

FY 2018 Conference Call

September 7, 2018



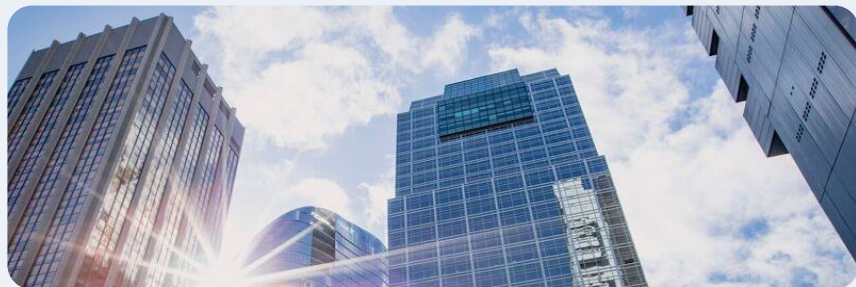
Hosted by:
Alejandro G. Elsztain, IIVP
Daniel R. Elsztain, COO
Matías I. Gaivironsky, CFO

Llao Llao Resort
(Bariloche – Argentina)

Consolidated Financial Statements FY 18

- **Net Income FY18: ARS 21.3 bn** (+308% vs. FY17)
Attributable to IRSA: ARS 15.0 bn (vs ARS 3.0 bn in FY17)
- **Adjusted EBITDA** reached **ARS 9.3 bn** (+32% vs. FY17).
- **Argentina Business Center: Gain of ARS 14.6 billion** due to higher rental results and higher results from changes in **Fair value of Investment Properties** partially offset by higher financial losses and lower results due to Lipstick Fair Value.
- **Israel Business Center: Gain of ARS 6.7 billion** mainly explained by higher results from discontinued operations due to the sale of Shufersal stake, partially offset by a non cash effect of **debt exchange at DIC** level and a **loss from FV of financial assets** mainly explained by a decrease in the share price of Clal, valued at market price.

Argentina Business Center



- Rental Segment grew by **24.7%** in FY18 vs FY17.
- Occupancy reached **98.5%** in shopping malls, **92.3%** in office buildings and **70.1%** in the hotels' portfolio.

Israel Business Center



- During FY18 and subsequently, IDB has sold a 20% of CLAL through 4 new swap transactions.
Stake reduced to 29.8%
- June 18: sale of 16.65% of Shufersal for **NIS 853.7 million**

Rental Operating Figures

- Shopping malls' sales grew by **25.3%** in FY18 vs. FY17 and occupancy remained at **98.5%**
- The average rent of the office portfolio slightly decreased to **USD/sqm 26.1** while occupancy reduced to **92.3%** mainly due to the addition of Philips Building leasable area occupied at 69.8%.



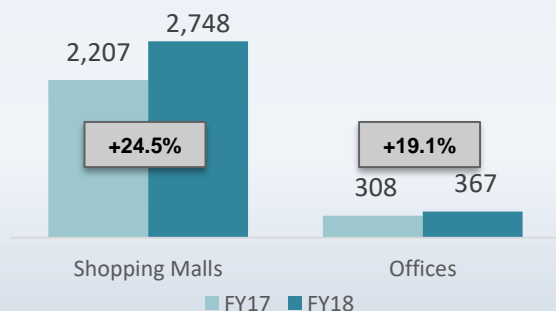
CAPEX 2018: Acquisitions & Developments

- Acquisition of **a plot of land of 78,000 sqm in La Plata** (BA Province) at **USD 7.5 million** to develop a mixed-uses project of **~100,000 sqm** (March 2018)
- Acquisition of **Maltería Hudson property** with a construction capacity of **177,000 sqm** in Hudson (BA Province) at **USD 7 million** to develop a mixed-uses project (July 2018)
- Acquisition of an indirect **60% of La Arena S.A.**, owner of the stadium **DirecTv Arena** in Pilar (BA Province) for a total amount of **USD 4.2 million** (February 2018)
- During FY18, we advanced in the development of expansions in our Shopping Malls (3,000 sqm already added to our portfolio) and Polo Dot & Catalinas office buildings

