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Universidad Argentina de la Empresa (UADE)

CRESUD INC. [Agro, Real Estate, Consumer, Financial]

Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

Ticker: CRESY:US

(Bloomberg)

Exchange: NASDAQ

Current Price: USD 10.32

Date: 11/10/2014

Target Price: USD 16.84

BUY

Upside: 63.18%

Market

| | |
|-----------------------|--------------|
| 52-week range | 8.26 - 14.35 |
| Average volume (ttm) | 80,690 |
| 30-day average volume | 51,509 |
| YTD return | 3.3% |
| Outstanding ADRs (M) | 49 |
| Market cap (USD M) | 507 |
| Free Float | 62% |

Valuation ratios

| | |
|------------------------|--------|
| P/E (ttm) | -3.77x |
| Target P/E (ttm) | -6.15x |
| P/BV (mrq) | 2.03x |
| Target P/BV (mrq) | 3.31x |
| EV/EBITDA | 10.03x |
| Target EV/EBITDA (ttm) | 12.45x |
| Dividend yield (ttm) | 2.8% |

Financials

| | |
|--------------------------------|------------|
| Revenue (USD M) (ttm) | 566 |
| EBITDA (USD M) (ttm) | 132 |
| EBITDA margin (ttm) | 23% |
| Earnings (USD M) (ttm) | -134 |
| EPS (USD) (ttm) | -2.74 |
| Est. EPS (USD) (FY2015) | -0.74 |
| Dividend per share (USD) (ttm) | 0.29 |
| Dividend ex-date | 11/18/2013 |
| 5-year dividend growth | 23.4% |
| Next earnings release | 11/17/2014 |

INVESTMENT SUMMARY

HIGHLIGHTS

- ✓ Cresud Inc. (NASDAQ: CRESY) is a holding company that combines agribusiness, real estate, shopping centers and financial services into a single stock.
- ✓ The company was founded in 1936, and is based in Buenos Aires, Argentina.
- ✓ Cresud is directly engaged in the acquisition, development and commercialization of rural real estate, mainly in Argentina and Brazil (through a controlling stake in BrasilAgro).
- ✓ It also owns majority stakes in office and residential real estate development company IRSA, and in APSA, which owns and manages the largest shopping center network in Argentina.
- ✓ Other stakes include a controlling interest in Banco Hipotecario –Argentina’s 10th largest private bank–, and a minority interest in IDB –one of Israel’s largest holding companies, engaged in a diverse range of activities.
- ✓ Its diversified portfolio hedges political and economic risks.
- ✓ A great portion of Cresud’s success stems from its highly influential management and its strong lobby power: Cresud’s Board Chairman, and IRSA’s CEO, Eduardo Elsztein, is one of Argentina’s most renowned businessmen and a prominent referent in the Jewish community.
- ✓ Investment risks: ARS devaluation and its impact on foreign-currency debt burden; economic stagnation; persistent inflation.
- ✓ Corporate governance: since Cresud’s ADR is traded on the NASDAQ, strict SEC rules are binding.
- ✓ Investment opportunity: Cresud’s financial statements severely underestimate the market value of its rural land bank. A mark to market of these assets shows an intrinsic liquidation value greater than the current stock price.

VALUATION OUTCOME AND RECOMMENDATION

- ✓ We divided the holding in its main business units and conducted several valuation exercises. This included different regression models, commodity price projections, a mean-reversion model on discount rates and EMBI+, the construction of a synthetic bond to compute YTM, and a mark to market of Cresud’s rural land bank.
- ✓ We arrived at a target price of USD 16.84 per ADR, with an upside potential of 63.18% (Fig.1). We therefore issue a BUY recommendation on Cresud’s ADR.
- ✓ Fig.2 summarizes the contribution of each business unit to our ADR target price.
- ✓ The calculation of a liquidation value, and a sensitivity analysis through Montecarlo simulations, yield consistent results (Fig.3).

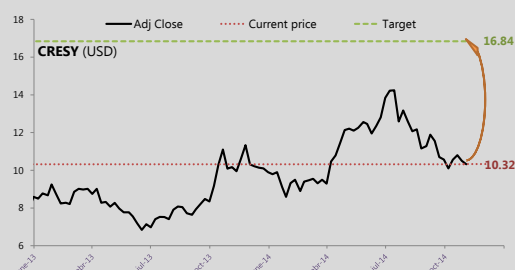


Figure 1: Target Price
Source: Team estimates.

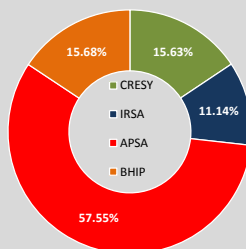


Figure 2: Value bought in each ADR
Source: Team estimates.

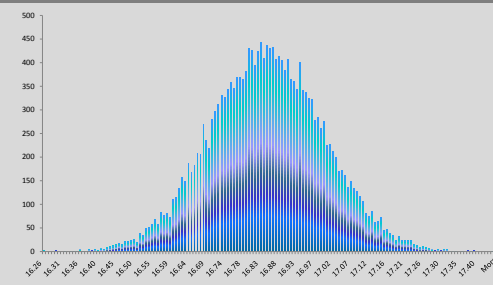


Figure 3: Montecarlo simulation
Source: Team estimates.

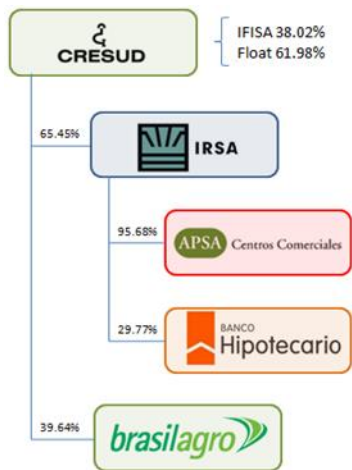


Figure 4: Shareholder structure and related companies. Source: Company data.

BUSINESS DESCRIPTION

Cresud's stock provides a well-diversified and solid investment, which includes agribusiness, real estate, shopping centers and financial services.

Fig.4 summarizes Cresud's shareholder structure and its main stakes in related companies.

The company is directly engaged in the acquisition, development and commercialization of rural real estate mainly in Argentina and Brazil, the latter through a controlling stake in BrasilAgro (BOVESPA: AGRO3).

Cresud also owns a 65.45% stake in IRSA (NYSE: IRS), which is engaged in the development, administration and rental of office buildings; the development of residential property; and the ownership of stakes in luxury hotels.

IRSA owns a 95.68% stake in Alto Palermo (NASDAQ: APSA), whose main business consists of the development and rental of shopping centers.

IRSA also owns a 29.8% stake in Banco Hipotecario (Buenos Aires: BHIP), the 10th largest private bank, focused on consumer and mortgage lending.

Finally, IRSA owns a 100% stake in Tyrus S.A., which in turns owns a 26.65% stake in Israel-based holding IDB (Tel Aviv: IDBD), engaged in telecommunications, financial services, real estate, technology and industrial operations.

FINANCIAL ANALYSIS

INDEBTEDNESS

Cresud's debt structure contains a high portion of foreign-currency debt (about 80%), especially USD-denominated, as shown in Fig.5. This translates into strong exposure to exchange rates fluctuations. Foreign currency risk is partially mitigated by dollarized rental contracts which provide a natural hedge.

Cresud and its related companies have 13 outstanding series of corporate bonds, 8 of which were issued by Cresud with a total face value of USD 260 million. IRSA and APSA have other series of corporate bonds with face values of USD 300 million and USD 120 million, respectively. Fig.6 depicts the amortization and interest schedule.

For additional Financial Analysis on each of the holding's companies and/or businesses, please see the subsequent sections with details on historic and forecasted revenue and EBITDA (financial margin and operating profit, in the case of Banco Hipotecario). See also Appendix XII, at the end of this report, for additional financial data and forecasts, as well as the main debt instruments.

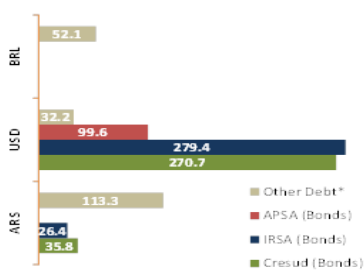


Figure 5: Debt structure

** Excluding BHIP

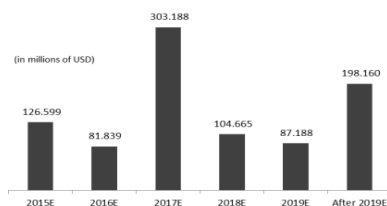


Figure 6: Estimated corporate bond payments

Source: Company data.

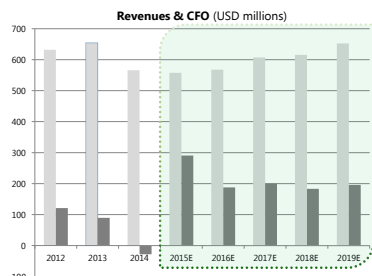


Figure 7: Revenues & CFO (USD million)

Source: Team estimates, Company data.

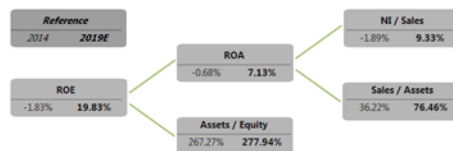


Figure 8: Dupont

Source: Team estimates, Company data.

HISTORY

Originally born to manage the portfolio of Credit Foncier's real estate properties, it was not until the liquidation of that corporation in 1959 that Cresud finally set off as an independent agro-focused company.

In 1995, Cresud went public with an IPO of its ADRs on the NASDAQ.

Created in 1889 under the name of "Sociedad Anónima Mercado de Abasto Proveedor", the company initially aimed at the commercialization of fresh goods in Buenos Aires City and owned the Abasto market. Operations were interrupted from 1984 to 1994, when IRSA acquired a majority stake of APSA and resumed the business.

MANAGEMENT AND CORPORATE GOVERNANCE

A great portion of Cresud's success is based on its experienced and highly influential management. Cresud's Board Chairman, and IRSA's CEO, Eduardo Elsztein, is one of Argentina's most influential businessmen. He is also a prominent referent in the Jewish community, and is Vice President of the World Jewish Congress.

Elsztein holds a close relationship with Argentinian government, which gives his companies a huge lobby power. This is particularly important when considering the political and economic risks that any company bears in Argentina.

Additionally, this provides synergy opportunities between different business units and related companies, as is the case with the government-ran Pro.Cre.Ar housing program, in which Banco Hipotecario was appointed as the key financial company of the program.

| Financial Highlights | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
|-----------------------------------|--------|--------|---------|--------|--------|--------|--------|--------|
| Revenue (USD million) | 631.73 | 654.65 | 566.09 | 557.45 | 567.44 | 607.10 | 615.53 | 652.55 |
| EBITDA (USD million) | 195.03 | 255.34 | 131.99 | 237.82 | 246.23 | 245.65 | 265.67 | 269.22 |
| EBITDA Margin | 31% | 39% | 23% | 43% | 43% | 40% | 43% | 41% |
| Earnings (USD million) | 12.92 | 28.62 | -134.37 | -36.10 | 18.89 | 52.86 | 79.19 | 88.79 |
| Net Margin | 2% | 4% | -24% | -6% | 3% | 9% | 13% | 14% |
| ROA | 0.8% | 1.8% | -11.9% | -3.3% | 2.1% | 6.4% | 9.9% | 11.4% |
| ROE | 1.1% | 3.3% | -23.2% | -8.4% | 7.3% | 17.9% | 25.2% | 30.7% |
| Debt/Equity | 120.1% | 163.0% | 231.9% | 348.9% | 265.7% | 233.2% | 254.8% | 274.7% |
| Financial cost / EBITDA | 127.4% | 207.2% | 294.6% | 109.3% | 79.2% | 70.2% | 60.0% | 53.8% |
| Current liquidity ratio | 0.88 | 1.23 | 1.04 | 0.95 | 1.06 | 1.13 | 1.60 | 1.56 |
| Acid liquidity ratio | 0.71 | 1.10 | 0.91 | 0.80 | 0.89 | 0.93 | 1.32 | 1.27 |
| Operating cash flow (USD million) | 121.14 | 89.44 | -27.85 | 286.42 | 183.33 | 195.30 | 178.49 | 191.13 |

Source: Team estimates, Company data.

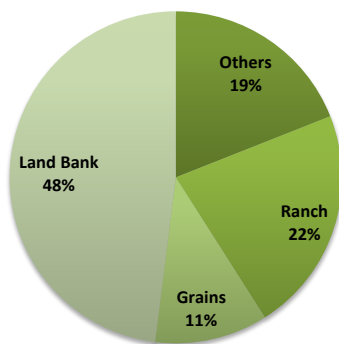


Figure 9: Land distribution
Source: Company data.

BUSINESS DESCRIPTION

Cresud is the only listed Argentine company engaged in the acquisition, development and commercialization of rural real estate and related ranch activities.

The company also leases rural lands to third parties and owns stakes in agro-industrial companies, including a feedlot and a meat packing plant.

As shown in Fig.9 and Fig.10, the company has more than 800,000 hectares of land. The company's main business is located in Argentina, where it owns about 600k hectares. Cresud is also present in Brazil through a 39.64% stake in BrasilAgro, which in turn owns over 150k hectares. The company has also expanded into Paraguay (40k hectares) and Bolivia (15k hectares), hence diversifying its geographical land portfolio.

Diversification mitigates the exposure to seasonal variation, climate factors, fluctuations of domestic prices, and changes in regulation.

REAL ESTATE LAND BANK

As summarized in Fig.9, nearly half of the lands consists of land reserves dedicated mainly to the real estate business. Cresud acquires underdeveloped and underpriced parcels with great potential with the objective of improving their productivity and therefore, increasing their value. When the management considers that these lands have reached their highest price, they are sold for a profit.

INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

Argentina is Latin America's second largest agro-exporter, second only to Brazil. Its main products are soy, corn, wheat, sunflower, and beef. The agribusiness is one of Argentina's main economic sectors, accounting for: 13% of GDP; 55% of exports; 36% of employment (direct and indirect); and 19% of tax income.

In the last decade, agricultural commodity prices have shown a steady growth, on the back of China's expansion. However, the U.S. Department of Agriculture predicts that different factors are likely to hurt agricultural commodity prices in 2015, with an overall 15% decline. This will be the result of a stronger USD (as the U.S. Federal Reserve gradually lifts reference interest rates), the U.S. record harvest of soy and corn for the 2014-15 period, and lower world GDP growth, including China.

Also according to the U.S. Department of Agriculture, Argentina and Brazil are likely to remain as one of the world's dominant exporters of biofuels (based on soy in Argentina and sugar cane in Brazil).

In the case of cattle production, poor climate conditions and government controls in meat prices led to an overall decline in Argentine cattle head count in 2008 and 2009. Since 2010, after the government lifted the price controls, the number of heads has shown a gradual recovery (about 2% per year), reaching close to 52 million heads by the end of 2014.

AGRICULTURE AND CATTLE

Another 23% of the land stock is dedicated to the production of grains and sugarcane. Another 11% is dedicated to the breeding and fattening of cattle and milk production.

There is, however, a strong link between both business models. In many cases, the main purpose of the agribusiness is to turn a plain cattle farm into a highly productive agricultural facility, generating a huge profit when sold. Therefore, negative results in Cresud's agribusiness financial statements do not necessarily mean that the company is performing poorly. In fact, negative cash flows due to development of land can be considered as capital expenditures seeking constant real estate appreciation.

COMPANY'S STRATEGY

In order to develop its land bank, Cresud combines:

- ✓ unproductive land into stockbreeding
 - ✓ stockbreeding land into agricultural land;
 - ✓ rural land into urban developments.
- ➔ Frequent rotation of crops.
 - ➔ Incorporation of new technologies, such as genetically-modified seeds, machinery, irrigation, fertilizers and agrochemicals.
 - ➔ New breeding techniques and individual animal identification software.
 - ➔ Vertical integration (its subsidiary Cactus is one of the few companies to vertically integrate meat processing in Argentina).
 - ➔ The company acquires necessary materials (like fertilizers and agrochemicals) in advance in huge quantities, so as to profit from economies of scale.

FINANCIAL ANALYSIS

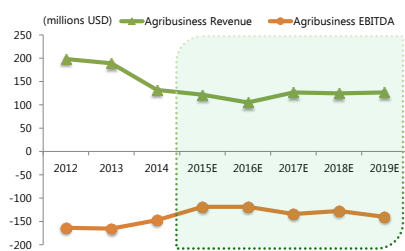


Figure 10: Agribusiness Revenue – EBITDA (million USD)
Source: Team estimate, Company data.

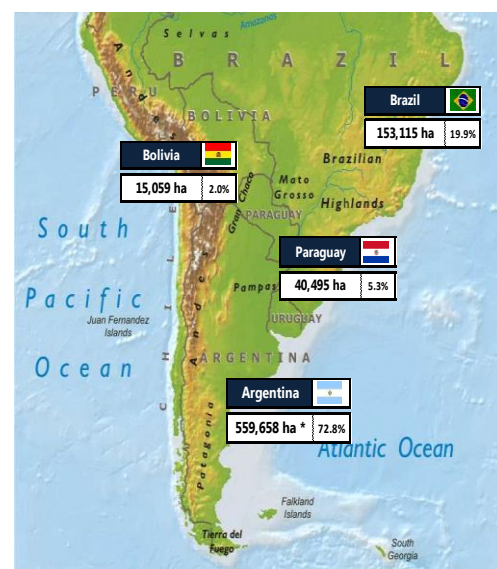


Figure 11: Geographical land distribution
Source: Company data.

In short... Cresud's stock implies a long position in rural real estate and agribusiness activities, besides its other stakes in related companies.

Value drivers

- ✓ Argentina's unique soil quality.
- ✓ Diversified land portfolio in Latin America.
- ✓ Acquisition of underdeveloped and underpriced lands for further development and appreciation.
- ✓ Financial statements underestimate the market value of the rural land bank (see section on valuation).

FINANCIAL ANALYSIS

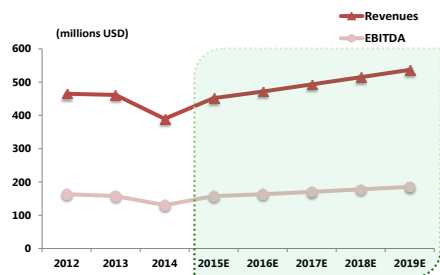


Figure 12: APSA Revenue – EBITDA (million USD)
Source: Team estimate, Company data.

BUSINESS DESCRIPTION

APSA is mainly engaged in the acquisition, development, and rental of shopping malls in Argentina. It owns and manages majority interests in 13 shopping malls in Argentina, 8 of which are located in Buenos Aires City and its metropolitan area.

The company seeks urban areas with attractive growing potential but unsatisfied consumer demand, where it develops new malls, refurbishes and extends properties, and complements these with additional real estate undertakings.

HISTORY

Created in 1889 under the name of “Sociedad Anónima Mercado de Abasto Proveedor”, the company initially aimed at the commercialization of fresh goods in Buenos Aires City and owned the Abasto market. Operations were interrupted from 1984 to 1994, when IRSA acquired a majority stake of APSA and resumed the business.

SHOPPING CENTERS

APSA’s gross leasable area, which shows the area available for lease of retail stores, amounts to 311,232 squared meters. The company’s portfolio of shopping centers includes: Buenos Aires City and metropolitan area: DOT Baires, Abasto Shopping, Alto Avellaneda, Alto Palermo, Buenos Aires Design, Paseo Alcorta, and Patio Bullrich. Interior provinces: Alto NOA (Salta), Alto Rosario (Santa Fe), Córdoba Shopping (Córdoba), Patio Olmos (Córdoba), and Mendoza Plaza Shopping (Mendoza).

There are 7 other ongoing shopping center projects. One mall located in the oil-rich Neuquén City, is due to be opened within the next twelve months, turning into APSA’s first shopping center in the Argentine Patagonian region. The Neuquén Province is expected to experience above-the-average growth in years to come, following investments in the Vaca Muerta region, the world’s third largest shale oil reserve.

Another mall located in Buenos Aires City (Distrito Arcos, in the densely populated Caballito neighborhood) is in fact ready, but has experience a delay due to regulation problems, which the company expects to be resolved in the near future.

Revenue is subject to seasonal variations, rocketing during winter holidays (July) and the Christmas season, and declining during the summer holidays (January and February). End-of-season clearance has also a positive impact on revenue.

INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

The shopping center industry is heavily dependent on private consumption (as clearly evident from Fig. 10). Over the last decade, Latin America as a whole has experienced a path of economic prosperity, examples of which are Brazil’s growing middle-class and Argentina’s rapid recovery from its crash in 2001 and 2002. Argentina based this recovery on the back of two pillars: agro exports and private consumption growth, which accounts for 65% of the country’s GDP.

Since 2004, Argentine private consumption has expanded at an average annual growth rate of 23% (in nominal terms), in line with a 27% average growth rate in the case of shopping center sales. This was partially made possible by increasing consumer financial services from banks (for more, see our discussion on the banking industry, later in this report) and zero-interest credit card installments, a common practice in Argentina. This way, and perhaps paradoxically, high inflation has played a somewhat favorable role for consumption, in the sense that many households regard this as a way to evade the price increases. Perspectives have changed in 2014, in a context of increasing uncertainty fueled by the conflict with the holdouts and the upcoming 2015 presidential elections, and a combination of economic slowdown and persistent inflation (close to 40%) that has translated into a loss of household disposable income and nil growth of private consumption.

Besides macroeconomic variables, the shopping center industry is also dependent on cultural changes, demographics, and how people shop in each country. In spite of globalization and international brand awareness, demand for local brands is usually strong in Latin America. Moreover, with a large young population, more often than not, young people in Latin America use shopping centers as a reunion spot to socialize. Due to unsecurity issues there is also a trend towards retailers preferring expansion in malls rather than urban stores.

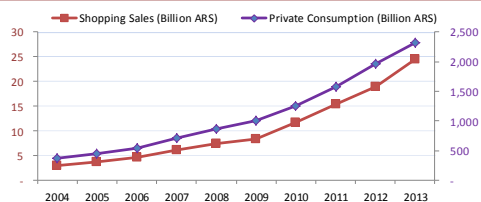


Figure 13: Private consumption and Shopping Center sales
Source: INDEC.

SOURCES OF REVENUE

As depicted in Fig. 14, APSA derives its income from three main sources:

The company derives its income mainly from rental services in shopping malls:

➔ **Rental Income** (51% of revenue) from the rental of spaces in shopping malls. Rental contracts are generally renewed every three years. Rent is charged as the higher of:

Base rent (35% of revenue): a monthly fixed amount that increases annually at rates that vary from 7% to 24%, depending on the contract.

VS
Contingent lease (16%): a fixed percentage of the retailer’s monthly sales, which ranges from 4% to 10%, depending on the contract.

➔ **Maintenance and advertising** (33% of revenue), which consists of common shopping-center maintenance expenses and a collective advertising fund. These are proportionately distributed according to gross leasable area.

➔ **Others** (16% of revenue), consisting of parking tokens, admission rights, rental intermediation and other commissions.

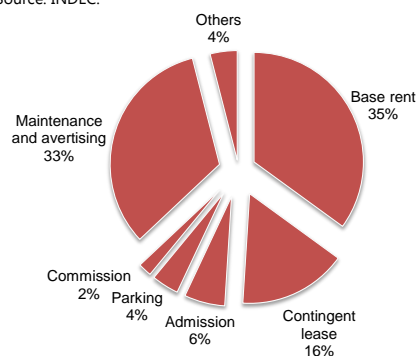


Figure 14: APSA’s sources of revenue
Source: Company data.

In short... investing in APSA is a direct play on private consumption in Argentina (65% of GDP), and an indirect play on the real estate.

Value drivers

- ✓ Little land available for vast malls near densely populated areas.
- ✓ High entry barriers and governmental requirements.
- ✓ The company focuses on over 1,000 well-known brands with financial solvency and appealing commercial potential.
- ✓ Potential synergies with Banco Hipotecario’s consumer finance services.

FINANCIAL ANALYSIS

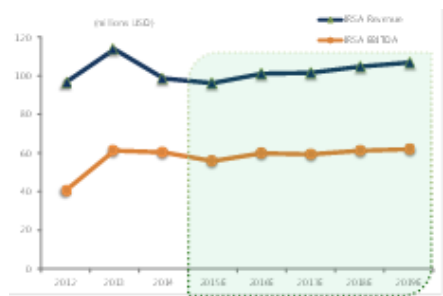


Figure 15: Revenues – EBITDA (millions of USD)
Source: Team estimate, Company data.

BUSINESS DESCRIPTION

IRSA is a leading real estate firm in Argentina. It focuses both directly and indirectly through subsidiaries, joint ventures and strategic alliances on:

- ➔ The acquisition, development and management of:
 - ✓ offices and other non-shopping center properties for rental;
 - ✓ resident properties mainly for sale;
 - ✓ luxury hotels.
- ➔ The acquisition of undeveloped real estate to keep as land bank for future projects or for sale;
- ➔ Investment in real estate outside of Argentina;
- ➔ The acquisition, development and administration of shopping malls, through its 96% stake in APSA, described separately in this report;
- ➔ The development of banking and financial services, through its 30% stake in Banco Hipotecario, described separately in this report.

IRSA directly and indirectly owns a majority interest in 11 office buildings and other non-shopping center rental properties in Argentina, totaling 245,917 squared meters of gross leasable area. All office rental properties in Argentina are located in Buenos Aires City, the area with the highest per capita income in Argentina. As of the last financial statements, the average occupancy rate was 97.5%.

OFFICE REAL ESTATE

IRSA acquires and develops strategically located office buildings that may increase their value in due course. The Catalinas and Puerto Madero districts in Buenos Aires City, where IRSA has the majority of its interests, are among the areas where the real estate industry has seen its greatest growth, both in terms of projects and land prices. These two districts are only a 10-minute walk from downtown, and offer great panoramic views of the River Plate and the city. Most offices are occupied by corporate tenants, many of which are international companies, such as Microsoft, KPMG, Price Water House Coopers, Exxon Mobile, Kimberly Clark, and Facebook.

IRSA exercises the administration of the offices, including security and maintenance expenses, which are then transferred to tenants. Most rentals are negotiated on a three-year term and are USD-denominated.

INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

Argentina’s economic history includes numerous episodes of high inflation, reason why the real estate transactions are usually carried out in USD.

The availability of middle-class mortgage credit is slim and quite expensive, with interest rates plus costs at over 20%. Mortgages account for only 9% of total private-sector loans. As a result, many real estate transactions, especially in the case of households, are carried out with high proportions of cash.

In late 2011, the national government implemented a series of controls on the access to the foreign exchange market, which translated into a halt in real estate transactions. Prices, however, have shown resilience.

As shown in Fig.13, although real estate transactions plummeted 50% since 2011, prices have remained stable. Since then, and even taking into account a slight drop in 2014, prices have gained 6.55%, which could be regarded as evidence of price inelasticity. High inflation, devaluation expectations and economic uncertainty help explain why real estate in Argentina is usually regarded not only as an investment destination but also as a reserve of value, due to the lack of confidence in the local currency.

Insecurity trends have worsened in recent decades, driving many upper-class families to move to private neighborhoods (known as “countries”) located in the outskirts of Buenos Aires City, in which IRSA is one of the major players.

RESIDENTIAL REAL ESTATE

IRSA focuses on the development of residential properties for high-income individuals. It is engaged in the acquisition and development of residential apartment complexes with green leisure spaces in heavily populated areas, including the construction of high-rise towers with amenities. The company also develops residential communities in the outskirts of Buenos Aires City, consisting of the acquisition of vacant land, the development of infrastructure, such as roads, utilities and common areas, and the later sale of plots of land for single-family homes.

HOTELS

IRSA’s portfolio of three luxury hotels is positioned to take advantage of Argentina being one of Latin American major touristic destinations. The company invests in high-quality properties operated by leading international hotel companies, to capitalize on their experience and international reputation. The hotel operations segment includes the operating results of the hotels principally consisting of room, catering and restaurant revenues.

