



CFA Institute

CFA Institute Research Challenge
Hosted in
CFA Society Argentina & Uruguay

11 Nov 2014

Ticker: CRESY (Nasdaq)
Current Price: USD 10.32 (as of 10/11/14)

Recommendation: BUY
Target Price: USD 13.05

Recommendation and Summary

Buy land, they are not making it any more ~ Mark Twain

We issue a BUY recommendation on Cresud's ADR (CRESY) with a target price of USD13.05 (see decomposition of value Fig S2). Our estimated price reflects a premium of 27% above the current price of USD10.32. We believe Cresud is able to capitalize on the potential appreciation of its portfolio of undeveloped land in Argentina and Paraguay (the latter through BrasilAgro) and the prime real estate assets in Argentina (through its stake in IRSA), which includes a leading position in the shopping mall and in AAA-office business segments.

Moreover, Cresud's shares have a significant upside potential of another 33% (USD17.33, see Appendix 3 for instance), but this is largely dependent on obtaining the permits to go forward with some of their projects, which is difficult to estimate if and when they will be granted. Management has significant experience in the real estate market and solid expertise in selecting profitable investments. However, investment decisions are concentrated at the senior management level and, in certain cases, may not be aligned with the interests of individual shareholders

A first simple approximation of such a complex business model shows that when using a general benchmark of EV/ EBITDA (Fig S3 and Appendix 6), CRESY is worth USD10.30 for fully diluted shares (USD11.48 for outstanding shares). This supports our recommendation that, **at current price of USD 10.32, investors would be buying operational cash flows at fair value while getting Cresud's undeveloped land and other investments for free.**

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Highlights

Cresud provides an opportunity for individual investors to gain exposure to Argentine return premiums as well as agricultural commodities and real estate in their portfolios. However, investors must be aware that this type of investment has a high potential for volatility, driven by commodity prices, unstable economic environment and uncertainty about undeveloped projects and their potential appreciation.

It is also worth mentioning, that we see a positive sign in the recent share repurchases made by Cresud.

Cresud's stake in IRSA allows it to participate in a solid cash generating business with strong long-term prospects.

Main Risks

Key risks investors must be aware of include the effect of Argentina risk; Lower commodity prices; Concentration of management decisions in Mr. Eduardo Elstain (39.3% ownership) and hence corporate governance issues; Regulatory risks; Complex Organizational and Business Structure; Higher-than-expected deceleration in GDP/consumption growth on IRSA's business; Effect of local

Fig. S1. Market Profile

Closing Price (CRESY)	10.32
52-Week Price Range	8.26 - 14.35
Average Volume (3m)	60,675
Shares Outstanding	50.1M
Fully diluted shares	56.1M
Market Capitalization	516.60M
Dividend & Yield	0.39 (3.70%)
P/B	2.05

Source: Thomson Reuters

Fig S2. Target Price Decomposition

IRSA (Shopping Centers, Offices and Hotels)	4.89
IRSA (Santa María del Plata land)	4.72
IRSA (BHSA)	1.16
Agro (Agriculture and agroindustrial)	0.66
Agro (Land sale and transf. assets)	1.47
BrasilAgroSA (Agriculture)	0.07
BrasilAgroSA (Paraguay land reserves)	0.08
PRICE TARGET	13.05

Source: Team estimations

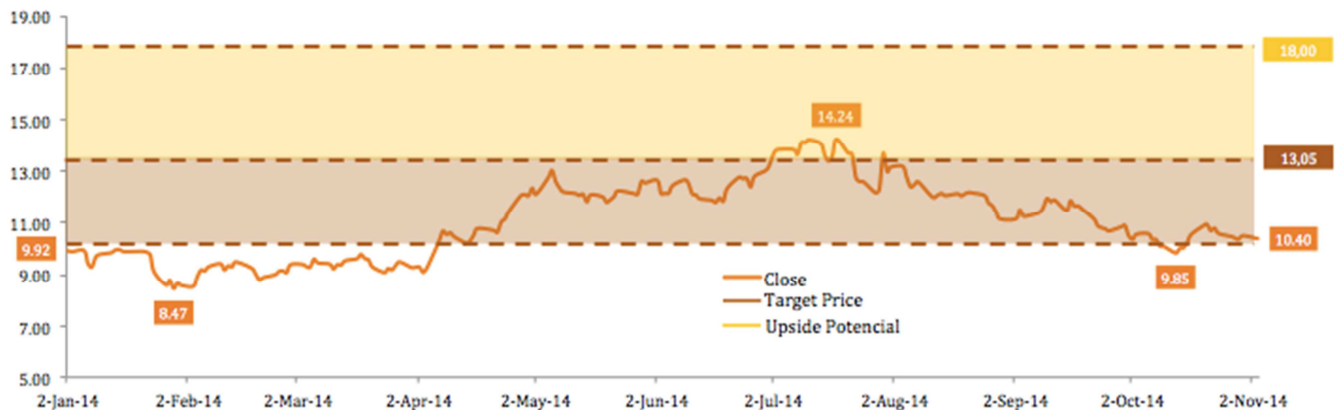
Fig. S3. EV/EBITDA

3y avg. EBITDA	245M
ARG/BR xEBITDA	5.61
Market Value	1.372M
- Net Debt	(796)M
Enterprise value	576M
@ 561M Fully diluted Shares	
Price for ongoing activities	10.30
@ 561M Fully diluted Shares	
Price for ongoing activities	11.48

Source: Team estimations

currency depreciation on Cresud's USD-denominated debt and high leverage; and Adverse weather conditions.

Fig S4. Cresud's Current/ Targeted Price - (Upside Potential)



Source: Market data

Business Description

Cresud is a diverse real estate developer in Argentina engaged in the acquisition, development and sale of both rural and urban land. The Company's portfolio of businesses includes 33 farms, 13 shopping centers, premium office buildings, 3 luxury hotels and a large portfolio of vacant land. Although its major operations are located in Argentina, the Company, through its 40% affiliate BrasilAgro, is developing rural lands in Brazil and Paraguay, and also has presence in Bolivia and Uruguay.

The Company's strategy focuses on maximizing its return by acquiring urban and rural lands with high appreciation potential and selling properties that have reached a considerable appraisal to reinvest in new properties. In the mean time, the Company exploits rural lands for cattle and agriculture activities and also generates stable cash flows through the operation of shopping centers, office buildings and hotels.

Cresud's Main Businesses'

Rural Lands

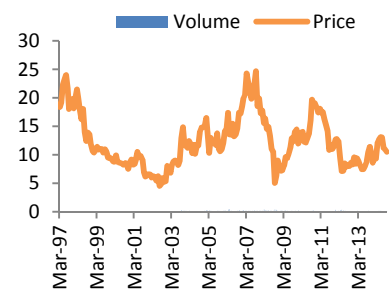
On average, 38.5% of Cresud's total revenues are derived from their investments and development of rural lands, managing a portfolio of 33 farms in Latin America with exposure to ~768k hectares under control. The portfolio is distributed 66% in Argentina, 18% in Brazil, 15% in Paraguay and 2% in Bolivia. Argentinean harvest campaign in 2013-14 showed an improvement due to adequate levels of rainfall in comparison with the previous campaign. On the other hand bad weather conditions in Bolivia and Brazil resulted in a reduction in the plated area.

Urban Lands

Cresud derives 61.5% of its total revenues from the urban real estate business through its stake in IRSA, which owns a non-replicable prime real estate portfolio in Argentina, and offers exposure to: 1) growing consumption level, and 2) the development of its unique urban land bank. IRSA has a portfolio of 15 shopping centers in the country with ~311k square meters (sqm) of Gross Leasable Area (GLA), with a 60-70% market share in the City of Buenos Aires. In addition, the Company has a total GLA of ~123k sqm of premium offices with a ~15% share in the high-end segment in the Metropolitan area; and a majority stake in three 5-star hotels with more than 710 rooms and ~79k sqm.

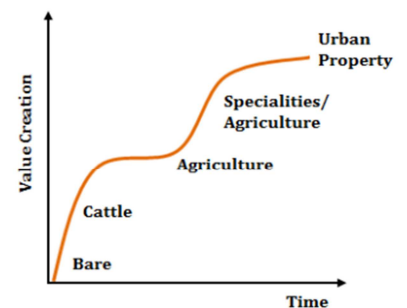
Investment in Banco Hipotecario

Fig S5. Share Price Movement



Source: Thomson Reuters

Fig B1. Land Development Strategy



Source: Company Data

Through IRSA, Cresud also has a 30% interest in Banco Hipotecario (BHSA), an Argentina-based financial institution historically engaged in the mortgage sector but currently in consumer financing. This strategic investment leverages the acquisitions and developments of the Company as well as giving the opportunity of exploiting underperforming assets. In addition, APSA (a company owned by IRSA) has also a 20% stake in a credit card Company (Tarshop SA) with the strategic purpose of boosting shopping center's sales with its financial facilities.

Share Ownership and Organizational Structure

IFISA is owner of a 38% of Cresud. This company based in Uruguay is mainly owned by the Elsstein family. Regarding the rest of Cresud, ANSES owns a 3.4% and director and officers own a 2.2%. The remaining 55% of the company floats in NASDAQ and Buenos Aires Stock Exchange.

Regarding its organizational structure, Cresud has a complex network of partially-owned subsidiaries and associated companies, among which are worth mentioning: 65% of IRSA, (which owns 95.71% of APSA and also has a 30% interest in BHSA); 40% of BrasilAgro's capital stock, a Brazilian Company mainly involved in sugarcane and crop production (BOVESPA: AGRO3); 100% of Cactus (a feedlot); and 60% of FyO.com, a Company dedicated to brokerage activities, among others.

Please refer to Appendix 7 for detailed information chart.

Industry Overview and Competitive Positioning

Argentine Economic Performance

According to IMF latest reports, a real GDP growth of 0.5% for 2014 is expected for Argentina. This decrease mainly responds to the imbalance of the Balance of Payments and the deterioration in international funding conditions. High inflation, which is privately estimated to be at around 30% for the year, is also weighing down the Argentine economy.

Regarding construction, this industry entered a negative growth territory in 2012 and is not expected to show positive results until 2016.

Industrial activity has experienced a 3.2% decrease for the first half of 2014 compared with the same period of 2013. Despite this, high consumption expenditure was the main driver of economic activity: shopping center and supermarket sales grew in the past ten years, at a CAGR of 17% in real terms according to the INDEC.

Market Leadership

Favorable Position in Competitive Environment

Cresud's leading position in the agro business industry, grants bargaining power with suppliers and customers, generally obtaining good discounts for purchases and superior sales prices.

There are numerous restrictions on the construction of shopping malls and buildings in general imposed by the Autonomous City of Buenos Aires, which combined with high start-up costs, result in a business with high barriers to entry.

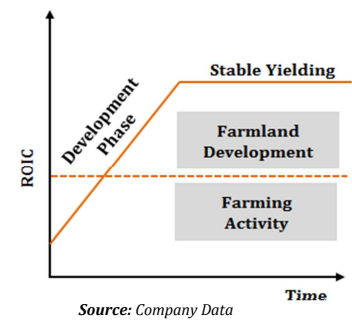
Please refer to the table in the right for a detail of main competitors by segment.

Venturing into international markets and growing presence in the region

The Company has initiated an expansion process of rural land acquisitions in other Latin American countries in order to capture a significant portion of the growth in the region.

Their intention is to replicate their successful business model of Argentina in other countries with potential.

Fig B2. Farm Appreciation Strategy



Source: Company Data

Fig I01. Global Economic Outlook

GDP Projections (% variation)	2012		2013		Projections	
	2012	2013	2014	2015	2014	2015
World	3.2	3.0	3.6	3.9		
Developed Economies	1.4	1.3	2.2	2.3		
USA	2.8	1.9	2.8	3.0		
Euro Zone	-0.7	-0.5	1.2	1.5		
Japan	1.4	1.5	1.4	1.0		
Emerging Markets and Developing Economies	5.0	4.7	4.9	5.3		
Rusia	3.4	1.3	1.3	2.3		
India	4.7	4.4	5.4	6.4		
China	7.7	7.7	7.5	7.3		
Brazil	1.0	2.3	1.8	2.7		
Southafrica	2.5	1.9	2.3	2.7		
Argentina	1.9	4.3	0.5	1.0		
Latin America and Caribbean	3.1	2.7	2.5	3.0		

Source: World Economic Outlook provided by IMF

Fig I02. Main Competitors by business segment

Competitors	
Rural Activities	
Shopping Centers	
Hotels	
Offices	
Banks	

Investment Summary

We issue a **BUY** recommendation on Cresud's ADR (CRESY) with a target price of USD 13.05, and a 27% upside from its current price of USD 10.32 on November 7, 2014.

Additionally, through its stake in IRSA, Cresud has an upside potential if permits are granted to fully develop Santa Maria's land bank. If so, the price of its stock could reach a value in the USD17.00-USD 18.00 range, offering approximately a further ~48% upside.

Valuation Methods

We derived our target price by combining the use of three different valuation approaches for three distinct types of assets in Cresud's portfolio. These approaches include Discounted Free Cash Flow to Firm Method for cash generating assets, Multiples valuation for IRSA's stake in BHSA and current market prices for undeveloped land banks.

Investors Should Expect Significant Price Volatility Going Forward

Argentine ADRs have shown considerable volatility in 2014. Given the current restrictions to access the foreign exchange market, ADRs were used by investors as an instrument to gain access to foreign currency. Particularly, CRESY has shown a 13. Coefficient of Variation.

Furthermore, we expect this volatility to continue at least until the governments come to an agreement with the holdouts regarding the Argentine restructured debt.

