

An aerial photograph of the Llao Llao Resort in Bariloche, Argentina. The resort is a large complex of multi-story buildings with red-tiled roofs and wooden balconies, situated on a green hillside. A golf course is visible to the left of the resort, and a small lake or pond is in the foreground. The background is dominated by a dense forest of evergreen trees, with rolling mountains visible in the distance under a clear blue sky.

# Earnings Release

Second Quarter of FY 2016

**IRSA cordially invites you to participate in the six month period  
FY 2016, results conference  
Wednesday, February 17, 2016 at 9:00 a.m. ET**

The call will be hosted by:

**Alejandro Elsztain, IIVP**

**Daniel Elsztain, COO**

**Matías Gaivironsky, CFO**

To participate please call:

**888-734-0544 if you are in the U.S. or**

**+1-706-758-3363 for international calls or**

**0-800-666-0273 if you are in Argentina**

**PIN # 36366344**

In addition, you can Access through the following webcast:

[http://webcast.neo1.net/Cover.aspx?PlatformId=83J3gZ8GgS%2BV1MTqedjJhw%](http://webcast.neo1.net/Cover.aspx?PlatformId=83J3gZ8GgS%2BV1MTqedjJhw%2B)

Preferably 10 minutes before the call is due to begin.

The conference will be in English.

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**PLAYBACK**

**Available until February 24, 2016**

Please call: **+1-855-859-2056 (International) or**

**855-859-2056 (US)**

Con el pin # 36366344

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## **IRSA Inversiones y Representaciones Sociedad announces its results for the Second Quarter of Fiscal Year 2016:**

### Highlights for the period

- During this quarter IIQ16 we started consolidating Assets and Liabilities of our investment in IDB Development Corporation and as of the next quarter we will also consolidate results.
- Net loss for the first semester of fiscal year 2016 was ARS 910.0 million mainly due to a decrease in the stock price of Clal Insurance, lower net financial results and higher losses from exchange rate differences.
- EBITDA of the company, excluding the expenses from the transference of assets to IRSA Commercial Properties and sales of Investment Properties grew by 28.3% in the six month period of 2016 compared to the same period of 2015.
- Tenant sales in our shopping centers rose 39.5% during the semester (32.0% considering the same shopping centers) and portfolio occupancy was 99.0%.
- We generated a gain from investment properties sales for ARS 1,029 million.



**Buenos Aires, February 11, 2016** - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BASE: IRSA), Argentina's leading real estate company, announces today the results of its operations for the six month period of FY 2016 ended December 31, 2015.

## **I. Brief comment on the Company's activities during the period, including references to significant events occurred after the end of the period.**

### **Consolidation of IDB Development Corporation**

On October 11, 2015, the Group acquired control of the Israeli company IDB Development Corporation Ltd. ("IDBD"). During this quarter, the consolidation will be reflected in the balance sheet, and as from the third quarter, it will also be disclosed at income statement level. IDBD's fiscal year-end is on December 31 of each year, whereas the Company's is on June 30. Moreover, in compliance with Israeli regulations, IDBD reports its quarterly and annual results after the expiration of the Argentine statutory terms. For such reasons, the Company will be unable to have available IDBD's quarterly results as and when due in order to report them to the CNV in its financial statements for the period ended December 31, 2015. Thus, the Company will consolidate results from IDBD's operations with a three-month mismatch adjusted for the effects of material transactions occurred during the reported period. In this way, the results of IDBD's operations for the period running from October 11, 2015 (date of acquisition) until December 31, 2015 will be included in the interim comprehensive results of the Group for the nine-month period ending on March 31, 2016.

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). IDBD's shares are listed in the Tel Aviv Stock Exchange ("TASE") since May 2014.

Significant assets have been added in various industries in which the Group did not have investments until to date, as well as liabilities for loans taken by IDBD and its subsidiaries.

The company is conducting the "Purchase Price Allocation" process. As of December 31, 2015, the degree of progress was 50% and the expected completion date is June 30, 2016.

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. From the next quarter onwards, results and the various business lines will be disclosed according to this breakdown.

### **Consolidated Income** (ARS million)

<b>In ARS Million</b>	<b>IIQ 16</b>	<b>IIQ 15</b>	<b>YoY Var</b>	<b>6M16</b>	<b>6M 15</b>	<b>YoY Var</b>
Revenues from sales, leases and services	856	670	27.8%	1,570	1,259	24.7%
Operating Income	1,223	945	29.4%	1,948	1,586	22.8%
Depreciation and Amortization	51	42	21.4%	106	85	24.7%
EBITDA*	636	798	(20.4%)	1,025	798	28.3%
Net (Loss) / Income	(596)	(89)	-	(910)	47	-
Attributable to the parent company's shareholders	(213)	2	-	(487)	5	-
Attributable to non-controlling interest	(383)	(91)	-	(423)	42	-

\* \* EBITDA: Operating Income plus depreciation and amortization excluding sales of investment properties for the period and expenses incurred in the transfer of assets occurred in December 2014 and the translation reserve of Madison building during the 6-month period of 2015.

Revenues from sales, leases and services for the first half of 2016 were 24.7% higher than in the first half of 2015, mainly explained by an increase in revenues from the "Shopping Centers" and "Hotels" segments, partially offset by the "Offices" segment due to sales of certain floors during the period, and the "Sales and Developments" segment.

The Company's Operating Income and EBITDA, excluding expenses incurred in the transfer of assets and sales of investment properties, grew 22.8% and 28.3%, respectively.

Net loss for the first 6-month period of fiscal year 2016 was ARS 910 million, compared to net income for ARS 47 million in the same period of 2015, mainly due to:

- A decrease in the value of the investment in IDBD, which has changed its valuation method effective as of the first quarter of 2016, with no impact in the second quarter due to the consolidation.
- Starting this quarter, with the consolidation of IDBD, we recorded a loss of ARS 797 million by the decrease in the stock price of Clal Insurance Company, which is maintained as an asset available for sale. It should be mentioned that in the context of a public process of selling the company together with Citibank and Aon, we received three binding offers with an implied valuation of the company around NIS 4,800 million that could not be realized by the end of December 2015 because of a disagreement between the buyer and the regulatory authorities in Israel.
- We recorded lower financial income / (loss), net and a higher loss from exchange rate differences due to the depreciation of the peso vis-à-vis the dollar in December 2015, which impacted on our dollar-denominated indebtedness. We avoid further losses in net income because we have covered part of the debt in dollars with future contracts of exchange rate.

## Operating Center in Argentina

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

During the second quarter of fiscal year 2016, consumption levels at shopping centers increased, and December, a highly seasonal month due to Christmas sales, has been very positive.

Our tenants' sales reached ARS 14,862.8 million during the first six months of fiscal year 2016, 39.5% higher than in the same period of 2015 (32.0% without considering sales from Distrito Arcos and Alto Comahue Shopping). In the second quarter of 2016, sales from the same shopping centers grew by 35.7% compared to 2015. Our portfolio's leaseable area totaled 333,719 square meters during the period under review, whereas the occupancy rate stood at optimum levels, reaching 99.0%.

	IIQ 16	IIQ 15	YoY Var	6M 16	6M 15	YoY Var
Revenues	660	479	37.8%	1,193	867	37.6%
Operating Income	476	352	35.2%	854	627	36.2%
Depreciation and Amortization	40	30	33.3%	82	61	34.4%
EBITDA	518	384	34.9%	938	689	36.1%

	IIQ 16	IQ 15	IVQ 15	IIIQ 15	IIQ 15
Total Leaseable Area (sqm) <sup>(1)</sup>	333,719	334,055	333,911	333,432	320,761
Tenants' Sales (3 month cumulative) <sup>(1)</sup>	8,275	6,586.9	6,125.0	4,727.3	6,097.4
Occupancy <sup>(1)</sup>	99.0%	98.9%	98.7%	98.5%	98.4%

(1) 16-FP Includes Distrito Arcos (opening: December 18, 2014): Total Leaseable Area (sqm) 10,745. Sales (MM); and Alto Comahue (opening March 17, 2015): Total Leaseable Area (sqm) 9,827. Sales (MM).

