(4)</sup>	Jul-94	36,744	171	100.0%	100.0%	103,685
Alto Avellaneda	Nov-97	36,360	135	100.0%	100.0%	50,914
Alcorta Shopping	Jun-97	15,810	111	100.0%	90.0%	40,921
Patio Bullrich	Oct-98	11,711	83	100.0%	99.6%	60,294
Buenos Aires Design	Nov-97	13,857	62	53.7%	95.8%	3,301
Dot Baires Shopping	May-09	49,736	151	80.0%	99.8%	387,749
Soleil	Jul-10	13,991	78	100.0%	100.0%	90,618
Distrito Arcos	Dec-14	12,256	63	90.0%	97.7%	275,120
Alto Noa Shopping	Mar-95	19,040	89	100.0%	100.0%	18,284
Alto Rosario Shopping <sup>(5)</sup>	Nov-04	29,213	144	100.0%	100.0%	79,108
Mendoza Plaza Shopping	Dec-94	41,975	140	100.0%	94.9%	51,909
Córdoba Shopping	Dec-06	15,582	109	100.0%	99.8%	39,321
La Ribera Shopping <sup>(6)</sup>	Aug-11	9,885	63	50.0%	96.9%	311,259
Alto Comahue	Mar-15	9,890	104	99.6%	97.2%	24,443
Patio Olmos <sup>(7)</sup>						76,524
<b>Total</b>		<b>335,032</b>	<b>1,646</b>		<b>98.4%</b>	<b>1,613,450</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 September 30

(per Shopping Center: for the quarter of each fiscal year, in ARS million)

Shopping Center	IQ 17	IQ 16	YoY Var
Alto Palermo	973.5	760.2	28.1%
Abasto Shopping	1,098.0	953.7	15.1%
Alto Avellaneda	1,014.1	875.1	15.9%
Alcorta Shopping	481.9	412.2	16.9%
Patio Bullrich	278.5	246.5	13.0%
Buenos Aires Design	130.4	102.7	27.0%
Dot Baires Shopping	842.8	717.2	17.5%
Soleil	400.2	292.1	37.0%
Distrito Arcos	319.6	213.4	49.8%
Alto Noa Shopping	372.3	312.7	19.0%
Alto Rosario Shopping	742.6	593.2	25.2%
Mendoza Plaza Shopping	650.7	574.5	13.3%
Córdoba Shopping	269.6	220.4	22.3%
La Ribera Shopping <sup>(1)</sup>	180.8	152.9	18.2%
Alto Comahue	216.2	162.2	33.3%
<b>Total</b>	<b>7,971.2</b>	<b>6,589.0</b>	<b>21.0%</b>

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

### Cumulative tenants' sales as of September 30

(per Type of Business: for the quarter of each fiscal year, in ARS million)

Type of Business	IQ 17	IQ 16	YoY Var
Anchor Store	417.5	366.9	13.8%
Clothes and Footwear	4,130.3	3,318.0	24.5%
Entertainment	349.2	290.1	20.4%
Home	219.5	189.6	15.8%
Restaurant	900.4	665.0	35.4%
Miscellaneous	910.1	736.0	23.7%
Services	54.8	88.6	-38.2%
Electronic appliances	989.4	934.8	5.8%
<b>Total</b>	<b>7,971.2</b>	<b>6,589.0</b>	<b>21.0%</b>

### Revenues from cumulative leases as of March 30

(Breakdown per quarter, in ARS million)

Detailed Revenues	IQ17	IQ16	YoY Var
Base Rent <sup>(1)</sup>	374.8	272.7	37.5%
Percentage Rent	150.3	141.0	6.6%
<b>Total Rent</b>	<b>525.1</b>	<b>413.7</b>	<b>26.9%</b>
Admission rights	61,9	45,1	37,3%
Management fees	10,7	7,2	48,5%
Parking	46,1	36,9	24,8%
Comissions	21,3	15,7	35,0%
Non traditional advertising	16,1	12,5	28,5%
Others	2,2	1,6	33,5%
<b>Total Revenues from sales, leases and services</b>	<b>683,3</b>	<b>532,8</b>	<b>28,3%</b>
Common maintenance expenses and common advertising fund	313,9	251,9	24,6%
<b>Total <sup>(2)</sup></b>	<b>997,3</b>	<b>784,7</b>	<b>27,1%</b>

(1) Include income from Stands for ARS 43.2 million

(2) Not including 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 6%, significantly below the figures recorded at the closing of 2015.