INTERNATIONAL

After the sub-prime crises, the price of properties in USA collapsed. IRSA made use of this opportunity to acquire two office buildings in Manhattan, New York: a 74.5% stake of a building on Madison Avenue, and a 49.9% stake in an U.S. firm that owns the Lipstick building in New York. Furthermore, IRSA acquired a 26.65% stake of Israel-based IDB Development Corporation, a company that has subsidiaries in various markets and industries, including telecommunications, financial activities & technology.

Value drivers

- ✓ Focus on high-end residential real estate and corporate buildings in Argentina’s largest city
- ✓ Synergy and cross-selling potential with Banco Hipotecario’s mortgage services.
- ✓ In the hotel industry, IRSA capitalizes on the reputation and brand awareness of international hotel chains and on Argentina’s growing status as an international touristic destination.
- ✓ Rental contracts in USD provide a natural hedge against price increases and currency devaluation.

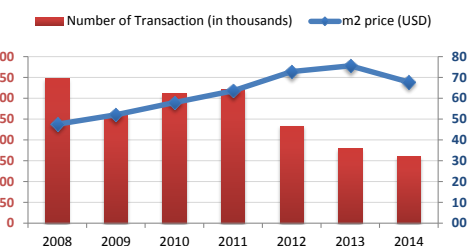


Figure 16: Number of real estate transactions and price of m2
Source: Buenos Aires Association of Notary Publics (number of transactions); Reporte Inmobiliario (price of m2).

In short... IRSA’s stock provides not only a full interest in APSA, but also in luxury hotels, office buildings, and residential real estate.

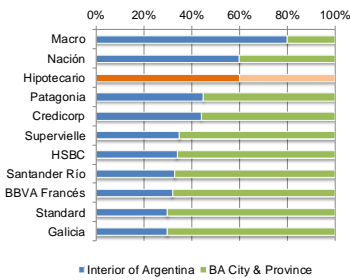


Figure 17: Location of branch network

Source: Central Bank of Argentina

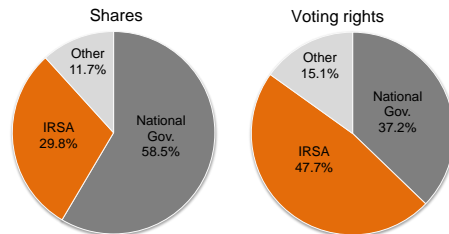


Figure 18: Major shareholders

Source: Company data.

BUSINESS DESCRIPTION

Banco Hipotecario is the 10th largest private commercial bank in Argentina in terms of assets, loans and deposits (for a complete ranking, see Appendix I). Although the bank has recently shifted towards consumption-oriented products, as described below, it still has one of the largest market shares in the mortgage lending segment (5%).

All operations and customers are located in Argentina, with a network of 60 bank branches scattered throughout the country. As depicted in Fig. 17, Banco Hipotecario has one of the largest presences in the inner provinces of Argentina: 60% of its branches are located outside of Buenos Aires City and metropolitan area, second only to Banco Macro, and equal to Argentina's largest bank, Banco Nación, owned by the national government. This gives Banco Hipotecario extra exposure to the agro sector and its externalities on the rest of the economy.

HISTORY

Banco Hipotecario was created in 1886 as a national public bank with the aim of providing mortgage services. The bank was partly privatized in 1999. Although today, the national government still owns 58.5% of the bank's shares, its participation accounts for little more than 37% of the voting rights. IRSA, with 29.8% of Banco Hipotecario's capital stock, owns a controlling stake of 47.7% (see Fig. 18).

COMMERCIAL BANKING

Banco Hipotecario provides universal banking services offering a range of banking related financial services to individuals, small and medium enterprises and major corporations.

In 2012, the Argentine government and the national pension fund (ANSES) launched the Pro.Cre.ar program for the construction of 400,000 houses in 4 years, with access to mortgage credit at subsidized interest rates. Banco Hipotecario was appointed as the key financial company of the program.

The bank has also established joint ventures with large Argentine e-commerce sites (like MercadoLibre, "the eBay" of Latin America).

The banking industry's recovery from the 2001-02 crash was heavily based on consumer financial services (for more see the Industry Outlook in this section). Banco Hipotecario was not an exemption to this rule. In the last decade, the bank abandoned its traditional role of being solely engaged in mortgage lending and reoriented its core business to consumption-oriented products. The weight of these products over the bank's credit portfolio went from 10% in 2005 to over 50% today. The opposite is true about mortgage lending (see Fig. 21). This was accompanied with a large marketing campaign that changed its image radically.

However, this credit segment is highly competitive in Argentina. Even after this shift in its core business, Banco Hipotecario's market share in consumption-oriented credit is only 1%. In addition, the new commercial strategy has not yet delivered the expected results. The bank compares negatively with other domestic banks in terms of profitability: Banco Hipotecario's

INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING

The banking industry has been one of the main beneficiaries of the consumption boom that followed the 2001-02 Argentine crash (for more on this see our discussion of APSA). Between 2002 and 2014, the weight of consumption-oriented credit over total private-sector loans climbed from 13% to 38% (see Appendix I). Within the same period, mortgage credit saw its share decline from 32% to 9%. Thus, we like to think the Argentine banking equity as an indirect play on private consumption growth.

With interest rates in many cases well above 40% (especially in the case of credit cards), interest rate spreads and margins have increased steadily, especially in an environment of negative real funding rates due to inflation and a very liquid market. The greater use of credit cards has also translated into higher net fee income, today one third of the industry's revenue. However, this concentration in short-term products has left banks greatly exposed to the domestic economic cycle: on average, above 50% of loans mature within the next six months.

The banking industry has also seen an increasing trend of government intervention. January's mega devaluation of the ARS (23%) led to a one-off profit of ARS 9.7 billion among banks (half of that month's net financial income), leading to earnings of more than ARS 10 billion. But new Central Bank regulation in February limited the banks' amount of foreign-currency assets, after which average monthly FX income dropped to ARS 250 million, while the industry's earnings fell to a monthly average of ARS 3 billion (Fig.20).

In a trend towards higher government intervention, in September, the Central Bank further restricted the banks' holdings in foreign-currency assets. In mid June, the Central Bank put a ceiling on interest rates on personal and pledge loans as well as credit card financings, and also limited the banks' ability to raise their fees. Moreover, in October, the monetary authority set a minimum interest rate on time deposits. These measures are likely to hurt the financial margin in the last quarter of 2014.

We should add to this, the context of downward economic activity, persistent inflation, and uncertainty related to the default and the 2015 elections, which have translated into three consecutive quarters of credit growth stagnation, especially in the case of consumption-oriented products.

ROA is 2.4%, compared to an industry average of 4.8%.

Since mortgage credit accounts for less than 10% of private-sector lending in Argentina, we believe Banco Hipotecario's real strength lies in the mortgage market.

FINANCIAL ANALYSIS



Figure 19: Financial Margin - Operating profit

Source: Team estimates, Company data.

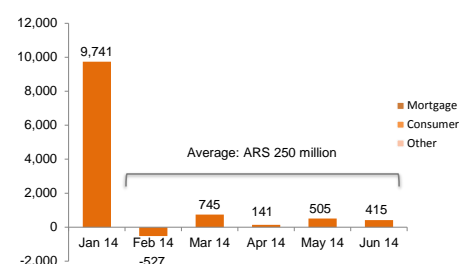


Figure 20: FX gains, total banking system (ARS million)

Source: Central Bank of Argentina.

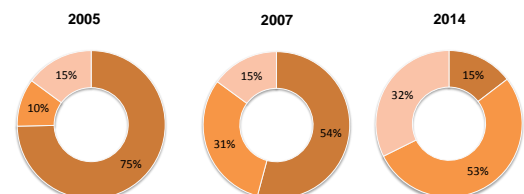


Figure 21: Change in Banco Hipotecario's loan portfolio

Source: Company data.

In short... Banco Hipotecario implies a direct bet on consumer financial services and mortgage lending

Value drivers

- ✓ One of Argentina's main players in mortgage lending.
- ✓ Growing presence in consumption-oriented financial products and services.
- ✓ Above-the-average presence in the inner provinces gives extra exposure to agro sector.
- ✓ Potential synergies: mortgage services and IRSA's residential real estate developments; consumer finance services and APSA's shopping center business.

REAL ESTATE

Financial risks

Interest rate

- As the U.S. Federal Reserve's rate converges to historical values, this could have an impact on interest spreads and the company's cost of leverage.
- Fitch has awarded Cresud with an AA- rating. Such rating depends on the Cresud's Net Debt / EBITDA ratio not exceeding 4x, and IRSA's rating not falling below AA+ (which, in turn, is dependent on Net Debt / EBITDA ratio not exceeding 3.5x).

Foreign exchange rate fluctuation

- Changes in the ARS/USD parity and/or further restrictions on the access to the formal foreign exchange market could severely hurt the company's ability to cancel its debt in foreign currency.
- High inflation adds pressure towards a further devaluation of the ARS.

Liquidity risk management

- The company is exposed to the risk associated with being able to rollover its debt at maturity.

Non-financial risks

Regulatory changes and government intervention

- Changes in regulation, including price controls on rent contracts, or the mandatory conversion of USD-denominated contracts into ARS could severely impact the company's margins.
- Government restrictions to access the foreign exchange market drive down real estate activity and prices.

Inflation and development costs

- Persistent inflation has a negative impact on real estate development costs. The company may not be able to pass-through these costs onto prices.

Weather conditions

- Poor weather conditions could delay the development projects of agricultural and/or cattle real estate, and have a negative impact on their market value.

AGRICULTURAL INDUSTRY

COMMODITIES PRICES: The strengthening of the USD, the U.S. record harvest of soy and corn for the 2014-15 period, and lower world GDP growth are likely to drive down commodity prices.

WEATHER CONDITIONS: Poor weather conditions could hurt the productivity of the agricultural and cattle business.

FOREIGN EXCHANGE FLUCTUATION: Although an increase in the ARS/USD parity would have a positive effect on the company's agribusiness revenue, it would also increase the company's foreign-currency debt burden.

PORTER ANALYSIS

We gave each related company a score in relation to Porter's five forces analysis. An average was then computed by weighting each company's contribution to Cresud's ADR intrinsic value, as obtained from our valuation analysis described later in this report. Fig 17 summarizes our results.

BARGAINING POWER OF CUSTOMERS. The holding enjoys a large bargaining power in almost every business unit. Agricultural activities are carried out through several clients that later export the products or sell them in the domestic market. It has over 500 clients in the agricultural sector, where the 10 most relevant account for between 45% and 50% of revenues, which makes the company quite diversified. The largest of these are *Bunge Alimentos S.A.*, *Brenco Companhia Brasileira de Energia Renovável*, and *Molinos Rio de la Plata S.A.* The contracts signed have a year horizon, which gives the company the opportunity to estimate the demand fairly well. In the case of the real estate businesses of APSA, the situation is even more advantageous, given that the company owns some of the largest shopping centers and therefore retailers and even recognized brands cannot afford to lose that channel of sales; also, the average occupancy rate is close to 100%. The case is similar with IRSA's office rental business, due to the fact that the company owns some of the most highly regarded buildings in Buenos Aires City. The case is quite different for Banco Hipotecario. The banking industry is highly regulated, and we have recently witnessed a trend towards more government intervention, especially in lending interest rates and banking fees (for more, see the Industry Outlook in the company's description).

BARGAINING POWER OF SUPPLIERS. The number of suppliers for the agribusiness is reduced but, on the other hand, the size of the company helps achieve reduced prices for materials. In the real estate business, the constant research for opportunities to acquire properties at more than attractive prices and the size of the holding gives Cresud a notable advantage when negotiating with other companies. One recent example is the acquisition of the Madison 183 building in Manhattan, New York, with a net profit of 117% in USD. In the case of shopping centers and office rental, the key suppliers are utilities, with relatively low prices due to government subsidy policies. Also in the case of shopping centers, advertising agencies are essential to keep clients coming to the malls. Finally, Banco Hipotecario is in a rather disadvantageous position, mainly due to government intervention in deposit interest rates. Additionally, approximately 82% of the bank's funding consists of deposits, which are not appealing to the general public since they provide negative real rates of return.

THREAT OF NEW ENTRANTS. Entry barriers are high, both in terms of the investment required and lobby power. Cresud and its related companies are already established players. Cresud and its related companies rely on their size and expertise, as well as a thorough and constant market analysis in order to take advantage of opportunities as they appear.

INTENSITY OF COMPETITIVE RIVALRY. All of the main business units in which the company is involved are cash cows, in terms of the BCG matrix. This situation places the company in a mild competitive environment, in which there are not many alternatives for differentiation (except in the banking business, as argued below). Agricultural and cattle activities are dependent on international commodity prices in a highly competitive arena, which is neither advantageous nor disadvantageous for the company. In the shopping center industry, one clear strong rival is *Cencosud S.A.*, which owns the *Unicenter* mall and the supermarket chain *Jumbo*. In the case of Banco Hipotecario, the Argentine commercial banking industry is highly competitive, and although the bank ranks as the 10th largest private bank, its market share on personal loans is still low (1%).

THREAT OF SUBSTITUTE PRODUCTS OR SERVICES. Argentina is well known for the quality of its rural lands, with a very low risk of international substitution. The risk is also low in the case of IRSA, since the company owns a diversified real estate portfolio, comprising office buildings and residential properties both in highly populated areas as well as in the outskirts of Buenos Aires City; moreover, the chance of Buenos Aires City being replaced as the business center of Argentina is non-existent. In the case of the shopping center business, we highlight the risk of e-commerce as a potential partial substitute. Finally, banking consumer loans have recently faced competition from non-banking credit card companies, especially among low and middle-income households. However, the fact that Banco Hipotecario owns one of these companies, Tarshop, reduces the risk of substitution.

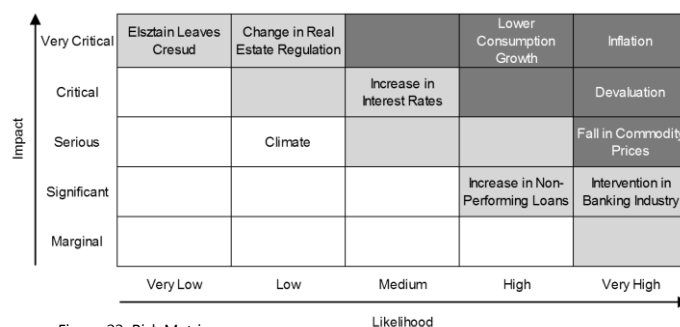


Figure 22: Risk Matrix
Source: Team analysis

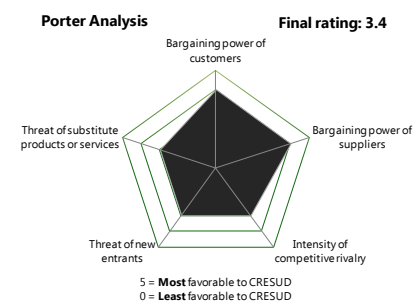


Figure 23: Porter Analysis
Source: Team analysis

COMPUTATION OF COST OF EQUITY

The use of the CAPM model is a generally accepted practice when computing the cost of equity (Ke). However, this may be misleading for companies in emerging markets and in highly regulated countries such as Argentina, where there are foreign exchange and capital controls.

In order to test the validity of the CAPM model under this scenario, we ran 21 regressions of each company's ADR (Cresud; IRSA; APSA) against the S&P 500 index, combining daily, weekly, and monthly data with different periods of time (for more details, see Appendix II). In all cases, R² ratios were extremely low, falling below 45%; 55 out of a total of 63 regressions yielded R² ratios below 30%. The resulting betas showed great standard deviation, ranging from (0.06) to 3.08; in many cases, coefficients were not statistically significant. Therefore, the choice of any of these results would have been absolutely arbitrary and biased. Regressions against the Argentine equity index, Merval, were ruled out since it only tracks 14 stocks, which is far from being comparable to CAPM's market portfolio and thus is locally biased. Moreover, the Merval is a volume-weighted index, as opposed to a market cap-weighted index required by CAPM.

The above-described results are clear evidence of CAPM not being a proper approach to compute Cresud's Ke.

We replaced the CAPM model with an alternative method developed by Goldman Sachs. Following this approach, the Ke of an emerging-market stock can be computed as the sum of three main factors: the risk free rate (Rf); the country risk premium of the emerging market (CRP); and the equity risk premium (ERP) of a matured market, such as the U.S., multiplied by a modified beta known as "Specific Risk".

Such modified beta is defined as the ratio of volatilities of the developing country's equity market (σ_c) and the world market (σ_w), multiplied by a factor that eliminates the correlation between the developing country's equity and bond markets ($\rho_{S,B}$), to correct for double counting.

The expression goes as follows:

$$K_E = R_f + CRP + ERP \cdot \{ (1 - \rho_{S,B}) \cdot \sigma_c / \sigma_w \}$$

We used the 10-year yield to maturity of the U.S. Treasury Bond as proxy of the risk free rate, currently at 2.32% (see Appendix III).

We computed the ERP for the U.S. market based on historical data provided by Kenneth French, from the Dartmouth College, coauthor of the 3-Factor model together with Noble laureate Eugene Fama. Our results for the last 50 years suggest an ERP of 5.9%, which are consistent with previous works that point to the ERP lying within the 5%-7% zone (see Appendix IV).

The ratio between the standard deviations of the Merval index and the S&P 500 index yielded a value of 3.2. The correlation between the Merval index and a portfolio of Argentine sovereign bonds yielded a coefficient of 0.62 (see Appendix V). The modified beta resulted in a value of 1.22.

The country risk spread was computed as a weighted average of JPMorgan's EMBI+ figures for Argentina, Brazil, Paraguay, and Bolivia, weighted by each country's contribution to Cresud's business. The outcome was a country risk spread of 620 bps.

All in all, the described model yielded a cost of equity of 16.66% for 2014. It is worth mentioning that our calculations are consistent with Cresud CEO's comment, in the CFA kick-off meeting held on August 13, 2014, that all company projects are compared against threshold rates of between 15% and 20%.

Other two models were tested, yielding discount rates in line with our estimates (for more information, see Appendix VI)

| Modified Beta | 1.22 |
|-------------------------|------|
| Corr EM equity/bond mkt | 0.62 |
| (1 - correlation) | 0.38 |
| ERP | 5.89 |
| Volatilities ratio | 3.2 |

Figure 24: Cost of Equity

Source: Team analysis

COMPUTATION OF COST OF DEBT

We based the computation of the cost of debt (Kd) on the current yield to maturity (YTM) of Cresud's outstanding USD-linked corporate bonds. While these notes are issued in USD, coupons are paid in ARS at the official exchange rate.

The calculation of a reliable YTM for the USD-linked series can be tricky. The foreign exchange rate used is a decisive input. And this can be quite misleading in a country with strong government capital controls, a large informal foreign exchange market, and strong devaluation expectations. The reason for this is that bond coupons are valued at the expected future exchange rates, which usually differ greatly from the official rate.

To tackle this problem, we built a synthetic corporate bond by adding up all future cash flows of Cresud's USD-linked notes. We obtained a USD YTM of 8.76% and a Macaulay duration of 2.5 years. As shown in Fig.25 and summarized below this is consistent with other series of USD-denominated corporate bonds issued by IRSA, APSA and Banco Hipotecario. This is also consistent with the rates of different financial rentals informed by Cresud in its financial statements, which range from 7.5% to 10.75%. Cresud and its related companies have the following outstanding corporate bonds in USD:

- APSA 2017 (YTM 8.62%);
- IRSA 2017 (YTM 8.25%) and IRSA 2020 (YTM 8.98%);
- Banco Hipotecario 2016 (YTM 9.24%; banking notes usually trade at higher YTM, see Appendix VII);
- Cresud USD-linked notes 2015, 2018 (May), 2018 (November), 2019 (YTM of synthetic corporate bond 8.76%).

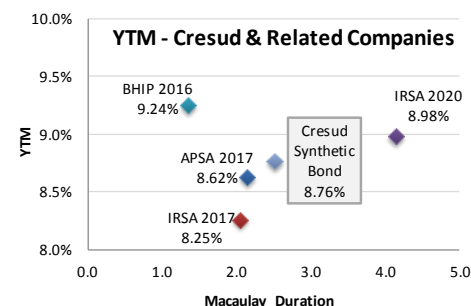


Figure 25: YTM - Cresud & Related Companies

Source: Team analysis and Thompson Reuters

COMPUTATION OF WACC

According to the Cresud's financial statements and a conference call held with the IR department on October 21, 2014, management does not foresee material changes in the capital structure composition. We therefore estimated the D/E ratio based on current market values of debt and equity (1.05), and maintained this throughout the valuation model. Finally, the weighted average cost of capital (WACC) was obtained from the usual expression, including a tax shield of 35%.

COMPUTATION OF KE, Kd AND WACC FOR SUBSEQUENT YEARS

For year 2015 and onwards, we added an upward trend for the risk free rate, as we expect the U.S. Federal Reserve to abandon its easy monetary policy adopted after the events of the international financial crisis of 2008, and gradually lift reference interest rates. To model this upward path, we developed a Cox-Ingersoll Ross (CIR) mean reversion model.

We also foresee changes in Argentina's EMBI+ figures, as we expect the national government to sign an agreement with the holdouts (those debt holders who did not accept the 2005 and 2010 post-default debt swaps) in the first half of 2015. We also expect the market to react positively to a more market-friendly government after next year's presidential elections. Argentine country default spreads were therefore assumed to gradually converge to its Latin American peers using a second CIR model.

This resulted in different parameters for each of the forecasted years, which are summarized in Fig.26.

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | TV |
|-----------|------|------|------|------|------|------|------|
| Risk Free | 2.5 | 3.06 | 3.55 | 3.91 | 4.16 | 4.15 | 4.41 |
| EMBI+ | 695 | 521 | 433 | 392 | 369 | 359 | 350 |

Figure 26: Risk free rates and EMBI+ for 2015 onwards

Source: Team analysis.

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | TV |
|-------------|-------|-------|-------|-------|-------|-------|-------|
| Kd | 8.76 | 7.76 | 7.45 | 7.44 | 7.49 | 7.39 | 7.39 |
| Ke | 16.66 | 15.48 | 15.08 | 15.03 | 15.06 | 14.95 | 14.95 |
| WACC | 11.04 | 10.13 | 9.83 | 9.81 | 9.84 | 9.75 | 9.75 |

The above-described approach yielded different discount rates for each of the forecasted years, with the result summarized in Fig.27.

Figure 27: Discount rates for 2015 onwards
Source: Team analysis.

| Business Unit | Methodology |
|--------------------------------|--------------------------|
| Agribusiness | |
| Grains, Sugar Cane, Ranch | FCFF |
| Real Estate | |
| IRSA – Rental and Development | FCFE |
| Cresud – Land Under Production | Liquidation Value |
| Cresud – Land Bank | Liquidation Value |
| Private Consumption | |
| APSA – Shopping Centers | FCFE |
| Financials | |
| BHIP | Multiples |
| Other Financials | Book Value |
| Other | |
| Tyrus | Market Cap of IDB |

Figure 28: Valuation methodology
Source: Team analysis.

COMPUTATION OF CASH FLOWS

We divided the holding in its main business units and conducted several valuation exercises. We then added up the valuation results of each business unit to arrive at the holding value. Financial data was obtained from the companies' financial statements and other reports, under IFRS norms, submitted to the NYSE. The necessary adjustments to the line of related companies and joint ventures in the income statement were made, in order to prevent for double counting. Other sources of information are detailed below.

The valuation method applied in each case was different, depending on the type of business under analysis. This is summarized in Fig.28 and in the section ahead.

VALUATION OF APSA

APSA's valuation model consists of a free cash flow to equity (FCFE) approach. We ran a linear regression model between Argentine private consumption and APSA's revenue, which mainly consists of its shopping centers business unit. Nominal private-consumption growth rates obtained from Argentina's official statistics agency and the World Bank were used as input in the regression model. All results obtained, including statistics parameters, p-values and R² ratios, were more than satisfactory (for more, see Appendix IX). The results of the regression model were used to estimate APSA's future revenue, as follows. We used our own inflation estimates and real GDP forecasts from the World Bank to compute GDP nominal figures. We then multiplied these by 65% to calculate private consumption figures, given that its weight over GDP has historically maintained that proportion. These were finally combined with the coefficients of our regression model to forecast APSA's revenue and cash flow generation.

Costs were analyzed and considered either to follow the evolution of revenue or other variables like devaluation, inflation, and salary agreements. The estimates of other lines of the financial statements, including assets, liabilities, and EBITDA, are consistent with the projections mentioned above. The impact of the expected devaluation rate on financial results and foreign-currency debt was also taken into account, in a similar fashion to the one described in IRSA's valuation.

Our revenue and capital expenditure forecasts also include APSA's ongoing shopping centers projects. We expect the company to open two of these malls within the next twelve months, and an average of one mall per year from 2016 onwards. Incremental revenue from these projects was computed based on revenue per square meter of shopping centers located in similar geographical areas.

All forecasts were done in ARS, given that APSA's business is mainly local. These were then converted to USD by applying our ARS/USD foreign exchange rate projections (for more, see VIII). Future cash flows were discounted at Ke.

VALUATION OF IRSA

IRSA's valuation model consists of a FCFE approach, after excluding its stakes in APSA, Tyrus, and Banco Hipotecario, which were valued separately as described in this section. This way, IRSA's valuation includes its office rental, hotel, and residential real estate development businesses.

Since the contracts of these three businesses are usually denominated in USD, revenue was found to be highly correlated with the ARS/USD foreign exchange rate. We also found a strong link between IRSA's revenue and GDP growth, after running a linear regression model in a fashion similar to the one described in APSA; all statistics obtained were satisfactory (for more, see Appendix X).

Forecasts on revenue, cash flows and other concepts, including depreciation, amortization and capital expenditures, were built in line with our estimates of GDP growth, inflation, and devaluation of the ARS.

The payment structure of IRSA's corporate bonds and other debt was carefully analyzed and included in the forecasted financial cash flows. Over 90% of IRSA's corporate bonds are USD-denominated, reason why changes in the foreign exchange rate have a strong impact on the company's debt burden. Consequently, our financial expenditure estimates follow the projected path of the ARS/USD parity. Debt rollovers were assumed according to Cresud's Executive Committee declarations in the CFA conference call held on October 21, 2014.

As in other cases, all forecasts were done in ARS and then converted to USD. Future cash flows were discounted at Ke.

VALUATION OF TYRUS

When valuing Tyrus, we excluded its stake in Banco Hipotecario (which was valued separately as described in this section), and therefore only included its stake in IDB. Following Cresud's management statement in the CFA conference call held on October 21, 2014, Tyrus value was computed as a 26.65% stake in IDB's *adjusted* market capitalization (USD 165 million).

VALUATION OF BANCO HIPOTECARIO

For the valuation of Banco Hipotecario, we based our analysis on a multiples, or relative, approach. The banking industry is the mostly represented sector in the Argentine equity market, with some of its main players –Grupo Financiero Galicia, BBVA Banco Francés, Banco Macro, and Banco Hipotecario– accounting for over 20% of the Merval index. In addition, banks are usually considered to be highly comparable, since they are exposed to similar macroeconomic variables, regulation, and risks. Argentina is no exception to this rule. January's strong devaluation, the changes in Central Bank norms, and their impact on financial margin, are clear examples (for more on this discussion, see the section on Banco Hipotecario earlier in this report).

For the stated reasons, a multiples valuation of Banco Hipotecario is a suitable approach. As shown in Fig. 29, the average P/E ratio for these four banks is 9.2x, with ratios slightly ranging from 8.8x (Banco Macro) to 9.7x (BBVA Banco Francés). Bearing in mind that Banco Hipotecario (9.5x) is currently trading at above-the-average P/E ratios, the valuation outcome yielded a target price of ARS 3.85 per share, in line (only 3% below) with current market prices.

All market data was obtained from Thomson Reuters. P/E ratios were calculated using current market prices and comparable trailing-twelve months (ttm) earnings.

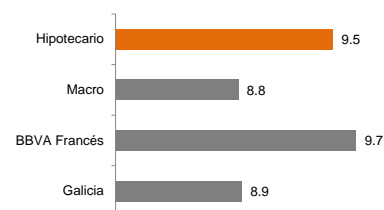


Figure 29: Banks multiples
Source: Team analysis.

