



# Institutional Presentation

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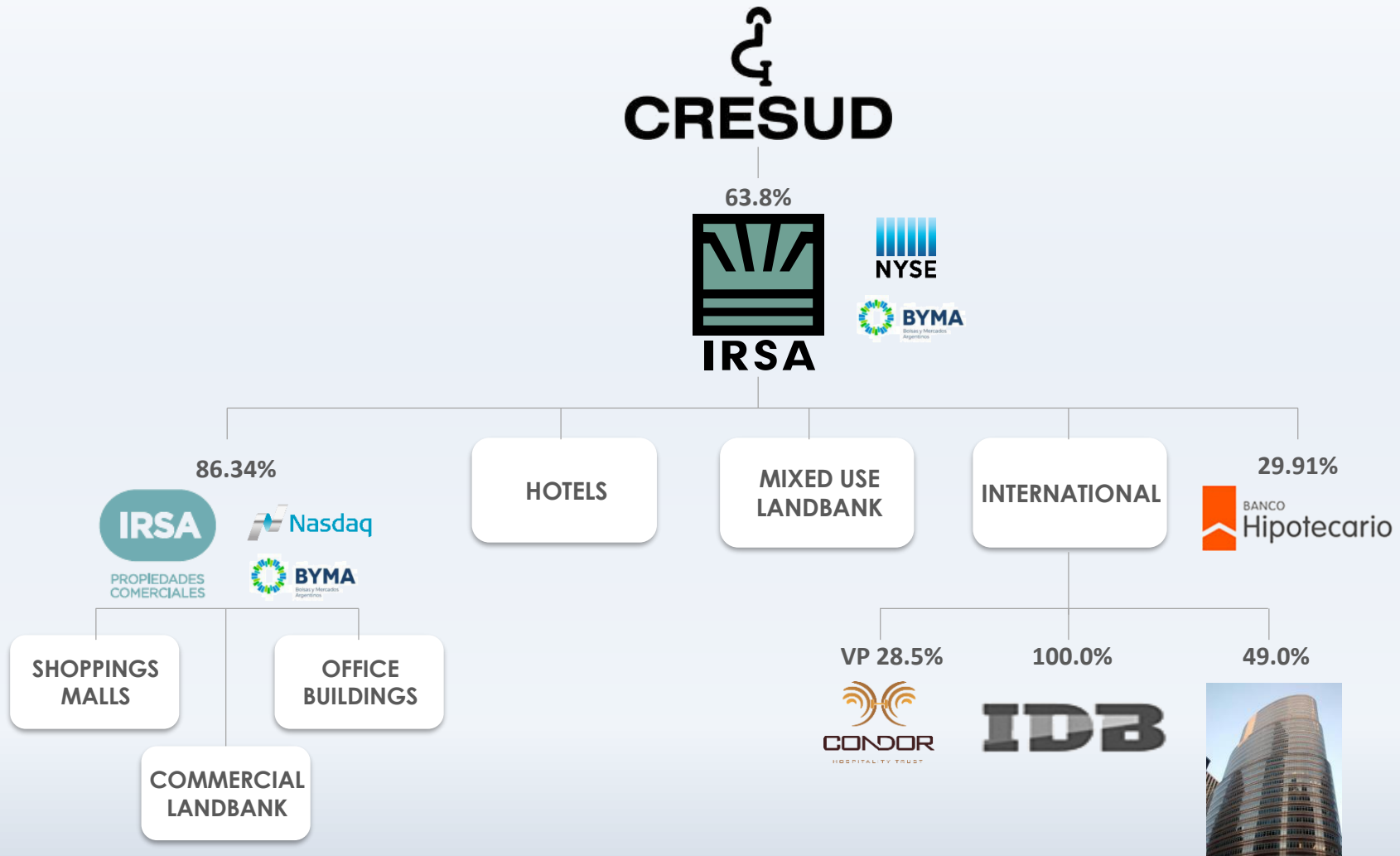
IIIQ FY 2018

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

# IRSA: Leading Real Estate Company in Argentina



- Largest Real Estate Company in Argentina with opportunistic investments abroad



## Business description

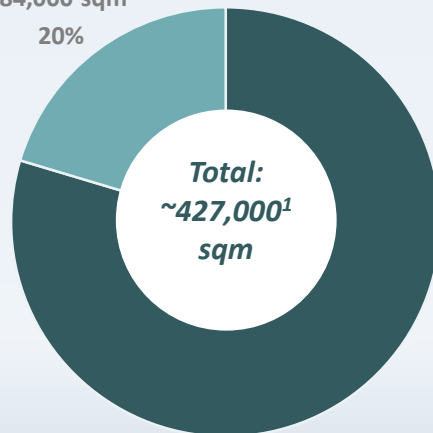
- ✓ Largest owner and operator of **premium shopping malls** and **one of the largest owners of office buildings** in Argentina
- ✓ **~427,000<sup>1</sup>** gross leasable area (“GLA”) in prime locations
- ✓ **Land reserve** to develop **~475,000<sup>2</sup>** sqm of commercial property
- ✓ Over **98% occupancy** rates in shopping malls in last 10 years
- ✓ Average lease rates of **US\$26.5 / sqm** and **91% office occupancy**



## GLA breakdown (as of December 31, 2017)

### 7 office buildings

~84,000 sqm<sup>1</sup>  
20%



### 16 shopping malls

~343,000 sqm  
80%

## Simplified ownership structure



*IRSA is a leading, diversified, publicly listed company with presence in real estate and other sectors*