Revenues from this segment grew 37.4% during this quarter, whereas Operating Income reached ARS 377.9 million. Revenues from this segment grew 37.6% during this six-month period, whereas Operating Income reached ARS 854 million (+ 36.1% compared to the second quarter of 2015). The EBITDA margin, excluding income from common expenses and common promotional fund, was 78.7%, in line with the margins recorded in the same period of 2015.

Operating data of our Shopping Centers as of December 31, 2015

Shopping Centers	Date of Acquisition	GLA (sqm) <sup>(1)</sup>	Stores	Occupancy (%) <sup>(2)</sup>	IRSA CP's Interest <sup>(3)</sup>	Book Value (ARS million) <sup>(4)</sup>
Abasto <sup>(5)</sup>	Jul-94	36,813	170	99.5%	100%	251
Alto Palermo	Nov-97	18,834	142	100.0%	100%	219
Alto Avellaneda	Nov-97	36,117	138	100.0%	100%	129
Alcorta Shopping	Jun-97	15,430	111	99.7%	100%	106
Patio Bullrich	Oct-98	11,636	89	99.7%	100%	111
Alto Noa	Mar-95	19,093	90	100.0%	100%	32
Buenos Aires Design	Nov-97	13,903	62	97.9%	53.7%	10
Mendoza Plaza	Dec-94	42,101	142	97.1%	100%	98
Alto Rosario <sup>(5)</sup>	Nov-04	30,183	146	98.0%	100%	115
Córdoba Shopping –Villa Cabrera	Dec-06	15,302	109	99.8%	100%	59
Dot Baires Shopping	May-09	49,848	158	100.0%	80%	372
Soleil Premium Outlet	Jul-10	13,991	78	100.0%	100%	82
La Ribera Shopping	Aug-11	9,896	64	98.7%	50%	25
Distrito Arcos <sup>(6)</sup>	Dec-14	10,745	59	96.9%	90.0%	268
Alto Comahue <sup>(7)</sup>	Mar-15	9,827	105	95.7%	99.1%	322
<b>Total</b>		<b>333,719</b>	<b>1,663</b>	<b>99.0%</b>		<b>2,199</b>

**Notes:**

- (1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.
- (2) Calculated dividing occupied square meters by leasable area on the last day of the period.
- (3) Effective interest held by the company in each of its business units.
- (4) Cost of acquisition plus improvements, less cumulative depreciation, plus adjustment for inflation, if any. Amounts are stated in thousands of pesos (ARS).
- (5) Excludes Museo de los Niños (3,732 square meters in Abasto and 1,261 square meters in Alto Rosario).
- (6) Opening on December 18, 2014.
- (7) Opening on March 17, 2015.

Cumulative tenants' sales as of December 31

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

Shopping Centers	IIQ 16	IIQ 15	YoY Var	6M 16	6M 15	YoY Var
Alto Palermo	1,036.5	798.3	29.8%	1,796.7	1,405.4	27.8%
Abasto Shopping	1,150.5	910.5	26.4%	2,104.3	1,621.0	29.8%
Alto Avellaneda	1,124.9	843.0	33.4%	1,997.9	1,457.2	37.1%
Alcorta Shopping	581.7	466.8	24.6%	993.9	781.3	27.2%
Patio Bullrich	306.1	272.0	12.5%	552.5	469.8	17.6%
Buenos Aires Design	105.9	83.7	26.6%	208.6	159.1	31.1%
Dot Baires Shopping	974.9	776.2	23.0%	1,692.1	1,324.6	27.7%
Distrito Arcos (1)	333.5	261.0	27.8%	625.6	462.8	35.2%
Soleil	257.3	24.7	943.7%	470.6	24.7	1,809.1%
Alto Noa Shopping	376.6	289.0	30.3%	689.3	515.0	33.8%
Alto Rosario Shopping	748.9	548.6	36.5%	1,342.1	951.2	41.1%
Mendoza Plaza Shopping	629.6	507.3	24.1%	1,204.1	931.0	29.3%
Córdoba Shopping	287.6	220.6	30.4%	508.0	373.5	36.0%
La Ribera Shopping <sup>(2)</sup>	163.7	95.9	70.8%	316.6	179.8	76.1%
Alto Comahue <sup>(3)</sup>	198.3	0.0		360.6	0.0	-
<b>Total<sup>(4)</sup></b>	<b>8,275.89</b>	<b>6,097.37</b>	<b>35.7%</b>	<b>14,862.75</b>	<b>10,656.42</b>	<b>39.5%</b>

1) Distrito Arcos: opening on December 18, 2014.

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

(3) Alto Comahue: opening on March 17, 2015.

(4) Excluding Distrito Arcos and Alto Comahue: Total 6M 16 (ARS M) 13,717.7 Var 29.0%.

### Cumulative tenants' sales as of December 31

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

Type of Business	IIQ 16	IIQ 15	YoY Var	6M 16	6M 15	YoY Var
Anchor Store	455.9	374.3	21.8%	822.8	672.0	22.4%
Clothes and Footwear	4,487.3	3,286.8	36.5%	7,805.3	5,540.9	40.9%
Entertainment	174.0	137.9	26.2%	456.6	320.5	42.5%
Home	208.6	164.9	26.5%	398.2	300.7	32.4%
Restaurant	637.2	469.3	35.8%	1,302.2	919.9	41.6%
Miscellaneous	1,014.4	782.8	29.6%	1,750.4	1,352.6	29.4%
Services	123.8	51.5	140.3%	217.8	85.8	153.8%
Electronic appliances	1,174.7	829.9	41.5%	2,109.5	1,463.9	44.1%
<b>Total<sup>(1)</sup></b>	<b>8,275.89</b>	<b>6,097.4</b>	<b>35.7%</b>	<b>14,862.75</b>	<b>10,656.4</b>	<b>39.5%</b>

(1) Excluding Distrito Arcos and Alto Comahue: Total IIQ 16 (ARS MM). Var %, Total 6M 16 (ARS MM). Var %.

### Revenues from cumulative leases as of December 31 of fiscal periods 2016 and 2015

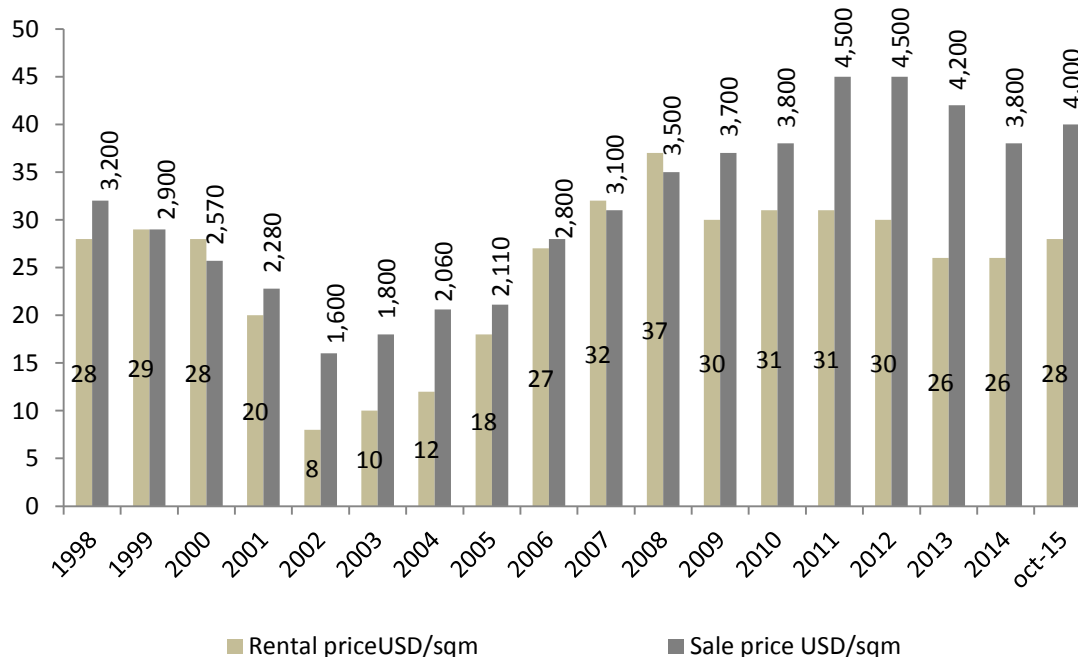
(ARS thousand)

