

IRSA

FY 2019 Conference Call

September 10, 2019

Hosted by: Alejandro Elsztain, IIVP
Daniel Elsztain, COO
Matías Gaivronsky, CFO





Main Events for FY2019

Consolidated Basis



Financial Statements

Adjusted for Inflation

ARS 19.7 billion
Adjusted EBITDA
+13.3% vs. FY 18

ARS 5.6 billion
Argentina Business Center
-2.4% vs. FY 18

ARS 14.1 billion
Israel Business Center
+18.6% vs FY 18

+6.8%
Argentina 
Rental EBITDA Growth

Mainly driven by Office & Hotels segments due to the positive effect of the currency devaluation in their dollar linked revenues.

+39.0%
Israel 
Real Estate EBITDA Growth

Mainly driven by PBC due to the positive effect of early revenues recognition according to IFRS 15.

(ARS 26.8 billion)
Net Loss
vs. Gain ARS 23.2 bn in FY 18

(ARS 25.6 billion)
Net Loss attributable to IRSA

Mainly explained by losses from changes in FV of Investment properties in Argentina Business Center

Material Events



Opening of Zetta Building in Northern BA City on May 6th.

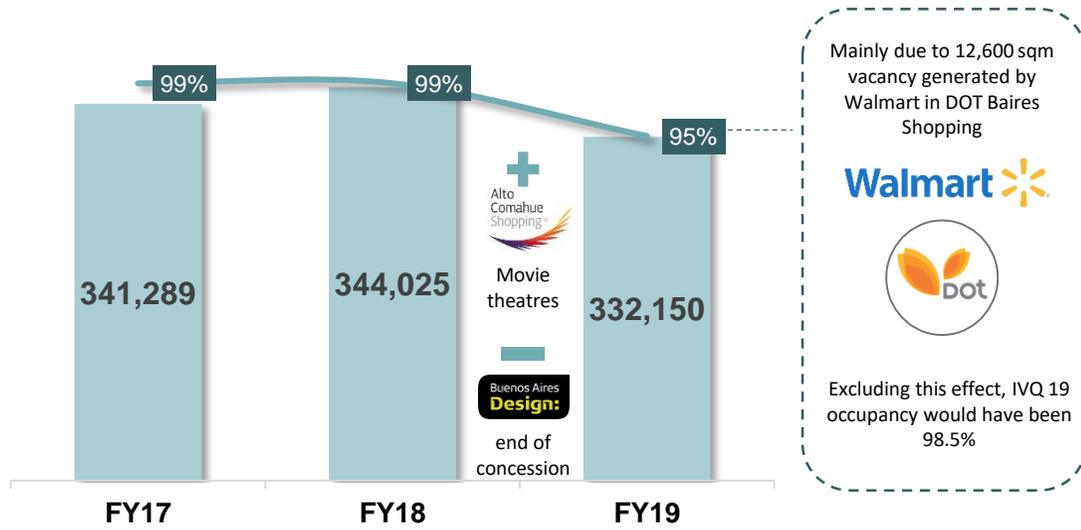


Sale of **19.5%** of CLAL shares during FY19 and subsequently.

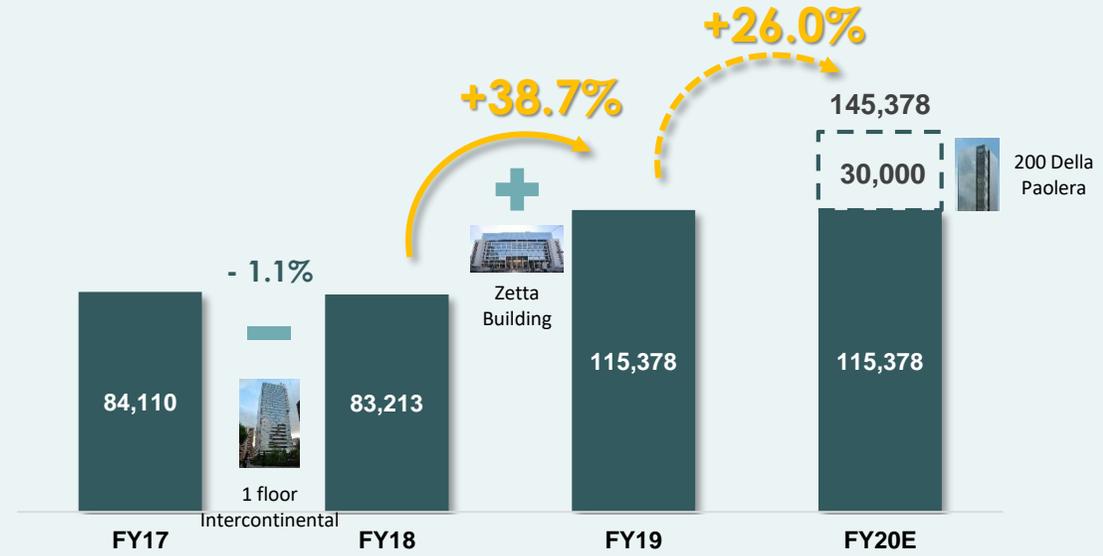
Current stake: **35.3%** (directly and through swaps)

