Earning Release

1° Quarter FY 2017

IRSA

Boston Tower – CABA (Argentina)

IRSA cordially invites you to participate in the First Quarter of the Fiscal Year 2017 Conference Call Results

Monday, November 14, 2016, at 12:00 a.m. US EST Time

The call will be hosted by:

Alejandro Elsztain, IIVP

Daniel Elsztain. COO

Matias Gaivironsky, CFO

To participate, please call:

1-877-317-6776 (toll free) ó

1-412-317-6776 (international)

Conference ID # IRSA

In addition, you can access through the following webcast:

http://webcast.neo1.net/Cover.aspx?PlatformId=knxTtN1usO7YU%2FH%2BzZrzqw%3D%3D

Preferably 10 minutes before the call is due to begin.
The conference will be in English.

PLAYBACK

Available until November 24, 2016

Please call:

1-877-344-7529
1-412-317-0088
Access Code: **10096113**

Para mayor información
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Highlights of the period

- EBITDA for the first quarter of FY 2017 reached ARS 2,556 million (ARS 503 million from Argentina and ARS 2,053 million from Israel) while the net income registered a loss of ARS 782 million mainly explained by higher financial costs due to the consolidation of IDB Development Corporation and exchange rate differences.

- Tenant Sales in our malls grew by 21% in the first quarter of FY 2017 and the EBITDA of the segment increased by 22% reaching ARS 512 million.

- There were no results from sales of investment properties in the Operation Center in Argentina during IQ17 compared to a gain of ARS 390 million during IQ16.

- We maintained our stake of 68.3% in IDB Development Corporation and acquired from IDBD a stake of 8.8% of Discount Investment Corporation during the quarter.

- IRSA issued a local bond for $ 184.5 million at 7% and ARS 384.2 million Badlar + 299 bps due 2019 to cancel almost its total short term debt.

Buenos Aires, November 11, 2016 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BASE: IRSA), Argentina's leading real estate company, announces today the results of its operations for three-month period of fiscal year 2017 ended September 30, 2016.

Consolidated Results

In ARS Million	IQ 17	IQ 16	YoY Var
Revenues	18,687	968	1,830.5%
Operating income	1,147	724	58.4%
Depreciation and amortization	1,409	54	2,509.3%
EBITDA	2,556	778	228.5%
Net Loss	-782	-316	147.5%
Attributable to controlling company's shareholders	-577	-276	109.1%
Attributable to non-controlling interest	-205	-40	412.5%

The Company's consolidated results reflect in all lines the material accounting impact of the consolidation of the Israeli holding company IDB Development Corporation ("IDBD"). Operating income and EBITDA for the 3-month period of 2017 increased 58.4% and 228.5%, respectively, as compared to the same period of 2016. In turn, the Company recorded a net loss of ARS 782 million for the 3-month period of 2017, compared to a net loss of ARS 316 million for the same period of 2016.

Argentine Operating Center

II. Shopping Centers (through our subsidiary IRSA Propiedades Comerciales S.A.)

During the first three months of fiscal year 2017, our tenants' sales reached ARS 7,971.2 million, 21.0% higher than in the same period of 2016. Our portfolio's leasable area totaled 335,032 square meters during the quarter under review, whereas the occupancy rate stood at optimum levels of 98.4%, reflecting the quality of our portfolio.

Shopping Centers' Financial Indicators
(in ARS million)

	IQ 17	IQ 16	YoY Var
Revenues	682	532	28.2%
Operating income	469	379	24.1%
Depreciation and amortization	43	42	2.4%
EBITDA	512	421	21.6%

Shopping Centers' Operating Indicators
(in ARS million, except as indicated)

	IQ 17	IVQ 16	IIIQ 16	IIQ 16	IQ 16
Total leaseable area (sqm)	335,032	333,155	334,079	333,719	334,056
Tenants' sales (3 month cumulative)	7,971.2	7,910.9	6,132.2	8,272.8	6,589.0
Occupancy	98.4%	98.4%	98.6%	99.0%	98.9%

Revenues from this segment grew 28.0% during this three-month period, whereas EBITDA reached ARS 512 million (+ 21.9% compared to the same period of 2016). The EBITDA margin, excluding income from expenses and collective promotion fund, was 75.0%, 3.8 pp below the figure recorded in the previous fiscal year.

IRSA Inversiones y Representaciones Sociedad Anónima

Operating data of our Shopping Centers

Shopping Center	Date of Acquisition	Gross Leaseable Area (sqm)[1]	Stores	IRSA Propiedades Comerciales S.A.'s Interest	Occupancy[2]	Book Value (ARS million)[3]
Alto Palermo	Nov-97	18,983	143	100.0%	99.5%	206
Abasto Shopping[4]	Jul-94	36,744	171	100.0%	100.0%	241
Alto Avellaneda	Nov-97	36,360	135	100.0%	100.0%	125
Alcorta Shopping	Jun-97	15,810	111	100.0%	90.0%	119
Patio Bullrich	Oct-98	11,711	83	100.0%	99.6%	107
Buenos Aires Design	Nov-97	13,857	62	53.7%	95.8%	6
Dot Baires Shopping	May-09	49,736	151	80.0%	99.8%	364
Soleil	Jul-10	13,991	78	100.0%	100.0%	91
Distrito Arcos	Dec-14	12,256	63	90.0%	97.7%	275
Alto Noa Shopping	Mar-95	19,040	89	100.0%	100.0%	35
Alto Rosario Shopping[5]	Nov-04	29,213	144	100.0%	100.0%	128
Mendoza Plaza Shopping	Dec-94	41,975	140	100.0%	94.9%	91
Córdoba Shopping	Dec-06	15,582	109	100.0%	99.8%	51
La Ribera Shopping[6]	Aug-11	9,885	63	50.0%	96.9%	24
Alto Comahue	Mar-15	9,890	104	99.6%	97.2%	316
Patio Olmos[7]						25
Total		**335,032**	**1,646**		**98.4%**	**2,204**

(1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.
(2) Calculated dividing occupied square meters by leasable area as of the last day of the period.
(3) Cost of acquisition plus improvements, less cumulative depreciation, plus adjustment for inflation.
(4) Excludes Museo de los Niños (3,732 square meters).
(5) Excludes Museo de los Niños (1,261 square meters).
(6) Through our joint venture Nuevo Puerto Santa Fe S.A.
(7) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Córdoba, operated by a third party.

