

IQ 2018 Conference Call

November 14, 2017



Hosted by:

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Llao Llao Resort
(Bariloche – Argentina)



Consolidated Financial Statements IQ18

- Net Income IQ18: **ARS 74 MM** (-78.5% vs.IQ17) – Attributable to IRSA: **ARS 553 million** (vs ARS 200 million in IQ17)
 - Argentina Business Center: **Gain of ARS 2,282 MM** due to higher **rental results**, higher result from changes in **Fair value of Investment Properties** and higher results from **Lipstick & Banco Hipotecario**.
 - Israel Business Center: **Loss of ARS 2,208 million** mainly explained by non cash effect of **debt exchange at DIC level**.
- Adjusted EBITDA reached **ARS 3.2 bn** (+28.4% vs. IQ17)

Argentina Business Center

- Rental Segment grew by **26.1%** in IQ18 vs IQ17.
- Occupancy reached **98.8%** in shopping malls, **96.2%** in office buildings and **68.4%** in the hotels' portfolio.
- Higher S&D due to Beruti sales and Baicom plot
- Annual shareholders' meeting approved a cash dividend of **ARS 1.4 bn** (Div yield ~ **5%**)
- Subsequent event**: Sale in the secondary market of **10,24 mm shares** of IRCP for ~ **USD 138.2 million** increasing the float from 5.4% to 13.5%. IRSA stake: **86.5%**

Israel Business Center

- 2nd tranche of DIC dividend paid for an amount of NIS 181 million completing the annual dividend of NIS 694 million.
- Non binding Offer from a Hong Kong listed company to acquire IDB stake in CLAL at Book Value (~ NIS 4.7mm).
- Concentration Law: working on DIC transference of shares to Dolphin in order to meet the requirement



COMMERCIAL
PROPERTIES

Main events – IQ18

Rental Operating Figures

- Shopping malls' sales grew by 22.5% in IQ18 vs. IQ17 and occupancy increased to 98.8%
- Good results coming from the office segment due to devaluation and lower selling expenses.

CAPEX:

- Plan to develop ~ 21,000 sqm of malls' expansion during FY 2018
- Works in progress in our office developments: Polo Dot 1st stage and Catalinas expected to be finished by FY19 and FY20 respectively

Other investments:

- During the quarter, IRCP acquired convertible notes of TGLT for USD 22.2 million

Annual Shareholders' meeting (Oct-31):

- Approval of a cash dividend of **ARS 680 million** (Div yield ~2.2%)

Consolidated Financial Statements:

- Adjusted EBITDA for IQ18 reached ARS 755.7 million increasing by 34.6% compared to IQ17.
- Adjusted EBITDA of Malls' and Office segment reached ARS 648.4 million and ARS 100.1 million, increasing by 26.2% and 39.4% respectively.
- Net income for IQ18 reached ARS 1,934.7 million compared to a gain of ARS 779.6 million in IQ17 mainly explained by higher results from changes in the fair value of investment properties.

