

Earnings Release

IQ 2018



Boston Tower (BA City, Argentina)

**IRSA invites you to participate in
its IQ 2018 conference call**

Tuesday, November 14, 2017 8:00 AM US ET time

The call will be hosted by:

Alejandro Elsztain, IIVP

Daniel Elsztain, COO

Matias Gaivironsky, CFO

To participate, please call:

1-844-308-3343 (toll free) or

1-412-717-9602 (international)

Conference ID # IRSA

In addition, you can access through the following webcast:

<http://webcast.engage-x.com/Cover.aspx?PlatformId=VSF1Aaz%2FV%2BMOar3t1uu8jg%3D%3D>

Preferably 10 minutes before the call is due to begin.

The conference will be in English.

PLAYBACK

Available until November 24, 2017

Please call:

1-877-344-7529

1-412-317-0088

Access Code: **10113970**

For further information

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Highlights for IQ FY 2018

- Adjusted EBITDA for the first quarter of FY 2018 reached ARS 3,215 million (ARS 707 million from Argentina and ARS 2,508 million from Israel), increasing by 28.4% compared to IQ17.
- Net result for IQ18 registered a gain of ARS 74 million compared to a gain of ARS 344 million in IQ17 mainly explained by a non cash loss of ARS 2.228 million coming from Israel Business Center as a result of a partial debt exchange at Discount Corporation Ltd. level.
- Tenant Sales in our malls grew by 22.5% in IQ18 while the average rent per sqm of the office portfolio reached USD/sqm 26.8. EBITDA of the rental segment increased by 26.1% in the compared quarter.
- We reached 98.8% occupancy in our shopping malls, 96.2% occupancy in our offices and 68.4% in our hotels' portfolio.
- In October 31, 2017, our Annual Shareholders' meeting has approved the distribution of a cash dividend for the sum of ARS 1,400 million (ARS/share 2.4191 and ARS/ADR 24.1931) that will be made available for shareholders on November 14, 2017.
- In October 2017, we have sold in the secondary market 10.2 million shares of IRSA Commercial Properties for a total amount of USD 138.2 million.

Buenos Aires, November 9, 2017 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BYMA: IRSA), Argentina's leading real estate company, announces today the results of its operations for the first quarter of FY 2018 ended September 30, 2017.

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

Consolidated Results

In ARS Million	IQ 18	IQ 17	YoY Var
Revenues	20,213	17,787	13.6%
Net gain from fair value adjustment on investment properties	3,404	1,396	143.8%
Profit from operations	5,358	2,767	93.6%
Depreciation and amortization	1,237	1,113	11.1%
EBITDA	6,595	3,880	70.0%
Adjusted EBITDA	3,215	2,503	28.4%
Profit for the period	74	344	-78.5%
Attributable to equity holders of the parent	553	200	176.5%
Attributable to non-controlling interest	-479	144	-

Consolidated revenues from sales, leases and services increased by 13.6% during the first quarter of FY2018 compared to the same quarter of FY2017, whereas adjusted EBITDA, which excludes the effect of the net gain from fair value adjustment on investment properties, reached ARS 3,215 million, 28.4% higher than in the same period of 2017.

Profit for the first quarter of fiscal year 2018 reached ARS 74 million due to a non-cash effect in our operations center in Israel. In September 2017, Discount Corporation ("DIC"), subsidiary of IDB Development Corporation ("IDBD") made a partial debt swap, recognizing a loss equal to the difference between the repayment of the existing loan and the fair value of the new debt for an approximate amount of NIS 461 million (equivalent to ARS 2,228 million) recorded under "Financial Results" as financial costs.

Operations Center in Argentina

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

During the first three months of fiscal year 2018, our tenants' sales reached ARS 9,777.7 million, 22.5% higher than in the same period of 2017. Our portfolio's leasable area totaled 339,080 square meters during the quarter under review, whereas the occupancy rate stood at optimum levels of 98.8%, reflecting the quality of our portfolio.

Shopping Malls' Financial Indicators

(in ARS million)

	IQ 18	IQ 17	YoY Var
Revenues from sales, leases and services	850	682	24.3%
Net gain from fair value adjustment on investment properties	2,044	886	130.7%
Profit from operations	2,685	1,394	92.6%
Depreciation and amortization	7	5	40.0%
EBITDA ⁽¹⁾	2,692	1,399	92.4%
Adjusted EBITDA	648	513	26.3%

Shopping Malls' Operating Indicators

(in ARS million, except as indicated)

	IQ 18	IVQ 17	IIIQ 17	IIQ 17	IQ 17
Total leaseable area (sqm)	339,080	341,289	341,289	340,391	337,396
Tenants' sales (3 month cumulative)	9,777.7	9,306.4	7,334.8	9,804.0	7,983.5
Occupancy	98.8%	98.6%	98.6%	98.0%	98.4%

Revenues from this segment grew 24.3% during this three-month period, whereas adjusted EBITDA, which excludes the impact of changes in the fair value of investment properties, reached ARS 648.4 million (+ 26.3% compared to the same period of 2017). The EBITDA margin was 76.3%, 1.1 pp higher than the figure recorded in the same quarter of the previous fiscal year.

