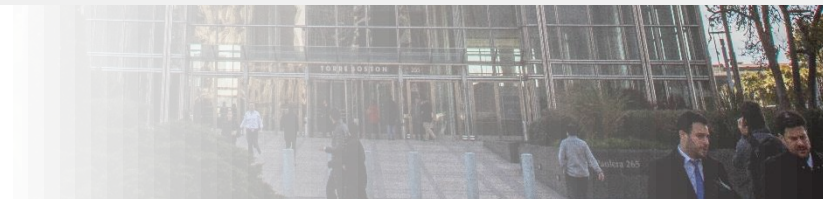
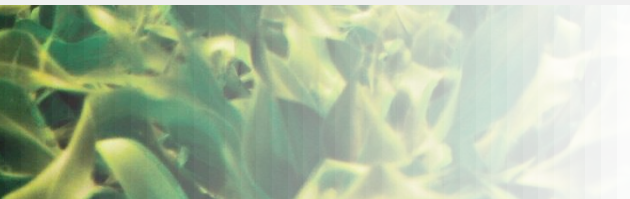


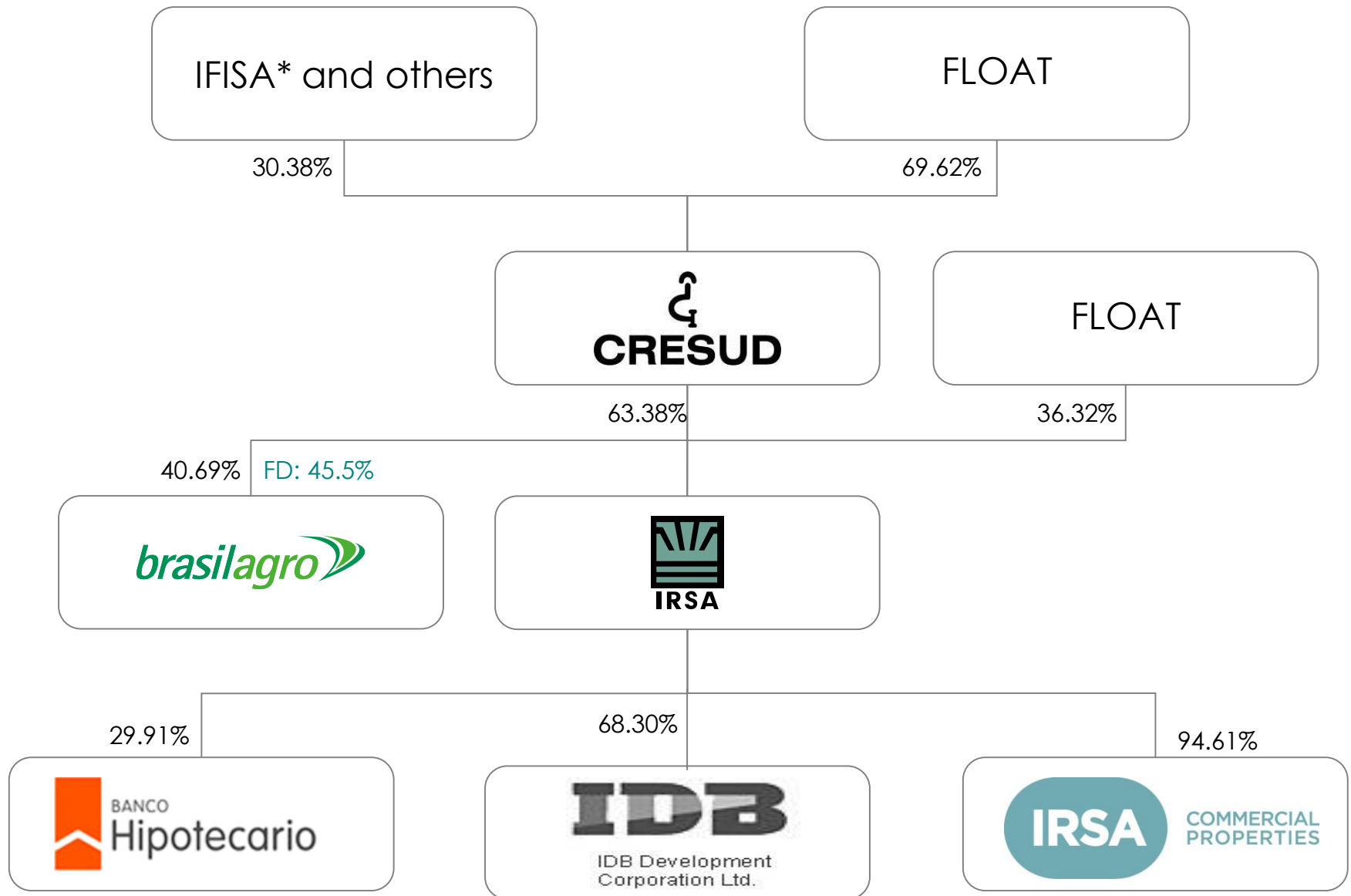


## Argentina's Business: Latest events

*Alejandro G. Elsztain*



# Corporate Structure







# Agribusiness



# Where do we come from?

## Crisis in Argentina's Farming sector after announcement of the increase in tax exports



From 28% to 35%



From 20% to 25%

+ Non-competitive  
Exchange rate

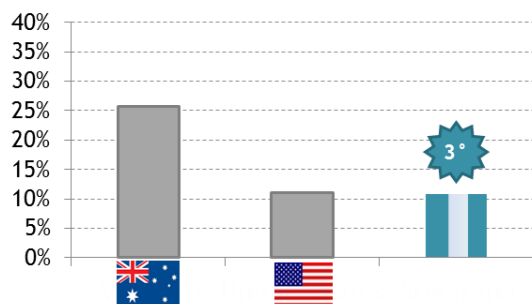


## Restrictions to meat export and its consequences

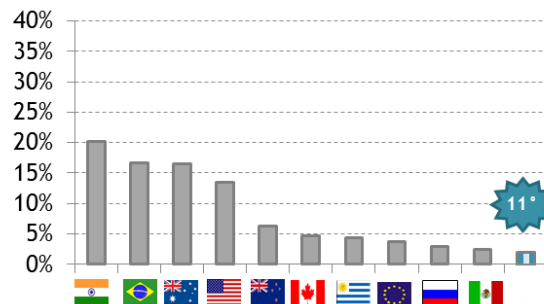
## Restrictions to foreign ownership

### World Meat Exports

1990

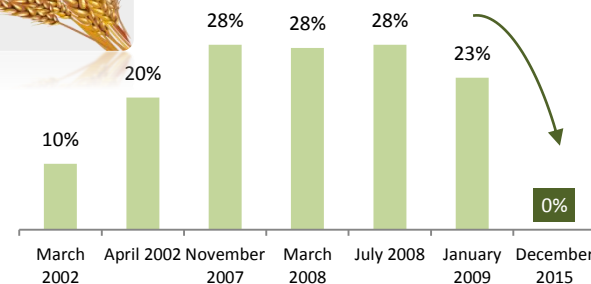
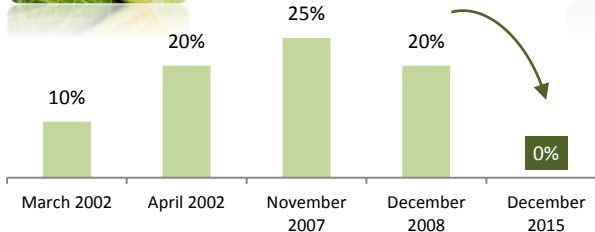
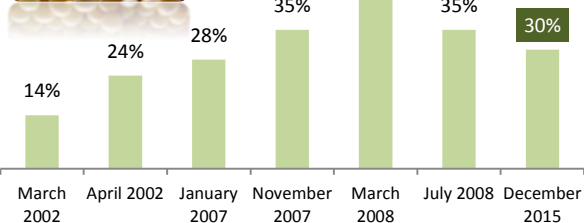


