Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

Annual Report and Financial Statements
for the fiscal years ended
June 30, 2018, 2017 and 2016

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Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria
Annual Report

Letter to Shareholders

Dear Shareholders,

We have ended a new fiscal year with very good results from both our agricultural business and our urban properties and investments business, through our subsidiary IRSA. On the one hand, we ended the crop season with higher operating results than in the previous season, mainly in Argentina, Brazil and Paraguay, and we made progress in the development of farmlands and sold rural properties in the region at satisfactory appreciation rates. On the other hand, our investment in IRSA, owner of the largest and most diversified real estate portfolio in Argentina, has continued to exhibit solid performance in its main business lines in its two operations centers: Argentina and Israel.

The adjusted Ebitda of the PF 2018, excluding the impact of the revaluation of our investment properties at fair value, reached ARS 11,061 million, 58.2% above the year 2017, of which the agricultural business contributed ARS 2,079 million and the business of urban properties and investments ARS 8.982 million. The net result of the year showed a profit of ARS 17.780 million.

The 2018 campaign was developed in the region with mixed climate conditions, rising commodity prices and a competitive exchange rate, mainly in Argentina. In relation to the climate, an important drought was observed in Argentina, more accentuated in the eastern part of the country, in the provinces of Entre Ríos, Santa Fe and Buenos Aires, reducing the expected soybean and corn production by approximately 36% and 20% respectively. Cresud mitigated part of that effect since much of its production comes from the north of the country, where the effects of the lack of water were not severe. In Brazil and Paraguay, the campaign ended with very good production and high yields due to very good weather conditions. In Bolivia, the conditions were more adverse due to excess rainfall. We planted approximately 209,000 hectares in the entire region and reached an aggregate crop production of 532,000 tons (excluding sugarcane), 12.8% lower than the 610,000 tons reached in 2017. Yields of our main crops, soybean and corn, were 2.6 tons per hectare and 5.5 tons per hectare, respectively, higher than those reached in the previous crop season.

The campaign was also positive for our livestock activity in Argentina. We finished the year with an increase in meat production, explained in part by a growth in the number of heads and a higher production efficiency. Our dairy activity that was concentrated in "El Tigre" dairy farm has been discontinued in December 2017 due to the adverse conditions of the sector, resulting in the sale of all the milking cows.

As concerns our agricultural real estate business, we showed during this year a recovery in the farmland sales activity due to better productive conditions and a better profitability equation of the sector. In this context, we have been active during the year in the development and sale of farms.

Regarding land development, during this year we transformed a larger surface area than in 2016 due to improved production conditions and lower development costs in USD per hectare. We transformed 13,326 hectares in the entire region: 2,172 hectares in Argentina, 9,601 hectares in Brazil, and 1,553 hectares in Paraguay. Regarding the farm in Paraguay, owned by CRESCA S.A., during this year its partners, Brasilagro and Carlos Casado, split up the company.

During fiscal year 2018, we have sold farms for the sum of USD 46.5 million. In Argentina, we have sold the entire "La Esmeralda" establishment of 9,352 hectares of agricultural-livestock activity located in the Department of Nueve de Julio, Province of Santa Fe, for an amount of USD 19 million (USD / ha 2,031). The farm was valued in books at ARS 83 million recognizing an accounting gain of ARS 410 million and reaching an internal rate of return in dollars of 17.8%. Also, in June 2018, we sold a fraction of 10,000 hectares of livestock activity of the establishment "La Suiza", located in the vicinity of the town of Villa Angela, Province of Chaco, leaving a remainder of approximately 26,370 hectares of that establishment in hands of the society. The total amount of the operation was set at US $ 10 million and an accounting gain of ARS 238 million was recognized. The internal rate of return in dollars of this sale was 9.5%. On the other hand, our subsidiary Brasilagro sold during the year a fraction of 956 hectares of its establishment "Araucaria" located in Mineiros, Goiás state, Brazil for an amount of BRL 66.2 million (BRL / ha 93,356). The farm was valued in the books at BRL 11.0 million and the internal rate of return in dollars reached 12.0%. Also, after the end of the year, Brasilagro completed a successful sale of a fraction of 9,784 hectares of its "Jatobá" farm, located in Jaborandi, Bahía State, Brasil for BRL 177.8 million (BRL / ha 18,172). The farm was valued in books at BRL 18.0 million and the internal rate of return in dollars reached 7.05%.

Concerning other investments in the agricultural business, we sold this fiscal year a 9.49% of the capital stock of Futuros y Opciones S.A. ("FyO") for the sum of USD 3.04 million, a transaction in which two new strategic partners joined the company. In this way, the stake of CRESUD in FyO was reduced from 59.6% to 50.1%. FyO showed very good results in 2018 and, despite the drought in Argentina, continued to gain market share, reaching 3.8 million tons of grains traded and a EBITDA of approximately USD 4.2 million, while the net result reached the sum of Ps. 79.4 million. For its part, Agrofy S.A.U., a company in which CRESUD indirectly participates in 35.2%, continued to position itself this year as the leading platform for online business in agriculture in Argentina and is close to expand to Brazilian market. After two years of operations Agrofy achieved that 5,000 companies listed more than 50,000 products consulted daily by 1.2 million buyers in 10 different items. Regarding our investment in Carnes Pampeanas S.A., our meatpacking facility plant located in La Pampa (Argentina) has suffered operating losses again this year, lower than in 2017, due to the adverse situation in the market of cattle offer for slaughter and sale and export of meats. The result of this segment was negative in Ps. 130.6 million. We are optimistic that we can have a good recovery in the future given the measures that the new government is taking, which aim to increase the future cattle supply and promote exports, in a context of a more competitive exchange rate.

Our Urban Properties and Investments business, which we hold through our 63.74% interest in IRSA, has posted very good results in its two operations centers: Argentina and Israel. In Argentina, we made progress in the development of the projects underway and obtained very good operating results in our rental segments despite a last quarter of currency volatility that generated certain uncertainty for the next fiscal year. Tenant sales in shopping malls grew 25.3% in the year, and occupancy reached optimum levels of 98.5%. In the office segment we reached an average rental price of approximately USD 26,1 per square meter and an occupancy rate of 92.3%, lower than the previous year due to the incorporation of Philips buildings, acquired on June 2017, occupied at 69.8%. In Israel, we sold assets for very attractive prices, we refinanced short-term debt at each of the companies at very competitive interest rates, and the operating subsidiaries keep posting sound operating performance figures, investing in new projects and distributing good dividends. We believe in the long-term value of our investment in IRSA, which we expect will continue to deliver outstanding business results.

In financial matters, during the year, we have issued notes in the local market for the sum of USD 113 million at a fixed rate of 6.5% due 2023, whose funds were used to cancel short term debt. Additionally, we have launched, and completed after the end of the fiscal year, a plan to repurchase our own shares for ARS 900 million, representing 4.1% of the shares outstanding.

As part of our business strategy, we contribute to improving living conditions in the communities in which we operate, driven by our mission to implement sustainable business practices. We interact with schools, community centers and NGOs all over the Argentine territory. We have focused our Corporate Social Responsibility 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, where we have six rural schools, many students are already attending distance learning courses and obtaining high school degrees via satellite Internet services.

Looking ahead to 2019, we hope to maintain the levels of productive profitability of this campaign and sell those farms that have reached their maximum level of appreciation while we continue to develop our land reserves in Argentina, Brazil and Paraguay, optimizing their value through productive transformation. In Argentina we hope to increase the level of development in "Los Pozos", emblematic case of transformation, that this year has been recognized in the livestock sector receiving the "Award for Agricultural Excellence" granted by Banco Galicia and La Nación journal. Moreover, we hope that the real estate businesses from our subsidiary IRSA will continue to be as solid as in this fiscal year in its two operations centers: Argentina and Israel.

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, many thanks for your continued support and trust.

Alejandro G. 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 AGRO3.

After a series of transactions and agreements, we have concluded the shareholders' agreements with our partners and currently hold a 43.3% 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 LND.

As part of a series of transactions that implied a further expansion of the Company's agricultural and cattle raising 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.

In October 2016, Brasilagro and Carlos Casado executed an agreement whereby they proposed to put up for sale, for a term of 120 days, all the real property owned by Cresca for a price of at least USD 120 million, or 100% of Cresca's outstanding shares, or to divide Cresca's assets. As no bids for the shares and/or the real property were received, the shareholders Carlos Casado S.A. and Brasilagro started a corporate reorganization and asset division process. In June 2017, the shareholders' meeting resolved upon the spin-off and amendment of the bylaws intended to implement the spin-off procedure. Moreover, the shareholders reached an agreement on the most equitable method for balancing and distributing their respective contributions and receivables as agreed.

Agricultural Business

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 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 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 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, 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.

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 crops 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*,* which 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.

Cattle

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

Prices in the 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.

Customers

For the fiscal year 2017, 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. Some of these customers included Cargill, Granos Olavarría, Bunge Alimentos S.A., and Amaggi & LD Commodities 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 crops 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 crops in silo bags. On the other hand, in Brazil we have a total storage capacity of 10,279 tons.

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 Exportaciones Agroindustriales, Frigorífico Bermejo, Arre Beef S.A., Sáenz Valiente Bullrich, and Colombo y Magliano S.A. Prices are based on the price at Liniers Market.

We are usually 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 crops 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.

Urban Properties and Investments Business

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.

Following the consolidation of our subsidiary IRSA with IDBD in Israel, we decided to report our operations based on our main business lines: "Agricultural Business" and "Urban Properties and Investments Business" derived from our subsidiary IRSA, which is in turn subdivided into two operations 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).

Operations Center in Argentina

Shopping Mall Properties. Our main purpose is to maximize our shareholders' profitability. By using our know-how in the shopping mall 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 Mall Properties 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 28.7% of the voting power of the REIT Condor Hospitality Trust (NYSE: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 opportunity outside Argentina as long as they offer attractive investment and development opportunities.

Financial Operations and Others: 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.

Operations Center in Israel

IDBD and DIC are two of the largest and most diversified holding companies in Israel. Through its subsidiaries, associates, joint ventures and other investments, they are engaged in numerous markets and industry sectors in Israel and other countries, including real estate (Property & Building Corporation), supermarkets (Shufersal), insurance (Clal Holdings Insurance Enterprises, hereinafter Clal), and telecommunications (Cellcom). IDBD is listed on the Tel Aviv Stock Exchange (“TASE”) as a “Debentures Company” pursuant to israeli law, as it has publicly listed bonds, while DIC has its chare and its debt quoting in TASE.

Real Estate (PBC): Property & Building is engaged in the operation of rental properties, which is its main line of business, and the construction of residential properties in trendy areas in Israel and other places in the world. In the rental properties segment, Property & Building is the exclusive owner of the HSBC building located on Fifth Avenue in Manhattan. The building has a surface area of approximately 80,000 square meters, and at present it is fully occupied.

Supermarkets (Shufersal): Shufersal is the owner of the largest supermarket chain in Israel in terms of sales. In the past years, Shufersal introduced and keeps developing strategic procedures and structural changes for optimizing results, strengthening its leading position in the market and addressing the challenges posed by its business and the regulatory environment. Since April 1, 2013, Shufersal split its real estate operations from its retail business, and Shufersal Real Estate Ltd. was organized as a wholly-owned subsidiary whose assets included branches leased to Shufersal and real estate assets leased to third parties. Shufersal is also member of an association that provides consumer financing, offers credit cards to the general public, extends non-banking loans and grants other benefits to customers. Over the past years, Shufersal continued rolling out its business plan geared towards creating a commercial and operating infrastructure capable of growing during the coming years, increasing competitiveness, offering more value to its customers and improving services. Under its business plan, Shufersal keeps on expanding and strengthening its brand and speeding up the development of its digital platforms, led by the “Shufersal Online” system, promoting new and supplementary operations in the industries it operates, and making progress in the rationalization of its real properties, including the closing and reduction of existing branches and the opening of new branches.

Telecommunications (Cellcom): Cellcom operates and sells diverse communication services to its customers. Cellcom’s main activities include the supply of mobile communication services. Besides, Cellcom provides ancillary services, such as content and data services, sells handsets and renders telephone repair services. Moreover, Cellcom offers (including through its subsidiary Netvision) fixed-line phone services, data communication services to commercial clients and communications operators, Internet connectivity services, international telephone services and additional services such as conference call, cloud and information security services. In addition, Cellcom offers Internet TV services to its private customers through Netvision's systems.

Cellcom operates in a highly competitive environment. The pillars of Cellcom's business strategy include: offering comprehensive solutions for the supply of fixed-line and mobile communication services, increasing the fixed-line phone services offered and streamlining its expenditure structure, if necessary, even by adopting rationalization measures.

Insurance (Clal Insurance): This company, which is one of the largest insurance groups in Israel, is mainly engaged in pension and social security insurance. It has assets under management for approximately USD 43 billion.

Others: Includes the assets and income from other miscellaneous businesses, such as technological developments, tourism, oil and gas assets, electronics, and other sundry activities.

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 crops and sugarcane production, 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 Mall Properties, premium offices, and luxury hotels in Argentina and has selective investments outside of Argentina, including its investment in IDBD and DIC, two of the largest and most diversified conglomerates in Israel. IRSA's shares are listed on the MVBA and the NYSE. We hold a 63.74% interest in IRSA.

As of June 30, 2018, we owned 23 farms with approximately 612,230 hectares distributed in Argentina, Brazil, Bolivia and Paraguay. During the fiscal year we used 103,704 hectares of the land we own for crop production, approximately 88,074 hectares are for cattle production, 85,000 hectares are for sheep production and approximately 9,246 hectares are leased to third parties for crop and cattle production. The remaining 355,395 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 assigned 24,244 hectares for crop production and 1,404 hectares for cattle production. Also, during fiscal year 2018 ended on June 30, 2018, we leased 66,333 hectares to third parties for crop production and 12,635 hectares for 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):

	2018 (1)	2017 (1)	2016 (1)	2015 (1)(6)	2014 (1)(6)
Crops (2)	194,281	193,106	178,617	187,438	201,648
Cattle (3)	102,113	102,516	85,392	88,643	95,160
Milk/Dairy	-	1,036	2,231	2,864	2,864
Sheep	85,000	85,000	85,000	85,000	85,000
Land Reserves (4)	461,795	471,437	473,290	467,568	467,532
Owned farmlands leased to third parties	9,603	7,733	2,435	10,026	13,111
Total (5)	852,792	860,828	826,965	841,539	865,315

(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.
(6) Includes farms owned by Brasilagro and CRESUD sold in 2014, 2015 y 2018

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

In millions of Ps.	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14
Current assets	102,434	68,360	45,218	4,273	5,348
Non-current assets	251,336	173,086	154,527	28,073	23,400
Total assets	353,770	241,446	199,745	32,346	28,748
Current liabilities	57,054	51,191	45,599	4,473	4,929
Non-current liabilities	221,395	141,082	116,856	12,704	10,792
Total liabilities	278,449	192,273	162,455	17,177	15,721
Minority interests	54,396	32,768	23,539	6,757	5,729
Shareholders' equity	75,321	49,173	37,290	15,169	13,027
Total liabilities plus minority interests plus shareholders' equity	353,770	241,446	199,745	32,346	28,748

In millions of Ps.	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14
Gross profit	15,551	11,546	6,851	2,350	2,061
Profit from operations	29,964	8,255	19,650	5,746	5,342
Share of profit / (loss) of associates and joint ventures	-603	96	-108	-227	-322
Profit from operations before financing and taxation	29,361	8,351	19,542	5,519	5,020
Financial results, net	-23,827	-4,703	-6,037	-1,299	-2,574
Profit before income tax	5,534	3,648	13,505	4,220	2,446
Income tax expense	-233	-2,713	-5,785	-1,396	-1,090
Profit for the Fiscal Year	17,780	5,028	8,537	2,824	1,356
Controlling company's shareholders	5,392	1,511	4,803	1,318	641
Non-controlling interest	12,388	3,517	3,734	1,506	715

(1) Correspond to conversion differences

In millions of Ps.	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14
Net cash generated by / (used in) operating activities	13,775	9,252	4,219	512	884
Net cash generated by / (used in) investment activities	-11,972	-2,415	8,640	855	-886
Net cash generated by / (used in) financing activities	-2,299	1,899	-4,647	-1,777	-447
Total net cash generated or used during the fiscal year/period	**-496**	**8,736**	**8,212**	**-410**	**-449**

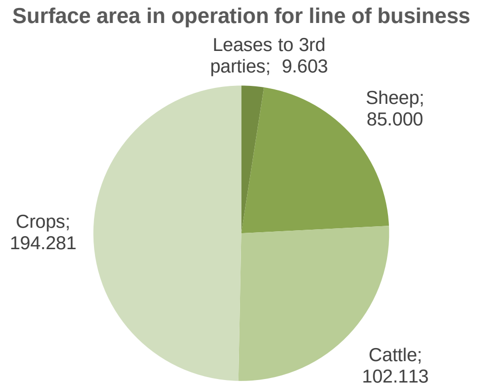
In millions of Ps.	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14
Liquidity (1)	1.795	1.335	0.992	0.955	1.085
Solvency (2)	0.271	0.256	0.230	0.886	0.829
Restricted capital (3)	0.710	0.717	0.774	0.868	0.814
Profitability (only annual) (4)	0.286	0.116	0.325	0.200	0.116

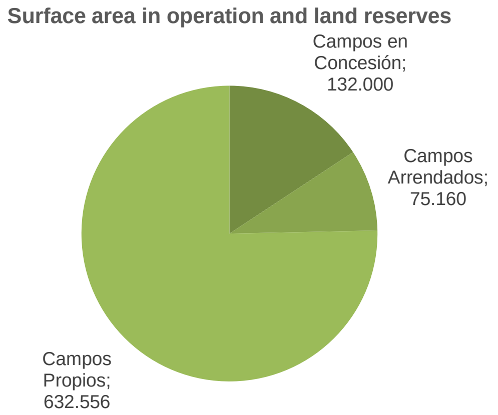
(1) Current Assets / Current Liabilities
(2) Total Shareholders' Equity/Total Liabilities
(3) Non-current Assets/Total Assets
(4) Profit for the fiscal year (excludes Other Comprehensive (Loss) / Income) / Total Average Shareholders' Equity

Our Principal Business Activities

During the fiscal year ended June 30, 2018, we conducted our operations on 24 owned farms and 48 leased farms. Some of the farms we own are engaged in more than one productive activity at the same time.

The following charts show, for fiscal year 2018, the surface area in operation for each line of business, as well as the hectares held as land reserves





Agricultural Business

1) Land Transformation and Sales

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.

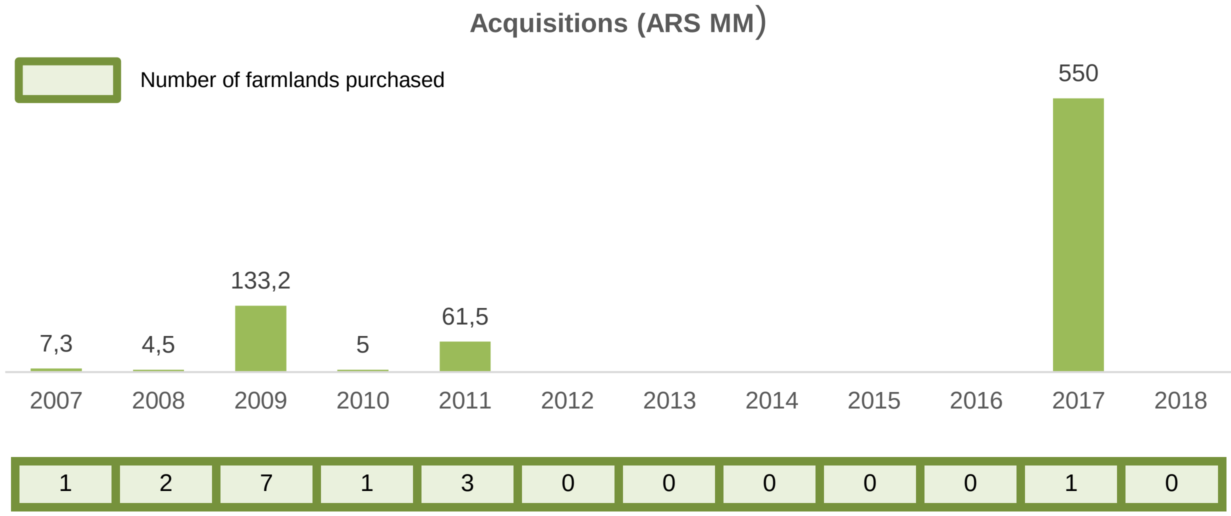
In our view, the sector's potential lies in developing marginal areas and/or under-utilized areas. Thanks to the current technology, we may achieve similar yields with higher profitability than core areas, resulting in the appreciation of land values.

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, 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.

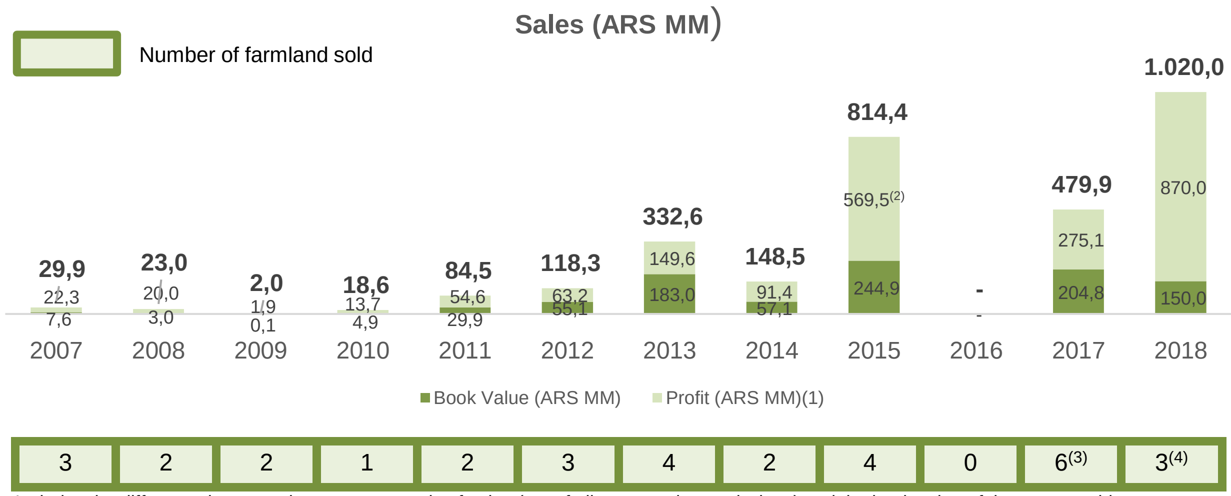
The following chart shows certain information concerning our land acquisitions for each of the last 12 fiscal years ended on June 30:



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 12 fiscal years ended on June 30:



(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 disposal of farms for Ps. 569.5 million.
(3) Includes three sales of farms and three fractions of land.
(4) Includes one farmland sale and two fractions of land.

In June 2018, the Company has made effective with the sign of the deed the sale of 'La Esmeralda' farm of 9,352 hectares of agricultural livestock in the Department of Nueve de Julio, Province of Santa Fe (Argentina), which was announced to the market on July 21, 2017 with the signing of the sale agreement. The amount of the operation was set at USD 19 million, of which USD 7 million have been already paid. The balance, guaranteed with a mortgage on the property, will be charged in 4 installments of the same amount ending in April 2022, which will accrue an annual interest of 4% on the balances. The accounting gain of approximately ARS 410 million was recorded in the company's financial statements of the fourth quarter of fiscal year 2018.

Additionally, in June 2018, the Company it has sold to a non-related third party a fraction of 10,000 hectares of livestock activity of 'La Suiza' farm, located in the proximity of Villa Ángela town, Province of Chaco, Argentina, remaining approximately 26,370 hectares of the farm owned by the society. The total amount of the transaction was set at USD 10 million, of which USD 3.0 million have been already paid. The remaining balance of USD 7.0 million, guaranteed by a mortgage on the property, will be charged in 10 installments of the same amount ending on June 2023, which will accrue an annual interest of 4.5% on the balances. The accounting gain of the operation amounts to the approximate sum of ARS 238 million, and was recorded in the company's financial statements of the fourth quarter of fiscal year 2018.

Our subsidiary Brasilagro has also made farmland sales during the year. In May 2018, has subscribed a purchase-sale ticket for the sale of a fraction of 956 hectares (660 productive) of the Araucaria field, located in the town of Mineiros, Brazil for a price of 1,208 bags of soybeans per hectare or BRL 66.2 million (BRL / ha 93,356). The result of this sale operation was recognized in the fourth quarter of fiscal year 2018.

On June 13, 2018, the Company entered into a contract for the sale of a fraction of 9,784 hectares (7,485 hectares of agro-cultivable land) of the Jatobá Establishment, a rural property located in the Municipality of Jaborandi-BA, for a value of 285 bags per hectare. useful or BRL 177.8 million (approximately BRL 18,172/ hectare)

On July 31, 2018, the buyer made the payment of the first quota of 300,000 bags of soybean, for the value of BRL 23.2 million, in accordance with the conditions set forth in the contract, obtaining the transfer of possession and enabling the recognition of the income on behalf of the Company. The remaining balance will be paid in seven annual installments.

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, 2018, we owned land reserves in the region extending over more than 355,395 hectares of own farmlands that were purchased at very attractive prices. In addition, we have a concession 106,352 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 this campaign, 10,684 hectares were transformed in the region: 2,486 hectares in Argentina, 2,008 hectares in Paraguay and 6,190 hectares in Brazil.

Area under Development (hectares)	Developed 2017/2018	Developed 2016/2017*
Argentina*	2,486	2,172
Brazil	6,190	9,601
Paraguay	2,008	1,553
Total	**10,684[(1)]**	**13,326**

(1) 6,643 completed and 4,041 pending completion (1,484 in Argentina and 2,557 in Brazil)

Results

The following table shows this segment's results for fiscal year 2017, compared to the preceding fiscal year:

In millions of Ps.	FY 2018	FY 2016	YoY Var
Revenues	-	-	-
Costs	-12	-11	9.1%
Gross Loss	**-12**	**-11**	**9.1%**
Net result for changes in fair value of investment properties	96	331	-71.0%
Gain / (loss) from disposition of farmlands	906	280	223.6%
Other operating results, net	511	-	-
Profit from operations	**1,500**	**599**	**150.4%**
Segment profit	**1,500**	**599**	**150.4%**

2) Agricultural Production

Production

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

Production Volume (1)	FY2018	FY2017	FY2016	FY2015	FY2014
Corn	381,443	302,513	220,234	310,874	155,759
Soybean	225,916	203,526	179,916	279,608	242,349
Wheat	32,297	29,905	15,578	15,990	12,373
Sorghum	4,131	4,922	1,051	1,740	4,502
Sunflower	6,221	3,853	3,053	11,992	5,803
Other	2,103	3,690	6,432	6,999	2,476
Total Crops (tons)	**652,111**	**548,409**	**426,264**	**627,203**	**423,262**
Sugarcane (tons)	**924,776**	**1,062,860**	**1,228,830**	**928,273**	**657,547**
Cattle herd	10,566	7,626	7,714	7,812	6,970
Milking cows	185	435	491	524	489
Cattle (tons)	**10,751**	**8,061**	**8,205**	**8,336**	**7,459**
Milk (liters)	**3,891**	**13,968**	**16,273**	**17,526**	**19,320**

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

Crops and Sugarcane

Our crop production is mainly based on crops 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.

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

	FY2018				
In tons	Argentina	Brazil	Bolivia	Paraguay	Total
Corn	344,713	18,913	6,690	11,127	381,443
Soybean	99,840	94,031	14,953	17,092	225,916
Wheat	32,297	-	-	-	32,297
Sorghum	2,836	-	1,295	-	4,131
Sunflower	6,221	-	-	-	6,221
Other	2,103	-	-	-	2,103
Total Crops and Other	**488,010**	**112,944**	**22,938**	**28,219**	**652,111**
Sugarcane	**-**	**901,274**	**23,502**	**-**	**924,776**

	FY2017				
In tons	Argentina	Brazil	Bolivia	Paraguay	Total
Corn	253,164	31,969	9,410	7,970	302,513
Soybean	127,532	53,837	13,178	8,979	203,526
Wheat	29,905	-	-	-	29,905
Sorghum	43	-	4,879	-	4,922
Sunflower	3,853	-	-	-	3,853
Other	3,690	-	-	-	3,690
Total Crops and Other	**418,187**	**85,806**	**27,467**	**16,949**	**548,409**
Sugarcane	**-**	**1,015,303**	**47,557**	**-**	**1,062,860**

	FY2016				
In tons	Argentina	Brazil	Bolivia	Paraguay	Total
Corn	189,709	19,982	3,574	6,969	220,234
Soybean	117,744	26,252	26,415	9,505	179,916
Wheat	15,525	-	53	-	15,578
Sorghum	56	-	697	298	1,051
Sunflower	3,053	-	-	-	3,053
Other	5,367	1,065	-	-	6,432
Total Crops and Other	**331,454**	**47,299**	**30,739**	**16,772**	**426,264**
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	6,917	-	-	82	6,999
Total Crops and Other	**421,467**	**151,854**	**41,075**	**12,807**	**627,203**
Sugarcane	**-**	**830,204**	**98,069**	**-**	**928,273**

Sales

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

Volume of Sales[3]	FY2018			FY2017			FY2016			FY2015		
	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	290.7	6.0	296.7	266.5	-	266.5	217.3	37.9	255.2	269.7	-	269.7
Soybean	172.0	23.4	195.4	137.8	28.8	166.6	182.5	15.8	198.3	172.9	77.2	250.1
Wheat	44.6	-	44.6	11.9	1.5	13.4	17.3	29.3	46.6	7.0	0.1	7.1
Sorghum	1.1	-	1.1	5.3	-	5.3	1.0	-	1.0	1.6	-	1.6
Sunflower	4.6	-	4.6	4.1	-	4.1	10.4	-	10.4	5.2	-	5.2
Other	1.6	-	1.6	3.6	-	3.6	5.9	-	5.9	1.9	-	1.9
Total Crops (tons)	**514.6**	**29.4**	**544.0**	**429.2**	**30.3**	**459.5**	**434.4**	**83.0**	**517.4**	**458.3**	**77.3**	**535.6**
Sugarcane (tons)	**1,723.0**	**-**	**1,723.0**	**906.8**	**-**	**906.8**	**1,219.7**	**-**	**1,219.7**	**924.5**	**-**	**924.5**
Cattle herd	13.3	-	13.3	6.9	-	6.9	8.3	-	8.3	8.9	-	8.9
Milking cows	1.5	-	1.5	1.1	-	1.1	0.7	-	0.7	0.9	-	0.9
Cattle (tons)	**14.8**	**-**	**14.8**	**8.0**	**-**	**8.0**	**9.0**	**-**	**9.0**	**9.8**	**-**	**9.8**
Milk (in th of liters)	**3.9**	**-**	**3.9**	**13.3**	**-**	**13.3**	**16.9**	**-**	**16.9**	**18.8**	**-**	**18.8**

(1) Domestic Market.
(2) Foreign Market.
(3) Includes Brasilagro, CRESCA at 50%, Acres del Sud, Ombú, Yatay and Yuchán. Excludes Agro-Uranga.

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

	2018[1]	2017[1]	2016[1]	2015[1]
Own	102,448	102,683	112,112	128,795
Under lease	72,688	71,481	43,309	58,167
Under concession	24,244	22,454	23,196	21,547
Leased to third parties	9,533	7,663	2,365	3,267
Total	**208,913**	**204,280**	**180,982**	**211,776**

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

Stock (in tons)	FY 2018	FY 2017	Variation
Corn	88,184	39,528	123.1%
Soybean	109,160	89,499	22.0%
Sunflower	2,124	530	300.5%
Sorghum	498	16	3,089.2%
Wheat	5,990	20,259	-70.4%
Sugarcane	4,424	-	-
Other	6,066	1,620	274.5%
Total	**216,446**	**151,452**	**42.9%**

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 crops 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. Crops 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.

AgroUranga S.A.

We have a 35.72% interest in AgroUranga S.A. ("AgroUranga"). 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 crops 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 2018, we leased to third parties a total of 48 fields, covering 75,160 hectares, including 26,763 hectares in Brazil. Out of the total leased area, 66,333 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:

	2018	2017	2016	2015	2014
Crops (1)	66,333	71,481	43,309	58,167	58,030
Cattle	12,635	12,635	12,635	13,501	18,549

(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 2017, compared to the two preceding fiscal years:

Crops

In millions of Ps.	FY 2018	FY 2017	var a/a
Revenues	2,192	1,401	56.5%
Costs	-1,769	-1,177	50.3%
Initial recognition and changes in the fair value of biological assets and agricultural produce	603	24	2,412.5%
Changes in the net realizable value of agricultural produce	303	-74	-
Gross profit	**1,329**	**174**	**663.8%**
General and administrative expenses	-180	-153	17.6%
Selling expenses	-404	-329	22.8%
Other operating results, net	20	79	-74.7%
(Loss) / profit from operations	**765**	**-229**	**-**
Share of profit of associates and joint ventures	24	12	100.0%
Segment (loss) / profit	**789**	**-217**	**-**

Sugarcane

In millions of Ps.	FY 2018	FY 2017	var a/a
Revenues	757	355	113.2%
Costs	-754	-352	114.2%
Initial recognition and changes in the fair value of biological assets and agricultural produce	241	20	1,105.0%
Gross profit	**244**	**23**	**960.9%**
General and administrative expenses	-104	-52	100.0%
Selling expenses	-15	-9	66.7%
Other operating results, net	-	-6	-100.0%
(Loss) / profit from operations	**125**	**-44**	**-**
Segment (loss) / profit	**125**	**-44**	**-**

Cattle

Our 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 2017, our cattle aggregated 93,591 heads, and we had a total surface area of 102,113 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, 2018, our production was 10,751 tons, a 33.3% year-on-year increase. The following table sets forth, for the fiscal years indicated below, the cattle production volumes measured in tons:

	FY2018	FY2017	FY2016	FY2015	FY2014
Cattle production[(1)]	10,751	8,061	8,205	8,336	7,459

(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 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 is external to us and visits 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 cattle stock is organized into breeding and fattening activities. The following table shows, for the fiscal years indicated, the number of heads of cattle for each activity:

Stock of cattle heads	FY2018	FY2017	FY2016
Breeding stock	83,151	69,669	58,747
Winter grazing stock	10,440	9,692	11,126
Total Stock (heads)	**83,151**	**79,361**	**69,873**

We seek to improve 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 2018, compared to fiscal year 2017:

In millions of Ps.	FY 2018	FY 2017	var a/a
Revenues	339	207	63.8%
Costs	-297	-169	75.7%
Initial recognition and changes in the fair value of biological assets and agricultural produce	98	91	7.7%
Gross profit	**140**	**129**	**8.5%**
Profit from operations	**53**	**64**	**-17.2%**
Segment profit	**53**	**64**	**-17.2%**

Milk

In December 2017 we decided to discontinue our dairy activity developed in the farm "El Tigre" in Argentina due to the adverse conditions of the sector.

Milk Production	FY2018	FY2017	FY2016
Average dairy cows per day (heads)	880	1,472	1,951
Milk Production/ Dairy Cow/ Day (liters)	24.55	24.68	21.82

Results

The following table shows this segment's results for fiscal year 2018, compared to the two preceding fiscal years:

In millions of Ps.	FY 2018	FY 2017	var a/a
Revenues	91	97	-6.2%
Costs	-65	-86	-24.4%
Gross profit	**10**	**3**	**233.3%**
(Loss) / profit from operations	**-**	**-7**	**-100.0%**
Segment (loss) / profit	**-**	**-7**	**-100.0%**

Agricultural Rental and 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 the Province of San Luis (Santa Bárbara and La Gramilla) to seed producers or enter into production agreements whereby we render production services to seed companies. 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, when market conditions are favorable, 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 2018, compared to fiscal year 2017:

In millions of Ps.	FY 2018	FY 2017	var a/a
Revenues	224	137	63.5%
Costs	-45	-26	73.1%
Gross profit	**179**	**111**	**61.3%**
Profit from operations	**161**	**102**	**57.8%**
Segment profit	**161**	**102**	**57.8%**

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 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.

