

UCEMA Research

REAL ESTATE

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Consultatio S.A.

A NON-LEVERAGED REAL ESTATE PLAY

19 Nov 2010

Ticker: CTIO

Recommendation: Hold

Price: ARS 3.05

Price Target: ARS 3.70

Earnings/Share (in ARS)

	Mar.	Jun.	Sept.	Dec.	Year	P/E Ratio
2008A	0.03	0.08	-0.01	0.04	0.12	11.08
2009A	0.06	0.02	0.06	0.08	0.23	14.35
2010A/E	0.03A	0.05A	0.02A	0.01E	0.11E	26.97
2011E	0.05	0.05	0.05	0.05	0.19	16.41

Recommendation and Summary

“If you build it, they will come”, from the movie Field of Dreams.

Hold; Stock is fairly priced

Although the market price reflects an 18% discount to our estimated price, we believe the discount is not large enough to warrant a buy recommendation at this point. Even though management has a very good track record of creating shareholder value and the Company enjoys a strong and conservative balance sheet, some of the latest projects, such as Puertos del Lago are at early stages of development with uncertain long term outcomes. We also think that a liquidity discount may apply due to the stock’s significant lack of market liquidity. The firm shows a healthy balance sheet with low levels of financial leverage and interesting new projects, along with a highly recognized management track-record.

Highlights

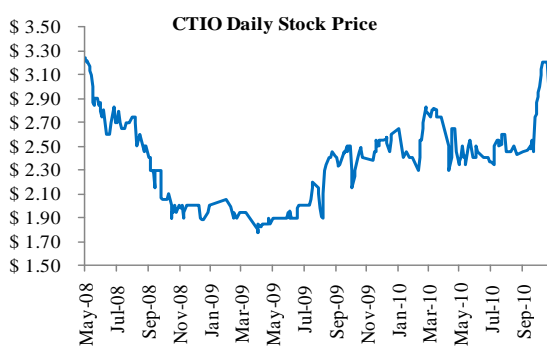
Nordelta still on track with high sales levels projected: Consultatio’s first master planned community still has 400 hectares of land to be developed in the next decade, with strong cash generating capacity.

Puertos del Lago was welcomed by the market: the recently launched new master planned community showed stronger than expected demand. 900 lots were sold in the first week, 50% above management projections.

Key Biscayne an opportunistic bet without the comfort of being locals: The Company acquired a land in the middle of one of the worst real estate busts in Miami, Florida.

Catalinas still showing a protagonist presence in the AAA sector: Consultatio bought in an auction one of the most attractive remaining lots in Catalinas Norte area in downtown Buenos Aires.

Las Garzas, the first second home development: leveraging its real estate development expertise, the company innovated in its first project abroad, in Uruguay.



Market Profile (ARS)

52 Week Price Range	3.22 – 2.30
Average Daily Volume	5K shares
Beta	0.56
Dividend Yield (Estimated)	3.44%
Shares Outstanding	383MM
Market Capitalization	1,168MM
Institutional Holdings (ANSES)	27%
Float	3%
Insider Holdings	70%
Book Value per Share (mrq)	1.94x
Debt to Total Capital (mrq)	9.08%
Return on Equity (ttm)	6.07%

Business Description

Consultatio SA is a diverse real estate developer in Argentina targeting both the residential and commercial markets. The Company's portfolio of businesses includes the development of integral urban complexes ("city-town" developments), luxury residential buildings, office buildings, and second homes. Although its major operations are located in Argentina, the Company, through its 45%-owned affiliate Las Garzas Blancas S.A., is developing a second home project in Uruguay; and has recently bought land in a prime location in Key Biscayne, Florida.

Consultatio Main Business

Master Planned Communities

The Company is the first real estate developer that has developed the concept of "integrated urban complex" in Argentina, usually established in a suburban area that offers all the characteristics and services of a city, including schools, hospitals, shopping centers, and recreation facilities. Its first Master Planned Community, Nordelta, is considered the most integrated urban complex in Latin America. Due to the success of this important project, Consultatio recently launched a new endeavor, Puertos del Lago.

Office Buildings

Development and leasing of office buildings in prime business locations. Consultatio built Catalinas Plaza y Alem Plaza Towers, leasing most floors to business customers. The Company owns most of the buildings and sold the rest to a few corporations. Additionally, the Company has recently invested ARS 181 million to buy a lot auctioned by the Government of the City of Buenos Aires in *Catalinas Norte*. The developer is analyzing different options regarding the use of the lot such as, developing a rental office building with a shopping area at the ground level or developing both an office building and a 5 star hotel sharing some of the facilities.

Residential Buildings

Development of high-end luxury buildings for upper-class customers. The Company has recently bought the Sonesta Beach Hotel on Key Biscayne. It is one of the largest remaining developable oceanfront sites on Key Biscayne, which consists of the 40-year Sonesta hotel and 10 acres of land, for USD 78 million. The Company has the necessary approval from the city to build a 165 unit condominium as well as the permit to demolish the hotel, which has already done.

Tourism & Second Home

The Company is expanding in the second home segment targeting the upscale tourism. The first of these ventures, located in Rocha, near the prestigious Punta del Este, Uruguay, is an exclusive resort for high-end clientele worldwide.

Industry Overview and Competitive Positioning

The Argentine real estate market has been a refuge for investors since 2002 after the economic crisis that badly hurt the country's economy. Since 2002, Argentina's real GDP has grown on average approximately 8% per annum until 2007; and over 5% in the last 3 years. The only exception was 2009 due to the international financial and economic crisis. Currently, the GDP of Argentina is over USD 351billion (2010 estimate), where the construction segment (both residential and commercial) represents a 6%.

The real estate market segment, where the company is mainly focused, has developed in the last 8-10 years in the following way:

Private Neighborhoods

High socio-economic classes in Buenos Aires have migrated from the City of Buenos Aires and its surroundings to private neighborhoods located in the Great Buenos Aires. This exodus was consequence of improvements in the infrastructure originated from an ambitious plan of expressways initiated during the 90s, the search of a better quality of life, security, and larger living spaces.