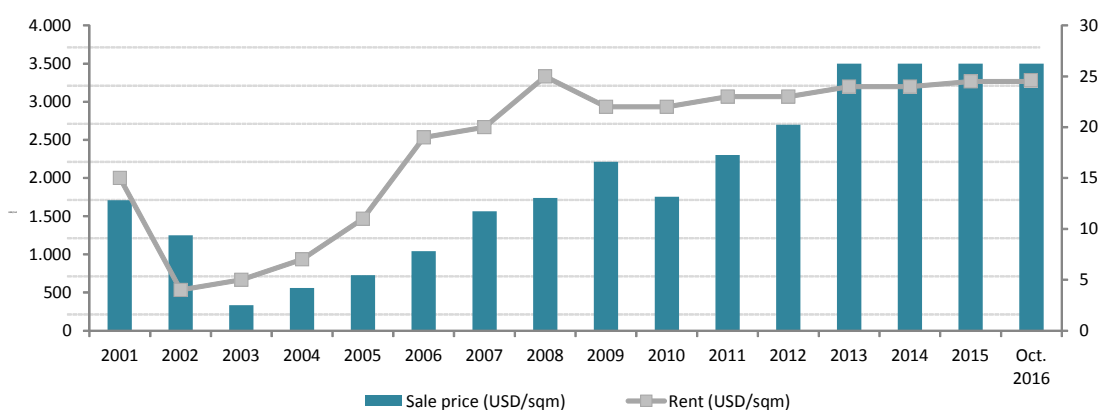
As concerns the A+ office market in the Northern Area, we have noted a significant improvement in the price of units during the last 10 years, and we believe in its potential during the next decade. Rental prices have remained at USD 24.5 per square meter.

**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 three months of fiscal year 2017, revenues from the offices segment increased 47.2% 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 48.6% in the first three months of fiscal year 2017 compared to the same period of 2016, in line with the increase in revenues.

In ARS Million	IQ 17	IQ 16	YoY Var
Revenues from sales, leases and services	91.4	62.1	47.2%
Operating income	46.8	21.3	119.2%
Depreciation and amortization	24.5	26.6	-7.9%
EBITDA <sup>(1)</sup>	71.3	48.0	48.6%

(1) EBITDA: Operating income plus Depreciation and amortization

	IQ 17	IVQ 16	IIIQ 16	IIQ 16	IQ 16
Leaseable area	79,048	79,048	79,048	79,946	79,946
Occupancy	100.0%	98.6%	93.1%	94.0%	96.4%
Rent ARS/sqm	382	386	388	342	245
Rent USD/sqm	25.0	25.9	26.6	26.3	26.0

Gross leaseable area during the first quarter of 2017 was 79,048 sqm, slightly smaller than the office stock recorded in the same period of the previous fiscal year, reflecting the partial sales of the Intercontinental Plaza building. As compared to the same quarter of 2016, occupancy rose 3.6 pp due to the lease of vacant floors in the Suipacha building. Rental prices stood at USD 25 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 September 30, 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%	664,379
Torre BankBoston (Della Paolera)	12/22/2014	14,873	100.0%	100%	509,188
Intercontinental Plaza	12/22/2014	6,569	100.0%	100%	118,590
Bouchard 710	12/22/2014	15,014	100.0%	100%	490,793
Suipacha 652/64	12/22/2014	11,465	100.0%	100%	108,749
Dot Building <sup>(5)</sup>	11/28/2006	11,242	100.0%	80%	120,827
<b>Subtotal Offices</b>		<b>79,048</b>	<b>100.0%</b>	<b>N/A</b>	<b>2,012,526</b>
<b>Other Properties</b>					
Ex - Noblezza Piccardo <sup>(6)</sup>	05/31/11	109,610	78.1%	50%	81,003
Other Properties <sup>(4)</sup>	N/A	42,919	29.4%	N/A	52,610
<b>Subtotal Other Properties</b>		<b>152,529</b>	<b>64.4%</b>	<b>N/A</b>	<b>133,613</b>
<b>TOTAL OFFICES AND OTHERS</b>		<b>231,577</b>	<b>76.6%</b>	<b>N/A</b>	<b>2,146,139</b>

(1) Gross leaseable area for each property as of 09/30/16. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of 09/30/16.