2012



# New government measures improving margins

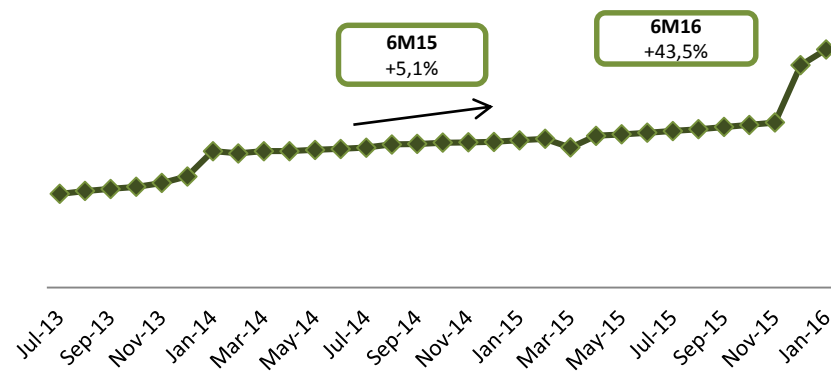
## Reduction / Cut in Crop Export Taxes



## Cut in Meat Export Taxes (15%) Free Export Market for Meat



## Currency Depreciation



## Main Impacts

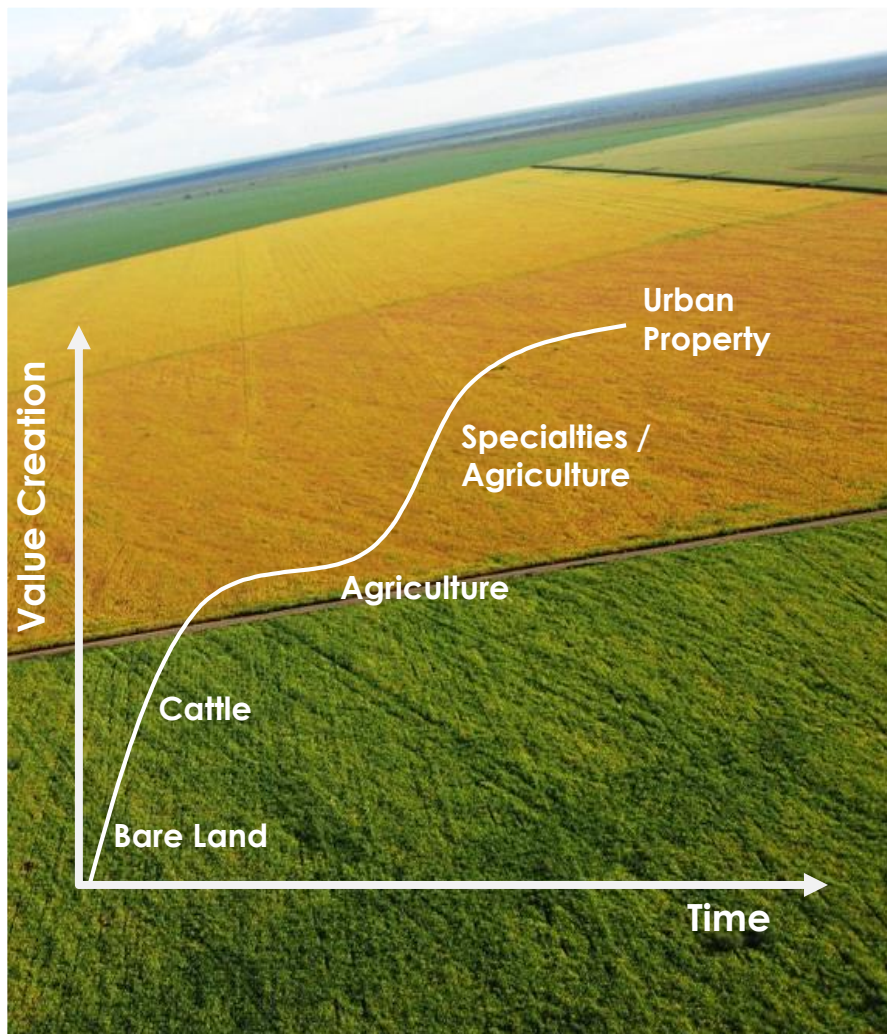
➤ Potential increase in Crop, Cattle and Agroindustrial margins

➤ Potential decrease on land transformation costs



# Business Strategy and Farmland Portfolio

## FARMLAND DEVELOPMENT



## FARMLAND PORTFOLIO

### BOLIVIA



4 farms  
12,533 ha  
SOYBEAN, CORN  
& SUGARCANE

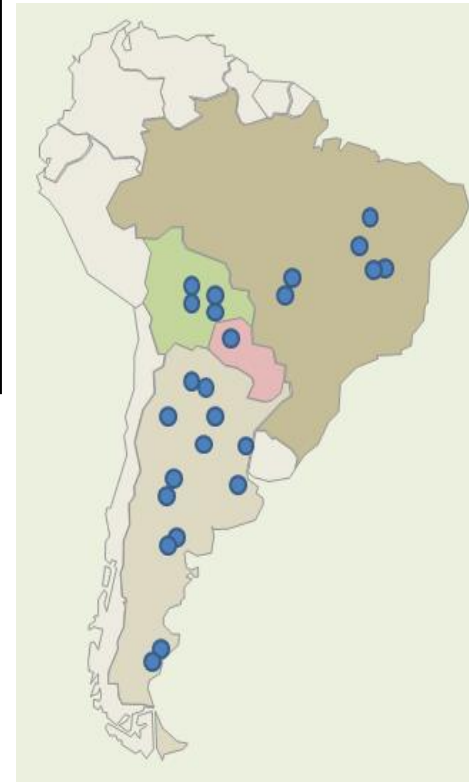
### ARGENTINA



17 farms  
564,531 ha (\*)

SOYBEAN, CORN  
MEAT & MILK

(\*) Includes 132,000 ha under concession in Argentina



### BRAZIL



6 farms  
124,317 ha  
SOYBEAN, CORN &  
SUGARCANE

### PARAGUAY



3 farms  
58,754 ha

SOYBEAN & MEAT

## LEASING AS COMPLEMENTARY BUSINESS

(56.000 ha in Argentina & Brasil)