Residential Buildings

The great demand of first-class buildings is concentrated in the high and upper-middle class that has decided to remain in the city, which has allowed the development of luxury houses located in exclusive zones, mainly in Puerto Madero and Palermo Chico.

Commercial Buildings A+ class

The sustained economic growth has generated strong demand for office space in A+ buildings. High levels of occupancy rates have been sustained. Strong demand continuously creates business opportunities. Since 2002, the rental values per square meter have almost quadrupled, growing from USD 10 to USD 30/40.

Vacation Destination

Uruguay has maintained its exclusive tourist demand, maintaining a sustained growth level since the '80s. Despite of the crisis of the 2009, high and upper middle income people both from Brazil and Argentina continue looking for peaceful and not so densely populated places. Properties prices have only increased. Values of square meter in Punta del Este are already between USD 3,000 and USD 3,500, growing more than 15% just in 2010.

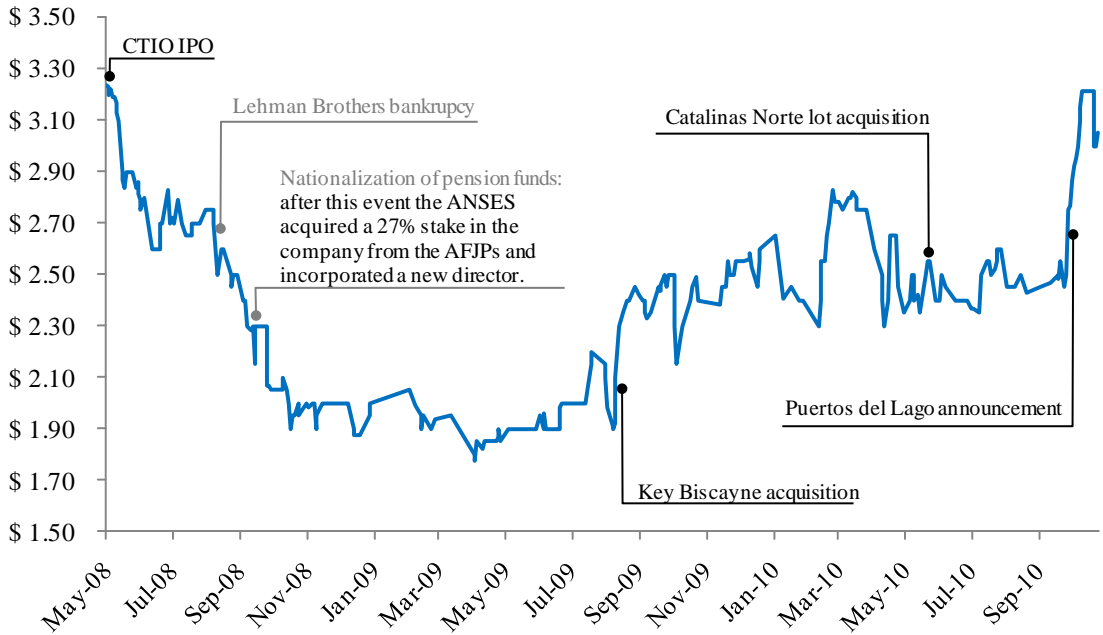
Investment Summary

Consultatio has a unique and diversified real estate portfolio with different risk and return characteristics. Moreover, the Company enjoys the unusual characteristic of having no leverage, which is very atypical in the Real Estate business. On the other hand, due to the success and product differentiation of its portfolio, Consultatio is able to pre-sell its projects to investors from inception reducing its need for financing. Buying Consultatio shares gives investors the opportunity to participate in the industry potential upside without the commonly associated leverage risks of an ordinary REIT.

Management

The management has a great track record in finding and successfully developing real estate opportunities, therefore we believe they are a key asset of the company. It has been creating value during the last 3 decades being a key player in the industry with deep knowledge of the business which has allowed them to continuously lead and innovate.

Figure 1: Key Corporate and Economic Events



Source: Own production based on Bloomberg.

Valuation

Due to the diverse portfolio of different real estate businesses, which enjoy dissimilar risks and return characteristics, we decided to calculate the Net Asset Value (NAV) of the Company using a sum of the parts valuation process. We valued the different business segments and projects separately (Nordelta, Puertos del Lago, Catalinas Towers, Las Garzas and Key Biscayne) and then we added them all together, arriving to the NAV figure of USD 357.92 million after deducting the Company's Debt and adding excess Cash as summarized in Figure 2.

Figure 2: Sum of the Parts Valuation Summary

Number of shares outstanding:	383,133,150		
	Value in USD 000's	CTIO Stake	CTIO Value in USD 000's
Nordelta S.A.	209,550	45.53%	95,400
Puertos del Lago	57,873	100.00%	57,873
Catalinas Towers & Project	102,438	82.11%	84,108
Las Garzas Blancas S.A.	39,689	45.02%	17,868
Consultatio Key Biscayne LLC	83,000	100%	83,000
Total Cash & Equivalentents less Debt			19,673
Total in USD 000's			357,922
Price per share in USD			0.93
Exchange Rate (ARS/USD)			3.9595
Price per share in ARS			3.70
Upside to Fair Value			21.28%

Source: Own production.

Catalinas Towers and Projects

We contacted brokers, members of the Consultatio management and the competition to obtain market prices and other important information. To value the office buildings we utilized both a relative multiple approach (cap rates and market value of square meter) and a DCF approach. Based on surveys with specialized real estate brokers we used a cap rate of 10% to calculate market values which they deemed appropriate. Both the company's management and brokers provided us with market price per square meter of similar properties. For the DCF approach, we defined the discounted rate at 10% which we believe is a reasonable expected return in dollars an investor would require due to the low risk of the business segment as the company has leasing contracts with a diversified number of well established business customers. This expected return is 200 bps higher than the Argentine sovereign debt yield nominated in USD and is consistent with the discount rate that others players in the sector utilize. For Free Cash Flow calculation in the DCF approach, we assumed that capital expenditures equal depreciation and no changes in working capital. The estimated value averaging the relative value and DCF approach totals USD 102.44 million (see Figure 4).

