IRSA

Inversiones y Representaciones
Sociedad Anónima

Annual Report and Financial Statements
for the fiscal years ended
June 30, 2016, 2015 and 2014

1. CORPORATE PROFILE

Founded in 1943, IRSA Inversiones y Representaciones ("IRSA" or the "Company") is one of Argentina's leading real estate companies in terms of total assets and the only Argentine real estate company whose shares are listed both on the Buenos Aires Securities Exchange ("MERVAL") and on the New York Stock Exchange ("NYSE").

We are engaged, directly and indirectly through subsidiaries and joint ventures, in a range of diversified real estate-related activities in Argentina, including:

i. the acquisition, development and operation of shopping centers,
ii. the acquisition and development of office and other non-shopping center properties primarily for rental purposes,
iii. the development and sale of residential properties,
iv. the acquisition and operation of luxury hotels,
v. the acquisition of undeveloped land reserves for future development or sale, and
vi. selective investments outside Argentina.

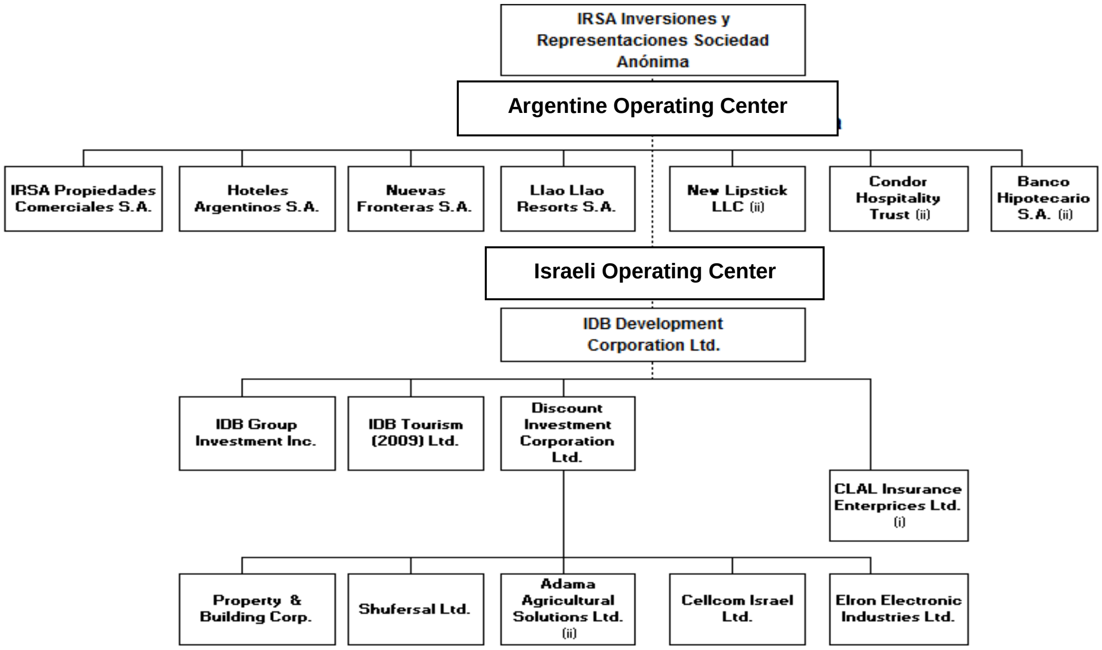
As of June 30, 2016 we owned 29.91%[1] of Banco Hipotecario S.A. (Banco Hipotecario), one of the leading financial institutions in Argentina, 49.0% of the voting power of the US Real Estate Investment Trust ("REIT") named Condor Hospitality Trust (formerly known as Supertel Hospitality Inc.) ("Condor") and indirectly 68.3% of the Israeli company IDB Development Corporation ("IDBD").

On October 11, 2015, the Group obtained control of the Israeli company IDB Development Corporation Ltd. ("IDBD") and it began to include it in its consolidated financial statements.

IDBD is one of the largest and most diversified holding companies in Israel. Through its subsidiaries, associates, joint ventures and other investments, IDBD is engaged in numerous markets and industry sectors in Israel and other countries, including real estate (Property & Building Corporation), supermarkets (Shufersal), agroindustry (Adama), insurance (Clal Holdings Insurance Enterprises, hereinafter Clal), and telecommunications (Cellcom), among others. After the closing of this quarter, IDBD's shares were delisted from the Tel Aviv Stock Exchange ("TASE"). However, the company will continue to be registered with the TASE as a "Debentures Company" pursuant to Israeli law, as it has bonds listed in such exchange.

We have decided to break down reporting into an Argentine Operating Center and an Israeli Operating Center. From the Argentine Operating Center, the Group, through IRSA and its subsidiaries, manages the businesses in Argentina and the international investments in the Lipstick Building in New York and the Condor Hospitality Trust hotel REIT. From the Israeli Operating Center, the Group manages IDBD.

[1] This figure does not consider the effect of Banco Hipotecario's treasury stock.



Our principal executive offices are located at Bolívar 108, City of Buenos Aires (C1066AAD), Argentina. Our administrative headquarters are located in the Intercontinental Plaza tower, Moreno 877, Floor 22, City of Buenos Aires (C1091AAQ). Our telephone number is +54 (11) 4323-7400, our fax number is +54 (11) 4323-7480 and our website is www.irsa.com.ar.

2. LETTER TO SHAREHOLDERS

Dear shareholders,

Fiscal year 2016 was marked by significant events. Nation-wise, the new administration has brought about a change of cycle, in the framework of a favorable scenario, clear rules and great interest by international investors in Argentina. In this sense, we have launched an ambitious plan of investment in real estate projects in Argentina to be carried into execution over the next fiscal periods. Moreover, we have increased our investment in the Israeli company IDBD obtaining effective control over it, and consolidating its results in our financial statements.

In terms of results of operations, although we recorded a loss of ARS 1,872 million during this fiscal year, explained by higher financial expenses and exchange rate differences, operating results from our main business lines exhibited a solid performance.

As concerns our rental segments, we are highly satisfied with the operating results posted by our shopping centers and office buildings during the course of 2016. Our shopping center tenants' sales rose by 34% during the year (30% for the same shopping centers), and occupancy reached optimum levels, at 98.4%, while office rental income was USD 26.9 per square meter on average, with almost full occupancy (98.7%). Taking advantage of the growing demand and sustained prices, during this fiscal year we sold office assets at very attractive cap rates, expecting to recover the square meters sold with new projects to be developed over the next fiscal periods. The three hotels in our portfolio recorded stable rates per room in USD and occupancy levels comparable to those in 2015.

With over 400,000 square meters of Gross Leasable Area ("GLA") and a potential of approximately 340,000 square meters among expansion projects and new shopping center and office building developments, amidst an industry scenario that is still not mature and has a great potential, we believe that IRSA Propiedades Comerciales is in a sound position to leverage on the various opportunities that may arise in Argentina in the future.

In this regard, IRSA Propiedades Comerciales has launched an investment plan of approximately USD 400 million (combining the company's contributions and funds committed by lessees and tenants) to be rolled out over the next fiscal periods. The projects include 290,000 sqm of offices, residential properties and shopping centers, and we estimate that 4,000 jobs will be created, including both construction workers and future employees in the new stores and buildings, apart from the multiplying effect these projects will have on the real estate-related industries in terms of investment, creation of job opportunities, and economic recovery.

One of the main projects launched for the next fiscal year is the expansion of our Alto Palermo shopping center, which is located in a unique setting in the heart of the city and is the shopping center with highest sales per square meter in Latin America. The project will add approximately 4,000 sqm of gross leaseable area to the shopping center, and it consists of moving the food court to a third level and using the area of the adjoining property, purchased last year, to make the project feasible. We expect construction works to last from 18 to 24 months.

We are also launching the "Polo Dot" project in the commercial complex adjoining our Dot Baires shopping center, which has grown extensively since we made our first investments in the area. The total project will consist of 3 office buildings (possibly including a hotel in one of them) in land reserves owned by the company, and the future expansion of the shopping center by adding approximately 15,000 sqm of GLA. In a first stage we will develop an 11-floor office building, with approximately 30,000 sqm, on top of an existing building, and we have already executed a lease agreement for more than half the leasable footage even before starting the works. Construction will commence during the next fiscal period, and we estimate that the building will become operational in 18 to 24 months. The second stage of the project consists of two office/hotel buildings that will add 38,400 sqm of GLA to the complex. We have had great demand for premium office spaces in this new commercial hub, and we trust that we will be able to inaugurate these buildings with attractive income levels and high occupancy.

In the last quarter of the fiscal year we sold to our subsidiary IRSA Propiedades Comerciales S.A. (“IRSA CP”), 16,012 sqm corresponding to 14 floors and 142 parking spaces in a building to be built in the “Catalinas” area in the City of Buenos Aires, one of the most sought-after spots for developing Premium offices in Argentina, and retained 14,820 sqm for potential developments intended for rent and/or sale. The new building will have 35,468 sqm of GLA in 30 office floors and 316 parking spaces; and works are scheduled to take approximately 3 years. The building will become an iconic landmark in the city, as it will be the only one with a 60-meter waterfront facing the Río de la Plata river and will have LEED Certification, validating the best environmental practices in terms of operating standards.

Our Sales and Developments segment, which reflects the Company’s value in its land reserves located in Argentina, has posted extraordinary results derived from higher sales of investment properties. Taking advantage of the strong demand for our spaces and sustained prices of premium offices in Buenos Aires, during this year we sold the “Dique IV” building, located in Puerto Madero, with 11,242 sqm of GLA, for Ps. 649 million (USD 3,800 per sqm), 9.5 times higher than its book value, and 3,451 sqm in the Maipú 1300 building, for 8.5 times its book value. Through our subsidiary IRSA Propiedades Comerciales, we sold 7,220 sqm in the “Intercontinental Plaza” building for Ps. 366 million (approximately USD 3,500 per sqm). Moreover, in line with our policy of selling non-strategic lands, during this year we sold the 826-hectare reserve in Isla Sirgadero, located in the province of Santa Fe, for Ps. 37 million, for 7.7 times its book value.

Following our long-term vision of real estate as value reserve and the need to resume mortgage lending activities in Argentina, we maintained our 29.91% equity interest in Banco Hipotecario S.A., which has made a favorable contribution to our results, as it added income for Ps. 257 million during this fiscal year. Although the Bank maintains its franchise, spirit and mortgage lending activities, it has increased its corporate and consumer lending activities and has managed to position itself as one of the 13 largest commercial banks in Argentina, while it has also made a major real estate investment during this year, as it purchased the iconic “Del Plata” historic office building, located on one of the most important avenues of Buenos Aires, and facing the Obelisk, where it intends to move its offices after its renovation.

As concerns our investments outside Argentina, during this year we made efforts to improve the operating ratios at our “Lipstick” building in New York, which reached rental levels of USD 67 per sqm on average and closed leases for approximately USD 85 per sqm, whereas occupancy rose to 97% in 2016, up from 92% in 2015. During the year, we were able to successfully complete the LEED EB: O&M Gold certification process that validates best environmental practices, transforming the building’s operating standards. Our investment in the Condor Hospitality Trust Hotel REIT (NASDAQ: CDOR) has been recording very good results during the past months derived from the sales of hotels made by it, while it has also managed to capture attractive opportunities to purchase higher category hotels. We believe that Stepstone’s recent entry as partner to the investment and simplified shareholding structure will help Condor implement a new strategy and resume growth in the medium hotel segment. We trust the new senior management and expect to reap the results from this investment in the future.

During this year we increased our investment in the Israeli company IDBD, one of the largest and most diversified conglomerates in Israel, which participates, through its subsidiaries, in numerous markets and industry sectors, including real estate, retail, agricultural industry, insurance, and telecommunications, among others. Following IFISA’s acquisition of our partner’s equity interest in this company on October 11, 2015, we gained effective control and started to consolidate the results of this investment in our financial statements. Later on, in March 2016, we managed to renegotiate the Tender Offers for a lower price than the one originally agreed and closer to market parameters, and we acquired 19.3% of the remaining outstanding shares, and delisted the company. We appointed a new CEO and CFO who are proactively working on simplifying and optimizing the company’s capital structure.

Since our landing on IDBD, we have invested approximately USD 515 million, and at present we hold a 68.3% interest in this company's capital stock, whereas IFISA retains the remaining 31.7%. The invested capital has significantly reduced IDBD’s indebtedness level, and its subsidiaries have also reduced their debt through their own cash flow. To date, we have no capital commitments pending in the company, and we hope IDBD will be able to start funding its operations on its own by selling assets, refinancing its debt or applying dividends. In this sense, IDBD and DIC have issued debt securities in the markets again, accruing interest at 4.25% and 5.70%, and due in 2019, and 2025, respectively

In line with the foregoing, after year-end we announced that IDB's subsidiary Discount Corporation ("DIC") had accepted an offer from ChemChina for selling its 40% equity interest in ADAMA for USD 230 million in excess of the total repayment of a non-recourse loan and interest thereon, which had been granted by a Chinese bank. We hope to continue simplifying the structure by retaining those assets we believe are potentially valuable, while making progress in our strategy aimed at improving operating margins in each business unit. We trust in the value of this investment, from which we expect to obtain good results in the medium term.

As concerns financial matters, during this year we launched a tender offer for existing bonds and issued a new USD 360 million bond due in 2023 in the international markets from IRSA Propiedades Comerciales, thus managing to extend the terms of our debt and allocating it to our exclusive rental vehicle in Argentina. Furthermore, we have issued two bonds that will help extend all the company's short-term maturities.

The economic results obtained during this year have been accompanied by several sustainability and social responsibility practices. Both we and our subsidiary IRSA Propiedades Comerciales have a strong commitment with the communities where we operate, with childhood care, education and the environment as pillars of our actions. We encourage the advancement of social organizations, schools, hospitals, first-aid care facilities, meal centers and shelters, to produce a positive change together. Through the IRSA Foundation we have provided financial assistance to more than 61 social organizations, contributing Ps. 40 million to these entities during fiscal year 2016.

Looking ahead to fiscal year 2017, we expect to continue growing in each of our business lines, adding footage to our shopping center and office portfolio in Argentina, selling assets we regard as non-strategic for our Premium portfolio, and optimizing the structures of our assets located abroad. With a future that presents challenges and opportunities alike, we believe that the commitment of our employees, the strength of our management and the trust of our shareholders will be key elements in our ability to continue growing and successfully implementing our business.

To all of you, my most sincere thanks.

City of Buenos Aires, September 8, 2016.

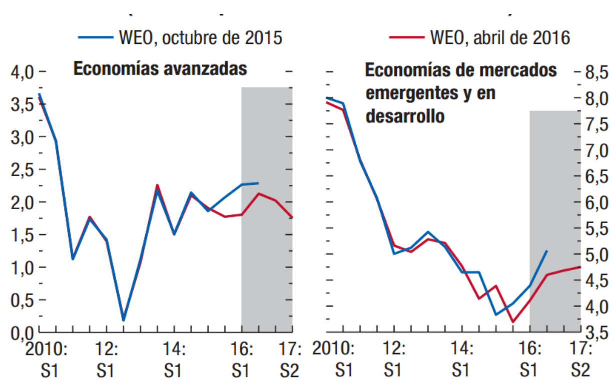
Alejandro G. Elsztain
Vice-Chairman II

3. MACROECONOMIC CONTEXT

International Macroeconomic Outlook

As reported by the International Monetary Fund ("IMF") in its "World Economic Outlook" ("WEO"), global activity increased by 3.1% in 2015, slightly below the projections mainly as a result of a strong decline in activity during the last quarter in the year. World growth is expected to reach 3.2% in 2016 and 3.5% in 2017. In 2016 and 2017, growth in developed economies is expected to remain steady at about 2%, driven by the growth in the United States of 2.5%, and in the Euro area, of 1.5%.

Growth of GDP
(half-yearly percentage change, in annual terms)



Sources: Netherlands Bureau for Economic Policy Analysis; Haver Analytics; Markit Economics and estimates prepared by IMF technical staff.

As of April 2016, emerging and developing economies have recorded growth rates of 4%, also slightly below the projections. They are expected to grow a 4.1% and 4.6% by the end of 2016 and 2017. Emerging economies continue facing challenges as regards the inflow of foreign capital. Countries which are more flexible in terms of foreign exchange responded better to the global flow of capital than in previous decelerations.

IMF's World Economic Outlook forecasts

(Percentage change in USD)

			Forecasts	
	2014	2015	2016	2017
The World's GDP	**3.4**	**3.1**	**3.2**	**3.5**
Advanced Economies	**1.8**	**1.9**	**1.9**	**2.0**
United States	2.4	2.4	2.4	2.5
Euro area	0.9	1.6	1.5	1.6
Japan	0.0	0.5	0.5	-0.1
Emerging markets and Developing economies	**4.6**	**4.0**	**4.1**	**4.6**

Russia	0.7	-3.7	-1.8	0.8
India	7.2	7.3	7.5	7.5
China	7.3	6.9	6.5	6.2
Brazil	0.1	-3.8	-3.8	0.0
South Africa	1.5	1.3	0.6	1.2
Argentina	0.5	1.2	-1.0	2.8
Latin America and the Caribbean	1.3	-0.1	-0.5	1.5

Source: WEO, April 2016

Financial market behavior

(Percentage change in USD)

	2014	2015	2016
MSCI World ACWI	2.1	-4.3	0.5
MSCI Emerging Markets	-4.6	-17	5.6
S&P 500	11.4	0.7	2.9
DAX 30	-9.6	-1.7	-7.7
FTSE 100	-8.5	-10.1	-5.7
Nikkei 225	-5.8	8.0	-2.5
Bovespa	-13.4	-42.0	47.6
Merval	17.2	-1.2	17.0

Source: Bloomberg, as of July 4, 2016

The MSCI World ACWI index fell 4.3% in 2015 and showed a recovery during 2016. The MSCI Emerging Markets index fell 17% in 2015 and recovered 5.6% so far in 2016.

Commodities market behavior

(Percentage change in USD)

	2014	2015	2016
GSCI Industrial Metals	-5.9	-23.1	9.5
GSCI Energy	-45.3	-31.5	31.5
GSCI Agriculture	-8.3	-12.1	8.4
Soybean	-22.3	-14.5	33.6
Gold	-1.7	-10.4	29
Corn	-5.9	-9.6	0.3
Wheat	-2.6	-20.0	-8.5
Oil	-45.9	-30.5	31.6

Source: Bloomberg, as of July 4, 2016

During 2014 and 2015, the commodities markets suffered a strong decline. Mainly, oil exhibited a sustained negative trend until reaching a historical low in February 2016. During 2016, the commodities markets exhibited a strong recovery with a 31.6% rise in oil prices. Soybean reversed the decline it had suffered in 2014 and 2015 and rose 33.6%.

Global Aggregates: Headline Inflation

The IMF's forecasts indicate that inflation in the economies of emerging and developing markets will decrease from 4.7% in 2015 to 4.5% in 2016, due to the decline in the prices of raw materials and the effects of last year's currency depreciations evening out.

Average inflation in advanced economies will remain below the goals set by central banks, mostly as a result of the lower price of oil. As of April 2016, the general level of inflation in advanced economies averaged 0.3%, the lowest since the global financial crisis.

Argentine macroeconomic context

The IMF reduced its growth projection for 2016 from a 0.1% increase to a 1% decline of the GDP. This correction was due to the change in policies implemented by the new government administration aimed at balancing certain macroeconomic distortions. Although growth forecasts have improved in the short term, the economic adjustment is expected to cause a slight recession in 2016.

Shopping center and supermarket sales reached a total Ps. 4,374 million in April 2016, which represents a 41.4% increase as compared to the same period last year. Accumulated sales for the first four months of the year totaled Ps. 14,586 million, representing a 29.2% increase as compared to the same period last year.

The INDEC reports that, as of April 2016, industrial activity in Argentina decreased by 6.7% as compared to the same month in 2015. Manufacturing production accumulated a 2.4% decline during the first four months of the year as compared to the same period last year.

Regarding the balance of payments, in the first quarter of 2016 the current account deficit reached USD 4,013 million, with USD 1,403 million allocated to the goods and services trade balance, and USD 2,572 million to the income account, which represents 72% of the foreign direct investment return.

During the first quarter of 2016, the financial account showed a surplus of USD 8,510 million resulting from net income from the non-financial public sector and the Argentine Central Bank ("BCRA") for USD 6,233 million, from the non-financial private sector for USD 1,701 million, and from the financial sector for USD 576 million.

The stock of international Reserves fell by USD 5,844 million in 2015. During the first half of 2016, reserves grew by USD 4,944 million. At July, reserves stood at USD 25,512 million.

Total gross external debt increased by USD 10,605 million during the first quarter of 2016 and stood at USD 163,236 million at March 2016.

The non-financial public sector and Argentine Central Bank debt was estimated at USD 92,469 million, having increased by USD 8,593 million during the first quarter of 2016. The Argentine Central Bank's government security and bond outstanding balance increased by USD 3,431 million during the first quarter of 2016. At the end of this quarter, the balance stood at 43,794 million.

The non-financial private debt grew USD 2,261 during the first quarter of 2016. At March 2016, such debt stood at USD 67,621 million.

The financial sector debt excluding the Argentine Central Bank decreased by USD 250 million during the first quarter of 2016, reaching a total of USD 3,145 million.

In connection with the fiscal sector, revenues recorded a year-on-year increase of 38.9% as of March 2016, whereas primary expenditure grew by 38.7% during the same period.

In local financial markets, the Private Badlar rate in Pesos ranged from 20% to 30% in the period from July 2015 to June 2016, averaging 28% in June 2016 against 20% in June 2015. The Argentine Central Bank discontinued its controlled floating exchange rate policy in December 2015; consequently, the Peso sustained a 63% nominal depreciation in the period from July 2015 to June 2016. At June 2016, the exchange rate stood at around 14.5 pesos for each dollar.

At June 2016, Argentina's country risk decreased by 97 basis points in year-on-year terms, maintaining a high spread vis-à-vis the rest of the countries in the region. The debt premium paid by Argentina was at 518 basis points in June 2016, compared to the 352 paid by Brazil and the 213 paid by Mexico.

4. BUSINESS STRATEGY

As a leading company in Argentina engaged to acquiring, developing and managing real estate, we seek to (i) generate stable cash flows through the operation of our real estate rental assets (shopping centers, office buildings, hotels), (ii) achieve long-term appreciation of our asset portfolio by taking advantage of development opportunities, (iii) increase the productivity of our land reserves and enhance the margins of our development and sale of properties segment through partnerships with other developers, and (iv) look for opportunities abroad offering capital gain potential.

Argentine Operating Center

Shopping Centers

Our main purpose is to maximize our shareholders' profitability. By using our know-how in the shopping center industry in Argentina as well as our leading position, we seek to generate a sustainable growth of cash flow and to increase the long-term value of our real estate assets.

We attempt to take advantage of the unsatisfied demand for purchase in different urban areas of the region, as well as of our customers' purchase experience. Therefore, we seek to develop new shopping centers in urban areas with attractive prospects for growth, including Buenos Aires' Metropolitan area, some cities in the provinces of Argentina and possibly, other places abroad. To achieve this strategy, the close business relationship we have had for years with more than 1000 retail companies and trademarks composing our selected group of tenants is of utmost importance, as it allows us to offer an adequate mix of tenants for each particular case.

Offices

Since the Argentine economic crisis in 2001 and 2002, there has been limited investment in high-quality office buildings in Buenos Aires and, as a result, we believe there is currently substantial demand for those desirable office spaces. We seek to purchase and develop premium office buildings in strategically-located business districts in the City of Buenos Aires and other strategic locations that we believe offer return and potential for long-term capital gain. We expect to continue our focus on attracting premium corporate tenants to our office buildings. Furthermore, we intend to consider new opportunities on a selective basis to acquire or construct new rental office buildings.

Hotels

We believe our portfolio of three luxury hotels is positioned to take advantage of future growth in tourism and travel in Argentina. We seek to continue with our strategy to invest in high-quality properties which are operated by leading international hotel companies to capitalize on their operating experience and international reputation.

Sales and Developments

We seek to purchase undeveloped properties in densely-populated areas and build apartment complexes offering green spaces for recreational activities. We also seek to develop residential communities by acquiring undeveloped properties with convenient access to the City of Buenos Aires, developing roads and other basic infrastructure such as electric power and water, and then selling lots for the construction of residential units. After the economic crisis in 2001 and 2002, the scarcity of mortgage financing restricted the growth in middle class home purchases, and as a result, we mainly focused on the development of residential communities for middle and high-income individuals, who do not need to finance their home purchases. Furthermore, we seek to continue to acquire undeveloped land at attractive locations inside and outside Buenos Aires for the purpose of their appreciation for subsequent sale. We believe that holding a portfolio of desirable undeveloped plots of land enhances our ability to make strategic long-term investments and affords us a valuable “pipeline” of new development projects for upcoming years.

International

In this segment, we seek investments that represent an opportunity of capital appreciation potential in the long term. After the international financial crisis in 2008, we took advantage of the price opportunity in the real estate sector in the United States and invested in two office buildings in Manhattan, New York. In 2015, we sold the Madison building and we hold a 49.9% interest in a US company, whose main asset is the so-called “Lipstick” office building located in the City of New York. In addition, jointly with subsidiaries, we hold 49.0% of Condor Hospitality Trust REIT’s voting rights (NASDAQ: CDOR). We intend to continue evaluating -on a selective basis- investment opportunities outside Argentina as long as they offer attractive investment and development options.

Financial Operations and Other

We keep our investment in Banco Hipotecario, the main mortgage-lending bank in Argentina, as we believe that we are able to reach good synergies in the long term with a developed mortgage market.

Israeli Operating Center

We hold, through Dolphin, 68.3% of the Israeli company IDBD, which is one of the largest and most diversified investment groups in Israel, which participates, through its subsidiaries, in numerous markets and industry sectors, including real estate, retail, agricultural industry, insurance, telecommunications, etc. We seek to continue to reduce the company's indebtedness level, simplifying its capital structure and encouraging a strategy in each business unit aimed at improving operating margins and the results of our investment.

5. OPERATIONAL DESCRIPTION

Argentine Operating Center

Shopping Centers Segment

Private consumption continues to be the driver of economic activity. Nonetheless, at June 2016, the Consumer Confidence Index (CCI) had shown a 22.2% decline as compared to June 2015, as well as a 1.9% increase as compared to June 2014. Sales in shopping centers in April 2016 reached a total amount of Ps. 4,374 million, which represented a 41.4% increase compared to the same month in 2015. Accumulated sales for the first four months of the year totaled Ps. 14,586 million and reached a 29.2% percentage variation compared to the same period the previous year.

As of June 30, 2016, we operated and owned a majority interest in, a portfolio of 16 shopping centers in Argentina, seven of which are located in the City of Buenos Aires (Abasto, Alcorta Shopping, Alto Palermo Shopping, Patio Bullrich, Buenos Aires Design, Dot Baires Shopping and Distrito Arcos), two are located in the greater Buenos Aires area (Alto Avellaneda and Soleil Premium Outlet), and the rest are located in different provinces of Argentina (Alto Noa in the City of Salta, Alto Rosario in the City of Rosario, Mendoza Plaza in the City of Mendoza, Córdoba Shopping Villa Cabrera and Patio Olmos (operated by a third party) in the City of Córdoba, La Ribera Shopping in Santa Fe (through a joint venture) and Alto Comahue in the City of Neuquén).

The shopping centers operated by us comprise a total of 333,155.4 square meters of GLA (excluding certain spaces occupied by hypermarkets which are not our tenants). Total tenant sales in our shopping centers, as reported by retailers, were Ps. 28,904.9 million for fiscal year 2016 and Ps. 21,527 million for fiscal year 2015, which implies an increase of 34.3%, including Distrito Arcos and Alto Comahue. Tenant sales at our shopping centers are relevant to our revenues and profitability because they are one of the factors that determine the amount of rent that we charge our tenants. They also affect the tenants' overall occupancy costs as a percentage of the tenant's sales.

The following table shows certain information concerning our shopping centers as of June 30, 2016:

	Date of acquisition	Location	Gross leaseable area sqm (1)	Stores	Occupancy rate (2)	IRSA CP's Interest (3)	Book Value (4)
Abasto (5)	Jul-94	City of Buenos Aires, Argentina	36,737.6	170	99.8%	100.0%	244
Alto Palermo	Nov-97	City of Buenos Aires, Argentina	18,966.0	142	99.6%	100.0%	206
Alto Avellaneda	Nov-97	Province of Buenos Aires, Argentina	35,887.0	134	100.0%	100.0%	127

Alcorta Shopping	Jun-97	City of Buenos Aires, Argentina	15,876.7	112	89.1%	100.0%	104
Patio Bullrich	Oct-98	City of Buenos Aires, Argentina	11,782.7	88	99.1%	100.0%	109
Alto Noa	Mar-95	Salta, Argentina	19,039.9	89	100.0%	100.0%	32
Buenos Aires Design	Nov-97	City of Buenos Aires, Argentina	13,903.1	62	95.7%	53.7%	7
Mendoza Plaza	Dec-94	Mendoza, Argentina	42,043.0	139	95.2%	100.0%	92
Alto Rosario (5)	Nov-04	Santa Fe, Argentina	28,795.5	143	100.0%	100.0%	127
Córdoba Shopping	Dec-06	Córdoba, Argentina	15,581.7	110	99.2%	100.0%	53
Dot Baires Shopping	May-09	City of Buenos Aires, Argentina	49,640.7	150	100.0%	80.0%	367
Soleil Premium Outlet	Jul-10	Province of Buenos Aires, Argentina	13,991.1	78	100.0%	100.0%	80
La Ribera Shopping	Aug-11	Santa Fe, Argentina	9,850.6	63	99.3%	50.0%	24
Distrito Arcos (6)	Dec-14	City of Buenos Aires, Argentina	11,170.1	60	97.0%	90.0%	279
Alto Comahue (7)	Mar-15	Neuquén, Argentina	9,889.6	102	96.6%	99.1%	319
Patio Olmos (8)							26
Total			**333,155.4**	**1,642**	**98.4%**		**2,196**

Notes:

(1) Corresponds to the total leaseable surface area of each property. Excludes common areas and parking spaces.
(2) Calculated by dividing square meters under leases in effect by gross leaseable area as of fiscal year end.
(3) Our effective interest in each of its business units.
(4) Cost of acquisition, plus improvements, less accumulated depreciation.
Values expressed in million of pesos (Ps.).
(5) Excludes Museo de los Niños (3,732 sqm in Abasto and 1,261 sqm in Alto Rosario).
(6) Opening December 18, 2014.
(7) Opening March 17, 2015.
(8) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Cordoba, operated by a third party.

Accumulated Rental Income as of June 30, 2016, 2015 and 2014

(*In thousands of Ps.*)

	2016	2015	2014
Abasto	384,144	301,685	238,021
Alto Palermo	391,913	295,285	244,214
Alto Avellaneda	265,195	199,920	160,894
Alcorta Shopping	186,700	140,533	105,792
Patio Bullrich	118,498	98,359	79,374
Alto Noa	72,631	50,669	38,746
Buenos Aires Design	45,382	35,320	27,360
Mendoza Plaza	119,037	91,694	74,111
Alto Rosario	181,501	137,639	100,072
Córdoba Shopping –Villa Cabrera	68,050	54,445	39,763
Dot Baires Shopping	261,364	199,474	158,306
Soleil Premium Outlet	80,113	59,366	44,178
La Ribera Shopping	20,779	13,068	9,360
Distrito Arcos (1)	78,121	22,934	0
Alto Comahue (2)	47,787	11,690	0
Patio Olmos (4)			
Total (3)	**2,321,215**	**1,712,081**	**1,320,191**

(1) Opening December 18, 2014.
(2) Opening March 17, 2015.
(3) It does not include revenues from Fibesa or Patio Olmos.
(4) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Cordoba, operated by a third party.

Tenant Retail Sales [(1)(2)]

The following table sets forth the total approximate tenant retail sales in millions of Pesos at the shopping centers in which we had an interest for the fiscal years stated below:

	2016	2015	2014
Abasto	4,043.1	3,150.2	2,447.0
Alto Palermo	3,499.4	2,662.1	2,111.2
Alto Avellaneda	3,781.1	2,913.3	2,333.8
Alcorta Shopping	1,899.9	1,474.7	1,120.4
Patio Bullrich	1,061.0	888.5	689.3
Alto Noa	1,369.0	1,068.6	766.1
Buenos Aires Design	414.4	326.0	272.2
Mendoza Plaza	2,368.8	1,906.7	1,514.7
Alto Rosario	2,628.1	1,951.8	1,378.3
Córdoba Shopping- Villa Cabrera	990.7	756.0	546.6
Dot Baires Shopping	3,254.3	2,570.6	2,008.3
Soleil Premium Outlet	1,282.2	938.4	664.0
La Ribera Shopping	633.5	398.1	280.8
Distrito Arcos [(2)]	962.3	339.9	-
Alto Comahue [(3)]	717.1	182.1	-
Patio Olmos [(4)]			
Total sales	**28,904.9**	**21,527.0**	**16,132.8**

(1) Retail sales based upon information provided to us by retailers and prior owners. The amounts shown reflect 100% of the retail sales of each shopping center, although in certain cases we own less than 100% of such shopping centers. Excludes sales from stands and spaces used for special exhibitions.
(2) Opening December 18, 2014.
(3) Opening March 17, 2015.
(4) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Cordoba, operated by a third party.

Accumulated Sales per type of Business

(*In millions of Ps.*)

	2016	2015	2014
Anchor Store	1,590.5	1,299.3	1,098.4
Clothes and footwear	15,201.4	11,124.8	7,940.1
Entertainment	1,025.7	740.6	546.5
Home and decoration	783.9	617.1	486.4
Home Appliances	3,861.5	2,994.2	2,526.5
Restaurants	2,722.2	1,938.4	1,476.8
Miscellaneous	3,368.2	2,589.4	1,922.3
Services	351.5	223.1	135.7
Total	**28,904.9**	**21,527.0**	**16,132.8**

Occupancy Rate

The following table sets forth the occupancy rate expressed as a percentage of the gross leaseable area as of the dates stated at the end of the following fiscal years:

	2016	2015	2014
Abasto	99.8%	100.0%	99.4%
Alto Palermo	99.5%	99.7%	98.9%
Alto Avellaneda	100.0%	99.9%	99.5%
Alcorta Shopping	89.1%	100.0%	99.8%
Patio Bullrich	99.1%	100.0%	99.6%
Alto Noa	100.0%	100.0%	99.7%
Buenos Aires Design	95.7%	94.6%	92.3%
Mendoza Plaza	95.2%	96.1%	95.0%
Alto Rosario	100.0%	97.9%	97.0%
Córdoba Shopping Villa Cabrera	99.2%	99.8%	99.8%
Dot Baires Shopping	100.0%	99.7%	99.7%

Soleil Premium Outlet	100.0%	99.4%	100.0%
La Ribera Shopping	99.3%	99.3%	99.6%
Distrito Arcos	97.0%	97.3%	-
Alto Comahue	96.6%	94.2%	-
Patio Olmos [1]			
Total Percentage	**98.4%**	**98.7%**	**98.4%**

(1) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Cordoba, operated by a third party.

Rental Price

The following table shows the annual average rental price per square meter for the fiscal years ended June 30, 2016, 2015 and 2014:[1]

	2016	2015	2014
Abasto	10,456.41	8,227.20	6,254.60
Alto Palermo	20,663.95	15,107.90	12,618.50
Alto Avellaneda	7,389.72	5,443.20	4,400.30
Alcorta Shopping	11,759.36	9,106.10	7,000.20
Patio Bullrich	10,056.93	8,452.80	6,762.30
Alto Noa	3,814.69	2,656.60	2,022.50
Buenos Aires Design	3,264.20	2,543.20	1,874.90
Mendoza Plaza	2,831.32	2,181.10	1,802.80
Alto Rosario	6,303.08	4,847.20	3,390.40
Córdoba Shopping Villa Cabrera	4,367.28	3,552.00	2,503.80
Dot Baires Shopping	5,265.11	4,001.70	3,389.30
Soleil Premium Outlet	5,726.02	4,242.50	2,908.40
La Ribera Shopping	2,109.44	1,340.30	1,129.70
Distrito Arcos (2)	6,993.79	1,891.10	-
Alto Comahue (3)	4,832.07	1,236.10	-
Patio Olmos [4]			

(1) Corresponds to consolidated annual accumulated rental prices according to the IFRS divided by gross leaseable square meters. Does not include revenues from Fibesa or Patio Olmos.
(2) Opening December 18, 2014.
(3) Opening March 17, 2015.
(4) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Cordoba, operated by a third party.

Lease Expirations [1] [2]

The following table sets forth the schedule of estimated lease expirations for our shopping centers for leases in effect as of June 30, 2016, assuming that none of the tenants will exercise renewal options or terminate their leases earlier:

Expiration	Number of Agreements (1)	Square meters to expire	Percentage to expire	Amount (Ps.) (3)	Percentage of Agreements
2016	171	33,155.2	10%	96,293,785.4	8%
2017	487	83,781.3	25%	356,833,346.8	30%
2018	403	69,906.2	21%	308,857,789.9	26%
2019 and subsequent years	581	146,312.7	44%	409,126,531.0	35%
Total [2]	**1,642**	**333,155.4**	**100%**	**1,171,111,453.1**	**100%**

(1) Includes vacant stores as of June 30, 2016. A lease may be associated to one or more stores.
(2) Does not reflect our ownership interest in each property.
(3) The amount expresses the annual base rent as of June 30, 2016 of agreements to expire.

Five largest tenants in the portfolio

The five largest tenants in our portfolio (in terms of sales) account for approximately 15% of our gross leaseable area as of June 30, 2016 and approximately 9.1% of the annual base rent for the fiscal year then ended.

Detailed Information about each of our shopping centers

The Annual Report of our subsidiary IRSA Propiedades Comerciales includes certain detailed information regarding our shopping center portfolio, including identification of the five largest tenants of each shopping center and certain lease provisions agreed with such tenants.

Competition

Because most of our shopping centers are located in highly populated areas, there are competing shopping centers within, or in close proximity to, our targeted areas. The number of shopping centers in a particular area could have a material effect on our ability to lease space in our shopping centers and on the amount of rent that we are able to charge. We believe that due to the limited availability of large plots of land and zoning restrictions in the City of Buenos Aires, it will be difficult for other companies to compete with us in areas through the development of new shopping center properties. Our principal competitor is Cencosud S.A. which owns and operates Unicenter shopping center and the Jumbo hypermarket chain, among others.

The following chart shows certain information relating to the most important owners and operators of shopping centers in Argentina:

Company	Shopping Center	Location (1)	Gross Leasable Area	Stores	National GLA Percentage (2)	Stores Percentage (2)
IRSA Propiedades Comerciales						
	Dot Baires Shopping	CABA	49,641	150	2.14%	2.38%
	Mendoza Plaza Shopping	Mendoza	42,043	139	1.81%	2.21%
	Abasto de Buenos Aires	CABA	40,470	170	1.74%	2.70%
	Alto Avellaneda	GBA	35,887	134	1.54%	2.13%
	Alto Rosario	Rosario	30,056	143	1.29%	2.27%
	Alto Palermo Shopping	CABA	18,966	142	0.82%	2.26%
	Alto Noa	Salta	19,040	89	0.82%	1.41%
	Alcorta Shopping	CABA	15,877	112	0.68%	1.78%
	Córdoba Shopping	Córdoba	15,582	110	0.67%	1.75%
	Soleil Premium Outlet	GBA	13,991	78	0.60%	1.24%
	Buenos Aires Design	CABA	14,306	62	0.62%	0.99%
	Distrito Arcos	CABA	10,794	59	0.46%	0.94%
	Patio Bullrich	CABA	11,783	88	0.51%	1.40%
	La Ribera Shopping	Santa Fe	9,851	63	0.42%	1.00%
	Alto Comahue	Neuquén	9,890	102	0.43%	1.62%
	Subtotal		**338,175**	**1,641**	**14.55%**	**26.08%**

Cencosud S.A.					
	Subtotal	**650,256**	**1,456**	**28.01%**	**20.60%**
Other Operators					
	Subtotal	**1,334,846**	**3,836**	**57.44%**	**53.31%**
Total		**2,323,278**	**6,933**	**100%**	**100%**

(1) "GBA" means Greater Buenos Aires, the metropolitan area of Buenos Aires, and "CABA" means Autonomous City of Buenos Aires.
(2) Percentage over all shopping centers in Argentina grouped in the Argentine Chamber of Shopping Centers (CASC).
Source: Argentine Chamber of Shopping Centers

Seasonality

Our business is directly related with seasonality, affecting the level of our tenants' sales. During summer holidays (January and February) our tenants' sales reach their minimum level, whereas during winter holidays (July) and in December (Christmas) they reach their maximum level. Clothing stores generally change their collections in spring and autumn, positively affecting our shopping centers' sales. Sales at discount prices at the end of each season are also one of the main sources of impact on our business.

Offices and Other Segment

According to Colliers International, as of June 2016, the A+ and A office inventory remained stable since the fourth quarter of 2015 at 1,655,954 sqm. In terms of rental availability, there was a 1% decrease in the vacancy rate to 6.4% during the second quarter of 2016 compared to the same period the previous year. Thus, the vacancy rate has remained at a stable range between 6% and 8% since 2010. These values indicate that the market is healthy in terms of its operations, allowing an optimum level of supply with balanced values. According to the market segments, class A properties show a vacancy rate of 7% for the entire stock, while A+ properties buildings show a vacancy rate of 5%.

During the second quarter of 2016, net absorption was negative at 400 sqm, i.e., more meters have become vacant than the ones which have been occupied, a situation that have not been seen since 2012. This behavior of demand is mainly explained by the sub-market *Zona Norte GBA*, which concentrates most of the spaces that have become vacant. On the other hand, it is verified that the area that has become vacant in A+ properties (-2,908 sqm) was mostly absorbed by class A properties (as it was 2,474 sqm).

During the second quarter of 2016, rental prices remained steady as compared to the general average prices seen over the past ten years (USD 24.8 per square meter). Compared to the previous quarter, a 2.5% increase was recorded (from USD 24.1 per square meter to USD 24.7 per square meter). This slight increase shows a 1.4% increase in rental prices for A+ properties (USD 27.2 per square meter in the second quarter against USD 26.8 per square meter in the first quarter) and a 2.4% increase in rental prices for A properties (USD 23.4 per square meter in the second quarter against USD 22.9 per square meter in the first quarter). The spread between both categories is USD 3.8 and reached USD 12 in low vacancy periods.