Shopping Malls & Offices Operating Figures

Shopping Malls – Sqm GLA (Th.) & Occupancy (%)

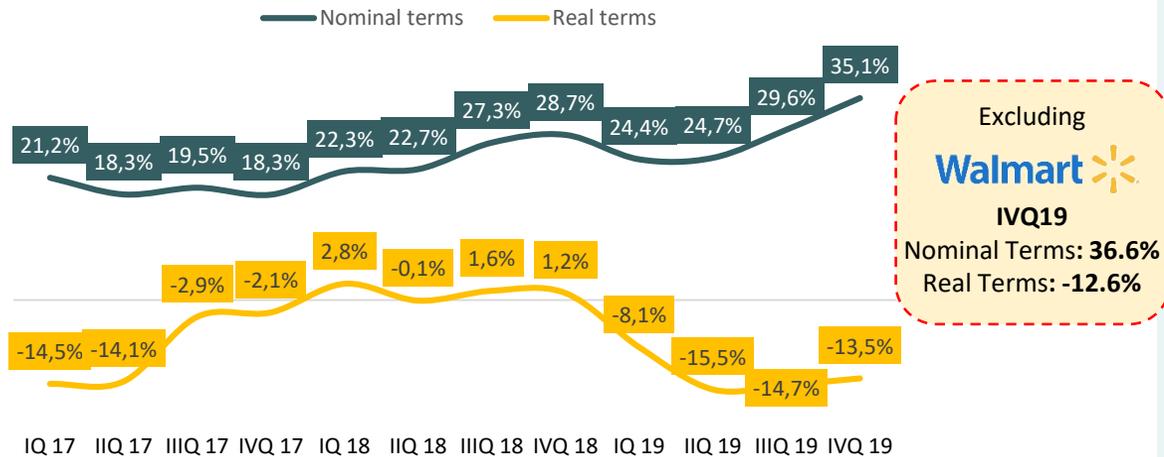


Offices – Stock (sqm GLA)



Same Shopping Malls' Sales

(% Var i.a.)