With respect to volatility affecting the Company in particular, there is a significant level of uncertainty related to commodity prices. An interest rate rise in US may cause capital outflows from emerging markets, putting pressure on local currencies and also negatively affecting commodity prices. The Company has been partially mitigating commodity prices exposure by performing future contracts agreements on their agricultural production.

Strong Market Leadership

CRESY is able to capitalize on the potential appreciation of its portfolio of undeveloped land in Argentina and Brazil (the latter through BrasilAgro) and the prime real estate assets in Argentina (through its stake in IRSA), which includes a leading position in the shopping mall and in AAA-office business segments.

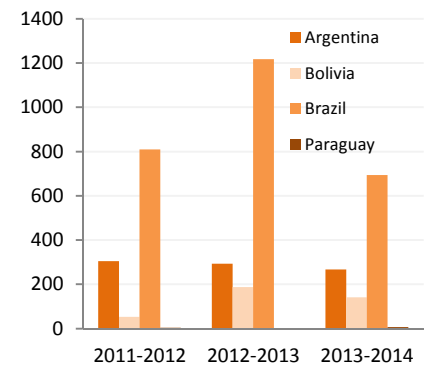
Increasing financial leverage compensated by USD linked assets

The Company presented a negative net result in the 2014 fiscal year, mainly due to financial losses, owing to the 20% devaluation in the Argentine peso in January 2014 and Cresud's levered position in US dollars. Currently, over 80% of Cresud's debt is dollar denominated. However, the Company holds an unrealized gain through its vast portfolio of real estate, as real estate value in Argentina has been historically linked to the evolution of the US dollar, and has been a refuge for investors during economic turbulent periods. Moreover, Cresud values its property at book value until they are sold.

Enterprise Value to EBITDA Multiple suggests the Company is Undervalued

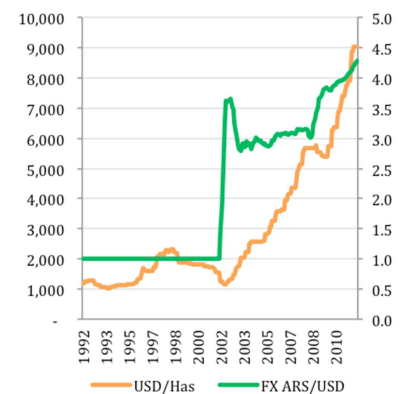
We derived a benchmark EV/ EBITDA multiple for both Argentina and Brazil by selecting local companies trading in US markets, based on a three year period average and a sample of 26 listed companies. Using this method, we reached a price of USD 11.48 for CRESY, which confirms that the Company is currently undervalued at USD 10.32, and that the stock price does not fully reflect the value of undeveloped urban and rural land. Please see Appendix 6.

Figure V5: Grain and Sugarcane sold (in k tons)



Source: company data

Fig IS1. Land price vs. FX evolution



Source: INDEC / BCRA

Valuation

In order to arrive at a value per common share for Cresud, a Sum of the Parts Approach was taken, by decomposing the Company into three blocks namely IRSA, CRESUD alone and BrasilAgro SA. Cresud alone includes agricultural businesses in Argentina and Bolivia, Cactus SA and FyO.com SA. According to this approach, these blocks would represent an 83%, 15% and 1% of the total value of the Company.

DCF to Firm + Market Value + Multiples Valuation

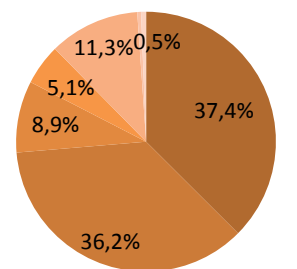
Given the complex structure of Cresud and its various subsidiaries, we used three different methods in order to value the different parts of the firm. The main criteria used to determine which method to apply was whether the assets used in each segment were cash generating or non-cash generating, excluding BHSA, which was valued through multiples.

By **cash generating assets** we are referring to all those assets by which the Company receives a regular cash flow. For these kinds of assets we decided to use a two-stage DCF to Firm method, by projecting drivers, incorporating a terminal growth value and discounting by appropriate rates.

By **non-cash generating assets** we mean all those assets by which the Company does not receive a regular cash flow, mainly land reserves. For this kind of assets we took a market value approach.

For **BHSA**, partially owned by IRSA, we used the multiples valuation method.

Figure V1: Participation of each block on CRESY's value



Source: Team estimates

Fig V2. Decomposition of CRESY used for valuation and contribution of each block to total value

Method	FCF to Firm	Market Value	Multiples	Own.
IRSA	Shopping Centers, Offices and Hotels USD TH 371,300	Santa María del Plata land USD TH 359,095	BHSA USD TH 88,131	66.0%
Agro (Argentina & Bolivia)	Agriculture and Agro industrial USD TH 33,192	Land sale and transformation USD TH 73,781	-	100.0%
BrasilAgroSA	Agriculture USD TH 8,296	Paraguay land reserves USD TH 9,845	-	39.6%

*The missing land reserves of IRSA were valuated according to market values.

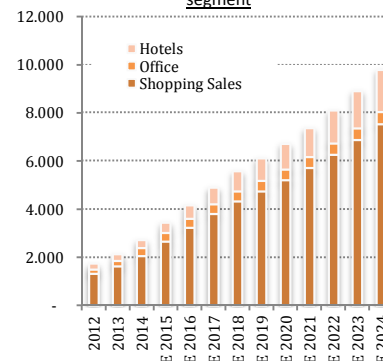
Valuation of IRSA

Cash Generating Assets

The segments included in this definition are Shopping Centers, Offices and Hotels.

- **Sales projection** – Our statistical analysis indicates that there is a significant relation between the evolution of nominal GDP and the evolution of sales in each segment. The segment of 'Shopping Centers' reported a coefficient of **0.79**, the segment 'Offices' reported a coefficient of **1.08** and the segment 'Hotels' reported a coefficient of **0.25** (please refer to Table...) when we tested the regression for the period 2003-2014.
- **EBIT projection** – In order to arrive to EBIT (from which we estimated Free Cash Flow to Firm) we projected operating costs by analyzing its average relationship with the sales of each segment during the last three exercises. For general expenses, we used ratios concerning IRSA as a whole (rather than for each segment).
- **Working capital projection** – We used the average of the last three exercises for days inventory outstanding, days sales outstanding and days payable outstanding in order to project Inventories, Account Receivables and Accounts Payable.
- **CAPEX projection** – Given the irregularity in the firm's past capital expenditure, we assumed that the company will match it with amortization and depreciation.
- **Taxes** – The taxes were calculated using the relevant national tax rates.

Figure V3. IRSA: Sales evolution per segment



Source: Company data and team estimations.

- **Free Cash Flow to Firm discount** – Once we arrived to FCFF we converted it in dollars and discounted it. For estimating the WACC in USD we derived the return on equity and of debt as shown in Appendix 2. We estimated that long-term growth rate for the Company at terminal value will be 2% per annum.

Non-Cash Generating Assets

Santa María del Plata land reserve – Since 1997 IRSA owns 715K sqm located on the south east of Buenos Aires City, just behind Puerto Madero, one of the most exclusive residential and office zones in Buenos Aires. According to our estimations, given its size and strategic location this is the most valuable asset in Cresud’s portfolio.

To date, IRSA does not have the government permits to fully develop this land. Meanwhile it has been used for marginal activities. Given this situation, we concluded that the most accurate way to value the land was by its current market value. To obtain this figure we consulted market specialists.

However, there is a potential upside if and when the Company is able to obtain the permits. Considering information provided by the market specialists consulted and by the management of the firm, we projected the present value of the cash flows the project would generate, if started in 2016. The project’s value would rise to approximately USD 700 million, increasing Cresud’s ADR to 17.33 (extra upside of 42%, see Appendix 3).

BancoHipotecario SA

Its value was estimated by a Multiple’s approach.

Banco Hipotecario SA seems, if compared to its peers, to have a very low Price to Book ratio. On 2013, for example, BHSA showed a ratio of 0.677x while the average of its peers showed a ratio of 1.336x. However, historical analysis shows that BHSA has consistently presented a lower multiple value than the rest of the industry. The difference ranged from 0.40x to 0.80x, and had a mean value of 0.626x in the period 2003-2012. By subtracting this mean difference from the value of the whole Industry in 2013, we arrived at an adjusted P/BV of 0.711 for BHSA, resulting in total value of USD 301 millions, very similar to current market value.

Valuation of BrasilAgro SA and Agro Business of Cresud in Argentina and Bolivia

Cash Generating Assets

Segment included are Crops, Sugarcane, Cattle and Agro industrial.

- **Sales projection** – To project sales for the Agro business, we took two different approaches, one for Crop’s and Sugarcane’s price and production, and a separate approach for cattle rising and the agro industrial segment of Cresud.
 - *Grains and Sugarcane:* We considered the estimates of the Organization of Economic Cooperation and Development (OECD) and the Food and Agricultural Organization (as presented in their Agricultural Outlook 2014-2023) to project growth in both price and production volumes. We considered the average proportion of each grain (soybean, wheat, etc.) produced by Cresud and BrasilAgro in the last three years to project an aggregated price and volume. In the case of Argentina, we adjusted figures by the projected exchange rate for each year.
 - *Cattle rising and Agro industrial segment:* As was described for IRSA, we considered the IMF’s forecasts of GDP growth to project growth of sales for these sectors.
- **Margin, operating expenditures and biological assets** – We based our projections on the historical relationship between the growth in these items and the growth in sales, by line of business.
- **Working capital projection** – We forecasted Receivables and payables based on historical data for days payable outstanding and days sales outstanding for Cresud individual financial statements, without taking into consideration operations with subsidiaries. We projected inventories by line of business, as a percentage of operating assets for each segment, based on historical ratios.
- **CAPEX projection** – We estimated Capital expenditures as the sum of two components:

Figure V4: Total Agro Sales (CRES-AGRO + LND) in MUSD

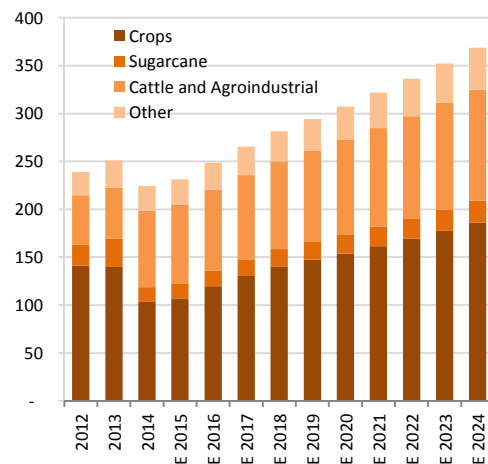


Figure V5. BHSA Strategic investment

#	Strategic purpose
(1)	Funding vehicle for new acquisitions and developments
(2)	Know-how in assessing real estate opportunities (as experienced mortgage lenders)
(3)	Underperforming arrange of landmark assets, exploitable by IRSA

Source: Team analysis

- *Maintenance CAPEX*: Matches the projected Depreciation and Amortization of assets.
- *Expansion CAPEX*: investment needed to increase the productivity of the land owned by Cresud and BrasilAgro. We estimated this component as a percentage of the increase in production for each line of business.
- **Taxes** – The taxes were calculated using the relevant national tax rates.
- **Free Cash Flow to Firm Discount** – The approach was similar to the one taken for IRSA (see above), but taking into account the differences in funding costs and capital structure, see Appendix 2. Terminal Value we estimated that long-term growth rate for the company will be 2% per annum.

Non-Cash Generating Assets

Cresud and BrasilAgro own a stock of land bank reserves of approximately 230K has including farmlands in the north of Argentina (Los Pozos in Salta province and El Recreo in Catamarca) and in the center region of Paraguay (owned through BrasilAgro). These reserves are not being exploited at the time, therefore we concluded, as well as in Santa Maria del Plata's case, that the market value would be the most accurate approach.

Financial Analysis

RATIOS	2012	2013	2014	E 2015	E 2016	E 2017	E 2018	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
Profitability													
EBITDA margin	31%	39%	23%	31%	30%	30%	29%	28%	28%	28%	28%	28%	28%
Gross profit margin	38%	37%	40%	43%	41%	40%	39%	38%	38%	37%	37%	37%	37%
Operating profit margin	23%	31%	26%	28%	27%	27%	26%	25%	25%	25%	25%	25%	25%
Net profit margin	-1%	-1%	-19%	8%	8%	8%	8%	7%	8%	8%	8%	8%	8%
Return on assets	0%	0%	-5%	2%	2%	3%	3%	3%	3%	3%	3%	3%	4%
Return on equity	0%	0%	-11%	5%	6%	7%	8%	8%	9%	9%	10%	10%	11%
Liquidity													
Current ratio	2.12	2.57	1.81	2.05	2.27	2.49	2.58	2.70	2.83	2.96	3.09	3.23	3.36
Quick ratio	1.99	2.49	1.73	1.99	2.19	2.39	2.47	2.58	2.70	2.82	2.95	3.07	3.20
Cash asset ratio	0.68	0.73	0.57	0.59	0.61	0.63	0.64	0.65	0.66	0.66	0.67	0.67	0.68
Cash ratio	1.44	1.87	1.03	1.22	1.39	1.57	1.65	1.76	1.86	1.97	2.07	2.17	2.28
Activity													
Total asset turnover	0.24	0.26	0.24	0.28	0.31	0.33	0.35	0.37	0.38	0.39	0.41	0.42	0.43
Fixed asset turnover	0.64	0.74	0.88	1.08	1.33	1.58	1.81	1.98	2.15	2.35	2.56	2.79	3.03
Financial leverage													
Long-term debt to assets	0.22	0.27	0.27	0.31	0.35	0.39	0.41	0.42	0.43	0.44	0.44	0.44	0.45
Long-term debt to equity	0.39	0.54	0.64	0.75	0.95	1.10	1.26	1.30	1.33	1.35	1.36	1.37	1.36
Debt to equity	0.56	0.75	0.97	1.07	1.28	1.43	1.59	1.62	1.64	1.64	1.64	1.63	1.61
EBITDA to Interest coverage	2.72	3.86	1.77	3.52	3.65	3.56	3.44	3.30	3.40	3.51	3.62	3.74	3.86
Shareholder Ratios													
Earnings per ADR	(0.10)	(0.11)	(2.18)	0.89	0.92	0.97	0.98	0.96	1.01	1.06	1.11	1.17	1.23
Dividend payout ratio	-	-	-	-	-	-	0.59	0.30	0.30	0.30	0.30	0.30	0.30

Source: Team estimation

Stable Consolidated Margins and increasing ROE

The Company presented a negative net result in the 2014 fiscal year, mainly due to negative financial losses owing to the 20% devaluation in the Argentine peso in January 2014. Currently, over 80% of Cresud's debt is dollar denominated. Going forward, we expect the consolidated net income to be at a stable 8% margin with respect to sales, driven by stronger expected performance in the commodities market and a more moderate devaluation in the exchange rate. Similarly, the company's ROA should be around 3% in the upcoming years with a ROE increasing steadily from 5% on 2015 to 11% on 2024. Gross margins are expected to stay in line with previous years (37%-43%).