Argentina Business Center – Development Catalinas

Construction Works in progress



City of Buenos Aires
office

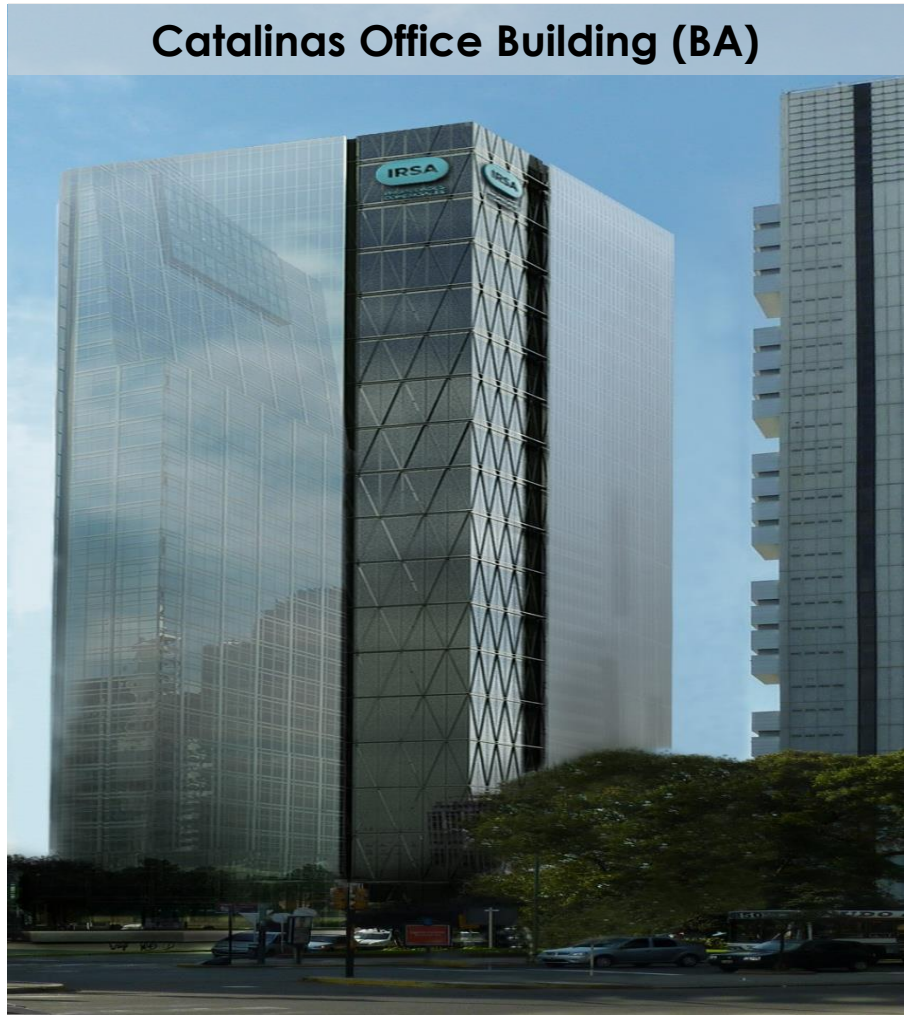
Progress
5.2%

~ ARS 1,700mm
estimated investment

FY2020
opening date

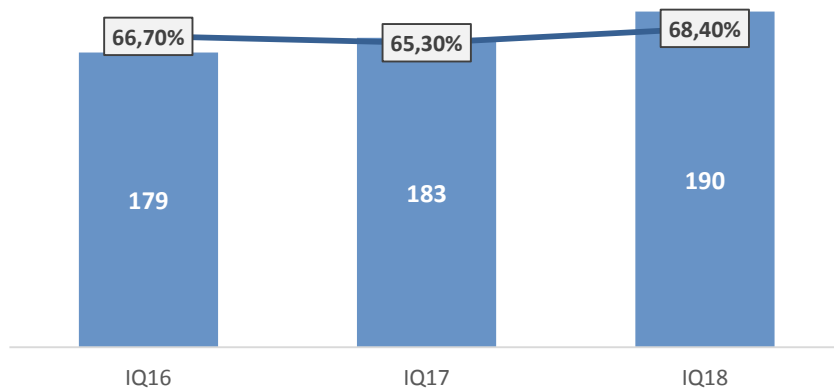
35,468
sqm GLA

Catalinas Office Building (BA)





**Avg Price / room & Occupancy
(USD)**



**Summary Main Figures
(IQ18 vs IQ17)**

Revenues



ARS 214 MM (+23.7% vs IQ17)

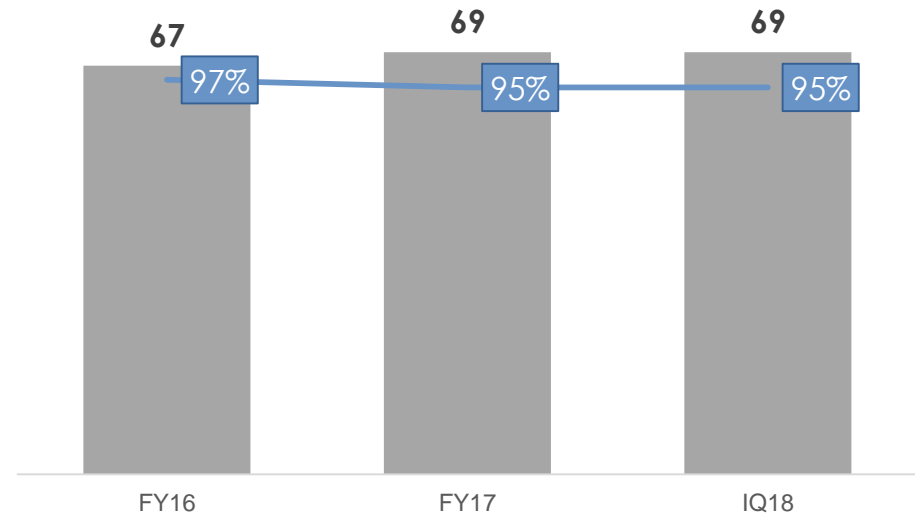
EBITDA



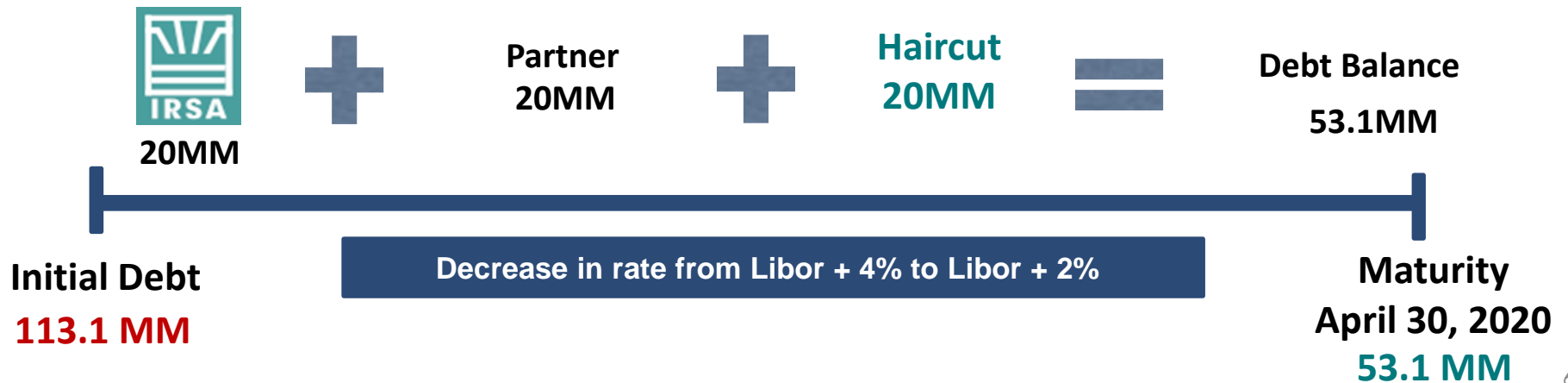
ARS 2 MM (vs ARS 8 MM in IQ17)