VALUATION OF AGRIBUSINESS

The valuation of the agribusiness unit consists of a free cash flow to firm (FCFF) model. This includes Cresud's agricultural and cattle activities, BrasilAgro, and other related companies such as Agro-Uranga, Cactus, Cresca, and Doneldon. We divided the analysis into three main products: Grains, Sugar Cane, and Ranch, as described below.

In the case of Grains, production is expected to remain stable throughout the forecasted period. We used the reports from the U.S. Department of Agriculture as reference for the current value of commodity prices and 2015 projections. Different factors are likely to hurt agricultural commodity prices (like soy, corn, wheat and sunflower) in 2015, with an overall 15% decline, given the strengthening of the USD, the U.S. record harvest of soy and corn for the 2014-15 period, and lower world GDP growth, including China. For 2016 onwards, we assumed a gradual recovery of commodity prices, as the global economic cycle reverts, with an average appreciation rate of 3.4% through 2020. We therefore do not expect commodity prices to return to current values before late 2019/early 2020.

Sugar Cane is entirely produced by BrasilAgro. It takes up to 18 months from the time of planting to produce a crop of sugar cane, resulting in revenue and cash flows fluctuating significantly between the planting and harvesting periods. The erratic nature of these operations was considered when making our forecasts. We also took into account the fact that land acquired in Bolivia will be destined to sugar cane production. Moreover, following the opinion of the U.S. Department of Agriculture, Brazil is likely to remain as one of the world's dominant exporters of biofuel, which is based on sugar cane. Our 2015-2019 forecasts yield an overall 27% production increase between harvests. Prices are expected to follow a similar pattern as the one described above for other agricultural commodities.

As regards the Ranch activities, poor climate conditions and government controls in meat prices led to an overall decline in Argentine cattle head count in 2008 and 2009. Since 2010, after the government lifted the price controls, the number of heads has shown a gradual recovery (about 2% per year), reaching close to 52 million heads by the end of 2014. In the case of Cresud, following better climate conditions in 2014, the company augmented its overall cattle head count by 14.5%, especially in the North of Argentina. We therefore expect a mild increase in production in upcoming years. All in all, our 2015-2019 forecasts assume an average revenue growth rate of 9% per year.

Based on the above-mentioned assumptions, we built a consolidated agribusiness income statement by computing the remaining lines as margins over revenue. This way, we arrived at a consolidated agribusiness NOPAT. Working capital variation was calculated based on income evolution. Capital expenditures and depreciation and amortization charges were computed based on Cresud's consolidated statements, which discriminate fixed assets by business units. As in the rest of the cases, all forecasts were done in ARS and then converted to USD. Future cash flows were discounted at WACC.

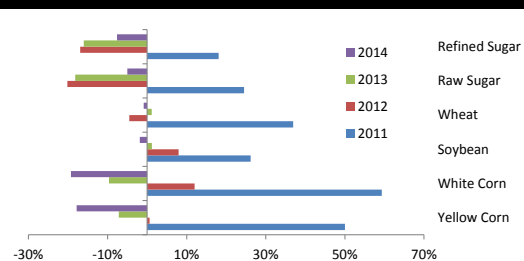


Figure 30: Commodity prices
Source: U.S. Department of Agriculture.

VALUATION OF CRESUD'S LAND BANK

Besides its agribusiness, Cresud is also engaged in the acquisition, development and commercialization of rural real estate. As a result, in order to assess the value of Cresud's stock it is also necessary to calculate potential gains from the sale of its real estate. While the financial statements express the land bank at book value, many of these lands were acquired decades ago, reason why their book value greatly underestimates their current market price.

In order to mark to market Cresud's agribusiness land bank, we conducted a three-step valuation.

We first elaborated a map that identifies different aspects of the owned land, such as location, climate, productive characteristics (soil quality, humidity, slope, vegetation, etc.), and Cresud's main activity in the area (agriculture, breeding, fattening, milking, land development, leasing).

Secondly, hectare prices were surveyed, bearing in mind that these vary significantly depending on the geographical region and the land's characteristics. Public data was obtained from Compañía Argentina de Tierras, a real estate consulting company specialized in the farming sector (Fig.31).

Finally, we combined the previously mentioned steps into a table that computes Cresud's land bank value at market prices, as opposed to book value.

Our estimates of the current market value of Cresud's agribusiness land bank is USD 1,142 million, 22 times the current book value of USD 51.7 million.

In order to calculate the potential income from the commercialization of this real estate, we applied a 20% discount selloff over our estimated market value. We also deducted income tax and other charges such as real estate and legal commissions. Finally, we added the potential savings that come from selling these lands (savings in investment development requirements).



Figure 31: Land price per region
Source: Compañía Argentina de Tierras.

VALUATION OUTCOME

After adding up the results of the previously described valuation methods, we arrived at a final equity value of Cresud of USD 827 million, which implies an ADR target price of USD 16.84. This is summarized in Fig.32.

SENSITIVITY ANALYSIS

In Appendix VIII we show a sensitivity analysis on the previously-described valuation model, after running a Montecarlo simulation. Several variables were included in the simulation: the ARS/USD foreign exchange rate (normal distribution assumed); the risk free rate (lognormal distribution assumed); the Latin American average EMBI+ default spread (lognormal distribution assumed); the GDP growth rate (normal distribution assumed); and the cash flow long-term growth rate (normal distribution assumed). The result is consistent with our calculations: more than 90% of simulations fell within an ADR target price range of USD 16.5 and USD 17.26.

LIQUIDATION VALUE

With the purpose of finding a minimum stock price of Cresud, we also calculated a liquidation value, that is, as if the company were to be sold entirely. The liquidation value was computed after assuming a 20% discount selloff over both our estimated land bank value (see above), and over Cresud's stakes in related companies (mainly IRSA's current market value). We also subtracted the debt, income tax and other charges related to real estate transactions. This alternative approach resulted in a minimum price for Cresud's ADR of USD 14.24 as shown in Fig. 32 (for more details, see Appendix XI).

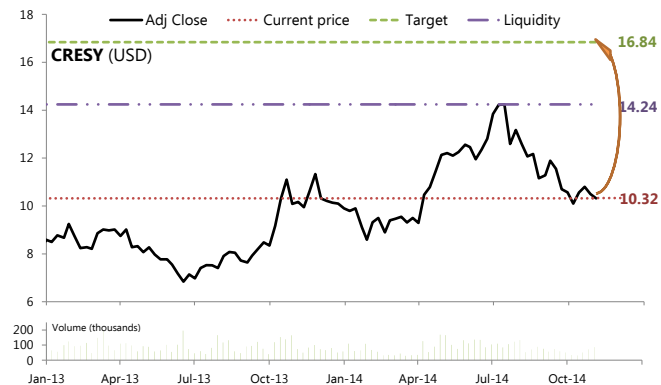


Figure 32: Market price - Target price - Liquidity price
Source: Team analysis, Thomson Reuters.

Appendix I – Financial Sector Comparison

Assets

| Ranking | Bank | Amount | Market Share |
|---------|------------------------|-----------|--------------|
| 1 | Nación | 270,229 | 25% |
| 2 | Provincia Buenos Aires | 89,881 | 8% |
| 3 | Santander Río | 77,046 | 7% |
| 4 | Galicia | 76,680 | 7% |
| 5 | BBVA Francés | 61,910 | 6% |
| 6 | Macro | 61,474 | 6% |
| 7 | HSBC | 46,723 | 4% |
| 8 | Credicoop | 36,318 | 3% |
| 9 | Ciudad Buenos Aires | 36,271 | 3% |
| 10 | Patagonia | 35,508 | 3% |
| 11 | ICBC | 29,736 | 3% |
| 12 | Citibank | 29,231 | 3% |
| 13 | Hipotecario | 23,101 | 2% |
| 14 | Superviella | 17,738 | 2% |
| 15 | Provincia Córdoba | 16,904 | 2% |
| Top 15 | | 908,752 | 83% |
| Total | | 1,091,178 | 100% |

Deposits

| Ranking | Bank | Amount | Market Share |
|---------|------------------------|---------|--------------|
| 1 | Nación | 203,660 | 26% |
| 2 | Provincia Buenos Aires | 77,799 | 10% |
| 3 | Santander Río | 57,177 | 7% |
| 4 | Galicia | 56,087 | 7% |
| 5 | BBVA Francés | 45,925 | 6% |
| 6 | Macro | 43,299 | 5% |
| 7 | HSBC | 33,140 | 4% |
| 8 | Credicoop | 31,365 | 4% |
| 9 | Ciudad Buenos Aires | 29,064 | 4% |
| 10 | Patagonia | 24,808 | 3% |
| 11 | ICBC | 20,840 | 3% |
| 12 | Citibank | 17,645 | 2% |
| 13 | Provincia Córdoba | 14,478 | 2% |
| 14 | Hipotecario | 13,493 | 2% |
| 15 | Superviella | 13,436 | 2% |
| Top 15 | | 682,215 | 86% |
| Total | | 789,749 | 100% |

Source: Argentine Central Bank

Loans

| Ranking | Bank | Amount | Market Share |
|---------|------------------------|---------|--------------|
| 1 | Nación | 115,964 | 20% |
| 2 | Santander Río | 47,400 | 8% |
| 3 | Provincia Buenos Aires | 45,460 | 8% |
| 4 | Galicia | 41,990 | 7% |
| 5 | BBVA Francés | 35,447 | 6% |
| 6 | Macro | 35,206 | 6% |
| 7 | Ciudad Buenos Aires | 26,094 | 5% |
| 8 | HSBC | 23,361 | 4% |
| 9 | Patagonia | 19,868 | 4% |
| 10 | Credicoop | 17,588 | 3% |
| 11 | ICBC | 17,143 | 3% |
| 12 | Citibank | 15,105 | 3% |
| 13 | Hipotecario | 13,266 | 2% |
| 14 | Itaú | 11,166 | 2% |
| 15 | Superviella | 10,278 | 2% |
| Top 15 | | 475,337 | 84% |
| Total | | 567,395 | 100% |

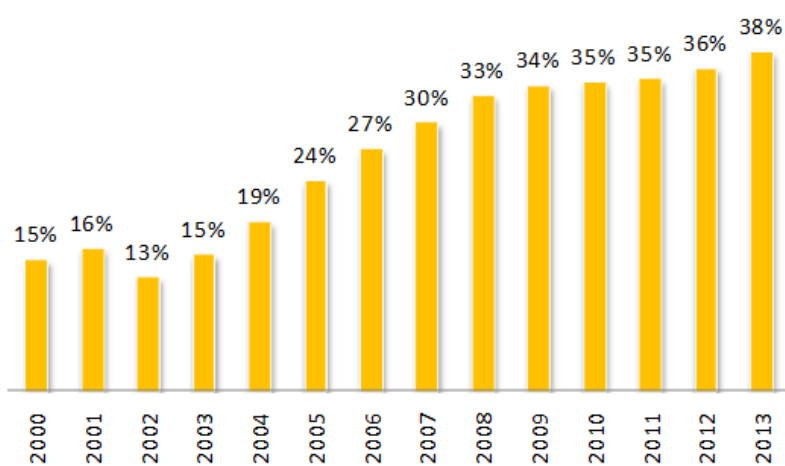
Network

| Ranking | Bank | Amount | Market Share |
|---------|------------------------|---------|--------------|
| 1 | Nación | 31,564 | 23% |
| 2 | Macro | 10,012 | 7% |
| 3 | Santander Río | 9,870 | 7% |
| 4 | BBVA Francés | 8,555 | 6% |
| 5 | Galicia | 7,704 | 6% |
| 6 | Provincia Buenos Aires | 6,189 | 4% |
| 7 | HSBC | 5,701 | 4% |
| 8 | Citibank | 5,362 | 4% |
| 9 | Patagonia | 5,136 | 4% |
| 10 | Ciudad de Buenos Aires | 4,908 | 4% |
| 11 | Hipotecario | 4,092 | 3% |
| 12 | ICBC | 3,822 | 3% |
| 13 | San Juan | 3,535 | 3% |
| 14 | Nuevo Santa Fe | 2,852 | 2% |
| 15 | BICE | 2,837 | 2% |
| Top 15 | | 112,140 | 80% |
| Total | | 139,899 | 100% |

| Region | Bank Branches | ATM |
|-------------------------|---------------|------------|
| Buenos Aires (Province) | 17 | 44 |
| Buenos Aires (City) | 7 | 31 |
| Catamarca | 1 | 3 |
| Chaco | 1 | 6 |
| Chubut | 2 | 6 |
| Córdoba | 5 | 14 |
| Corrientes | 1 | 3 |
| Entre Ríos | 2 | 5 |
| Formosa | 1 | 4 |
| Jujuy | 1 | 3 |
| La Pampa | 2 | 6 |
| La Rioja | 1 | 5 |
| Mendoza | 2 | 5 |
| Misiones | 1 | 3 |
| Neuquén | 1 | 4 |
| Río Negro | 1 | 4 |
| Salta | 1 | 3 |
| San Juan | 1 | 3 |
| San Luis | 1 | 3 |
| Santa Cruz | 2 | 3 |
| Santa Fe | 5 | 15 |
| Santiago Del Estero | 1 | 3 |
| Tierra Del Fuego | 1 | 1 |
| Tucumán | 2 | 4 |
| Total | 60 | 181 |

Source: Argentine Central Bank

Weight of Consumer Loans over Total Loans



| Grupo Financiero Galicia | | Banco Francés | |
|---------------------------------|----------------------|------------------------|----------------------|
| Earnings 3rd trim 2013 | 535,991,000 | Earnings 3rd trim 2013 | 560,600,000 |
| Earnings 4th trim 2013 | 626,922,000 | Earnings 4th trim 2013 | 863,900,000 |
| Earnings 2nd semester | 1,523,945,000 | Earnings 2nd semester | 1,761,169,000 |
| Total earnings | 2,686,858,000 | Total earnings | 3,185,669,000 |
| Q shares | 1,300,264,597 | Q shares | 536,877,850 |
| EPS | 2.07 | EPS | 5.93 |
| Price | 19.20 | Price | 57.30 |
| P / E | 9.29 | P / E | 9.66 |

| Banco Macro | | Banco Hipotecario | |
|------------------------|----------------------|--------------------------|--------------------|
| Earnings 3rd trim 2013 | 571,900,000 | Earnings 3rd trim 2013 | 147,313,000 |
| Earnings 4th trim 2013 | 953,400,000 | Earnings 4th trim 2013 | 121,306,000 |
| Earnings 2nd semester | 1,918,940,000 | Earnings 2nd semester | 358,408,000 |
| Total earnings | 3,444,240,000 | Total earnings | 627,027,000 |
| Q shares | 584,485,168 | Q shares | 1,500,000,000 |
| EPS | 5.89 | EPS | 0.42 |
| Price | 51.25 | P/E average | 9.22 |
| P / E | 8.70 | Estimated Price | 3.85 |
| | | Market Price | 3.97 |

Exchange rate: 8.51
Equity Value BHIP (USD) 678,981

Appendix II – Misleading Beta Calculation

| | APSA | | | IRSA | | | Cresud | | |
|---------------------|-------|--------|---------|-------|--------|---------|--------|--------|---------|
| | Daily | Weekly | Monthly | Daily | Weekly | Monthly | Daily | Weekly | Monthly |
| 2007 to date | | | | | | | | | |
| Beta | 0.00 | -0.03 | 1.20 | 0.75 | 0.92 | 1.91 | 0.90 | 1.06 | 1.66 |
| R2 | 0% | 0% | 19% | 15% | 17% | 42% | 20% | 21% | 31% |
| 2008 to date | | | | | | | | | |
| Beta | -0.04 | -0.06 | 1.14 | 0.73 | 0.89 | 1.91 | 0.88 | 1.04 | 1.61 |
| R2 | 0% | 0% | 20% | 14% | 16% | 43% | 21% | 22% | 31% |
| 2009 to date | | | | | | | | | |
| Beta | 0.07 | 0.10 | 0.71 | 0.77 | 0.89 | 1.58 | 0.91 | 1.10 | 1.47 |
| R2 | 0% | 0% | 7% | 13% | 16% | 31% | 19% | 23% | 32% |
| 2010 to date | | | | | | | | | |
| Beta | 0.34 | 0.23 | 0.91 | 0.81 | 0.86 | 1.59 | 0.98 | 1.12 | 1.58 |
| R2 | 1% | 0% | 8% | 13% | 14% | 27% | 19% | 20% | 28% |
| 2011 to date | | | | | | | | | |
| Beta | 0.36 | 0.18 | 0.91 | 0.72 | 0.74 | 2.04 | 0.88 | 0.95 | 1.79 |
| R2 | 1% | 0% | 6% | 10% | 9% | 30% | 15% | 14% | 27% |
| 2012 to date | | | | | | | | | |
| Beta | 0.39 | 0.43 | 0.92 | 0.72 | 0.62 | 2.41 | 1.00 | 1.03 | 2.11 |
| R2 | 1% | 1% | 6% | 5% | 4% | 27% | 10% | 9% | 22% |
| 2013 to date | | | | | | | | | |
| Beta | 0.52 | 0.83 | 0.95 | 0.87 | 0.74 | 3.08 | 0.93 | 0.72 | 1.44 |
| R2 | 2% | 4% | 6% | 7% | 4% | 33% | 9% | 4% | 10% |

Source: Team estimation

Appendix III – Risk Free Rate

| Date | 1 Mo | 3 Mo | 6 Mo | 1 Yr | 2 Yr | 3 Yr | 5 Yr | 7 Yr | 10 Yr | 20 Yr | 30 Yr |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 11/07/2014 | 0.04% | 0.03% | 0.06% | 0.12% | 0.51% | 0.95% | 1.60% | 2.01% | 2.32% | 2.76% | 3.04% |
| 11/06/2014 | 0.04% | 0.03% | 0.06% | 0.12% | 0.54% | 1.01% | 1.67% | 2.09% | 2.39% | 2.83% | 3.09% |
| 11/05/2014 | 0.04% | 0.03% | 0.07% | 0.11% | 0.52% | 0.97% | 1.63% | 2.05% | 2.36% | 2.79% | 3.06% |
| 11/04/2014 | 0.04% | 0.03% | 0.06% | 0.11% | 0.52% | 0.97% | 1.63% | 2.05% | 2.35% | 2.78% | 3.05% |
| 11/03/2014 | 0.03% | 0.02% | 0.07% | 0.12% | 0.52% | 0.96% | 1.63% | 2.05% | 2.36% | 2.80% | 3.07% |

Source: U.S. Department of the Treasury

Appendix IV – Equity Risk Premium Calculation

Average Last 50 Years = 5.9%

| Period (yyyy/mm) | Market Risk Premium | Period (yyyy/mm) | Market Risk Premium | Period (yyyy/mm) | Market Risk Premium | Period (yyyy/mm) | Market Risk Premium | Period (yyyy/mm) | Market Risk Premium | Period (yyyy/mm) | Market Risk Premium |
|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|
| 196409 | 2.69 | 197301 | -3.29 | 198105 | 0.11 | 198909 | -0.76 | 199801 | 0.15 | 200605 | -3.57 |
| 196410 | 0.59 | 197302 | -4.85 | 198106 | -2.36 | 198910 | -3.67 | 199802 | 7.03 | 200606 | -0.35 |
| 196411 | 0 | 197303 | -1.29 | 198107 | -1.54 | 198911 | 1.03 | 199803 | 4.76 | 200607 | -0.78 |
| 196412 | 0.03 | 197304 | -5.68 | 198108 | -7.03 | 198912 | 1.16 | 199804 | 0.73 | 200608 | 2.03 |
| 196501 | 3.54 | 197305 | -2.94 | 198109 | -7.17 | 199001 | -7.85 | 199805 | -3.07 | 200609 | 1.84 |
| 196502 | 0.44 | 197306 | -1.56 | 198110 | 4.92 | 199002 | 1.11 | 199806 | 3.18 | 200610 | 3.23 |
| 196503 | -1.34 | 197307 | 5.04 | 198111 | 3.36 | 199003 | 1.83 | 199807 | -2.46 | 200611 | 1.71 |
| 196504 | 3.11 | 197308 | -3.84 | 198112 | -3.65 | 199004 | -3.36 | 199808 | -16.08 | 200612 | 0.87 |
| 196505 | -0.77 | 197309 | 4.75 | 198201 | -3.24 | 199005 | 8.42 | 199809 | 6.15 | 200701 | 1.4 |
| 196506 | -5.51 | 197310 | -0.86 | 198202 | -5.86 | 199006 | -1.09 | 199810 | 7.13 | 200702 | -1.96 |
| 196507 | 1.43 | 197311 | -12.74 | 198203 | -1.87 | 199007 | -1.9 | 199811 | 6.1 | 200703 | 0.68 |
| 196508 | 2.73 | 197312 | 0.58 | 198204 | 3.27 | 199008 | -10.14 | 199812 | 6.16 | 200704 | 3.49 |
| 196509 | 2.86 | 197401 | -0.17 | 198205 | -3.99 | 199009 | -6.12 | 199901 | 3.5 | 200705 | 3.24 |
| 196510 | 2.6 | 197402 | -0.48 | 198206 | -3.09 | 199010 | -1.92 | 199902 | -4.08 | 200706 | -1.96 |
| 196511 | -0.03 | 197403 | -2.81 | 198207 | -3.19 | 199011 | 6.35 | 199903 | 3.45 | 200707 | -3.73 |
| 196512 | 1.01 | 197404 | -5.29 | 198208 | 11.14 | 199012 | 2.46 | 199904 | 4.33 | 200708 | 0.92 |
| 196601 | 0.72 | 197405 | -4.67 | 198209 | 1.29 | 199101 | 4.69 | 199905 | -2.46 | 200709 | 3.22 |
| 196602 | -1.21 | 197406 | -2.83 | 198210 | 11.3 | 199102 | 7.19 | 199906 | 4.77 | 200710 | 1.8 |
| 196603 | -2.51 | 197407 | -8.05 | 198211 | 4.67 | 199103 | 2.65 | 199907 | -3.47 | 200711 | -4.83 |
| 196604 | 2.14 | 197408 | -9.35 | 198212 | 0.55 | 199104 | -0.28 | 199908 | -1.38 | 200712 | -0.87 |
| 196605 | -5.66 | 197409 | -11.77 | 198301 | 3.6 | 199105 | 3.64 | 199909 | -2.81 | 200801 | -6.36 |
| 196606 | -1.44 | 197410 | 16.1 | 198302 | 2.59 | 199106 | -4.94 | 199910 | 6.13 | 200802 | -3.09 |
| 196607 | -1.63 | 197411 | -4.51 | 198303 | 2.82 | 199107 | 4.24 | 199911 | 3.37 | 200803 | -0.93 |
| 196608 | -7.91 | 197412 | -3.44 | 198304 | 6.67 | 199108 | 2.32 | 199912 | 7.72 | 200804 | 4.6 |
| 196609 | -1.06 | 197501 | 13.66 | 198305 | 0.52 | 199109 | -1.59 | 200001 | -4.74 | 200805 | 1.86 |
| 196610 | 3.86 | 197502 | 5.56 | 198306 | 3.07 | 199110 | 1.28 | 200002 | 2.45 | 200806 | -8.44 |
| 196611 | 1.4 | 197503 | 2.66 | 198307 | -4.07 | 199111 | -4.19 | 200003 | 5.2 | 200807 | -0.77 |
| 196612 | 0.13 | 197504 | 4.23 | 198308 | -0.5 | 199112 | 10.83 | 200004 | -6.4 | 200808 | 1.53 |
| 196701 | 8.15 | 197505 | 5.19 | 198309 | 0.92 | 199201 | -0.59 | 200005 | -4.42 | 200809 | -9.24 |
| 196702 | 0.78 | 197506 | 4.82 | 198310 | -3.44 | 199202 | 1.09 | 200006 | 4.64 | 200810 | -17.23 |
| 196703 | 3.99 | 197507 | -6.59 | 198311 | 2.16 | 199203 | -2.65 | 200007 | -2.51 | 200811 | -7.86 |
| 196704 | 3.89 | 197508 | -2.85 | 198312 | -1.78 | 199204 | 1.08 | 200008 | 7.03 | 200812 | 1.74 |
| 196705 | -4.33 | 197509 | -4.26 | 198401 | -1.92 | 199205 | 0.3 | 200009 | -5.45 | 200901 | -8.12 |
| 196706 | 2.41 | 197510 | 5.31 | 198402 | -4.82 | 199206 | -2.34 | 200010 | -2.76 | 200902 | -10.1 |
| 196707 | 4.58 | 197511 | 2.65 | 198403 | 0.63 | 199207 | 3.77 | 200011 | -10.72 | 200903 | 8.95 |
| 196708 | -0.89 | 197512 | -1.6 | 198404 | -0.52 | 199208 | -2.38 | 200012 | 1.19 | 200904 | 10.19 |
| 196709 | 3.11 | 197601 | 12.16 | 198405 | -5.97 | 199209 | 1.19 | 200101 | 3.13 | 200905 | 5.21 |
| 196710 | -3.09 | 197602 | 0.32 | 198406 | 1.82 | 199210 | 1.02 | 200102 | -10.05 | 200906 | 0.43 |
| 196711 | 0.37 | 197603 | 2.33 | 198407 | -2.74 | 199211 | 4.13 | 200103 | -7.26 | 200907 | 7.72 |
| 196712 | 3.05 | 197604 | -1.49 | 198408 | 10.28 | 199212 | 1.53 | 200104 | 7.94 | 200908 | 3.33 |
| 196801 | -4.06 | 197605 | -1.35 | 198409 | -0.8 | 199301 | 0.93 | 200105 | 0.72 | 200909 | 4.08 |
| 196802 | -3.75 | 197606 | 4.05 | 198410 | -0.84 | 199302 | 0.13 | 200106 | -1.94 | 200910 | -2.59 |
| 196803 | 0.2 | 197607 | -1.07 | 198411 | -1.76 | 199303 | 2.3 | 200107 | -2.13 | 200911 | 5.56 |
| 196804 | 9.05 | 197608 | -0.56 | 198412 | 1.84 | 199304 | -3.05 | 200108 | -6.46 | 200912 | 2.75 |
| 196805 | 2.28 | 197609 | 2.06 | 198501 | 7.99 | 199305 | 2.88 | 200109 | -9.25 | 201001 | -3.36 |
| 196806 | 0.69 | 197610 | -2.42 | 198502 | 1.22 | 199306 | 0.31 | 200110 | 2.46 | 201002 | 3.4 |
| 196807 | -2.72 | 197611 | 0.36 | 198503 | -0.84 | 199307 | -0.34 | 200111 | 7.54 | 201003 | 6.31 |
| 196808 | 1.34 | 197612 | 5.65 | 198504 | -0.96 | 199308 | 3.72 | 200112 | 1.61 | 201004 | 2 |
| 196809 | 4.03 | 197701 | -4.05 | 198505 | 5.09 | 199309 | -0.12 | 200201 | -1.44 | 201005 | -7.89 |
| 196810 | 0.42 | 197702 | -1.95 | 198506 | 1.27 | 199310 | 1.41 | 200202 | -2.29 | 201006 | -5.56 |
| 196811 | 5.43 | 197703 | -1.37 | 198507 | -0.74 | 199311 | -1.89 | 200203 | 4.24 | 201007 | 6.93 |
| 196812 | -3.94 | 197704 | 0.15 | 198508 | -1.02 | 199312 | 1.65 | 200204 | -5.2 | 201008 | -4.77 |
| 196901 | -1.25 | 197705 | -1.46 | 198509 | -4.54 | 199401 | 2.87 | 200205 | -1.38 | 201009 | 9.54 |
| 196902 | -5.84 | 197706 | 4.71 | 198510 | 4.02 | 199402 | -2.56 | 200206 | -7.21 | 201010 | 3.88 |
| 196903 | 2.64 | 197707 | -1.69 | 198511 | 6.48 | 199403 | -4.78 | 200207 | -8.18 | 201011 | 0.6 |