# Farmland Development Case: Los Pozos

## Los Pozos, Salta ARGENTINA

*Turnaround of a Cattle farm into Cattle & Crop Farmland*

**Has: 240.858**



**Cattle infrastructure  
Investment USD/ha 250**



**43,000 heads in 44,000 ha  
Gross Margin FY16 USD/ha 75  
Land Price: USD/ha 1.500**



**Bare Land  
Acquisition Cost USD/Ha. 10**



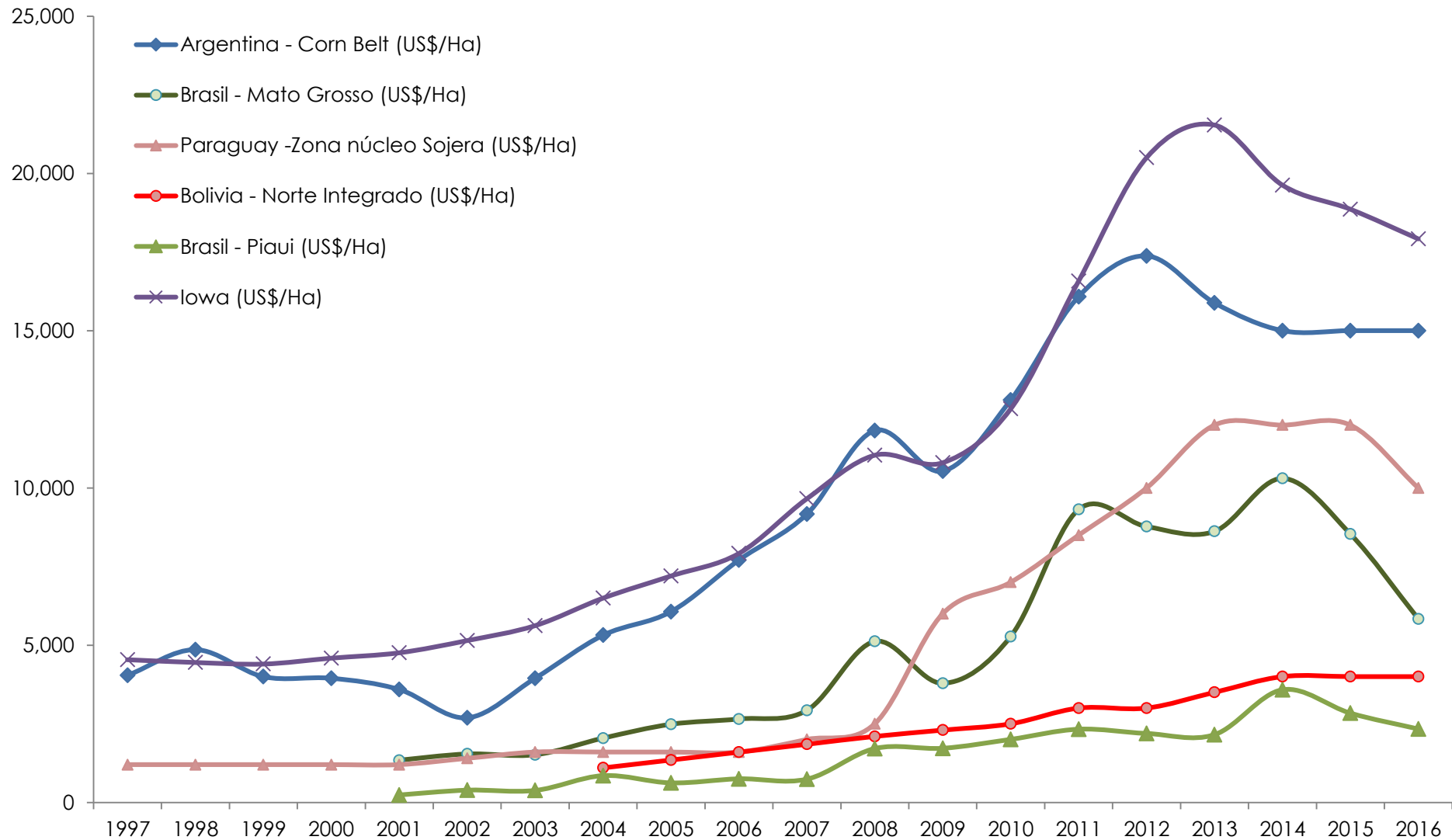
**Crop Investment  
USD/ha 650**



**15,000 ha  
Gross Margin FY16 USD/ha 70  
Land Price USD/Ha. 2.500**



# Regional Farmland Prices Evolution





# We have recently closed farmland real estate transactions



## Sale of El Invierno & La Esperanza (La Pampa - Argentina)

2,926 ha sold for USD 6 million  
(Book Value USD 1 MM – 6x)



## Acquisition of São José Farm (São Raimundo das Mangabeiras/MA)

17,566 owned ha (crops) + 15,000 leased ha (sugarcane)  
Investment: ~ BRL 100 million

**Flexibilization on restrictions to foreign  
ownership both in Argentina & Brasil**



Partial sale of Araucaria Farm (GO) (271 ha) for BRL 12.9 MM  
(Book Value BRL 3 MM – 4.3x)

# Argentina Urban Real Estate Business

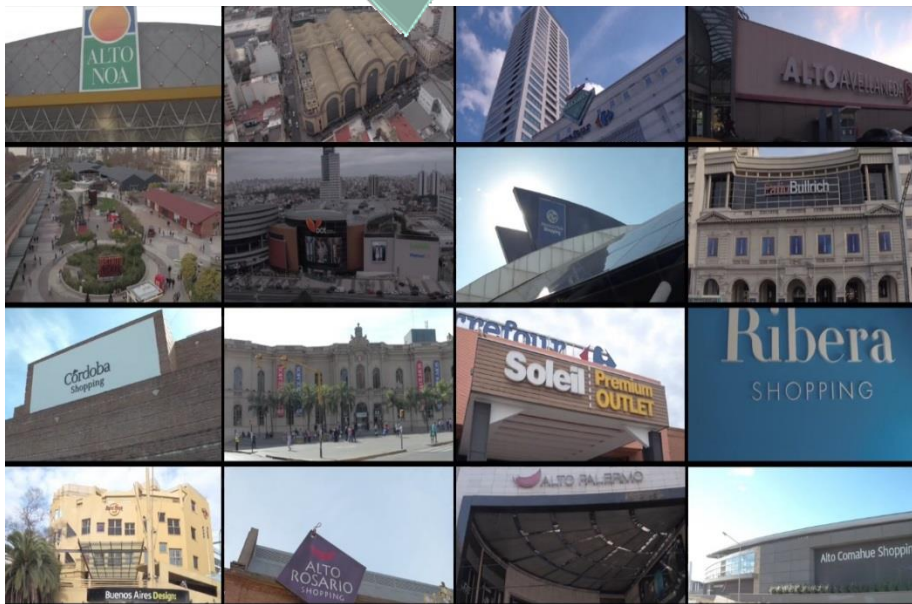
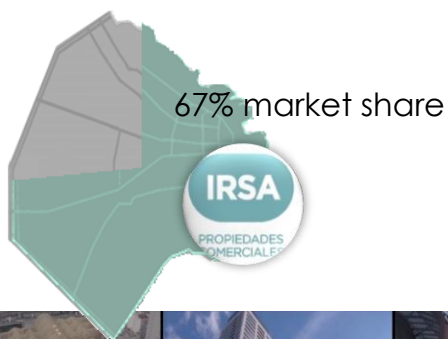