Detailed Revenues	IIQ16	IIQ15	YoY Var	6M 16	6M 15	YoY Var
Base Rent	323.5	229.9	40.71%	608.7	445.4	36.68%
Percentage Rent	220.9	172.0	28.46%	361.9	260.2	39.08%
<b>Total Rent</b>	<b>544.4</b>	<b>401.9</b>	<b>35.47%</b>	<b>970.6</b>	<b>705.6</b>	<b>37.56%</b>
Admission rights	48.1	36.9	30.18%	93.2	71.6	30.17%
Fees	18.0	6.7	167.25%	33.7	20.9	61.69%
Parking	38.3	28.1	36.48%	75.2	52.9	42.26%
Management fees	10.3	6.9	50.53%	17.6	13.0	34.86%
Other	1.5	-1.6	-191.30%	3.1	2.6	20.11%
<b>Total revenues from sales, leases and services</b>	<b>660.7</b>	<b>478.9</b>	<b>37.97%</b>	<b>1,193.5</b>	<b>866.6</b>	<b>37.73%</b>

## III. Offices

The A+ office market in the City of Buenos Aires remains robust. Demand for Premium commercial spaces continues to be firm, in the whereabouts of USD 4,000 per square meter, while rental prices increased slightly as compared to the previous year, averaging USD 28 per square meter. The vacancy rate stood at 10.5% in the City of Buenos Aires in line with the figures recorded in 2014.

### Rental and Sale Prices of A+ Office – City of Buenos Aires



Source: L.J. Ramos

In ARS Million	IIQ 16	IIQ 15	YoY Var	6M16	6M 15	YoY Var
Revenues	70	82	(14.6%)	145	163	(11.0%)
Operating Income	40	(55)	(172.7%)	84	(1)	-
Depreciation and amortization	7	8	(12.5%)	17	17	0.0%
EBITDA	47	64	(25.6%)	101	127	(20.5%)

Revenues from the Offices segment decreased by 11.0% in the first half of fiscal year 2016 due to a 27.3% reduction in the leaseable area as a result of the sales made during the period. In addition, the portfolio's occupancy recorded a slight decline, down to 94.2% due to the vacancy of two floors in the "República" building which we expect to occupy in the short term and the sales of office floors that were occupied at 100%. The segment's EBITDA, excluding expenses incurred in the transfer of assets, dropped by 20.5% during the period compared to the same period of the previous fiscal year due to lower revenues and higher administrative and selling expenses.

The EBITDA margin for the six-month period of 2016 stood at 70.0% (compared to 73.4% in the same period of 2015).

	IIQ 16	IQ 16	IVQ 15 <sup>(1)</sup>	IIIQ 15	IIQ 15
Leaseable area	81,918	94,862	111,678	112,575	112,621
Occupancy	94.2%	96.9%	98.1%	98.6%	98.7%
Monthly Rent (ARS/sqm)	338	243.5	230.2	223.0	218.1
Monthly Rent (USD/sqm)	26.0	25.9	25.3	25.5	25.4

<sup>(1)</sup> Includes 9 floors of Intercontinental Building sold on June 30, 2015.

The portfolio's rental prices rose, reaching USD 26 per square meter.

Below is information on our offices and other rental properties segment as of December 31, 2015.

	Date of Acquisition	Leaseable Area sqm <sup>(1)</sup>	Occupancy Rate <sup>(2)</sup>	IRSA's Effective Interest	Book Value <sup>(3)</sup> (ARS million)
<b>Offices</b>					
Edificio República <sup>(4)</sup>	04/28/08	19,885	90%	100%	192
Torre Bankboston <sup>(4)</sup>	08/27/07	14,873	94%	100%	137
Bouchard 551	03/15/07	-	-	100%	8
Intercontinental Plaza <sup>(4)</sup>	11/18/97	7,467	100%	100%	24
Bouchard 710 <sup>(4)</sup>	06/01/05	15,014	100%	100%	61
Dique IV, Juana Manso 295	12/02/97	-	-	100%	-
Maipú 1300	09/28/95	1,353	100%	100%	5
Libertador 498	12/20/95	620	100%	100%	4
Suipacha 652/64 <sup>(4)</sup>	11/22/91	11,465	83%	100%	8
Madero 1020	12/21/95	-	-	100%	0
Dot Building <sup>(4)</sup>	11/28/06	11,242	100%	80%	124
<b>Subtotal Offices</b>		<b>81,918</b>	<b>94%</b>	<b>N/A</b>	<b>563</b>
<b>Other Properties</b>					
Santa María del Plata S.A.	10/17/97	106,100	100%	100%	13
Nobleza Piccardo <sup>(5)</sup>	05/31/11	109,610	75%	50%	7
Other Properties <sup>(6)</sup>	N/A	39,232	42%	N/A	87
<b>Subtotal Other Properties</b>		<b>254,942</b>	<b>80%</b>	<b>N/A</b>	<b>107</b>
<b>TOTAL OFFICES AND OTHER</b>		<b>336,860</b>	<b>84%</b>	<b>N/A</b>	<b>669,409</b>

**Notes:**

- (1) Total leaseable area for each property as of December 31, 2015. Excludes common areas and parking.
- (2) Calculated dividing occupied square meters by leaseable area as of December 31, 2015.
- (3) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment.
- (4) Through IRSA Propiedades Comerciales S.A.
- (5) Through Panamerican Mall S.A.
- (6) Through Quality Invest S.A.
- (7) Includes the following properties: Ferro, Dot Adjoining Plot, Anchorena 665, Chanta IV, Constitución 1111 and Rivadavia 2774.



## IV. Sales and Developments

Sales and Developments in millions of ARS	IIQ 16	IIQ 15	YoY Var	6M16	6M 15	YoY Var
Revenues	2	2	0.0%	5	7	(28.6%)
Operating Income	587	468	25.4%	937	774	21.1%
Depreciation and Amortization	-	-	-	-	-	-
EBITDA	586	468	25.2%	936	774	20.9%

The Sales and Developments segment posted similar revenues compared to the first half of 2015, underpinned by sales of the "Horizons" complex for ARS 4 million during the first half of 2016 and sales in Condominios del Alto I (Parcel 2G) during the first half of 2015. Operating income and EBITDA increased 21.1% and 20.9%, respectively, due to higher revenues from sales of investment properties than in the first half of 2015 for ARS 1,029 million.

### Sales of Investment Properties during the six-month period of FY 2016:

#### Maipú 1300 Building (City of Buenos Aires)



- ✓ During July and August 2015, 1,761 sqm corresponding to 4 floors of the Maipú 1300 building were sold, at a gain of ARS 57.1 million. During November and December 1,690 sqm were sold corresponding to 4 additional floors of this building generating a gain of ARS 52.9 million.