<sup>1</sup> Includes acquisition of 8,000 sqm of Philips building completed on June 5, 2017

<sup>2</sup> Considers land reserve as of December 31, 2017 of ~251,000 sqm from shopping malls and ~124,000 sqm from offices



# IRCP prime portfolio of assets is located in Argentina's wealthiest neighborhoods and principal business districts

## Buenos Aires shopping malls

## Buenos Aires office buildings

**67% market share in terms of sales**

City of Buenos Aires

City of Buenos Aires

## Argentina shopping malls

- Low income Area
- Mid Income Area
- High income Area
- Land reserve

- Expanding Corporate North Area
- Business Center
- AAA Location
- Back Office Center
- Land reserve

**Our premium locations act as an entry barrier for new competitors**

# We have unique advantages that differentiate us from our competitors both nationally and regionally

## 1 Bargaining power and ability to charge top-level rents and brokerage fee



Key money paid in advance



Brokerage fee paid in advance

## 2 Real sales tracking of all tenants



Full control of mall operations



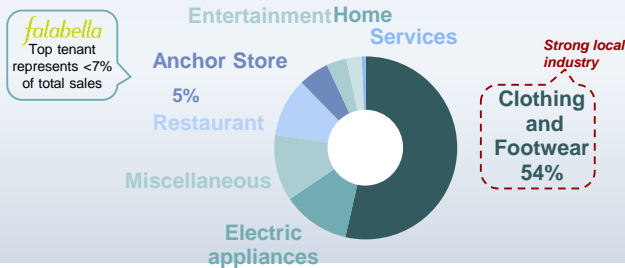
**IRSA**

COMMERCIAL PROPERTIES



## 3 Strong local tenants and longstanding strategic relationships that mitigate risks

- ✓ Long term history of collaboration working with Top 10 tenants
- ✓ Strong local apparel industry and low tenant concentration



## 4 Valuable data gathering through cutting edge technology and strong customer relationships

~110mm  
annual shopping mall visitors

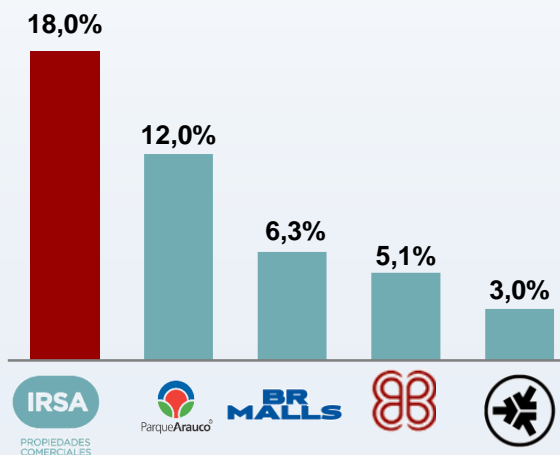
~2.6x Argentina's population



# We are the top mall operator in Latin America, supported by strong operating and financial metrics

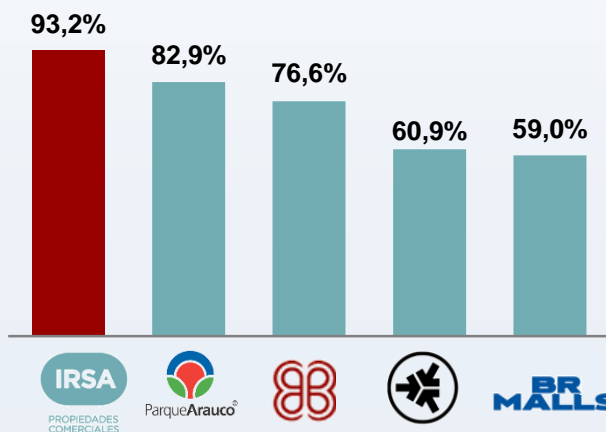
## Highest market share<sup>1</sup>

■ Total GLA as % of country GLA



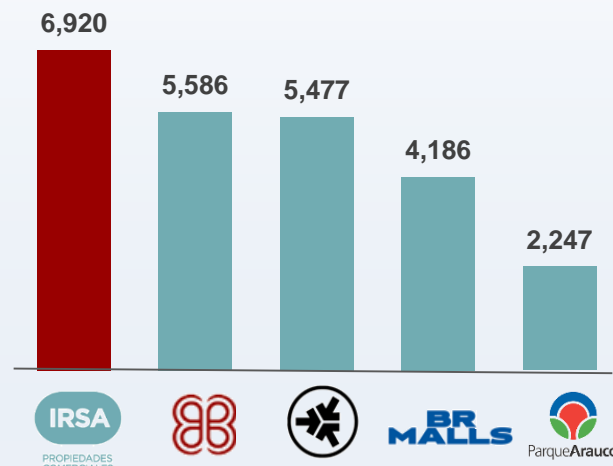
## Highest ownership interest in malls

■ Ownership stake in malls (%)



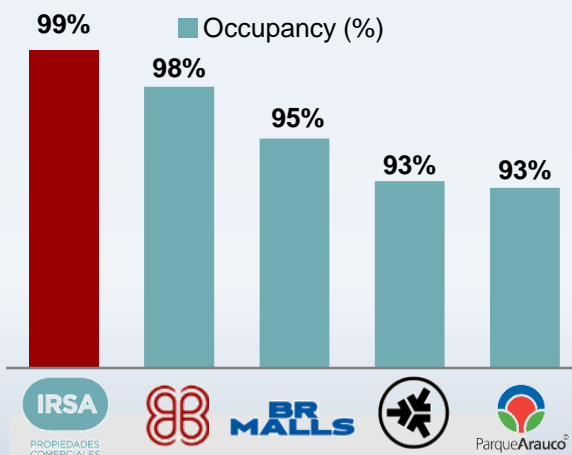
## Highest sales per sqm

Avg LTM (USD/sqm)



