Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

Annual Report and Financial Statements
for the fiscal years ended
June 30, 2017, 2016 and 2015

Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

Financial Statements

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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 increased output figures and higher production yields 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.

In the fourth quarter of 2017, we changed the valuation model of investment properties from cost model to fair value model, motivated by the need to adjust the valuation of these assets to their fair value, as their amortized cost was not reflective of their economic substance. The assets classified as Investment Properties mainly include shopping malls, offices, land reserves and rental properties of IDBD, owned by our urban subsidiary IRSA. As concerns the agricultural business, farms leased to third parties have been revalued, and own farms, classified as Property, Plant and Equipment, have been valued at historical cost.

Profit from operations for fiscal year 2017, excluding the impact of the revaluation of our investment properties at fair value, reached Ps. 4,924 million, 89.0% higher than in 2016, and profit for the year was Ps. 5,028 million, out of which the agricultural business recorded a loss of Ps. 179 million and the urban properties and investments business recorded a profit of Ps. 5,207 million.

The 2017 crop season was characterized by good weather conditions in Argentina, Brazil and Paraguay, while in Bolivia weather conditions were rougher. We planted approximately 203,000 hectares in the entire region and reached an aggregate crop output of 612,000 tons (excluding sugarcane), much higher than the 483,000 tons reached in 2016. Yields of our main crops, soybean and corn, were 2.7 tons per hectare and 6.0 tons per hectare, respectively, higher than those reached in the previous crop season. This season was also positive for our cattle activities in Argentina. Better weather conditions in the northwestern region of Argentina, where we have our biggest herds, made it possible to increase production and allowed us to extend green pasture feeding until late autumn, reducing feeding costs, whereas livestock prices continued their upward trend all throughout the fiscal year. Our milking business, concentrated in our “El Tigre” dairy facility posted results similar to those for the previous year, thanks to the strategy consisting in the selective sale of milking cows whilst keeping the more productive herd.

As concerns our agricultural real estate business, during this fiscal year we were active in the purchase, development and sale of farms. Last February, our subsidiary Brasilagro acquired Establecimiento Sao José, located in the District of São Raimundo das Mangabeiras, State of Maranhão. Its surface area is 17,566 hectares, including 10,000 developed, productive hectares that will be used for agriculture. The purchase price was R$ 100.0 million (R$ 10,000 per productive hectare). In addition to the purchase agreement, the transaction included the lease of 15,000 hectares of arable, developed land mostly planted with sugarcane for 15 years, renewable for an additional 15-year term.

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 mainly due to differences in the growth and land development plans.

Concerning the sale of farmlands, while in 2016 we had not closed any transactions in light of the adverse effect on the farmland sale market in Argentina caused by the controls on capitals that prevailed until December 2015 and the industry's profitability equation, at the beginning of this year we saw a recovery in the farmland purchase and sale business motivated by the favorable policies implemented by the current administration, coupled with the partial amendment to the law on foreign ownership of land, which eased restrictions on foreign ownership percentages and simplified transaction registration proceedings.

In the first quarter of fiscal year 2017, we sold the "El Invierno" and "La Esperanza" farms, comprising 2,615 hectares used for agriculture and located in the District of "Rancul", Province of La Pampa, for USD 6 million (USD 2,294 per hectare). These farms' book value was approximately Ps. 13.5 million, and resulted in an internal rate of return in U.S. dollars of 4.1%. In the fourth quarter of this fiscal year, we sold the entire "Cuatro Vientos" farm located in the Department of Santa Cruz, Bolivia, comprising 2,658 hectares intended for sugarcane and agricultural production, for an amount of USD 14.23 million (USD 5,280 per hectare). The transaction resulted in a gain of approximately USD 4.5 million, at an internal rate of return of 11.0% in terms of dollars. Moreover, our subsidiary Brasilagro made partial sales of two of its farms. In May past, it sold 1,360 hectares (including 918 productive hectares) of its "Araucaria" farm located in the District of Mineiros (GO) for R$17 million (R$ 18,535 per hectare). This fraction of land was recorded in the Company´s books at R$ 4.0 million, and its sale reached an internal rate of return of 16.8% in terms of Reais. In the fourth quarter of 2017, Brasilagro sold a new fraction of 271 hectares in Araucaria for R$ 12.9 million, and also sold a fraction of 625 hectares (including 500 productive hectares) in the Jatobá farm, located in Jaborandi, State of Bahia, Brazil, for R$ 10.1 million (R$ 20,180 per hectare). The latter fractions of land were valued in the Company's books at R$ 3.0 million and R$ 1.2 million, and resulted in internal rates of return of 20.4% and 16.7%, respectively, in terms of Reais.

After year-end, in July 2017, we executed a preliminary sale agreement for the entire "La Esmeralda" farm, comprising 9,352 hectares intended for agriculture and cattle raising, located in the Department of Nueve de Julio, Province of Santa Fe, Argentina, for USD 19 million (USD 2,031 per hectare). The gain will be recorded at the closing of the next fiscal year, as the execution of the title deed and surrender of possession are expected to occur in June 2018.

Concerning other investments in the agricultural business, Futuros y Opciones S.A. ("FyO"), in which we hold a 59.59% equity interest, recorded highly satisfactory results in both its crop and input businesses, reflecting the upturn in the commodity business, higher traded volumes and prices as compared to the previous year, and a strong increase in trading revenues. Therefore, its net income reached Ps. 51.0 million and it distributed dividends to its shareholders for approximately Ps. 16.8 million. In turn, Agrofy S.A., in which Cresud indirectly holds a 40.2% interest, continued to position itself as a leading online business platform in the farming industry during this year: it has managed to gather over 2,000 agribusiness suppliers who sell their products through this platform. With respect to our investment in Carnes Pampeanas S.A., our meat packing plant located in La Pampa (Argentina) suffered losses again during this year due to shortcomings in slaughter cattle supplies and the beef sale and export markets. Loss from this segment was Ps. 133.0 million. We are optimistic that the industry will recover satisfactorily in the future, given the measures adopted by the new government, which point to increasing future cattle supply and promoting exports. Besides, we expect that the works currently underway, aimed at producing and exporting Kosher salted cuts to Israel, will significantly improve this business' profitability equation.