Increasing liquidity and increase in interest coverage ratios

We estimate that the increase in the Company's revenues will reflect in a higher working capital therefore boosting all liquidity ratios and improving CRESUD's financial position. In 2014, the EBITDA coverage ratio decreased, also as a consequence of the devaluation in the local currency. However, cash flows are still sufficient to cover interest payments. In the future, we expect an increase of the EBITDA interest coverage ratio, returning to levels similar to 2013.

Increasing Revenue in the Shopping Centers Segment

With the opening of two establishments projected for 2015 (Arcos Gourmet and NQN Shopping), IRSA will own more than 341k hectares of GLA in 15 shopping centers across Argentina. Over the past years, occupancy rates have been close to a 100% in every establishment, with a CAGR on revenues of 15%. Tenants are usually charged a rent which is the higher of (1) the base rent; and (2) complementary rent (which generally ranges between from 4% to 10% of the sales). Furthermore, pursuant to the rent escalation clause in most lease arrangements, the tenants' base rent generally increases between 7% and 24% each year during the lease term. We expect a growth from 21% on 2015 to a stable 9.68% on the 2019-2020 period on sales, levered by both an increase in ARS per square meter and a maintenance in occupancy rates.

Sustainable Gross Profit from Shopping Centers and Office Rentals

IRSA's dominant position allows high rates with their tenants. These leases have an average term ranging from three to five years, with some leases relating to anchor stores having terms of ten years, which are generally renewable. This provides for a stable growth in revenues. With labor costs and maintenance services accounting for almost 50% of IRSA's direct costs, we expect a raise in costs due to inflationary pressure that may undermine some of the increased profitability but nonetheless gross profit should stabilize around 53% for Shopping Centers and 63% for Office Rentals.

Increasing ROA on Agricultural Business

We expect Gross Margins of Agricultural Business to continue on the same levels as during 2011-2014, sustained by CRESUD's consistent policy to hedge the majority of the commodities sales through future contracts, and which combined with an increase on commodities prices (according OECD- FAO Outlook 2014-2023) will result in an increase of the Operating Margin from 1% on E2015 to 6% on 2024E, the ROA (from -1% to 1.3%) for Argentina and Bolivia. These forecasted ratios have similar behavior in the case of BrasilAgro.

Investment Risks

Higher Country Risk: Argentina's ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth. The evolution of Cresud's stock price is highly correlated with the performance of the local stock exchange, which is subject to the evolution of macroeconomic variables in Argentina.

Major Shareholder exercising a significant influence: The Chairman, Mr. Eduardo Elsztain, has 39.3% of the common shares, therefore the Company's principal shareholder has great influence over fundamental decisions and this situation could derive in a conflict of interest with minority shareholders. The Company highly depends on its chairman and senior management.

Regulatory Risks: Lack of authorization for development projects, shopping centers habilitations, stricter restrictions on FX/cash dividends, higher and/or new taxes and fines. In our valuation model, urban and rural undeveloped land reserves represent 48% of Cresud's total value.

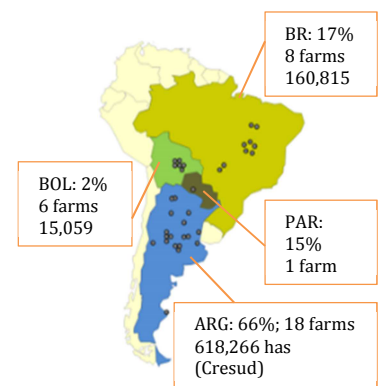
Complex organizational structure: the quantity of subsidiaries of the company and the fact that Cresud IRSA, APSA and BrasilAgro share most of their board of directors, makes it very difficult for minor share holder to understand and control the company's activity.

Fig R1. Top Management

Member	Company	Position	Since
Alejandro G. Elsztain	Cresud	CEO/Director	1994
	IRSA	Director	2001
Carlos Blousson	Cresud	COO	2008
David A. Perednik	Cresud	Adm Mgr/	1997
	IRSA	Director	2004
		Adm Mgr	2002
Matias Gaivironsky	Cresud		
	IRSA	CFO	2011
Eduardo S. Elsztain	IRSA	CEO/Chairman	1991
	Cresud	Chairman	1994
Daniel R. Elsztain	IRSA	COO/	2012
		Director	2007
Jorge Cruces	IRSA	Real Estate Mgr	2007

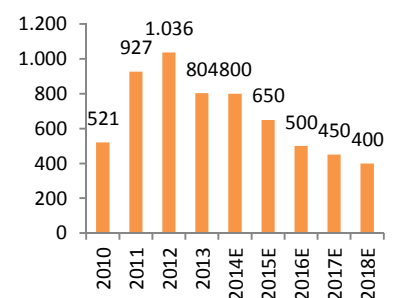
Source: Financial Statements of the Company as of June 30, 2014

Fig R2. Portfolio in South America



Source: Company data

Figure R3. EMBI Evolution for Argentina (in bps)



Source: JPMorgan's EMBI and Team estimates

Higher-than-expected deceleration in GDP/consumption growth on IRSA's business: Companies with earnings linked to consumer purchasing power could be negatively affected. Representing 60% of consolidated EBITDA generation, the IRSA's shopping center segment is highly dependent on the business cycle of the Argentine economy.

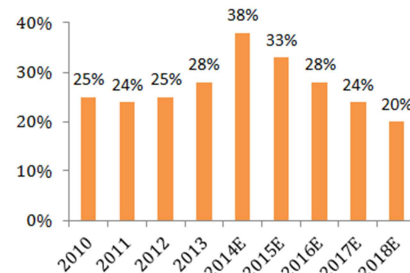
Rising Inflation Pressure on Costs and Margins: The inability of the Company to minimize the inflation impact on costs and expenses will translate into lower operating margins in the coming years.

Exchange rate depreciation of the Argentine Peso: Cresud has a high exposure to USD-denominated debt, representing 70% of total consolidated debt. However, land values in USD are the collateral for this debt, therefore mitigating this risk.

An interest rate rise in US may cause capital outflows from emerging markets, putting down pressure on local currencies and also affecting negatively commodity prices. The Company has been partially mitigating commodity prices exposure by performing future contracts agreements on their agricultural production.

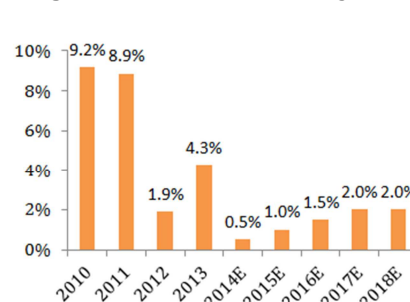
Adverse weather conditions, seasonality of the business and unexpected diseases could affect the Company's business: The most effective instrument to mitigate this risk is crop insurance. However, crop insurance is expensive and the Company's crops are not currently under coverage.

Figure R4. Inflation Argentina



Source: Congress inflation and Team estimates

Figure R5. Real GDP Variation Argentina



Source: World Economic Outlook provided by IMF

Fig R5. Sensibility Analysis - Multiscenario valuation

	Base	Bear	Bull
Abstract	Interest rates converging to historical levels	Rapidly increasing interest rates	Stable interest rates
	Stable market return	Lower market return	Higher market return
	GDP & Country risk converging to historical levels	Lower investment in emerging markets, hence lower growth & higher country risk	Higher capital flows towards emerging markets, hence higher growth & lower country risk
		Lower prices on commodities, due to lower demand on China, USA & Europe	Higher prices on commodities, given higher demand on China, USA & Europe
Risk-free rate (rf)	2.44%	4.0%	2.4%
Market return (rm)	9.1%	8.5%	9.5%
Country risk AR	6.6%	9.0%	4.0%
Country risk BR	2.45%	4.0%	2.2%
Expected Growth	2.0%	1.0%	3.0%
Land Price var. Vs. Base	0.0%	-15.0%	+15%
GDP growth var.		-1pp	1pp
Commodities price var.		-10pp	+10pp
CRESY	13.05	11.14 -15%	15,74 +21%

Other relevant matters

Share Repurchase

During 2014, Cresud has launched a plan to repurchase up to USD25 million or 5% of their capital stock. As of June 2014, the Company has repurchased 5.6 million shares, representative of 1.11% of their capital stock, for a total amount of USD 7 million. In relation to IRSA's repurchase of shares, the Company has decided to finalize its repurchase plan. As of June 2014, the Company has repurchased 4.9 million of IRSA's shares, representative of 0.85% of their capital stock, for a total amount of USD6 million.

Debt issuance

Cresud issued debt in the local market. It is important to mention the negative impact of the depreciation of the peso currency this year in Argentina that had affected their financial results because a significant portion of their debt is denominated in dollars while most of their assets, which historically have been correlated with the dollar, are valued at historical cost unaffected by any type of revaluation of fluctuating market prices. (Please refer to Appendix 15 for further detail).

Dividend distribution

Last November 2013, a dividend of USD 20 million representing 24.1% of the share capital of Cresud was made available to their BCBA and NASDAQ shareholders. On June 2014, IRSA approved the distribution of cash dividends in advance totaling USD7 million representing 9.87% of share capital.

Warrants

Each shareholder has received at no cost a warrant that allows him to buy 0.33333333 (now 0.35) new shares at USD 1.68 each. 180 millions of warrantas had been issued giving right to additional 60 millions shares originally. They mature in Mayo 22th 2015 and are listed under the ticker "CREW2" (BCBA) and "CRESW" (NASDAQ).

Appendices

Appendix 1: Financial Statements CONSOLIDATED

BALANCE SHEET (CRESY-CONSOLIDATED)							
IN USD MILLIONS	2012	2013	2014	E 2015	E 2016	E 2017	E 2018
ASSETS							
<i>Non-Current Assets</i>							
Fixed Assets	1,041	977	644	536	444	384	347
Other Non-Current Assets	758	580	629	559	501	462	437
Total Non-Current Assets	1,799	1,557	1,273	1,095	945	847	784
<i>Current Assets</i>							
Inventories	57	37	49	33	36	39	42
Trade Receivables	170	237	153	167	170	175	181
Cash	627	907	614	601	610	629	632
Other Current Assets	70	64	265	212	179	154	135
Current Assets	923	1,245	1,081	1,013	996	997	990
TOTAL ASSETS	2,722	2,801	2,354	2,108	1,941	1,843	1,774
SHAREHOLDERS' EQUITY							
TOTAL SHAREHOLDERS' EQUITY	1,522	1,402	1,000	866	727	648	584
LIABILITIES							
<i>Non-Current Liabilities</i>							
Long Term Debt	599	762	636	645	688	716	734
Other Non-Current Liabilities	165	153	121	103	89	79	73
Total Non-Current Assets	763	915	758	748	776	795	807
<i>Current Liabilities</i>							
Trade Payables	163	185	160	128	133	136	145
Borrowing	261	288	331	282	240	212	194
Other Current Liabilities	12	11	105	84	65	52	44
Total Current Liabilities	436	484	597	494	438	400	383
TOTAL LIABILITIES	1,200	1,399	1,354	1,242	1,214	1,195	1,190
TOTAL EQUITY AND LIABILITIES	2,722	2,801	2,354	2,108	1,941	1,843	1,774

BALANCE SHEET (CRESY-CONSOLIDATED)						
IN USD MILLIONS	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
ASSETS						
<i>Non-Current Assets</i>						
Fixed Assets	327	309	292	277	263	250
Other Non-Current Assets	423	410	398	386	376	366
Total Non-Current Assets	750	719	690	663	639	616
<i>Current Assets</i>						
Inventories	44	46	49	51	54	56
Trade Receivables	187	192	199	205	212	219
Cash	659	680	703	725	749	774
Other Current Assets	122	114	108	102	98	93
Current Assets	1,012	1,033	1,058	1,084	1,112	1,142
TOTAL ASSETS	1,762	1,752	1,748	1,747	1,750	1,758
SHAREHOLDERS' EQUITY						
TOTAL SHAREHOLDERS' EQUITY	574	567	564	565	569	577
LIABILITIES						
<i>Non-Current Liabilities</i>						
Long Term Debt	744	753	762	770	778	785
Other Non-Current Liabilities	70	67	64	61	59	56
Total Non-Current Assets	814	820	826	831	836	841
<i>Current Liabilities</i>						
Trade Payables	151	155	160	165	170	175
Borrowing	184	174	166	157	150	143
Other Current Liabilities	40	36	32	28	25	22
Total Current Liabilities	375	365	357	350	344	340
TOTAL LIABILITIES	1,189	1,185	1,183	1,182	1,181	1,181
TOTAL EQUITY AND LIABILITIES	1,762	1,752	1,748	1,747	1,750	1,758