Operating data of our Shopping Malls

Shopping Mall	Date of Acquisition	Gross Leaseable Area (sqm) ⁽¹⁾	Stores	IRSA Propiedades Comerciales S.A.'s Interest	Occupancy ⁽²⁾
Alto Palermo	Dec-97	18,945	143	100.0%	98.8%
Abasto Shopping ⁽³⁾	Nov-99	36,795	171	100.0%	99.5%
Alto Avellaneda	Dec-97	36,063	135	100.0%	99.6%
Alcorta Shopping	Jun-97	15,613	113	100.0%	99.8%
Patio Bullrich	Oct-98	11,760	91	100.0%	98.8%
Buenos Aires Design	Nov-97	13,697	61	53.7%	95.1%
Dot Baires Shopping	May-09	49,499	158	80.0%	99.5%
Soleil	Jul-10	15,227	79	100.0%	100.0%
Distrito Arcos	Dec-14	14,346	67	90.0%	100.0%
Alto Noa Shopping	Mar-95	19,059	90	100.0%	100.0%
Alto Rosario Shopping ⁽⁴⁾	Nov-04	29,943	150	100.0%	100.0%
Mendoza Plaza Shopping	Dec-94	42,868	142	100.0%	96.9%
Córdoba Shopping	Dec-06	15,446	108	100.0%	98.9%
La Ribera Shopping ⁽⁵⁾	Aug-11	10,053	69	50.0%	95.9%
Alto Comahue	Mar-15	9,766	104	99.1%	95.4%
Patio Olmos ⁽⁶⁾					
Total		339,080	1,681		98.8%

(1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.

(2) Calculated dividing occupied square meters by leasable area as of the last day of the period.

(3) Excludes Museo de los Niños (3,732 square meters).

(5) Excludes Museo de los Niños (1,261 square meters).

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

(7) IRSA CP owns the historic building of the Patio Olmos shopping mall in the province of Córdoba, operated by a third party.

Cumulative tenants' sales as of September 30

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

Shopping Mall	IQ 18	IQ 17	YoY Var
Alto Palermo	1,129.9	973.4	16.1%
Abasto Shopping	1,317.4	1,101.4	19.6%
Alto Avellaneda	1,215.4	1,008.5	20.5%
Alcorta Shopping	602.8	499.1	20.8%
Patio Bullrich	335.6	280.5	19.6%
Buenos Aires Design	170.3	130.5	30.5%
Dot Baires Shopping	1,019.1	842.8	20.9%
Soleil	531.2	400.1	32.8%
Distrito Arcos	439.7	319.6	37.6%
Alto Noa Shopping	445.2	372.3	19.6%
Alto Rosario Shopping	918.5	740.8	24.0%
Mendoza Plaza Shopping	796.5	647.7	23.0%
Córdoba Shopping	321.6	269.6	19.3%
La Ribera Shopping ⁽¹⁾	246.0	180.8	36.1%
Alto Comahue	288.5	216.4	33.3%
Total	9,777.7	7,983.5	22.5%

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

Cumulative tenants' sales as of September 30

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

Type of Business	IQ 18	IQ 17	YoY Var
Anchor Store	540.7	417.5	29.5%
Clothes and Footwear	4,985.5	4,145.3	20.3%
Entertainment	415.7	344.0	20.8%
Home	277.5	219.4	26.5%
Restaurant	1,203.6	900.5	33.7%
Miscellaneous	1,106.5	913.4	21.1%
Services	112.1	54.9	104.2%
Electronic appliances	1,136.1	988.5	14.9%
Total	9,777.7	7,983.5	22.5%

Revenues from cumulative leases as of September 30

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

	IQ 18	IQ 17	YoY Var
Base Rent ⁽¹⁾	487.1	374.8	30.0%
Percentage Rent	154.1	150.3	2.5%
Total Rent	641.2	525.1	22.1%
Non Traditional Advertising	16.8	16.1	4.5%
Admission rights	73.3	61.9	18.5%
Management	13.7	10.7	27.2%
Parking	60.0	46.1	30.3%
Comissions	42.0	21.2	97.3%
Others	2.6	2.2	20.7%
Revenues before Expenses and Collective Promotion Fund	849.6	683.3	24.3%
Expenses and Collective Promotion Fund	383.1	313.9	22.0%
Total (2)	1,232.7	997.3	23.6%

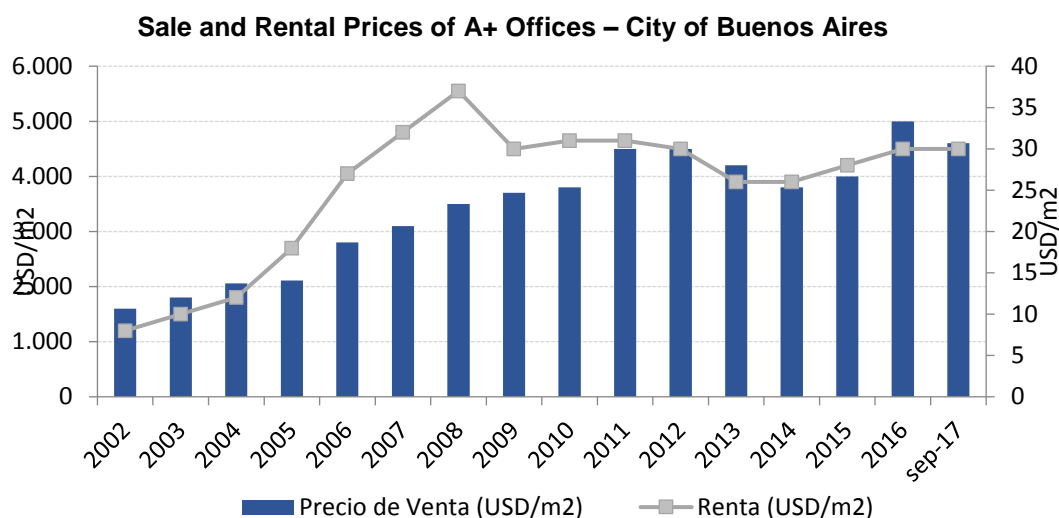
(1) Includes Revenues from stands for ARS 60.2 million

(2) Does not include Patio Olmos.