Our Urban Properties and Investments business, which we hold through our 63.7% 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. Tenant sales in shopping malls grew 19.1% in the year, and occupancy reached optimum levels of 98.5%. In the office segment we reached an average rental price of approximately USD 25 per square meter and an occupancy rate of 96.2%. In Israel, we sold assets for very attractive prices, we refinanced all of IDB's short-term debt, extending its maturity to 2019 at a very competitive interest rate, and IDB's operating subsidiaries keep posting sound operating performance figures, investing in new projects and distributing attractive dividends. We believe in the long-term value of our investment in IRSA, which we expect will continue to deliver outstanding business results.

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 2018, we expect to be able to secure the consents required for increasing the acreage under development, as we hold extensive land reserves in the region suitable for agricultural and/or livestock production, while we will continue selling farms that have reached their highest appreciation level. Moreover, we hope that the real estate businesses from our subsidiary IRSA will continue to be as solid as in 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, my most sincere thanks.

City of Buenos Aires, September 8, 2017.

Saúl Zang
First Vice-Chairman

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 39.76% interest in Brasilagro's stock capital. As from fiscal year 2011, we present our financial statements in consolidated form with Brasilagro's.

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

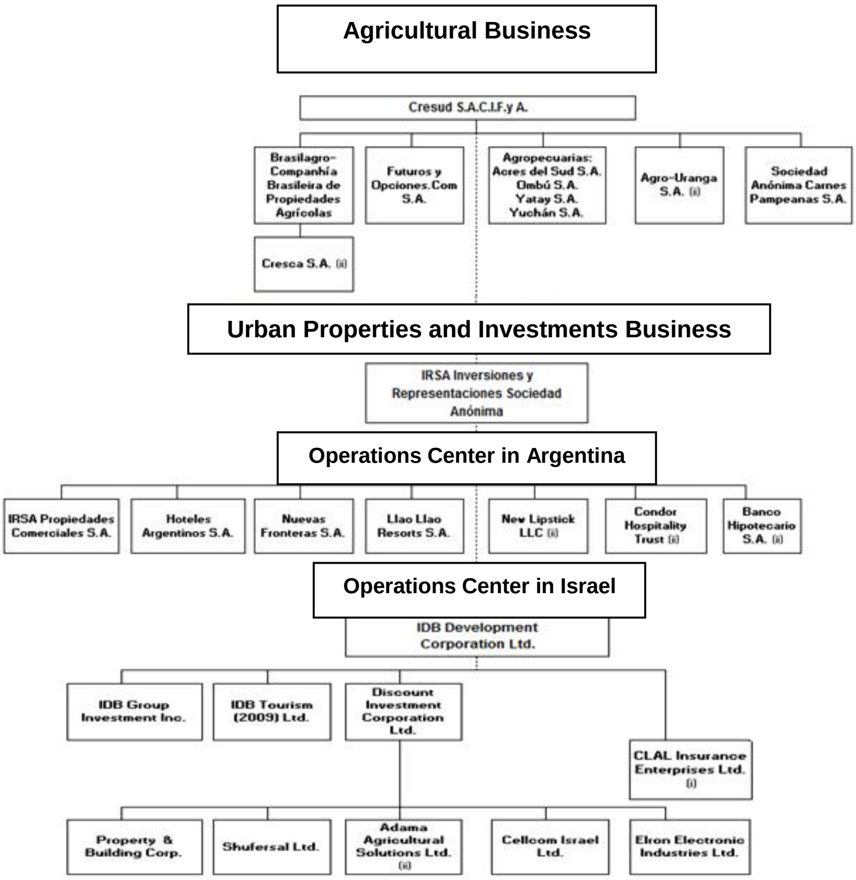
Diversifying our production and the weather risk by leasing farms, thus expanding our product portfolio and optimizing our geographic focus, in particular in areas that are not appealing in terms of land value appreciation but with attractive productivity levels. We believe that this diversification 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.

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).



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

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 (NASDAQ:CDOR) and we hold, through Dolphin Fund, a 68.3% stake in the Israeli company IDBD, one of the largest and most diversified investment groups of Israel, which, through its subsidiaries, participates in numerous markets and industry sectors, including real estate, retail, agroindustry, insurance, telecommunications, etc. We intend to continue evaluating -on a selective basis- investment opportunities outside Argentina as long as they offer attractive investment and development opportunities.

Financial 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 is one of the largest and most diversified holding companies in Israel. Through its subsidiaries, associates, joint ventures and other investments, IDBD is engaged in numerous markets and industry sectors in Israel and other countries, including real estate (Property & Building Corporation), supermarkets (Shufersal), insurance (Clal Holdings Insurance

Enterprises, hereinafter Clal), and telecommunications (Cellcom). The company is listed on the Tel Aviv Stock Exchange (“TASE”) as a “Debentures Company” pursuant to Israeli law, as it has publicly listed bonds.

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.

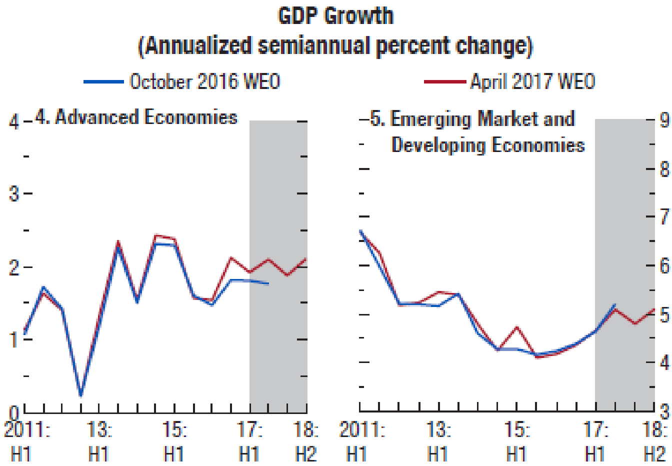
Insurance (Clal Insurance): This company, which is one of the largest insurance groups in Israel, is mainly engaged in pension and social security insurance. It has assets under management for approximately USD 43 billion.

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

Macroeconomic Context

International Context

As reported by the International Monetary Fund ("IMF") in its "World Economic Outlook" ("WEO"), global growth is expected to reach 3.5% in 2017 and 3.6% in 2018. Growth in developed economies is expected to remain steady at about 2% in 2017, and to fall to 1.9% in 2018, mainly reflecting a less expansionary fiscal policy in the United States than expected, as growth projections were downgraded from 2.3% to 2.1% in 2017 and from 2.5% to 2.1% in 2018.



