Cresud Sociedad Anónima
Comercial, Inmobiliaria,
Financiera y Agropecuaria

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

Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

Financial Statements

Table of Contents

LETTER TO SHAREHOLDERS

Dear Shareholders,

We have ended a new crop season with mixed results. On the one hand, the production business exhibited a very good performance in Paraguay and Argentina -largely as a result of the favorable measures announced by the new administration- whereas in Brazil and Bolivia results proved to be lower than expected due to adverse weather and price conditions, respectively. As concerns land transformation and sale, although we made progress in the development of hectares over the region, we did not close any sales of farms during this fiscal year. Finally, our investment in IRSA, owner of the largest and most diversified real estate portfolio in Argentina, has continued to exhibit sound performance in its main business lines in Argentina and is progressing toward optimizing the capital structure of IDB Development Corporation ("IDBD"), the Israeli conglomerate whose control was acquired by IRSA during this fiscal year and which is now consolidated in its financial statements.

Although operating profit for this fiscal year reached ARS 3,746 million, 34% higher than in the previous fiscal year, we recorded a net loss of ARS 2,472 million, mainly explained by higher financial expenses and exchange rate differences, and the valuation of the insurance company Clal, owned by IDBD, recorded at fair value, which do not have any cash effects.

The 2016 crop season was marked by a favorable change in macroeconomic conditions for the Argentine agricultural industry. In December 2015, the new government announced the elimination of export withholding taxes on corn and wheat and reduced by 5 pp. export withholding taxes on soybean, down from 35% to 30%. These measures, coupled with the deregulation and depreciation of the exchange rate, have given rise to a significant upsurge in prices and better agricultural and livestock production margins. In Bolivia, results were affected by depressed commodity prices during most of the fiscal year. In Brazil, yields were lower than expected due to the draught that affected the areas of Bahía and Piaui, whereas in Paraguay very good yields were recorded in the main crops and prices were higher than in the rest of the region due to the late harvesting that captured the rise in commodity prices observed in the last months of the fiscal year.

During this year, we planted approximately 180,000 hectares in the 4 countries of the region, reducing the acreage as compared to 2015 due to the sales made in Cremaq in Brazil, and Fon Fon in Bolivia, and the smaller area leased to third parties in Argentina. Our output, excluding sugarcane, reached 483,000 tons, whereas soybean and corn yields were 2.2 tons per hectare and 5.5 tons per hectare, respectively, higher than those reached in the previous crop season.

This season was also positive for our beef cattle activities in Argentina. Better weather conditions in the north of Argentina, where we have our biggest herds, made it possible to increase production and allowed us to extend green pasture feeding until late autumn, whereas livestock prices showed a steady upward trend during the whole fiscal year. All this caused the gross margin from this business, excluding holding results, to be 37% higher than in the last year. Our milking business, concentrated in our "El Tigre" dairy facility, was 54% below its margins recorded in the past year, due to a lower price obtained for the liters produced, partially offset by higher production efficiency.

As concerns land transformation and sale, during this year we developed approximately 8,800 hectares in the entire region: 3,000 hectares in Argentina, 4,400 hectares in Brazil and 1,400 hectares in Paraguay. Over the past fiscal years, we have been reducing the pace of development due to the high costs in USD per hectare and the macroeconomic conditions prevailing in Argentina. Given the new scenario and low transformation cost in dollars, during the next fiscal we expect to be able to secure the consents required for increasing the surface area under development, as we hold approximately 180,000 hectares of land reserves in the region suitable for agricultural and/or livestock production.

Concerning the sale of farmlands, we did not close any transactions during fiscal year 2016. Specifically in Argentina, the farmland sale market was affected during the last years by the controls on capitals that prevailed until December 2015 and the profitability conditions of the industry. With the new administration and new governmental policies for the farming industry we have seen a positive change in this market's prospects, coupled with the partial amendment to the law on foreign ownership of land, which has flexibilized the foreign ownership percentages and simplified transaction registration proceedings. In this regard, after year-end we sold to a foreign party the "El Invierno" and "La Esperanza" farms, comprising 2,615 hectares used for agriculture and located in the district of "Rancul", province of La Pampa, for USD 6 million (USD 2,294 per hectare). These farms' book value was approximately ARS 13.5 million; therefore, the transaction will result in a gain of ARS 72 million, which will be recorded in the first quarter of fiscal year 2017.

We maintain our 35.72% interest in Agro-Uranga S.A., a company that owns two farms located in the core area of the Pampas prairies that deliver highly satisfactory production results, emphasizing on soil conservation, the use of rational farming methods, and care for the environment. During this year, Agro-Uranga S.A. posted net income for Ps. 73.6 million and distributed dividends to its shareholders for Ps. 1.7 million.

Futuros y Opciones S.A. ("FyO"), in which we hold a 59.59% equity interest, recorded higher revenues than in 2015 due to higher traded volumes, the effect of the foreign currency depreciation, and the strong increase in trading revenues. Its net income reached Ps. 27.4 million and it distributed dividends to its shareholders for approximately Ps. 3.0 million. During this fiscal year FyO sold its news website to Agrofy S.A., which seeks to become a leading online business platform in the farming industry and in which Cresud holds a 43% equity interest. During its first fiscal year, Agrofy has managed to gather over 500 agribusiness suppliers who sell their products through this platform.

With respect to our investment in Carnes Pampeanas S.A., our meat packing plant located in La Pampa (Argentina) suffered losses again during this year due to shortcomings in slaughter cattle supplies and the beef sale and export markets. Loss from this segment was Ps. 63.2 million. Taking into account the technical and management conditions of the business and the measures adopted by the new government, which point to increasing future cattle supply and promoting exports, we are optimistic that the industry will recover satisfactorily in the future. Besides, the building improvements aimed at producing and exporting Kosher salted cuts to Israel will significantly improve the current business equation.

Our interest in IRSA, a leading real estate company in Argentina, reached 63.77% at year-end. We believe in the long-term value of our investment in this company, which we expect will continue to deliver outstanding business results. As concerns the Argentine operating center, the shopping center segment, its main line of business in terms of assets and EBITDA, has proved to be extremely robust, with tenant sales growing at 34% (30% considering the same shopping centers) compared to the previous year and a portfolio of 333,155 square meters of gross leasable area and 98.4% occupancy. Moreover, its investment in IDB Development Corporation, the conglomerate that is managed by the Israeli operating center, has been simplifying its capital structure and significantly reducing its indebtedness levels. At present, IRSA has no capital commitments pending in this company, and we hope IDB will be able to start funding its operations on its own by selling assets, refinancing its debt or applying dividends. In this regard, its subsidiary Discount Investment Corporation Ltd. ("DIC") has recently accepted an offer to sell its interest in the agrochemical company ADAMA for USD 230 million in excess of the repayment of a loan that had been granted to the company by a Chinese bank. Moreover, IDBD and DIC issued debt securities in the markets again, accruing interest at 4.25% and 5.70%, and due in 2019, and 2025, respectively.

As concerns financial matters, in light of the favorable conditions, we issued debt in the local market at very attractive rates, so as to continue optimizing our capital structure and improving our indebtedness profile. We are pleased with our stock's higher liquidity. After many years, Cresud rejoined the local Merval Index in the third quarter of this calendar year.

As part of our business strategy, at CRESUD we contribute to improving living conditions in the communities in which we operate, driven by our mission to implement sustainable business practices. We focused our CSR programs on eight rural schools located in the Provinces of Salta, Santa Fe and Chaco, with education, health and care for the environment as pillars of our actions, and we have also carried out building improvement works. In our "Los Pozos" farm, located in the northern region of Argentina, we donated a 1,600 sqm tract of land and the funds for building a first-aid center, which is fully completed, under an agreement with the Ministry of Health of Salta.

Looking ahead to 2017, the season is expected to have balanced rainfall levels. In Argentina, in light of the new macroeconomic conditions and improved profitability equation for the industry, the Company has planned to grow more traditional crops in its own lands and increase the area leased to third parties. We will continue developing lands and selling farms that have reached their highest appreciation level. Moreover, we hope that the real estate businesses from our subsidiary IRSA will continue to be as solid as in the past years and that its stake in the Israeli conglomerate IDBD will continue its corporate structure simplification and deleveraging process and IRSA will start reaping the fruits of this investment in the future.

With a future that presents challenges and opportunities alike, we believe that the commitment of our employees, the strength of our management and the trust placed on us by our shareholders will be key elements in our ability to continue growing and successfully implementing our strategy. To all of you, my most sincere thanks.

City of Buenos Aires, September 8, 2016.

Alejandro Gustavo Elsztain
CEO

History

We were incorporated in 1936 as a subsidiary of *Credit Foncier*, a Belgian company engaged in the business of providing rural and urban loans in Argentina. We were incorporated to administer real estate holdings foreclosed by *Credit Foncier*. *Credit Foncier* was liquidated in 1959, and as a part of such liquidation, our shares were distributed to *Credit Foncier*'s shareholders and in 1960 were listed on the Buenos Aires Stock Exchange ("BCBA"). During the 1960s and 1970s, our business shifted to exclusively agricultural activities.

In 2005, we organized Brasilagro together with other partners, in order to replicate our business in Brazil.

In May 2006, Brasilagro's shares became listed in the Novo Mercado of the Brazilian Stock Exchange (BOVESPA) under the ticker symbol AGRO3.

After a series of transactions and agreements, we have concluded the shareholders' agreements with our partners and currently hold a 39.76% interest in Brasilagro's stock capital. As from fiscal year 2011, we present our financial statements in consolidated form with Brasilagro's.

In November past, Brasilagro's shares became listed as Level II ADRs on the NYSE, under the ticker symbol LND.

As part of a series of transactions that implied a further expansion of the Company's agricultural business in South America, in July 2008, the Company purchased, through various companies, 12,166 hectares located in Santa Cruz de la Sierra, Republic of Bolivia, for a total price of USD 28.9 million. On the other hand, in September 2008, the Company entered into a series of agreements for accessing the real estate, agricultural and cattle raising and forestry markets of the Republic of Paraguay. Under these agreements, a new company was organized together with Carlos Casado S.A., named Cresca S.A. in which the Company holds a 50% interest and acts as adviser for the agricultural, cattle raising and forestry exploitation of a 41,931-hectare rural property and up to 100,000 additional hectares located in Paraguay under a purchase option already exercised, which expired in 2013. In December 2013, CRESUD sold to its subsidiary Brasilagro its entire interest in CRESCA, representing 50% of its stock capital.

Company Strategy

We seek to maximize our return on assets and overall profitability by:

(i) identifying, acquiring and operating agricultural properties having attractive prospects for increased agricultural production and/or medium or long-term value appreciation and selectively disposing of properties subsequently as appreciation is realized,

(ii) optimizing the yields and productivity of our properties by implementing state-of-the-art technologies and agricultural techniques; and

(iii) preserving the value of our significant long-term investment in the urban real estate sector held through our subsidiary IRSA.

To such end, we seek to:

Maximize the value of our agricultural real estate assets.

We conduct our agricultural activities with a focus on maximizing the value of our agricultural real estate assets. We rotate our portfolio of properties over time by purchasing properties which we believe have a high potential for appreciation and selling them selectively as opportunities arise to realize attractive capital gains. We achieve this by relying on the following principles:

Acquiring under-utilized properties and enhancing their land use:

This principle includes:

(i) transforming non-productive land into cattle feeding land,
(ii) transforming cattle feeding land into land suitable for more productive agricultural uses,
(iii) enhancing the value of agricultural lands by changing their use to more profitable agricultural activities; and
(iv) reaching the final stage of the real estate development cycle by transforming rural properties into urban areas as the boundaries of urban development continue to extend into rural areas.

To do so, we generally focus on acquisitions of properties outside of highly developed agricultural regions and/or properties whose value we believe is likely to be enhanced by proximity to existing or expected infrastructure.

Applying modern technologies to enhance operating yields and property values.

We believe that an opportunity exists to improve the productivity and long-term value of inexpensive and/or underdeveloped land by investing in modern technologies such as genetically modified and high yield seeds, direct sowing techniques, and machinery. We optimize crop yield through land rotation, irrigation and the use of fertilizers and agrochemicals. To enhance our cattle production, we use genetic technology and have a strict animal health plan controlled periodically through traceability systems. In addition, we have introduced state-of-the-art milking technologies in our dairy business.

Anticipating market trends.

We seek to anticipate market trends in the agribusiness sector by:

(i) identifying opportunities generated by economic development at local, regional and worldwide levels;
(ii) detecting medium and long-term increases or decreases in supply and demand caused by changes in the world's food consumption patterns; and
(iii) using land for the production of food or energy.

International expansion.

We believe that an attractive opportunity exists to acquire and develop agricultural properties outside Argentina, and our objective is to replicate our business model in other countries. Although most of our properties are located in different areas of Argentina, we have begun a process of expansion into other Latin American countries, including Brazil, Bolivia, and Paraguay.

Increase and optimize production yields.

We seek to increase and improve our production yields through the following initiatives:

Implementation of technology.

To improve crop production, we use state-of-the-art technology. We invest in machinery and the implementation of agricultural techniques such as direct sowing. In addition, we use high-potential seeds (GMOs) and fertilizers and we apply advanced land rotation techniques. In addition, we consider installing irrigation equipment in some of our farms.

To increase beef cattle production we use advanced breeding techniques and technologies related to animal health. Moreover, we optimize the use of pastures and we make investments in infrastructure, including installation of watering troughs and electrical fencing. In addition, we have one of the few vertically integrated beef cattle processing operations in Argentina through Sociedad Anónima Carnes Pampeanas S.A.

In our milking facility, we have implemented an individual animal identification system, using plastic tags for our beef cattle and "RFID" tags. We use software from Westfalia Co. which enables us to store individual information about each of our dairy cows.

Increased production.

Our goal is to increase our crop, beef cattle and milk production in order to achieve economies of scale by:

Increasing our owned land in various regions by taking advantage of attractive land purchase opportunities. In addition, we expand our production areas by developing lands in regions where agricultural and livestock production is not developed to its full potential. We believe in the use of technological tools for improving the productivity of our land reserves and enhancing their long-term value. However, current or future environmental regulations could prevent us from fully developing our lands by demanding us to maintain part of them as natural woodlands not allocated to production.

Diversifying our production and the weather risk by leasing farms, thus expanding our product portfolio and optimizing our geographic focus, in particular in areas that are not appealing in terms of land value appreciation but with attractive productivity levels. We believe that this diversification mix mitigates our exposure to seasonality, commodity price fluctuations, weather conditions and other factors affecting the agricultural and livestock sector.

Moreover, we believe that continuing to expand our agricultural operations outside of Argentina will help us improve even more our ability to produce new agricultural products, further diversifying our mix of products, and mitigating our exposure to regional weather conditions and country-specific risks.

Preservation of long-term value of our investment in IRSA.

We seek to maintain the long-term value of our significant investment in the urban real estate sector through IRSA. We believe that IRSA is an ideal vehicle through which to participate in the urban real estate market due to its substantial and diversified portfolio of residential and commercial properties, the strength of its management and what we believe are its attractive prospects for future growth and profitability.

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

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

Offices. Since the Argentine economic crisis in 2001 and 2002, there have been limited investments in high-quality office buildings in Buenos Aires and, as a result, we believe there is currently substantial demand for top-notch office spaces. We seek to purchase and develop premium office buildings in the core districts in the City of Buenos Aires and other strategic locations that we believe offer attractive returns and potential for long-term capital gain. We expect to continue our focus on attracting premium corporate tenants to our office buildings. Furthermore, we intend to selectively consider new opportunities to acquire or construct new rental office buildings.

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

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

International. In this segment, we seek investments that represent an opportunity of capital appreciation potential in the long term. After the international financial crisis in 2008, we took advantage of the price opportunity in the real estate sector in the United States and invested in two office buildings in Manhattan, New York. In 2015, we sold 74.5% of the office building located at Madison Avenue, City of New York, for a total amount of USD 185 million, and we have retained a 49.9% equity interest in a US company whose main asset is the so-called “Lipstick” office building located in the City of New York. In addition, jointly with subsidiaries, we hold 49.0% of the voting power of the REIT Condor Hospitality Trust (NASDAQ:CDOR) and we hold, through Dolphin Fund, a 68.3% stake in the Israeli company IDBD, one of the largest and most diversified investment groups of Israel, which, through its subsidiaries, participates in numerous markets and industry sectors, including real estate, retail, agroindustry, insurance, telecommunications, etc. We intend to continue evaluating -on a selective basis- investment opportunities outside Argentina as long as they offer attractive investment and development opportunities.

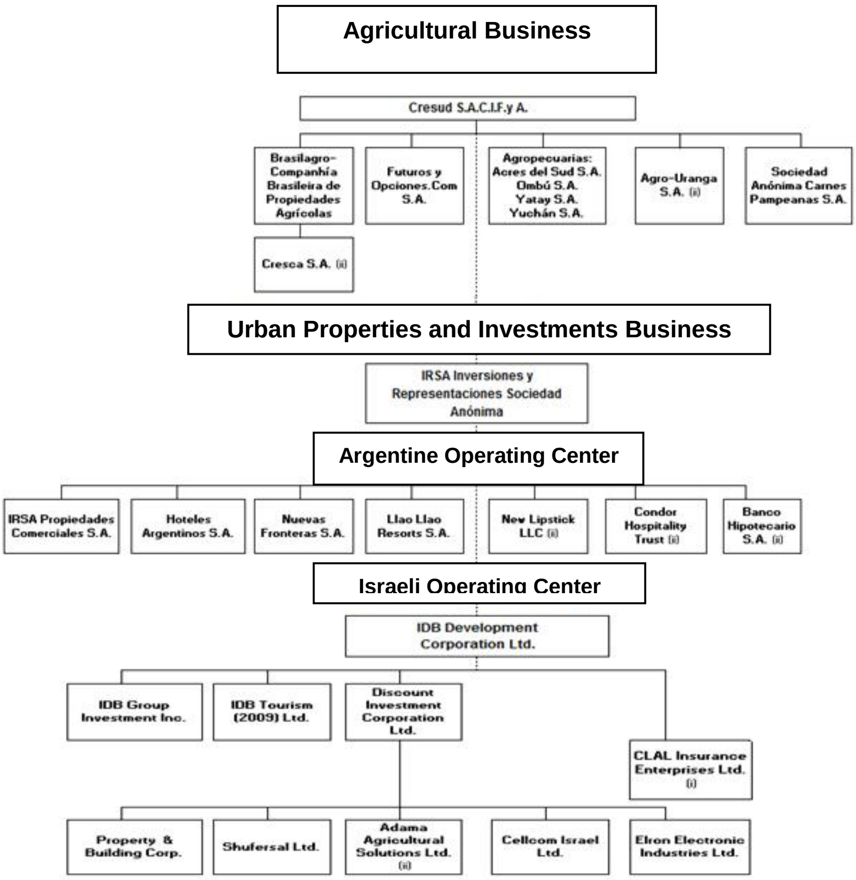
Financial Transactions and Other: We maintain our investment in Banco Hipotecario, the leading mortgage bank in Argentina, as we believe that we will be able to reach good synergies in the long term in hand with the development of the mortgage market.

Consolidation of IDB Development Corporation:

On October 11, 2015, the Group obtained control of the Israeli company IDB Development Corporation Ltd. (“IDBD”). During the past quarter, this investment was consolidated in the balance sheet, and as from this third quarter of fiscal year 2016, it is also 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 March 31, 2016. Therefore, the Company will consolidate results from IDBD's operations with a three-month mismatch, adjusted by 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 March 31, 2016 are included in the interim comprehensive results of the Group for the fiscal year ended on June 30, 2016, except for material transactions considered. The Company estimates a similar mismatch in obtaining IDBD's results in the succeeding periods.

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). In April 2016, IDBD's shares were delisted from the Tel Aviv Stock Exchange ("TASE"). However, the company will continue to be registered with the TASE as a "Debentures Company" pursuant to Israeli law, as it has bonds listed on such exchange.

In the disclosure of income, we have decided to report our operations based on our main business lines: "Agricultural" and "Urban Properties and Investments" derived from our subsidiary IRSA, which will be in turn subdivided into two operating centers: "Argentina" (including the businesses in Argentina and the international investments in the Lipstick Building in New York and the Condor Hospitality Trust hotel REIT) and "Israel" (including IDBD).



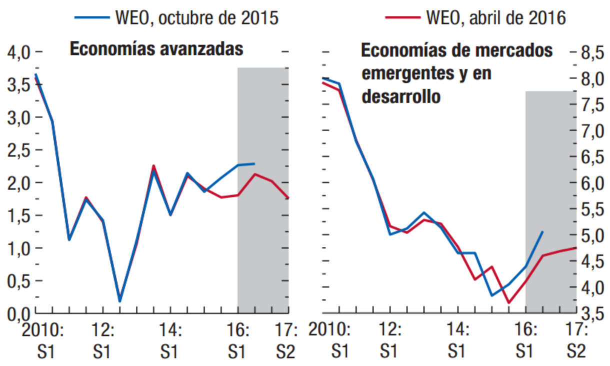
(i) Recorded under current assets as a financial asset available for sale.
(ii) Corresponds to associates and joint ventures of the Group; therefore, they are not consolidated.

Macroeconomic Context

International Context

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

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



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

As of April 2016, emerging and developing economies have recorded growth rates at 4%, also slightly below the projections. They are expected to grow 4.1% and 4.7% by the end of 2016 and 2017. Emerging economies continue facing challenges as regards the inflow of foreign capital. Countries which are more flexible in terms of foreign exchange responded better to the global flow of capital than in previous decelerations.

IMF's World Economic Outlook forecasts

(Percentage change in USD)

			Forecasts	
	2014	2015	2016	2017
The World's GDP	**3.4**	**3.1**	**3.2**	**3.5**
Advanced Economies	**1.8**	**1.9**	**1.9**	**2.0**
United States	2.4	2.4	2.4	2.5
Euro area	0.9	1.6	1.5	1.6
Japan	0.0	0.5	0.5	-0.1
Emerging markets and Developing economies	**4.6**	**4.0**	**4.1**	**4.6**
Russia	0.7	-3.7	-1.8	0.8
India	7.2	7.3	7.5	7.5
China	7.3	6.9	6.5	6.2
Brazil	0.1	-3.8	-3.8	0.0
South Africa	1.5	1.3	0.6	1.2
Argentina	0.5	1.2	-1.0	2.8
Latin America and the Caribbean	1.3	-0.1	-0.5	1.5

Source: WEO, April 2016

Financial market behavior

(Percentage change in USD)

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

Source: Bloomberg, as of July 4, 2016

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

Commodities market behavior

(Percentage change in USD)

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

Source: Bloomberg, as of July 4, 2016

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

Global Aggregates: Headline Inflation

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

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

Argentine Economy

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

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

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

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

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

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

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

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

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

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

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

In local financial markets, the Private Badlar rate in Pesos ranged from 20% to 30% in the period from July 2015 to June 2016, averaging 28% in June 2016 against 20% in June 2015. The Argentine Central Bank discontinued its controlled floating exchange rate policy in December 2015; consequently, the Peso sustained a 63% nominal depreciation in the period from July 2015 to June 2016. At June 2016, the exchange rate stood at 14.50 pesos for each dollar.

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

Agriculture and Cattle Raising Sector in Argentina

Argentina has positioned itself over the years as one of the world's leading food producers and exporters. It is the second largest country in South America after Brazil and has particularly favorable natural conditions for diversified agricultural production: vast extensions of fertile land and varied soil and weather patterns.

During the decade of the nineties, the Argentine agriculture and cattle raising industry experienced sweeping changes, such as a significant increase in production and yield (thanks to a sustained agricultural modernization process), relocation of production (crops vs. livestock) and a significant restructuring process within the industry, as well as increased land concentration. Taking advantage of a favorable international context, the agriculture and cattle raising sector has been one of the major drivers of the Argentine recovery after the economic and financial crisis of 2002.

During the 2015/2016 crop season, soybean production was over 55 million tons, a decrease of 8% as compared to the previous season.

Corn production reached 27 million tons, 2.5% lower than in the previous year.

The policies implemented by the new government have led to better projections for the agricultural industry. Mainly, the strong devaluation of the peso and tax reductions on exports have improved the situation of agricultural growers. Withholding taxes on corn and wheat have been fully eliminated, whereas withholding taxes on soybean have been lowered by 5% (to 30% down from 35%).

The United States Department of Agriculture ("USDA") projects the following production and yield levels for soybean and corn in the following countries:

Soybean	Surface Area (millions of hectares)			Yield (millions tons per hectare)			Production (millions of tons)		
	2015/2016	2016/2017	*Var (%)*	2015/2016	2016/2017	*Var (%)*	2015/2016	2016/2017	*Var (%)*
Argentina	19.40	19.45	*0.2%*	2.91	2.93	*0.7%*	56.50	57.00	*0.9%*
Paraguay	3.40	3.46	*1.8%*	2.59	2.60	*0.4%*	8.80	9.00	*2.3%*
Brazil	33.10	34.20	*3.3%*	2.93	3.01	*2.7%*	97.00	103.00	*6.2%*
Bolivia	1.28	1.25	*2.3%*	2.42	2.50	*3.3%*	3.10	3.13	*1.0%*
United	33.11	32.94	*-0.5%*	3.23	3.14	*-2.8%*	106.93	103.42	*-3.3%*

States									
China	6.44	6.80	*5.6%*	1.80	1.79	*-0.6%*	11.60	12.20	*5.2%*
Global	119.74	122.34	*2.2%*	2.62	2.65	*1.1%*	313.26	324.20	*3.5%*

Source: USDA. Foreign Agricultural Service.

Corn	**Surface Area (millions of hectares)**			**Yield (millions tons per hectare)**			**Production (millions of tons)**		
	2015/2016	**2016/2017**	***Var (%)***	**2015/2016**	**2016/2017**	***Var (%)***	**2015/2016**	**2016/2017**	***Var (%)***
Argentina	3.40	4.20	*23,5%*	7.94	8.10	*2.0%*	27.00	34.00	*25.9%*
Brazil	16.00	15.80	*-1.2%*	4.84	5.19	*7.2%*	77.50	80.00	*3.2%*
United States	32.68	34.76	*6.4%*	10.57	10.54	*-0.3%*	345.49	366.54	*6.1%*
Global	**176.81**	**178.64**	***1.0%***	**5.47**	**5.66**	***3.5%***	**966.37**	**1,011.07**	***4.6%***

Source: USDA. Foreign Agricultural Service.

Beef Cattle

As reported by SENASA, with an aggregate stock of 52,636,778 heads as of March 31, 2016, the beef cattle stock has increased by 2.3% as compared to the same period of the previous year. For the third year in a row, the beef cattle stock surpassed 51 million heads.

As reported by the Argentine Chamber of Beef Commerce and Industry *(Cámara de la Industria y Comercio de Carnes y Derivados de la República Argentina,* "Ciccra"), consumption of cattle beef per capita was 55.9 kilograms per year on average for the first quarter of 2016, accounting for a year-on-year fall of 5.9%. This decrease in consumption reflects the fact that the consumers' salaries were restated in 2015, whereas prices have risen after the devaluation of the Argentine peso in December 2015. However, the effects of the devaluation of the Argentine peso, along with the reduction in export taxes, generate a promising scenario for beef cattle exports.

Milk Sector

The United States Department of Agriculture projects that milk production in Argentina for 2015 will be 11.6 million tons, higher than in the previous year. However, milk production for 2016 faces a tough scenario, as the elimination of withholding taxes on corn adversely affected the input/product ratio as concerns milk. Moreover, international prices remain depressed.

The challenge faced by the international context, coupled with unfavorable weather conditions in the sector would imply that the most efficient producers will remain in business, causing production per cow to increase.

Principal Business Segments of the Urban Properties and Investment Business

Shopping Centers

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

Offices

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

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

Hotels

According to the Hotel Vacancy Survey (EOH) prepared by INDEC, at April 2016, stays at hotel and parahotel establishments were estimated at 2.8 million, 10.9% lower than the same month the previous year. Stays by resident and nonresident travelers decreased by 11.5% and 8.6%, respectively. Total travelers who stayed at hotels during April were 1.3 million, accounting for a 11.5% decline compared to the same month the previous year. The number of resident and nonresident travelers decreased by 12.4% and 7.9%, respectively. Out of the total number of travelers who stayed at hotels, 78.5% were residents, reaching 1.0 million. The Room Occupancy Rate in April was 35.8%, showing a slight decline compared to the same month the previous year. Moreover, the Bed Occupancy Rate for the same period was 25.4%, which represents a slight decrease compared to April 2015.

Business Description

Portfolio

We are a leading Latin American agricultural company engaged in the production of basic agricultural commodities with a growing presence in the agricultural sector of Brazil, through our investment in Brasilagro, as well as in other Latin American countries. We are currently involved in several farming activities including grains and sugarcane production, beef cattle raising and milk production. Our business model focuses on the acquisition, development and exploitation of agricultural properties having attractive prospects for agricultural production and/or value appreciation and the selective sale of such properties where appreciation has been realized. In addition, we lease lands to third parties and perform agency and agro-industrial services, including a meat packing plant. Our shares are listed on Mercado de Valores de Buenos Aires ("MVBA") and the NASDAQ in the USA.

We are also directly engaged in the Argentine real estate business through our subsidiary IRSA, one of Argentina's leading real estate companies. IRSA is engaged in the development, acquisition and operation of shopping centers, premium offices, and luxury hotels in Argentina and has selective investments outside of Argentina, including its investment in IDBD, one of the largest and most diversified conglomerates in Israel. IRSA's shares are listed on the MVBA and the NYSE. We hold a 63.77% interest in IRSA and a majority of our directors are also directors of IRSA.

As of June 30, 2016, we owned 27 farms with approximately 622,217 hectares distributed in Argentina, Brazil, Bolivia and Paraguay. Approximately 96,710 hectares of the land we own are used for crop production, approximately 71,937 hectares are for beef cattle production, 85,000 hectares are for sheep production, 2,231 hectares are for milk production and approximately 2,435 hectares are leased to third parties for crop and cattle beef production. The remaining 363,904 hectares of land reserves are primarily natural woodlands. In addition, we have the rights to hold approximately 132,000 hectares of land under concession for a 35-year period that can be extended for another 29 years. Out of this total, we have developed 23,196 hectares for crop production. Also, during fiscal year 2016 ended on June 30, 2016, we leased 41,966 hectares to third parties for crop production and 13,455 hectares for beef cattle production.

The following table sets forth, at the dates indicated, the amount of land used for each production activity (including owned and leased land and land under concession):

	2012(1)	2013(1)	2014(1)(6)	2015(1)(6)	2016(1)
Crops (2)	181,079	182,513	201,648	187,438	178,617
Beef-Cattle (3)	95,995	91,053	95,160	88,643	85,392
Milk	3,022	2,780	2,864	2,864	2,231
Sheep	85,000	85,000	85,000	85,000	85,000
Land Reserves (4)	459,979	461,729	467,532	467,568	473,290
Owned farmlands leased to third parties	25,538	31,593	13,111	10,026	2,435
Total (5)	**850,613**	**854,668**	**865,315**	**841,539**	**826,965**

(1) Includes 35.72% of approximately 8,299 hectares owned by Agro-Uranga S.A., an affiliated Argentine company in which we own a non-controlling 35.72% interest.
(2) Includes wheat, corn, sunflower, soybean, sorghum and others.
(3) Breeding and fattening.
(4) We use part of our land reserves to produce charcoal, rods and fence posts.

(5) As from fiscal year 2012, it includes Brasilagro and our interest in CRESCA at 50%.
(6) Includes farms owned by Brasilagro and CRESUD sold in 2014 and 2015.

Below are the results recorded by the group during the last five fiscal years:

In millions of Ps.	Jun-16	Jun-15	Jun-14	Jun-13	Jun-12
Current assets	45,121	4,227	4,988	3,289	1,784
Non-current assets	120,880	11,685	10,796	9,122	8,541
Total assets	166,001	15,912	15,784	12,411	10,325
Current liabilities	45,599	4,488	4,800	2,665	2,018
Non-current liabilities	105,170	6,909	6,549	5,027	3,615
Total liabilities	150,769	11,398	11,349	7,692	5,633
Minority interests	1,021	1,956	1,946	2,231	2,133
Shareholders' equity	15,232	4,515	4,435	4,719	4,692
Total liabilities plus minority interests plus shareholders' equity	166,001	15,912	15,784	12,411	10,325

In millions of Ps.	Jun-16	Jun-15	Jun-14	Jun-13	Jun-12
Gross profit	11,162	2,172	1,825	1,307	1,099
Profit from operations	3,746	2,793	1,185	1,106	647
Share of (loss) / profit of associates and joint ventures	-169	-436	-409	-10	3
Profit from operations before financing and taxation	3,577	2,357	777	1,097	650
Financial results, net		-1,296	-2,574	-909	-569
Profit / (Loss) before income tax	-2,669	1,060	-1,798	188	80
Income tax expense	197	-303	389	-34	-22
Profit / (Loss) for the Fiscal Year	-2,472	757	-1,408	154	59
Controlling company's shareholders	-1,402	114	-1,068	-27	-21
Non-controlling interest	-1,070	643	-341	181	80
Profit / (Loss) for the Fiscal Year					
Other comprehensive (loss) / income for the fiscal year(1)		757	-1,408	154	59
Total comprehensive (loss) / income for the fiscal year	-2,472	-408	1,267	183	-235
Controlling company's shareholders	4,649	349	-141	337	-176
Non-controlling interest	2,177	-56	-437	66	-103
(1) Correspond to conversion differences	-1,088	405	295	271	-73

In millions of Ps.	Jun-16	Jun-15	Jun-14	Jun-13	Jun-12
Net cash generated by / (used in) operating activities	4,055	697	883	648	669

	Jun-16	Jun-15	Jun-14	Jun-13	Jun-12
Net cash generated by / (used in) investment activities	8,652	890	-886	-93	-354
Net cash generated by / (used in) financing activities	-4,495	-1809	-446	-17	-479
Total net cash generated or used during the fiscal year/period	8,212	-222	-449	538	-164

In millions of Ps.	**Jun-16**	**Jun-15**	**Jun-14**	**Jun-13**	**Jun-12**
Liquidity (1)	0.990	0.942	1.039	1.234	0.884
Solvency (2)	0.101	0.396	0.391	0.613	0.833
Restricted capital (3)	0.728	0.734	0.684	0.735	0.827
Profitability (only annual) (4)	-0.162	0.168	-0.317	0.033	0.013

(1)Current Assets / Current Liabilities

(2) Total Shareholders' Equity/Total Liabilities

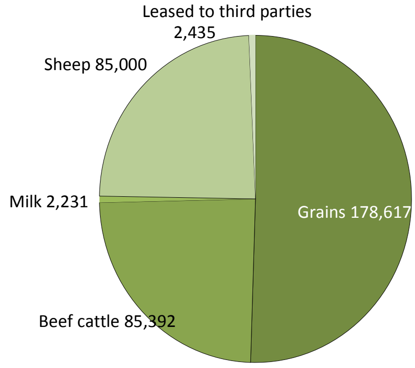
(3) Non-current Assets/Total Assets

(4) Profit for the fiscal year (excludes Other Comprehensive (Loss) / Income/Total Average Shareholders' Equity

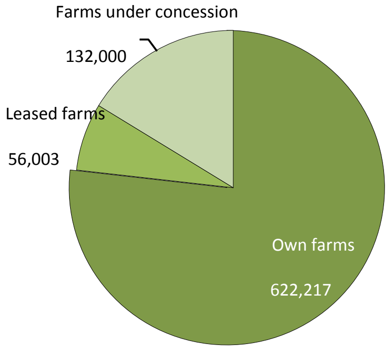
Our Principal Business Activities

During the fiscal year ended June 30, 2016, we conducted our operations on 30 owned farms and 35 leased farms. Some of the farms we own are engaged in more than one productive activity at the same time.

The following chart shows, for fiscal year 2016, the surface area in operation for each line of business:



The following chart illustrates, for the fiscal year ended on June 30, 2016, the surface area in operation and the hectares held as land reserves:



Agricultural Business

1) Sale and Transformation of Lands

Land Acquisitions

We intend to increase our farmland portfolio by acquiring large extensions of land with high appreciation potential. We also intend to transform the land acquired from non-productive to cattle breeding, from cattle breeding to farming, or applying state-of-the-art technology to improve farming yields so as to generate higher land appreciation.

In our view, the sector's potential lies in developing marginal areas and/or under-utilized areas. Thanks to the current technology, we may achieve similar yields with higher profitability than core areas, resulting in the appreciation of land values.

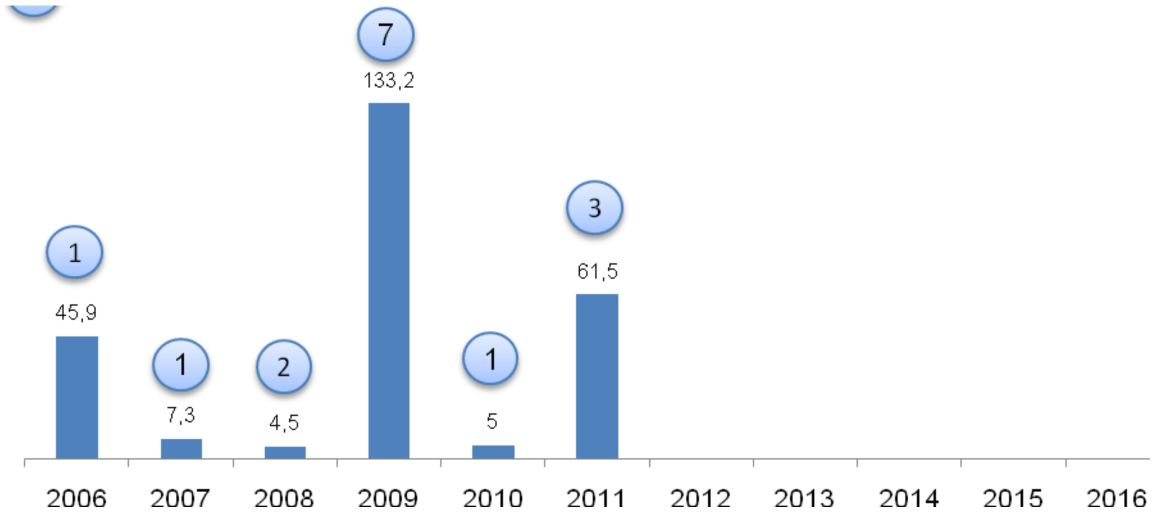
Over the past 15 years, prices of farmlands intended for agricultural production have increased in the southern hemisphere (mainly South America) but continue to be relatively low compared to the northern hemisphere (U.S. and Europe). Our financial strength relative to other Argentine producers gives us the chance to increase our land holdings at attractive prices, improve our production scale and create potential for capital appreciation.

Several important intermediaries, with whom we usually work, bring farmlands available for sale to our attention. The decision to acquire farmlands is based on the assessment of a large number of factors. In addition to the land's location, we normally carry out an analysis of soil and water, including the quality of the soil and its suitability for our intended use (crops, beef cattle, or milk production), classify the various sectors of the lot and the prior use of the farmland; analyze the improvements in the property, any easements, rights of way or other variables in relation to the property title; examine satellite photographs of the property (useful in the survey of soil drainage characteristics during the different rain cycles) and detailed comparative data regarding neighboring farms (generally covering a 50-km area). Based on the foregoing factors, we assess the farmland in terms of the sales price compared against the production potential of the land and capital appreciation potential. We consider that competition for the acquisition of farmlands is, in general, limited to small farmers for the acquisition of smaller lots, and that there is scarce competition for the acquisition of bigger lots.

In addition, we may consider the acquisition of farmlands in marginal zones and their improvement by irrigation in non-productive areas as well as the installation of irrigation devices in order to obtain attractive production yields and create potential for capital appreciation.

The following chart shows certain information concerning our land acquisitions for each of the last 10 fiscal years ended on June 30:

Acquisitions (Ps. million) – Number of Farms acquired

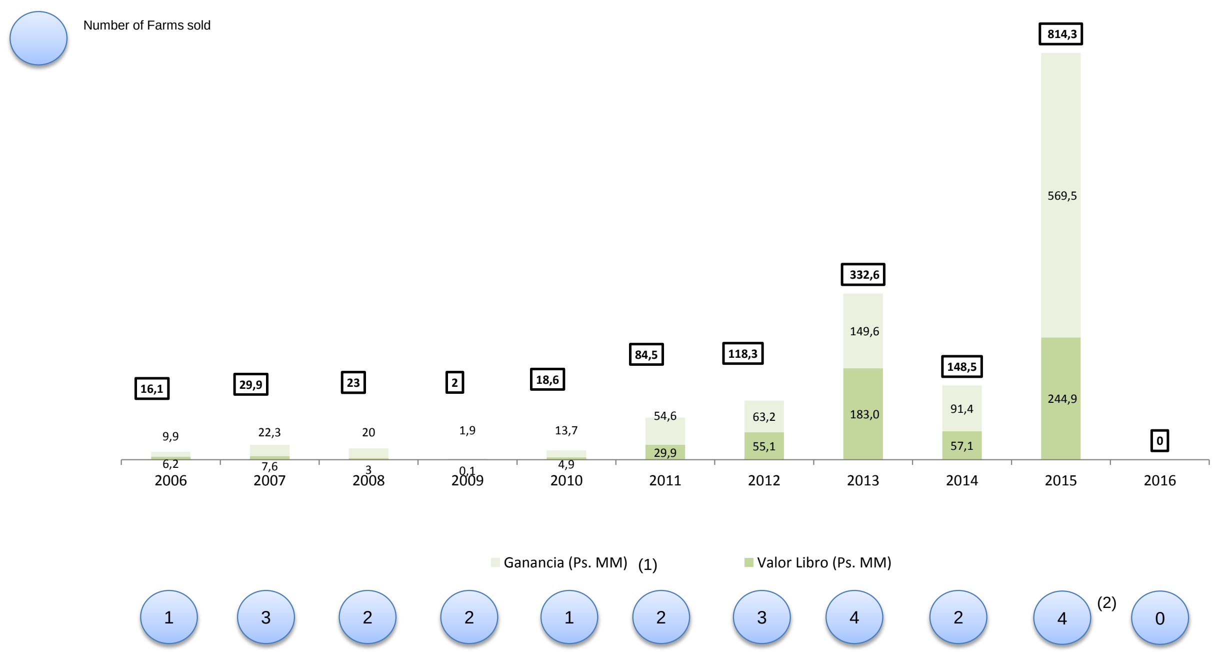


Land Sales

We periodically sell properties that have reached a considerable appraisal to reinvest in new farms with higher appreciation potential. We analyze the possibility of selling based on a number of factors, including the expected future yield of the farmland for continued agricultural and livestock exploitation, the availability of other investment opportunities and cyclical factors that have a bearing on the global values of farmlands.