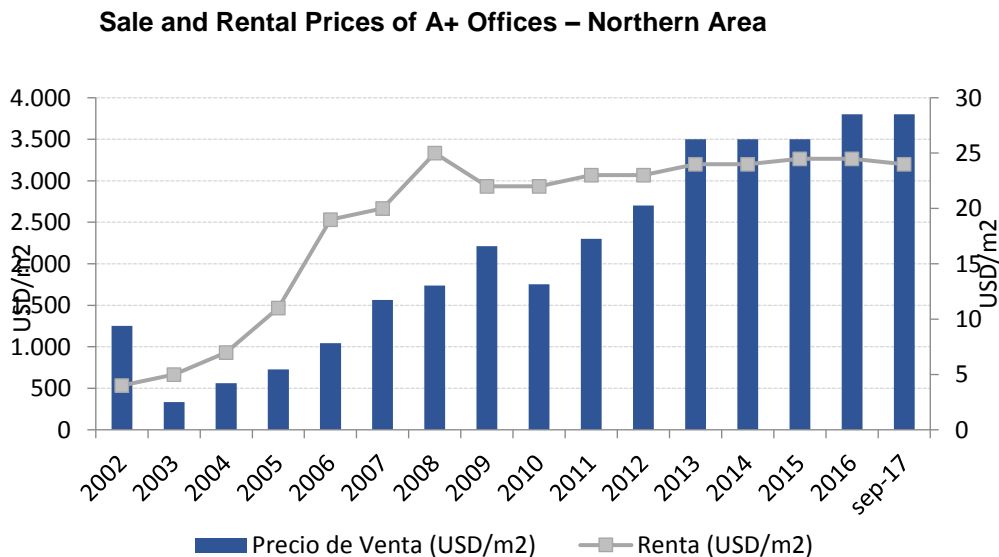
III. Offices

The A+ office market in the City of Buenos Aires remains robust. The price of Premium commercial spaces stood at USD 4,600 per square meter. Rental prices remained at the same levels as in the previous year, averaging USD 30 per square meter for the A+ segment, and vacancy continues to fall, reaching 3.72% as of September 2017.

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



Source: LJ Ramos



Source: LJ Ramos

During the first three months of fiscal year 2018, revenues from the offices segment increased 20.8% as compared to the same period of 2017, whereas Adjusted EBITDA from this segment reached ARS 104 million, 35.1% higher than in the previous year, mainly due to higher revenues resulting from the depreciation of the Peso vis-à-vis the US dollar during the period, and lower loan loss charges, which offset the smaller leaseable area. Rental prices in USD per sqm increased, reaching USD 26.8 per sqm.

The EBITDA margin from the offices segment reached 85.2%, much higher than the 76.2% recorded in the first quarter of 2017.

	IQ 18	IQ 17	YoY Var
Revenues	122	101	20.8%
Net gain from fair value adjustment on investment properties	280	147	90.5%
Profit from operations	384	224	71.4%
Depreciation and Amortization	-	-	100.0%
EBITDA	384	224	71.4%
Adjusted EBITDA	104	77	35.1%

	IQ 18	IVQ 17	IIIQ 17	IIQ 17	IQ 17
Gross leaseable area	85,378	85,784	86,682	87,232	89,027
Occupancy	96.2%	96.2%	97.9%	100.0%	100.0%
Rent (ARS/sqm)	464	436	409	414	389
Rent (USD/sqm)	26.8	26.2	26.2	26.1	25.5

Below is information on our offices and other rental properties' segment as of September 30, 2017.

	Date of Acquisition	Leaseable Area sqm ⁽¹⁾	Occupancy Rate ⁽²⁾	IRSA's Effective Interest
Offices				
Edificio República ⁽³⁾	04/28/08	19,885	95%	100%
Torre Bankboston ⁽³⁾	08/27/07	14,873	100%	100%
Intercontinental Plaza ⁽³⁾	11/18/97	3,876	100%	100%
Bouchard 710 ⁽³⁾	06/01/05	15,014	100%	100%
Maipú 1300	09/28/95	397		100%
Libertador 498	12/20/95	620	100%	100%
Suipacha 652/64 ⁽³⁾	11/22/91	11,465	86%	100%
Dot Building ⁽³⁾	11/28/06	11,242	100%	80%
Phillips ⁽³⁾	06/05/17	8,007	-	100%
Subtotal Offices		85,378	96.2%	
Other Properties				
Santa María del Plata S.A.	10/17/97	116,100	91%	100%
San Martín plot ⁽⁴⁾	05/31/11	109,610	89%	50%
Other Properties ⁽⁵⁾		22,654	67%	
Subtotal Other Properties		248,364	88%	
TOTAL OFFICES AND OTHERS		333,742	90%	

Notes:

(1) Total leaseable area for each property as of September 30, 2017. Excludes common areas and parking.

(2) Calculated dividing occupied sqm by leaseable area as of September 30, 2017.

(3) Through IRSA Propiedades Comerciales S.A.

(4) Through Quality Invest S.A.

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

IV. Sales and Developments

	IQ 18	IQ 17	YoY Var
Revenues from sales, leases and services	34	1	3,300.0%
Net gain from fair value adjustment on investment properties	197	37	432.4%
Profit from operations	181	16	1,031.3%
Depreciation and amortization	-	-	-
EBITDA	181	16	1,031.3%
Adjusted EBITDA	8	-21	-

For the first three months of fiscal year 2018, adjusted EBITDA from the Sales and Developments segment was ARS 8 million as compared to a loss of ARS 21 million during the first quarter of 2017, due to the sale of apartment units and parking spaces in Astor Beruti and the sale of the Baicom plot.