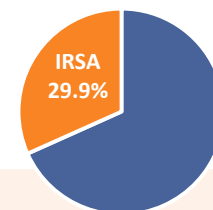
Leases USD/sqm & Occupancy %



Debt Refinance



Ownership



Main events – IQ18

Results to IRSA

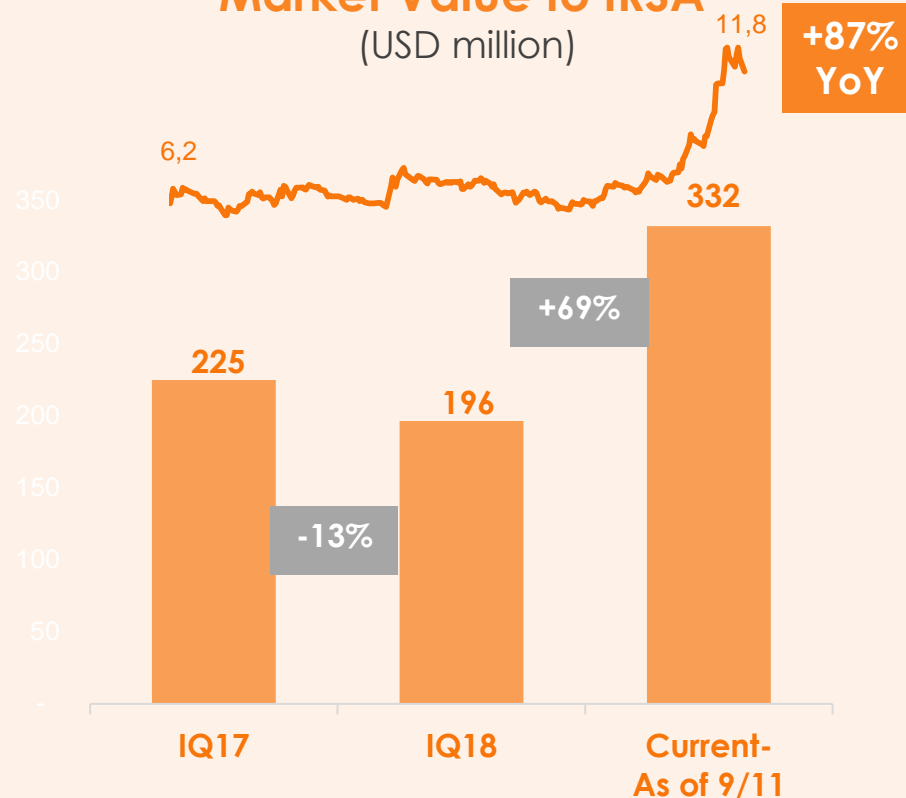
- The bank has generated a gain of **ARS 371 million** during IQ18 compared to a gain of ARS 39 million during IQ17 mainly explained by the **increase in present value of its financial assets**.

Prospects for 2018

- Continue developing sustainable solutions for housing deficit in Argentina
- Increase share in the financial consumer market
- Boost the corporate products business
- Increase customers' base and expand distribution capacity
- Maintain a balanced structure between assets and liabilities managing the different terms and currency exposure.

Market Value to IRSA

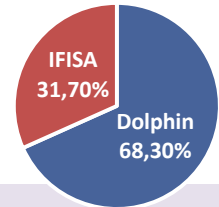
(USD million)



IDB Development Corporation Ltd.

Main events – IQ 2018

Ownership



Isirair – El Al transaction in progress

- The signing of a transaction for the sale of Isirair, within the framework of which a net amount of approximately \$42 – 45 million will be received in cash and 25% of the shares in Sun D'or (subject to crucial terms, including the approval of the Anti-Trust Authority).

Debt

- The raising of the rating, the strengthening of the liquidity, the continuation of the lowering of the yield on the bonds and the removal of the going concern clause and covenants
- IDB issued notes to expand its series 14 for NIS 360mm at 4.72% fixed rate.
- DIC debt replacement series 6 to series 10 – NIS 1.85 billion.
- **IDBD Net Debt: USD 783 million**
- **DIC Net Debt: USD 769 million**

Dividends

- DIC completed in September its dividend payment for a total amount of NIS 694 million.