Offices – Leases USD/sqm/month & Occupancy



ZETTA BUILDING OPENING

32,000

GLA sqm

May 2019

Opening date

USD 60mm

Investment

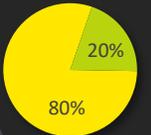
USD 9mm

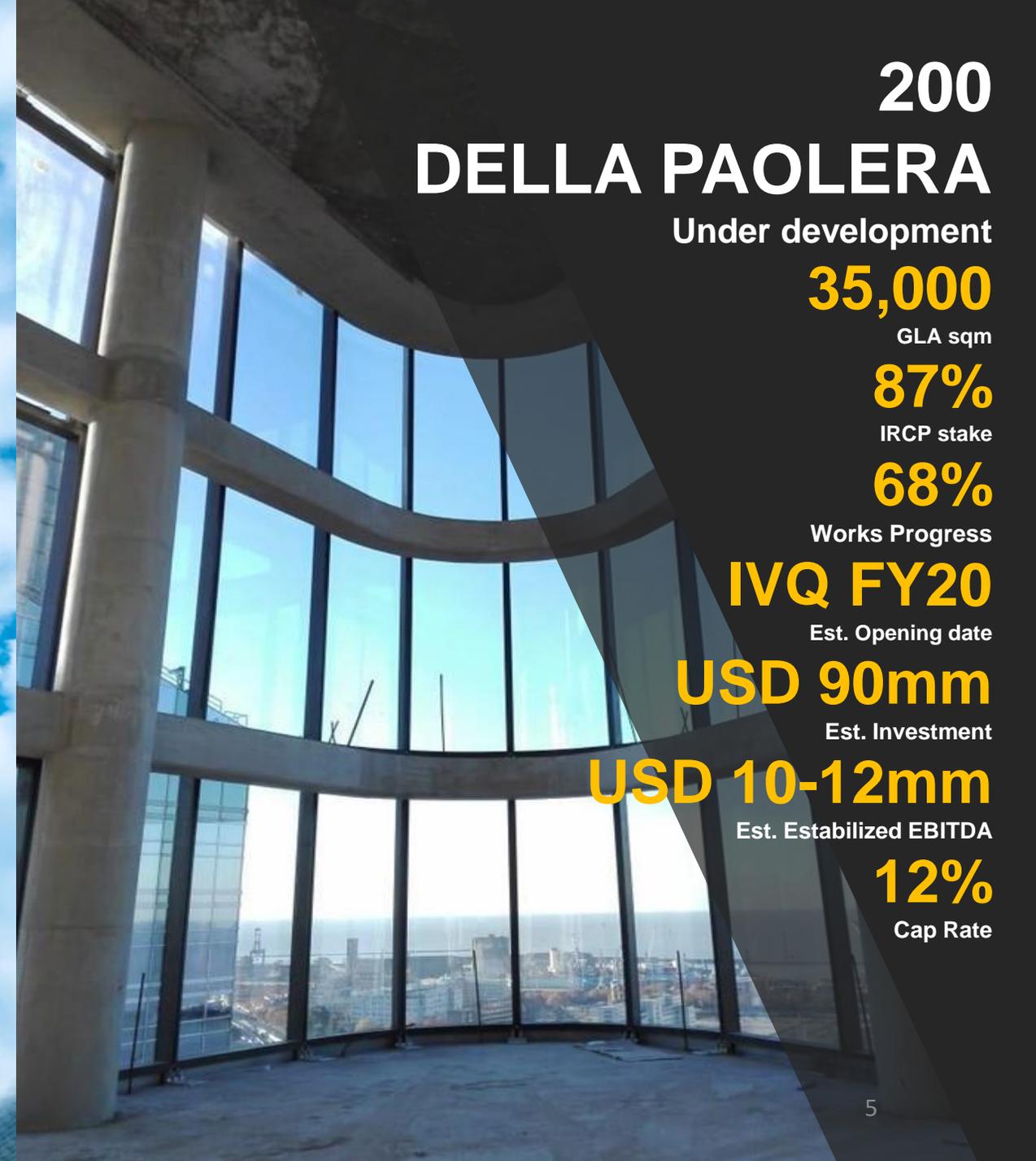
Est. EBITDA

15%

Cap Rate

falabella.





200

DELLA PAOLERA

Under development

35,000

GLA sqm

87%

IRCP stake

68%

Works Progress

IVQ FY20

Est. Opening date

USD 90mm

Est. Investment

USD 10-12mm

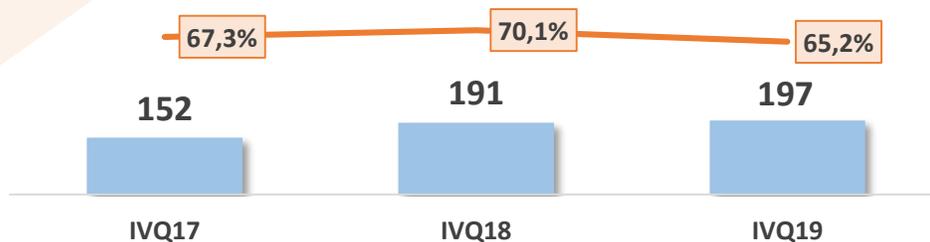
Est. Estabilized EBITDA

12%

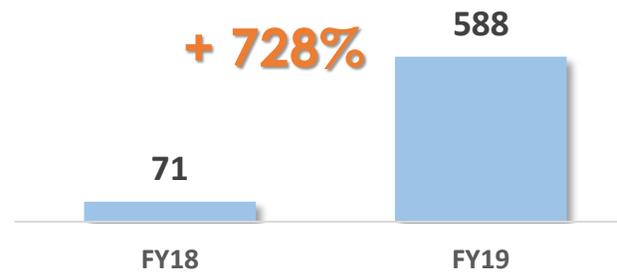
Cap Rate



Rate USD/room & Occupancy evolution



EBITDA (ARS MM)