V. CAPEX 2018

	Developments		Acquisitions + Developments
	<i>Greenfields</i>	<i>Expansions</i>	
	Polo Dot (First Stage)	Alto Palermo	Catalinas
			
Start of works	FY2017	FY2017	FY2017
Estimated opening date	FY2019	FY2018	FY2020
GLA (sqm)	31,635	3,884	35,468
IRSA Propiedades Comerciales %	80%	100%	45%
Investment amount at 100% (USD million)	65	28.5	101
Work progress (%)	20%	0%	5.2%
Estimated Stabilized EBITDA (USD million)	USD 8-10	USD 6-8	USD 6-8

Alto Palermo Expansion

The expansion project of Alto Palermo shopping mall will add a gross leaseable area of approximately 4,000 square meters to the shopping mall with the highest sales per square meter in our portfolio and it consists in moving the food court to a third level by using the area of an adjacent building acquired in 2015. Demolition was completed in FY2017, and the expansion works are estimated to start during this fiscal year 2018.

First Stage of Polo Dot

The project called “Polo Dot”, located in the commercial complex adjacent to our Dot Baires shopping mall, 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 mall by approximately 15,000 square meters of gross leaseable area. At a first stage, we are developing an 11-floor office building with an area of approximately 32,000 square meters on an existing building, in respect of which we have already executed lease agreements for almost all the footage. Construction works started in the second quarter of FY2017, and they are estimated to last between 18 and 24 months before the building becomes operational. As of September 30, 2017, degree of progress was 20%. The second stage of the project will include two office/hotel buildings that will add 38,400 square meters of gross leaseable area to the complex. We have seen a significant demand for Premium office spaces in this new commercial hotspot, and we are confident that we will be able to open these buildings with attractive rent levels and high occupancy.

Catalinas Building

The “Catalinas” project is located in one of the most sought-after spots for Premium office development in Argentina. The building to be constructed will have 35,468 square meters of gross leaseable area in 30 office floors and 316 parking spaces. The works’ degree of progress is 5.2%, and the building is expected to become operational in FY2020.

VI. Hotels

For the first three months of fiscal year 2018, revenues from the hotel segment grew 23.7%, mainly due to the increase in the average rate per room and a 3.1 pp rise in the occupancy rate, which reached 68.4% in IQ18. However this segment's EBITDA totaled ARS 2 million during the quarter under review.

Hotels (in millions of ARS)	IQ 18	IQ 17	YoY Var
Revenues	214	173	23.7%
(Loss) / profit from operations	-2	4	-150.0%
Depreciation and amortization	4	4	0.0%
EBITDA	2	8	-75.0%

	IQ 18	IVQ 17	IIIQ 17	IIQ 17	IQ 17
Average Occupancy	68.4%	67.3%	69.6%	69.1%	65.3%
Average Rate per Room (ARS/night)	3,290	2,803	2,873	2,784	2,737
Average Rate per Room (USD/night)	190	181	186	182	183

The following is information on our hotel segment as of September 30, 2017:

Hotels	Date of Acquisition	IRSA's Interest	Number of Rooms	Average Occupancy (1)	Average Rate(2)
Intercontinental (3)	11/01/97	76.34%	309	72.1%	2,424
Sheraton Libertador (4)	03/01/98	80.00%	200	78.2%	2,233
Llao Llao (5)	06/01/97	50.00%	205	53.2%	6,570
Total	-		714	68.4%	3,290

Notes:

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

VII. International

Lipstick Building, New York, United States

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

As of September 30, 2017, the building reached an occupancy rate of 95.15%, thus generating an average rent of USD 69.21 per sqm.

Lipstick	Sep-17	Sept-16	YoY Var
Gross Leaseable Area (sqm)	58,094	58,094	-
Occupancy	95.15%	97.33%	-2.18pp
Rental price (USD/sqm)	69.21	67.03	3.24%

Investment in Condor Hospitality Inc.

We maintain our 28.5% investment in the Condor Hospitality Trust hotel REIT's voting rights (NASDAQ: CDOR) through our subsidiary Real Estate Strategies L.P. ("RES"), in which we hold a 66.83% interest. Condor is a REIT listed in Nasdaq focused on medium-class and long-stay hotels located in various states of the United States of America, operated by various operators and franchises.

During the quarter under review, 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.

VIII. Financial Operations and Others

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

BHSA is a leading bank in the mortgage lending industry, in which IRSA held an equity interest of 29.91% as of September 30, 2017 (excluding treasury shares). During the first three months of fiscal year 2018, the investment in Banco Hipotecario generated income of ARS 371.0 million, compared to income of ARS 39 million in the same period of 2017, mainly due to the increase in the present value of the bank's financial assets. For further information, visit <http://www.cnv.gob.ar> or <http://www.hipotecario.com.ar>.

Operations Center in Israel

IX. Investment in IDB Development Corporation

As of September 30, 2017, IRSA's indirect equity interest reached 68.3% of IDBD's stock capital.

Below is comparative segment information on our operations center in Israel for the period from April 1 to June 30 of both fiscal years.

Real Estate (Property & Building - PBC) - ARS MM	IQ 18	IQ 17	YoY Var
Revenues	997	1,049	-5.0%
Net gain from fair value adjustment on investment properties	922	336	174.4%
Profit from operations	1,582	892	77.4%
Depreciation and amortization	9	7	28.6%
EBITDA	1,590	899	76.9%
Adjusted EBITDA	668	582	14.9%

The Real Estate segment recorded a reduction in revenues in IQ18 as compared to the same quarter of fiscal year 2017, mainly as a result of fewer apartments available for sale, offset by higher revenues from leases of projects completed in 2017, and higher rental prices. Adjusted EBITDA for IQ18 reached ARS 668 million, 14.9% higher than in the same quarter of 2017.

Supermarkets (Shufersal) - \$ MM	IQ 18	IQ 17	YoY Var
Revenues	13,182	11,467	15.0%
Profit from operations	489	385	27.0%
Depreciation and amortization	373	302	23.5%
EBITDA	861	687	25.3%

The Supermarkets segment recorded a 15% increase in revenues and a 25.3% increase in EBITDA in IQ18 as compared to the same quarter of 2017. The higher results are explained by the depreciation of the peso during this period and higher sales due to the Passover holidays, boosted by various special offerings.