Clal Insurance:

- IDBD has received a non-binding offer from Huabang Financial Holdings Limited (listed on the Hong Kong Stock Exchange) to acquire its entire stake in Clal at BV (~ NIS 4.8 billion). Currently the process is under due diligence.
- August 17: Sale of **5%** in a **swap transaction**

The Concentration Law:

- The law do not allow to have more than 3 layers of public companies (Eg: IDBD-DIC-PBC-Gav-Yam)
- The selected course of action involved the sale of all the shares of Discount Investment Corporation Ltd. ("DIC") at a fair value to a special-purpose corporation incorporated in Israel, controlled by IRSA and financed through a loan with guarantee on DIC shares.
- On August 2017, Dolphin made a non binding offer to acquire all the stake of IDBD in DIC.
- The execution is subject to final approvals



Property & Building

Leading Israeli Real Estate Company

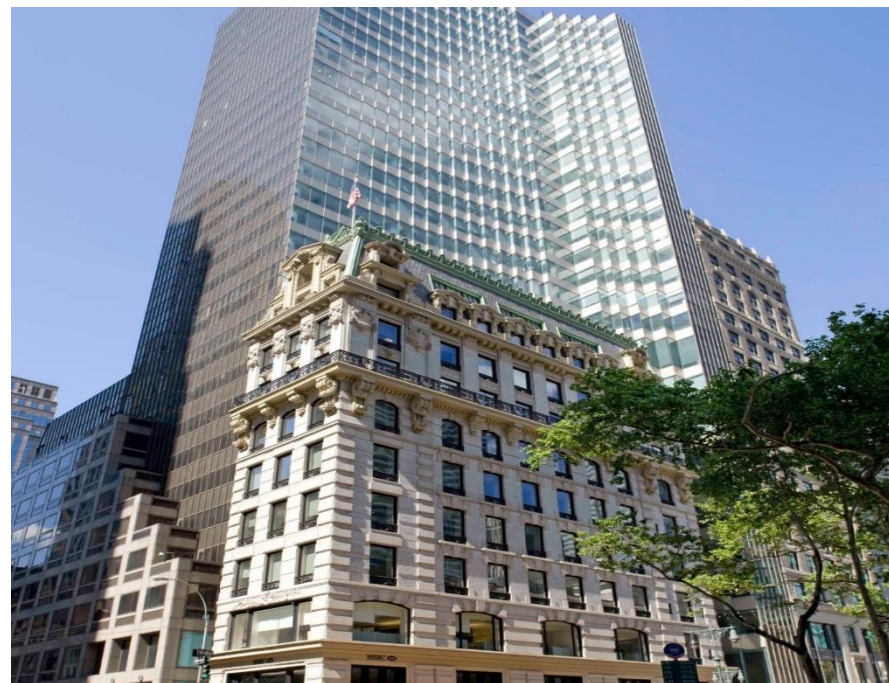
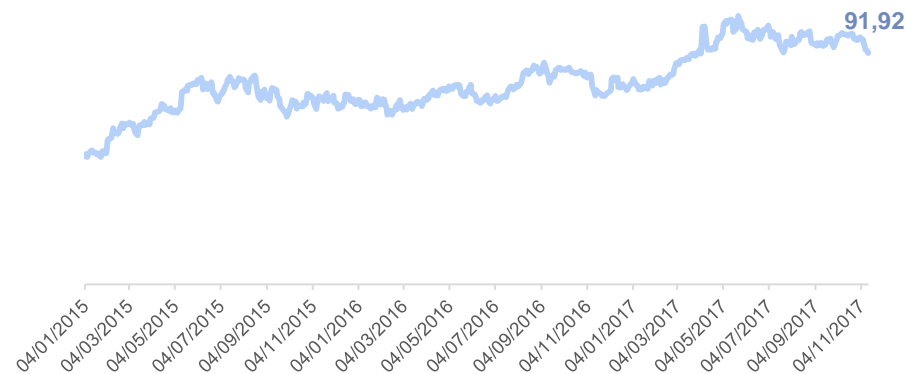
IDBD indirect stake: **45.5%**

Market Cap NIS 2,114 million

- Occupancy – 97%
- HSBC tower – Extension of HSBC's lease – NOI increase of USD 11 million per annum
- Ispro sale process – in progress
- Dividend distribution – NIS 150 million
- Net Debt, Consolidated – NIS 8,179 million

PBC Share Price
USD/share

+20%
YoY





Gav Yam

Israeli Leader - High-Tech Parks

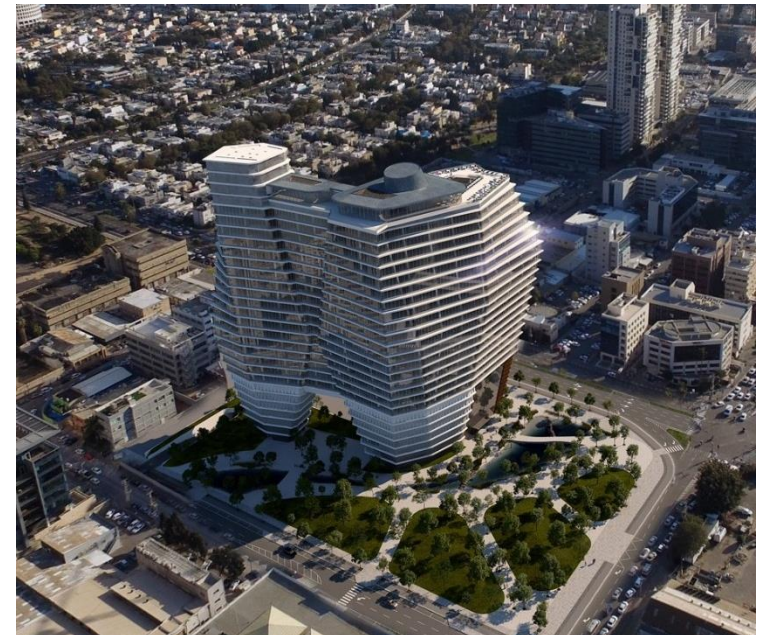
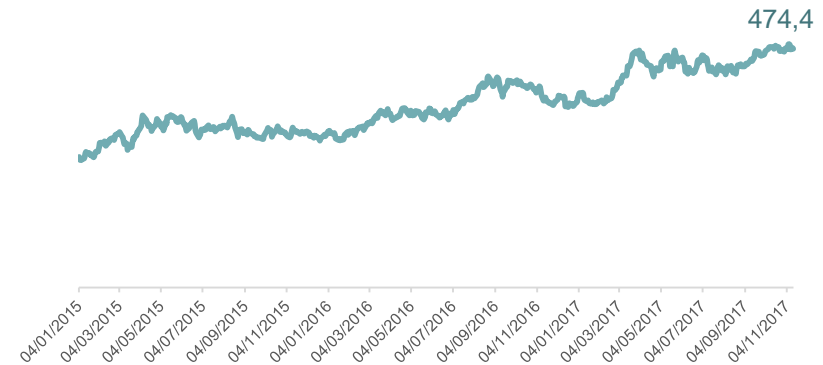
IDBD indirect stake: **23.5%**