Las Garzas

As it was the case in Nordelta, we utilize a DCF approach to value the remaining area that is being developed and commercialized in Las Garzas, approximately 325 lots, which will be developed in the next 5 years, We discounted these free cash flows at a discount rate of 20% as we established that the risk characteristics of the project are somewhat larger than Nordelta but smaller than Puertos del Lago. The fact that this is an ongoing project with 5-year left and much smaller scale than Puertos del Lago implies lower risk and therefore a lower discount rate. The DCF value of the unit is estimated at USD 40.70 million (see Figure 5).

Nordelta

Nordelta is a well-established and successful development, which still has 400 hectares (approx. 30% of the original size) of land to be developed in the next decade. We calculated the remaining value of Nordelta utilizing a DCF approach and discounted it at a rate of 15% to reflect the implied higher risk of the project. The risk of Nordelta, which has been 70% developed successfully so far, is obviously lower than a new urban

complex development such as Puerto del Lago but still greater than the office building one. We arrived to an estimated value of USD 209.55 million. To calculate Free cash Flow we utilized a direct form approach. To forecast revenues, we took into consideration that prices per square meter tend to grow as more neighbourhoods are developed in the project, which is consistent with prior experience. However, as the development of the project unfolds, market prices tend to increase at a decreasing growth rate (see Figure 6). Nordelta's billing scheme consists in an upfront payment of generally 25-30% of the total cost of the lot and the remaining balance is payable in monthly instalments averaging 2-3 years. Due to the continuous selling of lots, there is only a residual timing effect at the end of the life of the project.

Puertos del Lago

This is a new and ambitious integrated urban complex development with similar size to the original Nordelta of about 1,400 hectares. The development project is at a very early stage being recently launched a few weeks ago. The Company successfully sold 900 lots corresponding to 3 neighborhoods and plans to develop and sell the total project in the next 15-20 years. This project obviously enjoys greater risks than Nordelta which is already mostly developed. Furthermore, as in Nordelta's case, most of the capital expenditures will be made along the life of the project if it becomes successful. This basically makes the land investment an insignificant portion of the total future invested capital with similar economics to a "call" option on the project. Due to the high level of uncertainty and risk of this project, we decided to take a DCF approach replicating the Nordelta experience but applying a much higher discount rate of 25% to reflect its particular risk due to the early stage of the project and its optionality of many possible outcomes. In short, we strongly believe that management is very capable of building shareholder value but it is too early in the project to apply a lower discount rate which may result in a much larger value. Nevertheless, as the development of Puerto del Lago reaches key milestones, we will be reviewing our discount rate, decreasing it as appropriate. The calculated value comes up to almost a 25% premium to the price paid for the land which we think it is appropriate at this point of time. Our model estimates the value of the project at USD 57.87 million (see Figure 6). Although management is highly capable, many factors, both macro and micro, which are out of management's control, should materialize in the future for the project to be a success, providing the project with high uncertainty and many different outcomes.

Key Biscayne Property

We decided to value the Property that Consultatio has in Key Biscayne at its current market price.

Why did we take such decision instead of made a DCF model and discount the cash flows of the potential development? Because there is a **big spread between the cost of capital of an US based developer and an Argentinean based developer**. A US based developer could potentially finance the same project at a lower rate than Consultatio might, therefore, Consultatio would be in disadvantage.

Consultatio bought the land in the middle of one of the worst financial crises in the last century as an opportunistic deal. We don't think that developing the project in a normal economic environment is the best option for the company. According to our point of view, management should sell its investment in Key Biscayne at the right price, realize its profit from the opportunistic acquisition and redeploy its proceeds in projects where it enjoys competitive advantages and their risk/return profile is consistent with the company's cost of capital. Key Biscayne property prices: As shown in Exhibit VII, in the last couple of years (since Consultatio bought the land) the real estate sector improved in the region in quantity of deals, but not in a material increase in market prices yet. Therefore, we assumed that the market price is similar to the company's purchase price and we added the CAPEX Consultatio invested in the project as of today to come with a total market price. The value of this property measured as mentioned above is estimated at USD 83.00 million.

Additional Considerations

Our Net Asset Value methodology did not take into account management's ability to generate new projects replacing the existing ones as they approach the end of its lifetime. Although, management has a track record of finding and creating new business opportunities we took a conservative approach and place no premium to our NAV to reflect management's ability to consistently replace existing business opportunities with similar ones. The company has a history of less than 30 years in operations and is highly dependent in its Chairman and Executive Director Mr. Costantini.

We established the discount rates to value each of the projects based on conversations and interviews with other well-established real estate developers in Argentina for whom, on average, those would be the expected returns they would require for similar projects with similar risk characteristics. We consider this methodology more realistic and reliable to other methodologies such as beta and risk premium calculation which may be impracticable or unreliable to apply given the lack of liquidity of the Argentinean stock market in general, the volatile Argentinean country risk premium, and the uniqueness of Consultatio portfolio of businesses. We include NAV results assuming different discount rates to our base case scenario.

Figure 3: WACC Sensitivity Analysis

Puertos del Lago							
WACC	22%	23%	24%	25%	26%	27%	28%
NAV	69,289	65,120	61,328	57,873	54,718	51,833	49,188

Las Garzas (100% Participation)							
WACC	17%	18%	19%	20%	21%	22%	23%
NAV	42,969	41,834	40,741	39,689	38,676	37,700	36,760

Nordelta							
WACC	12%	13%	14%	15%	16%	17%	18%
NAV	245,016	232,286	220,491	209,550	199,391	189,947	181,160

Consultatio Value Sensitivity with parallel WACC variation

NAV	386,962	376,485	366,832	357,922	349,686	342,062	334,994
Price	4.00	3.89	3.79	3.70	3.61	3.54	3.46
Upside	31.1%	27.6%	24.3%	21.3%	18.5%	15.9%	13.5%

Source: Own production.