Telecommunications (Cellcom) - \$ MM	IQ 18	IQ 17	YoY Var
Revenues	4,226	3,841	10.0%
Profit from operations	172	63	173.0%
Depreciation and amortization	830	780	6.4%
EBITDA	1,002	843	18.9%

The Telecommunications segment saw a 10% increase in revenues due to the effect of the devaluation of the Argentine currency. In Israeli currency terms, revenues fell slightly in IQ18 as compared to IQ17 as a result of a 15.2% drop in revenues from the cell phone segment, offset by a 10.6% increase in revenues from the fixed line segment. Profit from operations rose 173%, reaching ARS 172 million. of which ARS 145 million derive from the sale of Rimon, one of Cellcom's subsidiaries.

Others (Corporate expenses and other subsidiaries) - \$ MM	IQ 18	IQ 17	YoY Var
Revenues	189	142	32.6%
Loss from operations	-38	-126	-69.8%
Depreciation and amortization	13	14	-7.1%
EBITDA	-24	-108	-77.4%

As concerns "Clal", the Group values its interest in this insurance company as a financial asset at fair value. The variation in the listing price of Clal's shares during the period resulted in a gain of ARS 92 million,

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 ventures included in the segment but not in the income statement.

	Total as per Segment information	Adjustment for share of profit/(loss) of Joint Ventures *	Expenses and Collective Promotion Funds	Adjustment to income for elimination of inter-segment transactions	Total as per Statement of Income
Revenues	19,814	-11	413	-3	20,213
Costs	-13,313	4	-419	1	-13,727
Gross profit	6,501	-7	-6	-2	6,486
Gain from disposal of investment properties	3,443	-39	-	-	3,404
General and administrative expenses	-1,010	12	-	3	-995
Selling expenses	-3,562	1	-	-	-3,561
Other operating results, net	9	16	-	1	24
Profit / (loss) from operations	5,381	-17	-6	-	5,358
Share of profit of associates and joint ventures	386	12	-	-	398
Net segment profit before financing and taxation	5,767	-5	-6	-	5,756

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

XI. Financial Debt and Other Indebtedness

Operations Center in Argentina

Financial debt as of September 30, 2017:

Description	Currency	Amount ⁽¹⁾	Interest Rate	Maturity
Bank overdrafts	ARS	24.8	Floating	< 360 days
IRSA 2020 Non-Convertible Notes, Series II	USD	71.4	11.50%	Jul-20
Series VII Non-Convertible Notes	ARS	22.2	Badlar + 299	Sep-19
Series VIII Non-Convertible Notes	USD	184.5	7.00%	Sep-19
ICBC Dubai Loan	ARS	50.0	5,95%	Feb-22
ICBC Loan	ARS	7.2	21.20%	May-18
Other loans	ARS	0.1		
IRSA's Total Debt		360.2		
IRSA's Cash + Cash Equivalents + Investments ⁽³⁾	USD	4.3		
IRSA's Net Debt	USD	355.9		
Bank overdrafts	ARS	1.6	Floating	< 360 d
CAPEX Citi 5600 loan	ARS	0.1	Fixed	Jan-18
ICBC Bank loan	ARS	4.3	Fixed	May-18
IRCP Non-Convertible Notes, Series IV	USD	140.0	5.0%	Sep-17
IRSA CP Non-Convertible Notes, Series II	USD	360.0	8.75%	Mar-23
IRSA CP's Total Debt		506.1		
Cash + Cash Equivalents + Investments ⁽²⁾		331.0		
IRSA CP's Net Debt		175.1		

- (1) Principal amount in USD (million) at an exchange rate of ARS 17.31/USD, without considering accrued interest or eliminations of balances with subsidiaries.
- (2) "IRSA's Cash & Cash Equivalents plus Investments" includes IRSA's Cash & Cash Equivalents + IRSA's Investments in current and non-current financial assets.
- (3) "IRSA CP's Cash & Cash Equivalents plus Investments" includes IRSA CP's Cash & Cash Equivalents + Investments in current financial assets plus a loan from its controlling company IRSA Inversiones y Representaciones S.A.

Operations Center in Israel

Net financial debt (USD million)

Indebtedness	Amount
IDBD	783
DIC	769

On September 28, 2017, DIC made a partial swap offer to the holders of series F bonds, proposing them to exchange such bonds for series J bonds. Series J has substantially different terms from those applicable to series F; therefore, a payment for series F was booked, and a new financial commitment at fair value was recorded in respect of series J. Additionally, the previous debt (Series F) was registered since October 11, 2015 (IDBD consolidation date) at its price with discount to its face value. As a result of this swap, DIC recorded a loss equal to the difference between the amount repaid and the amount of the new debt, for approximately NIS 461 million (equivalent to approximately ARS 2,228 million as of such date) which was included under "Financial costs".

XII. Material and Subsequent Events

Operations Center in Argentina

July 2017: Sale of BAICOM land reserve

On July 19, the Company, acting through a subsidiary, sold to an unrelated third party a land reserve of approximately 6,905 sqm located at Av. P. Ramón Castillo, at the corner of Av. Antártida Argentina, in the neighborhood of Retiro, City of Buenos Aires.

This land reserve was owned by BAICOM Networks S.A., a company in which IRSA held an indirect controlling interest of 50%.

The transaction amount was USD 14,000,000 (fourteen million Dollars) (USD 7 million corresponding to IRSA), and it has been fully paid.

August 2017: Purchase of DIC's shares by Dolphin Netherlands B.V.

On August 22, 2017, under the scope of the Law to Promote Competition and Reduce Concentration (the "Concentration Law"), Dolphin Netherlands B.V. made a non-binding offer to purchase all the shares held by IDB Development Corporation Ltd. ("IDBD") in Discount Investment Corporation Ltd. ("DIC").