STATEMENT OF INCOME (CRESY - CONSOLIDATED)

IN USD MILLIONS	2012	2013	2014	E 2015	E 2016	E 2017	E 2018
Revenues	665	718	566	580	593	609	628
Costs	(410)	(452)	(342)	(316)	(333)	(349)	(367)
D&A	(3)	(2)	-	(16)	(16)	(16)	(17)
Gross Profit	253	264	224	249	244	244	244
Gain from disposal of investment properties			40	-	-	-	-
General and administrative expenses	(118)	(124)	(66)	(54)	(53)	(53)	(53)
Selling expenses	-	-	(43)	(30)	(30)	(29)	(29)
Other operating results, net	16	85	(9)	(1)	0	1	1
Profit from operations	151	225	146	164	161	163	164
Share of (loss) / profit of associates and joint ventures			(50)	1	1	1	1
Profit before financial results and income tax	151	225	96	165	162	164	165
Finance income	(40)	(83)	35	-	-	-	-
Finance cost	(95)	(96)	(351)	(51)	(49)	(51)	(53)
Others financial results	2	(8)	38	-	-	-	-
Profit before income tax	17	38	(182)	114	113	114	112
<i>Income tax</i>	<i>(4)</i>	<i>(7)</i>	<i>48</i>	<i>(43)</i>	<i>(41)</i>	<i>(40)</i>	<i>(39)</i>
Profit after taxes	14	31	(134)	71	72	73	73
<i>Minority Interest</i>	<i>(19)</i>	<i>(37)</i>	<i>25</i>	<i>(26)</i>	<i>(25)</i>	<i>(25)</i>	<i>(24)</i>
Net Income	(5)	(5)	(109)	45	46	49	49

STATEMENT OF INCOME (CRESY - CONSOLIDATED)

IN USD MILLIONS	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
Revenues	647	666	687	709	732	756
Costs	(384)	(397)	(410)	(424)	(439)	(455)
D&A	(18)	(19)	(20)	(21)	(22)	(23)
Gross Profit	244	250	257	264	271	278
Gain from disposal of investment properties	-	-	-	-	-	-
General and administrative expenses	(54)	(55)	(56)	(58)	(59)	(61)
Selling expenses	(29)	(30)	(31)	(31)	(32)	(32)
Other operating results, net	2	2	3	3	4	4
Profit from operations	163	168	173	178	184	190
Share of (loss) / profit of associates and joint ventures	1	1	1	1	1	1
Profit before financial results and income tax	164	169	174	179	185	191
Finance income	-	-	-	-	-	-
Finance cost	(55)	(55)	(55)	(55)	(55)	(55)
Others financial results	-	-	-	-	-	-
Profit before income tax	109	114	119	124	130	136
<i>Income tax</i>	<i>(38)</i>	<i>(39)</i>	<i>(41)</i>	<i>(43)</i>	<i>(44)</i>	<i>(46)</i>
Profit after taxes	71	74	78	81	85	89
<i>Minority Interest</i>	<i>(23)</i>	<i>(24)</i>	<i>(25)</i>	<i>(26)</i>	<i>(27)</i>	<i>(28)</i>
Net Income	48	50	53	56	59	62

STATEMENT OF FINANCIAL POSITION (IRS)

IN USD MILLIONS	2011	2012	2013	2014	E 2015	E 2016	E 2017
ASSETS							
Total Non-Current Assets	1,414.2	1,338.6	1,205.8	842.7	694.3	566.5	481.5
<i>Current Assets</i>							
Trading properties	6.4	2.1	2.2	0.6	0.5	0.4	0.3
Inventories	1.7	3.5	3.0	2.1	2.0	2.0	2.0
Restricted assets	–	–	0.2	–	–	–	–
Credits for tax	–	–	–	2.0	1.6	1.3	1.1
Assets for sale	–	–	–	167.0	137.6	112.3	95.4
Trade and other receivables	102.2	105.3	143.0	86.9	100.7	99.3	99.2
Investments in financial assets	15.8	17.5	45.4	28.8	23.7	19.4	16.5
Investment in derivative financial instruments	–	–	–	1.6	1.3	1.1	0.9
Cash and cash equivalents	73.4	57.3	148.1	75.0	114.7	162.9	202.1
Total Current Assets	199.4	185.7	341.9	364.0	382.2	398.5	417.5
TOTAL ASSETS	1,613.6	1,524.3	1,547.7	1,206.7	1,076.5	965.1	899.0
SHAREHOLDERS' EQUITY							
Retained earnings	159.7	113.0	44.5	(63.1)	(50.4)	(67.0)	(67.9)
Total capital	669.3	586.1	510.3	281.0	233.1	164.3	128.7
<i>Non-controlling interest</i>	<i>80.7</i>	<i>86.4</i>	<i>71.6</i>	<i>72.9</i>	<i>60.1</i>	<i>49.0</i>	<i>41.7</i>
TOTAL SHAREHOLDERS' EQUITY	750.0	672.5	581.9	353.9	293.2	213.3	170.4
LIABILITIES							
<i>Non-Current Liabilities</i>							
Trade and other payables	36.3	36.9	39.2	24.9	20.5	16.8	14.2
Borrowings	419.8	453.2	543.2	462.0	453.9	467.7	476.8
Deferred income tax liabilities	118.0	91.0	73.6	42.5	35.0	28.6	24.3
Salaries and social security liabilities	–	–	0.6	0.5	0.4	0.3	0.3
Provisions	3.1	3.9	10.7	25.2	20.8	17.0	14.4
Total Non-Current Liabilities	577.3	585.0	667.4	555.1	530.6	530.3	530.0
<i>Current Liabilities</i>							
Trade and other payables	100.8	110.8	125.8	83.5	76.2	77.5	76.3
Income tax liabilities	14.1	23.2	16.9	8.0	6.6	5.3	4.5
Liabilities for sale	–	–	–	99.2	81.7	66.7	56.7
Salaries and social security liabilities	8.3	8.8	9.1	12.2	10.1	8.2	7.0
Derivative financial instruments	–	–	0.3	1.7	1.4	1.2	1.0
Borrowings	162.4	123.4	143.6	90.7	74.7	61.0	51.8
Provisions	0.8	0.5	2.6	2.3	1.9	1.5	1.3
Total Current Liabilities	286.3	266.8	298.4	297.6	252.6	221.5	198.6
TOTAL LIABILITIES	863.6	851.7	965.8	852.7	783.3	751.7	728.7
EQUITY AND LIABILITIES	1,613.6	1,524.3	1,547.7	1,206.7	1,076.5	965.1	899.0

STATEMENT OF FINANCIAL POSITION (IRS)

IN USD MILLIONS	E 2018	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
ASSETS							
Total Non-Current Assets	427.1	396.0	367.2	340.5	315.8	292.8	271.5
<i>Current Assets</i>							
Trading properties	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Inventories	2.1	2.2	2.2	2.2	2.3	2.3	2.4
Restricted assets	–	–	–	–	–	–	–
Credits for tax	1.0	0.9	0.9	0.8	0.7	0.7	0.6
Assets for sale	84.7	78.5	72.8	67.5	62.6	58.0	53.8
Trade and other receivables	100.0	101.8	103.6	105.5	107.5	109.5	111.6
Investments in financial assets	14.6	13.5	12.5	11.6	10.8	10.0	9.3
Investment in derivative financial instruments	0.8	0.7	0.7	0.6	0.6	0.6	0.5
Cash and cash equivalents	245.6	290.3	330.9	371.2	409.9	447.9	485.4
Total Current Assets	449.1	488.2	523.8	559.7	594.5	629.2	663.8
TOTAL ASSETS	876.2	884.3	891.1	900.2	910.3	922.0	935.3
SHAREHOLDERS' EQUITY							
Retained earnings	(54.7)	(26.8)	0.9	28.5	56.0	83.6	111.4
Total capital	119.7	135.0	150.9	167.5	184.9	203.2	222.3
<i>Non-controlling interest</i>	37.0	34.3	31.8	29.5	27.3	25.3	23.5
TOTAL SHAREHOLDERS' EQUITY	156.6	169.2	182.7	197.0	212.3	228.5	245.7
LIABILITIES							
<i>Non-Current Liabilities</i>							
Trade and other payables	12.6	11.7	10.9	10.1	9.3	8.7	8.0
Borrowings	482.7	486.0	489.1	492.0	494.7	497.1	499.4
Deferred income tax liabilities	21.5	20.0	18.5	17.2	15.9	14.8	13.7
Salaries and social security liabilities	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Provisions	12.8	11.9	11.0	10.2	9.5	8.8	8.1
Total Non-Current Liabilities	529.9	529.8	529.7	529.6	529.6	529.5	529.4
<i>Current Liabilities</i>							
Trade and other payables	81.2	84.6	85.4	87.1	88.3	89.6	91.1
Income tax liabilities	4.0	3.7	3.5	3.2	3.0	2.8	2.6
Liabilities for sale	50.3	46.6	43.2	40.1	37.2	34.5	32.0
Salaries and social security liabilities	6.2	5.7	5.3	4.9	4.6	4.2	3.9
Derivative financial instruments	0.9	0.8	0.8	0.7	0.7	0.6	0.6
Borrowings	46.0	42.6	39.5	36.7	34.0	31.5	29.2
Provisions	1.1	1.1	1.0	0.9	0.8	0.8	0.7
Total Current Liabilities	189.7	185.3	178.7	173.6	168.5	164.0	160.1
TOTAL LIABILITIES	719.6	715.1	708.4	703.3	698.0	693.5	689.6
EQUITY AND LIABILITIES	876.2	884.3	891.1	900.2	910.3	922.0	935.3

STATEMENT OF INCOME (IRS)

IN USD MILLION	2012	2013	2014	E 2015	E 2016	E 2017	E 2018
Revenues	396	407	350	349	344	344	347
Costs	(190)	(202)	(167)	(139)	(142)	(145)	(151)
Gross Profit	206	204	183	210	202	199	196
Gain from disposal of investment properties	26	34	29	–	–	–	–
General and administrative expenses	(39)	(36)	(37)	(34)	(33)	(33)	(34)
Selling expenses	(19)	(20)	(18)	(17)	(17)	(17)	(17)
Other operating results, net	(7)	17	(6)	–	–	–	–
Profit from operations	167	200	152	159	151	148	145
Share of (loss) / profit of associates and joint ventures	3	(1)	(51)	–	–	–	–
Profit before financial results and income tax	170	199	101	159	151	148	145
Finance cost	(117)	(144)	(212)	(42)	(39)	(41)	(43)
Profit before income tax	76	80	(71)	118	112	107	103
Income tax	(26)	(25)	8	(43)	(41)	(39)	(37)
Profit for the year	50	55	(63)	75	71	68	65

STATEMENT OF INCOME (IRS)

IN USD MILLION	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
Revenues	353	359	365	372	379	387
Costs	(158)	(161)	(164)	(166)	(169)	(172)
Gross Profit	194	198	202	206	210	215
Gain from disposal of investment properties	–	–	–	–	–	–
General and administrative expenses	(34)	(35)	(35)	(36)	(37)	(37)
Selling expenses	(17)	(18)	(18)	(18)	(19)	(19)
Other operating results, net	–	–	–	–	–	–
Profit from operations	143	146	148	152	155	158
Share of (loss) / profit of associates and joint ventures	–	–	–	–	–	–
Profit before financial results and income tax	143	146	148	152	155	158
Finance cost	(45)	(45)	(45)	(45)	(45)	(45)
Profit before income tax	98	101	104	107	110	114
Income tax	(36)	(37)	(38)	(39)	(40)	(41)
Profit for the year	62	64	66	68	70	72

BRASILAGRO (LND)

STATEMENT OF FINANCIAL POSITION (LND)