In turn, the sub-market Catalinas is currently the one with the best prices in the market. The average value of the properties in such area amounts to USD 27.9 per square meter. This value is expected to increase over the next few months due to the addition of new towers with prices already over USD 35 per square meter in the inventory.

At June 2016, the sub-market *Zona Norte GBA* shows average rental prices of USD 23.3, almost at the same values of June 2015. Moreover, during the same month, the vacancy rate was 8.9%, compared to 9.5% in June 2015.

We are engaged in the acquisition and management of office buildings and other rental properties in Argentina. As of June 30, 2016, we directly and indirectly owned interests in office and other rental properties, which comprised 333,962 square meters of gross leaseable area. Out of these properties, 8 were office properties, which comprised 81,020 square meters of gross leaseable area. For fiscal year 2016, we had revenues from Offices and other non-shopping center rental properties of Ps. 340 million.

All our office rental properties in Argentina are located in the City of Buenos Aires. For the year ended June 30, 2016, the average occupancy rate for all our properties in the Offices and Other segment was approximately 84.7%.

Management

We generally act as the managing agent of the office properties in which we own an interest. These interests consist primarily of the ownership of entire buildings or a substantial number of floors in a building. The buildings in which we own floors are generally managed pursuant to the terms of a condominium agreement that typically provides for control by a simple majority of the interests (based on the area owned) in the building. As the managing agent of operations, we are responsible for handling services, such as security, maintenance and housekeeping. These services are generally outsourced. The cost of the services is passed-through and paid for by the tenants, except in the case of our units not rented, in which case we absorb the cost. Our leaseable space is marketed through commissioned brokers, the media and directly by us.

Leases

We usually lease our offices and other rental properties by using contracts with an average term of three years, with the exception of a few contracts with terms of five years. These contracts are renewable for two or three years at the tenant's option. Contracts for the rental of office buildings and other commercial properties are generally stated in U.S. dollars, and in accordance with Argentine law they are not subject to inflation adjustment. Rental rates for renewed periods are negotiated at market value.

Properties

The following table sets forth certain information regarding our direct and indirect ownership interest in offices and other non-shopping center rental properties:

	Date of Acquisition	Gross Leasable Area (sqm) [1]	Occupancy [2]	IRSA's Effective Interest	Monthly Rental Income (in thousands of Ps.)[3]	Annual accumulated rental income (in millions of Ps.)[4]			Book Value (in millions of Ps.)
						2016	2015	2014	
Offices									
Edificio República (5)	04/28/08	19,885	100.0%	100.0%	7,637	72	62	46	189
Torre Bankboston (5)	08/27/07	14,873	100.0%	100.0%	5,098	56	42	35	135
Bouchard 551	03/15/07	-	-	100.0%	-	3	10	24	7
Intercontinental Plaza (5)	11/18/97	6,569	100.0%	100.0%	2,036	28	56	40	38
Bouchard 710 (5)	06/01/05	15,014	100.0%	100.0%	7,020	68	48	34	60
Dique IV	12/02/97	-	-	-	-	15	32	25	-

Maipú 1300	09/28/95	1,353	100.0%	100.0%	486	6	16	15	5
Libertador 498	12/20/95	620	100.0%	100.0%	611	6	2	3	4
Suipacha 652/64 (5)	11/22/91	11,465	90.7%	100.0%	2,085	22	16	13	8
Dot Building (5)	11/28/06	11,242	100.0%	80.0%	3,521	31	27	19	123
Subtotal Offices		**81,020**	**98.7%**	**N/A**	**28,658**	**307**	**279**	**229**	**569**
Other Properties									
Santa María del Plata S.A.	10/17/97	106,610	100.0%	100.0%	676	12	-	-	13
Nobleza Picardo (6)	05/31/11	109,610	74.8%	50.0%	185	2	8	8	7
Other Properties (7)	N/A	38,646	42.8%	N/A	1,714	11	7	3	301
Subtotal Other Properties		**254,942**	**80.3%**	**N/A**	**2,575**	**25**	**15**	**11**	**321**
Total Offices and Other		**333,962**	**84.7%**	**N/A**	**31,232**	**332**	**294**	**240**	**890**

Notes:
(1) Corresponds to the total leaseable surface area of each property as of June 30, 2016. Excludes common areas and parking spaces.
(2) Calculated by dividing occupied square meters by leaseable area as of June 30, 2016.
(3) The lease agreements in effect as of June 30, 2016 were computed for each property.
(4) Corresponds to total consolidated lease agreements.
(5) Through IRSA CP.
(6) Through Quality Invest S.A.
(7) Includes the following properties: Ferro, Dot Adjoining Plot, Anchorena 665, Anchorena 545 (Chanta IV) and La Adela, among others.

The following table shows a schedule of the lease expirations of our office and other properties for leases outstanding as of June 30, 2016, assuming that none of the tenants exercise renewal options or terminate their lease early. Most tenants have renewal clauses in their leases.

Year of Expiration	Number of Leases	Surface area subject to expiration (sqm)	Percentage subject to expiration	Amount (Ps.)	Percentage of Leases
2016	29	34,947	12%	34,508,797	10%
2017	20	23,455	8%	74,530,611	22%
2018	40	43,627	15%	148,854,011	43%
2019+	29	185,540	65%	85,548,601	25%
Total	**118**	**287,570**	**100%**	**343,442,019**	**100%**

- Includes Offices whose the lease agreement has not yet been renewed as of June 30, 2016.
- Does not include vacant leased square meters.
- Does not include square meters or revenues from parking spaces.

The following table shows our offices occupancy percentage (1) as of the end of fiscal years ended June 30, 2016 and 2015:

	Occupancy Percentage(1)	
	2016	2015
Offices		
Edificio República	100.0%	93.6%
Torre Bankboston	100.0%	100.0%
Intercontinental Plaza	100.0%	100.0%
Bouchard 710	100.0%	100.0%
Suipacha 652/64	90.7%	96.7%
DOT Building	100.0%	100.0%
Maipú 1300	100.0%	90.9%
Libertador 498	100.0%	100.0%
Juana Manso 295 (Dique IV)	-	99.5%
Subtotal Offices	98.7%	98.1%

(1) Leased surface area in accordance with agreements in effect as of June 30, 2016 and 2015 considering the total leaseable office area for the same periods.

The following table sets forth the annual average income per square meter for our offices during fiscal years ended June 30, 2016, 2015 and 2014.

Annual average income per surface area as of June 30(1).

(*Ps./sqm*)

	Annual average income per square meter(1)		
	2016(1)	2015(1)	2014(1)
Offices			
Edificio República	3,615	3,115	3,075
Torre Bankboston	3,778	2,819	2,467
Bouchard 551	-	-	3,565
Intercontinental Plaza	4,291	2,484	2,402
Bouchard 710	4,539	3,219	2,844
Juana Manso 295 (Dique IV)	-	2,847	2,722
Maipú 1300	4,790	3,330	3,000
Libertador 498	10,464	3,149	5,227
Suipacha 652/64	1,961	1,399	1,512
DOT Building	2,778	2,439	2,410

(1) Calculated by dividing annual rental income by the gross leaseable area of offices based on our interest in each building as of June 30 for each fiscal year.

New agreements and renewals:

The following table sets forth certain Information on lease agreements as of June 30, 2016:

Property	Number of Agreements (1)(5)	Annual Rental Income(2)	Rental income per sqm New and Renewed(3)	Previous rental income per sqm(3)	No. of non-renewed agreements	Non-renewed agreements Annual rental income(4)
Maipú 1300	3	3,381,083.7	269.8	385.0	1	984,720
Av, Del Libertador 498	1	3,182,430.2	427.8	413.6	-	-
Intercontinental Plaza	1	2,504,207.7	232.5	232.5	-	-
Bouchard 710	3	12,876,429.7	399.2	331.8	-	-
Torre BankBoston	3	11,232,929.3	375.5	283.5	1	32,089,460
Edificio República	4	18,461,401.7	399.8	477.4	-	-
Dot Building	1	3,728,987.4	374.1	327.3	2	5,729,101
Suipacha 664	3	6,478,965.1	151.0	143.3	3	14,179,968
Total Offices	19	61,846,434.8	312.9	299.5	7	52,982,949

(1) Includes new and renewed agreements executed in fiscal year 2016.
(2) Agreements stated in US dollars converted into Pesos at the exchange rate prevailing in the initial month of the agreement multiplied by 12 months.
(3) Monthly value.
(4) Agreements stated in US dollars converted into Pesos at the exchange rate prevailing in the last month of the agreement, multiplied by 12 months.
(5) Does not include agreements of parking spaces, antennas or terrace space.

Below is a description of our rental office buildings:

Edificio República, City of Buenos Aires

Edificio República was designed by the renowned architect César Pelli (the designer of the World Trade Center in New York and the Petronas Towers in Kuala Lumpur). It is a unique premium office building in downtown Buenos Aires with approximately 19,885 gross leaseable square meters and 178 parking spaces. The main tenants include Apache Energía, Estudio Beccar Varela, BASF Argentina S.A., ENAP Sipetrol Argentina S.A., Facebook Argentina S.R.L., BACS Banco de Crédito y Securitización S.A., among others.

Torre BankBoston, City of Buenos Aires

The Bank Boston tower is a modern office building located at Carlos Maria Della Paolera 265 in the City of Buenos Aires. It was designed by the renowned architect Cesar Pelli and has 27 floors and 60 parking spaces and 31,670 square meters of gross leaseable area. We have a 47% ownership interest in the building. At present, its main tenants include Exxon Mobile and Kimberley Clark de Argentina, among other.

Intercontinental Plaza, City of Buenos Aires.

Intercontinental Plaza is a modern 24-story building located next to the Intercontinental Hotel in the historic neighborhood of Montserrat in downtown City of Buenos Aires. We own 29% of the building, which has a surface averaging 22,535 square meters of gross leaseable area and 321 parking spaces. The principal tenants currently include Cognizant Tech Solutions de Arg. SRL, CRESUD Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agrícola (“CRESUD”), IRSA and Industrias Pugliese S.A., among others.

Bouchard 710, City of Buenos Aires.

Bouchard 710 is an office building located in the Retiro area. The building is a 12-story tower, with an average area of 1,251 square meters per floor, with 165 units for car parking. Tenants include Sibille S.C. (KPMG), and Microsoft de Argentina S.A., Samsung Electronics Argentina S.A., Energy Consulting Services S.A., Chubb Argentina de Seguros S.A. and Booking.com S.A., among other. It has 15,014 square meters of gross leaseable area.

Maipú 1300, City of Buenos Aires.

Maipú 1300 is a 23-story office tower opposite Plaza San Martín, a prime office zone facing Avenida del Libertador, an important north-to-south avenue. The building is also located within walking distance of the Retiro commuter train station, the city’s most important public transportation hub, connecting rail, subway and bus transportation. We own 1,353 sqm, with an average area per floor of 245 square meters.

Suipacha 652/64, City of Buenos Aires.

Suipacha 652/64 is a 7-story office building located in the office district of the city. We own the entire building and 62 parking spaces. The building has unusually large floors, most measuring 1,580 square meters. The building’s principal tenants currently include Monitor de Medios Publicitarios S.A, Organización de Servicios Directos Empresarios (OSDE) and Tarshop S.A., among other. It has 11,465 square meters of gross leaseable area.

Libertador 498, City of Buenos Aires

Libertador 498 is a 27-story office tower at the intersection of three of the most important means of access to the city. This location allows for easy access to the building from northern, western and southern Buenos Aires. We are owners of 1 floor with an average area per floor of 620 sqm and approximately 100 parking spaces. This building features a unique design in the form of a cylinder and a circular view of the entire city.

Dot Building, City of Buenos Aires

Panamerican Mall S.A., our subsidiary, developed an office building with a gross leaseable area of 11,242 sqm adjacent to Dot Baires Shopping. This building was opened in July 2010, which meant our landing in the booming rental office corridor in the northern area of the City of Buenos Aires. The principal tenants include General Electric International Inc., Mallinckrodt Medical Arg. Limited, Carrier and Boston Scientific Argentina S.A., Astrazeneca S.A., Covidien S.A., etc.

Other Office Properties.

We also have interests in other office properties, all of which are located in the City of Buenos Aires. These properties are either entire buildings or floors in buildings.

Retail and Other Properties.
Our portfolio of rental properties as of June 30, 2016 includes 4 non-shopping center leaseable properties that may be leased as shops on streets, a lot in industrial premises, land reserves or other properties for various uses. Most of these properties are located in the City of Buenos Aires, although some are located in other cities in Argentina. These properties include Constitución 1111, Solares de Santa María, Madero 1020, Zelaya 3102 and Rivadavia 2774.

Catalinas Norte Plot
On May 26, 2010, jointly with the Government of the City of Buenos Aires, we executed a deed of conveyance of title whereby we acquired a property located at Avenida Eduardo Madero 150, between Av. Córdoba and San Martín. The total price of the transaction was fixed in the amount of Ps. 95 million, Ps. 19 million of which were paid upon the execution of the preliminary sales agreement (on December 17, 2009), whereas the balance of Ps. 76 million was paid upon the execution of the deed on May 26, 2010.

Hotels Segment

According to the Hotel Vacancy Survey (EOH) prepared by INDEC, at April 2016, stays at hotel and parahotel establishments were estimated at 2.8 million, 10.9% lower than the same month the previous year. Overnight stays of resident and nonresident travelers decreased by 11.5% and 8.6%, respectively. Total travelers who stayed at hotels during April were 1.3 million, accounting for a 11.5% decline compared to the same month the previous year. The number of resident and nonresident travelers decreased by 12.4% and 7.9%, respectively. Out of the total number of travelers who stayed at hotels, 78.5% were residents, reaching 1 million. The Room Occupancy Rate in April was 35.8%, showing a slight decline compared to the same month the previous year. Moreover, the Bed Occupancy Rate for the same period was 25.4%, which represents a slight decrease compared to April 2015.

During fiscal year 2016, we kept our 76.34% interest in Intercontinental hotel, 80.00% interest in Sheraton Libertador hotel and 50.00% interest in Llao Llao. We observed a decrease in the occupancy of our hotels due to a lower inflow of foreign and corporate tourists.

The following chart shows certain information regarding our luxury hotels:

Hotels	Date of Acquisition	IRSA's Interest	Number of rooms	Occupancy (1)	Average Price per Room Ps. (2)	Fiscal Year Sales as of June 30 (in millions)			Book Value
						2016	2015	2014	
Intercontinental (3)	11/01/1997	76.34%	309	70.58%	1,694	195	143	124	51
Sheraton Libertador (4)	03/01/1998	80.00%	200	73.42%	1,506	119	94	74	28
Llao Llao (5)	06/01/1997	50.00%	205	51.15%	3,784	220	159	134	77
Total	**-**	**-**	**714**	**65.79%**	**2,102**	**534**	**396**	**332**	**156**

Notes:
(1) Accumulated average in the twelve-month period.
(2) Accumulated average in the twelve-month period.
(3) Through Nuevas Fronteras S.A. (Subsidiary of IRSA).
(4) Through Hoteles Argentinos S.A.
(5) Through Llao Llao Resorts S.A.

Hotel Llao Llao, San Carlos de Bariloche, Province of Rio Negro
In June 1997 we acquired the Hotel Llao Llao from Llao Llao Holding S.A. Fifty percent is currently owned by the Sutton Group. The Hotel Llao Llao is located on the Llao Llao peninsula, 25

kilometers from San Carlos de Bariloche it is one of the most important tourist hotels in Argentina. Surrounded by mountains and lakes, this hotel was designed and built by the famous architect Bustillo in a traditional alpine style and first opened in 1938. The hotel was renovated between 1990 and 1993 and has a total constructed surface area of 15,000 sqm and 158 original rooms. The hotel-resort also includes an 18-hole golf course, tennis courts, fitness facility, spa, game room and swimming pool. The hotel is a member of The Leading Hotels of the World, Ltd., a prestigious luxury hospitality organization representing 430 of the world's finest hotels, resorts and spas. The Hotel Llao Llao is currently being managed by Compañía de Servicios Hoteleros S.A., operator, among others, of the Alvear Palace Hotel, a luxury hotel located in the Recoleta neighborhood of Buenos Aires. During 2007, the hotel was subject to an expansion and the number of suites in the hotel rose to 201 rooms. The occupancy of the hotel decreased in the April-June quarter due to eruption of the Calbuco volcano which resulted in a significant reduction of bookings for stays for such period.

Hotel Intercontinental, City of Buenos Aires
In November 1997, we acquired 51% of the Hotel Intercontinental from Pérez Companc S.A. The Hotel Intercontinental is located in the downtown City of Buenos Aires neighborhood of Montserrat, near the Intercontinental Plaza office building. Intercontinental Hotels Corporation, a United States corporation, currently owns 24% of the Hotel Intercontinental. The hotel's meeting facilities include eight meeting rooms, a convention center and a divisible 588 sqm ballroom. Other amenities include a restaurant, a business center, a sauna and a fitness facility with swimming pool. The hotel was completed in December 1994 and has 309 rooms.

Hotel Sheraton Libertador, City of Buenos Aires
In March 1998 we acquired 100% of the Hotel Sheraton Libertador from Citicorp Equity Investment for an aggregate purchase price of USD 23 million. This hotel is located in downtown Buenos Aires. The hotel contains 193 rooms and 7 suites, eight meeting rooms, a restaurant, a business center, a spa and fitness facilities with a swimming pool. In March 1999, we sold 20% of our interest in the Sheraton Libertador Hotel for USD 4.7 million to Hoteles Sheraton de Argentina. The hotel is currently managed by Sheraton Overseas Management Corporation, a United States corporation.

Bariloche Plot, "El Rancho," San Carlos de Bariloche, Province of Río Negro
On December 14, 2006, through our hotel operator subsidiary, Llao Llao Resorts S.A., we acquired a land covering 129,533 sqm of surface area in the City of San Carlos de Bariloche in the Province of Río Negro. The total price of the transaction was USD 7 million, of which USD 4.2 million were paid in cash and the balance of USD 2.8 million was financed by means of a mortgage to be paid in 36 monthly, equal and consecutive installments of USD 0.086 million each. The land is in the border of the Lago Gutiérrez, close to the Llao Llao Hotel in an outstanding natural environment and it has a large cottage covering 1,000 sqm of surface area designed by the architect Ezequiel Bustillo.

Sale and Development of Properties and Land Reserves Segment

Residential Development Properties

The acquisition and development of residential apartment complexes and residential communities for sale is one of our core activities. Our development of residential apartment complexes consists of the new construction of high-rise towers or the conversion and renovation of existing structures such as factories or warehouses. In connection with our development of residential communities, we frequently acquire vacant land, develop infrastructure such as roads, utilities and common areas, and sell plots of land for construction of single-family homes. We may also develop or sell portions of land for others to develop complementary facilities such as shopping areas within residential developments.

In fiscal year ended June 30, 2016, revenues from the development and sale of properties segment amounted to Ps. 8 million, compared to Ps. 15 million posted in the fiscal year ended June 30, 2015.

Construction and renovation works on our residential development properties are currently performed, under our supervision, by independent Argentine construction companies that are selected through a bidding process. We enter into turnkey contracts with the selected company for the construction of residential development properties pursuant to which the selected company agrees to build and deliver the development for a fixed price and at a fixed date. We are generally not responsible for any additional costs based upon the turnkey contract. All other aspects of the construction, including architectural design, are performed by third parties.

Another modality for the development of residential undertakings is the exchange of land for constructed square meters. In this way, we deliver undeveloped pieces of land and another firm is in charge of building the project. In this case, we receive finished square meters for commercialization, without taking part in the construction works.

The following table shows certain information and gives an overview regarding our sales and development properties as of June 30, 2016, 2015 and 2014:

DEVELOPMENT	2016	2015	2014
Residential Apartments			
Caballito Nuevo	-	2	1
Condominios I y II (1)	-	7	52
Horizons (2)	5	5	23
Other Residential Apartments(3)	2	-	-
Subtotal Residential Apartments	**7**	**14**	**76**
Residential Communities			
Abril (4)	-	1	2
El Encuentro	-	-	8
Subtotal Residential Communities	**-**	**1**	**10**
Land Reserve			
Neuquén	-	-	13
Subtotal Land Reserve	**-**	**-**	**13**
TOTAL	**7**	**15**	**99**

(1) Through IRSA Propiedades Comerciales S.A.

(2) Belongs to CYRSA S.A.

(3) Refers to Entre Ríos 465 and Caballito Plot.

(4) Includes sales of shares in April.

Development	Company	Interest	Date of Acquisition	Surface area sqm	Area intended for sale sqm (1)	Area intended for construction	Sold (2)	Location	Accumulated Income as of June 2016	Accumulated Income as of June 2015	Book Value (ARS MM)
Residential properties											
Available for sale											
Condominios del Alto I	IRSA CP	100%	04/30/1999	-	2,082	-	100%	Santa Fe	-	7	1
Condominios del Alto II	IRSA CP	100%	04/30/1999	-	4,082	-	100%	Santa Fe	-	-	-
Caballito Nuevo	IRSA	100%	11/03/1997	-	7,323	-	100%	CABA	-	2	-
Barrio Chico	IRSA	100%	03/01/2003	-	2,872	-	100%	CABA	-	-	-
El Encuentro	IRSA	100%	11/18/1997	-	127,748	-	100%	Buenos Aires	-	-	-
Abril Club de Campo – Plots	IRSA	100%	01/03/1995	-	5,135	-	100%	Buenos Aires	-	1	-
Abril Club de Campo – Manor House (3)	IRSA	100%	01/03/1995	31,224	34,605	-	100%	Buenos Aires	-	-	2
Torres Jardín	IRSA	100%	07/18/1996	-	-		-	CABA	-	-	-
Departamento Entre Ríos 465/9	IRSA CP	100%	-	-	-		100%	Buenos Aires	1	-	-
Horizons	IRSA	50%	01/16/2007	-	60,232	-	100%	Buenos Aires	5	5	1
Intangible – Receivable units					-				-	-	-
Beruti (Astor Palermo) (4)	IRSA CP	100%	06/24/2008	-	2,170	-	-	CABA	-	-	33
Caballito Manzana 35	IRSA	100%	10/22/1998	-	6,952	-	-	CABA	-	-	52
CONIL - Güemes 836 – Mz. 99 and Güemes 902 – Mz. 95 and Retail Stores	IRSA CP	100%	07/19/1996	1,389	-	5,994	-	Buenos Aires	-	-	5
Canteras Natal Crespo (2 commercial parcels)	IRSA	-	-	40,333	-	-	-	Buenos Aires	-	-	-
Isla Sirgadero	IRSA	100%	02/16/2007	826,276	-	no data	-	Santa Fe	-	-	-
Pereiraola (Greenville)	IRSA	100%	04/21/2010	-	39,634	-	-	Buenos Aires	-	-	8
Subtotal Residential properties				899,222	292,835	5,994			6	15	102
Land Reserves											
Pilar R8 Km 53	IRSA	100%	05/29/1997	74,828	-	-	-	Buenos Aires	-	-	2
Pontevedra	IRSA	100%	02/28/1998	730,994	-	-	-	Buenos Aires	-	-	2
Mariano Acosta	IRSA	100%	02/28/1998	967,290	-	-	-	Buenos Aires	-	-	1
Merlo	IRSA	100%	02/28/1998	1,004,987	-	-	-	Buenos Aires	-	-	1

San Luis Plot	IRSA	50%	03/31/2008	3,250,523	-	-	-	San Luis	-	-	1
Subtotal Land reserves				6,028,622	-	-			-	-	7
Future Developments											
Mixed Uses											
UOM Luján (5)	IRSA CP	100%	05/31/2008	1,160,000	-	no data	N/A	Buenos Aires		-	42
La Adela	IRSA	100%	08/01/2014	10,580,000	-	-	N/A	Buenos Aires	-	-	216
Predio San Martin (Ex Nobleza Piccardo) (6)	IRSA CP	50%	05/31/2011	159,995	-	127,996	N/A	Buenos Aires	-	-	60
Puerto Retiro	IRSA	50%	05/18/1997	82,051	-	no data	N/A	CABA	-	-	22
Solares Santa María (7)	IRSA	100%	07/10/1997	716,058	-	no data	N/A	CABA	-	-	159
Residential							-		-	-	-
Coto Abasto Air Space	IRSA CP	100%	09/24/1997	-	-	21,536	N/A	CABA	-	-	9
Neuquén – Residential parcel	IRSA CP	100%	07/06/1999	13,000	-	18,000	N/A	Neuquén	-	-	1
Uruguay Zetol	IRSA	90%	06/01/2009	152,977	62,756	-	N/A	Uruguay	-	-	92
Uruguay Vista al Muelle	IRSA	90%	06/01/2009	102,216	62,737	-	N/A	Uruguay	-	-	64
										-	
Retail											
Caballito Shopping plot (8)	IRSA CP	100%	-	23,791	-	no data	N/A	CABA	1	-	-
Dot potential expansion	IRSA CP	80%	-	15,881	-	47,643	N/A	CABA	-	-	-
Offices											
Philips Adjoining plots - Offices 1 and 2	IRSA CP	80%	11/28/2006	12,800	-	38,400	N/A	CABA	-	-	25
Baicom	IRSA	50%	12/23/2009	6,905	-	34,500	N/A	CABA	-	-	4
Intercontinental Plaza II (9)	IRSA CP	100%	02/28/1998	6,135	-	19,598	N/A	CABA	-	-	2
Catalinas Norte Plot	IRSA	100%	12/17/2009	3,649	-	35,468	13%	CABA	-	-	112
											899
Total Land Reserves				19,963,302	418,328	348,967			7	15	1,008

Notes:

(1) Saleable Area means the housing square meters proper, excluding parking and storage spaces. It is recorded at 100%, before making any sales.

(2) % Sold includes those sale transactions for which there is a Preliminary Sales Agreement, Possession or a Title Deed executed. Includes housing square meters only, excludes parking and storage spaces.

(3) Saleable Area includes 31,224 sqm of the plot and 4,712.81 total sqm of the Manor House (discounting 1,331.76 sqm of Ground Floor).

(4) Saleable Area excludes 171 commercial parking spaces to be received and the units as compensation.
(5) Mixed Used Feasibility requested, pending provincial approval.
(6) 127,996 sqm arise from current laws, a draft project is being made for 479,415 buildable square meters (pending approval).
(7) Feasibility requested for 716,058 buildable square meters, pending approval from the Legislative body of the City of Buenos Aires.
(8) Draft project of 71,374 buildable square meters, pending approval of zoning parameters.
(9) 6,135 sqm of surface area correspond to the parcel, which includes Intercontinental I and II.

In the residential market, we acquire undeveloped properties strategically located in densely populated areas of the City of Buenos Aires, particularly properties located near shopping centers and hypermarkets or those to be constructed. We then develop multi-building high-rise complexes targeting the middle- and high- income market. These are equipped with modern comforts and services, such as open “green areas,” swimming pools, sports and recreation facilities and 24-hour security. In the loft buildings market, our strategy is to acquire old buildings no longer in use located in areas with a significant middle and upper-income population. The properties are then renovated into unfinished lofts allowing buyers the opportunity to design and decorate them according to their preferences.

Residential Properties (available for Sale)

Condominios del Alto I – City of Rosario, Province of Santa Fe (IRSA CP)
As of June 30, 2016, the project has been completed, and there is no land available for sale.

Condominios del Alto II –City of Rosario, Province of Santa Fe (IRSA CP)
As of June 30, 2016, works in parcel H have been completed; all units under the barter agreement have been received and 13 parking spaces are available for sale.

Barrio Chico – City of Buenos Aires
This is a unique Project located in Barrio Parque, an exclusive residential area in the City of Buenos Aires. During May 2006, the commercialization of the project was launched with successful results. The image of the product was originally developed under the name “Barrio Chico” through advertisements in the most important media. As of June 30, 2016, the project is completed and 2 parking spaces are get to be sold.

El Encuentro - Benavidez, Tigre – Province of Buenos Aires
In the district of Benavidez, Municipality of Tigre, 35 kilometers north of downtown Buenos Aires, there is a 110-hectare gated residential complex known as “El Encuentro”, consisting of a total of 527 lots and a total saleable area of 610,785.15 sqm with two privileged front accesses: the main one to Vía Bancalari and the service one to Highway No. 9, allowing an easy way to and from the city. As of June 30, 2016, all the units have been sold.

Abril – Hudson – Province of Buenos Aires
Abril is a 312-hectare private residential community located near Hudson City, approximately 34 kilometers south of the City of Buenos Aires. We have developed this property into a private residential community for the construction of single-family homes targeting the upper-middle income market. The project includes 20 neighborhoods subdivided into 1,273 lots of approximately 1,107 square meters each. Abril also includes an 18-hole golf course, 130 hectares of woodlands, a 4,000-square meter mansion and entertainment and recreational facilities. A bilingual school, horse stables and sports centers and the construction of the shopping center were concluded in 1999. The project is highly consolidated, and as of June 30, 2016 there are no lots pending execution of the relevant title deed.

“La Casona Abril” is located in the heart of the project. It is the antique manor of “Estancia Pereyra Iraola,” which was built in the decade of the thirties by architect José Mille. This little French-style palace of the XIX century has 4,700 sqm distributed over four floors and a garden of around 30,000 sqm.

Horizons, Vicente López, Olivos, Province of Buenos Aires.
The IRSA-CYRELA Project, developed over two adjacent blocks, was launched in March 2008 under the name Horizons. Horizons is one of the most significant developments in Greater Buenos Aires, featuring a new concept in residential complexes given its emphasis on the use of common spaces. This project includes two complexes with a total of six buildings: one complex faces the river and consists of three 14-floor buildings, the “Río” complex, and the other one, facing

Libertador Avenue, consists of three 17-floor buildings, it is known as the “Parque” complex, thus totaling 59,000 square meters built of saleable area distributed in 467 units (excluding the units to be delivered as consideration for the purchase of the lands). Horizons is a unique and style-innovating residential complex offering 32 amenities, including a meeting room, work zone, heated swimming pools, mansion with spa, sauna, gym, children room, teen room, thematically landscaped areas, and aerobic trail. The showroom was opened to the public in March 2008 with great success. As of June 30, 2016, the project was fully built and 2 apartments and 2 parking spaces are pending execution of the title deed. The stock available for sale consists of 2 parking spaces and 40 storage spaces.

Intangibles - Units to be received under barter agreements

Beruti Plot – City of Buenos Aires (IRSA CP)

On October 13, 2010, the Group, through its subsidiary IRSA CP, and TGLT S.A. (“TGLT”) entered into a barter agreement in connection with a plot of land located at Beruti 3351/59 in the City of Buenos Aires for cash and 2,170 square meters in future residential apartments to be constructed by TGLT in the plot. In addition, TGLT will deliver 32 residential parking spaces and 171 commercial parking spaces to the Company.

Caballito Plot – City of Buenos Aires

On June 29, 2011, the Group and TGLT, a residential developer, entered into an agreement to barter a plot of land located in Mendez de Andes street in the neighborhood of Caballito in the Autonomous City of Buenos Aires for cash and future residential apartments to be constructed by TGLT on the mentioned land. The transaction was agreed upon at USD 12.8 million. TGLT plans to construct an apartment building with parking spaces. As consideration, TGLT paid USD 0.2 million (USD 159,375) in cash and will transfer to IRSA: (i) a number of apartments to be determined representing 23.10% of total square meters of residential space; (ii) a number of parking spaces to be determined representing 21.10% of total square meters of parking space; and (iii) in case TGLT builds complementary storage rooms, a number to be determined, representing 21.10% of square meters of storage space. TGLT is committed to build, finish and obtain authorization for the three buildings making up the project within 36 to 48 months. TGLT mortgaged the land in favor of IRSA as guarantee.

A neighborhood association named *Asociación Civil y Vecinal SOS Caballito* secured a preliminary injunction which suspended the works to be carried out by TGLT in the abovementioned property. Once said preliminary injunction was deemed final, the Government of the City of Buenos Aires and TGLT were served notice of the complaint.

CONIL – Avellaneda, Province of Buenos Aires (IRSA CP)

These plots of the Company face Alto Avellaneda shopping center, totaling 2,398 sqm distributed in two opposite corners and according to urban planning standards, around 6,000 sqm may be built. Its intended use, either through an own development or sale to a third party, is residential with the possibility of a retail space as well. In November 2014, a barter deed was executed for the purpose of developing a residential project and as consideration for it, the Company will receive 1,365 sqm of retail stores located on the ground floors of blocks 99 and 95, at Güemes 836 and Güemes 902, respectively. Delivery of the consideration for block 95 is expected to take place in January 2018, and that corresponding to block 99 is scheduled for September 2018. The barter price was USD 0.7 million.

Pereiraola (Greenville), Hudson – Province of Buenos Aires

In April de 2010 we sold Pereiraola S.A., a company owner of certain lands adjacent to Abril Club de Campo that comprised 130 hectares, for USD 11.7 million. The purchaser would develop a project that include the fractioning into lots, a condo-hotel, two polo fields, and apartment buildings. The delivery to the Company of 39,634 square meters of lots amounting to approximately USD 3 million was included in the sale price. At present the project is at an advanced stage, and the 52 lots are expected to be received in 2016.

Canteras Natal Crespo, La Calera – Province of Córdoba
On June 26, 2013, we sold 100% of our interest in Canteras Natal Crespo S.A. representing 50% of its capital stock, to Euromayor S.A. de Inversiones for USD 4,215,000 according to the following payment schedule: USD 3,815,000 in cash and USD 400,000 through the transfer of almost 400,00 sqm for business purposes within the project to be developed in the site known as Laguna Azul. Delivery of the non-monetary consideration is expected for March 2017.

Land Reserves and development properties

Other Land Reserves – Pilar, Pontevedra, Mariano Acosta, Merlo and San Luis Plot
We grouped here those plots of land with a significant surface area the development of which is not feasible in the short term either due to their current urban and zoning parameters, their legal status or the lack of consolidation of their immediate environment. This group totals around 14 million sqm.

Isla Sirgadero
On September 3, 2015, the entire property was sold to several companies for USD 3.9 million, payable in 16 quarterly installments, plus an installment in kind, land resulting from the final blueprint, equivalent to 10% of the surface area.

CAPEX 2017

	Developments		
	Greenfields		*Expansions*
	Polo Dot (First Stage)	Catalinas(*)	Alto Palermo
Beginning of Works	FP 2017	FP 2017	FP 2017
Estimated opening date	FP 2019	FP 2020	FP 2018
Total GLA (sqm)	31,635	35,468	3,884
Investment amount at 100% (USD million)	54	101	28.5
Work progress (%)	0%	0%	0%

(*) 45% of the development corresponds to our subsidiary IRSA Propiedades Comerciales S.A.

Alto Palermo Expansion

The expansion project of Alto Palermo shopping center adds a gross leaseable area of approximately 4,000 square meters to the shopping center with the highest sales per square meter and consists in moving the food court to a third level using the area of an adjacent building acquired in 2015. 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 shopping center Dot Baires, 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. Construction will begin during the next fiscal period and is 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 our new commercial complex 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 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.

Future Developments

Mixed Uses:

Ex UOM – Luján, Province of Buenos Aires (IRSA CP)
This 116-hectare plot of land is located in the 62 Km of the West Highway, in the intersection with Route 5 and was originally purchased by CRESUD on May 31, 2008 from Birafriends S.A. for USD 3 million. In May 2012, the Company acquired the property through a purchase and sale agreement entered into between related parties, thus becoming the current owner. Our intention is to carry out a mixed-use project, taking advantage of the environment consolidation and the strategic location of the plot. At present, dealings are being carried out so as to change the zoning parameters, thus enabling the consummation of the project.

Ex Nobleza Piccardo Plant – San Martín, Province of Buenos Aires (IRSA CP)
On March 31, 2011, Quality Invest S.A. and Nobleza Piccardo S.A.I.C. y F. (Nobleza) executed the title deed for the purchase of a plot of land extending over 160,000 square meters located in the District of San Martín, Province of Buenos Aires, currently used for industrial purposes and suitable in terms of characteristics and scales for mixed-use developments. The price for the property was USD 33 million, 30% of which was paid at such time. A first-priority mortgage was created for the balance of the price on the property, in favor of Nobleza. The balance plus interest at a nominal annual rate of 7.5% on the outstanding balance were paid in full –principal plus interest- in March 2013, by advancing payments.

Simultaneously with execution of the title deed the parties entered into a lease agreement whereby Nobleza leased the whole property for a term of up to 36 months as from May 2011. This lease agreement contained a clause providing for partial return of the property from month 8 (eight) to month 14 (fourteen) after the date of execution thereof. Prior to expiration, an extension was executed for 2 (two) to 6 (six) months which expired in December 2012, and Quality Invest S.A. obtained usufructuary rights to over half the plot of land. The return of the remaining area set forth in the Agreement and due to occur in May 2014 was once again extended until December 31, 2014. On March 2, 2015 a Certificate was executed by Nobleza and Quality Invest S.A. for full return of the Property, and the contract relationship between the parties came to an end.

On May 16, 2012 the Municipality of San Martín granted a pre-feasibility permit for commercial use, entertainment, events, offices, etc., which would enable performance of a mixed-use development thereon.

Pursuant to an Ordinance enacted on December 30, 2014, a process was initiated to obtain a rezoning permit for the plot of land to be used mainly for Commercial Purpose, which considerably expands the uses and potential buildable square meters through new urban indicators. On January 5, 2016, the Provincial Decree issued by the Government of the Province of Buenos Aires was published in the Official Gazette, through which zoning parameters and the rezoning permit obtained became effective.

As approved in the Ordinance, on January 20, 2015 Quality Invest S.A. entered into a Zoning Agreement with the Municipality of San Martín which governs various issues related to applicable regulations and provides for a mandatory assignment of square meters in exchange for monetary contributions subject to fulfillment of certain administrative milestones of the rezoning process. The first monetary contribution (which amounted to Ps. 20,000,000) was paid to the Municipality ten days after the execution of the Agreement.

In addition, on June 27, 2016, the subdivision of the property was submitted to the Municipality, thus complying with another relevant aspect of the Zoning Agreement.

Solares de Santa María – City of Buenos Aires

Solares de Santa María is a 70-hectare property facing the Río de la Plata in the south of Puerto Madero, 10 minutes from downtown Buenos Aires. We are owners of this property in which we intend to develop an entrepreneurship for mixed purposes, i.e. our development project involves residential complexes as well as offices, stores, hotels, sports and sailing clubs, services areas with schools, supermarkets and parking lots.

In the year 2000, we filed a master plan for the Santa María del Plata site, which was assessed by the Environmental Urban Plan Council (*Consejo del Plan Urbano Ambiental, "COPUA"*) and submitted to the Town Treasurer's Office for its consideration. In 2002, the Government of the City of Buenos Aires issued a notice of public hearing and in July 2006, the COPUA made some recommendations about the project, and in response to the recommendations made by COPUA to the project on December 13, 2006, we filed an amendment to the project to adjust it to the recommendations made by COPUA, making material amendments to our development plan for the Area, which amendments included the donation of 50% of the site to the City of Buenos Aires for public use and convenience and a perimetrical pedestrian lane along the entire site on the river bank.

In March 2007, a committee of the Government of the City of Buenos Aires, composed of representatives from the Legislative and Executive Branches issued a report stating that such Committee had no objections to our development plan and requested that the General Treasury render a decision concerning the scope of the development plan submitted for the project. In November 2007, 15 years after the Legislative Branch of the City of Buenos Aires granted the general zoning standards for the site, the Government Chief of the City of Buenos Aires executed Decree No. 1584/07, which passed the specific ruling, set forth certain rules for the urban development of the project, including types of permitted constructions and the obligation to assign certain spaces for public use and convenience.

Notwithstanding the approval of Decree No. 1584/07 in 2007, several municipal approvals are still pending and in December 2007, a municipal court rendered a decision restricting the implementation of our proposed development plan, due to objections made by a legislator of the City of Buenos Aires, alleging the suspension of Decree No. 1584/07, and each construction project and/or the municipal permits granted for business purposes. Notwithstanding the legality and validity of Decree No. 1584/07, we entered into an agreement 5/10 that was executed with the

Government of the City of Buenos Aires, which has been sent with a legislative bill to the Legislature of the City of Buenos Aires under number 976-J-2010, for approval.

On October 30, 2012 a new agreement was executed with the Government of the City of Buenos Aires, replacing all those already executed, whereby new obligations were agreed upon between the parties for the consummation of the project. To that end, such Agreement – as well as the previous ones – shall be countersigned and approved by the Legislative Branch of the City of Buenos Aires by enacting a bill that is attached to the project. The docket containing the Bill of Law was reserved and is pending such legislative treatment. The Agreement provided that if by February 28, 2014 the Bill of Law was not enacted, it would become invalidated -current status to date. In order to secure the desired rules a new Agreement must be executed with the executive branch of power of the Government of the City of Buenos Aires, to be subsequently confirmed by enacting a new Bill of Law by the Legislature of the Government of the City of Buenos Aires.

Puerto Retiro – City of Buenos Aires

Puerto Retiro is an 8.2 hectare undeveloped riverside property bounded by the Catalinas and Puerto Madero office zones to the west, the Retiro railway station to the north and the Río de la Plata to the south and east. One of the only two significant privately owned waterfront properties in the City of Buenos Aires, Puerto Retiro may currently be utilized only for port activities, so we have initiated negotiations with municipal authorities in order to rezone the area. We own a 50% interest in Puerto Retiro.

On April 18, 2000, Puerto Retiro S.A. was served with notice of a filing made by the National Government, through the Ministry of Defense, to extend the petition in bankruptcy of Inversora Dársena Norte S.A. (Indarsa) to the Company. Upon request of petitioner, the court hearing the bankruptcy case issued an injunction preventing the Company from selling or otherwise disposing of the Land.

Indarsa had acquired 90% of the capital stock in Tandanor from the National Government in 1991. Tandanor's main business involved ship repairs performed in a 19-hectare property located in the vicinity of La Boca neighborhood and where the Syncrolift is installed.

As Indarsa failed to comply with its payment obligation for acquisition of the shares of stock in Tandanor, the Ministry of Defense filed a bankruptcy petition against Indarsa, seeking to extend it to the Company.