Financial Analysis

The firm shows a healthy balance sheet with low levels of leverage, with a promising cash flow derived from the new and existing projects.

Earnings

We are expecting a USD 0.03 EPS during FY2010 and USD 0.05 for FY2011 (see forecasted Income Statement in Exhibit I), mainly driven by Las Garzas project revenues materializing. Gross margins are expected to stay in line with previous years performance (between 75% to 80%). EBIT margin for 2010E, 31%, is expected to be lower than the levels shown in recent years. EBIT margins for 2011E are expected to recover the level of 2008 and 2009. It should be taken into consideration that the Pretax Income has a more volatile behavior than EBIT due to foreign exchange exposure.

Cash Flow

Cash flows from operations are expected to reach USD 26.9 million for year 2011 as additional upfront payments of the recently launched project Puertos del Lago are received. We estimated these cash inflows to be reinvested in the development of the mentioned project. As a result, there is a highly probable scenario with negative Net Changes in Cash.

Balance Sheet & Financing

As a result of recent acquisitions, the company's cash and short term investments position has diminished significantly, falling from levels of USD 147 million in year 2008 to an estimate of USD 75.6 million for the year 2011. The main acquisitions during this period were the Key Biscayne land and the Catalinas Norte lot. Excess cash is usually destined to the payment of dividends.

Pension Funds Nationalization

The pension funds were nationalized in September 2008 and the ANSES acquired the Consultatio's stake the AFJP's had, representing 27% of the company's market capitalization.

After this event a new director representing the national state was appointed.

On the other hand, the inactivity in the market of the ANSES reduced dramatically the liquidity of the stock (see Exhibit IV for further detail on company's trading volume).

Recent Events: Debt Issuance

Five days after we closed the report and one before we presented it, the company announced it intends to issue new bonds for up to USD 200 million.

This issue will be discussed in a shareholders meeting to be held on December 17th.

Investment Risks

Risks related to Argentina:

- The current economic growth and stabilization in Argentina may not be sustainable.
- Real estate prices have grown above trend in the last few years due to a very positive macro environment for Argentina and liquidity flowing to emerging markets due to high growth expectations for these markets. Although it is always difficult to define a bubble, it is unlikely that real estate prices can sustain the recent growth rate into the future.
- Inflation could continue to rise, causing adverse effects in the housing market in Argentina because of construction's costs.
- A significant depreciation or increase in the value of the peso against the U.S. dollar could affect Argentina's economy adversely.
- Exchange controls and restrictions on transfers abroad have been limiting capital inflows and are expected to continue limiting the availability of international credit and the Company's ability to pay dividends to holders of its common stock.
- Argentina's economy could be adversely affected by economic developments in other markets.

Risks related to Uruguay:

- The economic crisis in Argentina had a profound impact on the Uruguayan economy, which remains vulnerable to external factors.
- Bridge uncertainty: The Company is still waiting for the environmental authority's approval for the construction of the bridge over Garzón lagoon which is an essential infrastructure for Las Garzas project.

Risks associated with the activity of the Company:

- ANSES appointed director could eventually prioritize social interest over company specific economic interests.
- The real estate sector in Argentina is getting highly competitive resulting in lower margins and ROICs.
- In the current inflationary environment with a relatively stable exchange rate, the company is exposed to on-costs in the construction phase of projects. The company sets its prices in dollars at the time of the pre-sale, which receives 30% of the price. The remaining balance is financed by a 2-year term, during which the necessary works are carried out for the delivery of the lots.
- Liquidity: the stocks' trading volume is insignificant.
- The Federal Public Revenue Administration has objected the method of the Company to determine the value added tax (VAT) on sales of land and its obligations to pay tax on profits.
- The Company is exposed to risks associated with real estate development, construction, sale and lease.
- A substantial portion of future income of the Company is currently focused on a limited number of joint projects.
- Construction costs may rise faster than the devaluation of the peso against the U.S. dollar, thus adversely affecting the results of the Company.
- The Company depends on its Chairman and Executive Director Mr. Costantini and certain other front-line managers.

Figure 4: Catalinas Towers Valuation and Additional Analysis

Source: Own production based on company documents.

A. Catalinas Towers DCF Valuation Model:

Catalinas Office Towers									
WACC		10.00%							
Catalinas Plaza Sun Microsystems label sqm (GLA)		800							
Catalinas Towers sqm (GLA)		15,180							
Total sqm		15,980							
Actual Leasing price USD/sqm (monthly)		34.33							
Av. Market Selling price USD 000's/sqm		3,500							
Market value USD 000's		55,930							
Long term growth		2.50%							
			(3.02 Months)						
Concept	Measure		2010	2011	2012	2013	2014	2015	> than 2016
Leasing price growth	%			3%	3%	3%	3%	3%	
sqm remaining	sqm			15,980	15,980	15,980	15,980	15,980	15,980
Occupancy rate	%			95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Leasing price/sqm	USD/sqm			35.36	36.42	37.51	38.64	39.80	39.80
Income from leasing	USD 000's		1,576	6,441	6,634	6,833	7,038	7,250	99,079
SG&A paid (w/o Depreciation charge)	USD 000's		51	210	216	223	229	236	3,227
Depreciation & Amortization	USD 000's		5	20	21	22	22	23	312
EBIT	USD 000's		1,520	6,211	6,398	6,589	6,787	6,991	95,540
EBITDA	USD 000's		1,525	6,231	6,418	6,611	6,809	7,014	95,852
Effective tax rate	%		35%	35%	35%	35%	35%	35%	35%
Taxes paid	USD 000's		532	2,174	2,239	2,306	2,375	2,447	33,439
Free cash-flow to the Firm	USD 000's		993	4,058	4,179	4,305	4,434	4,567	62,413
Present value	USD 000's		981	3,777	3,536	3,311	3,101	2,903	36,071
NAV	USD 000's								53,681
Value per sqm	USD 000's								3,359

B. Cap Rate approach:

Market cap-rate	9.0%	10.0%	11.0%	12.0%
Net Operating Income (2010) USD 000's	6,030	6,030	6,030	6,030
SQM value (2010) USD 000's	67,003	60,303	54,821	50,252

Catalinas Towers value: (USD 55,930 K + USD 53,681 K + USD 60,303) / 3 = USD 56,638 K

Catalinas Land recently bought: USD 45,800 K

Total Catalinas Project value: USD 45,800 K + USD 56,638 K = USD 102,438 K

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Figure 5: Las Garzas Valuation

Source: Own production based on company documents.