Cumulative tenants' sales as of September 30

(per Shopping Center: for the quarter of each fiscal year, in ARS million)

Shopping Center	IQ 17	IQ 16	YoY Var
Alto Palermo	973.5	760.2	28.1%
Abasto Shopping	1,098.0	953.7	15.1%
Alto Avellaneda	1,014.1	875.1	15.9%
Alcorta Shopping	481.9	412.2	16.9%
Patio Bullrich	278.5	246.5	13.0%
Buenos Aires Design	130.4	102.7	27.0%
Dot Baires Shopping	842.8	717.2	17.5%
Soleil	400.2	292.1	37.0%
Distrito Arcos	319.6	213.4	49.8%
Alto Noa Shopping	372.3	312.7	19.0%
Alto Rosario Shopping	742.6	593.2	25.2%
Mendoza Plaza Shopping	650.7	574.5	13.3%
Córdoba Shopping	269.6	220.4	22.3%
La Ribera Shopping[1]	180.8	152.9	18.2%
Alto Comahue	216.2	162.2	33.3%
Total	**7,971.2**	**6,589.0**	**21.0%**

(1) Through our joint venture Nuevo Puerto Santa Fe S.A.

Cumulative tenants' sales as of September 30

(per Type of Business: for the quarter of each fiscal year, in ARS million)

Type of Business	IQ 17	IQ 16	YoY Var
Anchor Store	417.5	366.9	13.8%
Clothes and Footwear	4,130.3	3,318.0	24.5%
Entertainment	349.2	290.1	20.4%
Home	219.5	189.6	15.8%
Restaurant	900.4	665.0	35.4%
Miscellaneous	910.1	736.0	23.7%
Services	54.8	88.6	-38.2%
Electronic appliances	989.4	934.8	5.8%
Total	**7,971.2**	**6,589.0**	**21.0%**

Revenues from cumulative leases as of September 30

(Breakdown per quarter of each fiscal year, in ARS million)

	IQ 17	IQ 16	YoY ar
Base Rent (1)	373.7	272.7	37.0%
Percentage Rent	150.3	141.0	6.6%
Total Rent	**525.1**	**413.7**	**26.9%**
Admission rights	61.9	45.1	37.3%
Fees	10.7	7.2	48.5%
Parking	46.1	36.9	24.8%
Commissions	21.3	15.7	35.0%
Revenues from non-traditional advertising	16.1	12.5	28.5%
Others	2.2	1.6	33.5%
Net Revenues from Expenses and Collective Promotion Fund	**682.2**	**532.8**	**28.0%**
Expenses and Collective Promotion Fund	313.9	251.9	24.6%
Total (2)	**996.1**	**784.7**	**26.9%**

(1) Includes Revenues from stands for ARS 43.2 million

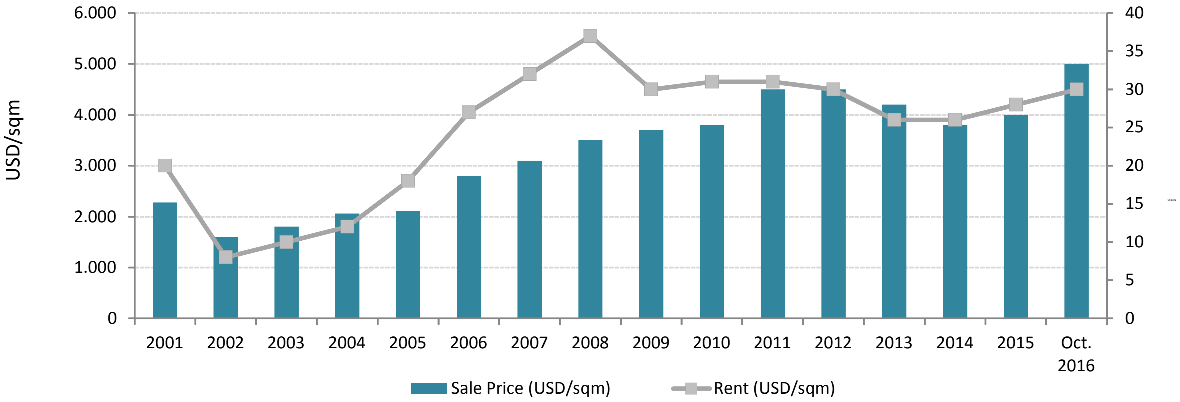
(2) Does not include Patio Olmos.

III. Offices

The A+ office market in the City of Buenos Aires remains robust. Demand for Premium commercial spaces continues its upward trend, with sale prices in the whereabouts of USD 5,000 per square meter, 25% higher than at the closing of 2015, while rental prices increased slightly as compared to the previous year, averaging USD 30 per square meter for the A+ segment. The vacancy rate stood at 6%, significantly below the figures recorded at the closing of 2015.