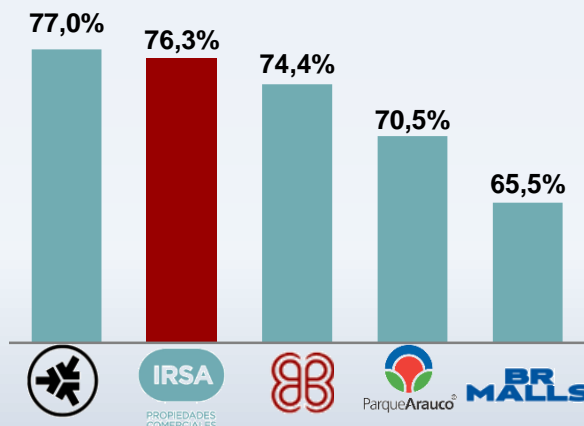
## Highest occupancy

■ Occupancy (%)



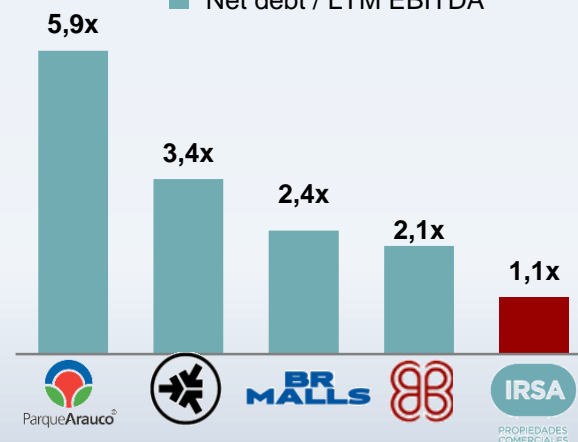
## One of the highest EBITDA margins

■ 6M18 EBITDA Margin



## Lowest leverage ratio

■ Net debt / LTM EBITDA



# Resilient revenue model

*That has withstood historical inflation and currency depreciation*

IRSA

COMMERCIAL  
PROPERTIES

## Shopping malls

### Revenue from leases

In advance



#### Brokerage fee

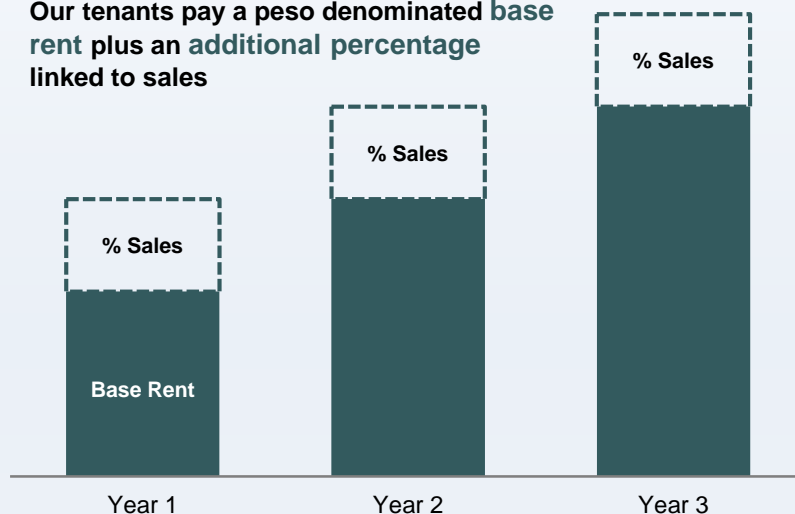
~5x monthly base rent



#### “Key money” admission rights

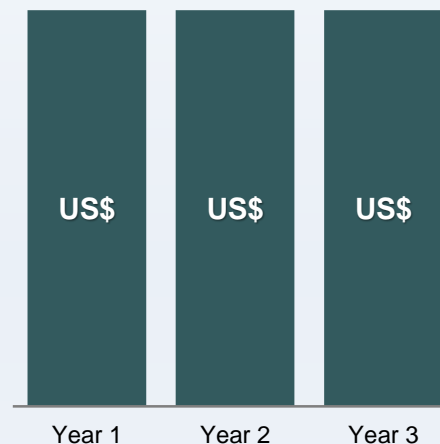
~8x monthly base rent

Our tenants pay a peso denominated **base rent** plus an **additional percentage linked to sales**