The evidentiary stage of the legal proceedings has already concluded. The Company lodged an appeal from the injunction order, and such order was confirmed by the Court of Appeals on December 14, 2000. The parties filed the arguments in due time and proper manner. After the case was set for judgment, the judge ordered the suspension of the judicial order requesting the case records for issuance of a decision based on the alleged existence of pre-judgmental status in relation to the criminal case against former officials of the Ministry of Defense and former directors of the Company, for which reason the case will not be adjudicated until a final judgment is entered in respect of the criminal case.

It has been made known to the commercial court that the expiration of the limitation period has been declared in the criminal action and the criminal defendants have been acquitted. However, this decision was reversed by the Criminal Court of Cassation (*Cámara de Casación Penal*). An extraordinary appeal was filed and rejected, therefore an appeal was directly lodged with the Argentine Supreme Court for improper refusal to permit the appeal, and a decision is still pending.

The Management and the legal counsel to Puerto Retiro believe that there are sufficient legal and technical arguments to consider that the petition for an extension of the bankruptcy will be dismissed by the court. However, in view of the current status of the case, its result cannot be predicted.

Under the records of the proceedings for the extension of bankruptcy, Puerto Retiro S.A. requested authorization to execute both leases with the companies Los Cipreses S.A. and Flight Express S.A. for certain areas of the property acquired for a term of five years each. While authorization was granted by the lower court, the Court of Appeals in Commercial Matters reversed such decision upon request of the National Government and the receiver of INDARSA. Puerto Retiro S.A. filed an extraordinary appeal that was denied.

In turn, Tandanor filed a civil action against Puerto Retiro S.A. and the other defendants in the criminal case for violation of Section 174 (5) based on Section 173 (7) of the Criminal Code. Such action seeks -on the basis of the nullity of the decree that approved the bidding process involving the Dársena Norte property- a reimbursement in favor of Tandanor for all such amounts it has allegedly lost as a result of a suspected fraudulent transaction involving the sale of the property disputed in the case.

The answer to the civil action was filed in due time, which contained a number of defenses. Tandanor requested the intervention of the National Government as third party co-litigant in this case, which petition was granted by the Court. In March 2015 both the National Government and the criminal complainant answered the asserted defenses. In July 12, 2016 Puerto Retiro S.A. was served with notice of the decision issued by the Federal Court (*Tribunal Oral Federal*) No. 5 on the defenses asserted by all codefendants in the civil action. As regards the defenses asserted by Puerto Retiro S.A., the court decided to reject the defenses of legal defect and lack of legal standing to be sued, while with regard to the defenses of lack of legal standing to sue and the statute of limitations, it decided to postpone discussion thereof to the time of entering judgment on the merits of the case. It should be pointed out that the defense of legal defect so dismissed is a dilatory defense, i.e. it does not determine a substantive matter but refers to procedural issues and may be cured. On the contrary, the defense of lack of legal standing to be sued, if admitted, determines the outcome of the dispute, because such admission would establish that Puerto Retiro S.A. should not be a party to these proceedings. Puerto Retiro S.A. has filed an appeal (*recurso de reposición*) from such decision –reserving the right to file a new appeal (*recurso de casación*) against dismissal of both defenses. As regards the defenses of lack of legal standing to sue and the statute of limitations, they are the most powerful when it comes to the defense strategy, which were not dismissed by the court, but discussion thereof was postponed to be decided together with the judgment to be entered on substantive matters. Therefore, it could be concluded that there is a chance of success, always taking into account that this is a complex issue subject to more than one interpretation by legal scholars and case law.

Residential

Coto Residential Project (IRSA CP)
The Company owns approximately 23,000 sqm in air space over the top of the Coto hypermarket that is close to the Abasto Shopping Center in the heart of the City of Buenos Aires. The Company and Coto Centro Integral de Comercialización S.A. (Coto) executed and delivered a deed dated September 24, 1997 whereby the Company acquired the rights to receive parking units and the rights to build on top of the premises located in the block formed by the streets Agüero, Lavalle, Guardia Vieja and Gallo, in the Abasto neighborhood.

In June 2016, a preliminary barter agreement was signed, subject to certain conditions, for a term of one year, at the end of which the deed will be signed. The project will be a residential development and, as consideration, the Company will receive 3,621 square meters in apartments plus a monetary payment of USD 1 million. The consideration for Torre I will be delivered by June 2021, while the consideration for Torre II will be delivered by September 2022. The value of the barter was set at USD 7.5 million.

Córdoba Shopping Center Project (IRSA CP)
The Company owns a few plots adjacent to Córdoba Shopping Center with a construction capacity of approximately 17,300 square meters in the center of the City of Córdoba.

In May 2016, a preliminary barter agreement was signed for 13,500 square meters out of the total construction capacity, subject to certain conditions, for a term of one year, at the end of which the deed will be signed. It will be a mixed residential and office project and, as part of the consideration, the Company will receive 2,160 square meters in apartments, parking spaces, plus the management of permits, unifications and subdivisions in 3 plots. The consideration will be delivered by May 2021 for Torre I and by July 2023 for Torre II. The value of the barter was USD 4 million.

Neuquén Residential parcels– Neuquén, Province of Neuquén (IRSA CP)

Through Shopping Neuquén S.A., we own a plot of 13,000 sqm and a construction capacity per FOT of 18,000 sqm of residential properties in an area with significant potential. This area is located close to the recently inaugurated shopping center, the hypermarket recently opened and a hotel to be constructed in months to come.

Zetol S.A. and Vista al Muelle S.A. – District of Canelones – Uruguay

In the course of fiscal year 2009 we acquired a 100% ownership interest in Liveck S.A., a company organized under the laws of Uruguay. In June 2009, Liveck had acquired a 90% stake in the capital stock of Vista al Muelle S.A. and Zetol S.A., two companies incorporated under the laws of Uruguay, for USD 7.8 million. The remaining 10% ownership interest in both companies is in the hands of Banzey S.A. These companies have undeveloped lands in Canelones, Uruguay, close to the capital city of Uruguay, Montevideo.

We intend to carry out an urban project consisting in the development and commercialization of 13 apartment buildings. Such project has the “urban feasibility” status for the construction of approximately 200,000 sqm for a term of 10 years, which was granted by the Mayor’s Office of the Canelones department and by its Local Legislature. Zetol S.A. and Vista al Muelle S.A. agreed to carry out the infrastructure works for USD 8 million as well as minimum amount of sqm of properties. The satisfaction of this commitment under the terms and conditions agreed upon will grant an additional 10-year effective term to the urban feasibility status.

The total purchase price for Zetol S.A. was USD 7 million; of which USD 2 million were paid. Sellers may opt to receive the balance in cash or through the delivery of units in the buildings to be constructed in the land owned by Zetol S.A. equivalent to 12% of the total marketable meters to be constructed.

Besides, Vista al Muelle S.A. owned since September 2008 a plot of land purchased for USD 0.83 million. Then, in February 2010, plots of land were acquired for USD 1 million, the balance of which as of to date amounts to USD 0.28 plus interest and will be repaid in December 2014. In December 2010, Vista al Muelle S.A. executed the title deed of other plots for a total amount of USD 2.66 million, of which USD 0.3 million were paid. The balance will be repaid by delivering 2,334 sqm of units and/or retail stores to be constructed or in cash.

On June 30, 2009, the Company sold a 50% stake in Liveck S.A. to Cyrela Brazil Realty S.A. for USD 1.3 million. On December 17, 2010, together with Cyrela Brazil Realty S.A. we executed a stock purchase agreement pursuant to which we repurchased from Cyrela Brazil Realty S.A. a 50% shareholding in Liveck S.A. for USD 2.7 million. Accordingly, as of June 30, 2016, our stake, through Tyrus, in Liveck is 100%.

As a result of the plot barter agreements executed in due time between the IMC, Zetol S.A. and Vista al Muelle S.A. in March 2014, the parcel redistribution dealing was concluded. This milestone, as set forth in the amendment to the Master Agreement executed in 2013, initiates the 10-year term for the investment in infrastructure and construction of the buildings mentioned above. At present, the urban project and the design of the first tower are being developed.

Retail

Caballito Plot – City of Buenos Aires (IRSA CP)
This is a property of approximately 23,791 sqm in the City of Buenos Aires, neighborhood of Caballito, one of the most densely populated of the city, which the Company purchased in November 1997. This plot would allow developing a shopping center having 30,000 sqm, a hypermarket, a cinema complex, and several recreation and entertainment activity areas. At present, the Legislature of the City of Buenos Aires has received a legislative bill to approve the zoning parameters corresponding to this property which already has the consent of the Executive Branch.

Dot Adjoining Plot – City of Buenos Aires (IRSA CP)
On May 3, 2012, the Government of the City of Buenos Aires, through the General Office of Zoning Interpretation (*Dirección General de Interpretación Urbanística*) approved, through a pre-feasibility study, the parcel subdivision of the ex-Philips plot contingent upon the observance of the applicable building regulations in each of the resulting parcels. In addition, all the uses and parameters established under the municipal ordinance previously issued by the above mentioned authority are being observed.

On June 3, 2013, we were given notice that the Government of the City of Buenos Aires had approved the requested parcel subdivision of the ex-Philips plot. As a result, the property was divided into three parcels: 2 parcels of approximately 6,400 sqm and a parcel adjoining DOT Shopping of 15,900 sqm intended for the future extension of the shopping center in 47,000 sqm.

Offices

Philips Adjoining Plots 1 and 2 – City of Buenos Aires (IRSA CP)
These two parcels of 6,400 sqm with construction capacity of 19,200 sqm each, are at present a significant land reserve jointly with a plot where the extension of Dot Baires Shopping is planned. As a result of major developments, the intersection of Av. General Paz and the Panamerican Highway has experienced a significant growth in recent years. The project of theses parcels will conclude the consolidation of this area.

Baicom Plot - City of Buenos Aires
On December 23, 2009, we acquired 50% of a parcel located in the surroundings of the Buenos Aires Port, for a purchase price of Ps. 4.5 million. The property’s total surface area is 6,905 square meters and there is a construction permit associated for 34,500 square meters in accordance with the City of Buenos Aires urban construction rules and regulations.

On December 21, 2015, a purchase option was executed in favor of Argencons amounting to USD 0.5 million, plus maintenance expenses, for a term of 12 months. The real property price at the time of execution amounted to USD 14 million.

Intercontinental Plaza II Plot - City of Buenos Aires (IRSA CP)
The *Intercontinental Plaza* complex is located in the heart of the Monserrat district, situated a few meters away from the most important avenue in the city and the financial district. It comprises an office tower and the exclusive Intercontinental Hotel. In the 6,135 square meter plot, it would be feasible to develop a second office tower, including 19,600 square meters and 25 floors, that would supplement the one already erected in the intersection of Moreno and Tacuarí streets.

Sale of Investment Properties in Fiscal Year 2016 (in millions of Ps.)

	FY 2016	FY 2015
Revenues	1,175	2,517
Costs	-107	-1,354
Profit	**1,068**	**1,163**

Partial sales of "Maipú 1300" building

In July and August 2015, 1,761 sqm were sold in the Maipú 1300 building, consisting of 4 floors, at a gain of Ps.57.1 million. In November and December 2015, 1,690 additional sqm were sold in this building, consisting of 4 additional floors, generating a profit of Ps.52.9 million.

Sale of Isla Sirgadero Land Reserve (Santa Fe)

On September 3, 2015, this 8,262,600 sqm parcel of land was sold for a total amount of USD 4 million, at a gain of Ps. 32.3 million.

Partial Sale of Intercontinental Plaza (through IRSA Propiedades Comerciales)

On September 10, 2015, our subsidiary IRSA CP sold 5,963 sqm consisting of seven office floors, 56 parking spaces and 3 storage units, for a total amount of ARS 324.5 million, at a gain of Ps.300 million. Moreover, on February 4, 2016, our subsidiary IRSA CP sold 851 sqm consisting of one office floor and 8 parking spaces, at a gain of Ps. 39.2 million.

Sale of "Dique IV" building

On December 10, 2015, the company sold to a non-related party the "Juana Manso 295" office building located in the "Puerto Madero" area of the City of Buenos Aires, composed of 8 office floors and 116 parking spaces.

The transaction amount was Ps. 649 million, which has been fully paid and the gross profit from the transaction amounts to approximately Ps. 586.8 million.

Partial sale of the building to be developed in Catalinas (no impact on results for this fiscal year)

On December 4, 2015, the company sold to Globant S.A. 4,896 sqm corresponding to four office floors of a building to be developed in the "Catalinas" area in the City of Buenos Aires and 44 parking spaces located in the same building. Surrender of possession is expected within 48 months and the execution of the title deed within 60 months, in both cases counted as from even date.

The transaction amount was Ps. 180.3 million and USD 12.3 million payable as follows: (i) Ps. 180.3 million paid on even date, (ii) USD 8.6 million payable in 12 quarterly installments during a period of 3 years beginning in June 2016; and (iii) the remaining USD 3.7 million upon execution of the title deed.

Partial sale of the building to be developed in "Catalinas" (no impact on results)

In April 7, 2016, the company sold to its subsidiary IRSA Propiedades Comerciales S.A. ("IRSA CP"), controlled by a 94.61% interest, 16,012 square meters, consisting of 14 floors (from 13 to 16 and from 21 to 30) intended for long term lease and 142 parking spaces of the building to be built in the "Catalinas" area, City of Buenos Aires. The building to be built will have a gross leaseable area of 35,468 square meters distributed over 30 office floors and 316 parking spaces in 4 underground levels. Surrender of possession is expected to take place in December 2019, and the deed of conveyance is planned to be executed in December 2020.

The transaction price was set considering two components: a "Fixed" portion, relating to the incidence of the land over the square meters purchased by IRSA CP, for a total amount of ARS 455.7 million (approximately USD 1,600 + VAT per square meter), which was paid on that date, and a "Determinable" portion, as to which IRSA will pass through to IRSA CP only the actual cost of the works per square meter.

The remaining 14,820 sqm of gross leaseable area corresponding to the first 12 floors of the building are held the company since no decision has been made between development intended for rent and/or sale.

International Segment

Lipstick Building, New York, United States

The Lipstick Building is a landmark building in the City of New York, located on Third Avenue and 53rd Street, in Midtown Manhattan, New York. It was designed by architects John Burgee and Philip Johnson (Glass House and Seagram Buildings among other remarkable works) and it has been named after its original elliptic form and the reddish color of its façade. Its gross leaseable area is around 57,500 sqm distributed in 34 stories.

As of June 30, 2016, this building had an occupancy rate of 97.33% generating average revenues of USD 66.67 per sqm.

Lipstick	Jun-16	Jun-15	YoY Var
Gross Leasable Area (sqm)	58,094	58,094	-
Occupancy	97.33%	91.86%	5.47 pp
Rent (USD/sqm)	66.67	64.74	2.98%

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. This caused 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 the best environmental practices, transforming the building's operational standards.

Finally, in the southern wing of the lobby there is still an exhibition since September 2014 showcasing part of the work and life of the celebrated Argentine architect César Pelli. The exhibition has been conceived, designed and executed in close cooperation with César Pelli's architectural firm.

Investment in Condor Hospitality Trust

We hold our investment in the Condor Hospitality Trust hotel REIT (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 and is focused on middle-class and long-stay hotels, in various states in the United States of America, which are operated by various operators and franchises such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others.

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.

In March 2016, the Company exchanged its Class C preferred shares for new Class D preferred shares issued by Condor. In this new issue, "Stepstone Real Estate" joined as new partner to the investment by contributing USD 30 million, which were used to retire the Class A and B Preferred shares and to acquire new hotels.

The new Class D preferred shares will accrue interest at an annual rate of 6.25% and will be convertible into common shares at a price of USD 1.60 per share at any time upon the occurrence of an event of capitalization with respect to the Company.

Condor's board of directors will be composed of 4 directors nominated by the Company, 3 by Stepstone and 2 independent directors. Moreover, the Company's voting rights in Condor reach 49% of its total voting rights.

Financial Operations and Other Segments

Our interest in Banco Hipotecario

As of June 30, 2016, we held a 29.91% interest in Banco Hipotecario. Established in 1886 by the argentine government and privatized in 1999, Banco Hipotecario has historically been Argentina's leading mortgage lender, provider of mortgage-related insurance and mortgage loan services. All of its operations are located in Argentina where it operates a nationwide network of 62 branches in the 23 Argentine provinces and the City of Buenos Aires, and 15 additional sales offices. Additionally, its subsidiary Tarshop S.A. has 25 sales offices.

Banco Hipotecario is an inclusive commercial bank that provides universal banking services, offering a wide variety of banking products and activities, including a wide range of individual and corporate loans, deposits, credit and debit cards and related financial services to individuals, small- and medium-sized companies and large corporations. As of June 30, 2016, Banco Hipotecario ranked thirteenth in the Argentine financial system in terms of shareholders' equity and thirteenth in terms of total assets. As of June 30, 2016, Banco Hipotecario's shareholders' equity was Ps. 5,816.2 million, its consolidated assets were Ps. 40,527.3 million, and its net income for the twelve-month period ended June 30, 2016 was Ps. 1,115.3 million. Since 1999, Banco Hipotecario's shares have been listed on the Buenos Aires Stock Exchange in Argentina, and since 2006 it has had a Level I ADR program.

Banco Hipotecario continues its business strategy of diversifying its loan portfolio. As a result, non-mortgage loans increased from ARS 10,708 million as of December 31, 2013 to ARS 14,845.9 million as of December 31, 2014, ARS 17,944.7 million as of December 31, 2015 and ARS 19,339.6 million as of June 30, 2016, increasing the interest in the aggregate loan portfolio to the non-financial private sector from 82.8% as of December 31, 2013 to 88.7% as of June 30, 2016. Non-performing loans represented 2.1% of its total portfolio as of June 30, 2016.

Furthermore, Banco Hipotecario has diversified its funding sources, by developing its presence in the local and international capital markets and increasing its deposit base. Its financial debt represented 35.2% of the total financing as of June 30, 2016.

Its subsidiaries include BACS Banco de Crédito y Securitización S.A., a bank specialized in investment banking, securitization and asset management, BHN Vida S.A., a life insurance company, BHN Seguros Generales S.A., a fire insurance company for home owners and Tarshop S.A., a company specialized in the sale of consumer financing products and cash advances to non-banking customers.

Israeli Operating Center

Investment in IDB Development Corporation

a) Acquisition of Control over IDBD

On May 7, 2014, a transaction was closed whereby the Group, acting indirectly through Dolphin, acquired, jointly with E.T.H.M.B.M. Extra Holdings Ltd. ("ETH", a non-related company incorporated under the laws of the State of Israel) controlled by Mordechay Ben Moshé, an aggregate of 106.6 million common shares in IDBD representing 53.30% of its stock capital, under the scope of the debt restructuring process of IDBD's holding company, IDB Holdings Corporation Ltd. ("IDBH"), with its creditors (the "Arrangement").

Under the terms of the agreement entered into between Dolphin and ETH, to which Dolphin and ETH adhered (the "Shareholders' Agreement"), Dolphin acquired a 50% interest in this investment, while ETH acquired the remaining 50%. The initial amount invested by both companies was NIS 950 million, equivalent to approximately USD 272 million at the exchange rate prevailing on that date.

On October 11, 2015, the shareholders' agreement became ineffective and IFISA (a company indirectly controlled by Eduardo S. Elsztain) acquired the shares in E.T.H.M.B.M. Extra Holdings, and the directors appointed by ETH in IDBD tendered their irrevocable resignation to their positions in the Board of Directors. In this way, Dolphin became entitled to appoint new board members.

In this way, the Group started to consolidate IDBD effective October 11, 2015.

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

b) Tender Offers

On March 31, 2016, Dolphin satisfied the commitments assumed by it under the amendment to the debt restructuring agreement of IDBD's controlling company, IDBH, with its creditors (the "Arrangement"). Such changes were approved by 95% of IDBD's minority shareholders on March 2, 2016 and by the competent court on March 10, 2016.

Therefore, as of March 31: (i) Dolphin purchased all the shares held by IDBD's minority shareholders; (ii) all the warrants held by IDBD's minority shareholders expired; and (iii) Dolphin made additional contributions in IDBD in the form of a subordinated loan, as described below.

The price paid for each IDBD share according to the holdings as of March 29, 2016 was: (i) NIS 1.25 in cash, resulting in a total payment of NIS 159.6 million (USD 42.2 million); (ii) NIS 1.20 per share through the subscription and delivery of IDBD's Series 9 bonds ("IDBD Bonds") issued by IDBD and paid by Dolphin at par value; therefore, it subscribed bonds for NIS 166.5 million, including the payment to the warrant holders (as detailed below); and (iii) the commitment to pay NIS 1.05 (subject to adjustment) in cash in the event that Dolphin receives indirectly the control authorization over Clal Insurance Company Ltd. and Clal Insurance Business Holdings Ltd. ("Clal") or IDBD sells its interest in Clal under certain standards (the "Consideration for Clal"), mainly related to the sale price of Clal above 75% of its book value and the proportion of Clal's holding sold by IDBD, with Dolphin being required to pay in this regard, in the event that the above mentioned conditions are met, the sum of approximately NIS 155.8 (approximately USD 40.8 million).

As concerns the warrants held by the minority shareholders that were not exercised as of March 28, 2016, each warrant holder received the difference between NIS 2.45 and the warrant's exercise price, in IDBD Bonds ("Payment to the Warrant Holders") and is entitled to receive the Consideration for Clal.

In addition, Dolphin injected in the company NIS 348.4 million (the "Injection in IDBD"), which were contributed as a subordinated loan, convertible into shares.

To secure payment of the Consideration for Clal, on March 31, 2016 Dolphin set up a pledge over 28% of the total stock capital in IDBD and the collection rights of a subordinated loan for NIS 210 million made on December 1, 2015. If new shares are issued in IDBD, additional shares shall be pledged until reaching 28% of IDBD's total stock capital.

Dolphin has promised that it will abstain from exercising its right to convert the subordinated loan into IDBD shares until the above mentioned pledge is not released. However, if the pledge is enforced, the representatives of IDBH's creditors will be entitled to convert the subordinated debt into shares under conditions previously agreed to such effect, provided that the maximum amount of IDBD shares that may be pledged at any time will be 35% and any excess shares must be released.

On March 31, 2016, IDBD's shares were delisted from the Tel Aviv Stock Exchange ("TASE") and all the minority warrants were cancelled. The company will continue to be registered with the TASE as a "Debentures Company" pursuant to Israeli law, as it has bonds listed on such exchange.

As a result of the foregoing, as Dolphin performed its obligations under the terms of the amended Arrangement, Dolphin's investment commitments in IDBD have been fully discharged, and only the payment of the Consideration for Clal would be pending in the event that the conditions herein described were met.

Within this Operating Center, the Group operates in the following segments:

- The "**Commercial Properties**" segment mainly includes the assets and operating income derived from the business related to the subsidiary PBC. Property & Building is mainly engaged in the rental properties business, and is also involved in the business of building residential properties in areas of heavy demand in Israel and other parts of the world. In the rental properties sector, Property & Building is the exclusive owner of the HSBC building located on the Fifth Avenue in Manhattan. The building has an area of approximately 80,000 square meters. At present, the building is fully occupied by renowned tenants who have lease agreements in place for long periods ranging from 10 to 15 years. In addition, Property & Building has partnered with IDBD in two projects based in Las Vegas (through IDBG Ltd.), including commercial and office building' projects (Tivoli). The first stage of this project has been fully completed, with fiscal year 2015 coming to an end with an occupation rate of the commercial and office areas of around 84%.The second stage of the project is undergoing the building and marketing stages, and will include commercial areas with a surface of approximately 16,000 square meters and office areas with a surface of approximately 12,000 square meters. We have already entered into lease agreements with an anchor tenant and other tenants covering approximately 66% of the commercial area included in the second stage of the project and around 8% of the office areas. We also expect to develop an additional project embracing two residential buildings and, during the year under review, have sold all the remaining residential units of these buildings.

  In June 2016, Discount Investment Corporation sold a portion of its interest in PBC, following which its equity interest in that company declined from 76.5% to 64.4%.

- The "**Supermarkets**" segment includes the assets and operating income derived from the business related to the subsidiary Shufersal. Shufersal is the owner of the largest supermarket chain in Israel in terms of sales volume. In recent years, Shufersal has introduced and continues developing strategic processes and structural changes seeking to optimize profitability, strengthen its leading market position, and address the challenges of the business and regulatory environment where it operates. Effective April 1, 2013, Shufersal separated its real estate business from its retail business, and formed Shufersal Real Estate Ltd., a wholly-owned subsidiary whose assets include branches that are leased to Shufersal and real estate property leased to third parties. In addition, Shufersal has an interest in a consumer finance business that offers credit cards to the general public and extends non-banking credit and benefits to customers. During 2015, Shufersal continued developing its business plan, with a focus on building a commercial and operating infrastructure to enable growth in the coming years; strengthening its competitive edge; offering more value to customers and improving its service. Under its business plan, Shufersal continues expanding and strengthening its brand; boosting the development of its digital platforms, with "Shufersal Online" at the core; fostering new and supplementary operations in the sectors in which it currently operates; and streamlining its real property, including the closure and downsizing of existing branches and the opening of new ones.

- The "**Agrochemicals**" segment includes the income from the associate Adama. Adama is a company specifically engaged in crop protection. Adama markets its products in around 100 countries, and its operations are mainly concentrated in Europe, North America, Latin America, Asia Pacific, India, Middle East, and Africa. Adama is also positioned as a worldwide leader in active ingredients within the crop protection product commercialization sector. In October 2011, Koor, Adama and a subsidiary of the ChemChina Group, a state-owned Chinese group with operations in the chemical business, merged. As a result of the merger, Adama became a private company and qualified as a "reporting company", as such term is defined in the Securities Act, owned by ChemChina (60%) and Koor (40%).

- The "**Telecommunications**" segment includes the assets and operating income derived from the business related to the subsidiary Cellcom. Cellcom operates and markets several telecommunication services. Its main businesses include the delivery of mobile communication services (with approximately 2.84 million subscribers). In addition, Cellcom delivers ancillary services to its customers, including content and data services and also offers cell phones and repair services. Cellcom also offers (even through its subsidiary Netvision) land-line services, data communication services to commercial customers and communication carriers, Internet connection services, international call services and additional services, such as, conferencing, cloud-based services and information security. On the other hand, since December 2014, Cellcom has been delivering to its private customers IPTV services through Netvision. Since February 2015, Cellcom and Netvision have also been delivering Internet infrastructure services to the land-line wholesale market, based on Bezeq's infrastructure– the Israel Telecommunications Corporation Ltd. -along with Netvision's Internet connection services. Cellcom also commercializes the Triple package, which bundles TV, Internet infrastructure and connection, and land-line services for residential customers.
  In November 2015, Cellcom entered into an agreement with Golan Telecom Ltd. ("Golan") and its shareholders to purchase all of the shares of Golan, one of the four cell phone carriers in Israel, in addition to Cellcom, for a consideration of NIS 1,170 million. If Golan's acquisition is approved by the applicable regulatory authorities and completed, Cellcom's market share in the cell phone business will increase, along with the revenues derived from such business, and Cellcom will be able to offer additional services and products to Golan's customers, which will result in opportunities for leveraging cost-synergies.
  Cellcom operates in a highly competitive environment. The main goals of Cellcom's business strategies include offering comprehensive solutions for the delivery of land-line and mobile communication services; strengthening its land-line service offering, and optimizing the cost structure, including actions to streamline resources.

- The **"Insurance"** segment includes the assets from the business related to Clal. This company is one of the largest insurance groups in Israel, whose businesses mainly comprise pension and social security insurance and other insurance lines. 51% of Clal's controlling shares are deposited in a trust following the instructions of the Israeli's Capital Markets Commission in order to comply with the sale of Clal's controlling stake; therefore, the company is not fully consolidated on a line-by-line basis, but under a single line as a financial instrument at fair value, as required under IFRS under the current circumstances in which no control is exercised.

- The **"Others"** segment includes the assets and income from other miscellaneous businesses, such as technological developments, tourism, oil and gas assets, electronics, and other sundry activities.

Segment Profit / (loss)

	March 31. 2016 (for the period 09/30/15 through 03/31/16) Israeli operating center (million NIS)						
	Commercial Properties	Supermarkets	Agrochemicals	Telecommunications	Insurance	Others	Total
Revenues from sales. leases and services	478	5,783	-	2,068	-	443	8,772
Costs	-260	-4,327	-	-1,406	-	-373	-6,366
Gross profit / (loss)	218	1,456	-	662	-	72	2,406
Gain from sale of investment properties	14	-	-	-	-	-	14
General and administrative expenses	-31	-63	-	-220	-	-117	-431
Selling expenses	-9	-1,261	-	-464	-	-33	-1,767
Other operating loss. net	-	-	-	-	-	-	-
Operating income / (loss)	192	132	-	-22	-	-78	222
Share of profit / (loss) of associates and joint ventures	30	-	104	-		-29	105
Segment profit / (loss)	222	132	104	-22	-	-107	327
Operating assets	15,466	7,564	-	7,026	1,182	6,527	36,639
Operating liabilities	12,706	6,067	-	5,564	-	9,800	33,470
Operating assets / (liabilities). net	**2,761**	**1,497**	-	**1,461**	**1,182**	**16,327**	**3,169**

The revenues and operating income from the **Commercial Properties** segment through the subsidiary Property & Building ("PBC") reached NIS 478 million and NIS 192 million, respectively (USD 124 million and USD 50 million, respectively) during the consolidated six-month period (October 1, 2015 to March 31, 2016). During this six-month period 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 NIS 5,783 million (USD 1,498 million) for the six-month period, mainly due to an increase in revenues from the retail and real estate segments. Operating income from this segment reached NIS 132 million (USD 33 million).

The **Telecommunications** segment, operated by Cellcom, recorded revenues of NIS 2,068 million (USD 536 million). During the quarter January-March 2016, there was a slight decrease in revenues from cell phone services due to the ongoing erosion of prices and in revenues from landline services, mainly due to a reduction in revenues from international call services, which was partially offset by an increase in revenues from the television segment. Operating loss for the six-month period was NIS 22 million (USD 6 million).

The **"Others"** segment recorded revenues for NIS 443 million (USD 115 million), and an operating loss of NIS 78 million (USD 20 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 NIS 1,182 million (USD 306 million) as of June 30, 2016.

Finally, the results from the agrochemical company “Adama” are recorded at proportional equity value. For the consolidated six-month period, a profit of NIS 104 million (USD 27 million) was recorded in this regard.

6. SUBSEQUENT EVENTS

Argentine Operating Center

Acquisition of indirect equity interest in La Rural S.A. (through IRSA CP)

On July 6, 2016, IRSA Propiedades Comerciales acquired an additional 20% of Entertainment Holdings S.A. (“EHSA”), a company in which it already held a 50% equity interest.

EHSA directly and indirectly owns 100% of the shares in OGDEN Argentina S.A. (“OASA”) and 95% of the shares in ENUSA.

OASA owns 50% of the shares and voting rights in La Rural S.A. (“LRSA”), a company that has the usufruct for the commercial operation of the emblematic “Predio Ferial de Palermo” (Palermo exhibition center) in the City of Buenos Aires, in which Sociedad Rural Argentina (“SRA”) owns the remaining 50%.

In turn, OASA is in charge of the management of LRSA through agreements executed with SRA which include the right to appoint the chairman –who has a casting vote on certain matters- and the general manager.

Moreover, ENUSA is mainly engaged in organizing certain shows in the exhibition center.

Issuance of Notes

On September 8, the settlement of the issuance of Notes for a total of USD 210 million will take place in two series with the following characteristics:

- Class VII for a principal amount of ARS 384.2 million at BADLAR rate + 299 bps due September 9, 2019.
- Class XIII for a principal amount of USD 184.5 million at a fixed rate of 7% due September 9, 2019.

Proceeds will be mainly used to repay preexisting debt.

Israeli Operating Center

- On July 17, 2016, Discount Investment Corporation (TASE: DISI) (“DIC”), a subsidiary in which IDBD owns a 76.4% interest, publicly announced it had accepted ChemChina’s offer to purchase 40% of Adama Agricultural Solutions Ltd. (“ADAMA”)’ shares of stock held by KOOR, a company indirectly controlled by IDBD through DIC.

  The consideration for the transaction is a cash payment of USD 230 million, 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 October 31, 2016, subject to compliance with certain conditions, such as, securing the applicable approvals from China's regulatory and antitrust authorities.

- On July 18, 2016, the District Court of Tel Aviv granted the motion filed by the representative of the holders of IDBD's Series IX Notes to dismiss IDBD's bankruptcy proceedings, as reported on June 2, 2016. Therefore, the case was closed.

- In July 2016, Shufersal purchased Series B Notes for an aggregate principal amount of NIS 511 million through an expansion of the issue of Series F Notes at a ratio of 1.175 per NIS of the Series B Notes. The Series B Notes purchased by Shufersal were cancelled and delisted.

- On August 2,2016, IDBD issued a new series of Notes in the Israel market for an aggregate principal 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 Insurance's shares of stock. IDBD has applied for the authorization to pledge the shares as collateral. If such authorization is not granted, IDBD will have to return the funds plus a penalty. In addition, DIC, a subsidiary in which IDBD owns a 76.4% controlling interest, has expanded its Notes due in 2025 for an additional aggregate principal amount of NIS 360 million. The Notes were placed at an IRR of 5.70%. The proceeds from both issues will be used to repay short-term debt.

7. LEGAL FRAMEWORK

Argentine Operating Center

Regulation and Governmental Supervision

The laws and regulations governing the acquisition and transfer of real estate, as well as municipal zoning ordinances are applicable to the development and operation of our properties.

Currently, Argentine law does not specifically regulate shopping center lease agreements. Since our shopping center leases generally differ from ordinary commercial leases, we have created provisions which govern the relationship with our shopping center tenants.

Leases

Argentine law imposes certain restrictions on property owners, including:

- a prohibition to include automatic price adjustment clauses based on inflation increases in lease agreements; and

- the imposition of a two-year minimum lease term for all purposes, except in particular cases such as embassy, consulate or international organization venues, room with furniture for touristic purposes for less than three months, custody and bailment of goods, exhibition or offering of goods in fairs or in cases where the subject matter of the lease agreement is the fulfillment of a purpose specified in the agreement and which requires a shorter term.

Rent Increase

In addition, there are at present contradictory court rulings with respect to whether the rent price can or cannot be increased during the term of the lease agreement. For example, Section 10 of the Public Emergency Law prohibits the adjustment of rent under lease agreements subject to official inflation rates, such as the consumer price index or the wholesale price index. Most of our lease agreements have incremental rent increase clauses that are not based on any official index. As of the date of this document no tenant has filed any legal action against us challenging incremental rent increases, but we cannot assure that such actions will not be filed in the future and, if any such actions were successful, that they will not have an adverse effect on our company.

Limits on lease terms

Under the Argentine Civil and Commercial Code lease terms may not exceed fifty years. Generally, terms in our lease agreements go from 3 to 10 years.

Right to Termination

The Argentine Civil and Commercial Code provides that tenants of properties may rescind lease agreements earlier after the first six months of the effective date. Such rescission is subject to penalties which range from one to one and a half months of rent. If the tenant rescinds the agreement during the first year of the lease the penalty is one and a half month's rent and if the rescission occurs after the first year of lease the penalty is one month's rent.

It should be noted that the Argentine Civil and Commercial Code became effective on August 1, 2015 and that, among other rules, it repealed the Urban Lease Law (No. 23,091), which provided for a rule similar to the one described above, but (i) established the obligation to give at least 60 days' prior notice of exercise of the unilateral right to termination by the tenant, and (ii) pursuant to section 29, all its provisions were of public order. There are no court rulings yet with respect to the new regulations related to: (i) unilateral right to termination by tenant; i.e. whether the parties may waive the tenant's right to terminate the agreement unilaterally; or in relation to (ii) the possibility of establishing a penalty different from the penalty described above in the event of unilateral termination by the tenant.

Other

While current argentine government policy discourages government regulation of lease agreements, there can be no assurance that additional regulations will not be imposed in the future by the Argentine Congress, including regulations similar to those previously in place. Furthermore, most of our leases provide that the tenants pay all costs and taxes related to the property in proportion to their respective leaseable areas. In the event of a significant increase in the amount of such costs and taxes, the Argentine government may respond to political pressure to intervene by regulating this practice, thereby adversely affecting our rental income. The Argentine Civil and Commercial Procedure Code enables the lessor to pursue what is known as an "executory proceeding" upon lessees' failure to pay rent. In executory proceedings debtors have fewer defenses available to prevent foreclosure, making these proceedings substantially shorter than ordinary ones. In executory proceedings the origin of the debt is not under discussion; the trial focuses on the formalities of debt instrument itself. The aforementioned code also permits special eviction proceedings, which are carried out in the same way as ordinary proceedings. The Argentine Civil and Commercial Code requires that a notice be given to the tenant demanding payment of the amounts due in the event of breach prior to eviction, of no less than ten days for leases for residential purposes, and establishes no limitation or minimum notice for leases for other purposes. However, historically, large court dockets and numerous procedural hurdles have resulted in significant delays to eviction proceedings, which generally last from six months to two years from the date of filing of the suit to the time of actual eviction.

Development and Use of the Land

Buenos Aires Urban Planning Code. Our real estate activities are subject to several municipal zoning, building, occupation and environmental regulations. In the city of Buenos Aires, where the vast majority of our real estate properties are located, the Buenos Aires Urban Planning Code (*Código de Planeamiento Urbano de la Ciudad de Buenos Aires*) generally restricts the density and use of property and controls physical features of improvements on property, such as height, design, set-back and overhang, consistent with the city's urban landscape policy. The administrative agency in charge of the Urban Planning Code is the Secretary of Urban Planning of the City of Buenos Aires.

Buenos Aires Building Code. The Buenos Aires Building Code (*Código de Edificación de la Ciudad de Buenos Aires*) complements the Buenos Aires Urban Planning Code and regulates the structural use and development of property in the city of Buenos Aires. The Buenos Aires Building Code requires builders and developers to file applications for building permits, including the submission to the Secretary of Work and Public Services (*Secretaría de Obras y Servicios Públicos*) of architectural plans for review, to assure compliance therewith.

We believe that all of our real estate properties are in material compliance with all relevant laws, ordinances and regulations.

Sales and Ownership

Buildings Law. Buildings Law No. 19,724 (*Ley de Pre horizontalidad*) was repealed by the new Argentine Civil and Commercial Code which became effective on August 1, 2015. The new regulations provide that for purposes of execution of agreements with respect to built units or units to be built under the buildings regime, the owner is required to purchase insurance in favor of prospective purchasers against the risk of frustration of the operation pursuant to the agreement for any reason. A breach of this obligation prevents the owner from exercising any right against the purchaser–such as demanding payment of any outstanding installments due – unless he/she fully complies with their obligations, but does not prevent the purchaser from exercising its rights against seller.

Protection for the Disabled Law. The Protection for the Disabled Law No. 22,431, enacted on March 20, 1981, as amended, provides that in connection with the construction and renovation of buildings, obstructions to access must be eliminated in order to enable access by handicapped individuals. In the construction of public buildings, entrances, transit pathways and adequate facilities for mobility impaired individuals must be provided for.

Buildings constructed before the enforcement of the Protection for the Disabled Law must be adapted to provide accesses, transit pathways and adequate facilities for mobility-impaired individuals.

Those pre-existing buildings, which due to their architectural design may not be adapted to the use by mobility-impaired individuals, are exempted from the fulfillment of these requirements.

The Protection for the Disabled Law provides that residential buildings must ensure access by mobility impaired individuals to elevators and aisles. Architectural requirements refer to pathways, stairs, ramps and parking.

Real Estate Installment Sales Law. The Real Estate Installment Sales Law No. 14,005, as amended by Law No. 23,266 and Decree No. 2015/85, imposes a series of requirements on contracts for the sale of subdivided real estate property regarding, for example, the sale price which is paid in installments and the deed, which is not conveyed until final payment of such price. The provisions of this law require, among other things:

The registration of the intention to sell the property in subdivided plots with the Real Estate Registry (*Registro de la Propiedad Inmueble*) corresponding to the jurisdiction of the property. Registration will only be possible with regard to unencumbered property. Mortgaged property may only be registered where creditors agree to divide the debt in accordance with the subdivided plots. However, creditors may be judicially compelled to agree to the division.

The preliminary registration with the Real Estate Registry of the purchase instrument within 30 days of execution of the agreements.

Once the property is registered, the installment sale may not occur in a manner inconsistent with the Real Estate Installment Sales Act, unless seller registers its decision to desist from the sale in installments with the Real Estate Registry. In the event of a dispute over the title between the purchaser and third-party creditors of the seller, the installment purchaser who has duly registered the purchase instrument with the Real Estate Registry will obtain the deed to the plot. Further, the purchaser can demand conveyance of title after at least 25% of the purchase price has been paid, although the seller may demand a mortgage to secure payment of the balance of the purchase price.

After payment of 25% of the purchase price or the construction of improvements on the property equal to at least 50% of the property value, the Real Estate Installment Sales Act prohibits the rescission of the sales contract for failure by the purchaser to pay the balance of the purchase price. However, in such event the seller may take action under any mortgage on the property.

Other Regulations

Consumer Relationship. Consumer or End User Protection. The Argentine Constitution expressly establishes in Article 42 that consumers and users of goods and services have a right to protection of health, safety and economic interests in a consumer relationship. Consumer Protection Law No. 24,240, as amended, regulates several issues concerning the protection of consumers and end users in a consumer relationship, in the arrangement and execution of contracts.

The Consumer Protection Law, and the applicable sections of the Argentine Civil and Commercial Code are intended to regulate the constitutional right conferred under the Constitution on the weakest party of the consumer relationship and prevent potential abuses deriving from the stronger bargaining position of vendors of goods and services in a mass-market economy where standard form contracts are widespread.

As a result, the Consumer Protection Law and the Argentine Civil and Commercial Code deem void and unenforceable certain contractual provisions included in consumer contracts entered into with consumers or end users, including those which:

- deprive obligations of their nature or limit liability for damages;
- imply a waiver or restriction of consumer rights and an extension of seller rights; and
- impose the shifting of the burden of proof against consumers.

In addition, the Consumer Protection Law imposes penalties ranging from warnings to the forfeiture of concession rights, privileges, tax regimes or special credits to which the sanctioned party was entitled, including closing down of establishments for a term of up to 30 days.

The Consumer Protection Law and the Argentine Civil and Commercial Code define consumers or end users as the individuals or legal entities that acquire or use goods or services free of charge or for a price for their own final use or benefit or that of their family or social group. In addition, both laws provide that those who though not being parties to a consumer relationship as a result thereof acquire or use goods or services, for consideration or for non-consideration, for their own final use or that of their family or social group are entitled to such protection rights in a manner comparable to those engaged in a consumer relationship.