| Period (yyyymm) | Market Risk Premium | Period (yyyymm) | Market Risk Premium | Period (yyyymm) | Market Risk Premium | Period (yyyymm) | Market Risk Premium | Period (yyyymm) | Market Risk Premium | Period (yyyymm) | Market Risk Premium |
|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|
| 196904 | 1.46 | 197708 | -1.75 | 198512 | 3.88 | 199404 | 0.68 | 200208 | 0.5 | 201012 | 6.82 |
| 196905 | -0.1 | 197709 | -0.27 | 198601 | 0.65 | 199405 | 0.58 | 200209 | -10.35 | 201101 | 1.99 |
| 196906 | -7.18 | 197710 | -4.38 | 198602 | 7.13 | 199406 | -3.03 | 200210 | 7.84 | 201102 | 3.49 |
| 196907 | -7 | 197711 | 4 | 198603 | 4.88 | 199407 | 2.82 | 200211 | 5.96 | 201103 | 0.45 |
| 196908 | 4.68 | 197712 | 0.27 | 198604 | -1.31 | 199408 | 4.01 | 200212 | -5.76 | 201104 | 2.9 |
| 196909 | -2.98 | 197801 | -6.01 | 198605 | 4.62 | 199409 | -2.31 | 200301 | -2.57 | 201105 | -1.27 |
| 196910 | 5.06 | 197802 | -1.38 | 198606 | 1.03 | 199410 | 1.34 | 200302 | -1.88 | 201106 | -1.75 |
| 196911 | -3.79 | 197803 | 2.85 | 198607 | -6.45 | 199411 | -4.04 | 200303 | 1.09 | 201107 | -2.36 |
| 196912 | -2.63 | 197804 | 7.88 | 198608 | 6.07 | 199412 | 0.86 | 200304 | 8.22 | 201108 | -5.99 |
| 197001 | -8.1 | 197805 | 1.76 | 198609 | -8.6 | 199501 | 1.8 | 200305 | 6.05 | 201109 | -7.59 |
| 197002 | 5.13 | 197806 | -1.69 | 198610 | 4.66 | 199502 | 3.63 | 200306 | 1.42 | 201110 | 11.35 |
| 197003 | -1.06 | 197807 | 5.11 | 198611 | 1.17 | 199503 | 2.18 | 200307 | 2.35 | 201111 | -0.28 |
| 197004 | -11 | 197808 | 3.75 | 198612 | -3.27 | 199504 | 2.11 | 200308 | 2.34 | 201112 | 0.74 |
| 197005 | -6.92 | 197809 | -1.43 | 198701 | 12.47 | 199505 | 2.9 | 200309 | -1.24 | 201201 | 5.05 |
| 197006 | -5.79 | 197810 | -11.91 | 198702 | 4.39 | 199506 | 2.72 | 200310 | 6.08 | 201202 | 4.42 |
| 197007 | 6.93 | 197811 | 2.71 | 198703 | 1.64 | 199507 | 3.72 | 200311 | 1.35 | 201203 | 3.11 |
| 197008 | 4.49 | 197812 | 0.88 | 198704 | -2.11 | 199508 | 0.55 | 200312 | 4.29 | 201204 | -0.85 |
| 197009 | 4.18 | 197901 | 4.23 | 198705 | 0.11 | 199509 | 3.35 | 200401 | 2.15 | 201205 | -6.19 |
| 197010 | -2.28 | 197902 | -3.56 | 198706 | 3.94 | 199510 | -1.52 | 200402 | 1.4 | 201206 | 3.89 |
| 197011 | 4.59 | 197903 | 5.68 | 198707 | 3.85 | 199511 | 3.95 | 200403 | -1.32 | 201207 | 0.79 |
| 197012 | 5.72 | 197904 | -0.06 | 198708 | 3.52 | 199512 | 1.03 | 200404 | -1.83 | 201208 | 2.55 |
| 197101 | 4.84 | 197905 | -2.21 | 198709 | -2.59 | 199601 | 2.26 | 200405 | 1.17 | 201209 | 2.73 |
| 197102 | 1.41 | 197906 | 3.85 | 198710 | -23.24 | 199602 | 1.33 | 200406 | 1.86 | 201210 | -1.76 |
| 197103 | 4.13 | 197907 | 0.82 | 198711 | -7.77 | 199603 | 0.73 | 200407 | -4.06 | 201211 | 0.78 |
| 197104 | 3.15 | 197908 | 5.53 | 198712 | 6.81 | 199604 | 2.06 | 200408 | 0.08 | 201212 | 1.18 |
| 197105 | -3.98 | 197909 | -0.82 | 198801 | 4.21 | 199605 | 2.36 | 200409 | 1.6 | 201301 | 5.57 |
| 197106 | -0.1 | 197910 | -8.1 | 198802 | 4.75 | 199606 | -1.14 | 200410 | 1.43 | 201302 | 1.29 |
| 197107 | -4.5 | 197911 | 5.21 | 198803 | -2.27 | 199607 | -5.97 | 200411 | 4.54 | 201303 | 4.03 |
| 197108 | 3.79 | 197912 | 1.79 | 198804 | 0.56 | 199608 | 2.76 | 200412 | 3.43 | 201304 | 1.56 |
| 197109 | -0.85 | 198001 | 5.51 | 198805 | -0.29 | 199609 | 5.02 | 200501 | -2.76 | 201305 | 2.8 |
| 197110 | -4.42 | 198002 | -1.22 | 198806 | 4.79 | 199610 | 0.86 | 200502 | 1.89 | 201306 | -1.2 |
| 197111 | -0.46 | 198003 | -12.9 | 198807 | -1.25 | 199611 | 6.25 | 200503 | -1.97 | 201307 | 5.65 |
| 197112 | 8.71 | 198004 | 3.97 | 198808 | -3.31 | 199612 | -1.7 | 200504 | -2.61 | 201308 | -2.71 |
| 197201 | 2.49 | 198005 | 5.26 | 198809 | 3.3 | 199701 | 4.99 | 200505 | 3.65 | 201309 | 3.77 |
| 197202 | 2.87 | 198006 | 3.06 | 198810 | 1.15 | 199702 | -0.49 | 200506 | 0.57 | 201310 | 4.18 |
| 197203 | 0.63 | 198007 | 6.49 | 198811 | -2.29 | 199703 | -5.03 | 200507 | 3.92 | 201311 | 3.12 |
| 197204 | 0.29 | 198008 | 1.8 | 198812 | 1.49 | 199704 | 4.04 | 200508 | -1.22 | 201312 | 2.81 |
| 197205 | 1.25 | 198009 | 2.19 | 198901 | 6.1 | 199705 | 6.74 | 200509 | 0.49 | 201401 | -3.32 |
| 197206 | -2.43 | 198010 | 1.06 | 198902 | -2.25 | 199706 | 4.1 | 200510 | -2.02 | 201402 | 4.65 |
| 197207 | -0.8 | 198011 | 9.59 | 198903 | 1.57 | 199707 | 7.33 | 200511 | 3.61 | 201403 | 0.43 |
| 197208 | 3.26 | 198012 | -4.52 | 198904 | 4.33 | 199708 | -4.15 | 200512 | -0.25 | 201404 | -0.19 |
| 197209 | -1.14 | 198101 | -5.04 | 198905 | 3.35 | 199709 | 5.35 | 200601 | 3.04 | 201405 | 2.06 |
| 197210 | 0.52 | 198102 | 0.56 | 198906 | -1.35 | 199710 | -3.8 | 200602 | -0.3 | 201406 | 2.61 |
| 197211 | 4.6 | 198103 | 3.56 | 198907 | 7.2 | 199711 | 2.98 | 200603 | 1.46 | 201407 | -2.04 |
| 197212 | 0.62 | 198104 | -2.1 | 198908 | 1.44 | 199712 | 1.32 | 200604 | 0.73 | 201408 | 4.23 |

Source: http://mba.tuck.dartmouth.edu/pages/faculty/ken_french/data_library.html

Appendix V – Goldman Sachs Approach

| Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) |
|------------|---------------------|------------------|------------|---------------------|------------------|------------|---------------------|------------------|------------|---------------------|------------------|
| 08/22/2014 | 3.53% | -0.199% | 03/25/2014 | 1.85% | -0.048% | 10/23/2013 | -5.47% | -0.474% | 05/29/2013 | 5.53% | -0.707% |
| 08/21/2014 | -0.62% | 0.295% | 03/21/2014 | 1.73% | -0.294% | 10/22/2013 | -0.81% | 0.572% | 05/28/2013 | -3.15% | 0.000% |
| 08/20/2014 | -2.46% | 0.247% | 03/20/2014 | 1.85% | 0.602% | 10/21/2013 | 2.77% | 0.009% | 05/27/2013 | -0.43% | 0.632% |
| 08/19/2014 | 1.73% | 1.348% | 03/19/2014 | -1.75% | -0.615% | 10/18/2013 | 0.38% | 0.653% | 05/24/2013 | -0.64% | -0.055% |
| 08/15/2014 | 2.19% | -0.006% | 03/18/2014 | 2.07% | 0.719% | 10/17/2013 | 1.33% | 0.672% | 05/23/2013 | -1.07% | -0.293% |
| 08/14/2014 | -2.92% | 0.434% | 03/17/2014 | 1.64% | 0.957% | 10/16/2013 | -0.54% | 1.373% | 05/22/2013 | -0.73% | -0.831% |
| 08/13/2014 | -0.58% | 0.668% | 03/14/2014 | 2.63% | -0.283% | 10/15/2013 | 1.93% | -0.302% | 05/21/2013 | 1.40% | 0.172% |
| 08/12/2014 | -2.07% | -0.164% | 03/13/2014 | -2.04% | -1.177% | 10/11/2013 | 1.47% | 0.627% | 05/20/2013 | -0.22% | -0.071% |
| 08/11/2014 | -2.63% | 0.276% | 03/12/2014 | 0.44% | 0.031% | 10/10/2013 | 3.78% | 2.160% | 05/17/2013 | 1.51% | 1.025% |
| 08/08/2014 | 0.40% | 1.147% | 03/11/2014 | -2.66% | -0.510% | 10/09/2013 | 0.42% | 0.057% | 05/16/2013 | -0.90% | -0.502% |
| 08/07/2014 | 0.00% | -0.557% | 03/10/2014 | -2.74% | -0.046% | 10/08/2013 | 0.04% | -1.241% | 05/15/2013 | 0.98% | 0.510% |
| 08/06/2014 | 0.85% | 0.002% | 03/07/2014 | 0.81% | 0.054% | 10/07/2013 | 1.95% | -0.854% | 05/14/2013 | -0.67% | 1.009% |
| 08/05/2014 | -3.82% | -0.973% | 03/06/2014 | 3.90% | 0.172% | 10/04/2013 | -0.78% | 0.703% | 05/13/2013 | -0.15% | 0.004% |
| 08/04/2014 | -0.16% | 0.716% | 03/05/2014 | -0.31% | 0.769% | 10/03/2013 | -0.07% | -0.902% | 05/10/2013 | -1.49% | 0.431% |
| 08/01/2014 | -1.66% | -0.286% | 02/28/2014 | 0.12% | 0.278% | 10/02/2013 | -1.31% | -0.067% | 05/09/2013 | -1.11% | -0.369% |
| 07/31/2014 | -7.57% | -2.020% | 02/27/2014 | 0.59% | 0.494% | 10/01/2013 | 2.31% | 0.797% | 05/08/2013 | -0.76% | 0.413% |
| 07/30/2014 | 8.09% | 0.006% | 02/26/2014 | -0.35% | 0.002% | 09/30/2013 | 1.35% | -0.605% | 05/07/2013 | 1.69% | 0.522% |
| 07/29/2014 | 4.46% | -0.454% | 02/25/2014 | -3.25% | -0.135% | 09/27/2013 | -2.27% | -0.408% | 05/06/2013 | 2.04% | 0.191% |
| 07/28/2014 | -3.71% | 0.029% | 02/24/2014 | 25.7% | 0.617% | 09/26/2013 | 1.94% | 0.348% | 05/03/2013 | -0.57% | 1.048% |
| 07/25/2014 | -3.73% | -0.486% | 02/21/2014 | -0.75% | -0.192% | 09/25/2013 | 0.95% | -0.274% | 05/02/2013 | -1.17% | 0.001% |
| 07/24/2014 | 2.37% | 0.049% | 02/20/2014 | 0.04% | 0.601% | 09/24/2013 | -1.26% | -0.260% | 04/30/2013 | 0.86% | 0.248% |
| 07/23/2014 | -2.56% | 0.175% | 02/19/2014 | -2.74% | -0.655% | 09/23/2013 | 2.53% | -0.473% | 04/29/2013 | 1.63% | 0.716% |
| 07/22/2014 | -0.59% | 0.500% | 02/18/2014 | 1.58% | 0.000% | 09/20/2013 | 0.25% | -0.724% | 04/26/2013 | -0.41% | -0.184% |
| 07/21/2014 | -2.59% | -0.232% | 02/17/2014 | 1.33% | 0.116% | 09/19/2013 | 0.77% | -0.184% | 04/25/2013 | 0.50% | 0.403% |
| 07/18/2014 | 4.76% | 1.021% | 02/14/2014 | 3.14% | 0.480% | 09/18/2013 | 2.46% | 1.210% | 04/24/2013 | 1.54% | 0.001% |
| 07/17/2014 | -2.15% | -1.190% | 02/13/2014 | 1.63% | 0.579% | 09/17/2013 | -0.34% | 0.421% | 04/23/2013 | 1.34% | 1.037% |
| 07/16/2014 | -0.70% | 0.419% | 02/12/2014 | 3.57% | -0.027% | 09/16/2013 | 0.61% | 0.568% | 04/22/2013 | 2.51% | 0.465% |
| 07/15/2014 | -2.56% | -0.193% | 02/11/2014 | 2.94% | 1.100% | 09/13/2013 | 1.70% | 0.271% | 04/19/2013 | 2.14% | 0.881% |
| 07/14/2014 | -2.19% | 0.483% | 02/10/2014 | -2.67% | 0.157% | 09/12/2013 | -2.74% | -0.339% | 04/18/2013 | -0.22% | -0.672% |
| 07/11/2014 | 1.90% | 0.147% | 02/07/2014 | 2.14% | 1.321% | 09/11/2013 | -1.13% | 0.305% | 04/17/2013 | -2.71% | -1.443% |
| 07/10/2014 | 5.95% | 0.049% | 02/06/2014 | 25.0% | 1.236% | 09/10/2013 | 3.01% | 0.732% | 04/16/2013 | 1.34% | 1.421% |
| 07/08/2014 | 2.25% | -0.707% | 02/05/2014 | -0.03% | -0.203% | 09/09/2013 | 4.48% | 0.994% | 04/15/2013 | -3.31% | -2.233% |
| 07/07/2014 | 1.11% | -0.393% | 02/04/2014 | 2.60% | 0.761% | 09/06/2013 | 0.14% | 0.005% | 04/12/2013 | -1.85% | -0.284% |
| 07/04/2014 | -1.04% | 0.000% | 02/03/2014 | -4.15% | -2.310% | 09/05/2013 | 1.96% | 0.121% | 04/11/2013 | -0.66% | 0.355% |

| Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) |
|------------|---------------------|------------------|------------|---------------------|------------------|------------|---------------------|------------------|------------|---------------------|------------------|
| 07/03/2014 | -0.21% | 0.546% | 01/31/2014 | -1.20% | -0.649% | 09/04/2013 | 1.06% | 0.808% | 04/10/2013 | -0.76% | 1.212% |
| 07/02/2014 | 1.47% | 0.066% | 01/30/2014 | 1.08% | 1.120% | 09/03/2013 | 1.25% | 0.000% | 04/09/2013 | 2.25% | 0.354% |
| 07/01/2014 | 2.07% | 0.666% | 01/29/2014 | -4.01% | -1.026% | 09/02/2013 | -0.39% | 0.416% | 04/08/2013 | 2.10% | 0.628% |
| 06/30/2014 | 1.44% | -0.037% | 01/28/2014 | 1.91% | 0.612% | 08/30/2013 | -1.39% | -0.318% | 04/05/2013 | 0.04% | -0.430% |
| 06/27/2014 | -1.69% | 0.191% | 01/27/2014 | 1.72% | -0.489% | 08/29/2013 | 2.24% | 0.196% | 04/04/2013 | 1.29% | 0.404% |
| 06/26/2014 | -1.55% | -0.118% | 01/24/2014 | -4.00% | -2.110% | 08/28/2013 | 1.87% | 0.274% | 04/03/2013 | -2.04% | -0.588% |
| 06/25/2014 | 1.58% | 0.489% | 01/23/2014 | -8.72% | -0.893% | 08/27/2013 | -3.24% | -1.600% | 03/27/2013 | -1.76% | -0.059% |
| 06/24/2014 | -1.41% | -0.646% | 01/22/2014 | -0.90% | 0.057% | 08/26/2013 | -0.38% | -0.405% | 03/26/2013 | 0.08% | 0.775% |
| 06/23/2014 | 10.09% | 0.160% | 01/21/2014 | -0.17% | 0.000% | 08/23/2013 | -1.50% | 0.394% | 03/25/2013 | -1.62% | -0.335% |
| 06/19/2014 | -2.54% | 0.128% | 01/20/2014 | 1.03% | 0.277% | 08/22/2013 | 2.80% | 0.858% | 03/22/2013 | 0.45% | 0.715% |
| 06/18/2014 | 4.78% | 0.769% | 01/17/2014 | -2.34% | -0.390% | 08/21/2013 | -0.07% | -0.580% | 03/21/2013 | -1.14% | -0.832% |
| 06/17/2014 | 0.56% | 0.217% | 01/16/2014 | 0.09% | -0.135% | 08/20/2013 | 0.46% | -0.210% | 03/20/2013 | 0.63% | 0.668% |
| 06/16/2014 | -10.06% | 0.084% | 01/15/2014 | 1.12% | 0.515% | 08/16/2013 | -1.30% | -0.331% | 03/19/2013 | 0.05% | -0.243% |
| 06/13/2014 | 1.57% | 0.313% | 01/14/2014 | -0.20% | 1.076% | 08/15/2013 | -0.47% | -1.438% | 03/18/2013 | -0.58% | -0.553% |
| 06/12/2014 | -1.27% | -0.711% | 01/13/2014 | -1.73% | -1.266% | 08/14/2013 | 3.93% | -0.519% | 03/15/2013 | -0.64% | -0.162% |
| 06/11/2014 | -0.14% | -0.354% | 01/10/2014 | 0.51% | 0.230% | 08/13/2013 | 2.57% | 0.277% | 03/14/2013 | -0.13% | 0.559% |

| Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) | Date | Merval (USD return) | S&P (USD return) |
|------------|---------------------|------------------|------------|---------------------|------------------|------------|---------------------|------------------|------------|---------------------|------------------|
| 05/14/2014 | -2.21% | -0.471% | 12/09/2013 | -0.53% | 0.182% | 07/16/2013 | 0.66% | -0.372% | 02/13/2013 | 0.59% | 0.158% |
| 05/13/2014 | -1.50% | 0.042% | 12/06/2013 | 0.36% | 1.118% | 07/15/2013 | 1.97% | 0.137% | 02/08/2013 | 0.18% | 0.564% |
| 05/12/2014 | 0.88% | 0.963% | 12/05/2013 | -0.56% | -0.435% | 07/12/2013 | -1.72% | 0.308% | 02/07/2013 | -0.33% | -0.181% |
| 05/09/2014 | -0.66% | 0.152% | 12/04/2013 | -0.58% | -0.130% | 07/11/2013 | 2.31% | 1.346% | 02/06/2013 | -1.14% | 0.055% |
| 05/08/2014 | -2.08% | -0.137% | 12/03/2013 | -5.39% | -0.320% | 07/10/2013 | 0.10% | 0.739% | 02/05/2013 | -0.86% | 1.036% |
| 05/07/2014 | 4.04% | 0.560% | 12/02/2013 | -0.96% | -0.272% | 07/08/2013 | -0.56% | 0.524% | 02/04/2013 | -3.46% | -1.161% |
| 05/06/2014 | -1.19% | -0.903% | 11/29/2013 | 2.05% | -0.079% | 07/05/2013 | -1.76% | 0.000% | 02/01/2013 | 1.97% | 1.000% |
| 05/05/2014 | 2.77% | 0.038% | 11/28/2013 | 2.35% | 0.000% | 07/04/2013 | -0.15% | 1.015% | 01/31/2013 | -1.00% | -0.257% |
| 04/30/2014 | 0.92% | 0.299% | 11/27/2013 | 0.02% | 0.248% | 07/03/2013 | -0.02% | 0.082% | 01/30/2013 | -1.10% | -0.391% |
| 04/29/2014 | -0.35% | 0.475% | 11/26/2013 | 4.09% | -0.111% | 07/02/2013 | -0.32% | -0.055% | 01/29/2013 | 2.92% | 0.509% |
| 04/28/2014 | 0.46% | 0.323% | 11/22/2013 | 2.01% | 0.495% | 07/01/2013 | 4.87% | 0.539% | 01/28/2013 | -1.13% | -0.185% |
| 04/25/2014 | -3.19% | -0.813% | 11/21/2013 | 0.84% | 0.810% | 06/28/2013 | -1.96% | -0.430% | 01/25/2013 | 0.49% | 0.543% |
| 04/24/2014 | -0.48% | 0.172% | 11/20/2013 | 4.40% | -0.364% | 06/27/2013 | 2.10% | 0.618% | 01/24/2013 | -0.16% | 0.001% |
| 04/23/2014 | 1.94% | -0.222% | 11/19/2013 | -5.68% | -0.205% | 06/26/2013 | 1.23% | 0.954% | 01/23/2013 | -1.25% | 0.151% |
| 04/22/2014 | 2.71% | 0.408% | 11/18/2013 | 0.18% | -0.371% | 06/25/2013 | 0.61% | 0.945% | 01/22/2013 | 1.19% | 0.000% |
| 04/21/2014 | 0.87% | 0.513% | 11/15/2013 | 2.44% | 0.421% | 06/24/2013 | -4.05% | -3.488% | 01/21/2013 | 1.65% | 0.442% |
| 04/16/2014 | 0.75% | 1.043% | 11/14/2013 | 4.17% | 0.483% | 06/19/2013 | -0.69% | -1.395% | 01/18/2013 | 0.44% | 0.340% |
| 04/15/2014 | -1.60% | 0.673% | 11/13/2013 | 0.00% | 0.806% | 06/18/2013 | -1.28% | 0.776% | 01/17/2013 | 1.34% | 0.563% |
| 04/14/2014 | -0.36% | 0.818% | 11/12/2013 | -3.18% | -0.237% | 06/17/2013 | -1.60% | 0.754% | 01/16/2013 | 0.60% | 0.020% |
| 04/11/2014 | -0.98% | -0.953% | 11/11/2013 | 1.35% | 0.072% | 06/14/2013 | -1.10% | -0.590% | 01/15/2013 | -1.32% | 0.113% |
| 04/10/2014 | -0.60% | -2.111% | 11/08/2013 | 0.14% | 1.334% | 06/13/2013 | 1.66% | 1.468% | 01/14/2013 | -0.70% | -0.093% |
| 04/09/2014 | 0.66% | 1.086% | 11/07/2013 | -2.43% | -0.901% | 06/12/2013 | -1.87% | -0.840% | 01/11/2013 | -0.92% | -0.005% |
| 04/08/2014 | 1.39% | 0.374% | 11/05/2013 | 3.75% | -0.281% | 06/11/2013 | -2.30% | -1.021% | 01/10/2013 | 0.24% | 0.757% |
| 04/07/2014 | 0.69% | -1.081% | 11/04/2013 | 2.93% | 0.356% | 06/10/2013 | -0.06% | -0.035% | 01/09/2013 | 1.81% | 0.265% |
| 04/04/2014 | 1.13% | -1.262% | 11/01/2013 | -1.92% | 0.290% | 06/07/2013 | 0.99% | 1.275% | 01/08/2013 | -1.49% | -0.325% |
| 04/03/2014 | 1.69% | 0.172% | 10/31/2013 | -1.29% | -0.385% | 06/06/2013 | -0.09% | 0.845% | 01/07/2013 | -0.74% | -0.313% |
| 04/01/2014 | 2.63% | 0.701% | 10/30/2013 | -0.39% | -0.489% | 06/05/2013 | 0.66% | -1.388% | 01/04/2013 | 0.53% | 0.485% |
| 03/31/2014 | 1.10% | 0.789% | 10/29/2013 | -2.66% | 0.557% | 06/04/2013 | -1.26% | -0.553% | 01/03/2013 | -1.26% | -0.209% |
| 03/28/2014 | 0.31% | 0.463% | 10/28/2013 | 0.06% | 0.133% | 06/03/2013 | -0.10% | 0.592% | | | |
| 03/27/2014 | 2.80% | -0.190% | 10/25/2013 | -2.60% | 0.439% | 05/31/2013 | -0.72% | -1.441% | | | |
| 03/26/2014 | -0.18% | -0.702% | 10/24/2013 | 5.06% | 0.325% | 05/30/2013 | -0.55% | 0.366% | | | |