## Office buildings

### Revenues from leases



### Other revenues

#### Non Traditional Advertising



Parking



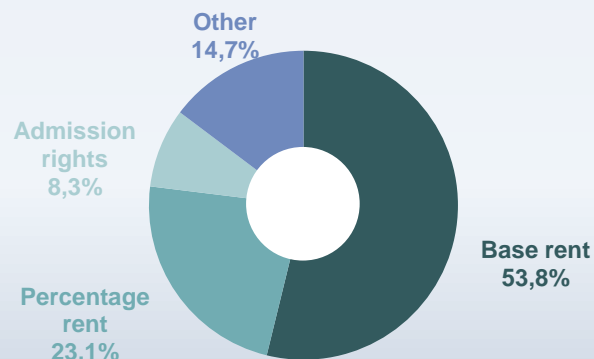
Stands



PARKING



### Shopping mall rent revenue breakdown<sup>1</sup>



✓ **3-year average term** for office lease contracts

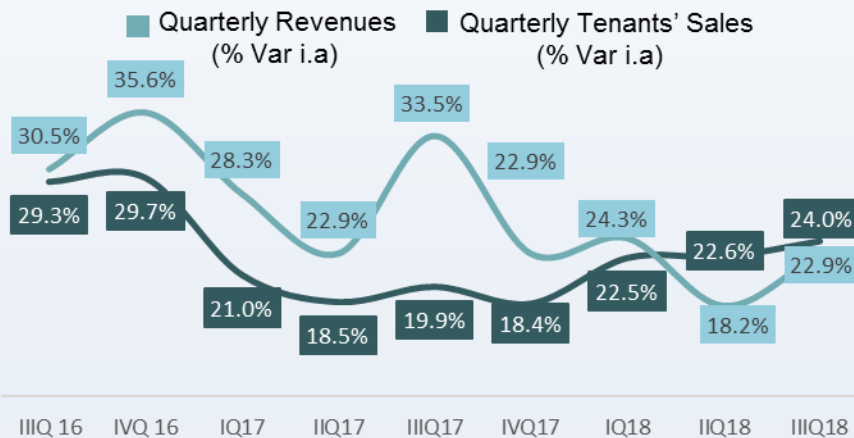
✓ **US Dollar based**

✓ **Rental rates for renewed terms are negotiated at market**

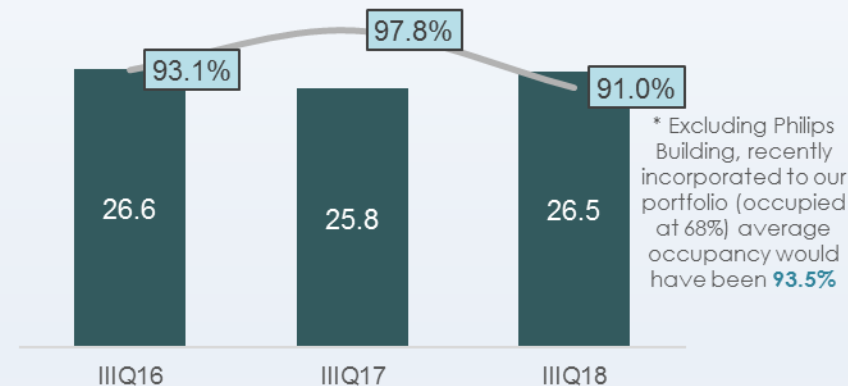
<sup>1</sup> As of September 30, 2017

# Shopping Malls & Offices: Strong Operating Figures

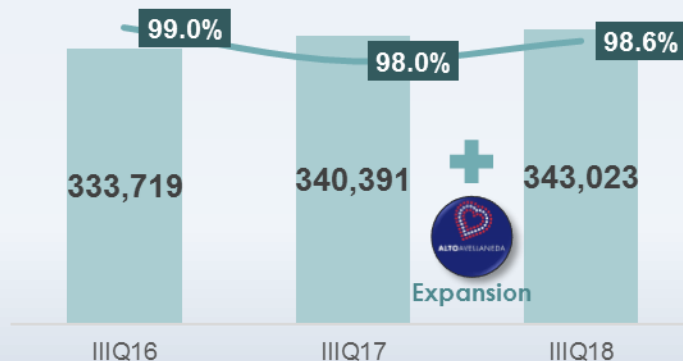
## Shopping Malls –Quarterly Revenues & Tenants’ Sales (% Var i.a)



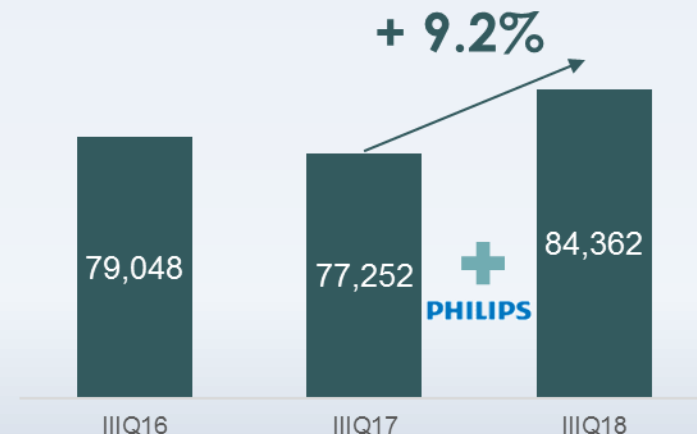
## Offices – Leases USD/sqm/mth & Occupancy