Consolidated Financial Statements of IRCP

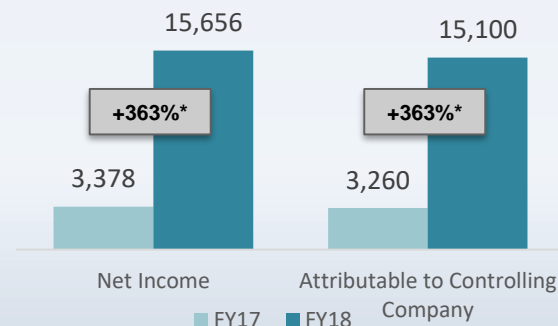
Adjusted EBITDA by Segment

ARS million



Net Income

ARS million

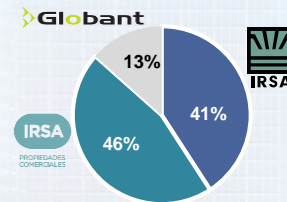


* Mainly explained by higher operating results & higher results from changes in the fair value of investment properties that compensated net financial losses due to the devaluation effect

Future iconic landmark in the most premium location of Buenos Aires City



Ownership



35,000
sqm GLA

~ ARS 1,850 mm
estimated investment*

FY2020
opening date



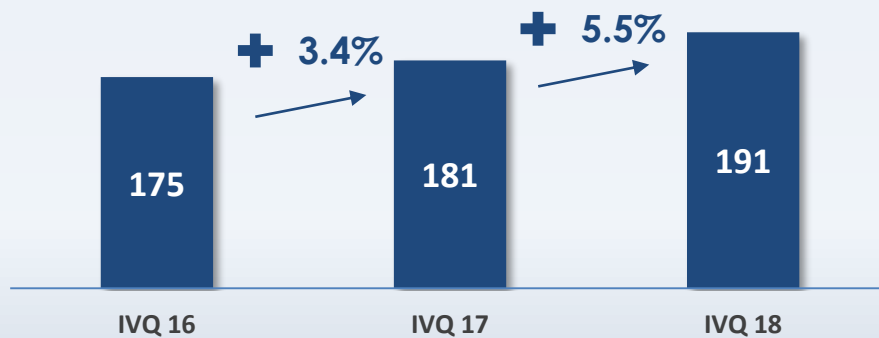
Work Progress 16%



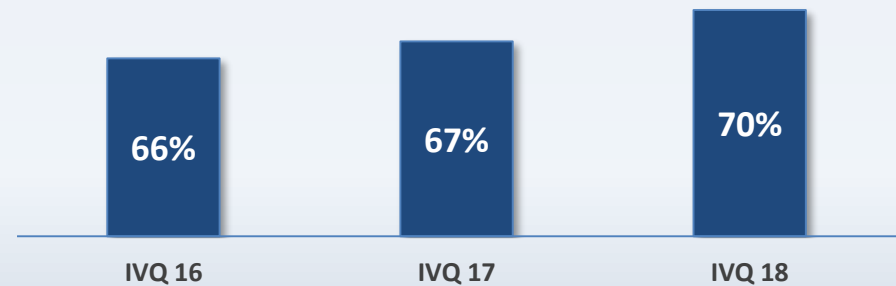
**Since original Budget, subject to adjustments*



Average Price / room (USD)



Occupancy





Lipstick Building

On **February 2018**, IRSA refinanced Lipstick debt:

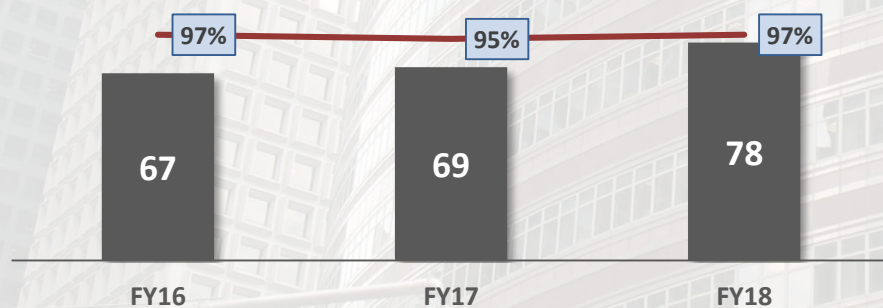
- From USD 113 to **USD 53 MM**
- Extending the term to **April 2020**
- Reducing interest rate from Libor + 4% to **Libor +2%**

Main future challenges:

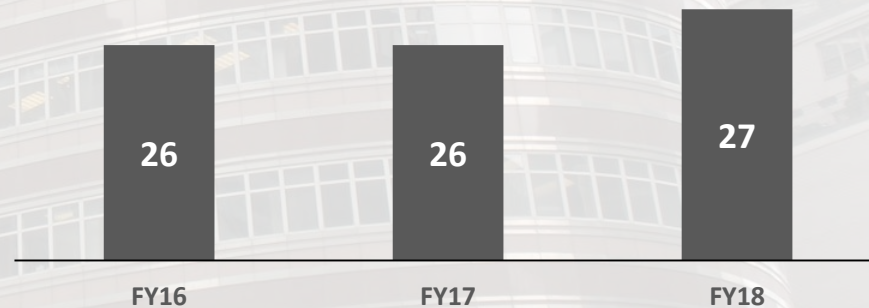
- Keep working on its capital structure
- Main tenant replacement in FY 2021.

Impact on Lipstick Fair Value registered in FY 2018
(ARS 1.9 bn loss)

Leases (USD MM) & Occupancy

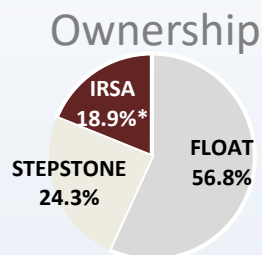


NOI (USD MM)





Fly to quality from economy hotels to high-quality hotels strategy



- Through a subsidiary controlled in a 100%. In addition, IRSA indirectly holds a promissory note and preferred Serie E shares

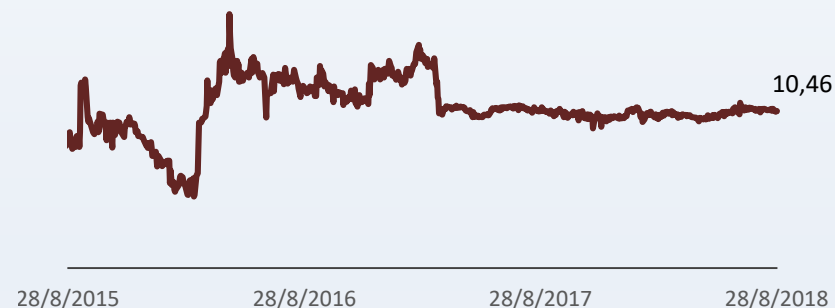
Dividends to IRSA

- Net dividends for **USD 2.0 M** in FY 18 (from both common and preferred shares)

Main recent events

- IIQ 18: Sale of Comfort Suits (Fort Wayne) for USD 7.1MM (proceeds applied to outstanding debt)
- Only two remaining legacy hotels: Super 8 (Creston) currently under contract for sale with expected gross proceeds of USD 5.1MM
- The Company keeps evaluating all capital raising alternatives and opportunities to grow through the continued acquisition of high-quality, select-service assets primarily in secondary markets.

Share Price evolution



Market Value to IRSA

(USD million)

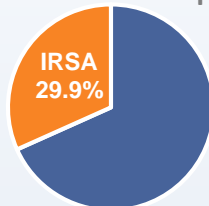


* Valuation of other instruments (preferred E & promissory notes) at Face Value

Main events – FY18



Ownership



Share Price evolution



Results to IRSA

- The bank has generated a gain of **ARS 619 million** during FY18 compared to a gain of ARS 83 million during FY17 mainly explained by **operational improvement** and the **increase in present value of its financial assets**.

General Ordinary Shareholders' Meeting (April 9th)

- 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. Banco Hipotecario is waiting for regulatory approvals and better market conditions.

Market Value to IRSA

(USD million)





Main achievements

✓ Risk reduction by strengthening financial solvency

- Improved liquidity and cash flows
IDB & DIC maturities covered until 2020 & 2021 respectively
Sale of 16.65% of Shufersal for NIS 853.7 MM
- Decrease in leverage
IDB LTV 80% - DIC LTV 56%
- Increase in credit rating
IDB from ilCCC to ilBBB
DIC from ilBBB- to ilBBB+ stable