The following chart shows certain information concerning our land sales for each of the last 10 fiscal years ended on June 30:

Sales (Ps. MM)



(1) Includes the difference between the gross proceeds of sales (net of all taxes and commissions) and the book value of the assets sold.

(2) Includes the sale of “La Adela” to our subsidiary IRSA. As it is a transaction between related parties, it generates no results under the IFRS and it is not included in the gain from disposition of farms for Ps. 569.5 million.

After recording farm sales for ARS 814 million in 2015, we did not close any transactions during fiscal year 2016. Specifically in Argentina, the farmland sale market was affected during the last years by the controls on capitals that prevailed until December 2015 and the profitability conditions of the business. With the new administration and new government policies for the farming industry we have seen a positive change in this market’s prospects. In this regard, after year-end we sold the “El Invierno” and “La Esperanza” farms, comprising 2,615 hectares used for agriculture and located in the district of “Rancul”, province of La Pampa, for USD 6 million (USD 2,294 per hectare). These farms’ book value was approximately ARS 13.5 million; therefore, the transaction will result in a gain of ARS 72 million, which will be recorded in the first quarter of fiscal year 2017.

Land Development

We consider that there is great potential in farmland development where, through the use of current technology, we may achieve similar yields with higher profitability than in core areas.

As of June 30, 2016, we owned land reserves in the region extending over more than 365,306 hectares of own farmlands that were purchased at very attractive prices. In addition, we have a concession 107,984 hectares reserved for future development. We believe that there are technological tools available to improve productivity in these farms and, therefore, achieve appreciation in the long term. However, current or future environmental regulations could prevent us from fully developing our land reserves by requiring that we maintain part of this land as natural woodlands not to be used for production purposes.

During fiscal year 2016, we conducted our land development business in Argentina mainly in Los Pozos, where we developed 2,486 hectares in La Paz and Don Mario modules. Moreover, we developed 548 hectares in La Suiza intended for agricultural production.

Our developments in Brazil, through our subsidiary Brasilagro, consisted of 4,416 hectares of developed land intended for agriculture.

In connection with our business in Paraguay, we developed through CRESCA 1,400 hectares for agricultural production.

Results

The following table shows this segment’s results for fiscal year 2016, compared to the two preceding fiscal years:

In millions of Ps.	FY 2016	FY 2015	FY 2014	YoY Var
Revenues	-	-	-	-
Costs	(9)	(9.0)	(8)	0.0%
Gross Loss	**(9)**	**(9.0)**	**(8)**	**0.0%**
Gain from disposition of farmlands	(2)	570	91	-
Profit / (Loss) from operations	**(12)**	**552**	**78**	**-**
Segment Profit / (Loss)	**(12)**	**552**	**78**	**-**

Area under Development (hectares)	Developed 2013/2014	Developed 2014/2015
Argentina	1,703	3,034
Brazil	7,475	4,416

Paraguay (1)	2,367	1,400
Total	**11,545**	**8,850**

(1) Includes the farms of Cresca S.A. at 100%.

2) Agricultural Production

Grains and Sugarcane

Our crop production is mainly based on grains and oilseeds and sugarcane. Our main crops include soybean, wheat, corn, and sunflower. Other crops, such as sorghum and peanut, are sown occasionally and represent only a small percentage of total sown land.

Production

The following table shows, for the fiscal years indicated, our crop production volumes measured in tons:

Production Volume(1)	FY2016	FY2015	FY2014	FY2013	FY2012
Corn	229,893	310,874	155,759	194,870	247,839
Soybean	168,916	279,608	242,349	220,540	196,515
Wheat	16,186	15,990	12,373	4,392	18,625
Sorghum	1,127	1,740	4,502	6,709	7,791
Sunflower	3,053	11,992	5,803	12,437	14,503
Other	6,432	6,999	2,476	5,002	6,774
Total Crops (tons)	**425,607**	**627,203**	**423,263**	**443,951**	**492,048**
Sugarcane (tons)	**1,228,830**	**928,273**	**657,547**	**1,156,848**	**576,048**
Cattle herd	7,714	7,812	6,970	7,723	8,936
Milking cows	491	524	489	470	445
Beef-Cattle (tons)	**8,205**	**8,336**	**7,459**	**8,193**	**9,381**
Milk (liters)	**16,723**	**17,526**	**19,320**	**18,459**	**16,563**

(1) Includes Brasilagro, CRESCA at 50%, Acres del Sud. Ombú. Yatay and Yuchán. Does not include Agro-Uranga S.A.

Below is the geographical distribution of our agricultural production for the last four seasons:

	FY2016				
In tons	**Argentina**	**Brazil**	**Bolivia**	**Paraguay**	**Total**
Corn	189,708	19,982	13,233	6,969	229,893
Soybean	117,744	26,252	15,416	9,505	168,916
Wheat	15,525	-	661	-	16,186
Sorghum	56	-	773	298	1,127
Sunflower	3,053	-	-	-	3,053
Other	5,367	1,065	-	-	6,432
Total Grains and Other	**331,453**	**47,299**	**30,083**	**16,772**	**425,607**
Sugarcane	**-**	**1,075,183**	**153,648**	**-**	**1,228,830**

	FY2015				
In tons	**Argentina**	**Brazil**	**Bolivia**	**Paraguay**	**Total**
Corn	253,929	40,102	10,199	6,644	310,874
Soybean	132,101	111,751	30,471	5,285	279,608
Wheat	15,990	-	-	-	15,990

Sorghum	538	-	406	796	1,740
Sunflower	11,992	-	-	-	11,992
Other	6,916	-	-	82	6,999
Total Grains and Other	**421,467**	**151,854**	**41,075**	**12,807**	**627,203**
Sugarcane	**-**	**830,204**	**98,069**	**-**	**928,273**

	FY2014				
In tons	**Argentina**	**Brazil**	**Bolivia**	**Paraguay**	**Total**
Corn	93,388	50,102	11,444	826	155,759
Soybean	108,088	108,107	20,821	5,333	242,349
Wheat	12,373	-	-	-	12,373
Sorghum	1,367	-	2,487	647	4,502
Sunflower	5,756	-	47	-	5,803
Other	1,926	534	-	16	2,476
Total Grains and Other	**222,898**	**158,743**	**34,800**	**6,822**	**423,263**
Sugarcane	**-**	**570,820**	**86,727**	**-**	**657,547**

	FY2013				
in tons	**Argentina**	**Brazil**	**Bolivia**	**Paraguay**	**Total**
Corn	145,949	34,630	14,291	-	194,870
Soybean	82,476	106,276	31,601	187	220,540
Wheat	3,111	-	1,281	-	4,392
Sorghum	3,766	-	2,638	305	6,709
Sunflower	12,090	-	347	-	12,437
Other	2,644	2,358	-	-	5,002
Total Grains and Other	**250,036**	**143,264**	**50,159**	**492**	**443,951**
Sugarcane	**-**	**1,014,234**	**142,613**	**-**	**1,156,848**

	FY2012				
in tons	**Argentina**	**Brasil**	**Bolivia**	**Paraguay**	**Totales**
Corn	153,889	72,387	21,563	-	247,839
Soybean	83,221	83,319	29,976	-	196,515
Wheat	17,637	-	988	-	18,625
Sorghum	3,360	-	4,431	-	7,791
Sunflower	13,210	-	1,293	-	14,503
Other	5,494	1,280	-	-	6,774
Total Grains and Other	**276,811**	**156,986**	**58,251**	**-**	**492,048**
Sugarcane	**-**	**576,030**	**18**	**-**	**576,048**

Sales

Below is the total volume of grains sold broken down into geographical areas, measured in tons:

Volume of	FY2016	FY2015	FY2014	FY2013	FY2012

Sales	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total
Corn	217.3	37.9	255.2	269.7	0.0	269.7	179.9	0.0	179.9	233.3	37.8	271.1	202.3	21.8	224.1
Soybean	182.5	15.8	198.3	172.9	77.2	250.1	188.9	33.2	222.1	153.4	55.4	208.8	228.6	23.0	251.6
Wheat	17.3	29.3	46.6	7.0	0.1	7.1	11.4	0.0	11.4	10.7	0.0	10.7	15.2	5.5	20.7
Sorghum	1.0	0.0	1.0	1.6	0.0	1.6	3.8	0.0	3.8	5.8	0.0	5.8	8.5	-	8.5
Sunflower	10.4	0.0	10.4	5.2	0.0	5.2	9.7	0.0	9.7	10.6	0.0	10.6	18.1	-	18
Other	5.9	0.0	5.9	1.9	0.0	1.9	6.2	0.3	6.5	14.0	0.1	14.1	12	-	12
Total Grains (tons)	**434.4**	**83.0**	**517.4**	**458.3**	**77.3**	**535.6**	**399.9**	**33.5**	**433.4**	**427.8**	**93.3**	**521.1**	**484.2**	**50.3**	**534.5**
Sugarcane (tons)	**1,219.7**	**0.0**	**1,219.7**	**924.5**	**0.0**	**924.5**	**675.7**	**0.0**	**675.7**	**1,179.9**	**0.0**	**1,179.9**	**636.3**	**-**	**636.3**
Cattle herd	8.3	0.0	8.3	8.9	0.0	8.9	8.8	0.0	8.8	9.6	0.0	9.6	15.0	-	15.0
Milking cows	0.7	0.0	0.7	0.9	0.0	0.9	0.5	0.0	0.5	0.5	0.0	0.5	0.5	-	0.5
Beef-Cattle (tons)	**9.0**	**0.0**	**9.0**	**9.8**	**0.0**	**9.8**	**9.3**	**0.0**	**9.3**	**10.1**	**0.0**	**10.1**	**15.5**	**-**	**15.5**
Milk (in thousands of liters)	**15.5**	**0.0**	**15.5**	**16.9**	**0.0**	**16.9**	**18.8**	**0.0**	**18.8**	**17.9**	**0.0**	**17.9**	**16.3**	**-**	**16.3**

(1) Domestic Market.
(2) Foreign Market.
(3) Includes Brasilagro and CRESCA at 50%, Acres del Sud, Ombú, Yatay and Yuchán. Does not include Agro-Uranga.

The following table shows the sown surface area assigned to crop production, classified into owned, under lease, under concession and leased to third parties for the fiscal years indicated below, measured in hectares:

	2013(1)	2014(1)	2015(1)	2016(1)
Own	127,952	122,632	128,795	112,112
Under lease	45,624	58,030	58,167	43,309
Under concession	8,937	20,986	21,547	23,196
Leased to third parties	18,223	7,616	3,267	2,365
Total	**200,736**	**209,264**	**211,776**	**180,982**

(1) Includes double crops, all farms in Argentina, Bolivia, Paraguay and Brazil, and Agro-Uranga (Subsidiary – 35.72%).

Stock (in tons)	FY 2016	FY 2015	FY 2014	Variation
Corn	21,233	61,157	17,604	(65.3%)
Soybean	69,665	99,972	75,885	(30.3%)
Sunflower	913	8,594	1,825	(89.4%)
Sorghum	369	198	522	86.4%
Wheat	4,964	9,377	681	(47.1%)
Sugarcane	-	-	-	-
Other	2,975	4,500	32,608	(33.9%)
Total	**100,119**	**183,798**	**129,125**	**(45.5%)**

We seek to diversify our mix of products and the geographic location of our farmlands to achieve an adequate balance between the two principal risks associated with our activities: weather conditions and the fluctuations in the prices of commodities. In order to reduce such risks, we own and lease land in several areas of Argentina with different climate conditions that allow us to sow a diversified range of products. Our leased land for crops is mostly located in the Pampas region, a favorable area for crop production. The leased farms are previously studied by technicians who analyze future production expectations based on the historic use of the land. The initial duration of lease agreements is typically one or three seasons. Leases of farms for production of crops generally consist of lease agreements with payments based on a fixed amount of Pesos per hectare or sharecropping agreements with payments in kind based on a percentage of the crops obtained or a fixed amount of tons of grains obtained or their equivalent value in Pesos. The principal advantage of leasing farms is that leases do not require us to commit large amounts of capital to the acquisition of lands but allow us to increase our scale in the short term and reduce the risk of inclement weather. The disadvantage of this strategy is that the cost of leasing can increase over time, in part, because increased demand for leased land increases the price of leased land.

In order to increase our production yields, we use, besides state-of-the-art technology, labor control methods which imply the supervision of the seeding's quality (density, fertilization, distribution, and depth), crop monitoring (determination of natural losses and losses caused by harvester) and verification of bagged crop quality. In this way, we work jointly with our suppliers to achieve the best management of inputs, water and soil.

Wheat seeding takes place from June to August, and harvesting takes place from December to January. Corn, soybean and sunflower are sown from September to December and are harvested from February to August. Grains are available to be sold as commodities after the harvest from December to June and we usually store part of our production until prices recover after the drop that normally takes place during the harvesting season. A major part of production, especially soybean, wheat, corn and sorghum, is sold and delivered to buyers pursuant to agreements in which price conditions are fixed by reference to the market price at a specific time in the future that we determine. The rest of the production is either sold at current market prices or delivered to cover any futures contract that we may have entered into.

Agro-Uranga S.A.

We have a 35.72% interest in Agro-Uranga S.A. ("Agro-Uranga"). This company optimizes production processes and attains excellent results, with special emphasis in soil conservation, the application of rational techniques and care of the environment.

At present, with the assistance of its foreign trade team it is seeking to develop new products so as to significantly increase export volumes, encouraged by the world's growing demand.

Lease of Farms

We conduct our business on owned and leased land. Rental payments increase our production costs, as the amounts paid as rent are accounted for as operating expenses. As a result, production costs per hectare of leased land are higher than for the land owned by us.

Our land leasing policy is designed to supplement our expansion strategy, using our liquidity to make production investments in our principal agricultural activities. On the other hand, our leasing strategy provides us with an added level of flexibility in the share of each of our products in total production, providing for greater diversification.

The initial duration of lease agreements is typically one crop season. Leases of farms for production of crops consist in lease agreements with payments based on a fixed amount of Pesos per hectare or sharecropping agreements with payments in kind based on a percentage of the crops obtained or a fixed amount of tons of grains obtained or their equivalent value in Pesos. Leases of farmlands for cattle breeding consist in lease agreements with fixed payments based on a fixed amount of Pesos per hectare or steer kilograms or capitalization agreements with payments in kind or in cash based on the weight gain in kilograms.

During fiscal year 2016, we leased to third parties a total of 35 fields, covering 56,003 hectares, including 11,718 hectares in Brazil. Out of the total leased area, 43,309 hectares were assigned to agricultural production, including double crops, and 12,635 hectares to cattle raising. The properties for agricultural production were leased, primarily, for a fixed price prior to harvest and only a small percentage consisted of sharecropping agreements.

The following table shows a breakdown of the number of hectares of leased land used for each of our principal production activities:

	2012	2013	2014	2015	2016
Crops [1]	44,508	45,624	58,030	58,167	43,309
Beef cattle	12,635	12,635	18,549	13,501	12,635

(1) Includes BrasilAgro.

Due to the rise in the price of land, we adopted a policy of not validating excessive prices and applying strict criteria upon adopting the decision to lease, selecting those lands with values that would ensure appropriate margins.

Results

The following table shows the Group's results for fiscal year 2016, compared to the two preceding fiscal years:

Grains

In millions of Ps.	FY 2016	FY 2015	FY 2014	YoY Var
Revenues	1,152	987	837	16.8%
Costs	(1,813)	(1,819)	(1,539)	(0.3%)
Initial recognition and changes in the fair value of biological assets and agricultural products	1,071	918	868	16.6%
Changes in the net realizable value of agricultural products	208	(34)	(17)	-
Gross profit	618	**52**	**149**	**1088.5%**
General and administrative expenses	(174)	(159)	(147)	9.4%
Selling expenses	(216)	(161)	(115)	34.2%
Other operating results, net	(74)	(9)	(27)	722.2%
Profit / (loss) from operations	**154**	**(277)**	**(140)**	**-**
Share of profit / (loss) of associates and joint ventures	26	1	11	(2500.0%)
Segment Profit / (Loss)	**180**	**(276)**	**(129)**	**-**

Sugarcane

In millions of Ps.	FY 2016	FY 2015	FY 2014	YoY Var
Revenues	294	198	124	48.5%
Costs	(511)	(368)	(207)	38.8%
Initial recognition and changes in the fair value of biological assets and agricultural products	318	187	96	70.5%
Changes in the net realizable value of agricultural products	-	-	-	-
Gross profit	**101**	**17**	**13**	**494.1%**
General and administrative expenses	(34)	(20)	(28)	70.0%
Selling expenses	(8)	(8)	(8)	-
Other operating results, net	4	(2)	-	-
Profit / (loss) from operations	**63**	**(13)**	**(23)**	**-**
Share of profit of associates and joint ventures	-	-	-	-

Segment Profit / (Loss)	63	(13)	(23)	-

Beef Cattle

Our beef cattle production involves the breeding and fattening of our own animals. In some cases, if market conditions are favorable, we also purchase and fatten cattle which we sell to slaughterhouses and supermarkets. As of June 2016, our beef cattle aggregated 69,873 heads, and we had a total surface area of 85,392 hectares of own and leased lands devoted to this business activity. In addition, we have leased to third parties 70 hectares assigned to these activities.

During the fiscal year ended June 30, 2016, our production was 8,238 tons, a 1.2% year-on-year decrease. The following table sets forth, for the fiscal years indicated below, the beef cattle production volumes measured in tons:

	FY2016	FY2015	FY2014	FY2013	FY2012
Beef cattle production(1)	7,714	7,812	6,970	7,723	8,936

(1) Production measured in tons of live weight. Production is the sum of the net increases (or decreases) during a given period in live weight of each head of beef cattle owned by us.

Our cattle breeding activities are carried out with breeding cows and bulls and our fattening activities apply to steer, heifers and calves. Breeding cows calve approximately once a year and their productive lifespan is from six to seven years. Six months after birth, calves are weaned and transferred to fattening pastures. Acquired cattle are directly submitted to the fattening process. Upon starting this process, cattle have been grazing for approximately one year to one and a half year in order to be fattened for sale. Steer and heifers are sold when they have achieved a weight of 380–430 kg and 280–295 kg, respectively, depending on the breed.

Pregnancy levels, which have been improving over the years, showed satisfactory levels of efficiency notwithstanding the adverse weather conditions. Genetics and herd management are expected to further improve pregnancy levels in the coming years. Reproductive indicators improved thanks to the implementation of technologies, which have included handling techniques and females artificial insemination with cattle genetics especially selected for the stock which is purchased from specialized companies in quality semen elaboration for meat production. We use veterinarian products manufactured by leading national and international laboratories. It is important to emphasize the work of a veterinarian advising committee, who are external to us and visit each establishment monthly to control and agree tasks.

Currently, the cattle raising farms are officially registered as export farmlands pursuant to the identification and traceability rules in force in Argentina. Animals are individually identified, thus allowing for the development of special businesses in this area.

Our beef cattle stock is organized into breeding and fattening activities. The following table shows, for the fiscal years indicated, the number of head of beef cattle for each activity:

Stock of Cattle Heads	FY2016	FY2015	FY2014
Breeding stock	58,747	52,052	54,808
Winter grazing stock	11,126	12,102	10,932
Total Stock (heads)	**69,873**	**64,154**	**65,740**

We seek to improve beef cattle production and quality in order to obtain a higher price through advanced breeding techniques. We cross breed our stock of Indicus, British (Angus and Hereford) and Continental breeds to obtain herds with characteristics better suited to the pastures in which they graze. To enhance the quality of our herds even further, we plan to continue improving our pastures through permanent investment in seeds and fertilizers, an increase in the watering troughs available in pastures, and the acquisition of round bailers to cut and roll grass for storage purposes.

Our emphasis on improving the quality of our herd also includes the use of animal health-related technologies. We comply with national animal health standards that include laboratory analyses and vaccination aimed at controlling and preventing disease in our herd, particularly FMD.

Direct costs of beef production consist primarily of crops for feeding and dietary supplementation purposes, animal health and payroll costs, among others.

Results

The following table shows this segment's results for fiscal year 2016, compared to the two preceding fiscal years:

In millions of Ps	FY 2016	FY 2015	FY 2014	YoY var
Revenues	178	143	90	24.5%
Costs	(268)	(225)	(161)	19.1%
Initial recognition and changes in the fair value of biological assets and agricultural products	254	167	145	52.1%
Changes in the net realizable value of agricultural products	-	-	-	-
Gross Profit	**164**	**85**	**74**	**92.9%**
General and administrative expenses	(40)	(26)	(27)	53.8%
Selling expenses	(19)	(20)	(14)	(5.0%)
Other operating results, net	(2)	(3)	(2)	(33.3%)
Profit/ (Loss) from operations	**103**	**36**	**31**	**186.1%**
Share of profit / (loss) of associates and joint ventures	-	-	-	1600.0%
Segment Profit / (Loss)	**103**	**36**	**31**	**(186.1%)**

Milk

As of June 30, 2016, we conducted our milk business in the dairy facility located in "El Tigre" farm in the Province of La Pampa, Argentina. We have a capacity of 1,788 cows in milking per day and seek to increase total productivity through the application of new technologies including improved genetic management for milk production, feeding strategic planning based on cattle specific requirements and the use of individual traceability to know the productivity history of each animal. Also we use computer science in milk business to make more efficient the manual labor by surveying the information supplied by the farm.

Within the process of de-commoditization and technological innovation, we implemented an identification and tracking system in compliance with European and SENASA standards. We also obtained Global Gap and HCCP certification. Our goal in this respect is to distinguish our production and obtain higher prices in production sales.

Our milk production is based on a herd of Holando Argentina dairy cows, genetically selected through the use of imported frozen semen of North American Holando bulls. Male calves are sold, at calving, for a given amount per head, whereas female calves are weaned after 24 hours, spend approximately 60 days in raising and approximately 100 days being fed on the basis of grass, grains and supplements. Young heifers then graze for an additional 12 to 15 month period, prior to artificial insemination at the age of 18 to 20 months and they calve nine months later. Heifers are subsequently milked for an average of 300 days. Milking dairy cows are once again inseminated during the 60 to 90 day subsequent period. This process is repeated once a year during six or seven years. The pregnancy rate for our dairy cows is 80-90%.

Our dairy herd is milked mechanically twice a day. The milk obtained is cooled to less than five degrees centigrade to preserve quality and is then stored in a tank for delivery once a day to trucks sent by buyers. Dairy cows are fed mainly with grass, supplemented as needed with grains, hay and silage. We have invested in certain technologies that focus on genetic improvement, animal health and feeding in order to improve our milk production. These investments include imports of top quality frozen semen from genetically improved North American Holstein bulls, agricultural machinery and devices such as feed-mixer trucks, use of dietary supplements and the installation of modern equipment to control milk cooling. We are currently acquiring dietary supplements for our dairy cows and have made investments with the aim of increasing the quantity and quality of forage (pasture, alfalfa and corn silage) in order to reduce feeding costs.

The following table sets forth, for the periods indicated, the average number of our dairy cows and average daily production per cow:

Milk Production	FY2016	FY2015	FY2014
Average dairy cows per day (heads)	1,788	2,189	2,439
Milk Production/ Dairy Cow/ Day (liters)	23.81	21.48	19.69

At the closing of fiscal year 2016, we had 5,047 heads of cattle on 2,231 hectares involved in the production of milk; whereas as of June 30, 2015, we had 5,658 heads of cattle on 2,864 hectares.

Results

The following table shows this segment's results for fiscal year 2016, compared to the two preceding fiscal years:

In millions of Ps.	FY 2016	FY 2015	FY 2014	YoY Var
Revenues	65	72	54	(9.7%)
Costs	(135)	(133)	(104)	1.5%
Initial recognition and changes in the fair value of biological assets and agricultural products	74	75	63	(1.3%)
Gross Profit	**4**	**14**	**13**	**(71.4%)**
General and administrative expenses	(8)	(5)	(6)	60.0%
Selling expenses	(4)	(4)	(2)	-
Other operating results, net	--	(1)	-	-
Profit / (Loss) from operations	**(8)**	**4**	**5**	**-**
Segment Profit / (Loss)	**(8)**	**4**	**5**	**-**

3) Other Segments

Agro-industrial Activities

This segment consists in the slaughtering and processing of beef in meat packing plants.

Through our subsidiary Sociedad Anónima Carnes Pampeanas S.A. ("Carnes Pampeanas") we own a meat packing plant in Santa Rosa, Province of La Pampa, with capacity to slaughter and process approximately 9,600 cattle heads per month.

During the last years, the smaller supply of beef cattle has adversely affected the value chain by reducing cold-storage plant utilization. This has left several plants struggling to remain operational in view of the poor returns and shortage of raw materials. Our investment in Carnes Pampeanas has not escaped unscathed of this situation.

During fiscal year 2016, this segment recorded a net loss of Ps. 63.0 million compared to a net loss of Ps. 35.0 million in the previous fiscal year. Although the business was favored by the new government policies consisting in raising the exchange rate and lowering withholding taxes on beef exports, the positive impact of these measures was offset by a deterioration in the input/product ratios, explained by the fact that livestock prices and labor costs significantly outpaced the rise in beef prices for domestic consumption and in the international markets, as well as the prices of leather, this business' main by-product.

Results

The following table shows this segment's results for fiscal year 2016, compared to the two preceding fiscal years:

In millions of Ps.	FY 2016	FY 2015	FY 2014	YoY Var
Revenues	966	806	554	19.8%
Costs	(925)	(739)	(480)	25.2%
Gross profit / (loss)	**41**	**67**	**74**	**(38.8%)**
General and administrative expenses	(38)	(25)	(17)	52.0%
Selling expenses	(67)	(77)	(55)	(13.0%)
Gain from business combinatios	-	-	-	-
Other operating results, net	1	-	(1)	-
Profit / (Loss) from operations	**(63)**	**(35)**	**1**	**80.0%**
Share of profit / (loss) of associates and joint ventures	-	-	-	-
Segment (loss) / profit	**(63)**	**(35)**	**1**	**80.0%**

Leases and Agricultural Services

We lease own farms to third parties for agriculture, cattle breeding and seed production, mainly in two types of farms. On the one hand, we lease our farms under irrigation in San Luis (Santa Bárbara and La Gramilla) to seed producers. These farms are ideal for obtaining steady production levels, given the quality of their soil and the weather conditions of the area, along with the even humidity provided by irrigation.

On the other hand, we lease farms recently put into production after agricultural development. In this way we manage to reduce our production risk, ensuring fixed rental income until the new farms reach stable productivity levels.

In addition, in this segment we include the irrigation service we provide to our own farms leased to third parties.

Results

The following table shows this segment's results for fiscal year 2016, compared to the two preceding fiscal years:

In millions of Ps.	FY 2016	FY 2015	FY 2014	YoY Var
Revenues	78	61	29	27.9 %
Costs	(20)	(21)	(17)	4.8 %
Gross Profit	58	40	12	45.0 %
General and administrative expenses	(4)	(2)	(4)	100.0%
Selling expenses	(1)	(1)	(1)	-
Gain from business combinations	-	-	-	-
Other operating results, net	-	-	-	-
Profit from operations	53	37	**7**	**43.2%**
Share of Profit / (loss) of associates and joint ventures	-	-	-	-
Segment Profit	53	37	**7**	**43.2 %**

Other

Results

The following table shows the "Other" segment's results for fiscal year 2016, compared to the two preceding fiscal years:

In millions of Ps.	FY 2016	FY 2015	FY 2014	YoY Var
Revenues	179	128	125	**39.8%**
Costs	(140)	(105)	(101)	**33.3%**
Initial recognition and changes in the fair value of biological assets and agricultural products	-	-	-	**-**
Changes in the net realizable value of agricultural products	-	-	-	**-**
Gross Profit	39	23	**24**	**69.6%**
General and administrative expenses	(15)	(8)	(11)	**87.5%**
Selling expenses	(23)	(13)	(11)	**76.9%**
Management fees	-	-	-	
Gain from business combinations	-	-	-	
Other operating results, net	1	1	1	**-**
Profit from operations	2	3	**3**	**(33.3%)**
Share of Profit / (Loss) of associates and joint ventures	(3)	-	-	-
Segment Profit	(1)	3	**3**	**-**

This segment includes part of our investment in Futuros y Opciones (FyO), as grain trading is reflected in the Grains segment.

Futuros y Opciones.Com S.A. (FyO)

Futuros y Opciones.com's main business is grain trading (grain brokerage, storage, futures and options, consulting and logistics services) and sale and distribution of own inputs and third-party products.

During this fiscal year FyO sold its website to Agrofy S.A., a company in which Cresud holds an equity interest.

As concerns the Grains business, revenues grew thanks to the increase in traded volumes as compared to the previous fiscal year, the effect of the devaluation and strong growth in trading revenues. The inputs business started to recover, and invoicing increased 6% as compared to the previous fiscal year.

During this fiscal year, financial income increased as compared to the previous year as a result of the investments made in mutual investment funds, LEBACS and government securities.

FyO continues to invest in systems for the inputs and grains businesses.

Concerning the goals for next year, the Grains business is expected to keep growing at the same pace as in the past years, aspiring to lead the grain trading business and to consolidate storage operations. As concerns inputs, FyO's goals include consolidating its suite of products, increasing sales and improving margins. Other objectives include becoming a leading company in the knowledge of the grains markets, offering all businesses and services related to grain trading, and being digital innovators.

Farmland Portfolio

As of June 30, 2016, we owned, together with our subsidiaries, 27 farms, with a total surface area of 622,256 hectares.

The following table sets forth our farm portfolio as of June 30, 2016:

Use of Farms owned and under concession as of June 30, 2016										
	Locality	Province	Date of Acquisition	Surface Area (has)	Main Business	Beef Cattle (has)	Sheep (has)	Milk (has)	Agriculture (has)	Cattle (Head)
El Recreo	Recreo	Catamarca	May '95	12,395	Natural woodlands					
Los Pozos	JV González	Salta	May '95	239,639	Beef Cattle/ Agriculture/ Natural woodlands	44,010			13,938	44,914
San Nicolás (1)	Rosario	Santa Fe	May '97	1,431	Agriculture				1,409	
Las Playas (1)	Idiazabal	Córdoba	May '97	1,534	Agriculture/ Milk				1,534	
La Gramilla/ Santa Bárbara	Merlo	San Luis	Nov '97	7,072	Agriculture Under irrigation				4,294	
La Suiza	Villa Angela	Chaco	Jun '98	36,380	Agriculture/ Beef Cattle	26,700			3,414	15,300
La Esmeralda	Ceres	Santa Fe	Jun '98	9,370	Agriculture/ Beef Cattle				7,885	
El Tigre	Trenel	La Pampa	Apr '03	8,360	Agriculture/ Milk			2,231	5,239	5,047
El Invierno	Rancul	La Pampa	Jun '05	1,946	Agriculture				1,839	
San Pedro	Concepción de Uruguay	Entre Rios	Sep '05	6,022	Agriculture				4,083	
8 De Julio/ Estancia Carmen	Puerto Deseado	Santa Cruz	May '07/ Sep '08	100,911	Sheep		85,000			
Cactus Argentina	Villa Mercedes	San Luis	Dec '97	171	Natural woodlands	171				
Las Vertientes	Las Vertientes	Cordoba	-	4	Silo					
La Esperanza	Rancul	La Pampa	Mar '08	980	Agriculture				402	
Las Londras	Santa Cruz	Bolivia	Nov '08	4,566	Agriculture				3,736	
San Rafael	Santa Cruz	Bolivia	Nov '08	2,969	Agriculture				2,269	
La Primavera	Santa Cruz	Bolivia	Jun '11	2,340	Agriculture				636	
Cuatro Vientos	Santa Cruz	Bolivia	Jun '11	2,658	Agriculture				1844	
Jeroviá/Marangatú/Udra (2)	Mariscal Estigarribia	Paraguay	Feb '09	58,754	Agriculture/ Natural woodlands	1,126			5,870	
Finca Mendoza	Lujan de Cuyo	Mendoza	Mar '11	389	Natural woodlands					
Establecimiento Mendoza	Finca Lavalle	Mendoza	Nov'03	9	Natural woodlands					

Jatoba	Jaborandi/BA	Brazil	31,606	Agriculture				12,510	
Alto Taquari	Alto Taquari/MT	Brazil	5,395	Agriculture				3,190	
Araucaria	Mineiros/GO	Brazil	8,124	Agriculture				4,020	
Chaparral	Correntina/BA	Brazil	37,182	Agriculture				14,398	
Nova Buruti	Januária/MG	Brazil	24,211	Forestry					
Preferencia	Barreiras/BA	Brazil	17,799	Agriculture / Natural woodlands				6,566	
Subtotal Own Farms			**622,256**		**72,007**	**85,000**	**2,231**	**99,076**	**64,785**
Agropecuaria Anta SA (3)	Las Lajitas	Salta	132,000		820			23,547	2,460
Subtotal Farms under Concession			**132,000**		**820**			**23,547**	2,460
Total			**754,256**		**72,827**	**85,000**	**2,231**	**122,623**	**67,245**

(1) Hectares in proportion to our 35.72% interest in Agro-Uranga S.A.
(2) Hectares in proportion to our 50.0% interest in CRESCA.

Argentina

El Recreo

"El Recreo" farm, located 970 kilometers northwest of Buenos Aires, in the Province of Catamarca, was acquired in May 1995. It has semi-arid climate and annual rainfall not in excess of 400 mm. This farm is maintained as a productive reserve.

Los Pozos

The "Los Pozos" farm, located 1,600 kilometers northwest of Buenos Aires, in the Province of Salta, was acquired in May 1995. This property is located in a semi-arid area with average annual rainfall of 500 mm. The area is naturally suited to cattle raising and forestry activities (poles and fence posts), and it has agricultural potential for summer crops such as sorghum and corn, among others. For the fiscal year ended June 30, 2016, we used 13,938 hectares in agricultural production. As of June 30, 2016, there were 41,914 heads of cattle in this farm.

San Nicolás

"San Nicolás" is a 4,005 hectares farm owned by Agro-Uranga S.A., and is located in the Province of Santa Fe, approximately 45 kilometers from the Port of Rosario. As of June 30, 2016, 5,918 hectares were planted for agricultural production, including double croPs. The farm has two plants of silos with a storage capacity of 14,950 tons.

Las Playas

The "Las Playas" farm has a surface area of 4,294 hectares and is owned by Agro-Uranga S.A. It is located in the Province of Córdoba, and it is used for agricultural purposes. As of June 30, 2016, the farm had a sown surface area, including double crops, of 7,079 hectares for grain production.

La Gramilla and Santa Bárbara

These farms have a surface area of 7,072 hectares in Valle de Conlara, in the Province of San Luis. Unlike other areas in the Province of San Luis, this valley has a high quality underground aquifer which makes these farms well suited for agricultural production after investments were made in the development of lands, wells and irrigation equipment. In the course of the 2015/2016 crop season, a total of 4,294 hectares were sown, 513 hectares of which were sown under contractual arrangements with seed producers. We leased, in turn, 1,259 hectares to third parties. The remaining hectares are kept as land reserves.

La Suiza

The "La Suiza" farm has a surface area of 36,380 hectares and is located in Villa Ángela in the Province of Chaco. It is used for raising cattle. As of June 30, 2016, "La Suiza" had a stock of approximately 15,300 heads of cattle. During the 2015/16 season, we used 3,414 hectares for agricultural production and 200 hectares for timber production.

La Esmeralda

The "La Esmeralda" farm has a surface area of 9,370 hectares and is located in Ceres in the Province of Santa Fe. This farm was acquired in June 1998. During the 2015/16 crop season, we used 7,885 hectares for production of corn, soybean, wheat, sunflower and sorghum.

El Tigre

The “El Tigre” farm was acquired on April 30, 2003 and has a surface area of 8,360 hectares. This farm has a high-tech dairy facility where we develop our milk production business in compliance with the highest quality standards. It is located in Trenel in the Province of La Pampa. As of June 30, 2016, 5,239 hectares were assigned to crop production, including double crops, and 2,231 hectares were assigned to milk production. This farm produced 16.2 million liters of milk in the fiscal year ended June 30, 2016, with an average of 1,838 cows being milked and an average daily production of 24.16 liters per cow.

El Invierno

The “El Invierno” farm was acquired on June 24, 2005 and has a surface area of 1,946 hectares. It is located in Rancul in the Province of La Pampa, 621 kilometers to the west of Buenos Aires. During the fiscal year ended June 30, 2016, we used the land exclusively for crop production and planted 1,839 hectares.

San Pedro

The “San Pedro” farm was purchased on September 1, 2005. It has a surface area of 6,022 hectares and is located in Concepción del Uruguay, Province of Entre Ríos, which is 305 kilometers north of Buenos Aires. In the course of the 2015/2016 crop season, 4,083 hectares were used for agricultural production, including double crops.

8 de Julio and Estancia Carmen

The “8 de Julio” farm was acquired on May 15, 2007 and has a surface area of 90,000 hectares. It is located in the department of Deseado in the Province of Santa Cruz. Due to its large surface area, this farm offers excellent potential for sheep production. In addition, we believe the land has potential for future tourism and recreational activities, as the southeast border of the farm stretches over 20 kilometers of coast. "Estancia Carmen" was acquired on September 5, 2008 and has a surface area of 10,911 hectares. It is located in the Province of Santa Cruz, next to our "8 de Julio" farm.

Cactus

The feedlot has a surface area of 171 hectares. It is located in Villa Mercedes, Province of San Luis. Given its degree of urban development and closeness to the city, we decided to discontinue fattening activities in this facility.

Las Vertientes

The “Las Vertientes” storage facility has a surface area of 4 hectares and 10,000 tons capacity, and is located in Las Vertientes, Río Cuarto, in the Province of Córdoba.

La Esperanza

In 2008 we acquired “La Esperanza” farm located in the Province of La Pampa with a surface area of 980 hectares. The transaction was agreed for a price of USD 1.3 million that has been paid in full. During the year ended June 30, 2016, we used this farm solely for crop production.

Finca Mendoza

On March 2, 2011, the Company purchased, jointly with Zander Express S.A,, a rural property composed of thirteen plots of land located in the District of Perdriel, Luján de Cuyo Department, in the Province of Mendoza. As a result of this acquisition, CRESUD has become owner of a 40% undivided estate in all and each of the properties, while Zander Express S.A. holds the remaining 60%. The total agreed price for this transaction was USD 4.0 million; therefore, the amount of USD 1.6 million was payable by CRESUD.

Bolivia

Las Londras

On January 22, 2009, the bill of purchase for "Las Londras" farm was cast into public deed; it has a surface area of 4,566 hectares, and is located in the Province of Guarayos, Republic of Bolivia. During the 2015/2016 crop season it was used for crop production.

San Rafael

On November 19, 2008, the bill of purchase for "San Rafael" farm was cast into public deed. This farm is located in the Province of Guarayos, Republic of Bolivia, and has a surface area of 2,969 hectares, which were used for crop production during the 2015/2016 crop season.

4 Vientos

On June 3, 2011, we executed the purchase agreement for the “4 Vientos” farm, with a surface area of approximately 2,658 hectares, allocated to sugarcane production. Its purchase price was USD 8.4 million.

La Primavera

On June 7, 2011 we acquired “La Primavera” farm, with a surface area of approximately 2,340 hectares. During the 2015/2016 season, this farm was used for crop production.

Brazil (through our subsidiary Brasilagro)

Jatobá

Jatobá is a farm in the northeastern region of Brazil, with a total surface area of 31,606 hectares, 12,510 of which are intended for agriculture. Jatobá was acquired in March 2007 for BRL 33 million. We consider that this farm is in a very advantageous location for the movement of crops, as it is close to the Candeias Port, in the State of Bahia.

Araucária

Araucária is a farm located in the municipal district of Mineiros, in the State of Goiás, and it has a total surface area of 8,124 hectares, 4,020 of which are used for agriculture. Araucaria was acquired in 2007 for BRL 70.4 million. Before we purchased it, Araucária had been used for grain planting. The farm was transformed, and at present it is planted with sugarcane.

In May 2013, an area of 394 hectares (310 of which are used for agriculture) was sold. The sale price was BRL 10.3 million. In May 2014, the sale of 1,164 hectares was agreed for a total amount of BRL 41.3 million.

Alto Taquarí

Alto Taquarí is located in the municipal district of Alto Taquarí, State of Mato Grosso, and it has a total surface area of 5,395 hectares, 3,190 of which are used for agriculture. The farm was acquired in August 2007 for BRL 33.2 million. Before we purchased it, the farm had been used for agriculture and beef cattle raising. Following its transformation, it is being used for sugarcane production.