Results

The following table shows this segment's results for fiscal year 2018, compared to fiscal year 2018:

In millions of Ps.	FY2018	FY2017	var a/a
Revenues	1,898	1,324	43.4%
Costs	-1,816	-1,303	39.4%
Gross profit	**82**	**21**	**290.5%**
Loss from operations	**-63**	**-111**	**-43.2%**
Segment loss	**-63**	**-111**	**-43.2%**

Other

Results

The following table shows the "Other" segment's results for fiscal year 2018, compared to fiscal year 2017:

In millions of Ps.	FY2018	FY2017	var a/a
Revenues	580	394	47.2%
Costs	-452	-271	66.8%
Gross profit	**128**	**123**	**4.1%**
Profit from operations	**22**	**58**	**-62.1%**
Segment profit	**21**	**54**	**-61.1%**

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

Corporate

Results

The following table shows the "Corporate" segment's results for fiscal year 2018, compared to fiscal year 2017:

In millions of Ps.	FY2018	FY2017	var a/a
Revenues	-	-	-
Costs	-	-	-
Gross profit	**-**	**-**	**-**
General and administrative expenses	-89	-84	6.0%
Loss from operations	**-89**	**-84**	**6.0%**
Segment loss	**-89**	**-84**	**6.0%**

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

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

As concerns the Crops business, revenues grew thanks to the increase in invoiced volumes and prices compared to the previous fiscal year. As well as the inputs business grew by 50% compared to the previous year, due to the consolidation of the nutritional specialties business.

During this fiscal year, increased efforts were made in the company's cash flow analysis, generating financial income from the investments made. Net financial income also increased favorably compared to the previous year due to the effect of the devaluation.

Concerning the goals for next year, the Crops business is expected to keep growing at the same pace as in the past years, aspiring to lead the crop trading business and differentiating ourselves in the services offered to clients. As concerns inputs, FyO's goals include consolidating its suite of products, increasing sales, improving margins and focusing business on the sale of nutritional specialties for the soil. Other objectives include becoming a leading company in the knowledge of the crops markets, being digital innovators and expanding the company's reach into the region.

AGROFY S.A.U.

Agrofy, of which CRESUD owns indirectly and through a subsidiary 35.17%, continued to position itself in 2018 as the leading online platform for agriculture, achieving in two years that 5,000 companies list more than 50,000 products that are consulted by 1.2 million monthly buyers in 10 different items.

Farmland Portfolio

As of June 30, 2018, we owned, together with our subsidiaries, 23 farms with a total surface area of 612.230 hectares.

The following table sets forth our farm portfolio as of June 30, 2018:

Use of farms owned and under concession as of June 30, 2018

	Locality	Province	Date of Acquisition	Surface Area (has)	Main Business	Cattle (has)	Sheep (has)	Agriculture (has)	Cattle (Head)
El Recreo	Recreo	Catamarca	May '95	12,395	Natural woodlands				
Los Pozos	JV González	Salta	May '95	239,639	Cattle/ Agriculture/ Natural woodlands	43,419		14,697	47,489
San Nicolás (1)	Rosario	Santa Fe	May '97	1,431	Agriculture			1,409	
Las Playas (1)	Idiazabal	Cordoba	May '97	1,534	Agriculture			1,534	
La Gramilla/ Santa Bárbara	Merlo	San Luis	Nov '97	7,072	Agriculture Under irrigation			4,711	
La Suiza	Villa Angela	Chaco	Jun '98	26,380	Agriculture/ Cattle	17,419		3,464	11,354
El Tigre	Trenel	La Pampa	Apr '03	8,360	Agriculture	240		6,695	2,708
San Pedro	Concepción de Uruguay	Entre Rios	Sep '05	6,022	Agriculture			4,114	
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	101			
Las Vertientes	Las Vertientes	Cordoba	-	4	Silo				
Las Londras	Santa Cruz	Bolivia	Nov '08	4,566	Agriculture			4,367	
San Rafael	Santa Cruz	Bolivia	Nov '08	2,969	Agriculture			2,824	
La Primavera	Santa Cruz	Bolivia	Jun '11	2,340	Agriculture			1,666	
Marangatu/Udra	Mariscal Estigarribia	Paraguay	Feb '09	59,490	Agriculture/ Natural woodlands	3,733		7,263	4,553
Finca Mendoza	Lujan de Cuyo	Mendoza	Mar '11	270	Natural woodlands				
Establecimiento Mendoza	Finca Lavalle	Mendoza	Nov'03	9	Natural woodlands				
Jatoba	Jaborandi/BA	Brazil		30,981	Agriculture	5,005		15,887	8,319
Alto Taquari	Alto Taquari/MT	Brazil		5,394	Agriculture			3,687	
Araucaria	Mineiros/GO	Brazil		5,534	Agriculture			4,124	
Chaparral	Correntina/BA	Brazil		37,182	Agriculture			14,284	
Nova Buriti	Januária/MG	Brazil		24,211	Forestry				
Preferência	Barreiras/BA	Brazil		17,799	Agriculture / Natural woodlands	6,376			8,121
São José	São Raimundo das Mangabeiras/MA	Brazil		17,566	Agriculture			10,222	
Subtotal Owned				**612,230**		**76,293**	**85,000**	**100,948**	**82,544**
Agropecuaria Anta SA	Las Lajitas	Salta		132,000		1,404		24,244	**6,584**
Subtotal Under Concession				**132,000**		**1,404**		**24,244**	**6,584**
Total				**744,230**		**77,457**	**85,000**	**125,192**	**89,128**

(1) Hectares in proportion to our 35.72% interest in Agro-Uranga S.A.
(2) Does not include sheep or cattle in sold or rented fields.

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

"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, 2018, we used 14,697 hectares in agricultural production. As of June 30, 2018, there were 47,489 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, 2018, 6,236 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

"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, 2018, the farm had a sown surface area, including double crops, of 6,696 hectares for crop 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 2017/2018 crop season, a total of 5,927 hectares were sown, 2,282 hectares of which were sown under contractual arrangements with seed producers. We leased, in turn, 12 hectares to third parties. The remaining hectares are kept as land reserves.

La Suiza

"La Suiza" farm has, at the end of the fiscal year, a surface area of 26,380 hectares and is located in Villa Ángela in the Province of Chaco. It is used for raising cattle. As of June 30, 2017, "La Suiza" had a stock of approximately 11,354 heads of cattle. During the 2017/18 season, we used 4,286 hectares for agricultural production.

On June 29, 2018, Cresud signed the title deed with an unrelated third party of a fraction of 10,000 hectares of livestock activity of the establishment "La Suiza". The total amount of the operation was set at USD 10 million, of which USD 3 million has been charged to date. The remaining balance of USD 7 million, guaranteed with a mortgage on the property, will be charged in 10 installments of the same amount ending in June 2023 and will accrue interest of 4.5% per annum on the balances. The accounting profit of the operation amounts to the approximate sum of ARS 238 million.

El Tigre

"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, 2018, 7,605 hectares were assigned to crop production, including double crops. Our dairy activity has been discontinued in December 2017 due to the adverse conditions of the sector, selling all the cows in production.

San Pedro

"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 2017/2018 crop season, 5,057 hectares were used for agricultural production, including double crops.

8 de Julio and Estancia Carmen

"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.

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.

On June 8, 2017, a title deed for the sale of 262 ha was signed. The total price was USD 2.2 million. The group has recognized a gain of ARS 11.8 as a result of this transaction.

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 2017/2018 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 2017/2018 crop season.

La Primavera

On June 7, 2011, we acquired “La Primavera” farm, with a surface area of approximately 2,340 hectares. During the 2017/2018 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 30,981 hectares, 15,887 of which are intended for agriculture. Jatobá was acquired in March 2007 for R$ 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 5,534 hectares, 4,124 of which are used for agriculture. Araucaria was acquired in 2007 for R$ 70.4 million. Before we purchased it, Araucária had been used for crop 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 R$ 10.3 million. In May 2014, the sale of 1,164 hectares was agreed for a total amount of R$ 41.3 million.

On May 3, 2018, has been subscribed a purchase-sale ticket for the sale of a fraction of 956 hectares (660 productive) at a price of 1,208 bags of soybeans per hectare or BRL 61.6 million (BRL / ha 93,356). The Group has recognized a gain of ARS 226.2 as a result of this transaction.

In May 2017, an area of 1,360 hectares was sold, of which 918 are developed and productive hectares. The sale price is 280 bags of soybeans per hectare. The Group has recognized a gain of ARS 37.4 as a result of this transaction.

In March 2017, an area of 274 hectares was sold, of which 196 are developed and productive hectares. The price of the sale is 1,000 bags of soybeans per hectare. The Group has recognized a gain of ARS 29.9 as a result of this transaction.

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 5,394 hectares, 3,687 of which are used for agriculture. The farm was acquired in August 2007 for R$ 33.2 million. Before we purchased it, the farm had been used for agriculture and cattle raising. Following its transformation, it is being used for sugarcane production.

Chaparral

Chaparral is a 37,182-hectare farm, with 14,284 hectares used for agriculture. It is located in the municipal district of Correntina, State of Bahia. The farm was acquired in November 2007 for R$ 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 R$ 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.

Preferência

Preferência is located in the municipal district of Barreiras, in the State of Bahia. It has a total surface area of 17,799 hectares, 6,376 of which are used for agricultural activities. It was acquired for R$ 9.6 million in September 2008. The farm is being transformed into a pasturing area and will be later developed for agricultural purposes.

São José

Located in São Raimundo das Mangabeiras, in the state of Maranhão. With a total area of 17,566 hectares, of which 10,222 are destined to agricultural activity. It was acquired for a value of BRL 100 million in February 2017.

Paraguay (through our subsidiary Brasilagro)

Marangatú /Udra

CRESUD, through Brasilagro, owns the "Marangatú/UDRA" farms, located in Mariscal José Félix Estigarribia, Department of Boquerón, Paraguayan Chaco, Republic of Paraguay, totaling 59,490 hectares, out of which 7,263 hectares have been allocated to agricultural production and 3,733 hectares to cattle production.

Silos

As of June 30, 2018, 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:

	2018(2)	2017(2)	2016(2)	2015(2)	2014(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	10,279	10,279	10,279	10,279	90,200
Total	**25,620**	**25,620**	**25,620**	**25,620**	**105,541**

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

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 crops (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 our forestry activities tend to be more of a successive character than of a seasonal character. However, the production of beef 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 in 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 Crops and Cattle

The quality of the crops and the health measures applied on the 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 Cattle

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

Argentine law establishes that the transportation of cattle is lawful only when it is done with the respective certificate that specifies the relevant information about the 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 1,300 tons to export beef under the *Cuota Hilton* for the July 2016-June 2017 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, the 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

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 mall lease agreements. Since our shopping mall leases generally differ from ordinary commercial leases, we have created provisions which govern the relationship with our shopping mall tenants.

Argentine law imposes certain restrictions on property owners, including:

- a prohibition to include price indexation clauses based on inflation increases in lease agreements; and
- a two-year minimum lease term is established 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. 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, irrespective of the intended use of the property (save in case of residential use, where the maximum term is twenty years). Generally, terms in its lease agreements go from 3 to 10 years.

Early termination rights

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

Most of our 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 Procedural Code enables the lessor to pursue collection of outstanding rental payments through an "executory proceeding" upon lessee's payment default. 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 Procedural 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*) supplements 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 his/her 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 Law, 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 Law prohibits the termination 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 Section 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 fines from Ps. 100 to Ps. 5,000,000, the seizure of merchandise, closing down of establishments for a term of up to thirty (30) days, suspension of up to 5 years in the State suppliers register, the forfeiture of concession rights, privileges, tax regimes or special credits to which the sanctioned party was entitled. These penalties may be imposed separately or jointly.

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 Mercosur'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 economic 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 authorization may be filed, either prior to the transaction or within a week after its completion.

When a request for authorization is filed, the CNDC may (i) authorize the transaction, (ii) subordinate the authorization of 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 million are exempted from the administrative authorization. Notwithstanding the foregoing, when all transactions effected in the last twelve months exceed in total Ps. 20 million or in total Ps. 60 million in the last 36 months, these transactions must be notified to the CNDC.

As Cresud's consolidated annual sales volume exceeds Ps. 200 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 Operations Center in Argentina and an Operations Center in Israel. From the Operations Center in Argentina, 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 Operations Center in Israel, the Group manages IDBD and DIC.

As of June 30, 2018, our investment in IRSA's common shares amounts to 63.74%.

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, 2018.

The revenue figures for fiscal year 2018 described in the different tables correspond to the twelve-month period reported in IRSA's Financial Statements.

DESCRIPTION OF MAIN OPERATIONS

Operations Center in Argentina

Shopping Mall Properties Segment

As of June 30, 2018, we owned a majority interest in, and operated, a portfolio of 16 shopping malls 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 malls operated by us comprise a total of 344,025 square meters of GLA (excluding certain spaces occupied by hypermarkets which are not our tenants). Total tenant sales in our shopping malls, as reported by retailers, were Ps. 43,130 million for fiscal year 2018 and Ps. 34,428 million for fiscal year 2017, which implies an increase of 25.3%. Tenant sales at our shopping malls 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 about our shopping malls as of June 30, 2018:

	Opening Date	Location	Gross Leasable Area sqm (1)	Stores	Occupancy (2)	IRSA CP's Interest (3)
Alto Palermo	Dec-97	City of Buenos Aires	18,648	136	99.5%	100%
Abasto Shopping(4)	Nov-99	City of Buenos Aires	36,796	170	99.1%	100%
Alto Avellaneda	Dec-97	Province of Buenos Aires	38,422	132	98.9%	100%
Alcorta Shopping	Jun-97	City of Buenos Aires	15,746	114	99.8%	100%
Patio Bullrich	Oct-98	City of Buenos Aires	11,397	86	97.1%	100%
Buenos Aires Design	Nov-97	City of Buenos Aires	13,735	62	96.1%	53.70%
Dot Baires Shopping	May-09	City of Buenos Aires	49,407	157	99.5%	80%
Soleil	Jul-10	Province of Buenos Aires	15,214	79	97.7%	100%
Distrito Arcos (5)	Dec-14	City of Buenos Aires	14,169	68	99.7%	90.00%
Alto Noa Shopping	Mar-95	Salta	19,063	88	96.8%	100%
Alto Rosario Shopping(5)	Nov-04	Santa Fe	33,358	141	99.5%	100%
Mendoza Plaza Shopping	Dec-94	Mendoza	42,867	141	98.3%	100%
Córdoba Shopping	Dec-06	Córdoba	15,276	105	100.0%	100%
La Ribera Shopping	Aug-11	Santa Fe	10,530	68	94.9%	50%
Alto Comahue (6)	Mar-15	Neuquén	9,397	99	94.4%	99.10%
Patio Olmos(7)	Sep-15	Córdoba				
Total			**344,025**	**1,646**	**98.5%**	

(1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.
(2) Calculated dividing occupied square meters by leasable area as of the last day of the fiscal year.
(3) Company's effective interest in each of its business units.
(4) Excludes Museo de los Niños (3,732 square meters in Abasto and 1,261 square meters in Alto Rosario).
(5) Opening December 18, 2014.
(6) Opening March 17, 2015.
(7) IRSA CP owns the historic building of the Patio Olmos shopping mall in the Province of Córdoba, operated by a third party.

Accumulated Rental Income as of June 30, 2018, 2017 and 2016

(In thousands of Ps.)	2018	2017	2016
Abasto	619,216	542,219	403,231
Alto Palermo	612,231	507,048	413,815
Alto Avellaneda	425,835	343,930	279,949
Alcorta Shopping	295,145	238,355	193,959
Patio Bullrich	169,028	145,803	123,395
Alto Noa	110,981	88,515	75,724
Buenos Aires Design	65,593	55,837	47,160
Mendoza Plaza	177,865	148,239	124,118
Alto Rosario	294,709	247,190	189,335
Córdoba Shopping –Villa Cabrera	108,422	87,752	70,302
Dot Baires Shopping	414,271	332,968	271,411
Soleil Premium Outlet	154,281	115,468	84,615
La Ribera Shopping	36,263	28,293	21,884
Distrito Arcos (1)	206,659	120,351	81,252
Alto Comahue (2)	109,891	58,164	49,611
Patio Olmos (4)			
Total (3)	**3,800,390**	**3,060,134**	**2,429,763**

(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 mall in the province of Cordoba, operated by a third party.

Tenant Retail Sales [1]

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

(In millions of Ps.)	2018	2017	2016
Alto Palermo	5,034	4,169	3,499
Abasto Shopping	5,674	4,604	4,043
Alto Avellaneda	5,459	4,344	3,776
Alcorta Shopping	2,754	2,207	1,899
Patio Bullrich	1,526	1,236	1,061
Buenos Aires Design	701	537	414
Dot Baires Shopping	4,701	3,748	3,254
Soleil	2,224	1,726	1,282
Distrito Arcos [2]	1,831	1,455	962
Alto Noa Shopping	1,983	1,587	1,325
Alto Rosario Shopping	4,085	3,175	2,627
Mendoza Plaza Shopping	3,441	2,734	2,369
Córdoba Shopping	1,405	1,178	991
La Ribera Shopping	1,030	771	634
Alto Comahue [3]	1,282	954	717
Patio Olmos [4]			
Total sales	**43,130**	**34,426**	**28,854**

(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 mall, although in certain cases we own less than 100% of such shopping malls. 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 mall in the province of Cordoba, operated by a third party.

Offices and Others Segment

We are engaged in the acquisition, development and management of office buildings and other rental properties in Argentina. In December 2014, we acquired 83,789 square meters of the Premium office portfolio from our parent IRSA, including Edificio República, Bouchard 710, Della Paolera 265, Intercontinental Plaza, Suipacha 652 and the land reserve “Intercontinental II” with potential for development of 19,600 square meters. In June 2017, the Philips building, adjoining the DOT Baires shopping mall was purchased, adding 7,755 class B square meters. As a result, we consolidated a vehicle mainly aimed at developing and operating commercial rental properties in Argentina.

Properties

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

	Date of Acquisition	Gross Leasable Area (sqm) (1)	Occupancy (2)	IRSA's Effective Interest	Monthly Rental Income (in th. of Ps.) (3)	Annual accumulated rental income (thousands of Ps)(4)		
						2018	2017	2016
Offices								
Edificio República (5)	04/28/08	19,885	98.4%	100%	16,112	126,318	112,758	75,122
Torre Bankboston (5)	08/27/07	14,873	85.6%	100%	10,875	86,825	79,498	51,690
Bouchard 551	03/15/07	-	-	100%	296	9,486	3,000	3,000
Intercontinental Plaza (5)	11/18/97	2,979	100.0%	100%	1,910	20,435	18,810	29,078
Bouchard 710 (5)	06/01/05	15,014	100.0%	100%	14,094	121,129	85,465	67,250
Dique IV	12/02/97	-	-	100%	-	-	-	15,000
Maipú 1300	09/28/95	-	-	100%	75	301	6,000	6,000
Libertador 498	12/20/95	-	-	100%	-	8,289	7,000	6,000
Suipacha 652/64 (5)	11/22/91	11,465	86.2%	100%	4,373	33,631	30,007	22,507
Madero 1020	12/21/95	-	-	100%	5	57	44	-
Dot Building (5)	11/28/06	11,242	100.0%	80.0%	7,881	63,913	50,172	31,229
Philips Building (5)	06/05/17	7,755	69.8%	100%	3,416	16,313	-	-
Subtotal Offices		**83,213**	**92.3%**	**N/A**	**59,037**	**486,697**	**392,754**	**306,876**
Other Properties								
Santa María del Plata S.A	10/17/97	116,100	91.4%	100%	1,717	13,790	11,981	12,000
Nobleza Piccardo (6)	05/31/11	109,610	78.0%	50.0%	1,731	6,269	13,217	2,172
Other Properties (7)	N/A	23,240	64.8%	N/A	1,875	19,860	12,838	11,000
Subtotal Other Properties		**248,950**	**83.2%**	**N/A**	**5,323**	**39,919**	**38,036**	**25,172**
Total Offices and Others		**332,163**	**85.5%**	**N/A**	**64,360**	**526,616**	**430,790**	**332,048**

(1) Corresponds to the total leasable surface area of each property as of June 30, 2018. Excludes common areas and parking spaces.
(2) Calculated by dividing occupied square meters by leasable area as of June 30, 2018.
(3) The lease agreements in effect as of June 30, 2018 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 Intercontinental plot of land.

The following table shows our offices occupancy percentage (1) as of the end of fiscal years ended June 30, 2018 and 2017:

	Occupancy Percentage(1)	
	2018	2017
Offices		
Edificio República	98.4%	95.2%
Torre Bankboston	85.6%	100.0%
Intercontinental Plaza	100.0%	100.0%
Bouchard 710	100.0%	100.0%
Suipacha 652/64	86.2%	86.3%
DOT Building	100.0%	100.0%
Libertador 498	-	100.0%
Philips Building	69.8%	-
Subtotal Offices	92.3%	96.2%

(1) Leased surface area in accordance with agreements in effect as of June 30, 2018 and 2017 considering the total leasable 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, 2018, 2017 and 2016.

(Ps./sqm)	Average annual income per square meter[1] 2018[1]	2017[1]	2016[1]
Offices			
Intercontinental Plaza	5,970	4,853	4,291
Bouchard 710	8,068	5,692	4,539
Libertador 498	-	9,739	10,464
Suipacha 652/64	2,933	2,617	1,961
Torre Bankboston	5,838	5,345	3,778
Edificio República	6,353	5,671	3,615
Dot Building	5,685	4,463	2,778
Philips	2,104		

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

Hotels Segment

During fiscal year 2017, we kept our 76.34% interest in Intercontinental hotel, 80.00% interest in Sheraton Libertador hotel and 50.00% interest in Llao Llao.

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)		
						2018	2017	2016
Intercontinental [3]	11/01/1997	76.34%	309	74.9%	2,781	337	271	195
Sheraton Libertador [4]	03/01/1998	80.00%	200	76.1%	2,728	212	151	119
Llao Llao [5]	06/01/1997	50.00%	205	56.9%	6,713	439	301	220
Total	-	-	**714**	**70.1%**	**3,682**	**988**	**723**	**534**

(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 Developments 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.

The following table shows the land reserves at IRSA CP level as of June 30, 2018

	IRSA CP's Interest	Date of acquisition	Land surface (sqm)	Buildable surface (sqm)	GLA (sqm)	Salable surface (sqm)	Book Value (ARS millions)
RESIDENTIAL - BARTER AGREEMENTS							
Beruti (Astor Palermo) - BA City	100%	6/24/2008	-	-	-	229	151
CONIL - Güemes 836 – Mz. 99 & Güemes 902 – Mz. 95 & Commercial stores - Buenos Aires	100%	7/19/1996	-	-	847	58	46
Total Intangibles (Residential)			**-**	**-**	**847**	**287**	**197**
LAND RESERVES							
Polo Dot U building - BA City	80%	6/29/2006	5,273	32,000	32,000		674
Catalinas - BA City	100%	5/26/2010	3,648	58,100	16,012		645
Subtotal Oficinas			**8,921**	**90,100**	**48,012**		**1,319**
Total under Development			**8,921**	**90,100**	**48,012**		**1,319**
UOM Luján - Buenos Aires	100%	5/31/2008	1,160,000	464,000	-		305
San Martin Plot (Ex Nobleza Piccardo) - Buenos Aires	50%	5/31/2011	159,995	500,000	-		1,406
La Plata - Greater Buenos Aires	100%	3/23/2018	78,614	116,552	-		219
Subtotal Mixed-uses			**1,398,609**	**1,080,552**	**-**	**-**	**1,930**
Coto Abasto aire space - BA City(2)	100%	9/24/1997	-	21,536	-	15,831	274
Córdoba Shopping Adjoining plots - Córdoba(2)	100%	6/5/2015	8,000	13,500	-	2,160	13
Neuquén - Residential plot - Neuquén(2)	100%	6/7/1999	13,000	18,000	-	18,000	67
Subtotal Residential			**21,000**	**53,036**	**-**	**35,991**	**355**
Caballito plot - BA City	100%	1/20/1999	23,791	68,000	30,000	-	376
Tucumán plot - Tucumán (3)	100%	3/15/2010	18,620	10,000	10,000	-	-
Paraná plot - Entre Ríos (3)	100%	8/12/2010	10,022	5,000	5,000	-	-
Subtotal Retail			**52,433**	**83,000**	**45,000**	**-**	**376**
Polo Dot - Offices 2 & 3 - BA City	80%	11/28/2006	12,800	44,957	33,485	-	808
Intercontinental Plaza II - BA City	100%	28/2/1998	6,135	19,598	19,598	-	351
Córdoba Shopping Adjoining plots - Córdoba(2)	100%	5/6/2015	2,800	5,000	5,000	-	7
Subtotal Offices			**21,735**	**69,555**	**58,083**	**-**	**1,167**
Total Future Developments			**1,493,777**	**1,286,143**	**103,083**	**35,991**	**3,828**
Another Land Reserves(1)			**1,899**		**7,297**	**262**	**182**
Total Land Reserves			**1,504,597**	**1,376,243**	**158,392**	**36,253**	**5,329**

(1) Includes Zelaya 3102-3103, Chanta IV, Anchorena 665 and Condominios del Alto II
(2) These land reserves are classified as Property for Sale, therefore, their value is maintained at historical cost. The rest of the land reserves are classified as Investment Property, valued at market value.
(3) Sign of the deeds pending subject to certain conditions.

The following table shows information about our expansions on current assets as of June 30, 2018:

Expansions	IRSA CP's Interest	Surface (sqm)	Locations
Alto Rosario	100%	2,000	Santa Fé
Mendoza Plaza - Sodimac Store + Falabella	100%	12,800	Mendoza
Alto Comahue - Movie Theatres	99%	2,200	Neuquén
Subtotal Current Expansions		**17,000**	
Alto Palermo Adjoining Plot	100%	4,000	BA City
Dot Adjoining Plot	80%	16,765	BA City
Other future Expansions(1)		85,290	
Subtotal Future Expansiones		**106,055**	
Total Shopping Malls		**123,055**	
Patio Bullrich - Offices / Hotel	100%	10,000	BA City
Philips Building	100%	20,000	BA City
Subtotal Future Expansions		**30,000**	
Total Offices		**30,000**	
Total Expansions		**153,055**	

The following table shows the land reserves of IRSA as of June 30, 2018

	IRSA's Interest	Date of acquisition	Land surface (sqm)	Buildable surface (sqm)	GLA (sqm)	Salable surface (sqm)	Book Value (ARS millions)
RESIDENTIAL - BARTER AGREEMENTS							
Pereiraola (Greenville) - Buenos Aires	100%	4/21/2010	-	-	-	35,239	107
Zetol - Uruguay	90%	6/1/2009	-	-	-	64,080	518
Vista al Muelle - Uruguay	90%	6/1/2009	-	-	-	60,360	467
Total Intangibles (Residential)			**-**	**-**	**-**	**159,679**	**1,092**
LAND RESERVES							
Catalinas - BA City	100%	5/26/2010	3,648	14,820	14,820		583
Subtotal Oficinas			**3,648**	**14,820**	**14,820**	**-**	583
Total under Development			**3,648**	**14,820**	**14,820**	**-**	**583**
La Adela - Buenos Aires	100%	8/1/2014	9,878,069	3,951,227	-	-	433
Puerto Retiro - BA City (2)	50%	5/18/1997	82,051	246,153	-	-	40
Solares Santa María - BA City	100%	7/10/1997	716,058	716,058	-	-	6,498
Subtotal Mixed-uses			**10,676,178**	**4,913,438**	**-**	**-**	6,971
Caballito Manzana 35 -BA City	100%	22/10/1998	9,879	-	-	57,192	459
Subtotal Residential			**9,879**	**-**	**-**	**57,192**	459
Total Future Developments			**10,686,057**	**4,913,438**	**-**	**57,192**	**7,431**
Another Land Reserves(4)			**6,932,987**	**-**	**-**	**4,713**	**687**
Total Land Reserves			**17,622,692**	**4,928,258**	**14,820**	**61,905**	**8,702**
Total Land Reserves IRSA + IRSA CP Proportional			**18,921,761**	**6,116,506**	**151,576**	**93,206**	**13,298**

(1) Includes Pilar R8 Km 53, Pontevedra, Mariano Acosta, Merlo, San Luis plot, Llao Llao plot and Casona Abril remaining surface.
(2) These landplot maintain its value at historical cost

International Segment

Lipstick Building, New York, United States

The Lipstick Building is a landmark building in the City of New York, located at Third Avenue and 53th Street in Midtown Manhattan, New York. It was designed by architects John Burgee and Philip Johnson (Glass House and Seagram Building, among other renowned works) and it is named after its elliptical shape and red façade. Its gross leasable area is approximately 58,000 sqm and consists of 34 floors.

As of June 30, 2018, the building's occupancy rate was 96.9%, thus generating an average rent of USD 77.5 per sqm.

Lipstick	Jun-18	Jun-17	YoY Var
Gross Leasable Area (sqm)	58,092	58,094	-
Occupancy	96.9%	95.2%	1.7 p.p.
Rental price (USD/sqm)	77.5	69.2	12.0%

During 2018 we have successfully refinanced the "Lipstick" building debt, reducing it from USD 113 million to USD 53 million, extending the term to April 30, 2020 and reducing the loan interest rate from the Libor + 4% to Libor + 2%. Our main challenge in the future will be to continue optimizing its financing structure and to occupy the sqm that will be released by its main tenant, Latham & Watkins, in the fiscal year 2021.

Investment in Condor Hospitality Trust

We maintain our investment in the Condor Hospitality Trust Hotel REIT (NYSE: CDOR) mainly through our subsidiary Real Estate Investment Group VII L.P. ("REIG VII"), in which we hold a 100% interest. Condor is a REIT listed in Nasdaq focused on medium-class hotels located in various states of the United States of America, managed by various operators and franchises.

Condor's investment strategy is to build a branded premium, select service hotels portfolio within the top 100 Metropolitan Statistical Areas ("MSA") with a particular focus on the range of MSA 20 to 60. Since the beginning of the reconversion of the hotel portfolio in 2015, Condor has acquired 14 high quality select service hotels in its target markets for a total purchase price of approximately $ 277 million. In addition, during this time, he has sold 53 legacy assets for a total value of approximately $ 161 million.

As of June 30, 2018, the Group held 2,245,100 common shares of Condor's capital stock, accounting for approximately 18.9% of that company's capital stock and votes. The Group also held 325,752 Series E preferred shares, and a promissory note convertible into 64,964 common shares (at a price of USD 10.4 each).

Financial Operations and Others Segments

Our interest in Banco Hipotecario

As of June 30, 2018, 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 64 branches in the 23 Argentine provinces and the City of Buenos Aires, and 15 additional sales offices throughout Argentina. Additionally, its subsidiary Tarshop S.A. has 24 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 February 28, 2018, Banco Hipotecario ranked eleventh in the Argentine financial system in terms of totals assets and teenth in terms of loans. As of June 30, 2018, Banco Hipotecario's shareholders' equity was Ps. 8,719.2 million, its consolidated assets were Ps. 81,717 million, and its net income for the twelve-month period ended December 31, 2017 was Ps. 1,593.0 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 Ps. 14,845.9 million as of December 31, 2014 to Ps. 17,944.7 million as of December 31, 2015, from Ps. 24,305.4 million as of December 31, 2016 to Ps. 35,810.7 million as of December 31, 2017 and to Ps. 41,797.0 million as of June 30, 2018, increasing the interest in the aggregate loan portfolio to the non-financial private sector (without considering mortgage loans) from 84.1% as of December 31, 2014 to 90.6% as of June 30, 2018. Non-performing loans represented 4.5% of its total portfolio as of June 30, 2018.

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 53.5% of the total financing as of June 30, 2017.

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.

On April 9, 2018, Banco Hipotecario approved the distribution of a cash dividend of ARS 200 million, which was made available on April 23, 2018. The company has received ARS 59.8 million, according to its stake in the bank.

Operations Center in Israel

Investment in IDB Development Corporation and Discount Investment Corporation ("DIC")

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

- The "**Commercial Properties**" segment mainly includes the assets and profit from operations derived from the business related to the subsidiary PBC. Through PBC, the Group operates rental and residential properties in Israel, United States and other locations in the world, and executes commercial projects in Las Vegas, United States of America.
- The **"Supermarkets"** segment includes the assets and profit from operations derived from the business related to the subsidiary Shufersal. Through Shufersal, the Group mainly operates a supermarket chain in Israel.
- The **"Telecommunications"** segment includes the assets and profit from operations derived from the business related to the subsidiary Cellcom. Cellcom is supplier of telecommunication services and its main businesses include the provision of cellular and fixed telephone, data and Internet services, among others.
- The **"Insurance"** segment includes the investment in 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. As stated in Note 14, the Group does not hold a controlling interest in Clal; therefore, it is not 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 profit from other miscellaneous businesses, such as technological developments, tourism, oil and gas assets, electronics, and other sundry activities.

Segment Results

The following table sets for the results of our Operations Center in Israel for the consolidated 12-month period ended in 2018 and 2017

Operations Center in Israel (ARS Million)

june 30, 2018

	Operations Center in Israel						
	Real Estate	**Supermarkets**	**Telecommunications**	**Insurance**	**Corporate**	**Others**	**Total**
Revenues from sales, leases and services	6,180	60,470	19,347	-	-	583	86,580
Costs	(2,619)	(44,563)	(13,899)	-	-	(314)	(61,395)
Gross profit	**3,561**	**15,907**	**5,448**	**-**	**-**	**269**	**25,185**
Gain from disposal of investment properties	1,996	164	-	-	-	-	2,160
General and administrative expenses	(363)	(878)	(1,810)	-	(374)	(445)	(3,870)
Selling expenses	(115)	(12,749)	(3,974)	-	-	(148)	(16,986)
Other operating results, net	98	(177)	140	-	434	(28)	467
Profit / (loss) from operations	**5,177**	**2,267**	**(196)**	**-**	**60**	**(352)**	**6,956**
Share of profit / (loss) of associates and joint ventures	167	20	-	-	-	(230)	(43)
Segment profit / (loss)	**5,344**	**2,287**	**(196)**	**-**	**60**	**(582)**	**6,913**
Reportable assets	134,038	13,304	49,797	12,254	21,231	36,178	266,802
Reportable liabilities	(104,202)	-	(38,804)	(1,214)	(68,574)	(2,658)	(215,452)
Net Reportable assets /(liabilities)	**29,836**	**13,304**	**10,993**	**11,040**	**(47,343)**	**33,520**	**51,350**

june 30, 2017

	Operations Center in Israel						
	Real Estate	**Supermarkets**	**Telecommunications**	**Insurance**	**Corporate**	**Others**	**Total**
Revenues from sales, leases and services	4,918	47,277	15,964	-	-	263	68,422
Costs	(2,333)	(35,432)	(11,183)	-	-	(162)	(49,110)
Gross profit	**2,585**	**11,845**	**4,781**	**-**	**-**	**101**	**19,312**
Gain from disposal of investment properties	261	113	-	-	-	-	374
General and administrative expenses	(290)	(627)	(1,592)	-	(384)	(280)	(3,173)
Selling expenses	(91)	(9,517)	(3,406)	-	-	(79)	(13,093)
Other operating results, net	46	(52)	(36)	-	(48)	(106)	(196)
Profit / (loss) from operations	**2,511**	**1,762**	**(253)**	**-**	**(432)**	**(364)**	**3,224**
Share of profit / (loss) of associates and joint ventures	46	75	-	-	-	(16)	105
Segment profit / (loss)	**2,557**	**1,837**	**(253)**	**-**	**(432)**	**(380)**	**3,329**
Reportable assets	79,427	38,521	31,648	8,562	14,734	6,072	178,964
Reportable liabilities	(64,100)	(29,239)	(25,032)	-	(33,705)	(3,159)	(155,235)
Net Reportable assets /(liabilities)	**15,327**	**9,282**	**6,616**	**8,562**	**(18,971)**	**2,913**	**23,729**

Revenues and operating income of the **Real Estate** segment through the subsidiary Property & Building ("PBC") reached in the 12-month period ended June 30, 2018 $ 6,180 million and $ 5,177 million, respectively, and for the same period ended on June 30, 2017, reached $ 4,918 million and $ 2,511 million respectively. This is mainly due to an average depreciation of 27% of the Argentine peso against the Israeli shekel, an increase of approximately 25,000 m2 compared to fiscal year 2017 and an increase in the value of the rent. Additionally, the market was characterized by maintaining stability in terms of demand and occupancy rates, maintaining a high occupancy rate of approximately 97%.