On Feb-19, IRSA acquired 20% of the shares of Hoteles Argentinos S.A., owner of the hotel formerly known as Sheraton Libertador

Current stake: **100%**



US Investments

Lipstick Building

Main events FY19:

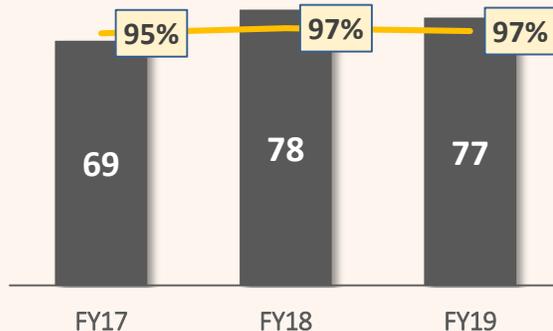
- Debt refinance from USD 53 to **USD 11 MM** maturing in April 2021.
- In June 2019, a deposit “escrow” agreement was signed for USD 5.1mm to get an option to acquire a controlling position on a fraction of the land where Lipstick is built. The option expired on August 30th and the owner is entitled to collect the deposit.
- The company will continue negotiations trying to obtain funding sources that allow us to execute the purchase.



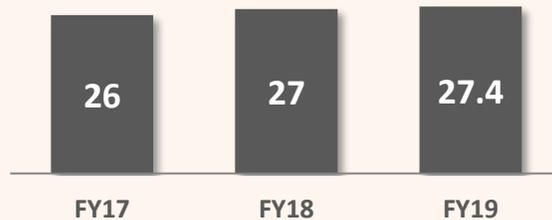
Main future challenges:

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

Leases (USD MM) & Occupancy



NOI (USD MM)



CONDOR
HOSPITALITY TRUST

US Hospitality REIT (NYSE: CDOR)

Under sale process

On **July 2019**, Condor signed an agreement and merge plan with a non-related company.

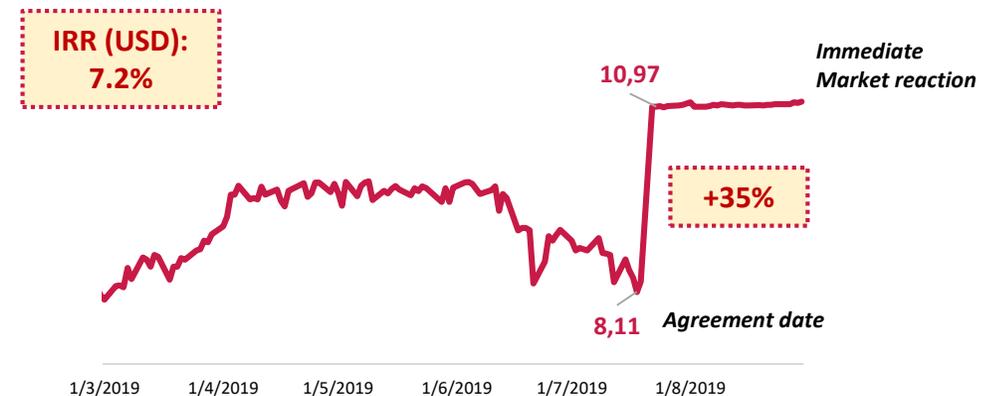
IRSA will collect its position in common and preferred shares according the following conditions:

- Ordinary share price: USD 11.10
- Preferred E convertible share price: USD 10.00

The transaction is expected to be concluded between October and December 2019.

IRSA will collect approximately **USD 29 million**.

CONDOR price evolution





Argentina Business Center – Banco Hipotecario

Main Events for FY 2019



BANCO
Hipotecario

Ownership



Results to IRSA

- The bank has generated an **ARS 1,687 million loss** during FY19 compared to a gain of ARS 291 million during FY18 mainly explained by:
 - Del Plata Building impairment due to fair value adjustment below inflation.
 - Inflation adjustment result due to monetary items exposure.