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

Main challenges

✓ Clal Insurance



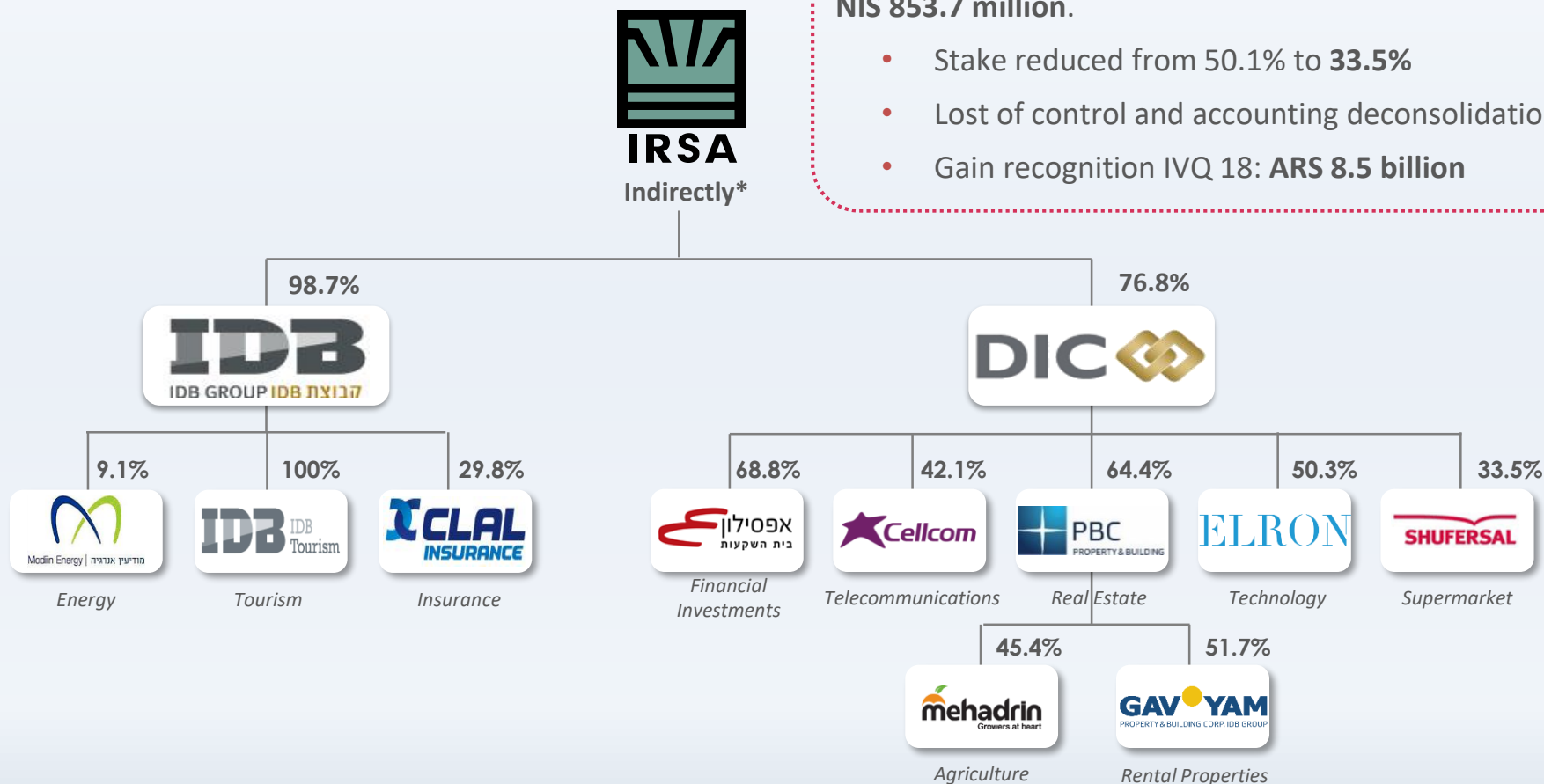
- During and after FY 2018: Sale of additional 20% of Clal shares through four new swap transactions with similar conditions than the previous one.
- A new commissioner should be appointed
- Market cap / Equity: 68.7% (as of 3/9/18)