Market Cap NIS 3,553 million

- Occupancy - 99%
- Dividend – NIS 180 million
- Developing – Tozeret Haaretz, Cyber park Beer Sheva, Matam Yam, Rehovot
- Net Debt, Consolidated –NIS 2,670 million
- Credit rating upgrade: 'il AA-' > 'il AA'

Gav-Yam Share Price
(USD/share)

**+28%
YoY**





SHUFERSAL

Shufersal

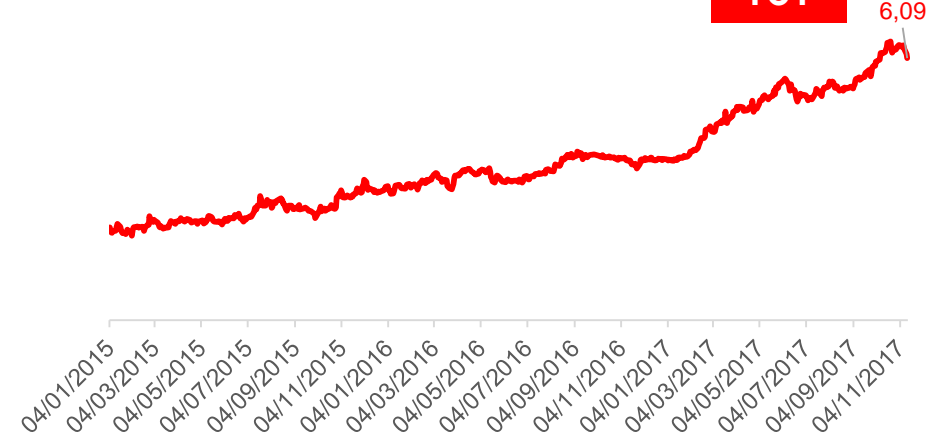
Israel's Largest and Leading Retailer

IDBD indirect stake: **38.3%**

Market Cap NIS 5,220 million

Shufersal Share Price
(USD/share)

**+64%
YoY**



- Dividend distribution – NIS 160 million
- Private label - 21% of revenues in 2017 vs 19% in 2016
- Online – 11.1% of revenues in 2017 vs 8.6% in 2016
- “New-Pharm” - Obtaining regulatory framework
- Shufersal finance – Replacing Leumi-Card with CAL
- Net Debt – NIS 2,283