2019 Bank Strategy

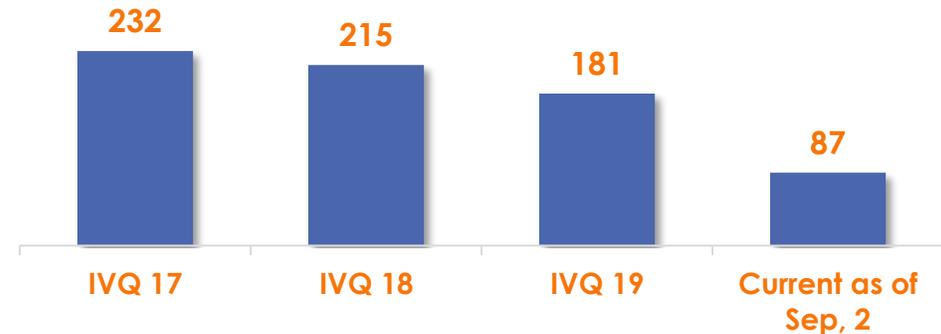
- During 2019, the main focus of the bank will be to preserve liquidity and solvency, deepening the structure normalization process according to the prevailing adverse macroeconomic context.

Share Price evolution



Market Value to IRSA

(USD million)





Israel Business Center

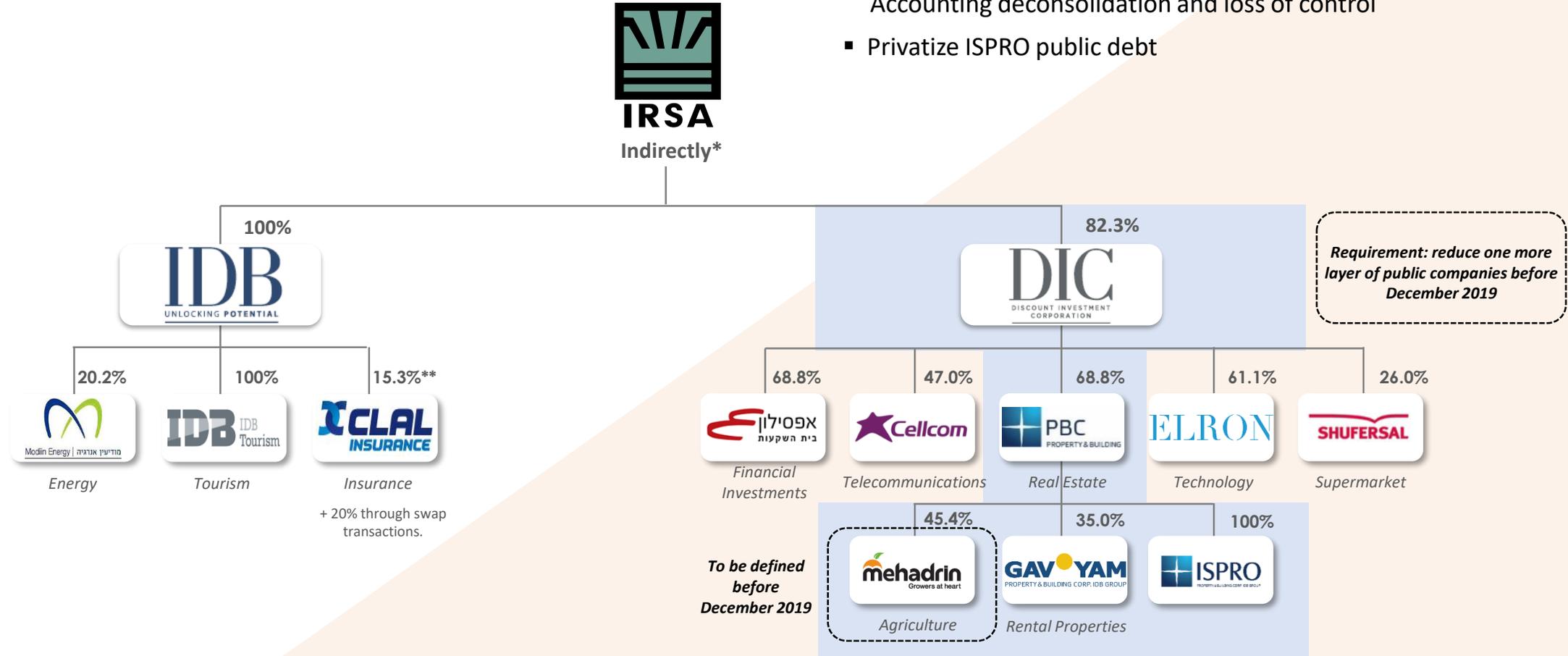
Current Corporate Structure

Senior Management:

- New CEO appointment under process

Concentration Law Resolution:

- Disposal of 16.7% of Gav-Yam shares
Accounting deconsolidation and loss of control
- Privatize ISPRO public debt



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

** Direct stake.

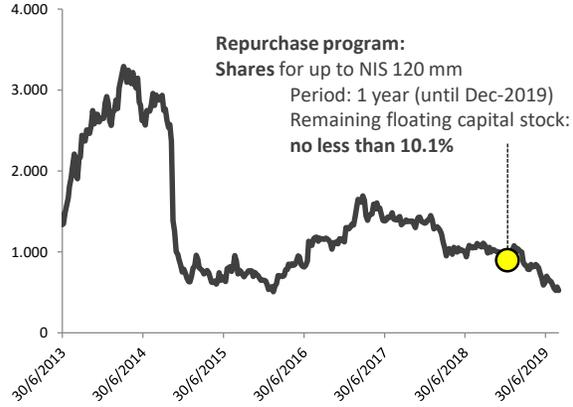


Israel Business Center

Shares' performance evolution



YoY
-51.9%



YoY
-15.9%



YoY
16.7%



YoY
0.8%



YoY
-61.3%



YoY
-61.7%



YoY
29.2%



YoY
-4.2%



Clal sale process



Jun-18

Aug-18

Jun-19

Sep-19

Mar-19: Control permit requested

Aug-19: Control permit requested pulled back

Original stake

4 sales of 5% each through swap transactions during FY 18

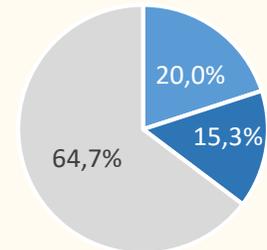
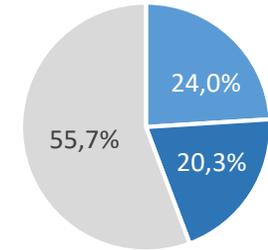
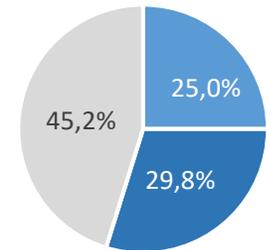
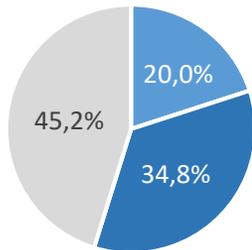
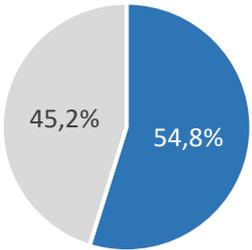
1 additional sale of 5% through swap transaction

In May, 2 private investors bought ~10%, and one of them received an option to buy another 3%.
Additional option given to a 3rd investor to buy 3-5%.

On September 2nd and 3rd, 3% of swaps were sold and IDB announced a 6% additional sale of Clal shares in exchange of its own bonds:

- 5% at a price of NIS 52.5 per share - total consideration of NIS 145 MM, in exchange of Series 9 & 14 own bonds.
- 1% additional sale in swaps.

This transaction is equivalent to sell at ~90% BV.



Economic rights

54.8%

54.8%

54.8%

44.3%

35.3%

■ IDB Through swaps
 ■ IDB Directly
 ■ Float



Recent Events:

- Due to IDB financial situation, IRSA invested **NIS 70 mm** in IDB through Dolphin and committed to invest an additional NIS 140 mm (half in 2020 and half in 2021) subject to certain conditions.