(3) Agreements in effect in each property as of 09/30/16 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>		
	IQ 17	IQ 16	YoY Var	IQ 17	IQ 16	YoY Var
Revenues	0.8	1.2	-32.0%	0.2	0.0	603.6%
Operating income	-13.3	146.4	-109.1%	-0.2	-0.1	55.1%
Depreciation and Amortization	0.2	0.0	0.0%	0.0	0.0	0.0%
EBITDA	-13.1	146.5	-108.9%	-0.2	-0.1	55.1%

(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 108.9% during the first three months of 2017, mainly due to the partial sale of 5,963 square meters in the Intercontinental Plaza building made during the first quarter of 2016, for ARS 155.9 million.

## V. CAPEX 2017

	Developments		Acquisitions + Developments
	Greenfields	Expansions	Catalinas
	Polo Dot (First Stage)	Alto Palermo	



Beginning of works	FY2017	FY2017	FY2017
Estimated opening date	FY2019	FY2018	FY2020
GLA (sqm)	31,635	3,884	16,012
% held by IRSA Propiedades Comerciales	80%	100%	45%
Investment amount at 100% (USD million)	54	28.5	101
Work progress (%)	0%	0%	0%
Estimated stabilized EBITDA (USD million)	USD 8-10	USD 6-8	USD 6-8

### 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. Demolition started during the first quarter of FY2017, and construction works are estimated to take between 18 and 24 months.

### 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 30,000 square meters on an existing building, in respect of which we have already executed a lease agreement for approximately half the footage, before starting the works. The demolition stage started in the first quarter of FY2017, and has reached 30% degree of progress, and construction works are estimated to last between 18 and 24 months before the building is operational. 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 full occupancy.

### Catalinas Building

In the last quarter of the year, we acquired from our controlling company IRSA Inversiones y Representaciones S.A. ("IRSA") 16,012 square meters consisting of 14 floors and 142 parking spaces

in the building to be built in the “Catalinas” area in the City of Buenos Aires, one of the most sought-after spots for Premium office development in Argentina. The building to be constructed will have 35,468 square meters of gross leaseable area in 30 office floors and 316 parking spaces. Construction is scheduled to begin towards the end of the current calendar year and will take 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 three-month period ended September 30, 2016

*(stated in ARS million)*

Item	Income by Segment	Expenses and Collective Promotion Fund Adjustment	Joint ventures <sup>(1)</sup>	Inter-segment eliminations	Income statement
Revenues	775,745	340,056	-7,322	-	1,108,479
Costs	-137,842	-346,691	3,640	-	-480,893
<b>Gross Profit</b>	<b>637,903</b>	<b>-6,635</b>	<b>-3,682</b>	<b>-</b>	<b>627,586</b>
Income from sale of properties	-	-	-	-	-
General and administrative expenses	-64,279	-	110	-	-64,169
Selling expenses	-59,902	-	695	-	-59,207
Other operating results, net	-3,683	-	-337	-	-4,020
<b>Operating income</b>	<b>510,039</b>	<b>-6,635</b>	<b>-3,214</b>	<b>-</b>	<b>500,190</b>

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

## VII. Consolidated Financial Debt

As of September 30, 2016, IRSA Propiedades Comerciales S.A. had a net debt of USD 194.8 million. Below is a detail of IRSA Propiedades Comerciales S.A.'s debt:

Description	Currency	Amount (US\$ MM) (1)	Interest Rate	Maturity
Bank overdrafts	ARS	2.2	Floating	< 360 d
IRSA CP Non-Convertible Notes Series I	ARS	26.6	26,5% / Badlar + 400 bps	May-17
IRSA CP Non-Convertible Notes Series II	USD	360.0	8.75%	Mar-23
Other loans	ARS	0.5	-	-
<b>IRSA CP's Total Debt</b>		<b>389.3</b>		
Cash & Cash Equivalents + Investments <sup>(2)</sup>		194.8		
<b>Consolidated Net Debt</b>		<b>194.5</b>		

(1) Principal amount at an exchange rate of ARS 15.31, 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

## IX. Material and Subsequent Events

### ***July 2016: Acquisition of additional indirect equity interest in La Rural S.A.***

IRSA Propiedades Comerciales acquired from FEG Entretenimientos S.A. 25% of the capital stock in **Entertainment Holdings S.A. (“EHSA”)**, a company in which it already held a 50% equity interest, and from Mr. Marcelo Figoli, 1.25% of the capital stock in Entretenimiento Universal S.A. (“**ENUSA**”). The purchase transaction amount was fixed at ARS 66.5 million, 50% of which has been already paid, whereas the balance is payable in two equal amounts within 60 and 90 days.