✓ 2nd stage of Concentration Law

- Reduction of 1 layer before the end of 2019



Current Corporate Structure

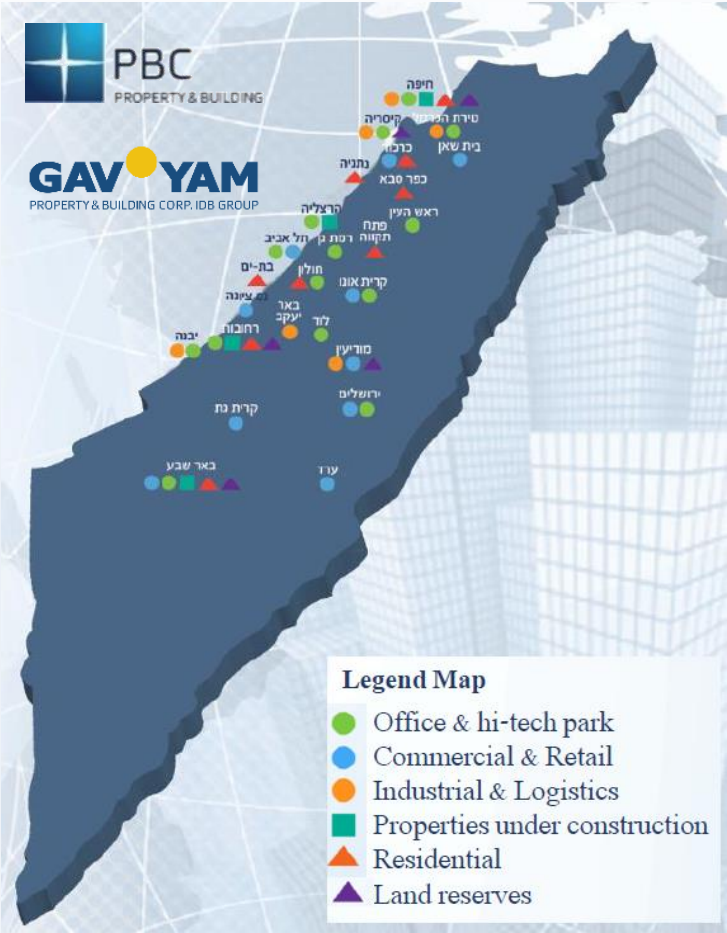


On June 2018, DIC sold a **16.65%** stake in Shufersal for **NIS 853.7 million**.

- Stake reduced from 50.1% to **33.5%**
- Lost of control and accounting deconsolidation
- Gain recognition IVQ 18: **ARS 8.5 billion**

• 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.

PBC & Gav Yam: Leading real estate companies in Israel



1,160,000 sqm
in Israel

97%
occupancy

670,000 sqm
Land reserve

Main tenants



142,000 sqm
in USA

Gav Yam: Leading commercial real estate company in Israel



8 Projects under development, planning & marketing
194,000 sqm



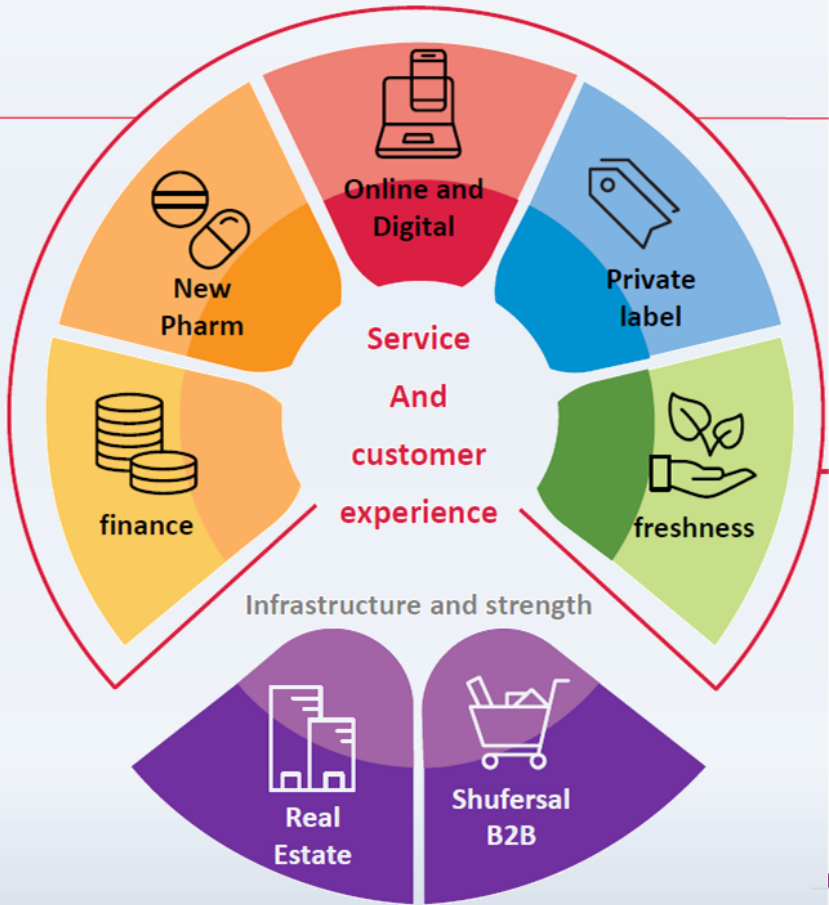
Strengthening business positioning through innovation, market leadership and long-term planning