# Largest rental portfolio of Argentina

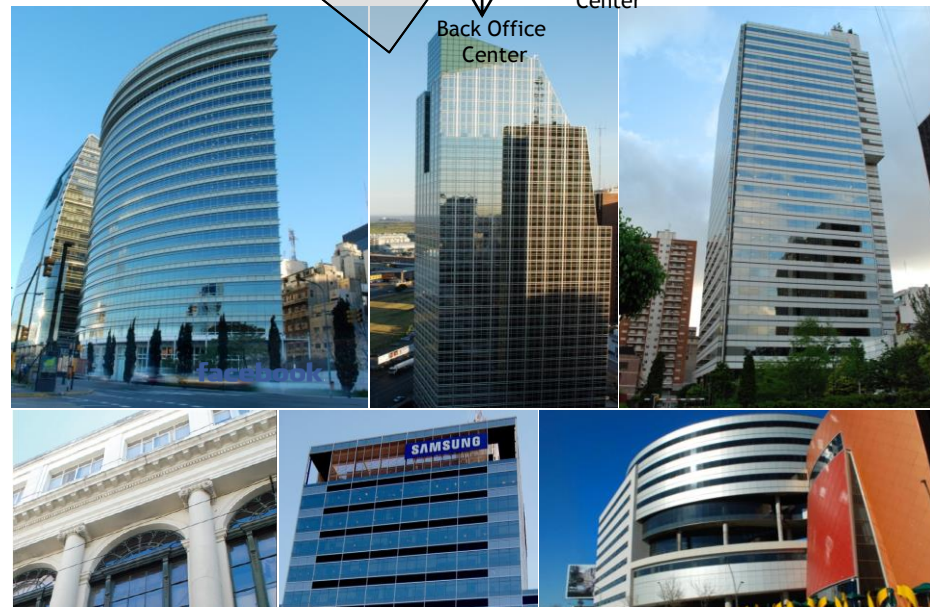
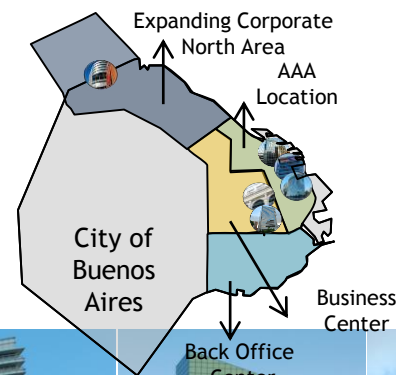
## SHOPPING CENTERS

**16 Shopping Centers** in Argentina  
**337,000 sqm** reaching **98.4%** occupancy



## OFFICE BUILDINGS

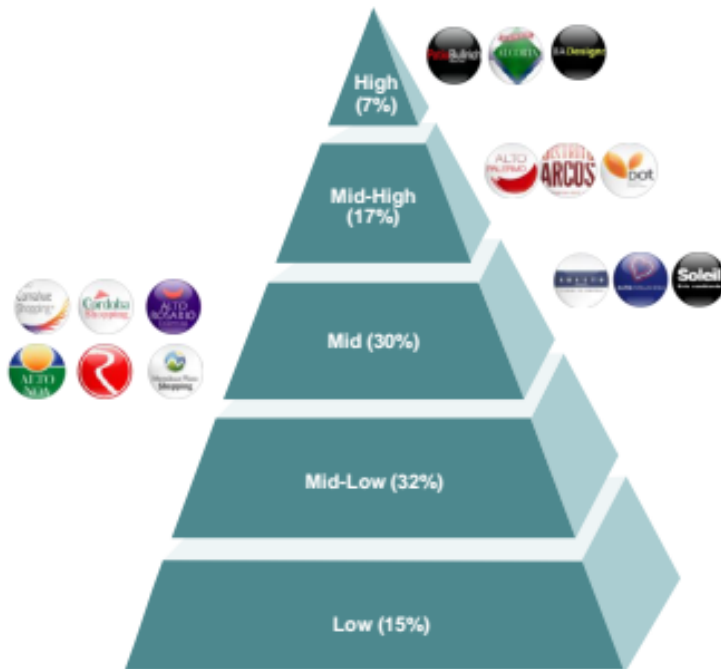
**6 Office Buildings** in Argentina  
**77,000 sqm** reaching **100%** occupancy





## Differentiated Business Strategy, beyond just prime location

## Multi-format and Targeting Brands



## Differentiated Business Model and Management Capabilities

- **Differentiated Business Model**

- We operate, administrate and commercialize our real estate portfolio
- Strong track record

- Acquiring: 280,665 sqm GLA<sup>1</sup>

- Developing: 147,798 sqm GLA<sup>2</sup>

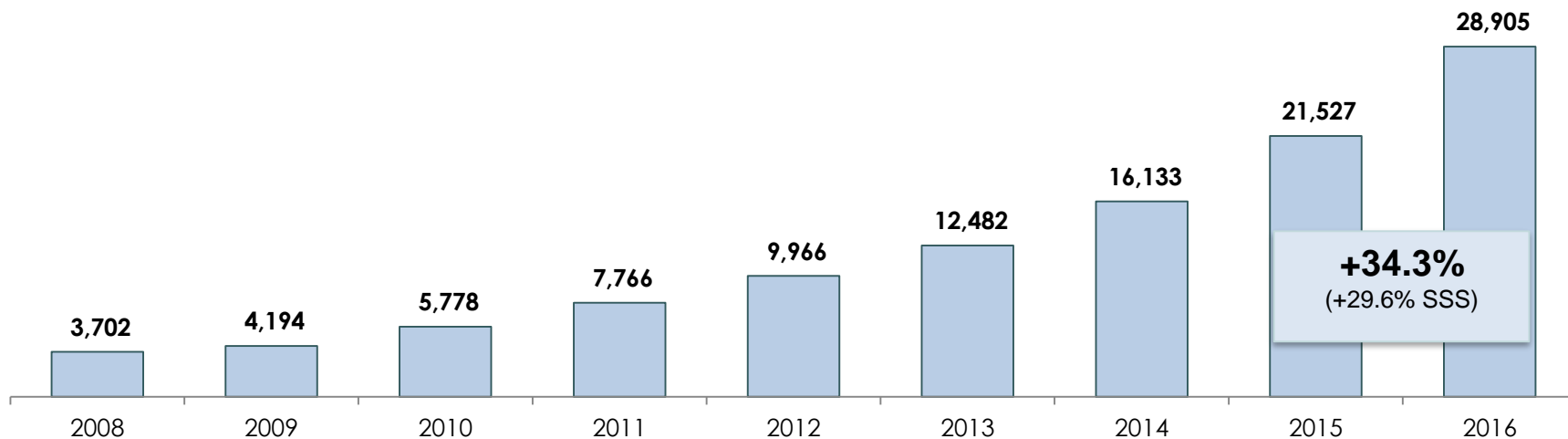
- **Supported by Highly Experienced Top Managers**

- More than 25 top managers accumulating 340 years of experience in the real estate industry