IN USD MILLIONS	2011	2012	2013	2014	E 2015	E 2016	E 2017	E 2018
ASSETS								
<i>Non-Current Assets</i>								
Property, plant and equipment	34.0	23.7	23.1	20.2				
Intangible assets	1.8	1.4	1.2	2.2	22.5	23.3	24.2	25.3
Deferred income tax assets	2.0	7.4	11.3	19.7				
Trade and other receivables	18.4	17.7	26.6	30.4	30.4	30.4	30.4	30.4
Investments in financial assets	259.6	206.8	160.1	192.0	192.0	192.0	192.0	192.0
Other LT Assets	0.1	0.1	1.5	2.1	–	–	–	–
Total Non-Current Assets	315.8	257.1	223.7	266.7	264.5	265.4	266.3	267.4
<i>Current Assets</i>								
Inventories	50.5	22.5	13.4	18.8	15.3	16.4	17.6	18.9
Trade and other receivables	24.5	35.2	62.5	31.6	35.6	38.2	41.0	43.7
Investments in financial assets	–	–	4.1	9.7	9.7	9.7	9.7	9.7
Cash and cash equivalents	86.8	33.6	33.9	39.2	20.6	19.3	18.8	18.4
Others	3.4	17.9	7.7	8.2	8.2	8.2	8.2	8.2
Total Current Assets	165.3	109.1	121.7	107.6	89.5	91.9	95.4	98.9
TOTAL ASSETS	481.1	366.2	345.4	374.2	354.0	357.3	361.7	366.3
SHAREHOLDERS' EQUITY								
Capital and reserves attributable to equity holders of the parent								
Share capital	374.1	290.8	261.8	263.9	263.9	263.9	263.9	263.9
Treasury Stock	–	–	–	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Retained earnings	(8.9)	(9.1)	2.6	(3.1)	(2.4)	(1.2)	1.0	3.5
Other Equity	–	(3.4)	(1.3)	3.8	3.8	3.8	3.8	3.8
Total capital and reserves attributable to equity holders of the parent	365.2	278.2	263.0	263.8	264.4	265.6	267.8	270.3
<i>Non-controlling interest</i>								
TOTAL SHAREHOLDERS' EQUITY	365.2	278.2	263.0	263.8	264.4	265.6	267.8	270.3
LIABILITIES								
<i>Non-Current Liabilities</i>								
Borrowings	35.5	25.5	25.5	26.2	26.2	26.2	26.2	26.2
Deferred income tax liabilities	2.9	–	2.6	1.1	1.1	1.1	1.1	1.1
Minority Interest	4.2	–	–	–	–	–	–	–
Others	1.3	7.0	2.9	2.1	–	–	–	–
Total Non-Current Liabilities	44.0	32.5	31.1	29.3	27.3	27.3	27.3	27.3
<i>Current Liabilities</i>								
Trade and other payables	44.0	28.8	26.2	46.1	27.4	29.4	31.6	33.8
Income tax liabilities	0.5	1.5	1.0	2.9	2.9	2.9	2.9	2.9
Current Port. of LT Debt/Capital Leases	24.3	21.4	20.1	28.1	28.1	28.1	28.1	28.1
Provisions	3.1	3.7	3.9	3.9	3.9	3.9	3.9	3.9
Total Current Liabilities	71.9	55.5	51.3	81.1	62.4	64.4	66.6	68.8
TOTAL LIABILITIES	115.9	88.0	82.4	110.4	89.6	91.7	93.9	96.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	481.1	366.2	345.4	374.2	354.0	357.3	361.7	366.3

STATEMENT OF FINANCIAL POSITION (LND)

IN USD MILLIONS	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
ASSETS						
<i>Non-Current Assets</i>						
Property, plant and equipment						
Intangible assets	26.6	27.7	28.7	29.8	31.2	32.5
Deferred income tax assets						
Trade and other receivables	30.4	30.4	30.4	30.4	30.4	30.4
Investments in financial assets	192.0	192.0	192.0	192.0	192.0	192.0
Other LT Assets	–	–	–	–	–	–
Total Non-Current Assets	268.7	269.8	270.8	271.9	273.3	274.6
<i>Current Assets</i>						
Inventories	19.9	21.0	22.1	23.2	24.5	25.9
Trade and other receivables	46.2	48.7	51.3	53.8	56.9	60.0
Investments in financial assets	9.7	9.7	9.7	9.7	9.7	9.7
Cash and cash equivalents	18.2	18.5	19.1	20.0	20.6	21.6
Others	8.2	8.2	8.2	8.2	8.2	8.2
Total Current Assets	102.3	106.2	110.5	114.9	120.0	125.4
TOTAL ASSETS	371.0	375.9	381.3	386.8	393.2	400.0
SHAREHOLDERS' EQUITY						
Capital and reserves attributable to equity holders of the parent						
Share capital	263.9	263.9	263.9	263.9	263.9	263.9
Treasury Stock	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Retained earnings	6.2	9.2	12.5	16.1	20.2	24.6
Other Equity	3.8	3.8	3.8	3.8	3.8	3.8
Total capital and reserves attributable to equity holders of the parent	273.0	276.1	279.4	283.0	287.0	291.4
<i>Non-controlling interest</i>						
TOTAL SHAREHOLDERS' EQUITY	273.0	276.1	279.4	283.0	287.0	291.4
LIABILITIES						
<i>Non-Current Liabilities</i>						
Borrowings	26.2	26.2	26.2	26.2	26.2	26.2
Deferred income tax liabilities	1.1	1.1	1.1	1.1	1.1	1.1
Minority Interest	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total Non-Current Liabilities	27.3	27.3	27.3	27.3	27.3	27.3
<i>Current Liabilities</i>						
Trade and other payables	35.7	37.6	39.6	41.5	43.9	46.3
Income tax liabilities	2.9	2.9	2.9	2.9	2.9	2.9
Current Port. of LT Debt/Capital Leases	28.1	28.1	28.1	28.1	28.1	28.1
Provisions	3.9	3.9	3.9	3.9	3.9	3.9
Total Current Liabilities	70.7	72.6	74.6	76.5	78.9	81.3
TOTAL LIABILITIES	98.0	99.9	101.9	103.8	106.2	108.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	371.0	375.9	381.3	386.8	393.2	400.0

STATEMENT OF INCOME (LND)

IN USD MILLIONS	2012	2013	2014	E 2015	E 2016	E 2017	E 2018
Revenues	80.8	95.2	61.6	66.6	71.3	76.5	81.7
Costs	(76.3)	(84.4)	(61.0)	(59.9)	(63.7)	(67.5)	(72.3)
Gross Profit	4.5	10.9	0.5	6.7	7.6	9.1	9.5
Gains from disposal of investment properties	6.5	24.7	4.9	-	-	-	-
General and administrative expenses	(18.4)	(18.5)	(16.6)	(6.3)	(6.3)	(6.4)	(6.4)
Other operating results, net	0.0	(3.8)	(0.8)	1.4	1.4	1.4	1.5
Profit from operations	(7.4)	13.2	(12.0)	1.7	2.7	4.1	4.5
Finance income	-	5.9	17.5	-	-	-	-
Finance cost	(3.5)	(4.1)	(4.7)	(0.8)	(0.8)	(0.8)	(0.8)
Others financial results	-	(2.1)	(13.5)	-	-	-	-
Profit before income tax	(10.9)	12.9	(12.6)	0.9	1.9	3.3	3.7
Income tax	7.2	1.2	6.8	(0.3)	(0.6)	(1.1)	(1.3)
Profit after taxes	(3.7)	14.1	(5.8)	0.6	1.2	2.2	2.5
Minority Interest	0.6	-	-	-	-	-	-
Net Income	(3.1)	14.1	(5.8)	0.6	1.2	2.2	2.5

STATEMENT OF INCOME (LND)

IN USD MILLIONS	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
Revenues	86.3	91.0	95.9	100.5	106.3	112.1
Costs	(76.2)	(80.1)	(84.4)	(88.3)	(93.1)	(98.0)
Gross Profit	10.1	10.9	11.5	12.2	13.2	14.0
Gains from disposal of investment properties	-	-	-	-	-	-
General and administrative expenses	(6.8)	(7.2)	(7.5)	(7.9)	(8.3)	(8.8)
Other operating results, net	1.6	1.7	1.8	1.9	2.0	2.1
Profit from operations	4.9	5.4	5.8	6.2	6.9	7.4
Finance income	-	-	-	-	-	-
Finance cost	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Others financial results	-	-	-	-	-	-
Profit before income tax	4.2	4.6	5.0	5.5	6.1	6.6
Income tax	(1.4)	(1.6)	(1.7)	(1.9)	(2.1)	(2.3)
Profit after taxes	2.7	3.0	3.3	3.6	4.0	4.4
Minority Interest	-	-	-	-	-	-
Net Income	2.7	3.0	3.3	3.6	4.0	4.4

CRESUD ALONE (ARG & BOL)

STATEMENT OF FINANCIAL POSITION (CRESY - AGRO)

IN USD MILLIONS	2012	2013	2014	E 2015	E 2016	E 2017	E 2018
ASSETS							
Total Non-Current Assets	199	124	164	136	113	99	90
<i>Current Assets</i>							
Biological Assets	20	(19)	21	6	7	8	8
Inventories	31	21	28	15	18	20	21
Income Tax Assets	12	23	26	23	20	14	7
Trade and other receivables	29	31	34	31	33	35	37
Cash and cash equivalents	534	723	500	465	428	408	368
Total Current Assets	626	779	609	541	506	484	442
TOTAL ASSETS	825	903	773	677	619	582	531
SHAREHOLDERS' EQUITY							
TOTAL SHAREHOLDERS' EQUITY	568	555	382	308	248	210	157
LIABILITIES							
<i>Non-Current Liabilities</i>							
Trade and other payables	–	–	–	–	–	–	–
Borrowings	144	214	173	190	219	238	250
Deferred income tax liabilities	–	–	–	–	–	–	–
Salaries and social security liabilities	–	–	–	–	–	–	–
Provisions	–	–	–	–	–	–	–
Total Non-Current Liabilities	144	214	173	190	219	238	250
<i>Current Liabilities</i>							
Trade and other payables	23	33	31	24	26	28	30
Income tax liabilities	–	–	–	–	–	–	–
Salaries and social security liabilities	–	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–	–
Borrowings	90	101	187	154	126	107	95
Provisions	–	–	–	–	–	–	–
Total Current Liabilities	113	134	218	179	152	135	125
TOTAL LIABILITIES	257	348	391	369	371	373	374
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	825	903	773	677	619	582	531

STATEMENT OF FINANCIAL POSITION (CRESY - AGRO)

IN USD MILLIONS	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
ASSETS						
Total Non-Current Assets	86	82	78	75	72	70
<i>Current Assets</i>						
Biological Assets	8	9	9	10	10	11
Inventories	22	23	24	26	27	28
Income Tax Assets	1	–	–	–	–	–
Trade and other receivables	39	40	42	44	46	48
Cash and cash equivalents	351	331	312	295	280	267
Total Current Assets	421	403	388	374	363	353
TOTAL ASSETS	507	485	466	450	435	423
SHAREHOLDERS' EQUITY						
TOTAL SHAREHOLDERS' EQUITY	132	109	88	70	54	40
LIABILITIES						
<i>Non-Current Liabilities</i>						
Trade and other payables	–	–	–	–	–	–
Borrowings	257	263	269	275	280	284
Deferred income tax liabilities	–	–	–	–	–	–
Salaries and social security liabilities	–	–	–	–	–	–
Provisions	–	–	–	–	–	–
Total Non-Current Liabilities	257	263	269	275	280	284
<i>Current Liabilities</i>						
Trade and other payables	31	32	33	35	36	38
Income tax liabilities	–	–	–	–	–	–
Salaries and social security liabilities	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Borrowings	88	82	76	70	65	60
Provisions	–	–	–	–	–	–
Total Current Liabilities	119	114	109	105	102	98
TOTAL LIABILITIES	376	377	378	380	381	383
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	507	485	466	450	435	423

STATEMENT OF INCOME (CRESY - AGRO)

IN ARS THOUSANDS	2012	2013	2014	E 2015	E 2016	E 2017	E 2018
Revenues	151.4	130.9	156.7	164.8	177.6	188.9	199.6
Costs	(126.9)	(117.4)	(124.9)	(132.7)	(143.2)	(152.7)	(161.1)
Gross Profit	24.6	13.5	31.8	32.1	34.4	36.2	38.5
Gain from disposal of investment properties	5.0	6.6	1.9	–	–	–	–
General and administrative expenses	(18.9)	(14.1)	(19.1)	(13.7)	(13.5)	(13.0)	(12.7)
Selling expenses	(17.8)	(19.7)	(19.0)	(14.3)	(14.2)	(13.7)	(13.4)
Other operating results, net	(9.3)	(4.0)	(2.8)	(2.3)	(2.6)	(2.8)	(3.0)
Profit from operations	(16.5)	(17.6)	(7.1)	1.8	4.1	6.8	9.4
Share of (loss) / profit of associates and joint ventures	0.9	0.9	1.0	0.9	1.0	1.1	1.1
Profit before financial results and income tax	(15.6)	(16.8)	(6.2)	2.7	5.1	7.8	10.5
Finance income	–	–	–	–	–	–	–
Finance cost	(18.4)	(21.3)	(22.8)	(9.1)	(8.6)	(9.0)	(9.4)
Others financial results	–	–	–	–	–	–	–
Profit before income tax	(34.0)	(38.1)	(28.9)	(6.4)	(3.6)	(1.1)	1.2
Income tax	–	–	–	–	–	–	(0.4)
Profit for the year	(34.0)	(38.1)	(28.9)	(6.4)	(3.6)	(1.1)	0.8

STATEMENT OF INCOME (CRESY - AGRO)

IN ARS THOUSANDS	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
Revenues	207.9	216.4	226.0	235.9	246.1	256.7
Costs	(167.8)	(174.7)	(182.4)	(190.5)	(198.7)	(207.2)
Gross Profit	40.0	41.7	43.5	45.4	47.4	49.5
Gain from disposal of investment properties	–	–	–	–	–	–
General and administrative expenses	(12.9)	(13.2)	(13.5)	(13.8)	(14.1)	(14.5)
Selling expenses	(13.7)	(14.1)	(14.4)	(14.8)	(15.1)	(15.5)
Other operating results, net	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Profit from operations	10.4	11.4	12.6	13.9	15.1	16.5
Share of (loss) / profit of associates and joint ventures	1.2	1.2	1.3	1.4	1.4	1.5
Profit before financial results and income tax	11.6	12.6	13.9	15.2	16.6	18.0
Finance income	–	–	–	–	–	–
Finance cost	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)
Others financial results	–	–	–	–	–	–
Profit before income tax	1.8	2.8	4.1	5.4	6.8	8.2
Income tax	(0.6)	(1.0)	(1.4)	(1.9)	(2.4)	(2.9)
Profit for the year	1.1	1.8	2.7	3.5	4.4	5.3

Appendix 2: DCF to Firm

IRSA

Return on Equity: Based on the Capital Asset Pricing Model (CAPM);

Risk free rate: the average yield for the US 10 year treasury bonds for the last fifty years (Damodaran).

Market Return: the market return of the S&P500 (Damodaran).

Beta: we used a beta of 1.51, according to market data extracted from Thomson Reuters Eikon.