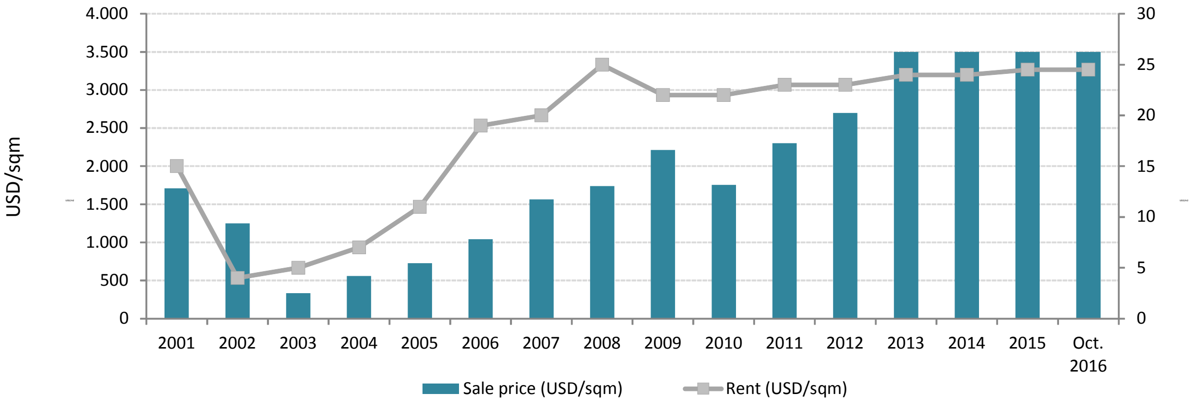
As concerns the A+ office market in the Northern Area, we have noted a significant improvement in the price of units during the last 10 years, and we believe in its potential during the next decade. Rental prices have remained at USD 24.5 per square meter.

Sale and Rental Prices of A+ Offices – City of Buenos Aires



Source: LJ Ramos

Sale and Rental Prices of A+ Offices – Northern Area



Source: LJ Ramos

In ARS Million	IQ 17	IQ 16	YoY Var
Revenues	101	75	34.7%
Operating Income	63	44	43.2%
Depreciation and amortization	7	10	-30.0%
EBITDA	70	54	29.6%

Revenues from the Offices segment increased by 34.7% in the three-month period of fiscal year 2017 due to higher rental prices in ARS/sqm, as lease agreements are denominated in U.S. dollars. In addition, the portfolio's occupancy reached 100%. The portfolio's rental prices in USD/sqm were slightly lower, at USD 25.5 per sqm due to the occupancy of 2 floors at the Suipacha building, whose rental prices are lower than the portfolio's average. The segment's EBITDA grew by 29.6% during the period under review, reaching ARS 70 million.

	IQ 17	IVQ 16	IIIQ 16	IIQ 16	IQ 16
Gross leaseable area	81,020	81,020	81,020	81,918	94,862
Occupancy	100.0%	98.7%	93.3%	94.2%	96.9%
Rent (ARS/sqm)	389	390	384	338	243
Rent (USD/sqm)	25.5	26.1	26.3	26.0	25.9

The portfolio's rental prices rose, reaching USD 25.5 per square meter.

Below is information on our offices and other rental properties' segment as of September 30, 2016.

	Date of Acquisition	Leaseable Area sqm (1)	Occupancy Rate (2)	IRSA's Effective Interest	Book Value (3) (ARS million)
Offices					
Edificio República (4)	28/04/08	19,885	100%	100%	188
Torre Bankboston (4)	27/08/07	14,873	100%	100%	135
Bouchard 551	15/03/07	-	-	100%	7
Intercontinental Plaza (4)	18/11/97	6,569	100%	100%	9
Bouchard 710 (4)	01/06/05	15,014	100%	100%	59
Maipú 1300	28/09/95	1,353	100%	100%	5
Libertador 498	20/12/95	620	100%	100%	4
Suipacha 652/64 (4)	22/11/91	11,465	100%	100%	8
Dot Building (5)	28/11/06	11,242	100%	80%	128
Subtotal Offices		**81,020**	**100%**	**N/A**	**543**
Other Properties					
Santa María del Plata S.A.	10/17/97	106,100	100%	100%	13
San Martín plot (6)	31/05/11	109,610	78%	50%	59
Other Properties (7)	N/A	43,505	29%	N/A	265
Subtotal Other Properties		**259,215**	**79%**	**N/A**	**337**
TOTAL OFFICES AND OTHERS		**340,235**	**84%**	**N/A**	**880**

Notes:

(1) Total leaseable area for each property as of September 30, 2016. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of September 30, 2016.

(3) The contracts in effect as of September 30, 2016 in each property were computed.

(4) Corresponds to total consolidated leases.

(5) Through IRSA Propiedades Comerciales S.A.

(6) Through Quality Invest S.A.

(7) Includes the following properties: Ferro, Dot adjacent plot, Anchorena 665, Chanta IV, Constitución 1111, Rivadavia 2774, Intercontinental plot and Abril Manor House.

IV. Sales and Developments

	IQ 17	IQ 16	YoY Var
Revenues	1	3	-66.7%
Income from sale of investment properties	0	390	-100.0%
Operating Income	-51	350	-114.6%
Depreciation and amortization	-	-	0.0%
EBITDA	-51	350	-114.6%

For the three-month period of fiscal year 2017, EBITDA from the Sales and Developments segment was negative for ARS 51 million as compared to EBITDA for ARS 350 million during the first quarter of 2016, in which higher income from sales of investment properties had been recorded. While no sales of investment properties were made in the first quarter of FY 2017, 1,761 sqm had been sold in the first quarter of FY 2016, corresponding to 4 floors of the Maipú 1300 building, 7 floors and 56 parking spaces of the Intercontinental Plaza building (through IRSA Propiedades Comerciales) and the Isla Sirgadero plot, located in the Province of Santa Fe.

IRSA Inversiones y Representaciones Sociedad Anónima

Accumulated sales as of September 30 of the fiscal year (ARS Million)

DEVELOPMENT	IQ 17	IQ 16	Var %
Residential apartments			
Condominios I and II[1]	1	-	-
Libertador 1703 and 1755 (Horizons) [2]	-	2	-
Other residential apartments [3]	-	1	-
TOTAL	**1**	**3**	**-67.0%**

(1) Through IRSA Propiedades Comerciales S.A.
(2) Owned by CYRSA S.A.
(3) Corresponds to Entre Ríos 465.
(4) Includes sale of shares in Abril.