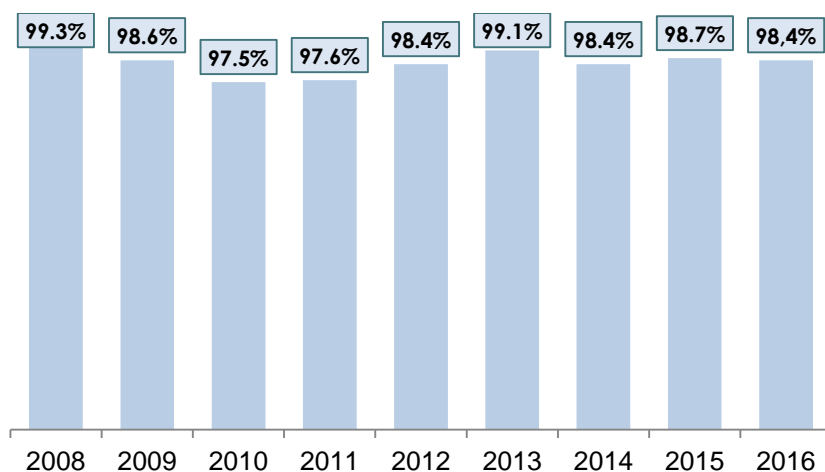
## Leading Shopping Mall Brand in Argentina

# Strong Malls' performance over the last decade

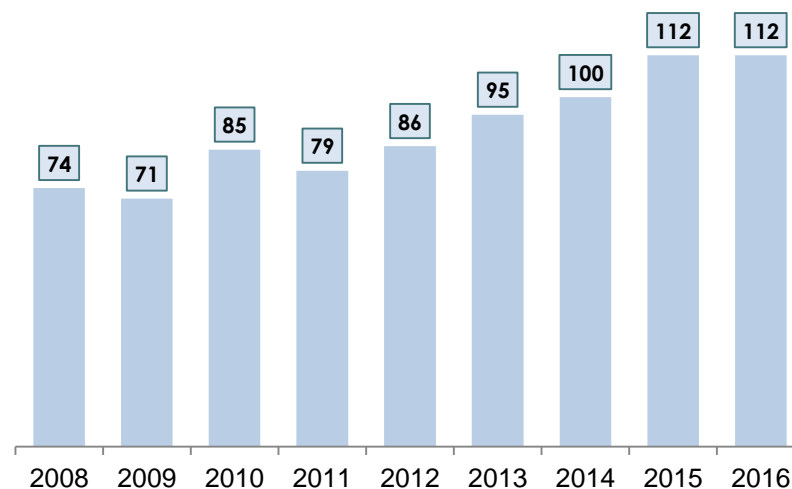
Shopping Malls – Annual Tenants' Sales  
(ARS Million)



Shopping Malls – Occupancy Rate (%)

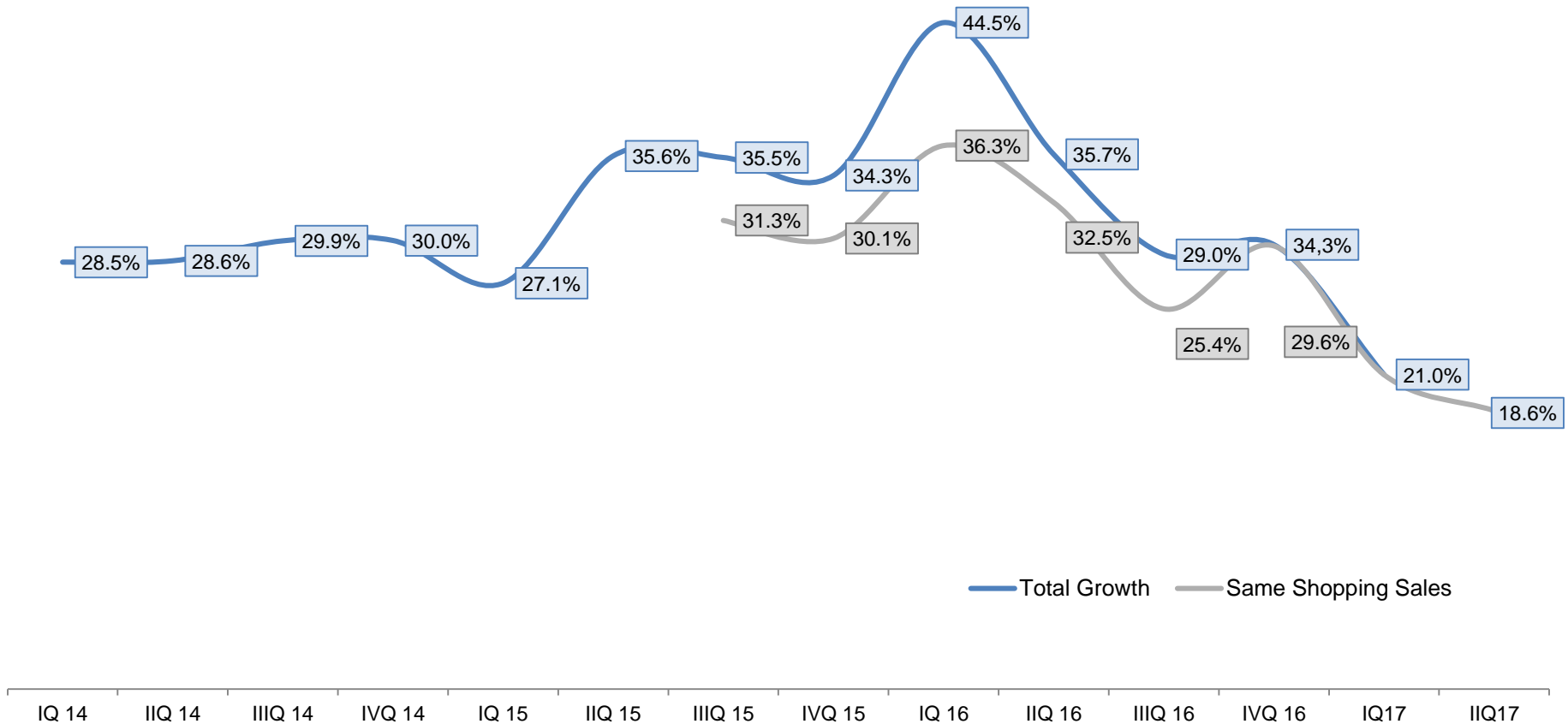


Shopping Malls – Visitors (MM)