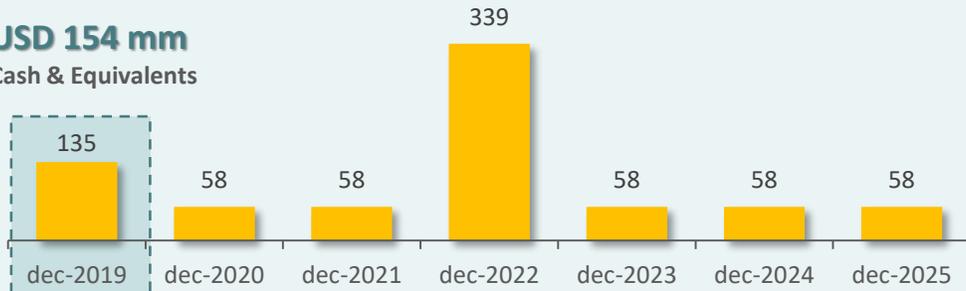


Stand alone

USD 610 mm
Net Financial Debt

Debt Amortization Schedule

USD 154 mm
Cash & Equivalents



Stand alone

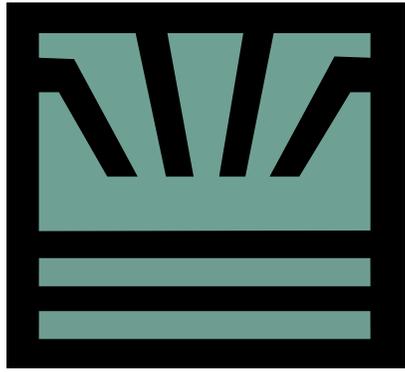
USD 722 mm
Net Financial Debt

Debt Amortization Schedule

USD 415 mm
Cash & Equivalents



Operational Companies	USD mm cash balance as of Aug 17, 2019
Cellcom	257
PBC	531
Gav Yam	352
Elron	29
Total	1,169



IRSA

Financial Results



Boston Tower
BA City - Argentina



Consolidated Financial Statements FY 2019

(ARS millions)

P&L		Argentina Business Center			Israel Business Center			Total		
		FY 2019	FY 2018	Var %	FY 2019	FY 2018	Var %	FY 2019	FY 2018	Var %
1	Revenues	13,045	12,686	2.8%	56,722	46,138	22.9%	69,767	58,824	18.6%
2	Costs	-4,873	-5,022	-3.0%	-37,127	-29,624	25.3%	-42,000	-34,646	21.2%
3	Gross Profit	8,172	7,664	6.6%	19,595	16,514	18.7%	27,767	24,178	14.8%
4	Change in Fair Value	-27,126	13,406	-302.3%	3,416	3,575	-4.4%	-23,710	16,981	-239.6%
5	S,G&A Expenses	-2,582	-2,362	9.3%	-13,849	-12,805	8.2%	-16,431	-15,167	8.3%
6	Other Net Operating Results	-218	35	-	519	1,494	-65.3%	301	1,529	-80.3%
7	Operating Income	-21,754	18,743	-216.1%	9,681	8,778	10.3%	-12,073	27,521	-143.9%
8	Results from associates and JV	-4,932	-2,308	113.7%	43	-173	-124.9%	-4,889	-2,481	97.1%
9	Net Financial Results	-2,127	-10,844	-80.4%	-9,828	-17,616	-43.9%	-12,055	-28,460	-57.6%
10	Income Tax	3,149	7,445	-57.7%	-1,459	-1,165	25.2%	1,690	6,280	-73.1%
11	<i>Current Tax</i>	-188	557	-133.8%	-1,187	-856	38.7%	-1,375	-299	359.9%
12	<i>Deferred Tax</i>	3,329	6,888	-51.7%	-272	-309	-12.0%	3,057	6,579	-53.5%
13	Net Income from continuing operations	-25,664	13,036	-296.9%	-1,663	-10,176	-83.7%	-27,327	2,860	-1,055.5%
14	Net Income from discontinuing operations	-	-	-	480	20,377	-97.6%	480	20,377	-97.6%
15	Net Income	-25,664	13,036	-296.9%	-1,183	10,201	-111.6%	-26,847	23,237	-215.5%
Attributable to:										
16	Controlling Interest							-25,773	14,727	-275.0%
17	Non-controlling Interest							-1,074	8,510	-112.6%
2+5	Total Costs + Expenses	-7,455	-7,384	1.0%	-50,976	-42,429	20.1%	-58,431	-49,813	14 ^{17.3%}



Adjusted EBITDA by Segment FY 2019

(ARS millions)

Urban Segment: Argentina Business Center	FY 2019	FY 2018	Var %
Shopping Malls	4,440	5,240	-15.3%
Offices	1,264	583	116.8%
Hotels	588	71	728.2%
Sales & Development	-58	412	-114.1%

Israel Business Center	FY 2019	FY 2018	Var %
Real Estate	8,105	5,830	39.0%
Telecommunications	7,230	6,376	13.4%
Others	-520	-538	-3.3%



Consolidated Financial Statements FY 2019

(ARS millions)