#### Intercontinental Plaza Building (City of Buenos Aires)



- ✓ On September 10, our subsidiary IRSA Propiedades Comerciales sold 5,963 sqm comprising seven office floors, 56 parking spaces and 3 storage spaces for a total amount of ARS 324.5 million, at a gain of ARS 300.0 million.

#### Isla Sirgadero (Province of Santa Fe)



- ✓ On September 3, the 8,262,600 sqm plot was sold for a total amount of USD 4.0 million, at a gain of ARS 32.6 million.

## Juana Mansa 294 Building ("Dique IV")



- ✓ On December 2015, the entire Dique IV building located in Puerto Madero was sold, at a gain of ARS 586.8 million.

## "Catalinas" Partial Sale

- ✓ On December 2015, 4,896 sqm were sold 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 ARS 180.3 million.

Accumulated sales as of September 30 of the fiscal periods

DEVELOPMENT	IIQ 16	IIQ 15	Var %
<b>Residential apartments</b>			
Condominios I and II <sup>(1)</sup>	0	4	(100.0%)
Caballito Nuevo	0	1	(100.0%)
Libertador 1703 and 1755 (Horizons) <sup>(2)</sup>	4	1	(300.0%)
Other residential apartments <sup>(3)</sup>	1	-	(100.0%)
<b>Subtotal Residential Apartments</b>	<b>5</b>	<b>6</b>	<b>(16.7)%</b>
<b>Residential Communities</b>			
Abril/Baldovinos <sup>(4)</sup>	0	1	(100.0%)
<b>Subtotal Residential Communities</b>	<b>0</b>	<b>1</b>	<b>(100.0%)</b>
<b>TOTAL</b>	<b>5</b>	<b>7</b>	<b>(28.6%)</b>

(1) Through IRSA Propiedades Comerciales S.A.

(2) Owned by CYRSA S.A.

(3) Includes the following properties: Units to be received in Beruti through IRSA CP, Torres Jardín, San Martín de Tours, Rivadavia 2768, Caballito Plot and Pereiraola Plots through IRSA.

(4) Includes sale of shares in Abril.

Development	Company	Interest	Date of Acquisition	Land Area sqm	Saleable area sqm <sup>(1)</sup>	Buildable area sqm	Sold <sup>(2)</sup>	Title Deed Executed <sup>(3)</sup>	Location	Accumulated revenues as of December 2015	Accumulated revenues as of December 2014	Book Value (ARS Million)
Residential Properties												
Available for sale												
Condominios del Alto I	IRSA CP	100%	04/30/1999	-	2,082	-	71%	67%	Santa Fe	-	4	0
Condominios del Alto II	IRSA CP	100%	04/30/1999	-	5,009	-	96%	93%	Santa Fe	-	-	1
Caballito Nuevo	IRSA	100%	11/03/1997	-	8,173	-	98%	98%	CABA	-	1	-
Barrio Chico	IRSA	100%	03/01/2003	-	3,492	-	99%	99%	CABA	-	-	0
El Encuentro	IRSA	100%	11/18/1997	-	127,795	-	100%	99%	Buenos Aires	-	-	-
Abril Club de Campo – Plots	IRSA	100%	01/03/1995	-	5,135	-	99%	99%	Buenos Aires	-	1	-
Abril Club de Campo – Manor House <sup>(4)</sup>	IRSA	100%	01/03/1995	31,224	34,605	-	-	-	Buenos Aires	-	-	2
Torres Jardín	IRSA	100%	07/18/1996	-	-	-	-	-	CABA	-	-	-
Entre Ríos 465/9 Apartment	IRSA CP	100%	-	-	-	-	-	-	Buenos Aires	1	-	-
Horizons	IRSA	50%	01/16/2007	-	71,512	-	100%	98%	Buenos Aires	4	1	1
Intangible – Units to be received					-					-	-	-
Beruti (Astor Palermo) <sup>(5)</sup>	IRSA CP	100%	06/24/2008	-	2,632	-	-	-	CABA	-	-	33
Caballito Manzana 35 CONIL - Güemes 836 – Mz. 99 & Güemes 902 – Mz. 95 and stores	IRSA	100%	10/22/1998	-	8,258	-	-	-	CABA	-	-	52
	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	-	N/A	-	-	Santa Fe	-	-	-
Subtotal Residential Properties				899,222	268,693	5,994				5	7	95
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	-	-	1
Mariano Acosta	IRSA	100%	02/28/1998	967,290	-	-	-	-	Buenos Aires	-	-	1
Merlo	IRSA	100%	02/28/1998	1,004,987	-	-	-	-	Buenos Aires	-	-	1
Terreno San Luis	IRSA	50%	03/31/2008	3,250,523	-	-	-	-	San Luis	-	-	2
Subtotal Land Reserves				6,028,622	-	-				-	-	7
Future Developments												

<b>Mixed Uses</b>												
UOM Lujan <sup>(6)</sup>	IRSA CP	100%	05/31/2008	1,160,000	-	N/A	N/A	N/A	Buenos Aires	-	-	42
La Adela	IRSA	100%	08/01/2014	10,580,000	-	-	N/A	N/A	Buenos Aires	-	-	215
Nobleza Picardo <sup>(7)</sup>	IRSA CP	50%	05/31/2011	159,995	-	127,996	N/A	N/A	Buenos Aires	-	-	61
Puerto Retiro	IRSA	50%	05/18/1997	82,051	-	N/A	N/A	N/A	CABA	-	-	22
Solares Santa María <sup>(8)</sup>	IRSA	100%	07/10/1997	716,058	-	N/A	N/A	N/A	CABA	-	-	159
<b>Residential</b>										-	-	-
Coto Abasto Air Space	IRSA CP	100%	09/24/1997	-	-	21,536	N/A	N/A	CABA	-	-	9
Neuquén – Housing Parcel	IRSA CP	100%	07/06/1999	13,000	-	18,000	N/A	N/A	Neuquén	-	-	1
Uruguay Zetol	IRSA	90%	06/01/2009	152,977	62,756	-	N/A	N/A	Uruguay	-	-	81
Uruguay Vista al Muelle	IRSA	90%	06/01/2009	102,216	62,737	-	N/A	N/A	Uruguay	-	-	56
Pereiraola (Greenville)	IRSA	100%	04/21/2010	-	39,634	-	-	-	Buenos Aires	-	-	8
<b>Retail</b>												
Caballito Shopping Plot <sup>(9)</sup>	IRSA CP	100%	-	23,791	-	N/A	N/A	N/A	CABA	-	-	-
Dot Potential Expansion	IRSA CP	80%	-	15,881	-	47,643	N/A	N/A	CABA	-	-	-
<b>Offices</b>												
Philips Adjoining Plots - Offices 1 & 2	IRSA CP	80%	11/28/2006	12,800	-	38,400	N/A	N/A	CABA	-	-	25
Baicom	IRSA	50%	12/23/2009	6,905	-	34,500	N/A	N/A	CABA	-	-	4
Intercontinental Plaza II <sup>(10)</sup>	IRSA CP	100%	02/28/1998	6,135	-	19,598	N/A	N/A	CABA	-	-	2
Catalinas Norte Plot	IRSA	100%	12/17/2009	3,649	-	35,300	N/A	N/A	CABA	-	-	110
<b>Subtotal Future Developments</b>				<b>13,035,458</b>	<b>165,127</b>	<b>342,973</b>				-	-	<b>795</b>
<b>Total Land Reserves</b>				<b>19,963,302</b>	<b>433,820</b>	<b>348,967</b>				<b>5</b>	<b>7</b>	<b>897</b>

**Notes:**

- (1) Saleable Area means the housing square meters proper, including 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 square meters of housing, parking and storage spaces.
- (3) % Title Deed Executed includes those sales transactions for which a Title Deed was executed. Includes square meters of housing, parking and storage spaces.
- (4) 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).
- (5) Saleable Area excludes 171 commercial parking spaces to be received and the units as compensation.
- (6) Mixed Used Feasibility requested, pending provincial approval.
- (7) 127,996 sqm arise from current laws, a draft project is being made for 479,415 buildable square meters (pending approval).
- (8) Feasibility requested for 716,058 buildable square meters, pending approval from the Legislative body of the City of Buenos Aires.
- (9) Draft project of 71,374 buildable square meters, pending approval of zoning parameters.
- (10) 6,135 sqm of surface area correspond to the parcel, which includes Inter I and II.