V. CAPEX 2017

	Developments		Acquisitions + Developments
	Greenfields	*Expansions*	
	Polo Dot (First Stage)	Alto Palermo	Catalinas
			
Beginning of works	FY2017	FY2017	FY2017
Estimated opening date	FY2019	FY2018	FY2020
Total GLA (sqm)	31,635	3,884	16,012
IRSA Propiedades Comerciales %	80%	100%	45%
Investment amount at 100% (USD million)	54	28.5	101
Work progress (%)	0%	0%	0%
Estimated Stabilized EBITDA (USD million)	USD 8-10	USD 6-8	USD 6-8

Alto Palermo Expansion

The expansion project of Alto Palermo will add a gross leaseable area of approximately 4,000 square meters to the shopping center that has the highest sales per square meter and consists in moving the food court to a third level by using the area of an adjacent building acquired in 2015. The demolition stage started during the first quarter of FY2017, and construction works are estimated to take between 18 and 24 months.

First Stage of Polo Dot

The project called "Polo Dot", located in the commercial complex adjacent to our Dot Baires shopping center, has experienced significant growth since our first investments in the area. The total project will consist in 3 office buildings (one of them could include a hotel) in land reserves owned by the Company and the expansion of the shopping center by approximately 15,000 square meters of gross leaseable area. At a first stage, we will develop an 11-floor office building with an area of approximately 30,000 square meters on an existing building, in respect of which we have already executed a lease agreement for approximately half the footage, before starting the works. The demolition stage started in the first quarter of FY2017, and has reached 30% degree of progress, and construction works are estimated to last between 18 and 24 months before the building is operational. The second stage of the project will include two office/hotel buildings that will add 38,400 square meters of gross leaseable area to the complex. We have seen a significant demand for Premium office spaces in this new commercial hotspot, and we are confident that we will be able to open these buildings with attractive rent levels and full occupancy.

Catalinas Building

The “Catalinas” project is located in one of the most sought-after spots for Premium office development in Argentina. The building to be constructed will have 35,468 square meters of gross leaseable area in 30 office floors and 316 parking spaces. Construction is scheduled to begin towards the end of the current calendar year and will take about 3 years.

VI. Hotels

During the three-month period of fiscal year 2017, the hotel segment recorded an increase in revenues of 55.9% mainly due to the depreciation of the exchange rate, which resulted in an increase in the average rate per room, offsetting the slight decline in average occupancy in the 3 hotels, which stood at 65.3% during the first quarter of 2017. The segment's EBITDA reached ARS 8 million during the quarter under review.

Hotels (in millions of ARS)	IQ 17	IQ 16	YoY Var
Revenues	173	111	55.9%
Operating income	4	-7	-157.1%
Depreciation and amortization	4	4	0.0%
EBITDA	8	-3	366.7%

	IQ 17	IVQ 16	IIIQ 16	IIQ 16	IQ 16
Average Occupancy	65.3%	65.8%	67.7%	67.6%	66.7%
Average Rate per Room (ARS/night)	2,737	2,102	2,074		
Average Rate per Room (USD/night)	183	175	181	178	179

The following is information on our hotel segment as of September 30, 2016:

Hotels	Date of Acquisition	IRSA's Interest	Number of Rooms	Average Occupancy (1)	Average Rate	Book Value (in millions of ARS)
Intercontinental (3)	01/11/97	76.34%	309	69.1%	2,101	50
Sheraton Libertador (4)	01/03/98	80.00%	200	74.3%	1,793	28
Llao Llao (5)	01/06/97	50.00%	205	50.8%	5,385	75
Total			**714**	65.3%	2,737	**153**

Notes:

1) Cumulative average for the 3-month period.
2) Cumulative average for the 3-month period.
3) Through Nuevas Fronteras S.A. (IRSA's subsidiary).
4) Through Hoteles Argentinos S.A. (IRSA's subsidiary).
5) Through Llao Llao Resorts S.A. (IRSA's subsidiary).

VII. International

Lipstick Building, New York, United States

The Lipstick Building is a landmark building in the City of New York, located at Third Avenue and 53th Street in Midtown Manhattan, New York. It was designed by architects John Burgee and Philip Johnson (Glass House and Seagram Building, among other renowned works) and it is named after its elliptical shape and red façade. Its gross leaseable area is approximately 57,500 sqm and consists of 34 floors.

As of September 30, 2016, the building reached an occupancy rate of 97.33%, thus generating an average rent of USD 67.04 per sqm.

Lipstick	Sep-16	Jun-16	YoY Var
Gross Leaseable Area (sqm)	58,092	58,094	-
Occupancy	97.33%	97.33%	0pp
Rental price (USD/sqm)	67.04	66.67	0.56%

In March 2016, two lease agreements were executed: one for the lease of the entire Floor 28 and another one for a portion of the underground floor, at an average rental price of USD 85 per square meter; which will be effectively occupied as from October 2016. This will cause occupancy to rise to over 97% of the total surface area.

Moreover, we successfully completed the building's certification process and obtained the **LEED EB: O&M Gold** certification. The implementation of this project started in July 2015, and it has concluded with a certification that endorses best environmental practices, transforming the building's operational standards.

Investment in Condor Hospitality Inc.

We maintain our 49% investment in the Condor Hospitality Trust hotel REIT's voting rights (NASDAQ: CDOR) through our subsidiary Real Estate Strategies L.P. ("RES"), in which we hold a 66.3% interest. Condor is a REIT listed in Nasdaq focused on medium-class and long-stay hotels located in various states of the United States of America, operated by various operators and franchises.

During the last months, the company's results have shown an improvement in operating levels and it has continued with its strategy of selectively disposing of lower-class hotels at very attractive prices and replacing them with higher-class hotels. The Company is studying different alternatives for developing its expansion plan.

VIII. Financial Operations and Others

Interest in Banco Hipotecario S.A. ("BHSA") through IRSA

BHSA is a leading bank in the mortgage lending industry, in which IRSA held an equity interest of 29.91% as of September 30, 2016 (excluding treasury shares). During the three-month period of fiscal year 2017, the investment in Banco Hipotecario generated income of ARS 39.5 million, 42.4% lower than in the same period of 2016. For further information, visit http://www.cnv.gob.ar or http://www.hipotecario.com.ar.