The segment of **Supermarkets**, through Shufersal, reached in fiscal year 2018 revenues of $ 60,470 million, while the operating result of this segment reached $ 2,267 million, during fiscal year 2017 the revenues were of $ 47,277 million, while the operating result of this segment was $ 1,762 million. This is mainly due to an average depreciation of 27% of the Argentine peso against the Israeli shekel, the consolidation of New Pharm in Shufersal starting in 3Q of 2018, started by an increase in marketing expenses because of the new ICC card. Additionally, the mix of the portfolio, where the own brand gained participation, was improved generating an increase in profitability followed by a reduction in distribution costs from the automation of a Shufersal plant.

The **Telecommunications** segment carried out by "Cellcom" reached in the 12-month period ended June 30, 2018 the $ 19,347 million incomes and an operating loss of $ 196 million. For the same period in 2017, revenues were $ 15,964 million and operating loss of $ 253 million. This is mainly due to an average depreciation of 27% of the Argentine peso against the Israeli shekel and to the constant erosion in revenues from mobile services, which was partially offset by an increase in revenues related to landlines, television and the internet. In addition, content costs for television and internet increased more than the revenues generated, as well as an increase in marketing expenses in order to attract more customers

The "**Other**" segment reached revenues in the 12-month period ended June 30, 2018 for $ 583 million and an operating loss of $ 352 million. During the same period ended June 30, 2017, it reached revenues of $ 263 million and an operating loss of $ 364 million. This is mainly due to an average depreciation of 27% of the Argentine peso against the Israeli shekel and an improvement in Epsilon's revenues.

The "**Corporate**" segment reached in the 12-month period ended June 30, 2018 an operating result of $ 60 million and for the same period ended June 30, 2017, an operating loss of $ 432 million. This is mainly due to an average depreciation of 27% of the Argentine peso against the Israeli shekel and a positive result of NIS 80 Million was registered for the favourable resolution in the Ma'ariv trial.

In relation to "Clal", the Group values its holding in said **insurance** company as a financial asset at market value. The valuation of Clal's shares as of 06/30/2018 raised to $ 12,254 million.

Following instructions imparted by Israel's Capital Market, Insurance and Savings Commission to the Trustee regarding the guidelines for selling Clal's shares, during and after fiscal year 2018, IDBD sold an additional 20% of its equity interest in Clal by way of four swap transaction, pursuant to terms identical to those applied to the swap transaction made and reported to the market on May 3, 2017. Upon completion of these transactions, IDBD's equity interest in Clal was reduced to 29.8% of its stock capital. In addition, IDBD is entitled to a potencial result, in the framework of swap transactions, which amounts to 25% of Clal's shares.

Material Events Occurred During the Fiscal Year and Subsequent Events

October 2017: General Ordinary and Extraordinary Shareholders' Meeting

On October 31, 2017, the Company's General Ordinary and Extraordinary Shareholders' Meeting was held, and the following resolutions were adopted by majority vote:

- Distribution of cash dividend for ARS 395 million.
- Fees payable to the Board of Directors and Supervisory Committee for fiscal year 2017 ended June 30, 2017.
- Renewal of appointment of regular and alternate directors due to expiration of their terms and appointment of new alternate director.
- Increase in the USD 300 million Global Note Program by an additional amount of up to USD 200 million.

November 2017: Dividend Payment

In November 2017, we made available to our shareholders a cash dividend in the amount of ARS 395 million (ARS / share 0.7874 and ARS / ADR 7.8741).

November 2017: Sale of Interest in FyO

On November 9 past, we sold to an unrelated third party 154,929 shares in our controlled company Futuros y Opciones.com S.A. (FyO), representing 9.493% of its stock capital, for an amount of USD 3.04 million, which was fully collected.

As a result of this sale, the Company reduced its equity interest in FyO from 59.6% to 50.1% of its stock capital.

Gain from this transaction amounts to approximately ARS 42.6 million, and it will be recorded in the Company's financial statements for the second quarter of fiscal year 2018.

February 2018: Bond Issuance

On February 8, we have issued a bond in the local market for the sum of USD 113 million at a fixed rate of 6.5% maturying in 2023. The funds will be used to cancel existing liabilities.

February 2018: Share Repurchase Plan

On February 22, 2018, the Board of Directors has approved the terms and conditions for the acquisition of the common shares issued by the Company under the provisions of Section 64 of Law Nº 26,831 and the Rules of the *Comisión Nacional de Valores*.

i. Maximum amount of the investment: Up to ARS 500,000,000.
ii. Maximum number of shares to be acquired: Up to 5% of the capital stock of the Company, as established by the applicable argentine laws and regulation, in the form of common shares or American Depositary Shares, percentage that is within the maximum limit of 10% of the Company's capital stock, in accordance with the provisions of the applicable regulations.
iii. Daily limitation on market transactions: In accordance with the applicable regulation, the limitation will be up to 25% of the average volume of the daily transactions for the Shares and ADS in the markets during the previous 90 days.
iv. Payable Price: Up to ARS 50 per Share and up to USD 25 per ADS. The maximum price could be modified by the Board of Directors, after proper communication to the market.
v. Period in which the acquisitions will take place: until August 30, 2018
vi. Origin of the Funds: The acquisitions will be made with realized and liquid earnings pending of distribution of the Company.

To make such a decision, the Board of Directors has taken into account that there is a notable difference between the fair value of the assets of the Company, determined by independent appraisers, and the market price of the shares on the market, which does not reflect the value or economic reality that they have today, resulting in detriment of the interests of the shareholders of the Company.

In May 2018, the Board of Directors decided to increase the amount of the repurchase program by establishing the following terms and conditions:

i. Maximum amount of the investment: up to ARS 400 million that are added to the amount that was approved by the Board of Directors on February 22, 2018, totaling up to ARS 900 million.
ii. Maximum number of shares to be acquired: treasury shares may not exceed, as a whole, the limit of 10% of Company's capital stock in accordance with the applicable regulations. Currently, the Company has treasury shares of 2.271% of its capital stock.
iii. Daily limitation on market transactions: in accordance with the applicable regulation, the limitation will be up to 25% of the average volume of the daily transactions for the Shares and ADS in the markets during the previous 90 days.
iv. Payable Price: up to ARS 62.5 per Share and up to USD 25 per ADS. The maximum price could be modified by the Board of Directors, after proper communication to the CNV and the market.
v. Period in which the acquisitions will take place: up to 90 days after the effective approval of the extension and modification of the repurchase, beginning the day following to the date of publication of the information in the Daily Bulletin of the Buenos Aires Stock Exchange ("BCBA"), by account and order of Bolsas y Mercados Argentinos SA ("BYMA") in accordance with the delegation of powers established in Resolution No. 18,629 of the CNV, subject to any renewal or extension of the term, which will be reported to the investing public.
vi. Origin of the Funds: The acquisitions will be made with realized and liquid earnings pending of distribution of the Company. The Company has the liquidity and is solvent enough to make the aquisitions without affecting the solvency of the Company as follows from the quarterly financial statements of the Company as of March 31, 2018.
vii. Outstanding Shares: 501,642,804 common shares as of March 31,2018. nominal value ARS 1 with right of 1 vote per share.

After the end of the fiscal year, in July 2018 the Company completed the abovementioned program acquiring 3,924,695 ordinary shares (V.N ARS 1 per share) for a total amount of ARS 169.8 million and 1,673,152 ADRs (representing 16,731,520 ordinary shares) for a total of USD 31.0 million, representing 4.1% of the capital stock, fulfilling the terms and conditions of the share repurchase plan

February 2018: Spin Off CRESCA S.A.

In February 2018, the spin-off of the company CRESCA S.A., owner of a field of 116,894 hectares in Paraguay whose social capital was held by Brasilagro in a 50% and by Carlos Casado in the remaining 50%, was consummated. As a result of the spin-off, Brasilagro became the owner of 100% of the capital and the votes of Morotí Agropecuaria S.A., resulting company of the spin-off and owner of 59,600 hectares of that farm.

Results of Operations for the fiscal years ended June 30, 2018 and 2017

Below is a summary of the Company´s business lines and a reconciliation between the total of the operating result according to the information by segments and the operating result according to the income statement for the years ended June 30, 2018 and 2017.

	Agricultural business			Urban Properties and Investment business – Operations Center in Argentina			Urban Properties and Investment business – Operations Center in Israel			Urban Properties and Investment business – Subtotal		
	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.
Revenues	6,081	3,915	2,166	5,308	4,311	997	86,580	68,422	18,158	91,888	72,733	19,155
Costs	(5,210)	(3,395)	(1,815)	(1,067)	(910)	(157)	(61,395)	(49,110)	(12,285)	(62,462)	(50,020)	(12,442)
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	926	127	799	-	-	-	-	-	-	-	-	-
Changes in the net realizable value of agricultural products after harvest	303	(74)	377	-	-	-	-	-	-	-	-	-
Gross profit / (loss)	**2,100**	**573**	**1,527**	**4,241**	**3,401**	**840**	**25,185**	**19,312**	**5,873**	**29,426**	**22,713**	**6,713**
Net gain from fair value adjustment of investment properties	96	331	(235)	21,275	4,489	16,786	2,160	374	1,786	23,435	4,863	18,572
Gain from disposal of farmlands	906	280	626	-	-	-	-	-	-	-	-	-
General and administrative expenses	(546)	(411)	(135)	(903)	(683)	(220)	(3,870)	(3,173)	(697)	(4,773)	(3,856)	(917)
Selling expenses	(649)	(500)	(149)	(432)	(355)	(77)	(16,986)	(13,093)	(3,893)	(17,418)	(13,448)	(3,970)
Other operating results, net	567	75	492	(78)	(68)	(10)	467	(196)	663	389	(264)	653
Management fees	-	-		-	-		-	-		-	-	
Profit / (Loss) from operations	**2,474**	**348**	**2,126**	**24,103**	**6,784**	**17,319**	**6,956**	**3,224**	**3,732**	**31,059**	**10,008**	**21,051**
Share of (loss) / profit of associates and joint ventures	23	8	15	(1,269)	(94)	(1,175)	(43)	105	(148)	(1,312)	11	(1,323)
Segment profit / (loss)	**2,497**	**356**	**2,141**	**22,834**	**6,690**	**16,144**	**6,913**	**3,329**	**3,584**	**29,747**	**10,019**	**19,728**

	Total segment information			Joint ventures (i)			discontinued operations (ii)			Adjustments (iii)			Elimination			Total Statement of Income / Financial Position		
	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.
Revenues	97,969	76,648	21,321	(46)	(72)	26	(60,470)	(47,168)	(13,302)	1,726	1,490	236	(193)	(152)	(41)	38,986	30,746	8,240
Costs	(67,672)	(53,415)	(14,257)	29	45	(16)	44,563	35,488	9,075	(1,760)	(1,517)	(243)	60	69	(9)	(24,780)	(19,330)	(5,450)
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	926	127	799	2	8	(6)	-	-	-	-	-	-	114	69	45	1,042	204	838
Changes in the net realizable value of agricultural products after harvest	303	(74)	377	-	-	-	-	-	-	-	-	-	-	-	-	303	(74)	377
Gross profit / (loss)	**31,526**	**23,286**	**8,240**	**(15)**	**(19)**	**4**	**(15,907)**	**(11,680)**	**(4,227)**	**(34)**	**(27)**	**(7)**	**(19)**	**(14)**	**(5)**	**15,551**	**11,546**	**4,005**
Net gain from fair value adjustment of investment properties	23,531	5,194	18,337	(738)	(193)	(545)	(164)	(113)	(51)	-	-	-	-	-	-	22,629	4,888	17,741
Gain from disposal of farmlands	906	280	626	-	-	-	-	-	-	-	-	-	-	-	-	906	280	626
General and administrative expenses	(5,319)	(4,267)	(1,052)	14	7	7	878	624	254	-	-	-	13	8	5	(4,414)	(3,628)	(786)
Selling expenses	(18,067)	(13,948)	(4,119)	6	7	(1)	12,749	9,434	3,315	-	-	-	6	4	2	(5,306)	(4,503)	(803)
Other operating results, net	956	(189)	1,145	19	(5)	24	177	64	113	-	-	-	-	2	(2)	1,152	(128)	1,280
Management fees	-	-		-	-	-	-	-	-	(554)	(200)	(354)	-	-	-	(554)	(200)	(354)
Profit / (Loss) from operations	**33,533**	**10,356**	**23,177**	**(714)**	**(203)**	**(511)**	**(2,267)**	**(1,671)**	**(596)**	**(588)**	**(227)**	**(361)**	**-**	**-**	**-**	**29,964**	**8,255**	**21,709**
Share of (loss) / profit of associates and joint ventures	(1,289)	19	(1,308)	706	153	553	(20)	(76)	56	-	-	-	-	-	-	(603)	96	(699)
Segment profit / (loss)	**32,244**	**10,375**	**21,869**	**(8)**	**(50)**	**42**	**(2,287)**	**(1,747)**	**(540)**	**(588)**	**(227)**	**(361)**	**-**	**-**	**-**	**29,361**	**8,351**	**21,010**

Agricultural business

Below is a summary analysis of the business lines of Agricultural business for the years ended June 30, 2018 and 2017

	Agricultural production			Land transformation and sales			Corporate			Others			Total		
	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.
Revenues	3,603	2,197	1,406	-	-	-	-	-	-	2,478	1,718	760	6,081	3,915	2,166
Costs	(2,930)	(1,810)	(1,120)	(12)	(11)	(1)	-	-	-	(2,268)	(1,574)	(694)	(5,210)	(3,395)	(1,815)
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	926	127	799	-	-	-	-	-	-	-	-	-	926	127	799
Changes in the net realizable value of agricultural products after harvest	303	(74)	377	-	-	-	-	-	-	-	-	-	303	(74)	377
Gross profit / (loss)	**1,902**	**440**	**1,462**	**(12)**	**(11)**	**(1)**	**-**	**-**	**-**	**210**	**144**	**66**	**2,100**	**573**	**1,527**
Net gain from fair value adjustment of investment properties	-	-	-	96	331	(235)	-	-	-	-	-	-	96	331	(235)
Gain from disposal of farmlands	-	-	-	906	280	626	-	-	-	-	-	-	906	280	626
General and administrative expenses	(348)	(254)	(94)	(1)	(1)	-	(89)	(84)	(5)	(108)	(72)	(36)	(546)	(411)	(135)
Selling expenses	(468)	(370)	(98)	-	-	-	-	-	-	(181)	(130)	(51)	(649)	(500)	(149)
Other operating results, net	18	70	(52)	511	-	511	-	-	-	38	5	33	567	75	492
Profit / (Loss) from operations	**1,104**	**(114)**	**1,218**	**1,500**	**599**	**901**	**(89)**	**(84)**	**(5)**	**(41)**	**(53)**	**12**	**2,474**	**348**	**2,126**
Share of profit of associates and joint ventures	24	12	12	-	-	-	-	-	-	(1)	(4)	3	23	8	15
Segment profit / (loss)	**1,128**	**(102)**	**1,230**	**1,500**	**599**	**901**	**(89)**	**(84)**	**(5)**	**(42)**	**(57)**	**15**	**2,497**	**356**	**2,141**

Urban Properties and Investments Business

Operations Center in Argentina

Below is a summary analysis of the business lines of the Urban Properties Investments Business - Operations Center in Argentina for the years ended June 30, 2018 and 2017

	Shopping Malls			Offices			Sales and developments			Hotels			Internacional			Corporate			Others			Total		
	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.
Revenues	3,665	3,047	618	532	434	98	120	99	21	973	725	248	-	-	-	-	-	-	18	6	12	5,308	4,311	997
Costs	(330)	(350)	20	(46)	(29)	(17)	(44)	(43)	(1)	(624)	(484)	(140)	-	-	-	-	-	-	(23)	(4)	(19)	(1,067)	(910)	(157)
Gross profit / (loss)	**3,335**	**2,697**	**638**	**486**	**405**	**81**	**76**	**56**	**20**	**349**	**241**	**108**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**2**	**(7)**	**4,241**	**3,401**	**840**
Net gain from fair value adjustment of investment properties	11,340	2,068	9,272	4,932	1,373	3,559	4,771	849	3,922	-	-	-	-	-	-	-	-	-	232	199	33	21,275	4,489	16,786
General and administrative expenses	(320)	(261)	(59)	(87)	(70)	(17)	(78)	(40)	(38)	(193)	(135)	(58)	(46)	(43)	(3)	(151)	(132)	(19)	(28)	(2)	(26)	(903)	(683)	(220)
Selling expenses	(238)	(188)	(50)	(57)	(46)	(11)	(21)	(21)	-	(114)	(97)	(17)	-	-	-	-	-	-	(2)	(3)	1	(432)	(355)	(77)
Other operating results, net	(57)	(58)	1	(4)	(12)	8	11	(36)	47	(17)	(1)	(16)	(23)	27	(50)	-	-	-	12	12	-	(78)	(68)	(10)
Profit / (Loss) from operations	**14,060**	**4,258**	**9,802**	**5,270**	**1,650**	**3,620**	**4,759**	**808**	**3,951**	**25**	**8**	**17**	**(69)**	**(16)**	**(53)**	**(151)**	**(132)**	**(19)**	**209**	**208**	**1**	**24,103**	**6,784**	**17,319**
Share of profit of associates and joint ventures	-	-	-	-	-	-	26	14	12	-	-	-	(1,923)	(196)	(1,727)	-	-	-	628	88	540	(1,269)	(94)	(1,175)
Segment profit / (loss)	**14,060**	**4,258**	**9,802**	**5,270**	**1,650**	**3,620**	**4,785**	**822**	**3,963**	**25**	**8**	**17**	**(1,992)**	**(212)**	**(1,780)**	**(151)**	**(132)**	**(19)**	**837**	**296**	**541**	**22,834**	**6,690**	**16,144**

Operations Center in Israel

Below is a summary analysis of the business lines of the Urban Properties Investments Business - Operations Center in Israel for the years ended June 30, 2018 and 2017

	Real Estate			Supermarkets			Telecommunications			Corporate			Others			Total		
	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	06.30.18	06.30.17	Var.	30.06.18	30.06.17	Var.
Revenues	6,180	4,918	1,262	60,470	47,277	13,193	19,347	15,964	3,383	-	-	-	583	263	320	86,580	68,422	18,158
Costs	(2,619)	(2,333)	(286)	(44,563)	(35,432)	(9,131)	(13,899)	(11,183)	(2,716)	-	-	-	(314)	(162)	(152)	(61,395)	(49,110)	(12,285)
Gross profit / (loss)	**3,561**	**2,585**	**976**	**15,907**	**11,845**	**4,062**	**5,448**	**4,781**	**667**	**-**	**-**	**-**	**269**	**101**	**168**	**25,185**	**19,312**	**5,873**
Net gain from fair value adjustment of investment properties	1,996	261	1,735	164	113	51	-	-	-	-	-	-	-	-	-	2,160	374	1,786
General and administrative expenses	(363)	(290)	(73)	(878)	(627)	(251)	(1,810)	(1,592)	(218)	(374)	(384)	10	(445)	(280)	(165)	(3,870)	(3,173)	(697)
Selling expenses	(115)	(91)	(24)	(12,749)	(9,517)	(3,232)	(3,974)	(3,406)	(568)	-	-	-	(148)	(79)	(69)	(16,986)	(13,093)	(3,893)
Other operating results, net	98	46	52	(177)	(52)	(125)	140	(36)	176	434	(48)	482	(28)	(106)	78	467	(196)	663
Profit / (Loss) from operations	**5,177**	**2,511**	**2,666**	**2,267**	**1,762**	**505**	**(196)**	**(253)**	**57**	**60**	**(432)**	**492**	**(352)**	**(364)**	**12**	**6,956**	**3,224**	**3,732**
Share of profit of associates and joint ventures	167	46	121	20	75	(55)	-	-	-	-	-	-	(230)	(16)	(214)	(43)	105	(148)
Segment profit / (loss)	**5,344**	**2,557**	**2,787**	**2,287**	**1,837**	**450**	**(196)**	**(253)**	**57**	**60**	**(432)**	**492**	**(582)**	**(380)**	**(202)**	**6,913**	**3,329**	**3,584**

Revenues - Fiscal year 2018 compared to fiscal year 2017

Total revenues from sales, rentals and services, according to business segment reporting, rose by 27.8%, from Ps. 76,648 million in fiscal year 2017 to Ps. 97,969 million in fiscal year 2018. This was mainly due to a Ps. 2,166 million increase in the Agricultural Business and a Ps. 19,155 million increase in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel by Ps. 18,158 million and to the Operations Center in Argentina by Ps. 997 million.

Agricultural Business

Total revenues, according to the income statement, rose by 57.6%, from Ps. 3,742 million in fiscal year 2017 to Ps. 5,898 million in fiscal year 2018. This was due to the following increases: Ps. 1,437 million in the Agricultural Production segment and Ps. 719 million in the Others segment.

In turn, revenues from our interests in joint ventures declined by 100%, or Ps. 30 million, mainly as a consequence of Cresca S.A.'s spin-off.

On the other hand, inter-segment revenues rose by 28.0%, from Ps. 143 million in fiscal year 2017 to Ps. 183 million in fiscal year 2018, mainly as a result of the leases of croplands between our subsidiary BrasilAgro and its subsidiaries, which were reclassified from the Agricultural Production segment to the Rentals and Services segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, our revenues increased by 55.3%, from Ps. 3,915 million in fiscal year 2017 to Ps. 6,081 million in fiscal year 2018.

Agricultural Production. Total revenues from the Agricultural Production segment rose by 64.0% from Ps. 2,197 million in fiscal year 2017 to Ps. 3,603 million in fiscal year 2018, primarily as a consequence of:

- a Ps. 791 million increase in revenues from crop sales, resulting from a 32% rise in the average price of crops sold, from Ps. 3,049 per ton in fiscal year 2017 to Ps. 4,030 per ton in fiscal year 2018; along with an increase of 84,545 tons in the volume of crops sold in fiscal year 2018 vis-a-vis the previous fiscal year;
- a Ps. 402 million rise in revenues from sugarcane sales, mainly attributable to an increase of 816,146 tons (or 90%) in the volume of sugarcane sold in fiscal year 2018 vis-a-vis the previous fiscal year, following the inclusion of additional hectares from San José farm in Brazil, coupled with a 12.3% increase in the average price of sugarcane sold, from Ps. 391.5 per ton in fiscal year 2017 to Ps. 439.5 per ton in fiscal year 2018;
- a Ps. 126 million increase in revenues from cattle and milk sales, primarily attributable to an increase of 2,332,724 kg. in the volume of cattle sold in fiscal year 2018 compared to the previous fiscal year, offset, in part, by a 14.4% decline in the average price of cattle; and
- a Ps. 87 million increase in revenues from rentals and services, mainly as a consequence of: (i) a 65.7% rise in revenues from seed production mainly caused by the higher volume attained (up by 19%), a 55% increase in the selling price, and a 10% increase in the average yield; (ii) a 45.3% increase in rental revenues in Brazil, caused by a larger leased area and increased prices, driven by the year-on-year increase in the average exchange rate; and (iii) a Ps. 12.6 million increase in revenues from Feedlot services and pastures.

Others. Total revenues from the Others segment rose by 44.2% from Ps. 1,718 million in fiscal year 2017 to Ps. 2,478 million in fiscal year 2018, as a consequence of:

- a Ps. 574 million increase in revenues from agro-industrial activities, mainly due to a 117% rise in exports and a 24% rise in sales to the domestic market. Kosher production began to be exported to Israel, with the ensuing decline in average export price. Domestic consumption prices have exhibited an upward trend, up by 18% for fiscal year 2018 vis-a-vis the previous fiscal year. Export prices fell by 25% (in terms of US dollars) in fiscal year 2018 relative to fiscal year 2017, due to the export mix and the decline in the beef export quota known as *Cuota Hilton*;
- a Ps. 103 million rise in supply and crop exchange transactions;
- a Ps. 72 million increase in sales of supplies; and
- a Ps. 11 million increase in revenues from sales on consignment, brokerage fees and others.

Urban Properties and Investments Business

Revenue from sales, leases and services, according to the income statement, increased by Ps.6,084 million, from Ps.27,004 million during fiscal year 2017 to Ps.33,088 million during fiscal year 2018 (out of which Ps.6,978 million were generated by the Operations Center in Argentina and Ps.86,580 million come from the Operations Center in Israel, the latter are compensated with the effect of the deconsolidation of Shufersal for Ps.60,470). Excluding revenues from the Operations Center in Israel, revenues from sales, leases and services increased by 21.4%.

On the other hand, the corresponding revenues for expenses and collective promotion fund increased by 15.8%, from Ps.1,490 million (out of which Ps.1,375 million are allocated to the Shopping Malls segment and Ps.115 million in the Office segment of the Operations Center in Argentina) during fiscal year 2017, to Ps.1,726 million (out of which Ps.1,608 million are allocated to the Shopping Malls segment and Ps.118 million to the Office segment) during fiscal year 2018.

Likewise, revenues from our joint ventures increased by 12.2%, from Ps.41 million during fiscal year 2017 (out of which Ps.26 million are allocated to the Shopping Malls segment, Ps.14 million to the Offices segment and Ps.1 million to the Sales and Development Segment of the Operations Center in Argentina) to Ps.46 million during fiscal year 2018 (of which Ps.33 million are allocated to the Shopping Malls segment, Ps.8 million to the Offices segment and Ps.5 million to the Sales and Development Segment of the Operations Center in Argentina).

Finally, income inter-segment remained the same in both years.

Furthermore, according to the information by segments (taking into account the revenue from our joint ventures and without considering the revenues corresponding to the expenses and the fund of collective promotions or the revenue between business segments), the revenue experienced a growth of Ps.19,155 million, from Ps.72,733 million during fiscal year 2017 to Ps.91,888 million during fiscal year 2018 (out of which Ps.86.580 million come from the Operations Center in Israel and Ps.5,308 million come from the Operations Center in Argentina). Without considering the income from the Operations Center in Israel, the revenues, according to the information by segments, increased by 23.1%.

Operations Center in Argentina

Shopping Malls. Revenues from the Shopping Malls segment increased by 20.3% from Ps.3,047 million during fiscal year 2017 to Ps.3,665 million during fiscal year 2018. This increase is mainly attributable to: (i) an increase of Ps.576 million in revenues from base and percentage rents stemming as a result of a 24.9% increase in our tenants' total sales, which increased from Ps.34 million during fiscal year 2017 to Ps.43 million during fiscal year 2018; (ii) an increase of Ps.82 million in revenue from admission fees; (iii) an increase of Ps.44 million in parking revenues, partially offset by (iv) a decrease of Ps.63 million in the escalation rents.

Offices. Revenues from the Offices segment increased 22.6% from Ps.434 million during fiscal year 2017 to Ps.532 million during fiscal year 2018. They were affected by the sales of investment properties carried out during fiscal year 2018, which generated a reduction in the total leasable area of the segment. Rental revenue increased 22.6%, from Ps.419 million during fiscal year 2017 to Ps.514 million during fiscal year 2018, mainly due to the devaluation.

Sales and developments. Revenue from the Sales and Developments segment registered an increase of 21.2%, from Ps.99 million during fiscal year 2017 to Ps.120 million during fiscal year 2018. This segment often varies significantly from year to year due to the no recurrence of the different sales operations carried out by the Company over time. This increase is mainly due to the sales of apartment units and parking lots of Beruti, floors and parking spaces of Maipú 1300, Libertador and Intercontinental building and the sale of Baicom's plot of land.

Hotels. Revenues from our Hotels segment increased by 34.2% from Ps.725 million during fiscal year 2017 to Ps.973 million during fiscal year 2018, mainly due to an increase in the average room rate of our hotel portfolio (measure in pesos).

Others. Others segment revenues increased 200.0% from Ps.6 million during fiscal year 2017 to Ps.18 million during fiscal year 2018. These are mainly due to the increase in rental income of La Adela by 80% during the year 2018 and revenue from events recorded in Entertainment Holdings S.A.

Operations Center in Israel

Real estate. Revenues from the Real estate segment increased from Ps.4,918 million during the year ended June 30, 2017 to Ps.6,180 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso, (ii) an increase in the rentable square meters and (iii) an increase in the price per square meter of the leases.

Supermarkets. Revenue from the Supermarkets segment increased from Ps.47,277 million during the year ended June 30, 2017 to Ps.60,470 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso.

Telecommunications. Revenue from the Telecommunications segment increased from Ps.15,964 million during the year ended June 30, 2017 to Ps.19,347 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso, (ii) partially offset by the constant erosion in the revenues of mobile services, which was partially offset by an increase in revenues related to fixed lines, television and internet.

Others. Revenue from the Other segment increased from Ps.263 million during the year ended June 30, 2017 to Ps.583 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso, and (ii) to the increase in income of Bartan and Epsilon.

Costs - Fiscal year 2018 compared to fiscal year 2017

The Company's total costs, according to business segment reporting, rose by 26.7%, from Ps. 53,415 million in fiscal year 2017 to Ps. 67,672 million in fiscal year 2018. This was due to a Ps. 1,815 million increase in the Agricultural Business and a Ps. 12,442 million increase in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel by Ps. 12,285 million and to the Operations Center in Argentina by Ps. 157 million.

Agricultural Business

Total costs, according to the income statement, rose by 56.1%, from Ps. 3,299 million in fiscal year 2017 to Ps. 5,149 million in fiscal year 2018. Such increase was mainly attributable to: a Ps. 1,141 million increase in the Agricultural Production segment; a Ps. 1 million increase in the Land Transformation and Sales segment, and an increase of Ps. 708 million the Others segment.

In turn, costs of our joint ventures declined by 100%, or Ps. 27 million, as a consequence of Cresca S.A.'s spin-off.

Similarly, inter-segment costs fell by Ps. 8 million, from Ps. 69 million in fiscal year 2017 to Ps. 61 million in fiscal year 2018, mainly as a result of the incremental cost of sales of crops and sugarcane during the year, attributable to leases of croplands between our subsidiary BrasilAgro and its subsidiaries, which were reclassified from the Crops and Sugarcane segment to the Rentals and Services segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs increased by 53.5%, from Ps. 3,395 million in fiscal year 2017 to Ps. 5,210 million in fiscal year 2018. Total costs in the Agricultural Business, as a percentage of revenues derived from this segment, declined from 86.7% in fiscal year 2017 to 85.7% in fiscal year 2018.

Agricultural Production. Total costs in our Agricultural Production segment rose by 61.9% from Ps. 1,810 million in fiscal year 2017 to Ps. 2,930 million in fiscal year 2018, primarily as a consequence of:

- a Ps. 592 million increase in costs of sales of crops, mainly caused by a 18.4% rise in the volume of tons sold relative to the previous fiscal year; and a 26.9% rise in the average cost per ton of crops sold in fiscal year 2018, from Ps. 2,563 million in fiscal year 2017 to Ps. 3,252 million in fiscal year 2018, due to the higher average market price for crops and the increase in the exchange rate;
- a Ps. 402 million rise in costs of sales of sugarcane, mainly attributable to an increase of 816,146 tons (or 90%) in the volume of sugarcane sold in fiscal year 2018 vis-a-vis the previous fiscal year, following the inclusion of additional hectares from San José farm in Brazil, coupled with a 12.7% increase in the average cost of sugarcane per ton sold in fiscal year 2018, up from Ps. 388.2 per ton in fiscal year 2017 to Ps. 437.3 per ton in fiscal year 2018;
- a Ps. 107 million increase in costs of sales of cattle and milk, mainly as a result of an increase of 2,332,724 kg. in the volume of cattle sold in fiscal year 2018 compared to the previous fiscal year, offset, in part, by a 8.2% decline in the average price of cattle sold; and
- a Ps. 19 million rise in costs of rentals and services, mainly attributable to a Ps. 15 million increase in the Feedlot service cost.

Total costs of the Agricultural Production segment, as a percentage of revenues derived from this segment, declined from 82.4% in fiscal year 2017 to 81.3% in fiscal year 2018.

Land Transformation and Sales. Total costs in the Land Transformation and Sales segment rose by 9.1% from Ps. 11 million in fiscal year 2017 to Ps. 12 million in fiscal year 2018.

Others. Total costs in the Others segment rose by 44.1% from Ps. 1,574 million in fiscal year 2017 to Ps. 2,268 million in fiscal year 2018, primarily as a consequence of:

- a Ps. 513 million increase in agro-industrial costs, mostly driven by the incremental slaughtering volume, coupled with a strong rise in the acquisition costs of all of its components;
- a Ps. 98 million rise in supply and crop exchange transactions;
- a Ps. 58 million increase in sales of supplies; and
- a Ps. 25 million increase in revenues from sales on consignment, brokerage fees and others.

Total costs in the Others segment, as a percentage of revenues derived from this segment, experienced a slight decline from 91.6% in fiscal year 2017 to 91.5% in fiscal year 2018.

Urban Properties and Investments Business

Total consolidated costs, according to the income statement, registered an increase of Ps.3,600 million, from Ps.16,031 million during fiscal year 2017 to Ps.19,631 million during fiscal year 2018 (out of which Ps.61,395 million come from the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.44,563 and Ps.2,799 million from the Operations Center in Argentina). Excluding costs from the Operations Center in Israel, costs increased by 16.2%. Furthermore, total consolidated costs measured as a percentage of total consolidated revenues decreased from 59.4% during fiscal year 2017 to 59.3% during fiscal year 2018, mainly from the Operations Center in Israel. Excluding costs from the Operations Center in Israel, the total consolidated costs measured as a percentage of total revenues decreased, from 41.9% in 2017 to 40.1% in 2018.

On the other hand, the corresponding costs related to expense of the Collective Promotions Fund increased by 16.0%, from Ps.1,517 million during the year 2017 (out of which Ps.1,399 million are allocated to the Shopping Malls segment and Ps.118 million in the Office segment of the Operations Center in Argentina) to Ps.1,760 million during fiscal year 2018 (out of which Ps.1,636 million are allocated to the Shopping Malls segment and Ps.124 million to the Office segment of Operations Center in Argentina) due mainly to higher costs originated by our Shopping Malls, which increased by 16.9% from Ps.1,400 million during fiscal year 2017 to Ps.1,636 million during fiscal year 2018, mainly as a consequence of: (i) a higher expense for salaries, social security and other personnel administrative expenses of Ps.103 million; (ii) an increase in maintenance, security, cleaning, repairs and related expenses of Ps.88 million (mainly due to increases in security and cleaning services and public service rates); and (iii) an increase in taxes, fees and contributions and other expenses of Ps.51 million, among other items.

Likewise, the costs from our joint ventures showed a net increase of 55.6%, from Ps.18 million during fiscal year 2017 (out of which Ps.4 million are allocated to the Shopping Malls segment, Ps.10 million at Offices segment and Ps.4 million to the Sales and Development segment of the Operations Center in Argentina) to Ps.28 million during fiscal year 2018 (out of which Ps.4 million are allocated to the Shopping Malls segment, Ps.19 million to the Offices segment and Ps.5 million to the Sales and Development segment of the Operations Center in Argentina).

Finally, costs for operations inter-segment did not present variations for the years presented.