## V. Hotels

During the first half of fiscal year 2016, the hotel segment recorded an increase in revenues of around 14.6% due to the higher average portfolio occupancy, which reached 67.6%, and the rise in the average rate which stood at ARS 1,760/night. However, Operating Income showed a negative result of ARS 5 million mainly due to higher selling and administrative expenses. We expect better results during next quarter given the exchange rate depreciation occurred in December 2015 as hotel rates are denominated in USD.

Hotels (in millions of ARS)	IIQ 16	IIQ 15	YoY Var	6M 16	6M 15	YoY Var
Revenues	133	116	14.7%	244	213	14.6%
Operating income	2	9	(77.8%)	(5)	9	(155.6%)
Depreciation and amortization	3	4	(25.0%)	7	8	(12.5%)
EBITDA	(1)	13	(107.7%)	2	17	(88.2%)

	IIQ 16	IQ 16	IVQ 15	IIIQ 15	IIQ 15	IQ 15
Average Occupancy	67.6%	66.7%	65.7%	68.5%	68.8%	65.0
Average Rate per Room (ARS/night)	1,760	1,660	1,564	1,625	1,599	1,565
Average Rate per Room (USD/night)	178	179	182	191	190	188

The following is information on our hotel segment as of December 31, 2015:

Hotels	Date of Acquisition	IRSA's Interest	Number of Rooms	Average Occupancy (1)	Average Rate	Book Value (in millions of ARS)
Intercontinental (3)	11/01/97	76.34%	309	69.5%	1,337	52
Sheraton Libertador (4)	03/01/98	80.00%	200	77.5%	1,218	30
Llao Llao (5)	06/01/97	50.00%	205	55.1%	3,307	79
<b>Total</b>			<b>714</b>	<b>67.6%</b>	<b>1,760</b>	<b>161</b>

### Notes:

- 1) Cumulative average for the 12-month period.
- 2) Cumulative average for the 12-month period.
- 3) Through Nuevas Fronteras S.A. (IRSA's subsidiary).
- 4) Through Hoteles Argentinos S.A. (IRSA's subsidiary).
- 5) Through Llao Llao Resorts S.A. (IRSA's subsidiary).

Accumulated sales as of December 31 of the fiscal periods (ARS million)

	IIQ 16	IIQ 15	YoY Var	6M 16	6M 15	YoY Var
Intercontinental	47	42	11.3%	84	77	9.0%
Sheraton Libertador	27	27	0.2%	54	48	11.5%
Llao Llao	58	47	25.4%	106	88	20.7%
<b>Total</b>	<b>244</b>	<b>116</b>	<b>109.7%</b>	<b>244</b>	<b>213</b>	<b>14.4%</b>



## VI. International

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### Lipstick Building, New York, United States

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

As of December 31, 2015, the building reached an occupancy rate of 95.11%, thus generating an average rent of USD 65.26 per sqm.

Lipstick	Dec-15	Sept-15	YoY Var
Gross Leaseable Area (sqm)	58,094	58,092	-
Occupancy	95.11%	95.47%	-0.36pp
Rental price (USD/sqm)	65.26	65.14	0.18%

In August 2015, the entire Floor 17 and part of Floor 24 were effectively occupied, causing occupancy to rise to over 95%, the occupancy rate has remained stable since then.

Finally, since September 2014 there has been an exhibition of part of the work and life of the renowned Argentine architect Cesar Pelli, shown in the southern wing of the lobby. The exhibition was conceived, designed and staged with the close cooperation of this architectural firm.

### Investment in Condor Hospitality Inc.

We maintain our investment in the Condor Hospitality Trust hotel REIT through our subsidiary Real Estate Strategies L.P. ("RES"), in which we hold a 66.8% interest. Condor is a REIT listed in Nasdaq focused on medium-class and long-stay hotels located in 21 states of the United States of America, 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

## VII. Financial Transactions and Other

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

BHSA is a leading bank in the mortgage lending industry, in which IRSA held an equity interest of 29.94% as of December 31, 2015 (excluding treasury shares). During the first quarter of 2016, the investment in Banco Hipotecario generated income of ARS 169.8 million, 141% higher than in the same period of 2015. For further information, visit <http://www.cnv.gob.ar> or <http://www.hipotecario.com.ar>.

# Israeli Operating Center

## VIII. Investment in IDB Development Corporation

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### **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 Mordechai 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, IDBH, with its creditors (the "Arrangement").

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

During fiscal year 2015, Dolphin continued investing in IDBD and as of December 31, 2015, IRSA's indirect interest in IDBD was approximately 49%.

On May 28, 2015, ETH launched the BMBY mechanism contemplated in the Shareholders' Agreement (a clause which established that each party to the Shareholders' Agreement may offer to the counterparty to acquire (or sell, as the case may be) the shares it holds in IDBD at a fixed price). Moreover, ETH stated that the purchaser thereunder would be required to assume all obligations of the seller under the Arrangement.

On June 10 and 11, 2015, Dolphin gave notice to ETH of its intention to buy all the shares in IDBD held by ETH.

After settling certain aspects of the offer in the framework of an arbitration proceeding filed by Dolphin and ETH pursuant to the dispute resolution mechanism contemplated in the Shareholders' Agreement, on September 24, 2015, the arbiter resolved: (i) that Dolphin and IFISA (a related company of the Group) were entitled to be buyers under the BMBY process, and that ETH had to sell all its shares in IDBD (92,665,925 shares) for a price of NIS 1.64 per share; (ii) that the buyer was required to satisfy all the covenants undertaken by the seller under the Arrangement, including the commitment to conduct the tender offers ("Tender Offers") with Dolphin being liable for them; (iii) that the buyer was required to pledge for the benefit of the Arrangement Trustees the shares that had been pledged by the seller for the latter's benefit.

On October 11, 2015, the BMBY process was completed, and IFISA purchased all the shares held by ETH in IDBD. Therefore, the Shareholders' Agreement became ineffective 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. Moreover, on that same date, Dolphin pledged additional shares as security for conducting the Tender Offers, causing the number of pledged shares to increase to 64,067,710. As a result of the foregoing, the Group acquired control, and since that date it has started to consolidate IDBD.

As of December 31, 2015, Dolphin held an aggregate of 324,445,664 shares, 24,897,859 series 4 warrants, 109,342,966 series 5 warrants and 97,833,180 Series 6 warrants, representing an interest of 49.0% in IDBD. In addition, as of December 31, 2015 Dolphin held 498,140 shares of DIC and 83,023 Series 4, 5 and 6 warrants of DIC, representing a direct interest of 0.49% in DIC.

We are working on the allocation of the price paid among the various net assets acquired from IDBD; therefore, the following information is preliminary.