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



## Offices – Stock (sqm GLA)

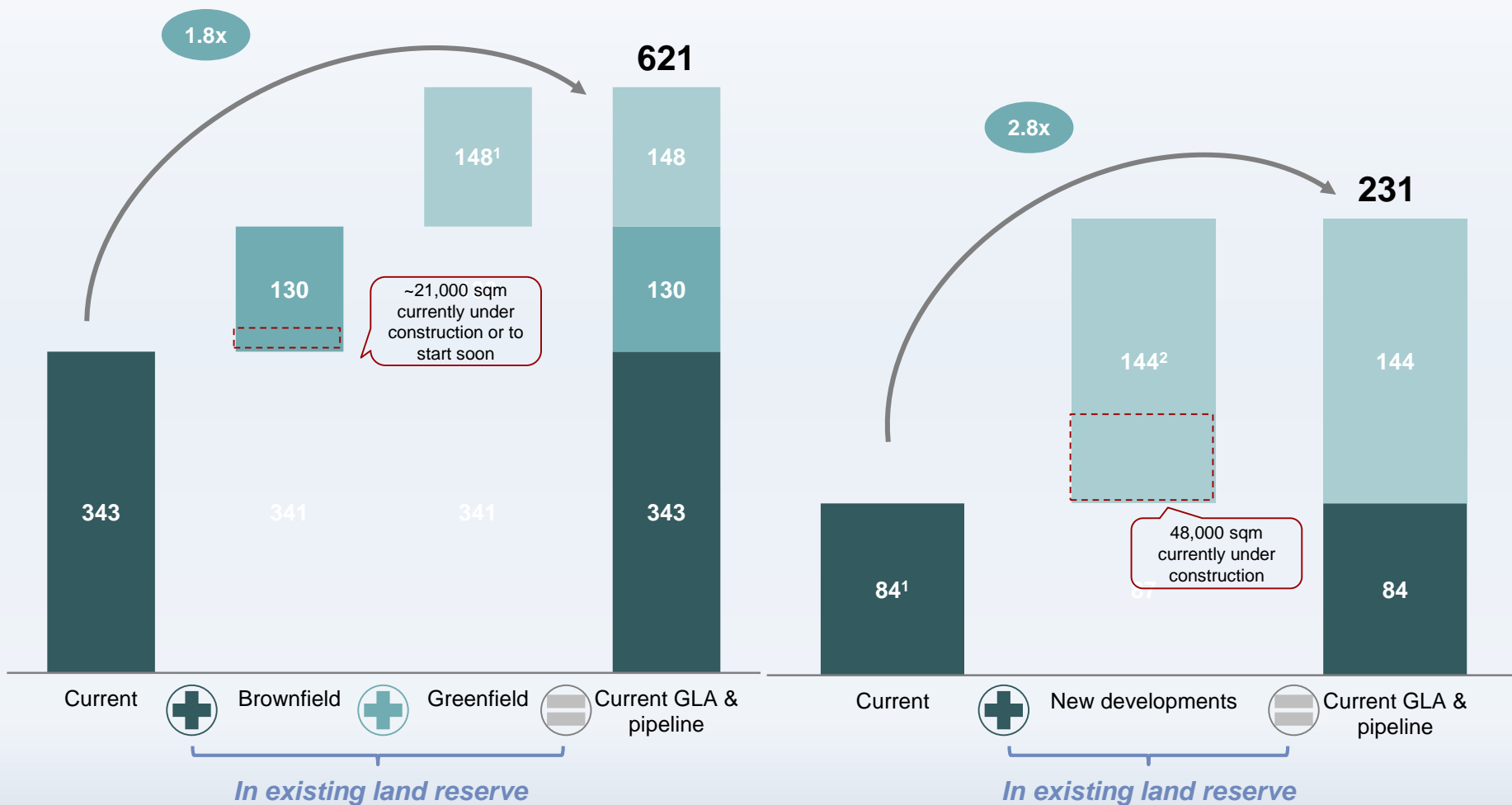




# Our land reserve will allow us to significantly expand our property portfolio

We have a robust pipeline for shopping malls...

...as well as for premium office properties



<sup>1</sup> Includes 30k sqm from La Plata potential project

<sup>2</sup> Includes 20k sqm from La Plata potential project

# CAPEX 2018: Current Developments

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

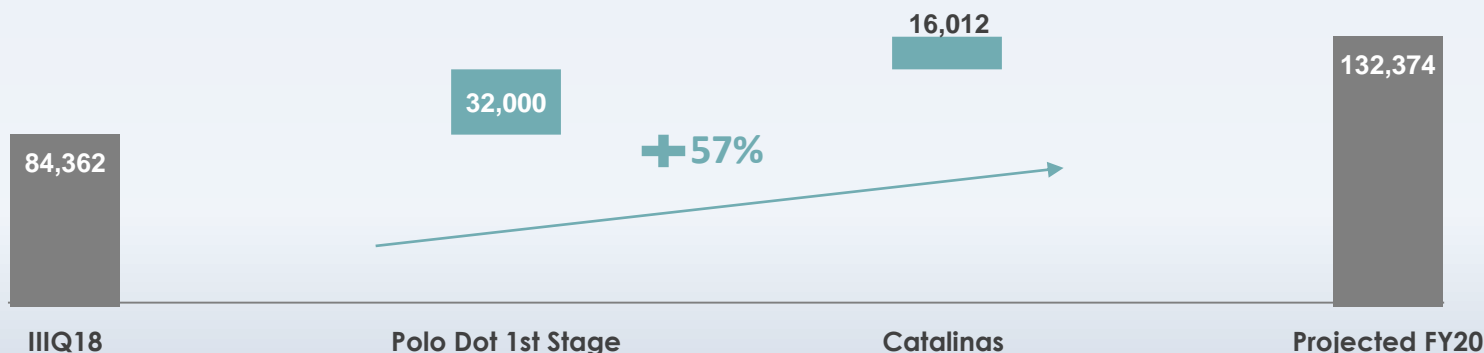
## Shopping Malls' Expansions under development – sqm GLA



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

Investment: **USD 54 million**

## Office buildings under development – sqm GLA



~**USD 14 million**  
increase  
in EBITDA (+70%)