We also incorporated a premium for country risk in the cost of equity, given the high exposure to Argentina.

Cost of Debt: IRSA currently holds 80% if its debt in USD, at a fixed average 9.13% rate.

Discounted Cash Flow to Firm (IRS)

IN USD MILLIONS	E 2015	E 2016	E 2017	E 2018	E 2019
EBIT	159.1	151.5	148.3	145.3	142.8
D&A	27.5	23.5	21.0	19.6	19.0
Investment in WC	(21.9)	(2.1)	(4.7)	1.1	0.1
Income tax paid	(57.8)	(55.0)	(53.9)	(52.8)	(51.8)
Net cash generated by operating activities	106.8	117.9	110.7	113.2	110.1
Net cash used in investing activities	(27.5)	(23.5)	(21.0)	(19.6)	(19.0)
FCF to Firm USD	79.4	94.4	89.7	93.7	91.1
Terminal Value	–	–	–	–	–
WACC	11.3%	11.3%	11.3%	11.3%	11.3%

IN USD MILLIONS	E 2020	E 2021	E 2022	E 2023	E 2024
EBIT	145.5	148.5	151.6	154.9	158.3
D&A	18.5	18.0	17.6	17.1	16.7
Investment in WC	(2.5)	(1.7)	(2.3)	(2.3)	(2.3)
Income tax paid	(52.8)	(53.9)	(55.0)	(56.2)	(57.5)
Net cash generated by operating activities	108.7	110.9	111.8	113.4	115.2
Net cash used in investing activities	(18.5)	(18.0)	(17.6)	(17.1)	(16.7)
FCF to Firm USD	90.2	92.9	94.2	96.3	98.6
Terminal Value	–	–	–	–	1,082
WACC	11.3%	11.3%	11.3%	11.3%	11.3%

IN USD MILLIONS	
Value of IRSA related to cash generating assets	900
Present value of Debt in USD related to cash generating assets	529
Present value of Equity related to cash generating assets	371
Value of non-cash generating assets	359
Value of Banco Hipotecario SA	88
Total	819
No. Of Common Shares Outstanding	579
Price per ten Common Shares (ADR)	14.14

Source: Team estimations

Key assumptions for WACC estimation (IRS)

Component	Value	Source
Risk Free Rate	2.4%	Reuters Eikon
Market Return	9.1%	Damodaran estimation published on web site – S&P500
Beta	1.51	Reuters Eikon
Country Risk	6.6%	JPMorgan's EMBI+ as of 7 november
Cost of Equity (ke)	19.1%	Team estimations
Tax	36.3%	Company data
Cost of Debt (kd)	9.1%	Company data
Capital Structure (D/(D+E))	64.3%	Company explicated that they aim to maintain current Capital Structure
WACC for first year	11.29%	Team estimations

BRASILAGRO (LND)

Discounted Cash Flow to Firm (IRS)

IN USD MILLIONS	E 2015	E 2016	E 2017	E 2018	E 2019
EBIT	1.7	2.7	4.1	4.5	4.9
D&A	10.2	10.4	10.1	10.9	11.4
Investment in WC	(19.3)	(1.6)	(1.8)	(1.8)	(1.6)
Income tax paid	(0.3)	(0.6)	(1.1)	(1.3)	(1.4)
Cash Flow from Operations	(7.7)	10.8	11.3	12.4	13.3
Cash Flow from Investments	(10.2)	(11.3)	(11.0)	(12.0)	(12.7)
FCF to Firm US\$	(17.9)	(0.5)	0.2	0.4	0.6
Terminal Value	-	-	-	-	-
WACC	3.9%	3.9%	3.9%	3.9%	3.9%

IN USD MILLIONS	E 2020	E 2021	E 2022	E 2023	E 2024
EBIT	5.4	5.8	6.2	6.9	7.4
D&A	11.9	12.4	12.9	13.3	14.0
Investment in WC	(1.6)	(1.7)	(1.6)	(2.1)	(2.0)
Income tax paid	(1.6)	(1.7)	(1.9)	(2.1)	(2.3)
Cash Flow from Operations	14.0	14.8	15.6	16.1	17.1
Cash Flow from Investments	(12.9)	(13.5)	(13.9)	(14.7)	(15.3)
FCF to Firm US\$	1.1	1.3	1.7	1.4	1.8
Terminal Value	-	-	-	-	95.6
WACC	3.9%	3.9%	3.9%	3.9%	3.9%

IN USD MILLIONS	
Value of BrasilAgroSA related to cash generating assets	54
Present value of Debt in USD related to cash generating assets	46
Present value of Equity related to cash generating assets	8
Value of non-cash generating assets	10
Total	18
No. Of Common Shares Outstanding	6
Price per ten Common Shares (ADR)	3.11

Source: Team estimations

Key assumptions for WACC estimation (IRS)

Component	Value	Source
Risk Free Rate	2.4%	Reuters Eikon
Market Return	9.1%	Damodaran estimation published on web site - S&P500
Beta	1.6	Reuters Eikon
Country Risk	2.5%	JPMorgan's EMBI+ as of ...
Cost of Equity (ke)	15.5%	Team estimations
Tax	34.0%	Company data
Cost of Debt (kd)	2.7%	Company data
Capital Structure (D/(D+E))	84.6%	Company explicated that they aim to maintain current Capital Structure
WACC	3.87%	Team estimations

CRESUD ALONE (ARG & BOL)

Discounted Cash Flow to Firm (IRS)

IN USD MILLIONS	E 2015	E 2016	E 2017	E 2018	E 2019
EBIT	2.7	5.1	7.8	10.5	11.6
D&A	3.4	2.9	2.9	2.4	2.3
Investment in WC	15.6	(8.4)	(7.6)	(6.5)	(4.3)
Income tax paid	(2.3)	(1.2)	3.4	4.5	4.8
Net cash generated by operating activities	19.4	(1.6)	6.4	10.9	14.3
Net cash used in investing activities	(4.9)	(4.8)	(5.4)	(4.5)	(4.9)
FCF to Firm US\$	14.5	(6.4)	1.1	6.5	9.4
Terminal Value	-	-	-	-	-
WACC	3.5%	3.5%	3.5%	3.5%	3.5%

IN USD MILLIONS	E 2020	E 2021	E 2022	E 2023	E 2024
EBIT	12.6	13.9	15.2	16.6	18.0
D&A	2.2	2.1	2.0	2.0	1.9
Investment in WC	(4.4)	(4.9)	(5.0)	(5.3)	(5.4)
Income tax paid	0.4	(1.4)	(1.9)	(2.4)	(2.9)
Net cash generated by operating activities	10.9	9.7	10.3	10.9	11.6
Net cash used in investing activities	(5.1)	(4.3)	(4.8)	(4.4)	(4.4)
FCF to Firm US\$	5.8	5.5	5.6	6.4	7.1
Terminal Value	-	-	-	-	471
WACC	3.5%	3.5%	3.5%	3.5%	3.5%

IN USD MILLIONS	
Value of CRESY-AGRO related to cash generating assets	378
Present value of Debt in USD related to cash generating assets	345
Present value of Equity related to cash generating assets	33
Value of non-cash generating assets	74
Total	107

Source: Team estimations

Key assumptions for WACC estimation (IRS)

Component	Value	Source
Risk Free Rate	2.4%	Reuters Eikon
Market Return	9.1%	Damodaran estimation published on web site - S&P500
Beta	1.59	Reuters Eikon
Country Risk	6.6%	JPMorgan's EMBI+ as of ...
Cost of Equity (ke)	19.6%	Team estimations
Tax	35.0%	Company data
Cost of Debt (kd)	3.1%	Company data
Capital Structure (D/(D+E))	91.2%	Company explicitated that they aim to maintain current Capital Structure
WACC for first year	3.5%	Team estimations

Appendix 3: Land Reserves' Valuation

IRSA

Project Santa María del Plata...

Market Value of Santa María del Plata land

Price per sqm in USD	500
Total sqmts	714,951

Market Value of Santa María in USD

THOU	338,775
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Source: Team estimations from data provided by company and competitors.

...and possible Upside

YEAR	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
% of Project Built per year	(128,800)	(128,800)	(128,800)	(128,800)	(128,800)	(128,800)	(128,800)	(128,800)
% of Project Sold per year	-	-	-	644,000	644,000	644,000	644,000	644,000
FCF	(128,800)	(128,800)	(128,800)	515,200	515,200	515,200	515,200	515,200

Y9	Y10	Y11	Y12	Y13	Y14	Y15
(128,800)	(128,800)	-	-	-	-	-
644,000	644,000	644,000	644,000	644,000	644,000	644,000
515,200	515,200	644,000	644,000	644,000	644,000	644,000

Market Value of Santa María del Plata land

Project value at year 0	1,114,440
WACC	20%

Project starts in 2016 (75%)	\$ 93,306
Project starts in 2020 (25%)	\$ 580,437

Value if Project is developed in USD THOU	\$ 673,743
---	------------

Source: Team estimations from data provided by company and competitors.

RELEVANT DATA

Cost per sqm in USD	0.500
Price per sqm in USD	3.000
Total Sqm for construction	2,576,000

BrasilAgro

LAND VALUATION: Non cash-generating assets

Jerovia

Undeveloped Land (Has)	34,747
Avg. Price (USD/Has)	283.33
Average Market Value (in k USD)	9,844.98
Total Non cash-generating assets	9,844.98

CRESUD ALONE (ARG&BOL)

LAND VALUATION: Non cash-generating assets	
El Recreo	
Book Value (in K USD)	148
Undeveloped Land (Has)	12,395
Average Price (USD/Has)	466.67
Average Market Value (in k USD)	5,784.33
Net Market Value (in K USD)	5,636.45
Los Pozos	
Book Value (in K USD)	16,279.06
Los Pozos (undeveloped land)	180,908
Average Price (USD/Has)	466.67
Average Market Value (in k USD)	84,423.73
Net Market Value (in K USD)	68,144.67
Total Non cash-generating assets (in K USD)	73,781.13

Appendix 4: BHSA's Multiple Valuation

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
BHIP	P/B	0.670	0.742	0.737	1.200	1.190	0.283	0.739	1.471	0.628	0.537	0.677	
	ROE	0.164	0.153	0.121	0.144	0.031	(0.009)	0.073	0.068	0.081	0.103	0.115	
Financials	P/B mean	1.466	1.395	1.413	2.032	1.624	0.730	1.422	2.321	1.064	0.987	1.336	
	ROE mean	(0.337)	0.034	(0.024)	0.136	0.119	0.174	0.283	0.298	0.306	0.301	0.311	Mean
Dif.	P/B dif.	0.796	0.653	0.676	0.832	0.435	0.447	0.683	0.850	0.436	0.450	0.659	0.626
	REO dif.	(0.501)	(0.120)	(0.145)	(0.008)	0.088	0.183	0.210	0.230	0.225	0.198	0.196	0.096
BGAL	P/B	1.359	1.462	1.394	1.643	1.353	0.688	0.885	1.919	1.015	0.940	1.752	
	ROE	(0.143)	(0.087)	0.148	(0.095)	0.020	0.105	0.084	0.199	0.357	0.306	0.315	
BRIO	P/B	1.558	1.141	1.573	2.107	1.956	0.994	1.773	3.182	1.370	1.254	1.596	
	ROE	(0.675)	0.047	(1.001)	0.199	0.196	0.200	0.463	0.461	0.390	0.342	0.292	
BFRA	P/B	1.240	1.314	1.272	1.558	1.303	0.609	1.204	1.988	1.102	1.201	1.525	
	ROE	(0.193)	(0.034)	0.067	0.096	0.117	0.156	0.287	0.359	0.264	0.281	0.329	
BMACRO	P/B	1.706	1.662	-	2.819	1.968	0.905	2.001	2.852	1.039	0.841	1.090	
	ROE	-	0.079	0.338	0.188	0.153	0.227	0.319	0.229	0.268	0.282	0.332	
BPAT	P/B	-	-	-	-	1.542	0.453	1.248	1.662	0.796	0.697	0.719	
	ROE	-	0.163	0.328	0.291	0.109	0.182	0.263	0.243	0.251	0.296	0.286	
P/B financials 2013		1.336											
Mean Dif.		0.626											
Adjusted P/B		0.711											

According to Damodaran (2009), one possible approach to the valuation of Financial Service Firms is the multiples approach. At first sight Banco Hipotecario seemed, if compared to its peers, to have a very low Price to Book ratio. On 2013, for example BHSA showed a ratio of 0.677x while the rest of the industry showed a ratio of 1.336x. Using this multiple in order to value BHSA would result in a value too far from the market. Nonetheless a deeper insight reveals that the presence of the government as a major shareholder could be an explanatory factor in this difference (the bank possesses assets of...). A historical analysis shows that BHSA has *consistently* presented a lower value than the rest of the industry. The difference ranged (as shown in the table above) from 0.40x to 0.80x, and had a mean value of 0.626x in the period 2003-2012. By subtracting this mean difference from the value of the whole Industry in 2013, we arrived at an adjusted P/B of 0.711 for BHSA.

Appendix 5: Warrants Valuation

Warrants were valued by applying a usual 10-step binomial tree. They have very little effect on the valuation as they represent a 0.2% of the value before its incorporations. The next table shows information used for each issue, which was taken from the Financial Statements of the Company as of June, 2014.