### **b) Tender Offers**

As described in Note 3.1 to the annual financial statements, Dolphin was required to launch the first tranche of the Tender Offers in December 2015. Before the expiration of the first tranche of the Tender Offer, Dolphin and the Arrangement Trustees reached a provisional agreement (the "Provisional Agreement"), which provides, inter alia, the following:

- (i) To postpone the date on which Dolphin would propose the first tranche of the Tender Offers until March 15, 2016, so that the Tender Offer would be in effect until March 31, 2016, and to increase the amount of the first tranche of the Tender Offer by NIS 7 million, without changing the number of shares that are entitled to participate as offerors;
- (ii) If IDBD launches an issue of shares or convertible assets by March 15, 2016 (excluding any issues of shares resulting from the execution of existing warrants) addressed to any person other than Dolphin and/or other company not entitled to participate as offeror in the Tender Offers, to increase the first tranche of the Tender Offer by NIS 53 million (in addition to the NIS 7 million referred to in paragraph (i)), without changing the total number of shares to be purchased under Tender Offer;
- (iii) To increase the securities in favor of the Arrangement Trustees so as to secure fulfillment of the commitments under the Tender Offers;
- (iv) The Provisional Agreement should be approved by the Shareholders' Meeting, after which the parties would motion that the appeal to the Supreme Court be dismissed, without cost to any of the parties;
- (v) The Provisional Agreement would be also contingent upon the execution of the Subordinated loan between Dolphin and IDBD (subordinated loan convertible to IDBD for NIS 210 million).

On December 6, 2015, the Provisional Agreement was approved and the appeal to the Supreme Court was dismissed without costs to any of the parties.

On December 1, 2015 Dolphin and IDBD executed the Subordinated Loan.

#### IDBD's Balance Sheet as of September 30, 2015 (NIS million)

Non-current Assets: 27,366	Non-current Liabilities: 25,644	
Current Assets: 12,503	Current Liabilities: 10,196	
Total Assets: 39,869	Shareholders' Equity: 4,029	Shareholders' Equity Attributable to Controlling Shareholder: 315
		Shareholders' Equity Attributable to Non-Controlling Shareholder: 3,714

## **IX. EBITDA by segment**

6M 16	Shopping Centers	Offices	Sales and Developments	Hotels	International	Financial Transactions and Other	Total
Operating income / (loss)	854	84	937	-5	87	2	1,959
Depreciation and Amortization	82	17	-	7	-	-	106
EBITDA	938	101	936	2	87	2	2,066
6M 15	Shopping Centers	Offices	Sales and Developments	Hotels	International	Financial Transactions and Other	Total
Operating income / (loss)	627	-1	774	9	179	8	1,595
Depreciation and Amortization	62	17	-	8	-	-	87
EBITDA	689	127	774	17	179	8	1,794
EBITDA Var	36.1%	(20.5)%	20.9%	(88.2)%	(51.4)%	(75.0)%	15.2%

## X. Reconciliation with Consolidated Income Statement (ARS million)

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

	Total Segment	Joint Ventures *	Common Maintenance Expenses and Common Advertising Fund	Intersegment eliminations	Income Statement
Revenues from sales, leases and services	1,587	(15)	-	(2)	1,570
Revenues from common maintenance expenses and common advertising fund	-	-	594	-	594
Costs	(382)	9	(602)	3	(972)
<b>Gross Profit / (Loss)</b>	<b>1,205</b>	<b>(6)</b>	<b>(8)</b>	<b>1</b>	<b>1,192</b>
Income from sale of investment properties	1,029	-	-	-	1,029
General and administrative expenses	(277)	1	-	3	(273)
Selling expenses	(121)	1	-	-	(120)
Other operating income, net	123	1	-	(4)	120
<b>Operating income</b>	<b>1,959</b>	<b>(3)</b>	<b>(8)</b>	<b>-</b>	<b>1,948</b>
Income / (loss) from interests in associates and joint ventures	(404)	6	-	-	(398)
<b>Income before financial income / (loss) and income tax</b>	<b>1,555</b>	<b>3</b>	<b>(8)</b>	<b>-</b>	<b>1,550</b>

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

## XI. Financial Debt and Other Indebtedness

Consolidated Financial Debt as of December 31, 2015:

### Argentine Operating Center

Description	Currency	Amount <sup>(1)</sup>	Interest Rate	Maturity
Short term loans	ARS	48.2	Variable	< 365 días
IRSA 2017 Clase I	USD	150.0	8.50%	feb-17
IRSA 2020 Clase II <sup>(4)</sup>	USD	150.0	11.50%	jul-20
ON Clase VI	ARS	0.8	Badlar + 450 bps	feb-17
Loan agreements	USD	60.0	Variable	jun-16
Other loans		0.9		
<b>Deuda Total IRSA <sup>(6)</sup></b>		<b>354.1</b>		
Bank overdrafts	ARS	4.0	Variable	< 30 días
Short term loans	ARS	8.3	23.00%	sep-16
APSA 2017 Clase I <sup>(2)</sup>	USD	120.0	7.88%	may-17
ON IRSA CP Clase I ARS	ARS	31.2	26.5% / Badlar + 400 bps	mar-17
Other loans		3.0		
Debt for asset purchase <sup>(5)</sup>	USD	240.0	8.50%	jul-20
<b>Deuda Total IRSA CP</b>		<b>406.5</b>		

## Israeli Operating Center

Indebtness	Amount <sup>(1)</sup>
Total Debt IDBD	1,181.4
Total Debt DIC	2,030.8
Total Debt Shufersal	978.7
Total Debt Cellcom	1,967.3
Total Debt PBC	2,934.4
Total Debt Others <sup>(7)</sup>	120.5

(1) Principal amount in USD (million) at an exchange rate of 13.040 ARS/USD; 6.96 BOB/USD; 3.977 BRL/USD; 3.8911 ILS/USD, without considering accrued interest or elimination of balances with subsidiaries.

(2) As of December 31, 2015, the Company had repurchased a principal amount of USD 5.7 million.

(3) As of December 31, 2015, the Company had repurchased a principal amount of USD 10.1 million.

(4) As of December 31, 2015, the Company had repurchased a principal amount of USD 14.8 million.

(5) Corresponds to a loan with IRSA due to the transference of assets in December 2014.

(6) Not including a USD 55.8 million loan agreement of IRSA with REIG V for being a related party.

(7) Includes IDB Tourism, Bartan, and IDBG

## XII. Subsequent Events

### **Argentine Operating Center**

#### **January 2016: Dividend Payment**

On January 6, 2016, the Company made available to the shareholders who were ADR holders as of July 14, 2014, the outstanding dividend balance approved at the General Ordinary Shareholders' Meeting dated June 19, 2014 and the Board Meeting dated June 26, 2014 for an amount of ARS 8,434,256.69 before tax, equivalent to an amount of approximately USD 0.04131895 per ADR.

#### **February 2016: Partial Sale of Intercontinental Plaza Building (through our subsidiary IRSA Propiedades Comerciales)**

On February 4, 2016, our subsidiary IRSA Propiedades Comerciales S.A. sold to a non-related party 851 sqm, consisting of an office floor and 8 parking spaces, in the Intercontinental Plaza building located in the "Montserrat" neighborhood of the City of Buenos Aires. IRSA Propiedades Comerciales still owns 6,308 sqm in such building.

The transaction amount was ARS 41.5 million, which have been paid in full. Gross profit from this transaction was approximately ARS 19.8 million, which will be recognized in the financial statements for the third quarter of fiscal year 2016.

#### **February 2016: Purchase Option Agreement between Dolphin and IFISA**

On February 5, 2016 Dolphin has entered into an option agreement with Inversiones Financieras del Sur S.A. ("IFISA") that grants the right but not the obligation to purchase 92,665,925 shares of IDB Development Corporation Ltd. owned by IFISA at a price per share of NIS1,64 plus an annual interest of 8.5%. The exercise date of the Option is granted for two years, as from the execution of the Option.



## Israeli Operating Center

- On January 24, 2016, IDBD's Board of Directors approved a public offering of shares to be carried out in February 2016, including 700 million common shares for a price of over NIS 0.714 per share (equivalent to \$ 2.3919 per share), representing a minimum offer of NIS 500 million \$ 1,675 million). As of the date of these financial statements, the final terms of the offering have not been defined yet.