Israeli Operating Center

IX. Investment in IDB Development Corporation

As of September 30, 2016, the investment made in IDBD is USD 515 million, and IRSA's indirect equity interest reached 68.3% of IDBD's stock capital.

Operating Income – In Millions of ARS

	June 30, 2016 (for the period 04/01 through 06/30)						
	Israeli Operating Center						
	Real Estate Properties	Supermarkets	Agrochemicals	Telecommunications	Insurance	Others	Total
Revenues	1,049	11,535	-	3,901	-	914	17,399
Costs	-612	-8,615	-	-2,608	-	-841	-12,676
Gross profit	**437**	**2,920**	**-**	**1,293**	**-**	**73**	**4,723**
Income from sale of investment properties						19	19
General and administrative expenses	-63	-149	-	-388	-	-184	-784
Selling expenses	-19	-2,307	-	-818	-	-66	-3,210
Other operating results, net	-	-15	-	-7	-	-27	-49
Operating Income / (loss)	**355**	**449**	**-**	**80**	**-**	**-185**	**699**
Share of profit / (loss) of associates and joint ventures	-63	-	157	-	-	-19	75
Segment profit / (loss)	**292**	**449**	**157**	**80**	**-**	**-204**	**774**
Operating assets	58,985	29,057	11,240	28,982	4,792	15,645	148,701
Operating liabilities	-48,115	-23,021	-11,272	-23,228		-28,609	-134,245
Operating assets / (liabilities), net	**10,870**	**6,036**	**-32**	**5,754**	**4,792**	**-12,964**	**14,456**

The revenues and operating income from the **Real Estate Properties** segment through the subsidiary Property & Building ("PBC") reached ARS 1,049 million and ARS 355 million, respectively (USD 73 million and USD 25 million, respectively) during the consolidated quarter (March 31, 2016 to June 30, 2016). During this quarter, there was an increase in rental income and occupancy rates from PBC's investment properties, mainly the HSBC building in the City of New York.

The **Supermarkets** segment, through Shufersal, recorded revenues of ARS 11,535 million (USD 795 million) for the quarter, mainly due to an increase in revenues from the retail segment, offset by a 6.8% decrease in revenues from the real estate segment. Same-store sales rose 14.2% during the quarter under review, compared to the same quarter of fiscal year 2015. Operating income from this segment reached ARS 449 million (USD 26 million).

The **Telecommunications** segment, operated by Cellcom, recorded revenues of ARS 3,901 million (USD 266 million). There was a decrease in revenues as compared to the same quarter of 2015 in both revenues from services and revenues from handsets. The reduction in revenues from services during the quarter under review mainly reflected lower revenues from cell telephone services due to the continued erosion of the price of these services as a result of stronger competition in the cell telephone market and lower revenues from international call services. The reduction in the revenues from handsets during the fourth quarter of 2015 was mainly due to the reduction in the number of cell phones sold during the quarter under review as compared to the same quarter of 2015, partially offset by an increase in revenues from handsets for Netvision's final users. Operating income for the quarter under review was ARS 80 million (USD 4 million).

The **Others** segment recorded revenues for ARS 914 million (USD 72 million), and an operating loss of ARS 185 million (USD 7 million).

As concerns "Clal", the Group values its interest in this **insurance** company as a financial asset at fair value. The valuation of Clal's shares was ARS 4,792 million (USD 316 million) as of September 30, 2016.

Finally, the results from the agrochemical company "Adama" are recorded as a group of assets and liabilities for sale. For the consolidated quarter, a profit of ARS 157 million (USD 11 million) was recorded in this regard.

X. EBITDA by segment (ARS million)

Argentine Operating Center

3M 17	Shopping Centers	Offices	Sales and Developments	Hotels	International	Financial Operations and Others	Total
Operating income / (loss)	469	63	-51	4	-26	-1	458
Depreciation and Amortization	43	7	-	4	-	-	54
EBITDA	512	70	-51	8	-26	-1	512
3M 16	**Shopping Centers**	**Offices**	**Sales and Developments**	**Hotels**	**International**	**Financial Operations and Others**	**Total**
Operating income / (loss)	379	44	350	-7	-34	-1	731
Depreciation and Amortization	42	10	-	4	-	-	56
EBITDA	421	54	350	-3	-34	-1	787
EBITDA Var	21.6%	29.6%	-114.6%	-366.7%	-23.5%	0.0%	-34.9%

XI. Reconciliation with Consolidated Income Statement (ARS million)

Below is an explanation of the reconciliation of the company's income by segment with its consolidated income statement. The difference lies in the presence of joint ventures included in the segment but not in the income statement.

	Total Segment	Joint Ventures *	Expenses and Collective Promotion Fund	Discontinued Operations	Intersegment eliminations	Income Statement
Revenues	18,356	-9	341	-	-1	18,687
Costs	-12,924	5	-348	-	-	-13,267
Gross Profit	**5,432**	**-4**	**-7**	**-**	**-1**	**5,420**
Income from sale of investment properties	19	-	-	-	-	19
General and administrative expenses	-936	1	-	-	1	-934
Selling expenses	-3,297	1	-	-	-	-3,296
Other operating results, net	-61	-1	-	-	-	-62
Operating income	**1,157**	**-3**	**-7**	**-**	**-**	**1,147**
Income / (loss) from interests in associates and joint ventures	112	2	-	-157	-	-43
Income before financial income / (loss) and income tax	**1,269**	**-1**	**-7**	**-157**	**-**	**1,104**

*Includes Puerto Retiro, Baicom, CYRSA, Nuevo Puerto Santa Fe and Quality (San Martín lot).