# Despite recent slowdown...

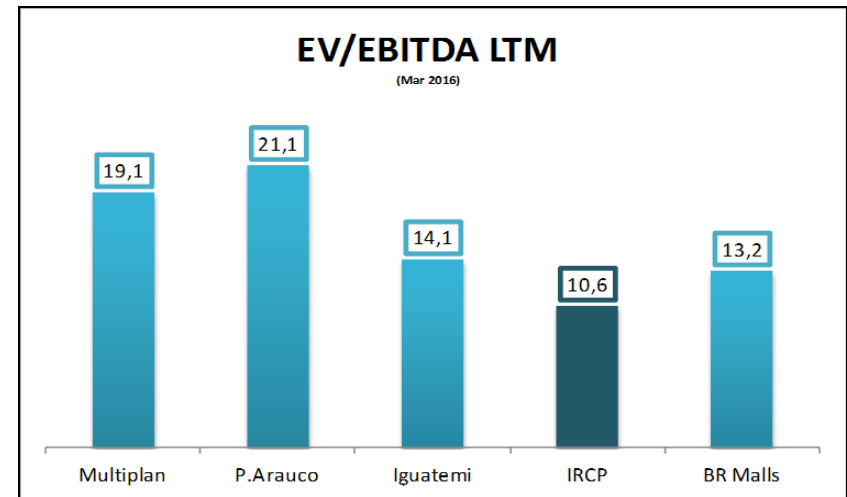
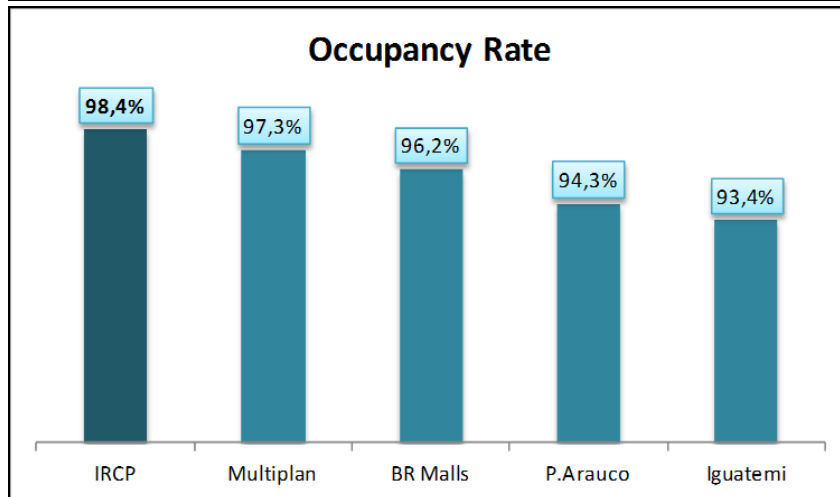
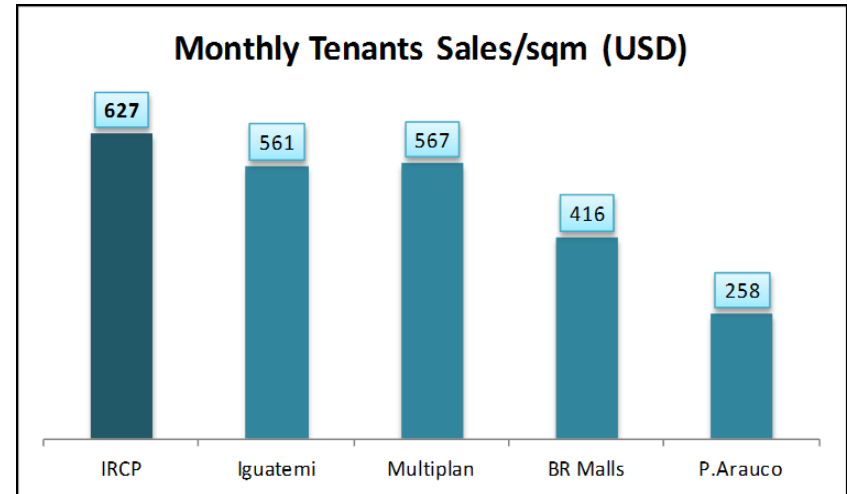
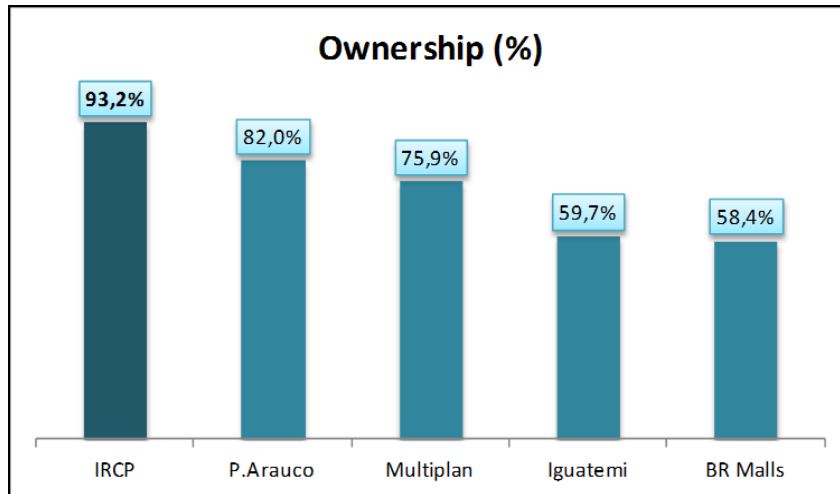
## Shopping Centers – Tenants' Sales (Quarterly Growth Rate - YoY%)





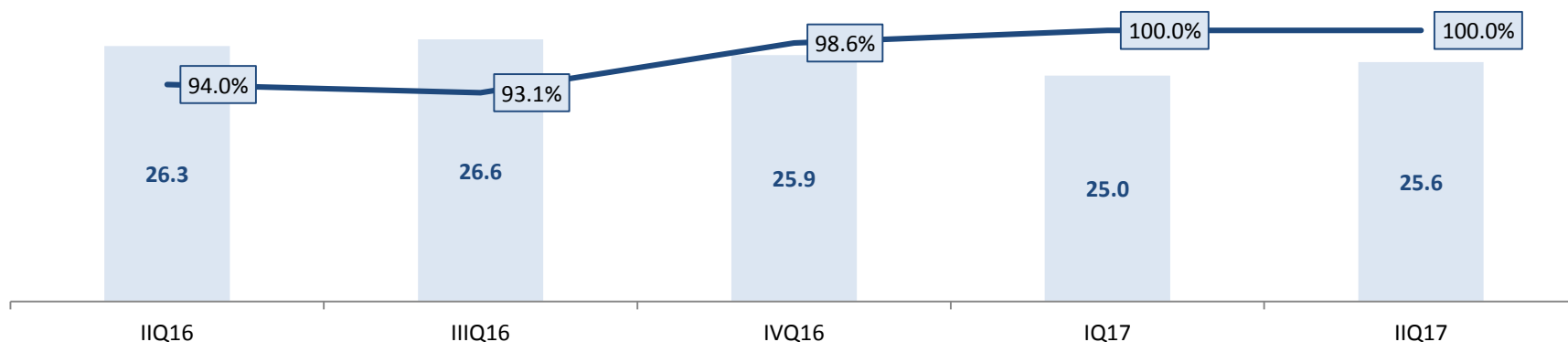
# Top Mall Operator compared to peers in the region