## XIII. Comparative Summary Consolidated Balance Sheet Data

	12.31.15	12.31.14	12.31.13
Current assets	88,868	6,867	7,558
Non-current assets	45,052	2,438	1,182
<b>Total Assets</b>	<b>133,920</b>	<b>9,305</b>	<b>8,740</b>
Minority Interest	3,846	347	389
Shareholder's Equity	1,903	1,881	2,501
<b>Total Shareholder's Equity</b>	<b>5,749</b>	<b>2,228</b>	<b>2,897</b>
Non-current liabilities	90,702	4,491	4,171
Current Liabilities	37,469	2,586	1,672
<b>Total Liabilities</b>	<b>128,171</b>	<b>7,077</b>	<b>5,843</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>133,920</b>	<b>9,305</b>	<b>8,740</b>

## XIV. Comparative Summary Consolidated Income Statement Data

	12.31.15	12.31.14	12.31.13
<b>Operating income</b>	<b>1,948</b>	<b>1,586</b>	<b>527</b>
Income from interest in associates and joint ventures	(398)	(681)	51
<b>Income before financial income / (loss) and income tax</b>	<b>1,550</b>	<b>905</b>	<b>578</b>
Financial income	374	48	60
Financial expenses	(2,138)	(535)	(713)
Other financial income	(460)	8	42
<b>Financial income / (loss), net</b>	<b>(2,224)</b>	<b>(479)</b>	<b>(611)</b>
<b>(Loss) / Income before income tax</b>	<b>(674)</b>	<b>426</b>	<b>(33)</b>
Income tax	(236)	(379)	7
<b>Net (loss) / income</b>	<b>(910)</b>	<b>47</b>	<b>(26)</b>
<b>Attributable to:</b>			
<b>Controlling company's shareholders</b>	(487)	5	(22)
<b>Non-controlling interest</b>	(423)	42	(4)

## XV. Comparative Summary Consolidated Cash Flow Data

	12.31.15	12.31.14	12.31.13
Net cash provided by operating activities	600	649	422
Net cash (used in) / provided by investment activities	(1,501)	876	(625)
Net cash used in financing activities	695	(967)	(394)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(206)</b>	<b>(558)</b>	<b>(602)</b>
Cash and cash equivalents at the beginning of the fiscal year	375	610	797
Gain from exchange rate differences of cash and cash equivalents	12,863	(350)	31
Cash and cash equivalents at the end of the period	13,032	817	226

## XVI. Comparative Ratios

	12.31.2015		12.31.2014		12.31.2013	
<b><u>Liquidity</u></b>						
CURRENT ASSETS	45,052	<b>1.20</b>	2,438	<b>0.94</b>	1,182	<b>0.71</b>
CURRENT LIABILITIES	37,469		2,586		1,672	
<b><u>Indebtedness</u></b>						
TOTAL LIABILITIES	128,171	<b>67.35</b>	7,077	<b>3.76</b>	5,843	<b>2.33</b>
SHAREHOLDERS' EQUITY	1,903		1,881		2,508	
<b><u>Solvency</u></b>						
SHAREHOLDERS' EQUITY	1,903	<b>0.01</b>	1,881	<b>0.27</b>	2,508	<b>0.43</b>
TOTAL LIABILITIES	128,171		7,077		5,843	
<b><u>Restricted Assets</u></b>						
NON-CURRENT ASSETS	88,868	<b>0.66</b>	6,867	<b>0.74</b>	7,558	<b>0.86</b>
TOTAL ASSETS	133,920		9,305		8,740	

## XVII. Brief comment on prospects for the next period

Our real estate businesses in Argentina and abroad have posted very good results in the first semester of this new fiscal year. 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 2016.

Our subsidiary IRSA Propiedades Comerciales S.A. keeps recording sound growth in both its shopping centers and premium offices segments. Shopping center sales maintained very good growth rates during the second quarter of the year, and occupancy reached 99%, higher than the market average. Customer flow keeps increasing and tenants continue to choose us to showcase their brands.

We will remain active during the year by promoting marketing actions, events, and promotions in our shopping centers, which have proved to be highly effective in terms of sales and have been eagerly endorsed by the public. Moreover, we plan to optimize even further the performance of our current shopping centers and offices through improvements that result in taking better advantage of the leaseable square meters and creating higher functionality and appeal for the benefit of consumers, retailers, and tenants alike.

Offices continue to exhibit sound rental prices in USD per sqm and almost full occupancy rates of 99%, 8 pp above the average in the Buenos Aires premium market. We expect to obtain better results from our office segment during the next quarter, given the variation in the exchange rate experienced after period-end.

We were able to consummate the sale of the office assets that had not been transferred to IRSA Propiedades Comerciales, as they were intended for sale. During the second quarter of fiscal year 2016 and subsequently, we sold most of such stock, including the building on Juana Manso 297, certain floors in Maipú 1300 building, and four floors in a building to be developed on the "Catalinas" site in the City of Buenos Aires.

We are optimistic regarding the opportunities that may arise in Argentina toward the second half of the year hand in hand with the new administration. We have a large reserve of lands intended for future shopping center and office developments in an industry scenario with high growth potential, as penetration levels in terms of sales and surface area per inhabitant are lower than in other countries of the region.

As concerns our investments outside Argentina, we will continue working in the improvement of the operating ratios of our only building in New York after the sale of Madison: the Lipstick Building. 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 trust in the new senior management and hope to reap the benefits of this investment in the future. As concerns our investment in the Israeli company IDBD, we will continue working in 2016 with a view to optimizing returns from its various business lines and capital structure. 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.

# IRSA Inversiones y Representaciones Sociedad Anónima

## Consolidated Condensed Interim Balance Sheets as of December 31, 2015 and June 30, 2015

(Amounts stated in millions of Argentine pesos, except shares and per share data,  
and unless otherwise stated)

	Nota	31.12.15	30.06.15
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment properties .....	10	42,798	3,490
Property, plant and equipment .....	11	18,997	243
Properties for sale .....	12	1,295	128
Intangible assets .....	13	6,013	127
Investments in associates and joint ventures .....	8	14,259	3,173
Deferred tax assets .....	25	344	53
Income tax and minimum presumed income tax credit .....		106	109
Trade and other accounts receivable .....	17	3,183	115
Benefits to employees .....	33	3	-
Investments in financial assets .....	18	1,863	703
Derivative financial instruments .....	19	7	206
<b>Total non-current assets .....</b>		<b>88,868</b>	<b>8,347</b>
<b>Current Assets</b>			
Properties for sale .....	12	2,211	3
Inventories .....	14	2,515	23
Restricted Assets .....	16	342	9
Income tax and minimum presumed income tax credit .....		485	19
Assets available for sale .....	9	5,043	-
Trade and other accounts receivable .....	17	12,043	1,143
Investments in financial assets .....	18	9,322	295
Derivative financial instruments .....	19	59	29
Cash and cash equivalents .....	20	13,032	375
<b>Total current assets .....</b>		<b>45,052</b>	<b>1,896</b>
<b>TOTAL ASSETS .....</b>		<b>133,920</b>	<b>10,243</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Equity and reserves attributable to controlling company's shareholders</b>			
Stock capital .....		575	574
Treasury stock .....		4	5
Comprehensive adjustment of capital stock and treasury stock .....		123	123
Additional paid-in capital .....		793	793
Premium for trading of treasury shares .....		13	7
Legal reserve .....		117	117
Special reserve .....		4	4
Reserve for conversion .....		760	330
Retained earnings .....		(486)	521
<b>Total equity and reserves attributable to controlling company's shareholders .....</b>		<b>1,903</b>	<b>2,474</b>
Non-controlling interest .....		3,846	396
<b>TOTAL SHAREHOLDERS' EQUITY .....</b>		<b>5,749</b>	<b>2,870</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other accounts payable .....	21	841	255
Loans .....	24	82,423	3,736
Derivative financial instruments .....	19	67	264
Deferred tax liability .....	25	5,396	51
Benefits to the employees .....	33	556	-
Salaries and social security charges .....	22	3	2
Provisions .....	23	1,416	374
<b>Total non-current liabilities .....</b>		<b>90,702</b>	<b>4,682</b>
<b>Current liabilities</b>			
Trade and other accounts payable .....	21	18,072	896
Loans .....	24	16,866	1,248
Derivative financial instruments .....	19	86	237
Salaries and social security charges .....	22	1,191	123
Provisions .....	23	718	52
Income tax and minimum presumed income tax payable .....		536	135
<b>Total current liabilities .....</b>		<b>37,469</b>	<b>2,691</b>
<b>TOTAL LIABILITIES .....</b>		<b>128,171</b>	<b>7,373</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY .....</b>		<b>133,920</b>	<b>10,243</b>