Cellcom

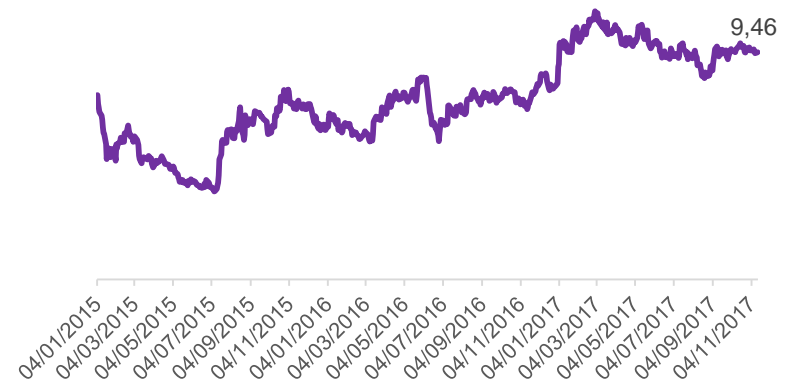
Largest Cellular provider in Israel

IDBD indirect stake: **32.2%**

Market Cap NIS 3,372 million

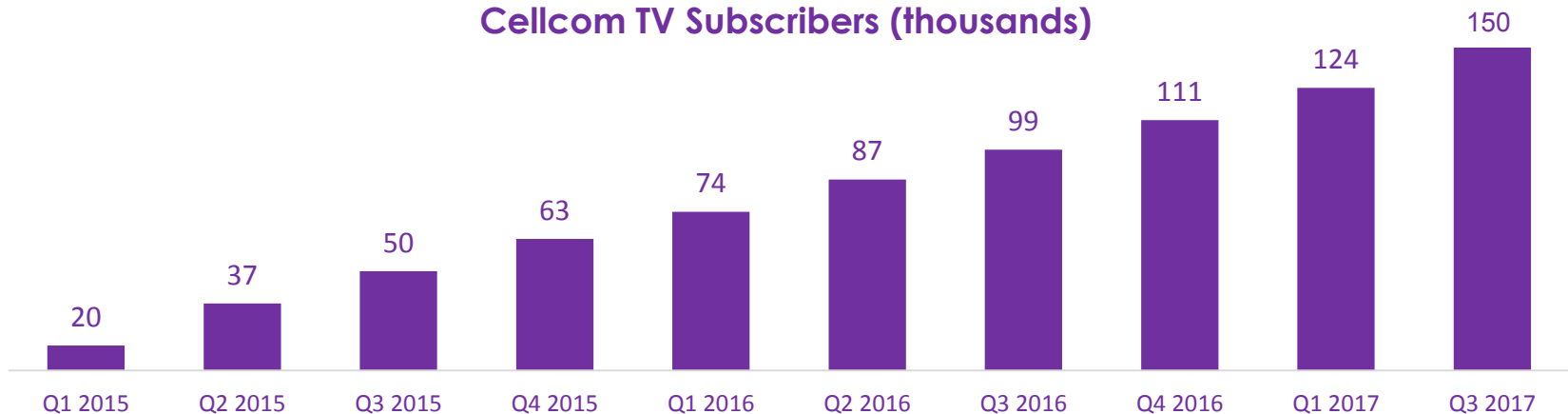
Cellcom Share Price
(USD/share)

**+30%
YoY**



- Cellcom TV – HBO deal
- Fiber-optics – Negotiates regarding the IBC project
- Net Debt NIS 2,915 million

Cellcom TV Subscribers (thousands)

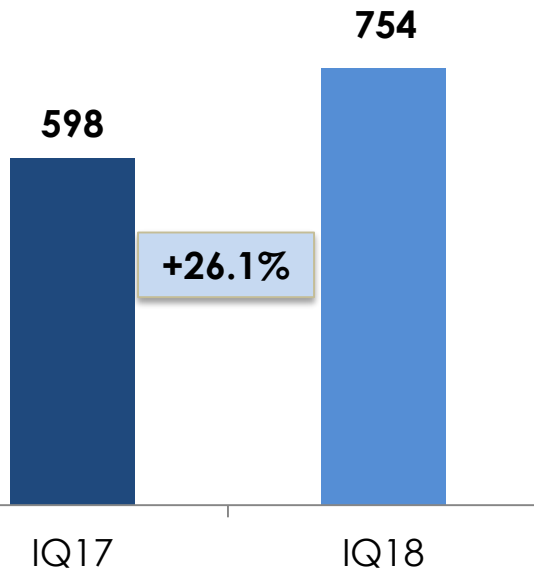


Financial Results

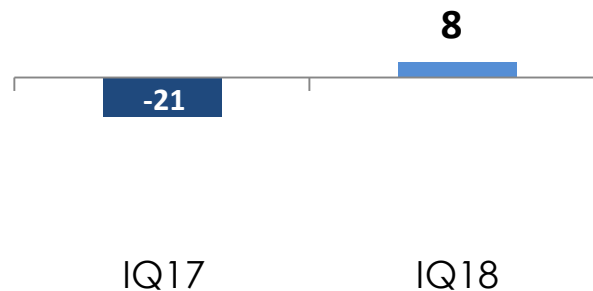


Argentina Business Center: Adjusted EBITDA by Segment IQ18

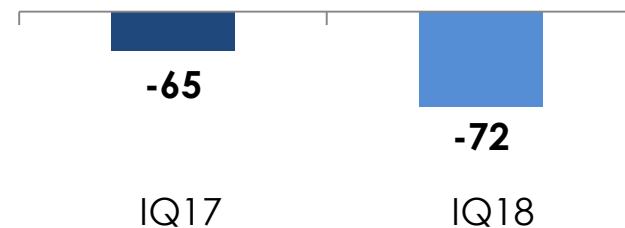
Rental Segment (Malls, Offices & Hotels) (ARS million)



Sales & Development (ARS million)



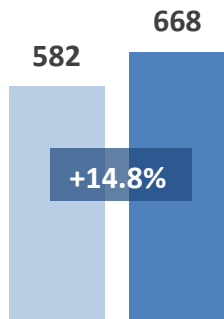
Financial, Corporate expenses & Others (ARS million)



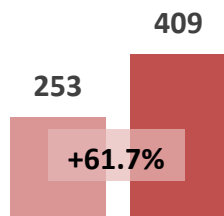
Israel Business Center: Adjusted EBITDA & Net income by Segment IQ18