XII. Financial Debt and Other Indebtedness

Argentine Operating Center

Financial debt as of September 30, 2016:

Description	Currency	Amount [1]	Interest Rate	Maturity
Bank Overdrafts	ARS	3.5	Floating	< 180 days
IRSA 2017 Non-Convertible Notes, Series I	USD	74.6	8.50%	Feb-17
IRSA 2020 Non-Convertible Notes, Series II	USD	71.4	11.50%	Jul-20
Series VI Non-Convertible Notes	ARS	0.7	Badlar + 450 bps	Feb-17
Series VII Non-Convertible Notes	ARS	25.1	Badlar + 299	Sep-19
Series VII Non-Convertible Notes	USD	184.5	7.00%	Sep-19
Loans [2]	USD	45.0	Floating	Jun-17
Other loans		0.4		
IRSA's Total Debt		**405.1**		
IRSA's Cash + Cash Equivalents + Investments [3]	USD	89.8		
IRSA's Net Debt	**USD**	**315.3**		
Bank Overdrafts	ARS	2.2	Floating	< 360 days
IRCP Series I Non-Convertible Notes	ARS	26.6	26.5% / Badlar + 400 bps	May-17
IRSA CP Series II Non-Convertible Notes	USD	360.0	8.75%	Mar-23
Other loans	ARS	0.5	-	-
IRSA CP's Total Debt		**389.3**		
IRSA CP's Cash + Cash Equivalents + Investments [4]	USD	194.8		
IRSA CP's Net Debt	**USD**	**194.5**		

(1) Principal amount in USD (million) at an exchange rate of ARS 15.31/USD, without considering accrued interest or eliminations of balances with subsidiaries.
(2) Corresponds to a loan from IRSA CP.
(3) "Cash & Cash Equivalents plus Investments, IRSA" includes Cash & Cash Equivalents, IRSA + Investments in current and non-current financial assets, IRSA.
(4) "Cash & Cash Equivalents plus Investments, IRSA CP" includes Cash & Cash Equivalents, IRSA CP + Investments in current financial assets plus a loan from its controlling company IRSA Inversiones y Representaciones S.A.

Israeli Operating Center

Financial debt as of June 30, 2016

Indebtedness	Amount [1]
IDBD's Total Debt	730
DIC's Total Debt	1,090
Shufersal's Total Debt	652
Cellcom's Total Debt	1,059
PBC's Total Debt	2,349
Others' Total Debt [2]	59

(1) Principal amount in USD (million) at an exchange rate of 3.82 NIS/USD, without considering accrued interest or elimination of balances with subsidiaries. Includes bonds and loans.
(2) Includes IDB Tourism, Bartan and IDBG.

XIII. Material and Subsequent Events

Argentine Operating Center

July 2016: Sale of functional units in the Intercontinental Plaza building (through its subsidiary IRSA Propiedades Comerciales)

On July 29, 2016, IRSA Propiedades Comerciales executed a preliminary agreement with an unrelated party for the sale of 1,702 square meters consisting of two office floors and 16 parking units in the Intercontinental Plaza building. The total price of the transaction was fixed in USD 6.0 million, USD 4.4 million of which have been paid, whereas the balance of USD 1.6 million is payable upon the execution of the deed of conveyance and surrender of possession, which is scheduled for December 2016, as provided in the preliminary sale agreement.

September 2016: Issue of Notes

On September 8, 2016, IRSA issued USD 210 million in principal amount of Series VII and VIII Notes:

a) Series VII Notes for a principal amount of ARS 384.2 million, accruing interest at BADLAR rate + 299 bps, and falling due on September 9, 2019;

b) Series VIII Notes for a principal amount of USD 184.5 million, accruing interest at a fixed rate of 7%, and falling due on September 9, 2019.

The proceeds were mainly used to repay existing indebtedness.

September 2016: Partial redemption of Notes

On September 9, 2016, it was resolved to redeem all the Company's Series 1 Notes due 2017 that were outstanding, for an aggregate principal amount of USD 74,554,000. The proposed redemption was made on October 11, 2016.

October 2016: General Ordinary and Extraordinary Shareholders' Meeting

At the General Ordinary and Extraordinary Shareholders' Meeting held on October 31, 2016, at 1:00 p.m., the following matters, *inter alia,* were dealt with:

- Updating of Report on Shared Services Agreement
- Treatment of amounts paid as personal assets tax levied on the shareholders.
- Consideration of (I) approval of extension of Global Note Program for a maximum outstanding principal amount of up to USD 300,000,000 approved by the shareholders' meeting dated October 31, 2011 for a term of five years or such longer term as permitted under the applicable laws; and (II) increase of program amount by an additional amount of up to USD 200,000,000.
- Grant of indemnities to the Directors, Statutory Auditors and Managers who perform or have performed duties for the Company accessorily to the D&O policies.

Israeli Operating Center

July 2016: Agreement for the sale of equity interest in Adama

On July 17, 2016, DIC publicly announced it had accepted ChemChina's offer to purchase 40% of Adama's shares of stock held by Koor, a company indirectly controlled by IDBD through DIC. In august 2016, Koor and a subsidiary of ChemChina executed the related agreement. The consideration for the transaction is a cash payment of USD 230 million (equivalent to ARS 3,498 million at the exchange rate prevailing on September 30, 2016), plus the full repayment of a non-recourse loan, plus interest, a Chinese bank had granted to Koor. The sale transaction is expected to be completed by November 2016, subject to compliance with certain conditions, such as securing the applicable approvals from China's regulatory and antitrust authorities.

August 2016: Issue of Notes

On August 2, 2016, IDBD issued a new series of Notes in the Israeli market for an amount of NIS 325 million and due in 2019, at an annual interest rate to be adjusted by the CPI (inflation index), plus 4.25%. These Notes are secured by Clal's shares of stock, contingent upon the approval of the Israeli Capital Markets, Insurance and Savings Commission. On September 15, 2016, the Israeli Supreme Court rendered an opinion on the security on Clal's shares, in which it asked the Capital Markets, Insurance and Savings Commission to specify the reasons why it challenges IDBD's security of the notes with up to 5% of Clal's shares. The hearing has been scheduled for January 2017.