A. Las Garzas DCF Valuation Model:

WACC:	20%
Remaining Lots	325
Actual Av. sqm Price	105

Concept	Measure	(3,02 Months)								
		2010	2011	2012	2013	2014	2015	2016	2017	
Net cash inflows from sales	USD 000's	1,565	8,138	16,441	22,621	17,501	25,690	18,262	4,703	
SG&A paid (w/o Depreciation charge)	USD 000's	336	1,452	1,454	1,497	1,721	1,757	2,040	2,216	
Other expenses paid	USD 000's	31	122	247	339	263	385	274	282	
Taxes paid	USD 000's	116	590	3,693	5,207	3,890	5,900	3,996	554	
CAPEX	USD 000's	737	4,220	0	0	0	0	0	0	
Free cash-flow to the Firm	USD 000's	345	1,753	11,047	15,577	11,628	17,648	11,952	1,651	
Present value	USD 000's	337	1,529	8,026	9,430	5,866	8,899	5,024	578	
NAV	USD 000's	39,689								

Figure 6: Master Planned Communities Valuation and Additional Analysis

Source: Own production based on company documents.

A. Nordelta's DCF Valuation Model:

WACC:	15%
Available land sqm.	3,500,000
Actual average price/sqm.	236.67

Concept	Measure	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Price growth	%	0%	14%	13%	12%	11%	11%	10%	10%	9%	9%	8%
sqm remaining	sqm	3,200,000	2,900,000	2,600,000	2,300,000	2,000,000	1,700,000	1,400,000	1,100,000	800,000	500,000	0
Price/sqm	USD/sqm	237	270	305	342	381	421	464	509	556	605	656
sqm sold	sqm	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	500,000
Net cash inflows from sales	USD 000's	17,896	80,986	91,505	102,575	114,211	126,428	139,240	152,662	166,709	181,394	327,887
SG&A paid (w/o depreciation charge)	USD 000's	3,219	14,565	16,457	18,448	20,541	22,738	25,042	27,456	29,983	32,624	58,970
Other expenses paid	USD 000's	179	810	915	1,026	1,142	1,264	1,392	1,527	1,667	1,814	3,279
Taxes paid	USD 000's	2,416	10,931	12,351	13,845	15,416	17,065	18,795	20,606	34,887	44,697	86,884
CAPEX	USD 000's	7,597	34,378	38,843	43,543	48,482	53,668	59,107	64,804	35,384	19,250	17,398
Free cash-flow to the Firm	USD 000's	4,486	20,301	22,938	25,713	28,630	31,692	34,904	38,269	64,789	83,009	161,356
Present value	USD 000's	4,408	18,276	17,954	17,502	16,945	16,312	15,621	14,893	21,925	24,427	41,288
NAV	USD 000's	209,550										

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B. Puertos del Lago DCF Valuation Model:

WACC: 25%

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Price growth	%		14%	13%	12%	11%	11%	10%	10%	9%	9%	8%	8%	8%	8%	7%	7%	7%			
Av. sqm Price	USD	115.0	131.2	148.2	166.1	185.0	204.8	225.5	247.3	270.0	293.8	318.7	344.6	371.6	399.8	429.1	459.6	491.2			
Neighbourhood developed	Units	4	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0		
Vistas	USD 000's	6,606	6,166	6,166	3,083																
Marinas	USD 000's	10,140	9,464	9,464	4,732																
Los Ciervos	USD 000's	12,023	11,221	11,221	5,611																
New Neighborhood	USD 000's	17,501	18,651	21,074	23,623	26,303	29,117	32,067	35,159	38,394	41,776	45,308	48,994	52,837	56,841	61,008	65,343	-			
Net cash inflows from sales	USD 000's	46,270	45,502	81,667	82,293	76,724	85,549	94,817	104,539	114,726	125,389	136,540	148,189	160,348	173,027	186,238	199,993	144,453	89,457	30,493	-
SG&A paid (w/o depreciation charge)	USD 000's	8,278	8,370	14,433	15,521	12,741	13,977	15,274	16,635	18,062	19,554	21,116	22,747	24,449	26,224	28,073	29,999	22,223	15,524	2,269	2,130
Other expenses paid	USD 000's	463	455	817	823	767	855	948	1,045	1,147	1,254	1,365	1,482	1,603	1,730	1,862	2,000	1,445	895	305	-
Tax Paid	USD 000's	1,093	1,714	3,473	6,160	1,003	3,628	6,386	9,278	12,308	15,481	18,798	22,264	22,381	26,153	30,083	37,325	20,102	8,291	6,249	3,548
CAPEX	USD 000's	25,000	35,000	43,000	46,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	68,000	68,000	68,000	59,000	61,000	47,000	17,000	-
Free cash-flow to the Firm	USD 000's	11,437	-38	19,943	13,789	4,213	9,088	14,209	19,580	25,208	31,100	37,261	43,697	43,915	50,920	58,219	71,668	39,683	17,748	4,670	-5,678
Present value	USD 000's	9,149	-24	10,211	5,648	1,380	2,382	2,980	3,285	3,383	3,339	3,201	3,003	2,414	2,239	2,048	2,017	894	320	67	-65
NAV	USD 000's	57,873																			

Additional Assumptions:

Total Land (in sqm)	14,000,000	Neighborhoods Sold		Vistas	Marinas	Los ciervos
Land available for sale (in sqm)	9,000,000	Av. Land size sqm	Min	550	850	900
Land sold not booked in balance (in sqm)	942,725		Max	800	1400	1400
Land for sale (in sqm)	8,057,275	Price (USD)	Min	40,000	80,000	49,000
Total Neighborhoods (units)	20		Max	80,000	180,000	180,000
Neighborhoods sold (units)	3		Average	60,000	130,000	114,500
Av. Sqm per neighborhood	473,957	Total lots per neighborhood		367	260	350
		Downpayment		30%	30%	30%
		% sold		100%	100%	100%
		Monthly payments (Deferred)		30	30	30

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Exhibit I: Income Statement

in USD millions

Source: Own production based on company documents.