Chaparral

Chaparral is a 37,182-hectare farm, with 14,398 hectares used for agriculture. It is located in the municipal district of Correntina, State of Bahia. The farm was acquired in November 2007 for BRL 47.9 million.

Nova Buriti

Located in the municipal district of Januária, State of Minas Gerais, Nova Buriti has a surface area of 24,211 hectares. Nova Buriti was acquired in December 2007 for BRL 21.6 million. It is located in the southeastern region of Brazil and it is close to the large iron industries. At present, it is undergoing proceedings for obtaining the environmental licenses required for starting operations.

Preferencia

Preferencia is located in the municipal district of Barreiras, in the State of Bahia. It has a total surface area of 17,799 hectares, 6,566 of which are used for agricultural activities. It was acquired for BRL 9.6 million in September 2008. The farm is being transformed into a pasturing area and will be later developed for agricultural purposes.

Paraguay (through our subsidiary Brasilagro)

Jeroviá / Marangatú /Udra

CRESUD, through Brasilagro, who is in turn shareholder of CRESCA, holds a 50% undivided interest in the "Jeroviá", "Marangatú" and "UDRA" farms and related undeveloped plots of land, all of them located in Mariscal José Félix Estigarribia, Department of Boquerón, Paraguayan Chaco, Republic of Paraguay, totaling 117,507.5 hectares. During the 2014/2015 fiscal year, 61,141 hectares were acquired. On July 14, 2014, the deed of sale over 24,624 hectares was executed.

Silos

As of June 30, 2016, we had a storage capacity of approximately 25,620 tons (including 35.723% of the storage capacity of over 14,950 tons available at Agro-Uranga S.A.).

The following table shows, for the fiscal years presented, our storage facilities:

	2012(2)	2013(2)	2014(2)	2015(2)	2016(2)
Las Vertientes (1)	10,000	10,000	10,000	10,000	10,000
San Nicolás (1)	5,341	5,341	5,341	5,341	5,341
Brasilagro	90,200	90,200	90,200	10,279	10,279
Total	**105,541**	**105,541**	**105,541**	**25,620**	**25,620**

(1) Owned by us through Agro-Uranga S.A. (which represents 35.723% of the total capacity).
(2) Includes Brasilagro.

Land Management

In contrast to traditional Argentine farms, run by families, we centralize policy making in an Executive Committee that meets on a weekly basis in Buenos Aires. Individual farm management is delegated to farm managers who are responsible for farm operations. The Executive Committee lays down commercial and production rules based on sales, market expectations and risk allocation.

We rotate the use of our pasture lands between agricultural production and cattle feeding and the frequency depends on the location and characteristics of the farmland. The use of preservation techniques (including exploitation by no till sowing) frequently allows us to improve farm performance.

Subsequent to the acquisition of the properties, we make investments in technology in order to improve productivity and increase the value of the property. It may be the case that upon acquisition, a given extension of the property is under-utilized or the infrastructure may be in need of improvement. We have invested in traditional fencing and in electrical fencing, watering troughs for cattle herds, irrigation equipment and machinery, among other things.

Principal Markets

Crops

Our crop production is mostly sold in the domestic market. The prices of our grains are based on the market prices quoted in Argentine grains exchanges such as the Buenos Aires Grains Exchange (*Bolsa de Cereales de Buenos Aires)* and the cereal exchanges in each country*,* that take as reference the prices in international grains markets. The largest part of this production is sold to exporters who offer and ship this production to the international market. Prices are quoted in relation to the month of delivery and the port in which the product is to be delivered. Different conditions in price, such as terms of storage and shipment, are negotiated between the end buyer and ourselves.

Beef Cattle

Our beef cattle production is sold in the local market. The main buyers are slaughterhouses and supermarkets.

Prices in the beef cattle market in Argentina are basically fixed by local supply and demand. The Liniers Market (on the outskirts of the Province of Buenos Aires) provides a standard in price formation for the rest of the domestic market. In this market live animals are sold by auction on a daily basis. At Liniers Market, prices are negotiated by kilogram of live weight and are mainly determined by local supply and demand. Prices tend to be lower than in industrialized countries. Some supermarkets and meat packers establish their prices by kilogram of processed meat; in these cases, the final price is influenced by processing yields.

Milk

During fiscal year 2016 we sold our entire milk production to the largest Argentine dairy company, Mastellone S.A., which in turn manufactures a range of mass consumption dairy products sold in Argentina and abroad. The price of the milk we sell is mainly based on the percentage of fat and protein that it contains and the temperature at which it is cooled. The price we obtain from our milk also rises or drops based on the content of bacteria and somatic cells.

Customers

For the fiscal year 2016 our sales from the agribusiness segment (excluding sales of farms) were made to approximately 500 customers. Sales to our ten largest customers represented approximately 45% to 50% of our net sales. Of these customers, our biggest three customers were Bunge Alimentos S.A., Brenco Companhia Brasileira de Energia Renovável and Molinos Río de la Plata S.A. We have signed non-binding letters of intent with some of our largest customers that allow us to estimate the volume of the demand for certain products and to plan production accordingly. We generally enter into short-term agreements with a term of less than a year.

Marketing Channels and Sales Methods

Crops

We normally work with grains brokers and other intermediaries to trade in the exchanges. We sell part of our production in advance through futures contracts and buy and sell options to hedge against a drop in prices. Approximately 87% of the futures and options contracts are closed through the Buenos Aires Grains Exchange and 13% in the Chicago Board of Trade for hedging purposes.

Our storage capabilities allow us to condition and store grains with no third-party involvement and thus to capitalize the fluctuations in the price of commodities. Our largest storage facilities in Argentina, with capacity for 10,000 tons, are located in “Las Vertientes”, close to Río Cuarto, Province of Córdoba. In addition, we store grains in silo bags. On the other hand, in Brazil we have a total storage capacity of 90,200 tons.

Beef Cattle

We have several marketing channels. We sell directly to local meat processors and supermarkets, as well as in markets and auctions. Our customers include Arre Beef S.A., Frigorífico Bermejo, Quickfood S.A., Frigorífico Forres Beltrán S.A., Madelán S.A., Colombo y Colombo S.A., Iván O’Farrell S.R.L. and Columbo y Magliano S.A., for prices based on the price at Liniers Market.

We usually are responsible for the costs of the freight to the market and, in general, we pay commissions on our transactions.

Inputs

The current direct cost of our production of grains varies in relation to each crop and normally includes the following costs: tillage, seeds, agrochemicals and fertilizers. We buy in bulk and store seeds, agrochemicals and fertilizers to benefit from discounts offered during off-season sales.

Competition

The agricultural and livestock sector is highly competitive, with a huge number of producers. We are one of the leading producers in Argentina and the region. However, if we compare the percentage of our production to the country’s total figures, our production would appear as extremely low, since the agricultural market is highly atomized. Our leading position improves our bargaining power with suppliers and customers. In general, we obtain discounts in the region in the acquisition of raw materials and an excess price in our sales.

Historically, there have been few companies competing for the acquisition and leases of farmlands for the purpose of benefiting from land appreciation and optimization of yields in the different commercial activities. However, we anticipate the possibility that new companies, some of them international, may become active players in the acquisition of farmlands and the leases of sown land, which would add players to the market in coming years.

Seasonality

As is the case with any company in the agro-industrial sector, our business activities are inherently seasonal. Harvest and sales of grains (corn, soybean and sunflower) in general take place from February to June. Wheat is harvested from December to January. With respect to our international market, in Bolivia climate conditions allow a double season of soybean, corn and sorghum production and, accordingly, these crops are harvested in April and October, while wheat and sunflower are harvested during August and September, respectively. Other segments of our activities, such as our sales of cattle and milk and our forestry activities tend to be more of a successive character than of a seasonal character. However, the production of beef and milk is generally higher during the second quarter, when pasture conditions are more favorable. In consequence, there may be significant variations in results from one quarter to the other.

Regulation and Government Supervision of our Agricultural Business

Farming and Animal Husbandry Agreements

Agreements relating to farming and animal husbandry activities are regulated by Argentine law, the Argentine Civil and Commercial Code and local customs.

According to Law No. 13,246, as amended by Law No. 22,298, all lease agreements related to rural properties and land are required to have a minimum duration of 3 years, except in the case of those designated as "accidental agreements" pursuant to Section 39, subsection a), Law No. 13,246. Upon death of the tenant farmer, the agreement may continue with his successors. Upon misuse of the land by the tenant farmer or default on payment of the rent, the land owner may initiate an eviction proceeding.

Law No. 13,246, amended by Law No. 22,298, also regulates sharecropping agreements pursuant to which one of the parties furnishes the other with animals or land for the purpose of sharing benefits between the parties. These agreements are required to have a minimum term of duration of 3 years, although the rule of Section 39 of Law No. 13,246 on accidental agreements for smaller terms also applies in this case. The agreement is not assignable under any circumstance whatsoever, unless expressly agreed by the parties. Upon death, disability of the tenant farmer or other impossibility, the agreement may be terminated.

Quality control of Grains and Beef cattle

The quality of the grains and the health measures applied on the beef cattle are regulated and controlled by the *Servicio Nacional de Sanidad y Calidad Agroalimentaria ("SENASA")*, which is an entity within the Agro-industry Ministry that oversees farming and animal sanitary activities.

Argentine law establishes that the brands should be registered with each provincial registry and that there cannot be brands alike within the same province.

Sale and Transportation of Beef cattle

Even though the sale of beef cattle is not specifically regulated, general contract provisions are applicable. Further, every province has its own rural code regulating the sale of beef cattle.

Argentine law establishes that the transportation of beef cattle is lawful only when it is done with the respective certificate that specifies the relevant information about the beef cattle. The required information for the certificate is established by the different provincial regulations, the inter-provinces treaties and the regulations issued by the *SENASA*.

Export Restriction of Beef

In addition, the Secretary of Agriculture, Livestock, Fishing and Food Products, within the orbit of the Ministry of Economy and Public Finance, oversees the farming and animal sanitary activities.

The Secretary of Agriculture, Livestock, Fishing and Food Products is in charge of distributing the annual regular quota of top quality chilled beef without bones, the "*Cuota Hilton*." The destination of the *Cuota Hilton* is the European Union.

The Secretary of Agriculture, Livestock, Fishing and Food Products granted to our subsidiary Sociedad Anónima Carnes Pampeanas up to 1,400 tons to export beef under the *Cuota Hilton* for the July 2015-June 2016 period.

Environment

The development of our agribusiness activities depends on a number of federal, provincial and municipal laws and regulations related to environmental protection.

We may be subject to criminal and administrative penalties, including taking action to reverse the adverse impact of our activities on the environment and to reimburse third parties for damages resulting from contraventions of environmental laws and regulations. Under the Argentine Criminal Code, persons (including directors, officers and managers of corporations) who commit crimes against public health, such as poisoning or dangerously altering water, food or medicine used for public consumption and selling products that are dangerous to health, without the necessary warnings, may be subject to fines, imprisonment or both. Some courts have enforced these provisions in the Argentine Criminal Code to sanction the discharge of substances which are hazardous to human health. At the administrative level, the penalties vary from warnings and fines to the full or partial suspension of the activities, which may include the revocation or annulment of tax benefits, cancellation or interruption of credit lines granted by state banks and a prohibition against entering into contracts with public entities.

The Forestry Legislation of Argentina prohibits the devastation of forests and forested lands, as well as the irrational use of forest products. Landowners, tenants and holders of natural forests require an authorization from the Forestry Competent Authority for the cultivation of forest land. The legislation also promotes the formation and conservation of natural forests in properties used for agriculture and farming purposes.

As of June 30, 2015, we owned land reserves extending over 356,943 hectares, which are located in under-utilized areas where agricultural production is not yet fully developed. We also have 107,584 hectares under concession as reserves for future developments. We believe that technological tools are available to improve the productivity of such land and enhance its long-term value. However, existing or future environmental regulations may prevent us from developing our land reserves, requiring us to maintain a portion of such land as unproductive land reserves.

In accordance with legislative requirements, we have applied for approval to develop certain parts of our land reserves and were authorized to develop them partially and to maintain other areas as land reserves. We cannot assure you that current or future development applications will be approved, and if so, to what extent we will be allowed to develop our land reserves. We intend to use genetically modified organisms in our agricultural activities. In Argentina, the development of genetically modified organisms is subject to special laws and regulations and special permits.

On November 28, 2007, Argentine Congress passed a law known as the Forest Law which sets minimum standards for the conservation of native forests and incorporates minimum provincial expenditures to promote the protection, restoration, conservation and sustainable use of native forests. The Forest Law prevents landowners, including owners of native forests, from deforesting or converting forested areas into non-forested land for other commercial uses without prior permission from each local government that gives the permit and requires the preparation, assessment and approval of an environmental impact report. The Forest Law also provides that each province should adopt its own legislation and regional regulation map within a term of one year. Until such provincial implementation is carried into effect, no new areas may be deforested. In addition, the Forest Law also establishes a national policy for sustainable use of native forests and includes the recognition of native communities and aims to provide preferential use rights to indigenous communities living and farming near the forest. In case a project affects such communities, the relevant provincial authority may not issue permits without formal public hearings and written consent of the communities.

Besides, the Rules issued by the Argentine Securities Commission ("CNV") provide that publicly traded companies whose corporate purpose includes environmentally hazardous activities should report to their shareholders, investors and the general public their compliance with the applicable environmental laws and risks inherent to such activities, so as to be able to reasonably assess such hazards.

Our activities are subject to a number of national, provincial and municipal environmental regulations. Section 41 of the Argentine Constitution, as amended in 1994, provides that all Argentine inhabitants have the right to a healthy and balanced environment fit for human development and have the duty to preserve it. Environmental damage shall bring about primarily the obligation to redress it as provided by applicable law. The authorities shall protect this right, the rational use of natural resources, the preservation of the natural and cultural heritage and of biodiversity, and shall also provide for environmental information and education. The National Government shall establish minimum standards for environmental protection and Provincial and Municipal Governments shall determine specific standards and issue the applicable regulations.

On November 6, 2009, the Argentine Congress passed Law No. 25,675. This law regulates the minimum standards for the achievement of a sustainable environment and the preservation and protection of biodiversity and sets environmental policy goals. Moreover, Law No. 25,675 establishes the activities that will be subject to an environmental impact assessment procedure and certain requirements applicable thereto. In addition, the Law sets forth the duties and obligations that will be triggered by any damage to the environment and imposes the obligation to restore it to its former condition or, if that is not technically feasible, to pay a compensation in lieu thereof. The Law also fosters environmental education and provides for certain minimum obligations to be fulfilled by natural and artificial persons.

Leases

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

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

Argentine law imposes certain restrictions on property owners, including:

- a prohibition to include automatic price adjustment clauses based on inflation increases in lease agreements; and
- the imposition of a two-year minimum lease term for all purposes, except in particular cases such as embassy, consulate or international organization venues, room with furniture for touristic purposes for less than three months, custody and bailment of goods, exhibition or offering of goods in fairs or in cases where they are entered into for a specific purpose expressly stated in the agreement that is usually fulfilled within an agreed shorter term.

Rent Increase

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

Limits on lease terms

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

Right to Termination

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

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

Other

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

Development and Use of the Land

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

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

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

Sales and Ownership

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

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

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

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

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

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

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

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

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

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

Other Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Antitrust Law

Law No. 25,156, as amended, prevents anticompetitive practices and requires administrative authorization for transactions that according to the Antitrust Law would lead to market concentration. According to this law, such transactions would include mergers, transfers of goodwill, acquisitions of property or rights over shares, capital or other convertible securities, or similar operations by which the acquirer controls or substantially influences a company. Whenever such a transaction involves a company or companies with accumulated sales volume greater than Ps. 200.0 million in Argentina, then the respective transaction should be submitted for approval to the Argentine Antitrust Authority (*Comisión Nacional de Defensa de la Competencia*, or *"CNDC")*. The request for approval may be filed, either prior to the transaction or within a week after its completion.

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

The Antitrust Law provides that economic concentrations in which the transaction amount and the value of each of the assets absorbed, acquired, transferred or controlled in Argentina does not exceed Ps. 20.0 million are exempted from the administrative authorization. Notwithstanding the foregoing, when all transactions effected in the last twelve months exceed in total Ps. 20.0 million or in total Ps. 60.0 million in the last 36 months, these transactions must be notified to the CNDC.

As CRESUD's consolidated annual sales volume exceeds Ps. 200.0 million, we should give notice to the CNDC of any concentration within the scope of the Antitrust Law.

Urban Properties and Investments Business (through our subsidiary IRSA)

We decided to break down the operations of our subsidiary IRSA Inversiones y Representaciones S.A. 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.

As of June 30, 2016, our investment in IRSA's common shares amounts to 63.38%.

The following information corresponds to data of the segments extracted from our subsidiary IRSA Inversiones y Representaciones S.A.'s Annual Report and Financial Statements as of June 30, 2016.

The revenue figures for fiscal year 2016 described in the different tables correspond to the twelve-month period reported in IRSA's Financial Statements.

DESCRIPTION OF MAIN OPERATIONS

Argentine Operating Center

Shopping Centers Segment

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

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

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

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

	Date of acquisition	Location	Gross leaseable area sqm (1)	Stores	Occupancy rate (2)	IRSA CP's Interest (3)	Book Value (4)
Abasto (5)	Jul-94	City of Buenos Aires, Argentina	36,737.6	170	99.8%	100.0%	244
Alto Palermo	Nov-97	City of Buenos Aires, Argentina	18,966.0	142	99.6%	100.0%	206
Alto Avellaneda	Nov-97	Province of Buenos Aires, Argentina	35,887.0	134	100.0%	100.0%	127
Alcorta Shopping	Jun-97	City of Buenos Aires, Argentina	15,876.7	112	89.1%	100.0%	104
Patio Bullrich	Oct-98	City of Buenos Aires, Argentina	11,782.7	88	99.1%	100.0%	109
Alto Noa	Mar-95	Salta, Argentina	19,039.9	89	100.0%	100.0%	32
Buenos Aires Design	Nov-97	City of Buenos Aires, Argentina	13,903.1	62	95.7%	53.7%	7
Mendoza Plaza	Dec-94	Mendoza, Argentina	42,043.0	139	95.2%	100.0%	92
Alto Rosario (5)	Nov-04	Santa Fe, Argentina	28,795.5	143	100.0%	100.0%	127
Córdoba Shopping	Dec-06	Córdoba, Argentina	15,581.7	110	99.2%	100.0%	53
Dot Baires Shopping	May-09	City of Buenos Aires, Argentina	49,640.7	150	100.0%	80.0%	367
Soleil Premium Outlet	Jul-10	Province of Buenos Aires, Argentina	13,991.1	78	100.0%	100.0%	80
La Ribera Shopping	Aug-11	Santa Fe, Argentina	9,850.6	63	99.3%	50.0%	24
Distrito Arcos (6)	Dec-14	City of Buenos Aires, Argentina	11,170.1	60	97.0%	90.0%	279
Alto Comahue (7)	Mar-15	Neuquén, Argentina	9,889.6	102	96.6%	99.1%	319
Patio Olmos (8)							26
Total			**333,155.4**	**1,642**	**98.4%**		**2,196**

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

Accumulated Rental Income as of June 30, 2016, 2015 and 2014
(*In thousands of Ps.*)

	2016	2015	2014
Abasto	384,144	301,685	238,021
Alto Palermo	391,913	295,285	244,214
Alto Avellaneda	265,195	199,920	160,894
Alcorta Shopping	186,700	140,533	105,792
Patio Bullrich	118,498	98,359	79,374
Alto Noa	72,631	50,669	38,746

Buenos Aires Design	45,382	35,320	27,360
Mendoza Plaza	119,037	91,694	74,111
Alto Rosario	181,501	137,639	100,072
Córdoba Shopping –Villa Cabrera	68,050	54,445	39,763
Dot Baires Shopping	261,364	199,474	158,306
Soleil Premium Outlet	80,113	59,366	44,178
La Ribera Shopping	20,779	13,068	9,360
Distrito Arcos (1)	78,121	22,934	0
Alto Comahue (2)	47,787	11,690	0
Patio Olmos (4)			
Total (3)	**2,321,215**	**1,712,081**	**1,320,191**

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

Tenant Retail Sales (1)(2)

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

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

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

Offices and Other Segment

Management

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

Leases

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

Properties

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

	Date of Acquisition	Gross Leasable Area (sqm) (1)	Occupancy (2)	IRSA's Effective Interest	Monthly Rental Income (in thousands of Ps.)(3)	Annual accumulated rental income (in millions of Ps.)(4)			Book Value (in millions of Ps.)
						2016	2015	2014	
Offices									
Edificio República (5)	04/28/08	19,885	100.0%	100.0%	7,637	72	62	46	189
Torre Bankboston (5)	08/27/07	14,873	100.0%	100.0%	5,098	56	42	35	135
Bouchard 551	03/15/07	-	-	100.0%	-	3	10	24	7
Intercontinental Plaza (5)	11/18/97	6,569	100.0%	100.0%	2,036	28	56	40	38
Bouchard 710 (5)	06/01/05	15,014	100.0%	100.0%	7,020	68	48	34	60
Dique IV	12/02/97	-	-	-	-	15	32	25	-
Maipú 1300	09/28/95	1,353	100.0%	100.0%	486	6	16	15	5
Libertador 498	12/20/95	620	100.0%	100.0%	611	6	2	3	4
Suipacha 652/64 (5)	11/22/91	11,465	90.7%	100.0%	2,085	22	16	13	8
Dot Building (5)	11/28/06	11,242	100.0%	80.0%	3,521	31	27	19	123
Subtotal Offices		**81,020**	**98.7%**	**N/A**	**28,658**	**307**	**279**	**229**	**569**
Other Properties									
Santa María del Plata S.A.	10/17/97	106,610	100.0%	100.0%	676	12			13
Nobleza Picardo (6)	05/31/11	109,610	74.8%	50.0%	185	2	8	8	7
Other Properties (7)	N/A	38,646	42.8%	N/A	1,714	11	7	3	301
Subtotal Other Properties		**254,942**	**80.3%**	**N/A**	**2,575**	**25**	**15**	**11**	**321**
Total Offices and Other		**333,962**	**84.7%**	**N/A**	**31,232**	**332**	**294**	**240**	**890**

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

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

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

Includes Offices, the lease agreement of which has not yet been renewed as of June 30, 2016.

- Does not include vacant leased square meters.
- Does not include square meters or revenues from parking spaces.

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

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

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

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

Annual average income per surface area as of June 30[1].

(*Ps./sqm*)

	Annual average income per square meter(1) 2016(1)	2015(1)	2014(1)
Offices			
Edificio República	3,615	3,115	3,075
Torre Bankboston	3,778	2,819	2,467
Bouchard 551	0	-	3,565
Intercontinental Plaza	4,291	2,484	2,402
Bouchard 710	4,539	3,219	2,844
Juana Manso 295 (Dique IV)	0	2,847	2,722
Maipú 1300	4,790	3,330	3,000
Libertador 498	10,464	3,149	5,227
Suipacha 652/64	1,961	1,399	1,512
DOT Building	2,778	2,439	2,410

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

Hotels Segment

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

The following chart shows certain information regarding our luxury hotels:

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

Notes:
(1) Accumulated average in the twelve-month period.

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

Sales and Development Segment

Residential Development Properties

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

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

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

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

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

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

(1) Through IRSA Propiedades Comerciales S.A.
(2) Belongs to CYRSA S.A.
(3) Refers to Entre Ríos 465 and Caballito Plot.
(4) Includes sales of shares in April.

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

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

Partial sales of "Maipú 1300" building

In July and August 2015, 1,761 sqm were sold in the Maipú 1300 building, consisting of 4 floors, at a gain of Ps.57.1 million. In November and December 20154, 1,690 additional sqm were sold in this building, consisting of 4 additional floors, at a gain of Ps.52.9 million.

Sale of Isla Sirgadero Land Reserve (Santa Fe)

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

Partial Sale of Intercontinental Plaza (through IRSA Propiedades Comerciales)

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

Sale of "Dique IV" building

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

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

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

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

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

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

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

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

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

International Segment

Lipstick Building, New York, United States

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

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

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

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

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

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

Investment in Condor Hospitality Trust

We hold our investment in the Condor Hospitality Trust hotel REIT (NASDAQ:CDOR), through our subsidiary Real Estate Strategies, L.P. ("RES"), in which we hold a 66.3% interest. Condor is a REIT listed in Nasdaq and is focused on middle-class and long-stay hotels, in various states in the United States of America, which are operated by various operators and franchises such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others.

During the last months, the company's results have shown an improvement in operating levels and it has continued with its strategy of selectively disposing of lower-class hotels at very attractive prices and replacing them with higher-class hotels.

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

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

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

Financial Transactions and Other Segment

Our interest in Banco Hipotecario

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

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

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

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

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

Israeli Operating Center

Investment in IDB Development Corporation

a) Acquisition of Control over IDBD

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

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

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

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

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

b) Tender Offers

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

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

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

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

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

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

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

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

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

Within this center, the Group operates in the following segments:

- **Commercial Properties**” segment mainly includes the assets and operating income derived from the business related to the subsidiary PBC. Through PBC, the Group operates rental and residential properties in Israel, United States and other parts of the world and develops commercial projects in Las Vegas, United States.
- **Supermarkets**” segment includes the assets and operating income derived from the business related to the subsidiary Shufersal. Through Shufersal, the Group mainly operates a supermarket chain in Israel.
- **Agrochemicals**” segment includes the income from the associate Adama. Adama is a company specifically engaged in agrochemicals, in particular for crop production.
- The “**Telecommunications**” segment includes the assets and operating income derived from the business related to the subsidiary Cellcom. Cellcom is a telecommunication service provider and its main activities include the provision of mobile and land-line telephone, data and Internet services, among others.
- The **“Insurance”** segment includes the assets from the business related to Clal. This company is one of the largest insurance groups in Israel, whose businesses mainly comprise pension and social security insurance and other insurance lines. 51% of Clal’s controlling shares are deposited in a trust following the instructions of the Israeli’s Capital Markets Commission in order to comply with the sale of Clal’s controlling stake; therefore, the company is not fully consolidated on a line-by-line basis, but under a single line as a financial instrument at fair value, as required under IFRS under the current circumstances in which no control is exercised.
- The **“Others”** segment includes the assets and income from other miscellaneous businesses, such as technological developments, tourism, oil and gas assets, electronics, and other sundry activities.

Segment Profit / (loss)

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

The revenues and operating income from the **Real Estate** segment through the subsidiary Property & Building (“PBC”) reached NIS 478 million and NIS 192 million, respectively (USD 124 million and USD 50 million, respectively) during the consolidated six-month period (October 1, 2015 to March 31, 2016). During this six-month period there was an increase in rental income and occupancy rates from PBC's investment properties, mainly the HSBC building in the City of New York.

The **Supermarkets** segment, through Shufersal, recorded revenues of NIS 5,783 million (USD 1,498 million) for the six-month period, mainly due to an increase in revenues from the retail and real estate segments. Operating income from this segment reached NIS 132 million (USD 33 million).

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

The **"Others"** segment recorded revenues for NIS 443 million (USD 115 million), and an operating loss of NIS 78 million (USD 23 million).

As concerns "Clal", the Group values its interest in this **insurance** company as a financial asset at fair value. The valuation of Clal's shares was NIS 1,182 million (USD 306 million) as of June 30, 2016.

Finally, the results from the agrochemical company "Adama" are recorded at proportional equity value. For the consolidated six-month period, a profit of NIS 122 million (USD 32 million) was recorded in this regard.

Material Events Occurred During the Fiscal Year and Subsequent Events

Sale of "La Esperanza" and "El Invierno" farms

On July 5, 2016, the Company sold to an unrelated party the entire "El Invierno" and "La Esperanza" farms, comprising 2,615 hectares intended for agriculture, located in the district of "Rancul", province of La Pampa.

The total transaction amount was fixed at USD 6 million (USD 2,294 per hectare), out of which USD 5 million have already been paid, and the remaining balance of USD 1 million is secured by a mortgage on the property and is payable in 5 equal consecutive annual installments, ending in August 2021.

The farms had been valued at approximately Ps. 13.5 million. The estimated gain resulting from this transaction is Ps. 78.5 million, and it will be recorded in the first quarter of fiscal year 2017.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Fiscal year ended on June 30, 2016 compared to the fiscal year ended on June 30, 2015

On October 11, 2015, the Group obtained control of IDBD (See Note 3 to the Consolidated Financial Statements as of June 30, 2016 and 2015). Given that the Group has consolidated significant figures from various industries provided by IDBD and its subsidiaries, consolidated results (Agricultural Business, Israeli Operating Center's Real Estate Business and Argentine Operating Center's Real Estate Business) exhibit significant variations in Revenues, Costs, Administrative and Selling expenses, Share of Profit / (Loss) of Associates, and Financial Results.

Operating results

REVENUES

Our total revenues rose by 596.6%, from Ps. 4,942 million in fiscal year 2015 to Ps. 34.425 million in fiscal year 2016. This was mainly due to the 21.6% increase in the Agricultural Business, from Ps. 2,395 million in fiscal year 2015 to Ps. 2,912 million in fiscal year 2016 and to the 1,137.3% increase in the Urban Properties and Investments Business, attributable to the Ps. 28,229 in revenues from the Israeli Operating Center for fiscal year 2016, and to the increase of 28.9% in the Argentine Operating Center, from Ps. 2,547 million in fiscal year 2015 to Ps. 3,284 million in fiscal year 2016.

Agricultural Business

	Fiscal year ended June 30, 2016			
Revenues	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	1,101	51		1,152
Beef cattle	80	9	89	178
Milk	65			65
Sugarcane	294			294
Agricultural Production Subtotal	1,540	60	89	1,689
Sale and Transformation of Lands	-			-
Agro-industrial	966			966
Other segments	167	-	12	179
Leases and Agricultural Services	40		38	78
Subtotal Others	1,173	-	50	1,223
Total Agricultural Business	**2,713**	**60**	**139**	**2,912**

	Fiscal Year ended June 30, 2015			
Revenues	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	964	23	-	987
Beef cattle	56	3	84	143
Milk	72	-	-	72
Sugarcane	198	-	-	198
Agricultural Production Subtotal	1,290	26	84	1,400
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	806	-	-	806

Other segments	118	-	10	128
Leases and Agricultural Services	37	-	24	61
Subtotal Others	961	-	34	995
Total Agricultural Business	**2.251**	**26**	**118**	**2.395**

Total revenues rose by 20.5%, up from Ps. 2,251 million in fiscal year 2015 to Ps. 2,713 in fiscal year 2016. This was due to the following increases:

- Ps. 137 million in the Grains segment,
- Ps. 24 million in the Beef cattle segment,
- Ps. 96 million in the Sugarcane segment,
- Ps. 160 million in the Agro-industrial segment,
- Ps. 49 million in Other segments, and
- Ps. 3 million in the Leases and Services segment; offset by a Ps. 7 million decrease in the Milk segment.

In turn, revenues from our interests in joint ventures increased by 130.8% from Ps. 26 million in fiscal year 2015 to Ps. 60 million in fiscal year 2016, primarily as a consequence of a 121.7% increase in the Grains sold to Cresca, up from Ps. 23 million in fiscal year 2015 to Ps. 51 million in fiscal year 2016.

Similarly, inter-segment revenues rose by 17.8%, from Ps. 118 million in fiscal year 2015 up to Ps. 139 million in fiscal year 2016, mainly as a result of livestock sales during the year to our subsidiary Sociedad Anónima Carnes Pampeanas which was reclassified from the Beef Cattle segment to the Agro-industrial segment and to the leases of croplands between our subsidiary Brasilagro and its subsidiaries, which were reclassified from the Grains and Sugarcane segment to the Leases and Services segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, revenues increased by 21.6%, up from Ps. 2,395 million in fiscal year 2015 to Ps. 2,912 million in fiscal year 2016.

Grains

Total revenues from the Grains segment increased by 16.7%, up from Ps. 987 million in fiscal year 2015 to Ps. 1,152 million in fiscal year 2016, mainly as a consequence of:

- a 20.9% increase in the average price of the grains sold, up from Ps. 1,842 per ton in fiscal year 2015 to Ps. 2,226 per ton in fiscal year 2016;

- partially offset by a reduction of 18,175 tons in the volume of grains sold during fiscal year 2016 compared to the previous fiscal year;

a 38.8% decrease in Production volumes, from 405,882 tons in fiscal year 2015 down to 248,435 tons in fiscal year 2016.

The following table provides a breakdown of the sales of Grains:

	Sales of Grains (in tons)		
	Fiscal year ended June 30		
	2016	**2015**	**Variation**
Corn	255,162	269,701	(14,539)
Soybean	198,296	250,125	(51,829)
Wheat	46,607	7,083	39,524
Sorghum	1,007	1,569	(562)

Sunflower	10,421	5,181	5,240
Other	5,863	1,872	3,991
Total Sales	**517,356**	**535,531**	**(18,175)**

Beef cattle

Total revenues from the Beef Cattle segment increased 23.5%, from Ps. 143 million in fiscal year 2015 to Ps. 176 million in fiscal year 2016, mainly as a consequence of:

- a 31.8% increase in the average price per kilogram sold, from Ps. 16.0 million in fiscal year 2015 to Ps. 21.2 million in fiscal year 2016;

- offset by a 6.3% decrease in the volume of beef cattle sold, down from 8,871 tons in fiscal year 2015 to 8,315 tons in fiscal year 2016.

Milk

Total revenues from the Milk segment dropped by 9.7%, down from Ps. 72 million in fiscal year 2015 to Ps. 65 million in fiscal year 2016, mainly as a consequence of:

- an 8.2% reduction in the average price of milk, down from Ps. 3.55 per liter in fiscal year 2015 to Ps. 3.26 per liter in fiscal year 2016;

- a 48.0% increase in the average price per kilogram sold of milking cows from Ps. 13.1 in fiscal year 2015 to Ps. 19.3 in fiscal year 2016;

- a 17.7% reduction in the volume of milking cows from 903 tons in fiscal year 2015 to 743 tons in fiscal year 2016;

- slightly offset by an 8.2% decrease in the volume of sales of milk, from 17 million liters in fiscal year 2015 to 16 million liters in fiscal year 2016.

Sugarcane

Total revenues from the Sugarcane segment increased 48.5%, from Ps. 198 million in fiscal year 2015 to Ps. 294 million in fiscal year 2016, mainly as a consequence of:

- an increase of 295,226 tons (31.9%) in sales of sugarcane in fiscal year 2016 compared to the previous fiscal year, primarily attributable to Brasilagro; and

- a 12.7% increase in the average price of sugarcane sold, from, from Ps. 214.0 per ton in fiscal year 2015 up to Ps. 241.2 per ton in fiscal year 2016.

Leases and Services

Total revenues from the Leases and Services segment increased by 27.9%, up from Ps. 61 million in fiscal year 2015 to Ps. 78 million in fiscal year 2016, mainly as a consequence of:

- a 60.2% increase in leases, due to an increase in leases in Brazil for Ps. 10 million originating primarily in the increase in the price of soybean and an increase in Income from leases in Argentina for Ps. 4.9 million, primarily attributable to a new agreement for 1,106 hectares in La Esmeralda (Don Avelino), and an improvement in the agreement between Agro-Riego and Monsanto;

- a 36.5% increase in revenues from the production of seeds mainly due to an increase in the prices of grains that took place this fiscal year;

- offset by a 16.5% decrease in revenues from irrigation services and agricultural management (Ps. 1 million) in the course of the current fiscal year compared to fiscal year 2015.

Agro-industrial

Total revenues from the Agro-industrial segment increased 19.9%, from Ps. 806 million in fiscal year 2015 to Ps. 966 million in fiscal year 2016, mainly as a consequence of:

- a 20.0% increase in exports and a 32.1% increase in sales to the domestic market. Domestic consumption prices exhibited an upward trend and were 42.3% higher than in fiscal year 2015. The price of exports rose by 0.7% in US Dollars in fiscal year 2016 compared to 2015,

- a 24.4% decrease in sales of by-products,

- a small 3.3% reduction in slaughtering volumes, from 6,632 head per month in fiscal year 2015 to 6,415 during fiscal year 2016.

Other segments

Total revenues from Other segments rose by 39.8%, up from Ps. 128 million in fiscal year 2015 to Ps. 179 million in fiscal year 2016, mainly as a consequence of:

- an increase of Ps. 13 million in sales on consignment, and

- an increase of Ps. 26 million in commodity brokerage services.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2016				
Revenues	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	3,487	20	-	(1,101)	2,406
Offices and Other	421	4	8	(93)	340
Sales and Developments	(1)	4	-	-	3
Hotels	534	-	-	-	534
International	-	-	-	-	-
Financial Transactions and Other	1	-	-	-	1
Total Urban Properties and Investments Business	**4,442**	**28**	**8**	**(1,194)**	**3,284**

	Fiscal year ended June 30 2015				
Revenues	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	2,571	13	-	(806)	1,778
Offices and Other	397	10	5	(79)	333
Sales and Developments	9	5	-	-	14
Hotels	396	-	-	-	396
International	28	-	-	(2)	26
Financial Transactions and Other	-	-	-	-	-
Total Urban Properties and Investments Business	**3,401**	**28**	**5**	**(887)**	**2,547**

Total revenues from the Urban Properties and Investments business increased 30.6%, from Ps. 3,401 million in fiscal year 2015 to Ps. 4,442 million in fiscal year 2016. This was mainly due to a Ps. 916 million increase in the Shopping Centers segment, a Ps. 24 million increase in the Offices and Other segment, a Ps. 138 million increase in the Hotels segment, a Ps. 1 million increase in the Financial Transactions and Other segments, offset by a Ps. 28 million decrease in the International segment and a Ps. 10 million drop in the Sales and Developments segment.

In turn, revenues from our interests in joint ventures did not exhibit significant variations when considering fiscal years 2016 and 2015. Our joint venture Nuevo Puerto de Santa Fe S.A. posted an increase in revenues but it was offset by a decrease in revenues posted by our joint venture Quality S.A.

Inter-segment revenues rose by 60.0%, up from Ps. 5 million during fiscal year 2015 to Ps. 8 million during fiscal year 2016, both attributed to the Offices and Other segment.

In addition, revenues from Maintenance Fee and Common Advertising Funds rose by 34.6%, from Ps. 887 million during fiscal year 2015 (of this amount, there are Ps. 806 million attributed to the Shopping Centers segment) to Ps. 1,194 million during fiscal year 2016 (of this amount, there are Ps. 1,101 million attributed to the Shopping Centers segment).

Hence, according to business segment reporting and considering all our joint ventures, inter-segment eliminations, and maintenance fee and common advertising funds, revenues increased 28.9%, from Ps. 2,547 million in fiscal year 2015 to Ps. 3,284 million in fiscal year 2016.

Shopping Centers

Revenues from the Shopping Centers segment increased 35.3%, up from Ps. 1,778 million during fiscal year 2015 to Ps. 2,406 million during fiscal year 2016. Such variation was mostly attributable to:

- an increase of Ps. 465 million in revenues from fixed and variable rentals as a result of a 34% increase in our tenants' sales, from Ps. 21,509 million during fiscal year 2015 to Ps. 28,905 million during fiscal year 2016;
- a Ps. 52 million increase in revenues from admission fees;
- a Ps. 41 million increase in parking revenues, and
- a Ps. 34 million increase in revenues from commissions and other.

Offices and Other

Revenues from the Offices and Other segment increased 2.1%, up from Ps. 333 million in fiscal year 2015 to Ps. 340 million in fiscal year 2016. Such revenues were impacted by the partial sale of investment properties during fiscal year 2016, which resulted in a reduction of the segment total leasable area.

Considering comparable properties in both fiscal years, rental revenues from properties which did not experience a decrease in their leasable area increased by 34.0%, up from Ps. 200 million during the fiscal year ended on June 30, 2015 to Ps. 268 million during the fiscal year ended on June 30, 2016, mostly as a result of the currency devaluation, whereas rental revenues from properties which leasable area was reduced went down by 49.5%, from Ps. 111 million during fiscal year 2015 to Ps. 56 million during fiscal year 2016.

As of year-end, the 2016 average occupancy rate of premium offices stood at 97.7% and the average rent was around USD 27 per sqm.

Sales and Developments

There are significant variations in the revenues earned in this segment from one fiscal year to the other. Without considering our joint ventures, revenues from the Sales and Developments segment decreased by 111.1% from Ps. 9 million during fiscal year 2015 to a loss of Ps. 1 million during fiscal year 2016. Such reduction was mainly attributable to reduced revenues from the sale of the Condominios I and II (Ps. 7 million). Hence, total revenues derived from this segment fell by 78.6%, down from Ps. 14 million during fiscal year 2015 to Ps. 3 million during fiscal year 2016.

Hotels

Revenues from our Hotels segment increased by 34.8% from Ps. 396 million during fiscal year 2015 to Ps. 534 million during fiscal year 2016, primarily attributable to a 34.4% increase in the average room rate of our hotels (measured in Argentine Pesos).

International

Revenues from the International segment decreased by 100% vis-à-vis the Ps. 26 million posted during fiscal year 2015 because the Group sold the Madison 183 building during fiscal year 2015.

Financial Transactions and Other

Revenues from the Financial Transaction and Other segments did not exhibit significant variations for the periods presented.