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

Emerging market and developing economies are expected to show a strong rebound in activity levels, with growth forecasts of 4.6% for 2017 and 4.8% for 2018, compared to 4.3% in 2016, mainly led by India and China.

IMF's World Economic Outlook Projections

(Percentage change in USD)

			Projections	
	2015	**2016**	**2017**	**2018**
World Output	**3.4**	**3.2**	**3.5**	**3.6**
Advanced Economies	**2.1**	**1.7**	**2.0**	**1.9**
United States	2.6	1.6	2.1	2.1
Euro area	2.0	1.8	1.9	1.7
Japan	1.1	1.0	1.3	1.6
Emerging Markets and Developing Economies	**4.3**	**4.3**	**4.6**	**4.8**
Russia	-2.8	-0.2	1.4	1.4
India	8.0	7.1	7.2	7.7
China	6.9	6.7	6.7	6.4
Brazil	-3.8	-3.6	-0.3	1.3
South Africa	1.3	0.3	1.0	2.0
Latin America and the Caribbean	0.1	-1.0	1.0	1.9

Source: WEO, July 2017

Financial market behavior

(Percentage change in USD)

	2015	2016	2017
MSCI World ACWI	-0.9	12.1	6.9
MSCI Emerging Markets	-17.4	16.2	11.2
S&P 500	2.5	15.4	2.5
DAX 30	-0.5	17.2	6.8
FTSE 100	-7.5	17.4	4.2
Nikkei 225	7.7	9.1	5.2
Bovespa	-7.6	49.1	-2.7
Merval	37.5	49.6	15.0

Source: Bloomberg, as of July 28, 2017

The MSCI World ACWI index rose 12.1% in 2016 but fell in 2017. The MSCI Emerging Markets index recovered 16.2% in 2016, and has continued its upward trend, increasing 11.2% so far in 2017.

Commodities market behavior

(Percentage change in USD)

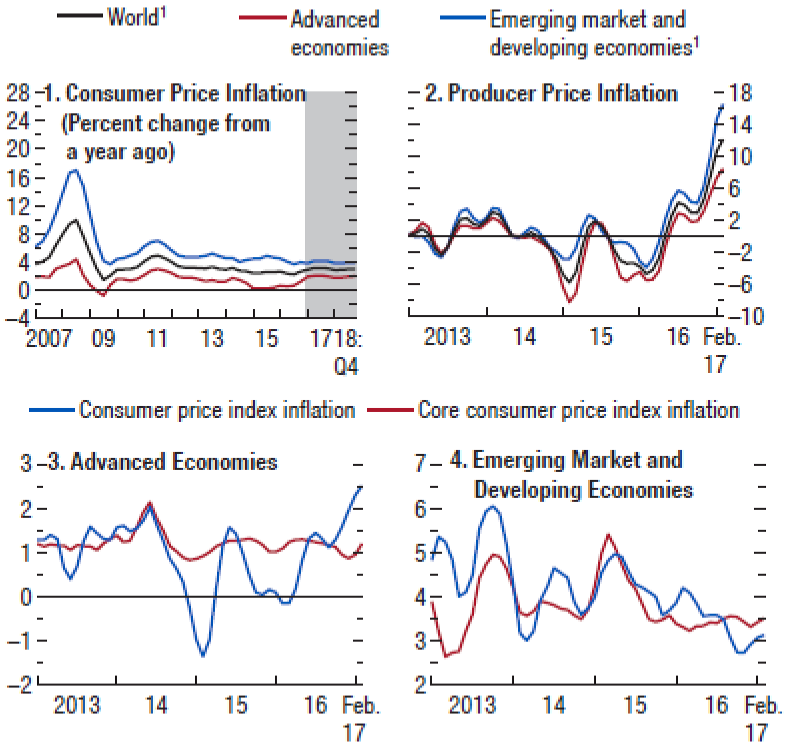
	2015	2016	2017
GSCI Industrial Metals	-18,6	20,8	0,3
GSCI Energy	-26,0	58,5	-10,9
GSCI Agriculture	-4,9	3,6	-1,1
Soybean	-9,3	12,9	-8,0
Gold	4,8	3,0	-17,3
Corn	-3,0	-5,4	3,0
Wheat	-6,5	-14,9	21,4
Oil	-23,2	59,8	-12,8

Source: Bloomberg, as of July 28, 2017

After the strong decline experienced in 2015, the commodities markets rose in 2016. Oil accounted for the largest increase in 2016, as reflected in the energy index. In 2017, most commodities declined, with the exception of wheat and corn, which rose by 21.4% and 3%, respectively, after having suffered two consecutive decreases in the past years.

The IMF's projections show that inflation in emerging market and developing economies will decrease from 4.7% in 2017 to 4.4% in 2018.

Average inflation in advanced economies is expected to increase in the next years, reflecting the rebound in the prices of raw materials. The IMF forecasts that in 2017, inflation will be 2%, compared to 0.8% in 2016.



Argentine Economy

The IMF projects that the GDP will grow 2.2% in 2017 thanks to the increase in consumption and public spending, and 2.3% in 2018 as private investments and exports continue to recover.

The INDEC reports that according to the Industrial Monthly Estimator (EMI), industrial activity rose 2.7% in May 2017, compared to the same month in 2016. Industrial activity for the first five months of 2017 dropped 1.4% compared to the same period of 2016.

Shopping mall sales at current prices for the month of May 2017 included in the survey reached Ps. 4,572 million, an increase of 12.3% compared to the same month of the previous year. For the cumulative first five months of 2017, sales amounted to Ps. 21,102 million, an increase of 13.2% compared to the same period of the previous year.

In connection with the fiscal sector, revenues recorded a year-on-year increase of 32% in the first half of 2017, whereas primary expenditure grew by 31% during the same period.

The non-financial public sector and Argentine Central Bank debt was estimated at USD 141,899 million, having increased by USD 14,422 million during the first quarter of 2017. The Argentine Central Bank's government security and bond outstanding balance increased by USD 236 million during the first quarter of 2017.