Moreover, the Company sold 5% of the capital stock in EHSA to **Mr. Diego Finkelstein**, who already held a 25% equity interest in this company. The agreed sales price was ARS 13.45 million, 50% of which has been already collected, whereas the balance will be collected in two equal amounts within 60 and 90 days.

Consequently, the Company is now holder of 70% of the stock capital and voting rights in EHSA and Mr. Diego Finkelstein holds the remaining 30%.

EHSA directly and indirectly owns 100% of the shares in **OGDEN Argentina S.A. (“OASA”)** and 95% of the shares in ENUSA.

OASA owns 50% of the shares and voting rights in **La Rural S.A. (“LRSA”)**, a company that has the usufruct for the commercial operation of the emblematic “Predio Ferial de Palermo” (Palermo exhibition center) in the City of Buenos Aires, in which **Sociedad Rural Argentina (“SRA”)** owns the remaining 50%.

In turn, OASA is in charge of the management of LRSA through agreements executed with SRA which include the right to appoint the chairman –who has a casting vote on certain matters- and the general manager.

Moreover, ENUSA is mainly engaged in organizing certain shows in the exhibition center.

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

On July 29, 2016, IRSA Propiedades Comerciales executed a preliminary agreement with an unrelated party for the sale 1,702 square meters consisting of two office floors and 16 parking units in the Intercontinental Plaza building. The total price of the transaction was fixed in US\$ 6,0 million, US\$ 4,4 million of which have been paid, whereas the balance of US\$ 1,6 million is payable upon the execution of the deed of conveyance and surrender of possession, which is scheduled for December 2016, as provided in the preliminary sale agreement.

### **October 2016: General Ordinary and Extraordinary Shareholders' Meeting**

At the General Ordinary and Extraordinary Shareholders' Meeting held on October 31, 2016, at 12:00 noon, at Bolívar 108, 1<sup>st</sup> Floor, City of Buenos Aires, the following matters, *inter alia*, were dealt with:

- Payment of a cash dividend for up to ARS 460 million
- Updating of Report on Shared Services Agreement
- Treatment of amounts paid as personal assets tax levied on the shareholders.
- Renewal of delegation of powers conferred to the Board of Directors in order to determine the issue date and currency and further terms and conditions governing the issue of notes under the US\$500,000,000 global note program currently in effect, as approved by the shareholders' meetings dated October 31, 2011 and March 26, 2015 and its increase by an additional amount of US\$100,000,000 as approved by the shareholders' meeting dated October 30, 2015.
- Grant of indemnities to the Directors, Statutory Auditors and Managers who perform or have performed duties for the Company accessorially to the D&O policies.
- Amendment to section eleven of the by-laws regarding the renewal of the Board of Directors by thirds.

### **November 2016: Announcement of 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, payable to all the shareholders recorded as such as of November 16, 2016, according to the register kept by Caja de Valores S.A.



## **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 quarter 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.

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. Along these lines, at the beginning of fiscal year 2017 we launched a project for expanding our Alto Palermo shopping center, which is strategically located in the heart of the city and generates the highest sales per square meter in our portfolio. The project, that consists in moving the food court to a third level, will add approximately 4,000 square meters of gross leaseable area to the shopping center; demolition works have already started, and construction works are expected to last between 18 and 24 months.

Offices continue to exhibit sound rental prices in USD per sqm and a 100% portfolio occupancy rate.

We have recently launched an office building project in the commercial complex adjacent to our Dot Baires shopping center. The project, known as "Polo Dot", will include, in a first stage, the development of a 11-floor, 30,000-square meter office building in a property owned by the company. The demolition stage started during the first quarter of fiscal year 2017 and has reached 30% of progress, and construction works are expected to last between 18 and 24 months before the building becomes operational. 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.