COSTS

The Group's total costs rose by 520.5%, from Ps. 4,052 million in fiscal year 2015 to Ps. 25,141 million in fiscal year 2016. This was mainly as a result of an 11.8% increase in the Agriculture business, from Ps. 3,419 million in fiscal year 2015 to Ps. 3,821 million in fiscal year 2016, and to the 3,268.1% increase in the Urban Properties and Investments Business, due to costs for Ps. 20,481 from the Israeli Operating Center for the fiscal year 2016; and a 32.5% increase in the Argentine Operating Center, from Ps. 633 million in fiscal year 2015 to Ps. 839 million in fiscal year 2016.

Agricultural Business

	Fiscal year ended June 30, 2016			
Costs	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(1,698)	(80)	(35)	(1,813)
Beef cattle	(255)	(13)	-	(268)
Milk	(135)	-	-	(135)
Sugarcane	(494)	-	(17)	(511)
Agricultural Production subtotal	(2,582)	(93)	(52)	(2,727)
Sale and Transformation of Lands	(9)	-	-	(9)
Agro-industrial	(836)	-	(89)	(925)
Other segments	(140)	-	-	(140)
Leases and Agricultural Services	(20)	-	-	(20)
Subtotal Others	(996)	-	(89)	(1,085)
Total Agricultural Business	**(3,587)**	**(93)**	**(141)**	**(3,821)**

	Fiscal Year ended June 30, 2015			
Costs	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(1,744)	(42)	(33)	(1,819)
Beef cattle	(220)	(5)	-	(225)
Milk	(133)	-	-	(133)
Sugarcane	(368)	-	-	(368)
Agricultural Production subtotal	(2,465)	(47)	(33)	(2,545)
Sale and Transformation of Lands	(9)	-	-	(9)
Agro-industrial	(654)	-	(85)	(739)
Other segments	(105)	-	-	(105)
Leases and Agricultural Services	(21)	-	-	(21)
Subtotal Others	(780)	-	(85)	(865)
Total Agricultural Business	**(3,254)**	**(47)**	**(118)**	**(3,419)**

Total costs increased by 10.2%, from Ps. 3,254 million in fiscal year 2015 to Ps. 3,587 million in fiscal year 2016.This was primarily attributable to the following increases:

- Ps. 35 million in the Beef cattle segment,
- Ps. 2 million in the Milk segment,
- Ps. 126 million in the Sugarcane segment,
- Ps. 182 million in the Agro-industrial segment,
- Ps. 35 million in the segment Other; offset by a Ps. 46 million reduction in the Grains segment, and Ps. 1 million in the Leases and Services segment.

In turn, the cost of our joint ventures experienced a net increase of Ps. 46 million, from 47 million in fiscal year 2015 up to Ps. 93 million in fiscal year 2016, mainly as a result of a Ps. 38 million increase in the costs of Cresca's grains, from Ps. 42 million in fiscal year 2015 to Ps. 80 million in fiscal year 2016.

Similarly, inter-segment costs rose by Ps. 23 million, up from Ps. 118 million in fiscal year 2015 to Ps. 141 million in fiscal year 2016, primarily attributable to the cost of beef cattle sales during the year to our subsidiary Sociedad Anónima Carnes Pampeanas which was reclassified from the Beef Cattle segment to the Agro-industrial segment and to the leases of cropland between our subsidiary Brasilagro and its subsidiaries, which are reclassified from the Grains and Sugarcane segments to the Leases and Services segment.

Hence, according to business segment reporting and considering all our joint ventures, and the Inter-segment eliminations, costs grew by 11.8%, from Ps. 3,419 million in fiscal year 2015 to Ps. 3,821 million in fiscal year 2016.

Grains

Total costs from the Grains segment decreased by 0.4%, from Ps. 1,819 million in fiscal year 2015 to Ps. 1,813 million in fiscal year 2016. The costs from the Grains segment have been broken down in the following table:

	Fiscal year 2016	Fiscal year 2015
	In million Pesos	
Cost of sales	952	873
Cost of production	861	946
Total Costs	**1,813**	**1,819**

Costs of sales in the Grains segment increased by 9.0%, from Ps. 873 million in fiscal year 2015 to Ps. 952 million in fiscal year 2016, mainly as a consequence of:

- a 3.4% decrease in the volume of tons sold as compared to the previous fiscal year; and
- slightly offset by a 12.8% increase in the average cost per ton of grain sold in fiscal year 2016, up from Ps. 1,631 in fiscal year 2015 to Ps. 1,840 in fiscal year 2016, due to a higher market price in Grains.

The cost of sales as a percentage of sales was 88.5% in fiscal year 2015 and 82.6% in fiscal year 2016.

The cost of production in the Grains segment fell by 9.0% from Ps. 946 million in fiscal year 2015 to Ps. 861 million in fiscal year 2016, mainly as a consequence of:

- an 11.0% reduction in direct production costs during this fiscal year compared to the previous fiscal year, primarily attributable to the smaller quantity of hectares sown in the 2015-2016 season (a 47.1% decrease compared to the previous season);
- a smaller volume of production in fiscal year 2016 compared to the fiscal year 2015;
- a larger number of hectares in operation in own farms in fiscal year 2016 compared to the fiscal year 2015.

Total direct production costs per ton increased by 45.4%, from Ps. 1,899 per ton in fiscal year 2015 to Ps. 2,760 per ton in fiscal year 2016, mainly as a result of decreased yields and higher production costs in fiscal year 2016 compared to the fiscal year 2015.

Beef cattle

Total costs in the Beef cattle segment rose by 19.1%, from Ps. 225 million in fiscal year 2015 to Ps. 268 million in fiscal year 2016. The following table shows the costs in the Beef cattle segment:

	Fiscal year 2016	**Fiscal year 2015**
	In million Pesos	
Cost of sales	136	122
Cost of production	132	103
Total Costs	**268**	**225**

Cost of sales increased 11.5%, from Ps. 122 million in fiscal year 2015 to Ps. 136 million in fiscal year 2016, mainly as a consequence of:

- an increase in the cost per kilogram sold in fiscal year 2016 (19.5%); and
- a 6.2% decrease in beef sales volumes in fiscal year 2016.

Costs of production in the Beef Cattle segment rose by 28.2%, from Ps. 103 million in fiscal year 2015 to Ps. 132 million in fiscal year 2016. The higher cost of production from the Beef Cattle segment in fiscal year 2016 was mainly attributable to:

- smaller payroll expenses;

- higher feeding costs (34.6% compared to fiscal year 2015) resulting from a higher quantity of head in the feedlot, and an 8% increase in the average cost of feedstuff.

Milk

Total Costs in the Milk segment rose by 1.5%, from Ps. 133 million in fiscal year 2015 to Ps. 135 million in fiscal year 2016. The following table contains a breakdown of costs in the Milk segment:

	Fiscal year 2016	Fiscal year 2015
	In million Pesos	
Cost of sales	61	68
Cost of production	74	65
Total Costs	**135**	**133**

Cost of sales in the Milk segment fell by 10.3%, from Ps. 68 million in fiscal year 2015 to Ps. 61 million in fiscal year 2016, mainly as a consequence of:

- a 42.3% increase in the cost of sales of milking cows, from Ps. 10.9 per kg in fiscal year 2015 to Ps. 15.5 per kg in fiscal year 2016,
- offset by an 8.6% decrease in the cost of Milk, from Ps. 3.5 per liter in fiscal year 2015 to Ps. 3.2 per liter in fiscal year 2016,
- a 17.7% reduction in the sales volume of milking cows;
- an 8.2% decrease in milk sales volume.

Costs of production in the Milk segment increased by 17.2%, from Ps. 65 million in fiscal year 2015 to Ps. 74 million in fiscal year 2016. This increase was primarily attributable to the impact of increased feeding, health and prairie costs.

Sugarcane

Total Costs in the Sugarcane segment rose by 38.9%, from Ps. 368 million in fiscal year 2015 to Ps. 511 million in fiscal year 2016. The following table contains a breakdown of costs in the Sugarcane segment:

	Fiscal year 2016	Fiscal year 2015
	In million Pesos	
Cost of sales	263	188
Cost of production	248	180
Total Costs	**511**	**368**

Costs of sales in the Sugarcane segment rose by 39.9%, de Ps. 188 million in fiscal year 2015 to Ps. 263 million in fiscal year 2016, mainly as a consequence of:

- an increase of 295,226 tons of sugarcane sold in fiscal year 2016 compared to the previous fiscal year, primarily attributable to our subsidiary Brasilagro; and
- an increase in the average cost per ton of sugarcane sold in fiscal year 2016, from Ps. 204 per ton in fiscal year 2015 to Ps. 216 per ton in fiscal year 2016.

Costs of sales as a percentage of sales was 94.9% in fiscal year 2015 and 89.5% in fiscal year 2016.

The cost of production of the Sugarcane segment increased 37.8%, from Ps. 180 million in fiscal year 2015 to Ps. 248 million in fiscal year 2016, mainly as a result of a higher production volume in fiscal year 2016 compared to the fiscal year 2015.

Total production costs per ton increased by 4.1%, from Ps. 194 per ton in fiscal year 2015 to Ps. 202 per ton in fiscal year 2016.

Leases and Services

Total Costs in the Leases and Services segment shrank by 4.8%, from Ps. 21 million in fiscal year 2015 to Ps. 20 million in fiscal year 2016, mainly as a consequence of:

- a Ps. 2 million (42.3%) reduction in irrigation service costs, compared to Fiscal year 2015.
- Partially offset by an increase of Ps. 1 million in feedlot lease and services costs, in Brasilagro and Cresud, respectively.

Sale and Transformation of Lands

Total Costs in the Sale and Transformation of Lands segment remained stable at Ps. 9 million in both fiscal years.

Agro-industrial

Total Costs in the Agro-industrial segment rose by 25.2%, from Ps. 739 million in fiscal year 2015 to Ps. 925 million in fiscal year 2016, due to an inflationary context that hindered the increase in gross marginal contribution. The reason for this increase is to be found in the increase of costs to acquire Beef cattle and to a lesser extent in the increase in labor.

Other segments

Total Costs in the Other segments rose by 33.3%, from Ps. 105 million in fiscal year 2015 to Ps. 140 million in fiscal year 2016, primarily as a result of increased costs in the brokerage business related to commodity trading transactions through FyO, and increased costs for consignment, by 71.4% and 97.2%, respectively.

Urban Properties and Investments Business - Argentine Operating Center

	Fiscal year ended June 30 2016				
Costs	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	(1,505)	(5)	(6)	1,113	(403)
Offices and Other	(139)	(8)	-	94	(53)
Sales and Developments	(15)	(5)	-	-	(20)
Hotels	(362)	-	-	-	(362)
International	-	-	-	-	-
Financial Transactions and Other	(1)	-	-	-	(1)
Total Urban Properties and Investments Business	**(2,022)**	**(18)**	**(6)**	**1,207**	**(839)**

Fiscal year ended June 30 2015

Costs	Income statement	Interests in joint ventures	Inter-segment eliminations	Maintenance Fee and Common Advertising Funds	Segment reporting
Shopping Centers	(1,103)	(4)	(4)	820	(291)
Offices and Other	(110)	(5)	-	79	(36)
Sales and Developments	(14)	(5)	-	-	(19)
Hotels	(279)	-	-	-	(279)
International	(9)	-	-	2	(7)
Financial Transactions and Other	(1)	-	-	-	(1)
Total Urban Properties and Investments Business	**(1,516)**	**(14)**	**(4)**	**901**	**(633)**

Costs of sales in our Urban Properties and Investments Business rose by 33.4%, from Ps. 1,516 million in fiscal year 2015 to Ps. 2,022 million in fiscal year 2016. This was mainly due to an increase of Ps. 402 million in the Shopping Centers segment, an increase of Ps. 29 million in the Offices and Other segment, a Ps. 1 million increase in the Sales and Developments segment, an increase of Ps. 83 million in the Hotels segment, offset by a Ps. 9 million decrease in the International segment; whilst the Financial Transactions and Other segments did not experience significant variations.

In turn, the costs corresponding to maintenance fees and Common Advertising Funds costs increased 34.0%, from Ps. 901 million in fiscal year 2015 to Ps. 1,207 million in fiscal year 2016 mainly due to the maintenance fees and Common Advertising Funds expenses afforded by the Shopping Centers, which rose by 35.7%, from Ps. 827 million during fiscal year 2015 to Ps. 1,113 million during fiscal year 2016, as a consequence of: (i) an increase in advertising expenses of Ps. 112 million, (ii) an increased charge for salaries and wages, social security contributions and other payroll expenses amounting to Ps. 103 million; (iii) an increase in maintenance, security, cleaning, repair and similar expenses amounting to Ps. 101 million (mainly stemming from increases in security and cleaning services and in the rates for public utilities), (iv) an increase in taxes, rates and contributions and other expenses amounting to Ps. 25 million and an (v) an increase in other expenses for Ps. 42 million (primarily due to the absorption of the deficit in Common Advertising Funds and common maintenance fees). In addition, the variation was due to: II) an increase in the Common maintenance fees expenses incurred by the Offices and Other segment, which rose by Ps. 54 million, up from Ps. 28 million during fiscal year 2015 to Ps. 82 million during fiscal year 2016, primarily attributable to the acquisition of new buildings (maintenance, cleaning and lease expenses and common maintenance fees and other for Ps. 36 million, expenses associated to salaries and wages and social security contributions for Ps. 11 million and taxes, rates and contributions and utilities for Ps. 9 million).

In addition, costs from our joint ventures experienced a net decrease of 28.6%, down from Ps. 14 million during fiscal year 2015 to Ps. 18 million during fiscal year 2016.

Finally, costs from inter-segment operations rose by 50.0%, up from Ps. 4 million during fiscal year 2015 to Ps. 6 million during fiscal year 2016.

Hence, according to the business' segment information relayed in the framework of segment reporting and considering all our joint ventures, and the Inter-segment eliminations, costs rose by 32.5%, up from Ps. 633 million in fiscal year 2015 to Ps. 839 million in fiscal year 2016.

Shopping Centers

Costs in the Shopping Centers segment rose by 38.5%, from Ps. 291 million during fiscal year 2015 to Ps. 403 million during fiscal year 2016. The reasons for this increase are to be found mainly in: (i) an increased charge for depreciations and amortizations in the amount of Ps. 56 million; (ii) an increased cost corresponding to rentals and common maintenance fees in the amount of Ps. 30 million; (iii) an increase in maintenance, security, cleaning, repair and similar expenses for Ps. 10 million (mainly stemming from increases in security and cleaning services and in the rates for public utilities); and (iv) an increase of salaries and wages, social security contributions and other payroll expenses in the amount of Ps.10 million, amongst other items.

Costs in the Shopping Centers segment, measured as a percentage of the revenues derived from this segment rose from 16.4% during fiscal year 2015 to 16.7% in the fiscal year ended on June 30, 2016.

Offices and Other

Total Costs in the Offices and Other segment rose by 47.2%, from Ps. 36 million during fiscal year 2015 to Ps. 53 million during fiscal year 2016. (i) an increase in maintenance, security, cleaning, repair and similar expenses in the amount of Ps. 7 million; (ii) an increased cost corresponding to rentals and common maintenance fees for Ps. 6 million and; (iii) an increased charge for depreciations and amortizations in the amount of Ps. 5 million. This variation is affected by the partial sales of investment properties for rental that took place during fiscal year 2016.

Costs attributable to non-comparable properties rose by 4.0%, from Ps. 9 million to Ps. 10 million. In turn, the costs that consider comparable properties in both fiscal years for failure to submit partial sales rose by 76.8%, from Ps. 24 million to Ps. 42 million, primarily attributable to increased maintenance costs.

Total Costs in the Offices and Other segment, measured as a percentage of the revenues derived from this segment, rose from 10.8% during fiscal year 2015 to 15.6% during fiscal year 2016.

Sales and Developments

Costs attributable to this segment often vary significantly period over period, given that some of the sales consummated by the Group are non-recurrent. Without considering our joint ventures, costs associated to our Sales and Developments segment rose by 7.1%, from Ps. 14 million during fiscal year 2015 to Ps. 15 million during fiscal year 2016.

Costs in the Sales and Developments segment, measured as a percentage of the revenues derived from this segment, rose from 135.7% during fiscal year 2015 to 666.7% during fiscal year 2016.

Hotels

Costs in the Hotels segment increased by 29.7%, from Ps. 279 million during fiscal year 2015 to Ps. 362 million during fiscal year 2016, mainly as a consequence of:

- an increase of Ps. 52 million in salaries and wages, social security contributions and other payroll expenses;
- an increase of Ps. 19 million in maintenance and repair expenses and;
- increased charges for Ps. 7 million and Ps. 5 million as fees for services and as food, beverages and other hotel expenses, respectively.

Costs in the Hotels segment, measured as a percentage of the revenues derived from this segment decreased from 70.5% during fiscal year 2015 to 67.8% during fiscal year 2016.

International

Costs in the International segment shrank by 100%, compared to the Ps. 7 million posted during fiscal year 2015 on account of the sale consummated in the year 2015 of the Madison 183 building which was previously held as a rental property.

Costs in the Financial Transaction and Other segments, measured as a percentage of the revenues derived from this segment do not exhibit significant percentage figures.

Financial Transactions and Other

Costs in the Financial Transaction and Other segments remained stable at Ps. 1 million in both fiscal years.

Costs in the Financial Transactions and Other, measured as a percentage of the revenues derived from this segment do not exhibit significant percentage figures.

Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest

Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	Fiscal year ended June 30, 2016 Income statement	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Grains	1,017	54	-	1,071
Beef cattle	251	3	-	254
Milk	74	-	-	74
Sugarcane	318	-	-	318
Agricultural Production Subtotal	1,660	57	-	1,717
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and Agricultural Services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**1,660**	**57**	**-**	**1,717**

Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	Fiscal Year ended June 30, 2015 Income statement	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Grains	897	21	-	918
Beef cattle	165	2	-	167
Milk	75	-	-	75
Sugarcane	187	-	-	187
Agricultural Production Subtotal	1,324	23	-	1,347
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and Agricultural Services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**1,324**	**23**	**-**	**1,347**

The Group's revenues from Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest increased 25.4%, from Ps. 1,324 million in fiscal year 2015 to Ps. 1,660 million in fiscal year 2016.

In turn, the Group's revenues from Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest derived from our interests in joint ventures increased 147.8% from Ps. 23 million in fiscal year 2015 to Ps. 57 million in fiscal year 2016.

In addition, there were no inter-segment eliminations in connection with revenues from Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest.

Hence, according to business segment reporting and considering all our joint ventures, revenues from Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest grew by 27.5%, from Ps. 1,347 million in fiscal year 2015 to Ps. 1,717 million in fiscal year 2016.

Grains

Income from production in the Grains segment rose by 16.7%, from Ps. 918 million in fiscal year 2015 to Ps. 1,071 million in fiscal year 2016, mainly as a consequence of:

- a 38.8% decrease in total production, from 405,882 tons in fiscal year 2015 down to 248,435 tons in fiscal year 2016;
- partially offset by a 33.8% increase in the average Price for the production of Grains; and
- a 654.1% increase in the expected revenues.

As of June 30, 2016, the harvested area was 97.1% of our total sown area, compared to 100% as of June 30, 2015.

The following table shows the number of tons produced and total production income as of June 30, 2016 and 2015:

Revenues from the production of Grains (in tons and million Pesos)

	Fiscal year ended June 30			
	2016		2015	
	Tons	Pesos	Tons	Pesos
Corn	55,475	82	92,093	84
Soybean	169,592	520	279,356	625
Wheat	16,181	11	16,211	13
Sorghum	829	1	1,202	1
Sunflower	3,056	9	11,720	27
Other	3,302	8	5,300	20
Total	248,435	**631**	**405,882**	**770**

Estimated results from the valuation of our crops in progress at fair value rose by 654.1%, from Ps. 49 million in fiscal year 2015 to Ps. 369 million in fiscal year 2016, due to the 722.4% increase in corn croPs.

Beef cattle

Income from production in the Beef Cattle segment rose by 52.1%, from Ps. 167 million in fiscal year 2015 to Ps. 254 million in fiscal year 2016, mainly as a consequence of:

- a 19.3% increase in the average price per kilogram produced, from Ps. 14.8 per kilogram in fiscal year 2015 to Ps. 17.6 per kilogram in fiscal year 2016;
- a slight 1.6% decrease in beef production, from 7,905 tons in fiscal year 2015 to 7,781 tons in fiscal year 2016;
- offset by a 137.2% increase in holding results.

The calving rate decreased by 12.1%, whereas the death rate decreased by 4.4% during fiscal year 2016 compared to fiscal year 2015.

The number of hectares devoted to beef cattle production decreased from 88,643 hectares in fiscal year 2015 to 85,392 hectares in fiscal year 2016, due to a smaller number of leased land devoted to beef cattle production.

Milk

Income from production in the Milk segment decreased by 1.3%, from Ps. 75 million in fiscal year 2015 to Ps. 74 million in fiscal year 2016. This decrease was mainly due to:

- the result from holding of milking cows, which increased by 46.9%, up from a gain of Ps. 8.9 million in fiscal year 2015 to a gain of Ps. 13.1 million in fiscal year 2016, as the inflationary context led to a significant rise in prices;
- a 7.8% decrease in the average price of milk, from Ps. 3.42 per liter in fiscal year 2015 to Ps. 3.15 per liter in fiscal year 2016;
- a 6.2% decrease in the production of milking cows offset by a 78.6% increase in average price,
- a 7.1% decrease in the milk production volume, from 17.5 million of liters in fiscal year 2015 to 16.3 million of liters during this fiscal year. This reduction in production volume was mainly due to a lower average number of milking cows per day, from 2,189 milking cows per day in fiscal year 2015 to 1,788 milking cows per day in fiscal year 2016, partially offset by a 10.8% increase in the efficiency level of average daily milk production per cow, from 21.5 liters per cow in fiscal year 2015 to 23.8 liters per cow in fiscal year 2016.

Sugarcane

Income from production in the Sugarcane segment rose by 70.1%, from Ps. 187 million in fiscal year 2015 to Ps. 318 million in fiscal year 2016, mainly as a consequence of:

- a 32.4% increase in total production volume from 928,273 tons in fiscal year 2015 to 1,228,830 tons in fiscal year 2016; and
- a 19.0% increase in the average production price of sugarcane.

The 32.4% increase in the production volume from the Sugarcane segment was attributable to a 19.0% increase in the average price of production, which went from Ps. 199.5 per ton up to Ps. 237.4 per ton in fiscal year 2016.

The following table shows the actual tons produced and income as of June 30, 2016 and 2015:

Revenues from the production of Sugarcane (In tons and million Pesos)

	Fiscal year ended June 30			
	2016		2015	
	Tons	Pesos	Tons	Pesos
Sugarcane	1,228,830	292	928,273	185

Estimated results from the valuation of our sugarcane crops in progress at fair value

Estimated results from the valuation of our sugarcane crops in progress at fair value increased significantly from a gain of Ps. 2 million in fiscal year 2015 to Ps. 27 million in fiscal year 2016 mainly generated by Brasilagro. This variation originated mainly in Brazil, and was caused by the following factors:

- the number of estimated hectares went up from a year-on-year increase of 33.4% in fiscal year 2015 to a year-on-year increase of 0.4% in fiscal year 2016;
- the estimated yields went up from a year-on-year increase of 2.4% in the fiscal year 2015 to a year-on-year increase of 3.2% for the fiscal year 2016; and
- the estimated unit costs went down from a year-on-year increase of 10.0% in fiscal year 2015 to a year-on-year increase of 6.4% in fiscal year 2016.

Changes in the net realizable value of agricultural products after harvest

	Fiscal year ended June 30, 2016			
Changes in the net realizable value of agricultural products after harvest	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	208	-	-	208
Beef cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Production Subtotal	**208**	-	-	**208**
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and Agricultural Services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**208**	**-**	**-**	**208**

	Fiscal Year ended June 30, 2015			
Changes in the net realizable value of agricultural products after harvest	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(34)	-	-	(34)
Beef cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Production Subtotal	**(34)**	-	-	**(34)**

Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and Agricultural Services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**(34)**	**-**	**-**	**(34)**

Income from Changes in the net realizable value of agricultural products after harvest increased significantly, from a loss of Ps. 34 million in fiscal year 2015 to income for Ps. 208 million in fiscal year 2016. In Argentina, it stems above all from a widespread price increase in late December caused by the suppression/reduction of withholdings on the agricultural industry, the major devaluation determined by the new government and today's current free floating exchange rate market.

There were neither interest in joint ventures nor inter-segment eliminations in income from changes in the net realizable value of agricultural products after harvest.

Gross profit

As a result of the above mentioned factors, the Group's gross profit increased 408.8%, from Ps. 2,203 million in fiscal year 2015 to Ps. 11,209 million in fiscal year 2016, which was primarily attributable to:

- a 251.6% increase in the Agricultural Business, from income for Ps. 289 million in fiscal year 2015 to income for Ps. 1,016 million in fiscal year 2016;
- income for Ps. 7,748 provided by the Israeli Operating Center at the Urban Properties and Investments Business; and
- a 27.7% increase in the Argentine Operating Center at the Urban Properties and Investments Business, from Ps. 1,914 million in fiscal year 2015 to Ps. 2,445 million in fiscal year 2016.

Agricultural Business

As a result of the above mentioned factors, gross profit increased by 251.6%, from Ps. 289 million in fiscal year 2015 to Ps. 1,016 million in fiscal year 2016.

Grains
Gross profit from this segment increased by 1,088.5%, from Ps. 52 million in fiscal year 2015 to Ps. 618 million in fiscal year 2016.

Beef cattle
Gross profit from this segment increased by 92.9%, from Ps. 85 million in fiscal year 2015 to Ps. 167 million in fiscal year 2016.

Milk
Gross profit from this segment decreased by 71.4%, from Ps. 14 million in fiscal year 2015 to Ps. 4 million in fiscal year 2016.

Sugarcane
Gross profit from this segment increased by 494.1%, from Ps. 17 million in fiscal year 2015 to Ps. 101 million in fiscal year 2016.

Leases and Services

Gross profit from this segment increased by 45.0%, from Ps. 40 million in fiscal year 2015 to Ps. 58 million in fiscal year 2016.

Sale and Transformation of Lands

Gross loss from this segment remained stable at Ps. 9 million in both fiscal years.

Agro-industrial

Gross profit from this segment decreased by 38.8% from Ps. 67 million in fiscal year 2015 to Ps. 41 million in fiscal year 2016.

Other

Gross profit from this segment increased by 69.6%, from Ps. 23 million in fiscal year 2015 to Ps. 39 million in fiscal year 2016.

Urban Properties and Investments Business

Gross profit in Urban Properties and Investments Business rose by 432.5% from Ps. 1,914 million in fiscal year 2015 to Ps. 10,193 million in fiscal year 2016. This was mainly due to the income obtained through the Israeli Operating Center for Ps. 7,748 million and a 27.7% increase in the Argentine Operating Center, from Ps. 1,914 million in fiscal year 2015 to Ps. 2,445 million in fiscal year 2016.

Below please see the gross profit corresponding to our segments in the Argentine Operating Center:

Shopping Centers

Gross profit from the Shopping Centers segment increased by 34.7% up from Ps. 1,487 million for the fiscal year 2015 to Ps. 2,003 million during fiscal year 2016.

Offices and Other

Gross profit from the Offices and Other segment fell by 3.4% from Ps. 297 million for the fiscal year 2015 down to Ps. 287 million in fiscal year 2016.

Sales and Developments

Gross income/(loss) from the Sales and Developments segment rose by 240.0% from a loss of Ps. 5 million for fiscal year 2015 to a loss of Ps. 17 million during fiscal year 2016.

Hotels

Gross profit from the Hotels segment increased by 47.0% up from Ps. 117 million for the fiscal year 2015 to Ps. 172 million during fiscal year 2016.

International

Gross profit from the International segment decreased by 100%, compared to the Ps. 19 million posted during fiscal year 2015.

Financial Transactions and Other

There were no significant variations between the Income/(loss) from our Financial Transactions and Other segment between the periods presented.

Gain from disposal of investment properties

Gain from disposal of investment properties derived from our Sales and Developments segment experienced a 4.3% decrease from Ps. 1,150 million during fiscal year 2015 to Ps. 1,101 million during fiscal year 2016.

Gain from disposal of farmlands

Gain from disposal of farmlands derived from the Sale and Transformation of Lands segment decreased by 100.4%, from income for Ps. 550 million in fiscal year 2015 to a loss of Ps. 2 million in fiscal year 2016, primarily as a result of the absence of sales in this fiscal year and the following transactions in the preceding fiscal year:

During fiscal year 2015

- On April 3, 2014, Cresca S.A. executed a deed of sale for an area of 24,624 hectares located in Chaco Paraguayo. The total price was USD 14.7 million paid as follows: USD 1.8 million was cashed upon the execution of the deed of sale; USD 4.3 million at the time of the title conveyance; USD 3.7 million on July 2015 interest-free; and USD 4.9 million on July 2016 interest-free. Possession was surrendered upon the execution of the title deed and upon the creation of a mortgage as guarantee of the remaining balance on July 14, 2014. The Group recorded a gain of Ps. 19.1 million as a result of this transaction.

- On June 10, 2015, Brasilagro sold the remaining area of 27,745 hectares of the Cremaq farm located in the municipal district of Baixa Grande do Ribeiro (Piaui). The transaction price was RS. 270 million (equivalent to Ps. 694 million) which was fully paid. The Group recorded a gain of Ps. 525.9 million as a result of this transaction.

- On October 17, 2013, Yuchán Agropecuaria executed an agreement providing for the sale, subject to retention of title, of a 1,643 hectare property in the "La Fon II" farm for a total price of USD 7.21 million (equivalent to Ps. 59.0 million). As of the date of issuance of these financial statements, the amount of USD 7.1 million was cashed, with the remaining balance of USD 0.12 million being payable in two installments beginning in December this year and ending in December 2017. The agreement provides that title conveyance will be registered once the full price has been paid. On June 24, 2015, Yuchán Agropecuaria surrendered the possession of the property. The Group recorded a gain of USD 2.7 million (equivalent to Ps. 24.6 million) as a result of this transaction in the fiscal year 2015.

General and Administrative Expenses

The Group's General and Administrative Expenses rose by 260.9%, from Ps. 625 million in fiscal year 2015 to Ps. 2,256 million in fiscal year 2016. This was mainly due to an increase of Ps. 68 million in the Agricultural business and an increase of Ps. 1,563 million in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business the Variation is attributable to the Israeli Operating Center for Ps. 1,387 and to the Argentine Operating Centerfor Ps. 176.

Agricultural Business

General and Administrative Expenses	Fiscal year ended June 30, 2016 Income statement	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Grains	(170)	(4)	-	(174)
Beef cattle	(40)	-	-	(40)

Milk	(8)	-	-	(8)
Sugarcane	(34)	-	-	(34)
Agricultural Production Subtotal	(252)	(4)	-	(256)
Sale and Transformation of Lands	(2)	-	-	(2)
Agro-industrial	(38)	-	-	(38)
Other segments	(15)	-	-	(15)
Leases and Agricultural Services	(4)	-	-	(4)
Subtotal Others	(57)	-	-	(57)
Total Agricultural Business	**(311)**	**(4)**	**-**	**(315)**

	Fiscal Year ended June 30, 2015			
General and Administrative Expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(156)	(3)	-	(159)
Beef cattle	(26)	-	-	(26)
Milk	(5)	-	-	(5)
Sugarcane	(20)	-	-	(20)
Subtotal Agricultural production	(207)	(3)	-	(210)
Sale and Transformation of Lands	(2)	-	-	(2)
Agro-industrial	(25)	-	-	(25)
Other segments	(8)	-	-	(8)
Leases and Agricultural Services	(2)	-	-	(2)
Subtotal Others	(35)	-	-	(35)
Total Agricultural Business	**(244)**	**(3)**	**-**	**(247)**

General and Administrative Expenses from the Agricultural business sales rose by 27.5%, from Ps. 244 million in fiscal year 2015 to Ps. 311 million in fiscal year 2016. This was due to the following increases: Ps. 14 million in the Grains segment, Ps. 14 million in the Beef Cattle segment, Ps. 3 million in the Milk segment, Ps. 14 million in the Sugarcane segment, Ps. 13 million in the Agro-industrial segment, Ps. 2 million in the Leases and Agricultural Services segment and Ps. 7 million corresponding to Other segments.

The causes for the variation were:

- The variation in Cresud’s administrative expenses is mostly due to the variation in wages, salaries and social security contributions due to the allowance for bonuses payable for fiscal year 2016. In addition, the reason for the variation is to be found also in the increases exhibited by the fees of the accountants associated to the consolidation of IDBD as well as the increase in legal fees associated to the Class Action.

- An increase in the General and Administrative Expenses of the subsidiary EEASA primarily attributable to the increases in the services hired for the project to implement the SAP system, consultancy fees and SOX standard testing and salary adjustments due to collective bargaining agreements; and

- an increase in expenses as a result of the inflationary context.

In turn, general and administrative expenses from our joint ventures increased Ps. 1 million up from Ps. 3 million during fiscal year 2015 to Ps. 4 million during fiscal year 2016.

There were no General and Administrative Expenses incurred by reason of Inter-segment eliminations.

Hence, according to business segment reporting and considering all our joint ventures, General and Administrative Expenses grew by 27.5%, up from Ps. 247 million in fiscal year 2015 to Ps. 315 million in fiscal year 2016.

Urban Properties and Investments Business

	Fiscal year ended June 30 2016				
General and Administrative Expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	(178)	-	(1)	-	(179)
Offices and Other	(50)	-	-	-	(50)
Sales and Developments	(126)	(1)	(4)	-	(131)
Hotels	(101)	-	(2)	-	(103)
International	(91)	-	-	-	(91)
Financial Transactions and Other	-	-	-	-	-
Total Urban Properties and Investments Business	**(546)**	**(1)**	**(7)**	**-**	**(554)**

	Fiscal year ended June 30 2015				
General and Administrative Expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	(135)	-	-	-	(135)
Offices and Other	(58)	-	(1)	-	(59)
Sales and Developments	(48)	(1)	(1)	-	(50)
Hotels	(77)	-	(1)	-	(78)
International	(56)	-	-	-	(56)
Financial Transactions and Other	-	-	-	-	-
Total Urban Properties and Investments Business	**(374)**	**(1)**	**(3)**	**-**	**(378)**

General and Administrative Expenses in connection with the sales of the Urban Properties and Investments Business segment rose by 46.0%, from Ps. 374 million in fiscal year 2015 to Ps. 546 million in fiscal year 2016. This was mainly due to the Ps. 43 million increase in the Shopping Centers segment, an increase of Ps. 78 million in the Sales and Developments segment, an increase of Ps. 24 million in the Hotels segment, an increase of Ps. 35 million in the International segment, all of which was partially offset by a decrease of Ps. 8 million in the segment Offices and Other.

In turn, the administrative expenses of our joint ventures did not exhibit variations between the fiscal years 2014 and 2015 and remained stable at Ps. 1 million.

Inter-segment eliminations increased Ps. 4 million, up from Ps. 3 million in fiscal year 2015 to Ps. 7 million in fiscal year 2016.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, administrative expenses increased by 46.6% up from Ps. 378 million in fiscal year 2015 to Ps. 554 million in fiscal year 2016. Administrative expenses as a percentage of sales, in accordance with the business segment details reported, and considering our joint ventures and Inter-segment eliminations, rose from 14.8% in fiscal year 2015 to 6.2% in fiscal year 2016.

Shopping Centers

Administrative expenses in the Shopping Centers segment rose by 32.6%, up from Ps. 135 million during fiscal year 2015 to Ps. 179 million during fiscal year 2016, mainly as a consequence of:

- a Ps. 18 million increase in salaries, wages, social security contributions and other payroll expenses;
- an increase of Ps. 13 million in Directors' fees;
- an increase of Ps. 7 million in fees and compensation for services, to name but a few items.

Administrative expenses in the Shopping Centers segment as a percentage of revenues from the same segment decreased slightly from 7.7% during fiscal year 2015 to 7.4% during fiscal year 2016.

Offices and Other

General and Administrative Expenses in our Offices and Other segment decreased by 15.3%, from Ps. 59 million during fiscal year 2015 to Ps. 50 million during fiscal year 2016, primarily as a consequence of: (i) a Ps. 12 million decrease in salaries, wages, social security contributions and other payroll expenses; partially offset by (ii) an increase in directors' fees in the amount of Ps. 6 million, amongst other items.

When measured as a percentage of revenues from the same segment, General and Administrative Expenses decreased by 17.7% during fiscal year 2015 to 14.7% during fiscal year 2016.

Sales and Developments

General and Administrative Expenses associated to our Sales and Developments segment rose by 162.0%, from Ps. 50 million during fiscal year 2015 to Ps. 131 million during fiscal year 2016, primarily as a consequence of: (i) an increase in salaries, wages, social security contributions and other payroll expenses of Ps. 26 million, (ii) an increase of Ps. 24 million in fees and compensation for services; (iii) and an increase in directors' fees of Ps. 21 million, amongst other items.

Hotels

The General and Administrative Expenses associated to our Hotels segment increased by 32.1% from Ps. 78 million during fiscal year 2015 to Ps. 103 million during fiscal year 2016, mainly as a consequence of:

- (i) an increase of Ps. 12 million in salaries and wages, social security contributions and other payroll expenses;
- (ii) an increase of Ps. 6 million in the cost of fees from services, amongst other items.

The General and Administrative Expenses associated to the Hotels segment measured as a percentage of the revenues derived from this segment shrank from 19.6% in fiscal year 2015 to 19.3% in fiscal year 2016.

International

General and Administrative Expenses associated to our International segment rose by Ps. 35 million, from Ps. 56 million during fiscal year 2015 to Ps. 91 million during fiscal year 2016 primarily attributable to fees for services incurred in connection with the investment in IDBD.

Financial Transactions and Other.

General and Administrative Expenses associated to our Financial Transactions and Other segment did not exhibit variations for the periods disclosed.

Selling expenses

The Group's total selling expenses grew by 1,207.3%, from Ps. 481 million in fiscal year 2015 to Ps. 6,288 million in fiscal year 2016. This was primarily attributable to an increase of Ps. 52 million in the Agricultural business and an increase of Ps. 5,755 million in the Urban Properties and Investments Business which accounts for the Ps. 69 million increase in the Argentine Operating Center and the Ps. 5,686 million increase in the Israeli Operating Center.

Agricultural Business

	Fiscal year ended June 30, 2016			
Selling expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(209)	(5)	(2)	(216)
Beef cattle	(19)	-	-	(19)
Milk	(4)	-	-	(4)
Sugarcane	(8)	-	-	(8)
Agricultural Production Subtotal	(240)	(5)	(2)	(247)
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	(67)	-	-	(67)
Other segments	(23)	-	-	(23)
Leases and Agricultural Services	(1)	-	-	(1)
Subtotal Others	(91)	-	-	(91)
Total Agricultural Business	**(331)**	**(5)**	**(2)**	**(338)**

	Fiscal Year ended June 30, 2015			
Selling expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(157)	(3)	(1)	(161)
Beef cattle	(20)	-	-	(20)
Milk	(4)	-	-	(4)
Sugarcane	(8)	-	-	(8)
Agricultural Production Subtotal	(189)	(3)	(1)	(193)
Sale and Transformation of Lands	(1)	(1)	-	(2)
Agro-industrial	(77)	-	-	(77)
Other segments	(13)	-	-	(13)
Leases and Agricultural Services	(1)	-	-	(1)
Subtotal Others	(91)	-	-	(91)
Total Agricultural Business	**(281)**	**(4)**	**(1)**	**(286)**

The Selling expenses associated to the sales of the Agricultural business rose by 17.8%, from Ps. 281 million in fiscal year 2015 to Ps. 331 million in fiscal year 2016. This was primarily due to the Ps. 52 million increase in the Grains segment and the Ps. 10 million increase in the Other segments, partially offset by a reduction of Ps. 1 million in the Beef Cattle segment, and the Ps. 10 million decrease in the Agro-industrial segment.

In turn, selling expenses from our interests in joint ventures rose by 25% from Ps. 4 million in fiscal year 2015 to Ps. 5 million in fiscal year 2016, in connection with our Cresca joint venture.

Besides, Inter-segment eliminations rose Ps. 1 million in the fiscal year 2016 compared to the figure posted for 2015.

Hence, according to the business segment details reported by segment and considering all our joint ventures and the Inter-segment eliminations, Selling expenses grew by 18.2%, up from Ps. 286 million in fiscal year 2015 to Ps. 338 million in fiscal year 2016.

Urban Properties and Investments Business

	Fiscal year ended June 30 2016			
Selling expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(143)	(2)	-	(145)
Offices and Other	(12)	-	-	(12)
Sales and Developments	(36)	-	-	(36)
Hotels	(69)	-	-	(69)
International	-	-	-	-
Financial Transactions and Other	(2)	-	-	(2)
Total Urban Properties and Investments Business	**(262)**	**(2)**	**-**	**(264)**

	Fiscal year ended June 30 2015			
Selling expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(112)	(1)	-	(113)
Offices and Other	(21)	-	-	(21)
Sales and Developments	(8)	(1)	-	(9)
Hotels	(52)	-	-	(52)
International	-	-	-	-
Financial Transactions and Other	-	-	-	-
Total Urban Properties and Investments Business	**(193)**	**(2)**	**-**	**(195)**

The Selling expenses associated to the sales completed by the Urban Properties and Investments Business rose by 35.8% from Ps. 193 million in fiscal year 2015 to Ps. 262 million in fiscal year 2016. This was primarily due to an increase of Ps. 31 million in the Shopping Centers segment, an increase of Ps. 28 million in the Sales and Developments segment, an increase of Ps. 17 million in the Hotels segment and an increase of Ps. 2 million in the Financial transactions and other segment, partially offset by a reduction of Ps. 9 million in the Offices and Other segment.