The non-financial private debt grew USD 1,377 million during the first quarter of 2017. At March 2017, such debt stood at USD 56,611 million.

The financial sector debt excluding the Argentine Central Bank decreased by USD 493 million during the first quarter of 2017, reaching a total of USD 4,453 million.

Regarding the balance of payments, in the first quarter of 2017 the current account deficit reached USD 6,871 million, with USD 3,715 million allocated to the goods and services trade balance, and USD 3,156 million to the income account. The current account deficit was 39%

higher than in the same quarter of the previous year, as it increased by US$ 1,944 million, mainly explained by the deterioration of the goods and services balance and net primary income.

Total gross external debt increased by USD 16,293 million during the first quarter of 2017 and stood at USD 204,509 million at March 2017.

The stock of international Reserves rose by USD 11,535 million in the first quarter of 2017. At July, reserves stood at USD 47,995 million.

In local financial markets, the Private Badlar rate in Pesos ranged from 18% to 26% in the period from July 2016 to July 2017, averaging 20% in July 2017 against 26% in June 2016. The Argentine Central Bank continued its free floating exchange rate policy implemented in December 2015; consequently, the Peso sustained a 17% nominal depreciation in the period from July 2016 to July 2017. At July 2017, the exchange rate stood at 17.64 pesos for each dollar.

At June 2017, Argentina's country risk decreased by 88 basis points in year-on-year terms, maintaining a high spread vis-à-vis the rest of the countries in the region. The debt premium paid by Argentina was at 430 basis points in June 2017, compared to the 289 paid by Brazil and the 185 paid by Mexico.

Agriculture and Cattle Raising Sector in Argentina

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

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

During the 2016/2017 crop season, soybean production was over 58 million tons, an increase of 2% as compared to the previous season.

Corn production reached 41 million tons, 41% higher than in the previous year.

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

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

Soybean	Surface Area (millions of hectares)			Yield (million tons per hectare)			Production (millions of tons)		
	2015/2016	2016/2017	*Var (%)*	2015/2016	2016/2017	*Var (%)*	2015/2016	2016/2017	*Var (%)*
Argentina	19.53	18.35	*6.0%*	2.91	3.15	*8.2%*	56.80	57.80	*1.8%*
Paraguay	1.26	3.39	*169%*	2.82	3.15	*11.7%*	9.22	10.67	*15.7%*
Brazil	33.30	33.90	*1.8%*	2.90	3.36	*15.9%*	96.50	114.00	*18.1%*
Bolivia	0.99	1.13	*14.1%*	2.39	1.86	*-22.2%*	2.37	2.11	*-11.0%*
USA	33.08	33.48	*1.2%*	3.23	3.50	*8.4%*	106.86	117.21	*9.7%*
China	6.51	7.20	*10.6%*	1.81	1.79	*-1.1%*	11.79	12.90	*9.4%*
Global	120.08	120.05	*0.0%*	2.61	2.92	*11.9%*	312.87	351.78	*12.4%*

Source: USDA. Foreign Agricultural Service.

Corn	Surface Area (millions of hectares)			Yield (million tons per hectare)			Production (millions of tons)		
	2015/2016	2016/2017	*Var (%)*	2015/2016	2016/2017	*Var (%)*	2015/2016	2016/2017	*Var (%)*
Argentina	3.50	4.90	*40.0%*	8.29	8.37	*0.0%*	29.00	41.00	*41.4%*
Brazil	16.00	17.50	*9.4%*	4.19	5.54	*32.2%*	67.00	97.00	*44.8%*
USA	32.68	35.11	*7.4%*	10.57	10.96	*3.7%*	345.51	384.78	*11.4%*
Global	**178.45**	**183.57**	***2.9%***	**5.43**	**5.82**	***7.2%***	**968.81**	**1.068.79**	***10.3%***

Source: USDA. Foreign Agricultural Service.

Cattle

As reported by SENASA, with an aggregate stock of 53,353,787 heads as of March 31, 2017, the cattle stock has increased by 1.4% as compared to the same period of the previous year. For the fourth year in a row, the cattle stock surpassed 51 million heads.

As reported by the Argentine Chamber of Beef Commerce and Industry *(Cámara de la Industria y Comercio de Carnes y Derivados de la República Argentina,* "Ciccra"), consumption of cattle beef per capita was 58.4 kilograms per year on average for the first quarter of 2017, accounting for a year-on-year increase of 3.5%. Domestic consumption accounts for 92.6% of production, representing a year-on-year increase of 1.07%.

Milk Sector

The United States Department of Agriculture projects that milk production in Argentina for 2017 will be 10.7 million tons, lower than in the previous year. However, farmers expect to increase production, as prices have risen 59% as compared to the previous year. Yet, production costs continue to pose challenges, as many farmers operate at negative margins due to the high inflation rates.

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

Principal Business Segments of the Urban Properties and Investments Business

Shopping Mall Properties

At June 2017, the Consumer Confidence Index (CCI) showed a 1.2% decline as compared to June 2016, and a 23.4% decrease as compared to June 2015. Sales in Shopping Mall Properties in May 2017 reached a total amount of Ps. 4,572 million, which represented a 12.3% increase compared to the same month in 2016. Accumulated sales for the first five months of the year totaled Ps. 21,101 million and reached a 13.2% percent variation compared to the same period the previous year.

Offices

According to Colliers International, as of March 2017, the A+ and A office inventory increased as compared to 2016, at 1,757,659 sqm. In terms of rental availability, there was a 0.3% increase in the vacancy rate to 4.5% during the second quarter of 2017 compared to the same period the previous year. These values indicate that the market is healthy in terms of its operations, allowing an optimum level of supply with balanced values. According to the market segments, class A properties show a vacancy rate of 8.6% for the entire stock, while A+ properties buildings show a vacancy rate of 4.5%.

Compared to the previous quarter, a 3.3% increase was recorded (from USD 24.3 per square meter to USD 25.1 per square meter). Within this slight increase there was a 0.3% decrease in rental prices for A+ properties (USD 28.8 per square meter in the first quarter of 2017 against USD 28.7 per square meter in the fourth quarter of 2016) and a 1.2% decrease in rental prices for A properties (USD 23.6 per square meter in the first quarter of 2017 against USD 23.3 per square meter in the fourth quarter).