In compliance with the Supreme Court decision rendered in reply to the petition filed by IDBD in September 2016 in connection with the pledge of Clal's shares, on October 13, 2016, IDBD's Board of Directors decided to make a partial early repurchase of the notes, which was consummated on November 1, 2016. The repurchase was made for an amount of approximately NIS 244 as principal, interest and an early repurchase compensation, representing 73.7% of the principal amount of the notes, and the interest rate payable on the redeemed portion of principal in connection with the partial early repurchase was approximately 1.8%.

On August 4, 2016, DIC increased its series of Notes due 2025 by an additional amount of NIS 360 million (equivalent to ARS 1,344 million). The placement was made at an IRR of 5.70%.

September 2016: Purchase of DIC's shares

On September 23, IRSA, acting through a subsidiary, purchased 8,888,888 shares in Discount Investment Corporation ("DIC") (DISI: TASE) from IDB Development Corporation ("IDBD") for NIS 99,999,990 (approximately USD 26.7 million), representing 8.8% of DIC's stock capital.

September 2016: Increase of interest in Shufersal

On September 12, 2016, the Group, acting through DIC, purchased 9,097,127 shares in Shufersal. Therefore, the company's equity interest in Shufersal's stock capital rose from approximately 53.89% to approximately 58.17%. It also received an option (the "option") to purchase up to 9,097,127 additional shares in Shufersal, at a strike price of NIS 14.62 (equivalent to ARS 223.4) for each Shufersal share (subject to adjustment). The option expires on December 12, 2016.

XIV. Brief comment on prospects for the next period

Our real estate businesses in Argentina and abroad have posted sound results in the first three-month period of fiscal year 2017. We believe that the diversification of our business, with real estate assets in Argentina and abroad, favorably positions us to face all the challenges and opportunities that may arise in the coming years.

Our subsidiary IRSA Propiedades Comerciales S.A. continues to record growth in both its shopping center and Premium office businesses. Although our tenants' sales decelerated during the first quarter of 2017 as compared to the previous fiscal year, occupancy remains significantly high and the public keeps choosing each of our proposals; besides, top-notch domestic and international corporations continue to select our office spaces, which reached full occupancy at the end of the quarter.

We will remain active during the year by promoting marketing actions, events and promotions in our shopping centers, which have proved to be highly effective in terms of sales and have been eagerly endorsed by the public. Moreover, we plan to optimize even further the performance of our current shopping centers through improvements that result in taking better advantage of the leaseable square meters and creating higher functionality and appeal for the benefit of consumers, retailers and tenants alike. Along these lines, at the beginning of fiscal year 2017 we launched a project for expanding our Alto Palermo shopping center, which is strategically located in the heart of the city and generates the highest sales per square meter in our portfolio. The project, that consists in moving the food court to a third level, will add approximately 4,000 square meters of gross leaseable area to the shopping center; the demolition stage has already started, and construction works are expected to last between 18 and 24 months.

During this fiscal year we launched an office building project in the commercial complex adjacent to our Dot Baires shopping center. The project, known as "Polo Dot", will include, in a first stage, the development of a 11-floor, 30,000-square meter office building in a property owned by the company. The demolition stage started during the first quarter of fiscal year 2017 and has reached 30% of progress, and construction works are expected to last between 18 and 24 months before the building becomes operational. We have had a large demand for Premium office spaces in this emerging new commercial hotspot, and we hope to secure high occupancy at this building upon completion of construction works.

We are optimistic about the opportunities that may arise in Argentina in 2017. We have a large reserve of lands for future shopping center and office development projects in an industry scenario with high growth potential.

As concerns our investments outside Argentina, we will continue working in the improvement of the operating ratios of our "Lipstick" building in New York. Our investment in "Condor Hospitality Trust" hotel REIT (NASDAQ: CDOR) has shown very good results in the last months derived from its sales of hotels, whilst it has managed to seize good opportunities for purchasing higher class hotels. We believe that Stepstone's recent entry as partner to the investment and the simplification of the shareholding structure will help unleash value in Condor. We trust in the new senior management and hope to reap the benefits of this investment in the future.

Regarding our investment in the Israeli company IDBD, during this fiscal year we have been reducing the company's indebtedness level and rolling out a strategy intended to improve operating margins in each of its business units. A new CEO and CFO were appointed, who are working proactively toward simplifying and optimizing its capital structure. In 2017, we will continue to work for deleveraging the company and improving the results of its operating subsidiaries. We trust in the value of this investment, which we expect will deliver very good results in the medium term.

Taking into account the quality of the real estate assets in our portfolio, the Company's financial position and low indebtedness level and its franchise for accessing the capital markets, we remain confident that we will continue consolidating the best real estate portfolio in Argentina and diversifying our operations by adding businesses abroad with attractive value-creation opportunities.

Consolidated Condensed Interim Balance Sheets as of September 30, 2016 and June 30, 2016

(Amounts stated in millions of Argentine pesos, and unless otherwise stated)