No assurance may be given that the parties will execute or perform any binding agreement. The offer is subject to review by IDBD's independent board committee and the terms and conditions will be negotiated after such review. This transaction could significantly extend over time or could fail to be consummated or be consummated under different terms over the course of the negotiations, as it must be approved by IDBD's corporate bodies and other entities, which could withhold their consent.

For purposes of the transaction, an independent board committee has been organized to assess the offer and negotiate its terms and conditions.

October 2017: Lipstick's Debt Refinancing

In October 2017, in light of the approaching maturity of the USD 113.1 million non-recourse-to-IRSA debt owed by Metropolitan 885 3rd Ave ("Metropolitan"), owner of the Lipstick Building, the term of such debt was extended to April 30, 2020 with respect to an amount of USD 53.1 million, and USD 50 million were repaid in cash. Out of this sum, IRSA contributed USD 20 million, and an additional reduction of debt in an amount of USD 20 million was obtained from the lender bank.

In addition, as a result of the negotiations held, a reduction in the interest rate of this loan from Libor + 4% to Libor + 2% was achieved.

October 2017: Sale of Equity Interest in IRSA Propiedades Comerciales

On October 26, 2017, the Company sold 10,240,000 common shares of ARS 1.00 pare value each, represented by American Depositary Shares ("ADS"), in the over-the-counter market. Each ADS represents four common shares of

IRSA Propiedades Comerciales S.A., accounting for 8.1% of its stock capital. After the consummation of this transaction, the Company's equity interest in IRSA CP is now 86.5%.

October 2017: General Ordinary and Extraordinary Shareholders' Meeting

At the General Ordinary and Extraordinary Shareholders' Meeting held on October 31, 2017, the following matters, *inter alia*, were resolved:

- Distribution of a cash dividend for ARS 1,400 million.
- Fees payable to the Board of Directors and Supervisory Committee for fiscal year 2017 closed as of June 30, 2017.
- Renewal of regular and alternate directors due to expiration of their terms and appointment of new alternate director.
- Creation of a new Global Note Program for up to USD 350 million.

Operations Center in Israel

August 2017: Sale of Additional Percentage of Clal Insurance

Following instructions imparted by Israel's Capital, Insurance and Savings Market Commission to the Trustee regarding the guidelines for selling Clal's shares, on August 30, 2017, IDBD sold 5% of its equity interest in Clal by way of a swap transaction, pursuant to terms identical to those applied to the swap transaction made and reported to the market on May 3, 2017.

The consideration for the transaction was an amount of approximately NIS 152.5 million. Upon completion of the transaction, IDBD's equity interest in Clal will be reduced from 49.9% to 44.9% of its stock capital.

September 2017: Non-binding Offer for Clal Insurance

On September 4, 2017, IDBD received a non-binding offer from Huabang Financial Holdings Limited to acquire its entire equity interest in Clal Insurance Enterprise Holdings Ltd. ("Clal"), representing 44.9% of its stock capital.

The amount payable will be equivalent to Clal's shareholders' equity as reflected in its Financial Statements on the transaction's closing date. As of June 30, 2017, such amount was approximately NIS 4.88 billion.

The transaction is subject to a due diligence process, to be conducted by the purchaser for a term of 60 days after the execution of the memorandum of understanding, and the execution of a binding agreement among the parties, among other requirements.

Moreover, the consummation of the transaction is subject to the approval of Israel's Capital, Insurance and Savings Market Commission.

XIII. Comparative Summary Consolidated Balance Sheet Data

	09.30.17	09.30.16
Non-current assets	167,145	138,994
Current assets	72,209	58,645
Total Assets	239,354	197,639
Capital and reserves attributable to equity holders of the parent	26,107	21,740
Non-controlling interest	20,799	15,273
Total shareholders' equity	46,906	37,013

Non-current liabilities	148,410	110,297
Current liabilities	44,038	50,329
Total Liabilities	192,448	160,626
Total liabilities and shareholders' equity	239,354	197,639

XIV. Summary Consolidated Income Statement Data

	09.30.17	09.30.16
Profit from operations	5,358	2,767
Share of profit of associates and joint ventures	398	9
Profit before financial results and income tax	5,756	2,776
Finance income	295	280
Finance expenses	(5,043)	(2,031)
Other financial results	293	262
Financial results, net	(4,455)	(1,489)
Income before income tax	1,301	1,287
Income tax expense	(1,240)	(592)
Profit for the period from continuing operations	61	695
Income / (loss) from discontinued operations after income tax	13	(351)
Profit for the period	74	344
Other comprehensive (loss) / income for the period	(451)	540
Comprehensive net (loss) / income	(377)	884
Attributable to:		
Equity holders of the parent	272	428
Non-controlling interest	(649)	456

XV. Comparative Summary Consolidated Cash Flow Data

	09.30.17	09.30.16
Net cash generated by operating activities	2,638	2,575
Net cash used in investment activities	(5,528)	(1,240)
Net cash generated by financing activities	4,012	238
Net increase in cash and cash equivalents	1,122	1,573
Cash and cash equivalents at beginning of fiscal year	24,854	13,866
Cash and cash equivalents reclassified to held for sale	4	(12)
Foreign exchange gain on cash and cash equivalents	52	22
Cash and cash equivalents at the end of the period	26,032	15,449

XVI. Comparative Ratios

	09.30.17		09.30.16	
Liquidity				
CURRENT ASSETS	72,209	1.64	58,645	1.17
CURRENT LIABILITIES	44,038		50,329	
Indebtedness				
TOTAL LIABILITIES	192,448	7.37	160,626	7.39
SHAREHOLDERS' EQUITY				
ATTRIBUTABLE TO CONTROLLING COMPANY	26,107		21,740	
Solvency				
SHAREHOLDERS' EQUITY				
ATTRIBUTABLE TO CONTROLLING COMPANY	26,107	0.14	21,740	0.14
TOTAL LIABILITIES	192,448		160,626	
Restricted Assets				
NON-CURRENT ASSETS	167,145	0.70	138,994	0.70
TOTAL ASSETS	239,354		197,639	

XVII. Brief comment on prospects for the next period

Our businesses in the operations center in Argentina and Israel have posted sound operating results in the first quarter of fiscal year 2018. We believe that the diversification of our business, with real estate assets in Argentina and abroad, favorably positions us to face all the challenges and opportunities that may arise in the coming years.