In ARS million

Real Estate

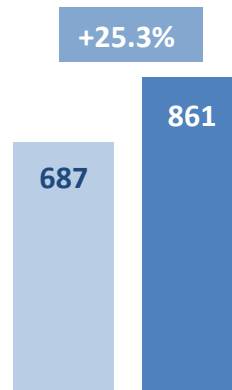


Adj. EBITDA
IQ17 IQ18

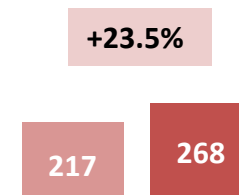


Net Income
IQ17 IQ18

Supermarkets

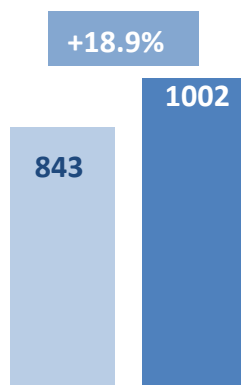


Adj. EBITDA
IQ17 IQ18



Net Income
IQ17 IQ18

Telecommunications

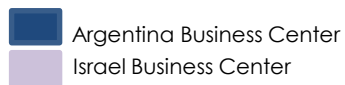


Adj. EBITDA
IQ17 IQ18



Net Income
IQ17 IQ18

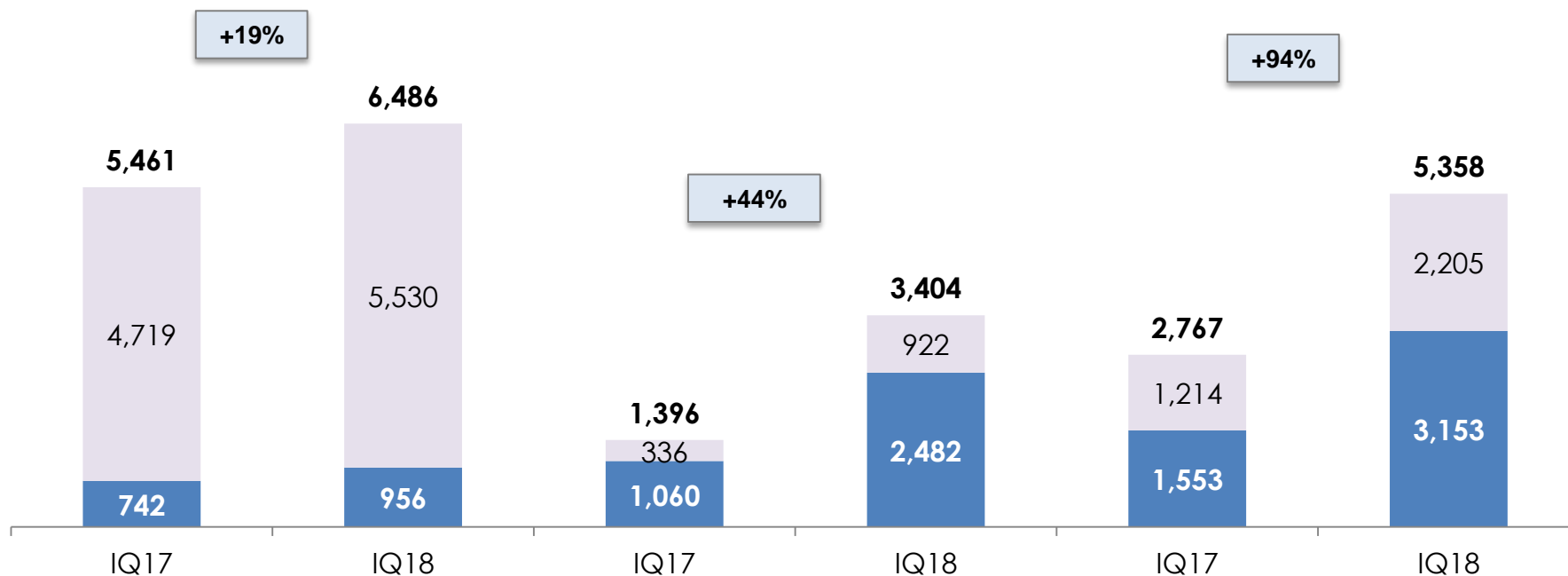
Consolidated Financial Results IQ18 – ARS MM