	2008	2009	2010E	2011E
Revenue	26.3	26.6	14.5	53.1
- Cost of Revenue	6.7	3.1	2.8	13.6
Gross Profit	19.5	23.5	11.7	39.5
- Selling, General & Admin Expense	7.2	5.7	7.2	8.5
Operating Income	12.4	17.8	4.5	31.0
- Interest Expense	0.6	1.6	0.6	0.6
- Foreign Exchange Losses (Gains)	-0.4	-10.4	0.0	
- Net Non-Operating Losses (Gains)	-11.1	-13.3	-18.9	
Pretax Income	23.3	39.9	22.8	30.5
- Income Tax Expense	7.2	13.4	10.1	10.7
Income Before XO Items	16.1	26.4	12.7	19.8
- Extraordinary Loss Net of Tax	0.0	0.0		
- Minority Interests	1.0	2.8	1.7	1.8
Net Income	15.1	23.7	10.9	18.0

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19 Nov 2010

Exhibit II: Balance Sheet

in USD millions

Source: Own production based on company documents.

	2008	2009	2010E	2011E
Assets				
+ Cash & Near Cash Items	146.9	30.5	17.5	19.0
+ Short-Term Investments	0.7	61.9	31.3	56.6
+ Accounts & Notes Receivable	4.5	8.6	4.5	4.3
+ Inventories	4.9	6.8	8.3	10.1
+ Other Current Assets	8.8	3.1	16.1	16.1
Total Current Assets	165.8	110.9	77.6	106.1
+ LT Investments & LT Receivables	2.1	2.8	3.5	3.5
+ Inventories	83.7	158.2	180.4	201.3
+ Gross Fixed Assets	32.0	27.8		
- Accumulated Depreciation	6.1	5.7		
+ Net Fixed Assets	25.9	22.1	61.1	62.3
+ Other Long-Term Assets	26.2	29.2	23.1	23.1
Total Long-Term Assets	137.9	212.2	268.1	290.2
Total Assets	303.7	323.2	345.7	396.2
Liabilities & Shareholders' Equity				
+ Accounts Payable	1.3	0.9	1.3	1.4
+ Short-Term Borrowings	6.9	5.1	4.7	4.7
+ Advance from clients	15.9	24.2	32.0	42.3
+ Other Short-Term Liabilities	17.8	26.1	35.8	35.8
Total Current Liabilities	41.9	56.3	73.8	84.2
+ Long-Term Borrowings	20.0	17.0	14.0	11.0
+ Advance from clients	7.7	13.2	21.8	54.8
+ Other Long-Term Liabilities	21.5	21.7	20.0	20.0
Total Long-Term Liabilities	49.2	51.9	55.7	85.7
Total Liabilities	91.1	108.2	129.5	169.9
+ Minority Interest	21.1	22.5	27.3	29.1
+ Share Capital & APIC	177.2	161.1	178.0	179.3
+ Retained Earnings & Other Equity	14.2	31.3	10.9	18.0
Total Shareholders' Equity	212.5	215.0	216.2	226.3
Total Liabilities & Equity	303.7	323.2	345.7	396.2

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Exhibit III: Statement of Cash Flows in USD millions

Source: Own production based on company documents.

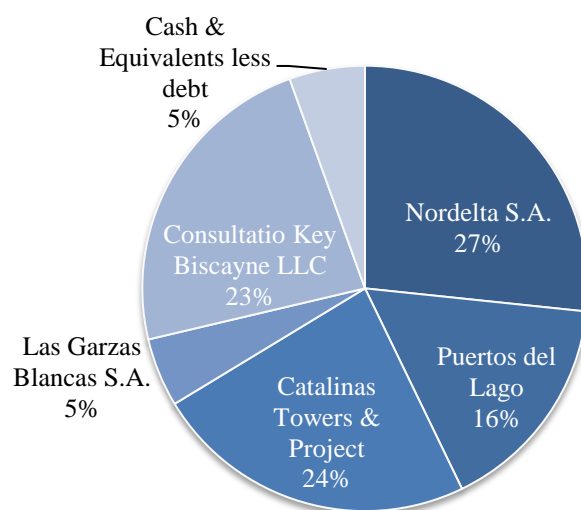
	2008	2009	2010E	2011E
Cash From Operating Activities				
+ Net Income	15.1	23.7	10.9	18.0
+ Depreciation & Amortization	0.7	1.8	0.5	0.5
+ Other Non-Cash Adjustments	4.3	12.3	0.6	1.8
+ Changes in Working Capital	7.5	-68.9	-2.4	20.9
Cash From Operations	27.6	-31.1	9.6	41.2
Cash From Investing Activities				
+ Disposal of Fixed Assets		0.7		
+ Increase in Investments		-0.4	-45.9	-1.7
+ Increase in Divestments	28.0		6.4	
+ Other Investing Activities	-3.4			
Cash From Investing Activities	23.4	0.2	-39.5	-1.7
Cash from Financing Activities				
+ Dividends Paid	-0.6	-7.5	-10.3	-9.6
+ Change in Borrowings	0.0	-4.3	-3.4	-3.0
+ Increase in Capital Stocks	107.2	0.0		
Cash from Financing Activities	104.1	-11.8	-13.7	-12.6
Net Changes in Cash	150.8	-42.7	-43.7	26.9

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Exhibit IV: Valuation Summary and Additional Information

Source: Own production based on company documents.