In turn, selling expenses in our joint ventures did not exhibit a decrease in the fiscal years 2016 and 2015.

Hence, according to business segment reporting, Selling expenses experienced 35.4% growth from Ps. 195 million during fiscal year 2015 to Ps. 264 million during fiscal year 2016. Selling expenses measured as a percentage of revenues, in accordance with Segment reporting rose slightly from 7.7% for the fiscal year 2015 to 8.0% during fiscal year 2016.

Shopping Centers

Selling expenses in the Shopping Centers segment increased by 28.3%, up from Ps. 113 million during fiscal year 2015 to Ps. 145 million during fiscal year 2016, primarily as a consequence of: (i) an increase in the charge for taxes, rates and contributions of Ps. 29 million, primarily generated by an increase in charges for turnover tax amongst other items.

Selling expenses measured as a percentage of revenues from the Shopping Centers segment, went down from 6.3 % during fiscal year 2015 to 6.0% during fiscal year 2016.

Offices and Other

The Selling expenses associated to our Offices and Other segment decreased by 42.9% down from Ps. 21 million in fiscal year 2015 to Ps. 12 million in fiscal year 2016.

The Selling expenses associated to our Offices and Other segment, measured as a percentage of the revenues derived from this segment diminished by 6.3% in fiscal year 2015 to 3.5% in fiscal year 2016.

Sales and Developments

Selling expenses in the Sales and Developments segment rose by 300.0%, up from Ps. 9 million during fiscal year 2015 to Ps. 36 million during fiscal year 2016, primarily as a result of an increased charge for taxes, rates and contributions that amounts to Ps. 21 million, primarily generated by an increase in charges for turnover tax.

Hotels

The selling expenses associated to our Hotels segment rose by 32.7%, from Ps. 52 million during fiscal year 2015 to Ps. 69 million during fiscal year 2016, primarily attributable to:

- a Ps. 6 million increase in the charge for axes, rates and contributions and
- an increase of Ps. 5 million in fees for services amongst other items.

The selling expenses associated to our Hotels segment measured as a percentage of the revenues derived from this segment fell slightly down from 13% during fiscal year 2015 to 12.9% during fiscal year 2016.

Financial Transactions and Other

Selling expenses in the Financial Transactions and Other segments rose by Ps. 2 million during fiscal year 2016 compared to fiscal year 2015.

Other Operating results, net

The Group's Other operating results, net rose Ps. 3 million, from income for Ps. 10 million in fiscal year 2015 to income for Ps. 13 million in fiscal year 2016. This was mainly due to an increase of Ps. 5 million in the Urban Properties and Investments Business in the Argentine Operating Center, offset by a Ps. 51 million decrease in the Agricultural business.

Agricultural Business

	Fiscal year ended June 30, 2016			
Other Operating results	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(72)	(1)	(1)	(74)
Beef cattle	(2)	-	-	(2)
Milk	-	-	-	-
Sugarcane	4	-	-	4
Agricultural Production Subtotal	(70)	(1)	(1)	(72)
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	1	-	-	1
Other segments	1	-	-	1
Leases and Agricultural Services	-	-	-	-
Subtotal Others	2	-	-	2
Total Agricultural Business	**(68)**	**(1)**	**(1)**	**(70)**

	Fiscal Year ended June 30, 2015			
Other Operating results	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**

Grains	(7)	(1)	(1)	(9)
Beef cattle	(2)	(1)	-	(3)
Milk	(1)	-	-	(1)
Sugarcane	(2)	-	-	(2)
Agricultural Production Subtotal	(12)	(2)	(1)	(15)
Sale and Transformation of Lands	(5)	-	-	(5)
Agro-industrial	-	-	-	-
Other segments	1	-	-	1
Leases and Agricultural Services	-	-	-	-
Subtotal Others	1	-	-	1
Total Agricultural Business	**(16)**	**(2)**	**(1)**	**(19)**

The Other operating results, net, associated to sales in the Agricultural business increased their losses up from Ps. 16 million in fiscal year 2015 to Ps. 68 million in losses for fiscal year 2016. This was primarily due to an increase of Ps. 65 million in losses in the Grains segment, partially offset by an increase of Ps. 6 million in the Sugarcane segment, Ps. 5 million in the segment Sale and Transformation of Lands, and Ps. 1 million in the Milk and Agro-industrial segments.

In turn, Other operating results, net from our interests in joint ventures experienced a decrease in loss equivalent to 50% of Ps. 2 million in fiscal year 2015 to Ps. 1 million in fiscal year 2016, associated to our joint venture Cresca.

Besides, there have not been any variations in the Inter-segment eliminations for other operating results, net which remain at a loss of Ps. 1 million for both fiscal years.

Hence, according to business segment reporting and considering all our joint ventures, Other operating results, net went from a loss of Ps. 19 million in fiscal year 2015 to a loss of Ps. 70 million in fiscal year 2016.

Grains

Other operating results, net, in the Grains segment experienced an increase in losses for Ps. 65 million, up from Ps. 9 million in losses for fiscal year 2015 to Ps. 74 million in losses for fiscal year 2016, primarily as a result of the derivatives of Brasilagro and Cresud commodities (Ps. 84 million), partially offset by the results generated by FyO (equivalent to income for Ps. 12 million).

Sugarcane

Other operating results, net in the Sugarcane segment rose by Ps. 6 million, up from a Ps. 2 million loss in fiscal year 2015 to income for Ps. 4 million in fiscal year 2016.

Sale and Transformation of Lands

Other operating results, net in the Sale and Transformation of Lands segment in fiscal year 2016 were no associated to expenses whilst losses for these expenses in fiscal year 2015 had amounted to Ps. 5 million.

The rest of the segments of the Agriculture business did not exhibit significant changes.

Urban Properties and Investments Business

	Fiscal year ended June 30 2016			
Other Operating results	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(40)	(2)	-	(42)
Offices and Other	(7)	-	1	(6)
Sales and Developments	(16)	4	4	(8)

Hotels	(2)	-	-	(2)
International	140	-	-	140
Financial Transactions and Other	1	-	-	1
Total Urban Properties and Investments Business	**76**	**2**	**5**	**83**

	Fiscal year ended June 30 2015			
Other Operating results	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(48)	(1)	-	(49)
Offices and Other	(120)	1	1	(118)
Sales and Developments	13	-	-	13
Hotels	-	-	-	-
International	185	-	-	185
Financial Transactions and Other	(2)	-	-	(2)
Total Urban Properties and Investments Business	**28**	**-**	**1**	**29**

The Other operating results, net in the Urban Properties and Investments Business segment rose by Ps. 48 million, up from a gain of Ps. 28 million in fiscal year 2015 to a gain of Ps. 76 million in fiscal year 2016, primarily attributable to income for Ps. 113 million in the segment Offices and Other.

The effect of consolidation in our joint ventures rose by Ps. 2 million primarily due to larger operating revenues in the joint ventures Baicom and Cyrsa, partially offset by operating expenses in the Puerto Retiro joint venture.

Besides, Inter-segment eliminations rose by Ps. 4 million, up from Ps. 1 million in income for the fiscal year 2015 to Ps. 5 million in income for the fiscal year 2016.

In accordance with the details from the business segment reported by segment and considering all our joint ventures and the Inter-segment eliminations, the Other operating results, net went from income for Ps. 29 million as net income for the fiscal year 2015 to income for Ps. 83 million in the fiscal year 2016.

Shopping Centers

The net loss stemming from Other operating results in the Shopping Centers segment shrank by 14.3%, down from Ps. 49 million during fiscal year 2015 to Ps. 42 million during fiscal year 2016, primarily as a consequence of a smaller charge for lawsuits and contingencies of Ps. 8 million.

The net loss stemming from Other operating results, measured as a percentage of revenues from the Shopping Centers segment, diminished from 2.7% during fiscal year 2015 to 1.7% during fiscal year 2016.

Offices and Other

The net loss stemming from Other operating results associated to our Offices and Other segment decreased by Ps. 112 million, down from Ps. 118 million during fiscal year 2015 to Ps. 6 million during fiscal year 2016, primarily attributable to the expenses for conveyances of assets from IRSA to IRSA CP for Ps. 111 million generated during fiscal year 2015.

Sales and Developments

Our Sales and Developments segment diminished by Ps. 21 million from income for Ps. 13 million during fiscal year 2015 to a loss of Ps. 8 million during fiscal year 2016, primarily as a consequence of the income posted during fiscal year 2015 for the sale of our shareholding in Bitania for Ps. 16 million, among other items.

Hotels

The net loss stemming from Other operating results associated to our Hotels segment rose by Ps. 2 million recorded during fiscal year 2016, primarily attributable to an increased charge for provisions for lawsuits and contingencies.

International

The Other operating results, net in this segment exhibited a Ps. 45 million decrease, down from Ps. 185 million during fiscal year 2015 to Ps. 140 million during fiscal year 2016, primarily attributable to a reduction in income caused by the partial reversal of accumulated gains/(losses) from conversion. As of June 30, 2016, this reflects primarily the reversal of the gains/(losses) for conversion before the IDBD business combination whilst as of June 30, 2015 this reflects the reversal of the reserve for conversion generated at Rigby and due to the partial repayment of the company's principal.

Financial Transactions and Other

The Other operating results, net associated to our Financial Transactions and Other segment rose by Ps. 3 million, up from a loss of Ps. 2 million during fiscal year 2015 to income for Ps. 1 million during fiscal year 2016.

Profit / (loss) from operations

As a consequence of the factors explained above, the Group's profit / (loss) from operations rose Ps. 950 million (33.6%), up from income for Ps. 2,827 million in fiscal year 2015 to income for Ps. 3,777 million in fiscal year 2016.

Agricultural Business

Profit / (loss) from operations in the Agricultural business decreased Ps. 16 million (5.2%), down from income for 307 million in fiscal year 2015 to income for Ps. 291 million in fiscal year 2016.

Grains

Profit / (loss) from operations in this segment increased Ps. 431 million (155.6%) from a loss of Ps. 277 million in fiscal year 2015 to income for Ps. 154 million in fiscal year 2016.

Beef cattle

Profit / (loss) from operations in this segment rose by Ps. 67 million (186.1%), from income for Ps. 36 million in fiscal year 2015 to income for Ps. 103 million in fiscal year 2016.

Milk

Profit / (loss) from operations in this segment decreased Ps. 12 million (300.0%), from income for Ps. 4 million in fiscal year 2015 to a loss of Ps. 8 million in fiscal year 2016.

Sugarcane

Profit / (loss) from operations in this segment increased Ps. 76 million (584.6%), from a loss of Ps. 13 million in fiscal year 2015 to income for Ps. 63 million in fiscal year 2016.

Leases and Services

Profit / (loss) from operations in this segment increased Ps. 16 million (43.2%), from income for Ps. 37 million in fiscal year 2015 to income for Ps. 53 million in fiscal year 2016.

Sale and Transformation of Lands

Profit / (loss) from operations in this segment decreased by Ps. 565 million, from income for Ps. 552 million in fiscal year 2015 to a loss of Ps. 13 million in fiscal year 2016.

Agro-industrial

Profit / (loss) from operations in this segment decreased Ps. 28 million, from a loss of Ps. 35 million in fiscal year 2015 to a loss of Ps. 63 million in fiscal year 2016.

Other

Profit / (loss) from operations in this segment decreased Ps. 1 million (33.3%) from income for Ps. 3 million in fiscal year 2015 to income for Ps. 2 million in fiscal year 2016.

Urban Properties and Investments Business

Profit / (loss) from operations in this segment rose by Ps. 246 million (9.8%), up from income for Ps. 2,520 million in fiscal year 2015 to income for Ps. 2,766 million in fiscal year 2016. This was mainly due to an increase of Ps. 580 million in the segments Shopping Centers, Offices and Other, Hotels and Financial Transactions, partially offset by a Ps. 334 million reduction in the segments Sales and Developments and International.

Shopping Centers

Profit / (loss) from operations in our Shopping Centers segment rose by 37.6%, from a gain of Ps. 1,190 million during fiscal year 2015 to a gain of Ps. 1,637 million during fiscal year 2016.

Profit / (loss) from operations in our Shopping Centers segment, as a percentage of the revenues derived from this segment, decreased from 66.9% in fiscal year 2015 to 68.0% in fiscal year 2016.

Offices and Other

Profit / (loss) from operations in our Offices and Other segment rose by 121.2%, from a gain of Ps. 99 million during fiscal year 2015 to a gain of Ps. 219 million during fiscal year 2016.

Profit / (loss) from operations in our Offices and Other segment, as a percentage of the revenues derived from this segment, decreased from 29.7% in fiscal year 2015 to 64.4% in fiscal year 2016.

Sales and Developments

Profit / (loss) from operations in our Sales and Developments segment decreased by 21.4%, from a gain of Ps. 1,099 million during fiscal year 2015 to a gain of Ps. 869 million during fiscal year 2016.

Profit / (loss) from operations in our Sales and Developments segment, as a percentage of the revenues derived from this segment, increased from 7,850.0% in fiscal year 2015 to 28,800.0% in fiscal year 2016.

Hotels

Profit / (loss) from operations in our Hotels segment decreased losses by 84.6% down from Ps. 13 million during fiscal year 2015 to Ps. 2 million during fiscal year 2016.

International

Profit / (loss) from operations in our International segment decreased Ps. 99 million (66.9%), from a gain of Ps. 148 million during fiscal year 2015 to a gain of Ps. 49 million during fiscal year 2016.

Financial Transactions and Other

Profit / (loss) from operations in our Financial Transactions and Other segment experienced a 66.7% decrease in losses, down from Ps. 3 million during fiscal year 2015 to Ps. 1 million during fiscal year 2016.

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

Share of losses of associates and joint ventures decreased by Ps. 264 million, down from a loss of Ps. 447 million in fiscal year 2015 to a loss of Ps. 183 million in fiscal year 2016. This was primarily attributable to:

- a Ps. 238 million increase in our related companies' interest in the Urban Properties and Investments business in fiscal year 2015. Such increase was mainly attributable to the income stemming from the share in the Profit/(loss) of associates and joint ventures posted by our subsidiary IDBD which amounted to Ps. 339 million during fiscal year 2016, which adds to the income stemming from our investment in our related company Banco Hipotecario which exhibited a Ps. 114 million variation during fiscal year 2016. This has all been offset by an increase in losses of Ps. 55 million in our ownership interest in New Lipstick LLC and the loss associated to the investment in our subsidiary IDBD previous to the consolidation which amounts to Ps. 151 million.

- a Ps. 28 million increase in the revenues provided by the Agricultural business, primarily attributable to the revenues earned by the Agro-Uranga investment (corresponding to the Grains segment).

Net financial results

We incurred a higher net financial loss, of Ps. 4,949 million, up from a loss of Ps. 1,297 million in fiscal year 2015 to a loss of Ps. 6,246 million in fiscal year 2016. This was primarily due to:

- a higher loss, of Ps. 2,343 million in foreign exchange gains/(losses), net in fiscal year 2016;

- a higher loss, of Ps. 1,168 million in net financial interest recorded in fiscal year 2016;

- a higher loss, of Ps. 1,448 million, stemming from the fair value measurement of financial assets in fiscal year 2015;

- a higher loss, of Ps. 307 million, stemming from the impairment in the investment properties of our IDBD subsidiary in fiscal year 2016; and

- slightly offset by a gain of Ps. 1,169 million stemming from derivative financial instruments in fiscal year 2016.

Our net financial losses in fiscal year 2016 were primarily attributable to (i) an increase in the financial losses stemming from the consolidation of IDBD for Ps. 3,167 million; (ii) a Ps. 1,231 million loss stemming from foreign exchange gains/(losses) primarily as a result of the depreciation sustained by the foreign exchange rate; (iii) a Ps. 1,246 million loss stemming from the interest accrued on debt financing, mainly due to increased indebtedness and higher interest rates; and (iii) a gain of Ps. 662 million primarily attributable to the fair value measurement of financial assets.

There was a 65.5% variation in the U.S. Dollar buying rate during fiscal year 2016 (it increased from Ps. 9.088 on June 30, 2015 to Ps. 15.040 as of June 30, 2016) as compared to the previous fiscal year, when the U.S. Dollar quotation had experienced a larger variation of 11.7% (from Ps. 8.133 as of June 30, 2014 to Ps. 9.088 as of June 30, 2015).

Income tax

Our income tax expense increased Ps. 500 million, from a Ps. 303 million loss in fiscal year 2015 to a Ps. 197 million gain in fiscal year 2016. The Group recognizes the income tax expense on the basis of the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements. The main temporary differences for the Agriculture business derive from valuation of cattle stock and sale and replacement of property, plant and equipment, while those corresponding to the Urban Properties and Investments business derive from the sale and replacement of investment properties.

For purposes of determining the deferred assets and liabilities, the tax rate expected to be in force at the time of their reversion or use, according to the legal provisions enacted as of the date of issuance of these financial statements, has been applied to the identified temporary differences and tax losses.

Profit / (loss) for the Fiscal Year

Due to the above mentioned factors, our profit / (loss) for the fiscal year decreased Ps. 3,228 million (427.0%) from Ps. 756 million in net income for fiscal year 2015 to a net loss of Ps. 2,472 million in fiscal year 2016. Profit / (loss) for fiscal years 2016 and 2015 is attributable to the controlling company's shareholders and non-controlling interest, as per the following detail:

- Profit / (loss) for the fiscal year attributable to the controlling company's shareholders went from a gain of Ps. 114 million in fiscal year 2015 to a loss of Ps. 1,402 million in fiscal year 2016; and

- the non-controlling interest in controlled companies went from a gain of Ps. 642 million in fiscal year 2015 to a loss of Ps. 1,070 million in fiscal year 2016, primarily due to the consolidation of our subsidiary IDBD.

Fiscal year ended June 30, 2015 compared to the fiscal year ended June 30, 2014

Operating Results

REVENUES

Our total revenues increased 24.5%, from Ps. 3,970 million for fiscal year 2014 to Ps. 4,942 million for fiscal year 2015. This was mainly due to a 32.1% increase in the Agricultural business, from Ps.1,813 million in fiscal year 2014 to Ps. 2,395 million in fiscal year 2015 and a 18.1% increase in the Urban Properties and Investments business, from Ps. 2,157 million in fiscal year 2014 to Ps. 2,547 million in fiscal year 2015.

Agricultural Business

	Fiscal year ended June 30, 2015			
Revenues	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	964	23	-	987
Beef cattle	56	3	84	143

Milk	72	-	-	72
Sugarcane	198	-	-	198
Subtotal Agricultural Business	1,290	26	84	1,400
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	806	-	-	806
Other segments	118	-	10	128
Leases and agricultural services	37	-	24	61
Other Subtotal	961	-	34	995
Total Agricultural Business	**2,251**	**26**	**118**	**2,395**

	Fiscal year ended June 30, 2014			
Revenues	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	818	19	-	837
Beef cattle	62	2	26	90
Milk	54	-	-	54
Sugarcane	124	-	-	124
Subtotal Agricultural Business	1,058	21	26	1,105
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	549	-	5	554
Other segments	124	-	1	125
Leases and agricultural services	28	-	1	29
Other Subtotal	701	-	7	708
Total Agricultural Business	**1,759**	**21**	**33**	**1,813**

Total revenues increased 28.0%, from Ps. 1,759 million in fiscal year 2014 to Ps. 2,251 in fiscal year 2015. This was due to an increase of:

- Ps. 146 in the Grains segment;
- Ps. 18 million in the Milk segment;
- Ps. 74 million in the Sugarcane segment;
- Ps. 257 million in the Agroindustrial segment; and
- Ps. 9 million in the Leases and Services segment.

These increases were offset by a reduction of Ps. 6 million in the Beef Cattle and Other segments, respectively.

In turn, revenues from our interests in joint ventures increased 23.8% from Ps. 21 million in fiscal year 2014 to Ps. 26 million in fiscal year 2015, as a result of a 21.1% increase in grains sold in Cresca, from Ps. 19 million in fiscal year 2014 to Ps. 23 million in fiscal year 2015.

Similarly, inter-segment revenues increased 257.6%, from Ps. 33 million in fiscal year 2014 to Ps. 118 million in fiscal year 2015, as a result of livestock sales during the year to our subsidiary Sociedad Anónima Carnes Pampeanas which was reclassified from the Beef Cattle segment to the Agroindustrial segment, and the leases of farmlands between our subsidiary Brasilagro and its subsidiaries, which were reclassified from the Grains segment to the Leases and Services segment.

Grains

Revenues from the Grains segment increased 17.9%, from Ps. 837 million in fiscal year 2014 to Ps. 987 million in fiscal year 2015, mainly as a result of:

- a reduction of 4.6% in the average price of sold grains, from Ps. 1,931 per ton in fiscal year 2014 to Ps. 1,842 per ton in fiscal year 2015;
- offset by an increase of 102,130 tons in the volume of grains sold during fiscal year 2015 compared to the previous fiscal year, a 17.9% increase in production volume, from 344,165 tons in fiscal year 2014 to 405,882 tons in fiscal year 2015.

The following table shows the sales of grains in detail:

	Sale of Grains (in tons)		
	Fiscal year ended June 30,		
	2015	**2014**	**Variation**
Corn	269,701	179,893	89,808
Soybean	250,125	222,051	28,074
Wheat	7,083	11,359	(4,276)
Sorghum	1,569	3,843	(2,274)
Sunflower	5,181	9,745	(4,564)
Other	1,872	6,509	(4,637)
Total Sales	**535,531**	**433,400**	**(102,131)**

Beef Cattle

Revenues from the Beef Cattle segment increased 58.9%, from Ps. 90 million in fiscal year 2014 to Ps. 143 million in fiscal year 2015, mainly as a result of:

- a 57.8% increase in the average price per kilogram sold, from Ps. 10.2 million in fiscal year 2014 to Ps. 16.1 million in fiscal year 2015;
- a slight decrease of 0.3% in the beef sales volume, from 8,842 tons in fiscal year 2014 to 8,871 tons in fiscal year 2015; and
- a 12.1% increase in the beef production volume, from 6,970 tons in fiscal year 2014 to 7,812 tons in fiscal year 2015.

Milk

Revenues from the Milk segment increased 33.3%, from Ps. 54 million in fiscal year 2014 to Ps. 72 million in fiscal year 2015, mainly as a result of:

- a 31.0% increase in the average price of milk, from Ps. 2.70 per liter in fiscal year 2014 to Ps. 3.55 per liter in fiscal year 2015;
- a 10.3% decrease in the average amount number of milking cows; and
- a 9.9% decrease in the volume of sales, from 18.8 million liters in fiscal year 2014 o 16,9 million liters in fiscal year 2015.

Sugarcane

Revenues from the Sugarcane segment increased 59.7%, from Ps. 124 million in fiscal year 2014 to Ps. 198 million in fiscal year 2015, mainly as a result of:

- 248,808 more tons of sugarcane sold in fiscal year 2015 as compared to the previous fiscal year (36.8%), mainly by Brasilagro; and
- a 16.7% increase in the average price of sugarcane sold, from Ps. 183.3 per ton in fiscal year 2014 to Ps. 214.0 per ton in fiscal year 2015.

Leases and Services

Revenues from the Leases and Services segment increased by 110.3%, from Ps. 29 million in fiscal year 2014 to Ps. 61 million in fiscal year 2015, mainly as a result of:

- a 232.0% increase in leases due to higher leases and machinery rentals from Brasilagro for Ps. 2 and Ps. 35 million in 2015, respectively, as compared to no transactions in the previous fiscal year, and new lease agreements in Bolivia in San Rafael (900 hectares), 4 Vientos (169 hectares) and Primavera (92 hectares) farms from January to May 2015, which generated revenues of Ps. 0.9 million;
- a 18.2% increase in revenues from irrigation services (Ps. 0.9 million) originated in a 57% increase in the price, offset by a 25% reduction in irrigation volume;
- partially offset by a 71.4% reduction in revenues from agricultural management services (Ps. 1.0 million) due to the fact that in the previous fiscal year cotton management services had been rendered to Iazfin in La Suiza, whereas such agreement was discontinued in this fiscal year.

Agro-industrial Activities

Revenues from Agro-industrial Activities increased 45.5%, from Ps. 554 million in fiscal year 2014 to Ps. 806 million in fiscal year 2015, mainly as a result of:

- a 50% increase in sales to the domestic market and by-products. Domestic market prices showed an upward trend of 15% for fiscal year 2015 as compared to fiscal year 2014, while export sales fell 3.2% in fiscal year 2015 as compared to fiscal year 2014; and
- in fiscal year 2015 average slaughtering stood at 6,398 heads per month, compared to 5,472 in fiscal year 2014.

Other segment

Revenues from the Other segment increased 2.4%, from Ps. 125 million in fiscal year 2014 to Ps. 128 million in fiscal year 2015, mainly as a result of:

- an increase of Ps. 19.3 million in revenues from consignment; and
- offset by a reduction of Ps. 6.6 million and Ps. 8.7 million in the sale of inputs and commodity brokerage services, respectively.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2015				
Revenues	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common**	**Segment reporting**

				Advertising Funds	
Shopping Centers	2,571	13	-	(806)	1,778
Offices and Other	397	10	5	(79)	333
Sales and Developments	9	5	-	-	14
Hotels	396	-	-	-	396
International	28	-	-	(2)	26
Financial Transactions and Other	-	-	-	-	-
Total Urban Properties and Investments Business	**3,401**	**28**	**5**	**(887)**	**2,547**

	Fiscal year ended June 30, 2014				
Revenues	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	2,032	9	2	(660)	1,383
Offices and Other	327	10	4	(70)	271
Sales and Developments	63	23	-	-	86
Hotels	332	-	-	-	332
International	90	-	-	(6)	84
Financial Transactions and Other	1	-	-	-	1
Total Urban Properties and Investments Business	**2,845**	**42**	**6**	**(736)**	**2,157**

Total revenues from the Urban Properties and Investments business increased 19.5%, from Ps. 2,845 million in fiscal year 2014 to Ps. 3,401 million in fiscal year 2015. This was mainly due to an increase of Ps. 395 million in the Shopping Centers segment, an increase of Ps. 62 million in the Offices and Other segment, an increase of Ps. 64 million in the Hotel segment, offset by a decrease of Ps. 1 million in the Financial Transactions and Other segment, a decrease of Ps. 58 million in the International segment, and a decrease of Ps. 72 million in the Sales and Developments segment.

In turn, revenues from our interests in joint ventures decreased by 33.3%, from Ps. 42 million in fiscal year 2014 to Ps. 28 million in fiscal year 2015. Such decrease is mostly attributable to a reduction in sales revenues derived from the Horizons development, from our joint venture with CYRSA S.A.

Similarly, inter-segment revenues decreased 16.7%, from Ps. 6 million in fiscal year 2014 (out of which Ps. 4 million is attributable to the Offices and Other segment) to Ps. 5 million in fiscal year 2015 (attributable to the Offices and Other segment).

On the other hand, revenues from Maintenance Fee and Common Advertising Funds increased by 20.5%, from Ps. 736 million in fiscal year 2014 (out of which Ps. 660 million is attributable to the Shopping Centers segment) to Ps. 887 million in fiscal year 2015 (out of which Ps. 806 million is attributable to the Shopping Centers segment).

Hence, according to business segment reporting and considering all our joint ventures, inter-segment eliminations, and maintenance fee and common advertising funds, revenues increased 18.1%, from Ps. 2,157 million in fiscal year 2014 to Ps. 2,547 million in fiscal year 2015.

Shopping Centers

Revenues from the Shopping Centers segment increased 28.6%, from Ps. 1,383 million in fiscal year 2014 to Ps. 1,778 million in fiscal year 2015. Such variation was mostly attributable to:

- an increase of Ps. 317 million in revenues from fixed and variable rentals as a result of a 33.3% rise in our tenants' sales, from Ps. 16,133 million in fiscal year 2014 to Ps. 21,509 million in fiscal year 2015;
- an increase of Ps. 30 million in revenues from admission fees;
- an increase of Ps. 31 million in parking revenues; and
- an increase of Ps. 17 million in revenues from commissions, management fees and other.

Offices and Other

Revenues from the Offices and Other segment increased 22.9%, from Ps. 271 million in fiscal year 2014 to Ps. 333 million in fiscal year 2015. Such revenues were impacted by the partial sale of investment properties in fiscal year 2015, which resulted in a reduction of the segment total leasable area.

Considering comparable properties in both fiscal years, rental revenues from properties which did not experience a decrease in their leasable area increased by 30.8%, from Ps. 214 million in fiscal year 2014 to Ps. 280 million in fiscal year 2015, mostly as a result of the currency devaluation and improved occupancy, whereas rental revenues from properties whose leasable area was reduced went down by 44.4%, from Ps. 45 million in fiscal year 2014 to Ps. 25 million in fiscal year 2015.

As of year-end, the 2015 average occupancy rate of premium offices stood at 98.1% and the average rent was around 26 USD per sqm.

Sales and Developments

Revenues attributable to this segment often vary significantly period over period. Without considering our joint ventures, revenues from the Sales and Developments segment decreased by 85.7% from Ps. 63 million in fiscal year 2014 to Ps. 9 million in fiscal year 2015. Such reduction was mainly attributable to reduced revenues from the sale of the Condominios I and II (Ps. 46 million) and El Encuentro (Ps. 8 million) developments. On the other hand, revenues from out joint ventures (Horizons) fell by 78.3%, accounting for a decrease of Ps. 18 million. Hence, total revenues derived from this segment fell by 83.7%, from Ps. 86 million in fiscal year 2014 to Ps. 14 million in fiscal year 2015.

Hotels

Revenues from our Hotels segment increased by 19.3% from Ps. 332 million in fiscal year 2014 to Ps. 396 million in fiscal year 2015, mainly as a result of a 34.2% increase in the average room rate of our hotels (in terms of Argentine pesos), partially offset by a 67.2% decrease in the average occupancy rate in fiscal year 2014 to 65.7% in fiscal year 2015 (mainly at our Llao Llao hotel).

International

Revenues from the International segment decreased by 69.0% from Ps. 84 million in fiscal year 2014 to Ps. 26 million in fiscal year 2015, mostly due to the fact that the results of Rigby 183 LLC – owner of the rental building Madison 183 – were consolidated for only 3 months in fiscal year 2015 whereas such results were consolidated for 12 months in fiscal year 2014. This building was sold in September 2014.

Financial Transactions and Other

Revenues from the Financial Transaction and Other segment decreased from Ps. 1 million in fiscal year 2014 to Ps. 0 million in fiscal year 2015, as a result of reduced revenues from the Group's personal financing residual activity.

COSTS

Total costs of the Group increased 24.1%, from Ps. 3,266 million in fiscal year 2014 to Ps. 4,052 million in fiscal year 2015. This was mainly as a result of a 30.6% increase in the Agricultural business, from Ps. 2,617 million in fiscal year 2014 to Ps. 3,419 million in fiscal year 2015 and a 2.5% decrease in the Urban Properties and Investments business from Ps. 649 million in fiscal year 2014 to Ps. 633 million in fiscal year 2015.

Agricultural Business

	Fiscal year ended June 30, 2015			
Costs	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(1,744)	(42)	(33)	(1,819)
Beef Cattle	(220)	(5)	-	(225)
Milk	(133)	-	-	(133)
Sugarcane	(368)	-	-	(368)
Subtotal Agricultural Production	(2,465)	(47)	(33)	(2,545)
Sale and Transformation of Lands	(9)	-	-	(9)
Agro-industrial	(654)	-	(85)	(739)
Other segments	(105)	-	-	(105)
Leases and agricultural services	(21)	-	-	(21)
Subtotal Others	(780)	-	(85)	(865)
Total Agricultural Business	**(3,254)**	**(47)**	**(118)**	**(3,419)**

	Fiscal year ended June 30, 2014			
Costs	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(1,506)	(32)	(1)	(1,539)
Beef Cattle	(152)	(4)	(5)	(161)
Milk	(104)	-	-	(104)
Sugarcane	(207)	-	-	(207)
Subtotal Agricultural Production	(1,969)	(36)	(6)	(2,011)
Sale and Transformation of Lands	(8)	-	-	(8)
Agro-industrial	(454)	-	(26)	(480)
Other segments	(101)	-	-	(101)
Leases and agricultural services	(17)	-	-	(17)
Subtotal Others	(572)	-	(26)	(598)

Total Agricultural Business	**(2,549)**	**(36)**	**(32)**	**(2,617)**

Total costs increased by 27.7% from Ps. 2,549 million in fiscal year 2014 to Ps. 3,254 million in fiscal year 2015. This was caused by an increase of:

- Ps. 238 million in the Grains segment;
- Ps. 68 million in the Beef Cattle segment;
- Ps. 29 million in the Milk segment;
- Ps. 161 million in the Sugarcane segment;
- Ps. 4 million in the Leases and Services segment;
- Ps. 1 million in the Sale and Transformation of Lands segment;
- Ps. 200 million in the Agro-industrial Activities segment, and
- Ps. 4 million in the Other segment.

In turn, the cost of our joint ventures experienced a net increase of Ps. 11 million, from 36 million in fiscal year 2014 to Ps. 47 million in fiscal year 2015, mainly as a result of an increase of Ps. 12 million in the cost of Cresca's grains, from Ps. 31 million in fiscal year 2014 to Ps. 43 million in fiscal year 2015.

Similarly, inter-segment costs rose by Ps. 86 million from Ps. 32 million in fiscal year 2014 to Ps. 118 million in fiscal year 2015, mainly as a result of the cost of beef cattle sales during the year to our subsidiary Sociedad Anónima Carnes Pampeanas which was reclassified from the Beef Cattle segment to the Agro-industrial Activities segment and the leases of farmlands between our subsidiary Brasilagro and its subsidiaries, reclassified from the Leases and Services segment to the Grains segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs increased by 30.6%, from Ps. 2,617 million in fiscal year 2014 to Ps. 3,419 million in fiscal year 2015.

Grains

Costs from the Grains segment increased by 18.2%, from Ps. 1,539 million in fiscal year 2014 to Ps. 1,819 million in fiscal year 2015. Costs from the Grains segment are detailed in the following table:

	Fiscal year 2015	Fiscal year 2014
	In Millions of Ps.	
Cost of sales	873	787
Cost of production	946	752
Total Costs	**1,819**	**1,539**

The cost of sales from the Grains segment increased by 10.9%, from Ps. 787 million in fiscal year 2014 to Ps. 873 million in fiscal year 2015, mainly as a result of:

- a 23.6% increase in the volume of tons sold as compared to the previous fiscal year;
- slightly offset by a 10.2% decrease in the average cost per ton of grain sold in fiscal year 2015, from Ps. 1,816 in fiscal year 2014 to Ps. 1,631 in fiscal year 2015, due to an increase in the average grain domestic market price.

The cost of sales as a percentage of sales was 94.1% in fiscal year 2014 and 88.5% in fiscal year 2015.

The cost of production from the Grains segment increased by 25.8%, from Ps. 752 million in fiscal year 2014 to Ps. 946 million in fiscal year 2015, mainly as a result of:

- a 17.6% increase in direct production costs during this fiscal year as compared to the previous one, mainly affected by the inflationary context that impacts both on the prices of leases and supplies used (agrochemicals and seeds);
- higher production volumes in fiscal year 2015 as compared to fiscal year 2014;
- a larger number of hectares in operation in own farms in fiscal year 2015 as compared to fiscal year 2014.

Total direct production costs per ton decreased 0.3%, from Ps. 1,904 per ton in fiscal year 2014 to Ps. 1,899 per ton in fiscal year 2015, mainly as a result of higher yields and higher costs in fiscal year 2015 as compared to fiscal year 2014.

Beef Cattle

Costs of the Beef Cattle segment increased 39.8%, from Ps. 161 million in fiscal year 2014 to Ps. 225 million in fiscal year 2015. Costs from the Beef Cattle segment are detailed in the following table:

	Fiscal year 2015	**Fiscal year 2014**
	In Millions of Ps.	
Cost of sales	122	77
Cost of production	103	84
Total Costs	**225**	**161**

The cost of sales increased by 58.4%, from Ps. 77 million in fiscal year 2014 to Ps. 122 million in fiscal year 2015, mainly as a result of:

- a 57.3% increase in the cost per kilogram sold in fiscal year 2015; and
- a 0.7% increase in beef sales volumes in fiscal year 2015.

The cost of production from the Beef Cattle segment rose by 22.6%, from Ps. 84 million in fiscal year 2014 to Ps. 103 million in fiscal year 2015. The higher cost of production from the Beef Cattle segment in fiscal year 2015 was mainly attributable to:

- higher payroll expenses;
- higher feeding costs due to the rise in prices and higher feed costs due to the increase of animals in our own farms fattened in feedlots.

Milk

Costs of the Milk segment increased 27.9%, from Ps. 104 million in fiscal year 2014 to Ps. 133 million in fiscal year 2015. Costs from the Milk segment are detailed in the following table:

	Fiscal year 2015	Fiscal year 2014
	In Millions of Ps.	
Cost of sales	68	52
Cost of production	65	52
Total Costs	**133**	**104**

The cost of sales from the Milk segment increased by 30.8%, from Ps. 52 million in fiscal year 2014 to Ps. 68 million in fiscal year 2015, mainly as a result of:

- an increase of 32% and 119% in milk and milking cows price levels, respectively;
- a 94.3% increase in the sales volume of milking cows, offset by
- a 9.9% reduction in milk sales volume.

Cost of production of the Milk segment increased 25.0%, from Ps. 52 million in fiscal year 2014 to Ps. 65 million in fiscal year 2015. This increase was mainly due to the impact of increased feeding, health and payroll costs.

Sugarcane

Costs of the Sugarcane segment increased 77.8%, from Ps. 207 million in fiscal year 2014 to Ps. 368 million in fiscal year 2015. Costs from the Sugarcane segment are detailed in the following table:

	Fiscal year 2015	Fiscal year 2014
	In Millions of Ps.	
Cost of sales	188	106
Cost of production	180	101
Total Costs	**368**	**207**

The cost of sales from the Sugarcane segment increased by 77.4%, from Ps. 106 million in fiscal year 2014 to Ps. 188 million in fiscal year 2015, mainly as a result of:

- an increase of 248,808 tons of sugarcane sold in fiscal year 2015 compared to the previous fiscal year, mainly in our subsidiary Brasilagro; and
- an increase in the average cost per ton of sugarcane sold in fiscal year 2015, from Ps. 156 per ton in fiscal year 2014 to Ps. 204 per ton in fiscal year 2015.

The cost of sales as a percentage of sales was 85.3% in fiscal year 2014 and 94.9% in fiscal year 2015.

The cost of production of the Sugarcane segment increased 78.2%, from Ps. 101 million in fiscal year 2014 to Ps. 180 million in fiscal year 2015, mainly as a result of a higher production volume in fiscal year 2015 compared to fiscal year 2014.

The total cost of production per ton increased 25.9%, from Ps. 154 per ton in fiscal year 2014 to Ps. 194 per ton in fiscal year 2015.

Leases and Services

The cost of sales from the Lease and Services segment increased by 23.5%, from Ps. 17 million in fiscal year 2014 to Ps. 21 million in fiscal year 2015, mainly as a result of:

- higher lease costs in Brasilagro, which rose by 28.8%, due to the amortization of new soil improvement works and structural expenses in the Preferencia, Chaparral, Jatobá and Araucaria farms;
- lower costs from seed production services by 2.8%; and
- a 3.9% increase in irrigation service costs.

Sale and Transformation of Lands

Cost of sales from the Sale and Transformation of Lands segment increased 12.5%, from Ps. 8 million in fiscal year 2014 to Ps. 9 million in fiscal year 2015. Such increase is mainly attributable to a reclassification due to discontinued activities at the feedlot land and, to a lesser extent, to increases in salary-related items and fees.

Agro-industrial Activities

Costs of the Agro-industrial Activities segment increased 54.0%, from Ps. 480 million in fiscal year 2014 to Ps. 739 million in fiscal year 2015, due to an inflationary context that hindered the increase in the gross marginal contribution:

Other Segments

The cost of sales of the Other segment increased 4.0%, from Ps. 101 million in fiscal year 2014 to Ps. 105 million in fiscal year 2015, mainly as a result of a 12% increase in the costs from the brokerage business related to commodity trading transactions through our subsidiary FyO and higher costs of consignment transactions (versus no such transactions in fiscal year 2014) offset by a reduction in the costs of resale of inputs and others of 12% and 65%, respectively.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2015				
Costs	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenanc e Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	(1,103)	(4)	(4)	820	(291)
Offices and Other	(110)	(5)	-	79	(36)
Sales and Developments	(14)	(5)	-	-	(19)
Hotels	(279)	-	-	-	(279)

International	(9)	-	-	2	(7)
Financial Transactions and Other	(1)	-	-	-	(1)
Total Urban Properties and Investments Business	**(1,516)**	**(14)**	**(4)**	**901**	**(633)**

	Fiscal year ended June 30, 2014				
Costs	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Maintenance Fee and Common Advertising Funds**	**Segment reporting**
Shopping Centers	(955)	(4)	(5)	667	(297)
Offices and Other	(111)	(4)	-	70	(45)
Sales and Developments	(19)	(16)	-	-	(35)
Hotels	(217)	-	-	-	(217)
International	(61)	-	-	7	(54)
Financial Transactions and Other	(1)	-	-	-	(1)
Total Urban Properties and Investments Business	**(1,364)**	**(24)**	**(5)**	**744**	**(649)**

Cost of sales from our Urban Properties and Investments business increased 11.1%, from Ps. 1,364 million in fiscal year 2014 to Ps. 1,516 million in fiscal year 2015. This was mainly due to an increase of Ps. 62 million in the Hotels segment, slightly offset by a decrease of Ps. 9 million in the Offices and Other segment, a decrease of 6 million in the Shopping Centers segment, a decrease of Ps. 16 million in the Sales and Developments segment, and a decrease of Ps. 47 million in the International segment.