Net financial Results		Argentina Business Center			Israel Business Center			Total		
		FY 2019	FY 2018	Var %	FY 2019	FY 2018	Var %	FY 2019	FY 2018	Var %
1	Net Interest, loss	-3,151	-2,348	34.2%	-11,544	-10,367	11.4%	-14,695	-12,715	15.6%
2	Net Foreign Exchange, loss	701	-9,252	-107.6%	172	-208	-182.7%	873	-9,460	-109.2%
3	FV gain from financial assets and liabilities	478	1,280	-62.7%	1,167	-2,680	-143.5%	1,645	-1,400	-217.5%
4	Inflation Adjustment	-479	-670	-28.5%	-	-	-	-479	-670	-28.5%
5	Other Financial Results	324	146	121.9%	277	-4,361	-106.4%	601	-4,215	-114.3%
6	Net Financial Results	-2,127	-10,844	-80.4%	-9,928	-17,616	-43.6%	-12,055	-28,460	-57.6%

**Nominal Exchange Rate evolution (ARS/USD)
FY19 vs FY18**



**CLAL Insurance share evolution (NIS)
FY19 vs FY18**



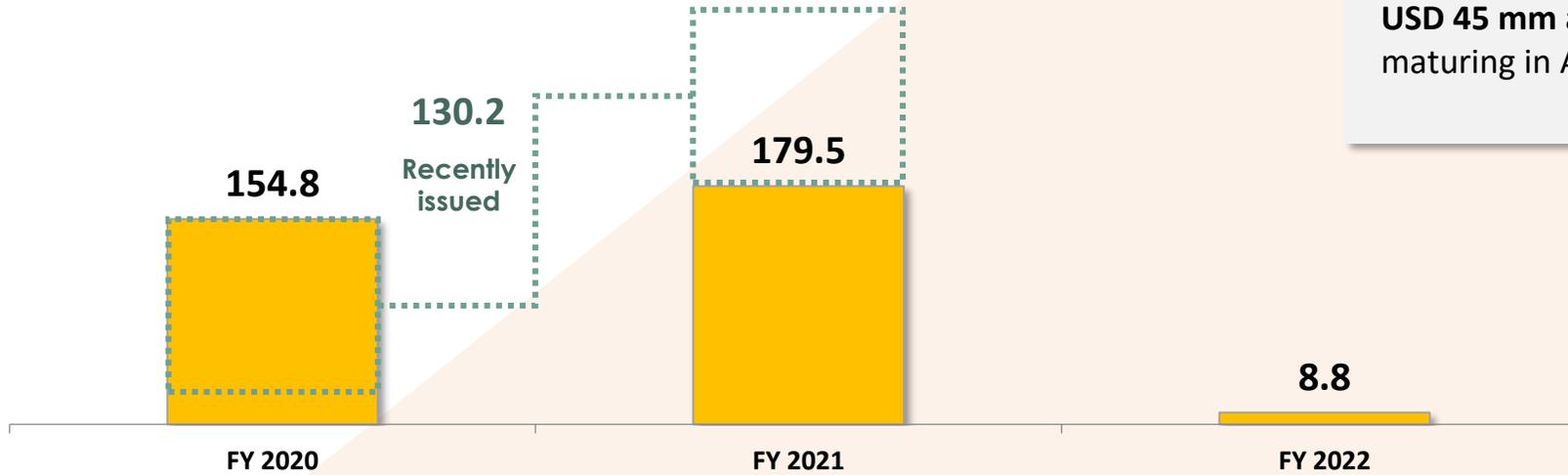


Net Debt as of June 30, 2019*

(USD millions)

IRSA Net Debt **333.9**

Amortization Schedule



Financial events:

- Credit line with IRCP for up to USD 180 mm, for up to 3 years, at an interest rate equal to IRSA 2020 or future issuances.
- In May 2019, we issued a local Bond for **USD 96.3 mm** at a fixed annual interest rate of 10.0% due November 2020 to refinance short-term debt
- Subsequently, in August 2019, we issued a second tranche of the Class 1 issued in May for **USD 85,2 mm** at an 8.75% yield, and a new class in Chilean Pesos for an equivalent of **USD 45 mm** at an interest rate of 10.5%, both maturing in August 2020.

*Does not include IRCP & IDB/DIC debt



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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 2018 ended June 30, 2018, which are available for you in our web sites.