Source: Thomson Reuters

| | |
|---|----------|
| Argentine equity market volatility in USD = | 0.021842 |
| World equity market volatility in USD = | 0.006827 |
| Volatility ratio = | 3.200 |

| Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return |
|------------|---------------------|-----------------------|------------|---------------------|-----------------------|------------|---------------------|-----------------------|------------|---------------------|-----------------------|
| 10/31/2014 | 4.45% | 1.230% | 05/19/2014 | 3.96% | 2.505% | 11/20/2013 | 3.29% | 0.150% | 06/04/2013 | -1.26% | -1.721% |
| 10/30/2014 | 3.01% | -0.054% | 05/16/2014 | 1.38% | 2.434% | 11/19/2013 | -5.78% | -3.038% | 06/03/2013 | -0.10% | -0.536% |
| 10/29/2014 | -2.13% | -0.300% | 05/15/2014 | -1.70% | 2.282% | 11/18/2013 | -0.36% | -0.967% | 05/31/2013 | -0.72% | 0.176% |
| 10/28/2014 | 1.46% | -0.467% | 05/14/2014 | 0.49% | 1.409% | 11/15/2013 | 1.90% | 0.048% | 05/30/2013 | 1.16% | 1.365% |
| 10/27/2014 | -2.50% | 0.039% | 05/13/2014 | 0.34% | 0.750% | 11/14/2013 | 4.17% | -0.319% | 05/29/2013 | 1.52% | -2.131% |
| 10/24/2014 | 2.76% | 2.695% | 05/12/2014 | -0.05% | -0.136% | 11/13/2013 | -0.53% | -0.001% | 05/28/2013 | -3.15% | -2.377% |
| 10/23/2014 | -2.69% | -1.350% | 05/09/2014 | 0.47% | 0.225% | 11/12/2013 | -2.54% | -0.362% | 05/27/2013 | 0.60% | 0.488% |
| 10/22/2014 | -3.02% | -1.954% | 05/08/2014 | -1.56% | 0.129% | 11/11/2013 | 2.12% | 0.135% | 05/24/2013 | -1.35% | -0.749% |
| 10/21/2014 | -2.01% | 0.740% | 05/07/2014 | 1.57% | -0.503% | 11/08/2013 | -0.19% | -0.017% | 05/23/2013 | 0.28% | 0.611% |
| 10/20/2014 | 5.09% | 2.176% | 05/06/2014 | -1.09% | -0.757% | 11/07/2013 | -3.73% | 0.765% | 05/22/2013 | -2.51% | -1.753% |
| 10/17/2014 | 5.50% | 2.861% | 05/05/2014 | 1.56% | -0.302% | 11/05/2013 | 5.26% | 1.324% | 05/21/2013 | -1.01% | -1.943% |
| 10/16/2014 | 3.32% | 0.935% | 04/30/2014 | -0.67% | -0.025% | 11/04/2013 | 2.50% | -0.389% | 05/20/2013 | -0.54% | -1.628% |
| 10/15/2014 | -2.47% | -0.513% | 04/29/2014 | 0.54% | 0.348% | 11/01/2013 | -1.69% | 0.388% | 05/17/2013 | -0.32% | -0.384% |
| 10/14/2014 | -1.46% | -2.538% | 04/28/2014 | 3.50% | 1.951% | 10/31/2013 | -0.87% | -0.038% | 05/16/2013 | -0.38% | 1.106% |
| 10/10/2014 | -1.62% | -2.192% | 04/25/2014 | -2.57% | 0.887% | 10/30/2013 | 0.16% | 0.050% | 05/15/2013 | 5.83% | 4.710% |
| 10/09/2014 | -5.43% | -3.223% | 04/24/2014 | 0.36% | 0.177% | 10/29/2013 | -4.72% | -1.214% | 05/14/2013 | -1.70% | -1.556% |
| 10/08/2014 | -1.30% | -0.794% | 04/23/2014 | 1.42% | 0.033% | 10/28/2013 | -1.01% | -1.057% | 05/13/2013 | -3.90% | -3.896% |
| 10/07/2014 | -0.10% | 0.415% | 04/22/2014 | 2.40% | 0.264% | 10/25/2013 | -2.06% | 0.000% | 05/10/2013 | -3.98% | -2.897% |
| 10/06/2014 | -4.42% | -3.077% | 04/21/2014 | 0.05% | 0.191% | 10/24/2013 | 5.06% | -0.429% | 05/09/2013 | -4.43% | -2.273% |
| 10/03/2014 | 6.48% | 2.327% | 04/16/2014 | 2.09% | 0.391% | 10/23/2013 | -4.61% | 0.427% | 05/08/2013 | -0.70% | 0.330% |
| 10/02/2014 | -7.32% | -6.332% | 04/15/2014 | -1.29% | -0.503% | 10/22/2013 | -0.81% | 0.480% | 05/07/2013 | 2.95% | 0.244% |
| 10/01/2014 | -8.59% | -4.273% | 04/14/2014 | -1.09% | -2.107% | 10/21/2013 | 3.53% | 1.401% | 05/06/2013 | 1.54% | 0.237% |
| 09/30/2014 | -0.35% | -0.334% | 04/11/2014 | -0.46% | 0.005% | 10/18/2013 | 1.47% | 1.734% | 05/03/2013 | 1.16% | 0.501% |
| 09/29/2014 | 0.46% | 1.514% | 04/10/2014 | 0.34% | 0.679% | 10/17/2013 | 2.32% | 1.364% | 05/02/2013 | -0.07% | 1.468% |
| 09/26/2014 | 3.08% | 0.632% | 04/09/2014 | -0.17% | 0.676% | 10/16/2013 | -0.43% | -0.326% | 04/30/2013 | 0.82% | -0.193% |
| 09/25/2014 | -0.83% | 0.902% | 04/08/2014 | 0.67% | -1.396% | 10/15/2013 | 0.82% | 0.191% | 04/29/2013 | 2.13% | 0.601% |
| 09/24/2014 | 1.64% | 0.625% | 04/07/2014 | 0.90% | -0.997% | 10/11/2013 | 1.47% | -1.960% | 04/26/2013 | 1.31% | 1.690% |
| 09/23/2014 | -0.50% | -0.258% | 04/04/2014 | -1.73% | -0.461% | 10/10/2013 | 4.33% | 1.883% | 04/25/2013 | 2.26% | 1.365% |
| 09/22/2014 | 4.54% | 4.735% | 04/03/2014 | 0.89% | -0.980% | 10/09/2013 | 0.58% | 0.186% | 04/24/2013 | 0.95% | -0.549% |
| 09/19/2014 | 0.39% | 0.853% | 04/01/2014 | 1.04% | 1.189% | 10/08/2013 | -0.13% | 0.402% | 04/23/2013 | 1.09% | 0.026% |
| 09/18/2014 | 0.22% | 0.408% | 03/31/2014 | 2.79% | 1.049% | 10/07/2013 | 1.40% | 1.224% | 04/22/2013 | 2.46% | -0.257% |
| 09/17/2014 | 0.55% | -0.197% | 03/28/2014 | 0.40% | -2.144% | 10/04/2013 | -0.23% | 0.266% | 04/19/2013 | 0.89% | -0.552% |
| 09/16/2014 | 4.34% | 1.861% | 03/27/2014 | 0.63% | 0.004% | 10/03/2013 | -0.07% | 1.289% | 04/18/2013 | -0.33% | -1.318% |
| 09/15/2014 | -0.83% | 0.489% | 03/26/2014 | -0.96% | 0.228% | 10/02/2013 | -0.75% | 1.268% | 04/17/2013 | -1.40% | 0.688% |
| 09/12/2014 | 0.80% | 1.018% | 03/25/2014 | 1.75% | 0.626% | 10/01/2013 | 2.53% | 0.693% | 04/16/2013 | 2.04% | 1.037% |

| Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return |
|------------|---------------------|-----------------------|------------|---------------------|-----------------------|------------|---------------------|-----------------------|------------|---------------------|-----------------------|
| 09/11/2014 | 1.83% | 1.300% | 03/21/2014 | 2.02% | 0.721% | 09/30/2013 | 1.13% | -0.921% | 04/15/2013 | -1.76% | 2.671% |
| 09/10/2014 | 0.74% | -0.352% | 03/20/2014 | 1.66% | 0.964% | 09/27/2013 | -2.27% | -2.102% | 04/12/2013 | -0.70% | -1.173% |
| 09/09/2014 | 0.32% | -0.083% | 03/19/2014 | -0.28% | 0.682% | 09/26/2013 | 1.10% | -0.342% | 04/11/2013 | 0.72% | 1.871% |
| 09/08/2014 | 2.26% | 1.535% | 03/18/2014 | 2.07% | 0.050% | 09/25/2013 | -0.62% | -1.294% | 04/10/2013 | -0.35% | 0.560% |
| 09/05/2014 | 3.43% | 2.495% | 03/17/2014 | 0.27% | 0.061% | 09/24/2013 | -1.59% | 0.068% | 04/09/2013 | 2.78% | 0.178% |
| 09/04/2014 | -3.65% | -1.244% | 03/14/2014 | 1.56% | 0.389% | 09/23/2013 | 2.86% | 0.000% | 04/08/2013 | 1.99% | 0.759% |
| 09/03/2014 | 3.13% | 1.094% | 03/13/2014 | -0.96% | -0.797% | 09/20/2013 | -0.29% | 0.479% | 04/05/2013 | 0.47% | 1.128% |
| 09/02/2014 | 1.70% | 0.583% | 03/12/2014 | -0.73% | 0.285% | 09/19/2013 | 0.77% | 0.462% | 04/04/2013 | -0.27% | 1.091% |
| 09/01/2014 | 1.30% | -0.017% | 03/11/2014 | -0.62% | 0.052% | 09/18/2013 | 2.14% | 0.487% | 04/03/2013 | -2.24% | 1.516% |
| 08/29/2014 | -0.18% | 0.482% | 03/10/2014 | -1.56% | -0.101% | 09/17/2013 | -0.34% | -0.652% | 03/27/2013 | -1.08% | -0.058% |
| 08/28/2014 | 0.23% | -1.683% | 03/07/2014 | -0.48% | -0.284% | 09/16/2013 | 3.57% | 1.008% | 03/26/2013 | 0.36% | 0.210% |
| 08/27/2014 | 3.00% | 2.904% | 03/06/2014 | 2.73% | 0.074% | 09/13/2013 | 2.07% | 1.306% | 03/25/2013 | -0.74% | -1.290% |
| 08/26/2014 | 1.48% | 2.439% | 03/05/2014 | -0.60% | -1.270% | 09/12/2013 | -2.79% | 0.760% | 03/22/2013 | -1.73% | -1.704% |
| 08/25/2014 | 2.28% | 1.535% | 02/28/2014 | 0.22% | -0.370% | 09/11/2013 | 0.33% | 0.478% | 03/21/2013 | 0.14% | -0.642% |
| 08/22/2014 | 1.74% | 0.185% | 02/27/2014 | -0.95% | 0.043% | 09/10/2013 | 3.01% | 0.228% | 03/20/2013 | 1.91% | 1.827% |
| 08/21/2014 | 0.93% | -0.462% | 02/26/2014 | -0.44% | 0.047% | 09/09/2013 | 4.37% | 0.767% | 03/19/2013 | -0.79% | 0.195% |
| 08/20/2014 | 0.97% | 1.748% | 02/25/2014 | -2.20% | 0.128% | 09/06/2013 | 0.14% | 0.959% | 03/18/2013 | -1.22% | -1.656% |
| 08/19/2014 | 1.98% | 0.959% | 02/24/2014 | 1.14% | 0.632% | 09/05/2013 | 1.96% | -0.184% | 03/15/2013 | -0.09% | -0.385% |
| 08/15/2014 | 3.48% | 1.223% | 02/21/2014 | -1.03% | 0.501% | 09/04/2013 | 0.95% | 0.900% | 03/14/2013 | 0.88% | 0.460% |
| 08/14/2014 | -1.80% | -0.306% | 02/20/2014 | 0.33% | 0.531% | 09/03/2013 | 2.04% | 1.410% | 03/13/2013 | 2.18% | 1.462% |
| 08/13/2014 | 0.82% | 0.298% | 02/19/2014 | -2.26% | 0.494% | 09/02/2013 | 0.98% | 0.722% | 03/12/2013 | 0.79% | 0.734% |
| 08/12/2014 | 2.92% | 2.982% | 02/18/2014 | -0.96% | -1.068% | 08/30/2013 | 0.34% | 0.740% | 03/11/2013 | 1.04% | 1.117% |
| 08/11/2014 | -0.19% | 4.424% | 02/17/2014 | 1.33% | -0.443% | 08/29/2013 | -0.08% | -1.767% | 03/08/2013 | -0.10% | 0.834% |
| 08/08/2014 | -0.17% | 0.704% | 02/14/2014 | 2.22% | -1.141% | 08/28/2013 | 1.99% | -0.410% | 03/07/2013 | 2.89% | 1.645% |
| 08/07/2014 | 1.34% | 0.488% | 02/13/2014 | 0.90% | -0.275% | 08/27/2013 | -1.28% | 0.414% | 03/06/2013 | 1.26% | 1.440% |
| 08/06/2014 | 0.85% | 0.862% | 02/12/2014 | 4.30% | 2.656% | 08/26/2013 | -0.15% | -0.909% | 03/05/2013 | 1.67% | 1.157% |
| 08/05/2014 | -3.15% | 0.238% | 02/11/2014 | 4.15% | 1.065% | 08/23/2013 | -1.03% | -0.120% | 03/04/2013 | 1.30% | 0.991% |
| 08/04/2014 | -0.07% | -0.209% | 02/10/2014 | -3.23% | -0.284% | 08/22/2013 | 2.34% | 0.841% | 03/01/2013 | 1.66% | 2.593% |
| 08/01/2014 | 1.68% | -1.298% | 02/07/2014 | -5.18% | -3.969% | 08/21/2013 | 0.04% | 0.247% | 02/28/2013 | -3.56% | -3.208% |
| 07/31/2014 | -8.76% | -4.933% | 02/06/2014 | -0.72% | -1.299% | 08/20/2013 | 0.92% | -0.395% | 02/27/2013 | 1.25% | -0.118% |
| 07/30/2014 | 6.72% | 5.709% | 02/05/2014 | -3.45% | -2.879% | 08/16/2013 | -1.30% | -0.867% | 02/26/2013 | -0.16% | 0.877% |
| 07/29/2014 | 6.33% | 1.560% | 02/04/2014 | 0.74% | -0.622% | 08/15/2013 | -0.47% | -0.841% | 02/25/2013 | -0.50% | -0.090% |
| 07/28/2014 | -0.99% | -0.422% | 02/03/2014 | 1.12% | 3.183% | 08/14/2013 | 3.11% | 0.841% | 02/22/2013 | 0.51% | 0.412% |
| 07/25/2014 | -3.83% | -0.856% | 01/31/2014 | 2.71% | 1.745% | 08/13/2013 | 2.57% | -0.581% | 02/21/2013 | -4.52% | -1.168% |
| 07/24/2014 | 1.15% | 0.852% | 01/30/2014 | 3.45% | 0.651% | 08/12/2013 | 1.48% | 0.209% | 02/19/2013 | 0.15% | -0.117% |

| Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return | Date | Merval index return | Bond portfolio return |
|------------|---------------------|-----------------------|------------|---------------------|-----------------------|------------|---------------------|-----------------------|------------|---------------------|-----------------------|
| 07/23/2014 | -2.35% | 0.536% | 01/29/2014 | -0.03% | 0.693% | 06/09/2013 | 0.91% | 0.080% | 02/18/2013 | -0.96% | 0.033% |
| 07/22/2014 | -1.09% | -2.124% | 01/28/2014 | 11.7% | 2.571% | 06/08/2013 | 1.01% | 0.447% | 02/15/2013 | -0.25% | -0.158% |
| 07/21/2014 | -2.79% | -1.452% | 01/27/2014 | 0.90% | -1.319% | 06/07/2013 | 2.20% | 1.827% | 02/14/2013 | -0.12% | -0.019% |
| 07/18/2014 | 3.76% | -0.535% | 01/24/2014 | -4.00% | -4.636% | 06/06/2013 | 0.47% | 1.971% | 02/13/2013 | 0.85% | -0.170% |
| 07/17/2014 | -2.45% | -1.013% | 01/23/2014 | -2.14% | 5.239% | 06/05/2013 | -0.16% | 0.925% | 02/08/2013 | -0.70% | 1.173% |
| 07/16/2014 | -0.89% | 0.311% | 01/22/2014 | 0.96% | 2.550% | 06/02/2013 | 0.78% | 1.471% | 02/07/2013 | 0.39% | 0.647% |
| 07/15/2014 | -2.46% | 0.405% | 01/21/2014 | -1.35% | 1.101% | 06/01/2013 | 2.18% | 0.824% | 02/06/2013 | -2.04% | -0.408% |
| 07/14/2014 | 0.21% | -0.650% | 01/20/2014 | 1.03% | -0.569% | 07/31/2013 | 0.63% | -0.209% | 02/05/2013 | -2.09% | -0.471% |
| 07/11/2014 | 1.40% | 0.852% | 01/17/2014 | 0.44% | -3.536% | 07/30/2013 | -1.41% | -1.142% | 02/04/2013 | -2.95% | -0.622% |
| 07/10/2014 | 4.45% | 1.432% | 01/16/2014 | 2.53% | 4.185% | 07/29/2013 | -1.15% | -0.156% | 02/01/2013 | 1.97% | 1.532% |
| 07/08/2014 | 2.05% | 0.489% | 01/15/2014 | 2.26% | 2.320% | 07/26/2013 | -0.09% | -0.557% | 01/30/2013 | -0.22% | 1.407% |
| 07/07/2014 | 0.13% | -0.318% | 01/14/2014 | -0.20% | 0.341% | 07/25/2013 | -1.08% | -0.416% | 01/29/2013 | 3.76% | 0.592% |
| 07/04/2014 | -0.05% | 0.135% | 01/13/2014 | 1.40% | 0.876% | 07/24/2013 | 0.04% | -0.688% | 01/28/2013 | 0.07% | 0.451% |
| 07/03/2014 | -0.11% | -0.500% | 01/10/2014 | 2.40% | 0.708% | 07/23/2013 | 0.34% | 1.047% | 01/25/2013 | 0.71% | 0.108% |
| 07/02/2014 | 1.17% | -0.307% | 01/09/2014 | -0.48% | 0.603% | 07/22/2013 | 1.18% | 1.492% | 01/24/2013 | 0.47% | 0.097% |
| 07/01/2014 | 2.17% | 1.051% | 01/08/2014 | 0.95% | -0.110% | 07/19/2013 | 0.98% | 0.479% | 01/23/2013 | -0.16% | 0.508% |
| 06/30/2014 | -0.23% | -0.107% | 01/07/2014 | 1.04% | 1.498% | 07/18/2013 | -2.88% | 0.257% | 01/22/2013 | 1.70% | -0.126% |
| 06/27/2014 | 1.08% | -0.251% | 01/06/2014 | -1.85% | -0.293% | 07/17/2013 | 2.37% | 1.291% | 01/21/2013 | 1.65% | 0.118% |
| 06/26/2014 | -2.05% | -0.574% | 01/03/2014 | 1.14% | -1.583% | 07/16/2013 | 1.34% | 1.203% | 01/18/2013 | 0.91% | -0.230% |
| 06/25/2014 | 0.88% | -0.261% | 01/02/2014 | -1.31% | 1.774% | 07/15/2013 | 3.73% | 2.447% | 01/17/2013 | 1.10% | 1.113% |
| 06/24/2014 | -0.91% | -0.478% | 12/30/2013 | -0.17% | -0.023% | 07/12/2013 | -0.18% | 2.250% | 01/16/2013 | 1.66% | 0.817% |
| 06/23/2014 | 8.32% | 3.023% | 12/27/2013 | 2.26% | 1.955% | 07/11/2013 | 3.30% | 2.303% | 01/15/2013 | -0.42% | 0.444% |
| 06/19/2014 | -5.04% | -3.546% | 12/26/2013 | -1.33% | 0.737% | 07/10/2013 | -0.01% | -1.014% | 01/14/2013 | -0.40% | 0.285% |
| 06/18/2014 | 2.90% | 1.372% | 12/23/2013 | 1.61% | 0.328% | 07/08/2013 | 2.07% | 2.169% | 01/11/2013 | -0.21% | -0.169% |
| 06/17/2014 | 3.69% | 2.685% | 12/20/2013 | -1.74% | 1.066% | 07/05/2013 | -1.05% | 0.529% | 01/10/2013 | 1.37% | 0.494% |
| 06/16/2014 | -10.64% | -6.353% | 12/19/2013 | -1.01% | 0.700% | 07/04/2013 | 2.39% | 0.419% | 01/09/2013 | 1.77% | 0.090% |
| 06/13/2014 | -0.24% | -1.206% | 12/18/2013 | -0.21% | 0.142% | 07/03/2013 | 0.96% | 2.944% | 01/08/2013 | 0.82% | -0.421% |
| 06/12/2014 | -0.14% | -0.295% | 12/17/2013 | 0.82% | 0.037% | 07/02/2013 | -0.86% | -0.842% | 01/07/2013 | -0.10% | -0.051% |
| 06/11/2014 | -0.99% | -1.124% | 12/16/2013 | 2.26% | -0.228% | 07/01/2013 | 1.45% | -0.549% | 01/04/2013 | 0.70% | -0.953% |
| 06/10/2014 | -1.63% | 0.649% | 12/13/2013 | 0.67% | -0.014% | 06/28/2013 | 1.19% | 1.480% | 01/03/2013 | 0.75% | 2.078% |
| 06/09/2014 | 4.67% | 1.243% | 12/12/2013 | 0.71% | -0.194% | 06/27/2013 | -0.86% | -1.253% | | | |
| 06/06/2014 | 1.00% | 0.066% | 12/11/2013 | -0.73% | -0.014% | 06/26/2013 | -1.56% | -1.883% | | | |
| 06/05/2014 | 1.80% | 1.192% | 12/10/2013 | -2.08% | -0.336% | 06/25/2013 | -0.27% | -0.064% | | | |
| 06/04/2014 | -0.17% | -0.172% | 12/09/2013 | 0.05% | -0.293% | 06/24/2013 | -1.63% | 0.220% | | | |
| 06/03/2014 | 0.40% | -0.919% | 12/06/2013 | 0.13% | 0.467% | 06/19/2013 | 0.75% | 1.109% | | | |
| 06/02/2014 | -0.44% | -0.690% | 12/05/2013 | 0.26% | -0.255% | 06/18/2013 | -1.70% | -2.302% | | | |
| 05/30/2014 | -1.33% | -3.541% | 12/04/2013 | 0.34% | 0.717% | 06/17/2013 | -3.16% | -1.088% | | | |
| 05/29/2014 | 1.94% | -1.412% | 12/03/2013 | -4.40% | -0.194% | 06/14/2013 | -1.37% | -0.426% | | | |
| 05/28/2014 | 1.23% | -1.940% | 12/02/2013 | -3.34% | -0.093% | 06/13/2013 | 0.22% | -1.267% | | | |
| 05/27/2014 | 0.51% | 1.954% | 11/29/2013 | -0.27% | 0.105% | 06/12/2013 | -3.21% | -1.689% | | | |
| 05/26/2014 | 1.16% | 0.819% | 11/28/2013 | 2.35% | 0.490% | 06/11/2013 | -2.11% | -0.708% | | | |
| 05/23/2014 | 0.97% | 0.242% | 11/27/2013 | -1.68% | -6.237% | 06/10/2013 | -1.05% | -1.460% | | | |
| 05/22/2014 | 1.55% | -0.321% | 11/26/2013 | 2.97% | -0.020% | 06/07/2013 | -0.03% | -0.037% | | | |
| 05/21/2014 | 0.59% | -0.048% | 11/22/2013 | 2.46% | 0.669% | 06/06/2013 | 0.80% | -0.189% | | | |
| 05/20/2014 | 0.86% | 2.044% | 11/21/2013 | 0.61% | 1.424% | 06/05/2013 | -0.56% | 0.686% | | | |

Source: Thomson Reuters / Team estimates

| | |
|-------------------------------|-------------|
| Correlation coefficient = | 0.62 |
| 1 - Correlation coefficient = | 0.38 |
| Modified Beta = | 1.22 |

Appendix VI – Alternative Approach

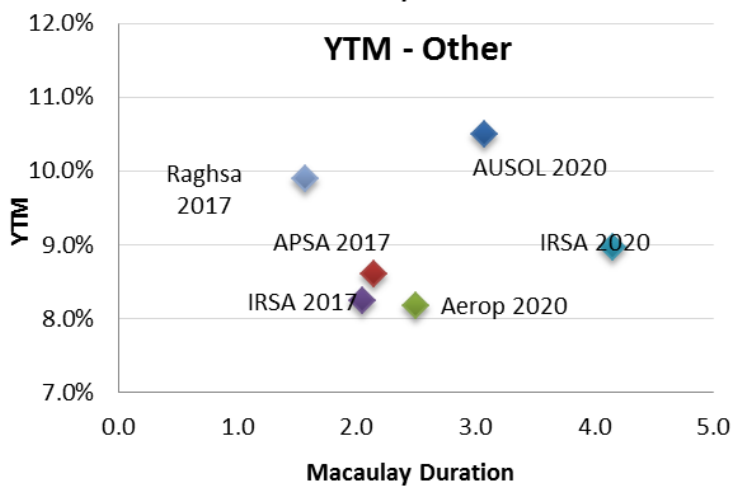
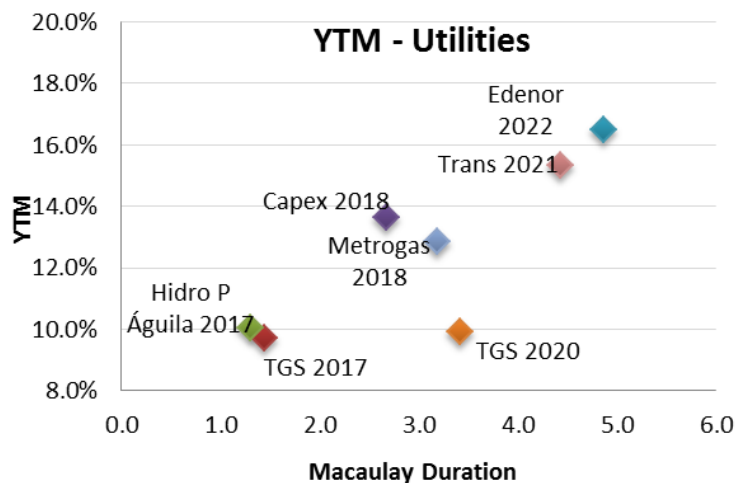
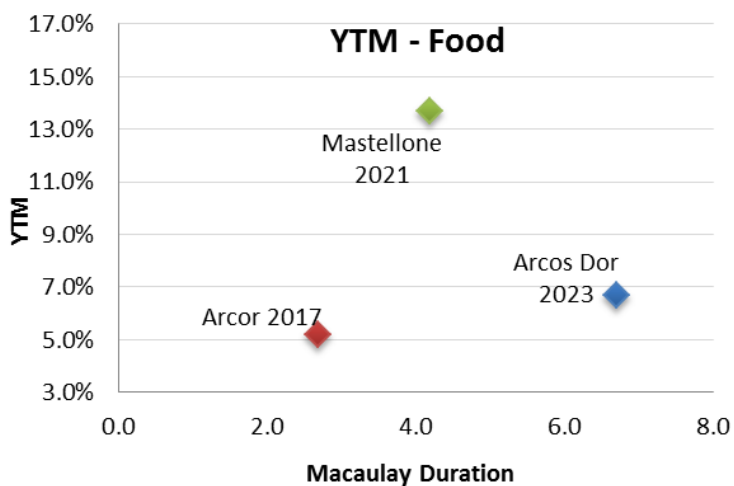
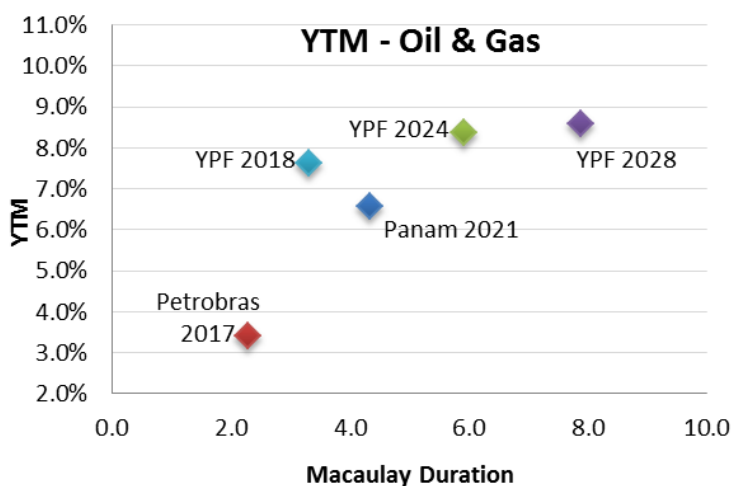
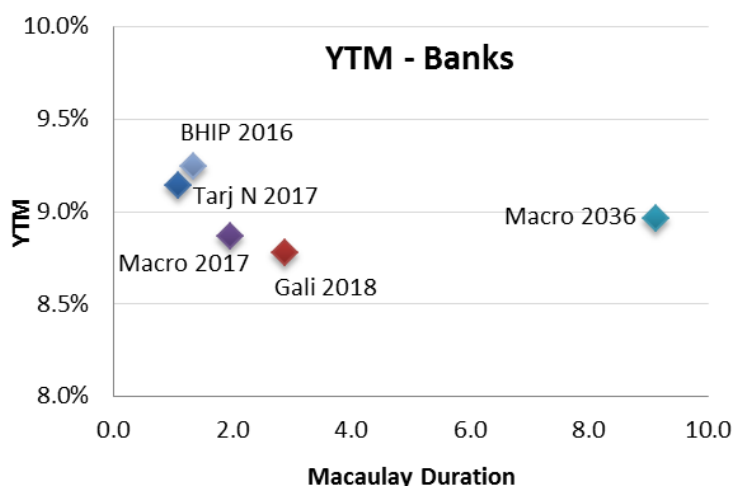
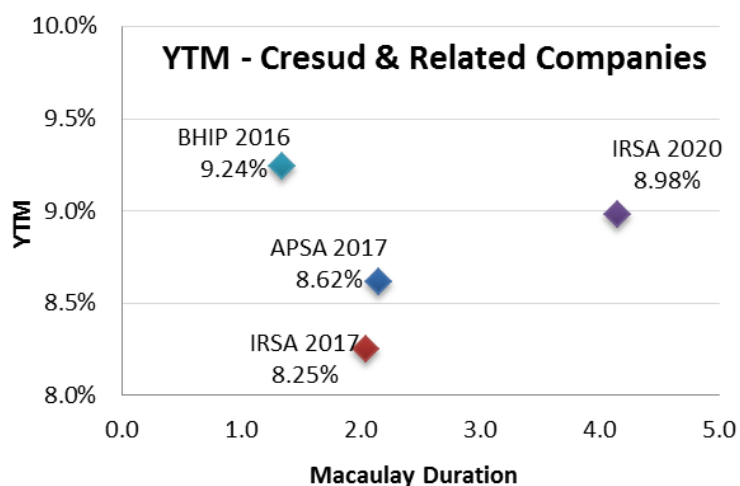
The use of CAPM is generally accepted when calculating the cost of equity (Ke) and it has been proven to work fairly well. However, this may be misleading for companies in emerging markets and/or other anomalies such as currency exchange controls. Therefore, we adapt the model as follows:

- Risk Free Rate (Rf): 2.32% US treasury 10ys
- Market Risk Premium (MRP): 5.89%
- Weighted average EMBI+ LATAM (WAP): 320bp
- α LCU revenues (LATAM) to total sales ratio: 0.91
- β (FCU debt to total debt ratio): 78.53%

$$K_E = Rf + MRP + WAP * (\alpha + \beta)$$

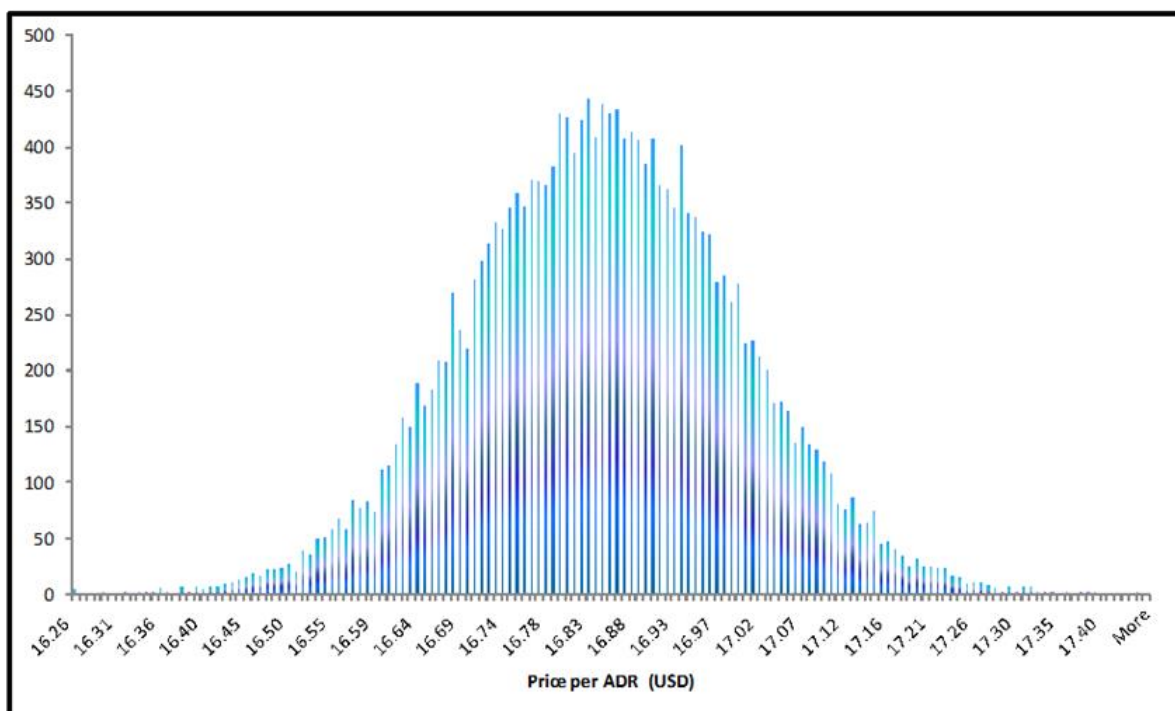
| K_E | Rf | MRP | WAP | α | β |
|--------|-------|-------|-------|----------|---------|
| 18.72% | 2.21% | 5.89% | 6.2% | 0.91 | 78.53% |

Appendix VII – YTM Comparison by Industries



Appendix VIII – Assumptions and Sensitivity Analysis

| CRESUD Assumptions | HISTORIC | | PROJECTED | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Forecasted Argentina GDP growth (USD) | | 0.0% | 1.5% | 2.8% | 3.3% | 3.3% | 3.3% |
| Forecasted Argentina GDP growth (USD) Accum. | | | 1.5% | 4.3% | 7.8% | 11.3% | 15.0% |
| Forecasted Argentina GDP | 3,348,580,362 | 5,052,690,925 | 6,936,345,036 | 8,427,028,641 | 9,709,557,577 | 10,894,625,820 | 11,968,697,582 |
| Private Consumption*** (65,41%) | 2,197,839,415 | 3,304,965,134 | 4,537,063,288 | 5,512,119,434 | 6,351,021,611 | 7,126,174,749 | 7,828,725,088 |
| Nominal GDP growth rate | 25.4% | 50.9% | 37.3% | 21.5% | 15.2% | 12.2% | 9.9% |
| Nominal Consumption growth rate | 23.9% | 50.4% | 37.3% | 21.5% | 15.2% | 12.2% | 9.9% |
| Exchange Rate (ARS/USD) | 5.39 | 8.13 | 11.00 | 13.00 | 14.50 | 15.75 | 16.75 |
| Exchange Rate Variation | 19.1% | 50.9% | 35.3% | 18.2% | 11.5% | 8.6% | 6.3% |
| Accumulated Exchange Rate Variation | | | 104.1% | 141.2% | 169.0% | 192.2% | 210.8% |
| Exchange Rate Variation + GDP growth (USD) | | | 37.3% | 21.5% | 15.2% | 12.2% | 9.9% |
| Rates | | | | | | | |
| Risk Free | | 2.50% | 3.06% | 3.55% | 3.91% | 4.16% | 4.15% |
| EMBI Region | | 6.95% | 5.51% | 4.33% | 3.92% | 3.69% | 3.59% |
| Adjusted EMBI | | 6.44% | 4.77% | 3.92% | 3.49% | 3.24% | 3.24% |
| Market Risk Premium | | 5.89% | 5.89% | 5.89% | 5.89% | 5.89% | 5.89% |
| Beta | | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 |
| Cost of Debt | | 8.76% | 7.96% | 7.48% | 7.33% | 7.29% | 7.49% |
| Cost of Equity | | 16.66% | 15.48% | 15.08% | 15.03% | 15.06% | 14.95% |
| WACC | | | | | | | |
| Cost of Debt | | 8.76% | 7.96% | 7.48% | 7.33% | 7.29% | 7.49% |
| D/V at the end of FY 2014 | | 51.24% | 51.24% | 51.24% | 51.24% | 51.24% | 51.24% |
| Marginal Tax Rate | | 35% | 35% | 35% | 35% | 35% | 35% |
| Cost of Equity | | 16.66% | 15.48% | 15.08% | 15.03% | 15.06% | 14.95% |
| E/V at the end of FY 2014 | | 48.76% | 48.76% | 48.76% | 48.76% | 48.76% | 48.76% |
| WACC | | 11.04% | 10.13% | 9.83% | 9.81% | 9.84% | 9.75% |



Appendix IX – APSA Regression

Source: Argentina's Statistics Agency and the World Bank

| Period | Private Consumption (thousands ARS) | ln(C) | Revenue APSA (thousands ARS) | ln(R) | Forecasted (thousands ARS) |
|----------|--|-------|---------------------------------|-------|-------------------------------|
| 2004-I | 332,452,481.34 | 19.62 | 136,540.00 | 11.82 | 185,532.71 |
| 2004-II | 349,265,210.30 | 19.67 | 143,250.00 | 11.87 | 195,828.10 |
| 2004-III | 364,929,166.32 | 19.72 | 157,460.00 | 11.97 | 205,462.40 |
| 2004-IV | 368,422,730.52 | 19.72 | 178,450.00 | 12.09 | 207,616.57 |
| 2005-I | 391,802,383.73 | 19.79 | 201,530.00 | 12.21 | 222,081.71 |
| 2005-II | 415,586,467.25 | 19.85 | 230,160.00 | 12.35 | 236,881.19 |
| 2005-III | 439,649,197.99 | 19.90 | 258,480.00 | 12.46 | 251,935.93 |
| 2005-IV | 451,205,256.24 | 19.93 | 310,990.00 | 12.65 | 259,193.98 |
| 2006-I | 482,068,966.89 | 19.99 | 337,020.00 | 12.73 | 278,663.95 |
| 2006-II | 510,664,015.68 | 20.05 | 361,360.00 | 12.80 | 296,808.64 |
| 2006-III | 538,228,081.71 | 20.10 | 388,770.00 | 12.87 | 314,390.54 |
| 2006-IV | 541,399,218.79 | 20.11 | 399,420.00 | 12.90 | 316,418.82 |
| 2007-I | 587,009,630.76 | 20.19 | 440,650.00 | 13.00 | 345,713.29 |
| 2007-II | 624,451,140.55 | 20.25 | 483,230.00 | 13.09 | 369,923.55 |
| 2007-III | 682,304,383.77 | 20.34 | 520,290.00 | 13.16 | 407,601.01 |
| 2007-IV | 712,253,082.78 | 20.38 | 576,900.00 | 13.27 | 427,226.26 |
| 2008-I | 752,191,517.62 | 20.44 | 603,840.00 | 13.31 | 453,519.09 |
| 2008-II | 826,704,974.69 | 20.53 | 640,150.00 | 13.37 | 502,923.58 |
| 2008-III | 862,148,757.14 | 20.57 | 645,940.00 | 13.38 | 526,574.67 |
| 2008-IV | 861,463,486.59 | 20.57 | 650,780.00 | 13.39 | 526,116.52 |
| 2009-I | 869,402,052.19 | 20.58 | 640,010.00 | 13.37 | 531,426.17 |
| 2009-II | 916,952,684.41 | 20.64 | 642,570.00 | 13.37 | 563,324.94 |
| 2009-III | 958,790,767.14 | 20.68 | 655,630.00 | 13.39 | 591,521.67 |
| 2009-IV | 1,001,026,174.44 | 20.72 | 679,670.00 | 13.43 | 620,104.61 |
| 2010-I | 1,066,252,023.15 | 20.79 | 731,210.00 | 13.50 | 664,469.74 |
| 2010-II | 1,152,824,987.36 | 20.87 | 784,870.00 | 13.57 | 723,750.66 |
| 2010-III | 1,248,585,806.22 | 20.95 | 842,220.00 | 13.64 | 789,815.04 |
| 2010-IV | 1,256,013,654.94 | 20.95 | 898,080.00 | 13.71 | 794,960.01 |
| 2011-I | 1,367,753,757.20 | 21.04 | 860,240.00 | 13.66 | 872,697.18 |
| 2011-II | 1,458,154,279.45 | 21.10 | 856,470.00 | 13.66 | 936,032.73 |
| 2011-III | 1,527,784,685.11 | 21.15 | 868,900.00 | 13.67 | 985,071.98 |
| 2011-IV | 1,580,097,990.69 | 21.18 | 845,880.00 | 13.65 | 1,022,055.19 |
| 2012-I | 1,664,049,035.73 | 21.23 | 895,780.00 | 13.71 | 1,081,646.20 |
| 2012-II | 1,773,424,053.56 | 21.30 | 923,620.00 | 13.74 | 1,159,710.24 |
| 2012-III | 1,853,653,533.34 | 21.34 | 1,060,070.00 | 13.87 | 1,217,264.57 |
| 2012-IV | 1,959,074,862.83 | 21.40 | 1,275,390.00 | 14.06 | 1,293,248.81 |
| 2013-I | 2,076,696,355.18 | 21.45 | 1,448,740.00 | 14.19 | 1,378,484.03 |
| 2013-II | 2,197,839,415.18 | 21.51 | 1,627,450.00 | 14.30 | 1,466,750.33 |
| 2013-III | 2,283,522,556.10 | 21.55 | 1,725,320.00 | 14.36 | 1,529,460.43 |
| 2013-IV | 2,312,657,979.09 | 21.56 | 1,849,720.00 | 14.43 | 1,550,835.42 |
| 2014-I | 2,515,926,497.15 | 21.65 | 1,949,230.00 | 14.48 | 1,700,656.31 |

Regression Statistics

| | |
|---------------------------|-------|
| Mul. Correlation Coefic . | 0,97 |
| R ² | 0,93 |
| Adjusted R ² | 0,93 |
| Error | 0,18 |
| Observations | 40,00 |

Variance Analysis

| | Liberty Extents | Squared Sum | Squared Avg. | F | F Critical Value |
|------------|-----------------|-------------|--------------|--------|------------------|
| Regression | 1,00 | 16,89 | 16,89 | 536,45 | 0,00 |
| Residuals | 38,00 | 1,20 | 0,03 | | |
| Total | 39,00 | 18,08 | | | |

| | Coefficients | Error | t statistic | Probability |
|--------------|--------------|----------|-------------|-------------|
| Interception | -9,348988 | 0,976089 | -9,578010 | 0,000000 |
| Variable X 1 | 1,094688 | 0,047263 | 23,161457 | 0,000000 |

Appendix X – IRSA Regression

Source: Argentina's Statistics Agency and the World Bank

| Period | GDP (thousands ARS) | ln(C) | Revenue IRSA (thousands ARS) | ln(R) | Forecasted (thousands ARS) |
|----------|---------------------|-------|---------------------------------|-------|-------------------------------|
| 2004-I | 475.842.599 | 19,98 | 136.540,00 | 11,82 | 179.802,99 |
| 2004-II | 544.789.720 | 20,12 | 143.250,00 | 11,87 | 208.928,59 |
| 2004-III | 543.070.080 | 20,11 | 157.460,00 | 11,97 | 208.197,01 |
| 2004-IV | 579.610.947 | 20,18 | 178.450,00 | 12,09 | 223.795,94 |
| 2005-I | 572.049.806 | 20,16 | 201.530,00 | 12,21 | 220.559,09 |
| 2005-II | 649.313.248 | 20,29 | 230.160,00 | 12,35 | 253.846,19 |
| 2005-III | 652.058.041 | 20,30 | 258.480,00 | 12,46 | 255.037,04 |
| 2005-IV | 715.605.803 | 20,39 | 310.990,00 | 12,65 | 282.757,21 |
| 2006-I | 714.926.784 | 20,39 | 337.020,00 | 12,73 | 282.459,54 |
| 2006-II | 806.226.791 | 20,51 | 361.360,00 | 12,80 | 322.751,18 |
| 2006-III | 822.247.846 | 20,53 | 388.770,00 | 12,87 | 329.874,83 |
| 2006-IV | 890.969.006 | 20,61 | 399.420,00 | 12,90 | 360.600,66 |
| 2007-I | 883.293.178 | 20,60 | 440.650,00 | 13,00 | 357.155,45 |
| 2007-II | 1.006.757.606 | 20,73 | 483.230,00 | 13,09 | 412.952,09 |
| 2007-III | 1.038.213.662 | 20,76 | 520.290,00 | 13,16 | 427.291,98 |
| 2007-IV | 1.181.091.208 | 20,89 | 576.900,00 | 13,27 | 493.007,59 |
| 2008-I | 1.155.099.662 | 20,87 | 603.840,00 | 13,31 | 480.984,78 |
| 2008-II | 1.315.204.459 | 21,00 | 640.150,00 | 13,37 | 555.493,04 |
| 2008-III | 1.319.176.418 | 21,00 | 645.940,00 | 13,38 | 557.354,67 |
| 2008-IV | 1.346.141.892 | 21,02 | 650.780,00 | 13,39 | 570.009,33 |
| 2009-I | 1.275.052.137 | 20,97 | 640.010,00 | 13,37 | 536.708,79 |
| 2009-II | 1.376.780.111 | 21,04 | 642.570,00 | 13,37 | 584.421,29 |
| 2009-III | 1.429.471.012 | 21,08 | 655.630,00 | 13,39 | 609.288,51 |
| 2009-IV | 1.564.800.571 | 21,17 | 679.670,00 | 13,43 | 673.610,06 |
| 2010-I | 1.559.851.823 | 21,17 | 731.210,00 | 13,50 | 671.246,86 |
| 2010-II | 1.781.454.024 | 21,30 | 784.870,00 | 13,57 | 777.841,82 |
| 2010-III | 1.860.196.906 | 21,34 | 842.220,00 | 13,64 | 816.079,84 |
| 2010-IV | 2.039.626.537 | 21,44 | 898.080,00 | 13,71 | 903.865,61 |
| 2011-I | 2.007.552.834 | 21,42 | 860.240,00 | 13,66 | 888.109,19 |
| 2011-II | 2.298.740.044 | 21,56 | 856.470,00 | 13,66 | 1.032.121,70 |
| 2011-III | 2.371.153.029 | 21,59 | 868.900,00 | 13,67 | 1.068.256,88 |
| 2011-IV | 2.535.539.387 | 21,65 | 845.880,00 | 13,65 | 1.150.732,51 |
| 2012-I | 2.447.171.163 | 21,62 | 895.780,00 | 13,71 | 1.106.321,27 |
| 2012-II | 2.671.357.381 | 21,71 | 923.620,00 | 13,74 | 1.219.319,96 |
| 2012-III | 2.811.963.250 | 21,76 | 1.060.070,00 | 13,87 | 1.290.728,64 |
| 2012-IV | 3.048.823.203 | 21,84 | 1.275.390,00 | 14,06 | 1.411.899,57 |
| 2013-I | 2.957.317.729 | 21,81 | 1.448.740,00 | 14,19 | 1.364.961,10 |
| 2013-II | 3.348.580.362 | 21,93 | 1.627.450,00 | 14,30 | 1.566.723,84 |
| 2013-III | 3.395.045.200 | 21,95 | 1.725.320,00 | 14,36 | 1.590.862,64 |
| 2013-IV | 3.666.391.125 | 22,02 | 1.849.720,00 | 14,43 | 1.732.538,11 |
| 2014-I | 3.677.785.088 | 22,03 | 1.949.230,00 | 14,48 | 1.738.512,91 |

| Regression Statistics | |
|--------------------------|-------|
| Mul. Correlation Coefic. | 0,97 |
| R ² | 0,93 |
| Adjusted R ² | 0,93 |
| Error | 0,18 |
| Observations | 40,00 |

| Variance Analysis | | | | | |
|-------------------|-----------------|-------------|--------------|--------|------------------|
| | Liberty Extents | Squared Sum | Squared Avg. | F | F Critical Value |
| Regression | 1,00 | 16,89 | 16,89 | 536,45 | - |
| Residuals | 38,00 | 1,20 | 0,03 | | |
| Total | | \$ | 18,08 | | |

| | Coefficients | Error | t statistic | Probability |
|--------------|--------------|-------|-------------|-------------|
| Interception | -8,46 | 0,98 | -9,58 | 0,00 |
| Variable X 1 | 0,97 | 0,05 | 23,16 | 0,00 |

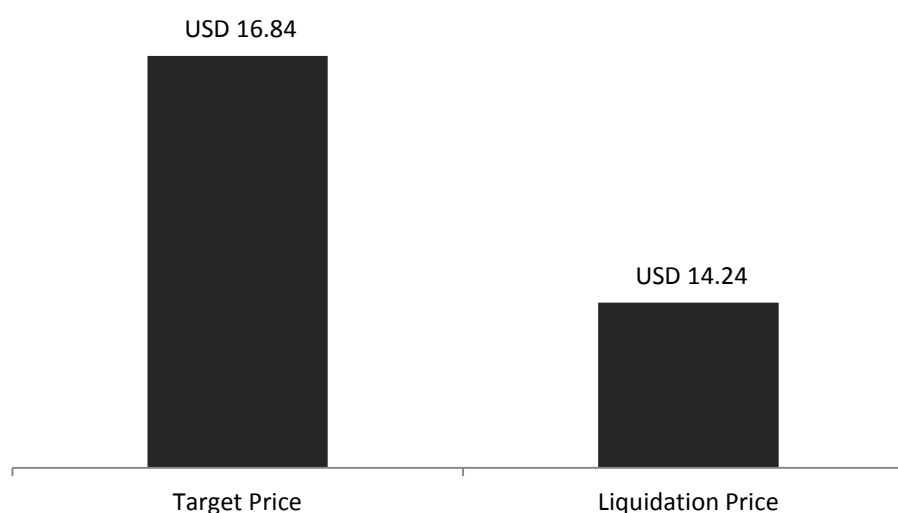
Appendix XI – Liquidation Value

| Firm | Valuation method | 100% | Participation (%) | Proportional value |
|------------------------------------|---------------------|---------|-------------------|--------------------|
| IRSA | Market value - 20% | 655,864 | 65.45% | 429,263 |
| Book value other companies | BV(Financial) - 20% | 26,571 | | 21,257 |
| Total lands value | | | | 569,249 |
| Costs associated to trading lands | | | | -347,344 |
| CONSOLIDATED EQUITY VALUE = | | | | 698,996 |

In Thousands of USD

| | |
|--|------------------|
| Shares / ADR = | 10 |
| Q of shares outstanding (in thousands) = | 490,997 |
| Price per ADR = | USD 14.24 |

Source: Team estimation



Appendix XII - Additional Financial Analysis and Forecasts

| APSA Balance Sheet (NIIF) - (in thousands ARS) | HISTORIC | | | | PROJECTED | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| ASSETS | | | | | | | | | |
| Non-current Assets | | | | | | | | | |
| Investment properties | 1,554,913 | 1,553,794 | 1,621,636 | 1,753,492 | 1,799,985 | 1,885,888 | 2,005,859 | 2,157,319 | 2,337,319 |
| Property, plant and equipment | 17,402 | 17,485 | 20,169 | 23,552 | 24,176 | 25,330 | 26,942 | 28,976 | 31,394 |
| Trading properties | 32,777 | 35,334 | 653 | 8,325 | 8,546 | 8,954 | 9,523 | 10,242 | 11,097 |
| Intangible assets | 22,745 | 22,501 | 62,661 | 65,754 | 66,197 | 66,998 | 68,108 | 69,506 | 71,168 |
| Investments in associates and joint ventures | 47,634 | 114,455 | 171,117 | 171,903 | 235,989 | 286,705 | 330,339 | 370,658 | 407,200 |
| Deferred income tax assets | 22,790 | 23,467 | 37,404 | 40,326 | 69,557 | 97,468 | 135,436 | 151,162 | 172,502 |
| Income tax credit | 4,778 | 4,002 | 5,083 | 578 | 2,831 | 1,704 | 2,267 | 1,986 | 2,127 |
| Trade and other receivables | 78,982 | 78,886 | 75,910 | 85,914 | 141,100 | 174,612 | 203,904 | 231,299 | 256,375 |
| Investments in financial assets | 76,256 | 104,993 | 99,963 | 63,455 | 112,170 | 136,277 | 157,017 | 176,181 | 193,550 |
| Total Non-current Assets | 1,858,277 | 1,954,917 | 2,094,596 | 2,213,299 | 2,460,550 | 2,683,937 | 2,939,395 | 3,197,330 | 3,482,731 |
| Current Assets | | | | | | | | | |
| Trading properties | 14,224 | 4,012 | 6,991 | 1,214 | 1,667 | 2,025 | 2,333 | 2,618 | 2,876 |
| Inventories | 7,384 | 10,394 | 9,896 | 10,368 | 16,948 | 20,757 | 23,969 | 26,961 | 29,700 |
| Derivative financial instruments | 0 | 0 | 0 | 1,234 | 1,694 | 2,058 | 2,371 | 2,661 | 2,923 |
| Income tax credit | 0 | 0 | 0 | 123 | 123 | 123 | 123 | 123 | 123 |
| Trade and other receivables | 324,522 | 386,773 | 550,762 | 937,204 | 1,264,591 | 1,564,945 | 1,827,468 | 2,072,995 | 2,297,732 |
| Investments in financial assets | 29,396 | 45,072 | 169,174 | 216,071 | 296,623 | 360,370 | 415,215 | 465,893 | 511,824 |
| Cash and cash equivalents | 145,552 | 102,698 | 223,385 | 116,706 | 297,853 | 413,685 | 268,585 | 175,303 | 31,249 |
| Total Current Assets | 521,078 | 548,949 | 960,208 | 1,282,920 | 1,879,499 | 2,363,962 | 2,540,064 | 2,746,553 | 2,876,426 |
| TOTAL ASSETS | 2,379,355 | 2,503,866 | 3,054,804 | 3,496,219 | 4,340,049 | 5,047,899 | 5,479,459 | 5,943,883 | 6,359,157 |
| SHAREHOLDERS' EQUITY | | | | | | | | | |
| Share capital | 125,961 | 125,898 | 126,014 | 126,014 | 126,014 | 126,014 | 126,014 | 126,014 | 126,014 |
| Inflation adjustment of share capital | 84,621 | 84,621 | 69,381 | 69,381 | 69,381 | 69,381 | 69,381 | 69,381 | 69,381 |
| Share premium | 536,290 | 536,300 | 444,226 | 444,226 | 444,226 | 444,226 | 444,226 | 444,226 | 444,226 |
| Reserve for share-based compensation | 0 | 2,138 | 6,607 | 0 | 0 | 0 | 0 | 0 | 0 |
| Legal reserve | 26,045 | 39,074 | 39,074 | 39,078 | 39,078 | 39,078 | 39,078 | 39,078 | 39,078 |
| Reserve for new developments | 183 | 0 | 3,302 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserva de libre disponibilidad | 147 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Special reserve | 0 | 0 | 15,802 | 15,802 | 15,802 | 15,802 | 15,802 | 15,802 | 15,802 |
| Acquisitions of additional interest in subsidiaries | 0 | -16,020 | -19,707 | -19,707 | -19,707 | -19,707 | -19,707 | -19,707 | -19,707 |
| Retained earnings | 22,671 | 51,774 | 164,224 | 138,693 | 146,251 | 156,841 | 171,557 | 187,982 | 206,726 |
| Non-controlling interest | 136,836 | 148,647 | 161,892 | 192,102 | 192,102 | 192,102 | 192,102 | 192,102 | 192,102 |
| TOTAL SHAREHOLDERS' EQUITY | 932,754 | 972,432 | 1,010,815 | 1,005,589 | 1,013,147 | 1,023,737 | 1,038,453 | 1,054,878 | 1,073,622 |
| LIABILITIES | | | | | | | | | |
| Non-current liabilities | | | | | | | | | |
| Trade and other payables | 143,934 | 160,208 | 190,170 | 195,673 | 301,681 | 372,318 | 434,486 | 492,709 | 545,989 |
| Borrowings | 615,503 | 680,550 | 834,814 | 1,046,102 | 1,401,058 | 259,753 | 1,719,882 | 1,856,286 | 1,964,717 |
| Deferred income tax liabilities | 137,684 | 120,968 | 101,942 | 107,778 | 107,785 | 151,037 | 209,871 | 234,241 | 267,309 |
| Provisions | 12,829 | 11,593 | 11,730 | 22,878 | 22,878 | 22,878 | 22,878 | 22,878 | 22,878 |
| Total non-current liabilities | 909,950 | 973,319 | 1,138,656 | 1,372,431 | 1,833,402 | 805,987 | 2,387,117 | 2,606,114 | 2,800,893 |
| Current liabilities | | | | | | | | | |
| Trade and other payables | 324,545 | 361,880 | 437,750 | 489,811 | 659,650 | 814,105 | 950,039 | 1,077,348 | 1,193,849 |
| Income tax liabilities | 66,163 | 105,411 | 77,683 | 56,681 | 86,991 | 107,653 | 125,712 | 142,602 | 158,061 |
| Payable and social security liabilities | 24,061 | 26,171 | 26,041 | 76,090 | 112,199 | 137,414 | 158,675 | 178,486 | 196,615 |
| Borrowings | 121,615 | 64,562 | 356,028 | 479,237 | 634,660 | 2,159,003 | 819,462 | 884,454 | 936,117 |
| Derivative financial instruments | 0 | 0 | 1,732 | 14,225 | 0 | 0 | 0 | 0 | 0 |
| Provisions | 267 | 0 | 6,099 | 2,155 | 0 | 0 | 0 | 0 | 0 |
| Total current liabilities | 536,651 | 558,024 | 905,333 | 1,118,199 | 1,493,500 | 3,218,175 | 2,053,888 | 2,282,890 | 2,484,642 |
| TOTAL LIABILITIES | | | 2,043,989 | 2,490,630 | 3,326,902 | 4,024,161 | 4,441,006 | 4,889,004 | 5,285,535 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | | 3,054,804 | 3,496,219 | 4,340,049 | 5,047,899 | 5,479,459 | 5,943,883 | 6,359,157 |