In this way, according to the segment information (taking into account the costs coming from our joint ventures and without considering the costs corresponding to the expenses and collective promotion fund or the costs for operations inter-segment), the costs evidenced an increase of Ps.12,442 million, from Ps.50,020 million during fiscal year 2017 to Ps.62,462 million during fiscal year 2018 (out of which Ps.61,395 million come from the Operations Center in Israel and Ps.1,067 million from the Operations Center in Argentina). Excluding costs from the Operations Center in Israel, costs increased by 17.3%. Likewise, total costs measured as a percentage of total revenues, according to segment information, decreased from 68.8% during fiscal year 2017 to 68.0% during fiscal year 2018, mainly due to the Operations Center in Israel. Excluding the effect from the Operations Center in Israel, the total costs measured as a percentage of total revenues decreased from 21.1% during fiscal year 2017 to 20.1% during fiscal year 2018.

Operations Center in Argentina

Shopping Malls. Costs of the Shopping Malls segment decreased by 5.7%, from Ps.350 million during fiscal year 2017 to Ps.330 million during fiscal year 2018, mainly due to a decrease in leases and expenses costs of Ps.46 million due to the absorption of the deficit in the collective promotion fund. This was partially compensated by; (i) an increase in salaries, social security and other personnel administration expenses of Ps.15 million; (ii) an increase in maintenance, security, cleaning, repairs and related expenses of Ps.8 million (mainly due to increases in security and cleaning services and in public service rates) and; (iii) an increase in amortization and depreciation of Ps.14 million, among other items.

The costs of the Shopping Malls segment, measured as a percentage of the revenues of this segment, decreased from 11.5% during the 2017 fiscal year to 9.0% during the 2018 fiscal year.

Offices. The costs of the Offices segment increased by 58.6%, from Ps.29 million during fiscal year 2017 to Ps.46 million during fiscal year 2018, mainly due to: (i) an increase in leases and expenses of Ps.9 million; (ii) an increase in maintenance, repairs and services expenses of Ps.6 million; (iii) an increase in taxes, fees and contributions of Ps.4 million and; (iv) an increase in fees and compensation for services of Ps 3 million; partially offset by a decrease in depreciation and amortization of Ps.5 million. The costs of the Offices segment, measured as a percentage of the revenues of this segment, increased from 6.7% during fiscal year 2017 to 8.6% during fiscal year 2018.

Sales and developments. Costs for this segment often vary significantly from year to year due to the non-recurrence of the different sales operations carried out by the Company over time. The associated costs of our Sales and Developments segment registered an increase of 2.3%, from Ps.43 million during fiscal year 2017 to Ps.44 million during fiscal year 2018. The costs of the Sales and development segment, measured as a percentage of revenues from this segment decreased from 43.4% during fiscal year 2017 to 36.7% during fiscal year 2018.

Hotels. Costs for the Hotels segment increased by 28.9%, from Ps.484 million during fiscal year 2017 to Ps.624 million during fiscal year 2018, mainly as a result of: (i) an increase of Ps.80 million in costs of salaries, social security and other personnel expenses; (ii) an increase of Ps.50 million in maintenance and repairs; (iii) higher expenses of Ps.7 million in fees and compensation for services. The costs of the Hotels segment, measured as a percentage of the revenues of this segment, decreased from 66.8% during the year 2017 to 64.1% during the 2018 fiscal year.

Others. Other segment costs increased by 475.0%, from Ps.4 million during fiscal year 2017 to Ps.23 million during fiscal year 2018, mainly as a result of: (i) an increase of Ps.7 million in concept of leases and expenses; (ii) an increase of Ps.4 million in the charge for salaries, social security and other personnel expenses; (iii) higher charges of Ps.4 million in taxes, fees and contributions and; (iv) an increase of Ps.2 million in fees and compensation for services.

Operations Center in Israel

Real estate. Real estate segment costs increased from Ps.2,333 million during the year ended June 30, 2017 to Ps.2,619 million during the year ended June 30, 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso, partially offset by (ii) a decrease in the cost due to the lower sale of residential apartments.

Supermarkets. Costs of the Supermarkets segment increased from Ps 35,432 million during the year ended June 30, 2017 to Ps.44,563 million during the year ended June 30, 2018. This variation was mainly due to the revaluation of 27% of the Shekel against the Argentine peso, accompanied by an improvement in the terms of negotiation with suppliers.

Telecommunications. Costs of the Telecommunications segment increased from Ps.11,183 million during the year ended June 30, 2017 to Ps.13,899 million during the year ended June 30, 2018. This variation was due to a revaluation of 27% of the Shekel compared to the Argentine peso, partially offset by a decrease in costs that accompanied the reduction in sales of mobile services and a slight increase in costs related to television content.

Others. Costs of the Other segment increased from Ps.162 million during the year ended June 30, 2017 to Ps.314 million during the year ended June 30, 2018. This variation was due to (i) a revaluation of 27 % of the Shekel against the Argentine peso, and (ii) an increase in costs that accompanied the increase in revenues.

Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest - Fiscal year 2018 compared to fiscal year 2017

Our revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest, according to the income statement, rose by 410.8%, from Ps.204 million in fiscal year 2017 to Ps.1,042 million in fiscal year 2018.

In turn, our revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest derived from our interests in joint ventures shrank by 75.0% from Ps.8 million in fiscal year 2017 to Ps.2 million in fiscal year 2018.

On the other hand, inter-segment revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest rose by Ps.45 million, from Ps.69 million in fiscal year 2017 to Ps.114 million in fiscal year 2018.

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 produce at the point of harvest rose by 629.1%, from Ps. 127 million in fiscal year 2017 to Ps. 926 million in fiscal year 2018. Such increase was mainly driven by:

- a Ps. 579 million increase in income from crop production mainly caused by: (i) increased profits derived from Argentine-source corn and soybean, primarily attributable to higher prices and the substantial increase in the exchange rate, offset, in part, by lower yields; and (ii) the profits derived from Brazilian soybean, as a consequence of a more extensive harvested area and higher yields and prices; and
- a Ps. 221 million increase in profits from sugarcane production, mainly of Brazilian source, as a consequence of incremental production due to a more extensive area and higher prices, offset, in part, by lower yields and rising costs.

Changes in the net realizable value of agricultural produce after harvest - Fiscal year 2018 compared to fiscal year 2017

Revenues derived from changes in the net realizable value of agricultural produce after harvest, according to the income statement, experienced substantial growth, from a loss of Ps. 74 million in fiscal year 2017 to a gain of Ps. 303 million in fiscal year 2018. This was primarily originated in Argentina, following the profits made during the current period as a result of the rising prices for corn, soybean and wheat, vis-a-vis the loss posted during the previous period, due to the adjustment of corn and soybean prices after having reached record highs by the end of June 2016.

There were neither interests in joint ventures nor inter-segment eliminations in income from changes in the net realizable value of agricultural produce after harvest; therefore, revenues derived from changes in the net realizable value of agricultural produce after harvest, according to business segment reporting, match the figures disclosed in the income statement.

Gross Profits - Fiscal year 2018 compared to fiscal year 2017

As a result of the above mentioned factors, the Company’s gross profit, according to business segment reporting, rose by 35.4%, from Ps. 23,286 million in fiscal year 2017 to Ps.31,526 million in fiscal year 2018. This was primarily attributable to: a 266.5% rise in the Agricultural Business, from Ps.573 million in fiscal year 2017 to Ps.2,100 million in fiscal year 2018; a 30.4% increase in profits from the Operations Center in Israel at the Urban Properties and Investments Business, from Ps. 19,312 million in fiscal year 2017 to Ps.25,185 million in fiscal year 2018; and a 24.7% increase in the Operations Center in Argentina at the Urban Properties and Investments Business, from Ps. 3,401 million in fiscal year 2017 to Ps.4,241 million in fiscal year 2017.

Agricultural Business

As a result of the above mentioned factors, our gross profit rose by 266.5%, from Ps.573 million in fiscal year 2017 to Ps.2,100 million in fiscal year 2018.

Agricultural Production. Gross profit from this segment rose by 332.3% from Ps.440 million in fiscal year 2017 to Ps.1,902 million in fiscal year 2018.

Land Transformation and Sales. Gross loss from this segment increased by 9.1% from Ps.11 million in fiscal year 2017 to Ps.12 million in fiscal year 2018.

Others. Gross profit from this segment rose by 45.8% from Ps.144 million in fiscal year 2017 to Ps.210 million in fiscal year 2018.

Urban Properties and Investments Business

The gross profit of Urban Properties and Investments Business, according to the information by segments, increase by 29.6% from Ps.22,713 million during fiscal year 2017 (out of which Ps.19,312 million come from the Operations Center in Israel and Ps.3.401 million from the Operations Center in Argentina) to Ps.29,426 million during fiscal year 2018 (out of which Ps.25,185 million come from the Operations Center in Israel and Ps.4,241 million from the Operations Center in Argentina).

Operations Center in Argentina

Shopping Malls. The gross profit of the Shopping Malls segment increased by 23.7%, from Ps.2,697 million during fiscal year 2017 to Ps.3,335 million for fiscal year 2018, mainly as a result of the increase in the total sales of our tenants, giving as a result, higher percentage leases under our lease agreements. The gross profit of the Shopping Malls segment as a percentage of the segment's revenues increased from 88.5% during fiscal year 2017 to 91.0% during fiscal year 2018.

Offices. The gross profit of the Offices segment increased by 20.0% going from Ps.405 million for the fiscal year 2017 to Ps.486 million during the fiscal year 2018. The gross profit of the Offices segment, measured as a percentage of the revenues of this segment, decreased slightly from 93.3% during fiscal year 2017 to 91.5% during fiscal year 2018.

Sales and developments. The gross result of the Sales and Developments segment increased by 35.7%, from Ps.56 million for fiscal year 2017 to Ps.76 million during fiscal year 2018, mainly as a result of the higher sales recorded during fiscal year 2018 and the decrease of maintenance and conservation costs of these properties. The gross profit of the sales and development segment, measured as a percentage of this segment's revenues, increased from 56.6% during fiscal year 2017 to 63.3% during fiscal year 2018.

Hotels. Gross profit for the Hotels segment increased by 44.8% from Ps.241 million for the year 2017 to Ps.349 million during the year 2018. The gross profit of the Hotels segment, measured as a percentage of the revenues of this segment, increased slightly from 33.0% during fiscal year 2017 to 35.9% during fiscal year 2018.

Others. Gross profit from the Others segment decreased by 350.0%, going from a profit of Ps.2 million for the year 2017 to a loss of Ps.5 million during the year 2018. The gross profit of the Other segment, measured as a percentage of the revenues of this segment decreased from 33.0% during fiscal year 2017 to 27.8% during fiscal year 2018.

Operations Center in Israel

Real estate. The gross profit of the Real estate segment increased from Ps.2,585 million during the year ended June 30, 2017 to Ps.3,561 million during the year ended June 30, 2018. This variation was mainly due to a 27% revaluation of the Shekel against the Argentine peso, accompanied by the reduction in costs. The gross profit of the segment as a percentage of revenues increased slightly from 52.6% during 2017, to 57.6% during the year 2018.

Supermarkets. The gross profit of the Supermarket segment increased from Ps.11,845 million during the year ended June 30, 2017 to Ps.15,907 million during the year ended June 30, 2018. This variation was mainly due to a 27% revaluation of the Shekel against the Argentine peso, accompanied by an improvement in the terms of negotiation with suppliers. The gross profit of the segment as a percentage of revenues increased slightly from 25.1% during 2017 to 26.3% during fiscal year 2018.

Telecommunications. The gross profit of the Telecommunications segment increased from Ps.4,781 million during the year ended June 30, 2017 to Ps.5,448 million during the year ended June 30, 2018. This variation was mainly due to a 27% revaluation of the Shekel against the Argentine peso, partially offset by the constant erosion in the revenues of the mobile services, which was partially offset by an increase in revenues related to fixed lines, television and internet. The gross profit of the segment as a percentage of revenues decreased slightly from 29.9% during 2017 to 28.2% during fiscal year 2018.

Others. Gross profit from the Others segment increased from Ps.101 million during the year ended June 30, 2017 to Ps.269 million during the year ended June 30, 2018. This variation was mainly due to a 27% revaluation of the Shekel against the Argentine peso, and the increase in income of Bartan and Epsilon.

Net income (loss) from changes in fair value of investment properties - Fiscal year 2018 compared to 2017

The Company's net income (loss) from changes in fair value of investment properties, according to business segment reporting, rose by 353.0%, from Ps. 5,194 million in fiscal year 2017 to Ps. 23,531 million in fiscal year 2018. This was mainly due to a Ps. 235 million decline in the Agricultural Business and a Ps. 18,572 million increase in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel by Ps. 1,786 million (gain) and to the Operations Center in Argentina contributed by Ps. 16,786 million (gain).

Agricultural Business

The decline in net income is mostly attributable to BrasilAgro, as a result of fewer hectares leased to third parties from the Jatobá farm.

Urban Properties and Investments Business

The net result from changes in the fair value of investment properties, according to the income statement, increased by Ps.17,976 million, from Ps.4,557 million during the year ended June 30, 2017 (from which Ps.4,296 million came from the Operations Center in Argentina and Ps.374 million from the Operations Center in Israel, offset by the effect of the deconsolidation of Shufersal for Ps.113 million) to Ps.22,533 million during the year ended June 30, 2018 (of which Ps.20,537 million from the Operations Center in Argentina and Ps.2,160 million from the Operations Center in Israel offset by the effect of the deconsolidation of Shufersal for Ps.164 million).

Operations Center in Argentina

The net result of changes in the fair value of our investment properties for the fiscal year ended June 30, 2018 was Ps.21,275 million (Ps.11,340 million in our Shopping Malls segment, Ps.4,932 million from the Offices segment; Ps.4,771 million from the Sales and Developments segment, and Ps.232 million from the Other segment).

The significant increase in Argentine peso of our properties was mainly a consequence of the changes in macroeconomic conditions: (i) from June 2017 to June 2018, the Argentine peso depreciated 73,5% against the US dollar (from Ps.16,63 for US$ 1.00 to Ps.28.85 for US$ 1.00); (ii) an increase in the projected inflation rate, with the consequent increase in the cash flow of revenue from shopping malls given that the company charges a percentage of the sales from the leases; (iii) increase of 44 basis points in the discount rate and; (iv) additional effect due to reduction of the income tax rate used in the valuation methodology of the discounted cash flows, said modification was established in the approved tax reform where it was determined that the rate will be gradually reduced to 30% for fiscal periods beginning on or after January 1, 2018 until December 31, 2019, and to 25% for fiscal periods beginning on or after January 1, 2020.

We maintained the same portfolio of shopping malls between the fiscal year ended June 30, 2018 and 2017. The values of our shopping malls properties increased 448.4% during the fiscal year ended June 30, 2018 due to the impact of the depreciation of the Argentine peso, increase in the projected inflation rate and decrease in the tax rate.

The value of our office buildings increased 268.2% during the fiscal year ended June 30, 2018 largely as a result of the impact of the Argentine peso devaluation. Additionally, we obtained gains from the sale of office properties for Ps.140 million during the fiscal year ended June 30, 2018 compared to Ps.100 million in the same period of 2017, due to the sale of offices and parking units in several buildings.

Operations Center in Israel

Real estate. The net result of changes in the fair value of investment properties increased from Ps.261 million during the year ended June 30, 2017 to Ps.1,996 million during the year ended June 30, 2018. The variation was due to the increase in the value of properties in Israel and the devaluation of the Argentine peso against the Israeli shekel.

Supermarkets. The net result of changes in the fair value of investment properties segment of supermarkets increased from Ps.113 million during the year ended June 30, 2017 to Ps.164 million during the year ended June 30, 2018. Said variation it was due to the increase in the value of the properties in Israel and the devaluation of the Argentine peso against the Israeli shekel.

Gain / (loss) from disposal of farmlands – Fiscal year 2018 compared to 2017

Profits from the sale of farms derived by the Land Transformation and Sales segment rose by 223,6%, from a gain of Ps.280 million in fiscal year 2017 to a gain of Ps.906 million in fiscal year 2018.

Fiscal year 2018

- On June 29, 2018 Cresud signed a deed with a non-related third party for the sale of a fraction of 10,000 hectares of livestock activity of "La Suiza". The total amount of the transaction was set at USD 10 million, of which USD 3 million have been already paid. The remaining balance of USD 7 million, guaranteed by a mortgage on the property, will be collected in 10 installments of the same amount ending on June 2023, which will accrue an annual interest of 4.5% on the remaining balances. The gain of the transaction amounts approximately to Ps. 238 million.
- On July 20, 2017, the Company executed a purchase-sale agreement for all of "La Esmeralda" establishment consisting of 9,352 hectares devoted to agricultural and cattle raising activities in the 9 de Julio district, Province of Santa Fe, Argentina. On June 25, 2018, the Company has made effective with the sign of the deed and delivery of the property, the sale of "La Esmeralda" farm. The amount of the transaction was set at USD 19 million, of which USD 7 million have been already paid. The balance, guaranteed with a mortgage on the property, will be collected in 4 installments of the same amount ending in April 2022, which will accrue an annual interest of 4% on the remaining balances. The gain from the sale amounts approximately to Ps. 410 million.
- On May 3, 2018, the Company though its subsidiary BrasilAgro, has entered into a purchase-sale agreement for the partial sale 956 hectares (660 arable hectares) of Araucaria Farm, located in Mineiros, Brazil, for an amount of 1,208 soybean bags per arable hectare or Rs. 66.2 million (equal to Ps. 447.2 million) (Rs./ha. 93,356). The Company has recognized gains of Ps. 258 million as result of this transaction.

Fiscal year 2017

- On June 30, 2017, Yatay Agropecuaria S.A. sold the entire "Cuatro Vientos" farm located in the Department of Santa Cruz, Bolivia, to an independent third party, comprising 2,658 hectares intended for sugarcane and agricultural production. The total price for the transaction was USD 14.23 million (USD 5,280 per hectare) (equivalent to Ps.222 million), out of which USD 7.42 million was already paid and the remaining balance of USD 6.85 million, which is secured by means of a first mortgage, will be settled on December 28, 2017, along with the lifting of such mortgage. The Company has recognized a gain of USD 4.5 million (equivalent to Ps.76.2 million) as a result of such transaction in fiscal year 2017.
- In June 2017, BrasilAgro sold a fraction of 625 hectares in the Jatobá farm, located in Jaborandi, State of Bahia. The price for the transaction was 300 soybean bags per hectare or Rs.10.1 million (equivalent to Ps.41 million), out of which Rs.877 thousand was already settled and the remaining balance will be paid in five annual installments, beginning in July 2017. The Company has recognized a gain of Ps.32.1million as a result of this transaction.
- On June 8, 2017, Cresud and Zander Express S.A. (holders in common ownership of a 40% and 60% interest, respectively) passed the legal title to Simplot Argentina S.R.L. of a 262-hectare parcel of land located on National Route No. 7, in Luján de Cuyo, Province of Mendoza. The total transaction price was USD 2.2 million, amount which had been paid in full at the time the legal title to the property was conveyed. The Company has recognized a gain of Ps.11.8 million as a result of this transaction.

- In May 2017, BrasilAgro sold 1,360 hectares (including 918 developed and productive hectares) of "Araucária", an agricultural farm located in the District of Mineiros. The price for this transaction was 280 soybean bags per hectare or Rs.17 million (equivalent to Ps.67 million), 35% of which will be cashed within this year and the balance will be paid in five annual installments. The Company has recognized a gain of Ps. 37.4 as a result of this transaction.
- In March 2017, BrasilAgro sold 274 hectares (including 196 developed and productive hectares) of its "Araucária" farm. The transaction price was 1,000 soybean bags per hectare or Rs.13.2 million (equivalent to Ps.48 million), out of which 39,254 soybean bags, or Rs.2.4 million, were already cashed and the balance will be paid in four annual installments. The Company has recognized a gain of Ps.29.9 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) and was fully paid. The Company recorded a gain of Ps.525.9 million as a result of this transaction in fiscal year 2015. Due to a contractual requirement that was pending as of the date of the transaction concerning a license for the dismantling of an additional area, the Company did not book a portion of such gain. In March 2017, the Company fulfilled this requirement and recognized a gain of Ps.21 million.
- On July 5, 2016, Cresud sold the entire "El Invierno" and "La Esperanza" farms, comprising 2,615 hectares used for agriculture and located in the District of "Rancul", Province of La Pampa. The total transaction price was USD 6 million, out of which USD 5 million were already paid and the remaining balance of USD 1 million, secured with a mortgage on the estate, will be paid in five equal, consecutive and annual installments, with the last one being payable in August 2021. We has recognized a gain of Ps. 71.6 million as a result of this transaction.

General and Administrative Expenses - Fiscal year 2018 compared to fiscal year 2017

The Company's total General and Administrative Expenses, according to business segment reporting, rose by 24.7%, from Ps. 4,267 million in fiscal year 2017 to Ps. 5,319 million in fiscal year 2018. This was mainly due to an increase of Ps. 135 million in the Agricultural Business and an increase of Ps. 917 million in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel by Ps. 697 million and to the Operations Center in Argentina by Ps. 220 million.

Agricultural Business

General and Administrative Expenses in the Agricultural Business, according to the income statement, rose by 33.3%, from Ps. 409 million in fiscal year 2017 to Ps. 545 million in fiscal year 2018. This was due to increases of Ps. 95 million, Ps. 5 million and Ps. 36 million in the Agricultural Production, Corporate, and Others segments, respectively. Such increases were mostly related to: (i) the BrasilAgro subsidiary, in connection with incremental payroll expenses, service fees and taxes, driven by the effects of the increase in the exchange rate; (ii) Cresud, in connection with payroll expenses, maintenance expenses and rentals, due to inflation and the effects of the increase in the exchange rate on US-dollar denominated charges, and (iii) Carnes Pampeanas and FYO, in which case payroll expenses accounted for the most substantial increase, due to a larger headcount caused by incremental activity, in addition to inflation.

In turn, General and Administrative Expenses in our joint ventures fell by Ps. 1 million from Ps. 2 million in fiscal year 2017 to Ps. 1 million in fiscal year 2018.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, our general and administrative expenses increased by 32.8%, from Ps. 411 million in fiscal year 2017 to Ps. 546 million in fiscal year 2018. General and Administrative Expenses, as a percentage of revenues derived from the Agricultural Business, declined from 10.5% in fiscal year 2017 to 9.0% in fiscal year 2018.

Agricultural Production. General and Administrative Expenses associated with our Agricultural Production segment rose by 37.0%, from Ps. 254 million in fiscal year 2017 to Ps. 348 million in fiscal year 2018, mainly as a consequence of: a Ps. 27 million increase in general and administrative expenses attributable to crop operations; a Ps. 8 million rise in expenses associated with cattle activities; a Ps. 52 million increase in expenses associated with sugarcane operations, and a Ps. 8 million increase in expenses associated with the Agricultural Rental and Services business.

General and Administrative Expenses, as a percentage of revenues derived from the Agricultural Production segment, fell from 11.6% in fiscal year 2017 to 9.7% in fiscal year 2018.

Land Transformation and Sales. General and Administrative Expenses related to our Land Transformation and Sales segment remained steady at Ps. 1 million.

Corporate. General and Administrative Expenses associated with our Corporate segment rose by 6.0%, from Ps. 84 million in fiscal year 2017 to Ps. 89 million in fiscal year 2018, mainly as a consequence of rising expenses due to inflation, offset by extraordinary severance payments in fiscal year 2017 and an increase in directors' fees below the inflation standard.

Others. General and Administrative Expenses related to the Others segment increased by 50.0%, from Ps. 72 million in fiscal year 2017 to Ps. 108 million in fiscal year 2018. General and Administrative Expenses, as a percentage of revenues derived from this segment, experienced a slight increase from 4.2% in fiscal year 2017 to 4.4% in fiscal year 2018.

Urban Properties and Investments Business

Total general and administrative expenses, according to the income statement, recorded an increase of Ps.650 million, from Ps.3,219 million during fiscal year 2017 (of which Ps.3,173 million come from the Operations Center in Israel offset by the effect from the deconsolidation of Shufersal of Ps.624 million and Ps.670 million from the Operations Center in Argentina) to Ps.3,869 million during fiscal year 2018 (out of which Ps.3,870 million come from the Operations Center in Israel, offset by the effect of deconsolidation of Shufersal of Ps.878 million and Ps.877 million from the Operations Center in Argentina). Excluding the effect from the Operations Center in Israel, general and administrative expenses increased by 30.9%. Total general and administrative expenses measured as a percentage of revenues from sales, leases and services decreased slightly from 11.9% during fiscal year 2017 to 11.7% during fiscal year 2018.

The general and administrative expenses of our joint ventures increased Ps.8 million, from Ps.5 million during fiscal year 2017 to Ps.13 million during fiscal year 2018.

Finally, general and administrative expenses for operations inter-segment increased Ps 5 million, from Ps.8 million during fiscal year 2017 to Ps.13 million during fiscal year 2018.

Furthermore, according to the information by segments (taking into account the general and administrative expenses from our joint ventures and without considering those corresponding to the expenses of collective promotions funds or operating expenses intra- segments), the general and administrative expenses increased Ps.917 million, from Ps.3,856 million during fiscal year 2017 (out of which Ps.3,173 million come from the Operations Center in Israel and Ps 683 million from the Operations Center in Argentina) to Ps.4,773 million during fiscal year 2018 (of which Ps.3,870 million come from the Operations Center in Israel and Ps.903 million from the Operations Center in Argentina). Excluding the general and administrative expenses from the Operations Center in Israel, expenses increased by 32.2%. General and administrative expenses measured as a percentage of revenues, according to the information by segments, decreased slightly from 5.3% during fiscal year 2017 to 5.2% during fiscal year 2018.

Operations Center in Argentina

Shopping Malls. General and administrative expenses of Shopping Malls increased by 22.6%, from Ps.261 million during fiscal year 2017 to Ps.320 million during fiscal year 2018, mainly as a result of: (i) an increase in fees to directors of Ps.27 million; (ii) an increase of Ps.15 million in salaries, social security and other personnel administration expenses; (iii) an increase of Ps.8 million in maintenance, repairs and services, mobility and travel expenses; and (iv) an increase of Ps.4 million in amortizations and depreciation. The general and administrative expenses of Shopping Malls as a percentage of revenues from the same segment increased slightly from 8.6% during fiscal year 2017 to 8.7% during fiscal year 2018.

Offices. The general and administrative expenses of our Offices segment increased by 24.3%, from Ps.70 million during fiscal year 2017 to Ps.87 million during fiscal year 2018, mainly as a result of: (i) an increase of Ps.4 million in salaries, social security and other personnel expenses; (ii) an increase in advertising and other commercial expenses of Ps.4 million; (iii) an increase of Ps.3 million in fees to directors and; (iv) an increase of Ps.2 million in terms mobility expenses and office supplies, among other concepts. General and administrative expenses, measured as a percentage of revenues in the same segment, increased slightly from 16.1% during fiscal year 2017 to 16.4% during fiscal year 2018.

Sales and developments. General and administrative expenses associated with our Sales and developments segment increased by 95.0%, from Ps.40 million during fiscal year 2017 to Ps.78 million during fiscal year 2018, mainly as a result of: (i) an increase of directors fees of Ps.13 million, (ii) an increase in salaries, social security and other personnel expenses of Ps.5 million; (iii) an increase of Ps.4 million in taxes, fees and contributions and; (iv) an increase of Ps.4 million in fees and compensation for services, among other items. General and administrative expenses, measured as a percentage of revenues in the same segment, increased from 40.4% during fiscal year 2017 to 65.0% during fiscal year 2018.

Hotels. General and administrative expenses associated with our Hotels segment increased by 43.0% from Ps.135 million during fiscal year 2017 to Ps.193 million during fiscal year 2018, mainly as a result of: (i) an increase of Ps.24 million in salaries, social security and other personnel expenses; (ii) an increase of Ps.16 million in taxes, fees and contributions; (iii) an increase of Ps.8 million in maintenance costs, repairs and services and; (iv) an increase of Ps.7 million in fees and compensation for services, among other items. General and administrative expenses associated with the Hotels segment measured as a percentage of this segment's revenues increased by 18.6% in fiscal year 2017 to 19.8% in fiscal year 2018.

International. General and administrative expenses associated with our International segment increased by 7.0%, from Ps.43 million during fiscal year 2017 to Ps.46 million during fiscal year 2018, mainly due to salaries, social security and other personnel expenses incurred in relation to the investment in IDBD and Other expenses.

Corporate. General and administrative expenses associated with our Corporate segment increased by 14.4%, from Ps.132 million during fiscal year 2017 to Ps.151 million during fiscal year 2018, mainly due to (i) an increase of Ps.11 million in salaries, social security and other personnel expenses; (ii) an increase of Ps.6 million in fees to directors, among other items.

Others. General and administrative expenses associated with our Other segment increased by Ps.26 from Ps.2 million during fiscal year 2017 to Ps.28 million during fiscal year 2018, mainly due to (i) an increase of Ps.10 million in leases and expenses; (ii) an increase of Ps.8 million related to salaries, social security and other personnel expenses; (iii) a higher expense of fees and compensation for services of Ps.5 million and; (iv) an increase of Ps.3 million in the maintenance, repairs and services charge, among other items.

Operations Center in Israel

Real estate. General and administrative expenses associated with the Real Estate segment increased from Ps.290 million during the year ended June 30, 2017 to Ps.363 million during the year ended June 30, 2018. This variation was mainly due to a 27% revaluation of the Shekel against the Argentine peso accompanied by a decrease in fees for services The general and administrative expenses associated with this segment measured as a percentage of the revenues maintained at 5.9%.

Supermarkets. General and administrative expenses associated with the Supermarket segment increased from Ps.627 million during the year ended June 30, 2017 to Ps.878 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso, (ii) the consolidation of New Pharm in the last quarter of the year and (iii) an increase in salary. The general and administrative expenses associated with the segment measured as a percentage of this segment's revenues remained mainly stable at 1.3% in fiscal year 2017 and 1.5% for fiscal year 2018.

Telecommunications. General and administrative expenses associated with the Telecommunications segment increased from Ps.1,592 million during the year ended June 30, 2017 to Ps.1,810 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso and (ii) a reduction in personnel expenses due to a downsizing of the company, which accompanied the fall in revenues in a search for improvements efficiency. The administrative and general expenses associated with the segment measured as a percentage of this segment's revenues decreased from 10% in fiscal year 2017 to 9.4% in fiscal year 2018.

Corporate. General and administrative expenses associated with the Corporate segment decreased from Ps.384 million during the year ended June 30, 2017 to Ps.374 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso, compensated by a decrease in the personnel and cost structure of DIC and IDBD, also accompanied by a reduction in Dolphin's legal fees.

Others. General and administrative expenses associated with the Others segment increased from Ps.280 million during the year ended June 30, 2017 to Ps.445 million during fiscal year 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso and an increase in the structure of Bartan and Epsilon.

<u>Selling Expenses - Fiscal year 2018 compared to fiscal year 2017</u>

The Company’s total selling expenses, according to business segment reporting, increased by 29.53%, from Ps. 13,948 million in fiscal year 2017 to Ps. 18,067 million in fiscal year 2018. This was mainly due to a Ps. 149 million increase in the Agricultural Business and a Ps. 3,970 million increase in the Urban Properties and Investments Business, attributable to a Ps. 77 million rise in the Operations Center in Argentina and a Ps. 3,893 million increase in the Operations Center in Israel.

Agricultural Business

Selling expenses associated with the Agricultural Business, according to the income statement, rose by 29.6%, from Ps. 496 million in fiscal year 2017 to Ps. 643 million in fiscal year 2018. This was due to increases of Ps. 96 million and Ps. 51 million in the Agricultural Production and Others segments, respectively.

In turn, selling expenses associated with our interests in joint ventures declined by 45.4% from Ps. 2 million in fiscal year 2017 to Ps. 1 million in fiscal year 2018, in connection with our Cresca S.A. joint venture.

On the other hand, inter-segment eliminations rose by 150.0% from Ps. 2 million in fiscal year 2017 to Ps. 5 million in fiscal year 2018.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, selling expenses increased by 29.8%, from Ps. 500 million in fiscal year 2017 to Ps. 649 million in fiscal year 2018.

Agricultural Production. Selling expenses associated with the Agricultural Production segment rose by Ps. 98 million, from Ps. 370 million in fiscal year 2017 to Ps. 468 million in fiscal year 2018, mainly as a consequence of an increase of Ps. 75 million in selling expenses for crops and Ps. 14 million in selling expenses for cattle. Selling expenses, as a percentage of revenues derived from the Agricultural Production segment, fell from 16.8% in fiscal year 2017 to 13.0% in fiscal year 2018.

Others. Selling expenses associated with the Others segment increased by Ps. 51 million, from Ps. 130 million in fiscal year 2017 to Ps. 181 million in fiscal year 2018, as a consequence of a Ps. 18 million increase in selling expenses related to the operations of our subsidiary FYO, and a Ps. 33 million increase in selling expenses related to the agro-industrial business. Selling expenses, as a percentage of revenues derived from the Others segment, fell from 7.6% in fiscal year 2017 to 7.3% in fiscal year 2018.

Urban Properties and Investments Business

Total selling expenses, according to the income statement, show an increase of Ps.656 million, from Ps.4,007 million during fiscal year 2017 to Ps.4,663 million during fiscal year 2018 (out of which Ps.16,986 million come from the Operations Center in Israel offset by the deconsolidation of Shufersal of Ps.12,749 million and Ps.426 million from the Operations Center in Argentina). Excluding the effect from the Operations Center in Israel, selling expenses increased by 22.4%. Total consolidated selling expenses measured as a percentage of revenues from sales, leases and services, decreased from 14.8% for the year 2017 to 14.1% during the year 2018.

On the other hand, the selling expenses of our joint ventures increased Ps.1 million, from Ps.5 million in fiscal year 2017 to Ps.6 million during fiscal year 2018.

Furthermore, according to the information by segments (taking into account the selling expenses from our joint ventures and without considering those corresponding to the expenses of collective promotion fund or the expenses for operations inter- segments), the selling expenses increased Ps.3,970 million, from Ps.13,448 million during fiscal year 2017 to Ps.17,418 million during fiscal year 2018 (out of which Ps.16,986 million come from the Operations Center in Israel and Ps.432 million from the Operations Center in Argentina). Excluding the effect from the Operations Center in Israel, selling expenses increased by 21.7%. Selling expenses measured as a percentage of revenues, according to information by segments, increased from 18.5% during fiscal year 2017 to 19.0% during fiscal year 2018.

Operations Center in Argentina

Shopping Malls. Selling expenses of the Shopping Malls segment increased by 26.6%, from Ps.188 million during fiscal year 2017 to Ps.238 million during fiscal year 2018, mainly as a consequence of: (i) an increase in taxes, fees and contributions of Ps.28 million, due to higher expenses in the gross income tax; and (ii) an increase of Ps.22 related to doubtful accounts. Selling expenses measured as a percentage of the revenues of the Shopping Malls segment increased from 6.2% during fiscal year 2017 to 6.5% during fiscal year 2018.

Offices. Selling expenses associated with our Offices segment increased by 23.9% from Ps.46 million during fiscal year 2017 to Ps.57 million during fiscal year 2018. This variation was generated mainly as a result of: (i) an increase in Ps.16 million in the charge of doubtful accounts and; (ii) an increase of Ps.4 million in taxes and contributions, partially offset by a decrease of Ps.10 million in advertising and other commercial expenses. Selling expenses associated with our Office segment, measured as a percentage of this segment's revenues, increased slightly, from 10.6% in fiscal year 2017 to 10.7% in fiscal year 2018.

Sales and developments. The selling expenses associated with the sales and development segment did not show variations between the years presented.

Hotels. Selling expenses associated with our Hotels segment increased 17.5%, from Ps.97 million during fiscal year 2017 to Ps.114 million during fiscal year 2018, mainly as a result of: (i) an increase of Ps.7 million salaries, social security and other personnel expenses; (ii) an increase of Ps.4 million in advertising and other commercial expenses; (iii) a higher charge of Ps.4 million in fees and compensation for services, among other items. The selling expenses associated with our Hotels segment measured as a percentage of this segment's revenues decreased, going from 13.4% during fiscal year 2017 to 11.7% during fiscal year 2018.