In addition, the Consumer Protection Law defines the suppliers of goods and services as the individuals or legal entities, either public or private, that in a professional way, even occasionally, produce, import, distribute or commercialize goods or supply services to consumers or users.

The Argentine Civil and Commercial Code defines a consumer agreement as such agreement that is entered into between a consumer or end user and an individual or legal entity that acts professionally or occasionally or a private or public company that manufactures goods or provides services, for the purpose of acquisition, use or enjoyment of goods or services by consumers or users for private, family or social use.

It is important to point out that the protection under the laws afforded to consumers and end users encompasses the entire consumer relationship process (from the offering of the product or service) and it is not only based on a contract, including the consequences thereof.

In addition, the Consumer Protection Law establishes a joint and several liability system under which for any damages caused to consumers, if resulting from a defect or risk inherent in the thing or the provision of a service, the producer, manufacturer, importer, distributor, supplier, seller and anyone who has placed its trademark on the thing or service shall be liable.

The Consumer Protection Law excludes the services supplied by professionals that require a college degree and registration in officially recognized professional organizations or by a governmental authority. However, this law regulates the advertisements that promote the services of such professionals.

The Consumer Protection Law determines that the information contained in the offer addressed to undetermined prospective consumers, binds the offeror during the period in which the offer takes place and until its public revocation. Further, it determines that specifications included in advertisements, announcements, prospectuses, circulars or other media bind the offeror and are considered part of the contract entered into by the consumer.

Pursuant to Resolution No. 104/05 issued by the Secretariat of Technical Coordination reporting to the Argentine Ministry of Economy, the Consumer Protection Law adopted Resolution No. 21/2004 issued by the Mercorsur's Common Market Group which requires that those who engage in commerce over the Internet (E-Business) shall disclose in a precise and clear manner the characteristics of the products and/or services offered and the sale terms. Failure to comply with the terms of the offer is deemed an unjustified denial to sell and gives rise to sanctions.

On September 17, 2014, a new Consumer Protection Law was enacted by the Argentine Congress –Law No. 26,993. This law, known as “System for Conflict Resolution in Consumer Relationships,” provided for the creation of new administrative and judicial procedures for this field of Law. It created a two-instance administrative system: the Preliminary Conciliation Service for Consumer Relationships (*Servicio de Conciliación Previa en las Relaciones de Consumo,* COPREC) and the Consumer Relationship Audit, and a number of courts assigned to resolution of conflicts between consumers and producers of goods and services (*Fuero Judicial Nacional de Consumo*). In order to file a claim, the amount so claimed should not exceed a fixed amount equivalent to 55 adjustable minimum living wages, which are determined by the Ministry of Labor, Employment and Social Security. The claim is required to be filed with the administrative agency. If an agreement is not reached between the parties, the claimant may file the claim in court. The administrative system known as Preliminary Conciliation Service for Consumer Relationships (COPREC) is currently in full force and effect. However, the court system (*fuero judicial nacional de consumo*) is not in force yet, therefore, any court claims should be currently filed with the existing applicable courts. A considerable volume of claims filed against us are expected to be settled pursuant to the system referred to above, without disregarding the full force and effect of different instances for administrative claims existing in the provincial sphere and the City of Buenos Aires, which remain in full force and effect, where potential claims related to this matter could also be filed.

Antitrust Law. Law No. 25,156, as amended, prevents monopolistic practices and requires administrative authorization for transactions that according to the Antitrust Law constitute an economic concentration. According to this law, mergers, transfers of goodwill, acquisitions of property or rights over shares, capital or other convertible securities, or similar operations by which the acquirer controls or substantially influences a company, are considered as an economic concentration. Whenever an economic concentration involves a company or companies and the aggregate volume of business of the companies concerned exceeds in Argentina the amount of Ps. 200 million, in such case the respective concentration should be submitted for approval to the Argentine Antitrust Authority (*Comisión Nacional de Defensa de la Competencia*, "CNDC”). The request for approval may be filed, either prior to the transaction or within a week after its completion.

When a request for approval is filed, the CNDC may (i) authorize the transaction, (ii) subordinate the transaction to the accomplishment of certain conditions, or (iii) reject the authorization.

The Antitrust Law provides that economic concentrations in which the transaction amount and the value of the assets absorbed, acquired, transferred or controlled in Argentina, do not exceed Ps. 20 million each are exempted from the administrative authorization. Notwithstanding the foregoing, when the transactions effected by the companies concerned during the prior 12-month period exceed in the aggregate Ps. 20 million or Ps. 60 million in the last 36 months, these transactions must be notified to the CNDC.

As our consolidated annual sales volume and our parent's consolidated annual sales volume exceed Ps. 200 million, we should give notice to the CNDC of any concentration provided for by the Antitrust Law.

Credit Card Law. Law No. 25,065, as amended by Law No. 26,010 and Law No. 26,361, governs certain aspects of the business activity known as "credit card system." Regulations impose minimum contract contents and approval thereof by the Argentine Ministry of Industry, as well as limitations on chargeable interest by users and commissions charged by the retail stores that adhere to the system. The Credit Card Law applies both to banking and non-banking cards, such as "*Tarjeta Shopping*," issued by Tarshop S.A. Pursuant to Communication "A" 5477 issued by the Argentine Central Bank, loans granted under credit cards by non-financial entities cannot exceed 25% of the monthly interest rate published by the Argentine Central Bank for loans to individuals without security interests.

Environment. Our activities are subject to a number of national, provincial and municipal environmental provisions.

Article 41 of the Argentine Constitution, as amended in 1994, provides that all Argentine inhabitants have the right to a healthy and balanced environment fit for human development and have the duty to preserve it. Environmental damage shall bring about primarily the obligation to restore it as provided by applicable law. The authorities shall control the protection of this right, the rational use of natural resources, the preservation of the natural and cultural heritage and of biodiversity, and shall also provide for environmental information and education. The National Government shall establish minimum standards for environmental protection whereas Provincial and Municipal Governments shall fix specific standards and regulatory provisions.

On November 6, 2009, the Argentine Congress passed Law No. 25,675. Such law regulates the minimum standards for the achievement of a sustainable environment and the preservation and protection of biodiversity and fixes environmental policy goals.

Law No. 25,675 establishes the activities that will be subject to an environmental impact assessment procedure and certain requirements applicable thereto. In addition, such Law sets forth the duties and obligations that will be triggered by any damage to the environment and mainly provides for restoration of the environment to its former condition or, if that is not technically feasible, for payment of compensation in lieu thereof. Such Law also fosters environmental education and provides for certain minimum reporting obligations to be fulfilled by natural and legal entities.

In addition, the CNV Rules require the obligation to report to the Commission any events of any nature and fortuitous acts that seriously hinder or could potentially hinder performance of our activities, including any events that generate or may generate significant impacts on the environment, providing details on the consequences thereof.

The new Argentine Civil and Commercial Code has introduced as a novel feature the acknowledgement of collective rights, including the right to a healthy and balanced environment. Accordingly, the Code expressly sets forth that the law does not protect an abusive exercise of individual rights if such exercise could have an adverse impact on the environment and the rights with a collective impact in general.

Insurance

We carry all-risk insurance for our shopping centers and other buildings covering damages to the property caused by fire, explosion, gas leak, hail, storm and winds, earthquakes, vandalism, theft and business interruption. We also have civil liability insurance covering all potential damages to third parties or goods arising from the development of our businesses throughout the whole Argentine territory. We are in compliance with all the legal requirements relating to mandatory insurance, including statutory coverage under the Occupational Risk Law, life insurance required under collective bargaining agreements and other insurance required by the laws and decrees. Our history of damages is limited to only one claim made as a result of a fire in Alto Avellaneda Shopping in March 2006, in which the loss was substantially recovered from our insurers. These insurance policies have all the specifications, limits and deductibles that are customary in the market and which we believe are adequate for the risks to which we are exposed in our daily operations. We also purchased civil liability insurance to cover our directors' and officers' liability.

Israeli Operating Center

IDBD is a holding company that invests, either directly or through its subsidiaries, in companies that operate in various sectors of the economy in Israel. IDBD is directly affected by the political, economic, military and regulatory conditions of Israel. The main regulations applicable to IDBD's business are described below. For more information, see "Risk Factors–Risks related to Israel's Business."

Centralization Law

In December 2013, the Israel concentration law was published. This law provides for certain regulations that have an impact on the structure of IDBD and its subsidiaries. The first chapter imposes restrictions on control of "layer companies," i.e. companies that report information under a "pyramid" structure. From the date of publication of the law, a second-tier company may not control a company in a lower tier. In other words, pursuant to the Centralization Law, structures in the form of a pyramid are limited to two layers only. Notwithstanding the foregoing, the transitional provisions of the Centralization Law provide that a company that, as of the date of publication thereof, was and to the extent that it is continues to be a second-tier company may continue controlling a lower-tier company for six years from the date of publication of such law –December 11, 2019 – "the end of the transitional period"), provided that it was already its parent company before the date of publication, and a lower-tier company may continue to control a company at an even lower layer, i.e. a fourth-tier company or lower- for four years from the date of publication –i.e. until December 11, 2017-, provided that it was already its parent company before the date of publication. On the other hand, the law imposes restrictions and conditions in order to establish a separation between large financial institutions and large real corporations.

Enforcement of the provisions of the Centralization Law (during the transitional periods specified therein) and, in particular, those related to companies organized in the form of a pyramid and those that fall within the category separated between large real corporations and large financial institutions, affects and may have a material adverse impact on IDBD (and its subsidiaries with reporting companies that are publicly held), among other reasons, due to the restrictions to which its ownership structure is subject, on control of reporting companies, the capacity to acquire or realize holdings in listed companies and reporting companies and on the value its holdings in such companies, on the branches in the markets in which it does business, etc.

In this context, it should be noted that in August 2014 the Board of Directors of IDBD resolved to appoint an advisory committee to discuss various alternatives for IDBD to deal with the effects of this law and to comply with the restrictions imposed by it in respect of control of a pyramid, so as to find the way to maintain continued control by IDBD and/or by other subsidiaries on "other layer companies" even after December 2019.

In November 2014, the Board of Directors of IDBD approved the implementation of a combination of functions in IDBD and DIC, in order to reduce costs, subject to the approvals of both companies. As part of such process, on March 29, 2016, the Board of Directors of IDBD approved the appointment of Mr. Sholem Lapidot as CEO of IDBD and DIC.

Antitrust Law

IDBD is a holding company mainly engaged in investing in other companies. As such, it is subject to the provisions of the Israel Antitrust Law. Such rules and regulations may have an impact on IDBD's business to the extent that the transactions carried out are subject to regulatory approvals or specific conditions to consummation.

Banking System Directives

IDBD and some of its subsidiaries may be subject to the banking directives issued by the Israel Financial Authority. Such directives, among other provisions, regulate the number of loans that a banking institution in Israel may grant to an "individual borrower," to a "group of borrowers," and to "groups of borrowers." IDBD, its controlling shareholders and some of its subsidiaries are deemed to be a "group of borrowers" for purposes of these directives.

Accordingly, its ability to have access to loans is limited by such regulations as is its the ability to make investments that require borrowings from banks, to buy companies that have a great deal of borrowings, and to engage in transactions with groups that have engaged in such borrowings. It should be noted, however, that from 2013 to date, the level of bank loans borrowed by the group comprised by IDBD has declined.

Regulatory Framework applicable to the Activities performed by IDBD's subsidiaries

The activities performed by IDBD's subsidiaries are subject to compliance with multiple government regulations. For example, there are rules governing access to the labor market, consumer protection and deceptive advertising regulations, and rules applicable to food product manufacturing, among other. In particular, Clal Insurance is subject to specific regulations governing insurance and Cellcom is, in turn, subject to those related to telecommunications and urban planning in terms of equipment tracking.

8. SUMMARY OF CONSOLIDATED FINANCIAL AND OPERATIONAL INFORMATION

Share of profit/(loss) of joint ventures of Argentina's Operating Center:

As stated in Note 2.3(e) to the consolidated financial statements as of June 30, 2016, 2015 and 2014 and for the years then ended, share of profit/(loss) of joint ventures Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Nuevo Puerto Santa Fe S.A., Quality Invest S.A. and Entertainment

Holding S.A., are presented by application of the equity method in the line "Shares of profit/(loss) of associates and joint ventures" in the consolidated statement of income.

However, as indicated in Note 6 to the consolidated financial statements as of June 30, 2016, 2015 and 2014 and for the years then ended, in the business segment reporting, the operating results of these joint ventures are presented by application of proportionate consolidation. This method presents the results of joint ventures in the income statement line by line. The operating results of joint ventures are allocated to each business segment based on the nature of the operations that give rise to them. In addition, reporting contemplates certain transactions between related parties that have been eliminated at the level of the income statement but are, nonetheless, representative of genuine revenues and/or costs of each segment. These transactions include, mainly, leases of spaces and management fees.

Comparability of information:

During the fiscal year ended June 30, 2014, the Group made an investment in the Israeli market, through DFL and DN B.V., in IDBD (an Israeli Company), with of an initial interest of 26.65%. IDBD is one of the Israeli largest and most diversified conglomerates, which is involved, through its subsidiaries and other investments, in several markets and industries, including real estate, retail, agribusiness, insurance, telecommunications, etc.; controlling or participating in companies such as: Clal (Insurance Company), Cellcom (Telecomunications), Adama (Agrochemicals), Shufersal (Supermarket), PBC (Real Estate), among others. IDBD traded its shares in TASE between May 2014 and March 2016. To date, it is only listed as a "Debentures Company" under the Israeli law, because some of its bonds are trading.

On October 11, 2015, the Group gained effective control over IDBD. As required by IFRS 3, the information of IDBD is included in the financial statements of the Group as from the acquisition date, and the prior periods are not modified by this situation. Therefore, the financial information consolidated for periods after the acquisition is not comparative with prior periods.

In addition, following the acquisition of IDBD, the Company established two levels in charge of allocating resources and assessing performance at the two operating centers, through executive committees based in Argentina and Israel. Consequently, the Company reports on its financial performance on the basis of the new segment structure. Comparative information was amended to reflect the new organization, as applicable. The information by segment is now disclosed from two perspectives: geographic location and products and services. Geographically, the Company has established two operating centers to handle its global interests, one in Argentina and the other in Israel. The Company considers the activities developed by each operating center separately, and such activities are reportable operating segments on the basis of the nature of their products, services, operations and risks. In management's opinion, the operating segments are grouped so as to reflect the similar economic features of each region, as well as the similar products and services being offered, types of clients and regulatory environments.

On the other hand, during fiscal years ended June 30, 2016, 2015 and 2014, the Argentine Peso depreciated against the US dollar and other currencies by around 66%, 12% and 51%, respectively, with the ensuing impact on the comparability of the figures disclosed in these financial statements, mainly as a result of the foreign exchange exposure of our revenues and costs from the "Offices and Other" segment and our assets and liabilities (mainly those of the Israel Operating Center) denominated in foreign currency.

Argentine Operating Center

Shopping Centers:

For the fiscal years ended June 30, 2016 and 2015

During fiscal year 2016 we maintained the same portfolio of operating shopping centers.

As it concerns the new shopping centers inaugurated in fiscal year 2015, “Distrito Arcos” and “Alto Comahue”, the periods during which operating income (loss) was recorded were different in both years. Fiscal year 2016 includes 12 months of operations of Distrito Arcos and Alto Comahue, while fiscal year 2015 includes six months and a half, and three months and a half of operations, respectively. However, the income from these new developments, both in the income statement and in the information by segment, was not significant against the total figures of this segment, for the indicated years. For this reason, there were no material effects on the comparison of information.

For the fiscal years ended June 30, 2015 and 2014

During fiscal year 2015 we inaugurated two new shopping centers: “Distrito Arcos,” located in the area of Palermo, City of Buenos Aires, in December 2014 and “Alto Comahue,” located in the City of Neuquén, Argentine Patagonian region, in March 2015. Income from these new developments, both in the income statement and the information by segment was not significant against the total figures of this segment, for the indicated years. For this reason, there were no significant effects on information comparability.

Offices and Other:

For the fiscal years ended June 30, 2016 and 2015

During fiscal years ended June 30, 2016 and 2015, the comparability of revenues and costs from the Offices and Other segment was affected by the partial sale of rental property allocated to this segment. In this regard, during fiscal years ended June 30, 2016 and 2015 the Company sold several floors at the Maipú 1300, Intercontinental Plaza, Bouchard 551 and Dique IV buildings in its entirety (a leasable area of 30,658 sqm, accounting for approximately 27% of the total leasable area at the beginning of the year) and Isla Sirgadero.

For the fiscal years ended June 30, 2015 and 2014

During fiscal year 2015, the revenues and costs from our Offices and Other segment saw their comparability affected by partial sales of properties intended for lease allocated to that segment. In this respect, during fiscal years 2015 and 2014, there were sales for 10,792 sqm of leasable surface area (approximately 8.8% of total leasable area at the beginning of the fiscal year), and 8,744 sqm of leasable surface area (approximately 6.2% of total leasable area at the beginning of the fiscal year), respectively.

Additionally, in December 2014, there was a transfer within the Company of 83,789 sqm of rental buildings from IRSA Inversiones y Representaciones S.A. to IRSA Propiedades Comerciales S.A. This transaction, though at the consolidated level it did not have effects because it was a related party transaction, was considered a Business Combination, and therefore, costs related to this transaction for Ps. 110.5 million were recognized as income during fiscal year 2015 in “Other operating results, net”.

Sales and Developments:

Revenues and costs from this segment often vary significantly from one fiscal year to another due to the non-recurrence of different sales transactions performed by the Group throughout the time.

Hotels:

For the fiscal years ended June 30, 2016, 2015 and 2014

During these fiscal years, there were no factors affecting comparability.

International:

For the fiscal years ended June 30, 2016 and 2015

The most affected line in terms of comparability was “Share of profit / (loss) of associates and joint ventures” for, until October 11, 2015, the profit (loss) from the investment in IDBD at fair value was reported within the International segment.

On the other hand, the operating income (loss) from this segment was also affected, but to a lesser extent, by the profits (losses) derived from the Madison building, which was disposed of during fiscal year 2015. No operation involving this building was accounted for during fiscal year 2016 while operations with this building were included during fiscal year 2015 until September 2014.

For the fiscal years ended June 30, 2015 and 2014

The revenues and costs from the international segment were mainly affected by the only 3-month consolidation in the year 2015, compared to the 12-month consolidation in the year 2014, of the results of Rigby 183 LLC (“Rigby 183”), owner of the Madison 183 building, located in the City of New York, which was sold in September 2014, and to a lesser extent, by the effect of devaluation described above.

Financial Operations and Other:

For the fiscal years ended June 30, 2016 and 2015

During fiscal year 2016 there were no factors affecting comparability, except for the effect of the change in the valuation of our investment in Avenida accounted for during the previous year. No operating income (loss) was accounted for during 2016 in relation to this investment, as compared to fiscal year 2015 when operating income (loss) was recorded for the first 3 months of the year.

For the fiscal years ended June 30, 2015 and 2014

During fiscal year 2015, the results of this segment were affected by different transactions performed by the Company in relation to the investment in Avenida, including the exercise of warrants, the dilution of part of our interest in this company in view of the entry of a new investor and the sale of 5% of our shareholding. As a result of all these transactions, as from the second quarter of fiscal year 2015, we ceased to have significant influence on Avenida and therefore, we ceased to recognize it as an investment in an associate, accounted for under the equity method, and we started to recognize it as a financial asset valued at fair value through profit or loss, which are recognized in financial and holding results, net and are excluded in the segment reporting.

Results of Operations for the fiscal years ended June 30, 2016 and 2015

Revenues

Revenues	Year ended on 06.30.2016 In millions of Ps. Income statement	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Argentine Operating Center					
Shopping Centers	3,487	20	(1,101)	-	2,406
Offices and Others	422	4	(93)	7	340
Sales and Developments	3	5	-	-	8
Hotels	533	-	-	1	534
International	-	-	-	-	-
Financial Operations and Others	1	-	-	-	1
Total Argentine Operating Center	**4,446**	**29**	**(1,194)**	**8**	**3,289**
Israeli Operating Center					
Commercial Properties	1,538	-	-	-	1,538
Supermarkets	18,610	-	-	-	18,610
Agrochemicals	-	-	-	-	-
Telecommunications	6,655	-	-	-	6,655
Insurance	-	-	-	-	-
Others	1,426	-	-	-	1,426
Total Israeli Operating Center	**28,229**	**-**	**-**	**-**	**28,229**
Total Revenues	**32,675**	**29**	**(1,194)**	**8**	**31,518**

Revenues	Year ended on 06.30.2015 In millions of Ps. Income statement	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Argentine Operating Center					
Shopping Centers	2,571	13	(806)	-	1,778
Offices and Other	398	9	(79)	5	333
Sales and Developments	10	5	-	-	15
Hotels	396	-	-	-	396
International	28	-	(2)	-	26
Financial Operations and Others	-	-	-	-	-
Total Revenues	**3,403**	**27**	**(887)**	**5**	**2,548**

Revenues from sales, leases and services, pursuant to the income statement, rose by Ps. 29,272 million, up from Ps. 3,403 million during fiscal year 2015 to Ps. 32,675 million during fiscal year 2016 (Ps. 28,229 million of which derive from the Israeli Operating Center and Ps. 4,446 million from the Argentine Operating Center). Without considering the revenues from the Israeli Operating Center, revenues from sales, leases and services increased by 30.6%.

In turn, revenues from common maintenance expenses and common advertising fund increased by 34.6%, from Ps. 887 million (of which Ps. 806 million are allocated to the Shopping Centers segment and Ps. 79 million are allocated to the Offices and Others segment within the Argentine Operating Center) during fiscal year 2015 to Ps. 1,194 million (of which Ps. 1,101 million are allocated to the Shopping Centers segment and Ps. 93 million are allocated to the Offices and Others segment during fiscal year 2016.

Furthermore, revenues from interests in our joint ventures showed a 7.4% increase, up from Ps. 27 million during fiscal year 2015 (of which Ps. 13 million are allocated to the Shopping Centers segment, Ps. 9 million to the Offices and Others segment, and Ps. 5 million to the Sales and Developments segment within the Argentine Operating Center) to Ps. 29 million during fiscal year 2016 (of which Ps. 20 million are allocated to the Shopping Centers segment, Ps. 4 million to the Offices and Others segment, and Ps. 5 million to the Sales and Developments segment within the Argentine Operating Center), mainly as a result of increased revenues from our joint business Nuevo Puerto Santa Fe S.A, and partially offset by a decline in revenues from our joint business Quality Invest S.A.

Finally, inter-segment revenues increased by 60%, from Ps. 5 million during fiscal year 2015 (allocated to the Offices and Other segment within the Argentine Operating Center) to Ps. 8 million during fiscal year 2016 (of which Ps. 7 million are allocated to the Offices and Other segment and Ps. 1 million to the Hotels segment within the Argentine Operating Center).

Thus, according to business segment reporting (taking into consideration the revenues from our joint businesses and without considering the revenues from common maintenance expenses and common advertising fund or inter-segment revenues), revenues grew by Ps. 28,970 million from Ps. 2,548 million during fiscal year 2015 to Ps. 31,518 million during fiscal year 2016 (of which Ps. 28,229 million are derived from the Israeli Operating Center and Ps. 3,289 million are derived from the Argentine Operating Center). Without considering the revenues from the Israeli Operating Center, revenues, pursuant to business segment reporting, grew by 29.1%.

Argentine Operating Center

Shopping Centers. Revenues from the Shopping Centers segment rose by 35.3%, up from Ps. 1,778 million during fiscal year 2015 to Ps. 2,406 million during fiscal year 2016. This increase was mainly attributable to: (i) a Ps. 465 million increase in the revenues from base and percentage rents stemming from a 34.4% increase in our tenants' total sales, up from Ps. 21,509 million during fiscal year 2015 to Ps. 28,905 million during fiscal year 2016, (ii) a Ps. 52 million increase in revenues from admission fees, (iii) a Ps. 41 million increase in revenues from parking lot, and (iv) a Ps. 34 million increase in revenues from commissions, among other items.

Offices and Others. Revenues from the Offices and Others segment rose by 2.1%, up from Ps. 333 million during fiscal year 2015 to Ps. 340 million during fiscal year 2016. They were affected by the partial sales of investment properties that took place during fiscal year 2016 and caused a reduction in the segment's total leasable surface area. Rental revenues, considering properties that are similar for both fiscal years on account of no reductions in their leasable area, rose by 34.0%, up from Ps. 200 million during fiscal year ended June 30, 2015 to Ps. 268 million during fiscal year ended June 30, 2016, mainly due to the devaluation, whilst rental revenues associated to properties whose leasable area had sustained a reduction, dropped by 49.5%, from Ps. 111 million during fiscal year 2015 to Ps. 56 million during fiscal year 2016. At the end of fiscal year 2016, the average occupancy rate for the portfolio of premium offices had been 97.7% and the average rental remained close to USD 27 per square meter.

Sales and Developments. Revenues from the Sales and Developments segment decreased by 46.7%, from Ps. 15 million during fiscal year 2015 to Ps. 8 million during fiscal year 2016. This reduction is mainly due to lower revenues from the sales of units at Condominios I and II (Ps. 7 million).

Hotels. Revenues from our Hotels segment rose by 34.8%, up from Ps. 396 million during fiscal year 2015 to Ps. 534 million during fiscal year 2016, primarily due to a 34.4% increase in the average rate per room (measured in Ps.) of our hotel portfolio.

International. Revenues from the International segment dropped by 100.0% as compared to the Ps. 26 million accounted for in fiscal year 2015 due to the sale of the Madison 183 completed by the Group in fiscal year 2015.

Financial Operations and Others. Revenues from the Financial Operations and Others segment did not experience significant changes during the reported periods.

<u>Israeli Operating Center</u>

Commercial Properties. During fiscal year 2016, revenues from the Commercial Properties segment totaled Ps. 1,538 million.

Supermarkets. During fiscal year 2016, revenues from the Supermarkets segment totaled Ps. 18,610 million.

Telecommunications. During fiscal year 2016, revenues from the Telecommunications segment totaled Ps. 6,655 million.

Others. During fiscal year 2016, revenues from the Others segment totaled Ps. 1,426 million.

<u>Costs</u>

	Year ended on 06.30.2016 In millions of Ps.				
Costs	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(1,505)	(4)	1,113	(6)	(402)
Offices and Others	(137)	(8)	94	-	(51)
Sales and Developments	(15)	(5)	-	-	(20)
Hotels	(361)	-	-	-	(361)
International	-	-	-	-	-
Financial Operations and Otherss	-	-	-	-	-
Total Argentine Operating Center	**(2,018)**	**(17)**	**1,207**	**(6)**	**(834)**
Israeli Operating Center					
Commercial Properties	(837)	-	-	-	(837)
Supermarkets	(13,925)	-	-	-	(13,925)

Agrochemicals	-	-	-	-	-
Telecommunications	(4,525)	-	-	-	(4,525)
Insurance	-	-	-	-	-
Others	(1,194)	-	-	-	(1,194)
Total Israeli Operating Center	**(20,481)**	**-**	**-**	**-**	**(20,481)**
Total Costs	**(22,499)**	**(17)**	**1,207**	**(6)**	**(21,315)**

	Year ended on 06.30.2015 In millions of Ps.				
Costs	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(1,102)	(4)	820	(4)	(290)
Offices and Others	(108)	(5)	79	-	(34)
Sales and Developments	(14)	(5)	-	-	(19)
Hotels	(278)	-	-	-	(278)
International	(9)	-	2	-	(7)
Financial Operations and Others	-	-	-	-	-
Total Costs	**(1,511)**	**(14)**	**901**	**(4)**	**(628)**

Total consolidated costs, pursuant to the income statement, increased by Ps. 20,988 million, up from Ps. 1,511 million during fiscal year 2015 to Ps. 22,499 million during fiscal year 2016 (of which Ps. 20,481 million are derived from the Israeli Operating Center and Ps. 2,018 million from the Argentine Operating Center). Without considering the costs from the Israeli Operating Center, costs rose by 33.6%. Total consolidated costs as a percentage of total consolidated revenues also increased by 44.4% during fiscal year 2015 to 68.9% during fiscal year 2016, and such increase is mainly attributable to the Israeli Operating Center. Without considering the costs from the Israeli Operating Center, consolidated costs as a percentage of total consolidated revenues experienced a slight increase from 44.4% during fiscal year 2015 to 45.4% during fiscal year 2016.

In turn, costs from common maintenance expenses and the common advertising fund increased by 34.0%, from Ps. 901 million during fiscal year 2015 (of which Ps. 820 million are allocated to the Shopping Centers segment and Ps. 79 million to the Offices and Other segment within the Argentine Operating Center) to Ps. 1,207 million during fiscal year 2016 (of which Ps. 1,113 million are allocated to the Shopping Centers segment and Ps. 94 million to the Offices and Other segment within the Argentine Operating Center), mainly due to increased costs originated by our Shopping Centers, which rose by 35.7% from Ps. 820 million in fiscal year 2015 to Ps. 1,113 million in fiscal year 2016, mainly as a result of: (i) an increase in advertising expenses of Ps. 111.8 million, (ii) an increase in salaries, social security charges and other personnel expenses of Ps. 103.1 million; (iii) an increase in maintenance, security, cleaning, repair and other expenses of Ps. 100.8 million(caused mainly by price raises in security and cleaning services and in public utilities rates), (iv) an increase in taxes, rates and contributions, and other expenses of Ps. 25.5 million, and (v) an increase in other expenses of Ps. 42 million (to cover the deficit in the common advertising fund and common maintenance expenses). Such change was also attributable to: a Ps. 54.1 million increase from Ps. 28.3 million during fiscal year 2015 to Ps. 82.4 million during fiscal year 2016, mostly caused by the acquisition of new buildings (maintenance, cleaning, lease, common maintenance and other expenses of Ps. 36.1 million, salaries and social security charges of Ps. 10.8 million, and taxes, rates and contributions, and utilities of Ps. 8.9 million).

Furthermore, costs from our joint ventures showed a net increase of 21.4%, up from Ps. 14 million during fiscal year 2015 (of which Ps. 4 million are allocated to the Shopping Centers segment, Ps. 5 million to the Offices and Others segment, and Ps. 5 million to the Sales and Developments segment within the Argentine Operating Center) to Ps. 17 million during fiscal year 2016 (of which Ps. 4 million are allocated to the Shopping Centers segment, Ps. 8 million to the Offices and Others segment, and Ps. 5 million to the Sales and Developments segment within the Argentine Operating Center).

Finally, costs from inter-segment transactions increased by 75.0%, from Ps. 4 million during fiscal year 2015 to Ps. 7 million during fiscal year 2016 (which are fully allocated to the Shopping Centers segment within the Argentine Operating Center).

Therefore, according to business segment reporting (taking into consideration the costs from our joint businesses and without considering the costs from common maintenance expenses and common advertising fund or costs from inter-segment operations), costs rose by Ps. 20,687 million from Ps. 628 million during fiscal year 2015 to Ps. 21,315 million during fiscal year 2016 (of which Ps. 20,481 million are attributable to the Israeli Operating Center and Ps. 834 million to the Argentine Operating Center). Without considering the costs from the Israeli Operating Center, costs rose by 32.8%. Furthermore, total costs as a percentage of total revenues, pursuant to business segment reporting, increased from 24.6% during fiscal year 2015 to 67.6% during fiscal year 2016, and such increase is mainly attributable to the Operating Center in Israel. Without considering the effect of the Israeli Operating Center, total costs as a percentage of total revenues experienced a slight increase from 24.6% during fiscal year 2015 to 25.4% during fiscal year 2016.

Argentine Operating Center

Shopping Centers. Costs from the Shopping Centers segment increased by 38.6%, from Ps. 290 million during fiscal year 2015 to Ps. 402 million during fiscal year 2016. This increase is mainly due to: (i) higher depreciation and amortization costs for Ps. 56 million; (ii) increased lease and common maintenance expenses by Ps. 30 million; (iii) a Ps. 10 million increase in maintenance, security, cleaning, repair and other expenses (caused mainly by price raises in security and cleaning services and in public utilities rates); and (iv) a Ps. 10 million increase in salaries, social security charges and other personnel expenses, among other items. Costs from the Shopping Centers segment, as a percentage of revenues derived from this segment, increased slightly from 16.3% during the fiscal year ended June 30, 2015 to 16.7% during fiscal year 2016.

Offices and Others. Costs in the Offices and Others segment rose by 50.0%, from Ps. 34 million during fiscal year 2015 to Ps. 51 million during fiscal year 2016, mainly as a consequence of: (i) an increase in maintenance, security, cleaning, repair and other expenses of Ps. 7 million; (ii) an increase in lease and common maintenance expenses of Ps. 6 million and (iii) an increase in the amortization and depreciation expense of Ps. 5 million. This variance is affected by the partial sales of investment properties intended for lease during fiscal year 2016. Costs associated to non-comparable properties increased by 4.0%, from Ps. 9 million to Ps. 10 million. Besides, costs, considering similar properties in both fiscal years on account of the inexistence of partial sales, increased by 76.8%, from Ps. 24 million to Ps. 42 million, primarily owing to increased maintenance costs. Total costs in the Offices and Others segment, as a percentage of this segment's revenues, rose from 10.2% during fiscal year 2015 to 15.0% during fiscal year 2016.

Sales and Developments. This segment's costs often exhibit significant changes from period to period because of the non-recurrence of the sales of properties performed by the Company throughout the time. The costs associated to our Sales and Developments segment increased slightly by 5.3%, from Ps. 19 million during fiscal year 2015 to Ps. 20 million during fiscal year 2016. Costs in the Sales and Developments segment, as a percentage of this segment's revenues, increased from 126.7% during fiscal year 2015 to 250.0% during fiscal year 2016.

Hotels. Costs in the Hotels segment rose by 29.9%, from Ps. 278 million during fiscal year 2015 to Ps. 361 million during fiscal year 2016, mainly due to: (i) a Ps. 52 million increase in salaries, social security charges and other personnel expenses; (ii) increased charges, amounting to Ps. 19 million, as maintenance and repairs; and (iii) an increase of Ps. 7 million and Ps. 5 million in service fees and in the cost of food, beverages and other hotel-related expenses, respectively. Costs in the Hotels segment, as a percentage of this segment's revenues, fell from 70.2% during fiscal year 2015 to 67.6% during fiscal year 2016.

International. Costs in the International segment dropped by 100.0%, as compared to the Ps. 7 million accounted for during fiscal year 2015. Such decrease is mainly attributable to the sale of the Madison 183 building in fiscal year 2015, which used to be allocated to rental property.

Israeli Operating Center

Commercial Properties. During fiscal year 2016, costs from the Commercial Properties segment totaled Ps. 837 million. In addition, costs, as a percentage of the revenues derived from this segment, amounted to 54.4%.

Supermarkets. During fiscal year 2016, costs from the Supermarkets segment totaled Ps. 13,925 million. In addition, costs, as a percentage of the revenues derived from this segment, amounted to 74.8%.

Telecommunications. During fiscal year 2016, costs from the Telecommunications segment totaled Ps. 4,525 million. In addition, costs, as a percentage of the revenues derived from this segment, amounted to 68.0%.

Others. During fiscal year 2016, costs from the Others segment totaled Ps. 1,194 million. In addition, costs, as a percentage of the revenues derived from this segment, amounted to 83.7%.

Gross profit

	Year ended on 06.30.2016 In millions of Ps.				
Gross profit	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	1,982	16	12	(6)	2,004
Offices and Others	285	(4)	1	7	289
Sales and Developments	(12)	-	-	-	(12)
Hotels	172	-	-	1	173

International	-	-	-	-	-
Financial Operations and Others	1	-	-	-	1
Total Argentine Operating Center	**2,428**	**12**	**13**	**2**	**2,455**
Israeli Operating Center					
Commercial Properties	701	-	-	-	701
Supermarkets	4,685	-	-	-	4,685
Agrochemicals	-	-	-	-	-
Telecommunications	2,130	-	-	-	2,130
Insurance	-	-	-	-	-
Other	232	-	-	-	232
Total Israeli Operating Center	**7,748**	-	-	-	**7,748**
Total Gross profit	**10,176**	**12**	**13**	**2**	**10,203**

	Year ended on 06.30.2015 In millions of Ps.				
Gross profit	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	1,469	9	14	(4)	1,488
Offices and Other	290	4	-	5	299
Sales and Developments	(4)	-	-	-	(4)
Hotels	118	-	-	-	118
International	19	-	-	-	19
Financial Operations and Others	-	-	-	-	-
Total Gross profit	**1,892**	**13**	**14**	**1**	**1,920**

Total consolidated gross profit, pursuant to the income statement, increased by Ps. 8,284 million, up from Ps. 1,892 million during fiscal year 2015 to Ps. 10,176 million during fiscal year 2016 (of which Ps. 7,748 million are derived from the Israeli Operating Center and Ps. 2,428 million from the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, gross profit rose by 28.3%. Total consolidated gross profit, as a percentage of revenues from sales, leases and services, fell from 55.6% during fiscal year 2015 to 31.1% during fiscal year 2016. Without considering the effect of the Israeli Operating Center, total consolidated gross profit, pursuant to the income statement, experienced a slight decline from 55.6% during fiscal year 2015 to 54.6% during fiscal year 2016.

In turn, total gross profit (loss) from common maintenance expenses and common advertising fund did not experience significant changes and remained at approximately Ps. 14 million in both fiscal years (allocated to the Shopping Centers segment).

Furthermore, gross profit from our joint businesses fell by 7.7% from Ps. 13 million in fiscal year 2015 to Ps. 12 million in fiscal year 2016.

Therefore, according to business segment reporting (taking into consideration the gross profit from our joint businesses and without considering the gross profit from common maintenance expenses and common advertising fund or inter-segment gross profits), gross profit rose by Ps. 8,283 million from Ps. 1,920 million during fiscal year 2015 to Ps. 10,203 million during fiscal year 2016 (of which

Ps. 7,748 million are attributable to the Israeli Operating Center and Ps. 2,455 million to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, gross profit rose by 27.9%. Furthermore, gross profit as a percentage of revenues, pursuant to business segment reporting, fell from 75.4% during fiscal year 2015 to 33.4% during fiscal year 2016. Without considering the effect of the Israeli Operating Center, gross profit as a percentage of total revenues experienced a slight decline from 75.4% during fiscal year 2015 to 74.6% during fiscal year 2016.

Argentine Operating Center

Shopping Centers. Gross profit at the Shopping Centers segment increased by 34.7%, up from Ps. 1,488 million during fiscal year 2015 to Ps. 2,004 million during fiscal year 2016, mainly due to an increase in our tenants' total sales, resulting in higher percentage rent under our lease agreements. Gross profit from the Shopping Centers segment as a percentage of this segment's revenues experienced a slight decline from 83.7% during fiscal year 2015 to 83.3% during fiscal year 2016.

Offices and Others. Gross profit at the Offices and Others segment fell by 3.3%, from Ps. 299 million during fiscal year 2015 to Ps. 289 million during fiscal year 2016. Gross profit for the Offices and Others segment as a percentage of this segment's revenues decreased from 89.8% during fiscal year 2015 to 85.0% during fiscal year 2016.

Sales and Developments. Gross profit (loss) at the Sales and Developments segment increased by Ps. 8 million, from a loss of Ps. 4 million during fiscal year 2015 to a loss of Ps. 12 million during fiscal year 2016, mainly due to lower sales accounted for during fiscal year 2016 and an increase in maintenance and preservation costs in connection with these properties.

Hotels. Gross profit at the Hotels segment rose by 46.6%, up from Ps. 118 million during fiscal year 2015 to Ps. 173 million during fiscal year 2016. Gross profit for the Hotels segment, as a percentage of this segment's revenues, rose from 29.8% during fiscal year 2015 to 32.4% during fiscal year 2016.

International. Gross profit at the International segment dropped by 100.0% from the Ps. 19 million accounted for during fiscal year 2015.

Financial Operations and Others. Gross profit at the Financial Operations and Others segment did not experience significant changes during the reported periods.

Israeli Operating Center

Commercial Properties. During fiscal year 2016, gross profit from the Commercial Properties segment totaled Ps. 701 million. Gross profit, as a percentage of the revenues derived from this segment, amounted to 45.6%.

Supermarkets. During fiscal year 2016, gross profit from the Supermarkets segment totaled Ps. 4,685 million. Gross profit, as a percentage of the revenues derived from this segment, amounted to 25.2%.

Telecommunications. During fiscal year 2016, gross profit from the Telecommunications segment totaled Ps. 2,130 million. Gross profit, as a percentage of the revenues derived from this segment, amounted to 32.0%.

Others. During fiscal year 2016, gross profit from the Others segment totaled Ps. 232 million. Gross profit, as a percentage of the revenues derived from this segment, amounted to 16.3%.

Gain from disposal of investment properties

Total gain from disposal of investment properties, pursuant to the income statement and business segment reporting, fell by 4.0%, from Ps. 1,163 million during fiscal year 2015 (allocated to the Argentine Operating Center) to Ps. 1,113 million during fiscal year 2016 (of which Ps. 1,068 million are attributable to the Argentine Operating Center and Ps. 45 million to Israeli Operating Center). Without considering the effect of the Israeli Operating Center, total gain from the disposal of investment properties fell by 8.2%. Total gain from disposal of investment properties, as a percentage of revenues from sales, leases and services, declined by 34.2% during fiscal year 2015 to 3.3% during fiscal year 2016. Without taking into account the gain from the disposal of investment properties attributable to the Israeli Operating Center, gain from disposal of investment properties as a percentage of total revenues declined from 34.2% in fiscal year 2015 to 24.0% in fiscal year 2016.

Argentine Operating Center

Sales and Developments. Gain from disposal of investment properties from our Sales and Developments segment fell by 8.2%, from Ps. 1,163 million during fiscal year 2015 to Ps. 1,068 million during fiscal year 2016, due primarily to the lower level of sales of functional units at Bouchard 551 (Ps. 459 million) and Madison Ave. (Ps. 297 million), partially offset by the sale of all units at Dique IV (Ps. 587 million) and functional units at Intercontinental Plaza (Ps. 300 million), Maipú 1300 (Ps. 110 million) and Isla Sirgadero (Ps. 33 million), among others.

Israeli Operating Center

Commercial Properties. During fiscal year 2016, the gain from disposal of investment properties from the Commercial Properties segment was Ps. 45 million.