| APSA Income statement - (in thousands ARS) | PROJECTED | | | | | | | |
|---|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Revenues (ARS) (4) | 1,367,437 | 1,637,411 | 2,113,014 | 3,242,954 | 4,013,192 | 4,686,413 | 5,316,050 | 5,892,372 |
| Total Costs | -619,278 | -749,865 | -956,238 | -1,410,031 | -1,726,914 | -1,994,101 | -2,243,075 | -2,470,894 |
| Depreciations | -108,849 | -129,806 | -121,014 | -128,168 | -140,596 | -141,674 | -141,767 | -141,780 |
| Costs | -510,429 | -620,059 | -835,224 | -1,281,862 | -1,586,319 | -1,852,427 | -2,101,308 | -2,329,114 |
| Gross Profit | 748,159 | 887,546 | 1,156,776 | 1,832,924 | 2,286,277 | 2,692,312 | 3,072,975 | 3,421,478 |
| Gain from disposal of investment properties | - | 236 | 308 | 417 | 492 | 549 | 596 | 634 |
| General and administrative expenses | -58,183 | -67,720 | -101,445 | -137,206 | -162,152 | -180,862 | -196,454 | -208,927 |
| Selling expenses | -43,375 | -60,826 | -76,854 | -117,952 | -145,967 | -170,453 | -193,354 | -214,316 |
| Share of (loss) / profit of associates and joint ventures | 3,758 | -602 | -13,535 | 64,086 | 50,716 | 43,634 | 40,318 | 36,542 |
| Trade properties holding results | - | - | - | 453 | 358 | 308 | 285 | 258 |
| Other operating results, net | -20,816 | -37,578 | -27,387 | -42,032 | -52,015 | -60,741 | -68,902 | -76,372 |
| Profit from operations before financing and taxation | 629,543 | 721,056 | 937,863 | 1,600,689 | 1,977,709 | 2,324,747 | 2,655,465 | 2,959,298 |
| Finance income | 49,561 | 55,029 | 124,495 | 129,267 | 87,853 | 75,586 | 69,842 | 63,300 |
| Finance cost | -156,361 | -234,264 | -499,901 | -688,840 | -606,386 | -372,566 | -462,014 | -439,727 |
| Interest | -69,617 | -91,972 | -151,092 | -178,174 | -227,427 | -259,005 | -269,863 | -290,361 |
| Borrowings holding results | -68,468 | -124,199 | -341,729 | -510,379 | -383,038 | -120,588 | -201,396 | -160,094 |
| Others | -19,791 | -28,400 | -29,456 | -30,551 | -31,687 | -32,865 | -34,088 | -35,355 |
| Capitalized Financial Costs | 1,515 | 10,307 | 22,376 | 30,264 | 35,766 | 39,893 | 43,332 | 46,084 |
| Other financial results | 2,318 | -12,092 | 74,730 | 460 | 364 | 313 | 289 | 262 |
| Financial results, net | -104,482 | -191,327 | -300,676 | -559,113 | -518,169 | -296,667 | -391,883 | -376,164 |
| Profit before income tax | 525,061 | 529,729 | 637,187 | 1,041,575 | 1,459,540 | 2,028,080 | 2,263,582 | 2,583,134 |
| Income tax expense | -179,416 | -178,698 | -226,700 | -359,283 | -503,457 | -699,570 | -780,805 | -891,032 |
| Profit for the year | 345,645 | 351,031 | 410,487 | 682,292 | 956,084 | 1,328,510 | 1,482,777 | 1,692,103 |
| Total comprehensive income for the year | 345,645 | 351,031 | 410,487 | 682,292 | 956,084 | 1,328,510 | 1,482,777 | 1,692,103 |
| Total comprehensive income for the year in USD thousands | 76,352 | 65,126 | 50,472 | 62,027 | 73,545 | 91,621 | 94,145 | 101,021 |

| APSA Free Cash Flow to Equity - (in thousands ARS) | HISTORIC | | | PROJECTED | | | | |
|---|----------|---------|---------|----------------|----------------|------------------|------------------|------------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Profit for the year | 345,645 | 351,031 | 410,487 | 682,292 | 956,084 | 1,328,510 | 1,482,777 | 1,692,103 |
| Depreciations & Amortizations | - | - | - | 128,168 | 140,596 | 141,674 | 141,767 | 141,780 |
| Working Capital (WC) | - | 187,518 | 527,252 | 722,805 | 891,106 | 1,037,052 | 1,172,814 | 1,296,653 |
| WC variation Cash Flow | - | - | - | -195,553 | -168,301 | -145,947 | -135,762 | -123,838 |
| CAPEX Cash Flow | - | - | - | -175,950 | -228,861 | -264,936 | -297,379 | -326,714 |
| Debt variation (principal) | - | - | - | 329,232 | 267,206 | 265,687 | 294,679 | 304,148 |
| FCFE (ARS) | | | | 768,190 | 966,724 | 1,324,989 | 1,486,083 | 1,687,478 |
| FCFE (UDS) | | | | 69,835 | 74,363 | 91,379 | 94,354 | 100,745 |
| K(e) = | | | | 15.7% | 15.0% | 14.5% | 14.4% | 14.4% |
| VA (FCFE (UDS)) | | | | 60,346 | 56,244 | 60,817 | 55,078 | 51,471 |
| Equity Value (in thousands of USD) | | | | 741,962 | | | | |

IRSA

Balance Sheet (NIIF) - (in thousands ARS)

| | HISTORIC | | | | PROJECTED | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| ASSETS | | | | | | | | | |
| Non-current Assets | | | | | | | | | |
| Investment properties | 925,906 | 890,433 | 804,788 | 736,865 | 745,719 | 761,807 | 784,123 | 812,196 | 845,486 |
| Property, plant and equipment | 10,138 | 8,765 | 8,681 | 8,164 | 8,262 | 8,440 | 8,688 | 8,999 | 9,367 |
| Trading properties | 10,364 | 10,225 | 10,557 | 8,387 | 8,488 | 8,671 | 8,925 | 9,244 | 9,623 |
| Intangible assets | 63,612 | 62,759 | 58,143 | 57,893 | 58,066 | 58,377 | 58,807 | 59,347 | 59,988 |
| Investments in associates and joint ventures (1) | 3,289,725 | 3,357,430 | 3,570,642 | 3,441,214 | 3,545,237 | 3,706,514 | 3,856,398 | 4,026,555 | 4,194,167 |
| Deferred income tax assets | - | - | 47,144 | 327,789 | 601,444 | 761,606 | 859,105 | 883,629 | 892,574 |
| Income tax credit | 54,278 | 76,328 | 102,375 | 102,695 | 102,695 | 102,695 | 102,695 | 102,695 | 102,695 |
| Trade and other receivables | 6,289 | 63,121 | 85,862 | 400,860 | 352,645 | 425,523 | 487,859 | 545,201 | 596,983 |
| Investments in financial assets | 149,157 | 163,594 | 87 | 91 | 89 | 90 | 90 | 90 | 90 |
| Total Non-current Assets | 4,509,469 | 4,632,655 | 4,688,279 | 5,083,958 | 5,422,645 | 5,833,722 | 6,166,688 | 6,447,955 | 6,710,973 |
| Current Assets | | | | | | | | | |
| Trading properties | 10,840 | 4,120 | 3,901 | 2,652 | 3,641 | 4,423 | 5,096 | 5,718 | 6,282 |
| Inventories | 427 | 474 | 463 | 584 | 630 | 740 | 829 | 911 | 985 |
| Trade and other receivables | 126,605 | 67,854 | 251,678 | 105,491 | 272,186 | 328,435 | 376,549 | 420,808 | 460,775 |
| Income tax credit | - | - | - | 14,657 | - | - | - | - | - |
| Investments in financial assets | 24,302 | 20,680 | 72,713 | 54,330 | 74,584 | 90,613 | 104,404 | 117,146 | 128,696 |
| Derivative financial instruments | - | - | - | 650 | 892 | 1,084 | 1,249 | 1,402 | 1,540 |
| Cash and cash equivalents | 45,163 | 76,872 | 62,788 | 43,440 | 543,451 | 505,598 | 706,388 | 1,154,368 | 1,545,305 |
| Total Current Assets | 207,337 | 170,000 | 391,543 | 221,804 | 895,384 | 930,894 | 1,194,516 | 1,700,354 | 2,143,583 |
| TOTAL ASSETS | 4,716,806 | 4,802,655 | 5,079,822 | 5,305,762 | 6,318,029 | 6,764,616 | 7,361,204 | 8,148,309 | 8,854,556 |
| SHAREHOLDERS' EQUITY | | | | | | | | | |
| Share capital | 578,676 | 578,676 | 578,676 | 573,771 | 573,771 | 573,771 | 573,771 | 573,771 | 573,771 |
| Share in box | - | - | - | 4,905 | 4,905 | 4,905 | 4,905 | 4,905 | 4,905 |
| Inflation adjustment of share capital | 274,387 | 274,387 | 123,329 | 123,329 | 123,329 | 123,329 | 123,329 | 123,329 | 123,329 |
| Share premium | 793,123 | 793,123 | 793,123 | 793,123 | 793,123 | 793,123 | 793,123 | 793,123 | 793,123 |
| Cost of own shares | - | - | - | -37,906 | -37,906 | -37,906 | -37,906 | -37,906 | -37,906 |
| Reserve for share-based compensation | - | 2,595 | 8,258 | 53,235 | 53,235 | 53,235 | 53,235 | 53,235 | 53,235 |
| Legal reserve | 57,031 | 71,136 | 85,140 | 116,840 | 116,840 | 116,840 | 116,840 | 116,840 | 116,840 |
| Special reserve | - | - | 395,249 | 375,487 | 375,487 | 375,487 | 375,487 | 375,487 | 375,487 |
| Reserve for new developments | 391,262 | 419,783 | 492,441 | 413,206 | 413,206 | 413,206 | 413,206 | 413,206 | 413,206 |
| Standard reserve | - | 14,502 | 50,776 | 398,931 | 398,931 | 398,931 | 398,931 | 398,931 | 398,931 |
| Acquisitions of additional interest in subsidiaries | - | -15,714 | -20,782 | -21,808 | -21,808 | -21,808 | -21,808 | -21,808 | -21,808 |
| Retained earnings | 656,525 | 510,853 | 239,328 | -784,869 | -903,237 | -1,046,701 | -1,086,028 | -970,257 | -828,661 |
| TOTAL SHAREHOLDERS' EQUITY | 2,751,004 | 2,649,341 | 2,745,538 | 2,008,244 | 1,889,876 | 1,746,412 | 1,707,085 | 1,822,856 | 1,964,452 |
| LIABILITIES | | | | | | | | | |
| Non-current liabilities | | | | | | | | | |
| Trade and other payables | 5,032 | 6,699 | 7,054 | 4,793 | 6,816 | 8,229 | 9,432 | 10,539 | 11,539 |
| Borrowings | 1,293,259 | 1,550,369 | 1,796,521 | 2,815,958 | 3,597,233 | 4,324,958 | 2,663,706 | 5,367,679 | 5,834,802 |
| Deferred income tax liabilities | 79,464 | 19,179 | - | - | - | - | - | - | - |
| Provisions | - | 6,198 | 6,877 | 4,196 | 4,196 | 4,196 | 4,196 | 4,196 | 4,196 |
| Total non-current liabilities | 1,377,755 | 1,582,445 | 1,810,452 | 2,824,947 | 3,608,245 | 4,337,383 | 2,677,333 | 5,382,414 | 5,850,537 |
| Current liabilities | | | | | | | | | |
| Trade and other payables | 52,693 | 113,228 | 88,242 | 147,948 | 159,132 | 191,915 | 243,765 | 254,740 | 282,084 |
| Payable and social security liabilities | 3,086 | 5,151 | 5,490 | 6,735 | 8,567 | 10,057 | 11,270 | 12,383 | 13,388 |
| Borrowings | 531,186 | 451,615 | 423,835 | 303,832 | 652,209 | 478,850 | 2,721,750 | 675,915 | 744,094 |
| Provisions | 1,082 | 875 | 6,265 | 14,056 | - | - | - | - | - |
| Total current liabilities | 588,047 | 570,869 | 523,832 | 472,571 | 819,908 | 680,822 | 2,976,786 | 943,039 | 1,039,567 |
| TOTAL LIABILITIES | 1,965,802 | 2,153,314 | 2,334,284 | 3,297,518 | 4,428,153 | 5,018,204 | 5,654,119 | 6,325,453 | 6,890,104 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 4,716,806 | 4,802,655 | 5,079,822 | 5,305,762 | 6,318,029 | 6,764,616 | 7,361,204 | 8,148,309 | 8,854,556 |

| IRSA Income statement - (in thousands ARS) | PROJECTED | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|------------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Revenues (ARS) (4) | 253,451 | 283,124 | 311,378 | 443,400 | 535,033 | 613,412 | 685,511 | 750,620 |
| Total Costs | -93,600 | -110,109 | -96,813 | -123,149 | -144,564 | -162,001 | -178,004 | -192,454 |
| Depreciations | -23,805 | -29,200 | -27,711 | -24,748 | -25,828 | -25,871 | -25,873 | -25,874 |
| Costs | -69,795 | -80,909 | -69,102 | -98,401 | -118,736 | -136,130 | -152,131 | -166,580 |
| Gross Profit | 159,851 | 173,015 | 214,565 | 320,251 | 390,469 | 451,411 | 507,507 | 558,166 |
| Gain from disposal of investment properties | 116,688 | 183,532 | 235,698 | 323,567 | 393,104 | 452,932 | 508,213 | 558,316 |
| General and administrative expenses | -68,141 | -62,834 | -75,201 | -103,236 | -125,422 | -144,511 | -162,149 | -178,134 |
| Selling expenses | -19,142 | -16,399 | -27,300 | -38,875 | -46,909 | -53,781 | -60,102 | -65,810 |
| Other operating results, net | 10,327 | 1,339 | -11,812 | -16,820 | -20,296 | -23,270 | -26,005 | -28,474 |
| Profit from operations | 199,583 | 278,653 | 335,950 | 484,887 | 590,946 | 682,781 | 767,465 | 844,062 |
| Share of (loss)/profit of associates and joint ventures | -40,114 | 22,280 | 127,245 | 104,023 | 161,277 | 149,883 | 170,157 | 167,612 |
| Trade properties holding results | | | | 989 | 782 | 673 | 622 | 564 |
| Profit from operations before financing and taxation | 159,469 | 300,933 | 463,195 | 589,898 | 753,006 | 833,338 | 938,244 | 1,012,238 |
| Finance income | 48,562 | 64,450 | 140,314 | 20,252 | 16,030 | 13,790 | 12,743 | 11,549 |
| Finance cost | -389,467 | -547,298 | -1,276,107 | -1,294,416 | -1,072,853 | -984,118 | -859,892 | -891,275 |
| Interest | -227,840 | -229,787 | -340,172 | -442,912 | -478,850 | -538,616 | -675,915 | -744,094 |
| Borrowings holding results | -149,285 | -305,654 | -920,853 | -851,504 | -594,003 | -445,503 | -183,976 | -147,181 |
| Long term borrowings holding results | | | | -851,504 | -594,003 | -220,771 | -183,976 | -147,181 |
| Short term borrowings holding results | | | | - | - | -224,731 | - | - |
| Others | -12,342 | -11,857 | -15,082 | - | - | - | - | - |
| Other financial results | -8,065 | 30,051 | -6,565 | 242 | 192 | 165 | 152 | 138 |
| Financial results, net | -348,970 | -452,797 | -1,142,358 | -1,273,922 | -1,056,632 | -970,163 | -846,996 | -879,588 |
| Profit before income tax | -189,501 | -151,864 | -679,163 | -684,023 | -303,626 | -136,826 | 91,248 | 132,650 |
| Income tax expense | 60,285 | 66,109 | 279,998 | 273,655 | 160,162 | 97,499 | 24,524 | 8,946 |
| Sale of "Madison 183" | | | | 292,000 | | | | |
| Profit for the year | -129,216 | -85,755 | -399,165 | -118,368 | -143,464 | -39,326 | 115,771 | 141,596 |
| Total comprehensive income for the year | -129,216 | -85,755 | -399,165 | -118,368 | -143,464 | -39,326 | 115,771 | 141,596 |
| Total comprehensive income for the year in USD thousands | -28,543 | -15,910 | -49,080 | -10,761 | -11,036 | -2,712 | 7,351 | 8,453 |

| IRSA Free Cash Flow to Equity (en miles de ARS) | HISTORIC | | | PROYECTADO | | | | |
|--|----------|---------|----------|----------------|----------------|----------------|----------------|----------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Profit for the year | -129,216 | -85,755 | -399,165 | -118,368 | -143,464 | -39,326 | 115,771 | 141,596 |
| Depreciations & Amortizations | | | | 24,748 | 25,828 | 25,871 | 25,873 | 25,874 |
| Working Capital (WC) | -26,126 | 228,758 | 9,625 | 184,235 | 223,324 | 233,092 | 278,862 | 302,805 |
| WC variation Cash Flow | | | | -174,610 | -39,089 | -9,768 | -45,770 | -23,943 |
| CAPEX Cash Flow | | | | -33,974 | -42,587 | -49,119 | -55,117 | -60,552 |
| Profit for the year | | | | 629,641 | 592,218 | 380,858 | 210,158 | 144,365 |
| FCFE (ARS) | | | | 327,437 | 392,905 | 308,515 | 250,916 | 227,340 |
| FCFE (USD) | | | | 29,767 | 30,223 | 21,277 | 15,931 | 13,573 |
| K(e) = | | | | 15.7% | 15.0% | 14.5% | 14.4% | 14.4% |
| VA (FCFE (USD)) | | | | 25,722 | 22,859 | 14,161 | 9,300 | 6,934 |
| Equity Value (in thousands of USD) | | | | 140,679 | | | | |

| Ranch (in thousands ARS) | HISTORIC | | | | PROJECTED | | | |
|---|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Revenues (ARS) (4) | 134,088 | 82,939 | 90,315 | 100,250 | 110,275 | 120,199 | 129,815 | 138,902 |
| Total Costs | -175,595 | -147,290 | -160,600 | -178,266 | -196,093 | -213,741 | -230,840 | -246,999 |
| Changes in biological assets value during the harvest | 78,982 | 79,336 | 145,321 | 128,600 | 159,449 | 163,996 | 182,409 | 192,346 |
| Changes in biological assets value after the harvest | 140 | -45 | 117 | 60 | 50 | 94 | 79 | 85 |
| Gross Profit | 37,615 | 14,940 | 75,153 | 50,644 | 73,680 | 70,548 | 81,463 | 84,334 |
| Gain from disposal of investment properties | - | - | - | - | - | - | - | - |
| General and administrative expenses | -14,926 | -13,719 | -27,811 | -23,726 | -30,028 | -30,589 | -34,193 | -35,968 |
| Selling expenses | -11,599 | -11,359 | -13,831 | -14,541 | -16,441 | -17,678 | -19,224 | -20,499 |
| Other operating results, net | -2,376 | -1,857 | -1,914 | -2,185 | -2,370 | -2,601 | -2,800 | -3,001 |
| Profit from operations | 8,714 | -11,995 | 31,597 | 10,192 | 24,841 | 19,679 | 25,248 | 24,867 |
| Share of (loss)/profit of associates and joint ventures | - | - | 33 | 33 | 33 | 33 | 33 | 33 |
| Profit from operations before financing and taxation | 8,714 | -11,995 | 31,630 | 10,225 | 24,874 | 19,712 | 25,281 | 24,900 |
| EBIT | 8,714 | -11,995 | 31,597 | 10,192 | 24,841 | 19,679 | 25,248 | 24,867 |
| Taxes 35% | -3,050 | 4,198 | -11,059 | -3,567 | -8,694 | -6,888 | -8,837 | -8,703 |
| NOPAT | 5,664 | -7,797 | 20,538 | 6,625 | 16,147 | 12,792 | 16,411 | 16,163 |

| Sugar cane (in thousands ARS) | HISTORIC | | | | PROJECTED | | | |
|---|---------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Revenues (ARS) (4) | 98,882 | 160,259 | 123,851 | 257,465 | 172,950 | 383,703 | 236,896 | 455,566 |
| Total Costs | -167,921 | -302,206 | -206,751 | -450,846 | -305,901 | -663,701 | -414,533 | -796,982 |
| Changes in biological assets value during the harvest | 82,251 | 197,317 | 96,227 | 243,734 | 170,348 | 346,430 | 223,826 | 430,152 |
| Changes in biological assets value after the harvest | - | - | - | - | - | - | - | - |
| Gross Profit | 13,212 | 55,370 | 13,327 | 50,354 | 37,396 | 66,433 | 46,190 | 88,735 |
| Gain from disposal of investment properties | - | - | - | - | - | - | - | - |
| General and administrative expenses | -19,429 | -24,163 | -28,261 | -32,395 | -36,565 | -41,593 | -47,129 | -53,506 |
| Selling expenses | - | -4,006 | -4,871 | -6,687 | -8,124 | -9,360 | -10,503 | -11,538 |
| Other operating results, net | -12 | -27 | -552 | -197 | -259 | -336 | -264 | -286 |
| Profit from operations | -6,229 | 27,174 | -20,357 | 11,074 | -7,551 | 15,144 | -11,706 | 23,405 |
| Share of (loss)/profit of associates and joint ventures | - | - | - | - | - | - | - | - |
| Profit from operations before financing and taxation | -6,229 | 27,174 | -20,357 | 11,074 | -7,551 | 15,144 | -11,706 | 23,405 |
| EBIT | -6,229 | 27,174 | -20,357 | 11,074 | -7,551 | 15,144 | -11,706 | 23,405 |
| Taxes 35% | 2,180 | -9,511 | 7,125 | -3,876 | 2,643 | -5,300 | 4,097 | -8,192 |
| NOPAT | -4,049 | 17,663 | -13,232 | 7,198 | -4,908 | 9,843 | -7,609 | 15,213 |

| Grains (in thousands ARS) | HISTORIC | | | | PROJECTED | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Revenues (ARS) (4) | 636,831 | 750,376 | 836,822 | 967,008 | 1,196,888 | 1,390,177 | 1,554,321 | 1,694,878 |
| Total Costs | -1,051,867 | -1,227,832 | -1,540,681 | -1,653,301 | -2,069,461 | -2,446,643 | -2,693,479 | -2,950,152 |
| Changes in biological assets value during the harvest | 513,404 | 572,081 | 868,351 | 840,090 | 1,064,760 | 1,295,662 | 1,393,900 | 1,535,791 |
| Changes in biological assets value after the harvest | 2,460 | 11,801 | -17,624 | - | - | - | - | - |
| Gross Profit | 100,828 | 106,426 | 146,868 | 153,798 | 192,187 | 239,196 | 254,742 | 280,517 |
| Gain from disposal of investment properties | - | - | - | - | - | - | - | - |
| General and administrative expenses | -86,771 | -90,141 | -148,986 | -144,164 | -195,763 | -217,315 | -248,600 | -268,013 |
| Selling expenses | -88,464 | -116,120 | -117,860 | -142,920 | -172,734 | -203,046 | -225,669 | -246,813 |
| Other operating results, net | -56,910 | -7,530 | -28,276 | -32,507 | -40,338 | -46,793 | -52,351 | -57,067 |
| Profit from operations | -131,317 | -107,365 | -148,254 | -165,793 | -216,649 | -227,957 | -271,878 | -291,376 |
| Share of (loss)/profit of associates and joint ventures | 6,018 | 8,117 | 11,003 | 14,878 | 20,143 | 27,253 | 36,885 | 49,914 |
| Profit from operations before financing and taxation | -125,299 | -99,248 | -137,251 | -150,915 | -196,506 | -200,704 | -234,992 | -241,461 |
| EBIT | -131,317 | -107,365 | -148,254 | -165,793 | -216,649 | -227,957 | -271,878 | -291,376 |
| Taxes 35% | 45,961 | 37,578 | 51,889 | 58,028 | 75,827 | 79,785 | 95,157 | 101,982 |
| NOPAT | -85,356 | -69,787 | -96,365 | -107,766 | -140,822 | -148,172 | -176,720 | -189,394 |

| AGRIBUSINESS Income statement - (in thousands ARS) | HISTORIC | | | | | PROJECTED | | |
|---|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Revenues (ARS) (4) | 869,801 | 993,574 | 1,050,988 | 1,324,723 | 1,480,112 | 1,894,080 | 1,921,033 | 2,289,346 |
| Total Costs | -1,395,383 | -1,677,328 | -1,908,032 | -2,282,413 | -2,571,455 | -3,324,085 | -3,338,852 | -3,994,133 |
| Depreciations | -28,500 | -29,000 | -29,314 | -29,595 | -30,814 | -30,859 | -30,860 | -30,860 |
| Costs | -1,366,883 | -1,648,328 | -1,878,718 | -2,252,817 | -2,540,641 | -3,293,227 | -3,307,992 | -3,963,273 |
| Gross Profit | -525,582 | -683,754 | -857,044 | -957,689 | -1,091,342 | -1,430,005 | -1,417,819 | -1,704,787 |
| Gain from disposal of investment properties | 28,817 | 29,851 | - | 20,000 | 15,000 | 20,000 | 15,000 | 20,000 |
| General and administrative expenses | -121,126 | -128,023 | -205,058 | -200,286 | -262,356 | -289,497 | -329,921 | -357,486 |
| Selling expenses | -100,063 | -131,485 | -136,562 | -164,148 | -197,299 | -230,084 | -255,396 | -278,850 |
| Other operating results, net | -59,298 | -9,414 | -30,742 | -34,889 | -42,967 | -49,730 | -55,415 | -60,354 |
| Profit from operations | -777,252 | -922,825 | -1,229,406 | -1,337,012 | -1,578,965 | -1,979,316 | -2,043,551 | -2,381,477 |
| Share of (loss)/profit of associates and joint ventures | 7,381 | 2,734 | 2,527 | 3,418 | 4,039 | 4,505 | 4,894 | 5,204 |
| Trade properties holding results | - | - | - | - | - | - | - | - |
| Profit from operations before financing and taxation | -769,871 | -920,091 | -1,226,879 | -1,333,594 | -1,574,926 | -1,974,810 | -2,038,657 | -2,376,273 |
| Finance income | 85,364 | 126,779 | 250,557 | 154,233 | 177,190 | 193,993 | 175,139 | 182,107 |
| Finance cost | -222,156 | -345,179 | -1,167,067 | -1,167,067 | -1,167,067 | -1,167,067 | -1,167,067 | -1,167,067 |
| Interest | -129,260 | -153,295 | -232,530 | -232,530 | -232,530 | -232,530 | -232,530 | -232,530 |
| Borrowings holding results | -81,041 | -179,855 | -922,807 | -922,807 | -922,807 | -922,807 | -922,807 | -922,807 |
| Others | -11,855 | -12,029 | -11,730 | -11,730 | -11,730 | -11,730 | -11,730 | -11,730 |
| Other financial results | 1,330 | 10,400 | 101,161 | 37,630 | 49,730 | 62,841 | 50,067 | 54,213 |
| Financial results, net | -135,462 | -208,000 | -815,349 | -975,203 | -940,147 | -910,233 | -941,861 | -930,747 |
| Profit before income tax | -905,333 | -1,128,091 | -2,042,228 | -2,308,797 | -2,515,073 | -2,885,043 | -2,980,518 | -3,307,020 |
| Income tax expense | 247,119 | 201,364 | 536,531 | 549,630 | 598,736 | 686,810 | 709,539 | 787,266 |
| Profit for the year | -658,214 | -926,727 | -1,505,697 | -1,759,167 | -1,916,337 | -2,198,233 | -2,270,979 | -2,519,754 |
| Total comprehensive income for the year | -658,214 | -926,727 | -1,505,697 | -1,759,167 | -1,916,337 | -2,198,233 | -2,270,979 | -2,519,754 |
| Total comprehensive income for the year in USD | -145,397 | -171,935 | -185,134 | -159,924 | -147,411 | -151,602 | -144,189 | -150,433 |

| Agribusiness Free Cash Flow to Firm (in thousands of ARS) | HISTORIC | | | | | PROJECTED | | |
|--|----------------|----------------|----------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| NOPAT Ranch | 5,664 | -7,797 | 20,538 | 6,625 | 16,147 | 12,792 | 16,411 | 16,163 |
| NOPAT Grains | -4,049 | 17,663 | -13,232 | 7,198 | -4,908 | 9,843 | -7,609 | 15,213 |
| NOPAT Sugarcane | -85,356 | -69,787 | -96,365 | -107,766 | -140,822 | -148,172 | -176,720 | -189,394 |
| Consolidated NOPAT | -83,741 | -59,921 | -89,059 | -93,942 | -129,583 | -125,537 | -167,918 | -158,017 |
| NOPAT 100% | -93,045 | -66,579 | -98,955 | -104,380 | -143,982 | -139,485 | -186,576 | -175,575 |
| Depreciations | | | | 29,595 | 30,814 | 30,859 | 30,860 | 30,860 |
| CapEx variation | | | | -40,629 | -50,841 | -58,630 | -65,787 | -72,273 |
| WC variation* | | | | -109,494 | -62,156 | -165,587 | -10,781 | -147,325 |
| Consolidated Income | | | 1,050,988 | 1,324,723 | 1,480,112 | 1,894,080 | 1,921,033 | 2,289,346 |
| FCFF (ARS) | | | | -224,908 | -226,164 | -332,843 | -232,284 | -364,313 |
| FCFF (USD) | | | | -20,446 | -17,397 | -22,955 | -14,748 | -21,750 |
| *WC Stock (40% of revenue) | | | | | | | | |
| Wacc | | | | 10.59% | 9.96% | 9.58% | 9.47% | 9.44% |
| FCFF - Present value | | | | -18,489 | -14,389 | -17,446 | -10,271 | -13,855 |
| FIRM VALUE = | | | | \$ -211,120 | | | | |