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

# Our current projects under development

## Highest sales/sqm mall in the region

### Shopping Alto Palermo



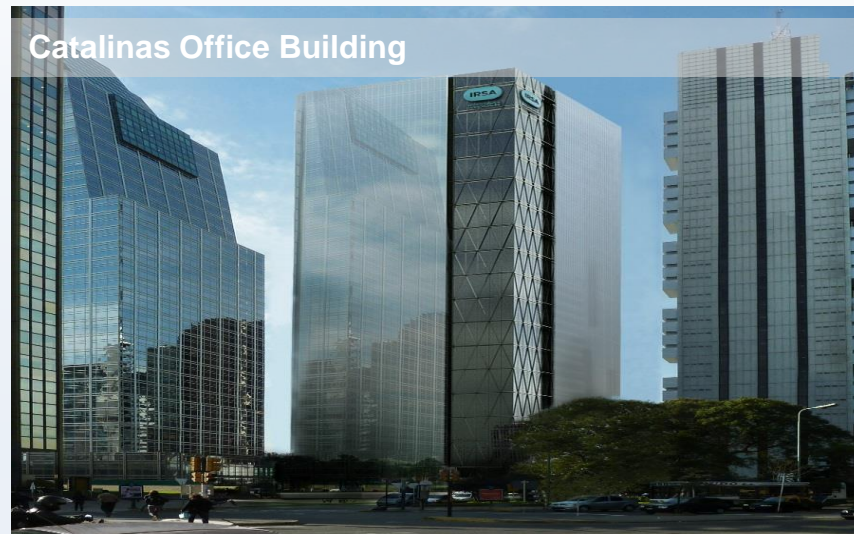
**City of  
Buenos  
Aires**  
shopping mall

**US\$28.5mm**  
estimated investment  
**FY2019**  
opening date

**3,900**  
sqm GLA

## Modern office building in the City

### Catalinas Office Building



**City of  
Buenos  
Aires**  
office

**US\$45mm**  
estimated investment  
**FY2020**  
opening date

**16,000**  
sqm GLA  
**Progress**  
10.8%



# Our current projects under development



*Top quality office project in the booming northern area*

**98,000 sqm<sup>1</sup>**  
Total GLA



**Polo Dot Phase 1**



**Progress**  
61%

**32,000**  
sqm GLA

**FY2019**  
opening date

**80%**  
owned by IRCP

**US\$65mm**  
estimated investment

**Philips Building – Recently acquired**



**8,000**  
sqm GLA

**28,000**  
potential sqm  
GLA

## Buenos Aires office

<sup>1</sup> Includes 32,000 sqm from Dot Phase 1; 38,000 sqm from Dot Phase 2; 8,000 current and 20,000 additional potential sqm from recently acquired Philips building



# Attractive Development Pipeline

**Shopping San Martín ~ 35,000 sqm**



**Polo Dot: U Building + Mall Expansion**



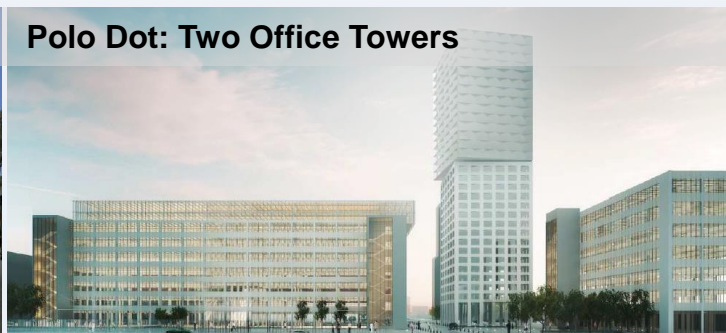
**Shopping Tucumán ~ 10,000 sqm**



**Shopping Paraná ~ 5,000 sqm**



**Polo Dot: Two Office Towers**



**Shopping Caballito ~ 68,000 sqm**



**Intercontinental Plaza II ~ 20,000 sqm**



**Current malls  
Expansions**

133,000 sqm GLA

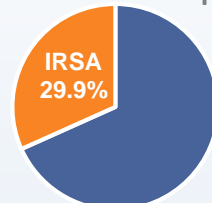








## Ownership



## Results to IRSA

- The bank has generated a gain of **ARS 554 million** during 9M18 compared to a gain of ARS 48 million during 9M17 mainly explained by **operational improvement** and the **increase in present value of its financial assets**.

## General Ordinary Shareholders' Meeting (April 9<sup>th</sup>)

- Approved cash dividend of **ARS 200 million** (ARS/share 0,13333 and ARS/ADR 1,3333) paid on April 23, 2018. According to its stake, IRSA received **ARS 59.8 million**.
- Approved a capital increase of **900 million shares**, equivalent to 60% of the current stock capital, to finance future growth.