On the other hand, maintenance fees and Common Advertising Funds costs increased 21.1%, from Ps. 744 million in fiscal year 2014 to Ps. 901 million in fiscal year 2015, mainly due to maintenance fees and Common Advertising Funds expenses from Shopping Centers, which increased by 22.9%, from Ps. 667 million in fiscal year 2014 to Ps. 820 in fiscal year 2015, as a result of: (i) an increase of Ps. 60 million in maintenance, security, cleaning, repair and similar expenses (mainly attributable to increases in security and cleaning services and utility rates), (ii) an increase of Ps. 28 million in advertising expenses, (iii) an increase of Ps. 30 million in salaries and wages, social security contributions and other payroll expenses; (iv) an increase of Ps. 21 million in taxes, rates and contributions and other expenses, and (v) an increase of Ps. 14 million in other items (mostly as a result of travel and office supplies expenses).

In addition, costs from our joint ventures experienced a net decrease of 41.7%, from Ps. 24 million in fiscal year 2014 to Ps. 14 million in fiscal year 2015, mainly as a result of lower costs resulting from reduced sales of the Horizons development.

Finally, costs from inter-segment operations decreased by 20.0%, from Ps. 5 million in fiscal year 2014 to Ps. 4 million in fiscal year 2015, mainly as a result of a change in the cost allocation of our shopping centers.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs decreased by 2.5%, from Ps. 649 million in fiscal year 2014 to Ps. 633 million in fiscal year 2015.

Shopping Centers

Costs from the Shopping Centers segment decreased by 2.0%, from Ps. 297 million in fiscal year 2014 to Ps. 291 million in fiscal year 2015. This reduction is mainly attributable to:

- a reduction of Ps. 36 million in costs from a deficit in maintenance fees and Common Advertising Funds from our Shopping Centers; and
- a decrease of Ps. 4 million in our depreciation and amortization expense;
- partially offset by increased costs resulting from: an increase of Ps. 13 million in maintenance, security, cleaning, repair and similar expenses (mainly attributable to increases in security and cleaning services and utility rates); an increase of Ps. 10 million in salaries and wages, social security contributions and other payroll expenses; an increase of Ps. 9 million in taxes, rates and contributions and other expenses (mostly attributable to an increase in provincial property taxes and municipal utility rates, among other things), and an increase of Ps. 5 million in fees and compensation from services.

Costs from the Shopping Centers segment, as a percentage of revenues derived from this segment, decreased from 21.5% in fiscal year 2014 to 16.4% in fiscal year 2015.

Offices and Other

Costs from the Offices and Other segment decreased by 20.0%, from Ps. 45 million in fiscal year 2014 to Ps. 36 million in fiscal year 2015. Such decrease was attributable to the partial sales of investment property for rental completed in fiscal year 2015.

Costs attributable to non-comparable properties decreased by 44.3%, from Ps. 5 million to Ps. 3 million, mainly as a result of the above mentioned sales.

In the absence of partial sales, costs - considering comparable properties in both fiscal years - decreased by 19.3%, from Ps. 37 million to Ps. 30 million, mainly as a result of a lower amortization and depreciation expense.

Costs from the Offices and Other segment, as a percentage of revenues derived from this segment, decreased from 16.6% in fiscal year 2014 to 10.8% in fiscal year 2015.

Sales and Developments

Costs attributable to this segment often vary significantly period over period, given that the several sales completed by the Group over the time are not recurring. Without considering our joint ventures, costs from our Sales and Developments segment decreased by 26.3% from Ps. 19 million in fiscal year 2014 to Ps. 14 million in fiscal year 2015. Such reduction was mainly attributable to lower costs from the sale of units of Condominios I and II (Ps. 7 million), partially offset by higher costs from maintenance of land reserves and real property for sale (Ps. 5 million).

On the other hand, costs from our joint ventures (Horizons) went down by 68.8%, accounting for a decrease of Ps. 11 million. Hence, total costs from this segment fell by 45.7%, from Ps. 35 million in fiscal year 2014 to Ps. 19 million in fiscal year 2015.

Costs from the Sales and Developments segment, as a percentage of revenues derived from this segment, increased by 40.7% in fiscal year 2014 to 135.7% in fiscal year 2015.

Hotels

Costs from the Hotels segment increased by 28.6%, from Ps. 217 million in fiscal year 2014 to Ps. 279 million in fiscal year 2015, mainly as a result of:

- an increase of Ps. 41 million in salaries and wages, social security contributions and other payroll expenses;
- an increase of Ps. 11 million in the cost of food, beverages and other hotel-related expenses; and
- an increase of Ps. 8 million in maintenance and repair expenses, among other items.

Costs from the Hotels segment, as a percentage of revenues derived from this segment, increased from 65.4% in fiscal year 2014 to 70.5% in fiscal year 2015.

International

Costs from the International segment decreased by 87.0%, from Ps. 54 million in fiscal year 2014 to Ps. 7 million in fiscal year 2015 mostly due to the fact that the results of Rigby 183 LLC – owner of the rental building Madison 183 - were consolidated for only 3 months in fiscal year 2015 whereas such results were consolidated for 12 months in fiscal year 2014. This building was sold in September 2014. In addition, the three-month period in fiscal year 2015 does not include amortization and depreciation since the property had been classified as available for sale as of June 30, 2014.

Costs from the International segment, as a percentage of revenues derived from this segment, decreased from 64.3% in fiscal year 2014 to 26.9% in fiscal year 2015.

Financial Transactions and Other

Costs from the Financial Transaction and Other segment remained stable at Ps. 1 million during fiscal years 2014 and 2015.

Costs from the Financial Transaction and Other segment, as a percentage of revenues derived from this segment, do not reflect any significant percentage amounts.

Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest

	Fiscal year ended June 30, 2015			
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	897	21	-	918
Beef Cattle	165	2	-	167
Milk	75	-	-	75
Sugarcane	187	-	-	187
Subtotal Agricultural Production	1,324	23	-	1,347
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and agricultural services	-	-	-	-
Subtotal Others	-	-	-	-

Total Agricultural Business	**1,324**	**23**	**-**	**1,347**

	Fiscal year ended June 30, 2014			
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	848	20	-	868
Beef Cattle	145	-	-	145
Milk	63	-	-	63
Sugarcane	96	-	-	96
Subtotal Agricultural Production	1,152	20	-	1,172
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and agricultural services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**1,152**	**20**	**-**	**1,172**

Our revenues from initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest increased 14.9%, from Ps. 1,152 million in fiscal year 2014 to Ps. 1,324 million in fiscal year 2015.

In turn, the Group's revenues from initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest derived from our interests in joint ventures increased 15.0%, from Ps. 20 million in fiscal year 2014 to Ps. 23 million in fiscal year 2015.

On the other hand, there were no inter-segment eliminations in connection with revenues from initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest.

Hence, according to business segment reporting and considering all our joint ventures, revenues from initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest increased by 14.9%, from Ps. 1,172 million in fiscal year 2014 to Ps. 1,347 million in fiscal year 2015.

Grains

Production income from the Grains segment increased by 5.8%, from Ps. 868 million in fiscal year 2014 to Ps. 918 million in fiscal year 2015, mainly as a result of:

- a 17.9% increase in the total production volume from 344,165 tons in fiscal year 2014 to 405,882 tons in fiscal year 2015;
- a 3.3% decrease in grain production average price; and
- partially offset by a 71.1% decrease in expected revenues.

As of June 30, 2015 the harvested area was 100% of our total sown area, compared to 98.9% as of June 30, 2014.

The following table shows the number of tons produced and total production income as of June 30, 2015 and 2014:

Grains Production Income (in tons and millions of Ps.)

	Fiscal year ended June 30			
	2015		2014	
	Tons	**Ps.**	**Tons**	**Ps.**
Corn	92,093	84	79,239	79
Soybean	279,356	625	241,205	564
Wheat	16,211	13	12,373	12
Sorghum	1,202	1	4,058	1
Sunflower	11,720	27	5,884	16
Other	5,300	20	1,406	3
Total	**405,882**	**770**	**344,165**	**675**

Estimated results from the valuation of our crops in progress at fair value decreased 71.2%, from Ps. 170 million in fiscal year 2014 to Ps. 49 million in fiscal year 2015, mainly due to a reduction of 68.4% in corn crops.

Beef Cattle

Production income from the Beef Cattle segment increased by 15.2%, from Ps. 145 million in fiscal year 2014 to Ps. 167 million in fiscal year 2015, mainly as a result of:

- a 51.8% increase in the average price per kilogram produced, from Ps. 9.7 per kilogram in fiscal year 2014 to Ps. 14.8 per kilogram in fiscal year 2015;
- a 13.8% increase in beef production volume from 6,948 tons in fiscal year 2014 to 7,905 tons in fiscal year 2015;
- offset by a 36.5% reduction in holding gains.

The calving rate decreased slightly (3.6%), whereas the death rate decreased by 27.2% during fiscal year 2015 as compared to fiscal year 2014.

The number of hectares devoted to beef cattle production decreased from 95,745 hectares in fiscal year 2014 to 88,643 hectares in fiscal year 2015 due to a smaller number of leased land devoted to beef cattle production.

Milk

Production income from the Milk segment increased by 19.0%, from Ps. 63 million in fiscal year 2014 to Ps. 75 million in fiscal year 2015, mainly as a result of:

- the result from holding of milking cows, which increased 3.0%, from a gain of Ps. 8.6 million in fiscal year 2014 to a gain of Ps. 8.9 million in fiscal year 2015, as the inflationary context led to a significant rise in prices;
- a 31.9% increase in the average price of milk, from Ps. 2.59 per liter in fiscal year 2014 to Ps. 3.42 per liter in fiscal year 2015; and

- an increase of 7.1% in milk production volumes and a 41.6% increase in the average price, offset by
- a 9.3% decrease in the milk production volume, from 19.3 million of liters in fiscal year 2014 to 17.5 million of liters in fiscal year 2015. This reduction in production volume was mainly due to a lower average number of milking cows per day, from 2,439 in fiscal year 2014 to 2,189 in fiscal year 2015, partially offset by a 9.1% increase in the efficiency level of average daily milk production per cow, from 19.7 liters in fiscal year 2014 to 21.5 liters in fiscal year 2015.

Sugarcane

Production income from the Sugarcane segment increased by 94.8%, from Ps. 96 million in fiscal year 2014 to Ps. 187 million in fiscal year 2015, mainly as a result of:

- a 41.2% increase in total production volume from 657,547 tons in fiscal year 2014 to 928,273 tons in fiscal year 2015; and
- a 23.1% increase in the average production price of sugarcane.

The 41.2% increase in the production volume from the Sugarcane segment was attributable to a 12.3% increase in our average yield from 81.2 ton/ha to 91.2 ton/ha.

The following table shows the actual tons produced and income as of June 30, 2015 and 2014:

Sugarcane Production Income (in tons and millions of Ps.)

	Fiscal year ended June 30			
	2015		**2014**	
	Tons	**Ps.**	**Tons**	**Ps.**
Sugarcane	928,273	185	657,547	106

Estimated results from the valuation of our sugarcane crops in progress at fair value

Estimated results from the valuation of our sugarcane crops in progress at fair value increased significantly from a loss of 10 million in fiscal year 2014 to a gain of Ps. 2 million in fiscal year 2015 mainly generated by Brasilagro. This variation originated mainly in Brazil, and was caused by the following factors:

- the number of estimated hectares went up from a year-on-year decrease of 13.0% in fiscal year 2014 to a year-on-year increase of 33.4% in fiscal year 2015;
- the estimated yields went up from a from a year-on-year decrease of 2.0% in fiscal year 2014 to a year-on-year increase of 2.4% in fiscal year 2015; and
- the estimated unit costs went down from a year-on-year increase of 15.0% in fiscal year 2014 to a year-on-year increase of 10.0% in fiscal year 2015.

Changes in the net realizable value of agricultural products after harvest

	Fiscal year ended June 30, 2015			
Changes in the net realizable value	**Income statement**	**Interests in joint**	**Inter-segment**	**Segment reporting**

of agricultural products after harvest		ventures	eliminations	
Grains	(34)	-	-	(34)
Beef Cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Subtotal Agricultural Production	**(34)**	-	-	**(34)**
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and agricultural services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**(34)**	**-**	**-**	**(34)**

	Fiscal year ended June 30, 2014			
Changes in the net realizable value of agricultural products after harvest	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(17)	-	-	(34)
Beef Cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Subtotal Agricultural Production	**(17)**	-	-	**(34)**
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Leases and agricultural services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**(17)**	**-**	**-**	**(34)**

Income from changes in the net realizable value of agricultural products after harvest decreased significantly, from a loss of Ps. 17 million in fiscal year 2014 to a loss of Ps. 34 million in fiscal year 2015. This was caused mainly by a reduction of Ps. 17 million in the Grains segment (mainly due to the first quarter's 21% reduction in the net realizable value of corn in Argentina).

No interest in joint ventures or inter-segment elimination was recorded in income from changes in the net realizable value of agricultural products after harvest.

Gross Profit

As a result of the above mentioned factors, the Group's gross profit increased 18.5%, from Ps. 1,859 million in fiscal year 2014 to Ps. 2,203 million in fiscal year 2015. This was caused mainly by:

- a 17.7% decrease in the Agricultural Business, from Ps. 351 million income in fiscal year 2014 to Ps. 289 million income in fiscal year 2015; and
- a 26.9% increase in the Urban Properties and Investments business, from a Ps. 1,508 million income in fiscal year 2014 to a Ps. 1,914 million income in fiscal year 2015.

Agricultural Business

As a result of the above mentioned factors, gross profit decreased 17.7%, from Ps. 351 million in fiscal year 2014 to Ps. 289 million in fiscal year 2015.

Grains

Gross profit from this segment decreased by 65.1%, from Ps. 149 million in fiscal year 2014 to Ps. 52 million in fiscal year 2015.

Beef Cattle

Gross profit from this segment increased by 14.9%, from Ps. 74 million in fiscal year 2014 to Ps. 85 million in fiscal year 2015.

Milk

Gross profit from this segment increased by 7.7%, from Ps. 13 million in fiscal year 2014 to Ps. 14 million in fiscal year 2015.

Sugarcane

Gross profit from this segment increased by 30.8%, from Ps. 13 million in fiscal year 2014 to Ps. 17 million in fiscal year 2015.

Leases and Services

Gross profit from this segment increased by 233.3%, from Ps. 12 million in fiscal year 2014 to Ps. 40 million in fiscal year 2015.

Sale and Transformation of Lands

Gross loss from this segment increased by 12.5%, from Ps. 8 million in fiscal year 2014 to Ps. 9 million in fiscal year 2015.

Agro-industrial Activities

Gross profit from this segment decreased by 9.5%, from Ps. 74 million in fiscal year 2014 to Ps. 67 million in fiscal year 2015.

Other

Gross profit from this segment decreased by 4.2%, from Ps. 24 million in fiscal year 2014 to Ps. 23 million in fiscal year 2015.

Urban Properties and Investments Business

Gross profit from the Urban Properties and Investments business increased 26.9% from Ps. 1,508 million in fiscal year 2014 to Ps. 1,914 million in fiscal year 2015. This was mainly due to an increase of Ps. 401 million in the Shopping Centers segment; an increase of Ps. 71 million in the Offices and Other segment; an increase of Ps. 2 million in the Hotels segment, partially offset by a reduction of Ps. 56 million in the Sales and Developments segment, a reduction of Ps. 11 million in the International segment and a reduction of Ps. 1 million in the Financial Transactions and Other segment.

Shopping Centers

Gross profit from the Shopping Centers segment increased by 36.9%, from Ps. 1,086 million in fiscal year 2014 to Ps. 1,487 million in fiscal year 2015.

Offices and Other

Gross profit from the Offices and Other segment increased by 31.4%, from Ps. 226 million in fiscal year 2014 to Ps. 297 million in fiscal year 2015.

Sales and Developments

Gross profit from the Sales and Developments segment fell by 109.8% from a gain of Ps. 51 million in fiscal year 2014 to a loss of Ps. 5 million in fiscal year 2015.

Hotels

Gross profit from the Hotels segment increased by 1.7%, from Ps. 115 million in fiscal year 2014 to Ps. 117 million in fiscal year 2015.

International

Gross profit from the International segment decreased by 36.7%, from Ps. 30 million in fiscal year 2014 to Ps. 19 million in fiscal year 2015.

Financial Transactions and Other

Gross loss from the Financial Transactions and Other segment increased by Ps. 1 million in fiscal year 2015.

Gain from disposal of investment properties

Gain from disposal of investment properties derived from the Sales and Developments segment increased 397.8%, from a Ps. 231 million income in fiscal year 2014 to a Ps. 1,150 million income in fiscal year 2015, as a result of the sale of functional units at Maipu 1300, Intercontinental Plaza, Bouchard 551 and the sale of the 183 Madison building.

Gain from disposal of farmlands

Gain from disposal of farmlands derived from the Sale and Transformation of Lands segment increased 526.4%, from Ps. 91 million income in fiscal year 2014 to Ps. 570 million income in fiscal year 2015, mainly as a result of:

During fiscal year 2015

- On April 3, 2014, Cresca S.A. executed a deed of sale for an area of 24,624 hectares located in Chaco Paraguayo. The total price was USD 14.7 million payable as follows: USD 1.8 million was cashed upon the execution of the deed of sale; USD 4.3 million at the time of the title conveyance; USD 3.7 million on July 2015 interest-free; and USD 4.9 million on July 2016 interest-free. Possession was surrendered upon the execution of the title deed and upon the creation of a mortgage as guarantee of the remaining balance on July 14, 2014. The Group recorded a gain of Ps. 19.1 million as a result of this transaction.
- On June 10, 2015, Brasilagro sold the remaining area of 27,745 hectares of the Cremaq farm located in the municipal district of Baixa Grande do Ribeiro (Piaui). The transaction price was RS. 270 million (equivalent to Ps. 694.0 million), out of which RS 67.5 million was cashed (equivalent to Ps. 196.8 million), with the balance being payable in an estimated term of 90 days. The Group recorded a gain of Ps. 525.9 million as a result of this transaction.
- On October 17, 2013, Yuchán Agropecuaria executed an agreement providing for the sale, subject to retention of title, of an 1,643 hectare property in the "La Fon Fon II" farm for a total price of USD 7.21 million (equivalent to Ps. 59.0 million). As of the date of issuance of these financial statements, the amount of USD 1.5 million was cashed, with the remaining balance of USD 5.71 million being payable in six semi-annual installments beginning in December this year and ending in June 2018. The agreement provides that title conveyance will be registered once the full price has been paid. On June 24, 2015, Yuchán Agropecuarria surrendered the possession of the property. The Group recorded a gain of USD 2.7 million (equivalent to Ps. 24.6 million) as a result of this transaction in this fiscal year.

During fiscal year 2014

- On June 27, 2014, Brasilagro sold a fraction of 1,164 hectares in the "Araucaria" farm located in the municipal district of Mineiros, State of Goias, Brazil, that had been purchased in 2007. After the sale, the farm has a total area of 8,178 hectares, out of which approximately 5,982 hectares are arable land. The sale price was RS. 32.5 million (equivalent to Ps. 117.5 million). In July 2014, the buyer made an initial payment of RS. 4.5 million, and the remaining balance is payable in five installments, the first of which, for RS. 4.5 million, matures in November 2014 and the last one at the time of execution of the title deed, in August 2018. The Group recorded a gain of RS. 21.0 million (equivalent to Ps. 75.8 million) for the sale of the Araucaria farm.
- On May 27, 2014, Ombú Agropecuaria Argentina S.A. executed an agreement providing for the sale, subject to retention of title, of an 882.96 hectare property in the "San Cayetano I" farm for a total price of USD 4.2 million. Out of this amount, the sum of USD 1 million has been already collected and the balance is payable in 5 consecutive semi-annual installments, the last of which falls due in November 2016. The agreement provides that title conveyance will be registered once the full price has been paid. Possession was surrendered on the date of execution of the agreement. The Group recorded a gain of USD 1.8 million for this sale.

General and Administrative Expenses

Total general and administrative expenses of the Group increased 15.5%, from Ps. 541 million for fiscal year 2014 to Ps. 625 million for fiscal year 2015. This was mainly due to an increase of Ps. 6 million in the Agricultural business and an increase of Ps. 78 million in the Urban Properties and Investments business.

Agricultural Business

	Fiscal year ended June 30, 2015			
General and Administrative Expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(156)	(3)	-	(159)
Beef Cattle	(26)	-	-	(26)
Milk	(5)	-	-	(5)
Sugarcane	(20)	-	-	(20)
Subtotal Agricultural Production	(207)	(3)	-	(210)
Sale and Transformation of Lands	(2)	-	-	(2)
Agro-industrial	(25)	-	-	(25)
Other segments	(8)	-	-	(8)
Leases and agricultural services	(2)	-	-	(2)
Subtotal Others	(35)	-	-	(35)
Total Agricultural Business	**(244)**	**(3)**	**-**	**(247)**

	Fiscal year ended June 30, 2014			
General and Administrative Expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(146)	(1)	-	(147)
Beef Cattle	(26)	(1)	-	(27)
Milk	(6)	-	-	(6)
Sugarcane	(28)	-	-	(28)
Subtotal Agricultural Production	(206)	(2)	-	(208)

Sale and Transformation of Lands	(1)	-	-	(1)
Agro-industrial	(17)	-	-	(17)
Other segments	(9)	(2)	-	(11)
Leases and agricultural services	(4)	-	-	(4)
Subtotal Others	(30)	(2)	-	(32)
Total Agricultural Business	**(237)**	**(4)**	**-**	**(241)**

General and administrative expenses from our Agricultural business increased 1.7%, from Ps. 237 million in fiscal year 2014 to Ps. 244 million in fiscal year 2015. This was mainly due to an increase of Ps. 10 million in the Grains segment, an increase of Ps. 1 million in the Sale and Transformation of Lands segment, an increase of Ps. 8 million in the Agro-industrial Activities segment, slightly offset by a reduction of Ps. 1 million in the Beef Cattle segment, a reduction of Ps. 1 million in the Milk segment, a reduction of Ps. 8 million in the Sugarcane segment, a reduction of Ps. 2 million in the Leases and Services segment, and a reduction of Ps. 1 million in the Other segment. The main causes of this variation were:

- the changes in Doneldon's administrative expenses from Bolivia since a severance payment was accrued for (HF) and bonus allowances started to be set up (US); bonuses for fiscal year 2014 were paid for (which had not been accrued for because of a subsequent change in the Company's policy) and bonuses for fiscal year 2015 were accrued for in fiscal year 2015;
- an increase in Carnes Pampeanas S.A.'s headcount to support the increase in operation volume and overtime; and
- a 26% rise in expenses as a result of the inflationary context.

In turn, general and administrative expenses from our joint ventures decreased by Ps. 1 million, from Ps. 4 million in fiscal year 2015 to Ps. 3 million in fiscal year 2016.

On the other hand, no general and administrative expenses arose from inter-segment eliminations.

Hence, according to business segment reporting and considering all our joint ventures, general and administrative expenses increased by 3.0%, from Ps. 241 million in fiscal year 2014 to Ps. 247 million in fiscal year 2015.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2015				
General and Administrative Expenses	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**		**Segment reporting**
Shopping Centers	(135)	-	-	-	(135)
Offices and Other	(58)	-	(1)	-	(59)
Sales and Developments	(48)	(1)	(1)	-	(50)
Hotels	(77)	-	(1)	-	(78)
International	(56)	-	-	-	(56)
Financial Transactions and Other	-	-	-	-	-
Total Urban Properties and	**(374)**	**(1)**	**(3)**		**(378)**

Investments Business				**-**	

	Fiscal year ended June 30, 2014				
General and Administrative Expenses	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**		**Segment reporting**
Shopping Centers	(101)	-	(1)	-	(102)
Offices and Other	(42)	-	-	-	(42)
Sales and Developments	(36)	(1)	-	-	(37)
Hotels	(59)	-	(1)	-	(60)
International	(59)	-	-	-	(59)
Financial Transactions and Other	-	-	-	-	-
Total Urban Properties and Investments Business	**(297)**	**(1)**	**(2)**	**-**	**(300)**

General and administrative expenses from our Urban Properties and Investments Business increased 25.9%, from Ps. 297 million in fiscal year 2014 to Ps. 374 million in fiscal year 2015. This was mainly due to an increase of Ps. 34 million in the Shopping Centers segment; an increase of Ps. 16 million in the Offices and Other segment; an increase of Ps. 18 million in the Hotels segment, an increase of Ps. 12 million in the Sales and Developments segment, partially offset by a reduction of Ps. 3 million in the International segment.

On the other hand, administrative expenses from our joint ventures did not change in fiscal year 2015 compared to fiscal year 2014, remaining stable at Ps. 1 million.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, administrative expenses increased by 26.0%, from Ps. 300 million in fiscal year 2014 to Ps. 378 million in fiscal year 2015. Based on the reported business segment reporting and considering our joint ventures and inter-segment eliminations, administrative expenses as a percentage of sales increased from 13.9% in fiscal year 2014 to 14.8% in fiscal year 2015.

Shopping Centers

Administrative expenses from the Shopping Centers segment increased by 32.4%, from Ps. 102 million in fiscal year 2014 to Ps. 135 million in fiscal year 2015, mainly due to:

- an increase of Ps. 25 million in Directors' fees;
- an increase of Ps. 3 million in fees and compensation from services;
- an increase of Ps. 2 million in amortization and depreciation, and
- an increase of Ps. 3 million in other miscellaneous items, such as, maintenance, security, cleaning, repair and similar expenses, and taxes, rates and contributions.

Administrative expenses from the Shopping Centers segment as a percentage of revenues derived from that segment slightly increased from 7.3% in fiscal year 2014 to 7.7% in fiscal year 2015.

Offices and Other

Administrative expenses from the Offices and Other segment increased by 40.5%, from Ps. 42 million in fiscal year 2014 to Ps. 59 million in fiscal year 2015, mainly due to: (i) an increase of Ps. 5 million in fees and compensation from services; (ii) an increase of Ps. 5 million in salaries and wages, social security contributions and other payroll expenses; (iii) an increase of Ps. 2 million in Directors' fees; (iv) an increase of Ps. 2 million in travel and office supplies expenses, and (v) an increase of Ps. 2 million in bank expenses.

As a percentage of revenues derived from the Offices and Other segment, general and administrative expenses increased from 15.4% in fiscal year 2014 to 17.7% in fiscal year 2015.

Sales and Developments

General and administrative expenses from the Sale and Developments segment increased by 35.1%, from Ps. 37 million in fiscal year 2014 to Ps. 50 million in fiscal year 2015, mainly due to: (i) an increase of Ps. 4 million in fees and compensation from services; (ii) an increase of Ps. 2 million in salaries and wages, social security contributions and other payroll expenses; (iii) an increase of Ps. 2 million in Directors' fees; (iv) an increase of Ps. 2 million in travel and office supplies expenses, and (v) an increase of Ps. 1 million in bank expenses. General and administrative expenses from the Sales and Developments segment, as a percentage of revenues derived from this segment, increased from 43.9% in fiscal year 2014 to 362.5% in fiscal year 2015.

Considering the gain from disposal of investment properties, such percentages decreased from 4% in fiscal year 2014 to 0.5% in fiscal year 2015.

Hotels

General and administrative expenses from the Hotels segment increased by 30%, from Ps. 60 million in fiscal year 2014 to Ps. 78 million in fiscal year 2015, mainly due to:

- an increase of Ps. 10 million in salaries and wages, social security contributions and other payroll expenses;
- an increase of Ps. 3 million in maintenance and repair expenses, and
- an increase of Ps. 2 million in the cost of fees from services and an increase of Ps. 1 million in the cost of food, beverages and other hotel-related expenses, among other items.

General and administrative expenses from the Hotels segment, as a percentage of revenues derived from this segment, increased from 18.0% in fiscal year 2014 to 19.6% in fiscal year 2015.

International

General and administrative expenses from the International segment decreased by Ps. 3 million from Ps. 59 million in fiscal year 2014 to Ps. 56 million in fiscal year 2015, mostly due to the fact that the results of Rigby 183 LLC – owner of the rental building Madison 183 which was sold in September 2014- were consolidated for only 3 months in fiscal year 2015 whereas such results were consolidated for 12 months in fiscal year 2014, and to lower expenses incurred in connection with our interest in IDBD.

General and administrative expenses from the International segment, as a percentage of revenues derived from this segment, increased from 70.9% in fiscal year 2014 to 215.5% in fiscal year 2015.

Selling expenses

Total selling expenses of the Group increased 33.6%, from Ps. 360 million for fiscal year 2014 to Ps. 481 million for fiscal year 2015. This was mainly due to an increase of Ps. 76 million in the Agricultural business and an increase of Ps. 45 million in the Urban Properties and Investments business.

Agricultural Business

	Fiscal year ended June 30, 2015			
Selling Expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(157)	(3)	(1)	(161)
Beef Cattle	(20)	-	-	(20)
Milk	(4)	-	-	(4)
Sugarcane	(8)	-	-	(8)
Subtotal Agricultural Production	(189)	(3)	(1)	(193)
Sale and Transformation of Lands	(1)	(1)	-	(2)
Agro-industrial	(77)	-	-	(77)
Other segments	(13)	-	-	(13)
Leases and agricultural services	(1)	-	-	(1)
Subtotal Others	(91)	-	-	(91)
Total Agricultural Business	**(281)**	**(4)**	**(1)**	**(286)**

	Fiscal year ended June 30, 2014			
Selling Expenses	**Income statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Grains	(113)	(2)	-	(115)
Beef Cattle	(14)	-	-	(14)
Milk	(2)	-	-	(2)
Sugarcane	(8)	-	-	(8)
Subtotal Agricultural Production	(137)	(2)	-	(139)
Sale and Transformation of Lands	(4)	-	-	(4)
Agro-industrial	(55)	-	-	(55)
Other segments	(11)	-	-	(11)
Leases and agricultural services	(1)	-	-	(1)
Subtotal Others	(67)	-	-	(67)
Total Agricultural Business	**(208)**	**(2)**	**-**	**(210)**

Selling expenses from our Agricultural business increased 35.1% from Ps. 208 million in fiscal year 2014 to Ps. 281 million in fiscal year 2015. This was caused mainly by an increase of Ps. 44 million in the Grains segment, an increase of Ps. 6 million in the Beef Cattle segment, an increase of Ps. 2 million in the Milk segment, an increase of Ps. 22 million in the Agro-industrial Activities segment, and an increase of Ps. 2 million in the Other segment, partially offset by a reduction of Ps. 3 million in the Sale and Transformation of Lands segment.

In turn, selling expenses from our interests in joint ventures increased by 100% from Ps. 2 million in fiscal year 2014 to Ps. 4 million in fiscal year 2015, in connection with our Cresca joint venture.

On the other hand, inter-segment eliminations increased by Ps. 1 million in fiscal year 2015 compared to fiscal year 2014, in which there had been no inter-segment eliminations from selling expenses.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, selling expenses increased by 36.2%, from Ps. 210 million in fiscal year 2014 to Ps. 286 million in fiscal year 2015.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2015			
Selling expenses	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(112)	(1)	-	(113)
Offices and Other	(21)	-	-	(21)
Sales and Developments	(8)	(1)	-	(9)
Hotels	(52)	-	-	(52)
International	-	-	-	-
Financial Transactions and Other	-	-	-	-
Total Urban Properties and Investment Business	**(193)**	**(2)**	**-**	**(195)**

	Fiscal year ended June 30, 2014			
Selling expenses	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(72)	(1)	-	(73)
Offices and Other	(21)	-	-	(21)
Sales and Developments	(11)	(3)	-	(14)
Hotels	(42)	-	-	(42)
International	-	-	-	-
Financial Transactions and Other	-	-	-	-
Total Urban Properties and Investment Business	**(146)**	**(4)**	**-**	**(150)**

Selling expenses from our Urban Properties and Investments business increased 32.2%, from Ps. 146 million in fiscal year 2014 to Ps. 193 million in fiscal year 2015. This was mainly due to an increase of Ps. 40 million in the Shopping Centers segment, an increase of Ps. 10 million in the Hotels segment, partially offset by a reduction of Ps. 3 million in the Sales and Developments segment.

On the other hand, selling expenses from our joint ventures went down by 50%, from Ps. 4 million in fiscal year 2014 (out of which Ps. 2 million was allocated to the Sales and Developments segment) to Ps. 2 million (out of which Ps. 1 million was allocated to the Sales and Developments segment) in fiscal year 2015. This reduction is mainly attributable to lower expenses from our Cyrsa S.A. joint venture as a result of the recognition of fewer sales from the Horizons development in fiscal year 2015.

Hence, based on the information by segment, selling expenses increased by 30.0% from Ps. 150 million in fiscal year 2014 to Ps. 195 million in fiscal year 2015. Based on the information by segment, selling expenses as a percentage of revenues experienced a slight increase from 7.0% in fiscal year 2014 to 7.7% in fiscal year 2015.

Shopping Centers

Selling expenses from the Shopping Centers segment increased by 54.8%, from Ps. 73 million in fiscal year 2014 to Ps. 113 million in fiscal year 2015, mainly due to:

- an increase of Ps. 18 million in taxes, rates and contributions, mainly due to a higher turnover tax liability;
- an increase of Ps. 8 million in advertising expenses;
- an increase of Ps. 5 million in bad debtors; and
- an increase of Ps. 6 million in salaries and wages, social security contributions and other payroll expenses.

Selling expenses from the Shopping Centers segment as a percentage of revenues derived from that segment increased from 5.3 % in fiscal year 2014 to 6.3% in fiscal year 2015.

Offices and Other

Selling expenses from our Offices and Other segment remained stable during fiscal years 2015 and 2014, amounting to Ps. 21 million.

Selling expenses from the Offices and Other segment, as a percentage of revenues derived from this segment, decreased from 7.6% in fiscal year 2014 to 6.3% in fiscal year 2015.

Sales and Developments

Selling expenses from the Sales and Developments segment decreased by 35.7%, from Ps. 14 million in fiscal year 2014 to Ps. 9 million in fiscal year 2015, mainly as a result of a reduction in expenses directly related to the sales volume: taxes, rates and contributions by Ps. 3 million and sales commissions by Ps. 1 million.

Selling expenses from the Sales and Developments segment, as a percentage of revenues derived from this segment, increased from 16.0% in fiscal year 2014 to 66.7% in fiscal year 2015.

Hotels

Selling expenses from our Hotels segment increased by 23.8%, from Ps. 42 million in fiscal year 2014 to Ps. 52 million in fiscal year 2015, mainly due to:

- an increase of Ps. 3 million in advertising and other selling expenses;
- an increase of Ps. 3 million in taxes, rates and contributions; and
- an increase of Ps. 3 million in salaries and wages, social security contributions and other payroll expenses, among other items.

Selling expenses from our Hotels segment as a percentage of revenues derived from this segment stood at around 13% in both fiscal years.

Financial Transactions and Other

Selling expenses from our Financial Transactions and Other segment did not suffer significant changes in fiscal years 2015 and 2014.

Other operating results, net

Other operating results, net of the Group increased Ps. 88 million, from a Ps. 78 million loss in fiscal year 2014 to a Ps. 10 million income in fiscal year 2015. This was mainly due to a Ps. 10 million increase in the Agricultural business and a Ps. 78 million increase in the Urban Properties and Investment business.

Agricultural Business

Other operating results	Fiscal year ended June 30, 2015 Income Statement	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Grains	(7)	(1)	(1)	(9)
Beef Cattle	(2)	(1)	-	(3)
Milk	(1)	-	-	(1)
Sugarcane	(2)	-	-	(2)
Subtotal Agricultural Production	(12)	(2)	(1)	(15)
Sale and Transformation of Lands	(5)	-	-	(5)
Agro-industrial	-	-	-	-
Other segments	1	-	-	1
Leases and agricultural services	-	-	-	-
Subtotal Others	1	-	-	1
Total Agricultural Business	**(16)**	**(2)**	**(1)**	**(19)**

Other operating results	Fiscal year ended June 30, 2014 Income Statement	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Grains	(27)	1	(1)	(27)
Beef Cattle	(2)	-	-	(2)
Milk	-	-	-	-
Sugarcane	-	-	-	-
Subtotal Agricultural Production	(29)	1	(1)	(29)
Sale and Transformation of Lands	-	-	-	-
Agro-industrial	(1)	-	-	(1)
Other segments	1	-	-	1
Leases and agricultural services	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**(29)**	**1**	**(1)**	**(29)**

Other operating results, net from the Agricultural business increased from a loss of Ps. 29 million in fiscal year 2014 to a loss of Ps. 16 million in fiscal year 2015, mainly as a result of a Ps. 20 million decrease in the Grains segment, partially offset by a Ps. 2 million increase in the Sugarcane segment, Ps. 5 million in the Sale and Transformation of Lands segment.

In turn, other operating results, net from our interests in joint ventures increased by 300% from a Ps. 1 million income in fiscal year 2014 to a Ps. 2 million loss in fiscal year 2015, in connection with our Cresca joint venture.

On the other hand, no inter-segment eliminations arose from operating results, net.

Hence, according to business segment reporting and considering all our joint ventures, other operating results, net increased from a Ps. 29 million loss in fiscal year 2014 to a Ps. 19 million loss in fiscal year 2015.

Grains

Other operating results, net of the Grains segment decreased Ps. 20 million, from a Ps. 27 million loss in fiscal year 2014 to a Ps. 7 million loss in fiscal year 2015, mainly as a result of the commodity derivatives held by Brasilagro and Cresud (Ps. 23 million), partially offset by the charge to income of the reversal of Brasilagro's contingency liability in fiscal year 2014.

Sugarcane

Other operating results, net of the Sugarcane segment increased by Ps. 2 million, from a Ps. 0.1 million gain in fiscal year 2014 to a Ps. 2 million loss in fiscal year 2015.

The rest of the segments of the Agricultural business did not record significant changes.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2015			
Other operating results	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(48)	(1)	-	(49)
Offices and Other	(120)	1	1	(118)
Sales and Developments	13	-	-	13
Hotels	-	-	-	-
International	185	-	-	185
Financial Transactions and Other	(2)	-	-	(2)
Total Urban Properties and Investments Business	**28**	**-**	**1**	**29**

	Fiscal year ended on June 30, 2014			
Other operating results	**Income Statement**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Shopping Centers	(46)	(1)	-	(47)
Offices and Other	(1)	(3)	1	(3)
Sales and Developments	8	-	-	8
Hotels	(3)	-	-	(3)
International	(1)	-	-	(1)
Financial Transactions and Other	(3)	-	-	(3)
Total Urban Properties and Investments Business	**(46)**	**(4)**	**1**	**(49)**

Other operating results, net from the Urban Properties and Investments business increased by Ps. 74 million from a Ps. 46 million loss in fiscal year 2014 to a Ps. 28 million gain in fiscal year 2015, mainly as a result of a Ps. 185 million gain derived from the International segment.

The effect from the consolidation of our joint ventures is not material on this line. According to business segment reporting and considering all our joint ventures and inter-segment eliminations, other operating results, net improved from a Ps. 49 million loss in fiscal year 2014 to a Ps. 29 million gain in fiscal year 2015.

Shopping Centers

The net loss from other operating results of the Shopping Centers segment increased by 4.3%, from Ps. 46 million in fiscal year 2014 to Ps. 48 million in fiscal year 2015, mainly as a result of a Ps. 3 million increase in the donation charge.

The net loss from other operating results, as a percentage of revenues derived from the Shopping Centers segment, decreased from 3.3% in fiscal year 2014 to 2.7% in fiscal year 2015.

Offices and Other

The net loss from other operating results of our Offices and Other segment increased Ps. 119 million from Ps. 1 million in fiscal year 2014 to Ps. 120 million in fiscal year 2015, mainly as a result of expenses incurred in the transfer of assets from IRSA to IRSA CP for Ps. 111 million.

The net loss from operating results of our Offices and Other segment, as a percentage of revenues derived from this segment, increased from 1.1% in fiscal year 2014 to 35.3% in fiscal year 2015.

Sales and Developments

The net gain from other operating results of our Sales and Developments segment increased Ps. 5 million from Ps. 8 million in fiscal year 2014 to Ps. 13 million in fiscal year 2015, mainly due to:

- the gain recorded in fiscal year 2015 from the sale of our equity interest in Bitania for Ps. 16 million;
- a reduction of Ps. 2 million in the reserve for lawsuits and contingencies;
- the non-recurrence in fiscal year 2015 of an "admission fee" charged in connection with the sale of a hotel plot in Neuquén recorded in fiscal year 2014.

Hotels

The net loss from operating results of our Hotels segment decreased by Ps. 3 million, from Ps. 3 million in fiscal year 2014 to Ps. 0 million in fiscal year 2015, mainly as a result of a reduction in the reserve for lawsuits and other contingencies.

The net loss from operating results of our Hotels segment, as a percentage of revenues derived from this segment, decreased from 0.8% in fiscal year 2014 to 0.1% in fiscal year 2015.

International

Other operating results, net from this segment increased from a net loss of Ps. 1 million in fiscal year 2014 to a net gain of Ps. 185 million in fiscal year 2015, mainly as a result of the gain from the partial reversal of accumulated translation differences following Rigby 183 LLC's partial liquidation.

Financial Transactions and Other

Other operating results, net from our Financial Transactions and Other segment decreased by Ps. 1 million from Ps. 3 million in fiscal year 2014 to Ps. 2 million in fiscal year 2015, mainly due to lower taxes deducted by BHSA on lower dividends distributed in fiscal year 2015 to our subsidiaries Ritelco and Tyrus.