As concerns our operations center in Argentina, our subsidiary IRSA Propiedades Comerciales S.A. continues to consolidate itself as the leading commercial real estate company in Argentina, as its main shopping mall and office businesses keep recording positive growth levels. Our tenants' sales recovered slightly from the figures recorded at year-end, occupancy remains significantly high and the public keeps choosing each of our proposals; besides, top-notch domestic and international corporations continue to select our office spaces.

In the next fiscal year, we plan to make progress in the commercial developments already launched, including the 4,000 sqm expansion of our Alto Palermo shopping mall, the development of the 32,000 sqm office building in the commercial complex adjoining our Dot Baires shopping mall, and the "Catalinas" building in Buenos Aires. In addition, in fiscal year 2018 we expect to carry out expansion works in some of our shopping malls for approximately 21,000 of GLA. We will build 2,200 sqm to add 6 cinema screens in Alto Comahue, a large store of 3,000 sqm in Alto Rosario shopping mall, and a 12,700 sqm Sodimac store in Mendoza Plaza Shopping, and we will expand Alto Avellaneda, our shopping mall located in the southern region of Buenos Aires, by 3,500 sqm. In addition, we will continue working on 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.

We will continue to promote marketing actions, events and targeted promotions at our shopping malls to attract consumers, through the joint endeavors of the Company, the retailers and the credit card issuer banks, as these actions have proved to be highly effective and are welcomed by the public.

We are optimistic about the opportunities that may arise in Argentina for fiscal year 2018. We have a large reserve of lands for future shopping mall and office development projects in an industry scenario with high growth potential.

As concerns our investments outside Argentina, we will continue working in the improvement of the operating ratios of our "Lipstick" building in New York and backing the new strategy of selectively selling low-class hotels and replacing them with higher-class hotels, that is being developed by the "Condor Hospitality Trust" hotel REIT (NASDAQ: CDOR), which made a capital increase in March this year and in which we hold 28.5% of its capital stock and voting rights.

Regarding our investment in the Israeli company IDBD, we are much pleased with the results obtained in the past fiscal year, following the sale of the agrochemical company ADAMA, the improvement in the listing price of Clal Insurance company, which is recorded at fair value, and the recent debt issues made by different companies, which refinanced short-term debt at very attractive rates. In 2018, we will continue to work towards deleveraging the company, selling non-strategic assets in its portfolio and improving the operating margins of each of its operating subsidiaries.

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 Israel. Moreover, in line with our continuous pursuit of business opportunities and having in mind the general and specific conditions of the national and international markets, we keep evaluating different actions to optimize our capital structure. As concerns our operations center in Argentina, to keep increasing the liquidity of our controlled company IRSA Propiedades Comerciales S.A., the Company could make additional sales of the shares held by it in such company, in one or more tranches, in the over-the-counter market or through a private sale, as agreed by the Company's shareholders in due course. As concerns our operations center in Israel, in this fiscal year the Company will analyze the possibility of increasing its interest in IDB Development Corporation Ltd. through the purchase of shares held by its related parties.

Consolidated Condensed Interim Balance Sheets
as of September 30, 2017 and June 30, 2017

(Amounts stated in millions, unless otherwise indicated)

	Note	09.30.2017	06.30.2017
ASSETS			
Non-current Assets			
Investment properties	9	102,978	99,953
Property, plant and equipment	10	27,135	27,113
Properties held for sale	11	3,204	4,532
Intangible assets	12	12,058	12,387
Investments in associates and joint ventures	8	8,049	7,885
Deferred tax assets	19	262	285
Income tax and minimum presumed income tax credit		145	145
Restricted assets	13	735	448
Trade and other accounts receivable	14	5,085	4,974
Investments in financial assets	13	1,207	1,772
Financial assets held for sale	13	6,287	6,225
Derivative financial instruments	13	-	31
Total non-current assets		167,145	165,750
Current assets			
Properties held for sale	11	3,333	1,249
Inventories		3,533	4,260
Restricted assets	13	986	506
Income tax and minimum presumed income tax credit		395	339
Pool of assets held for sale	27	2,819	2,681
Trade and other accounts receivable	14	16,543	17,264
Investments in financial assets	13	16,156	11,951
Financial assets held for sale	13	2,366	2,337
Derivative financial instruments	13	46	51
Cash and cash equivalents	13	26,032	24,854
Total current assets		72,209	65,492
TOTAL ASSETS		239,354	231,242
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to equity holders of the parent			
Stock capital		575	575
Treasury stock		4	4
Comprehensive adjustment of capital stock and treasury stock		123	123
Additional paid-in capital		793	793
Premium for trading of treasury shares		17	17
Statutory reserve		143	143
Special reserve		2,751	2,751
Other reserves		1,855	2,165
Retained earnings		19,846	19,293
Total attributable to equity holders of the parent		26,107	25,864
Non-controlling interest		20,799	21,472
TOTAL SHAREHOLDERS' EQUITY		46,906	47,336
LIABILITIES			
Non-current liabilities			
Trade and other accounts payable	16	2,127	3,040
Loans	17	120,340	109,489
Derivative financial instruments	13	86	86
Deferred tax liabilities	19	24,223	23,024
Income tax and minimum presumed income tax liability		62	-
Employee benefits		749	763
Salaries and social security charges		84	127
Provisions	18	739	943
Total non-current liabilities		148,410	137,472
Current liabilities			
Trade and other accounts payable	16	19,570	20,839
Pool of liabilities held for sale	27	2,022	1,855
Salaries and social security charges		1,997	2,041
Loans	17	18,888	19,926
Derivative financial instruments	13	84	86
Provisions	18	914	890
Income tax and minimum presumed income tax liability		563	797
Total current liabilities		44,038	46,434
TOTAL LIABILITIES		192,448	183,906
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		239,354	231,242

The accompanying notes are an integral part of these financial statements.