General & administrative expenses

	Year ended on 06.30.2016 In millions of Ps.				
General & administrative expenses	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(178)	-	-	(1)	(179)
Offices and Others	(50)	-	-	-	(50)
Sales and Developments	(126)	(1)	-	(4)	(131)
Hotels	(101)	-	-	(2)	(103)
International	(91)	-	-	-	(91)
Financial Operations and Others	-	-	-	-	-
Total Argentine Operating Center	**(546)**	**(1)**	**-**	**(7)**	**(554)**
Israeli Operating Center					
Commercial Properties	(100)	-	-	-	(100)
Supermarkets	(203)	-	-	-	(203)

Agrochemicals	-	-	-	-	-
Telecommunications	(708)	-	-	-	(708)
Insurance	-	-	-	-	-
Others	(376)	-	-	-	(376)
Total Israeli Operating Center	**(1,387)**	**-**	**-**	**-**	**(1,387)**
Total General & administrative expenses	**(1,933)**	**(1)**	**-**	**(7)**	**(1,941)**

	Year ended on 06.30.2015 In millions of Ps.				
General & administrative expenses	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(136)	-	-	-	(136)
Offices and Other	(58)	-	-	-	(58)
Sales and Developments	(49)	(1)	-	-	(50)
Hotels	(75)	-	-	(3)	(78)
International	(56)	-	-	-	(56)
Financial Operations and Others	-	-	-	-	-
Total General & administrative expenses	**(374)**	**(1)**	**-**	**(3)**	**(378)**

Total general & administrative expenses, pursuant to the income statement, increased by Ps. 1,559 million, up from Ps. 374 million during fiscal year 2015 to Ps. 1,933 million during fiscal year 2016 (of which Ps. 1,387 million are attributable to the Israeli Operating Center and Ps. 546 million to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, total general & administrative expenses rose by 46.0%. Total general & administrative expenses, as a percentage of revenues from sales, leases and services, fell from 11.0% during fiscal year 2015 to 5.9% during fiscal year 2016. Without considering the effect of the Israeli Operating Center, total general & administrative expenses, pursuant to the income statement, experienced a slight increase from 11.0% during fiscal year 2015 to 12.3% during fiscal year 2016.

General & administrative expenses from our joint ventures did not experience significant changes during the reported periods.

Finally, general & administrative expenses from inter-segment transactions increased by Ps. 4 million, from Ps. 3 million during fiscal year 2015 to Ps. 7 million during fiscal year 2016 (which are fully allocated to the Shopping Centers segment within the Argentine Operating Center in both years).

Therefore, according to business segment reporting (taking into consideration the general & administrative expenses from our joint businesses and without considering those related to common maintenance expenses and common advertising fund or expenses related to inter-segment operations), general & administrative expenses rose by Ps. 1,563 million from Ps. 378 million during fiscal year 2015 to Ps. 1,941 million during fiscal year 2016 (of which Ps. 1,387 million are attributable to the Israeli Operating Center and Ps. 554 million to the Argentine Operating Center). Without considering the general & administrative expenses from the Israeli Operating Center, general & administrative expenses rose by 46.6%. Furthermore, general & administrative expenses as a percentage of revenues, pursuant to business segment reporting, declined from 14.8% during fiscal year 2015 to 7.1% during fiscal year 2016. Without considering the effect of the Israeli

Operating Center, total general & administrative expenses as a percentage of total revenues experienced a slight increase from 14.8% during fiscal year 2015 to 6.2% during fiscal year 2016.

Argentine Operating Center

Shopping Centers. General & administrative expenses in the Shopping Centers segment rose by 31.6%, up from Ps. 136 million during fiscal year 2015 to Ps. 179 million during fiscal year 2016, mainly as a result of: (i) a Ps. 18 million increase in salaries, social security charges and other personnel expenses; (ii) a Ps. 13 million increase in Director's fees; and (iii) a Ps. 7 million rise in fees and payment for services, among other reasons. General & administrative expenses of Shopping Centers, as a percentage of this segment's revenues, fell slightly from 7.6% during fiscal year 2015 to 7.4% during fiscal year 2016.

Offices and Other. General & administrative expenses in our Offices and Other segment declined by 13.8%, from Ps. 58 million during fiscal year 2015 to Ps. 50 million during fiscal year 2016, primarily due to: (i) a Ps. 12 million decrease in salaries, social security charges and other personnel expenses; partially offset by (ii) a Ps. 6 million increase in Directors' fees, among other reasons. The segment's general & administrative expenses, as a percentage of this segment's revenues, fell from 17.1% during fiscal year 2015 to 14.7% during fiscal year 2016.

Sales and Developments. General & administrative expenses associated to our Sales and Developments segment rose by Ps. 80 million, up from Ps. 50 million during fiscal year 2015 to Ps. 131 million during fiscal year 2016, primarily owing to: (i) a Ps. 26 million increase in salaries, social security charges and other personnel expenses, (ii) a Ps. 24 million increase in fees and payment for services, and (iii) a Ps. 21 million increase in Director's fees, among other reasons.

Hotels. General & administrative expenses associated to our Hotels segment rose by 32.1%, from Ps. 78 million during fiscal year 2015 to Ps. 103 million during fiscal year 2016, mainly as a result of: (i) a Ps. 12 million increase in salaries, social security charges and other personnel expenses; and (ii) a Ps. 6 million increase in fees and payments for services, among others. General & administrative expenses associated to the Hotels segment as a percentage of this segment's revenues rose from 14.6% during fiscal year ended 2015 to 19.3% during fiscal year 2016.

International. General & administrative expenses associated to our International segment increased by 62.5%, from Ps. 56 million during fiscal year 2015 to Ps. 91 million during fiscal year 2016, mainly as a result of fees incurred in connection with our investment in IDBD.

Financial Operation and Others. General & administrative expenses associated to our Financial Operations and Others segment did not show significant changes for the fiscal years under discussion.

Israeli Operating Center

Commercial Properties. During fiscal year 2016, general & administrative expenses associated to the Commercial Properties segment totaled Ps. 100 million. General & administrative expenses as a percentage of the revenues derived from this segment amounted to 6.6%.

Supermarkets. During fiscal year 2016, general & administrative expenses associated to the Supermarkets segment totaled Ps. 203 million. General & administrative expenses as a percentage of the revenues derived from this segment amounted to 1.1%.

Telecommunications. During fiscal year 2016, general & administrative expenses associated to the Telecommunications segment totaled Ps. 708 million. General & administrative expenses as a percentage of the revenues derived from this segment amounted to 10.6%.

Others. During fiscal year 2016, general & administrative expenses associated to the Others segment totaled Ps. 376 million. General & administrative expenses as a percentage of the revenues derived from this segment amounted to 26.4%.

Selling expenses

	Year ended on 06.30.2016 In millions of Ps.				
Selling expenses	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(144)	(1)	-	-	(145)
Offices and Others	(12)	-	-	-	(12)
Sales and Developments	(35)	(1)	-	-	(36)
Hotels	(69)	-	-	-	(69)
International	-	-	-	-	-
Financial Operations and Others	(2)	-	-	-	(2)
Total Argentine Operating Center	**(262)**	**(2)**	**-**	**-**	**(264)**
Israeli Operating Center					
Commercial Properties	(29)	-	-	-	(29)
Supermarkets	(4,058)	-	-	-	(4,058)
Agrochemicals	-	-	-	-	-
Telecommunications	(1,493)	-	-	-	(1,493)
Insurance	-	-	-	-	-
Others	(106)	-	-	-	(106)
Total Israeli Operating Center	**(5,686)**	**-**	**-**	**-**	**(5,686)**
Total Selling expenses	**(5,948)**	**(2)**	**-**	**-**	**(5,950)**

	Year ended on 06.30.2015 In millions of Ps.				
Selling expenses	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(112)	(1)	-	-	(113)
Offices and Others	(22)	-	-	-	(22)
Sales and Developments	(8)	(1)	-	-	(9)
Hotels	(52)	-	-	-	(52)
International	-	-	-	-	-
Financial Operations and Others	-	-	-	-	-
Total Selling expenses	**(194)**	**(2)**	**-**	**-**	**(196)**

Total consolidated selling expenses, pursuant to the income statement, increased by Ps. 5,754 million, up from Ps. 194 million during fiscal year 2015 to Ps. 5,948 million during fiscal year 2016 (of which Ps. 5,686 million are attributable to the Israeli Operating Center and Ps. 262 million to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, selling expenses rose by 35.1%. Total consolidated selling expenses, as a percentage of revenues from sales, leases and services, rose from 5.7% during fiscal year 2015 to 18.2% during fiscal year 2016. Without considering the effect of the Israeli Operating Center, total selling expenses, as a percentage of revenues from sales, leases and services, experienced a slight increase from 5.7% during fiscal year 2015 to 5.9% during fiscal year 2016.

In turn, selling expenses associated to our joint businesses did not experience significant changes during the reported periods.

Therefore, according to business segment reporting (taking into consideration the selling expenses from our joint businesses and without considering those related to common maintenance expenses and common advertising fund or inter-segment expenses), selling expenses rose by Ps. 5,754 million from Ps. 196 million during fiscal year 2015 to Ps. 5,950 million during fiscal year 2016 (of which Ps. 5,686 million are attributable to the Israeli Operating Center and Ps. 262 million to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, selling expenses rose by 34.7%. Furthermore, selling expenses as a percentage of revenues, pursuant to business segment reporting, rose from 7.7% during fiscal year 2015 to 18.9% during fiscal year 2016. Without considering the effect of the Israeli Operating Center, selling expenses as a percentage of total revenues pursuant to business segment reporting, experienced a slight increase from 7.7% during fiscal year 2015 to 8.0% during fiscal year 2016.

Argentine Operating Center

Shopping Centers. Selling expenses in the Shopping Centers segment rose by 28.3%, up from Ps. 113 during fiscal year 2015 to Ps. 145 million during fiscal year 2016, primarily as a result of: (i) a Ps. 29 million increase in the charge associated to taxes, rates and contributions; mainly due to higher charges associated to turnover tax, among other factors. Selling expenses, as a percentage of the Shopping Centers segment's revenues, declined from 6.4% during fiscal year 2015 to 6.0% during fiscal year 2016.

Offices and Others. Selling expenses associated to our Offices and Others segment declined by 45.5%, from Ps. 22 million during fiscal year 2015 to Ps. 12 million during fiscal year 2016. Such variation was mainly due to a recovery of Ps. 6 million from the loan loss charges, among other factors. The selling expenses associated to our Offices and Other segment, as a percentage of this segment's revenues, dropped from 6.6% during fiscal year 2015 to 3.5% during fiscal year 2016.

Sales and Developments. Selling expenses for the Sales and Developments segment increased by Ps. 27 million, from Ps. 9 million during fiscal year 2015 to Ps. 36 million during fiscal year 2016, mainly as a result of an increase in taxes, rates and contributions of Ps. 21 million, mostly attributable to an increase in turnover tax.

Hotels. The selling expenses associated to our Hotels segment rose by 32.7%, from Ps. 52 million during fiscal year 2015 to Ps. 69 million during fiscal year 2016, mainly due to: (i) a Ps. 6 million increase in taxes, rates and contributions; and (ii) a Ps. 5 million increase in fees and payments for services, among others. Selling expenses associated with our Hotels segment as a percentage of this segment's revenues experienced a slight decline from 13.1% during fiscal year 2015 to 12.9% during fiscal year 2016.

Financial Operations and Others. Selling expenses in the Financial Operations and Others segment did not experience significant changes during the reported years.

Israeli Operating Center

Commercial Properties. During fiscal year 2016, selling expenses associated to the Commercial Properties segment totaled Ps. 29 million. Selling expenses as a percentage of the revenues derived from this segment amounted to 1.9%.

Supermarkets. During fiscal year 2016, selling expenses associated to the Supermarkets segment totaled Ps. 4,058 million. Selling expenses as a percentage of the revenues derived from this segment amounted to 21.8%.

Telecommunications. During fiscal year 2016, selling expenses associated to the Telecommunications segment totaled Ps. 1,493 million. Selling expenses as a percentage of the revenues derived from this segment amounted to 22.4%.

Others. During fiscal year 2016, selling expenses associated to the Others segment totaled Ps. 106 million. Selling expenses as a percentage of the revenues derived from this segment amounted to 7.4%.

Other operating results, net

	Year ended on 06.30.2016 In millions of Ps.				
Other operating results, net	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(40)	(2)	-	-	(42)
Offices and Others	(7)	-	-	1	(6)
Sales and Developments	(17)	4	-	4	(8)
Hotels	(2)	-	-	-	(2)
International	141	-	-	-	140
Financial Operations and Others	1	-	-	-	1
Total Argentine Operating Center	**76**	**2**	**-**	**5**	**83**
Israeli Operating Center					
Commercial Properties	-	-	-	-	-
Supermarkets	-	-	-	-	-
Agrochemicals	-	-	-	-	-
Telecommunications	-	-	-	-	-
Insurance	-	-	-	-	-
Others	-	-	-	-	-
Total Israeli Operating Center	-	-	-	-	-
Total Other operating results, net	**76**	**2**	**-**	**5**	**83**

	Year ended on 06.30.2015 In millions of Ps.				
Other operating results, net	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	(48)	(1)	-	-	(49)
Offices and Other	(118)	-	-	1	(117)
Sales and Developments	13	-	-	-	13
Hotels	-	-	-	-	-
International	183	-	-	-	183
Financial Operations and Others	(2)	-	-	-	(2)
Total Other operating results, net	**28**	**(1)**	**-**	**1**	**28**

Other operating results, net, pursuant to the income statement, declined by Ps. 48 million, from a net gain of Ps. 28 million during fiscal year 2015 to a net gain of Ps. 76 million during fiscal year 2016 (attributable to the Argentine Operating Center). Such decline is mostly attributable to non-recurring expenses in connection with the transfer of assets from IRSA to IRSA PC (Ps. 110 million) and the proceeds from the sale of our equity interest in Bitania (Ps. 16 million) accounted for in 2015; partially offset by lower profits due to partially realized exchange gains during the period (Ps. 37 million).

Other operating results, net from our joint ventures increased by Ps. 3 million, from a loss of Ps. 1 million during fiscal year 2015 (allocated to the Shopping Centers segment within the Argentine Operating Center) to a gain of Ps. 2 million during fiscal year 2016 (of which a gain of Ps. 4 million is allocated to the Sales and Developments segment within the Argentine Operating Center, and a loss of Ps. 2 million to the Shopping Centers segment within the Argentine Operating Center).

Other operating results from inter-segment operations increased by Ps. 4 million, from Ps. 1 million during fiscal year 2015 (allocated to the Offices and Other segment within the Argentine Operating Center) to Ps. 5 million during fiscal year 2016 (of which Ps. 4 million are allocated to the Sales and Developments segment within the Argentine Operating Center and Ps. 1 million to the Offices and Other segment within the Argentine Operating Center).

Therefore, according to business segment reporting (taking into consideration the Other operating results, net from our joint businesses and without considering those related to inter-segment operations), Other operating results, net rose by Ps. 55 million from a net gain of Ps. 28 million during fiscal year 2015 to a net gain of Ps. 83 million during fiscal year 2016 (allocated to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, Other operating results, net rose by Ps. 55 million.

Argentine Operating Center

Shopping Centers. Other operating losses, net for the Shopping Centers segment declined by 14.3%, from Ps. 49 million during fiscal year 2015 to Ps. 42 million during fiscal year 2016, mainly as a consequence of a decrease in the provision for lawsuits and contingencies of Ps. 8 million. Other operating losses, net, as a percentage of revenues from the Shopping Centers segment, shrank from 2.0% during fiscal year 2015 to 1.7% during fiscal year 2016.

Offices and Other. Other operating losses, net associated with our Offices and Other segment declined by Ps. 111 million, from a loss of Ps. 117 million during fiscal year 2015 to a loss of Ps. 6 million during fiscal year 2016, mainly due to non-recurring expenses in connection with the transfer of assets from IRSA to IRSA CP for Ps. 110 million accounted for in fiscal year 2015, among other factors.

Sales and Developments. Other operating income, net in connection with our Sales and Developments segment declined by Ps. 21 million, from a gain of Ps. 13 million during fiscal year 2015 to a loss of Ps. 8 million during fiscal year 2016, mainly due to Ps. 16 million in income during fiscal year 2015 owing to the sale of our share interest in Bitania, among other factors.

Hotels. Other operating losses, net associated to the Hotels segment increased by Ps. 2 million, primarily owing to an increase in provisions for lawsuits and other contingencies.

International. Other operating results, net in this segment declined by 23.5% from a net gain of Ps. 183 million during fiscal year 2015 to a net gain of Ps. 140 million during fiscal year 2016, primarily due to a decline in income caused by the partial reversal of accumulated conversion differences. As of June 30, 2016, it is attributable to the reversal of conversion differences prior to IDBD's business combination, whilst as of June 30, 2015, it is attributable to the reversal of the provision for conversion differences generated by the Rigby, following the partial repayment of the company's capital stock.

Financial Operations and Others. The Other operating results, net associated to our Financial Operations and Others segment did not show significant changes for the reported periods.

Operating income/(loss)

	Year ended on 06.30.2016 In millions of Ps.				
Operating income/(loss)	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	1,620	13	12	(7)	1,638
Offices and Others	216	(4)	1	8	221
Sales and Developments	878	3	-	-	881
Hotels	-	-	-	(1)	(1)
International	49	-	-	-	49
Financial Operations and Others	-	-	-	-	-
Total Argentine Operating Center	**2,763**	**12**	**13**	**-**	**2,788**
Israeli Operating Center					
Commercial Properties	617	-	-	-	617
Supermarkets	424	-	-	-	424
Agrochemicals	-	-	-	-	-
Telecommunications	(71)	-	-	-	(71)
Insurance	-	-	-	-	-
Others	(250)	-	-	-	(250)
Total Israeli Operating Center	**720**	**-**	**-**	**-**	**720**

Total Operating income/(loss)	**3,484**	**12**	**13**	**-**	**3,508**

	Year ended on 06.30.2015 In millions of Ps.				
Operating income/(loss)	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Argentine Operating Center					
Shopping Centers	1,173	7	14	(4)	1,190
Offices and Other	92	4	-	6	102
Sales and Developments	1,115	(2)	-	-	1,113
Hotels	(9)	-	-	(3)	(12)
International	146	-	-	-	146
Financial Operations and Others	(2)	-	-	-	(2)
Total Operating income/(loss)	**2,515**	**9**	**14**	**(1)**	**2,537**

Total consolidated operating income, pursuant to the income statement, increased by Ps. 38.5%, up from Ps. 2,515 million during fiscal year 2015 to Ps. 3,484 million during fiscal year 2016 (of which Ps. 720 million are attributable to the Israeli Operating Center and Ps. 2,763 million to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, operating income/(loss) rose by 9.9%. Operating income/(loss), as a percentage of revenues from sales, leases and services, declined from 73.9% during fiscal year 2015 to 9.8% during fiscal year 2016. Without considering the effect of the Israeli Operating Center, total consolidated operating income/(loss), as a percentage of total revenues, decreased from 73.9% during fiscal year 2015 to 62.1% during fiscal year 2016.

Operating income/(loss) from our joint ventures increased by Ps. 33.3%, up from Ps. 9 million during fiscal year 2015 (of which a gain of Ps. 7 million is allocated to the Shopping Centers segment; a gain of Ps. 4 million is allocated to the Offices and Others segment, and a loss of Ps. 2 million is allocated to the Sales and Developments segment within the Argentine Operating Center) to Ps. 12 million during fiscal year 2016 (of which a gain of Ps. 13 million is allocated to the Shopping Centers segment; a loss of Ps. 4 million is allocated to the Offices and Others segment, and a gain of Ps. 3 million is allocated to the Sales and Developments segment within the Argentine Operating Center), mainly as a result of an increase in operating income from Nuevo Puerto de Santa Fe S.A. and Baicom, among others, partially offset by a decline in operating income from Quality S.A.

Operating income/(loss) associated to common maintenance expenses and common advertising fund did not experience significant changes and remained at approximately Ps. 14 million in both fiscal years (allocated to the Shopping Centers segment).

Finally, operating income/(loss) from inter-segment operations did not experience significant changes and remained at Ps. 1 million during both fiscal years.

Therefore, according to business segment reporting (taking into consideration the operating income/(loss) from our joint businesses and without considering operating income/(loss) related to common maintenance expenses and common advertising fund or inter-segment operations), operating income/(loss) rose by 38.3% from Ps. 2,537 million during fiscal year 2015 to Ps. 3,508 million during fiscal year 2016 (of which Ps. 720 million are attributable to the Israeli Operating

Center and Ps. 2,788 million to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, operating income/(loss) rose by 9.9%. Furthermore, operating income/(loss) as a percentage of revenues, pursuant to business segment reporting, fell from 99.6% during fiscal year 2015 to 10.3% during fiscal year 2016. Without considering the effect of the Israeli Operating Center, total operating income/(loss) as a percentage of total revenues, pursuant to business segment reporting, declined from 99.6% during fiscal year 2015 to 84.8% during fiscal year 2016.

Argentine Operating Center

Shopping Centers. Operating income in our Shopping Centers segment grew by 37.6%, from Ps. 1,190 million in income during fiscal year 2015 to Ps. 1,638 million in income during fiscal year 2016. Operating income for our Shopping Centers segment, as a percentage of this segment's revenues, increased from 66.9% during fiscal year 2015 to 68.1% during fiscal year 2016.

Offices and Others. Operating income in our Offices and Others segment rose by 116.7%, up from Ps. 102 million in income during fiscal year 2015 to Ps. 221 million in income during fiscal year 2016. Operating income in our Offices and Other segment measured as percentage of this segment's revenues increased from 30.9% during fiscal year 2015 to 65.0% during fiscal year 2016.

Sales and Developments. Operating income in our Sales and Developments segment fell by 20.8%, down from income for Ps. 1,113 million during fiscal year 2015 to income for Ps. 881 million during fiscal year 2016.

Hotels. Operating income/(loss) in the Hotels segment grew by 91.7%, up from a loss of Ps. 12 million during fiscal year 2015 to a loss of Ps. 1 million during fiscal year 2016.

International. Operating income/(loss) in our International segment shrank by 66.4% from Ps. 146 million in income during fiscal year 2015 to Ps. 49 million in income during fiscal year 2016.

Financial Operations and Others. Operating income/(loss) for our Financial Operations and Others segment did not experience significant changes during the reported periods.

Israeli Operating Center

Commercial Properties. During fiscal year 2016, operating income (loss) associated to the Commercial Properties segment totaled Ps. 617 million and, as a percentage of the revenues derived from this segment, amounted to 40.1%.

Supermarkets. During fiscal year 2016, operating income (loss) associated to the Supermarkets segment totaled Ps. 424 million and, as a percentage of the revenues derived from this segment, amounted to 2.3%.

Telecommunications. During fiscal year 2016, operating income (loss) associated to the Telecommunications segment totaled Ps. 71 million.

Others. During fiscal year 2016, operating income (loss) associated to the Others segment totaled Ps. 250 million.

Share of profit / (loss) of associates and joint ventures

Share of profit / (loss) of associates and joint ventures	Year ended on 06.30.2016 In millions of Ps.				
	Income statement	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Argentine Operating Center					
Shopping Centers	7	(7)	-	-	-
Offices and Others	6	8	-	-	14
Sales and Developments	16	(11)	-	-	5
Hotels	-	-	-	-	-
International	(794)	-	-	-	(794)
Financial Operations and Others	231	-	-	-	231
Total Argentine Operating Center	**(536)**	**(10)**	**-**	**-**	**(544)**
Israeli Operating Center					
Commercial Properties	97	-	-	-	97
Supermarkets	-	-	-	-	-
Agrochemicals	334	-	-	-	334
Telecommunications	-	-	-	-	-
Insurance	-	-	-	-	-
Others	(93)	-	-	-	(93)
Total Israeli Operating Center	**338**	-	-	-	**338**
Total Share of profit / (loss) of associates and joint ventures	**(196)**	**(10)**	**-**	**-**	**(206)**

Share of profit / (loss) of associates and joint ventures	Year ended on 06.30.2015 In millions of Ps.				
	Income statement	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Shopping Centers	5	(5)	-	-	-
Offices and Other	(1)	(2)	-	-	(3)
Sales and Developments	7	(6)	-	-	1
Hotels	1	-	-	-	1
International	(600)	-	-	-	(600)
Financial Operations and Others	155	-	-	-	155
Total Share of profit / (loss) of associates and joint ventures	**(434)**	**(12)**	**-**	**-**	**(446)**

Our share of loss of associates and joint ventures, pursuant to the income statement, declined by Ps. 54.8%, down from a loss of Ps. 434 million during fiscal year 2015 to a loss of Ps. 196 million during fiscal year 2016 (of which a gain of Ps. 338 million is attributable to the Israeli Operating Center and a loss of Ps. 536 million to the Argentine Operating Center). Without considering the effect of the Israeli Operating Center, our share of loss of associates and joint ventures rose by 23.5%, mainly as a result of the losses derived from our International segment, partially offset by an increase in income from our Financial Operations and Others segment.

Furthermore, our net share of profit (loss) of associates and joint ventures from Nuevo Puerto Santa Fe S.A. (Shopping Centers segment), Quality Invest S.A. (Offices and Other segment),and Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. (Sales and Developments segment) experienced a change of 16.7%, from a loss of Ps. 12 million during fiscal year 2015 to a loss of Ps. 10 million during fiscal year 2016, mostly due to the results of Quality S.A., following a decline in that company's revenues.

Argentine Operating Center

Shopping Centers. According to business segment reporting, the share of profit of the joint venture Nuevo Puerto Santa Fe S.A. is presented on a line by line consolidated basis in this segment.

Offices and Others. According to business segment reporting, the share of profit/(loss) of the joint venture Quality Invest S.A. is presented on a line by line consolidated basis in this segment whereas the share of profit/(loss) generated by the indirect share interest in our associate La Rural S.A., through the joint ventures Entertainment Holding S.A. and Entretenimiento Universal S.A., remains net in this line and increased from Ps. 3 million during fiscal year 2015 to Ps. 14 million during fiscal year 2016.

Sales and developments. The share of profit of joint ventures Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. is presented on a line by line consolidated basis. The share of profit / (loss) of our associate Manibil S.A., presented in this line, rose by Ps. 3 million, from Ps. 2 million during fiscal year 2015 to Ps. 5 million during fiscal year 2016.

Hotels. No share of profit / (loss) of associates and joint ventures was accounted for during the year in connection with this segment.

International. Our share of loss of associates in this segment dropped by 32.3%, down from Ps. 600 million in loss during fiscal year 2015 to Ps. 794 million in loss during fiscal year 2016, mainly due to: (i) increased losses from our investment in IDBD for Ps. 151 million (the income (loss) derived from changes in the fair value of such investment was disclosed within the International segment until October 11, 2015); and (ii) increased losses derived from our investment in New Lipstick for Ps. 55 million, partially offset by increased gains from Condor for Ps. 15 million.

Financial Operations and Others. The share of profit of our associates in the Financial Operations and Others segment increased by 49.0%, from Ps. 155 million during fiscal year 2015 to Ps. 231 million during fiscal year 2016, mainly due to:(i) increased gains from our investments in BHSA for Ps. 114 million and Banco de Crédito y Securitización for Ps. 3 million, partially offset by: (ii) increased losses from our investment in Tarshop for Ps. 23 million and (iii) the Ps. 19 million non-recurring profit from our investment in Avenida made during fiscal year 2015, until the time the Company ceased to consider this investment as an associate.

Israeli Operating Center

Commercial Properties. During fiscal year 2016, the share of profit / (loss) of associates and joint ventures associated to the Commercial Properties segment totaled Ps. 97 million.

Agrochemicals. During fiscal year 2016, the share of profit / (loss) of associates and joint ventures associated to the Agrochemicals segment (profit) totaled Ps. 334 million.

Others. During fiscal year 2016, the share of profit / (loss) of associates and joint ventures associated to the Others segment (loss) totaled Ps. 93 million.

Financial results, net

The net financial loss rose by Ps. 4,069 million, from a loss of Ps. 942 million during fiscal year 2015 to a loss of Ps. 5,011 million during fiscal year 2016 (of which Ps. 3,167 million are derived from the Israeli Operating Center and Ps. 1,844 million are derived from the Argentine Operating Center).

Argentine Operating Center:

The net financial loss increased by 95.8%, from Ps. 942 million during fiscal year 2015 to Ps. 1,844 million during fiscal year 2016, mainly as a result of: (i) an increase of Ps. 2,891 million in financial costs (mostly caused by: (a) an increase in exchange losses of Ps. 2,183 million; (b) an increase in the interest expense on loans and notes for Ps. 415 million, and (c) a negative charge in connection with the tender offers associated to IRSA CP Notes Series I and IRSA Notes Series I and II for Ps. 187 million); partially offset by: (ii) increased gains from other financial results of Ps. 1,406 million (mainly attributable to: (d) the exposure of financial derivatives at fair value for Ps. 984 million and (e) other financial assets for Ps. 423 million);and (iii) an increase in financial income of Ps. 583 million (mainly caused by: (f) increased exchange gains and interest income for Ps. 583 million.

Israeli Operating Center:

The net financial loss from the Israeli Operating Center amounted to Ps. 2,295 million, of which Ps. 1,937 million are attributable to the exposure of financial assets and liabilities at fair value, mostly Clal's shares of stock (Ps. 1,945 million) and to a charge for impairment of investment properties of Ps. 352 million.

Income Tax

The Company applies the deferred tax method to calculate the income tax applicable to the fiscal years under consideration, thus recognizing the temporary differences as tax assets and liabilities. The income tax expense for the year went from a Ps. 489 million loss during fiscal year 2015 to a Ps. 149 million loss during fiscal year 2016, of which a Ps. 207 million loss was derived from the Argentine Operating Center and a Ps. 58 million loss was derived from the Israeli Operating Center.

Income/(loss) for the year

As a result of the factors described above, income/(loss) for the year went from a gain of Ps. 650 million during fiscal year 2015 to a loss of Ps. 1,872 million during fiscal year 2016, of which a gain of Ps. 179 million is attributable to the Argentine Operating Center and a loss of Ps. 2,051 million is attributable to the Israeli Operating Center.

Results of operations for the fiscal years ended on June 30, 2015 and 2014

Revenues

Revenues	Year ended on 06.30.2015 In millions of Ps. Income statement (*)	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Shopping Centers	2,571	13	(806)	-	1,778
Offices and Others	398	9	(79)	5	333
Sales and Developments	10	5	-	-	15
Hotels	396	-	-	-	396
International	28	-	(2)	-	26
Financial Operations and Others	-	-	-	-	-
Total Revenues	**3,403**	**27**	**(887)**	**5**	**2,548**

(*) Includes revenues from sales, leases and services (Ps. 2,516 million) and revenues from common maintenance expenses and common advertising fund (Ps. 887 million).

Revenues	Year ended on 06.30.2014 In millions of Ps. Income statement (*)	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Shopping Centers	2,032	9	(659)	1	1,383
Offices and Other	327	9	(70)	5	271
Sales and Developments	62	23	-	-	85
Hotels	332	-	-	-	332
International	91	-	(7)	-	84
Financial Operations and Others	1	-	-	-	1
Total Revenues	**2,845**	**41**	**(736)**	**6**	**2,156**

(*) Includes revenues from sales, leases and services (Ps. 2,109 million) and revenues from common maintenance expenses and common advertising fund (Ps. 736 million).

Revenues from sales, leases and services, pursuant to income statement, rose by 19.3%, up from Ps. 2,109 million during fiscal year 2014 to Ps. 2,516 million during fiscal year 2015.

In turn, revenues from common maintenance expenses and common advertising fund increased by 20.5%, up from Ps. 736 million during fiscal year 2014 (of which Ps. 659 million are allocated to the Shopping Centers segment) to Ps. 887 million during fiscal year 2015 (of which Ps. 806 million are allocated to the Shopping Centers segment).

Furthermore, revenues from interests in our joint ventures showed a 34.1% decrease, down from Ps. 41 million during fiscal year 2014 to Ps. 27 million during fiscal year 2015, mainly due to lower revenues from sales related to the Horizons project, from the CYRSA S.A. joint venture.

Finally, inter-segment revenues decreased by 16.7%, down from Ps. 6 million during fiscal year 2014 (of which Ps. 5 million are allocated to the Offices and Others segment) to Ps. 5 million during fiscal year 2015 (allocated to the Offices and Others segment).

Thus, according to business segment reporting, revenues grew by 18.2%, up from Ps. 2,156 million during fiscal year 2014 to Ps. 2,548 million during fiscal year 2015.

Shopping Centers. Revenues from the Shopping Centers segment rose by 28.6%, up from Ps. 1,383 million during fiscal year 2014 to Ps. 1,778 million during fiscal year 2015. This increase arose mainly from: (i) a Ps. 318 million increase in the revenues from base and percentage rents stemming from a 33.3% increase in our tenants' total sales, up from Ps. 16,133 million during fiscal year 2014 to Ps. 21,509 million during fiscal year 2015, (ii) a Ps. 30 million increase in revenues from admission fees, (iii) a Ps. 31 million increase in revenues from parking lot, and (iv) a Ps. 17 million increase in revenues from commissions, management fees and others.

Offices and Others. Revenues from the Offices and Others segment rose by 22.9%, up from Ps. 271 million during fiscal year 2014 to Ps. 333 million during fiscal year 2015. They were affected by the partial sales of investment properties that took place during fiscal year 2015 and caused a reduction in the segment's total leasable surface area. Rental revenues, considering properties that are similar for both fiscal years on account of no reductions in their leasable area, rose by 30.8%, up from Ps. 214 million during fiscal year 2014 to Ps. 280 million during fiscal year 2015, mainly due to the devaluation and an improvement in occupancy, whilst rental revenues associated with properties whose leasable area had sustained a reduction, dropped by 45%, down from Ps. 45 million during fiscal year 2014 to Ps. 25 million during fiscal year 2015. At the end of fiscal year 2015, the average occupancy rate for the portfolio of premium offices had been 98.1% and the average rental remained close to USD 26 per square meter.

Sales and Developments. Without considering our joint ventures, revenues from the Sales and Developments segment dropped by 83.9%, down from Ps. 62 million during fiscal year 2014 to Ps. 10 million during fiscal year 2015. This reduction is mainly due to lower revenues from the sales of units at Condominios I and II (Ps. 45 million) and El Encuentro (Ps. 7 million) projects. Revenues from interests in our joint ventures (Horizons), in turn, dropped by 77.2%, recording a decrease by Ps. 18 million. Therefore, this segment's total revenues dropped by 82.4%, down from Ps. 85 million during fiscal year 2014 to Ps. 15 million during fiscal year 2015.

Hotels. Revenues from our Hotels segment rose by 19.3%, up from Ps. 332 million during fiscal year 2014 to Ps. 396 million during fiscal year 2015, mainly due to a 34.2% increase in the average rate per room (measured in Ps.) of our portfolio of hotels, partially offset by a decrease in average hotel occupancy, which went from 67.2% during fiscal year 2014 to 65.7% during fiscal year 2015 (mainly in our Llao Llao hotel).

International. Revenues from the International segment dropped by 69.0%, down from Ps. 84 million during fiscal year 2014 to Ps. 26 million during fiscal year 2015, mainly due to the only 3-month consolidation during fiscal year 2015 compared to the 12-month consolidation during fiscal year 2014 of the results of Rigby 183 LLC, owner of the Madison 183 building intended for lease, which was sold in September 2014.

Financial Operations and Others. Revenues associated with our Financial Operations and Others segment did not show significant changes for the fiscal years under discussion.

Costs

Costs	Year ended on 06.30.2015 In millions of Ps.				
	Income statement	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Shopping Centers	(1,102)	(4)	820	(4)	(290)
Offices and Others	(108)	(5)	79	-	(34)
Sales and Developments	(14)	(5)	-	-	(19)
Hotels	(278)	-	-	-	(278)
International	(9)	-	2	-	(7)
Financial Operations and Others	-	-	-	-	-
Total Costs	**(1,511)**	**(14)**	**901**	**(4)**	**(628)**

Costs	Year ended on 06.30.2014 In millions of Ps.				
	Income statement	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Shopping Centers	(953)	(2)	667	(5)	(293)
Offices and Other	(107)	(6)	70	-	(43)
Sales and Developments	(17)	(16)	-	-	(33)
Hotels	(216)	-	-	-	(216)
International	(61)	-	7	-	(54)
Financial Operations and Others	-	-	-	-	-
Total Costs	**(1,354)**	**(24)**	**744**	**(5)**	**(639)**

Total consolidated costs, pursuant to income statement, increased by 11.6%, up from Ps. 1,354 million during fiscal year 2014 to Ps. 1,511 million during fiscal year 2015. Total consolidated costs as a percentage of total consolidated revenues, decreased from 47.6% during fiscal year 2014 to 44.4% during fiscal year 2015.

In turn, costs from common maintenance expenses and common advertising fund increased by 21.1%, up from Ps. 744 million during fiscal year 2014 to Ps. 901 million during fiscal year 2015, mainly due to common maintenance expenses and common advertising fund originated by shopping centers, which increased by 22.9%, up from Ps. 667 million during fiscal year 2014 to Ps. 820 million during fiscal year 2015, as a result of: (i) a Ps. 60 million increase in maintenance, security, cleaning, repair and other expenses (caused mainly by price raises in security and cleaning services and in public utilities rates), (ii) a Ps. 28 million increase in advertising expenses, (iii) a Ps. 30 million increase in salaries, social security charges and other personnel expenses, (iv) a Ps. 21 million increase in taxes, rates and contributions, and other expenses, and (v) a Ps. 14 million increase for other reasons (mainly originated in traveling, transportation and stationery expenses).

Furthermore, costs from our joint ventures recorded a net decrease of 41.7%, down from Ps. 24 million during fiscal year 2014 to Ps. 14 million during fiscal year 2015, mainly due to lower costs due to a decrease in sales of the Horizons project.

Finally, costs from inter-segment transactions decreased by 20.0%, down from Ps. 5 million during fiscal year 2014 to Ps. 4 million during fiscal year 2015, mainly due to a change in the distribution of costs of our shopping centers.

Thus, according to business segment reporting, costs dropped by 1.7%, down from Ps. 639 million during fiscal year 2014 to Ps. 628 million during fiscal year 2015. Total costs as a percentage of total revenues, according to business segment reporting, decreased from 29.6% during fiscal year 2014 to 24.6% during fiscal year 2015.

Shopping Centers. Costs from the Shopping Centers segment (without taking into account costs from common maintenance expenses and common advertising fund and inter-segment eliminations and interests in joint ventures) slightly decreased by 1.0%, down from Ps. 293 million during fiscal year 2014 to Ps. 290 million during fiscal year 2015. This decrease is mainly due to: (i) lower costs as a result of the deficit in common maintenance expenses and common advertising fund in our Shopping Centers for Ps. 36 million and (ii) decreased depreciation and amortization costs for Ps. 4 million, partially offset by higher costs generated by: (iii) a Ps. 13 million increase in maintenance, security, cleaning, repair and other expenses (caused mainly by price raises in security and cleaning services and in public utilities rates); (iv) a Ps. 10 million increase in salaries, social security charges and other personnel expenses, (v) a Ps. 9 million increase in taxes, charges and contributions and other expenses (caused mainly by an increase in provincial taxes on land and municipal rates for utilities, among others); and (vi) a Ps. 6 million increase in fees and payments for services. Costs from the Shopping Centers segment, as a percentage of this segment's revenues, decreased by 21.2% during fiscal year 2014 to 16.3% during fiscal year ended June 30, 2015.

Offices and Others. Costs in the Offices and Others segment decreased by 20.9%, down from Ps. 43 million during fiscal year 2014 to Ps. 34 million during fiscal year 2015. This variation is affected by the partial sales of investment properties intended for lease during fiscal year 2015. Costs associated with non-comparable properties dropped by 44.3%, down from Ps. 5 million to Ps. 3 million, mainly due to the referred sales. Besides, costs, considering similar properties in both fiscal years on account of the inexistence of partial sales, decreased by 19.3%, down from Ps. 37 million to Ps. 30 million, mainly due to decreased depreciation and amortization costs. Total costs in the Offices and Others segment, as a percentage of this segment's revenues, fell from 15.9% during fiscal year 2014 to 10.2% during fiscal year 2015.

Sales and Developments. This segment's costs often exhibit significant variations between one period and the other because of the non-recurrence of the sales of properties performed by the Company throughout the time. Without considering our joint ventures, the costs associated with our Sales and Developments segment dropped by 17.6%, down from Ps. 17 million during fiscal year 2014 to Ps. 14 million during fiscal year 2015. This decrease is mainly attributable to lower costs from the sale of units in Condominios I and II (Ps. 7 million), partially offset by the increased costs associated with land reserves and properties for sale (Ps. 5 million). Besides, costs from our joint ventures (Horizons) dropped by 70.6%, recording a decrease of Ps. 12 million. Therefore, total costs from this segment dropped by 42.4%, down from Ps. 33 million during fiscal year 2014 to Ps. 19 million during fiscal year 2015. Costs in the Sales and Developments segment, as a percentage of this segment's revenues, increased from 38.8% during fiscal year 2014 to 126.7% during fiscal year 2015.

Hotels. Costs in the Hotels segment rose by 28.7%, up from Ps. 216 million during fiscal year 2014 to Ps. 278 million during fiscal year 2015, mainly due to: (i) a Ps. 41 million increase in salaries, social security charges and other personnel expenses; (ii) a Ps. 11 million increase in the costs of food, beverages and other hotel-related expenses; and (iii) increased charges, amounting to Ps. 8 million, as maintenance and repairs, among others. Costs in the Hotels segment, as a percentage of this segment's revenues, increased from 65.1% during fiscal year 2014 to 70.2% during fiscal year 2015.

International. Costs in the International segment dropped by 87.0%, down from Ps. 54 million during fiscal year 2014 to Ps. 7 million during fiscal year 2015 mainly due to the only 3-month consolidation in the year 2015 compared to the 12-month consolidation in the year 2014 of the results of Rigby 183 LLC, owner of the Madison 183 building intended for lease, which was sold in September 2014; in addition, the 3-month period of 2015 does not include amortization and depreciation costs as the property has been classified as available for sale as of June 30, 2014. Costs in the International segment, as a percentage of this segment's revenues, decreased from 64.3% during fiscal year 2014 to 26.9% during fiscal year 2015.