Others. Selling expenses associated with our Others segment decreased by 33.3% from Ps.3 million during fiscal year 2017 to Ps.2 million during fiscal year 2018, mainly due to a decrease in advertising, and other commercial expenses. The selling expenses associated with our Other segment measured as a percentage of this segment's revenues decreased considerably, from 50.0% during fiscal year 2017 to 11.1% during fiscal year 2018.

Operations Center in Israel

Real estate. Selling expenses associated with the real estate segment increased from Ps.91 million during the year ended June 30, 2017 to Ps.115 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine Peso. The selling expenses associated with this segment measured as a percentage of revenues remained stable at 1.9% during the 2017 fiscal year and the 2018 fiscal year.

Supermarkets. Selling expenses associated with the Supermarket segment increased from Ps.9,517 million during the year ended June 30, 2017 to Ps.12,749 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso, and (ii) the consolidation of New Pharm in the last quarter of the 2018 fiscal year. Selling expense as a percentage of revenues increased slightly, from 20.1% during fiscal year 2017 to 21.1% during fiscal year 2018.

Telecommunications. Selling expenses associated with the Telecommunications segment increased from Ps.3,406 million during the year ended June 30, 2017 to Ps.3,974 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso, partially offset by (ii) a decrease in advertising expenses on the mobile phone line. Selling expenses associated with this segment measured as a percentage of revenues decreased, going from 21.3% in fiscal year 2017 to 20.5% in fiscal year 2018.

Others. Selling expenses associated with the Others segment increased from Ps.79 million during the year ended June 30, 2017 to Ps.148 million during the year ended June 30, 2018. This variation was due to (i) a 27% revaluation of the Shekel against the Argentine peso and (ii) an increase in the marketing expenses of Bartan's new services.

Other Operating results, net - Fiscal year 2018 compared to fiscal year 2017

Our Other Operating results, net, according to business segment reporting, increased by Ps. 1,145 million, from a loss of Ps. 189 million in fiscal year 2017 to a gain of Ps. 956 million in fiscal year 2018. This was mainly due to a Ps. 492 million increase in profits from the Agricultural Business; a Ps. 10 million increase in losses in the Urban Properties and Investments Business at the Operations Center in Argentina, and a Ps. 663 million increase in the Operations Center in Israel from a loss of Ps. 196 million to a gain of Ps. 467 million.

Agricultural Business

Other Operating results, net associated with the Agricultural Business, according to the income statement, rose by 639.8% from a gain of Ps. 77 million in fiscal year 2017 to a gain of Ps. 570 million in fiscal year 2018.

On the other hand, inter-segment eliminations related to Other operating results, net rose by 50.0% from a loss of Ps. 2 million in fiscal year 2017 to a loss of Ps. 3 million in fiscal year 2018.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, Other operating results, net increased by Ps. 492 million, from a gain of Ps. 75 million in fiscal year 2017 to a gain of Ps. 567 million in fiscal year 2018.

Agricultural Production. Other Operating results, net associated with our Agricultural Production segment fell by Ps. 52 million, from a gain of Ps. 70 million in fiscal year 2017 to a gain of Ps. 18 million in fiscal year 2018, primarily as a result of BrasilAgro's and Cresud's commodity derivatives.

Land Transformation and Sales. Other Operating results, net from this segment rose by Ps. 511 million, following Cresca's spin-off.

Others. Other Operating results, net associated with the Others segment rose by Ps. 33 million, from a gain of Ps. 5 million in fiscal year 2017 to a gain of Ps. 38 million in fiscal year 2018, primarily in connection with the operations of our subsidiary FYO.

Urban Properties and Investments Business

Other operating results, net, according to the income statement, registered an increase of Ps.787 million, going from a net loss of Ps.205 million during fiscal year 2017 to a net profit of Ps.582 million during fiscal year 2018 (which a loss of Ps.62 million comes from the Operations Center in Argentina and Ps.644 million from the Operations Center in Israel, including the effect of deconsolidating Shufersal).

Other operating results, net from our joint ventures, had a variation of Ps.24 million, going from a net income of Ps.5 million during fiscal year 2017 (assigned to the Sales and Development segment of the Operations Center in Argentina) to a net loss of Ps.19 million during fiscal year 2018 (out of which a loss of Ps.15 million is allocated to the Sales and Development segment and Ps.4 million is allocated to the Shopping Malls segment within the Operations Center in Argentina).

Furthermore, according to the information by segments (taking into account the other operating results, net from our joint ventures and without considering those corresponding to the operations between business segments), the line other operating results, net recorded an increase of Ps.653 million, from a net loss of Ps.264 million during fiscal year 2017 to a net profit of Ps.389 million during fiscal year 2018. Excluding the effect from the Operations Center in Israel, the other operating results decreased in Ps.10 million.

Operations Center in Argentina

Shopping Malls. The other operating results, net, of the Shopping Malls segment decreased by 1.7%, going from a loss of Ps.58 million during fiscal year 2017 to a loss of Ps.57 million during fiscal year 2018, mainly as a result of: (i) a lower expense related to donations of Ps.21 million, partially offset by: (ii) a higher expense for lawsuits and contingencies of Ps.12 million; and (iii) a higher income of Ps.6 million related to management fee. The other operating results, net, of this segment, as a percentage of this segment's revenues, decreased from 1.9% during fiscal year 2017 to 1.6% during fiscal year 2018.

Offices. The other operating results, net, associated with our Offices segment decreased by 66.7%, going from a Ps.12 million losses during fiscal year 2017 to a loss of Ps.4 million during fiscal year 2018, mainly as a consequence of an increase in the income from management fee of Ps.4 million and a decrease in the expenses of lawsuits and other contingencies of Ps.2 million, among other items. The other operating results, net, of this segment, as a percentage of revenues, decreased from 2.8% during fiscal year 2017 to 0.8% during fiscal year 2018.

Sales and developments. The other operating results, net, associated with our Sales and developments segment increased by 130.6%, going from a loss of Ps.36 million during fiscal year 2017 to a gain of Ps.11 million during fiscal year 2018, mainly as a result of an increase in income from the sale of property, plant and equipment of Ps.56 million, among other items. The other operating results, net, of this segment, as a percentage of this segment's revenues, went from 36.4% during fiscal year 2017 to 9.2% during fiscal year 2018.

Hotels. The other operating results, net, associated with the Hotels segment decreased by Ps.16 million, going from a loss of Ps.1 million during fiscal year 2017 to a loss of Ps.17 million during fiscal year 2018, mainly due to a higher expense related to claims and lawsuits and contingencies and others. The other operating results, net, of this segment, as a percentage of this segment's revenues increased from 0.1% in 2017 to 1.7% in 2018.

International. The other operating results, net, of this segment decreased by 185.2%, from a gain of Ps.27 million during fiscal year 2017 to a loss of Ps.23 million during fiscal year 2018, mainly due to the reset of the translation difference occurred in fiscal year 2017 and a decrease in revenue from management fees.

Others. The other operating results, net, associated with the Other segment did not show variations between the years presented.

Operations Center in Israel

Real Estate. The other operating results, net associated with the Real Estate segment increased from Ps.46 million during the year ended June 30, 2017 to Ps.98 million during the year ended June 30, 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso and (ii) result from the sale of fixed assets.

Supermarkets. The other operating results, net associated with the Supermarket segment increased from Ps.52 million losses during the year ended June 30, 2017 to Ps.177 million losses during the year ended June 30, 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso (ii) an impairment of property, plant and equipment.

Telecommunications. The other operating results, net associated with the Telecommunications segment went from Ps.36 million losses during the year ended June 30, 2017 to Ps.140 million gain during the year ended June 30, 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso, offset by (ii) the sale of the subsidiary Rimon.

Corporate. The other operating results, net associated with the Corporate segment went from Ps.48 million losses during the year ended June 30, 2017 to Ps.434 million gain during the year ended June 30, 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso, offset by (ii) the favorable outcome of the trial won related to Ma ' ariv.

Others. The other operating results, net associated with the Others segment went from Ps.106 million losses during the year ended June 30, 2017 to Ps.28 million losses during the year ended June 30, 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso, and (ii) a decrease in research and development expenses.

Management fees – Fiscal year 2018 compared to fiscal year 2017

The Company entered into a management agreement with Consultores Asset Management S.A., which provides for the payment of a fee equivalent to 10% of our profits as advisory fees in connection with all kinds of matters related to businesses and investments in the agricultural, real estate, financial, hotel and other sectors. Management fees amounted to Ps. 554 million and Ps. 200 million in fiscal year 2018 and 2017, respectively.

Profit from Operations - Fiscal year 2018 compared to fiscal year 2017

Our total consolidated profit from operations, according to the income statement, rose by 263.0% from Ps. 8,255 million in fiscal year 2017 to Ps. 29,964 million in fiscal year 2018.

Total loss from operations from our joint ventures rose by 251.7%, from Ps. 203 million in fiscal year 2017 to Ps. 714 million in fiscal year 2018, primarily as a consequence of a decline in net income from changes in fair value of investment properties.

On the other hand, profit from operations related to common maintenance expenses and collective promotion fund rose by 159.0%, from a loss of Ps. 227 million in fiscal year 2017 to a loss of Ps. 588 million in fiscal year 2018.

Profits from operations derived from inter-segment operations did not experience significant changes.

Hence, according to business segment reporting (considering the profit from operations from all our joint ventures and without considering the profit from operations related to common maintenance expenses and collective promotion fund and inter-segment operations), profit from operations rose by 223.8% from Ps. 10,356 million in fiscal year 2017 (with Ps. 348 million being attributable to the Agricultural Business, and Ps. 3,224 million and Ps. 6,784 to the Operations Center in Israel and the Operations Center in Argentina, respectively, both centers of the Urban Properties and Investments Business) to Ps. 33,533 million in fiscal year 2018 (with Ps. 2,474 million being attributable to the Agricultural Business, and Ps. 6,956 million and Ps. 24,103 million to the Operations Center in Israel and the Operations Center in Argentina, respectively, both centers of the Urban Properties and Investments Business).

Agricultural Business

Profits from operations from the Agricultural Business increased by Ps. 2,126 million (or 610.9%), from a gain of Ps. 348 million in fiscal year 2017 to a gain of Ps. 2,474 million in fiscal year 2018.

Agricultural Production. Profit from operations from the Agricultural Production segment increased by Ps. 1,218 million, from a loss of Ps. 114 million in fiscal year 2017 to a gain of Ps. 1,104 million in fiscal year 2018.

Land Transformation and Sales. Profit from operations from the Land Transformation and Sales segment increased by Ps. 901 million, from a gain of Ps. 599 million in fiscal year 2017 to a loss of Ps. 1,500 million in fiscal year 2018.

Corporate. Profit from operations from the Corporate segment declined by Ps. 5 million from a loss of Ps. 84 million in fiscal year 2017 to a loss of Ps. 89 million in fiscal year 2018.

Others. Profit from operations from the Others segment fell by Ps. 12 million from a loss of Ps. 53 million in fiscal year 2017 to a loss of Ps. 41 million in fiscal year 2018.

Urban Properties and Investments Business

Profit from operations in this segment increase by Ps.21.051 million, from a profit of Ps. 10,008 million in fiscal year 2017 to a profit of Ps. 31,059 million in fiscal year 2018. The increase is due to an increase of Ps.17,319 million in the Operations Center in Argentina and an increase of Ps.3,732 million in the Operations Center in Israel.

Operations Center in Argentina

Shopping Malls. The operating result of Shopping Malls increased by 230.2% during fiscal year 2018, from Ps.4,258 million during fiscal year 2017 to Ps.14,060 million during fiscal year 2018.

Offices. The operating result corresponding to our Offices segment increased by 219.4%, going from a profit of Ps.1,650 million during fiscal year 2017 to a profit of Ps.5,270 million during fiscal year 2018. The variation is mainly due to an increase of Ps.3,645 million profit from the result of changes fair value of investment properties.

Sales and developments. The operating result corresponding to our Sales and Developments segment increased by 489.0%, going from Ps.808 million gain during fiscal year 2017 to Ps.4,759 million during fiscal year 2018. This increase is mainly due to higher revenues resulting from the sales of Beruti apartments and parking units, floors and parking units of Maipú 1300, Libertador 498 and Intercontinental Plaza office building and the sale of Baicom's land and also, by the net results of changes in the fair value of investment properties, which were partially offset by an increase in costs and general and administrative expenses.

Hotels. The operating result corresponding to the Hotels segment showed an increase of 212.5%, going from a profit of Ps.8 million in fiscal year 2017 at a gain of Ps.25 million during fiscal year 2018. This increase is mainly due to the increase in the average room rate of our hotel portfolio (measured in pesos), generating an increase in revenues.

International. The operating result corresponding to our International segment decreased by 331.3%, going from a loss of Ps.16 million during fiscal year 2017 to a loss of Ps.69 million during fiscal year 2018. This variation is due to an increase in expenses general and administrative costs and a decrease in other operating results.

Corporate. The operating result corresponding to our Corporate segment varied by 14.4%, going from a loss of Ps.132 million during fiscal year 2017 to a loss of Ps.151 million during fiscal year 2018, mainly affected by general and administrative expenses.

Others. The operating result corresponding to our Others segment presented an increase of Ps.1 million, going from a gain of Ps.208 million during fiscal year 2017 to a gain of Ps.209 million during fiscal year 2018. The variation is mainly due to a Ps.237 million increase in income from the result of changes in the fair value of investment properties (mainly generated by La Adela).

Operations Center in Israel

Real estate. The operating result of the Real Estate segment increased from Ps.2,511 million during the fiscal year 2017 to Ps.5,177 million during fiscal year 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso, (ii) the occupation of projects in Israel, (iii) an increase in the number of square meters occupied and (iv) a gain related to changes in the fair value of investment properties.

Supermarkets. The operating result of the Supermarkets segment increased from Ps 1,762 million during the fiscal year 2017 to Ps 2,267 million during the fiscal year 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso, and (ii) the increase in the participation of the Shufersal brand, the improvement in commercial terms and the distribution channels and a better mix in the components of the basket.

Telecommunications. The operating result of the Telecommunications segment increased from a loss of Ps.253 million during the fiscal year 2017 to a loss of Ps.196 million during fiscal year 2018. This variation was due to (i) a revaluation of 27% of the Shekel against to the Argentine peso, (ii) increase in television subscribers and (iii) the continuous erosion in service revenues, which was partially offset by the decrease in operating expenses, due to the efficiency measures implemented by Cellcom.

Corporate. Operating income of the Corporate segment increased from a loss of Ps.432 million during the fiscal year 2017 to a gain of Ps.60 million during fiscal year 2018. This variation was due to (i) a revaluation of 27% of the Shekel against the Argentine peso, and (ii) the positive outcome of Ma'ariv's trial.

Others. The operating result of the Others segment went from a loss of Ps.364 million during the fiscal year 2017 to a loss of Ps.352 million during the fiscal year 2018. This variation was due to (i) a revaluation of 27% of the Shekel compared to the Argentine peso, and (ii) an increase in the income of Bartan and Epsilon.

<u>Share of profit/(loss) of associates and joint ventures - Fiscal year 2018 compared to fiscal year 2017</u>

Share of profit (loss) of associates and joint ventures, according to the income statement, fell by 728.1%, from a gain of Ps. 96 million in fiscal year 2017 to a loss of Ps. 603 million in fiscal year 2018.

In addition, our share of profit (loss) from our interests in joint ventures, primarily from Cresca S.A. (Agricultural Production segment), Nuevo Puerto Santa Fe S.A. (Shopping Malls segment), Quality Invest S.A. (Offices segment); and Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. (Sales and Developments segment), experienced a 361.4% increase, from a gain of Ps. 153 million in fiscal year 2017 to a gain of Ps. 706 million in fiscal year 2018, mainly attributable to profits derived from our Cresca S.A. and Quality S.A. joint ventures.

According to business segment reporting, our share of profit/(loss) of associates and joint ventures declined by Ps. 1,308 million from a gain of Ps. 19 million in fiscal year 2017 to a loss of Ps. 1,289 million in fiscal year 2018 (out of which a gain of Ps. 23 million is attributable to the Agricultural Business, and losses in the amount of Ps. 1,269 million and Ps. 43 million are attributable to the Operations Center in Argentina and the Operations Center in Israel, respectively, both of them from the Urban Properties and Investments Business).

Agricultural Business

Agricultural Production. The profit from our interests in associates in this segment rose by 100.0% from a gain of Ps. 12 million in fiscal year 2017 to a gain of Ps. 24 million in fiscal year 2018, due to the profit from the investment in Agro-Uranga S.A.

Others. The loss from our interests in associates in this segment declined by 75.0% from a loss of Ps. 4 million in fiscal year 2017 to a loss of Ps. 1 million in fiscal year 2018, due to the profits from the investment in Agrofy Global.

Urban Properties and Investments Business

Operations Center in Argentina

Shopping Malls. In the information by segments, the share of profit / (loss) of associates and joint ventures Nuevo Puerto Santa Fe S.A. it is exposed consolidated, line by line in this segment.

Offices. In the information by segments, share of profit / (loss) of associates and joint ventures Quality S.A. it is exposed consolidated, line by line in this segment.

Sales and developments. The share of profit / (loss) of associates and joint ventures Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. are exposed consolidated line by line. The result from our participation in our associate Manibil S.A., which are disclosed in this line, increased by Ps.12 million, from Ps.14 million during fiscal year 2017 to Ps.26 million during fiscal year 2018.

International. The negative result generated by our stake in associates of this segment increased by 881.1%, going from a loss of Ps.196 million during fiscal year 2017 to a loss of Ps.1,923 million during fiscal year 2018, mainly generated by a negative result of our investment in New Lipstick LLC of Ps.1,916 million.

Hotels. This segment does not present results from the participation in associates and joint ventures.

Others. The positive result generated by our participation in associates of the Other segment, increased by 613.6%, from Ps.88 million during fiscal year 2017 to Ps.628 million during fiscal year 2018, mainly as a result of a gain from of our investments in the BHSA for Ps.618 million and Entertainment Holdings S.A. for Ps.14 million.

Operations Center in Israel

Real estate. The positive result share of profit of associates and joint ventures of this segment increased from Ps.46 million during the year ended June 30, 2017 to Ps.167 million in the year ended June 30, 2018 due to an improvement presented by Mehadrin and Pbel in their results.

Supermarkets. The positive result share of profit of associates and joint ventures of this segment decreased from Ps.75 million during the year ended June 30, 2017 to Ps.20 million in the year ended June 30, 2018 due to a drop in the investment performance of associates.

Others. The negative result generated bu our share of profit of associates and joint ventures of this segment increased from Ps.16 million during the year ended June 30, 2017 to Ps.230 million in the year ended June 30, 2018 due to the low performance of Elron's investments.

<u>Financial results, net - Fiscal year 2018 compared to fiscal year 2017</u>

Our financial results, net rose by Ps. 19,124 million, from a loss of Ps. 4,703 million in fiscal year 2017 to a loss of Ps. 23,827 million in fiscal year 2018. This was primarily due to (i) a Ps. 11,187 million increase in exchange losses in the Agricultural Business and in the Operations Center in Argentina within the Urban Properties and Investments Business, primarily attributable to the currency depreciation that took place in the current fiscal year; (ii) a Ps. 2,228 million increase in losses in Israel in connection with December's debt swap, and (iii) a Ps. 4,261 million decline in income from fair value measurement of financial assets and liabilities in Israel, mostly attributable to changes in fair value measurement of CLAL's shares (a loss of NIS 243 million in 2018 vis-a-vis a gain of NIS 613 million in 2017).

There was a 73.5% fluctuation in the US-dollar selling exchange rate during fiscal year 2018 (increasing from Ps. 16.630 to USD 1 as of June 30, 2017 to Ps. 28.850 to USD 1 as of June 30, 2018) relative to the previous fiscal year, when the USD/Ps. exchange rate had fluctuated 10.6% only (from Ps. 15.040 to USD 1 as of June 30, 2016 to Ps. 16.630 to USD 1 as of June 30, 2017).

<u>Income tax - Fiscal year 2018 compared to fiscal year 2017</u>

The Company applies the deferred tax method to calculate the income tax corresponding to the periods presented, recognizing in this way the temporary differences as tax assets and liabilities. The income tax charge for the year went from a loss of Ps.2,713 million during fiscal year 2017, to a loss of Ps.233 million during fiscal year 2018, out of which a gain of Ps.384 million come from the Agricultural Business and a gain of Ps.151 million from the Urban Properties and Investments Business, attributable to a gain of Ps. 828 million in the Operations Center in Israel and a loss of Ps. 677 million in the Operations Center in Argentina.

Profit for the year - Fiscal year 2018 compared to fiscal year 2017

As a result of the factors described above, the profit of the year, including the effect of discontinued operations, went from a profit of Ps.5,028 million during fiscal year 2017 to a profit of Ps.17,780 million during fiscal year 2018. Profit / (loss) for the fiscal year attributable to the controlling company's shareholders went from a profit of Ps. 1,511 million in fiscal year 2017 to a profit of Ps. 5,392 million in fiscal year 2018; and The non-controlling interest in controlled companies went from a profit of Ps. 3,517 million in fiscal year 2017 to a profit of Ps. 12,388 million in fiscal year 2018.

Results of Operations for the fiscal years ended June 30, 2017 and 2016

Below is a summary of the Company's business lines and a reconciliation between the total of the operating result according to the information by segments and the operating result according to the income statement for the years ended June 30, 2017 and 2016

	Agricultural business			Urban Properties and Investment business – Operations Center in Argentina			Urban Properties and Investment business – Operations Center in Israel			Urban Properties and Investment business – Subtotal		
	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.
Revenues	3,915	2,909	1,006	4,311	3,284	1,027	68,422	27,077	41,345	72,733	30,361	42,372
Costs	(3,395)	(2,493)	(902)	(910)	(659)	(251)	(49,110)	(19,252)	(29,858)	(50,020)	(19,911)	(30,109)
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	127	376	(249)	-	-	-	-	-	-	-	-	-
Changes in the net realizable value of agricultural products after harvest	(74)	208	(282)	-	-	-	-	-	-	-	-	-
Gross profit / (loss)	**573**	**1,000**	**(427)**	**3,401**	**2,625**	**776**	**19,312**	**7,825**	**11,487**	**22,713**	**10,450**	**12,263**
Net gain from fair value adjustment of investment properties	331	22	309	4,489	18,167	(13,678)	374	(271)	645	4,863	17,896	(13,033)
Gain from disposal of farmlands	280	(2)	282	-	-		-	-		-	-	-
General and administrative expenses	(411)	(315)	(96)	(683)	(487)	(196)	(3,173)	(1,360)	(1,813)	(3,856)	(1,847)	(2,009)
Selling expenses	(500)	(338)	(162)	(355)	(264)	(91)	(13,093)	(5,442)	(7,651)	(13,448)	(5,706)	(7,742)
Other operating results, net	75	(80)	155	(68)	(12)	(56)	(196)	(32)	(164)	(264)	(44)	(220)
Management fees	-	-	-	-	-	-	-	-	-	-	-	-
Profit / (Loss) from operations	**348**	**287**	**61**	**6,784**	**20,029**	**(13,245)**	**3,224**	**720**	**2,504**	**10,008**	**20,749**	**(10,741)**
Share of (loss) / profit of associates and joint ventures	8	23	(15)	(94)	126	(220)	105	123	(18)	11	249	(238)
Segment profit / (loss)	**356**	**310**	**46**	**6,690**	**20,155**	**(13,465)**	**3,329**	**843**	**2,486**	**10,019**	**20,998**	**(10,979)**

	Total segment information			Joint ventures (i)			discontinued operations (ii)			Adjustments (iii)			Elimination			Total Statement of Income / Financial Position		
	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.
Revenues	76,648	33,270	43,378	(72)	(89)	17	(47,168)	(18,607)	(28,561)	1,490	1,194	296	(152)	(146)	(6)	30,746	15,622	15,124
Costs	(53,415)	(22,404)	(31,011)	45	74	(29)	35,488	14,063	21,425	(1,517)	(1,207)	(310)	69	94	(25)	(19,330)	(9,380)	(9,950)
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	127	376	(249)	8	(26)	34	-	-	-	-	-	-	69	51	18	204	401	(197)
Changes in the net realizable value of agricultural products after harvest	(74)	208	(282)	-	-	-	-	-	-	-	-	-	-	-	-	(74)	208	(282)
Gross profit / (loss)	**23,286**	**11,450**	**11,836**	**(19)**	**(41)**	**22**	**(11,680)**	**(4,544)**	**(7,136)**	**(27)**	**(13)**	**(14)**	**(14)**	**(1)**	**(13)**	**11,546**	**6,851**	**4,695**
Net gain from fair value adjustment of investment properties	5,194	17,918	(12,724)	(193)	(379)	186	(113)	(23)	(90)	-	-	-	-	-	-	4,888	17,516	(12,628)
Gain from disposal of farmlands	280	(2)	282	-	-	-	-	-	-	-	-	-	-	-	-	280	(2)	282
General and administrative expenses	(4,267)	(2,162)	(2,105)	7	5	2	624	200	424	-	-	-	8	7	1	(3,628)	(1,950)	(1,678)
Selling expenses	(13,948)	(6,044)	(7,904)	7	8	(1)	9,434	3,862	5,572	-	-	-	4	1	3	(4,503)	(2,173)	(2,330)
Other operating results, net	(189)	(124)	(65)	(5)	(2)	(3)	64	19	45	-	-	-	2	(3)	5	(128)	(110)	(18)
Management fees	-	-	-	-	-	-	-	-	-	(200)	(534)	334	-	-	-	(200)	(534)	334
Profit / (Loss) from operations	**10,356**	**21,036**	**(10,680)**	**(203)**	**(409)**	**206**	**(1,671)**	**(486)**	**(1,185)**	**(227)**	**(547)**	**320**	**-**	**4**	**(4)**	**8,255**	**19,598**	**(11,343)**
Share of (loss) / profit of associates and joint ventures	19	272	(253)	153	262	(109)	(76)	-	(76)	-	-	-	-	-	-	96	534	(438)
Segment profit / (loss)	**10,375**	**21,308**	**(10,933)**	**(50)**	**(147)**	**97**	**(1,747)**	**(486)**	**(1,261)**	**(227)**	**(547)**	**320**	**-**	**4**	**(4)**	**8,351**	**20,132**	**(11,781)**

Agricultural business

Below is a summary analysis of the business lines of the Agricultural business for the years ended June 30, 2017 and 2016

	Agricultural production			Land transformation and sales			Corporate			Others			Total		
	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.
Revenues	2,197	1,765	432	-	-	-	-	-	-	1,718	1,144	574	3,915	2,909	1,006
Costs	(1,810)	(1,419)	(391)	(11)	(9)	(2)	-	-	-	(1,574)	(1,065)	(509)	(3,395)	(2,493)	(902)
Initial recognition and changes in the fair value of biological assets and agricultural products at the point of harvest	127	376	(249)	-	-	-	-	-	-	-	-	-	127	376	(249)
Changes in the net realizable value of agricultural products after harvest	(74)	208	(282)	-	-	-	-	-	-	-	-	-	(74)	208	(282)
Gross profit / (loss)	**440**	**930**	**(490)**	**(11)**	**(9)**	**(2)**	**-**	**-**	**-**	**144**	**79**	**65**	**573**	**1,000**	**(427)**
Net gain from fair value adjustment of investment properties	-	-	-	331	22	309	-	-	-	-	-	-	331	22	309
Gain from disposal of farmlands	-	-	-	280	(2)	282	-	-	-	-	-	-	280	(2)	282
General and administrative expenses	(254)	(185)	(69)	(1)	(1)	-	(84)	(76)	(8)	(72)	(53)	(19)	(411)	(315)	(96)
Selling expenses	(370)	(248)	(122)	-	-	-	-	-	-	(130)	(90)	(40)	(500)	(338)	(162)
Other operating results, net	70	(82)	152	-	-	-	-	-	-	5	2	3	75	(80)	155
Profit / (Loss) from operations	**(114)**	**415**	**(529)**	**599**	**10**	**589**	**(84)**	**(76)**	**(8)**	**(53)**	**(62)**	**9**	**348**	**287**	**61**
Share of profit of associates and joint ventures	12	26	(14)	-	-	-	-	-	-	(4)	(3)	(1)	8	23	(15)
Segment profit / (loss)	**(102)**	**441**	**(543)**	**599**	**10**	**589**	**(84)**	**(76)**	**(8)**	**(57)**	**(65)**	**8**	**356**	**310**	**46**

Operations Center in Argentina

Below is a summary analysis of the business lines of the Operations Center in Argentina for the years ended June 30, 2017 and 2016

	Shopping Malls			Offices			Sales and developments			Hotels			Internacional			Corporate			Others			Total		
	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.
Revenues	3,047	2,409	638	434	332	102	99	8	91	725	534	191	-	-	-	-	-	-	6	1	5	4,311	3,284	1,027
Costs	(350)	(250)	(100)	(29)	(25)	(4)	(43)	(20)	(23)	(484)	(362)	(122)	-	-	-	-	-	-	(4)	(2)	(2)	(910)	(659)	(251)
Gross profit / (loss)	**2,697**	**2,159**	**538**	**405**	**307**	**98**	**56**	**(12)**	**68**	**241**	**172**	**69**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**(1)**	**3**	**3,401**	**2,625**	**776**
Net gain from fair value adjustment of investment properties	2,068	16,132	(14,064)	1,373	1,226	147	849	773	76	-	-	-	-	-	-	-	-	-	199	36	163	4,489	18,167	(13,678)
General and administrative expenses	(261)	(179)	(82)	(70)	(85)	15	(40)	(24)	(16)	(135)	(103)	(32)	(43)	(24)	(19)	(132)	(72)	(60)	(2)	-	(2)	(683)	(487)	(196)
Selling expenses	(188)	(145)	(43)	(46)	(24)	(22)	(21)	(23)	2	(97)	(69)	(28)	-	-	-	-	-	-	(3)	(3)	-	(355)	(264)	(91)
Other operating results, net	(58)	(63)	5	(12)	(6)	(6)	(36)	(34)	(2)	(1)	(2)	1	27	92	(65)	-	-	-	12	1	11	(68)	(12)	(56)
Profit / (Loss) from operations	**4,258**	**17,904**	**(13,646)**	**1,650**	**1,418**	**232**	**808**	**680**	**128**	**8**	**(2)**	**10**	**(16)**	**68**	**(84)**	**(132)**	**(72)**	**(60)**	**208**	**33**	**175**	**6,784**	**20,029**	**(13,245)**
Share of profit of associates and joint ventures	-	-	-	-	-	-	14	5	9	-	-	-	(196)	(130)	(66)	-	-	-	88	251	(163)	(94)	126	(220)
Segment profit / (loss)	**4,258**	**17,904**	**(13,646)**	**1,650**	**1,418**	**232**	**822**	**685**	**137**	**8**	**(2)**	**10**	**(212)**	**(62)**	**(150)**	**(132)**	**(72)**	**(60)**	**296**	**284**	**12**	**6,690**	**20,155**	**(13,465)**

Operations Center in Israel

Below is a summary analysis of the business lines of the Operations Center in Israel for the years ended June 30, 2017 and 2016

	Real Estate			Supermarkets			Telecommunications			Corporate			Others			Total		
	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	06.30.17	06.30.16	Var.	30.06.17	30.06.16	Var.
Revenues	4,918	1,538	3,380	47,277	18,610	28,667	15,964	6,655	9,309	-	-	-	263	274	(11)	68,422	27,077	41,345
Costs	(2,333)	(467)	(1,866)	(35,432)	(14,076)	(21,356)	(11,183)	(4,525)	(6,658)	-	-	-	(162)	(184)	22	(49,110)	(19,252)	(29,858)
Gross profit / (loss)	**2,585**	**1,071**	**1,514**	**11,845**	**4,534**	**7,311**	**4,781**	**2,130**	**2,651**	**-**	**-**	**-**	**101**	**90**	**11**	**19,312**	**7,825**	**11,487**
Net gain from fair value adjustment of investment properties	261	(294)	555	113	23	90	-	-	-	-	-	-	-	-	-	374	(271)	645
General and administrative expenses	(290)	(100)	(190)	(627)	(203)	(424)	(1,592)	(708)	(884)	(384)	(321)	(63)	(280)	(28)	(252)	(3,173)	(1,360)	(1,813)
Selling expenses	(91)	(29)	(62)	(9,517)	(3,907)	(5,610)	(3,406)	(1,493)	(1,913)	-	-	-	(79)	(13)	(66)	(13,093)	(5,442)	(7,651)
Other operating results, net	46	(19)	65	(52)	(13)	(39)	(36)	-	(36)	(48)	-	(48)	(106)	-	(106)	(196)	(32)	(164)
Profit / (Loss) from operations	**2,511**	**629**	**1,882**	**1,762**	**434**	**1,328**	**(253)**	**(71)**	**(182)**	**(432)**	**(321)**	**(111)**	**(364)**	**49**	**(413)**	**3,224**	**720**	**2,504**
Share of profit of associates and joint ventures	46	226	(180)	75	-	75	-	-	-	-	-	-	(16)	(103)	87	105	123	(18)
Segment profit / (loss)	**2,557**	**855**	**1,702**	**1,837**	**434**	**1,403**	**(253)**	**(71)**	**(182)**	**(432)**	**(321)**	**(111)**	**(380)**	**(54)**	**(326)**	**3,329**	**843**	**2,486**

Revenues - Fiscal year 2017 compared to fiscal year 2016

Total revenues from sales, rentals and services, according to business segment reporting, rose by 130.4%, from Ps. 33,270 million in fiscal year 2016 to Ps. 76,648 million in fiscal year 2017. This was mainly due to a Ps. 1,006 million increase in the Agricultural Business and a Ps. 42,372 million increase in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel by Ps. 41,345 million and to the Operations Center in Argentina by Ps. 1,027 million.

Agricultural Business

Total revenues, according to the income statement, rose by 38.1%, from Ps. 2,710 million in fiscal year 2016 to Ps. 3,742 in fiscal year 2017, as consequence of: a Ps. 474 million increase and a Ps. 558 million increase in the Agricultural Production segment and in the Others segment, respectively.

In turn, revenues from our interests in joint ventures declined by 50% from Ps. 60 million in fiscal year 2016 to Ps. 30 million in fiscal year 2017, mainly as a consequence of a 74.5% decline in crops sold in Cresca, from Ps. 51 million in fiscal year 2016 to Ps. 13 million in fiscal year 2017.

On the other hand, inter-segment revenues rose by 2.9%, from Ps. 139 million in fiscal year 2016 to Ps. 143 million in fiscal year 2017, mainly as a result of the leases of croplands between our subsidiary BrasilAgro and its subsidiaries, which were reclassified from the Agricultural Production segment to the Rentals and Services segment and also as a result of revenues from cattle sales to our subsidiary Carnes Pampeanas, which was reclassified from the Agricultural Production segment to the Others segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, revenues increased by 34.6%, from Ps. 2,909 million in fiscal year 2016 to Ps. 3,915 million in fiscal year 2017.

Agricultural Production. Total revenues from the Agricultural Production segment rose by 24.4% from Ps. 1,765 million in fiscal year 2016 to Ps. 2,197 million in fiscal year 2017, primarily as a consequence of:

- a Ps. 249 million increase in revenues from crop sales, as a result of a 36.9% increase in the average price of crops sold, from Ps. 2,226 per ton in fiscal year 2016 to Ps. 3,049 per ton in fiscal year 2017; partially offset by a decline of 57,807 tons in the volume of crops sold during fiscal year 2017 compared to the previous fiscal year;
- a Ps. 61 million increase in revenues from sugarcane sales, mainly attributable to a 62.3% rise in the average price of sugarcane sold, from Ps. 241.2 per ton in fiscal year 2016 to Ps. 391.5 per ton in fiscal year 2017; and a decline of 312,880 tons (25.7%) in the volume of sugarcane sold in fiscal year 2017 compared to the previous fiscal year, primarily attributable to BrasilAgro;
- a Ps. 61 million increase in rental and services revenues, primarily attributable to a 450% increase in revenues from seed production primarily caused by an increase in the number of hectares used for agricultural purposes, and an 11% increase in the selling price; offset by a 18% decline in the average yield; and
- a Ps. 61 million increase in revenues from sales of cattle and milk.