Innovation and Technology

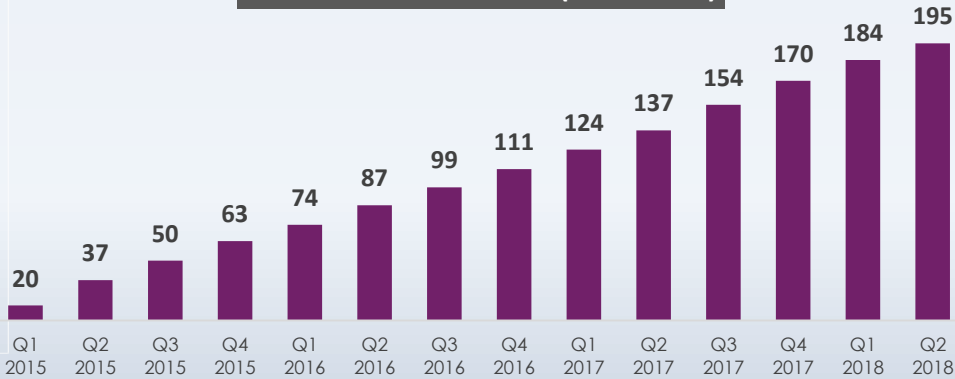


TV Brand



- ✓ Transforming from a cellular company to a comprehensive telecommunications group
- ✓ Optimization of cost structure

Cellcom TV Subscribers (thousands)



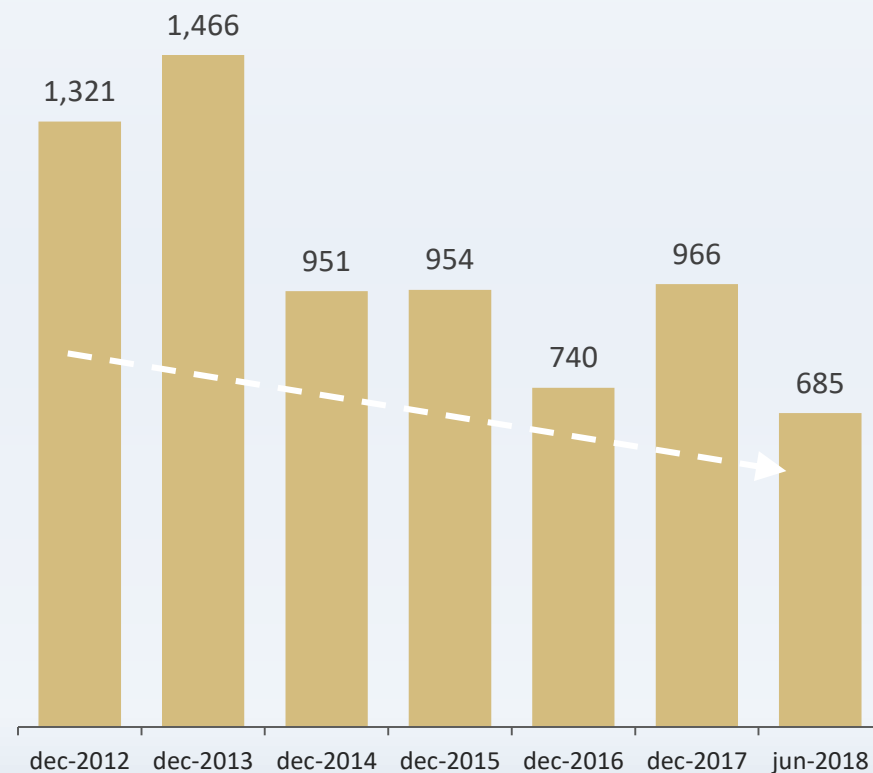
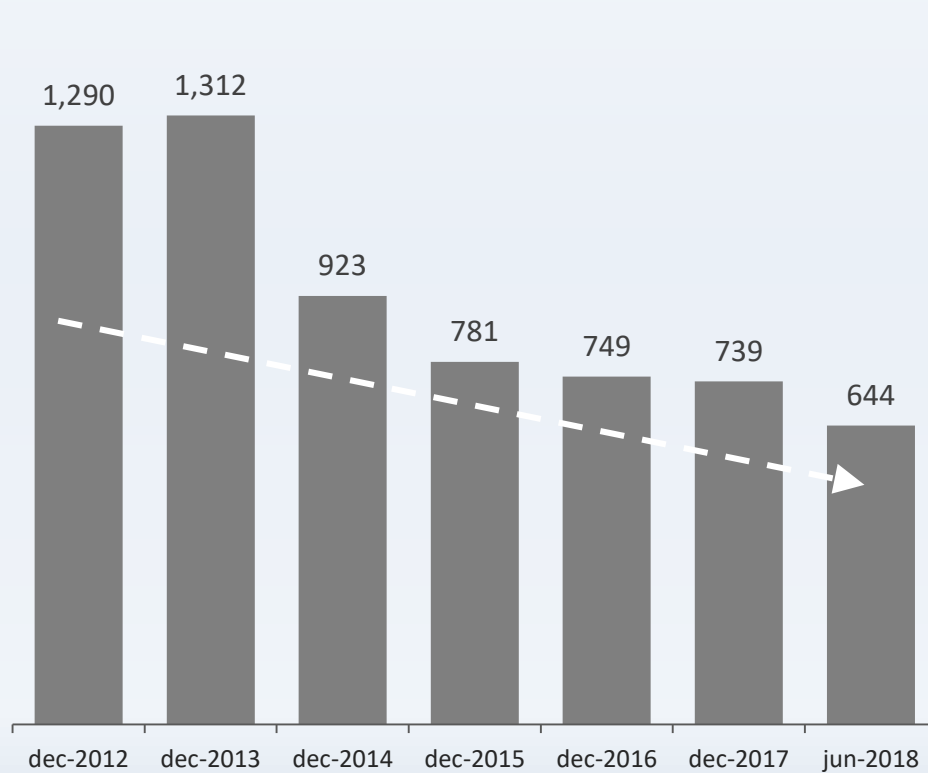
Deleverage at IDB & DIC