Financial Operations and Others. Costs associated with our Financial Operations and Others segment did not show significant changes for the fiscal years under discussion.

Gross profit

	Year ended on 06.30.2015 In millions of Ps.				
Gross profit	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	1,469	9	14	(4)	1,488
Offices and Others	290	4	-	5	299
Sales and Developments	(4)	-	-	-	(4)
Hotels	118	-	-	-	118
International	19	-	-	-	19
Financial Operations and Others	-	-	-	-	-
Total Gross Profit	**1,892**	**13**	**14**	**1**	**1,920**

	Year ended on 06.30.2014 In millions of Ps.				
Gross profit	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	1,079	7	8	(4)	1,090
Offices and Others	220	3	-	5	228
Sales and Developments	45	7	-	-	52
Hotels	116	-	-	-	116
International	30	-	-	-	30
Financial Operations and Others	1	-	-	-	1
Total Gross Profit	**1,491**	**17**	**8**	**1**	**1,517**

As a consequence of the events discussed above, total consolidated gross profit, pursuant to income statement, rose by 26.9%, up from Ps. 1,491 million during fiscal year 2014 to Ps. 1,892 million during fiscal year 2015. Total consolidated gross profit, as a percentage of revenues from sales, leases and services, rose from 70.7% during fiscal year 2014 to 75.2% during fiscal year 2015.

In turn, gross profit due to the elimination of common maintenance expenses and common advertising fund increased by 75.0%, up from Ps. 8 million during fiscal year 2014 (which are allocated to the Shopping Centers segment) to Ps. 14 million during fiscal year 2015 (which are allocated to the Shopping Centers segment).

In addition, gross profit from our joint ventures dropped by 23.5%, down from Ps. 17 million during fiscal year 2014 to Ps. 13 million during fiscal year 2015.

Thus, according to business segment reporting, gross profit rose by 26.6%, up from Ps. 1,517 million during fiscal year 2014 to Ps. 1,920 million during fiscal year 2015. Furthermore, gross profit, as a percentage of revenues, according to business segment reporting, increased from 70.4% during fiscal year 2014 to 75.4% during fiscal year 2015.

Shopping Centers. Gross profit at the Shopping Centers segment increased by 36.5%, up from Ps. 1,090 million during fiscal year 2014 to Ps. 1,488 million during fiscal year 2015, mainly due to an increase in our tenants' total sales, resulting in higher percentage rent under our lease agreements. Gross profit from the Shopping Centers segment as a percentage of this segment's revenues increased from 78.8% during fiscal year 2014 to 83.7% during fiscal year 2015.

Offices and Others. Gross profit at the Offices and Others segment rose by 31.1%, up from Ps. 228 million during fiscal year 2014 to Ps. 299 million during fiscal year 2015. Gross profit for the Offices and Other segment, as a percentage of this segment's revenues, rose from 84.1% during fiscal year 2014 to 89.8% during fiscal year 2015.

Sales and Developments. Gross profit at the Sales and Developments segment decreased by 107.7%, down from a profit of Ps. 52 million during fiscal year 2014 to a loss of Ps. 4 million during fiscal year 2015, mainly due to lower sales during fiscal year 2015 and an increase in maintenance and repair costs in these properties. Gross profit for the Sales and Developments segment, as a percentage of this segment's revenues, went from a profit of 61.2% during fiscal year 2014 to a loss of 26.7% during fiscal year 2015.

Hotels. Gross profit at the Hotels segment rose by 1.7%, up from Ps. 116 million during fiscal year 2014 to Ps. 118 million during fiscal year 2015. Gross profit for the Hotels segment, as a percentage of this segment's revenues, dropped from 34.9% during fiscal year 2014 to 29.8% during fiscal year 2015.

International. Gross profit at the International segment dropped by 36.7%, down from Ps. 30 million during fiscal year 2014 to Ps. 19 million during fiscal year 2015. Gross profit at the International segment, as a percentage of this segment's revenues, rose from 35.7% during fiscal year 2014 to 73.1% during fiscal year 2015, mainly because no amortizations were recorded during that period.

Financial Operations and Others. Gross profit associated with our Financial Operations and Others segment did not show significant changes for the fiscal years under discussion.

<u>Gain from disposal of investment properties</u>

Gain from disposal of investment properties from our Sales and Developments segment rose by 392.8%, up from Ps. 236 million during fiscal year 2014 to Ps. 1,163 million during fiscal year 2015, mainly due to the sales of functional units at: Intercontinental Plaza (Ps. 338 million), Madison Ave. office building (Ps. 296 million), higher gain from disposal of Bouchard 551 (Ps. 308 million) and Maipú 1300 (Ps. 25 million), partially offset by a reduced gain from disposal of Av. de Mayo 595 (Ps. 19 million), Constitución 1159 (Ps. 13 million) and Costeros Dique IV (Ps. 11 million), among others.

<u>General & administrative expenses</u>

	Year ended on 06.30.2015 In millions of Ps.				
General & administrative expenses	**Income stateme nt**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment - reporting**

Shopping Centers	(136)	-	-	-	(136)
Offices and Others	(58)	-	-	-	(58)
Sales and Developments	(49)	(1)	-	-	(50)
Hotels	(75)	-	-	(3)	(78)
International	(56)	-	-	-	(56)
Financial Operations and Others	-	-	-	-	-
Total General & Administrative Expenses	**(374)**	**(1)**	**-**	**(3)**	**(378)**

	Year ended on 06.30.2014 In millions of Ps.				
General & administrative expenses	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	(102)	-	-	-	(102)
Offices and Others	(41)	-	-	(1)	(42)
Sales and Developments	(36)	(1)	-	-	(37)
Hotels	(59)	-	-	(1)	(60)
International	(59)	-	-	-	(59)
Financial Operations and Others	-	-	-	-	-
Total General & Administrative Expenses	**(297)**	**(1)**	**-**	**(2)**	**(300)**

Total administrative expenses, pursuant to income statement, increased by 25.9%, up from Ps. 297 million during fiscal year 2014 to Ps. 374 million during fiscal year 2015. Total administrative expenses as a percentage of revenues from sales, leases and services slightly increased from 14.1% during fiscal year 2014 to 14.9% during fiscal year 2015.

In turn, administrative expenses from our joint ventures did not show significant changes for the fiscal years under discussion.

Thus, according to business segment reporting, and considering both our joint ventures and the inter-segment eliminations, administrative expenses grew by 26.0%, up from Ps. 300 million during fiscal year 2014 to Ps. 378 million during fiscal year 2015. Administrative expenses as a percentage of revenues, according to business segment reporting, rose from 13.9% during fiscal year 2014 to 14.8% during fiscal year 2015.

Shopping Centers. Administrative expenses in the Shopping Centers segment rose by 33.3%, up from Ps. 102 million during fiscal year 2014 to Ps. 136 million during fiscal year 2015, mainly due to: (i) a Ps. 26 million increase in the charge associated with Directors' fees; (ii) a Ps. 3 million increase in fees and payment for services, (iii) a Ps. 2 million increase in amortizations and depreciations, and (iv) a Ps. 4 million increase for other reasons, such as maintenance, security, cleaning, repair and other expenses and taxes, rates and contributions. Administrative expenses of Shopping Centers, as a percentage of this segment's revenues, slightly rose from 7.4% during fiscal year 2014 to 7.6% during fiscal year 2015.

Offices and Others. General & administrative expenses in our Offices and Others segment rose by 38.1%, up from Ps. 42 million during fiscal year 2014 to Ps. 58 million during fiscal year 2015, mainly due to: (i) a Ps. 5 million increase in fees and payments for services; (ii) a Ps. 5 million increase in salaries, social security charges and other personnel expenses; (iii) a Ps. 2 million increase in the charge associated with Directors' fees; (iv) a Ps. 2 million increase in traveling, transportation and stationery expenses; and (v) a Ps. 1 million increase in bank expenses. The segment's general & administrative expenses, as a percentage of this segment's revenues, rose from 15.5% during fiscal year 2014 to 17.4% during fiscal year 2015.

Sales and Developments. General & administrative expenses associated with our Sales and Developments segment rose by 35.1%, up from Ps. 37 million during fiscal year 2014 to Ps. 50 million during fiscal year 2015, mainly due to: (i) a Ps. 4 million increase in fees and payments for services; (ii) a Ps. 2 million increase in salaries, social security charges and other personnel expenses; (iii) a Ps. 2 million increase in the charge associated with Directors' fees; (iv) a Ps. 2 million increase in traveling, transportation and stationery expenses; and (v) a Ps. 1 million increase in bank expenses. The General & administrative expenses associated with the Sales and Developments segment, as a percentage of this segment's revenues, increased from 43.5% during fiscal year 2014 to 333.3% during fiscal year 2015. Considering the gain from the disposal of investment properties, such percentages dropped by 11.5% during fiscal year 2014 to 4.2% during fiscal year 2015.

Hotels. General & administrative expenses associated with our Hotels segment increased by 30.0%, up from Ps. 60 million during fiscal year 2014 to Ps. 78 million during fiscal year 2015, mainly due to: (i) a Ps. 9 million increase in salaries, social security charges and other personnel expenses; (ii) a Ps. 3 million increase in the charge of maintenance and repairs; (iii) a Ps. 2 million increase in fees for services and a Ps. 1 million increase in the charge of food, beverages and other hotel-related expenses, among others. General & administrative expenses associated with the Hotels segment, as a percentage of this segment's revenues, increased from 18.1% during fiscal year ended 2014 to 19.7% during fiscal year 2015.

International. General & administrative expenses associated with our International segment decreased by 5.1%, down from Ps. 59 million during fiscal year 2014 to Ps. 56 million during fiscal year 2015, mainly due to the only 3-month consolidation in the year 2015 compared to the 12-month consolidation in the year 2014 of the results of Rigby 183 LLC, owner of the Madison 183 building intended for lease, which was sold in September 2014 and lower expenses incurred in connection with our investment in IDBD. General & administrative expenses associated with the International segment as a percentage of this segment's revenues rose from 70.2% during fiscal year 2014 to 215.4% during fiscal year 2015.

Financial Operation and Others. General & administrative expenses associated with our Financial Operations and Others segment did not show significant changes for the fiscal years under discussion.

<u>Selling expenses</u>

	Year ended on 06.30.2015 In millions of Ps.				
Selling expenses	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	(112)	(1)	-	-	(113)
Offices and Others	(22)	-	-	-	(22)
Sales and Developments	(8)	(1)	-	-	(9)
Hotels	(52)	-	-	-	(52)
International	-	-	-	-	-
Financial Operations and Others	-	-	-	-	-
Total Selling Expenses	**(194)**	**(2)**	**-**	**-**	**(196)**

Selling expenses	Year ended on 06.30.2014 In millions of Ps.				
	Income statement	Interest in joint ventures	Common maintenance expenses and common advertising fund	Inter-segment eliminations	Segment-reporting
Shopping Centers	(71)	(2)	-	-	(73)
Offices and Others	(21)	-	-	-	(21)
Sales and Developments	(12)	(2)	-	-	(14)
Hotels	(42)	-	-	-	(42)
International	-	-	-	-	-
Financial Operations and Others	-	-	-	-	-
Total Selling Expenses	**(146)**	**(4)**	**-**	**-**	**(150)**

Total consolidated selling expenses, pursuant to income statement, increased by 32.9%, up from Ps. 146 million during fiscal year 2014 to Ps. 194 million during fiscal year 2015. Total consolidated selling expenses as a percentage of revenues from sales, leases and services, slightly increased from 6.9% during fiscal year 2014 to 7.7% during fiscal year 2015.

In turn, selling expenses of our joint ventures decreased by 50.0%, down from Ps. 4 million during fiscal year 2014 (out of this figure, Ps. 2 million are allocated to the Sales and Developments segment and Ps. 2 million are allocated to the Shopping Centers segment) to Ps. 2 million during fiscal year 2015 (out of this figure, Ps. 1 million are allocated to the Sales and Developments segment and Ps. 1 million are allocated to the Shopping Centers segment). This decrease is mainly due to lower expenses from our Cyrsa S.A. joint venture in connection with a reduction in the sales of the Horizons project recognized during fiscal year 2015.

Thus, according to business segment reporting, selling expenses grew by 30.7%, up from Ps. 150 million during fiscal year 2014 to Ps. 196 million during fiscal year 2015. Selling expenses as a percentage of revenues, according to business segment reporting, slightly increased from 7.0% during fiscal year 2014 to 7.7% during fiscal year 2015.

Shopping Centers. Selling expenses in the Shopping Centers segment increased by 54.8%, up from Ps. 73 million during fiscal year 2014 to Ps. 113 million during fiscal year 2015 mainly due to: (i) a Ps. 18 million increase in the charge associated with taxes, rates and contributions; mainly due to a higher charged associated with turnover tax; (ii) a Ps. 8 million increase in advertising expenses; (iii) a Ps. 5 million increase in loan loss charges; and (iv) a Ps. 6 million increase in salaries, social security charges and other personnel expenses. Selling expenses, as a percentage of the Shopping Centers segment's revenues, increased from 5.3% during fiscal year 2014 to 6.4% during fiscal year 2015.

Offices and Others. Selling expenses associated with our Offices and Others segment rose by 4.8%, up from Ps. 21 million during fiscal year 2014 to Ps. 22 million during fiscal year 2015. Such variation was due to an increase in the turnover tax generated by the transfer of buildings, offset by lower loan loss charges. The selling expenses associated with our Offices and Other segment, as a percentage of this segment's revenues dropped from 7.7% during fiscal year 2014 to 6.6% during fiscal year 2015.

Sales and Developments. Selling expenses for the Sales and Developments segment decreased by 35.7%, down from Ps. 14 million during fiscal year 2014 to Ps. 9 million during fiscal year 2015, mainly as a result of a decrease in expenses directly related to the volume of sale transactions: (i) taxes, rates and contributions for Ps. 3 million and commissions for sales for Ps. 1 million. The selling expenses associated with our Sales and Developments segment, as a percentage of this segment's revenues, increased from 16.5% during fiscal year 2014 to 60.0% during fiscal year 2015.

Hotels. The selling expenses associated with our Hotels segment increased by 23.8%, up from Ps. 42 million during fiscal year 2014 to Ps. 52 million during fiscal year 2015, mainly due to: (i) a Ps. 3 million increase in advertising expenses and other selling expenses,; (ii) a Ps. 3 million increase in taxes, rates and contributions; and (iii) a Ps. 3 million increase in salaries, social security charges and other personnel expenses, among others. Selling expenses associated with our Hotels segment as a percentage of this segment's revenues remained stable at 13% in both fiscal years.

Financial Operations and Others. Selling expenses associated with our Financial Operations and Others segment did not show significant changes for the fiscal years under discussion.

Other operating results, net

	Year ended on 06.30.2015 In millions of Ps.				
Other operating results, net	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	(48)	(1)	-	-	(49)
Offices and Other	(118)	-	-	1	(117)
Sales and Developments	13	-	-	-	13
Hotels	-	-	-	-	-
International	183	-	-	-	183
Financial Operations and Others	(2)	-	-	-	(2)
Total Other Operating results, net	**28**	**(1)**	**-**	**1**	**28**

	Year ended on 06.30.2014 In millions of Ps.				
Other Operating results, net	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	(45)	(1)	-	-	(47)
Offices and Other	(2)	(2)	-	1	(3)
Sales and Developments	8	-	-	-	8
Hotels	(3)	-	-	-	(3)
International	(1)	-	-	-	(1)
Financial Operations and Others	(3)	-	-	-	(3)
Total Other Operating results, net	**(46)**	**(3)**	**-**	**1**	**(49)**

Other operating results, net, pursuant to income statement, went from Ps. 46 million in net loss during fiscal year 2014 to Ps. 28 million in net income during fiscal year 2015, mainly due to income from the partial realization of the conversion difference owing to the partial settlement of Rigby 193

LLC (Ps. 188 million), partially offset by expenses related to the transfer of assets from IRSA to IRSA PC (Ps. 110 million). Total consolidated Other operating results, net, as a percentage of revenues from sales, leases and services, went from 2.2% during fiscal year 2014 to 1.1% during fiscal year 2015.

The Other operating results, net from our joint ventures decreased from a Ps. 3 million loss during fiscal year 2014 (Ps. 2 million were allocated to the Offices and Other segment) to a Ps. 1 million loss during fiscal year 2015 (which were allocated to the Shopping Centers segment).

According to business segment reporting, Other operating results, net went from Ps. 49 million in net loss during fiscal year 2014 to Ps. 28 million in net income during fiscal year 2015.

Shopping Centers. Other operating losses, net for the Shopping Centers segment increased by 4.3%, up from Ps. 47 million during fiscal year 2014 to Ps. 49 million during fiscal year 2015, mainly as a consequence of a Ps. 3 million increase in donations. Other operating losses, net, as a percentage of revenues in the Shopping Centers segment, decreased from 3.4% during fiscal year 2014 to 2.8% during fiscal year 2015.

Offices and Others. Other operating losses, net associated with our Offices and Others segment rose by Ps. 114 million, up from Ps. 3 million during fiscal year 2014 to Ps. 117 million during fiscal year 2015, mainly due to the expenses related to the transfer of assets from IRSA to IRSA CP for Ps. 110 million. Other operating losses, net associated with our Offices and Others segment, as a percentage of this segment's revenues, increased from 1.1% during fiscal year 2014 to 35.1% during fiscal year 2015.

Sales and Developments. Other operating income, net associated with our Sales and Developments segment rose by 62.5%, up from Ps. 8 million during fiscal year 2014 to Ps. 13 million during fiscal year 2015, mainly due to: (i) Ps. 16 million in income during fiscal year 2015 owing to the sale of our share interest in Bitania and (ii) a decrease in provisions for lawsuits and other contingencies for Ps. 2 million; partially offset by (iii) the non-recurrence, during fiscal year 2015, of a fee charged as "fee for admission to the undertaking" in connection with the sale of the Neuquén lot that will accommodate a hotel that took place in fiscal year 2014.

Hotels. Other operating losses, net associated with the Hotels segment dropped by Ps. 3 million, mainly due to an increase in provisions for lawsuits and other contingencies. Other operating losses, net associated with the Hotels segment, as a percentage of this segment's revenues, was 0.9% during fiscal year 2014.

International. Other operating results, net in this segment went from Ps. 1 million in net loss during fiscal year 2014 to Ps. 183 million in net income during fiscal year 2015, mainly due to income from the partial reversal of the accumulated conversion differences, as a result of the partial settlement of Rigby 183 LLC.

Financial Operations and Others. The Other operating losses, net associated with our Financial Operations and Others segment decreased from Ps. 3 million during fiscal year 2014 to Ps. 2 million during fiscal year 2015, mainly due to the fact that Banco Hipotecario S.A. has deducted a lower amount as tax on dividends that it distributed to our subsidiaries Ritelco and Tyrus during fiscal year 2015.

Operating income/(loss)

	Year ended on 06.30.2015 In millions of Ps.				
Operating income/(loss)	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	1,173	7	14	(4)	1,190
Offices and Other	92	4	-	6	102
Sales and Developments	1,115	(2)	-	-	1,113
Hotels	(9)	-	-	(3)	(12)
International	146	-	-	-	146
Financial Operations and Others	(2)	-	-	-	(2)
Total Operating income/(loss)	**2,515**	**9**	**14**	**(1)**	**2,537**

	Year ended on 06.30.2014 In millions of Ps.				
Operating income/(loss)	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	861	3	8	(4)	868
Offices and Other	156	1	-	5	162
Sales and Developments	241	4	-	-	245
Hotels	12	-	-	(1)	11
International	(30)	-	-	-	(30)
Financial Operations and Others	(2)	-	-	-	(2)
Total Operating income/(loss)	**1,238**	**8**	**8**	**-**	**1,254**

As a consequence of the events discussed above, total consolidated operating income, pursuant to income statement, rose by 103.3%, up from Ps. 1,238 million during fiscal year 2014 to Ps. 2,515 million during fiscal year 2015. Total consolidated operating income, as a percentage of revenues from sales, leases and services, increased from 58.7% during fiscal year 2014 to almost 100.0% during fiscal year 2015.

Operating income/(loss) of our joint ventures did not show significant changes for the fiscal years under discussion.

Thus, according to business segment reporting, operating income rose by 102.3%, up from Ps. 1,254 million during fiscal year 2014 to Ps. 2,537 million during fiscal year 2015. Operating income, as a percentage of revenues according to business segment reporting, increased from 58.2% during fiscal year 2014 to 99.6% during fiscal year 2015.

Shopping Centers. Operating income in our Shopping Centers segment increased by 37.1%, up from Ps. 868 million in income during fiscal year 2014 to Ps. 1,190 million in income during fiscal year 2015. Operating income for our Shopping Centers segment, as a percentage of this segment's revenues, increased from 62.8% during fiscal year 2014 to 66.9% during fiscal year 2015.

Offices and Others. Operating income in our Offices and Others segment dropped by 37.0%, down from Ps. 162 million in income during fiscal year 2014 to Ps. 102 million in income during fiscal year 2015. Operating income in our Offices and Other segment, as percentage of this segment's revenues, dropped from 59.8% during fiscal year 2014 to 30.6% during fiscal year 2015.

Sales and Developments. Operating income in our Sales and Developments segment rose by 354.3%, up from income for Ps. 245 million during fiscal year 2014 to income for Ps. 1,113 million during fiscal year 2015. Operating income in our Sales and Developments segment as a percentage of this segment's revenues, considering the gain from disposal of investment properties, dropped from 76.3% during fiscal year 2014 to 94.5% during fiscal year 2015.

Hotels. Operating income/(loss) in the Hotels segment showed a significant fall, down from Ps. 11 million in income during fiscal year 2014 to Ps. 12 million in loss during fiscal year 2015, mainly due to increased operating expenses as compared to the operating income of this segment.

International. Operating income/(loss) in our International segment increased from Ps. 30 million in loss during fiscal year 2014 to Ps. 146 million in income during fiscal year 2015.

Financial Operations and Others. Operating income/(loss) for our Financial Operations and Others segment remained at Ps. 2 million loss during both fiscal years.

Share of profit / (loss) of associates and joint ventures

	Year ended on 06.30.2015 In millions of Ps.				
Share of profit / (loss) of associates and joint ventures	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	5	(5)	-	-	-
Offices and Other	(1)	(2)	-	-	(3)
Sales and Developments	7	(6)	-	-	1
Hotels	1	-	-	-	1
International	(600)	-	-	-	(600)
Financial Operations and Others	155	-	-	-	155
Total share of profit / (loss) of associates and joint ventures	**(434)**	**(12)**	**-**	**-**	**(446)**

	Year ended on 06.30.2014 In millions of Ps.				
Share of profit / (loss) of associates and joint ventures	**Income statement**	**Interest in joint ventures**	**Common maintenance expenses and common advertising fund**	**Inter-segment eliminations**	**Segment-reporting**
Shopping Centers	5	(5)	-	-	-
Offices and Other	-	(1)	-	-	(1)
Sales and Developments	26	(20)	-	-	6
Hotels	1	-	-	-	1
International	(616)	-	-	-	(616)
Financial Operations and Others	170	-	-	-	170
Total share of profit / (loss) of associates	**(414)**	**(26)**	**-**	**-**	**(440)**

and joint ventures	

The share of loss of associates and joint ventures, pursuant to income statement, rose by 4.8%, up from Ps. 414 million during fiscal year 2014 to Ps. 434 million during fiscal year 2015, mainly due to the investments from the International segment, partially offset by the investments from the Financial Operations and Others segment.

In addition, the share of profit / (loss) of associates and joint ventures mainly arising from Nuevo Puerto Santa Fe S.A. (Shopping Centers segment), Quality Invest S.A. (Offices segment) and Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. (Sales and Developments segment) dropped by 53.8%, down from Ps. 26 million during fiscal year 2014 to Ps. 12 million during fiscal year 2015, mainly due to lower results from the Cyrsa S.A. joint venture.

Shopping Centers. According to business segment reporting, the share of profit of the joint venture Nuevo Puerto Santa Fe S.A. is presented on a line by line consolidated basis in this segment.

Offices and Others. According to business segment reporting, the share of profit/(loss) of the joint venture Quality Invest S.A. is presented on a line by line consolidated basis in this segment whereas the share of profit/(loss) generated by the indirect share interest in our associate La Rural S.A., through the joint ventures Entertainment Holding S.A. and Entretenimiento Universal S.A., remains net in this line and increased from Ps. 1 million in loss during fiscal year 2014 to Ps. 3 million in loss during fiscal year 2015.

Sales and developments. The share of profit of joint ventures Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. is presented on a line by line consolidated basis. The share of profit / (loss) of our associate Manibil S.A., presented in this line, dropped by 83.3%, down from Ps. 6 million during fiscal year 2014 to Ps. 1 million during fiscal year 2015, as a result of reduced net profit from such associate.

Hotels. The share of profit / (loss) associated with our Hotels segment did not show significant changes for the fiscal years under discussion.

International. The share of loss of our associates in this segment, dropped by 2.6%, down from Ps. 616 million in loss during fiscal year 2014 to Ps. 600 million in loss during fiscal year 2015, mainly due to lower results from our investment in IDBD for Ps. 105 million mainly due to a recovery in the market value of this company's shares, partially offset by higher losses in pesos related to New Lipstick for Ps. 25 million, mainly due to the variation of the exchange rate used in the conversion, and Condor for Ps. 66 million, mainly due to the increase in financial liabilities measured at fair value.

Financial Operations and Others. The share of profit of our associates in the Financial Operations and Others segment dropped by 8.8%, down from Ps. 170 million during fiscal year 2014 to Ps. 155 million during fiscal year 2015, mainly due to lower profits from our investment in BHSA for Ps. 41.2 million and Banco de Crédito y Securitización for Ps. 1 million, partially offset by higher profits related to our investment in Tarshop for Ps. 8 million and Avenida for Ps. 21 million.

Financial results, net

The net financial loss dropped by 45.2%, down from Ps. 1,719 million during fiscal year 2014 to Ps. 942 million during fiscal year 2015, mainly due to: (i) lower foreign exchange losses that amounted to Ps. 795 million and (ii) reduced income from the valuation at fair value of derivate financial instruments for Ps. 303 million, mainly due to Ps. 296 million associated with IDBD-related instruments, partially offset by (iii) lower income from the valuation of financial assets at fair value for Ps. 173 million, mainly due to (a) a financial loss owing to the valuation public and private securities, shares and common funds for Ps. 255 million, partially offset by higher results generated by the valuation of shares in Avenida for Ps. 72 million and preferred shares in Condor Hospitality Trust Inc. for Ps. 66 million and (iv) an increased charge for interest paid for loans and notes taken by the Company for Ps. 148 million.

As regards the foreign exchange loss, during fiscal year 2015, Argentina's peso depreciated by approximately 12%, down from Ps. 8.133 per USD at June 30, 2014 to Ps. 9.088 per USD at June 30, 2015, while during fiscal year 2014 the variation had been 51%, from Ps. 5.388 per USD at June 30, 2013 to Ps. 8.133 per USD at June 30, 2014. As discussed at the beginning, this situation materially affects our financial results because of the exposure of our indebtedness to the variations in the exchange rate between Argentina's Peso and the US Dollar.

Income Tax

The Company applies the deferred tax method to calculate the income tax applicable to the fiscal years under consideration, thus recognizing the temporary differences as tax assets and liabilities. The income tax expense during fiscal year went from Ps. 64 million in income during fiscal year 2014 to a Ps. 489 million loss during fiscal year 2015, hand in hand with income before tax, which went from a Ps. 895 million loss during fiscal year 2014 to Ps. 1,139 million in income during fiscal year 2015.

Income/(loss) for the year

As a result of the factors described above, Income/(loss) for the year went from a loss for Ps. 831 million during fiscal year 2014 to a loss for Ps. 650 million during fiscal year 2015.

The income attributable to the controlling company's shareholders went from a Ps. 786 million loss during fiscal year 2014 to Ps. 520 million in income during fiscal year 2015.

Income/(loss) attributable to the non-controlling interest went from a Ps. 45 million loss during fiscal year 2014 to Ps. 130 million in income during fiscal year 2015, mainly due to increased profit from: (i) Rigby 183 LLC for Ps. 104 million due to the sale of the office building owned by it; (ii) Real Estate Strategies LP (Condor) for Ps. 13 million; (iii) IRSA PC for Ps. 8 million and lower losses from Dolphin (IDBD) for Ps. 48 million.

Liquidity and Capital Resources

As of June 30, 2016, we had negative working capital of Ps. 837 million (calculated as current assets less current liabilities as of such date). At the same date, we had cash and cash equivalents totaling Ps. 13,866 million, an increase of Ps. 13,491 million compared to the Ps. 375 million of cash and cash equivalents held as of June 30, 2015.

Cash Flow Information

Operating activities

Fiscal year ended June 30, 2016

Our operating activities generated net cash inflows of Ps. 4,139 million, mainly due to operating income of Ps. 5,326 million, a decrease in trading properties of Ps. 229 million and an increase in salaries and social security charges of Ps. 23 million, partially offset by a decrease in provisions of Ps. 98 million, an increase in trade and other receivables of Ps. 155 and Ps. 807 million related to income tax paid.

Fiscal Year ended June 30, 2015

Our operating activities generated net cash inflows of Ps. 834 million, mainly due to operating income of Ps. 1,418 million, an increase in salaries and social security charges of Ps. 22 million, an increase in trade and other account payables of Ps. 233 million which were partially offset by an increase in trade and other receivables of Ps. 400 and Ps. 429 million related to income tax paid.

Fiscal Year ended June 30, 2014

Our operating activities resulted in net cash inflows of Ps. 1,022 million for the fiscal year ended June 30, 2014, mainly as a result of operating income of Ps. 1,362 million, an increase in salaries and social security charges of Ps. 51 million and a decrease in trading properties of Ps. 6 million. These were partially offset by an increase in trade and other receivables of Ps. 14 million, a decrease in provisions of Ps. 2 million, a decrease in trade and other account payables of Ps. 104 and Ps. 276 million related to income tax paid.

Investment activities

Fiscal Year ended June 30, 2016

Our investing activities resulted in net cash inflows of Ps. 8,210 million for the fiscal year ended June 30, 2016, of which (i) Ps. 1,393 million were related to collection from the sale of investment properties, (ii) Ps. 591 million were related to collection of dividends, (iii) Ps. 12,069 million were related to the acquisition of investments in financial assets, and (iv) Ps. 9,193 million of cash added from business combination with IDBD; partly offset by (v) Ps. 888 million and Ps. 1,056 million related to the acquisition of investment properties and property, plant and equipment, respectively, (vi) Ps. 134 million related to the acquisition of intangible assets, (vii) Ps. 207 million related to capital contributions in associates and joint ventures (viii) Ps. 852 million related to loans granted to related parties.

Fiscal Year ended June 30, 2015

Our investing activities resulted in net cash inflows of Ps. 261 million for the fiscal year ended June 30, 2015, of which (i) Ps. 2,447 million were related to collection from the sale of investment properties and (ii) Ps. 56 million were related to the sale of interests in companies: Ps. 16 million were related to the sale of Avenida Inc. and Ps. 39 million were related to the sale of Bitania 26 S.A., partially offset by (iii) Ps. 1,231 million representing a 25% increase in IDBD's share interest over its stock capital, (iv) Ps. 407 million related to the acquisition of investment properties and (v) Ps. 595 million net related to the acquisition of investments in financial assets.

Fiscal Year ended June 30, 2014

Our investing activities resulted in net cash outflows of Ps. 917 million for the fiscal year ended June 30, 2014, of which (i) Ps. 1,103 million were related to the purchase of a 53.33% equity interest in IDB Development Corporation Ltd.'s capital stock, representing 107 million common shares, (ii) Ps. 13 million were related to the acquisition of a 24.79% equity interest in Avenida Inc.'s capital stock, (iii) Ps. 16 million were related to the acquisition of 1,250,000 common shares of Condor Hospitality Trust, (iv) Ps. 317.7 million were related to the purchase of fixed assets and land reserves (for further information see "Capital Expenditures"), (v) Ps. 1,533 million were related to the acquisition of investments in financial assets, (vi) Ps. 2 million were related to loans granted, (vii) Ps. 20 million were related to capital contributions in associates and joint ventures and (viii) Ps. 10 million were related to interest received; partially offset by (i) Ps. 17 million related to collection of dividends, (ii) Ps. 1,648 million related to proceeds from sale of investments in financial assets, (iii) Ps. 402 million related to the sale of investment properties and (iv) Ps. 23 million related to collection from the sale of Canteras Natal S.A's shareholding, representing 50% of such company's capital stock.

Financing activities

Fiscal year ended June 30, 2016

Our financing activities for the fiscal year ended June 30, 2016 resulted in net cash outflows of Ps. 3,968 million, mainly due to (i) the payment of loans of Ps. 9,634 million; (ii) the payment of interest on short-term and long-term debt of Ps. 3,774 million; (iii) the acquisition of non-controlling interest in subsidiaries of Ps. 1,047 million and (iv) the payment of principal on notes of Ps. 4,132 million, partially offset by (v) borrowings for Ps. 6,011 million; (vi) Ps. 7,622 million related to the issuance of non-convertible notes and (vii) Ps. 1,331 million related to derivative financial instruments, net.

Fiscal Year ended June 30, 2015

Our financing activities for the fiscal year ended June 30, 2015 resulted in net cash outflows of Ps. 1,390 million, mainly due to (i) the payment of loans of Ps. 964 million, (ii) the payment of loans for the purchase of companies of Ps. 106 million, (iii) the payment of interest on short-term and long-term debt of Ps. 547 million, (vi) capital distributions of Ps. 228 million, (vii) Ps. 111 million related to the acquisition of derivative financial instruments, (viii) Ps. 69 million related to dividend distributions; partially offset by (ix) borrowings for Ps. 606 million, (x) payment of borrowings from associates and joint ventures of Ps. 22 million.

Fiscal Year ended June 30, 2014

Our financing activities for the fiscal year ended June 30, 2014 resulted in net cash outflows of Ps. 597 million, mainly due to (i) the payment of interest on short-term and long-term debt of Ps. 415 million, (ii) the payment of loans of Ps. 446 million, (iii) dividend payments of Ps. 113 million, (iv) the payment of financed purchases of Ps. 2 million, (v) capital distributions of Ps. 4 million, (vi) the acquisition of non-controlling interest in subsidiaries of Ps. 1 million, (vii) payment of loans from associates and joint ventures of Ps. 189 million, (viii) the payment of principal on notes of Ps. 287 million, (ix) the acquisition of derivative financial instruments of Ps. 38 million and (x) the repurchase of common shares and GDS issued by the group of Ps. 38 million, partially offset by (i) borrowings of Ps. 502 million, (ii) capital contributions by non-controlling interest of Ps. 139 million, (iii) Ps. 17 million related to borrowings from associates and joint ventures, (iv) Ps. 62 million related to derivative financial instruments and (v) Ps. 218 million related to the issuance of non-convertible notes.

Capital Expenditures

Fiscal Year 2016

During the fiscal year ended June 30, 2016, we invested Ps. 47,059 million, mainly related to: (a) improvements in our Intercontinental and Llao Llao hotels (Ps. 3 million and Ps. 2 million, respectively); (b) Ps. 7 million allocated to advances for the acquisition of investments in general; (c) Ps. 795 million related to the acquisition of furniture and fixtures, machinery, equipment and communication networks; (d) Ps. 147 million related to improvements in our shopping centers; (e) Ps. 485 million related to improvements to our offices and other rental properties; (f) Ps. 12 million related to the acquisition of land reserves, (g) Ps. 919 million related to the development of properties and (h) Ps. 44,690 million related to the addition of assets due to the business combination with IDBD.

Fiscal Year 2015

During the fiscal year ended June 30, 2015, we invested Ps. 532 million, mainly related to: (a) improvements in our Sheraton Libertador, Intercontinental and Llao Llao hotels (Ps. 1.2 million, Ps. 9 million and Ps. 4.5 million, respectively), (b) Ps. 14 million allocated to advances for the acquisition of investments in general, (c) Ps. 35 million related to the acquisition of furniture and fixtures, machinery, equipment, and facilities, (d) Ps. 186.5 million related to the development of properties, of which Ps. 1.5 million are related to Distrito Arcos and Ps. 185 million are related to Alto Comahue, (e) Ps. 60.4 million related to improvements in our shopping centers, (f) Ps. 5.6 million related to improvements to our offices and other rental properties, (g) Ps. 214.6 million related to the acquisition of “La Adela”, (h) Ps. 1.6 million related to the acquisition of land reserves.

Fiscal Year 2014

During the fiscal year ended June 30, 2014, we invested Ps. 319 million, mainly due to (a) improvements in our Sheraton Libertador, Intercontinental and Llao Llao hotels (Ps. 5.6 million, Ps. 2.1 million and Ps. 2.3 million, respectively), (b) Ps. 9.5 million related to the acquisition of furniture and fixtures, machinery, equipment and facilities, (c) improvements in our shopping centers for Ps. 61.1 million, (d) Ps. 179.3 million allocated to the development of properties, corresponding Ps. 99.9 million to “Distrito Arcos” project and Ps. 79.4 million to “Shopping Neuquén” project, (e) Ps. 29.6 million allocated to advances for the acquisition of investments in general, (f) Ps. 24 million allocated to improvements of our offices and other rental properties, and (g) Ps. 0.5 million related to the acquisition of land reserves.

9. OUR INDEBTEDNESS

Argentine Operating Center

The following table describes our total indebtedness as of June 30, 2016:

Description	Currency	Amount (USD Million) (1)	Interest Rate	Maturity
Bank overdrafts	Ps.	59.6	Floating	< 180 d

IRSA Non-Convertible Notes, Class I Series I	USD	74.6	8.50%	Feb-17
IRSA Non-Convertible Notes, Class II Series II	USD	71.4	11.50%	Jul-20
IRSA Notes, Series VI	Ps.	0.7	Badlar + 450 bps	Feb-17
Loans (2)	USD	60	9%	Jun-17
Other loans	Ps.	0.5	-	-
IRSA's Total Debt		**266.8**		
Repurchased Debt	USD	0		
IRSA Cash & Cash Equivalents + Investments (3)	USD	8.6		
IRSA's Net Debt	**USD**	**258.2**		
IRSA CP's Debt				
Bank overdrafts	Ps.	2.9	Variable	< 360 d
CP Bank loan	Ps.	2.4	23.00%	Sep-16
IRSA CP Non-Convertible Notes, Series I	Ps.	27.1	26.5% / Badlar + 400 bps	May-17
IRSA CP Non-Convertible Notes, Series II	USD	360.0	8.75%	Mar-23
Other loans	Ps.	0.7	-	-
IRSA CP's Total Debt		**393.1**		
IRSA CP's Cash & Cash Equivalents + Investments (4)	USD	181.6		
Repurchased Debt	USD	0		
IRSA CP's Net Debt	**USD**	**211.7**		

(1) Principal face value in USD at an exchange rate of Ps. 15.040 = 1 USD, without considering interest accrued and elimination of balances with subsidiaries.
(2) Corresponds to a loan with IRSA CP.
(3) "IRSA's Cash & Cash Equivalents plus Investments" includes IRSA's Cash and Cash Equivalents + IRSA's Investments in current and non-current financial assets.
(4) "IRSA CP's Cash & Cash Equivalents plus Investments" includes IRSA CP's Cash & Cash Equivalents + IRSA CP's Investments in Current Financial Assets + a credit with IRSA.

On March 3, 2016, IRSA and IRSA CP announced the launch of cash tender offers for: (i) up to USD 76.5 in principal amount of IRSA's outstanding 11.50% Notes due 2020, Series No. 2, subject to a possible increase of the 2020 Notes Tender Cap by a principal amount of up to USD 73.5, in IRSA's sole discretion; (ii) any and all of IRSA's outstanding 8.50% Notes due 2017, Series No. 1; and (iii) any and all of IRSA CP's outstanding 7.875% Notes due 2017, Series No. 1.

On March 23, 2016, IRSA CP issued Notes for an aggregate principal amount of USD 360 million under our Global Note Program. The Series II Notes accrue interest semi-annually, at a fixed rate of 8.75% per annum, and are repayable upon maturity, on March 23, 2023. Their issue price was 98.722% of the principal amount.

IRSA CP's Notes due 2023 are subject to certain Covenants, Events of Default and Limitations, such as the Limitation on Incurrence of Additional Indebtedness, Limitation on Restricted Payments, Limitation on Transactions with Affiliates, and Limitation on Merger, Consolidation and Sale of All or Substantially All Assets.

On April 7, 2016, the Meeting of Holders of IRSA's 2017 Notes was held at which opportunity noteholders approved the proposed amendments to IRSA's 2017 Indenture, which basically included the elimination of all financial covenants. The amendments to IRSA's 2017 Indenture were approved by approximately 50.30% of the Holders of IRSA's 2017 Notes. Therefore, a Supplementary Indenture was entered into with Bank of New York Mellon, reflecting all the changes approved by the Noteholders' Meeting, which became effective on April 8, 2016.

In March and April, the Group purchased a portion of the outstanding notes. The notes detailed below remained outstanding following such purchase transaction:

- IRSA's 8.500% Notes due 2017 for USD 74.6.

- IRSA's 11.500% Notes due 2017, Series 2, for USD 71.4.

In connection with the financial covenants applicable to IRSA's 11.500% Notes due 2020, the Noteholders' Meeting dated March 23, 2016 mainly approved:

i) The amendment to the Limitation on Restricted Payments covenant, whereby the original covenant was replaced so as to contemplate IRSA's capacity to make any restricted payment provided that (a) no Event of Default shall have occurred and be continuing; and (b) IRSA is able to incur at least USD 1.00 of Additional Indebtedness under the Limitation on Incurrence of Additional Indebtedness;

ii) IDB Development Corporation Ltd. or any of its Subsidiaries are excluded for purposes of the definition of "Subsidiary" or any of the definitions or covenants of IRSA's 2020 Notes Indenture (whether or not the Financial Statements of any of such companies are at any time consolidated with IRSA's Financial Statements); and

iii) The execution of a Supplemental Indenture that includes all the amendments approved, which was executed with The Bank of New York Mellon on March 28, 2016.

Agreements not included in the Balance Sheet

We currently have no agreement that is not included in the balance sheet or significant transactions with non-consolidated entities that are not reflected in our consolidated Financial Statements. All of our interests and/or relationships with our subsidiaries or controlled entities on a joint basis are recorded in our consolidated Financial Statements.