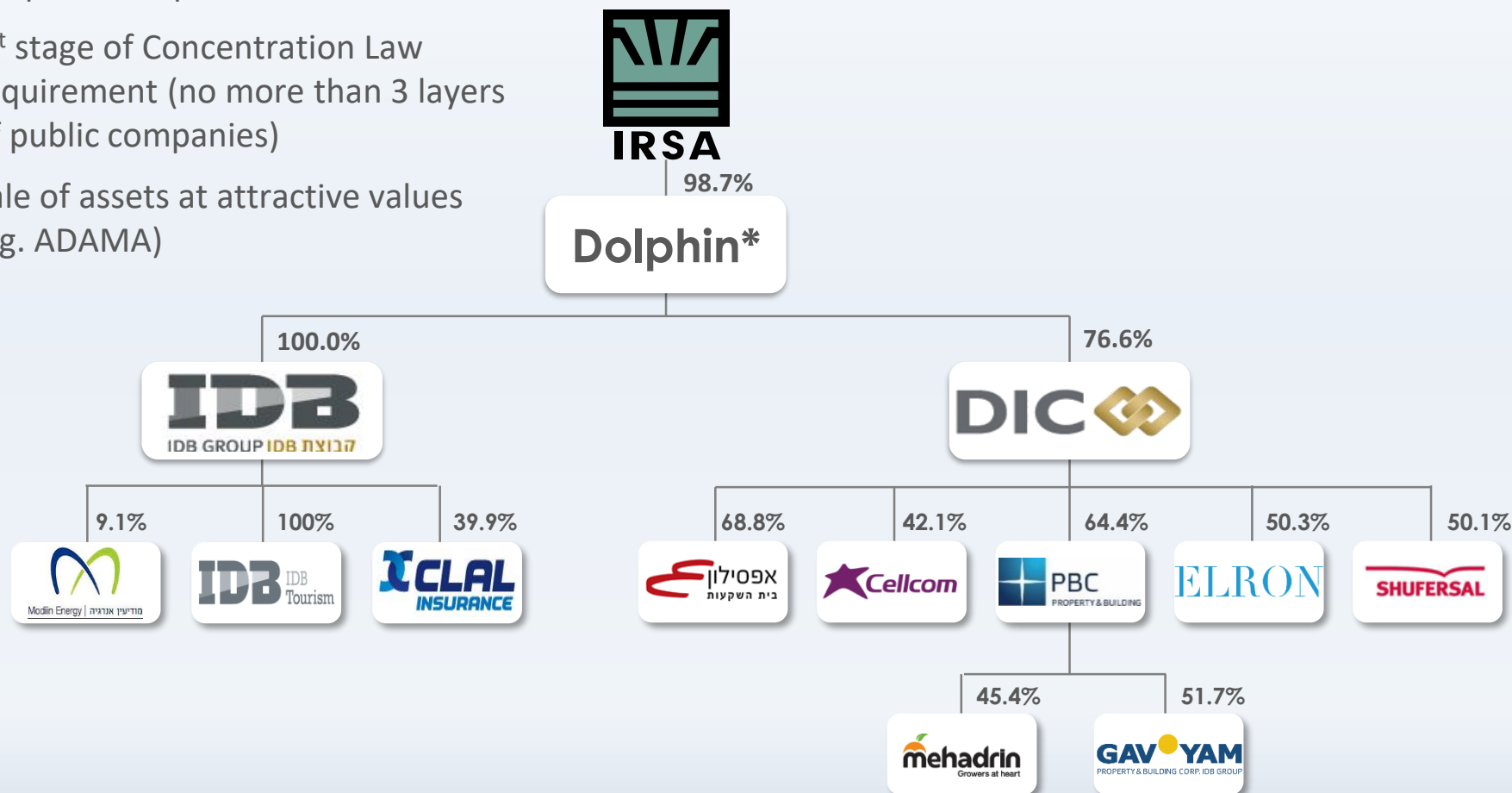
## Market Value to IRSA

(USD million)



## Corporate Structure

- ✓ Simplified corporate structure
- ✓ 1<sup>st</sup> stage of Concentration Law requirement (no more than 3 layers of public companies)
- ✓ Sale of assets at attractive values (Eg. ADAMA)

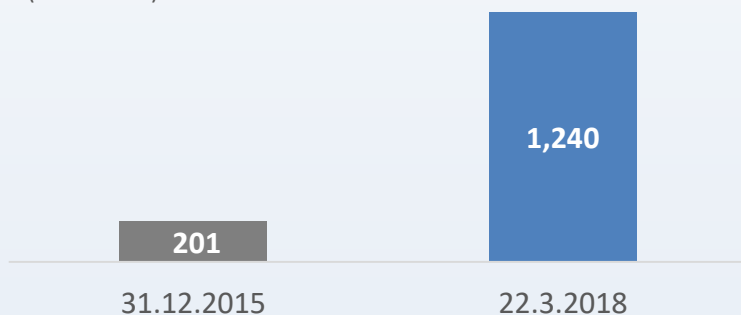


\* There is a non recourse intercompany loan between Dolphin (borrower) and IDB (lender) due to the transference of DIC shares. This loan is guaranteed with DIC shares sold.

## Reducing risk by strengthening Financial Solvency

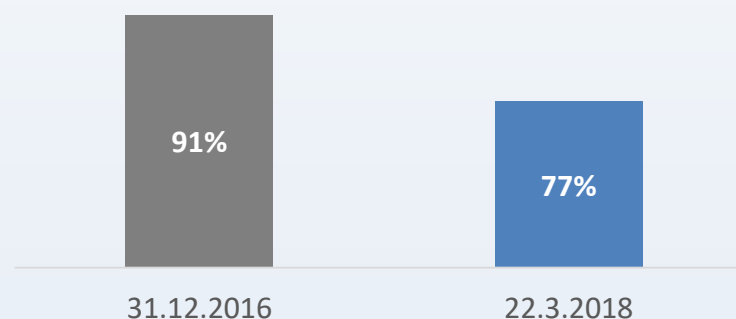
### Improving liquidity and cash flows

(NIS million)