Hotels

According to the Hotel Vacancy Survey (EOH) prepared by INDEC, at May 2017, stays at hotel and parahotel establishments were estimated at 2.8 million, 10.5% higher than the same month the previous year. Stays by resident and nonresident travelers increased by 10.3% and 11.3%, respectively. Total travelers who stayed at hotels during May were 1.3 million, a 9.9% increase compared to the same month the previous year. The number of resident and nonresident travelers rose by 10.0% and 9.6%, respectively. The 1.1 million resident travelers represented 81.0% of the total number of travelers who stayed at hotels. The Room Occupancy Rate in April was 35.3%, showing a slight decline compared to the same month the previous year. Moreover, the Bed Occupancy Rate for the same period was 25.2%, which represents a slight decrease compared to May 2016.

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, one of the largest and most diversified conglomerates in Israel. IRSA's shares are listed on the MVBA and the NYSE. We hold a 63.38% interest in IRSA and a majority of our directors are also directors of IRSA.

As of June 30, 2017, we owned 24 farms with approximately 632,503 hectares distributed in Argentina, Brazil, Bolivia and Paraguay. Approximately 89,919 hectares of the land we own are used for crop production, approximately 88,430 hectares are for cattle production, 85,000 hectares are for sheep production, 1,036 hectares are for milk production and approximately 7,733 hectares are leased to third parties for crop and cattle production. The remaining 360,386 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 22,454 hectares for crop production and 1,451 hectares for cattle production. Also, during fiscal year 2017 ended on June 30, 2017, we leased 67,875 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):

	2013[(1)]	2014[(1)(6)]	2015[(1)(6)]	2016[(1)]	2017[(1)]
Crops [(2)]	182,513	201,648	187,438	178,617	193,106
Cattle [(3)]	91,053	95,160	88,643	85,392	102,516
Milk/Dairy	2,780	2,864	2,864	2,231	1,036
Sheep	85,000	85,000	85,000	85,000	85,000
Land Reserves [(4)]	461,729	467,532	467,568	473,290	471,437
Owned farmlands leased to third parties	31,593	13,111	10,026	2,435	7,733
Total [(5)]	**854,668**	**865,315**	**841,539**	**826,965**	**860,828**

(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 and 2015.

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

In millions of Ps.	**Jun-17**	**Jun-16**	**Jun-15**	**Jun-14**	**Jun-13**
Current assets	68,360	45,218	4,273	5,348	3,325
Non-current assets	173,086	154,433	28,073	23,400	17,986
Total assets	241,446	199,651	32,346	28,748	21,311
Current liabilities	51,191	45,599	4,473	4,929	2,666
Non-current liabilities	141,082	116,852	12,704	10,792	8,204
Total liabilities	192,273	162,451	17,177	15,721	10,870
Minority interests	32,768	23,539	6,757	5,729	4,404
Shareholders' equity	49,173	37,200	15,169	13,027	10,441
Total liabilities plus minority interests plus shareholders' equity	241,446	199,651	32,346	28,748	21,311

In millions of Ps.	**Jun-17**	**Jun-16**	**Jun-15**	**Jun-14**	**Jun-13**
Gross profit	23,205	11,398	2,350	2,061	1,475
Profit from operations	9,925	20,149	5,746	5,342	4,462
Share of profit / (loss) of associates and joint ventures	172	-108	-227	-322	90
Profit from operations before financing and taxation	10,097	20,041	5,519	5,020	4,552
Financial results, net	-5,225	-6,115	-1,299	-2,574	-908
Profit before income tax	4,872	13,926	4,220	2,446	3,644
Income tax expense	-2,862	-5,833	-1,396	-1,090	-1,219
Profit for the Fiscal Year	5,028	8,537	2,824	1,356	2,425
Controlling company's shareholders	1,511	4,803	1,318	641	1,435
Non-controlling interest	3,517	3,734	1,506	715	990

(1) Correspond to conversion differences

In millions of Ps.	Jun-17	Jun-16	Jun-15	Jun-14	Jun-13
Net cash generated by / (used in) operating activities	9,241	4,080	512	884	687
Net cash generated by / (used in) investment activities	-2,415	8,627	855	-886	-131
Net cash generated by / (used in) financing activities	1,910	-4,495	-1,777	-447	-17
Total net cash generated or used during the fiscal year/period	8,736	8,212	-410	-449	539

In millions of Ps.	Jun-17	Jun-16	Jun-15	Jun-14	Jun-13
Liquidity (1)	1.335	0.992	0.955	1.085	1.247
Solvency (2)	0.256	0.229	0.883	0.829	0.961
Restricted capital (3)	0.717	0.774	0.868	0.814	0.844
Profitability (only annual) (4)	0.041	0.218	0.186	0.104	0.232

(1) Current Assets / Current Liabilities

(2) Total Shareholders' Equity/Total Liabilities

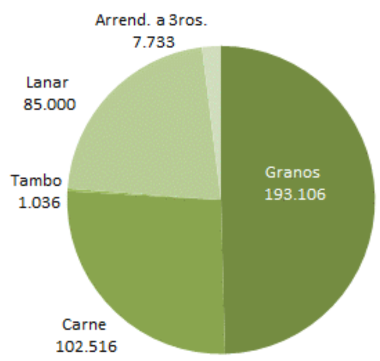
(3) Non-current Assets/Total Assets

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

Our Principal Business Activities

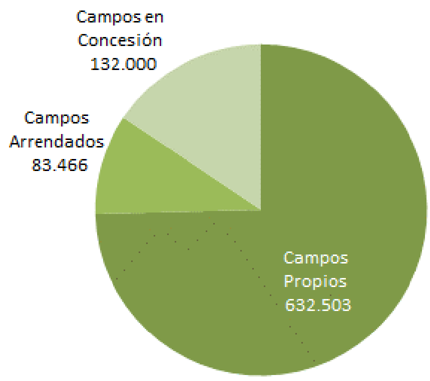
During the fiscal year ended June 30, 2017, we conducted our operations on 24 owned farms and 52 leased farms. Some of the farms we own are engaged in more than one productive activity at the same time.