Warrants and buy Option of BrasilAgro

	Price in RS	Quant. of Options	Value of Options	Exchange rate	Value in USD THOU
<i>Buy options</i>					
First issue	7.49	301.8	2,260.8	2.55	886.6
Second issue	2.25	315.5	709.8	2.55	278.4
Third issue	2.16	261.0	563.7	2.55	221.0
<i>Warrants</i>					
First issue	3.88	2.6	9.9	2.55	3.9
Total value (in USD THOU)					1,389.9

Source: Team estimations

Appendix 6: Cresud's Value Corroboration by Multiples

	Market Cap	EV	Avg. EBITDA 3yrs	EV/EBITDA	Relative Weight	
Argentina						
1	Edenor	418	570	84	6.79	1.26%
2	Nortel Inversora	913	143	1,290	0.11	2.76%
3	Pampa Energia	99	1,307	126	10.37	0.30%
4	Petrobras Argentina S.A.	2,075	2,125	545	3.90	6.28%
5	Telecom Argentina	3,498	2,814	1,418	1.98	10.58%
6	Ternium	4,412	7,391	1,475	5.01	13.34%
7	Transportadora de Gas del Sur	402	580	189	3.07	1.22%
8	YPF	21,250	24,215	3,666	6.61	64.26%
				EV/EBITDA weighted avg.	5.53	
Brasil						
1	Braskem	4,995	10,726	2,067	5.19	1.82%
2	BRF S.A.	22,090	24,176	1,450	16.67	8.04%
3	Comp. Paranaense de Energia-COPEL	3,262	2,938	946	3.11	1.19%
4	Companhia Brasileira de Distribuicao-CBD	11,450	13,260	1,780	7.45	4.17%
5	Companhia Energetica de Minas Gerais-CEMIG	7,666	10,219	1,107	9.23	2.79%
6	Companhia Siderurgica Nacional-CSN	4,811	11,186	2,306	4.85	1.75%
7	CPFL Energia	7,522	12,990	1,356	9.58	2.74%
8	Embraer	7,391	7,592	817	9.29	2.69%
9	Fibra Celulose	6,776	9,494	1,390	6.83	2.47%
10	Gerdau	7,554	12,972	2,378	5.46	2.75%
11	Gol	1,479	2,689	276	9.74	0.54%
12	Oi	2,460	21,497	3,360	6.40	0.90%
13	Petroleo Brasileiro-Petrobras	80,985	179,941	31,747	5.67	29.48%
14	Sabesp	5,570	8,358	1,884	4.44	2.03%
15	Telefonica Brasil	22,023	21,485	5,059	4.25	8.02%
16	TIM Participacoes	13,292	13,041	2,488	5.24	4.84%
17	Ultrapar	12,638	12,775	1,267	10.08	4.60%
18	Vale	52,785	71,689	21,665	3.31	19.21%
				EV/EBITDA weighted avg.	6.52	

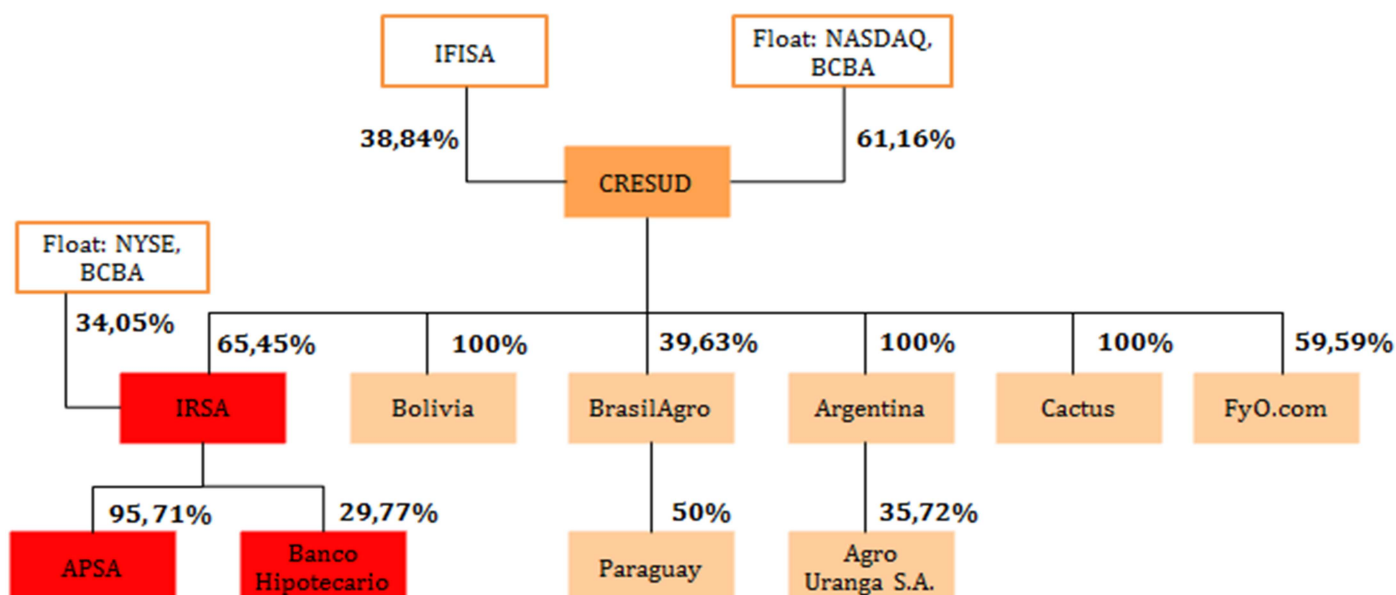
	Market Cap	EV	Avg. EBITDA 3yrs	EV/EBITDA
CRESUD	835	1,917	245	7.82
	ARG	767	91.8%	
	BR	68	8.2%	

-> CRESUD's stake in BrasilAgro

EV/EBITDA	
3y avg. EBITDA	245M
ARG/BR xEBITDA	5.61
Market Value	1.372M
- Net Debt	(796)M
Enterprise value	576M
@ 561M Fully diluted Shares	
Price for ongoing activities	10.30
@ 501M Shares outstanding	
Price for ongoing activities	11.48

Source: Team estimations based on Company's public releases (Investor's presentation)

Appendix 7: Organizational Structure and Share Ownership as of June 2014



Source: Financial Statements of the Company as of June 30, 2014

Appendix 8: Cresud's History

1936	1960	1994	1997	2001	2006	2008	2013
- Cresud: Fouded as a subsidiary of Credit Foncier, a Belgian company that granted rural credits in Argentina	- Listing in BCBA and splits from its parent company	- Eduardo Elsztain assumes as CEO - 1st Follow on for USD 64 MM	- 1st agro company in the region listed on NASDAQ - 2nd Follow on for USD 92 MM	- Interest in IRSA, leading real estate company in Argentina (14.9%)	- BrasilAgro IPO for USD 276 MM (AGRO3) - Regional Expansion - IRSA (26.7%) AGRO3 (7.3%)	- 3rd Follow on for USD 288 MM - Expansion to Bolivia and Paraguay - Consolidation of IRSA (50.2%) AGRO3 (14.4%)	- BrasilAgro listing on NYSE - Sale of Paraguay to BrasilAgro - IRSA (64.5%) AGRO3 (39.6%)
7 Farms - ~20k hectares		33 Farms - ~800k hectares - 620 employees in agriculture activities					

Source: Company data

Appendix 9: Cresud's Board of Directos as of June 2014

Name	Date of birth	Position / Role	In office since	Until
Eduardo S. Elsztain	26/01/1960	President	1994	2014
Saúl Zang	30/12/1945	VP 1°	1994	2014
Alejandro G. Elsztain	31/03/1966	VP 2° and CEO	1994	2016
Gabriel A. G. Reznik	18/11/1958	Director	2003	2015
Jorge O. Fernández	08/01/1939	Director	2003	2015
Fernando A. Elsztain	04/01/1961	Director	2004	2016
David A. Perednik	15/11/1957	Director and AdmMgr.	2004	2016
Pedro D. Labaquie Palacio	22/02/1943	Director	2006	2015
Daniel E. Mellincovsky	17/01/1948	Director	2008	2014
Alejandro C. Casaretto	15/10/1952	Director	2008	2014
Salvador D. Bergel	17/04/1932	Alternate Director	1996	2014
Gastón A. Lernoud	04/06/1968	Alternate Director	1999	2014
Enrique Antonini	16/03/1950	Alternate Director	2007	2016
Eduardo Kalpakian	03/03/1964	Alternate Director	2007	2016

Source: Financial Statements of the Company as of June 30, 2014

Appendix 10: IRSA's Board of Directors as of June 2014

Name	Date of birth	Position / Role	In office since	Until
Eduardo S. Elsztain	26/01/1960	President	1991	2015
Saúl Zang	30/12/1945	VP 1°	1994	2015
Alejandro G. Elsztain	31/03/1966	VP 2°	2001	2013
Fernando A. Elsztain	04/01/1961	Director	1999	2014
Carlos Ricardo Esteves	25/05/1949	Director	2005	2014
Cedric D. Bridger	09/11/1935	Director	2003	2015
Marcos Fischman	09/04/1960	Director	2003	2015
Fernando Rubín	20/06/1966	Director	2004	2013
Gary S. Gladstein	07/07/1944	Director	2004	2013
Mario Blejer	11/06/1948	Director	2005	2014
Mauricio Wior	23/10/1956	Director	2006	2015
Gabriel A. G. Reznik	18/11/1958	Director	2008	2014
Ricardo H. Liberman	18/12/1959	Director	2008	2014
Daniel Ricardo Elsztain	22/12/1972	Director	2007	2013
Salvador D. Bergel	17/04/1932	Alternate Director	1996	2014
Enrique Antonini	16/03/1950	Alternate Director	2007	2013

Source: Financial Statements of the Company as of June 30, 2014

Appendix 11: Cross Management Analysis

Member	Company	Position	Since
Alejandro G. Elsztain	Cresud	CEO/Director	1994
	IRSA	Director	2001
Carlos Blousson	Cresud	COO	2008
David A. Perednik	Cresud	AdmMgr/ Director	1997 2004
	IRSA	AdmMgr	2002
Matias Gaivironsky	Cresud	CFO	2011
	IRSA		
Eduardo S. Elsztain	IRSA	CEO/Chairman	1991
	Cresud	Chairman	1994
Daniel R. Elsztain	IRSA	COO/ Director	2012 2007
		Real Estate Mgr	2007

Source: Team analysis

Appendix 12: Urban Properties Breakdown as of June 2014

Property (Location)	GLA (m2)	Stores	Ownership (IRSA)	Occupancy
Shopping Malls				
Alto Palermo Shopping (CABA)	19.354	145	100,0%	98,9%
Abasto Shopping (CABA)	38.026	170	100,0%	99,4%
Alto Avellaneda (GBA)	36.565	141	100,0%	99,5%
Paseo Alcorta (CABA)	15.113	107	100,0%	99,8%
Patio Bullrich (CABA)	11.738	83	100,0%	99,6%
Alto Noa Shopping (Salta)	19.157	89	100,0%	99,7%
Buenos Aires Design (CABA)	14.592	63	53,7%	92,3%
Alto Rosario Shopping (Sta.Fe)	29.516	144	100,0%	97,0%
Mendoza Plaza Shopping (MDZ)	41.108	146	100,0%	95,0%
Córdoba Shopping (CDBA)	46.707	153	100,0%	99,7%
DotBaires Shopping (CABA)	15.881	106	80,0%	99,8%
Soleil (GBA)	15.190	78	100,0%	100,0%
La Ribera Shopping (Sta.Fe)	8.285	50	50,0%	99,6%
Total Shopping Malls	311.232	1.475		98,4%
Offices				
Edificio República	19.884		100,0%	94,0%
Torre Bankboston	14.873		100,0%	100,0%
Bouchard 551	7.592		100,0%	100,0%
Intercontinental Plaza	22.535		100,0%	100,0%
Bouchard 710	15.044		100,0%	99,8%
Dique IV, Juana Manso 295	11.298		100,0%	94,4%
Maipú 1300	7.655		100,0%	87,3%
Libertador 498	620		100,0%	100,0%
Suipacha 652/64	11.453		100,0%	100,0%
DotBuilding	11.242		96,0%	100,0%
OtherOffices	274		100,0%	N/A
Subtotal Offices	122.470			97,5%
Otherproperties				
Inmuebles Comerciales	312		N/A	N/A
Santa María del Plata S.A.	60.100		100,0%	100,0%
Nobleza Picardo	45.587		50,0%	100,0%
OtherProperties	17.448		N/A	100,0%
Subtotal OtherProperties	123.447			99,7%
Total Offices and Others	245.917			98,6%
Hotels				
	Rooms		Ownership (IRSA)	Occupancy
Intercontinental	309		76,3%	70,5%
Sheraton Libertador	200		80,0%	76,5%
LlaoLlao	205		50,0%	58,6%
Bariloche Lands	N/A		50,0%	N/A
Total	714			68,8%