Information as of December 2016

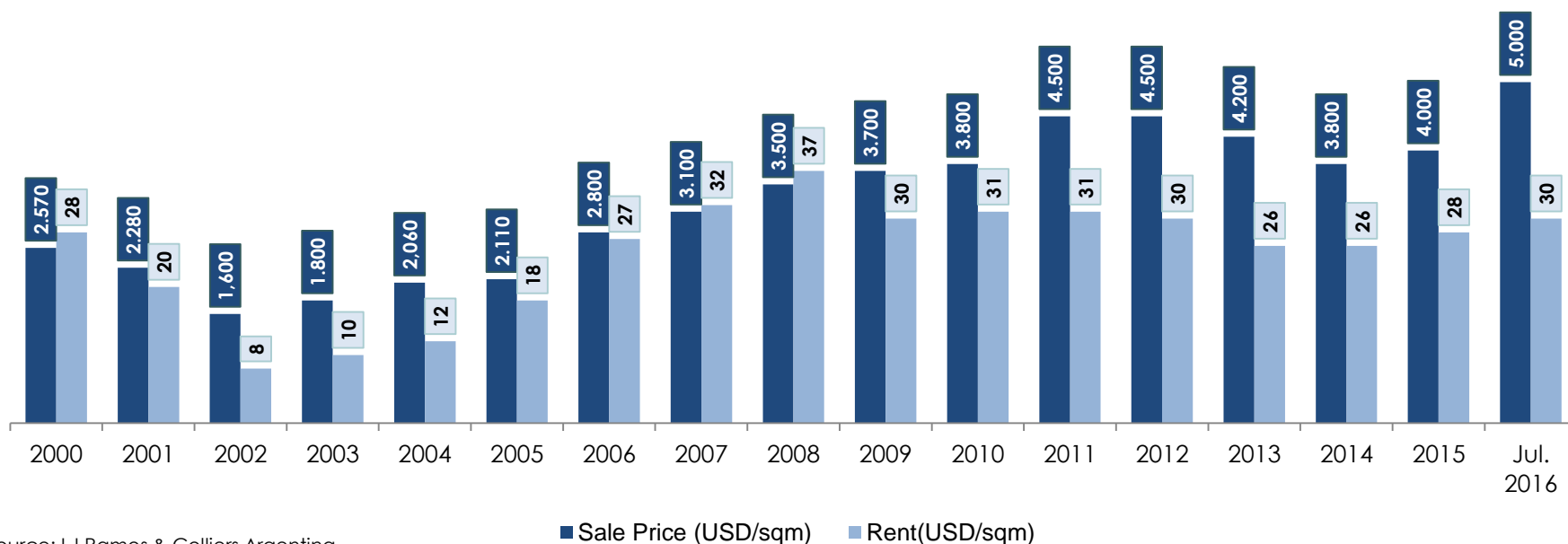


# Good Outlook for A+ Office Industry

IRCP Offices – Leases USD/sqm/mth & Occupancy



A+ Office Market BA City – Sale & Lease Prices

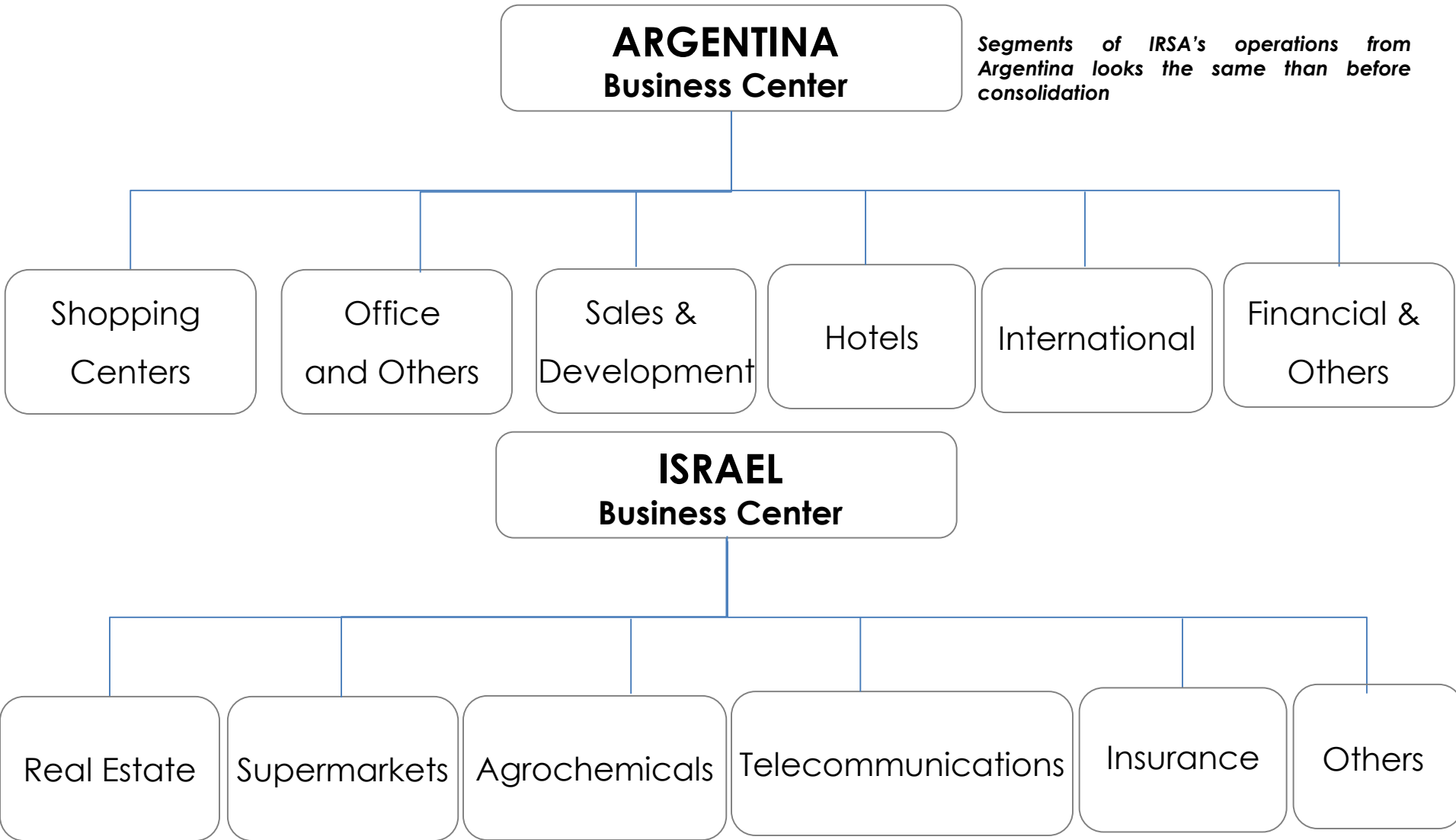


# **Simplification of our financial statement**

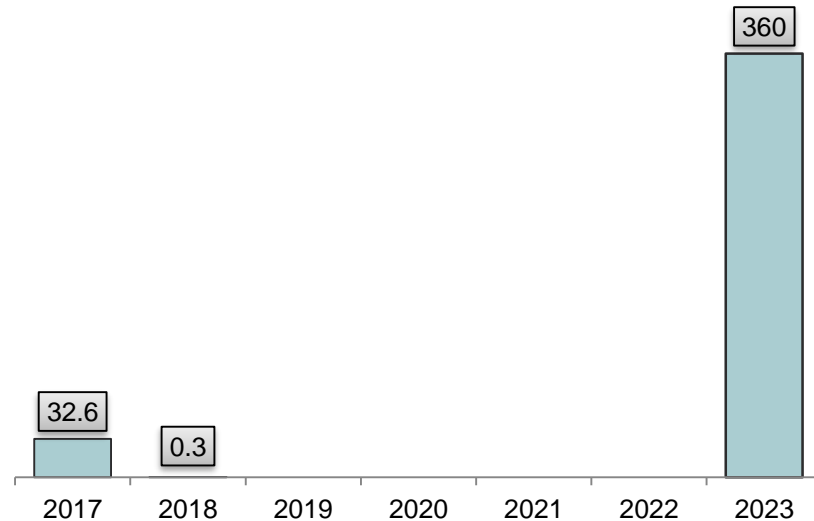
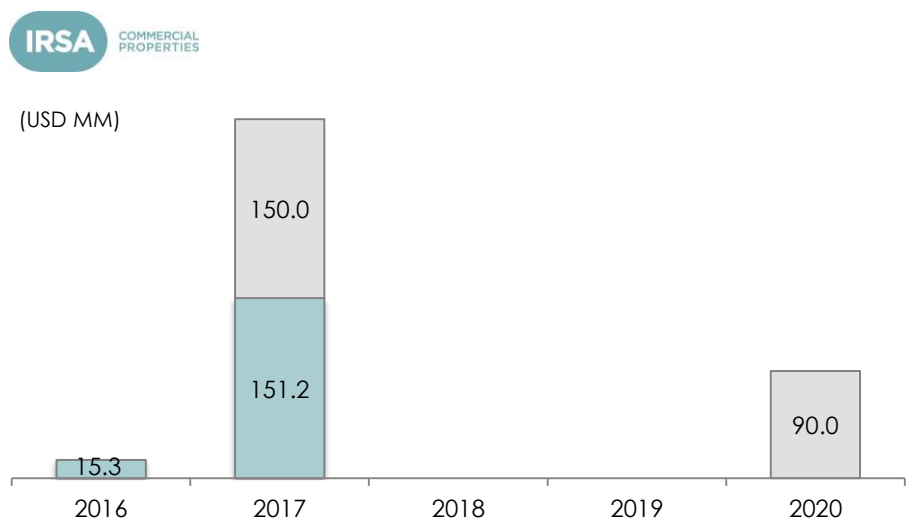
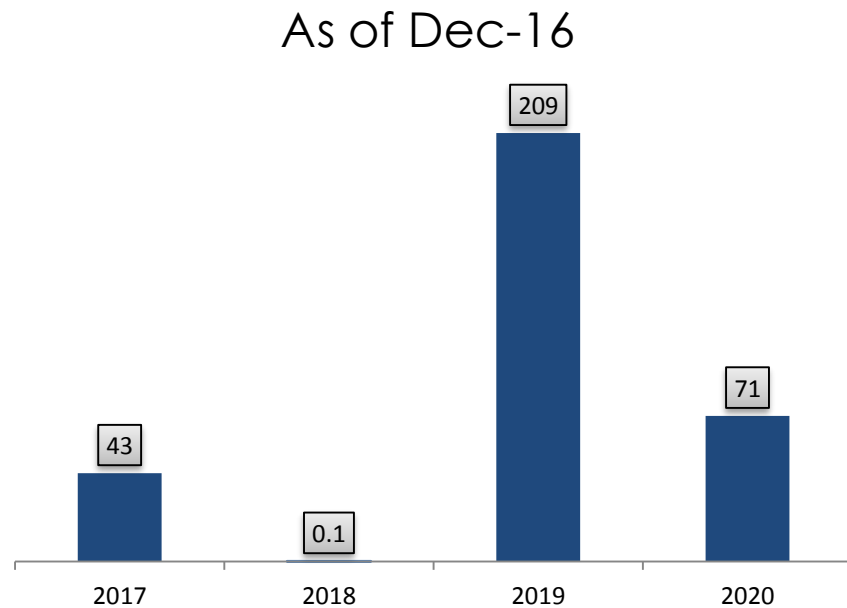
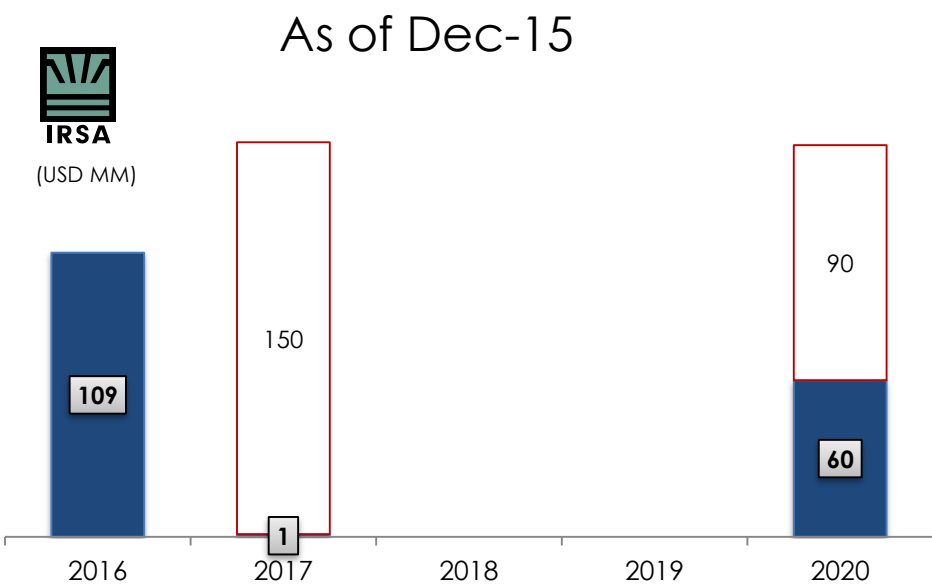


# IDBD Consolidation as of October 11, 2015

We divided IRSA balance sheet between Argentina & Israel Business Center



# Extension of the maturity of our debt in Argentina



# Change to Fair Value of our Investment Properties

- As of March 31, 2017 at IRCP level and as of June 30, 2017 at CRESUD & IRSA