Profit / (loss) from operations

As a result of the above mentioned factors, the Group's profit / (loss) from operations increased by Ps. 1,625 million (135.2%), from a gain of Ps. 1,202 million in fiscal year 2014 to a gain of Ps. 2,827 million in fiscal year 2015.

Agricultural Business

Profit / (loss) from operations of the Agricultural business increased by Ps. 345 million (907.9%), from a Ps. 38 million loss in fiscal year 2014 to a Ps. 307 million gain in fiscal year 2015.

Grains

Profit / (loss) from operations of this segment increased by Ps. 137 million (97.9%), from a Ps. 140 million loss in fiscal year 2014 to a Ps. 277 million loss in fiscal year 2015.

Beef Cattle

Profit / (loss) from operations of this segment increased by Ps. 5 million (16.1%), from a Ps. 31 million gain in fiscal year 2014 to a Ps. 36 million gain in fiscal year 2015.

Milk

Profit / (loss) from operations of this segment decreased by Ps. 1 million (20.0%), from a Ps. 5 million gain in fiscal year 2014 to a Ps. 4 million gain in fiscal year 2015.

Sugarcane

Profit / (loss) from operations of this segment decreased by Ps. 10 million (43.5%), from a Ps. 23 million loss in fiscal year 2014 to a Ps. 13 million loss in fiscal year 2015.

Leases and Services

Profit / (loss) from operations of this segment increased by Ps. 30 million (428.6%), from a Ps. 7 million gain in fiscal year 2014 to a Ps. 37 million gain in fiscal year 2015.

Sale and Transformation of Lands

Profit / (loss) from operations of this segment increased by Ps. 474 million, from a Ps. 78 million gain in fiscal year 2014 to a Ps. 552 million gain in fiscal year 2015.

Agro-industrial Activities

Profit / (loss) from operations of this segment decreased by Ps. 36 million, from a Ps. 1 million gain in fiscal year 2014 to a Ps. 35 million loss in fiscal year 2015.

Other

Profit / (loss) from operations of this segment did no record any changes for fiscal year 2014 vs. fiscal year 2015.

Urban Properties and Investments Business

Profit / (loss) from operations of this segment increased by Ps. 1,280 million (103.2%), from a Ps. 1,240 million gain in fiscal year 2014 to a Ps. 2,520 million gain in fiscal year 2015. This was mainly due to an increase of Ps. 1,364 million in the Shopping Centers, Sales and Developments, and International segments, partially offset by a Ps. 84 million reduction in the Offices and Other, Hotels, and Financial Transactions and Other segments.

Shopping Centers

Profit / (loss) from operations of our Shopping Centers segment increased by 37.5%, from a gain of Ps. 864 million in fiscal year 2014 to a gain of Ps. 1,190 million in fiscal year 2015.

Profit / (loss) from operations of our Shopping Centers segment, as a percentage of the revenues derived from this segment, decreased from 62.5% in fiscal year 2014 to 66.9% in fiscal year 2015.

Offices and Other

Profit / (loss) from operations of our Offices and Other segment decreased by 39.6%, from a gain of Ps. 160 million in fiscal year 2014 to a gain of Ps. 99 million in fiscal year 2015.

Profit / (loss) from operations of our Offices and Other segment, as a percentage of the revenues derived from this segment, decreased from 59.0% in fiscal year 2014 to 29.7% in fiscal year 2015.

Sales and Developments

Profit / (loss) from operations of our Sales and Developments segment increased by 360.6%, from a gain of Ps. 239 million in fiscal year 2014 to a gain of Ps. 1,099 million in fiscal year 2015.

Profit / (loss) from operations of our Sales and Developments segment, as a percentage of the revenues derived from this segment, increased from 277.9% in fiscal year 2014 to 7,850.0% in fiscal year 2015.

Hotels

Profit / (loss) from operations of our Hotels segment decreased from a gain of Ps. 11 million in fiscal year 2014 to a loss of Ps. 12 million in fiscal year 2015.

International

Profit / (loss) from operations of our International segment increased from a loss of Ps. 30 million in fiscal year 2014 to a gain of Ps. 148 million in fiscal year 2015.

Financial Transactions and Other

Profit / (loss) from operations of our Financial Transactions and Other segment did not record any significant changes, amounting to a loss of Ps. 3 million during fiscal years 2014 and 2015.

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

Share of (loss) / profit of associates and joint ventures increased by Ps. 21 million, from a loss of Ps. 426 million in fiscal year 2014 to a loss of Ps. 447 million in fiscal year 2015. This was caused mainly by:

- a Ps. 25 million increase in our related companies' interest in the Urban Properties and Investments business in fiscal year 2015. Such increase was mainly attributable to higher losses of Ps. 25 million from our interest in New Lipstick LLC and Ps. 66 million from our interest in Supertel (International segment), a Ps. 41 million increase in gains from our investment in BHSA, offset by negative results from our investment in IDBD for Ps. 105 million, mainly as a result of the recovery in the market value of this company's stock; and
- lower revenues of Ps. 3 million from the Agricultural business, mainly as a result of the revenues incurred in the investment in Agro-Uranga (Grains segment).

Net financial results

We had a lower net financial loss of Ps. 1,278 million, from a loss of Ps. 2,574 million in fiscal year 2014 to a loss of Ps. 1,296 million in fiscal year 2015. This was primarily due to:

- a lower loss of Ps. 1,337 million in net exchange differences in fiscal year 2015;
- a higher loss of Ps. 168 million in net financial interest recorded in fiscal year 2015;
- a higher income of Ps. 32 million in revaluation of receivables from sale of farms in fiscal year 2015;
- a lower loss of Ps. 284 million in derivative financial instruments in fiscal year 2015; and
- slightly offset by a gain of Ps. 2 million generated by the results from Financial Transactions and Other in fiscal year 2015.

Our net financial loss in fiscal year 2015 was mainly attributable to (i) a Ps. 686 million loss generated by exchange differences mainly as a result of a higher liability position in US dollars due to the issuance of new series of notes; (ii) a loss of Ps. 887 million generated by interest accrued on debt financing, mainly due to increased indebtedness and higher interest rates; and (iii) a loss of Ps. 82 million generated mainly by derivative instruments due to IDBD's tender offer.

There was a 12% variation in the U.S. Dollar buying rate during fiscal year 2015 (it increased from Ps. 8.033 as of June 30, 2014 to Ps. 8.988 as of June 30, 2015) as compared to the previous fiscal year, when the U.S. Dollar quotation had experienced a larger variation of 50% (from Ps. 5.348 as of June 30, 2013 to Ps. 8.033 as of June 30, 2014).

Income tax

Our income tax expense increased Ps. 693 million, from a Ps. 389 million gain in fiscal year 2014 to Ps. 303 million loss in fiscal year 2015. The Group recognizes the income tax expense on the basis of the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements. The main temporary differences for the Agriculture business derive from valuation of cattle stock and sale and replacement of property, plant and equipment, while those corresponding to the Urban Properties and Investments business derive from the sale and replacement of investment properties.

For purposes of determining the deferred assets and liabilities, the tax rate expected to be in force at the time of their reversion or use, according to the legal provisions enacted as of the date of issuance of these financial statements, has been applied to the identified temporary differences and tax losses.

Profit / (loss) for the Fiscal Year

Due to the above mentioned factors, our profit / (loss) for the fiscal year increased by Ps. 2,165 million (153.7%) from a Ps. 1,409 million net loss for fiscal year 2014 to a Ps. 756 million net income in fiscal year 2015. Profit / (loss) for fiscal years 2015 and 2014 is attributable to the controlling company's shareholders and non-controlling interest, as per the following detail:

- Profit / (loss) for the fiscal year attributable to the controlling company's shareholders increased from a loss of Ps. 1,068 million in fiscal year 2014 to a gain of Ps. 114 million in fiscal year 2015; and
- the non-controlling interest in controlled companies went from a loss of Ps. 341 million in fiscal year 2014 to a gain of Ps. 642 million in fiscal year 2015, mainly due to a positive variation of Ps. 356 million in Brasilagro, a Ps. 451 million variation in our subsidiary IRSA, and a Ps. 176 million variation in other companies from the Urban Properties and Investments business.

Indebtedness

Agricultural Business

Description	Currency	Amount (1)	Interest Rate	Maturity
Bank overdrafts	ARS	9.8	Float	< 30 days
Banco Ciudad Loan	USD	13.0	Libor180 days+300 bps; floor: 6%	18-Jan-22
Banco de la Pampa Loan	ARS	0.7	variable [10.5%; 14.5%]	3-Aug-17
Cresud 2018 Series XIV Notes	USD	32.0	1.5%	22-May-18
Cresud 2017 Series XXI Notes	ARS	12.8	27.5% / Badlar + 375 bps	01-Feb-17
Cresud 2018 Series XVI Notes	USD	109.1	1.5%	19-Nov-18
Cresud 2019 Series XXII Notes	USD	22.7	4.50%	12-Ago-19
Cresud 2019 Series XVIII Notes	USD	33.7	4.0%	12-Sep-19
Cresud 2016 Series XIX Notes	ARS	12.4	27.5% / Badlar + 350 bps	13-Sep-16
Cresud 2017 Series XX Notes	USD	18.2	2.5%	13-Mar-17
Banco de la Prov. Bs As Loan	USD	15.0	3.5%	21-Oct-16
Futuros y Opciones Mortgage Loan Com 5449	ARS	0.0	15.3%	28-Dec-16
Bolivia Loan	BOB	0.5	6.0%	20-Jun-16
Short Term Bank Loan	ARS	1.1	Float	< 365 days
Cresud's Total Debt		**281.1**		
Brasilagro's Total Debt		**26.2**		

Urban Properties and Investments Business

Argentine Operating Center

Description	Currency	Amount (USD MM) (1)	Interest Rate	Maturity
Bank Overdrafts	$	59.6	Variable	< 180 d
IRSA Tranche I Series I Notes	USD	74.6	8.50%	Feb-17
IRSA Tranche II Series II Notes	USD	71.4	11.50%	Jul-20
IRSA Series VI Notes	$	0.7	Badlar + 450 bps	Feb-17
Loan agreements (2)	USD	60	9%	Jun-17
Other loans	$	0.5	-	-
IRSA's Total Debt		**266.8**		
IRSA Cash&Eq+Investments(3)	USD	8.6		
Repurchased Debt	USD	0		
IRSA's Net Debt	USD	258.2		
IRSA CP's Debt				
Bank Overdrafts	$	2.9	Variable	< 360 d
Short Term Bank Loan	$	2.4	23.00%	Sept-16

IRSA CP Series I Notes	$	27.1	26.5% / Badlar + 400 bps	May-17
IRSA CP Series II Notes	USD	360.0	8.75%	Mar-23
Other Loans	$	0.7	-	-
IRSA CP's Total Debt		**393.0**		
IRSA CP's Cash&Eq.+ Investments (4)	USD	181.6		
Repurchased debt	USD	0		
IRSA CP's Net Debt	**USD**	**211.7**		

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

Israeli Operating Center

Financial Debt as of June 30, 2016

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

(1) Face value stated in USD (million) at the exchange rate of 3.8596 NIS/USD, without considering accrued interest or elimination of balances with subsidiaries.

(2) Includes IDB Tourism, Bartan, and IDBG

Issue of Notes

Cresud's Series XIV Notes

On May 17, 2013, the Seventh Tranche of Series XIV Notes was issued under the USD 300 Million Program approved by the Shareholders' Meeting.

Series XIV Notes were issued for a principal amount of USD 32.0 million, and fall due 60 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 1.5% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 54 and 60 months after their issue date.

Cresud's Series XV and XVI Notes

On November 18, 2013, the Eighth Tranche of Series XV and XVI Notes was issued for a principal amount of Ps. 827.6 million under the USD 300 Million Program approved by the Shareholders' Meeting.

Series XV Notes were issued for a principal amount of Ps. 176.4 million, fell due 24 months after their issue date, and accrued interest at a variable rate (Badlar private rate + 399 basis points). Interest was payable on a quarterly basis. The principal amount was repayable in three installments that fell due 18, 21 and 24 months after their issue date. In November 2015, the last principal installment was repaid.

Series XVI Notes were issued for a principal amount of USD 109.1 million, and fall due 60 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 1.5% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 54 and 60 months after their issue date. The issue price of Series XVI Notes was 102.3%, resulting in an IRR of 1.00% at the time of issuance.

Cresud's Series XVII and XVIII Notes

On September 12, 2014, the Ninth Tranche of Series XVII and XVIII Notes was issued for a principal amount of Ps. 455.3 million under the USD 300 Million Program approved by the Shareholders' Meeting.

Series XVII Notes were issued for a principal amount of Ps. 171.8 million, fell due 18 months after their issue date, and accrued interest at a variable rate (Badlar private rate + 250 basis points). Interest was payable on a quarterly basis. The principal amount was repaid in a single installment, on March 14, 2016.

Series XVIII Notes were issued for a principal amount of USD 33.7 million, and fall due 60 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 4.0% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 54 and 60 months after their issue date. The issue price of Series XVIII Notes was 102.179%, resulting in an IRR of 3.5% at the time of issuance.

Cresud's Series XIX and XX Notes

On March 13, 2015, the Tenth Tranche of Series XIX and XX Notes was issued for a principal amount of Ps. 352.8 million under the USD 300 Million Program approved by the Shareholders' Meeting.

Series XIX Notes were issued for a principal amount of Ps. 187.0 million, fall due 18 months after their issue date, and accrue interest at a mixed rate, composed of a 27.5% fixed rate during the first twelve months and a variable rate during the remaining six months (Badlar rate + 350 basis points). Interest is payable on a quarterly basis. The principal amount is repayable in a single installment upon maturity, on September 13, 2016.

Series XX Notes were issued for a principal amount of USD 18.2 million, and fall due 24 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 2.5% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in a single installment that falls due 24 months after their issue date. The issue price of Series XX Notes was 104.0%, resulting in an IRR of 0.49% at the time of issuance.

Cresud's Series XXI and XXII Notes

On August 12, 2015, the Eleventh Tranche of Series XXI and XXII Notes was issued for a principal amount of Ps. 401.2 million under the USD 300 Million Program approved by the Shareholders' Meeting.

Series XXI Notes were issued for a principal amount of Ps. 192.2 million, fall due 18 months after their issue date, and accrue interest at a mixed rate, composed of a 27.5% fixed rate during the first nine months and a variable rate during the remaining nine months (Badlar rate + 375 basis points). Interest is payable on a quarterly basis. The principal amount is repayable in a single installment upon maturity, on February 13, 2017.

Series XXII Notes were issued for a principal amount of USD 22.7 million, and fall due 48 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 4.0% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 44 and 48 months after their issue date. The issue price was 97.65%, resulting in an IRR of 4.75% at the time of issuance.

Other Debts

CRESUD

Banco Ciudad Financial Loan

On January 10, 2012, we agreed upon a loan with Banco Ciudad for a total amount of USD 20 million, disbursable in several installments.

The principal amount accrues interest at the higher of an annual nominal rate equal to the 180 day LIBOR rate plus a spread of 300 basis points or an annual nominal fixed rate of 6%. Interest is payable semi-annually and the principal amount is repayable on an annual basis, starting on the second anniversary of the first disbursement.

As of June 30, 2015, disbursements had been made for a total amount of USD 15.2 million. The loan proceeds will be used for an investment project consisting of reconverting for agricultural purposes 15,934 hectares in the “Los Pozos” farm, currently assigned to livestock breeding.

IRSA

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

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

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

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

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

- IRSA’s 8.500% Notes due 2017 for USD 74.6.
- IRSA’s 11.500% Notes due 2017, Series 2, for USD 71.4.

In connection with the financial covenants applicable to IRSA’s 11.50% Notes due 2020, the Noteholders’ Meeting dated March 23, 2016 mainly approved:

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

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

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

Off balance sheet arrangements

At present we have no off-balance sheet arrangements or significant transactions with unconsolidated entities that are not reflected in our consolidated financial statements. All our interests and/or relationships with our subsidiaries or companies under common control are recorded in our consolidated financial statements.

IDBD

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

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

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

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

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

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

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

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

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

Service Sharing Agreement entered into with IRSA Inversiones y Representaciones Sociedad Anónima and IRSA Propiedades Comerciales S.A.

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

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

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

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

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

On March 12, 2010 the parties executed an addendum to the Framework Agreement so as to simplify the issues arising from the consolidation of the financial statements resulting from the increase of the Company's investment in IRSA. Consequently, the employment agreements of certain corporate employees of IRSA and IRSA CP were transferred to the Company.

Subsequently, as part of the continued process of making more efficient the distribution of corporate resources among the various areas, on February 24, 2014, a new addendum to the Framework Agreement was executed, whereby the parties agreed to transfer to IRSA and IRSA CP the employment agreements of the corporate employees assigned to the real estate business. The labor costs of such employees will continue to be allocated according to the terms of the Framework Agreement, as amended. In the future, and with the same objective of making the most efficient distribution of corporate resources, the Framework Agreement may be extended to other areas shared by IRSA, IRSA CP and the Company.

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

Moreover, on November 12, 2015 we entered into the eighth amendment to the Framework Agreement with IRSA and IRSA CP. The purpose of the new amendments was to achieve a more efficient distribution of corporate resources among the parties whilst reducing even further certain fixed costs incurred in the development of the parties' activities, so as to reduce their impact on results from operations.

Board of Directors and Senior Management

Directors, Alternate Directors and Senior Management

We are managed by a board of directors, which consists of ten directors and three alternate directors. Each director and alternate director is elected by our shareholders at an annual ordinary meeting of shareholders for a three-fiscal year term, provided, however, that only one third of the board of directors is elected each year. The directors and alternate directors may be re-elected to serve on the board unlimited number of times. There are no arrangements or understandings pursuant to which any director or person from senior managements is selected.

Our current board of directors was elected at the shareholders' meetings held on October 31, 2013, November 14, 2014, and October 30, 2015, for terms expiring in the years 2016, 2017 and 2018, respectively.

Our current directors are as follows:

Directors (1)	Date of Birth	Position in Cresud	Term Expires (2)	Date of Current Appointment	Current Position Held Since
Eduardo S. Elsztain	01/26//1960	Chairman	06/30/17	11/14/14	1994
Saúl Zang	12/30/1945	First Vice-Chairman	06/30/17	11/14/14	1994
Alejandro G. Elsztain	03/31/1966	Second Vice-Chairman and CEO	06/30/16(3)	10/31/13	1994
Gabriel A.G. Reznik	11/18/1958	Regular Director	06/30/18	10/30/15	2003
Jorge O. Fernández	01/08/1939	Regular Director	06/30/18	10/30/15	2003
Fernando A. Elsztain	01/04/1961	Regular Director	06/30/16(3)	10/31/13	2004
Pedro D. Labaqui Palacio	02/22/1943	Regular Director	06/30/18	10/30/15	2006
Daniel E. Mellicovsky	01/17/1948	Regular Director	06/30/17	11/14/14	2008
Alejandro G. Casaretto	10/15/1952	Regular Director	06/30/17	11/14/14	2008
Gastón A. Lernoud	06/04/1968	Alternate Director	06/30/17	11/14/14	1999
Enrique Antonini	03/16/1950	Alternate Director	06/30/16(3)	10/31/13	2007
Eduardo Kalpakian	03/03/1964	Alternate Director	06/30/16(3)	10/31/13	2007

(1) The business address of our management is CRESUD, Moreno 877, 23rd Floor, (C1091AAQ) Buenos Aires, Argentina.
(2) Term expires at the annual ordinary shareholders' meeting.
(3) The Board members will remain in office until a Shareholders' Meeting is called to renew its powers and/or appoint new Board members.

Jorge Oscar Fernandez, Pedro Dámaso Labaqui Palacio, Daniel Elias Mellicovsky, Enrique Antonini and Eduardo Kalpakian, qualify as independent, in accordance with Section 11, Article III, Chapter III, Title I, of the CNV's Rules.

The following is a brief biographical description of each member of our board of directors:

Eduardo S. Elsztain. Mr. Elsztain studied Economic Sciences at University of Buenos Aires (*Universidad de Buenos Aires*). He has been engaged in the real estate business for more than twenty years. He is chairman of the board of directors of IRSA, Consultores Asset Management S.A., Arcos del Gourmet S.A., BACS Banco de Crédito & Securitización S.A., Banco Hipotecario, Brasilagro, Tarshop S.A., E-Commerce Latina S.A., and Dolphin Netherlands BV, among other companies. He is also director of IDBD. Mr. Eduardo S. Elsztain is Fernando A. Elsztain's cousin and Alejandro G. Elsztain's brother.

Saúl Zang. Mr. Zang obtained a law degree from University of Buenos Aires (*Universidad de Buenos Aires*). He is a member of the International Bar Association and the Interamerican Federation of Lawyers. He is a founding member of Zang, Bergel & Viñes law firm. He is chairman of Puerto Retiro S.A., first vice-chairman of IRSA and vice-chairman of IRSA Propiedades Comerciales S.A., Tarshop S.A., and Fibesa S.A., among other companies. He is also director of Banco Hipotecario, Nuevas Fronteras S.A., Brasilagro, IDBD, BACS Banco de Crédito & Securitización S.A., Tarshop S.A., and Palermo Invest S.A., among other companies.

Alejandro G. Elsztain. Mr. Elsztain obtained a degree in agricultural engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. Currently he is chairman of Fibesa S.A. and Cactus, and second vice-chairman of IRSA. He is also vice-chairman of Nuevas Fronteras S.A., and Hoteles Argentinos S.A. He is also director of Brasilagro and Emprendimiento Recoleta S.A., among other companies. Mr. Alejandro Gustavo Elsztain is brother of our Chairman Eduardo Sergio Elsztain and Daniel Ricardo Elsztain, and cousin of Fernando Adrián Elsztain.

Gabriel A. G. Reznik. Mr. Reznik obtained a degree in Civil Engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. He worked for IRSA since 1992 until May 2005 at which time he resigned. He had formerly worked for an independent construction company in Argentina. He is director of Emprendimiento Recoleta S.A., and Puerto Retiro S.A., as well as member of the board of Banco Hipotecario, among other companies.

Jorge O. Fernández. Mr. Fernández obtained a degree in Economic Sciences from University of Buenos Aires (*Universidad de Buenos Aires)*. He has performed professional activities at several banks, financial corporations, insurance firms and other companies related to financial services. He is also involved in many industrial and commercial institutions and associations**.**

*Fernando A. Elsztain***.** Mr. Elsztain studied architecture at University of Buenos Aires (*Universidad de Buenos Aires)*. He has been engaged in the real estate business as a consultant and as managing officer of a real estate company. He is chairman of the board of directors of Llao Llao Resorts S.A., Palermo Invest S.A. and Nuevas Fronteras S.A. He is also a director of IRSA, IRSA Propiedades Comerciales S.A., and Hoteles Argentinos S.A. He is also alternate director of Puerto Retiro S.A. and Banco Hipotecario, among other companies. He is cousin of our CEO, Alejandro Elsztain, and of our Chairman, Eduardo S. Elsztain.

Pedro D. Labaqui Palacio. Mr. Labaqui obtained a law degree from University of Buenos Aires (Universidad de Buenos Aires). He is also director of Bapro Medios de Pago S.A., Permanent Syndic of Bayfe S.A. Fondos Comunes de Inversión, director and member of the Supervisory Committee of J. Minetti S.A.; and Director of REM Sociedad de Bolsa S.A.

Daniel E. Mellicovsky. Mr. Mellicovsky obtained a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires*). He has served as director of several companies of the agricultural, food supplies, financial and hotel development sectors.

Alejandro G. Casaretto. Mr. Casaretto obtained a degree in agricultural engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. He has served as our technical manager, farm manager, and technical coordinator since 1975.

Gastón A. Lernoud. Mr. Lernoud obtained a law degree from El Salvador University (*Universidad de El Salvador)* in 1992. He obtained a Masters degree in Corporate Law in 1996 from Palermo University (*Universidad de Palermo)*. He was a senior associate member of Zang, Bergel & Viñes law firm until June 2002, when he joined our Company's lawyers team.

Enrique Antonini. Mr. Antonini holds a degree in law from the University of Buenos Aires *(Universidad de Buenos Aires)*. He is currently a member of the board of directors of Banco Mariva S.A. (since 1992), and Mariva Bursátil S.A. (since 1997). He has also served as director of IRSA from 1993 to 2002, and at present he is alternate director of IRSA. He is member of the Banking Lawyers Committee and the International Bar Association.

Eduardo Kalpakian. Mr. Kalpakian holds a degree in business from the University of Belgrano *(Universidad de Belgrano)*. He has also an MBA from the CEMA University of Argentina. He has been director for 25 years of Kalpakian Hnos. S.A.C.I., a leading carpet manufacturer and flooring distributor in Argentina. At present, he is vice-chairman of such company's board and CEO. He is also vice-chairman of the board of La Dormida S.A.A.C.E I.

Employment contracts with our directors and certain senior managers

We do not have written contracts with our directors. However, Messrs. Eduardo S. Elsztain, Saúl Zang, Alejandro G. Elsztain, Fernando A. Elsztain, and Alejandro G. Casaretto and Gastón Armando Lernoud are employed by us under the Labor Contract Law No. 20,744. Law No. 20,744 governs certain conditions of the labor relationship, including remuneration, protection of wages, hours of work, holidays, paid leave, maternity protection, minimum age requirements, protection of young workers and suspension and termination of the contract.

Senior Management

Appointment of our Senior Management

Our board of directors appoints and removes the senior management. Senior management performs its duties in accordance with the instructions of our board of directors. There are no arrangements by which a person is selected as a member of our senior management.

Information about our Senior Management

The following table shows information about our current senior management:

Name	Date of Birth	Position	Current Position Held Since
Alejandro G. Elsztain	03/31/1966	CEO	1994
Carlos Blousson	09/21/1963	General Manager for Argentina and Bolivia	2008
Matías I. Gaivironsky	02/23/1976	Chief Administrative and Financial Officer	2011
Alejandro Casaretto	10/15/1952	Chief Regional Agricultural Officer	2008

The following is a biographical description of each of our senior managers who are not directors:

Carlos Blousson. Mr. Blousson obtained a degree in agricultural engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. He has been working as our Commercial Manager since 1996. Prior to joining the Company, he worked as a futures and options operator at Vanexva Bursátil –Sociedad de Bolsa. Previously, he worked as a farm manager and a technical advisor at Leucon S.A.

Matías I. Gaivironsky. Mr. Gaivironsky obtained a degree in business from the University of Buenos Aires *(Universidad de Buenos Aires)*. He holds a Master's in Finance from CEMA University. Since 1997 he has held several positions in IRSA, IRSA Propiedades Comerciales S.A. and our Company. Since December 2011 he has been CFO. Previously, in 2008 he was Tarshop S.A.'s CFO.

Executive Committee

Pursuant to our by-laws, our day-to-day business is managed by an executive committee consisting of a minimum of four and a maximum of seven directors and one alternate member, among which there should be the Chairman, First Vice-Chairman and Second Vice-Chairman of the board of directors. The current members of the Executive Committee are Messrs. Eduardo S. Elsztain, Saúl Zang, Alejandro G. Elsztain and Fernando A. Elsztain.

The executive committee is responsible for the management of the day-to-day business pursuant to authority delegated by our board of directors in accordance with applicable law and our by-laws. Our by-laws authorize the executive committee to:

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

Supervisory Committee

Our Supervisory Committee is responsible for reviewing and supervising our administration and affairs, and verifying compliance with the by-laws and the decisions adopted at shareholders' meetings pursuant to the provisions of the General Companies Law. The members of the Supervisory Committee are appointed at the annual general ordinary shareholders' meeting for a term of one fiscal year. The Supervisory Committee is composed of three members and three alternate members.

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

Member	Date of Birth	Position
José Daniel Abelovich	07/20/1956	Member
Marcelo Héctor Fuxman	11/30/1955	Member
Noemí Ivonne Cohn	05/20/1959	Member
Alicia Graciela Rigueira	12/02/1951	Alternate Member
Roberto Daniel Murmis	04/07/1959	Alternate Member
Sergio Leonardo Kolaczyk	11/28/1964	Alternate Member

All members of the supervisory committee qualify as independent, in accordance with Section 11, Article III, Chapter III, Title I of the CNV's Rules.

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

José Daniel Abelovich. Mr. Abelovich obtained a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires)*. He is a founding member and partner of Abelovich, Polano & Asociados S.R.L., firm member of Nexia International, a public accounting firm in Argentina. Formerly, he had been a manager of Harteneck, López y Cía/Coopers & Lybrand and has served as a senior advisor in Argentina for the United Nations and the World Bank. He is a member of the Supervisory Committees of CRESUD, IRSA, Hoteles Argentinos, Inversora Bolívar, and Banco Hipotecario S.A., among other companies.

Marcelo Héctor Fuxman. Mr. Fuxman obtained a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires)*. He is a partner of Abelovich, Polano & Asociados S.R.L., firm member of Nexia International, a public accounting firm in Argentina. He is also member of the Supervisory Committees of CRESUD, IRSA, Inversora Bolívar, and Banco Hipotecario, among other companies.

Noemí Ivonne Cohn. Mrs. Cohn obtained a degree in accounting from the University of Buenos Aires *(Universidad de Buenos Aires)*. Mrs. Cohn is a partner at Abelovich, Polano & Asociados S.R.L., firm member of Nexia International, a public accounting firm in Argentina, and works in the audit area. Mrs. Cohn worked in the audit area in Harteneck, Lopez y Cía., Coopers & Lybrand in Argentina and in Los Angeles, California. Mrs. Cohn is member of the Supervisory Committees of CRESUD and IRSA, among other companies.

Sergio Leonardo Kolaczyk. Mr. Kolaczyk obtained a degree in accounting from the University of Buenos Aires *(Universidad de Buenos Aires)*. He is a professional of Abelovich, Polano & Asociados S.R.L., firm member of Nexia International. He is also an alternate member of the Supervisory Committees of CRESUD and IRSA, among other companies.

Roberto Daniel Murmis. Mr. Murmis holds a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires)*. Mr. Murmis is a partner at Abelovich, Polano & Asociados S.R.L., firm member of Nexia International. Mr. Murmis worked as an advisor to the Public Revenue Secretariat, Argentine Ministry of Economy. Furthermore, he is a member of the Supervisory Committees of CRESUD, IRSA, FyO and Llao Llao Resorts S.A., among other companies.

Alicia Graciela Rigueira. Mrs. Rigueira holds a degree in accounting from the University of Buenos Aires *(Universidad de Buenos Aires)*. Since 1998 she has been a manager at Estudio Abelovich, Polano & Asociados S.R.L., firm member of Nexia International. From 1974 to 1998, Mrs. Rigueira performed several functions in Harteneck, Lopez y Cia. affiliated with Coopers & Lybrand. Mrs. Rigueira lectured at the School of Economic Sciences of Lomas de Zamora University.

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

The COSO Report sets forth that internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of the entity's objectives in the following categories:

- Effectiveness and efficiency of operations

- Reliability of financial reporting
- Compliance with applicable laws and regulations

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

- the board of directors, by establishing the objectives, principles and values, setting the tone at the top and making the overall assessment of results;
- the management of each area is responsible for internal control in relation to objectives and activities of the relevant area, i.e. the implementation of policies and procedures to achieve the results of the area and, therefore, those of the entity as a whole;
- the other personnel plays a role in exercising control, by generating information used in the control system or taking action to ensure control.

AUDIT COMMITTEE

- In compliance with applicable regulations, currently the Capital Markets Law No. 26,831 and the CNV rules, the Company's Board of Directors created an Audit Committee to assist it in the exercise of its duty to act with due diligence, care and proficiency with respect to the Company. The duties of our Audit Committee are focused on supervising the accounting policies and disclosure of accounting and financial information; supervising the integrity of the Company's financial statements, the operation of the internal control systems and the administrative-accounting system; verifying compliance with the rules of conduct and business ethics in place; seeing that the risk management reporting policies are applied; rendering an opinion on the appointment of independent auditors, seeing that they qualify as independent with respect to the Company and assessing their performance; as well as pre-approving their fees. Moreover, at the Board of Directors' request, our Audit Committee must give an opinion on transactions with related parties, in such cases as set forth by law. Pursuant to the Committee's regulations, the Committee must hold periodical meetings.
- Effective November 5, 2015, by resolution of the Board of Directors the Audit Committee's membership is as follows: Messrs. Jorge Oscar Fernández, Daniel Elías Mellicovsky, Pedro Dámaso Labaqui, and Gabriel Adolfo Gregorio Reznik. The Board of Directors named Jorge Oscar Fernández as the financial expert in accordance with the applicable rules issued by the Securities and Exchange Commission ("SEC"). All its members qualify as independent, and therefore the Company complies with the standards provided in Rule 10(A)-3(b)(1).

Decision-making process and internal control system

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

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

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

Compensation

Compensation of directors

Under Argentine law, if the compensation of the members of the board of directors is not established in the by-laws of the Company, it should be determined by the shareholders' meeting. The maximum amount of total compensation to the members of the board of directors, including compensation for technical or administrative permanent activities, cannot exceed 25% of the earnings of the Company. That amount should be limited to 5% when there is no distribution of dividends to shareholders, and will be increased proportionally to the distribution, in accordance with the formulas and scales set forth under the CNV's Technical Rules. When one or more directors perform special commissions or technical or administrative activities, and there are no earnings to distribute, or they are reduced, the shareholders' meeting may approve compensation in excess of the above-mentioned limits pursuant to the provisions of Section 261 of the Argentine Companies Law.

The compensation of our directors for each fiscal year is determined pursuant to Argentine law, and taking into consideration whether the directors performed technical or administrative activities and our fiscal year's results. Once the amount is determined, it is considered at the shareholders' meeting.

At our shareholders' meeting held on October 30, 2015, the shareholders approved an aggregate compensation of Ps. 14,310,941 for all of our directors for the fiscal year ended June 30, 2015. At the end of the current fiscal year, the above mentioned compensation had been paid in full.

Compensation of Supervisory Committee

The shareholders' meeting held on October 30, 2015 further approved by majority vote not to pay a compensation to our Supervisory Committee.

Compensation of Senior Management

Our senior management is paid a fixed amount established by taking into consideration their background, capacity and experience and an annual bonus which varies according to their individual performance and our results.

The total and aggregate compensation of our senior management for the fiscal year 2015/2016 started in July 2015 was Ps. 4,943,802.

Compensation of the Audit Committee

The members of our Audit Committee do not receive additional compensation other than that received for their services as members of our board of directors.

Long Term Incentive Program

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

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

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

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

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

While participants are part of the program and until the conditions mentioned above are met to receive the shares corresponding to the contributions based on the 2011 to 2013 bonus, participants will receive the economic rights corresponding to the shares assigned to them. As provided under the plan, the shares of stock corresponding to the 2014 bonus were delivered in April 2015; moreover, an amount equivalent to one salary was delivered in the form of shares of stock to those employees who did not participate in the plan and who had discharged services for a term of two years.

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

Capitalization program for our executive staff

During the fiscal year ended June 30, 2007, the Company developed the design of a capitalization program for its executive staff consisting in contributions made by both the employees and the Company.

Such program is intended for certain employees selected by the Company that it wishes to retain by increasing employee total compensation by means of an extraordinary reward in so far as certain requirements are fulfilled.

The payment of contributions into the plan and participation therein are voluntary. Once the intended beneficiary accepts to take part in the plan, he/she may make two types of contributions: a monthly contribution based on his/her salary and an extraordinary contribution, based on his/her annual bonus. It is suggested that contributions should be of up to 2.5% of salaries and of up to 15% of the annual bonus. And then there is the contribution payable by the

Company which shall amount to 200% of the monthly contributions and of 300% of the extraordinary contributions made by the employees.

The funds resulting from the contributions made by the participants are transferred to an independent financial vehicle, specially created and situated in Argentina in the form of a mutual fund with the approval of the Argentine Securities Commission. These funds can be freely redeemed at the request of participants.

The funds resulting from the contributions made by both companies are transferred to another independent financial vehicle, separate from the one previously mentioned.

In the future, the participants shall have access to 100% of the benefits under the plan (that is, including the contributions made by the Company for the benefit of the employees into the financial vehicle specially created) in any of the following circumstances:

- ordinary retirement as prescribed by labor law
- total or permanent disability, and
- death.

In case of resignation or termination without good cause, the participant may redeem the amounts contributed by us only if he or she has participated in the Plan for at least 5 years and if certain conditions have been fulfilled.

During this fiscal year, the Company has made contributions to the plan for Ps. 3,632,048.

Code of Ethics:

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

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

Employees

As of June 30, 2016, we had 1,753 employees.

As of such date, we had 1,117 employees in our Agricultural Business in Argentina, including the employees of CRESUD, FyO and SACPSA but not those of Agro-Uranga S.A. Approximately 52% are under collective labor agreements. We have good relations with each of our employees.

We employ 183 people in our International Agricultural businesses, composed of 122 employees of Brasilagro and 39 employees in the companies located in Bolivia.

Our Development and Sale of Properties and Other Non-Shopping Center Businesses segment had 31 employees, 4 of whom are represented by the Commerce Labor Union (*Sindicato de*

Empleados de Comercio, or SEC) and 10 by the Horizontal Property Union (*Sindicato Único de Trabajadores de Edificios de Renta y Horizontal,* SUTERH). The Shopping Center segment had 964 employees including 461 under collective labor agreements. Our Hotels segment had 758 employees with 622 represented by the Tourism, Hotels and Gastronomy Union from the Argentine Republic (*Unión de Trabajadores del Turismo, Hoteleros y Gastronómicos de la República Argentina*, UTHGRA).

The following table shows the number of employees in the Company's various businesses as of the dates mentioned below:

	Agricultural Business[1]		Real Estate Business			
	Permanent	Temporary	Development and Sale of Properties and Other Non-Shopping Center Businesses [2]	Shopping Centers	Hotels[3]	Total
June 30, 2011	772	48	82	811	678	2,391
June 30, 2012	848	17	92	833	662	2,452
June 30, 2013	857	11	91	787	662	2,408
June 30, 2014	756	16	89	872	647	2,380
June 30, 2015[4]	1,099	16	34	973	704	2,826
June 30, 2016	1,117	9	31	964	758	1,753

(1) Agricultural Business includes CRESUD, FyO and SACPSA.
(2) Includes IRSA , Consorcio Libertador S.A., and Consorcio Maipú 1300 S.A.
(3) Hotels include Intercontinental, Sheraton Libertador and Llao Llao.
(4) In April and May 2015, the employees assigned to IRSA related to the operation of buildings and the real estate area were transferred to IRSA Propiedades Comerciales S.A.

Dividends and Dividend Policy

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

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

- 5% of such net profits is allocated to our legal reserve, until such reserve amounts to 20% of our capital stock;
- a certain amount determined at a shareholders' meeting is allocated to compensation of our directors and the members of our supervisory committee; and
- additional amounts are allocated for the payment of dividends or to optional reserve funds, or to establish reserves for whatever other purpose our shareholders determine.

The following table shows the dividend payout ratio and the amount of dividends paid on each fully paid common share for the mentioned years. Amounts in Pesos are presented in historical, non-inflation adjusted Pesos as of the respective payment dates and refer to CRESUD's unconsolidated dividends.

Year	Total Dividends *(Ps. MM)*	Dividend per Common Share [1] *(Ps.)*

2006	5.5	0.024
2007	8.3	0.026
2008	20.0	0.040
2009	60.0	0.121
2010	—	—
2011	69.0	0.138
2012	63.8	0.149
2013	120.0	0.242
2014	120.0	0.242
2015	—	—
2016	—	—

(1) Corresponds to per share payments. To calculate the dividend paid per ADS, the payment per share should be multiplied by ten. Amounts in Pesos are presented in historical Pesos as of the respective payment date.

Future dividends with respect to our common shares, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that our shareholders at a general shareholders' meeting may deem relevant. As a result, we cannot give you any assurance that we will pay any dividends at any time in the future.

Market Information

Our common shares are traded in Argentina on the MERVAL under the ticker symbol "CRES." Since March 1997, our ADRs, each presenting 10 common shares, have been listed on the NASDAQ under the trading symbol "CRESY." The Bank of New York is the depositary with respect to the ADRs.

The table below shows the high and low daily closing prices of our common shares in Pesos and the quarterly trading volume of our common shares on the Buenos Aires Stock Exchange for the first quarter of 2011 through August 2016. The table also shows the high and low daily closing prices of our ADRs in U.S. dollars and the quarterly trading volume of our ADRs on the NASDAQ for the first quarter of 2011 through August 2016. Each ADR represents ten common shares.