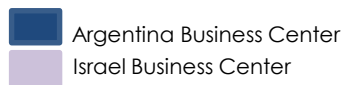
Gross Profit

Results from changes in Fair Value of Investment Properties

Operating Income



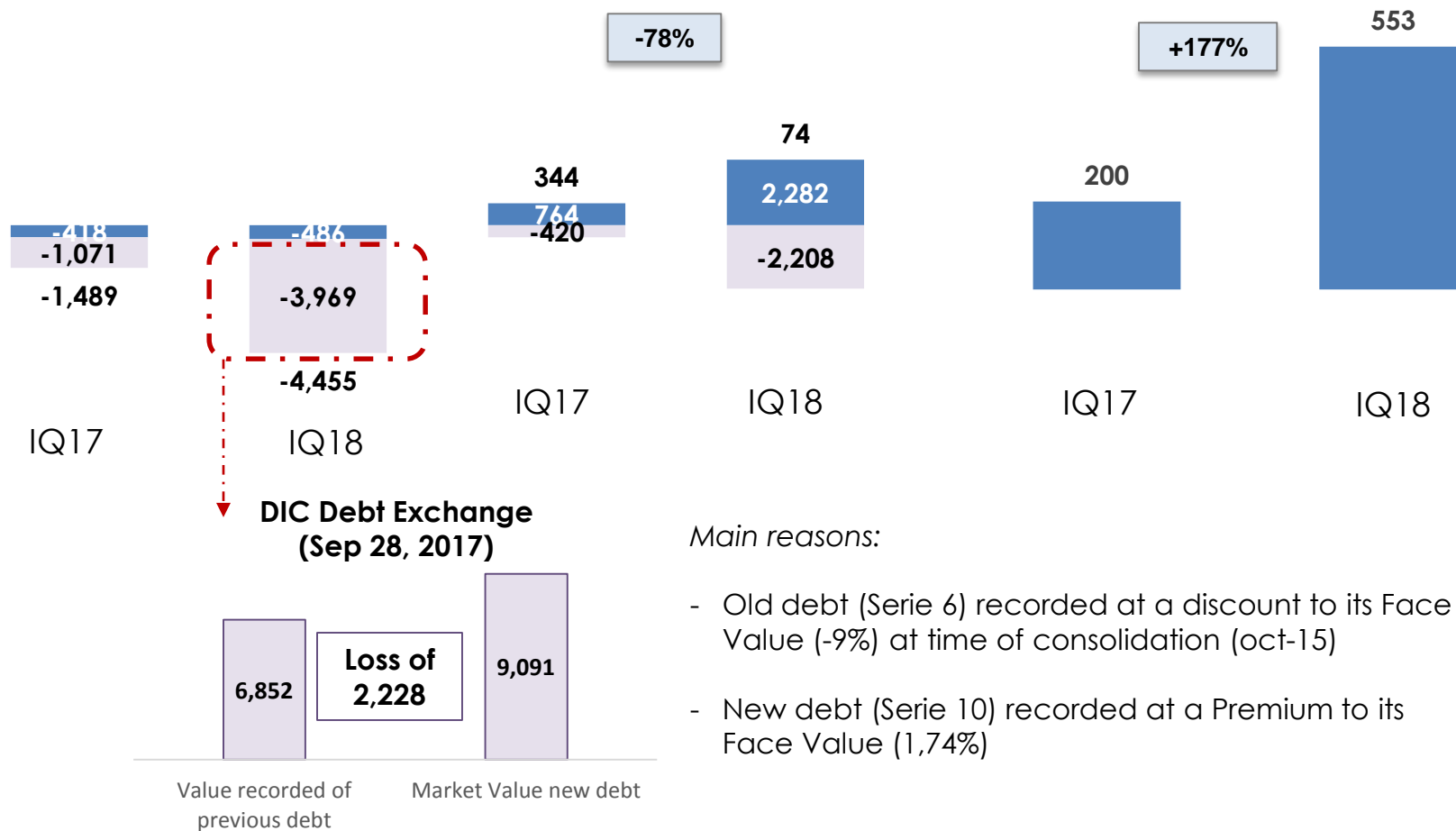
Consolidated Financial Results IQ18 – ARS MM



Net Financial Results

Net Income

Net Income attributable to IRSA

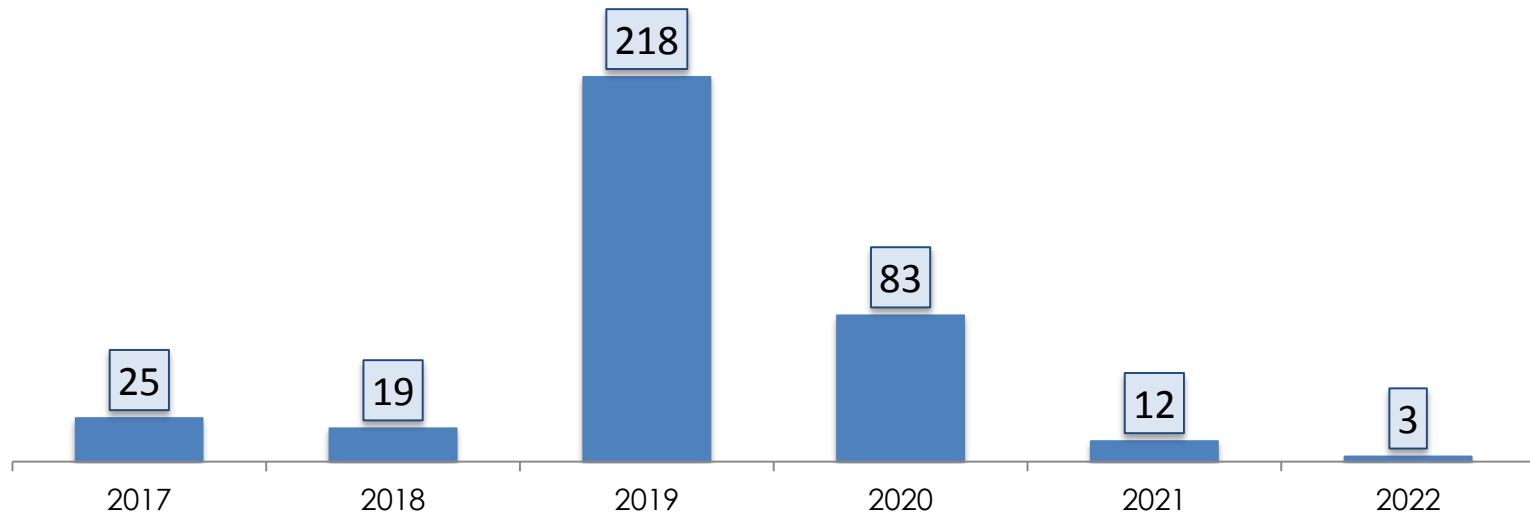


IRSA stand alone Debt as of September 30, 2017

In USD million

IRSA Total Debt	360.2
Cash & ST Investments	4.3
IRSA Net Debt	355.9

Debt Amortization Schedule (USD million)



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Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements can be found in the companies' Forms 20-F for Fiscal Year 2017 ended June 30, 2017, which are available for you in our web sites.