The following chart shows, for fiscal year 2017, the surface area in operation for each line of business:



Arrend. a 3eros	Leases to third parties
Lanar	Sheep
Tambo	Milk/Dairy
Carne	Cattle
Granos	Crops

The following chart illustrates, for the fiscal year ended on June 30, 2017, the surface area in operation and the hectares held as land reserves:



Campos en concesión	Farmlands under concession
Campos arrendados	Farmlands leased to third parties
Campos propios	Own Farmlands

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.

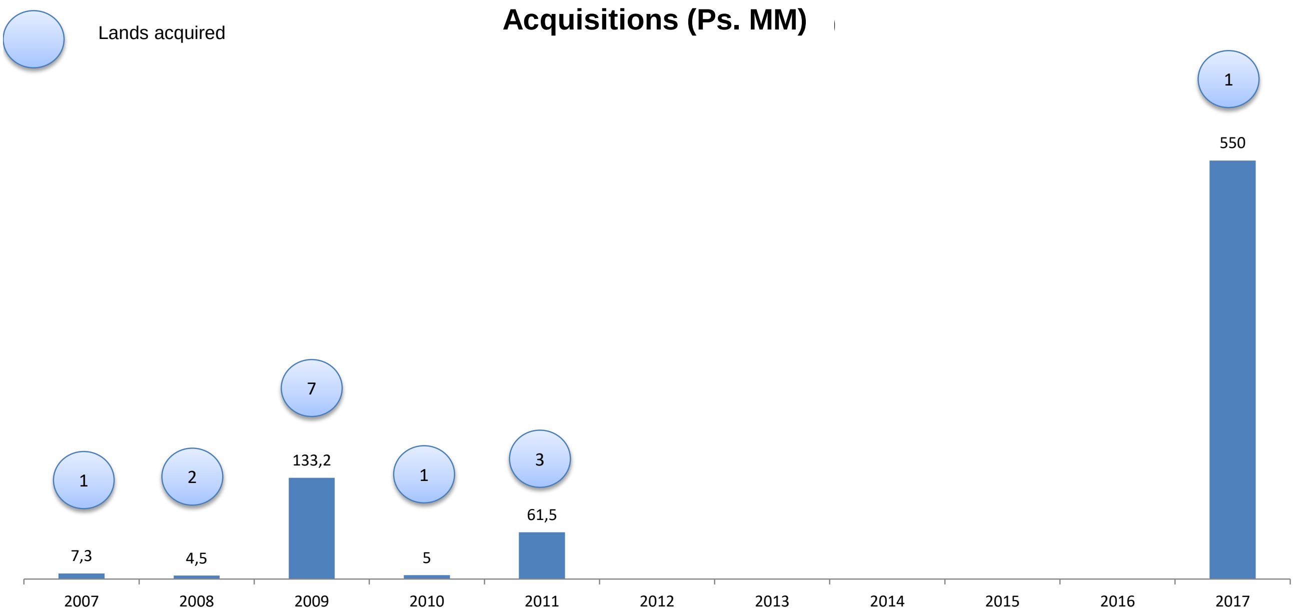
In our view, the sector's potential lies in developing marginal areas and/or under-utilized areas. Thanks to the current technology, we may achieve similar yields with higher profitability than core areas, resulting in the appreciation of land values.

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 10 fiscal years ended on June 30:

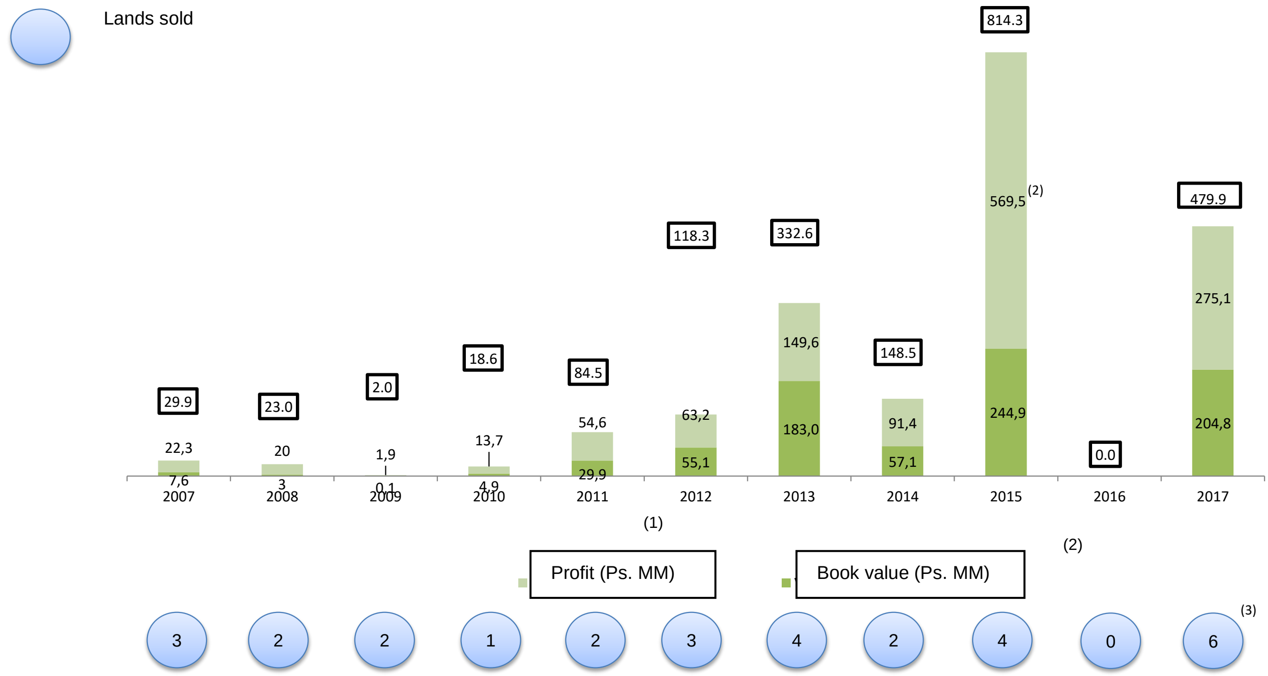


On February 7, 2017, Brasilagro purchased the São José farm, with a surface area of 17,566 hectares intended for agricultural use (10,000 productive hectares), located in the District of São Raimundo das Mangabeiras, State of Maranhão, for Ps. 550 million. In addition to the hectares owned by the company, 15,000 hectares intended for sugarcane production have been leased.