## Valuation of Investment Properties at Fair Value

Shoppings



Offices



Land Reserves



IDB Investment Properties



Leased Farms to 3rd parties



## Property, Plant and Equipment at Cost

Hotels



Owned Farms

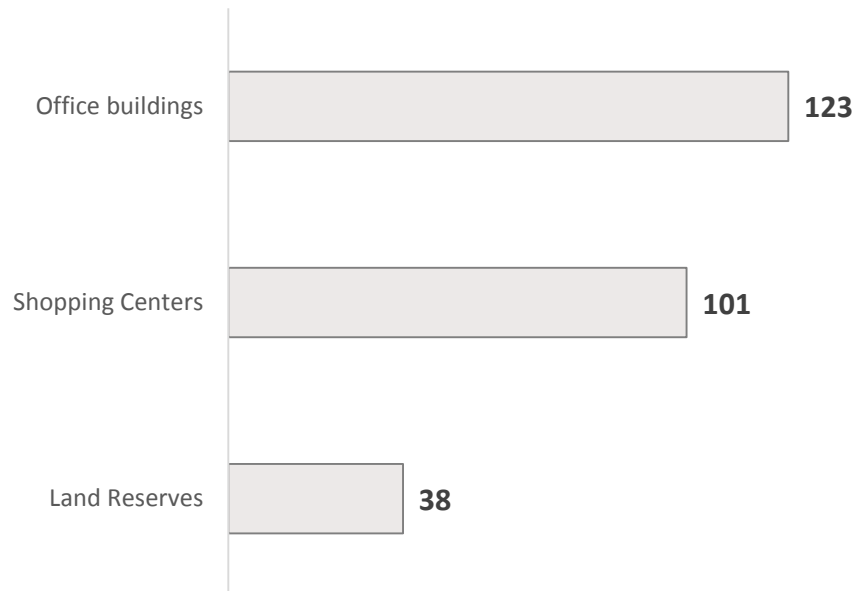




# Change to Fair Value of our Investment Properties

- From current Cost Method to Fair Value
- It should apply to all the Investment Properties
- Once changed to Fair Value, there's no return back to Cost
- Positive impact in Equity & Income Statement
- No Tax impact

**Book Value of Investment Properties  
(USD MM)**



**Book Value of Investment Properties  
(USD/sqm)**