Others. Total revenues from the Others segment increased by 50.2% from Ps. 1,144 million in fiscal year 2016 to Ps. 1,718 million in fiscal year 2017, as a consequence of:

- a Ps. 358 million rise in revenues from the Agro-industrial segment, primarily as a consequence of a 30.3% increase in exports, a 35.3% increase in sales to the domestic market, and a 50% increase in sales of by-products. Domestic consumption prices exhibited an upward trend and were 23% higher than in fiscal year 2016. Export prices rose by 21.03% in Argentine Pesos in fiscal year 2017 compared to 2016, with an 8.5% increase in the slaughtering volume, from 6,415 head per month in fiscal year 2016 to 6,960 in fiscal year 2017;
- a Ps. 65 million increase in sales of supplies;
- a Ps. 77 million increase in sales on consignment;
- a Ps. 4 million rise in commodity brokerage services;
- a Ps. 42 million increase in supply and crop exchange transactions; and
- a Ps. 35 million rise in coverage, advertising, storage and other services.

Urban Properties and Investments Business

Revenues from sales, leases and services, according to the income statement increased by Ps.14,092 million, a 109.1% up from Ps.12,912 million during fiscal year 2016 to Ps.27,004 million during fiscal year 2017 (out of which Ps.68,422 million were generated the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.47.168 and Ps.5,750 million were generated in the Operations Center in Argentina).

Revenues from sales, leases and services in the operations Center In Israel are not comparable year to year due to two main factors: (i) the results of operations for the fiscal year ended June 30, 2016 include only six months of operations from the operations from the Operations center in Israel, from October 11, 2015 (the date we acquired control of IDBD) through March 31, 2016 (adjusted by such material transactions occurred between April 1, 2016 and June 30, 2016,) while the results of operations for the fiscal year ended June 30, 2017 include twelve months of operations from the operations centers in Israel, from April 1, 2016 through March 31, 2017 (adjusted by such material transactions occurred between April 1st, 2017 and June 30, 2017) and (ii) fluctuations between the Israeli Shekel, the functional currency of the Operation Center in Israel and the Argentine Peso, our reporting currency, i.e. the Israeli Shekel appreciated approximately 24% from 2016 to 2017.

In turn, revenues from expenses and collective promotion fund increased by 24.8%, from Ps.1,194 million (of which Ps.1,101 million are allocated to the Shopping Malls segment and Ps.93 million are allocated to the Offices segment within the Operations Center in Argentina) during fiscal year 2016 to Ps.1,490 million (of which Ps.1,375 million are allocated to the Shopping Malls segment and Ps.115 million are allocated to the Offices segment within the Operation Center in Argentina) during fiscal year 2017.

Furthermore, revenues from interests in our joint ventures showed a 41.4% increase, up from Ps.29 million during fiscal year 2016 (of which Ps.20 million are allocated to the Shopping Malls segment, Ps.4 million to the Offices segment, and Ps.5 million to the Sales and Developments segment within the Operations Center in Argentina) to Ps.41 million during fiscal year 2017 (of which Ps.26 million are allocated to the Shopping Malls segment, Ps.14 million to the Offices segment, and Ps.1 million to the Sales and Developments segment within the Operations Center in Argentina) during fiscal year 2017.

Finally, inter-segment revenues increased by 42.9%, from Ps.7 million during fiscal year 2016 (of which Ps.6 million are allocated to the Offices segment and Ps.1 million to the Hotels segment within the Operations Center in Argentina) to Ps.10 million during fiscal year 2017 (of which Ps.7 million are allocated to the Offices segment and Ps.3 million to the Hotels segment within the Operations Center in Argentina).

Thus, according to business segment reporting (taking into consideration the revenues from our joint ventures and without considering the revenues from expenses and collective promotion fund or inter-segment revenues), revenues grew by Ps.42,372 million from Ps.30,361 million during fiscal year 2016 to Ps.72,733 million during fiscal year 2017 (of which Ps.68,422 million are derived from the Operations Center in Israel and Ps.4,311 million are derived from the Operations Center in Argentina).

Operations Center in Argentina

Shopping Malls. Revenues from the Shopping Malls segment increased by 26.5% from Ps.2,409 million during the 2016 fiscal year to Ps.3,047 million during the 2017 fiscal year. This increase is mainly attributable to: (i) an increase of Ps.408 million in revenues from fixed and variable leases as a result of a 19.4% increase in our tenants' total sales, which went from Ps.42 million during fiscal year 2016 to Ps.50 million during fiscal year 2017; (ii) an increase of Ps.55 million in revenue from admission rights, (iii) an increase of Ps.40 million in parking revenues, and (iv) an increase of Ps.135 million in fee income, among other concepts.

Offices. Revenues from the Offices segment increased by 30.7% from Ps.332 million in 2016 to Ps.434 million in fiscal year 2017. They were affected by the partial sales of investment properties made during the year 2017, which generated a reduction in the total leasable area of the segment. Lease revenue increased by 28.8%, from Ps.324 million during the year ended June 30, 2016 to Ps.419 million during the year ended June 30, 2017, mainly as a result of the devaluation.

Sales and developments. Revenues from the Sales and Developments segment registered an increase of Ps.91 million, from Ps.8 million during fiscal year 2016 to Ps.99 million during fiscal year 2017. This segment often varies significantly from one period to another due to the no recurrence of the different sales operations carried out by the Company over time. This increase is mainly due to the sales of the Beruti flats and parking spaces in Rosario.

Hotels. Revenues from our Hotels segment increased 35.8% from Ps.534 million in 2016 to Ps.725 million in 2017, mainly due to an increase in the average room rate of our hotel portfolio (measured in pesos).

Others. Revenues from our Others segment increased 500.0% from Ps.1 million in 2016 to Ps.6 million in 2017.

Operations Center in Israel

Real estate. Revenues from the Real estate segment increased from Ps.1,538 million during fiscal year 2016 to Ps.4,918 million during fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24 % of the Shekel against the Argentine peso, and (iii) an increase in the occupancy of the residential apartments during 2017, which allowed the sale to be accounted for.

Supermarkets. Revenue from the Supermarket segment increased from Ps.18,610 million during the fiscal year 2016 to Ps.47,277 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso.

Telecommunications. Revenues from the Telecommunications segment increased from Ps.6,655 million during the fiscal year 2016 to Ps.15,964 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso,

Others. Others segment revenues decreased from Ps.274 million during fiscal year 2016 to Ps.263 million during fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) the sale of some DIC's assets that generate income.

Costs - Fiscal year 2017 compared to fiscal year 2016

The costs, according to business segment reporting, rose by 138.4%, from Ps. 22,404 million in fiscal year 2016 to Ps. 53,415 million in fiscal year 2017. This was due to a Ps. 902 million increase in the Agricultural Business and a Ps. 30,109 million increase in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel by Ps. 29,858 million and to the Operations Center in Argentina by Ps. 251 million.

Agricultural Business

Total costs, according to the income statement, rose by 40.7%, from Ps. 2,344 million in fiscal year 2016 to Ps. 3,299 million in fiscal year 2017, as a consequence of: a Ps. 427 million rise in the Agricultural Production segment; a Ps. 2 million increase in the Land Transformation and Sales segment, and a Ps. 526 million increase in the Others segment.

In turn, the cost of our joint ventures experienced a net decline of Ps. 34 million, from Ps. 61 million in fiscal year 2016 to Ps. 27 million in fiscal year 2017, mainly as a consequence of a Ps. 40 million decrease in the costs of Cresca's crops, from Ps. 51 million in fiscal year 2016 to Ps. 11 million in fiscal year 2017.

Similarly, inter-segment costs fell by Ps. 19 million, from Ps. 88 million in fiscal year 2016 to Ps. 69 million in fiscal year 2017, mainly as a result of the decline in costs of cattle sales during the year with our subsidiary Carnes Pampeanas, which were reclassified from revenues from the Agricultural Production segment (Cattle business) to costs of the Others segment (Agro-industrial business). Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs increased by 36.2%, from Ps. 2,493 million in fiscal year 2016 to Ps. 3,395 million in fiscal year 2017.

Agricultural Production. Costs from the Agricultural Production segment rose by 27.6% from Ps. 1,419 million in fiscal year 2016 to Ps. 1,810 million in fiscal year 2017, primarily as a consequence of:

- a Ps. 238 million increase in costs of crop sales, mainly attributable to a 11.2% decline in the volume of tons sold relative to the previous fiscal year; offset by a 41% rise in the average cost per ton of crops sold in fiscal year 2017, from Ps. 1,817 in fiscal year 2016 to Ps. 2,563 in fiscal year 2017, due to the higher average market price for crops;
- a Ps. 89 million rise in costs of sugarcane sales, primarily attributable to a 80.3% increase in the average price per ton of sugarcane sold in fiscal year 2017, from Ps. 215.3 per ton in fiscal year 2016 to Ps. 388.2 per ton in fiscal year 2017; offset by a decline of 312,880 tons of sugarcane sold during fiscal year 2017 compared to the previous fiscal year, particularly, by our subsidiary BrasilAgro;
- a Ps. 57 million increase in costs of sale of cattle and milk; and
- a Ps. 7 million rise in costs of rentals and services.

Total costs of our Agricultural Production segment, as a percentage of revenues derived from this segment, increased from 80.4% in fiscal year 2016 to 82.4% in fiscal year 2017.

Land Transformation and Sales. Total costs in the Land Transformation and Sales segment rose by 22.2% from Ps. 9 million in fiscal year 2016 to Ps. 11 million in fiscal year 2017.

Others. Total costs in the Others segment increased by 47.8% from Ps. 1,065 million in fiscal year 2016 to Ps. 1,574 million in fiscal year 2017, primarily as a consequence of:

- a Ps. 378 million rise in agro-industrial costs due to an inflationary context that hindered the increase in gross marginal contribution. The reason for this increase is attributable to a rise in the acquisition cost of all of its components, particularly cattle, and to an increase in labor, to a lesser extent; and
- a Ps. 131 million increase primarily as a result of the increased cost of sales of supplies, increased costs associated with the brokerage business related to commodity trading transactions, and increased costs of coverage, advertising and storage services.

Total costs in the Others segment, as a percentage of revenues derived from this segment, declined from 93.1% in fiscal year 2016 to 91.6% in fiscal year 2017.

Urban Properties and Investments Business

Costs increased by Ps.8,995 million, up from Ps.7,036 million during fiscal year 2016 to Ps.16,031 million during fiscal year 2017 (out of which Ps.49,110 million where generated in the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.35,488 and Ps.2,409 million were generated in the Operations Center in Argentina). Costs as a percentage of total revenues experienced a slight increase from 54.5% during fiscal year 2016 to 59.4% during fiscal year 2017.

The costs, leases and services in the Operations Center in Israel are not comparable year to year due to two main factors: (i) the results of operations for the fiscal year ended June 30, 2016 include only six months of operations from the Operations Center in Israel, from October 11, 2015 (the date control was acquired) through March 31, 2016 (adjusted by such material transactions occurred between April 1, 2016 and June 30, 2016.) While the results of operations for the fiscal year ended June 30, 2017 include twelve months of operations from the Operations Center in Israel, from April 1, 2016 through March 31, 2017 (adjusted by such material transactions occurred between April 1, 2017 and June 30,2017) and (ii) fluctuations between the Israeli Shekel, the functional currency of the Operations Center Israel and the Argentine Peso, we reporting currency, i.e. the Israeli Shekel appreciated approximately 24% from 2016 to 2017.

In turn, costs from expenses and collective promotion fund increased by 25.7%, from Ps.1,207 million during fiscal year 2016 (of which Ps.1,113 million are allocated to the Shopping Malls segment and Ps.94 million to the Offices segment within the Operations Center in Argentina) to Ps.1,517 million during fiscal year 2017 (of which Ps.1,399 million are allocated to the Shopping Malls segment and Ps.118 million to the Offices segment within the Operations Center in Argentina), mainly due to increased costs originated by our Shopping Malls, which rose by 25.8% from Ps.1,113 million in fiscal year 2016 to Ps.1,399 million in fiscal year 2017, mainly as a result of: (i) an increase in maintenance, security, cleaning, repair and other expenses of Ps.142 million (caused mainly by price raises in security and cleaning services and in public utilities rates); (ii) an increase in salaries, social security charges and other personnel expenses of Ps.109 million; (iii) an increase in taxes, rates and contributions, and other expenses of Ps.36 million, among others. Such change was also attributable to an increase in expenses resulting from the Offices segment by Ps.23 million, from Ps.94 million during fiscal year 2016 to Ps.118 million during fiscal year 2017, mainly due to: (i) maintenance, cleaning expenses, and rentals and expenses and others in the amount of Ps.21 million; (ii) salaries and social security charges by Ps.6 million; (iii) taxes, rates and contributions by Ps.4 million for the Operation Center in Argentina.

Operations Center in Argentina

Shopping Malls. Costs of the Shopping Malls segment increased by 40.0%, from Ps.250 million during the year 2016 to Ps.350 million during fiscal year 2017, mainly due to: (i) an increase in leases costs and expenses for Ps.41 million; (ii) an increase in maintenance, security, cleaning, repairs and related expenses in Ps.30 million; (iii) an increase in salaries, social security and other personnel administration expenses of Ps.23 million and; (iv) an increase in fees and compensation for services of Ps.3 million, among other items. The costs of the Shopping Malls segment, measured as a percentage of the revenues of this segment, increased from 10.4% during the year 2016 to 11.5% during the year 2017.

Offices. The costs of the Offices segment increased by 16.0%, from Ps.25 million during the year 2016 to Ps.29 million during fiscal year 2017, mainly due to: (i) an increase in taxes, rates and contributions of Ps.2 million; and (ii) an increase in amortization and depreciation of Ps.2 million. The costs of the Offices segment, measured as a percentage of the revenues of this segment, decreased from 7.5% during the year 2016 to 6.7% during the year 2017.

Sales and developments. Costs for this segment often vary significantly from year to year due to the non-recurrence of the different sales operations carried out by the Company over time. The associated costs of our Sales and development segment registered an increase of 115.0%, from Ps.20 million during the year 2016 to Ps.43 million during the year 2017. The costs of the Sales and development segment, measured as a percentage of the revenues of this segment decreased from 250.0% during 2016 to 43.4% during fiscal year 2017.

Hotels. The costs of the Hotels segment increased by 33.7%, from Ps.362 million in 2016 to Ps.484 million in 2017, mainly as a result of: (i) an increase of Ps.68 million in costs of salaries, social security and other personnel expenses; (ii) an increase of Ps.26 million in maintenance and repairs; (iii) higher charges of Ps.30 million in food, beverages and other hotel expenses, respectively. The costs of the Hotels segment, measured as a percentage of the revenues of this segment, decreased from 67.8% during the year 2016 to 66.8% during the year 2017.

Others. The Other segment costs did not vary significantly with respect to 2016.

Operations Center in Israel

Real estate. Real estate segment costs increased from Ps.467 million during fiscal year 2016 to Ps.2,333 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) the occupation of income generating projects in Israel., and the largest occupancy of residential apartments. In addition, costs, as a percentage of the revenue derived from this segment, represented 47.4% in 2017, while it was 30.4% in 2016.

Supermarkets. The costs of the Supermarket segment increased from Ps 14,076 million during the fiscal year 2016 to Ps 35,432 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures and (ii) a revaluation of 24% of the Shekel against the Argentine peso. In addition, costs, as a percentage of revenues derived from this segment, represented 74.9%, in 2017, while it was 75.6% in 2016.

Telecommunications. Costs of the Telecommunications segment increased from Ps.4,525 million during the fiscal year 2016 to Ps.11,183 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures and (ii) a revaluation of 24% of the Shekel against the Argentine peso. In addition, costs, as a percentage of revenues derived from this segment, represented 70.1%, in 2017, while it was 68.0% in 2016.

Others. Other segment costs decreased from Ps.184 million during fiscal year 2016 to Ps.162 million during fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) the sale of some DIC's assets. In addition, the costs, as a percentage of the revenue derived from this segment, represented 61.6%, in 2017, while it was 67.2% in 2016.

Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest - Fiscal year 2017 compared to fiscal year 2016

Revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest, according to the income statement, fell by 49.1%, from Ps. 401 million in fiscal year 2016 to Ps. 204 million in fiscal year 2017.

In turn, revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest derived from our interests in joint ventures shrank by 126.9% from a gain of Ps. 26 million in fiscal year 2016 to a loss of Ps. 7 million in fiscal year 2017.

On the other hand, inter-segment revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest rose by Ps. 19 million, from Ps. 51 million in fiscal year 2016 to Ps. 70 million in fiscal year 2017.

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 produce at the point of harvest declined by 66.2%, from Ps. 376 million in fiscal year 2016 to Ps. 127 million in fiscal year 2017. Such decline was mainly driven by:

- a Ps. 174 million decline in profits from crop production, primarily originating in Argentina due to lower margins per hectare, mostly attributable to lower prices and increased production costs and commercial expenses in respect of already harvested soybean production and expected corn production, offset by a positive change in Brazil, primarily as a consequence of improved soybean yields which had been affected by a low level of rains during the previous year, paired with a substantial positive fluctuation in the exchange rate;
- a Ps. 35 million decline in profits from sugarcane production, primarily from Brazil as a consequence of a 13% fall in yields, offset by a gain in expected production following the inclusion of additional 15,000 productive hectares; and
- a Ps. 33 million decline in profits from cattle production primarily from Argentina, as a consequence of minor fluctuations in prices for calves, heifers, cows and steer in fiscal year 2017 compared to the previous year; as well as a loss in Brazil in fiscal year 2017 as costs outpaced revenues at the time of engaging in this business.

Changes in the net realizable value of agricultural produce after harvest - Fiscal year 2017 compared to fiscal year 2016

Revenues from changes in the net realizable value of agricultural produce after harvest, according to the income statement, experienced a substantial decline, from a gain of Ps. 208 million in fiscal year 2016 to a loss of Ps. 74 million in fiscal year 2017. This fall was mainly caused in Argentina, as a consequence of: (i) adjusted corn and soybean prices during the first half of 2017, after prices had reached a record high by the end of June 2016, and (ii) the widespread price increase that took place by the end of the first half of 2016, caused by the elimination/reduction of withholdings on the agricultural industry and the strong devaluation of the Argentine Peso in respect of the US dollar.

There were neither interests in joint ventures nor inter-segment eliminations in income from changes in the net realizable value of agricultural produce after harvest; therefore, revenues derived from changes in the net realizable value of agricultural produce after harvest, according to business segment reporting, match the figures disclosed in the income statement.

Gross Profits - Fiscal year 2017 compared to fiscal year 2016

As a result of the above mentioned factors, the gross profit, according to business segment reporting, rose by 103.4%, from Ps. 11,450 million in fiscal year 2016 to Ps. 23,286 million in fiscal year 2017. This was primarily due to:

- a 42.7% decline in the Agricultural Business, from Ps. 1,000 million (gain) in fiscal year 2016 to Ps. 573 million in fiscal year 2017;
- a 146.8% increase in the Operations Center in Israel at the Urban Properties and Investments Business, from Ps. 7,825 million (gain) in fiscal year 2016 to Ps. 19,312 million in fiscal year 2017; and
- a 29.6% increase in the Operations Center in Argentina at the Urban Properties and Investments Business, from Ps. 2,625 million in fiscal year 2016 to Ps. 3,401 million in fiscal year 2017.

Agricultural Business

Gross profit from the Agricultural Business fell by 42.7%, from Ps. 1,000 million in fiscal year 2016 to Ps. 573 million in fiscal year 2017.

Agricultural Production. Gross profit from this segment fell by 52.7% from Ps. 930 million in fiscal year 2016 to Ps. 440 million in fiscal year 2017.

Land Transformation and Sales. Gross loss from this segment increased by 22.22% from Ps. 9 million in fiscal year 2016 to Ps. 11 million in fiscal year 2017.

Others. Gross profit from this segment rose by 82.3% from Ps. 79 million in fiscal year 2016 to Ps. 144 million in fiscal year 2017.

Urban Properties and Investments Business

The gross profit of Urban Properties and Investments Business, according to the information by segments, increase by 117,3% from Ps.10,450 million during fiscal year 2016 to Ps.22,713 million during fiscal year 2017 (out of which Ps.19,312 million come from the Operations Center in Israel and Ps.3,401 million from the Operations Center in Argentina).

Operations Center in Argentina

Shopping Malls. The gross profit of the Shopping Malls segment increased by 24.9%, from Ps.2,159 million for the year 2016 to Ps.2,697 million during the fiscal year 2017, mainly as a result of the increase in the total sales of our tenants, giving as a result, higher percentage rents under our lease agreements. The gross profit of the Shopping Malls segment as a percentage of the segment's revenues decreased slightly from 89.6% during 2016, to 88.5% during fiscal year 2017.

Offices. The gross profit of the Offices segment increased by 31.9% from Ps.307 million for the year 2016 to Ps.405 million during the fiscal year 2017. The gross profit of the Offices segment, measured as a percentage of the revenues of this segment, increased from 92.5% during fiscal year 2016 to 93.3% during fiscal year 2017.

Sales and developments. The gross result of the Sales and developments segment increased by Ps.68 million, going from a Ps.12 million losses for the year 2016 to a profit of Ps.56 million during fiscal year 2017, mainly as a consequence of the higher registered sales during fiscal year 2017 and the decrease in maintenance and conservation costs of these properties.

Hotels. The gross profit of the Hotels segment increased by 40.1% from Ps.172 million for the year 2016 to Ps.241 million during the year 2017. The gross profit of the Hotels segment, measured as a percentage of the revenues of this segment, increased slightly from 32.4% during 2016 to 33.2% during fiscal year 2017.

Others. The gross profit of the Other segment did not show variations between the years presented.

Operations Center in Israel

Real estate. The gross profit of the Real estate segment increased from Ps.1,071 million during the fiscal year 2016 to Ps.2,585 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures and (ii) a revaluation of 24% of the Shekel against the Argentine peso. In 2017, gross profit as a percentage of revenues derived from this segment represented 52.6%.

Supermarkets. The gross profit of the Supermarket segment increased from Ps.4,534 million during fiscal year 2016 to Ps.11,845 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures and (ii) a revaluation of 24% of the Shekel against the Argentine peso. In 2017, gross profit as a percentage of revenues derived from this segment represented 25.1%.

Telecommunications. The gross profit of the Telecommunications segment increased from Ps.2,130 million during fiscal year 2016 to Ps.4,781 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures and (ii) a revaluation of 24% of the Shekel against the Argentine peso. In 2017, gross profit as a percentage of revenues derived from this segment represented 29.9%.

Net gain from fair value adjustment of investment properties

The gain (loss) from fair value adjustment of the Company investment properties fell by 71.0%, from Ps. 17,918 million in fiscal year 2016 to Ps. 5,193 million in fiscal year 2017. This was mainly due to a Ps. 309 million increase in the Agricultural business and to a Ps. 13,033 million decline in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel (a gain of Ps. 645 million) and to the Operations Center in Argentina (a loss of Ps. 13,678 million).

Agricultural Business

The increase in the gain (loss) from fair value adjustment of investment properties is mainly attributable to BrasilAgro since, as of the previous year-end, there were no leased hectares and, therefore, no gain (loss) from fair value adjustment of investment properties was recorded, while as of the current year-end, there were 6,300 leased hectares, particularly, in the Jatobá farm. On the other hand, such results were offset by discontinued gains from Cresud since last year a portion of Agroriego was leased and such lease agreement was discontinued during the current season.

Urban Properties and Investments Business

Net gain from fair value adjustment of investment properties, pursuant to the income statement, decreased by Ps.12,937 million, from Ps.17,494 million during fiscal year 2016 (of which a Ps.271 million loss derives from the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.23 and a Ps.17,788 million income from the Operations Center in Argentina) to Ps.4,557 million during fiscal year 2017 (of which Ps.374 million derive from the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.113 and Ps.4,296 million from the Operations Center in Argentina).

The net gain from fair value adjustment of investment properties, leases and services in the Operations Center in Israel are not comparable year to year due two main factors: (i) the results of operations for the fiscal year ended Junes 30, 2016 include only six months of operations from the Operations Center in Israel, from October 11, 2015 (the date control was acquired) through March 31, 2016 (adjusted by such material transactions occurred between April 1, 2016 and June 30, 2016) While the results of operations for the fiscal year ended June 30, 2017 include twelve months of operations from the Operations Center in Israel, from April1, 2016 through March 31, 2017 (adjusted by such material transactions occurred between April 1, 2017 and June 30, 2017) and (ii) fluctuations between the Israeli Shekel, the functional currency of the Operations Center Israel and the Argentine Peso, our reporting currency, i.e. the Israeli Shekel appreciated approximately 24% from 2016 to 2017.

Operations Center in Argentina

The net gain of changes in the fair value of our investment properties for the fiscal year ended June 30, 2017 was Ps.4,489 million (Ps.2,068 million from our Shopping Malls segment, Ps.1,373 million from the Offices segment and Ps.849 million from the Sales and Developments segment and Ps.199 million from the Other segment). The significant increase in the peso values of our properties was mainly due to: (i) a slight decrease of 16 basis points in the discount rate used when applying the discounted cash flow valuation methodology that increases the value of the investment properties; which was mainly due to macroeconomic improvements that led to a decrease in the cost of capital; and (ii) from June 2016 to June 2017, the Argentine peso depreciated close to 11% against the US dollar (from Ps.14.99 per USD.1.00 to Ps.16.63 per US$.1.00) and the value of our investment properties are referenced in dollars since most of the real estate transactions in Argentina are made in that currency.

We maintained the same portfolio of Shopping Malls between the fiscal year ended on June 30, 2017 and 2016. The values of our shopping malls increased 8.2% during the fiscal year ended on June 30, 2017, due in large part to a decrease in our cost of capital and the impact of the depreciation of the peso.

The value of our office buildings increased 33.6% during the fiscal year ended June 30, 2017, largely as a result of the impact of the peso depreciation and the rental value growth. Additionally, we obtained gains from the sale of office properties for Ps.100 million during the fiscal year ended June 30, 2017 compared to Ps.908 million in the same period of 2016, due to the sale of offices and parking spaces in several buildings.

Operations Center in Israel

Real estate. During fiscal year 2017, the net result from changes in the fair value of investment properties in the Real estate segment was Ps.261 million, which, measured as a percentage of this segment's revenues, represented 5.3%. In 2016, the result of this segment was a loss of Ps.294 million. This variation is mainly due to the devaluation of the Las Vegas project (Tivoli) and a small revaluation of the HSBC building, offset by an increase in the fair value of the rest of the investment properties.

Supermarkets. During fiscal year 2017, the net result of changes in the fair value of investment properties in the Supermarkets segment was a gain of Ps.113 million. In 2016, the result of this segment was a gain of Ps.23 million.

Gain / (loss) from disposal of farmlands- Fiscal year 2017 compared to fiscal year 2016

Profits from the sale of farms derived by the Land Transformation and Sales segment rose by 14,100%, from a loss of Ps. 2 million in fiscal year 2016 to a gain of Ps. 280 million in fiscal year 2017, mainly as a result of sales consummated this year and the lack of operations the previous year.

Fiscal year 2017

- On June 30, 2017, Yatay Agropecuaria S.A. sold the entire "Cuatro Vientos" farm located in the Department of Santa Cruz, Bolivia, to an independent third party, comprising 2,658 hectares intended for sugarcane and agricultural production. The total price for the transaction was USD 14.23 million (USD 5,280 per hectare) (equivalent to Ps.222 million), out of which USD 7.42 million was already paid and the remaining balance of USD 6.85 million, which is secured by means of a first mortgage, will be settled on December 28, 2017, along with the lifting of such mortgage. We have recognized a gain of USD 4.5 million (equivalent to Ps.76 million) as a result of such transaction in fiscal year 2017.
- In June 2017, BrasilAgro sold a fraction of 625 hectares in the Jatobá farm, located in Jaborandi, State of Bahia. The price for the transaction was 300 soybean bags per hectare or Rs.10.1 million (equivalent to Ps.41 million), out of which Rs.877 thousand was already settled and the remaining balance will be paid in five annual installments, beginning in July 2017. We have recognized a gain of Ps.32.1million as a result of this transaction.
- On June 8, 2017, Cresud and Zander Express S.A. (holders in common ownership of a 40% and 60% interest, respectively) passed the legal title to Simplot Argentina S.R.L. of a 262-hectare parcel of land located on National Route No. 7, in Luján de Cuyo, Province of Mendoza. The total transaction price was USD 2.2 million, amount which had been paid in full at the time the legal title to the property was conveyed. We have recognized a gain of Ps.11.8 million as a result of this transaction.
- In May 2017, BrasilAgro sold 1,360 hectares (including 918 developed and productive hectares) of "Araucária", an agricultural farm located in the District of Mineiros. The price for this transaction was 280 soybean bags per hectare or Rs.17 million (equivalent to Ps.67 million), 35% of which will be cashed within this year and the balance will be paid in five annual installments. We have recognized a gain of Ps. 37.4 as a result of this transaction.
- In March 2017, BrasilAgro sold 274 hectares (including 196 developed and productive hectares) of its "Araucária" farm. The transaction price was 1,000 soybean bags per hectare or Rs.13.2 million (equivalent to Ps.48 million), out of which 39,254 soybean bags, or Rs.2.4 million, were already cashed and the balance will be paid in four annual installments. We have recognized a gain of Ps.29.9 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) and was fully paid. We recorded a gain of Ps.525.9 million as a result of this transaction in fiscal year 2015. Due to a contractual requirement that was pending as of the date of the transaction concerning a license for the dismantling of an additional area, the Company did not book a portion of such gain. In March 2017, the Company fulfilled this requirement and recognized a gain of Ps.21 million.
- On July 5, 2016, Cresud sold the entire "El Invierno" and "La Esperanza" farms, comprising 2,615 hectares used for agriculture and located in the District of "Rancul", Province of La Pampa. The total transaction price was USD 6 million, out of which USD 5 million were already paid and the remaining balance of USD 1 million, secured with a mortgage on the estate, will be paid in five equal, consecutive and annual installments, with the last one being payable in August 2021. We have recognized a gain of Ps. 71.6 million as a result of this transaction.

General and Administrative Expenses - Fiscal year 2017 compared to fiscal year 2016

Total general and administrative expenses, according to business segment reporting, rose by 97.4%, from Ps. 2,162 million in fiscal year 2016 to Ps. 4,267 million in fiscal year 2017. This was mainly due to an increase of Ps. 96 million in the Agricultural Business and an increase of Ps. 2,009 million in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change is attributable to the Operations Center in Israel by Ps. 1,813 million and to the Operations Center in Argentina by Ps. 196 million.

Agricultural Business

General and Administrative Expenses from the Agricultural Business, according to the income statement, rose by 31.5%, from Ps. 311 million in fiscal year 2016 to Ps. 409 million in fiscal year 2017. This was due to the following increases: Ps. 71 million in the Agricultural Production segment, Ps. 8 million in the Corporate segment, and Ps. 19 million in the Others segment.

The causes for the variation were: (i) the variation in Cresud's administrative expenses is mostly due to increases in expenses associated to accountants', IT and statutory auditors' fees; (ii) an increase in general and administrative expenses of our subsidiary BrasilAgro, mainly as a result of the integration of Paraguay's operations and our subsidiary FYO, due to increased expenses associated to its business, particularly, contracted services and salaries; and (iii) an increase in expenses due to inflation.

In turn, General and Administrative Expenses in our interests in joint ventures declined by Ps. 2 million, from Ps. 4 million in fiscal year 2016 to Ps. 2 million in fiscal year 2017.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, General and Administrative Expenses increased by 30.5%, from Ps. 315 million in fiscal year 2016 to Ps. 411 million in fiscal year 2017.

Agricultural Production. General and administrative expenses associated with our Agricultural Production segment rose by 37.3%, from Ps. 185 million in fiscal year 2016 to Ps. 254 million in fiscal year 2017, primarily as a consequence of a Ps. 29 million increase in general and administrative expenses attributable to crop operations, a Ps. 19 million rise in expenses associated with the cattle business, and a Ps. 18 million increase in expenses related to sugarcane operations. General and Administrative Expenses, as a percentage of revenues derived from this segment, experienced a slight increase from 10.5% in fiscal year 2016 to 11.6% in fiscal year 2017.

Land Transformation and Sales. General and Administrative Expenses related to our Land Transformation and Sales segment remained steady at Ps. 1 million.

Corporate. General and Administrative Expenses associated with our Corporate segment rose by 10.5%, from Ps. 76 million in fiscal year 2016 to Ps. 84 million in fiscal year 2017, mainly as a consequence of rising expenses due to inflation, partially offset by a decrease in accrued directors' fees.

Others. General and Administrative Expenses related to the Others segment increased by 35.8%, from Ps. 53 million in fiscal year 2016 to Ps. 72 million in fiscal year 2017. General and Administrative Expenses, as a percentage of revenues derived from such segment, experienced a slight decline from 4.6% in fiscal year 2016 to 4.2% in fiscal year 2017.

Urban Properties and Investments Business

Total general and administrative expenses, pursuant to the income statement, increased by Ps.1,580 million, up from Ps.1,639 million during fiscal year 2016 (of which Ps.1,360 million are attributable to the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.200 and Ps.479 million to the Operations Center in Argentina) to Ps.3,219 million during fiscal year 2017 (of which Ps.3,173 million are attributable to the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.624 and Ps.670 million to the Operations Center in Argentina). Total general and administrative expenses, as a percentage of revenues from sales, leases and services, decreased slightly from 12.7% during fiscal year 2016 to 11.9% during fiscal year 2017.

In turn, general and administrative expenses from our joint ventures increased by Ps.4 million, from Ps.1 million in fiscal year 2016 to Ps.5 million during fiscal year 2017.

Finally, general and administrative expenses from inter-segment transactions did not exhibit significant changes for the reported periods.

Therefore, according to business segment reporting (taking into consideration administrative expenses from our joint ventures and without considering those related to expenses and collective promotion fund or expenses related to inter-segment operations), general and administrative expenses rose by Ps.2,009 million from Ps.1,847 million during fiscal year 2016 (of which Ps.1,360 million derive from the Operations Center in Israel and Ps.487 million from the Operations Center in Argentina) to Ps.3,856 million during fiscal year 2017 (of which Ps.3,173 million are attributable to the Operations Center in Israel and Ps.683 million to the Operations Center in Argentina). General and administrative expenses as a percentage of revenues, pursuant to business segment reporting, declined from 6.1% during fiscal year 2016 to 5.3% during fiscal year 2017.

Operations Center in Argentina

Shopping Malls. The general and administrative expenses of Shopping Malls increased by 45.8%, from Ps.179 million in 2016 to Ps.261 million during fiscal year 2017, mainly as a consequence of: (i) an increase of Ps.33 million in salaries, social security and other personnel expenses; (ii) an increase of Ps.25 million in fees and compensation for services; (iii) an increase in fees to directors of Ps.14 million; and (iv) an increase of Ps.7 million in maintenance expenses, repairs and services, mobility and travel expenses, among other items. The general and administrative expenses of Shopping Malls as a percentage of this segment's revenues increased from 7.4% during 2016 to 8.6% during fiscal year 2017.

Offices. The general and administrative expenses of our Offices segment decreased by 17.6%, from Ps.85 million during fiscal year 2016 to Ps.70 million during fiscal year 2017, mainly as a result of: (i) a decrease of Ps.4 million in salaries, social security and other personnel expenses and (ii) a decrease in fees and compensation for services of Ps.18 million, among other items offset by an increase in fees to Directors of Ps.9 million. General and administrative expenses, measured as a percentage of revenues in the same segment, decreased from 25.6% during the year 2016 to 16.1% during fiscal year 2017.