Land Sales

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

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



(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.

Concerning the sale of farmlands, while in 2016 we had not closed any transactions in light of the adverse effect on the farmland sale market caused by the controls on capitals that prevailed until December 2015 and the profitability equation of the industry, at the beginning of this year we saw a recovery in the farmland purchase and sale business motivated by the favorable policies implemented by the current administration, coupled with the partial amendment to the law on foreign ownership of land, which eased restrictions on foreign ownership percentages and simplified transaction registration proceedings.

During the first quarter of fiscal year 2017, we sold the "El Invierno" and "La Esperanza" farms, comprising 2,615 hectares used for agriculture and located in the district of "Rancul", province of La Pampa, for USD 6 million (USD 2,294 per hectare). These farms' book value was approximately Ps. 13.5 million, resulting in an internal rate of return of 4.1% in U.S. dollars. In the fourth quarter of this fiscal year, we sold the entire "Cuatro Vientos" farm located in the Department of Santa Cruz, Bolivia, comprising 2,658 hectares intended for sugarcane and agricultural production, for an amount of USD 14.23 million (USD 5,280 million per hectare). The transaction resulted in a gain of approximately USD 4.5 million, at an internal rate of return of 11.0% in US dollars. Moreover, our subsidiary Brasilagro made partial sales of two of its farms. In May past, it sold 1,360 hectares (including 918 productive hectares) of its "Araucaria" farm located in the district of Mineiros (GO) for R$17 million (R$ 18,535 per hectare). This fraction of land was recorded in the Company´s books at R$ 4.0 million, and its sale resulted in an internal rate of return of 16.8% in Reais. In the fourth quarter of 2017, Brasilagro sold a fraction of 271 hectares of its Araucaria farm for R$ 12.9 million, as well as a fraction of 625 hectares (including 500 productive hectares) in the Jatobá farm, located in Jaborandi, State of Bahia, Brazil, for R$ 10.1 million (R$ 20,180 per hectare). These fractions of land were valued in the Company's books at R$ 3.0 million and R$ 1.2 million, and resulted in internal rates of return of 20.4% and 16.7%, respectively, in Reais.

After year-end, in July 2017 we executed a preliminary sale agreement for the entire "La Esmeralda" farm, comprising 9,352 hectares intended for agriculture and cattle raising, located in the Department of Nueve de Julio, Province of Santa Fe, Argentina, for USD 19 million (USD 2,031 per hectare). The gain will be recorded in the next fiscal year, as the execution of the title deed and surrender of possession are expected to occur in June 2018.

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, 2017, we owned land reserves in the region extending over more than 360,386 hectares of own farmlands that were purchased at very attractive prices. In addition, we have a concession 108,095 hectares reserved for future development. We believe that there are technological tools available to improve productivity in these farms and, therefore, achieve appreciation in the long term. However, current or future environmental regulations could prevent us from fully developing our land reserves by requiring that we maintain part of this land as natural woodlands not to be used for production purposes.

During fiscal year 2017, we conducted our land development business in Argentina mainly in Los Pozos, where we developed 1,588 hectares in module Don Isaac, used for agricultural production. Moreover, we developed 484 hectares in Agro Riego SL and 100 hectares in Sara.

Our developments in Brazil, through our subsidiary Brasilagro, consisted of 9,601 hectares of developed land intended for agriculture.

Area under Development (hectares)	Developed 2015/2016	Developed 2016/2017*
Argentina*	3,234	2,172
Brazil	3,638	9,601
Paraguay	1,364	1,553
Total	**8,236**	**13,326**

* 2016/2017 correspond to hectares under Phase II transformation

Results

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

In millions of Ps.	FY 2017	FY 2016	FY 2015	YoY Var
Revenues	-	-	-	-
Costs	(11)	(9)	(9.0)	22.2%
Gross Loss	**(11)**	**(9)**	**(9.0)**	**22.2%**
Gain / (loss) from disposition of farmlands	280	(2)	570	-
Profit from operations	**589**	**10**	**665**	**5,790.0%**
Segment profit	**589**	**10**	**665**	**5,790.0%**

2) Agricultural Production

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.

Production

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

Production Volume (1)	FY2017	FY2016	FY2015	FY2014	FY2013
Corn	302,513	220,234	310,874	155,759	194,870
Soybean	203,526	179,916	279,608	242,349	220,540
Wheat	29,905	15,578	15,990	12,373	4,392
Sorghum	4,922	1,051	1,740	4,502	6,709
Sunflower	3,853	3,053	11,992	5,803	12,437
Other	3,690	6,432	6,999	2,476	5,002
Total Crops (tons)	**548,409**	**426,263**	**627,203**	**423,263**	**443,951**
Sugarcane (tons)	**1,062,860**	**1,228,830**	**928,273**	**657,547**	**1,156,848**
Cattle herd	7,627	7,714	7,812	6,970	7,723
Milking cows	435	491	524	489	470
Cattle (tons)	**8,061**	**8,205**	**8,336**	**7,459**	**8,193**
Milk (liters)	**13,968**	**16,273**	**17,526**	**19,320**	**18,459**

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

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

	FY2017				
In tons	**Argentina**	**Brazil**	**Bolivia**	**Paraguay**	**Total**
Corn	253,163	35,376	9,410	4,563	302,513
Soybean	127,533	62,829	13,178	-13	203,526
Wheat	29,905	-	-	-	29,905
Sorghum	44	-	4,879	-	4,922
Sunflower	3,853	-	-	-	3,853
Other	3,690	-	-	-	3,690
Total Crops and Other	**418,187**	**98,205**	**27,467**	**4,550**	**548,409**
Sugarcane	**-**	**1,015,303**	**47,557**	**-**	**1,062,860**

	FY2016				
In tons	**Argentina**	**Brazil**	**Bolivia**	**Paraguay**	**Total**
Corn	189,708	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	**331,453**	**47,299**	**30,739**	**16,772**	**426,263**
Sugarcane	**-**	**1,075,183**	**153,648**	**-**	**1,228,830**