Net Debt (USD million)



Available cash	Sep 3, 2018
Operating companies	798
IDB	278
DIC	675
Consolidated cash	1,751




Financial Results



Consolidated Financial Results FY18 – ARS million






	Argentina Business Center			Israel Business Center			TOTAL		
	FY 2018	FY 2017	Var %	FY 2018	FY 2017	Var %	FY 2018	FY 2017	Var %
Revenues	6,978	5,750	21%	26,110	21,254	23%	33,088	27,004	23%
Costs	-2,797	-2,411	16%	-16,832	-13,620	24%	-19,629	-16,031	22%
Gross Profit	4,181	3,339	25%	9,278	7,634	22%	13,459	10,973	23%
Change in Fair Value	20,609	4,079	405%	1,996	261	665%	22,605	4,340	421%
S.G&A	-1,303	-1,018	28%	-7,229	-6,208	16%	-8,532	-7,226	18%
Other net operating results	-62	-74	-16%	644	-133	-	582	-207	-381%
Operating income	23,425	6,326	270%	4,689	1,554	202%	28,114	7,880	257%
Results from associates and JV	-658	80	-	-63	29	-	-721	109	-
Net Financial Results	-8,938	-1,248	616%	-9,763	-2,848	243%	-18,701	-4,096	357%
Income tax	801	-2,421	-	-677	-345	96%	124	-2,766	-
<i>Current</i>	48	-582	-108%	-473	-163	190%	-425	-745	-43%
<i>Deferred</i>	753	-1,839	-	-204	-182	12%	549	-2,021	-
Net Income from continuing operations	14,630	2,737	435%	-5,814	-1,610	261%	8,816	1,127	682%
Net Income from discontinuing operations	-	-	-	12,479	4,093	205%	12,479	4,093	205%
Net Income	14,630	2,737	435%	6,665	2,483	168%	21,295	5,220	308%

Attributable to:			
IRSA	15,003	3,030	395%
Non controlling interest	6,292	2,190	187%

Net Financial Results FY18 – ARS million



  	Argentina Business Center		Israel Business Center		TOTAL		
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	Var %
Net Interest expense	-1,461	-819	-5,544	-4,566	-7,005	-5,385	30%
Net Foreign Exchange loss	-9,760	-883	-104	-192	-9,864	-1,075	818%
DIC Debt Exchange	-	-	-2,228	-	-2,228	-	-
FV gain from financial assets and liabilities	2,201	442	-1,775	2,486	426	2,928	-86%
Other Financial Costs	82	12	-112	-575	-30	-563	-95%
Net Financial Results	-8,938	-1,248	-9,763	-2,847	-18,701	-4,095	357%