Sales and developments. General and administrative expenses associated with our Sales and Developments segment increased by Ps.16 million, from Ps.24 million during fiscal year 2016 to Ps.40 million during fiscal year 2017, mainly as a result of: (i) an increase in salaries, social security and other personnel expenses of Ps.11 million; (ii) an increase in fees to directors of Ps.2 million and; (iii) an increase of Ps.2 million in maintenance, repairs and services expenses, partially offset by a Ps.2 million decrease in fees and compensation for services. General and administrative expenses, measured as a percentage of revenues from the same segment, decreased from 300.0% during the year 2016 to 40.4% during the year 2017.

Hotels. General and administrative expenses associated with our Hotels segment increased by 31.1% from Ps.103 million during the year 2016 to Ps.135 million during fiscal year 2017, mainly as a result of: (i) an increase of Ps.17 million in salaries, social security and other personnel expenses; (ii) an increase of Ps.6 million in maintenance, repairs and services expenses; (iii) an increase of Ps.5 million in taxes, fees and contributions and; (iv) an increase of Ps.5 million in the costs of fees and compensation for services, among other items. General and administrative expenses associated with the Hotels segment measured as a percentage of this segment's revenues decreased from 19.3% in 2016 to 18.6% in fiscal year 2017.

International. General and administrative expenses associated with our International segment increased by 79.2%, from Ps.24 million during the year 2016 to Ps.43 million during fiscal year 2017, mainly by fees for services incurred in connection with the investment in IDBD and Other expenses.

Corporate. General and administrative expenses associated with our Corporate segment increased 83.3%, from Ps.72 million during the year 2016 to Ps.132 million during fiscal year 2017, mainly due to (i) an increase of Ps.19 million in salaries, social security and other personnel expenses; (ii) an increase of Ps.14 million in fees and compensation for services; (iii) an increase of Ps.11 million in travel expenses, mobility and office supplies and; (iv) an increase of Ps.8 million in fees to directors, among other items.

Others. General and administrative expenses associated with our Other segment increased 100% from Ps.0 million in 2016 to Ps.2 million in 2017, mainly due to (i) an increase of Ps.4 million in salaries, social charges and other expenses of the staff compensated with a decrease in rents and expenses.

Operations Center in Israel

Real estate. General and administrative expenses for the Real Estate segment increased from Ps.100 million during fiscal year 2016 to Ps.290 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) a greater occupation of the investment property and an increase in the number of employees.

Supermarkets. The general and administrative expenses of the Supermarkets segment increased from Ps.203 million during the fiscal year 2016 to Ps.627 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso; and (iii) an increase in the minimum salary accompanied by an increase in the number of employees.

Telecommunications. The general and administrative expenses of the Telecommunications segment increased from Ps.708 million during the fiscal year 2016 to Ps.1,592 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) an increase in the efficiency of Cellcom that allowed to reduce expenses and the decrease in depreciation and amortization expenses.

Corporate. The general and administrative expenses of the Corporate segment increased from Ps.321 million during the fiscal year 2016 to Ps.384 million during fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) a considerable decrease in legal fees during 2017.

Others. General and administrative expenses for the Others segment increased from Ps.28 million during the fiscal year 2016 to Ps.280 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) an increase in payroll.

Selling Expenses - Fiscal year 2017 compared to fiscal year 2016

Total selling expenses, according to business segment reporting, increased by 130.8%, from Ps. 6,044 million in fiscal year 2016 to Ps. 13,948 million in fiscal year 2017. This was primarily due to an increase of Ps. 162 million in the Agricultural Business and an increase of Ps. 7,742 million in the Urban Properties and Investments Business, which is attributable to the Ps. 91 million increase in the Operations Center in Argentina and the Ps. 7,651 million increase in the Operations Center in Israel.

Agricultural Business

Selling expenses associated with our Agricultural Business, according to the income statement, rose by 49.8%, from Ps. 331 million in fiscal year 2016 to Ps. 496 million in fiscal year 2017. This was due to increases of Ps. 125 million and Ps. 40 million in the Agricultural Production and Others segments, respectively.

In turn, selling expenses associated with our interests in joint ventures declined by 60% from Ps. 5 million in fiscal year 2016 to Ps. 2 million in fiscal year 2017, in connection with our Cresca joint venture.

Inter-segment eliminations remained steady at Ps. 2 million in both fiscal years.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, selling expenses increased by 47.9%, from Ps. 338 million in fiscal year 2016 to Ps. 500 million in fiscal year 2017.

Agricultural Production. Selling expenses associated with the Agricultural Production segment fell by Ps. 122 million, from Ps. 248 million in fiscal year 2016 to Ps. 370 million in fiscal year 2017, mainly as a consequence of an increase of Ps. 113 million in crop selling expenses. Selling expenses, as a percentage of revenues derived from the Agricultural Production segment, increased from 14.1% in fiscal year 2016 to 16.8% in fiscal year 2017.

Others. Selling expenses associated with the Others segment declined by Ps. 40 million, from Ps. 90 million in fiscal year 2016 to Ps. 130 million in fiscal year 2017, as a consequence of a Ps. 19 million increase in selling expenses related to the operations of our subsidiary FYO, and a Ps. 21 million increase in selling expenses related to the agro-industrial business. Selling expenses, as a percentage of revenues derived from the Others segment, fell from 7.9 % during fiscal year 2016 to 7.6% during fiscal year 2017.

Urban Properties and Investments Business

Total selling expenses of this business, pursuant to the income statement, increased by Ps.2,165 million, up from Ps.1,842 million during fiscal year 2016 to Ps.4,007 million during fiscal year 2017 (of which Ps.13,093 million are attributable to the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.9,434 and Ps.348 million to the Operations Center in Argentina). Selling expenses, as a percentage of revenues from sales, leases and services, increased from 14.3% during fiscal year 2016 to 14.8% during fiscal year 2017.

In turn, selling expenses associated to our joint ventures increased by Ps.3 million from Ps.2 million in fiscal year 2016 to Ps.5 million in fiscal year 2017 for the Operation Center in Argentina.

Therefore, according to business segment reporting (taking into consideration the selling expenses from our joint ventures and without considering those related to expenses and collective promotion fund or inter-segment expenses), selling expenses rose by Ps.7,742 million from Ps.5,706 million during fiscal year 2016 to Ps.13,448 million during fiscal year 2017 (of which Ps.13,093 million are attributable to the Operations Center in Israel and Ps.355 million to the Operations Center in Argentina). Without considering the effect of the Operations Center in Israel, selling expenses rose by 34.5%. Selling expenses, as a percentage of revenues, pursuant to business segment reporting, decreased from 18.8% during fiscal year 2016 to 18.5% during fiscal year 2017.

Operation Center in Argentina

Shopping Malls. Selling expenses in the Shopping Malls segment rose by 29.7%, up from Ps.145 million during fiscal year 2016 to Ps.188 million during fiscal year 2017, primarily as a result of (i) higher taxes, rates and contributions of Ps.19 million, due to higher charges in gross income taxes; (ii) higher loan loss charges of Ps.13 million; (iii) an increase in advertising and other selling expenses of Ps.6 million; and (iv) an increase of Ps.5 million in salaries, social securities and other personnel expenses. Selling expenses, as a percentage of the Shopping Malls segment's revenues, rose from 6.0% during fiscal year 2016 to 6.2% during fiscal year 2017.

Offices. Selling expenses associated to our Offices segment increased by 91.7%, from Ps.24 million during fiscal year 2016 to Ps.46 million during fiscal year 2017. Such variation was mainly due to higher loan loss charges of Ps.22 million, among other factors. The selling expenses associated to our Offices segment, as a percentage of this segment's revenues, rose from 7.2% during fiscal year 2016 to 10.6% during fiscal year 2017.

Sales and Developments. Selling expenses for the Sales and Developments segment decreased by Ps.2 million, from Ps.23 million during fiscal year 2016 to Ps.21 million during fiscal year 2017, mainly as a result of (i) a decrease in taxes, rates and contributions of Ps.9 million; offset by (ii) an increase of Ps.3 million in salaries, social securities and other personnel expenses; (iii) an increase in advertising and other selling expenses of Ps.2 million; and (iv) higher loan loss charges of Ps.2 million.

Hotels. Selling expenses associated to our Hotels segment rose by 40.6%, from Ps.69 million during fiscal year 2016 to Ps.97 million during fiscal year 2017, mainly due to (i) an increase in taxes, rates and contributions of Ps.35 million; and (ii) an increase of Ps.9 million in salaries, social security and other personnel expenses; among other factor, offset by (iii) a decrease of Ps.11 million in advertising and other selling expenses. Selling expenses associated to our Hotels segment as a percentage of this segment's revenues experienced a slight increase from 12.9% during fiscal year 2016 to 13.4% during fiscal year 2017.

Others. Selling expenses associated to our Others segment did not experience significant changes during the reported periods.

Operation Center in Israel

Real Estate. Selling expenses from the Real Estate segment increased from Ps.29 million during fiscal year 2016 to Ps.91 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) an increase in marketing due to the higher efforts to increase the occupancy of the investment properties and the promotion of new projects.

Supermarkets. Selling expenses from the Supermarket segment increased from Ps.3,907 million during fiscal year 2016 to Ps.9,517 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures and (ii) a 24% revaluation of the Shekel against the Argentine peso.

Telecommunications. Selling expenses from the Telecommunications segment increased from Ps.1,493 million during fiscal year 2016 to Ps.3,406 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) the increased efficiency measures which were implemented by Cellcom, which led to a decrease in advertising expenses and other expenses.

Others. Selling expenses from the Others segment increased from Ps.13 million during fiscal year 2016 to Ps.79 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) due to commission and other commercial costs related to the sale of some assets.

Other Operating results, net - Fiscal year 2017 compared to fiscal year 2016

Other Operating results, net, according to business segment reporting, increased by Ps. 65 million, from a loss of Ps.124 million in fiscal year 2016 to a loss of Ps. 189 million in fiscal year 2017. This was mainly due to a Ps. 220 million increase in the Urban Properties and Investments Business (Ps. 56 million attributable to the Operations Center in Argentina and Ps. 164 million attributable to the Operations Center in Israel), partially offset by a Ps. 155 million decline in the Agricultural Business.

Agricultural Business

Other Operating results, net associated with the Agricultural Business, according to the income statement, rose from a loss of Ps. 78 million in fiscal year 2016 to a gain of Ps. 77 million in fiscal year 2017.
In turn, Other Operating results, net from our interests in joint ventures experienced a 100% decrease by Ps. 1 million from fiscal year 2016 to fiscal year 2017, in connection with our Cresca joint venture.
Besides, there was a 100% variation in inter-segment eliminations for Other Operating results, net from a loss of Ps. 1 million in fiscal year 2016 to a loss of Ps. 2 million in fiscal year 2017.
Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, Other Operating results, net went from a loss of Ps. 80 million in fiscal year 2016 to a profit of Ps. 75 million in fiscal year 2017.

Agricultural Production. Other Operating results, net associated with our Agricultural Production segment increased by Ps. 152 million, from a loss of Ps. 82 million in fiscal year 2016 to a gain of Ps. 70 million in fiscal year 2017, primarily as a result of BrasilAgro's and Cresud's commodity derivatives.

Others. Other Operating results, net associated with the Others segment rose by Ps. 3 million, from a gain of Ps. 2 million in fiscal year 2016 to Ps. 5 million in fiscal year 2017, primarily as a result of the operations of our subsidiary FYO.

Urban Properties and Investments Business

Other operating results, net, pursuant to the income statement, declined by Ps.174 million, from a net loss of Ps.32 million during fiscal year 2016 to a net loss of Ps.206 million during fiscal year 2017 (Ps.74 million from the Operations Center in Argentina and Ps.196 million from the Operations Center in Israel compensated with the effect of the deconsolidation of Shufersal for Ps.64). Such decline is mostly attributable to a decrease in the exchange difference as a result of consolidating IDBD for Ps.107 million.

Other operating results, net from our joint ventures increased by Ps.3 million, from Ps.2 million during fiscal year 2016 (of which a Ps.4 million gain is allocated to the Sales and Developments segment and a loss of Ps.2 million is allocated to the Shopping Malls segment within the Operations Center in Argentina) to Ps.5 million during fiscal year 2017 (allocated in our Sales and Developments segment within the Operations Center in Argentina).

Finally, other operating results from inter-segment operations decrease by Ps.5 million, from Ps.5 million during fiscal year 2016 (of which Ps.4 million are allocated to the Sales and Developments segment and Ps.1 million allocated to the Offices segment within the Operations Center in Argentina) to Ps.0 million during fiscal year 2017.

Therefore, according to business segment reporting (taking into consideration the other operating results, net from our joint ventures and without considering those related to inter-segment operations), other operating results, net decreased by Ps.220 million from a net loss of Ps.44 million during fiscal year 2016 to a net loss of Ps.264 million during fiscal year 2017. Without considering the effect of the Operations Center in Israel, Other operating results declined by Ps.56 million.

Operation Center in Argentina

Shopping Malls. The operating results, net, of the Shopping Malls segment decreased by 7.9%, going from a loss of Ps.63 million during the year 2016 to a loss of Ps.58 million during fiscal year 2017, mainly as a result of (i) a higher expense for lawsuits and contingencies of Ps.11 million; (ii) a higher expense for donations of Ps.8 million; partially offset by: (iii) a lower loss in other as a result of the fair value adjustment during FY 2016 and; (iv) a lower expense for project evaluations of Ps.5 million. The operating results, net of this segment, as a percentage of this segment's revenues, decreased from 2.6% during 2016 to 1.9% during fiscal year 2017.

Offices. The operating results, net associated with our Offices segment decreased Ps.6 million, from a loss of Ps.6 million during the year 2016 to a loss of Ps.12 million during fiscal year 2017, mainly as a result of the result from the sale and disposal of property, plant and equipment, among other concepts.

Sales and developments. The operating results, net associated with our Sales and Developments segment decreased by Ps.2 million, going from a loss of Ps.34 million during the year 2016 to a loss of Ps.36 million during fiscal year 2017, mainly as a result of the by sale and disposal of property, plant and equipment.

Hotels. The operating results, net associated with the Hotels segment increased by Ps.1 million, mainly due to a higher expense for lawsuits and contingencies.

International. The operating results, net of this segment decreased by 70.7%, going from a net profit of Ps.92 million during the year 2016 to a net profit of Ps.27 million during fiscal year 2017, mainly due to the decrease in profit generated by the partial reversal of the cumulative translation adjustment. As of June 30, 2016, it corresponds mainly to the reversal of the translation adjustment before the business combination of IDBD.

Others. The operating results, net associated with our Other segment increased by Ps.11 million, going from a net gain of Ps.1 million during 2016 to Ps.12 million during fiscal year 2017, due to other expenses from Entertainment Holdings S.A.

Operations Center in Israel

Real estate. During fiscal year 2017, the operating results, net of the Real Estate segment totaled a gain of Ps.46 million, compared to a loss of Ps.19 million in 2016 due to an impairment of some properties, plant and equipment.

Supermarkets During fiscal year 2017, the operating results, net of the Supermarkets segment represented a loss of Ps.52 million compared to a loss of Ps.13 million in 2016. This variation was due to (i) the comparability of the figures, (ii) a revaluation of 24% of the Shekel against the Argentine peso, and (iii) an increase in the impairment of the supermarket stores.

Telecommunications During fiscal year 2017, the operating results, net of the Telecommunications segment, represented a loss of Ps.36 million, not resulting in 2016. This variation was due to the comparability of the figures.

Corporate. During fiscal year 2017, the operating results, net of the Corporate segment, represented a loss of Ps.48 million. This variation was due to the increase in donations.

Others. During fiscal year 2017, the operating results, net of the Other segment, represented a loss of Ps.106 million. This variation was due to (i) the comparability of the figures and (ii) an increase in research and development expenses as well as donations.

Management fees - Fiscal year 2017 compared to fiscal year 2016

The Company entered into a management agreement with Consultores Asset Management S.A., which provides for the payment of a fee equivalent to 10% of our profits as advisory fees in connection with all kinds of matters related to businesses and investments in the agricultural, real estate, financial, hotel and other sectors. Management fees amounted to Ps. 200 million and Ps. 535 million in fiscal year 2017 and 2016, respectively.

Profit from Operations - Fiscal year 2017 compared to fiscal year 2016

Our total consolidated profit from operations, according to the income statement, fell by 57.9% from Ps. 19,598 million in fiscal year 2016 to Ps. 8,255 million in fiscal year 2017 (with Ps. 356 being attributable to the Agricultural Business; Ps. 6,369 to the Operations Center in Argentina at the Urban Properties and Investments Business, and Ps. 1,530 to the Operations Center in Israel).

Total loss from operations from our joint ventures declined by 50.4%, from Ps. 409 million in fiscal year 2016 to Ps. 203 million in fiscal year 2017, primarily due to a decline in net income from changes in fair value of investment properties.

On the other hand, profit from operations related to common maintenance expenses and collective promotion fund rose by 58.5%, from a loss of Ps. 547 million in fiscal year 2016 to a loss of Ps. 227 million in fiscal year 2017.

Profits from operations derived from inter-segment operations did not experience significant changes.

Hence, according to business segment reporting (considering the profit from operations from all our joint ventures and without considering the profit from operations related to common maintenance expenses and collective promotion fund and inter-segment operations), profit from operations declined by 50.77% from Ps. 21,036 million in fiscal year 2016 to Ps. 10,356 million in fiscal year 2017 (with Ps. 348 million being attributable to the Agricultural Business, and Ps. 3,224 million and Ps. 6,784 million to the Operations Center in Israel and the Operations Center in Argentina, respectively, both centers of the Urban Properties and Investments Business).

Agricultural Business

Profits from operations from the Agricultural Business increased by Ps. 61 million (21.2%), from a gain of Ps. 287 million in fiscal year 2016 to a gain of Ps. 348 million in fiscal year 2017.

Agricultural Production. Profit from operations from the Agricultural Production segment fell by Ps. 529 million, from a gain of Ps. 415 million in fiscal year 2016 to a loss of Ps. 114 million in fiscal year 2017.

Land Transformation and Sales. Profit from operations from the Land Transformation and Sales segment increased by Ps. 589 million, from a gain of Ps. 10 million in fiscal year 2016 to a loss of Ps. 599 million in fiscal year 2017.

Corporate. Profit from operations from the Corporate segment fell by Ps. 8 million from a loss of Ps. 76 million in fiscal year 2016 to a loss of Ps. 84 million in fiscal year 2017.

Others. Profit from operations from the Others segment fell by Ps. 9 million from a loss of Ps. 62 million in fiscal year 2016 to a loss of Ps. 53 million in fiscal year 2017.

Urban Properties and Investments Business

Profit from operations in this segment decrease by Ps.10.741 million, from a profit of Ps. 20,749 million in fiscal year 2016 to a profit of Ps. 10,008 million in fiscal year 2017. The decrease is due to a decrease of Ps.13,245 million in the Operations Center in Argentina and an increase of Ps.2,504 million in the Operations Center in Israel.

Operation Center in Argentina

Shopping Malls. Profit from operations in our Shopping Malls segment decreased by 76.2%, from Ps.17,904 million in income during fiscal year 2016 to Ps.4,258 million in income during fiscal year 2017. This change is mainly due to a Ps.14,064 million decrease in net gain from fair value adjustment of investment properties. Profit from operations associated to our Shopping Malls segment, as a percentage of this segment's revenues, decreased from 743.2% during fiscal year 2016 to 139.7% during fiscal year 2017.

Offices. Profit from operations in our Offices and Others segment rose by 16.4%, from Ps.1,418 million in income during fiscal year 2016 to Ps.1,650 million in income during fiscal year 2017. The main changes are attributable to higher income from partial disposals of investment properties during fiscal year 2017 and net loss from fair value adjustment of investment properties (Ps.91 million), partially offset by an increase in Selling Expenses of Ps.22 million.

Sales and Developments. Profit from operations in our Sales and Developments segment rose by 18.8%, up from income of Ps.680 million during fiscal year 2016 to income for Ps.808 million during fiscal year 2017. Such increase was mainly due to higher income from sales of the floors in the Beruti building and parking spaces in Rosario (Ps.91 million) and the net loss from fair value adjustment of investment properties (Ps.76 million).

Hotels. Profit from operations in the Hotels segment grew by Ps.10 million, up from a loss of Ps.2 million during fiscal year 2016 to a gain of Ps.8 million in income during fiscal year 2017. The rise in the average rate per room in our hotel portfolio (in Pesos), generated an increase in revenues, along with higher costs (Ps.125 million), general and administrative expenses (Ps.32 million) and selling expenses (Ps.28 million), among others.

International. Profit from operations in our International segment decreased by Ps.84 million from Ps.68 million in income during fiscal year 2016 to a Ps.16 million loss during fiscal year 2017. The main changes resulted from a decrease in Other income and expenses of Ps.117 million.

Corporate. Profit from operations in our Corporate segment increased 83.3%, going from a loss of Ps.72 million during the year 2016 to a loss of Ps.132 million during fiscal year 2017. Its main variations were due to the increase in General and administrative expenses.

Others. Profit from operations for our Others segment exhibited a decrees of Ps.1754 million, from a Ps.33 million profit during fiscal year 2016 to a Ps.208 million profit during fiscal year 2017, mainly as a result of a Ps.41 million net loss from fair value adjustment of investment properties.

Operation Center in Israel

Real Estate. Profit from operations from the Real Estate segment increased from Ps.629 million during fiscal year 2016 to Ps.2,511 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) to the occupancy of revenue-generating projects in Israel. Also the recording of revenues from the sale of apartments and real estate is affected by the timing of the occupation of apartments, which was higher in 2017 a reduction of costs and a profit related to the changes in fair value of investment properties.

Supermarkets. Profit from operations from the Supermarket segment rose from Ps.434 million during fiscal year 2016 to Ps.1,762 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) the increase in franchisees, the increase in the share of the private brand, the improvement in trade terms, the components of the basket, the mix of sales, and the increased efficiency due to the implementation of the business plan.

Telecommunications. Profit from operations from the Telecommunications segment increased from a loss of Ps.71 million during fiscal year 2016 to a loss of Ps.253 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) the continued erosion in income from services, which was partly offset by the decrease in operating expenses, due to the increased efficiency measures which were implemented by Cellcom.

Corporate. The profit from operations of the Corporate segment went from a loss of Ps.321 million during the fiscal year 2016 to a loss of Ps.432 million during the fiscal year 2017. This variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) the decrease in legal fees.

Others. Profit from operations from the Others segment went from a gain of Ps.49 million during fiscal year 2016 to a loss of Ps.364 million during fiscal year 2017. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) the lack of income derived by the sale of some revenue generating assets.

<u>Share of profit/(loss) of associates and joint ventures - Fiscal year 2017 compared to fiscal year 2016</u>

Share of profit (loss) of associates and joint ventures, according to the income statement, decrease by 82.0%, from a gain of Ps. 534 million in fiscal year 2016 to a gain of Ps. 96 million in fiscal year 2017.

In addition, our share of profit (loss) from our interests in joint ventures, primarily from Cresca S.A. (Agricultural Production segment), Nuevo Puerto Santa Fe S.A. (Shopping Malls segment), Quality Invest S.A. (Offices and Others segment); and Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. (Sales and Developments segment), experienced a 41.6% decline, from a gain of Ps. 262 million in fiscal year 2016 to a gain of Ps. 153 million in fiscal year 2017.

According to business segment reporting, our share of profit/(loss) of associates and joint ventures increased by 93.0% from a loss of Ps. 272 million in fiscal year 2016 to a gain of Ps. 19 million in fiscal year 2017 (out of which a gain of Ps. 8 million is attributable to the Agricultural Business, a loss of Ps. 94 million is attributable to the Operations Center in Argentina, and a gain of Ps. 105 million is attributable to the Operations Center in Israel, both centers of the Urban Properties and Investments Business).

Agricultural Business

Agricultural Production. The profit from our interests in associates in this segment declined by 53.8% from a gain of Ps. 26 million in fiscal year 2016 to a gain of Ps. 12 million in fiscal year 2017, due to the profit from the investment in Agro-Uranga S.A.

Others. The loss from our interests in associates in this segment increased by 33.3% from a loss of Ps. 3 million in fiscal year 2016 to a loss of Ps. 4 million in fiscal year 2017, due to the profit from the investment in Agrofy Global.

Urban Properties and Investments Business

Operation Center in Argentina

Shopping Malls. According to business segment reporting, the share of profit of the joint venture NPSF is presented on a line by line consolidated basis in this segment.

Offices. According to business segment reporting, the share of profit of the joint venture Quality Invest S.A. is presented on a line by line consolidated basis in this segment.

Sales and developments. The share of profit of joint ventures Cyrsa, Puerto Retiro S.A. and Baicom Networks S.A. is presented on a line by line consolidated basis. The share of profit / (loss) of our associate Manibil S.A., presented in this line, rose by Ps.9 million, from Ps.5 million during fiscal year 2016 to Ps.14 million during fiscal year 2017.

Hotels. Share of profit / (loss) of joint ventures associated to our Hotel segment did not experience significant changes during the reported periods.

International. Our share of loss of associates in this segment increased by 50.8%, from a loss of Ps.130 million during fiscal year 2016 to a loss of Ps.196 million during fiscal year 2017, mainly due to increased losses from our investment in New Lipstick LLC for Ps.76 million and the non-recurrence of losses by Ps.79 million from our investment in IDBD; partially offset by increased gains from Condor for Ps.88 million.

Others. The share of profit of our associates in the Others segment decreased by 64.9%, from Ps.251 million during fiscal year 2016 to Ps.88 million during fiscal year 2017, mainly due to: (i) lower gains from our investments in BHSA and BACS for Ps.174 and Ps.13 million, respectively, partially offset by: (ii) lower losses from our investment in Tarshop for Ps.24 million.

Operation Center in Israel

Real Estate. During fiscal year 2017, the share of profit of associates and joint ventures associated to the Real Estate segment totaled Ps.46 million comparing to Ps.226 during fiscal year 2016. Such variation was due to (i) the comparability of the figures, (ii) a 24% revaluation of the Shekel against the Argentine peso, and (iii) a decrease of sales in PBEL.

Supermarkets. During fiscal year 2017, the share of profit of associates and joint ventures associated to the Supermarkets segment totaled Ps.75 million, comparing to a cero result from 2016. This is due to an improvement in the associates of Shufersal which were considered impaired in 2016.

Others. During fiscal year 2017, the share of loss of associates and joint ventures associated to the Others segment totaled Ps.16 million, showing a decrease in comparison with the loss of Ps.103 million in 2016, mainly due to the improvements of the investments of Elron.

Financial results, net - Fiscal year 2017 compared to fiscal year 2016

Our financial loss, net fell by Ps. 1,343 million, from a loss of Ps. 6,046 million in fiscal year 2016 to a loss of Ps. 4,703 million in fiscal year 2017. This was primarily attributable to: (i) a Ps. 1,730 decline in foreign exchange losses, net in fiscal year 2017; (ii) a Ps. 4,098 million increase in income from fair value measurement of financial assets in fiscal year 2017; offset by (i) a Ps. 3,786 million increase in financial interest expense, net recorded in fiscal year 2017; and (ii) a Ps. 982 million decline in profits from derivative instruments in fiscal year 2017.

Changes in our financial losses, net were primarily attributable to (i) a Ps. 4,308 million increase in income from fair value measurement of financial assets attributable to our subsidiary IDBD; (ii) a Ps. 1,729 million decline in foreign exchange losses, resulting from the exchange rate having experienced less depreciation than in the previous fiscal year; (iii) a Ps. 390 million decline in losses from valuation of financial instruments in connection with the acquisition of IDBD; (iv) a Ps. 3,979 million increase in interest expense in respect of IDBD; and (v) a Ps. 1,439 million decline in profits from foreign currency futures.

There was a 10.6% fluctuation in the US-dollar buying exchange rate during fiscal year 2017 (increasing from Ps. 15.040 to USD 1 as of June 30, 2016 to Ps. 16.630 to USD 1 as of June 30, 2017) relative to the previous fiscal year when the USD/Ps. exchange rate experienced a 65.5% fluctuation (from Ps. 9.088 to USD 1 as of June 30, 2015 to Ps. 15.040 to USD 1 as of June 30, 2016).

Income tax - Fiscal year 2017 compared to fiscal year 2016

The Company applies the deferred tax method to calculate the income tax corresponding to the periods presented, recognizing in this way the temporary differences as tax assets and liabilities. The income tax charge for the year went from a loss of Ps.5,785 million during fiscal year 2016, to a loss of Ps2.713 million during fiscal year 2017.

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

Profit for the year - Fiscal year 2017 compared to fiscal year 2016

As a result of the factors described above, the profit of the year, including the effect of discontinued operations, went from a profit of Ps. 9,118 million during fiscal year 2016 to a profit of Ps. 5,028 million during fiscal year 2017. Profit / (loss) for the fiscal year attributable to the controlling company's shareholders went from a profit of Ps. 5,167 million in fiscal year 2016 to a profit of Ps. 1,511 million in fiscal year 2017; and The non-controlling interest in controlled companies went from a profit of Ps. 3,951 million in fiscal year 2016 to a profit of Ps. 3,517 million in fiscal year 2017, primarily due to the consolidation of our subsidiary IDBD.

Discontinued operations

The results of Israir Open Sky, IDB Tourism and Shufersal operations, the share of profit of Adama and the finance costs associated to the non-recourse loan, until its sale, and the results from sale of the investment in Adama have been reclassified in the Statements of Income under discontinued operations.

Indebtedness

Agricultural Business

Description	Currency	Amount [(2)]	Interest Rate	Maturity
Bank overdrafts	ARS	15.1	Variable	< 30 days
Cresud 2018 NCN, Series XVI [(1)]	USD	54.6	1.500%	19-Nov-18
Cresud 2019 NCN, Series XVIII [(1)]	USD	33.7	4.00%	12-Sep-19
Cresud 2019 NCN, Series XXII [(1)]	USD	22.7	4.00%	1-Aug-19
Cresud 2023 NCN, Series XXIII	USD	113.2	6.50%	16-Feb-23
Other debt (USD)	-	159.2	-	-
CRESUD's Total Debt [(3)]		**398.4**		
Debt repurchase		**34.1**		
Cash and cash equivalents [(3)]		**6,7**		
Total Net Debt		**357.6**		
Brasilagro's Total Net Debt		**16.0**		

(1) Excludes repurchases
(2) Principal amount stated in USD (million) at an exchange rate of 28.85 ARS/USD, 6.96 BOB/USD and 3.88 BRL/USD, without considering accrued interest or elimination of balances with subsidiaries.
(3) Does not include Carnes Pampeanas nor FyO

On February 8, we have issued a bond in the local market for the sum of USD 113 million at a fixed rate of 6.5% maturing in 2023. The funds will be used to cancel existing liabilities.

Urban Properties and Investments Business

Operations Center in Argentina

The following table describes our total debt as of June 30, 2018:

Description	Currency	Amount (USD MM) [(1)]	Interest Rate	Maturity
Bank overdrafts	ARS	22.8	Floating	< 360 days
IRSA 2020 Series II Non-Convertible Notes.	USD	71.4	11.50%	Jul-20
Series VII Non-Convertible Notes	ARS	13.3	Badlar + 299	Sep-19
Series VIII Non-Convertible Notes	USD	184.5	7.00%	Sep-19
Other debt	USD	44.1	-	Feb-22
IRSA's Total Debt		**336.2**		
IRSA's Cash + Cash Equivalents [(2)]	USD	0.9		
IRSA's Net Debt	**USD**	**335.3**		
IRSA CP's Debt				
Bank overdrafts	ARS	0.2	-	< 360 d
PAMSA loan	USD	35.0	Fixed	Feb-323
IRCP NCN Class IV	USD	140.0	5.0%	Sep-20
IRSA CP NCN Class II	USD	360.0	8.75%	Mar-23
IRSA CP's Total Debt		**535.2**		
Cash & Cash Equivalents + Investments [(3]		304.7		
Consolidated Net Debt		**230.5**		

(1) Principal amount in USD (million) at an exchange rate of Ps. 28.85 Ps./USD, without considering accrued interest or eliminations of balances with subsidiaries.
(2) "IRSA's Cash & Cash Equivalents plus Investments" includes IRSA's Cash & Cash Equivalents + IRSA's Investments in current and non-current financial assets.
(3) "IRSA CP's Cash & Cash Equivalents plus Investments" includes IRSA CP's Cash and cash equivalents + Investments in Current Financial Assets and our holding in TGLT's convertible Notes.

On February 16, 2018, Panamerican Mall SA, controlled 80% by IRSA Propiedades Comerciales SA and owner of Dot Baires Shopping, the Dot building and neighboring reserves in the Polo Dot commercial complex, took out a loan with a non-related banking entity, for the sum of USD 35.0 million at 5.2365% due 2023. The funds will be used mainly for the completion of the construction work of the Polo Dot 1º stage office building.

Operations Center in Israel

Financial Debt as of March 31, 2018

Debt	Amount (1)
IDBD's Total Debt	966
DIC's Total Debt	973

(1) Net Debt as of March 31, 2018 according to the companies Solo Statutory Financial Statements.

On September 28, 2017 DIC offered the holders of NCN Series F to swap their notes for NCN Series J. NCN Series J terms and conditions differ substantially from those of Series F. Therefore, DIC recorded the payment of NCN Series F and recognized a new financial commitment at fair value for NCN Series J. Likewise, the previous debt (series F) was recorded from October 11, 2015 (date of consolidation of IDBD) to the market price at that date with a discount on par. As a result of the swap, DIC recorded a loss resulting from the difference between the NCN Series F cancellation value and the new debt value in the amount of approximately NIS 461 (equal to approximately Ps. 2,228 as of that date), which was accounted for under “Financial costs”.

On November 28, 2017, IDBD made an early redemption of the Series L NCN for an amount of NIS 424 million (or Ps. 2,120 million as of the transaction date).

Service Sharing Agreement entered into with IRSA Inversiones y Representaciones Sociedad Anónima and IRSA Propiedades Comerciales S.A.

Considering that each of IRSA, IRSA CP and us have operations that overlap to a certain extent, our board of directors deemed it advisable to implement alternatives designed to reduce certain fixed costs of our combined activities and to mitigate their impact on our operating results while seizing and optimizing the individual efficiencies of each of them in the different areas comprising the management of operations.

To such end, on June 30, 2004, a Master Agreement for the Exchange of Corporate Services, or the "Framework Agreement," was entered into between IRSA CP, Cresud and us, which was amended several times to bring it in line with evolving operating requirements. The goal of the amendment is to increase efficiency in the distribution of corporate resources and reduce operating costs. The agreement had an initial term of 24 months and is renewable automatically for equal periods, unless it is terminated by any of the parties upon prior notice.

The Framework Agreement currently provides for the exchange and sharing of services among the following areas: Corporate Human Resources, Administration and Finance, Planning, Institutional Relations, Compliance, Shared Service Center, Security, Attorneys, Corporate Legal, Corporate Environment and Quality, General Management to Distribute, Security of Directory, Real Estate Business Administration, Real Estate Business Human Resources, Technique, Infrastructure and Services, Purchase and Contracting, Administrations and Authorizations, Investments, Governmental Affairs, Hotels, Fraud Prevention, Bolivar, Directory to Distribute and Real Estate Directory to Distribute.

Pursuant to the Framework Agreement, we, IRSA and IRSA CP hired Deloitte & Co., an external consulting firm, to review and evaluate periodically the criteria used in the process of liquidating the corporate services, as well as the basis for distribution and source documentation used in the process indicated above, by means of a half-yearly report.

The operations indicated above allow both IRSA CP and Cresud to keep our strategic and commercial decisions fully independent and confidential, with cost and profit apportionment allocated on the basis of operating efficiency and equity, without pursuing individual economic benefits for any of the related companies.

Board of Directors and Senior Management

Directors, Alternate Directors and Senior Management

We are managed by a board of directors, which consists of nine 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 management is selected.