Consolidated Condensed Interim Income Statements
for the three-month periods ended September 30, 2017 and 2016

(Amounts stated in millions, unless otherwise indicated)

	Note	09.30.2017	09.30.2016 (adjusted)
Revenues	20	20,213	17,787
Costs	21	(13,727)	(12,326)
Gross profit		6,486	5,461
Net gain from fair value adjustment on investment properties	9	3,404	1,396
General and administrative expenses	21	(995)	(852)
Selling expenses	21	(3,561)	(3,169)
Other operating results, net	22	24	(69)
Profit from operations		5,358	2,767
Share of profit of associates and joint ventures	8	398	9
Profit before financing and income tax		5,756	2,776
Financial income	23	295	280
Financial costs (i)	23	(5,043)	(2,031)
Other financial results	23	293	262
Financial results, net		(4,455)	(1,489)
Profit before income tax		1,301	1,287
Income tax	19	(1,240)	(592)
Profit from continued operations		61	695
Profit / (loss) from discontinued operations	28	13	(351)
Profit for the period		74	344
Attributable to:			
Equity holders of the parent		553	200
Non-controlling interest		(479)	144
Profit for the period attributable to equity holders of the parent per share:			
Basic		0,96	0,35
Diluted		0,96	0,35
Profit from continued operations attributable to:			
Equity holders of the parent		545	459
Non-controlling interest		(484)	236
Profit from continued operations attributable to equity holders of the parent per share:			
Basic		0,95	0,80
Diluted		0,94	0,79
Profit from discontinued operations attributable to:			
Equity holders of the parent		8	(259)
Non-controlling interest		5	(92)
Profit from discontinued operations attributable to equity holders of the parent per share:			
Basic		0,01	(0,45)
Diluted		0,01	(0,45)

The accompanying notes are an integral part of these financial statements.

The previous period has been adjusted due to the change in the accounting policy for investment properties as described in Note 2.1.b.

(i) As of September 30, 2017, it includes \$ (2,228) as proceeds of DIC's debt swap (see Note 17).

Consolidated Condensed Interim Cash Flow Statements
for the three-month periods ended September 30, 2017 and 2016
(Amounts stated in millions, unless otherwise indicated)

	Note	09.30.2017	09.30.2016 (adjusted)
Operating activities:			
Net cash generated by continued operating activities before income tax paid	15	2,767	2,674
Income tax and minimum presumed income tax paid		(195)	(197)
Net cash generated by continued operating activities		2,572	2,477
Net cash generated by discontinued operating activities		66	98
Net cash generated by operating activities		2,638	2,575
Investing activities:			
Increase of contribution in associates and joint ventures		(30)	(312)
Acquisition and improvement of investment properties		(630)	(659)
Financial advance payments		(106)	-
Acquisition of companies, net of cash received		-	(30)
Proceeds of disposal of investment properties		26	41
Acquisition and improvement of property, plant and equipment		(1,008)	(597)
Proceeds of disposition of property, plant and equipment		4	-
Acquisition of intangible assets		(185)	(102)
Increase in restricted assets, net		(223)	-
Dividends collected		98	26
Acquisition of investments in financial assets		(6,670)	(2,213)
Collections from realization of investments in financial assets		3,477	2,433
Interest collected on financial assets		54	47
Loans to related companies		(229)	(22)
Loans		(88)	-
Net cash used in continued investing activities		(5,510)	(1,388)
Net cash (used in) / generated by discontinued investing activities		(18)	148
Net cash used in investing activities		(5,528)	(1,240)
Financing activities:			
Borrowings		15,978	8,950
Repayment of borrowings		(10,597)	(6,959)
Borrowings from related parties		-	4
Repayment of borrowings from related parties		-	(2)
Interest paid		(1,572)	(1,180)
Distribution of capital to non-controlling interest in subsidiaries		(18)	-
Contributions from non-controlling interest in subsidiaries		129	-
Acquisition of non-controlling interest in subsidiaries		(45)	(580)
Proceeds of disposition of non-controlling interest in subsidiaries		18	810
Dividends paid to non-controlling interest in subsidiaries		(131)	(362)
Proceeds of issue of shares and other equity instruments in subsidiaries		276	-
Payments of derivative financial instruments		(4)	(4)
Collection of derivative financial instruments		26	13
Net cash generated by continued financing activities		4,060	690
Net cash used in discontinued financing activities		(48)	(452)
Net cash generated by financing activities		4,012	238
Net increase in cash and cash equivalents from continued operations		1,122	1,779
Net decrease in cash and cash equivalents from discontinued operations		-	(206)
Net increase in cash and cash equivalents		1,122	1,573
Cash and cash equivalents at beginning of year	13	24,854	13,866
Cash and cash equivalents reclassified to held for sale		4	(12)
Foreign exchange gain on cash and cash equivalents		52	22
Cash and cash equivalents at period end	13	26,032	15,449

The accompanying notes are an integral part of these financial statements.

The previous period has been adjusted due to the change in the accounting policy for investment properties as described in Note 2.1.b.

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