CRESUD CONSOLIDATED

Balance Sheet (NIIF) - (in thousands ARS)

| | HISTORIC | | | | PROJECTED | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| ASSETS | | | | | | | | | |
| Non-current Assets | | | | | | | | | |
| Investment properties | 3,553,647 | 3,463,941 | 4,179,901 | 3,454,616 | 3,471,237 | 3,501,181 | 3,542,590 | 3,594,592 | 3,656,196 |
| Property, plant and equipment | 1,976,970 | 1,872,920 | 1,841,454 | 2,381,956 | 2,393,416 | 2,414,063 | 2,442,614 | 2,478,470 | 2,520,945 |
| Trading properties | 158,019 | 170,472 | 182,553 | 132,555 | 160,900 | 160,900 | 160,900 | 160,900 | 160,900 |
| Intangible assets | 80,457 | 75,077 | 125,312 | 175,007 | 175,849 | 177,366 | 179,464 | 182,098 | 185,219 |
| Biological assets | 325,864 | 278,208 | 303,128 | 444,853 | 447,274 | 451,638 | 457,686 | 465,299 | 474,336 |
| Investments in associates and joint ventures | 1,438,855 | 1,500,560 | 1,486,862 | 2,375,339 | 2,715,399 | 2,320,438 | 2,372,755 | 2,438,926 | 2,507,356 |
| Deferred income tax assets | 23,914 | 80,674 | 179,228 | 852,642 | 515,935 | 684,289 | 600,112 | 642,200 | 621,156 |
| Income tax credit | 123,854 | 156,892 | 198,871 | 177,547 | 177,547 | 177,547 | 177,547 | 177,547 | 177,547 |
| Restricted assets | - | - | 54,631 | 50,897 | 52,764 | 52,764 | 52,764 | 52,764 | 52,764 |
| Trade and other receivables | 236,787 | 297,169 | 291,430 | 475,349 | 569,773 | 685,438 | 817,966 | 900,820 | 1,015,630 |
| Investments in financial assets | 426,152 | 626,683 | 253,742 | 275,012 | 275,012 | 275,012 | 275,012 | 275,012 | 275,012 |
| Derivative financial instruments | 60,442 | 18,434 | 25,377 | 233 | 26,122 | 17,541 | 17,318 | 15,304 | 19,071 |
| Total Non-current Assets | 8,404,961 | 8,541,030 | 9,122,489 | 10,796,006 | 10,981,226 | 10,918,176 | 11,096,727 | 11,383,930 | 11,666,132 |
| Current Assets | | | | | | | | | |
| Properties for sale | 28,443 | 10,529 | 11,689 | 4,596 | 6,309 | 7,665 | 8,832 | 9,910 | 10,887 |
| Biological assets | 107,239 | 85,251 | 97,564 | 195,830 | 204,385 | 245,875 | 293,415 | 323,136 | 364,320 |
| Inventories | 371,268 | 253,447 | 252,376 | 439,771 | 456,011 | 530,986 | 654,951 | 688,384 | 795,653 |
| Restricted assets | - | - | 1,022 | - | - | - | - | - | - |
| Income tax credit | 76,116 | 28,762 | 4,779 | 19,694 | 37,292 | 44,862 | 53,536 | 58,959 | 66,473 |
| Other assets for sale | - | - | - | 1,357,866 | - | - | - | - | - |
| Trade and other receivables | 679,426 | 859,302 | 1,446,091 | 1,438,408 | 1,446,091 | 1,446,091 | 1,446,091 | 1,446,091 | 1,446,091 |
| Investments in financial assets | 62,465 | 72,069 | 385,585 | 495,633 | 680,406 | 826,632 | 952,438 | 1,068,685 | 1,174,044 |
| Derivative financial instruments | 18,966 | 2,578 | 41,544 | 32,897 | 45,161 | 54,867 | 63,217 | 70,933 | 77,926 |
| Cash and cash equivalents | 694,552 | 471,922 | 1,047,586 | 1,002,987 | 1,335,840 | 1,607,018 | 1,917,732 | 2,111,984 | 2,381,159 |
| Total Current Assets | 2,038,475 | 1,783,860 | 3,288,236 | 4,987,682 | 4,211,496 | 4,763,997 | 5,390,213 | 5,778,082 | 6,316,553 |
| TOTAL ASSETS | 10,443,436 | 10,324,890 | 12,410,725 | 15,783,688 | 15,192,722 | 15,682,173 | 16,486,940 | 17,162,012 | 17,982,685 |
| SHAREHOLDERS' EQUITY | | | | | | | | | |
| TOTAL SHAREHOLDERS' EQUITY | 5,210,078 | 4,691,511 | 4,719,066 | 4,755,633 | 3,384,302 | 4,288,365 | 4,948,443 | 4,836,960 | 4,798,855 |
| LIABILITIES | | | | | | | | | |
| Non-current liabilities | | | | | | | | | |
| Trade and other payables | 155,726 | 168,860 | 228,267 | 216,760 | 322,803 | 381,629 | 477,972 | 496,466 | 582,221 |
| Borrowings | 2,056,244 | 2,770,087 | 4,189,896 | 5,315,335 | 6,473,959 | 5,938,275 | 5,677,773 | 7,604,174 | 7,958,692 |
| Deferred income tax liabilities | 769,941 | 630,011 | 530,263 | 470,045 | 500,154 | 485,100 | 492,627 | 488,863 | 490,745 |
| Derivative financial instruments | - | 22,859 | 2,773 | - | - | - | - | - | - |
| Payable and social security liabilities | 635 | 783 | 3,984 | 5,041 | 2,611 | 3,105 | 3,685 | 3,610 | 3,253 |
| Provisions | 14,939 | 22,553 | 71,626 | 220,489 | 82,402 | 99,267 | 118,446 | 130,151 | 107,567 |
| Total non-current liabilities | 2,997,485 | 3,615,153 | 5,026,809 | 6,227,670 | 7,381,929 | 6,907,376 | 6,770,503 | 8,723,264 | 9,142,477 |
| Current liabilities | | | | | | | | | |
| Trade and other payables | 588,311 | 596,542 | 911,700 | 1,004,180 | 1,288,576 | 1,535,337 | 1,857,578 | 1,969,535 | 2,304,934 |
| Payable income tax | 72,606 | 108,190 | 80,024 | 73,429 | 76,727 | 75,078 | 75,902 | 75,490 | 75,696 |
| Payable and social security liabilities | 81,085 | 103,919 | 120,835 | 202,546 | 244,227 | 284,382 | 350,774 | 368,680 | 426,130 |
| Borrowings | 1,479,803 | 1,187,082 | 1,527,390 | 2,639,491 | 2,783,063 | 2,552,781 | 2,440,795 | 1,140,626 | 1,193,804 |
| Financial derivative instruments | 8,353 | 18,558 | 8,691 | 53,419 | 22,255 | 25,731 | 27,524 | 32,232 | 26,936 |
| Provisions | 5,715 | 3,935 | 16,210 | 20,708 | 11,642 | 13,124 | 15,421 | 15,224 | 13,853 |
| Other liabilities for sale | - | - | - | 806,612 | - | - | - | - | - |
| Total current liabilities | 2,235,873 | 2,018,226 | 2,664,850 | 4,800,385 | 4,426,491 | 4,486,432 | 4,767,994 | 3,601,787 | 4,041,352 |
| TOTAL LIABILITIES | 5,233,358 | 5,633,379 | 7,691,659 | 11,028,055 | 11,808,420 | 11,393,808 | 11,538,497 | 12,325,052 | 13,183,830 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 10,443,436 | 10,324,890 | 12,410,725 | 15,783,688 | 15,192,722 | 15,682,173 | 16,486,940 | 17,162,012 | 17,982,685 |

| CRESUD CONSOLIDATED Balance Sheet (NIIF) - (in thousands ARS) | HISTORIC | | | | PROJECTED | | | | |
|--|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-------|
| | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E | 2018E | 2019E |
| Revenues (ARS) (4) | 2,859,849 | 3,528,551 | 4,604,011 | 6,131,906 | 7,376,696 | 8,802,966 | 9,694,642 | 10,930,235 | |
| Total Costs | -2,464,219 | -3,120,495 | -3,914,592 | -4,720,164 | -5,496,231 | -6,779,389 | -7,125,453 | -8,235,787 | |
| Depreciations | -233,137 | -279,738 | -296,919 | -278,936 | -301,442 | -303,224 | -303,373 | -303,393 | |
| Costs | -2,231,082 | -2,840,757 | -3,617,673 | -4,441,228 | -5,194,789 | -6,476,166 | -6,822,080 | -7,932,394 | |
| Changes in biological assets value during the harvest | 700,946 | 886,744 | 1,152,653 | 1,526,360 | 1,836,214 | 2,191,243 | 2,413,199 | 2,720,764 | |
| Changes in biological assets value after the harvest | 2,720 | 11,756 | -17,477 | - | - | - | - | - | |
| Gross Profit | 1,099,296 | 1,306,556 | 1,824,595 | 2,938,102 | 3,716,679 | 4,214,820 | 4,982,388 | 5,415,213 | |
| Gain from disposal of investment properties | 162,179 | 327,583 | 322,274 | 452,290 | 537,248 | 622,562 | 688,737 | 761,240 | |
| General and administrative expenses | -320,677 | -346,383 | -533,939 | -592,101 | -738,811 | -826,054 | -925,005 | -1,000,271 | |
| Selling expenses | -200,461 | -279,463 | -352,726 | -429,819 | -522,486 | -608,380 | -681,406 | -748,529 | |
| Other operating results, net | -93,381 | 98,068 | -75,008 | -64,976 | -142,854 | -199,799 | -244,121 | -285,688 | |
| Profit from operations | 646,956 | 1,106,361 | 1,185,196 | 2,303,497 | 2,849,777 | 3,203,149 | 3,820,593 | 4,141,965 | |
| Share of (loss)/profit of associates and joint ventures | 2,796 | -9,818 | -408,651 | 33,594 | 49,770 | 55,513 | 60,299 | 64,127 | |
| Trade properties holding results | - | - | - | - | - | - | - | - | |
| Profit from operations before financing and taxation | 649,752 | 1,096,543 | 776,545 | 2,337,091 | 2,899,547 | 3,258,662 | 3,880,891 | 4,206,092 | |
| Finance income | 139,491 | 200,857 | 288,188 | 303,753 | 281,073 | 283,369 | 257,724 | 256,957 | |
| Finance cost | -757,497 | -1,124,746 | -2,852,000 | -3,162,012 | -2,858,305 | -2,536,070 | -2,501,620 | -2,511,062 | |
| Interest | -411,341 | -483,772 | -737,913 | -853,552 | -938,737 | -1,030,074 | -1,178,219 | -1,266,890 | |
| Borrowings holding results | -296,795 | -586,382 | -2,053,377 | -2,284,690 | -1,899,848 | -1,488,898 | -1,308,179 | -1,230,082 | |
| Others | -50,877 | -64,899 | -83,086 | -54,034 | -55,486 | -56,992 | -58,553 | -60,173 | |
| Capitalized Financial Costs | 1,516 | 10,307 | 22,376 | 30,264 | 35,766 | 39,893 | 43,332 | 46,084 | |
| Other financial results | 48,691 | 15,128 | 305,014 | - | - | - | - | - | |
| Financial results, net | -569,315 | -908,761 | -2,258,798 | -2,858,259 | -2,577,232 | -2,252,701 | -2,243,896 | -2,254,105 | |
| Profit before income tax | 80,437 | 187,782 | -1,482,253 | -521,169 | 322,315 | 1,005,961 | 1,636,995 | 1,951,987 | |
| Income tax expense | -21,956 | -33,519 | 389,415 | 124,069 | -76,730 | -239,478 | -389,701 | -464,688 | |
| Profit for the year | 58,481 | 154,263 | -1,092,838 | -397,100 | 245,585 | 766,483 | 1,247,294 | 1,487,299 | |
| Controller Stockholders | -21,329 | -26,907 | -888,382 | - | - | - | - | - | |
| Minority Interest | 79,810 | 181,170 | -204,426 | - | - | - | - | - | |
| Total comprehensive income for the year | 58,481 | 154,263 | -1,092,838 | -397,100 | 245,585 | 766,483 | 1,247,294 | 1,487,299 | |
| Total de resultados del ejercicio en miles de USD | 12,918 | 28,620 | -134,371 | -36,100 | 18,891 | 52,861 | 79,193 | 88,794 | |

Debt Structure (including subsidiaries)

| Corporate Bonds | Issuer | Issue's currency | Payment Currency | Issue date | Maturity | Face value (USD) | % Outstanding | Coupon | Coupon Frequency |
|-------------------------------|--------|------------------|------------------|------------|------------|------------------|---------------|----------|------------------|
| CREXX 1.90000 /22/15 | Cresud | USD-L | ARS | 22/02/2013 | 22/05/2015 | 79,415,549 | 100.00% | Fixed | Quarterly |
| CREXX 1.50000 /22/18 | Cresud | USD-L | ARS | 22/05/2013 | 22/05/2018 | 32,000,000 | 100.00% | Fixed | Quarterly |
| CREXX 1.50000 /19/18 | Cresud | USD-L | ARS | 18/11/2013 | 19/11/2018 | 109,109,569 | 100.00% | Fixed | Quarterly |
| CREXX 4.00000 /12/19 | Cresud | USD-L | ARS | 12/09/2014 | 12/09/2019 | 33,706,257 | 100.00% | Fixed | Quarterly |
| CREXX 30.08600 /24/14 '14 FRN | Cresud | ARS | ARS | 22/02/2013 | 24/11/2014 | 8,224,471 | 66.67% | Floating | Quarterly |
| CREXX 29.21700 /22/15 '14 FRN | Cresud | ARS | ARS | 21/06/2012 | 22/06/2015 | 6,486,392 | 66.67% | Floating | Quarterly |
| CREXX 26.99600 /18/15 FRN | Cresud | ARS | ARS | 18/11/2013 | 18/11/2015 | 21,315,132 | 100.00% | Floating | Quarterly |
| CREXX /14/16 FRN | Cresud | ARS | ARS | 12/09/2014 | 14/03/2016 | 20,276,161 | 100.00% | Floating | Quarterly |
| IRS 29.89500 /26/15 FRN | IRSA | ARS | ARS | 26/02/2014 | 26/08/2015 | 25,307,023 | 100.00% | Floating | Quarterly |
| IRS 30.44500 /26/17 FRN | IRSA | ARS | ARS | 26/02/2014 | 26/02/2017 | 1,304,077 | 100.00% | Floating | Quarterly |
| IRS 8.50000 /02/17 '14 | IRSA | USD | USD | 02/02/2007 | 02/02/2017 | 150,000,000 | 100.00% | Fixed | Semiannual |
| IRS 11.50000 /20/20 | IRSA | USD | USD | 20/07/2010 | 20/07/2020 | 150,000,000 | 100.00% | Fixed | Semiannual |
| SAM 7.87500 /11/17 '14 | APSA | USD | USD | 11/05/2007 | 11/05/2017 | 120,000,000 | 100.00% | Fixed | Semiannual |

Cresud (consolidated)

Financial Information up to 30-06-2014

| Debt Composition (in millions of AR\$) | FY 2013 | FY 2014 |
|--|-----------------|-----------------|
| Short Term Debt | 1,527.39 | 2,639.49 |
| Long Term Debt | 4,189.90 | 5,315.34 |
| Total Debt (book value) | 5,717.29 | 7,954.83 |

| Consolidated Debt Composition - FY 2014 | | |
|---|-----------------|--------|
| Local currency debt | 1,707.98 | 21.47% |
| Foreign currency debt | 6,246.84 | 78.53% |
| Total Debt (BV) | 7,954.83 | |

Current Debt

| Detail | Collateral | Currency | Coupon | Interest rate | PV | In millions of AR\$ | | | | |
|---------------------------------------|------------|----------|--------|----------------------------|--------|---------------------|-----------------|-----------------|-----------------|---------------|
| | | | | | | BV (FY 2013) | BV (FY 2014) | Debt in AR\$ | Debt in USD | Debt in BR\$ |
| CRSUD O N Serie VIII maturity 2014 | No | USD | Fixed | 7.50% | 60.00 | 6.07 | 499.11 | - | 499.11 | - |
| CRSUD O N Serie IX maturity 2014 | No | AR\$ | Float | BADIA R+300bp | 161.00 | 104.32 | - | - | - | - |
| CRSUD O N Serie X maturity 2014 | No | USD | Fixed | 7.50% | 31.90 | 165.81 | - | - | - | - |
| CRSUD O N Serie X - 2º TRAMO vto 2014 | No | USD | Fixed | 7.50% | 30.00 | 163.46 | - | - | - | - |
| CRSUD O N Serie XI maturity 2015 | No | AR\$ | Float | BADIA R+375 bp | 80.50 | 19.65 | 39.65 | 39.65 | - | - |
| CRSUD O N Serie XII maturity 2014 | No | AR\$ | Float | BADIA R+410bp | 102.00 | 35.03 | 69.97 | 69.97 | - | - |
| CRSUD O N Serie XIII maturity 2015 | No | USD | Fixed | 1.90% | 79.00 | -1.95 | 644.97 | - | 644.97 | - |
| CRSUD O N Serie XIV maturity 2015 | No | USD | Fixed | 1.50% | 32.00 | -0.07 | 0.15 | - | 0.15 | - |
| CRSUD O N Serie XV maturity 2015 | No | AR\$ | Float | 25.67% | 178.00 | - | 63.88 | 63.88 | - | - |
| CRSUD O N Serie XVI maturity 2015 | No | USD | Fixed | 1.50% | 109.00 | - | 4.22 | - | 4.22 | - |
| IRSA ON Serie I maturity 2017 | No | USD | Fixed | 8.50% | 150.00 | 26.68 | 41.47 | - | 41.47 | - |
| IRSA ON Serie I maturity 2015 | No | AR\$ | Float | BADIA R+365 bp | 219.00 | - | 4.33 | - | 4.33 | - |
| IRSA ON Serie II maturity 2017 | No | AR\$ | Float | BADIA R+480bp | 11.00 | - | 0.26 | 0.26 | - | - |
| IRSA ON Serie II maturity 2010 | No | USD | Fixed | 11.50% | 150.00 | 40.60 | 55.40 | - | 55.40 | - |
| IRSA ON Serie III maturity 2013 | No | AR\$ | Float | BADIA R+280 bp | 153.00 | 52.24 | - | - | - | - |
| IRSA ON Serie IV maturity 2014 | No | USD | Fixed | 7.45% | 33.80 | 137.75 | - | - | - | - |
| APSAO N Serie I maturity 2017 | No | USD | Fixed | 7.88% | 120.00 | 5.50 | 8.73 | - | 8.73 | - |
| Banco Ciudad borrowing | No | USD | Float | MAX(LIBOR+300 bp; 6%) | 15.00 | 6.27 | 9.27 | - | 9.27 | - |
| Banco De La Pampa borrowing | No | AR\$ | Float | Tasa encuesta PF30-59 días | 20.00 | 0.89 | 4.29 | 4.29 | - | - |
| Short-term borrowings | No | BR\$ | Float | TUP+1.95 | 84.10 | - | 11.02 | - | - | 11.02 |
| Short-term borrowings | No | BR\$ | Fixed | 7.25% | 19.10 | 19.03 | 165.12 | - | - | 165.12 |
| Short-term borrowings | Yes | BR\$ | Fixed | 7.25% | 11.90 | - | 47.05 | - | - | 47.05 |
| Short-term borrowings | No | AR\$ | - | - | - | 84.93 | 74.34 | 74.34 | - | - |
| Short-term borrowings | Yes | BR\$ | Float | TUP+1.95 | 5.50 | 5.26 | 6.70 | - | - | 6.70 |
| Syndicated borrowing (without BHP) | No | AR\$ | Fixed | 15.05% | 218.00 | 41.27 | 77.81 | 77.81 | - | - |
| BA PRO Borrowing | No | AR\$ | Fixed | 15.05% | 24.00 | 6.90 | 6.88 | 6.88 | - | - |
| Debt by sellers | Yes | USD | Fixed | 3.50% | 16.40 | 12.81 | 28.67 | - | 28.67 | - |
| Debt by sellers | No | AR\$ | Float | - | 102.00 | 122.51 | 165.52 | 165.52 | - | - |
| Others | No | AR\$ | - | - | - | 29.33 | 53.19 | 53.19 | - | - |
| Financial leasing | Yes | USD | Fixed | 10.75% y 7.50% | 0.50 | 1.46 | 2.10 | - | 2.10 | - |
| Overdrafts | No | AR\$ | Fixed | - | - | 444.53 | 535.29 | 535.29 | - | - |
| Total Short Term Debt | | | | | | 1,527.39 | 2,639.49 | 1,115.40 | 1,294.19 | 229.90 |

Non-Current Debt

| Detail | Collateral | Currency | Coupon | Interest rate | PV | In millions of AR\$ | | | | |
|------------------------------------|------------|----------|--------|----------------------------|--------|---------------------|-----------------|---------------|-----------------|---------------|
| | | | | | | BV (FY 2013) | BV (FY 2014) | Debt in AR\$ | Debt in USD | Debt in BR\$ |
| CRSUD O N Serie VIII maturity 2014 | No | USD | Fixed | 7.50% | 60.00 | 322.93 | - | - | - | - |
| CRSUD O N Serie XI maturity 2015 | No | AR\$ | Float | BADIA R+375 bp | 80.50 | 39.42 | - | - | - | - |
| CRSUD O N Serie XII maturity 2014 | No | AR\$ | Float | BADIA R+410bp | 102.00 | 67.82 | - | - | - | - |
| CRSUD O N Serie XIII maturity 2015 | No | USD | Fixed | 1.90% | 79.00 | 425.66 | - | - | - | - |
| CRSUD O N Serie XIV maturity 2015 | No | USD | Fixed | 1.50% | 32.00 | 171.03 | 299.19 | - | 299.19 | - |
| CRSUD O N Serie XV maturity 2015 | No | AR\$ | Float | 25.67% | 178.00 | - | 117.30 | - | - | - |
| CRSUD O N Serie XVI maturity 2015 | No | USD | Fixed | 1.50% | 109.00 | - | 896.03 | - | 896.03 | - |
| IRSA ON Serie I maturity 2017 | No | AR\$ | Float | BADIA R+365 bp | 219.00 | - | 219.30 | - | - | - |
| IRSA ON Serie II maturity 2017 | No | AR\$ | Float | BADIA R+480bp | 11.00 | - | 10.73 | - | - | - |
| IRSA ON Serie II maturity 2010 | No | USD | Fixed | 11.50% | 150.00 | 784.86 | 1,200.36 | - | 1,200.36 | - |
| APSAO N Serie I maturity 2017 | No | USD | Fixed | 7.87% | 120.00 | 583.36 | 839.03 | - | 839.03 | - |
| Banco M&T borrowings | Yes | USD | Float | LIBOR+325 bp | 75.00 | 399.69 | - | - | - | - |
| Banco Ciudad borrowings | No | USD | Float | MAX(LIBOR+300 bp; 6%) | 15.00 | 77.78 | 111.36 | - | 111.36 | - |
| Banco De La Pampa borrowings | No | AR\$ | Float | Tasa encuesta PF30-59 días | 20.00 | 19.78 | 16.67 | 16.67 | - | - |
| BA PRO borrowings | No | AR\$ | Fixed | 15.05% | 24.00 | 13.54 | 6.80 | 6.80 | - | - |
| Long term borrowings | Yes | BR\$ | Float | TUP+1.95 | 20.50 | 17.16 | 9.85 | - | - | 9.85 |
| Long term borrowings | Yes | BR\$ | Fixed | 7.25% | 98.70 | 121.29 | 240.01 | - | - | 240.01 |
| Syndicated borrowings | No | AR\$ | Fixed | 15.05% | 229.00 | 140.03 | 56.59 | 56.59 | - | - |
| Debt by sellers | Yes | USD | Fixed | 3.50% y 5.00% | 17.90 | 78.37 | 121.26 | - | 121.26 | - |
| Others | No | AR\$ | - | - | - | 159.18 | 175.19 | 175.19 | - | - |
| Financial leasing | Yes | USD | Fixed | 10.75% y 7.50% | 0.50 | 1.59 | 1.19 | - | 1.19 | - |
| Total Long Term Debt | | | | | | 4,189.90 | 5,315.34 | 592.58 | 4,506.90 | 213.86 |

| Consolidated Equity Market Value | |
|------------------------------------|-----|
| Issued stocks (in millions): | 502 |
| Re-purchased stocks (in millions): | 11 |
| Stocks outstanding (in millions): | 491 |
| Price per share (AR\$): | 15 |

| Capital Structure (in millions of AR\$) | Market Value |
|---|---------------|
| Debt (1) | 7,741 |
| Equity | 7,365 |
| Enterprise Market Value | 15,105 |

| | |
|------------------------------------|-------------|
| D/E at the end of FY 2014 = | 105% |
| D/V at the end of FY 2014 = | 51% |

| Weighted Average Cost of Capital (WACC) | 2014 |
|---|---------------|
| K(d) = | 8.76% |
| K(e) = | 16.66% |
| Marginal Tax Rate = | 35.00% |
| WACC = | 11.04% |

VALUATION

| Firm | Valuation method | 100% | Participation (%) | Proportional value |
|------------------------------------|--------------------|----------|-------------------|--------------------|
| AGRO | FCFF | -555,471 | 100.00% | -555,471 |
| IRSA (separated) | FCFE | 140,679 | 65.45% | 92,075 |
| APSA (separated) | FCFE | 741,962 | 64.14% | 475,902 |
| BHIP (separated) | PEERS | 678,981 | 19.09% | 129,650 |
| IDB (mkt value) | Market value | 4,180 | 17.44% | 729 |
| Land Bank value | Market value - 20% | | | 457,710 |
| Productive lands value | Market value - 20% | | | 547,068 |
| Costs associated to trading lands | Tax & other costs | | | -347,344 |
| Book value other companies | BV (Financial) | | | 26,571 |
| CONSOLIDATED EQUITY VALUE = | | | | 826,890 |

In Thousands of USD

Shares / ADR = 10

Q of shares outstanding (in thousands) = 490,997

Price per ADR = USD 16.84

Disclosures:

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