Our current board of directors was elected at the shareholders' meetings held on October 30, 2015, and October 31, 2016 and October 31, 2017, for terms expiring in the years 2018, 2019 and 2020, 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	06/30/20	11/14/14	1994
Saúl Zang	12/30/1945	First Vice-Chairman	06/30/20	11/14/14	1994
Alejandro G. Elsztain	03/31/1966	Second Vice-Chairman and CEO	06/30/19	10/31/16	1994
Gabriel A.G. Reznik	11/18/1958	Regular Director	06/30/18(2)	10/30/15	2003
Jorge O. Fernández	01/08/1939	Regular Director	06/30/18(2)	10/30/15	2003
Fernando A. Elsztain	01/04/1961	Regular Director	06/30/19	10/31/16	2004
Pedro D. Labaqui Palacio	02/22/1943	Regular Director	06/30/18(2)	10/30/15	2006
Daniel E. Mellicovsky	01/17/1948	Regular Director	06/30/20	11/14/14	2008
Alejandro G. Casaretto	10/15/1952	Regular Director	06/30/20	11/14/14	2008
Gastón A. Lernoud	06/04/1968	Alternate Director	06/30/20	11/14/14	1999
Enrique Antonini	03/16/1950	Alternate Director	06/30/19	10/31/16	2007
Eduardo Kalpakian	03/03/1964	Alternate Director	06/30/19	10/31/16	2007

(1) The business address of our management is CRESUD, Moreno 877, 23rd Floor, (C1091AAQ) Buenos Aires, Argentina.
(2) 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 Fernández, Pedro Dámaso Labaqui Palacio, Daniel Elias Mellicovsky, Gabriel A.G. Reznik, Enrique Antonini and Eduardo Kalpakian qualify as independent, in accordance with Section 11, Article III, Chapter III, Title I, of the CNV Rules.

The following is a brief biographical description of each member of our board of directors:

Eduardo Sergio Elsztain. Mr. Elsztain has been engaged in the real estate business for more than twenty-five years. He is the chairman of the board of Directors of IRSA, IRSA Propiedades Comerciales, IDB Development Corporation Ltd, Discount Investment Corporation Ltd., Banco Hipotecario S.A., BrasilAgro Companhia Brasileira de Propiedades Agrícolas, Austral Gold Ltd., Consultores Assets Management S.A., among other companies. He also Chairs IRSA Foundation, is a member of the World Economic Forum, the Council of the Americas, the Group of 50 and the Argentine Business Association (AEA), among others. He is co-founder of Endeavor Argentina and serves as VicePresident of the World Jewish Congress. Mr. Eduardo Sergio Elsztain is Fernando Adrián Elsztain's cousin and Alejandro Gustavo Elsztain's and Daniel Ricardo Elsztain's brother.

Saúl Zang. Mr. Zang obtained a law degree from the University of Buenos Aires. He is a member of the International Bar Association and of the Interamerican Federation of Lawyers. He was a founding partner of Zang, Bergel & Viñes Law Firm. Mr. Zang is Vice-chairman of IRSA, IRSA CP, Consultores Assets Management S.A. and other companies like Fibesa S.A. and Chairman at Puerto Retiro S.A. He is also director of IDB Development Corporation Ltd., Discount Investment Corporation Ltd., Banco Hipotecario S.A., BrasilAgro Companhia Brasileira de Propriedades Agrícolas, BACS Banco de Crédito & Securitización S.A., Tarshop S.A., Nuevas Fronteras S.A., and Palermo Invest S.A., among other companies.

*Alejandro Gustavo Elsztain***.** Mr. Elsztain obtained a degree in agricultural engineering from University of Buenos Aires. He is currently Second Vice-chairman of IRSA, Executive Vice-chairman of IRSA, Chairman at Fibesa S.A. and Vice-chairman at Nuevas Fronteras S.A. and Hoteles Argentinos S.A. In addition, he is Chairman of the israelí companies Gav Yam and Mehadrin and Vice-Chairman of Property & Building Corporation Ltd. He is also a regular Director at IDB Development Corporation Ltd., BrasilAgro Companhia Brasileira de Propriedades Agrícolas, Emprendimiento Recoleta S.A., among other companies. He is also Chairman of Hillel Foundation Argentina. Mr. Alejandro Gustavo Elsztain is brother of our Chairman, Eduardo Sergio Elsztain and of Daniel Ricardo Elsztain. He is also Fernando Adrián Elsztain's cousin.

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 Banco Hipotecario.

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

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 statutory auditor 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 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 del 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 as the lawyer's managers

Enrique Antonini. Mr. Antonini holds a degree in law from University of Buenos Aires *(Universidad de Buenos Aires)*. He was a member of the Board of Directors of Banco Mariva S.A. (since 1992 until today), and he has been Alternate Director of Mariva Bursátil S.A. since 2015. He is member of the Banking Lawyers Committee and the International Bar Association. He is Director of IRSA Propiedades Comerciales S.A.

Eduardo Kalpakian. Mr. Kalpakian holds a degree in business from University of Belgrano *(Universidad de Belgrano)*. He has also an MBA from CEMA University (*Universidad del CEMA*). 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, 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 farm manager and as technical advisor at Leucon S.A.

Matías I. Gaivironsky. Mr. Matías Gaivironsky obtained a degree in business administration from Universidad de Buenos Aires. He has a Master in Finance from Universidad del CEMA. Since 1997 he has served in various positions at IRSA, IRSA CP and the Company, and he has served as Chief Financial Officer since December 2011. In 2008 he served as Chief Financial Officer in Tarshop S.A.

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 bylaws 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 31, 2016:

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
Gastón Gabriel Lizitza	06/09/1972	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 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 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. 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 IRSA Propiedades Comerciales S.A., IRSA Inversiones y Representaciones Sociedad Anónima, Hoteles Argentinos, Inversora Bolívar, and Banco Hipotecario, among other companies.

Marcelo Héctor Fuxman. Mr. Fuxman obtained a degree in Accounting from University of Buenos Aires (*Universidad de Buenos Aires)*. He is a partner of Abelovich, Polano & Asociados S.R.L., firm member of Nexia International. He is also member of the Supervisory Committees of IRSA Propiedades Comerciales S.A., IRSA Inversiones y Representaciones Sociedad Anónima, Inversora Bolívar, and Banco Hipotecario, among other companies.

Noemí Ivonne Cohn. Mrs. Cohn obtained a degree in Accounting from 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 IRSA Propiedades Comerciales S.A. and IRSA Inversiones y Representaciones Sociedad Anónima, among other companies.

Gastón Gabriel Lizitza. Mr. Lizitza obtained a degree in Accounting from University of Buenos Aires. He is a manager at Estudio Abelovich, Polano & Asociados S.R.L. a firm member of Nexia International. He is also a member of the Supervisory Committee of BACSAA, Cresud SACIF and A, Futuros y Opciones.Com SA and IRSA Inversiones y Representaciones Sociedad Anónima

Roberto Daniel Murmis. Mr. Murmis holds a degree in Accounting from 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 IRSA Propiedades Comerciales S.A., IRSA Inversiones y Representaciones S.A., Futuros y Opciones.Com S.A. and Llao Llao Resorts S.A., among other companies.

Alicia Graciela Rigueira. Mrs. Rigueira holds a degree in Accounting from 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 *(Universidad de Lomas de Zamora)*.

Management uses the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Report 2013") to assess effectiveness of internal control over financial reporting.

The COSO Report 2013 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 play 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, as well as pre-approving their fees and assessing their performance and the performance of the Audit Committee itself. 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 bylaws 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 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 General 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 31, 2017, the shareholders approved an aggregate compensation of Ps. 59,981,163 for all of our Directors for the fiscal year ended June 30, 2017. 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 31, 2017 further approved by majority vote to pay an aggregate amount of Ps. 600,000 as compensation for the duties discharged by our Supervisory Committee in the fiscal year ended June 30, 2017.

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 2017/2018 was Ps. 74,475.808.

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 their annual bonus for the years 2011, 2012, 2013 and 2014.

The beneficiaries under the Plan were 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;
- 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.

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.

Compliance Management:

The company has a Compliance model that manages the risks to which it is exposed. The model used to fulfill this function articulates five areas under the same management that together offer the security framework according to the risk profile of the society. Below is a description of the main functions of each of them:

1. Corporate Governance

Like any Public Company, to protect the interests of our shareholders, it must be ensured that the model of design, integration and operation of the governing bodies of the company allow it to consolidate in the market due to its transparency

The purpose of the Corporate Governance Management is to evaluate and consolidate the appropriate management and control structures, to set up the necessary committees to make decisions and to comply with the laws and regulations to which the Company is subject. In the adopted model of Corporate Governance, the following principles are pursued:

- Protection and fair treatment of all shareholders.
- Transparency in transactions and adequate exposure of the relevant facts of the Company
- Appropriate treatment of third parties involved: suppliers, customers and employees.
- Adequate supervision of the management team by the Board.

As a demonstration of the foregoing, we refer Exhibit I of this Annual Report, which includes the Report on the degree of compliance with the Corporate Governance Code, in accordance with the provisions of the CNV regulations

2. Process Quality

The company documents its policies and procedures, that previously develops and validates with the management team. As a whole, referrals constitute the documentary model that is communicated to all employees, managing to conserve and transmit knowledge as well as assessing its effective compliance and laying the foundations for its continuous improvement.

3. Internal Control

The Internal Control Management is responsible for identifying the operational, regulatory and reputational risks of the processes; document them, assign them a value (level of risk) and establish the necessary controls to mitigate them, in conjunction with the area that owns the process.

<u>Integral Framework of Internal Control</u>

Management uses the Integrated Internal Control Framework issued by the *Committee of Sponsoring Organizations of the Treadway Commission* ("COSO Report 2013") for the evaluation of the effectiveness of internal controls over financial information.

The COSO Report establishes that internal control is a process carried out by the Board of Directors, the management and the rest of the personnel, designed to provide a reasonable degree of security in terms of achieving the objectives of the entity, which are classified in the following categories:

- Effectiveness and efficiency of operations
- Reliability of the financial information, and
- compliance with laws and regulations that are applicable.

4. Security of the information

For information security, we understand the process by which the Company protects information and data in terms of confidentiality, integrity and availability.

The area of Information Security has the vision of offering best security practices with the aim of providing the adequate mechanisms for the protection of its computer assets and information systems; and minimize the risks to which the Organization is exposed by achieving an environment of protection.

The pillars are:

- Security (Confidentiality of sensitive information).
- Continuity (Availability of systems and information).
- Data (Integrity of information).

Based on these, a Strategic Information Security Plan has been designed with a focus on strengthening, aligning and adding value to maximize the level of the security framework applied, based on international standards.

5. Internal Audit

The role is to perform objective and independent evaluations to determine that internal controls are present and functioning properly. These reviews, which take place periodically, may vary in scope and frequency depending on the risk assessment, aligned with the business objectives and the priorities of the interested parties.

The area performs the following tasks:

Process Audits (end-to-end review): are reviews in general of the processes that support a business, verifying that the operational areas have internal controls and procedures to mitigate the risks under their responsibility.

Punctual Checks: These are verifications of a particular activity to verify that the operational areas comply with the key controls. It emphasizes controls over the reliability of accounting information for investors and shareholders.

Project Consultancies: they are collaborative projects in the areas of the process owner to provide ideas to solve complex problems or mitigate the appearance of new risks.

Employees

As of June 30, 2018, we had 3,381 employees.

As of such date, we had 888 employees in our Agricultural Business in Argentina, including the employees of CRESUD, FyO and SACPSA but not those of Agro-Uranga S.A. Approximately 70% are under collective labor agreements. We have good relations with each of our employees.

We employ 416 people in our International Agricultural Businesses, composed of 395 employees of Brasilagro and 21 employees in the companies located in Paraguay.

Our Sale and Properties Development and Other Non-Shopping Mall 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 Mall segment had 928 employees, including 434 under collective labor agreements. Our Hotels segment had 812 employees with 662 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)	Urban Business			Shared Service Center(3)	Corporate Areas(3)	Total
		Sales and Developments	Shopping Mall	Hotels(2)			
06.30.2016	1,014	31	964	758	172	114	3,053
06.30.2017	1,224	31	947	790	196	109	3,297
06.30.2018	1,304	31	928	812	191	115	3,381

(1) Agricultural Business includes CRESUD, FyO , SACPSA, and from this fiscal year we also include in this disclosure the employees of BRASILAGRO, CRESCA and PALMEIRA S.A.
(2) Hotels include Intercontinental, Sheraton Libertador and Llao Llao.
(3) See Service Sharing Agreement entered into with IRSA Inversiones y Representaciones Sociedad Anónima and IRSA Propiedades Comerciales S.A.

Operations Center in Israel

The following table shows the number of employees as of June 30, 2018 of our operations center in Israel divided by company:

IDB	1
DIC	39
Shufersal[(1)]	15,155
Cellcom	3,988
Elron	13
Epilson	50
IDB Tourism	697
Modiin	1
PCB [(2)]	614

(1) Includes employees from Gidron and New-Pharm
(2) Includes employees from Gev-Yam, Ispro, Nave, Hon and Mehadron

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 bylaws, 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	—	—
2017	—	—
2018	395	0,787

(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.

Market Information

Our common shares are traded in Argentina on the MERVAL under the ticker "CRES." Since March 1997, our ADRs, each presenting 10 common shares, have been listed on the NASDAQ under the ticker "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 2016 through July 2018. 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 2016 through July 2018. Each ADR represents ten common shares.

	ByMA			NASDAQ		
	Share Volume	Ps. per Share High	Ps. per Share Low	ADR Volume	US$ per ADR High	US$ per ADR Low
Fiscal Year 2016						
1st Quarter	728,810	17.37	12.01	4,299,192	13.04	9.26
2nd Quarter	6,416,350	19.55	12.90	8,291,480	13.41	9.57
3rd Quarter	3,388,664	18.56	12.60	5,390,231	12.53	9.15
4th Quarter	51,785,675	21.14	14.04	12,876,863	14.02	9.80
Annual	62,319,499	21.14	12.01	30,857,766	14.02	9.15
Fiscal Year 2017						
1st Quarter	48,775,713	27.29	21.83	8,216,910	17.86	14.51
2nd Quarter	34,580,136	27.49	22.23	6,129,599	17.91	14.35
3rd Quarter	29,312,012	30.80	25.55	5,963,830	20.07	15.95
4th Quarter	21,714,333	34.45	29.25	5,095,079	21.95	18.19
Annual	134,382,194	34.45	21.83	25,405,418	21.95	14.35
Fiscal Year 2018						
1st Quarter	21,562,799	35.40	30.80	4,551,457	20.46	17.50
2nd Quarter	28,428,453	41.55	32.15	6,146,634	23.02	18.35
3rd Quarter	31,497,296	45.70	36.80	10,084,214	22.49	18.42
4th Quarter	17,470,683	47.40	36.95	9,430,518	21.80	14.82
Annual	98,959,231	47.40	30.80	30,212,823	23.02	14.82

Source: Bloomberg

Prospects for the Next Fiscal Year

The 2018 campaign was developed in Argentina, under the climatic characteristics of the “Niña” campaign, with a level of rainfall below the average. The forecasts consider for the 2019 campaign a climatic scenario marked by the phenomenon "Niño", reason why it can be considered that there would be sufficient humidity for the good development of the crops, with a good level of production, average yields and controlled costs. Regarding the markets, in the case of oilseeds, the price trend will be influenced by the development of the trade conflict between China and the US. Should this dispute continue, we would see lower prices in the US and firmer prices in South America due to China's demand orientation towards this origin, while, if resolved, we would see a positive reaction from the Chicago quotes at the expense of the FOB premiums from South America. For cereals, the decline in production in the countries of Europe and Eastern Europe provide support to prices, providing good prospects for their prices.

Regarding livestock activity, we will focus on improving productivity by minimizing the impact of increased costs due to the economic situation, working efficiently to achieve the highest possible operating margins. We will continue concentrating our cattle production in our own farms, mainly in the Northwest of the country and hoping to continue appreciating the cattle price.

Regarding the transformation and farmland sales, we hope to get the permits to increase the area under development since we have a large area of land reserves in the region with agricultural and / or livestock potential while we will continue to sell the farms that have reached their maximum level of appreciation.

In relation to our urban properties and investments segment, we expect that the real estate businesses from our subsidiary IRSA will maintain the solidity that they demonstrated in 2018 in its two operational centers: Argentina and Israel.

We believe that companies like Cresud, with many years of experience and great knowledge of the sector, will have excellent opportunities to take advantage in the market, especially considering that our main job is to produce food for a world population that grows and demands it.

Signed for identification purposes with our report dated September 6, 2018
By: Supervisory Committee

José Daniel Abelovich
Statutory Auditor

Alejandro G. Elsztain
CEO

EXHIBIT I: Working progress on compliance with the Corporate Governance Code

CRESUD SACIFyA's Corporate Governance Code

Working progress on compliance with the Corporate Governance Code. Fiscal Year 2018

	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 statutory auditors 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 transactions between related parties 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 a transaction between related parties 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 be considered reasonably 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 statutory auditors and/or supervisory committee members in their relationship with the Issuer or with the Issuer's related persons. Describe the relevant aspects of such policies and procedures.	X			The Company has a Code of Ethics that has been signed by each one of the Company's members and applies to Directors, Statutory Auditors 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, 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 every three months. Managers, Directors and Statutory Auditors 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	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

information by the Board of Directors, senior management, statutory auditors 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.				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 statutory auditors 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 implemented 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 the day-to-day management of business. Therefore, it is entitled to appoint an Executive Vice-chairman, Executive Directors and/or analogous functional levels, determine the scope of their functions, appoint managers, including the CEO and sub-managers and determine their remuneration levels. In addition, the Executive Committee instructs the CEO, jointly with the Human Resources Department to determine the remuneration payable to senior managers. The Company has implemented, in accordance with the provisions of its Human Resources policies, 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			In accordance with the Human Resources policy, the allocation of responsibilities of senior Managers is vested in the CEO jointly with the Human Resources Department.
II.1.1.6 the supervision of succession planning for senior management,	X			The CEO and the Human Resources Department are responsible for supervising succession planning at the management level. In order to identify replacement management levels and teams, the organization assesses prospective successors to those Senior Management levels through a method focused on measuring individual potential.
II.1.1.7 the enterprise social responsibility policy,	X			The Executive Committee is responsible for receiving, evaluating and approving the initiatives that the Corporate Social Responsibility (CSR) receives from the Institutional Relations Management that brings together the different proposals. The pillars on which the Company's CRS actions are based include education, childhood and environmental care, made possible by working jointly with small- and medium-sized organizations, establishing long-term bonds with them, adding players in the value chain and cooperating with the various players in the communities where the Company operates, whether in terms of geographic area of influence or positioning. The Company has been carrying out ongoing activities in this field for many years 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 2013 (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 The training and continued education policy applicable to the members of the Board of Directors and Senior Management. Should the company have these policies in place, insert a description of their main highlights.	X			The Company encourages involvement in training activities and in professional refreshment courses for the Board and management levels. It is Company policy to have its Board of Directors and management line trained and updated in regulatory matters in the framework of the experience and professional qualities of Board members and the responsibilities that they have. It is also deemed important for an adequate conduct of business that the Board and Senior Management should be trained in matters that favor better business conduct promoting and fostering participation in congresses and in national and international events that address issues associated to the activities deployed by the directors and senior managers.
II.1.2 If deemed relevant, please insert other policies applied by the Board that have not been mentioned and detail significant aspects.				There are no other policies that are considered relevant in their implementation other than as previously discussed.
II.1.3 The Issuer has in place a policy to ensure the availability of relevant information for its Board of Directors to make decisions and a channel for direct consultation with its management lines that is symmetrical for all its members (executive, external and independent) on an equal footing and sufficiently in advance so as to enable appropriate analysis. Explain further.	X			The Company has formal tools in its Corporate By-laws that allow and ensure that the basic details required for making decisions are supplied. Notwithstanding the by-laws provisions, which serve as ultimate ratio for accessing to information, Board members have access to the information generated by the Company for adopting decisions, and are also able to communicate directly with the Company's senior managers to clear all doubts and answer inquiries regarding the matters to be discussed at Board meetings.
II.1.4 The matters submitted to consideration by the Board of Directors are accompanied by an analysis of the risks associated to the decisions that may be adopted, taking into account the level of enterprise risk defined as acceptable by the Issuer. Explain further.	X			The Board analyzes the risks associated to decision-making after the submissions made and the information provided by the Executive Committee and the CEO about each issue, taking into account the level of enterprise risk defined as acceptable for each business and according to each market situation.
<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 financial management, behavior of the most relevant variables, and discussions are held on material topics by business segment and business unit (Argentina - Israel). A comparative analysis of the budget against the turn of business is submitted and any measures necessary to rectify or confirm the course of business are identified.
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 their performance, 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. On the other hand, at Board Meetings in which information on the conduct of business, principal ratios and budget control for the relevant quarter is analyzed, compliance with the targets set by the company is monitored.
Recommendation II.3: Disclose the process to evaluate Board of Directors performance and its impact. Answer if:				
II.3.1 Each member of the Board of Directors abides by the Bank's By-laws and, when applicable, by the Rules that govern the operation of the Board of Directors. Detail the main guidelines of the Internal Rules. Indicate the degree of compliance with the Bank's By-laws and its Internal Rules.	X			The Board of Directors abides by the rules and regulations that apply to the Issuer and by the By-laws. Therefore, it is unnecessary and redundant, in the Board's opinion, to issue Rules to govern their operation.
II.3.2 The Board of Directors presents the outcome of its management actions taking into account the targets fixed at the beginning of the period in a manner such that shareholders are able to evaluate the degree of compliance with such objectives, which contain both financial and non-financial aspects. In addition, the Board of Directors presents a diagnosis about the degree of compliance with the policies mentioned in Recommendation II, paragraphs II.1.1. and II.1.2. Detail the highlights of the evaluation made by the Annual General Meeting about the degree of compliance by the Board of Directors with the goals established and the policies mentioned in Recommendation II, Sections II.1.1 y II.1.2, with an indication of the date of the AGM where such evaluation was presented.	X			Through its Annual Report and Management Discussion & Analysis, the Board presents the outcome of its actions and maintains permanent communication with the Company's investors through its Web site and in the interaction taking place at shareholders' meetings, keeping shareholders abreast on the results of the Company's operations and the degree of objective attainment. The Board is evaluated by each General Ordinary Shareholders' 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 31, 2017.
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			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 fifthteen (15) members and an equal or lower number of alternates, as determined by the General Ordinary Shareholders' Meeting. Directors' term of office is three years, and they may be reelected indefinitely. At present, the Board of Directors is composed of nine (9) 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 over the total Board. As regards the criteria of independence concerning the members of the Board, they are consistent with the provisions contained in the applicable laws. As set forth in item II.4.1, the number of independent directors in office is higher than the one required by law; therefore, for the time being, the Board does not see the need for laying down any such policies.
<u>Recommendation II.5</u>: Commit to the implementation of standards and procedures inherent in the selection and nomination of Board and Senior Management members at the Issuer. Answer if:				
II.5.1 The Issuer has a Nominations Committee			X	The Company does not have a Nominations Committee. Until now, the Company has not deemed the implementation of a Nominations Committee to be necessary because such functions are discharged by the Executive Committee. According to the provisions under the General Companies Law, the Annual General Meeting is responsible for approving the appointment and removal of Board members.
II.5.1.1 made up by at least three Board members, a majority of whom are independent,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.2 chaired by an independent Board member,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.3 that has members who evidence sufficient skills and expertise in human capital policies,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.4 that meets at least twice a year,			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.1.5 whose decisions are not necessarily binding on the Annual General Meeting but rather in a consultative nature when it comes to the selection of Board members.			X	As stated in II.5.1., Items II.5.1.1 through II.5.1.5 do not apply.
II.5.2 Should the Issuer have a Nominations Committee, it:			X	As stated in II.5.1., Item II.5.2 does not apply.
II.5.2.1. verifies that its Internal Rules are reviewed and evaluated once a year and submits change proposals to the Board to obtain Board approval,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.

II.5.2.2 proposes that criteria be developed (qualifications, experience, professional reputation and ethics, other) to select new Board members and senior managers,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.3 identifies candidates to Board membership to be proposed by the Nominations Committee to the Annual General Meeting,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.4 suggests the Board members who shall be a part of the different Board committees based on their backgrounds,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.5 recommends that the Chairman of the Board should not be the same as the Issuer's CEO,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.6 ensures that the *curricula vitae* of the Issuer's Board and Senior Management members are available in the Issuer's web-page and that the duration of Board members' terms in office is equally disclosed in the web page,			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.2.7 corroborates that there are succession plans in place for Board and Senior Management members.			X	As stated in II.5.1., Items II.5.2.1 through II.5.2.7 do not apply.
II.5.3 If relevant, please add policies implemented at the initiative of the Issuer's Nominations Committee which have not been mentioned in the preceding Item.			X	As stated in II.5.1, the item II.5.3 does not apply.
Recommendation II.6: Assess the advisability of Board members and/or statutory auditors 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 statutory auditors and/or supervisory committee to discharge functions at other entities that do not belong to the conglomerate that the Company heads or of which it is a part. Specify any such limit and detail if there has been a breach of said limit in the course of the year.			X	The Company does not have a limiting rule in place. The Company considers their engagement sufficient in so far as it is adequate to the Company's needs.
Recommendation II.7: Make sure that Board and Senior management members at the Issuer are trained and develop their skills. Answer if:				

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, which 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 course of 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, professional qualities and responsibilities of their members. The Company has in place training and education programs in various matters that are given to its personnel and that include senior managers. In addition, participation in training activities and professional refreshment courses for the Board and Senior Management is encouraged. Notwithstanding the above, whenever it deems it necessary, the Committee can organize new refreshment and training activities on current regulations or topics related to its duties. The Company deems it important to better conduct business that the Board and senior Managers should be trained in matters that favor better business conduct promoting and fostering participation in congresses and in national and international events that address issues associated to the activities deployed by the directors and senior managers.
II.7.2. The Issuer incentivizes Board and Senior Management members by means other than discussed in II.7.1 to maintain permanent training supplementing their education level in a manner such as to add value to the Issuer. Indicate how the Issuer does this.	X			The Company incentivizes the involvement of Board members in specific areas through invitations to events with business 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 (mandating compliance with strategic, operational, financial, reporting, legal and regulatory objectives, among others). Describe their most relevant aspects.		X		The Board of the Company undertakes actions to identify, evaluate and mitigate the Company's exposure to strategic, financial, operational and corporate governance risks. The Board of Directors, with the involvement of the Executive Committee, permanently evaluates the Company's business activities, which includes the risks, the opportunities offered by market conditions at each time and the attainment of the business's operating and strategic objectives. As part of its habitual practice of managing risks, the Board permanently monitors, through the Financial Risk Committee, the inherent investments and risks. In addition, the Company has an internal control system to prevent and identify risks, using the comprehensive internal control framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO Report 2013) 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		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

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.				from the actions of internal committees that undertake risk assessments concerning each specific matter. There is a Financial Risk Committee consisting of directors and various managers of the Company that reviews financial risk management and approval of different investment vehicles. The CEO reports periodically to the Board of Directors on management, risks assessed and submits the matters to be considered and then approved by the Board to the Board for its consideration. He also holds meetings with the Audit Committee or is a member of some internal committee, which contributes to adequately identifying and handling entrepreneurial risks.
III.3 There is an independent function within the office of the Issuer's CEO that implements the comprehensive risk management policies (function discharged by the Risk Management Officer or equivalent position). Specify.			X	There is no independent function within the Issuer's CEO. The Company will analyze the possibility of creating them in the future.
III.4 The comprehensive risk management policies are permanently updated in line with the generally accepted recommendations and methodologies in the matter. Identify 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 2013) 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 charge of evaluating the internal control system. Please indicate if the Audit Committee or the Board of Directors conduct an annual assessment of the area's performance and the degree of independence of its professional involvement, which means that the professionals discharging such function are independent from the remaining operational areas and that they meet the requirements of independence vis-à-vis the controlling shareholders or the related entities that wield significant influence on the Issuer. Specify, also, whether the internal audit function conducts its work in accordance with the international standards that govern internal audit practitioners as issued by the Institute of Internal Auditors (IIA).	X			Internal Audit Management reports to the Compliance Management, who in turn reports directly to the Second Vice-chairman of the Company. The Audit Committee annually assesses the performance of Internal Audit and discloses its conclusions in its Annual Management Report, which is submitted by it to the Board at the time of issuance of the Company's Financial Statements. Such assessment results from meetings held between the Committee and Internal Audit, which evaluate the development and compliance with the Internal Audit' work plan, the reports resulting from the reviews, the observations made and the implementation of its recommendations. 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 qualifications, 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 Meeting, the Audit Committee considers the proposed appointment of External Auditors that will be submitted by the Board to such 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: Recommendation V.1: 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 and analysts 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 Bolsas y Mercados Argentinos (BYMA), 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 Shareholders' Meeting has a set of Rules for its operation to make sure that the information will be available to the shareholders sufficiently in advance for decision-making purposes. Describe the salient points of this set of Rules.		X		The Annual General Shareholders' Meeting does not have Rules governing its operation. However, these shareholders' meetings are called and held in accordance with the provisions under the General Companies Law and all applicable rules and regulations that are issued by the control authority as these establish the terms for informing shareholders and furnishing them with the documentation submitted to the Shareholders' Meetings. The Company has been zealously working, consistently with market standards, on providing the shareholders with sufficient information for decision making purposes.
V.2.3 The Issuer has mechanisms in place for minority shareholders to propose matters for consideration by the Annual General Meeting in line with the provisions in currently applicable rules and regulations. Provide further information on the results.	X			Neither the by-laws, nor the operating procedures prevent receiving such proposals. As of the date hereof, there have not been proposals of specific issues.
V.2.4 The Issuer relies on policies to stimulate the involvement of the most relevant shareholders such as institutional investors. Specify.	X			The Company does not make any distinctions based on relevance: all shareholders are afforded identical treatment. Through the Banks that has custody over ordinary shares and ADRs, the Company fosters the participation in the Shareholders' Meeting of local and foreign shareholders, institutional and retail, providing

				them with explanatory information in advance of each of the points to be discussed at the Shareholders' Meeting
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 3 (three) years.	X			The principle of equality between shares and votes is safeguarded by the Company's by-laws. The Company's shares have a par value of 1 Peso (1$) each and are entitled to one vote per share. The Company does not have its capital stock classified by classes of shares.
Recommendation V.4: Establish mechanisms to safeguard all the shareholders in the event of takeovers. Answer if: The Issuer adheres to the mandatory public tender offer regime. If not, explain further if there are other alternative mechanisms set forth in the by-laws, as would be the case of tag-along or other rights.	X			In accordance with the provisions set forth in Section 90 of the Capital Markets Law No. 26,831, all publicly traded companies are subject to the provisions of the mandatory public tender offer regime, and the Company satisfies this requirement.
Recommendation V.5: Increase the percentage of outstanding shares over capital stock. Answer if: The Issuer relies on shareholder dispersion for at least 20 per cent for its ordinary shares. If not, the Issuer relies on a policy to increase 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 3 (three) years.	X			The controlling company Inversiones Financieras S.A. holds 36.14% of the outstanding shares of stock (including repurchased treasury stock), the remaining 63.86% is held by local and foreign investors. Over the past three years, dispersion was always higher than 20%.
Recommendation V.6: 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 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 is the one that annually determines how the income for the year will be allocated, defining which reserves will be established and determining whether the resulting balances will be distributed as dividends. Such dividends shall be determined in accordance with the provisions set forth in the General Companies Law and Bylaws. Distribution of dividends depends upon the company's income and whether there are liquid and realized profits. For its approval, the affirmative vote of a majority of the holders of shares carrying voting rights at the Annual Shareholders' Meeting is required. In addition, the Company takes into account its liquidity and investment projects.

V.6.2 The Issuer relies on documented processes 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: Recommendation VI: Disclose to the community matters concerning the Issuer and provide a direct means of communication with 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 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 has an Environmental Policy, an instrument that allows it to design a strategy with the intention of working towards continuous improvement, protection of the environment and compliance with the legislation and regulations in force, including that to which it voluntarily subscribes. each of the activities that it develops.
PRINCIPLE VII. REMUNERATE EQUITABLY AND RESPONSIBLY				
The corporate governance framework must: Recommendation VII: Establish clear policies to remunerate the Issuer's Board and Senior Management members, giving special consideration to any limits imposed by contracts or the by-laws based on the existence of earnings or not.				
Answer if: VII.1. The Issuer relies on a Remunerations Committee:			X	As of the date of this report, the Company did not have a Remunerations Committee, which is furthermore not required by currently applicable rules and regulations. Directors' remuneration is determined in conformity with the provisions under the General Companies Law taking into account whether directors discharge technical and administrative duties or not and based on the Company's earnings for the fiscal year. On an annual basis, the Audit Committee considers and renders an opinion on the proposal of directors' fees

				that the Board will submit to the Annual General Meeting for its approval.
VII.1.1 made up by at least three Board members, a majority of whom are independent,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.2 chaired by an independent Board member,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.3 that has members who evidence sufficient skills and expertise in human capital policies,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.4 that meets at least twice a year,			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.1.5 whose decisions are not necessarily binding on the Annual General Meeting or on the Surveillance Committee but rather in a consultative nature when it comes to the remuneration of Board members.			X	As stated in VII.1 Items VII.1.1 through VII.1.5 do not apply.
VII.2 Should the Issuer have a Remunerations Committee, it:			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.1 makes sure that there is a clear relationship between the performance of key personnel and its fixed and variable remuneration taking into account the risks taken on and their management,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.2 supervises that the variable portion of the remuneration of Board members and Senior Management members is linked to the Issuer's medium- and/or long-term performance,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.3 reviews the Issuer's position vis-à-vis competitors concerning its policies and practices applicable to the remunerations and benefits it pays and recommends whether to modify them or not,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.4 defines and communicates the policy applicable to key personnel retention, promotion, dismissal and suspension,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.5 informs the guidelines that determine the retirement plans of the Issuer's Board and Senior Management members,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.6 is regularly accountable to the Board and the Annual General Shareholders' Meeting on the actions undertaken and the issues analyzed at their meetings,			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.2.7 ensures that the Chairman of the Remunerations Committee attends the Annual General Meeting that approves remunerations to the Board for him to explain the Issuer's policy concerning the remuneration of the Board and the Senior Management members.			X	As stated in VII.1, the issues discussed in Items VII. 2 to VII 2.7 do not apply.
VII.3 If relevant, please add policies implemented at the initiative of the Issuer's Remunerations Committee which have not been mentioned in the preceding Item.			X	Not applicable.
VII.4 In the absence of a Remunerations Committee, explain how the functions described in VII. 2 are discharged within the Board itself.	X			In accordance with what has been discussed in Item VII.1, the Company does not have a Remunerations Committee. Based on the proposal of the fees to be paid to the Board members to be approved by the Annual General Meeting, the Audit Committee assesses and renders an opinion on the reasonableness of the total sum of fees against the earnings for the year, evaluating also the

				responsibilities inherent in the position, the dedication demanded for discharging duties, the professional experience and dedication in addition to consistency with the approvals conferred in previous fiscal years. As concerns the remuneration payable to senior managers and as mentioned in II.1.1.4, the Executive Committee delegates to the CEO and to the Human Resources Department the establishment of the remuneration payable to senior managers. In establishing these fees, what is taken into account is the responsibility, the performance and external competitiveness by entrusting specialized consultants with market surveys. In addition to determining a fixed amount, the portion of variable remuneration payable to senior managers is in line with the Company's objectives for the short, medium and long terms. The Company also has long-term retention plans that are communicated to key personnel.
PRINCIPLE VIII. FOSTER ENTERPRISE ETHICS				
The corporate governance framework must: Recommendation VIII: 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, statutory auditors 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 webpage. It has been 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 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 By-laws, including the general and specific responsibilities of the Board of Directors. Identify the provisions that will be actually included in the 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 G. Elsztain
CEO