	MERVAL			NASDAQ		
		Ps. per Share			USD per ADR	
	Share Volume	**High**	**Low**	**ADS Volume**	**High**	**Low**
Fiscal Year 2014						
1st Term	2,178,046	14.38	10.55	5,589,075	8.83	7.23
2nd Term	2,188,815	18.94	13.40	5,872,993	11.64	8.66
3rd Term	1,022,808	14.79	11.47	3,422,480	9.98	8.47
4th Term	2,459,599	17.52	11.45	6,982,485	13.05	9.11
Annual	7,849,268	18.94	10.55	21,867,033	13.05	7.23
Fiscal Year 2015						
1st Term	1,736,972	16.45	12.00	5,793,320	14.08	10.58
2nd Term	2,561,239	15.80	10.80	3,766,812	12.04	9.18
3rd Term	1,534,114	17.90	12.00	7,795,414	14.83	9.92
4th Term	1,645,841	16.90	15.00	5,855,980	13.98	12.50
Annual	7,478,166	17.90	10.80	23,211,526	14.83	9.18
Fiscal Year 2016						
1st Term	728,810	17.50	12.10	4,299,192	13.14	9.36
2nd Term	6,416,350	19.70	13.00	8,291,480	13.51	9.64
3rd Term	3,388,664	18.70	12.70	5,390,231	12.63	9.22
4th Term	51,785,675	21.30	14.15	12,876,863	14.13	9.88
Annual	62,319,499	21.30	12.10	30,857,766	14.13	9.22
July 2016	234,476	17.50	15.00	1,274,255	13.14	11.24
August 2016 (*)	112,945	15.50	13.00	1,392,525	11.67	9.49

(*) Data as of August 8, 2016

Source: Bloomberg

Prospects for the Next Fiscal Year

The 2016 crop season was marked by a favorable change in macroeconomic conditions for the Argentine agricultural industry. The release of foreign exchange controls, the elimination of withholding taxes on corn and wheat exports, and the reduction of withholding taxes on soybean exports, along with the deregulation of the crops market have given rise to a significant upsurge in prices. The scenario for 2017 seems promising, as local companies are expected to benefit from the trade deregulation policies and lowering of export withholding taxes, although certain doubts still persist regarding the additional reduction of taxes on soybean and its by-products.

Balanced rainfall levels are expected for the 2017 crop season. In Argentina, in light of the new macroeconomic conditions and improved profitability equation for the industry, the Company has planned to grow more traditional crops in its own lands and increase the area leased to third parties, thus expanding in areas with higher production potential and optimizing its agricultural portfolio.

As concerns the beef cattle business in Argentina, prices are expected to accompany the rise in retail prices, as consumption per capita has decreased and export prices have fallen. Costs are also rising, although they are expected to stabilize in the short term. We will continue to work efficiently toward reaching the highest operating margins possible. In the case of our “El Tigre” dairy facility, where we have consolidated all our milk production, we will continue with our strategy consisting in the selective sale of milking cows whilst keeping the more productive herd, in an effort to improve the quantity and quality of milk produced.

In connection with our meat packing plant, which we hold through our interest in Carnes Pampeanas, we will continue working toward optimizing margins after the change in the macroeconomic equation. We believe that Argentina’s new positioning in the farming international trade will lead to a recovery in exports, where we hope to capitalize our differential quality.

As concerns land transformation and value-adding activities, we will make progress in the development of our farms in Argentina, Paraguay and Brazil. We remain watchful of sale opportunities that may arise and we will continue to dispose of those farms that have reached their highest degree of appreciation, whilst continuing to analyze opportunities in other countries of the region with the objective to put together a regional portfolio with major development and appreciation potential. Moreover, we expect the real estate business from our subsidiary IRSA to remain as robust as in the past years, and that its stake in the Israeli conglomerate IDBD will continue its corporate structure simplification and deleveraging process and IRSA will start reaping the fruits of this investment in the future.

Agribusiness offers very interesting long-term prospects. We believe that companies such as CRESUD, with a track record going back so many years and vast industry knowledge will have outstanding possibilities of taking advantage of the best opportunities arising in the market, much more so considering that our main task is to produce food for a growing and demanding world population.

Alejandro Gustavo Elsztain

CEO

EXHIBIT

CRESUD SACIFyA's Corporate Governance Code

Working progress on compliance with the Corporate Governance Code

Overview

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

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

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

supervisory committee members in their relationship with the Issuer or with the Issuer's related persons. Describe the relevant aspects of such policies and procedures.				managers and employees must act with honesty and integrity and must prevent their behaviors from causing conflicts of interest with the Company and if these were to arise, the Ethics Committee shall be provided in due time and manner with any information that could be inconsistent with the provisions contained in the Code of Ethics. The Company has a Map of Related Parties that identifies the companies with which the Issuer is in a controlling and/or significant influence situation. This Map is updated quarterly. Managers, Directors and Syndics sign a form every year concerning Intercompany transactions.
Recommendation I.3: Prevent the undue use of inside information. Answer if: The Issuer relies, without prejudice to currently applicable rules and regulations, on accessible policies and mechanisms to prevent the undue use of inside information by the Board of Directors, senior management, syndics and/or supervisory committee members, controlling shareholders or shareholders wielding significant influence, participating professionals and the rest of the persons listed in Sections 7 and 33 of Executive Order 677/2001. Describe the relevant aspects of such policies and procedures.	X			As indicated in I.2, the Company has a Code of Ethics that lays down the guidelines and mechanisms to prevent the undue use of inside information. This Code mandates that certain information is in a confidential nature and that it can only be used for its intended purposes for the Company's benefit and must not be shared with persons outside the Company or with employees who do not need such confidential information to discharge their duties. The Code sets forth also that unintended disclosures of confidential information must be avoided. The Code of Ethics also contains guidelines concerning compliance with the rules that govern relevant information. As a general principle, the Code prohibits directors, managers and employees from using inside or confidential information directly or through third parties to trade securities in the market. It also provides for a fixed period –before and after the publication of financial statements- during which employees, directors and syndics are prohibited from trading Company securities. The transmission of alerts about the commencement of the period of non-availability to conduct transactions works also as a reminder. Such temporary restrictions may be equally imposed whenever the Board sees it fit. There are also information security procedures for safeguarding the Company's data.
PRINCIPLE II. LAY THE GROUNDWORK FOR THE ISSUER TO RELY ON ROBUST MANAGEMENT AND SUPERVISION				
The corporate governance framework must: Recommendation II. 1: Ensure that the Board of Directors manages and supervises the Issuer and provides it with strategic direction.				
II.1.1 Report if the Board of Directors approves:				

II.1.1.1 the Business Plan or the Company's strategic plan, as well as its annual management goals and budgets.	X			An essential portion of the duties and responsibilities discharged by the Executive Committee consists in generating a strategic plan for the Company and the forecasts covered by the annual budget submitted to the Board. It is through the Executive Committee that objectives and strategies are submitted and developed, which includes establishing the annual guidelines defined for the main company departments. As part of the strategic plan defined by the Executive Committee, the Company's Board of Directors approves the main specific tasks aimed at fulfilling such plan.
II.1.1.2 the investment policy (in financial assets and in capital expenditures), and its financing policy.		X		As part of the defined business strategy and within the context of the current fiscal year, the Board of Directors approves investments and medium- and long-term financing plans (corporate bonds –Negotiable Obligations-, syndicated loans, etc). In addition, the Company has a Financial Risk Committee that analyzes and suggests financial instruments, counterparties and investment limits.
II.1.1.3 the corporate governance policy (Compliance with the Corporate Governance Code),	X			As regards corporate governance, the Company has been implementing what has been laid down by the rules and regulations currently applicable to these matters issued by the Argentine Securities Commission (CNV) and the Securities and Exchange Commission (SEC) and self-regulated markets where its shares are listed, in addition to what is suggested by the best practices in connection with ethics and Board behavior. To this end, the Board has implemented a Code of Ethics that provides for the different channels available for placement of reports in the event of potential irregularities, which offer direct accesses, managed by the Ethics Committee and the Audit Committee, the latter in compliance with foreign legislation (SOX). There is also the Corporate Governance Code Report, approved every year by the Board of Directors, together with the Annual Report and the Rules of the Audit Committee registered with the Superintendence of Corporations (IGJ).
II.1.1.4 the policy to select, assess and remunerate senior management,		X		The Board of Directors delegates to the Executive Committee, in compliance with the Company's By-laws and Section 269 of the General Companies Law, the day-to-day management of business. Therefore, it is entitled to appoint an Executive Vice-chairman, Executive Directors and/or analogous functional levels, appoint managers, including the CEO and submanagers, and determine their remuneration levels. By delegation of the powers vested in the Executive Committee,

				the CEO, jointly with the Human Resources Department, define the remuneration payable to Senior managers. The Company has implemented a method for annually assessing performance and achievement of previously established targets that is shared by and common to the entire organization, including its senior management, which is implemented in coordination with the Human Resources Department.
II.1.1.5 the policy to assign responsibilities to senior management,		X		The Board of Directors, acting through the Executive Committee, the CEO and the Human Resources Department are in charge of defining the scope of duties of the senior management team.
II.1.1.6 the supervision of succession planning for senior management,	X			Pursuant to powers delegated by the Executive Committee, it is the CEO and the Human Resources Department that are responsible for supervising succession planning at the management level. Senior management replacements are identified through an internal evaluation that applies a method focused on measuring individual potential.
II.1.1.7 the enterprise social responsibility policy,		X		When it comes to Enterprise Social Responsibility, the Executive Committee considers and approves proposals in this field submitted to its consideration by the Institutional Relations Department. The Company has been active in these matters for some years already by: • Integrating and educating children and youths in the communities surrounding its agribusiness ventures through financial and academic support to the educational institutions that act in these territories. • Providing a number of NGOs with spaces (plus the logistical and financial support) in the Company's buildings and shopping centers for these organizations to deploy activities such as dissemination, fund-raising and affiliation, to name but a few, etc. • Permanently creating and financing different entities whose purpose is to rescue and integrate children and youths that are either homeless or in social risk situations. • Supporting scientific, cultural and artistic

				projects through the mechanisms prescribed by the *Patronage* Law. • Constantly cooperating with communities neighboring with our shopping centers and rental buildings. • Caring for the environment through strict policies issued by the Board.
II.1.1.8 comprehensive risk management, internal control, and fraud prevention policies,		X		The Company will evaluate in the future the need for formalizing policies concerning comprehensive risk management and fraud prevention. This notwithstanding, the functions consisting in risk management, internal control and fraud prevention at the Company are discharged by each department in line with their areas of responsibility. The Company assesses the efficacy of internal control focused on the issuance of financial statements using to that end the methodology of the COSO Report (Committee of Sponsoring Organization of the Treadway Commission). Should there be complaints or hints of potential frauds, they are reported to the Ethics Committee through the communication channels in place and they can be placed anonymously. The information received by the Ethics Committee is treated as confidential and action measures are taken to clarify and settle the situations reported.
II.1.1.9 he training and continued education policy applicable to the members of the Board of Directors and senior management. Should the company have these policies in place, insert a description of their main highlights.	X			The Company encourages involvement in training activities and in professional refreshment courses for the Board and management levels. It is Company policy to have its Board of Directors and management line trained and updated in regulatory matters in the framework of the experience and professional qualities of Board members and the responsibilities that they have. It is also deemed important for an adequate conduct of business that the Board and Senior Management should be trained in matters that favor better business conduct promoting and fostering participation in congresses and in national and international events that address issues associated to the activities deployed by the directors and senior managers.
II.1.2 If deemed relevant, please insert other policies applied by the Board that have not been mentioned and detail significant aspects.				There are no other policies that are considered relevant in their implementation other than as previously discussed.
II.1.3 The Issuer has in place a policy to ensure the availability of relevant	X			The Company has formal tools in its Corporate By-laws that allow and ensure that

information for its Board of Directors to make decisions and a channel for direct consultation with its management lines that is symmetrical for all its members (executive, external and independent) on an equal footing and sufficiently in advance so as to enable appropriate analysis. Explain further.				the basic details required for making decisions are supplied. Notwithstanding the by-laws provisions, which serve as ultimate ratio for accessing to information, board members have access to the information generated by the Company for adopting decisions, and are also able to communicate directly with the Company's senior managers to clear all doubts and answer inquiries regarding the matters to be discussed at Board meetings.
II.1.4 The matters submitted to consideration by the Board of Directors are accompanied by an analysis of the risks associated to the decisions that may be adopted, taking into account the level of enterprise risk defined as acceptable by the Issuer. Explain further.	X			The Board analyzes the risks associated to decision-making after the submissions made and the information provided by the Executive Committee and the CEO about each issue, taking into account the level of enterprise risk defined as acceptable for each business and according to each market situation.
<u>Recommendation II.2</u>: Make sure that the Issuer exerts effective controls over management. Answer if: The Board of Directors verifies:				
II.2.1 that the annual budget and Business Plan are complied with,	X			The CEO and the Agriculture General Manager prepare quarterly reports on the Company's business which are submitted to the Board of Directors, containing details about economic and financial management, behavior of the most relevant variables, as well as a comparative analysis of the budget against the turn of business and an identification of any measures necessary to rectify or confirm the course of business.
II.2.2 senior management performance and their attainment of the goals set for them (the level of earnings as forecast versus actually attained, financial ratings, financial reporting quality, market share, etc.). Describe the highlights of the Issuer's Management Control policy detailing the techniques employed and the frequency of monitoring by the Board of Directors.	X			The Executive Committee assesses the performance of its senior managers as well as the attainment of objectives based on the information provided by the CEO and the Human Resources Department taking into account the attainment of objectives, the level of earnings obtained and the Company's targets for each term in office. Moreover, as stated in II.1.1.4, the Company applies an annual assessment procedure in coordination with the Human Resources Department, over all its staff, including senior management levels. Board Meetings analyze information on the conduct of business, principal ratios and budget control, thus making it possible to monitor whether the targets set by the Company have been achieved.
<u>Recommendation II.3</u>: Disclose the process to evaluate Board of Directors				

performance and its impact. Answer if:				
II.3.1 Each member of the Board of Directors abides by the Bank's By-laws and, when applicable, by the rules that govern the operation of the Board of Directors. Detail the main guidelines of the internal rules. Indicate the degree of compliance with the Bank's By-laws and its internal rules.	X			The Board of Directors abides by the rules and regulations that apply to the Issuer and by the By-laws. Therefore, it is unnecessary and redundant, in the Board's opinion, to issue Rules to govern their operation.
II.3.2 The Board of Directors presents the outcome of its management actions taking into account the targets fixed at the beginning of the period in a manner such that shareholders are able to evaluate the degree of compliance with such objectives, which contain both financial and non-financial aspects. In addition, the Board of Directors presents a diagnosis about the degree of compliance with the policies mentioned in Recommendation II, paragraphs II.1.1. and II.1.2. Detail the highlights of the evaluation made by the Annual General Meeting about the degree of compliance by the Board of Directors with the goals established and the policies mentioned in Recommendation II, Sections II.1.1 y II.1.2, with an indication of the date of the AGM where such evaluation was presented.	X			Through its Annual Report and Management Discussion & Analysis, the Board presents the outcome of its actions and maintains permanent communication with the Company's investors through its Web site and in the interaction taking place at shareholders' meetings, keeping shareholders abreast on the results of the Company's operations and the degree of objective attainment. The Board is evaluated by each Ordinary Shareholders' General Meeting in accordance with the rules and regulations in force as contained in the General Companies Law and in the Company's By-laws. The last Shareholders' Meeting at which the matter was discussed was held on October 30, 2015.
Recommendation II.4: The number of external and independent directors must be a significant proportion of the Issuer's Board of Directors membership. Answer if:				
II.4.1 The proportion of executive members, external and independent (with the latter as defined by the rules of this Commission) of the Board of Directors is in keeping with the capital structure of the Issuer. Explain further.	X			In its Board of Directors, the Company has a number of independent directors that is higher than the one required by current regulations and higher than 20% since 2005. The Corporate By-laws provide that the Company's management and administration is vested in a Board of Directors composed of not less than three (3) and not more than fifteen (15) members and an equal or lower number of alternates, as determined by the General Ordinary Shareholders' Meeting. Directors' term of office is for three years and they may be reelected indefinitely. At present, the Board of Directors is composed of ten (10) directors and three (3) alternate directors. Four (4) of the directors qualify as independent and are members of the Audit Committee; therefore, all the members of this committee are independent,

				in compliance with the requirement imposed by the SEC on issuers that are listed in the USA.
II.4.2 In the current year, the shareholders agreed at a General Shareholders' Meeting on a policy aimed at maintaining a proportion of at least 20% of independent members over the total number of Board members. Describe the highlights of this policy and of any shareholder agreement that explains the manner in which the members of the Board of Directors are appointed and their terms in office. Indicate if questions have been raised about the independence of Board members and if there have been abstentions caused by conflicts of interest.		X		The shareholders have not agreed on any policy seeking to maintain a proportion of at least 20% of independent members on the total Board. As regards the criteria of independence concerning the members of the Board, they are consistent with the provisions contained in the applicable laws. As set forth in item II.4.1, the number of independent directors in office is higher than the one required by law; therefore, for the time being, the Board does not see the need for laying down any such policies.
<u>Recommendation II.5</u>: Commit to the implementation of standards and procedures inherent in the selection and nomination of Board and senior management members at the Issuer. Answer if:				
II.5.1 The Issuer has a Nominations Committee			X	The Company does not have a Nominations Committee. Until now, the Company has not deemed the implementation of a Nominations Committee to be necessary because such functions are discharged by the Executive Committee. According to the provisions under the General Companies Law, the Annual General Meeting is responsible for approving the appointment and removal of Board members.
II.5.1.1 made up by at least three Board members, a majority of whom are independent,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.2 chaired by an independent Board member,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.3 that has members who evidence sufficient skills and expertise in human capital policies,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.4 that meets at least twice a year,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.5 whose decisions are not necessarily binding on the Annual General Meeting but rather in a consultative nature when it comes to the selection of Board members.			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.

II.5.2 Should the Issuer have a Nominations Committee, it:			X	As stated in II.5.1., Item II.5.2 does not apply.
II.5.2.1. verifies that its internal rules are reviewed and evaluated once a year and submits change proposals to the Board to obtain Board approval,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.2 proposes that criteria be developed (qualifications, experience, professional reputation and ethics, other) to select new Board members and senior managers.			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.3 identifies candidates to Board membership to be proposed by the Nominations Committee to the Annual General Meeting,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.4 suggests the Board members who shall be a part of the different Board committees based on their backgrounds.			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.5 recommends that the Chairman of the Board should not be the same as the Issuer's CEO,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.6 ensures that the *curricula vitae* of the Issuer's Board and Senior Management members are available in the Issuer's web-page and that the duration of Board members' terms in office is equally disclosed in the web page,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.7 corroborates that there are succession plans in place for Board and Senior Management members.			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.3 If relevant, please add policies implemented at the initiative of the Issuer's Nominations Committee which have not been mentioned in the preceding Item.			X	As stated in II.5.1, the item II.5.3 does not apply.
<u>Recommendation II.6</u>: Assess the advisability of Board members and/or syndics and/or supervisory committee members discharging functions at several Issuers. Answer if: The Issuer imposes a limit on the ability of the members of the Board of Directors and/or syndics and/or supervisory committee to discharge functions at other entities that do not belong to the conglomerate that the Company heads or of which it is a part. Specify any such limit and detail if there has been a breach of said limit in the course of the year.			X	The Company does not have a limiting rule in place. The Company considers their engagement sufficient in so far as it is adequate to the Company's needs.
<u>Recommendation II.7</u>: Make sure that Board and Senior management members				

at the Issuer are trained and develop their skills. Answer if:				
II.7.1. The Issuer has Continued Training Programs in connection with the Issuer's needs for the members of the Board of Directors and senior management, that include topics concerning their roles and responsibilities, comprehensive enterprise risk management, knowledge specific to the business and its regulations, corporate governance dynamics and enterprise social responsibility. In the case of the Audit Committee members, international accounting standards, auditing standards and internal controls and specific regulations in the capital markets. Describe the programs implemented in the year and their degree of compliance.		X		It is Company policy that the Board of Directors, the Executive Committee, the Audit Committee and its management line should be trained and maintained updated in regulatory matters in the framework of the experience and professional qualities of their members and the responsibilities that they have. In the exercise of the functions entrusted to it by the By-laws, the Executive Committee, together with the CEO and the Human Resources Department, outline the responsibilities and powers of senior managers. The Company does have in place training and education programs in various matters that are given by Company personnel and that include senior managers. The Company fosters participation in training activities and professional refreshment courses for the Board and Senior Management. Notwithstanding the above, whenever it deems it necessary, the Audit Committee can organize new refreshment and training activities on current regulations or topics related to its duties. The Company deems it important to better conduct business that the Board and senior Managers should be trained in matters that favor better business conduct promoting and fostering participation in congresses and in national and international events that address issues associated to the activities deployed by the directors and senior managers.
II.7.2. The Issuer incentivizes Board and Senior Management members by means other than discussed in II.7.1 to maintain permanent training supplementing their education level in a manner such as to add value to the Issuer. Indicate how the Issuer does this.	X			The Company incentivizes the involvement of Board members in specific areas through invitations to events with contents akin to their roles, orientation activities and updates in regulatory matters.
<u>PRINCIPLE III.</u> ENDORSE AN EFFECTIVE POLICY FOR IDENTIFYING, MEASURING, MANAGING AND DISCLOSING ENTERPRISE RISK.				
In the framework for corporate governance: <u>Recommendation III</u>: The Board of Directors must rely on a policy for comprehensive enterprise risk management and monitor its adequate implementation.				
III.1 Answer if: The Issuer has in place comprehensive enterprise risk management policies		X		The Board of the Company undertakes actions to identify, evaluate and mitigate the Company's exposure to strategic, financial, operational and corporate governance risks.

(mandating compliance with strategic, operational, financial, reporting, legal and regulatory objectives, among others). Describe their most relevant aspects.				The Board of Directors, with the involvement of the Executive Committee, permanently evaluates the Company's business activities, which includes the risks, the opportunities offered by market conditions at each time and the attainment of the business's operating and strategic objectives. As part of its habitual practice of managing risks, the Board permanently monitors, through the Financial Risk Committee, the inherent investments and risks. In addition, the Company has an internal control system to prevent and identify risks, using the comprehensive internal control framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO Report) to assess the effectiveness of internal controls over accounting information. In addition, the Company is discussing the potential issuance of a comprehensive risk management policy that provides a concept framework.
III.2 There is a Risk Management Committee as part of the Board of Directors or of the CEO. Report on the existence of manuals of procedures and detail the main risk factors that are specific to the Issuer or its business and the implemented mitigation actions. In the absence of a Risk Management Committee, please describe the supervisory role played by the Audit Committee when it comes to managing risks. In addition, specify the degree of interaction between the Board of Directors or of its committees with the Issuer's CEO in terms of comprehensive enterprise risk management.		X		The Issuer conducts permanent activities to identify risks inherent in its activity and any necessary mitigation actions. These actions are conducted by the Executive Committee within the Board As stated in III.1. The Executive Committee or the CEO permanently assess risks at the time of making decisions, availing themselves of sufficient and necessary information provided by the Company's different areas or derived from the actions of internal committees that undertake risk assessments concerning each specific matter. There is a Financial Risk Committee consisting of directors and various managers of the Company that reviews financial risk management and approval of different investment vehicles. The CEO reports periodically to the Board of Directors on management, risks assessed and submits the matters to be considered and then approved by the Board to the Board for its consideration. He also holds meetings with the Audit Committee or is a member of some internal committee, which contributes to adequately identifying and handling entrepreneurial risks.
III.3 There is an independent function within the office of the Issuer's CEO that implements the comprehensive risk management policies (function discharged by the Risk Management			X	There is no independent function within the Issuer's CEO. The Company will analyze the possibility of creating them in the future.

Officer or equivalent position). Specify.				
III.4 The comprehensive risk management policies are permanently updated in line with the generally accepted recommendations and methodologies in the matter. Identify them (Enterprise Risk Management, according to the conceptual framework in use at COSO —Committee of Sponsoring Organizations of the Treadway Commission—, ISO 31000, IRAM 17551 standard, Sarbanes-Oxley Act, Section 404, other).		X		The Company has been implementing the policies stated in Item III.1. In addition, the Company has an internal control system designed to prevent and identify accounting risks using the internal control comprehensive framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO Report) to assess the effectiveness of internal controls over accounting information.
III.5 The Board of Directors communicates the outcomes of its supervisory tasks concerning risk management performed together with the CEO in the financial statements and in the annual report. Specify the main sections dealing with these matters.	X			Through its Annual Report, the Board discusses the Company's annual actions highlighting the achievements attained in each one of the segments in which it was involved and the results obtained. The Annual Report also mentions the challenges faced by the Company in the course of the year to attain its objectives. As from the moment when the Company adopted the International Financial Reporting Standards (IFRS), the Company's financial statements have been including a note on "Financial Risk Management". This note describes the main risks arising from financial instruments and the risks to which the Company is exposed and which may complicate the Company's strategy, its performance and the results of its operations. In the note, "other non-financial risks" to which the Company is exposed are also mentioned.
PRINCIPLE IV. SAFEGUARD THE INTEGRITY OF FINANCIAL REPORTING RESORTING TO INDEPENDENT AUDITS				
The corporate governance framework must: <u>Recommendation IV</u>: Guarantee independence and transparency in the functions entrusted to the Audit Committee and to the External Auditor.				
Answer if: IV.1. Upon electing the members of the Audit Committee, the Board of Directors takes into account that most of its members must be independent and so evaluates the advisability of it being chaired by an independent member.	X			As mentioned in Item II.4.2, all the members of the Company's Audit Committee qualify as independent directors as of to date; therefore, the independence criterion required by law is met. The Audit Committee is composed of four (4) directors, and the Chairman is appointed by the Committee members rather than by the Board.
IV.2 There is an internal audit function that reports to the Audit Committee or to the Chairman of the Board of Directors in	X			In the discharge of its functions, the Audit Committee engages in an annual assessment of Internal Audit performance

charge of evaluating the internal control system. Please indicate if the Audit Committee or the Board of Directors conduct an annual assessment of the area's performance and the degree of independence of its professional involvement, which means that the professionals discharging such function are independent from the remaining operational areas and that they meet the requirements of independence vis-à-vis the controlling shareholders or the related entities that wield significant influence on the Issuer. Specify, also, whether the internal audit function conducts its work in accordance with the international standards that govern internal audit practitioners as issued by the Institute of Internal Auditors (IIA).				that is reported to the Compliance Manager, who in turn reports directly to the Second Vicechairman. The assessment made by the Committee forms part of its Annual Management Report, which is submitted to the Board at the time of issuance of the Company's Annual Financial Statements. The professionals in charge of the Internal Audit function are independent vis-à-vis the Company's remaining operating areas. The Internal Audit area performs its tasks abiding, in general, by the guidelines laid down by international standards for the conduct of Internal Audits issued by the Institute of Internal Auditors (IIA). The Company's Internal Auditor has an international certification issued by the IIA.
IV.3 The members of the Audit Committee undertake an annual assessment of the independence and performance exhibited by the External Auditors designated by the Shareholders' Meeting. Describe all relevant aspects in the procedures followed in making such evaluation.	X			In preparation for the Annual General Meetings, the Audit Committee considers the proposed appointment of External Auditors that will be submitted by the Board to the Annual General Meeting. The assessment conducted by the Audit Committee takes into account the professional skills of External Auditors, their expertise and independence conditions. The Audit Committee holds quarterly meetings with external auditors regarding presentation of their work on the Company's Financial Statements. In addition and previous to the submission of the annual Financial Statements, the Audit Committee's Annual Report will include the committee's opinion concerning the performance of External Auditors.
IV.4 The Issuer relies on a policy concerning the rotation of the Supervisory Committee members and/or the External Auditor. When it comes to External Auditors, the policy addresses whether the rotation spans the audit firm or just the individuals.	X			The members of the Supervisory Committee are chosen by the Annual General Meeting for a one-year term to discharge their functions. The External Auditor is also chosen annually by the Shareholders' Meeting. General Resolution No. 663 issued by the CNV eliminated the audit firm rotation requirement, thus aligning CNV regulations to professional standards (Technical Resolution No. 34) and international standards, which do not require external audit firm rotation. As regards the rotation for the audit partner, General Resolution No. 663 established a term of 7 (seven) years, with a waiting period of 2 (two) years.

PRINCIPLE V. RESPECT SHAREHOLDERS' RIGHTS				
The corporate governance framework must: <u>Recommendation V.1</u>: Make sure that shareholders have access to the Issuer's information.				
Answer if: V.1.1 The Board of Directors fosters periodical informational meetings with shareholders, which coincide with the submission of interim financial statements. Explain further, providing the quantity and frequency of the meetings held in the course of the year.	X			Without prejudice to the information that is released to the market as material information, in each presentation of the interim and annual financial statements the Company issues a "press release" for the investment market and subsequently holds a conference call with on-line presentation where investors are able to contact the Company's officers directly and ask questions in real-time.
V.1.2 The Issuer relies on "information for investors" mechanisms and on an area that specializes in addressing investors' concerns. In addition, the Issuer has a web-site accessible to shareholders and other investors serving as an access channel for them to contact each other. Detail.	X			The Issuer has mechanisms to inform investors in real time and an Investors Relations Department exclusively devoted to dealing with investors' requirements and enquiries and provides information to shareholders and other investors. In addition to the publications in the Financial Information Highway (*Autopista de Información Financiera*) and the filings with the different enforcement agencies, the Company communicates all its relevant events through an e-mail distribution system that reaches a significant number of current and/or potential investors and analysts. It also has a website (www.cresud.com.ar) through which the shareholders and other investors may contact this department and obtain information about the Company and receive an answer about all types of enquiries concerning the Company.
<u>Recommendation V.2</u>: Promote shareholders' active involvement.				
Answer if: V.2.1 The Board of Directors has measures in place to foster the participation of all shareholders at the AGMs. Explain further, distinguishing the measures required by statutory provisions from those voluntarily offered by the Issuer to its shareholders.	X			In addition to the information published in the Financial Information Highway and to the information released to the market through the advertisement department of the Buenos Aires Stock Exchange, the Board engages in a thorough follow-up of potential attendants previous to the shareholders' meetings in order to ensure the highest number of attendants possible. This follow-up also spans ADR holders through institutional contact with Bank of New York Mellon (BONY) and its correspondent bank in the Argentine Republic, who are furnished with a translated version of the agenda and other information as requested.
V.2.2 The Annual General Meeting has a set of rules for its operation to make sure that the information will be available to		X		The Annual General Meeting does not have rules governing its operation. However, these shareholders' meetings are called and

the shareholders sufficiently in advance for decision-making purposes. Describe the salient points of this set of rules.				held in accordance with the provisions under the General Companies Law and all applicable rules and regulations that are issued by the control authority as these establish the terms for informing shareholders and furnishing them with the documentation submitted to the Shareholders' Meetings. The Company has been zealously working, consistently with market standards, on providing the shareholders with sufficient information for decision making purposes.
V.2.3 The Issuer has mechanisms in place for minority shareholders to propose matters for consideration by the Annual General Meeting in line with the provisions in currently applicable rules and regulations. Provide further information on the results.	X			Neither the by-laws, nor the operating procedures prevent receiving such proposals. As of the date hereof, there have not been proposals of specific issues.
V.2.4 The Issuer relies on policies to stimulate the involvement of the most relevant shareholders such as institutional investors. Specify.		X		To encourage shareholder involvement, the Company does not make any distinctions based on relevance: all shareholders are afforded identical treatment. Through the Bank that has custody over the ADRs, the Company fosters the participation of ADR holders –many of whom are institutional investors- in Annual General Meetings.
V.2.5 At the Shareholders' Meetings in which the nominations to the Board of Directors are debated, (i) the position of each one of the candidates is made known as to whether or not to adopt a Corporate Governance Code; and (ii) the foundations for such position are also made known previous to the vote.			X	With the Company having adopted this Corporate Governance Code Report, the position concerning the acceptance of each Board member is impliedly embodied.
Recommendation V.3: Guarantee the principle of equality between shares and votes. Answer if: The Issuer relies on a policy that promotes the principle of equality between shares and votes. State the changes in the structure of the outstanding shares by class in the past three years.	X			The principle of equality between shares and votes is safeguarded by the Company's by-laws. The Company does not have its capital stock classified by classes of shares.
Recommendation V.4: Establish mechanisms to safeguard all the shareholders in the event of takeovers. Answer if: The Issuer adheres to the mandatory public tender offer regime. If not, explain further if there are other alternative mechanisms set forth in the by-laws, as	X			Upon the issuance of Decree 677/2011, the Company resolved not to adhere to the mandatory public tender offer regime. However, after the passage of the new Capital Markets Law No. 26,831, all publicly traded companies are subject to the provisions of the mandatory public tender offer regime, as set forth in sections 87 et

would be the case of tag-along or other rights.				seq. The Company's by-laws do not impose any restrictions on the transfer of its shares.
<u>Recommendation V.5</u>: Increase the percentage of outstanding shares over capital stock. Answer if: The Issuer relies on shareholder dispersion for at least 20 per cent for its ordinary shares. If not, the Issuer relies on a policy to increase shareholder dispersion through the market. Indicate the percentage of shareholder dispersion as a percentage of the Issuer's capital stock and the changes in such percentage over the last three years.	X			The controlling company IFISA holds 31.29% of the outstanding shares of stock (considering repurchased treasury shares), the remaining 68.71% is held by local and foreign investors. Over the past three years, share dispersion was higher than 20%.
<u>Recommendation V.6</u>: Make sure that there is a transparent dividend policy. Answer if:				
V.6.1 The Issuer relies on a dividend distribution policy set forth in the Bank's By-laws and approved by the Shareholders' Meeting setting out the conditions for distributing dividends in cash or in shares. If such policy exists, state the criteria, frequency and conditions that must be satisfied for the payment of dividends.		X		The Annual Shareholders' Meeting annually resolves upon the allocation of income for the fiscal year, establishes the reserves to be set up and decides whether any balances will be distributed as dividends or not, which dividends must be determined in accordance with the provisions of the General Companies Law and the By-laws. The distribution of dividends will depend on the results of the Company and the existence of liquid and realized profits. For their approval, the affirmative vote of the majority of the shares entitled to vote at the meeting is required. In addition, the Company discusses liquidity and investment projects.
V.6.2 The Issuer relies on documented process to prepare the proposal to allocate the Issuer's retained earnings in order to raise reserves –be them statutory, voluntary and contemplated by the by-laws-, transfer earnings to future fiscal years and/or pay dividends. Explain these processes further and identify the minutes of the Annual General Meeting that approves the distribution (in cash or in shares) or not of dividends, if this is not contemplated in the By-laws.	X			Once the Company's legal, financial, and business requirements are assessed, General Management prepares a proposal to appropriate results and submits them to the Board. Afterwards, the Board submits its proposal to the respective Annual General Meeting.
PRINCIPLE VI. MAINTAIN DIRECT AND RESPONSIBLE BONDS WITH THE COMMUNITY				
The corporate governance framework must: <u>Recommendation VI</u>: Disclose to the community matters concerning the Issuer and provide a direct means of communication to the company.				

Answer if:				
VI.1 The Issuer has a website accessible to the public and updated that should supply not only relevant company information (the Bank's By-laws, the conglomerate, the composition of the Board of Directors, financial statements, annual reports, to name but a few) but also receive the concerns of users in general.	X			The Company has a website (www. cresud.com.ar) for the public in general to access to the Company's institutional information, its corporate responsibility practices and an investor section containing all the financial information that is relevant to current and/or potential shareholders. In addition, it is a channel for contacting the following areas: Investor Relations, Institutional Relations, Commercial Areas and Human Resources. In addition, this web-site allows the community to communicate with the Ethics Committee to deal with users' concerns and a channel to receive various types of reports.
VI.2 The Issuer releases a Social and Environmental Responsibility Statement on an annual basis, verified by an independent External Auditor. If this statement is released, state its scope or its legal or geographical coverage and where it is available. Specify the rules or initiatives adopted to implement the enterprise social responsibility policy (Global Reporting Initiative and/or the UN's Global Pact, ISO 26.000, SA8000, UN's Millennium Development Goals, SGE 21-Foretica, AA 1000, Ecuador Principles, to name but a few).		X		The Company is working on new indicators for gathering data regarding investments made through the area responsible for CSR (Corporate Social Responsibility) matters. This year, the Company will publish a summary describing the main CSR actions and the progress made during fiscal year 2015/2016. The Company has been working with an aim towards ongoing improvement, environmental protection and compliance with current legislation and regulations, even those that were voluntarily adopted. Cresud already has an agricultural establishment with environmental management systems that was certified under the ISO 14001 standard. In addition, the Company has included a special section in its website named "Sustainability", which comprises a section named "Environment" and a section named "CSR", to report the various actions developed in furtherance of its CSR and environmental commitment.
PRINCIPLE VII. REMUNERATE EQUITABLY AND RESPONSIBLY				
The corporate governance framework must: <u>Recommendation VII</u>: Establish clear policies to remunerate the Issuer's Board and Senior Management members, giving special consideration to any limits imposed by contracts or the by-laws based on the existence of earnings or not.				
Answer if: VII.1. The Issuer relies on a			X	As of the date of this report, the Company did not have a Remunerations Committee, which is furthermore not required by currently applicable rules and regulations.

Remunerations Committee:				Directors' remuneration is determined in conformity with the provisions under the General Companies Law taking into account whether directors discharge technical and administrative duties or not and based on the Company's earnings for the fiscal year. On an annual basis, the Audit Committee considers and renders an opinion on the proposal of directors' fees that the Board will submit to the Annual General Meeting for its approval.
VII.1.1 made up by at least three Board members, a majority of whom are independent,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.2 chaired by an independent Board member,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.3 that has members who evidence sufficient skills and expertise in human capital policies,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.4 that meets at least twice a year,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.5 whose decisions are not necessarily binding on the Annual General Meeting or on the Surveillance Committee but rather in a consultative nature when it comes to the remuneration of Board members.			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.2 Should the Issuer have a Remunerations Committee, it:			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.1 makes sure that there is a clear relationship between the performance of key personnel and its fixed and variable remuneration taking into account the risks taken on and their management,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.2 supervises that the variable portion of the remuneration of Board members and Senior Management members is linked to the Issuer's medium- and/or long-term performance,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.3 reviews the Issuer's position vis-à-vis competitors concerning its policies and practices applicable to the remunerations and benefits it pays and recommends whether to modify them or not,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.4 defines and communicates the policy applicable to key personnel retention, promotion, dismissal and suspension,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.5 informs the guidelines that determine the retirement plans of the Issuer's Board and Senior Management			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.

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

Answer if: VIII.1 The Issuer relies on a Code of Enterprise Conduct. Indicate the main guidelines and whether it is available to the public. This Code is signed by, at least, the members of the Board of Directors and of senior management. Indicate if the Issuer promotes extending the enforcement of this code to suppliers and customers.	X			The Company has a Code of Ethics approved by the Board that applies to all the Company's directors, syndics and employees and it establishes that they must act with honesty, integrity and responsibility when they interact with each other, with clients, investors, suppliers, government officials and the press and with other institutions and individuals. The Code of Ethics is available to the public at large and it has been published in the Company's web-page and is signed by the members of the Board of Directors and by the Company's employees.
VIII.2 The Issuer relies on mechanisms to receive reports about illegal or unethical behaviors submitted personally or by electronic means ensuring that the information relayed is treated in the outmost confidentiality and abides by the highest standards of information recording and preservation. Indicate if the service to receive and assess reports is rendered by the Issuer's personnel or by external independent professionals to afford whistleblowers increased protection.	X			The Company has provided for mechanisms to receive reports of illegal or anti-ethical behaviors through several communication channels which are described in the Code of Ethics. The channels made available comprise an e-mail address and a telephone number for the Ethics Committee, the e-mail addresses and the telephone numbers of the members of the Ethics Committee and a regular mail address for the Ethics Committee. In addition, for reports or concerns about accounting matters, accounting internal control or audit matters, the Audit Committee has an incoming box for reports that it manages directly. The reports can be placed anonymously and their treatment as confidential is guaranteed. The information conveyed is treated with high confidentiality and integrity standards and it is equally subject to stringent information recording and preservation standards. The service to receive and evaluate complaints is internal and it is the responsibility of the Ethics Committee and the Audit Committee as applicable.
VIII.3 The Issuer relies on policies, processes and systems to handle and find a resolution for the reports mentioned in Section VIII.2. Describe their most relevant aspects and indicate the degree of involvement of the Audit Committee in said resolutions, in particular in those reports associated to internal controls for financial reporting and on the behaviors of Board and senior management members.	X			To handle complaints and to find a solution to them, the Company has established a procedure whose main aspects are described below: • Receipt: complaints are received and analyzed by the Ethics Committee. • Registration: each complaint is registered. • Analysis and resolution: each complaint is analyzed and a resolution is found in its respect. • Communication: all the reports received by the Ethics Committee are communicated to the Audit Committee (they are reported on a quarterly basis). As for complaints placed with the Audit Committee, it will be the Audit Committee that first determines how to analyze them and which solution to give to them.

PRINCIPLE IX: FURTHER THE SCOPE OF THE CODE				
The corporate governance framework must: Recommendation IX: Promote the inclusion of the provisions inherent in good corporate governance practices in the Bank's by-laws. Answer if: The Board of Directors evaluates whether the provisions of the Corporate Governance Code must be reflected, in whole or in part, in the Bank's By-laws, including the general and specific responsibilities of the Board of Directors. Identify the provisions that will be actually included in the Bank's By-laws as from the coming into force of the Code until to date.	X			The Company's By-laws satisfy the requirements imposed by the General Companies Law and applicable rules and regulations in line with the Public Offering Regime, and its own Code of Ethics. The Company's By-laws include provisions analogous to, and coincidental with, the above-mentioned provisions in the field of composition of governance bodies, particularly the Board of Directors –functions, rotation and responsibilities-, the Supervisory Committee and the Executive and Audit Committees. Concerning conflicts of interest, it is the General Companies Law that applies directly, together with the rules and regulations that govern the capital markets. The By-laws do not contain any provision that impedes heeding recommendations that it does not specifically prescribe. It is for this reason that the Board understands that nothing warrants amending the by-laws for the time being. Therefore, the Company considers that it has in place an adequate regulatory framework concerning Corporate Governance; however, the Board may in the future consider the timing and advisability of including other provisions aimed at optimizing good corporate governance practices.-

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

Alejandro Gustavo Elsztain
CEO