We are optimistic about the opportunities that may arise in Argentina in 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 September 30 and June 30, 2016

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

	Note	09.30.16	06.30.16
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment properties .....	10	3,916,076	3,908,178
Property, plant and equipment .....	11	115,896	116,111
Properties for sale.....	12	14,155	14,189
Intangible assets.....	13	157,329	67,139
Investments in associates and joint ventures .....	8,9	211,703	229,695
Deferred tax assets.....	24	58,528	59,781
Income tax and minimum presumed income tax credit.....		249	249
Trade and other accounts receivable .....	16	555,154	488,198
Investments in financial assets .....	17	113,419	312,425
<b>Total non-current assets .....</b>		<b>5,142,509</b>	<b>5,195,965</b>
<b>Current assets</b>			
Inventories.....	14	21,014	18,202
Income tax credit .....		289,129	345,815
Trade and other accounts receivable .....	16	1,692,379	1,934,134
Investments in financial assets.....	17	2,189,823	1,772,323
Derivative financial instruments.....	23	15,056	-
Cash and cash equivalents .....	18	100,977	33,049
<b>Total current assets.....</b>		<b>4,308,378</b>	<b>4,103,523</b>
<b>TOTAL ASSETS .....</b>		<b>9,450,887</b>	<b>9,299,488</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Equity and reserves attributable to controlling company's shareholders</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
Changes in non-controlling interest.....		(19,770)	(19,770)
Retained earnings.....		895,482	816,600
<b>Total equity and reserves attributable to controlling company's shareholders .....</b>		<b>1,570,213</b>	<b>1,491,331</b>
Non-controlling interest .....		218,068	180,784
<b>TOTAL SHAREHOLDERS' EQUITY .....</b>		<b>1,788,281</b>	<b>1,672,115</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other accounts payable.....	19	338,680	326,069
Income tax payable.....		28,115	-
Loans .....	22	5,423,280	5,266,576
Deferred tax liability .....	24	194,589	186,368
Provisions.....	21	27,935	26,286
<b>Total non-current liabilities .....</b>		<b>6,012,599</b>	<b>5,805,299</b>
<b>Current liabilities</b>			
Trade and other accounts payable.....	19	1,041,733	963,931
Income tax payable.....		88,122	114,624
Salaries and social security charges .....	20	56,449	107,382
Loans.....	22	456,643	626,492
Derivative financial instruments.....	23	-	2,857
Provisions.....	21	7,060	6,788
<b>Total current liabilities.....</b>		<b>1,650,007</b>	<b>1,822,074</b>
<b>TOTAL LIABILITIES .....</b>		<b>7,662,606</b>	<b>7,627,373</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY .....</b>		<b>9,450,887</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 three-month periods started July 1, 2016 and 2015 and ended September 30, 2016 and 2015 (amounts stated in thousands of Argentine pesos, except shares and per share data, and as otherwise indicated)

	Note	<u>09.30.16</u>	<u>09.30.15</u>
Revenues from sales, leases and services .....	26	768,423	590,518
Revenues from common maintenance expenses and common advertising fund .....	26	340,056	251,878
Costs .....	27	(480,892)	(358,382)
<b>Gross income</b> .....		<b>627,587</b>	<b>484,014</b>
Income from sale of investment properties .....	10	-	155,868
General and administrative expenses .....	28	(64,169)	(53,333)
Selling expenses .....	28	(59,207)	(35,300)
Other operating loss, net .....	30	(4,020)	(4,803)
<b>Operating income</b> .....		<b>500,191</b>	<b>546,446</b>
Income from interests in associates and joint ventures	8,9	16,056	(2,642)
<b>Income before financial results and income tax</b>		<b>516,247</b>	<b>543,804</b>
Financial income .....	31	71,609	34,421
Financial expenses .....	31	(290,686)	(244,656)
Other financial loss .....	31	(83,495)	(160,938)
Financial loss, net .....		<b>(302,572)</b>	<b>(371,173)</b>
<b>Income before income tax</b> .....		<b>213,675</b>	<b>172,631</b>
Income tax .....	24	(116,064)	(61,499)
<b>Net income</b> .....		<b>97,611</b>	<b>111,132</b>
<b>Total comprehensive income for the period</b> .....		<b>97,611</b>	<b>111,132</b>
<b>Attributable to:</b>			
Controlling company's shareholders .....		78,882	103,002
Non-controlling interest .....		18,729	8,130
<b>Net income per share attributable to controlling company's shareholders:</b>			
Basic .....		0.63	0.82
Diluted .....		0.63	0.82