### Decreasing leverage

IDB - LTV



### Decreasing debt yield margins



### Increasing in credit ratings



From **ilCCC** to **ilBBB**



From **ilBBB-** to **ilBBB+ stable**



From **ilA stable** to **ilAA stable**

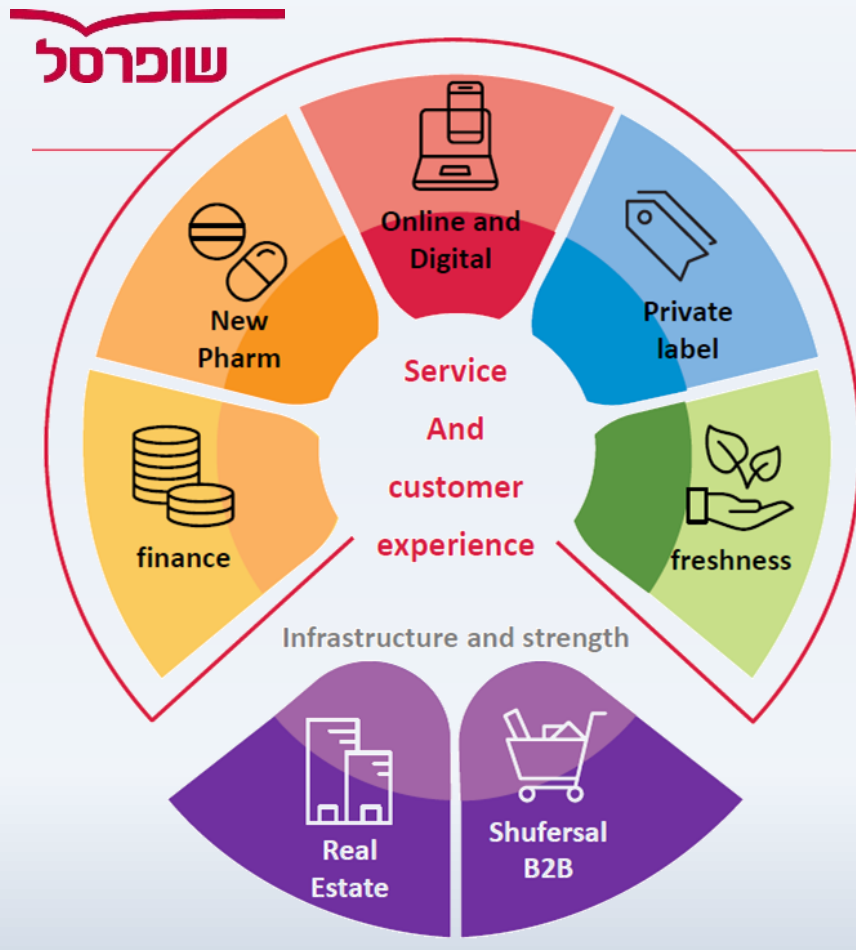


From **ilAA- stable** to **ilAA stable**



Strengthening business positioning through innovation, market leadership and long-term planning

- Innovation and Technology



TV Brand





- Clal Insurance

Clal Insurance, Market cap/Shareholder's equity (000' NIS)



- 2<sup>nd</sup> stage of Concentration Law – reduction of 1 layer before 2019

# IRSA stand alone Debt as of March 31, 2018

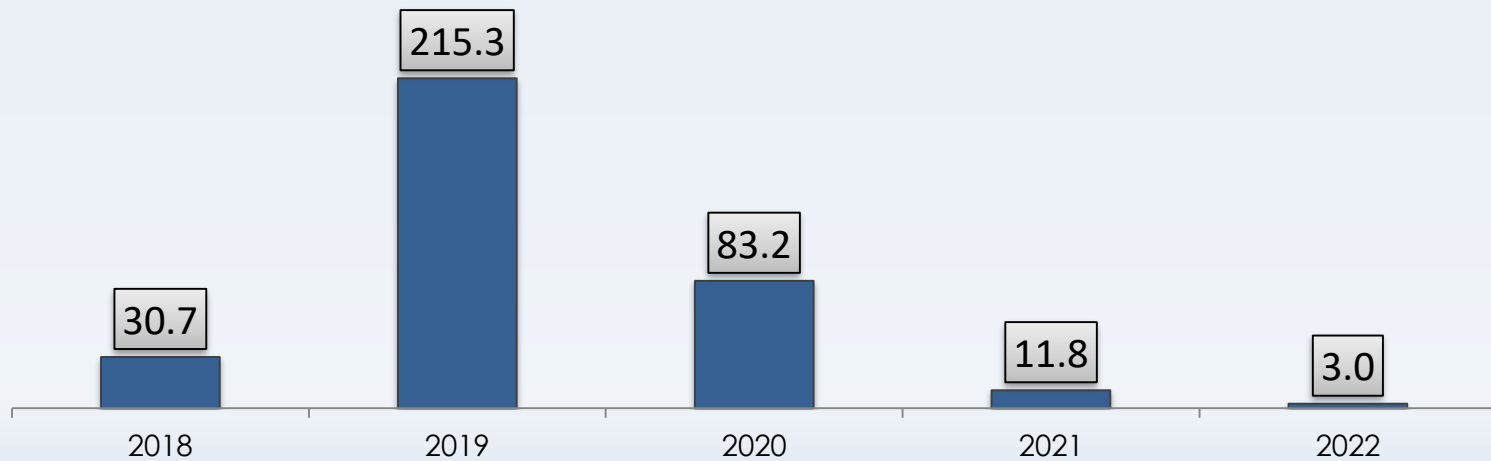


(USD million)

**IRSA Net Debt**

**342.0**

## Debt Amortization Schedule (IRSA- USD million)



Thanks!