Source: Financial Statements of the Company as of June 30, 2014

Appendix 13: Farmland Breakdown as of June 2014

Farmland	Location	has	MainActivities
La Adela	Buenos Aires (ARG)	1.054	Agriculture
El Recreo	Catamarca (ARG)	12.395	Land Reserve
Los Pozos	Salta (ARG)	239.639	Cattle / Agriculture / Land reserve
San Nicolás	Santa Fe (ARG)	1.431	Agriculture
Las Playas	Córdoba (ARG)	1.534	Agriculture / Milk
La Gramilla / Santa Bárbara	San Luis (ARG)	7.072	Agriculture
La Suiza	Chaco (ARG)	36.380	Agriculture / Cattle
La Esmeralda	Santa Fe (ARG)	9.370	Agriculture / Cattle
El Tigre	La Pampa (ARG)	8.369	Agriculture / Milk
El Invierno	La Pampa (ARG)	1.946	Agriculture
San Pedro	Entre Rios (ARG)	6.022	Agriculture
8 de Julio / Estancia Carmen	Santa Cruz (ARG)	100.911	Wool
Cactus Argentina	San Luis (ARG)	171	Feedlot
Las Vertientes	Córdoba (ARG)	4	Storage
La Esperanza	La Pampa (ARG)	980	Agriculture
Las Londras	Bolivia	4.566	Agriculture
San Ceyetano	Bolivia	883	Agriculture
San Rafael	Bolivia	2.969	Agriculture
La Fon Fon	Bolivia	1.643	Agriculture
La Primavera	Bolivia	2.340	Agriculture
Cuatro Vientos	Bolivia	2.658	Agriculture
Jerovia	Paraguay	40.495	Agriculture / Land Reserve
Finca Mendoza	Mendoza (ARG)	389	Land Reserve
Cremaq	Brazil	27.807	Agriculture
Jatoba	Brazil	31.606	Agriculture
Alto Taquari	Brazil	5.186	Agriculture
Araucaria	Brazil	9.288	Agriculture
Chaparral	Brazil	37.182	Agriculture
Nova Buruti	Brazil	24.247	Forestry
Preferencia	Brazil	17.799	Cattle
Subtotal Owned		636.336	
Agropecuaria Anta SA	Salta (ARG)	132.000	
Subtotal Concessioned		132.000	
Total		768.336	

Source: Financial Statements of the Company as of June 30, 2014

Appendix 14: Main Indicators for the Last Three Fiscal Years for Rural Land

Description	FY2014	FY2013	FY2012	%
Revenues				
Corn	179.894	271.144	224.114	-33,7%
Soy	222.051	208.814	251.639	6,3%
Wheat	11.359	10.735	20.746	5,8%
Sorghum	3.843	5.807	8.497	-33,8%
Sunflower	9.745	10.551	18.095	-7,6%
Others	6.508	14.052	11.519	-53,7%
Sugarcane	675.670	1.179.877	636.335	-42,7%
Total CornRevenues (tons)	1.109.070	1.700.980	1.170.945	-34,8%
Total MeatRevenues (tons)	9.275	10.180	15.502	-8,9%
Total Milk Revenues (thousand of litres)	18.787	17.870	16.267	5,1%
Production				
Corn	86.300	107.257	143.639	-19,5%
Soy	241.204	220.293	193.554	9,5%
Wheat	12.373	4.505	18.200	174,7%
Sorghum	4.058	2.848	7.513	42,5%
Sunflower	5.884	12.437	14.524	-52,7%
Others	1.939	8.051	8.887	-75,9%
Sugarcane	657.547	1.156.848	576.048	-43,2%
Total CornProduction (tons)	1.009.305	1.512.239	962.365	-33,3%
Total MeatProduction (tons)	7.380	8.196	9.329	-10,0%
Total Milk Production (thousand of litres)	19.320	18.459	16.563	4,7%
Exploitedland (has)				
CornOwnedland	122.632	127.952	127.793	-4,2%
Leasedland	58.030	45.624	44.508	27,2%
Concessionedland	20.986	8.937	8.778	134,8%
Owned land leased to 3rd parties	7.616	18.223	23.595	-58,2%
MeatOwnedland	76.611	78.418	83.360	-2,3%
Leasedland	18.549	12.635	12.635	46,8%
Owned land leased to 3rd parties	5.495	13.371	1.943	-58,9%
MilkOwnedland	2.864	2.780	3.022	3,0%
WoolOwnedland	85.000	85.000	85.000	0,0%
Land Reserves (has)				
Ownedland	144.704	148.508	350.063	-2,6%
Concessionedland	48.249	48.249	109.617	0,0%
Wateringland (has)				
Ownedland	3.052	2.531	2.218	20,6%
Owned land leased to 3rd parties	1.250	1.367	1.626	-8,6%
Storage Capacity (has)				
Ownedplants	98.500	98.500	98.500	0,0%
Cattle Stock (heads)	71.986	63.738	65.619	12,9%
Heads of milking cows (daily average)	2.588	2.439	2.046	6,1%

Source: Financial Statements of the Company as of June 30, 2014

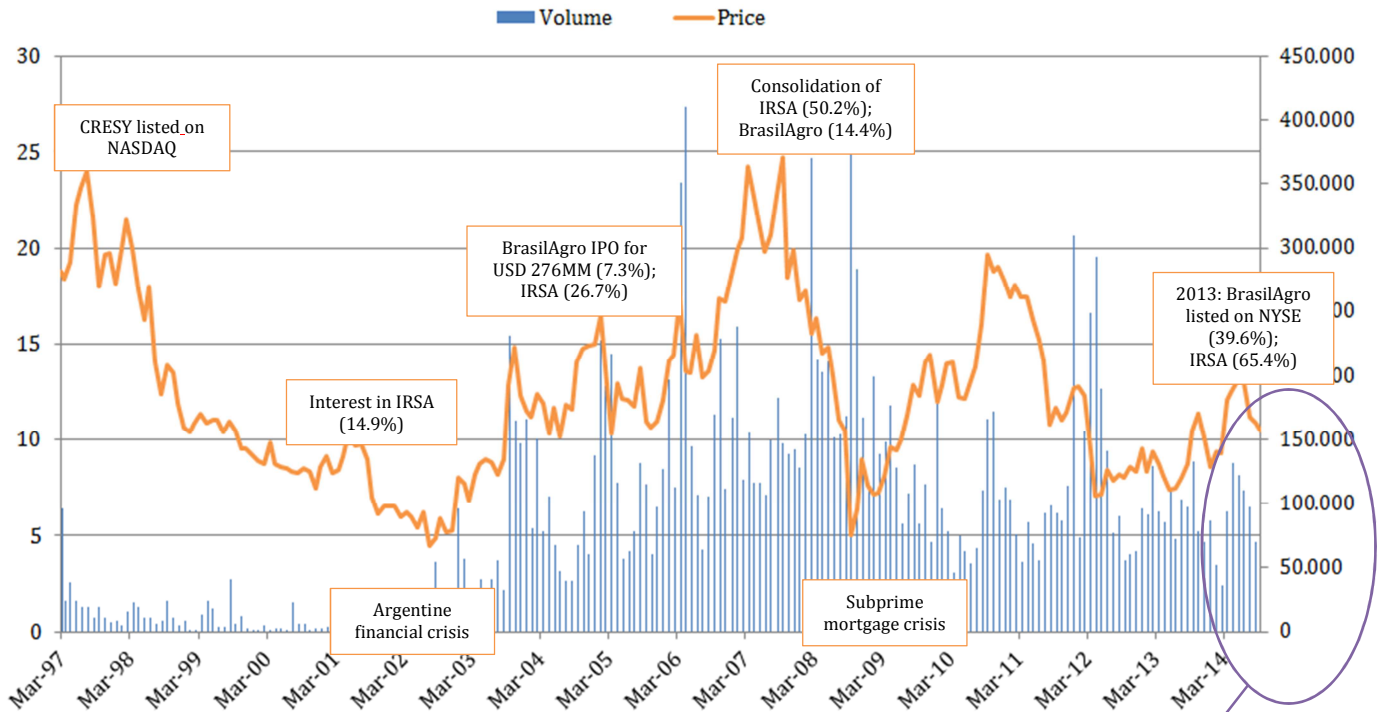
Appendix 15: Consolidated Indebtedness as of June 30, 2014

Type of debt	CCy.	Amount in USD MM	Rate	Maturity
Short term	ARS	20,4	Float + 300 bps	< 365 d
Bank loan - Banco Ciudad	USD	14,5	LIBOR 180 d; floor 6%	Jan-22
Bank loan - Banco de la Pampa	ARS	2,5	Float (10.5%; 14.5%)	Aug-17
Corporate Bond Cresud 2014 Class VIII	USD	60,0	7,50%	Sep-14
Corporate Bond Cresud 2015 Class XI	ARS	6,6	BADLAR + 375 bps	Jun-15
Corporate Bond Cresud 2014 Class XII	ARS	8,4	BADLAR + 410 bps	Nov-14
Corporate Bond Cresud 2015 Class XIII	USD	79,4	1,90%	May-15
Corporate Bond Cresud 2018 Class XIV	USD	32,0	1,50%	May-18
Corporate Bond Cresud 2015 Class XV	ARS	21,7	BADLAR + 399 bps	Nov-15
Corporate Bond Cresud 2018 Class XVI	USD	109,1	1,50%	Nov-18
OtherLoans (N°5319 comm.)	ARS	1,5	15,01%	Dec-15
Bolivia Investment Loan	BOB	1,2	7,45%	May-17
Cresud Total Debt		357,2		
Bank Overdraft	ARS	49,4	Float	< 180 d
Corporate Bond IRSA Series I Class I	USD	150,0	8,50%	Feb-17
Corporate Bond IRSA Series II Class II	USD	150,0	11,50%	Jul-20
Corporate Bond IRSA Class V	ARS	25,7	BADLAR + 395 bps	Aug-13
Corporate Bond IRSA Class VI	ARS	1,3	BADLAR + 450 bps	Feb-14
Belmont Madison BuildingMortgage	USD	74,8	4,22%	Aug-17
OtherLoans	ARS	1,1	15,25%	Dec-16
IRSA Total Debt		452,3		
Bank Overdraft	ARS	42,7	Float	< 30 d
Syndicated loan - Arcos	ARS	9,7	15,01%	Nov-15
Bank Loans	ARS	2,4	15,01%	Dec-15
Corporate Bond APSA Series I Class I	USD	120	7,88%	May-17
Syndicated loan - Neuquén	ARS	12,1	15,25%	Jun-16
Sellers' financing	USD	12,6	5,00%	Jul-17
OtherLoans	ARS	2,0	15,25%	Dec-16
APSA Total Debt		201,5		
BrasilAgro Total Debt		54,7		
Consolidated Total Debt		1.065,7		
Consolidated Cash		123,3		
DebtRepurchase		32,8		
Consolidated Net Debt		909,6		

Source: Financial Statement of the company as of June 2014

Appendix 17: CRESY, historical price evolution (in USD)

CRESY (monthly evolution)	
Average Historical Price	12,29
Closing Price (Oct-14)	10,50
Average Historical Volume	86.139



Appendix 16: Macroeconomic Assumptions

	2014	E 2015	E 2016	E 2017	E 2018	E 2019	E 2020	E 2021	E 2022	E 2023	E 2024
Real Growth for ARG	0.50%	1.00%	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation for ARG	25.3%	23.8%	25.0%	20.0%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Nominal Growth	25.3%	23.8%	25.0%	20.0%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Exchange Rate (by PPP)	8.13	9.87	12.09	14.23	16.04	17.30	18.66	20.12	21.70	23.40	25.23
Inflation USD		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: Team Estimations

Appendix 18: Glossary

AAA: Rating for premium offices (highest quality)
Adm Mgr: Administrative Manager
ADR: American Depositary Receipt
AGRO3: Ticker for BrasilAgro SA listed on BOVESPA
ANSES: Administración Nacional de la Seguridad Social (National Social Security Agency of Argentina)
APSA: Alto Palermo SA
ARG: Argentina
ARS: Argentine Pesos
BADLAR: rate for deposits over 1 million pesos with a maturity of 30-to-35 days
BCBA: Bolsa de Comercio de Buenos Aires (Buenos Aires Stock Exchange)
BCRA: Banco Central de la República Argentina (Argentina's Central Bank)
BHIP.BA: Ticker for Banco Hipotecario SA listed on BCBA
BHSA: Banco Hipotecario SA
BOL: Bolivia
BOVESPA: São Paulo Stock Exchange
bps: basic points
BR: Brazil
BrasilAgro: Brasilagro Companhia Brasileira de Propriedades Agrícolas SA
CABA: Ciudad Autónoma de Buenos Aires (Autonomous City of Buenos Aires)
CAGR: Compounded Average Growth Rate
CAPM: Capital Asset Pricing Model
CDBA: Córdoba Province (Argentina)
CEO: Chief Executive Officer
CFO: Chief Financial Officer
CRES: Ticker for Cresud listed on BCBA
Cresud: CRESUD S.A.C.I.F. Y A.
CRESY: Ticker for Cresud listed on NASDAQ
D&O: Directors and Officers
D/E: Debt to Equity
d: days
DCF: Discounted Cash Flows
E: Estimated (e.g. 2015E)
EBIT: Earnings Before Interests & Taxes
EBITDA: Earnings Before Interests, Taxes, Depreciation & Amortization
FAO: Food and Agricultural Organization
FCFF: Free Cash Flow to the Firm
FX: Foreign Exchange
FyO SA: Futuros y Opciones SA
GBA: Gran Buenos Aires (Greater Buenos Aires Metropolitan Area)
GDP: Gross Domestic Product
GLA: Gross Leasable Area
GSCI: Goldman Sachs Commodities Index
has: hectares
IMF: International Monetary Fund
INDEC: Instituto Nacional de Estadísticas y Censos (National Institute of Statistics and Census)
IPO: Initial Public Offering
IRSA: Inversiones y Representaciones SA
k: thousands
LIBOR: London Interbank Offering Rate
m²: square meter
MDZ: Mendoza (Argentina)
Mgr: Manager
MM: millions
NASDAQ: National Association of Securities Dealers Automated Quotations
NYSE: New York Stock Exchange
OECD: Organization of Economic Cooperation and Development
PAR: Paraguay
ROA: Return on Assets
ROE: Return on Equity

ROFEX: Rosario Grain Exchange
S&P500: Standard & Poor's index of 500 hundred stocks
sqm: square meters
Sta. Fe: Santa Fe Province (Argentina)
US/USA: United States of America
USD: United States Dollars
USDA: United States Department of Agriculture
VP: Vice President
WACC: Weighted Average Cost of Capital
y/y: year on year

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