	Note	09.30.16	06.30.16
ASSETS			
Non-current Assets			
Investment properties	10	50,708	49,872
Property, plant and equipment	11	23,794	24,055
Properties for sale	12	3,529	4,471
Intangible assets	13	11,414	11,763
Investments in associates and joint ventures	8 and 9	5,312	16,236
Deferred tax assets	20	719	638
Income tax and minimum presumed income tax credit		124	123
Restricted assets	14	35	54
Trade and other accounts receivable	15	3,600	3,441
Employee benefits		4	4
Investments in financial assets	14	2,241	2,226
Financial assets available for sale	14	2,615	3,346
Derivative financial instruments	14	4	8
Total non-current assets		**104,099**	**116,237**
Current Assets			
Properties for sale	12	1,219	241
Inventories		2,748	3,246
Restricted assets	14	1,657	564
Income tax and minimum presumed income tax credit		365	506
Pool of assets for sale	30	11,506	-
Trade and other accounts receivable	15	13,718	13,409
Investments in financial assets	14	9,779	9,656
Financial assets available for sale	14	2,178	1,256
Derivative financial instruments	14	26	19
Cash and cash equivalents	14	15,449	13,866
Total current assets		**58,645**	**42,763**
TOTAL ASSETS		**162,744**	**159,000**
SHAREHOLDERS' EQUITY			
Equity and reserves attributable to controlling company's shareholders			
Stock capital		575	575
Treasury stock		4	4
Comprehensive adjustment of capital stock and treasury stock		123	123
Additional paid-in capital		793	793
Premium for trading of treasury shares		16	16
Statutory reserve		117	117
Special reserve		4	4
Other reserves	21	653	726
Retained earnings		(1,820)	(1,243)
Total equity and reserves attributable to controlling company's shareholders		**465**	**1,115**
Non-controlling interest		13,022	12,386
TOTAL SHAREHOLDERS' EQUITY		**13,487**	**13,501**
LIABILITIES			
Non-current liabilities			
Trade and other accounts payable	17	2,435	1,518
Loans	19	86,709	90,680
Derivative financial instruments	14	125	105
Income tax and minimum presumed income tax payable		28	-
Deferred tax liability	20	7,573	7,571
Employee benefits		708	689
Salaries and social security charges		14	11
Provisions	18	1,336	1,325
Total non-current liabilities		**98,928**	**101,899**
Current liabilities			
Trade and other accounts payable	17	16,591	17,874
Pool of liabilities for sale	30	11,369	-
Salaries and social security charges		1,690	1,707
Loans	19	19,103	22,252
Derivative financial instruments	14	101	112
Provisions	18	1,083	1,039
Income tax and minimum presumed income tax payable		392	616
Total current liabilities		**50,329**	**43,600**
TOTAL LIABILITIES		**149,257**	**145,499**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**162,744**	**159,000**

The accompanying notes are an integral part of the consolidated condensed interim financial statements,

IRSA Inversiones y Representaciones Sociedad Anónima

Consolidated Condensed Interim Income Statements
for the three-month periods started on July 1, 2016 and 2015 and ended on September 30, 2016 and 2015

(Amounts stated in millions of Argentine pesos, unless otherwise stated)

	Note	09.30.16	09.30.15
Revenues	22	18,687	968
Costs	23	(13,267)	(435)
Gross profit		**5,420**	**533**
Income from sale of investment properties	10	19	390
General and administrative expenses	24	(934)	(131)
Selling expenses	24	(3,296)	(55)
Other operating income / (loss), net	25	(62)	(13)
Operating income		**1,147**	**724**
Loss from interests in associates and joint ventures	8 y 9	(43)	(491)
Income before financial results and income tax		**1,104**	**233**
Financial income	26	388	46
Financial expenses	26	(2,124)	(335)
Other financial income / (loss)	26	262	(148)
Financial results, net	26	**(1,474)**	**(437)**
Loss before income tax		**(370)**	**(204)**
Income tax	20	(54)	(112)
Loss from continued operations		**(424)**	**(316)**
(Loss) / Income from discontinued operations after tax	31	(358)	-
Net Loss		**(782)**	**(316)**
Attributable to:			
Controlling company's shareholders		(577)	(276)
Non-controlling interest		(205)	(40)
Loss per share attributable to controlling company's shareholders:			
Basic		(1.00)	(0.48)
Diluted		(1.00)	(0.48)
Loss per share from continued operations attributable to controlling company's shareholders:			
Basic		(0.68)	(0.48)
Diluted		(0.68)	(0.48)

The accompanying notes are an integral part of the consolidated condensed interim financial statements.

Consolidated Condensed Interim Cash Flow Statements
for the three-month periods ended on September 30, 2016 and 2015

(Amounts stated in millions of Argentine pesos, unless otherwise stated)

	Note	09.30.16	09.30.15
Operating activities:			
Cash provided by operating activities	16	2,772	441
Income tax and minimum presumed income tax paid		(197)	(67)
Net cash provided by operating activities		**2,575**	**374**
Investment activities:			
Capital contributions in associates and joint ventures		(312)	(34)
Acquisition of investment properties		(658)	(47)
Collections from sale of investment properties		41	388
Payment for acquisition of companies, net of cash received		(30)	-
Acquisition of property, plant and equipment		(624)	(6)
Acquisition of intangible assets		(106)	-
Increase in investments in financial assets		(2,213)	(1,283)
Collections from sale of investments in financial assets		2,433	700
Loans granted		(34)	-
Cash included in pool of assets for sale		(12)	-
Collections from sale of property, plant and equipment		212	-
Interest collected on financial assets		47	1
Loans to related companies		(22)	-
Dividends collected		26	-
Net cash used in investing activities		**(1,252)**	**(281)**
Financing activities:			
Borrowings		160	531
Repayment of loans		(3,200)	(226)
Dividends paid		(362)	(48)
Issuance of non-convertible notes		8,790	403
Acquisition of non-controlling interest in subsidiaries		(580)	(10)
Collections from sale of non-controlling interest in subsidiaries		810	-
Interest expense		(1,434)	(205)
Borrowings from associates and joint ventures		4	-
Repayment of loans from associates and joint ventures		(2)	-
Payment of derivative financial instruments		(4)	(14)
Repayment of financial leases		-	(1)
Repurchase of notes		-	(121)
Collections from derivative financial instruments		13	-
Repayment of principal on notes		(3,957)	(96)
Net cash generated by financing activities		**238**	**213**
Net increase / (decrease) in cash and cash equivalents		**1,561**	**306**
Cash and cash equivalents at the beginning of the fiscal year	14	13,866	375
Gain from exchange rate differences of cash and cash equivalents	14	22	17
Cash and cash equivalents at the end of the period		**15,449**	**698**

The accompanying notes are an integral part of the consolidated condensed interim financial statements,

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IRSA

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