Projects participation in firm's Value



Cash Position of Consultatio

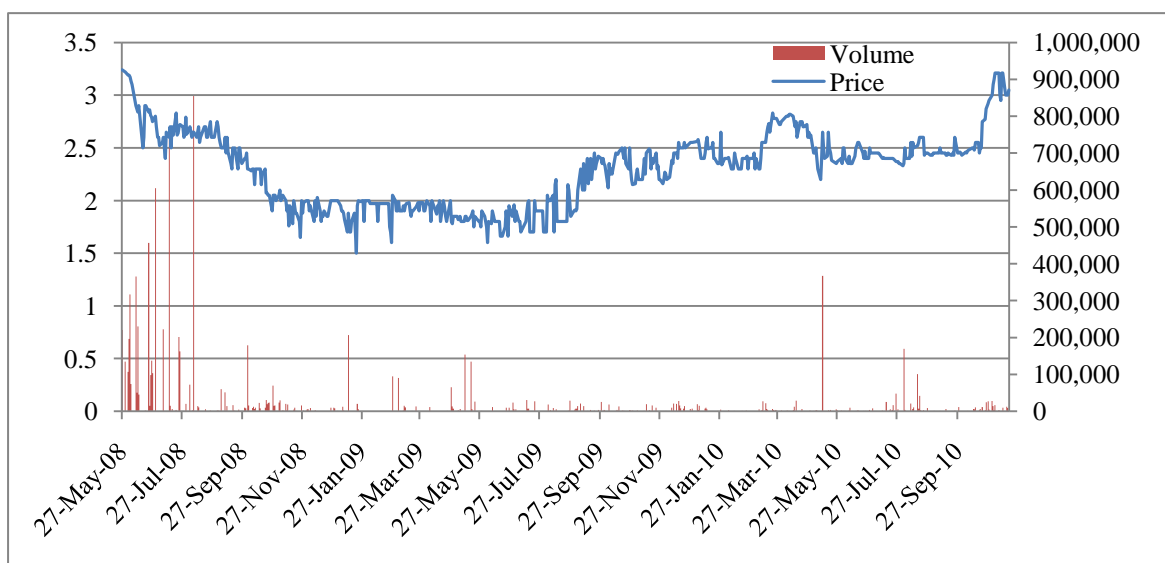
Entity	Date	Cash & Equivalent	CTIO Stake	CTIO Cash & Equivalent USD 000's
Nordelta S.A.	30/09/2010	ARS 29,965,384	45.53%	3,445
Consultatio Inversora	30/09/2010	ARS 141,413,879	82.11%	29,324
Las Garzas Blancas	30/09/2010	ARS 57,258,778	45.02%	6,510
Real Estate	30/09/2010	ARS 48,623,322	100.00%	12,280
Consultatio S.A. (Individual)	30/09/2010	ARS 62,632,855	100.00%	15,818
Catalinas lot balance payment made on Nov 9 th 2010	09/11/2010	-ARS 139,715,100	82.11%	-28,972
Total Cash		ARS 200,179,118		38,407
Total Debt	30/09/2010	-ARS 74,174,672	100.00%	-18,733
Net Cash		ARS 154,804,301		19,673

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Chart with Traded Volumes (in nbr of shares) and Stock Prices (in ARS)

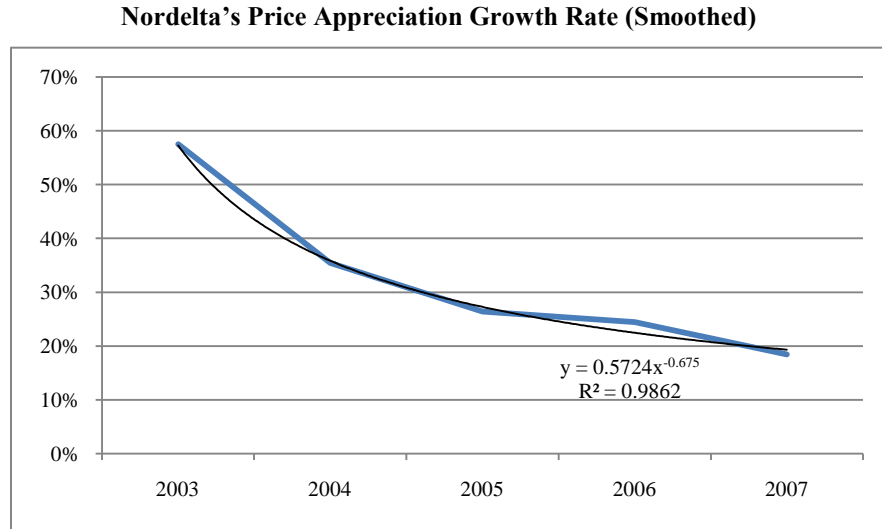


Peers Ratios (in ARS):