Israeli Operating Center

Financial debt as of March 31, 2016

Indebtedness	Amount [1]
IDBD's Total Debt	806
DIC's Total Debt	1,126
Shufersal's Total Debt	644
Cellcom's Total Debt	994
PBC's Total Debt	2,283
Others' Total Debt [2]	115

(1) Principal amount in USD (million) at an exchange rate of 3.8596 NIS/USD, without considering accrued interest or elimination of balances with subsidiaries.
(2) Includes IDB Tourism, Bartan and IDBG.

IDBD is subject to certain restrictions and financial covenants in relation to its financial debt, contained in its notes and loans from banks and financial institutions.

As of March 31, 2016, IDBD reported that application of the "Liquidity" and "Economic Equity Value" covenants was suspended.

It should be noted that IDBD and the relevant financial institutions agreed that they would work towards reaching an agreement to replace or correct the current financial restriction before September 30, 2016.

If such agreement were not reached, the previously existing financial restrictions will be applied again with respect to IDBD's results for the third quarter 2016 and thereafter. In the event that these restrictions were applied again, IDBD believes it will not be able to reach the limits determined in the past with respect to the covenants of "Liquidity" and "Economic Equity Value" for IDBD's results for the third quarter 2016 and thereafter.

In particular, if the previous financial restriction were applied again, IDBD believes that it will not be able to meet the restriction that requires that the balance of cash and current investments shall not fall below projected debt maturities for the two quarters after the reported quarter ("Liquidity" Covenant). With respect to the "Economic Equity Value," it should be noted that economic shares as of December 31, 2015 reached a positive balance of NIS 152, i.e. an amount significantly lower than the minimum threshold established by past restrictions.

In addition, in view of and due to a reduction in the share interest held by Mr. Ben Moshe since February 2015, in March 2016 IDBD executed agreements with the institutions that granted the loans related to the amendment to change of control clauses and other amendments related to the sale of the main shareholdings.

IDBD continues working towards reaching agreements in relation to the financial restrictions with the relevant credit corporations, and additional contract conditions related to the loan agreements.

In December 2015, PBC issued three series of notes under current programs in the amount of NIS 417 (equivalent to Ps. 1,397 at the exchange rate of 3.35).

Additionally, IDB Tourism renegotiated the terms and conditions of the loan for the purchase of planes. The amendments include an extension of maturity.

10. BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

We are managed by a Board of Directors. Our by-laws provide that our Board of Directors will consist of a minimum of eight and a maximum of fourteen regular directors and a like or lesser number of alternate directors. Our directors are elected for three-fiscal year terms by a majority vote of our shareholders at a general ordinary shareholders' meeting and may be reelected indefinitely.

Currently our Board of directors is composed of fourteen regular directors and two alternate directors. Alternate directors will be summoned to exercise their functions in case of absence, vacancy or death of a regular director or until a new director is designated.

The table below shows information about our regular directors and alternate directors:

Name	Date of Birth	Position in IRSA	Date of current appointment	Term expiration	Current position held since
Eduardo S. Elsztain	01/26/1960	Chairman	2015	2018	1991
Saúl Zang	12/30/1945	First Vice-Chairman	2015	2018	1994
Alejandro G. Elsztain	03/31/1966	Second Vice-Chairman	2013	2016[1]	2001
Fernando A. Elsztain	01/04/1961	Regular Director	2014	2017	1999
Carlos Ricardo Esteves	05/25/1949	Regular Director	2014	2017	2005
Cedric D. Bridger	11/09/1935	Regular Director	2015	2018	2003
Marcos Fischman	04/09/1960	Regular Director	2015	2018	2003
Fernando Rubín	06/20/1966	Regular Director	2013	2016[1]	2004
Gary S. Gladstein	07/07/1944	Regular Director	2013	2016[1]	2004
Mario Blejer	06/11/1948	Regular Director	2014	2017	2005
Mauricio Wior	10/23/1956	Regular Director	2015	2018	2006
Gabriel A. G. Reznik	11/18/1958	Regular Director	2014	2017	2008
Ricardo H. Liberman	12/18/1959	Regular Director	2014	2017	2008
Daniel Ricardo Elsztain	12/22/1972	Regular Director	2014	2017	2007
Gastón Armando Lernoud	06/04/1968	Alternate Director	2014	2017	2014
Enrique Antonini	03/16/1950	Alternate Director	2013	2016[1]	2007

[1] The term of office of Board members shall be in force until a Shareholders' Meeting is called to renew their powers and/or to appoint new Board members.

Ricardo Esteves, Cedric Bridger, Mario Blejer, Ricardo H. Liberman and Enrique Antonini are independent directors, pursuant to *CNV* Rules.

The following is a brief biographical description of each member of our Board of Directors:

Eduardo Sergio Elsztain

Mr. Elsztain studied Economic Sciences at Universidad de Buenos Aires. He has been engaged in the real estate business for more than twenty years. He is the Chairman of the Board of Directors of IRSA CP, Consultores Assets Management S.A., Dolphin Netherlands, Arcos del Gourmet S.A., CRESUD, BACS Banco de Crédito & Securitización S.A., BrasilAgro Companhia Brasileira de Propiedades Agrícolas, Tarshop S.A., E-Commerce Latina S.A., and Banco Hipotecario S.A., among others. He is also Director of IDBD Development Corporation Ltd. He is Fernando Adrián Elsztain's cousin and Alejandro Gustavo Elsztain and Daniel Ricardo Elsztain's brother.

Saúl Zang

Mr. Zang obtained a law degree from Universidad de Buenos Aires. He is a member of the International Bar Association and the Interamerican Federation of Lawyers. He is a founding partner of Zang, Bergel & Viñes Abogados law firm. Mr. Zang is President of Puerto Retiro S.A., vice-chairman of IRSA CP, Fibesa S.A. and CRESUD, among others. He is also director of Banco Hipotecario S.A., Nuevas Fronteras S.A., BrasilAgro Companhia Brasileira de Propiedades Agrícolas, IDBD Development Corporation Ltd., BACS Banco de Crédito & Securitización S.A., Tarshop S.A., and Palermo Invest S.A., among others.

Alejandro Gustavo Elsztain

Mr. Elsztain obtained a degree in agricultural engineering from Universidad de Buenos Aires. Currently he is Chairman of Fibesa S.A. and Cactus Argentina S.A., second vice-chairman of CRESUD, and Executive Vice-chairman of IRSA CP. He is also Vice-chairman of Nuevas Fronteras S.A. and Hoteles Argentinos S.A. He is also regular Director of BrasilAgro Companhia Brasileira de Propiedades Agrícolas, Emprendimiento Recoleta S.A. and IDBD Development Corporation Ltd., among others. Mr. Alejandro Gustavo Elsztain is the brother of our chairman, Eduardo Sergio Elsztain and Daniel Ricardo Elsztain, and a cousin of Fernando Adrián Elsztain.

Fernando Adrián Elsztain

Mr. Elsztain studied architecture at Universidad de Buenos Aires. He has been engaged in the real estate business as a consultant and as managing officer of a real estate company. He is chairman of the board of directors of Llao Resorts S.A., Palermo Invest S.A. and Nuevas Fronteras S.A. He is also a director of Hoteles Argentinos S.A. and an alternate director of Banco Hipotecario S.A. and Puerto Retiro S.A. Mr. Fernando Adrián Elsztain is cousin of our Chairman, Eduardo Sergio Elsztain, and our directors Alejandro Gustavo Elsztain and Daniel Ricardo Elsztain's cousin.

Carlos Ricardo Esteves

He has a degree in Political Sciences from Universidad El Salvador. He was a member of the Boards of Directors of Banco Francés del Río de la Plata, Bunge & Born Holding, Armstrong Laboratories, Banco Velox and Supermercados Disco. He was one of the founders of CEAL (*Consejo Empresario de América Latina*) and is a member of the board of directors of *Encuentro de Empresarios de América Latina (padres e hijos)* and is co-President of *Foro Iberoamericano*.

Cedric D. Bridger

Mr. Bridger is qualified as a certified public accountant in the United Kingdom. From 1992 through 1998, he served as chief financial officer of YPF S.A. Mr. Bridger was also financial director of Hughes Tool Argentina, chief executive officer of Hughes Tool in Brazil and Hughes' corporate vice-president for South American operations. He is also a director of Banco Hipotecario S.A.

Fernando Rubín

Mr. Rubin has a degree in psychology from Universidad de Buenos Aires and attended a post-graduate course in Human Resources and Organizational Analysis at E.P.S.O. Since July 2001, he has been the manager of organizational development at Banco Hipotecario. He served as corporate manager of human resources for the Company, director of human resources for LVMH (Moet Hennessy Louis Vuitton) in Argentina and Bodegas Chandon in Argentina and Brazil. He also served as manager of the human resources division for the international consulting firm Roland Berger & Partner-International Management Consultants. He currently serves as CEO of Banco Hipotecario S.A.

Gary S. Gladstein

Mr. Gladstein has a degree in economics from the University of Connecticut and a master's degree in business administration from Columbia University. He was operations manager in Soros Fund Management LLC and is currently a senior consultant of Soros Fund Management LLC.

Mario Blejer

Mr. Blejer obtained a Ph.D. in economy from the University of Chicago. He has been Senior Counselor to the IMF in the European and Asian departments from 1980 to 2001. He was also vice-chairman and chairman of the Argentine Central Bank from 2001 to 2002. He also served as director of the Center for Studies of Central Banks of the Bank of England from 2003 to 2008 and as counselor of the Governor of the Bank of England during that same period. At present. Mr. Blejer is director of Banco Hipotecario S.A., among other companies. He was also External Counselor to the Currency Policy Council of the Central Bank of Mauritius and is Postgraduate professor at Torcuato Di Tella University.

Mauricio Wior

Mr. Wior obtained a masters degree in finance, as well as a bachelors' degree in economics and accounting from Tel Aviv University in Israel. Mr. Wior is currently a director of Banco Hipotecario, TGLT, Vice-president of Shufersal, Vice-president of Tarshop S.A. and President of BHN Sociedad de Inversión S.A. He has held positions at Bellsouth where he was Vice President for Latin America from 1995 to 2004. Mr. Wior was also CEO of Movicom Bellsouth from 1991 to 2004. In addition, he led the operations of various cellular phone companies in Uruguay, Chile, Peru, Ecuador and Venezuela. He was president of *Asociación Latinoamericana de Celulares* (ALCACEL); the U.S. Chamber of Commerce in Argentina and the Israeli-Argentine Chamber of Commerce. He was a director of *Instituto para el Desarrollo Empresarial de la Argentina* (IDEA), *Fundación de Investigaciones Económicas Latinoamericanas* (FIEL) and Tzedaka.

Gabriel A. G. Reznik

Mr. Reznik obtained a degree in Civil Engineering from Universidad de Buenos Aires. He worked for the Company from 1992 until May 2005, when he resigned. He had previously worked for an independent construction company in Argentina. He is director of ERSA, and Puerto Retiro S.A., as well as member of the board of directors of Banco Hipotecario S.A., among others.

Ricardo Liberman

Mr. Liberman graduated as a Public Accountant from Universidad de Buenos Aires. He is also an independent consultant in audit and tax matters.

Daniel Ricardo Elsztain

Mr. Elsztain graduated with a major in Economic Sciences from the Torcuato Di Tella University and has a Master in Business Administration. He serves as Director in Condor Hospitality Inc. He has been our operating manager since 1998. Mr. Elsztain is brother of Mr. Eduardo Sergio Elsztain, and Mr. Alejandro Gustavo Elsztain and cousin of Fernando Adrián Elsztain.

Gastón Armando Lernoud

Mr. Lernoud obtained a law degree in Universidad El Salvador in 1992. He obtained a Master in Corporate Law in Universidad de Palermo in 1996. He has been senior associate in Zang, Bergel & Viñes Law Firm until June 2002, when he joined CRESUD as legal counsel.

Enrique Antonini

Mr. Antonini holds a degree in law from the School of Law of Universidad de Buenos Aires. He has been director of Banco Mariva S.A. since 1992 until today, and of Mariva Bursátil S.A. since 1997 until today. He is a member of the Argentine Banking Lawyers Committee and the International Bar Association. At present, he is Alternate Director of CRESUD.

Employment Contracts with our Directors

We do not have written contracts with our directors. However, Messrs. Eduardo Sergio Elsztain, Saúl Zang, Alejandro Gustavo Elsztain, Daniel Ricardo Elsztain, Fernando Elsztain, Fernando Rubín and Marcos Moisés Fishman are employed by our Company under the Labor Contract Law No. 20,744. In addition, our alternate director Gastón Armando Lernoud rendered services under the corporate services agreement. Law No. 20,744 governs certain conditions of the labor relationship, including remuneration, protection of wages, hours of work, holidays, paid leave, maternity protection, minimum age requirements, protection of young workers and suspension and termination of the contract.

Executive Committee

Pursuant to our by-laws, our day-to-day business is managed by an Executive Committee consisting of five regular directors and one alternate director, among which there should be the chairman, first vice-chairman and second vice-chairman of the board of directors. The current members of the Executive Committee are Messrs. Eduardo Sergio Elsztain, Saúl Zang, Alejandro Elsztain and Fernando Elsztain, as regular members. The Executive Committee meets as needed by our business, or at the request of one or more of its members.

The executive committee is responsible for the management of the daily business pursuant to the authority delegated by the Board of Directors in accordance with applicable laws and our by-laws. Pursuant to Section 269 of the Argentine Corporations Law, the Executive Committee is only responsible for the management of the day-to-day business. Our by-laws authorize the executive committee to:

- designate the managers of our Company and establish the duties and compensation of such managers;
- grant and revoke powers of attorney on behalf of our Company;
- hire, discipline and fire personnel and determine wages, salaries and compensation of personnel;
- enter into contracts related to our business;
- manage our assets;
- enter into loan agreements for our business and set up liens to secure our obligations; and
- perform any other acts necessary to manage our day-to-day business.

Senior Management

Appointment of Senior Management

Our Board of Directors appoints and removes senior management.

Senior Management Information

The following table shows information about our current Senior Management appointed by the Board of Directors:

Name	Date of birth	Position	Current position held since
Eduardo S. Elsztain.................	01/26/1960	Chief Executive Officer	1991
Daniel R. Elsztain....................	12/22/1972	Chief Operating Officer	2012
Javier E. Nahmod	11/10/1977	Chief Real Estate Officer	2014
Matías I. Gaivironsky...............	02/23/1976	Chief Financial and Administrative Officer	2011

The following is a description of each of our Senior Managers who are not directors:

Matías Iván Gaivironsky
Mr. Matías Gaivironsky obtained a degree in business from Universidad de Buenos Aires. He has a Master in Finance from Universidad del CEMA. Since 1997 he has served in various positions at CRESUD, IRSA CP and the Company, and he has served as Chief Financial Officer since December 2011. In 2008 he served as Chief Financial Officer in Tarshop S.A. and was later appointed Manager of the Capital Markets and Investor Relations Division of CRESUD, IRSA CP and the Company.

Javier E. Nahmod
Javier Nahmod started his professional career in the Company in 1998, he has served in different areas within IRSA Inversiones y Representaciones e IRSA Propiedades Comerciales' real estate business.

During the first years he has served as Stands Marketer (*Comercializador de Góndolas*) and then, in 2003 he became Center Manager at Abasto Shopping Center. Afterwards, he became Rental Business Manager (*Gerente de Negocios de Renta*) within the Real Estate Department, and then Regional Manager of Shopping Centers. He has served as Real Estate Manager within the Real Estate Business of the Company since 2014.

Supervisory Committee

Our Supervisory Committee (*Comisión Fiscalizadora*) is responsible for reviewing and supervising our administration and affairs and verifying compliance with our by-laws and resolutions adopted at the shareholders' meetings. The members of the Supervisory Committee are appointed at our annual general ordinary shareholders' meeting for a one-fiscal year term. The Supervisory Committee is composed of three regular members and three alternate members and pursuant to Section 294 of the Argentine Corporations Law No. 19,550, as amended, must meet at least every three months.

The following table shows information about the members of our Supervisory Committee, who were elected at the annual ordinary shareholders' meeting, held on October 30, 2015:

Name	Date of Birth	Position	Expiration Date	Current position held since
José D. Abelovich	07/20/1956	Regular Member	2016	1992
Marcelo H. Fuxman	11/30/1955	Regular Member	2016	1992
Noemí I. Cohn	05/20/1959	Regular Member	2016	2010
Sergio L. Kolaczyk	11/28/1964	Alternate Member	2016	2003
Roberto D. Murmis	04/07/1959	Alternate Member	2016	2005
Alicia G. Rigueira	12/02/1951	Alternate Member	2016	2006

Set forth below is a brief biographical description of each member of our Supervisory Committee:

José D. Abelovich.
Mr. Abelovich obtained a degree in accounting from Universidad de Buenos Aires. He is a founding member and partner of Abelovich, Polano & Asociados S.R.L., a law firm member of Nexia International, a public accounting firm in Argentina. Formerly, he had been a manager of Harteneck, López y Cía/Coopers & Lybrand and has served as a senior advisor in Argentina for the United Nations and the World Bank. He is a member of the supervisory committees of CRESUD, IRSA CP, Alto Palermo Shopping, Hoteles Argentinos S.A., Inversora Bolívar and Banco Hipotecario.

Marcelo H. Fuxman.

Mr. Fuxman obtained a degree in accounting from Universidad de Buenos Aires. He is a partner of Abelovich, Polano y Asociados S.R.L., a law firm member of Nexia International, a public accounting firm in Argentina. He is also a member of the supervisory committee of CRESUD, IRSA CP, Alto Palermo Shopping, Inversora Bolívar and Banco Hipotecario S.A.

Noemí I. Cohn.
Mrs. Cohn obtained a degree in accounting from Universidad de Buenos Aires. She is a partner of Abelovich, Polano y Asociados S.R.L. / Nexia International, an accounting firm in Argentina, and she works in the Audit sector. Mrs. Cohn worked in the audit area of Harteneck, López and Company, Coopers & Lybrand in Argentina and in Los Angeles, California. Mrs. Cohn is a member of the Supervisory Committees of CRESUD and IRSA CP, among others.

Sergio L. Kolaczyk.
Mr. Kolaczyk obtained a degree in accounting from Universidad de Buenos Aires. He is a professional from Abelovich, Polano & Asociados S.R.L./Nexia International. Mr. Kolaczyk is also alternate member of the Supervisory Committee of CRESUD and the Company, among other companies.

Roberto D. Murmis.
Mr. Murmis holds a degree in accounting from Universidad de Buenos Aires. Mr. Murmis is a partner at Abelovich, Polano & Asociados S.R.L., a law firm member of Nexia International. Mr. Murmis worked as an advisor to *Secretaría de Ingresos Públicos del Ministerio de Economía* of Argentina. Furthermore, he is a member of the supervisory committee of CRESUD, Alto Palermo Shopping S.A., Futuros y Opciones S.A. and Llao Llao Resorts S.A.

Alicia G. Rigueira.
Mrs. Rigueira holds a degree in accounting from Universidad de Buenos Aires. Since 1998 she has been a manager at Estudio Abelovich, Polano & Asociados SRL, a law firm member of Nexia International. From 1974 to 1998, Mrs. Rigueira performed several functions at Harteneck, Lopez y Cía./Coopers & Lybrand. Mrs. Rigueira was professor at the School of Economic Sciences at Universidad de Lomas de Zamora.

Internal Control

Management uses the Integrated Framework-Internal Control issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO Report”) to assess the effectiveness of internal control over financial reporting.

The COSO Report sets forth that internal control is a process performed by the Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of the entity’s objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations

Based on the above, the company’s internal control system involves all the levels actively involved in exercising control:

- the Board of Directors, by establishing the objectives, principles and values, setting the tone at the top and making the overall assessment of results;

- the management of each area is responsible for the internal control in relation to objectives and activities of the relevant area, i.e. the implementation of policies and procedures to achieve the results of the areas and, therefore, those of the entity as a whole;

- the rest of the personnel plays a role in exercising control, by generating information used in the control system or taking action to ensure control.

Audit Committee

In accordance with the Regime of Transparency in Public Offerings provided by Decree No. 677/01, currently by application of Capital Markets Law No. 26,831 and the regulations of the CNV, our Board of Directors established an Audit Committee.

The Audit Committee is a committee of the Board of Directors, the main function of which is to assist the Board of Directors in (i) exercising its duty of care, diligence and competence in issues relating to us, specifically as concerns the enforcement of accounting policies, and disclosure of accounting and financial information, (ii) management of our business risk, the management of our internal control systems, (iii) behavior and ethical conduct of the Company's businesses, (iv) monitoring the sufficiency of our financial statements, (v) our compliance with the laws, (vi) independence and competence of independent auditors, (vii) performance of our internal audit duties both by our Company and the external auditors and (viii) it may render, upon request of the Board of Directors, its opinion on whether the conditions of the related parties' transactions for relevant amounts may be considered reasonably sufficient under normal and habitual market conditions.

In accordance with the provisions of the Capital Markets Law and the CNV's Regulations*,* our Audit Committee is made up by three Board members who qualify as independent directors. The NYSE Regulations establish that as of July 31, 2005, foreign companies listing securities in the United States must have an Audit Committee fully formed by independent directors.

Currently, we have a fully independent Audit Committee composed of Messrs. Cedric Bridger, Ricardo Liberman and Mario Blejer.

Aspects related to the decision-making processes and internal control system of the company

The decision-making process is led in the first place by the Executive Committee in exercise of the duties and responsibilities granted to it under the bylaws. As part of its duties, a material aspect of its role is to draft the Company's strategic plan and annual budget projections, which are submitted to the Board of Directors for review and approval.

The Executive Committee analyzes the objectives and strategies that will be later considered and resolved by the Board of Directors and outlines and defines the main duties and responsibilities of the various management departments.

The Company's internal control is carried out by the Internal Audit Management, which reports to the CEO and works in coordination with the Audit Committee by issuing periodical reports to it.

The Company's internal control system also involves all levels that participate in active control: the Board of Directors establishes the objectives, principles and values, it provides general guidance and assesses global results; the Departments are responsible for compliance with internal policies, procedures and controls to achieve results within their sectors and –of course- achieve the results for the entire organization, and the other personnel members also have a role in exercising control upon generating information used by the control system, or by taking certain actions to ensure control.

In addition, the Company has an Internal Audit Department reporting to the CEO that is responsible for overseeing compliance with internal controls by the departments above mentioned and works, in turn, together with the Audit Committee by submitting periodic reports to the latter.

Compensation

Board of Directors

Under the Argentine Corporations Law, if the compensation of the members of the Board of Directors and the Supervisory Committee is not established in the by-laws of the Company, it should be determined by the shareholders' meeting. The maximum amount of total compensation to the members of the Board of Directors and the Supervisory Committee, including compensation for technical or administrative permanent activities, cannot exceed 25% of the earnings of the company. That amount should be limited to 5% when there is no distribution of dividends to shareholders and will be increased in proportion to the distribution up to such limit if all earnings are distributed. For purposes of applying this provision, the reduction in the distribution of dividends derived from reducing the Board of Directors' and Supervisory Committee's fees will not be considered.

When one or more directors perform special commissions or technical or administrative activities, and there are no earnings to distribute, or they are reduced, the shareholders meeting may approve compensation in excess of the above mentioned limits. The compensation of our directors for each fiscal year is determined pursuant to the Argentine Corporations Law and taking into consideration whether the directors performed technical or administrative activities and our fiscal year's results. Once the amounts are determined, they are considered at the shareholders' meeting.

Senior Management

We pay our senior management pursuant to a fixed amount, established by taking into consideration their background, capacity and experience and an annual bonus which varies according to their individual performance and the Company's overall results.

The total aggregate compensation paid to our Senior Management for the fiscal year ended June 30, 2016 was Ps. 17.8 million and to our Directors, was Ps. 18.6 million, as recorded by the minutes of the Shareholders' Meeting dated October 30, 2015.

Supervisory Committee

The shareholders meeting held on October 30, 2015, approved by majority vote the decision not to pay any compensation to our Supervisory Committee.

Audit Committee

The members of our Audit Committee do not receive compensation in addition to that received for their service as members of our Board of Directors.

Compensation Plan for Executive Management

Since 2006 we develop a special compensation plan for key managers by means of contributions made by the employees and by the Company.

Such Plan is directed to key managers selected by us and aims to retain them by increasing their total compensation package through an extraordinary reward, granted to those who have met certain conditions.

Participation and contributions under the Plan are voluntary. Once the invitation to participate has been accepted by the employee, he or she may make two kinds of contributions: monthly contributions (salary based) and extraordinary contribution (annual bonus based). The suggested contribution to be made by Participants is: up to 2.5% of their monthly salary and up to 7.5% of their annual bonus. Our contribution will be 200% of the employees' monthly contributions and 300% of the extraordinary employees' contributions.

The funds collected as a result of the Participants' contributions are transferred to a special independent vehicle created in Argentina as an Investment Fund approved by the CNV.

The funds collected as a result of our contributions are transferred to another independent vehicle separate from the previous one. In the future, participants will have access to 100% of the benefits of the Plan (that is, including our contributions made on the participants' behalf to the specially created vehicle) under the following circumstances:

- ordinary retirement in accordance with applicable labor regulations;
- total or permanent incapacity or disability; and
- death.

In case of resignation or termination without cause, the Participant may redeem amounts contributed by us only if he or she has participated in the Plan for at least 5 years subject to certain conditions.

Long Term Incentive Program

The Shareholders' Meetings held on October 31, 2011, October 31, 2012 and October 31, 2013 ratified the resolutions approved thereat as regards the incentive plan for the Company's executive officers, up to 1% of its shareholders' equity by allocating the same number of own treasury stock (the "Plan"), and delegated on the Board of Directors the broadest powers to fix the price, term, form, modality, opportunity and other conditions to implement such plan. In this sense and in accordance with the new Capital Markets Law, the Company has made the relevant filing with the CNV and pursuant to the comments received from such entity, it has made the relevant amendments to the Plan which, after the CNV had stated to have no further comments, were explained and approved at the Shareholders' Meeting held on November 14, 2014, where the broadest powers were also delegated to the Board of Directors to implement such plan.

The Company has developed a medium and long term incentive and retention stock program for its management team and key employees under which share-based contributions were calculated based on the annual bonus for the years 2011, 2012, 2013 and 2014.

The beneficiaries under the Plan are invited to participate by the Board of Directors and their decision to access the Plan is voluntary.

In the future, the Participants or their successors in interest will have access to 100% of the benefit (IRSA's shares contributed by the Company) in the following cases:

- if an employee resigns or is dismissed for no cause, he or she will be entitled to the benefit only if 5 years have elapsed from the moment of each contribution;
- retirement;
- total or permanent disability;
- death.

While participants are part of the program and until the conditions mentioned above are met to receive the shares corresponding to the contributions based on the 2011 to 2013 bonus, participants will receive the economic rights corresponding to the shares assigned to them.

As regards the year 2014, the program sets forth an extraordinary reward consisting of freely available stock payable in a single opportunity on a date to be determined by the Company. The date was fixed for June 26, 2015 for payroll employees of IRSA, IRSA CP, PAMSA, ERSA, ARCOS and FIBESA who received IRSA's shares.

Besides, the Company has decided to grant a bonus to all the personnel with more than two years of seniority and who do not participate in the program described above, which bonus consists of a number of shares equivalent to their compensation for June 2014.

The shares allocated to the Plan by the Company are shares purchased in 2009, which the Shareholders' Meeting held on October 31, 2011 has specifically decided to allocate to the program.

Code of Ethics

The Code of Ethics is effective as from July 31, 2005 with the aim of providing a wide range of guidelines as concerns accepted individual and corporate behavior. It is applicable to directors, managers and employees of IRSA and its controlled companies. The Code of Ethics that governs our business, in compliance with the laws of the countries where we operate, may be found on our website www.irsa.com.ar.

A committee of ethics composed of managers and board members is responsible for providing solutions to issues related to the Code of Ethics and is in charge of taking disciplinary measures in case of breach of the code.

Employees

Argentine Operating Center

As of June 30, 2016, we had 1,753 employees. Our Development and Sale of Properties and Other Non-Shopping Center Businesses segment had 31 employees, 4 of whom were represented by the Commerce Union (*Sindicato de Empleados de Comercio, SEC*) and 10 were represented by the Horizontal Property Union (*Sindicato Único de Trabajadores de Edificios de Renta y Horizontal, SUTERH*). Our Shopping Centers segment had 964 employees, including 461 under collective labor agreements. Our Hotels segment had 758 employees, with 622 represented by the Tourism, Hotel and Gastronomic Workers Union (*Unión de Trabajadores del Turismo, Hoteleros y Gastronómicos de la República Argentina, UTHGRA*).

	Year ended on June 30,		
	2014	2015	2016
Development and Sale of Properties and Other Non-Shopping Center Businesses (1)	89	34	31
Shopping Centers and Offices(3)	872	973	964
Hotels(2)	647	704	758
Total	**1,608**	**1,711**	**1,753**

(1) Includes IRSA, Consorcio Libertador S.A. and Consorcio Maipú 1300 S.A.
(2) Includes Hotel Intercontinental, Sheraton Libertador and Llao Llao.
(3) In April and May 2015, the employees assigned to IRSA. who discharge duties in connection with building's operations and the Real Estate business were transferred to IRSA Propiedades Comerciales S.A.

Israeli Operating Center

The following table shows the number of employees as of March 31, 2016 of our Israeli operating center divided by company:

IDBD	29
DIC [(1)]	31
Shufersal	13,726
Cellcom [(2)]	3,138
PBC [(3)]	221
Other[(4)]	1,042

(1) Includes Elron's employees.

(2) Does not include temporary or external employees.

(3) Includes 106 hotel and cleaning employees.

(4) Includes IDBG, Bartan and IDB Tourism

11. CORPORATE SERVICE AGREEMENTS ENTERED INTO WITH CRESUD AND IRSA CP

In view of the fact that our Company, IRSA CP and CRESUD have operating areas with certain similarities, the Board of Directors deemed it appropriate in due course to implement alternative initiatives aimed at reducing certain fixed costs in activities in order to reduce their impact on operating results, thereby taking advantage of and optimizing the individual efficiencies of each company in the different areas of operations management.

In this sense, on June 30, 2004, a Framework Agreement for the Exchange of Corporate Services (the "Framework Agreement") was executed by and between the Company, IRSA CP and CRESUD, which was subsequently amended on August 23, 2007, August 14, 2008, November 27, 2009, March 12, 2010, July 11, 2011, October 15, 2012, November 12, 2013, February 24, 2014 and February 18, 2015.

The Framework Agreement currently provides for corporate services in the following areas: Human Resources; Finance; Institutional Relations; Administration and Control; Insurance; Security, Contracts, Technical, Infrastructure and Services; Purchases; Architecture and Design, Development and Works; Real Estate, Hotels, Directors to be distributed, Real Estate Directors to be distributed, General Management to be distributed, Directors' Security, Audit Committee, Real Estate Business Management, Real Estate Business HR, Fraud Prevention, Internal Audit, Agricultural Investment Management.

The services exchange consists in the provision of services for valuable consideration in relation to any of the above mentioned areas, carried out by one or more of the parties to the agreement on behalf of the other party or parties to the same agreement, invoiced and payable primarily through offsetting based on the provision of services in any such areas, and secondarily in cash, in case of a difference in value of the services provided.

Under this agreement, the companies hired an external consulting company to review and evaluate on a six-month basis the criteria used in the settlement of corporate services, as well as the bases of distribution and supporting documentation used in the process, to be reflected in a report prepared for each six-month period.

On March 12, 2010, the parties entered into an addendum to the Framework Agreement in order to simplify the issues arising from the consolidation of the financial statements as a result of CRESUD increased interest in the Company. Accordingly, certain employment agreements with corporate employees of IRSA CP and the Company were transferred to CRESUD.

Later, continuing with the same spirit intended to make the most efficient distribution of corporate resources amongst the various areas, on February 24, 2014 a new addendum to the Framework Agreement was executed. Pursuant to such addendum the parties agreed to transfer to IRSA CP and the Company the employment agreements with corporate employees working in the real estate business. Labor costs of the employees shall continue to be allocated pursuant to the Framework Agreement, as amended. In the future, and in furtherance of continuing to make the most efficient distribution of corporate resources, the Framework Agreement may be extended to include other areas shared among IRSA Propiedades Comerciales S.A., CRESUD and the Company.

It should be noted that the procedure under analysis allows our Company, IRSA CP and CRESUD to maintain total independence and confidentiality in our strategic and commercial decisions, and that the allocation of costs and income is performed based on operating efficiency and equity principles, without pursuing individual economic benefits for each company. The implementation of this project does not impair the identification of the economic transactions or services involved, or the effectiveness of internal control systems or internal and external audit work of each company, or the disclosure of the transactions subject to the Framework Agreement in accordance with Technical Resolution No. 21 of the FACPCE. Mr. Alejandro Gustavo Elsztain has been appointed to the position of General Coordinator, whereas Daniel E. Mellicovsky has been charged with the operation and implementation of the agreement on behalf of CRESUD, Cedric Bridger shall represent the Company, and Marcos Oscar Barylka shall represent IRSA CP. All these individuals are members of the Audit Committees of their respective companies.

Furthermore, on November 12, 2015, we executed the eighth amendment to the framework agreement for the exchange of corporate services with IRSA CP and CRESUD. The purpose of the new amendments was to generate a more efficient distribution of corporate resources among the parties, and to continue with the reduction of certain fixed costs of the parties' activities, so as to reduce their impact on operating results.

12. MARKET INFORMATION

New York Stock Exchange

Our Global Depositary Shares (GDSs), representing 10 common shares each, are listed on the NYSE under the trading symbol "IRS". Our GDSs started to be listed on the New York Stock Exchange on December 20, 1994 and they were issued by the Bank of New York, Inc., acting as depositary. However, it should not be assumed that our GDSs will be listed at a multiple 10 times higher than the price per common share. The table below shows the high and low closing prices of our GDSs in the New York Stock Exchange for the indicated periods.

	USD per GDS	
	High	Low
Fiscal Year		
2016	18.54	8.60
2015	21.10	12.90
2014	17.73	7.28
	High	**Low**
Quarter		
2016		

	High	Low
4th quarter	16.81	14.03
3rd quarter	14.96	8.60
2nd quarter	18.15	12.01
1st quarter	18.54	13.92
2015		
4th quarter	19.88	17.61
3rd quarter	21.10	15.26
2nd quarter	17.72	12.90
1st quarter	17.39	13.76
2014		
4th quarter	17.73	10.71
3rd quarter	12.06	9.41
2nd quarter	12.22	9.06
1st quarter	8.92	7.28
	High	**Low**
Month (fiscal year 2016)		
January	12.06	8.60
February	13.95	9.85
March	14.96	12.86
April	15.20	14.06
May	15.31	14.03
June	16.81	15.15

Source: Bloomberg.

Buenos Aires Stock Exchange

Our common shares are listed on the MERVAL under the trading symbol "IRSA". Our common shares started to be traded on the Buenos Aires Stock Exchange ("BASE") in 1948. The table below shows the high and low closing prices of our common shares in the MERVAL for the indicated periods:

	Pesos per share	
	High	**Low**
Fiscal year		
2016	25.50	11.60
2015	25.00	14.00
2014	18.45	5.60
	High	**Low**
Quarter		
2016		
4th quarter	25.00	19.10
3rd quarter	21.90	11.60
2nd quarter	25.50	16.70
1st quarter	24.90	19.00
2015		
4th quarter	24.00	20.50
3rd quarter	25.00	17.50
2nd quarter	21.00	16.90
1st quarter	21.00	14.00
2014		
4th quarter	18.45	10.70
3rd quarter	12.00	10.45
2nd quarter	11.50	8.10
1st quarter	8.15	5.60
	High	**Low**
Month (fiscal year 2016)		
January	17.15	11.60
February	21.40	14.50
March	21.90	19.20
April	21.75	20.40
May	21.50	19.10
June	25.00	21.30

Source: Bloomberg.

Dividends and Dividend Policy

Pursuant to Argentine law, the distribution and payment of dividends to shareholders is allowed only if they result from realized and net profits of the company pursuant to annual financial statements approved by our shareholders. The approval, amount and payment of dividends are subject to the approval by our shareholders at our annual ordinary shareholders' meeting. The approval of dividends requires the affirmative vote of a majority of the shares entitled to vote at the meeting.

In accordance with Argentine corporate laws and our by-laws, net and realized profits for each fiscal year are required to be allocated as follows:

- 5% to our legal reserve, up to 20% of our capital stock;
- a certain amount determined at a shareholders' meeting is allocated to compensation of our directors and the members of our Supervisory Committee;
- to an optional reserve, a contingency reserve, a new account or for whatever other purpose our shareholders may determine.

According to rules issued by *Comisión Nacional de Valores*, cash dividends must be paid to shareholders within 30 days of the resolution approving their distribution. In the case of stock dividends, the shares must be delivered to shareholders within three months of the annual ordinary shareholders' meeting that approved them.

On February 2, 2007 we issued our 2017 fixed-rate notes for a total amount of USD 150 million at an annual interest rate of 8.5% payable semi-annually and due on February 2, 2017. These notes limit our ability to pay dividends, which may not exceed the sum of:

- 50% of our cumulative consolidated net income; or
- 75% of our cumulative consolidated net income if the consolidated interest coverage ratio is at least 3.0 to 1; or
- 100% of our cumulative consolidated net income if the consolidated interest coverage ratio is at least 4.0 to 1.
- 100% of the aggregate net cash proceeds (with certain exceptions) and the fair market value of property other than cash received by the Company or by its restricted subsidiaries from (a) any contribution to the Company's capital stock or the capital stock of its restricted subsidiaries or issuance and sale of the Company's qualified capital stock or the qualified capital stock of its restricted subsidiaries subsequent to the issue of the Company's notes due 2017, or (b) issuance and sale subsequent to the issuance of the Company's notes due 2017 or its indebtedness or the indebtedness of its restricted subsidiaries that has been converted into or exchanged for qualified capital stock of the Company, (c) any kind of reduction in the Company's indebtedness or the indebtedness of any of its restricted subsidiaries; or (d) any kind of reduction in investments in debt certificates (other than permitted investments) and in the return on assets; or (e) any distribution received from an unrestricted subsidiary.

Our dividend policy consists in the distribution of an amount not to exceed the higher of a) twenty percent (20%) of the sales, leases and services of "Offices and Other" segment, as recorded in Segment reporting, as of June 30 of each year, or b) 20% of Net income as recorded in the Consolidated Statements of Income as of June 30 of each year. This policy requires that we must at all times comply with the covenants imposed by our financial obligations.

Given the transfer of office buildings to our subsidiary IRSA Propiedades Comerciales S.A., the company is evaluating to make certain modifications to the policy set forth.

The table below presents the dividend payment ratio to the total amount of paid dividends, each paid entirely in common shares, for the mentioned years. Figures in Pesos are stated in historical Pesos as of their respective payment date.

Year declared	Cash dividends (Millions of Ps.)	Cash dividends[1] (Ps.)	Stock dividends[1] (Ps.)	Total per share (Ps.)
1997	15.0	0.110	-	0.110
1998	13.0	0.060	0.05	0.110
1999	18.0	0.076	0.04	0.116
2000	-	-	0.20	0.204
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-
2009	31.7	0.055	-	0.055
2010	120.0	0.207	-	0.207
2011	311.6	0.539	-	0.539
2012	99.0	0.171	-	0.171
2013	180.0	0.311	-	0.311
2014	306.6	0.532	-	0.532
2015	56.6	0.9869	-	0.9869
2016	-	-	-	-

Notes:

(1) Corresponds to payments per share.

The table below presents the dividend payment ratio to the total amount of dividends paid for by our subsidiary IRSA Propiedades Comerciales S.A., from which we collect dividends in our capacity as shareholders, each fully paid, for the years indicated in the table below.

Dividends paid by our subsidiary IRSA Propiedades Comerciales S.A.

Year declared	Cash dividends[1] (Ps.)	Stock dividends[1] (Ps.)	Total per share (Ps.)
2005	14,686,488	-	0.0188
2006	29,000,000	-	0.0372
2007	47,000,000	-	0.0601
2008	55,721,393	-	0.0712
2009	60,237,864	-	0.0770
2010	56,000,000	-	0.0716
2011	243,824,500	-	0.1936
2012	294,054,600	-	0.2334
2013	306,500,000	-	0.2432
2014	407,522,074	-	0.3234
2015	437,193,000	-	0.3469
2016	283,580,353	-	0.2250

Notes:

(1) Corresponds to payments per share.

13. PROSPECTS FOR THE NEXT FISCAL YEAR

Our real estate businesses in Argentina and investments abroad have posted good results in fiscal year 2016. 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 2017.

During the next fiscal year we will start developing several projects through our subsidiary IRSA Propiedades Comerciales, including the 4,000 square meter expansion of Alto Palermo shopping center, which is located in a unique setting in the heart of the city and is one of the shopping centers with highest sales per square meter in our portfolio, and the development of a 30,000 square meter office building in the commercial complex adjoining our Dot Baires shopping center, with construction works expected to last 2 years. In addition, we will continue working in optimizing the performance of our current properties through improvements that allow us to take best advantage of their GLA potential and to furnish them with increased functionality and appeal for the benefit of consumers and tenants alike.

In IRSA, we will start developing the “Catalinas” building in Buenos Aires, with works expected to last approximately 3 years. The tower to be built includes 30 floors and 316 parking spaces with 35,468 sqm of GLA and 58,000 sqm in the aggregate and will stand out for its unique views and towering presence, completing the city skyline and becoming the largest window in the city facing Río de la Plata river, with more than 60 meters of waterfront.

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 Condor implement the change of strategy and grow again, hand in hand with the capital markets. We trust in the new 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. In addition, as part of our ongoing monitoring of business opportunities and subject to general and specific conditions of the national and international markets, we will continue to evaluate different alternatives in order to optimize our capital structure. Such investment reengineering could include different transactional aspects such as capital increases, share repurchases or the transfer of a minority interest in IRSA CP or other subsidiaries.

Alejandro Gustavo Elsztain
Vice-chairman II

EXHIBIT

14. IRSA Inversiones y Representaciones Sociedad Anónima's Corporate Governance Code

Working progress on compliance with the Corporate Governance Code

Overview:

IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA") issues, in accordance with General Resolution No. 606/12 by the Argentine Securities Commission (CNV), its report on compliance with the Corporate Governance Code, pursuant to corporate governance good practices followed by the Company, and the Board of Directors' performance given their management and supervisory responsibilities set forth in the Business Companies Law, the Company's Bylaws, and the Capital Markets Law.