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 three-month periods ended September 30, 2016 and 2015

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

	Note	<u>09.30.16</u>	<u>09.30.15</u>
<b>Operating activities:</b>			
Cash provided by operating activities .....	18	627,959	439,771
Income tax paid .....		(50,445)	(63,327)
<b>Net cash provided by operating activities .....</b>		<b><u>577,514</u></b>	<b><u>376,444</u></b>
<b>Investment activities:</b>			
Irrevocable contributions in joint ventures and associates .....	8 and 9	(1,000)	(10,500)
Increase of investment properties .....	10	(63,278)	(46,578)
Acquisition of properties, plant and equipment .....	11	(4,628)	(2,802)
Acquisition of intangible assets .....	13	(1,415)	-
Advance payments to suppliers .....		-	(612)
Loans granted to related parties .....		(75,750)	-
Collections of loans granted to related parties .....		312,916	-
Proceeds of sale of investment properties .....		-	316,579
Increase from purchase/subscription of financial assets .....		(2,114,831)	(1,089,639)
Decrease from sale/redemption of financial assets .....		1,748,780	479,192
Interest received from financial assets .....		25,315	4,392
Cash outflow, net for acquisition of companies .....		(29,517)	-
<b>Net cash used in investment activities .....</b>		<b><u>(203,408)</u></b>	<b><u>(349,968)</u></b>
<b>Financing activities:</b>			
Issue of non-convertible notes .....		-	403,051
Borrowings .....		3,936	407,363
Repayment of loans .....		(57,889)	(376,146)
Payment of interest on loans from related parties .....		-	(96,006)
Repayment of financial leases .....		(488)	(687)
Dividends paid .....		-	(42,773)
Dividends paid to non-controlling shareholders .....		(14,666)	(4,502)
Interest paid .....		(242,357)	(27,111)
Payments under foreign exchange forward contracts .....		(3,890)	(10,613)
Collections from derivative financial instruments .....		8,993	-
<b>Net cash generated by / (used in) financing activities .....</b>		<b><u>(306,361)</u></b>	<b><u>252,576</u></b>
<b>Net increase in cash and cash equivalents .....</b>		<b><u>67,745</u></b>	<b><u>279,052</u></b>
Cash and cash equivalents at beginning of period .....	18	33,049	303,499
Foreign exchange gain on cash and cash equivalents .....		183	8,791
<b>Cash and cash equivalents at period end .....</b>	<b>18</b>	<b><u>100,977</u></b>	<b><u>591,342</u></b>

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

**Central Office**

Intercontinental Plaza – Moreno 877 24º Piso

Tel +(54 11) 4323 7400

Fax +(54 11) 4323 7480

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

C1091AAQ – Cdad. Autónoma de Buenos Aires – Argentina

**Investor Relations**

Alejandro G. Elsztain –CEO

Daniel R. Elsztain - COO

Matías I. Gaivironsky – CFO

Tel +(54 11) 4323 7449

[ir@irsacp.com.ar](mailto:ir@irsacp.com.ar)

**Legal Advisors of the Company**

**Estudio Zang, Bergel & Viñes**

Tel +(54 11) 4322 0033

Florida 537 18º Piso

C1005AAK – Cdad. Autónoma de Buenos Aires – Argentina

**Registration and Transfer Agent**

**Caja de Valores S.A.**

Tel +(54 11) 4317 8900

25 de Mayo 362

C1002ABH – Cdad. Autónoma de Buenos Aires – Argentina

**Company's Independent Auditors**

**PricewaterhouseCoopers Argentina**

Tel +(54 11) 4850 0000

Bouchard 557 7º Piso

C1107AAF – Cdad. Autónoma de Buenos Aires – Argentina

**Depository Agent of GDS's**

**The Bank of New York Mellon**

P.O. Box 11258

Church Street Station

New York - NY 10286 1258 – Estados Unidos de América

Tel (toll free) 1 888 BNY ADRS (269-2377)

Tel (international) 1 610 312 5315

[shareowner-svcs@bankofny.com](mailto:shareowner-svcs@bankofny.com)



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