Ticker	Name	Country	MktCap	Beta	P/E	P/B
Average			6,056	0.92	19.9	3.0
CTIO AR Equity	CONSULTATIO SA	Argentina	1,169	0.56	14.4	1.6
PDGR3 BZ Equity	PDG REALTY SA	Brazil	26,468	1.20	15.5	2.0
CYRE3 BZ Equity	CYRELA BRAZIL REALTY SA EMP	Brazil	20,347	1.30	12.2	2.1
MRVE3 BZ Equity	MRV ENGENHARIA	Brazil	17,645	1.16	12.7	2.9
MULT3 BZ Equity	MULTIPLAN EMPREENDIMENTOS	Brazil	15,682	1.11	37.8	2.3
BRML3 BZ Equity	BR MALLS PARTICIPACOES SA	Brazil	15,067	1.26	5.7	1.3
BISA3 BZ Equity	BROOKFIELD INCORPORACOES SA	Brazil	8,820	1.22	11.8	1.5
IGTA3 BZ Equity	IGUATEMI EMP DE SHOPPING	Brazil	7,802	1.22	26.7	2.4
PARAUCO CI Equity	PARQUE ARAUCO S.A.	Chile	5,771	1.33	26.1	2.0
BRPR3 BZ Equity	BR PROPERTIES SA	Brazil	5,609	0.95	49.2	1.5
EVEN3 BZ Equity	EVEN CONSTRUTORA E INCORPORA	Brazil	5,018	1.23	8.8	1.7
LPSB3 BZ Equity	LPS BRASIL CONS DE IMOVEIS	Brazil	4,628	0.79	24.8	35.5
ALSC3 BZ Equity	ALIANSCA SHOPPING CENTERS SA	Brazil	4,460	0.76	24.4	1.9
EZTC3 BZ Equity	EZ TEC EMPREENDIMENTOS E PAR	Brazil	4,084	0.96	8.0	1.7
IRSA AR Equity	IRSA SA	Argentina	3,704	1.11	14.3	1.6
MLFT3 BZ Equity	JEREISSATI PARTICIPACOES SA	Brazil	3,606	0.21	17.0	2.0
BBRK3 BZ Equity	BRASIL BROKERS PARTICIPACOES	Brazil	3,594	1.11	22.9	3.2
HBOR3 BZ Equity	HELBOR EMPREENDIMENTOS SA	Brazil	3,115	0.94	8.0	2.1
JHSF3 BZ Equity	JHSF PARTICIPACOES SA	Brazil	3,041	1.08	7.3	1.4
JFEN3 BZ Equity	JOAO FORTES ENGENHARIA S.A.	Brazil	2,899	0.77	8.6	4.0
CCPR3 BZ Equity	CYRELA COMMERCIAL PROPERTIES	Brazil	2,786	0.73	16.9	2.7
SCAR3 BZ Equity	SAO CARLOS EMPREENDIMENTOS	Brazil	2,723	1.17	11.5	1.8
INPR3 BZ Equity	INPAR SA	Brazil	2,179	1.18	18.5	0.9
CCIM3 BZ Equity	CAMARGO CORREA DES IMOB SA	Brazil	2,030	1.17	4.0	1.2
BHGR3 BZ Equity	BHG SA - BRAZIL HOSPITALITY	Brazil	1,968	0.48		1.3
RDNI3 BZ Equity	RODOBENS NEG IMOB SA	Brazil	1,957	0.65	18.6	1.3
INVENC1 PE Equity	INVERSIONES CENTENARIO-COMUN	Peru	1,499	0.31	26.7	3.5
GSH3 BZ Equity	GENERAL SHOPPING BRASIL SA	Brazil	1,481	0.97	54.1	1.6
TRIS3 BZ Equity	TRISUL SA	Brazil	1,443	0.75	7.8	1.2
APSA AR Equity	ALTO PALERMO SA	Argentina	1,017	-0.28	62.0	1.2

Exhibit V: Master Planned Communities Additional Analysis

Source: Own production based on company documents.



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Exhibit VI: Las Garzas Additional Analysis

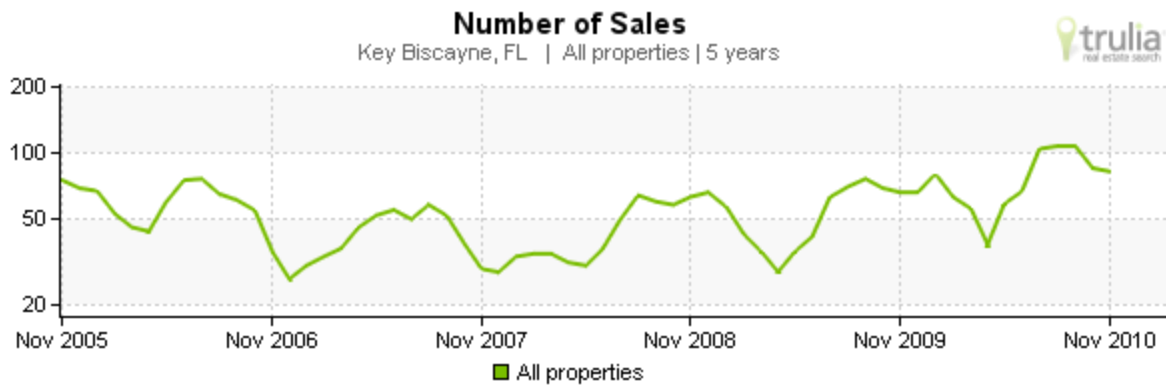
Source: Own production based on company documents.

A. Selling Modeling Projection:

	Price per sqm	94.70	99.96	105	110	116	122	128	134	141	148
	Lots	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2008	100	50%	37.50%	12.50%							
2009	5		30%	52.50%	17.50%						
2010	20			30%	52.50%	17.50%					
2011	50				30%	52.50%	17.50%				
2012	70					30%	52.50%	17.50%			
2013	70						30%	52.50%	17.50%		
2014	70							30%	52.50%	17.50%	
2015	65								30%	52.50%	17.50%
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
2008	5	13,223	10,468	3,673	0	0	0	0	0	0	0
2009	20	0	419	771	270	0	0	0	0	0	0
2010	50	0	0	1,763	3,240	1,134	0	0	0	0	0
2011	70	0	0	0	4,628	8,504	2,976	0	0	0	0
2012	70	0	0	0	0	6,803	12,501	4,375	0	0	0
2013	70	0	0	0	0	0	7,143	13,126	4,594	0	0
2014	65	0	0	0	0	0	0	7,501	13,782	4,824	0
2015	0	0	0	0	0	0	0	0	7,313	13,438	4,703
Income		13,223	10,887	6,208	8,138	16,441	22,621	17,501	25,690	18,262	4,703

Exhibit VII: Key Biscayne Real Estate Sector Data

Source: Trulia Real Estate Search website.



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