In this sense, it is important to highlight that on October 11, 2015, the Company obtained control of IDBD Development Corporation Ltd. It is put on record that this Report on compliance with the Corporate Governance Code does not include IDBD Development Corporation Ltd. nor its subsidiaries ("IDB"), as the Company is still analyzing the need to adopt its processes as a result of IDB's recent accounting consolidation.

	Compliance		Non-compliance(1)	Report(2) or Explain(3)
	Total(1)	Partial(1)		
PRINCIPLE I. THE RELATIONSHIP AMONGST THE ISSUER, THE CONGLOMERATE THAT IT HEADS AND/OR IS PART OF AND ITS RELATED PARTIES MUST BE TRANSPARENT				
Recommendation I.1: Guarantee that the Board discloses the policies that apply to the relationship amongst the Issuer and the conglomerate that it heads and/or is part of and its related parties Answer if: The Issuer has internal procedures or policies to authorize transactions with related parties in accordance with Section 72 of Law No. 26,831, transactions with shareholders and Board members, senior management, and syndics and/or members of the supervisory committee within the purview of the conglomerate that it heads and/or is a part of. Explain the main guidelines of the standard or internal policy.	X			The Company engages in intercompany transactions in accordance with Section 72 of Law No. 26,831 and International Accounting Standards, reporting them in its annual and quarterly Financial Statements as required by accounting standards. Pursuant to section 72, before an intercompany transaction is conducted for a material amount, which is understood to be an amount equal to or higher than 1% of the Company's equity, the Board of Directors, prior to its approval, shall request a pronouncement from the Audit Committee stating whether the operating conditions can reasonably be considered to be in line with normal and regular market conditions.
Recommendation I.2: Make sure that the company has mechanisms to prevent conflicts of interest. Answer if: The Issuer has, irrespective of currently applicable rules and regulations, clear and specific policies and procedures to identify,	X			The Company has a Code of Ethics that has been signed by each one of the Company's members and applies to Directors, Syndics and employees. The Company also has an Ethics Committee which is responsible for resolving any issues related to that code. The Code of Ethics lays down ethical principles and guidelines about

handle and resolve any conflicts of interest arising amongst the members of the Board of Directors, senior management and syndics and/or supervisory committee members in their relationship with the Issuer or with the Issuer's related persons. Describe the relevant aspects of such policies and procedures.				accepted individual and/or corporate behavior. Amongst other matters, this code includes guidelines concerning conflicts of interest. The Code prescribes that directors, managers and employees must act with honesty and integrity and must prevent their behaviors from causing conflicts of interest with the Company and if these were to arise, the Ethics Committee shall be provided in due time and manner with any information that could be inconsistent with the provisions contained in the Code of Ethics. The Company has a Map of Related Parties that identifies the companies with which the Issuer is in a controlling and/or significant influence situation. This Map is updated quarterly. Managers, Directors and Syndics sign a form every year concerning Intercompany transactions.
<u>Recommendation I.3</u>: Prevent the undue use of inside information. Answer if: The Issuer relies, without prejudice to currently applicable rules and regulations, on accessible policies and mechanisms to prevent the undue use of inside information by the Board of Directors, senior management, syndics and/or supervisory committee members, controlling shareholders or shareholders wielding significant influence, participating professionals and the rest of the persons listed in Sections 7 and 33 of Executive Order 677/2001. Describe the relevant aspects of such policies and procedures.	X			As indicated in I.2, the Company has a Code of Ethics that lays down the guidelines and mechanisms to prevent the undue use of inside information. This Code mandates that certain information is in a confidential nature and that it can only be used for its intended purposes for the Company's benefit and must not be shared with persons outside the Company or with employees who do not need such confidential information to discharge their duties. The Code sets forth also that unintended disclosures of confidential information must be avoided. The Code of Ethics also contains guidelines concerning compliance with the rules that govern relevant information. As a general principle, the Code prohibits directors, managers and employees from using inside or confidential information directly or through third parties to trade securities in the market. It also provides for a fixed period –before and after the publication of financial statements- during which employees, directors and syndics are prohibited from trading Company securities. The transmission of alerts about the commencement of the period of non-availability to conduct transactions works also as a reminder. Such temporary restrictions may be equally imposed whenever the Board

				sees it fit. There are also information security procedures for safeguarding the Company's data.
PRINCIPLE II. LAY THE GROUNDWORK FOR THE ISSUER TO RELY ON ROBUST MANAGEMENT AND SUPERVISION				
The corporate governance framework must: Recommendation II. 1: Ensure that the Board of Directors manages and supervises the Issuer and provides it with strategic direction.				
II.1.1 Report if the Board of Directors approves:				
II.1.1.1 the Business Plan or the Company's strategic plan, as well as its annual management goals and budgets.	X			An essential portion of the duties and responsibilities discharged by the Executive Committee consists in generating a strategic plan for the Company and the forecasts covered by the annual budget submitted to the Board. It is through the Executive Committee that objectives and strategies are submitted and developed, which includes establishing the annual guidelines defined for the main company departments. As part of the strategic plan defined by the Executive Committee, the Company's Board of Directors approves the main specific tasks aimed at fulfilling such plan.
II.1.1.2 the investment policy (in financial assets and in capital expenditures), and its financing policy.		X		As part of the defined business strategy and within the context of the current fiscal year, the Board of Directors approves investments and medium- and long-term financing plans (corporate bonds –Negotiable Obligations-, syndicated loans, etc). In addition, the Company has a Financial Risk Committee that analyzes and suggests financial instruments, counterparties and investment limits.
II.1.1.3 the corporate governance policy (Compliance with the Corporate Governance Code),	X			As regards corporate governance, the Company has been implementing what has been laid down by the rules and regulations currently applicable to these matters issued by the Argentine Securities Commission (CNV) and the Securities and Exchange Commission (SEC) and self-regulated markets where its shares are listed, in addition to what is suggested by the best practices in connection with ethics and Board behavior. To this end, the Board

				has implemented a Code of Ethics that provides for the different channels available for placement of reports in the event of potential irregularities, which offer direct accesses, managed by the Ethics Committee and the Audit Committee, the latter in compliance with foreign legislation (SOX). There is also the Corporate Governance Code Report, approved every year by the Board of Directors, together with the Annual Report and the Rules of the Audit Committee registered with the Superintendence of Corporations (IGJ).
II.1.1.4 the policy to select, assess and remunerate senior management,		X		The Board of Directors delegates to the Executive Committee, in compliance with the Company's By-laws and Section 269 of the General Companies Law, the day-to-day management of business. Therefore, it is entitled to appoint an Executive Vice-chairman, Executive Directors and/or analogous functional levels, appoint managers, including the CEO and submanagers, and determine their remuneration levels. By delegation of the powers vested in the Executive Committee, the CEO, jointly with the Human Resources Department, define the remuneration payable to Senior managers. The Company has implemented a method for annually assessing performance and achievement of previously established targets that is shared by and common to the entire organization, including its senior management, which is implemented in coordination with the Human Resources Department.
II.1.1.5 the policy to assign responsibilities to senior management,		X		The Board of Directors, acting through the Executive Committee, the CEO and the Human Resources Department are in charge of defining the scope of duties of the senior management team.
II.1.1.6 the supervision of succession planning for senior management,	X			Pursuant to powers delegated by the Executive Committee, it is the CEO and the Human Resources Department that are responsible for supervising succession planning at the management level. Senior management replacements are identified through an internal evaluation that applies a

				method focused on measuring individual potential.
II.1.1.7 the enterprise social responsibility policy,		X		When it comes to Enterprise Social Responsibility, the Executive Committee considers and approves proposals in this field submitted to its consideration by the Institutional Relations Department. The Company has been active in these matters for some years already by: • Integrating and educating children and youths in the communities surrounding its agribusiness ventures through financial and academic support to the educational institutions that act in these territories. • Providing a number of NGOs with spaces (plus the logistical and financial support) in the Company's buildings and shopping centers for these organizations to deploy activities such as dissemination, fund-raising and affiliation, to name but a few, etc. • Permanently creating and financing different entities whose purpose is to rescue and integrate children and youths that are either homeless or in social risk situations. • Supporting scientific, cultural and artistic projects through the mechanisms prescribed by the *Patronage* Law. • Constantly cooperating with communities neighboring with our shopping centers and rental buildings. • Caring for the environment through strict policies issued by the Board.
II.1.1.8 comprehensive risk management, internal control, and fraud prevention policies,		X		The Company will evaluate in the future the need for formalizing policies concerning comprehensive risk management and fraud prevention. This notwithstanding, the functions consisting in risk management, internal control and fraud prevention at the Company are discharged by each department in line with their areas of responsibility. The Company assesses the efficacy of internal control focused on the issuance of financial statements

				using to that end the methodology of the COSO Report (Committee of Sponsoring Organization of the Treadway Commission). Should there be complaints or hints of potential frauds, they are reported to the Ethics Committee through the communication channels in place and they can be placed anonymously. The information received by the Ethics Committee is treated as confidential and action measures are taken to clarify and settle the situations reported.
II.1.1.9 he training and continued education policy applicable to the members of the Board of Directors and senior management. Should the company have these policies in place, insert a description of their main highlights.	X			The Company encourages involvement in training activities and in professional refreshment courses for the Board and management levels. It is Company policy to have its Board of Directors and management line trained and updated in regulatory matters in the framework of the experience and professional qualities of Board members and the responsibilities that they have. It is also deemed important for an adequate conduct of business that the Board and Senior Management should be trained in matters that favor better business conduct promoting and fostering participation in congresses and in national and international events that address issues associated to the activities deployed by the directors and senior managers.
II.1.2 If deemed relevant, please insert other policies applied by the Board that have not been mentioned and detail significant aspects.				There are no other policies that are considered relevant in their implementation other than as previously discussed.
II.1.3 The Issuer has in place a policy to ensure the availability of relevant information for its Board of Directors to make decisions and a channel for direct consultation with its management lines that is symmetrical for all its members (executive, external and independent) on an equal footing and sufficiently in advance so as to enable appropriate analysis. Explain further.	X			The Company has formal tools in its Corporate By-laws that allow and ensure that the basic details required for making decisions are supplied. Notwithstanding the by-laws provisions, which serve as ultimate ratio for accessing to information, Board members have access to the information generated by the Company for adopting decisions, and are also able to communicate directly with the Company's senior managers to clear all doubts and answer inquiries regarding the matters to be discussed at Board

				meetings.
II.1.4 The matters submitted to consideration by the Board of Directors are accompanied by an analysis of the risks associated to the decisions that may be adopted, taking into account the level of enterprise risk defined as acceptable by the Issuer. Explain further.	X			The Board analyzes the risks associated to decision-making after the submissions made and the information provided by the Executive Committee and the CEO about each issue, taking into account the level of enterprise risk defined as acceptable for each business and according to each market situation.
Recommendation II.2: Make sure that the Issuer exerts effective controls over management. Answer if: The Board of Directors verifies:				
II.2.1 that the annual budget and Business Plan are complied with,	X			The CEO and the Real Estate General Manager prepare quarterly reports on the Company's business which are submitted to the Board of Directors, containing details about economic and financial management, behavior of the most relevant variables, as well as a comparative analysis of the budget against the turn of business and an identification of any measures necessary to rectify or confirm the course of business.
II.2.2 senior management performance and their attainment of the goals set for them (the level of earnings as forecast versus actually attained, financial ratings, financial reporting quality, market share, etc.). Describe the highlights of the Issuer's Management Control policy detailing the techniques employed and the frequency of monitoring by the Board of Directors.	X			The Executive Committee assesses the performance of its senior managers as well as the attainment of objectives based on the information provided by the CEO and the Human Resources Department taking into account the attainment of objectives, the level of earnings obtained and the Company's targets for each term in office. Moreover, as stated in II.1.1.4, the Company applies an annual assessment procedure in coordination with the Human Resources Department, over all its staff, including senior management levels. Board Meetings analyze information on the conduct of business, principal ratios and budget control, thus making it possible to monitor whether the targets set by the Company have been achieved.
Recommendation II.3: Disclose the process to evaluate Board of				

Directors performance and its impact. Answer if:				
II.3.1 Each member of the Board of Directors abides by the Bank's By-laws and, when applicable, by the rules that govern the operation of the Board of Directors. Detail the main guidelines of the internal rules. Indicate the degree of compliance with the Bank's By-laws and its internal rules.	X			The Board of Directors abides by the rules and regulations that apply to the Issuer and by the By-laws. Therefore, it is unnecessary and redundant, in the Board's opinion, to issue Rules to govern their operation.
II.3.2 The Board of Directors presents the outcome of its management actions taking into account the targets fixed at the beginning of the period in a manner such that shareholders are able to evaluate the degree of compliance with such objectives, which contain both financial and non-financial aspects. In addition, the Board of Directors presents a diagnosis about the degree of compliance with the policies mentioned in Recommendation II, paragraphs II.1.1. and II.1.2. Detail the highlights of the evaluation made by the Annual General Meeting about the degree of compliance by the Board of Directors with the goals established and the policies mentioned in Recommendation II, Sections II.1.1 y II.1.2, with an indication of the date of the AGM where such evaluation was presented.	X			Through its Annual Report and Management Discussion & Analysis, the Board presents the outcome of its actions and maintains permanent communication with the Company's investors through its Web site and in the interaction taking place at shareholders' meetings, keeping shareholders abreast on the results of the Company's operations and the degree of objective attainment. The Board is evaluated by each Ordinary Shareholders' General Meeting in accordance with the rules and regulations in force as contained in the General Companies Law and in the Company's By-laws. The last Shareholders' Meeting at which the matter was discussed was held on October 30, 2015.
<u>Recommendation II.4</u>: The number of external and independent directors must be a significant proportion of the Issuer's Board of Directors membership. Answer if:				
II.4.1 The proportion of executive members, external and independent (with the latter as defined by the rules of this Commission) of the Board of Directors is in keeping with the capital structure of the Issuer. Explain further.	X			In its Board of Directors, the Company has a number of independent directors that is higher than the one required by current regulations and higher than 20% since 2005. The Corporate By-laws provide that the Company's management and administration is vested in a Board of Directors composed of not less than

				eight (8) and not more than fourteen (14) members and an equal or lower number of alternates, as determined by the General Ordinary Shareholders' Meeting. Directors' term of office is for three years and they may be reelected indefinitely. At present, the Board of Directors is composed of fourteen (14) directors and two (2) alternate directors. Four (4) of the directors qualify as independent and three (3) of them are members of the Audit Committee; therefore, all the members of this committee are independent, in compliance with the requirement imposed by the SEC on issuers that are listed in the USA.
II.4.2 In the current year, the shareholders agreed at a General Shareholders' Meeting on a policy aimed at maintaining a proportion of at least 20% of independent members over the total number of Board members. Describe the highlights of this policy and of any shareholder agreement that explains the manner in which the members of the Board of Directors are appointed and their terms in office. Indicate if questions have been raised about the independence of Board members and if there have been abstentions caused by conflicts of interest.		X		The shareholders have not agreed on any policy seeking to maintain a proportion of at least 20% of independent members on the total Board. As regards the criteria of independence concerning the members of the Board, they are consistent with the provisions contained in the applicable laws. As set forth in item II.4.1, the number of independent directors in office is higher than the one required by law; therefore, for the time being, the Board does not see the need for laying down any such policies.
<u>Recommendation II.5</u>: Commit to the implementation of standards and procedures inherent in the selection and nomination of Board and senior management members at the Issuer. Answer if:				
II.5.1 The Issuer has a Nominations Committee			X	The Company does not have a Nominations Committee. Until now, the Company has not deemed the implementation of a Nominations Committee to be necessary because such functions are discharged by the Executive Committee. According to the provisions under the General Companies Law, the Annual General Meeting is responsible for approving the appointment and removal

				of Board members.
II.5.1.1 made up by at least three Board members, a majority of whom are independent,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.2 chaired by an independent Board member,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.3 that has members who evidence sufficient skills and expertise in human capital policies,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.4 that meets at least twice a year,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.5 whose decisions are not necessarily binding on the Annual General Meeting but rather in a consultative nature when it comes to the selection of Board members.			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.2 Should the Issuer have a Nominations Committee, it:			X	As stated in II.5.1., Item II.5.2 does not apply.
II.5.2.1. verifies that its internal rules are reviewed and evaluated once a year and submits change proposals to the Board to obtain Board approval,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.2 proposes that criteria be developed (qualifications, experience, professional reputation and ethics, other) to select new Board members and senior managers.			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.3 identifies candidates to Board membership to be proposed by the Nominations Committee to the Annual General Meeting,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.4 suggests the Board members who shall be a part of the different Board committees based on their backgrounds.			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.5 recommends that the Chairman of the Board should not be the same as the Issuer's CEO,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.6 ensures that the *curricula vitae* of the Issuer's Board and Senior Management members are available in the Issuer's web-page and that the duration of Board members' terms in office is equally disclosed in the web page,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.

II.5.2.7 corroborates that there are succession plans in place for Board and Senior Management members.			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.3 If relevant, please add policies implemented at the initiative of the Issuer's Nominations Committee which have not been mentioned in the preceding Item.			X	As stated in II.5.1, the item II.5.3 does not apply.
Recommendation II.6: Assess the advisability of Board members and/or syndics and/or supervisory committee members discharging functions at several Issuers. Answer if: The Issuer imposes a limit on the ability of the members of the Board of Directors and/or syndics and/or supervisory committee to discharge functions at other entities that do not belong to the conglomerate that the Company heads or of which it is a part. Specify any such limit and detail if there has been a breach of said limit in the course of the year.			X	The Company does not have a limiting rule in place. The Company considers their engagement sufficient in so far as it is adequate to the Company's needs.
Recommendation II.7: Make sure that Board and Senior management members at the Issuer are trained and develop their skills. Answer if:				
II.7.1. The Issuer has Continued Training Programs in connection with the Issuer's needs for the members of the Board of Directors and senior management, that include topics concerning their roles and responsibilities, comprehensive enterprise risk management, knowledge specific to the business and its regulations, corporate governance dynamics and enterprise social responsibility. In the case of the Audit Committee members, international accounting standards, auditing standards and internal controls and specific regulations in the capital markets. Describe the programs implemented in the year and their degree of compliance.		X		It is Company policy that the Board of Directors, the Executive Committee, the Audit Committee and its management line should be trained and maintained updated in regulatory matters in the framework of the experience and professional qualities of their members and the responsibilities that they have. In the exercise of the functions entrusted to it by the By-laws, the Executive Committee, together with the CEO and the Human Resources Department, outline the responsibilities and powers of senior managers. The Company does have in place training and education programs in various matters that are given by Company personnel and that include senior managers. The Company fosters participation in training activities and professional refreshment courses for the Board and Senior Management. Notwithstanding the above, whenever it deems it necessary, the Committee can organize new refreshment and training

				activities on current regulations or topics related to its duties. The Company deems it important to better conduct business that the Board and senior Managers should be trained in matters that favor better business conduct promoting and fostering participation in congresses and in national and international events that address issues associated to the activities deployed by the directors and senior managers.
II.7.2. The Issuer incentivizes Board and Senior Management members by means other than discussed in II.7.1 to maintain permanent training supplementing their education level in a manner such as to add value to the Issuer. Indicate how the Issuer does this.	X			The Company incentivizes the involvement of Board members in specific areas through invitations to events with contents akin to their roles, orientation activities and updates in regulatory matters.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY FOR IDENTIFYING, MEASURING, MANAGING AND DISCLOSING ENTERPRISE RISK.				
In the framework for corporate governance: Recommendation III: The Board of Directors must rely on a policy for comprehensive enterprise risk management and monitor its adequate implementation.				
III.1 Answer if: The Issuer has in place comprehensive enterprise risk management policies (mandating compliance with strategic, operational, financial, reporting, legal and regulatory objectives, among others). Describe their most relevant aspects.		X		The Board of the Company undertakes actions to identify, evaluate and mitigate the Company's exposure to strategic, financial, operational and corporate governance risks. The Board of Directors, with the involvement of the Executive Committee, permanently evaluates the Company's business activities, which includes the risks, the opportunities offered by market conditions at each time and the attainment of the business's operating and strategic objectives. As part of its habitual practice of managing risks, the Board permanently monitors, through the Financial Risk Committee, the inherent investments and risks. In addition, the Company has an internal control system to prevent and identify risks, using the comprehensive internal control framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO Report) to assess the effectiveness of

				internal controls over accounting information. In addition, the Company is discussing the potential issuance of a comprehensive risk management policy that provides a concept framework.
III.2 There is a Risk Management Committee as part of the Board of Directors or of the CEO. Report on the existence of manuals of procedures and detail the main risk factors that are specific to the Issuer or its business and the implemented mitigation actions. In the absence of a Risk Management Committee, please describe the supervisory role played by the Audit Committee when it comes to managing risks. In addition, specify the degree of interaction between the Board of Directors or of its committees with the Issuer's CEO in terms of comprehensive enterprise risk management.		X		The Issuer conducts permanent activities to identify risks inherent in its activity and any necessary mitigation actions. These actions are conducted by the Executive Committee within the Board As stated in III.1. The Executive Committee or the CEO permanently assess risks at the time of making decisions, availing themselves of sufficient and necessary information provided by the Company's different areas or derived from the actions of internal committees that undertake risk assessments concerning each specific matter. There is a Financial Risk Committee consisting of directors and various managers of the Company that reviews financial risk management and approval of different investment vehicles. The CEO reports periodically to the Board of Directors on management, risks assessed and submits the matters to be considered and then approved by the Board to the Board for its consideration. He also holds meetings with the Audit Committee or is a member of some internal committee, which contributes to adequately identifying and handling entrepreneurial risks.
III.3 There is an independent function within the office of the Issuer's CEO that implements the comprehensive risk management policies (function discharged by the Risk Management Officer or equivalent position). Specify.			X	There is no independent function within the Issuer's CEO. The Company will analyze the possibility of creating them in the future.
III.4 The comprehensive risk management policies are permanently updated in line with the generally accepted recommendations and methodologies in the matter. Identify		X		The Company has been implementing the policies stated in Item III.1. In addition, the Company has an internal control system designed to prevent and identify accounting risks using the internal control comprehensive

them (Enterprise Risk Management, according to the conceptual framework in use at COSO — Committee of Sponsoring Organizations of the Treadway Commission—, ISO 31000, IRAM 17551 standard, Sarbanes-Oxley Act, Section 404, other).				framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO Report) to assess the effectiveness of internal controls over accounting information.
III.5 The Board of Directors communicates the outcomes of its supervisory tasks concerning risk management performed together with the CEO in the financial statements and in the annual report. Specify the main sections dealing with these matters.	X			Through its Annual Report, the Board discusses the Company's annual actions highlighting the achievements attained in each one of the segments in which it was involved and the results obtained. The Annual Report also mentions the challenges faced by the Company in the course of the year to attain its objectives. As from the moment when the Company adopted the International Financial Reporting Standards (IFRS), the Company's financial statements have been including a note on "Financial Risk Management". This note describes the main risks arising from financial instruments and the risks to which the Company is exposed and which may complicate the Company's strategy, its performance and the results of its operations. In the note, "other non-financial risks" to which the Company is exposed are also mentioned.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL REPORTING RESORTING TO INDEPENDENT AUDITS				
The corporate governance framework must: <u>Recommendation IV</u>: Guarantee independence and transparency in the functions entrusted to the Audit Committee and to the External Auditor.				
Answer if: IV.1. Upon electing the members of the Audit Committee, the Board of Directors takes into account that most of its members must be independent and so evaluates the advisability of it being chaired by an independent member.	X			As mentioned in Item II.4.2, all the members of the Company's Audit Committee qualify as independent directors as of to date; therefore, the independence criterion required by law is met. The Audit Committee is composed of three (3) directors, and the Chairman is appointed by the Committee members rather than by the Board.

IV.2 There is an internal audit function that reports to the Audit Committee or to the Chairman of the Board of Directors in charge of evaluating the internal control system. Please indicate if the Audit Committee or the Board of Directors conduct an annual assessment of the area's performance and the degree of independence of its professional involvement, which means that the professionals discharging such function are independent from the remaining operational areas and that they meet the requirements of independence vis-à-vis the controlling shareholders or the related entities that wield significant influence on the Issuer. Specify, also, whether the internal audit function conducts its work in accordance with the international standards that govern internal audit practitioners as issued by the Institute of Internal Auditors (IIA).	X			In the discharge of its functions, the Audit Committee engages in an annual assessment of Internal Audit performance that is reported to the Compliance Manager, who in turn reports directly to the Second Vicechairman. The assessment made by the Committee forms part of its Annual Management Report, which is submitted to the Board at the time of issuance of the Company's Annual Financial Statements. The professionals in charge of the Internal Audit function are independent vis-à-vis the Company's remaining operating areas. The Internal Audit area performs its tasks abiding, in general, by the guidelines laid down by international standards for the conduct of Internal Audits issued by the Institute of Internal Auditors (IIA). The Company's Internal Auditor has an international certification issued by the IIA.
IV.3 The members of the Audit Committee undertake an annual assessment of the independence and performance exhibited by the External Auditors designated by the Shareholders' Meeting. Describe all relevant aspects in the procedures followed in making such evaluation.	X			In preparation for the Annual General Meetings, the Audit Committee considers the proposed appointment of External Auditors that will be submitted by the Board to the Annual General Meeting. The assessment conducted by the Audit Committee takes into account the professional skills of External Auditors, their expertise and independence conditions. The Audit Committee holds quarterly meetings with external auditors regarding presentation of their work on the Company's Financial Statements. In addition and previous to the submission of the annual Financial Statements, the Audit Committee's Annual Report will include the committee's opinion concerning the performance of External Auditors.
IV.4 The Issuer relies on a policy concerning the rotation of the Supervisory Committee members and/or the External Auditor. When it comes to External Auditors, the policy addresses whether the rotation spans the audit firm or just	X			The members of the Supervisory Committee are chosen by the Annual General Meeting for a one-year term to discharge their functions. The External Auditor is also chosen annually by the Shareholders' Meeting. General Resolution No. 663 issued by the CNV eliminated the audit firm rotation

the individuals.				requirement, thus aligning CNV regulations to professional standards (Technical Resolution No. 34) and international standards, which do not require external audit firm rotation. As regards the rotation for the audit partner, General Resolution No. 663 established a term of 7 (seven) years, with a waiting period of 2 (two) years.
PRINCIPLE V. RESPECT SHAREHOLDERS' RIGHTS				
The corporate governance framework must: <u>Recommendation V.1</u>: Make sure that shareholders have access to the Issuer's information.				
Answer if: V.1.1 The Board of Directors fosters periodical informational meetings with shareholders, which coincide with the submission of interim financial statements. Explain further, providing the quantity and frequency of the meetings held in the course of the year.	X			Without prejudice to the information that is released to the market as material information, in each presentation of the interim and annual financial statements the Company issues a "press release" for the investment market and subsequently holds a conference call with on-line presentation where investors are able to contact the Company's officers directly and ask questions in real-time.
V.1.2 The Issuer relies on "information for investors" mechanisms and on an area that specializes in addressing investors' concerns. In addition, the Issuer has a web-site accessible to shareholders and other investors serving as an access channel for them to contact each other. Detail.	X			The Issuer has mechanisms to inform investors in real time and an Investors Relations Department exclusively devoted to dealing with investors' requirements and enquiries and provides information to shareholders and other investors. In addition to the publications in the Financial Information Highway (*Autopista de Información Financiera*) and the filings with the different enforcement agencies, the Company communicates all its relevant events through an e-mail distribution system that reaches a significant number of current and/or potential investors and analysts. It also has a website (www.irsa.com.ar) through which the shareholders and other investors may contact this department and obtain information about the Company and receive an answer about all types of enquiries concerning the

				Company.
<u>Recommendation V.2</u>: Promote shareholders' active involvement.				
Answer if: V.2.1 The Board of Directors has measures in place to foster the participation of all shareholders at the AGMs. Explain further, distinguishing the measures required by statutory provisions from those voluntarily offered by the Issuer to its shareholders.	X			In addition to the information published in the Financial Information Highway and to the information released to the market through the advertisement department of the Buenos Aires Stock Exchange, the Board engages in a thorough follow-up of potential attendants previous to the shareholders' meetings in order to ensure the highest number of attendants possible. This follow-up also spans ADR holders through institutional contact with Bank of New York Mellon (BONY) and its correspondent bank in the Argentine Republic, who are furnished with a translated version of the agenda and other information as requested.
V.2.2 The Annual General Meeting has a set of rules for its operation to make sure that the information will be available to the shareholders sufficiently in advance for decision-making purposes. Describe the salient points of this set of rules.		X		The Annual General Meeting does not have rules governing its operation. However, these shareholders' meetings are called and held in accordance with the provisions under the General Companies Law and all applicable rules and regulations that are issued by the control authority as these establish the terms for informing shareholders and furnishing them with the documentation submitted to the Shareholders' Meetings. The Company has been zealously working, consistently with market standards, on providing the shareholders with sufficient information for decision making purposes.
V.2.3 The Issuer has mechanisms in place for minority shareholders to propose matters for consideration by the Annual General Meeting in line with the provisions in currently applicable rules and regulations. Provide further information on the results.	X			Neither the by-laws, nor the operating procedures prevent receiving such proposals. As of the date hereof, there have not been proposals of specific issues.
V.2.4 The Issuer relies on policies to stimulate the involvement of the most relevant shareholders such as institutional investors. Specify.		X		To encourage shareholder involvement, the Company does not make any distinctions based on relevance: all shareholders are afforded identical treatment. Through the Bank that has custody over the ADRs, the Company fosters the participation of ADR holders –many of whom are

				institutional investors- in Annual General Meetings.
V.2.5 At the Shareholders' Meetings in which the nominations to the Board of Directors are debated, (i) the position of each one of the candidates is made known as to whether or not to adopt a Corporate Governance Code; and (ii) the foundations for such position are also made known previous to the vote.			X	With the Company having adopted this Corporate Governance Code Report, the position concerning the acceptance of each Board member is impliedly embodied.
Recommendation V.3: Guarantee the principle of equality between shares and votes. Answer if: The Issuer relies on a policy that promotes the principle of equality between shares and votes. State the changes in the structure of the outstanding shares by class in the past three years.	X			The principle of equality between shares and votes is safeguarded by the Company's by-laws. The Company does not have its capital stock classified by classes of shares.
Recommendation V.4: Establish mechanisms to safeguard all the shareholders in the event of takeovers. Answer if: The Issuer adheres to the mandatory public tender offer regime. If not, explain further if there are other alternative mechanisms set forth in the by-laws, as would be the case of tag-along or other rights.	X			Upon the issuance of Decree 677/2011, the Company resolved not to adhere to the mandatory public tender offer regime. However, after the passage of the new Capital Markets Law No. 26,831, all publicly traded companies are subject to the provisions of the mandatory public tender offer regime, as set forth in sections 87 et seq. Section 9 of the Company's by-laws provides that there are no limitations on the transfer of its shares except for those cases in which the control or 35% or more of the Company's capital stock is acquired, in which case the mechanism described therein shall be followed. Certain cases are excluded, though, such as those cases where control was already exercised or where it derives from the receipt of dividends or other payments in kind.
Recommendation V.5: Increase the percentage of outstanding shares over capital stock. Answer if: The Issuer relies on shareholder dispersion for at least 20 per cent for its ordinary shares. If not, the Issuer relies on a policy to increase	X			The controlling company CRESUD SACIFyA holds 63.77% of the outstanding shares of stock (considering repurchased treasury shares), the remaining 36.23% is held by local and foreign investors. Over the past three years, dispersion was always higher than 20%.

shareholder dispersion through the market. Indicate the percentage of shareholder dispersion as a percentage of the Issuer's capital stock and the changes in such percentage over the last three years.				
<u>Recommendation V.6</u>: Make sure that there is a transparent dividend policy. Answer if:				
V.6.1 The Issuer relies on a dividend distribution policy set forth in the Bank's By-laws and approved by the Shareholders' Meeting setting out the conditions for distributing dividends in cash or in shares. If such policy exists, state the criteria, frequency and conditions that must be satisfied for the payment of dividends.	X			The Company's Shareholders' Meeting resolved, as a dividend policy, the distribution of an amount not to exceed the higher of: a) 20% of sales, leases and services from the "Offices and Other" segment, as defined in segment information, as of June 30 of each year; or b) 20% of the net income as stated in the Consolidated Income Statement as of June 30 of each year. This policy requires that the Company, at all times, complies with the covenants imposed by its financial obligations. Given the recent transfer of offices to our subsidiary IRSA Propiedades Comerciales S.A., the Company is currently analyzing the possibility to modify the policy in effect.
V.6.2 The Issuer relies on documented process to prepare the proposal to allocate the Issuer's retained earnings in order to raise reserves –be them statutory, voluntary and contemplated by the by-laws-, transfer earnings to future fiscal years and/or pay dividends. Explain these processes further and identify the minutes of the Annual General Meeting that approves the distribution (in cash or in shares) or not of dividends, if this is not contemplated in the By-laws.	X			Once the Company's legal, financial, and business requirements are assessed, General Management prepares a proposal to appropriate results and submits them to the Board. Afterwards, the Board submits its proposal to the respective Annual General Meeting.
PRINCIPLE VI. MAINTAIN DIRECT AND RESPONSIBLE BONDS WITH THE COMMUNITY				
The corporate governance framework must: <u>Recommendation VI</u>: Disclose to the community matters concerning the Issuer and provide a direct means of communication to the company. Answer if:				

VI.1 The Issuer has a website accessible to the public and updated that should supply not only relevant company information (the Bank's By-laws, the conglomerate, the composition of the Board of Directors, financial statements, annual reports, to name but a few) but also receive the concerns of users in general.	X			The Company has a website (www. irsa.com.ar) for the public in general to access to the Company's institutional information, its corporate responsibility practices and an investor section containing all the financial information that is relevant to current and/or potential shareholders. In addition, it is a channel for contacting the following areas: Investor Relations, Institutional Relations, Commercial Areas and Human Resources. In addition, this web-site allows the community to communicate with the Ethics Committee to deal with users' concerns and a channel to receive various types of reports.
VI.2 The Issuer releases a Social and Environmental Responsibility Statement on an annual basis, verified by an independent External Auditor. If this statement is released, state its scope or its legal or geographical coverage and where it is available. Specify the rules or initiatives adopted to implement the enterprise social responsibility policy (Global Reporting Initiative and/or the UN's Global Pact, ISO 26.000, SA8000, UN's Millennium Development Goals, SGE 21-Foretica, AA 1000, Ecuador Principles, to name but a few).		X		The Company is working on new indicators for gathering data regarding investments made through the area responsible for CSR (Corporate Social Responsibility) matters. This year, the Company will publish a summary describing the main CSR actions and the progress made during fiscal year 2015/2016.
PRINCIPLE VII. REMUNERATE EQUITABLY AND RESPONSIBLY				
The corporate governance framework must: <u>Recommendation VII</u>: Establish clear policies to remunerate the Issuer's Board and Senior Management members, giving special consideration to any limits imposed by contracts or the by-laws based on the existence of earnings or not.				
Answer if: VII.1. The Issuer relies on a Remunerations Committee:			X	As of the date of this report, the Company did not have a Remunerations Committee, which is furthermore not required by currently applicable rules and regulations. Directors' remuneration is determined in conformity with the provisions under the General Companies Law taking into account whether directors discharge technical and administrative duties or not and based on the Company's

				earnings for the fiscal year. On an annual basis, the Audit Committee considers and renders an opinion on the proposal of directors' fees that the Board will submit to the Annual General Meeting for its approval.
VII.1.1 made up by at least three Board members, a majority of whom are independent,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.2 chaired by an independent Board member,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.3 that has members who evidence sufficient skills and expertise in human capital policies,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.4 that meets at least twice a year,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.5 whose decisions are not necessarily binding on the Annual General Meeting or on the Surveillance Committee but rather in a consultative nature when it comes to the remuneration of Board members.			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.2 Should the Issuer have a Remunerations Committee, it:			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.1 makes sure that there is a clear relationship between the performance of key personnel and its fixed and variable remuneration taking into account the risks taken on and their management,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.2 supervises that the variable portion of the remuneration of Board members and Senior Management members is linked to the Issuer's medium- and/or long-term performance,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.3 reviews the Issuer's position vis-à-vis competitors concerning its policies and practices applicable to the remunerations and benefits it pays and recommends whether to modify them or not,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.4 defines and communicates the policy applicable to key personnel retention, promotion, dismissal and suspension,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.

VII.2.5 informs the guidelines that determine the retirement plans of the Issuer's Board and Senior Management members,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.6 is regularly accountable to the Board and the Annual General Shareholders' Meeting on the actions undertaken and the issues analyzed at their meetings,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply
VII.2.7 ensures that the Chairman of the Remunerations Committee attends the Annual General Meeting that approves remunerations to the Board for him to explain the Issuer's policy concerning the remuneration of the Board and the Senior Management members.			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply
VII.3 If relevant, please add policies implemented at the initiative of the Issuer's Remunerations Committee which have not been mentioned in the preceding Item.			X	Not applicable
VII.4 In the absence of a Remunerations Committee, explain how the functions described in VII. 2 are discharged within the Board itself.	X			In accordance with what has been discussed in Item VII.1, the Company does not have a Remunerations Committee. Based on the proposal of the fees to be paid to the Board members to be approved by the Annual General Meeting, the Audit Committee assesses and renders an opinion on the reasonableness of the total sum of fees against the earnings for the year, evaluating also the responsibilities inherent in the position, the dedication demanded for discharging duties, the professional experience and dedication in addition to consistency with the approvals conferred in previous fiscal years. As concerns the remuneration payable to senior managers and as mentioned in II.1.1.4, the Executive Committee delegates to the CEO and to the Human Resources Department the establishment of the remuneration payable to senior managers. In establishing these fees, what is taken into account is the responsibility, the performance and external competitiveness by entrusting specialized consultants with market surveys. In addition to determining a fixed amount, the portion of variable remuneration payable to senior managers is in line with the Company's

				objectives for the short, medium and long terms. The Company also has long-term retention plans that are communicated to key personnel.
PRINCIPLE VIII. FOSTER ENTERPRISE ETHICS				
The corporate governance framework must: <u>Recommendation VIII</u>: Guarantee ethical behaviors at the Issuer.				
Answer if: VIII.1 The Issuer relies on a Code of Enterprise Conduct. Indicate the main guidelines and whether it is available to the public. This Code is signed by, at least, the members of the Board of Directors and of senior management. Indicate if the Issuer promotes extending the enforcement of this code to suppliers and customers.	X			The Company has a Code of Ethics approved by the Board that applies to all the Company's directors, syndics and employees and it establishes that they must act with honesty, integrity and responsibility when they interact with each other, with clients, investors, suppliers, government officials and the press and with other institutions and individuals. The Code of Ethics is available to the public at large and it has been published in the Company's web-page and is signed by the members of the Board of Directors and by the Company's employees.
VIII.2 The Issuer relies on mechanisms to receive reports about illegal or unethical behaviors submitted personally or by electronic means ensuring that the information relayed is treated in the outmost confidentiality and abides by the highest standards of information recording and preservation. Indicate if the service to receive and assess reports is rendered by the Issuer's personnel or by external independent professionals to afford whistleblowers increased protection.	X			The Company has provided for mechanisms to receive reports of illegal or anti-ethical behaviors through several communication channels which are described in the Code of Ethics. The channels made available comprise an e-mail address and a telephone number for the Ethics Committee, the e-mail addresses and the telephone numbers of the members of the Ethics Committee and a regular mail address for the Ethics Committee. In addition, for reports or concerns about accounting matters, accounting internal control or audit matters, the Audit Committee has an incoming box for reports that it manages directly. The reports can be placed anonymously and their treatment as confidential is guaranteed. The information conveyed is treated with high confidentiality and integrity standards and it is equally subject to stringent information recording and preservation standards. The service to receive and evaluate complaints is internal and it is the responsibility of the Ethics Committee and the Audit Committee as applicable.
VIII.3 The Issuer relies on policies, processes and systems to handle	X			To handle complaints and to find a solution to them, the Company has

and find a resolution for the reports mentioned in Section VIII.2. Describe their most relevant aspects and indicate the degree of involvement of the Audit Committee in said resolutions, in particular in those reports associated to internal controls for financial reporting and on the behaviors of Board and senior management members.				established a procedure whose main aspects are described below: • Receipt: complaints are received and analyzed by the Ethics Committee. • Registration: each complaint is registered. • Analysis and resolution: each complaint is analyzed and a resolution is found in its respect. • Communication: all the reports received by the Ethics Committee are communicated to the Audit Committee (they are reported on a quarterly basis). As for complaints placed with the Audit Committee, it will be the Audit Committee that first determines how to analyze them and which solution to give to them.
PRINCIPLE IX: FURTHER THE SCOPE OF THE CODE				
The corporate governance framework must: Recommendation IX: Promote the inclusion of the provisions inherent in good corporate governance practices in the Bank's by-laws. Answer if: The Board of Directors evaluates whether the provisions of the Corporate Governance Code must be reflected, in whole or in part, in the Bank's By-laws, including the general and specific responsibilities of the Board of Directors. Identify the provisions that will be actually included in the Bank's By-laws as from the coming into force of the Code until to date.	X			The Company's By-laws satisfy the requirements imposed by the General Companies Law and applicable rules and regulations in line with the Public Offering Regime, and its own Code of Ethics. The Company's By-laws include provisions analogous to, and coincidental with, the above-mentioned provisions in the field of composition of governance bodies, particularly the Board of Directors –functions, rotation and responsibilities-, the Supervisory Committee and the Executive and Audit Committees. Concerning conflicts of interest, it is the General Companies Law that applies directly, together with the rules and regulations that govern the capital markets. The By-laws do not contain any provision that impedes heeding recommendations that it does not specifically prescribe. It is for this reason that the Board understands that nothing warrants amending the by-laws for the time being. Therefore, the Company considers that it has in place an adequate regulatory framework concerning Corporate

				Governance; however, the Board may in the future consider the timing and advisability of including other provisions aimed at optimizing good corporate governance practices.-

(1) Check with an "X" if applicable.
(2) In the event of total compliance, report how the Issuer abides by the principles and heeds the recommendations of the Corporate Governance Code.
(3) In the event of Partial compliance or of Non-compliance, please state the reasons and describe the actions that the Issuer's Board is planning to implement in order to incorporate the recommendations not yet heeded in the coming fiscal year/s, if any.

Alejandro Gustavo Elsztain
Vice-chairman II