Exchange Rate evolution (ARS/USD)
FY18 vs FY17







CLAL Insurance share evolution (NIS)
FY18 vs FY17



Adjusted EBITDA by Segment FY18 – ARS million



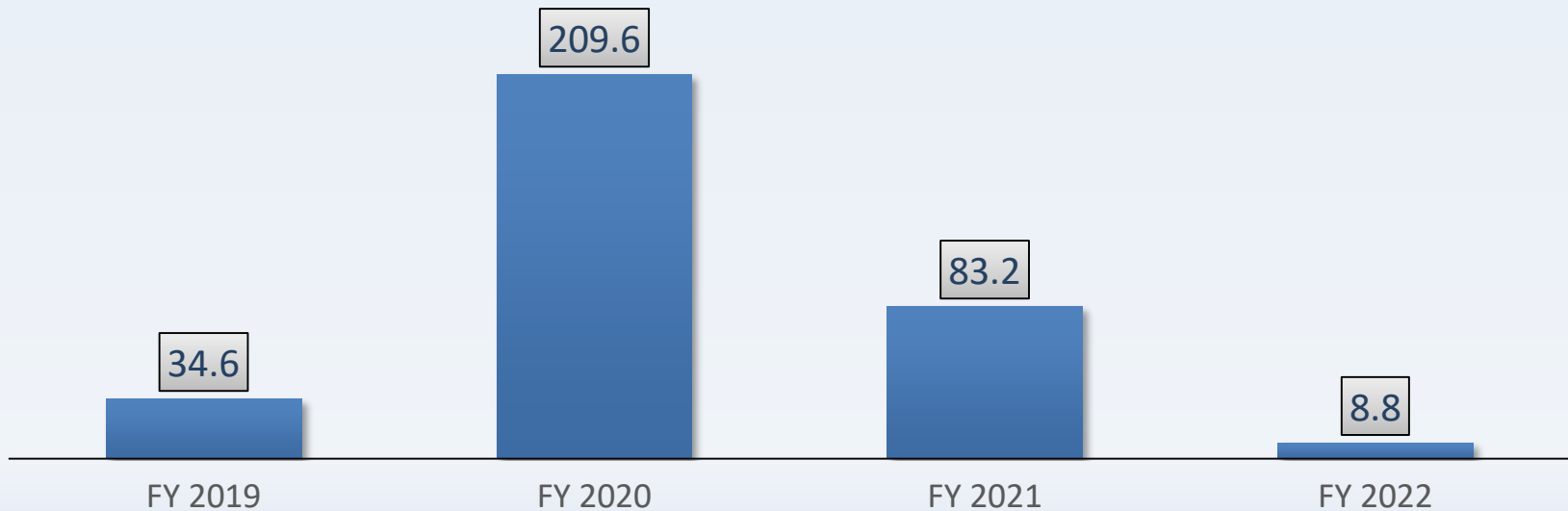
	Urban Segment: Argentina Business Center 					
	IVQ 2018	IVQ 2017	Var %	FY 2018	FY 2017	Var %
Shopping Malls	707	494	43%	2,748	2,208	24%
Offices	87	76	15%	344	283	22%
Hotels	-7	-24	-71%	39	20	95%
Sales & Development	164	45	263%	386	80	382%

	Israel Business Center 					
	IVQ 2018	IVQ 2017	Var %	FY 2018	FY 2017	Var %
Real Estate	838	434	93%	3,289	2,296	43%
Supermarkets	1,101	835	32%	3,880	2,963	31%
Telecommunications	671	647	4%	3,406	2,957	15%
Others	-156	-40	290%	-293	-244	20%

IRSA Net Debt
(USD MM)

335.3

Debt Amortization Schedule (IRSA- USD MM)



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Investing in all equities, including natural resources and real estate-related equities, carries risks which should be taken into consideration when making an investment.

This institutional presentation contains statements that constitute forward-looking statements, in that they include statements regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. You should be aware that any such forward looking statements are no guarantees of future performance and may involve risks and uncertainties, and that actual results may differ materially and adversely from those set forth in this presentation. We undertake no obligation to release publicly any revisions to such forward-looking statements to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

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.