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

# IRSA Inversiones y Representaciones Sociedad Anónima

## Consolidated Condensed Interim Income Statements For the six-month periods ended on December 31, 2015 and 2014 (Amounts stated in millions of Argentine pesos, except shares and per share data, and unless otherwise stated)

	Nota	Six months		Three months	
		31.12.15	31.12.14	31.12.15	31.12.14
Revenues from sales, leases, and services .....	27	1.570	1.259	856	670
Revenues from common maintenance expenses .....	27	594	439	339	238
Costs.....	28	(972)	(735)	(537)	(382)
<b>Gross profit .....</b>		<b>1.192</b>	<b>963</b>	<b>658</b>	<b>526</b>
Profit / (loss) from sale of investment properties .....	10	1.029	801	639	484
General and administrative expenses.....	29	(273)	(162)	(142)	(83)
Selling expenses .....	29	(120)	(84)	(65)	(47)
Other operating income / (loss), net .....	31	120	68	133	65
<b>Profit from operations.....</b>		<b>1.948</b>	<b>1.586</b>	<b>1.223</b>	<b>945</b>
Loss from interests in associates and joint ventures .....	8	(398)	(681)	93	(569)
<b>Profit before financial results and income tax .....</b>		<b>1.550</b>	<b>905</b>	<b>1.316</b>	<b>376</b>
Financial income .....	32	374	48	328	25
Financial costs .....	32	(2.138)	(535)	(1.804)	(208)
Other financial income / (loss) .....	32	(460)	8	(312)	(79)
<b>Financial income / (loss), net.....</b>	32	<b>(2.224)</b>	<b>(479)</b>	<b>(1.788)</b>	<b>(262)</b>
<b>Income / (loss) before income tax .....</b>		<b>(674)</b>	<b>426</b>	<b>(472)</b>	<b>114</b>
Income tax .....	25	(236)	(379)	(124)	(203)
<b>Net (Loss) / Income .....</b>		<b>(910)</b>	<b>47</b>	<b>(596)</b>	<b>(89)</b>
<b>Attributable to:</b>					
Controlling company's shareholders.....		(487)	5	(213)	2
Non-controlling interest .....		(423)	42	(383)	(91)
<b>(Loss) / Income per share attributable to controlling company's shareholders:</b>					
Basic.....		(0,847)	0,008	(0,367)	0,002
Diluted.....		(0,842)	0,008	(0,367)	0,002

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

# IRSA Inversiones y Representaciones Sociedad Anónima

## Consolidated Condensed Interim Comprehensive Income Statements For the six-month periods ended on December 31, 2015 and 2014

(Amounts stated in millions of Argentine pesos, except shares and per share data,  
and unless  
otherwise stated)

	Six months		Three months	
	31.12.15	31.12.14	31.12.15	31.12.14
Net (Loss) / Income .....	(910)	47	(596)	(89)
<b>Other comprehensive income / (loss):</b>				
<b>Items to be subsequently reclassified to income or loss:</b>				
Conversion difference .....	(1,873)	(352)	(1,874)	(379)
Conversion difference to associates .....	3,749	216	3,714	198
<b>Other comprehensive income / (loss) for the period (i).....</b>	<b>1,876</b>	<b>(136)</b>	<b>1,840</b>	<b>(181)</b>
<b>Total comprehensive income / (loss) for the period.....</b>	<b>966</b>	<b>(89)</b>	<b>1,244</b>	<b>(270)</b>
<b>Attributable to:</b>				
Controlling company's shareholders .....	(283)	(147)	(45)	(187)
Non-controlling interest .....	1,249	58	1,289	(83)

(i) The components of other comprehensive income / (loss) do not impact on income tax.

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



# IRSA Inversiones y Representaciones Sociedad Anónima

## Consolidated Condensed Interim Cash Flow Statements For the six-month periods ended on December 31, 2015 and 2014 (Amounts stated in millions of Argentine pesos, except shares and per share data, and unless otherwise stated)

	Nota	31.12.15	31.12.14
<b>Operating activities:</b>			
Cash provided by operating activities .....	20	1.095	627
Income tax and minimum presumed income tax paid .....		(495)	(166)
<b>Net cash provided by operating activities .....</b>		<b>600</b>	<b>461</b>
<b>Investment activities:</b>			
Capital contributions in associates and joint ventures .....	8	(45)	(33)
Acquisition of associates and joint ventures .....	8	-	(279)
Acquisition of investment properties .....	10	(102)	(302)
Collections from sale of investment properties .....		1.073	2.046
Collections from sale of properties for sale .....		1	-
Acquisition of property, plant and equipment .....	11	(10)	(20)
Acquisition of intangible assets .....	13	-	(4)
Acquisition of properties for sale .....		(1)	-
Increase in investments in financial assets .....		(3.461)	(1.520)
Collections from sale of investments in financial assets .....		2.404	957
Prepaid expenses .....		(25)	-
Collections from sale of interests in associates and joint ventures .....		11	19
Interest collected on financial assets .....		3	3
Loans provided to associates and joint ventures .....		(1.349)	-
Dividends collected .....		-	8
<b>Net cash (used in) / generated by investing activities .....</b>		<b>(1.501)</b>	<b>875</b>
<b>Financing activities:</b>			
Borrowings .....		402	428
Repayment of loans .....		(435)	(724)
Repayment of principal on notes .....		(96)	-
Repayment of financial leases .....		-	(1)
Dividends paid .....		-	(55)
Issuance of non-convertible notes .....		407	-
Acquisition of non-controlling interest in subsidiaries .....		-	(5)
Contributions of non-controlling interest .....		(1)	-
Changes in the non-controlling interest .....		62	-
Dividends paid to non-controlling interest .....		(59)	-
Interest paid .....		(334)	(281)
Borrowings from associates and joint ventures, net .....		-	22
Distribution of capital of non-controlling interest in subsidiaries .....		-	(228)
Repayment of loans for purchase of companies .....		-	(106)
Payments for derivative financial instruments .....		(25)	(17)
Repurchase of notes .....		(135)	-
Cancellation of notes .....		6	-
Proceeds from derivative financial instruments .....		903	-
<b>Net cash generated by (used in) financing activities .....</b>		<b>695</b>	<b>(967)</b>
<b>Net increase in cash and cash equivalents .....</b>		<b>(206)</b>	<b>369</b>
Cash and cash equivalents at the beginning of the fiscal year .....	20	375	610
Efectivo incorporado por combinación de negocios .....		9.193	-
Gain from exchange rate differences of cash and cash equivalents .....		3.670	(162)
<b>Cash and cash equivalents at the end of the period .....</b>		<b>13.032</b>	<b>817</b>

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

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BASE Symbol: **IRSA** / NYSE Symbol: **IRS**