	FY2015				
In tons	Argentina	Brazil	Bolivia	Paraguay	Total
Corn	253,929	40,102	10,199	6,644	310,874
Soybean	132,101	111,751	30,471	5,285	279,608
Wheat	15,990	-	-	-	15,990
Sorghum	538	-	406	796	1,740
Sunflower	11,992	-	-	-	11,992
Other	6,916	-	-	82	6,999
Total Crops and Other	**421,467**	**151,854**	**41,075**	**12,807**	**627,203**
Sugarcane	**-**	**830,204**	**98,069**	**-**	**928,273**

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

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

Sales

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

Volume of Sales	FY2017			FY2016			FY2015			FY2014			FY2013		
	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total	D.M. (1)	F.M. (2)	Total
Corn	266.5	-	266.5	217.3	37.9	255.2	269.7	-	270	179.9	-	179.9	233.3	37.8	271.1
Soybean	137.8	28.8	166.6	182.5	15.8	198.3	172.9	77.2	250	188.9	33.2	222.1	153.4	55.4	208.8
Wheat	11.9	1.5	13.4	17.3	29.3	46.6	7.0	0.1	7	11.4	-	11.4	10.7	-	10.7
Sorghum	5.3	-	5.3	1.0	-	1.0	1.6	-	2	3.8	-	3.8	5.8	-	5.8
Sunflower	4.1	-	4.1	10.4	-	10.4	5.2	-	5	9.7	-	9.7	10.6	-	11
Other	3.6	-	3.6	5.9	-	5.9	1.9	-	2	6.2	0.3	6.5	14	0	14
Total Crops (tons)	**429.2**	**30.3**	**459.5**	**434.4**	**83.0**	**517.4**	**458.3**	**77.3**	**535.6**	**399.9**	**33.5**	**433.4**	**427.8**	**93.3**	**521.1**
Sugarcane (tons)	**554.1**	**-**	**554.1**	**1,219.7**	**-**	**1,219.7**	**924.5**	**-**	**924.5**	**675.7**	**-**	**675.7**	**1,179.9**	**-**	**1,179.9**
Cattle herd	6.9	-	6.9	8.3	-	8.3	8.9	-	8.9	8.8	-	8.8	9.6	-	9.6
Milking cows	1.1	-	1.1	0.7	-	0.7	0.9	-	0.9	0.5	-	0.5	0.5	-	0.5
Cattle (tons)	**8.0**	**-**	**8.0**	**9.0**	**-**	**9.0**	**9.8**	**-**	**9.8**	**9.3**	**-**	**9.3**	**10.1**	**-**	**10.1**
Milk (in thousands of liters)	**13.3**	**-**	**13.3**	**16.9**	**-**	**16.9**	**18.8**	**-**	**18.8**	**17.9**	**-**	**17.9**	**13.0**	**-**	**13.0**

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

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:

	2013(1)	2014(1)	2015(1)	2016(1)	2017(1)
Own	127,952	122,632	128,795	112,112	102,683
Under lease	45,624	58,030	58,167	43,309	71,481
Under concession	8,937	20,986	21,547	23,196	22,454
Leased to third parties	18,223	7,616	3,267	2,365	7,663
Total	**200,736**	**209,264**	**211,776**	**180,982**	**204,280**

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

Stock (in tons)	FY 2017	FY 2016	FY 2015	Variation
Corn	39,528	21,233	61,157	86.2%
Soybean	89,499	69,665	99,972	28.5%
Sunflower	530	913	8,594	(41.9%)
Sorghum	16	369	198	(95.8%)
Wheat	20,344	4,964	9,377	309.8%
Sugarcane	-	-	-	-
Other	1,620	2,975	4,500	(45.5%)
Total	**151,537**	**100,119**	**183,798**	**51.4%**

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.

Agro-Uranga S.A.

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

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

Lease of Farms

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

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

The initial duration of lease agreements is typically one crop season. Leases of farms for production of crops consist in lease agreements with payments based on a fixed amount of Pesos per hectare or sharecropping agreements with payments in kind based on a percentage of the crops obtained or a fixed amount of tons of 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 2017, we leased to third parties a total of 52 fields, covering 87,072 hectares, including 26,718 hectares in Brazil. Out of the total leased area, 71,481 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:

	2013	2014	2015	2016	2017
Crops [1]	45,624	58,030	58,167	43,309	71,481
Cattle	12,635	18,549	13,501	12,635	12,635

(1) Includes BrasilAgro.

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

Results

The following table shows the Group's results for fiscal year 2017, compared to the two preceding fiscal years:

Crops

In millions of Ps.	FY 2017	FY 2016	FY 2015	YoY Var
Revenues	1,401	1,152	987	21.6%
Costs	(2,591)	(1,801)	(1,811)	43.9%
Initial recognition and changes in the fair value of biological assets and agricultural produce	1,438	1,059	910	35.8%
Changes in the net realizable value of agricultural produce	(74)	208	(34)	-
Gross profit	**174**	618	**52**	**(71.8%)**
General and administrative expenses	(153)	(124)	(125)	23.4%
Selling expenses	(329)	(216)	(161)	52.3%
Other operating results, net	108	(74)	(9)	-
(Loss) / profit from operations	**(200)**	**199**	**(243)**	**-**
Share of profit of associates and joint ventures	12	26	1	(53.8%)
Segment (loss) / profit	**(188)**	**225**	**(242)**	**-**

Sugarcane

In millions of Ps.	FY 2017	FY 2016	FY 2015	YoY Var
Revenues	355	294	198	20.7%
Costs	(688)	(517)	(374)	33.1%
Initial recognition and changes in the fair value of biological assets and agricultural produce	356	309	218	15.2%
Changes in the net realizable value of agricultural produce	-	-	-	-
Gross profit	**23**	**86**	**42**	**(73.3%)**
General and administrative expenses	(52)	(34)	(20)	52.9%
Selling expenses	(9)	(8)	(8)	12.5%
Other operating results, net	(6)	4	(2)	-
(Loss) / profit from operations	**(44)**	**47**	**12**	**-**
Share of profit of associates and joint ventures	-	-	-	-
Segment (loss) / profit	**(44)**	**47**	**12**	**-**

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 79,361 heads, and we had a total surface area of 102,516 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, 2017, our production was 8,061 tons, a 28.4% year-on-year increase. The following table sets forth, for the fiscal years indicated below, the cattle production volumes measured in tons:

	FY2017	FY2016	FY2015	FY2014	FY2013
Cattle production(1)	8,061	8,205	8,336	7,459	8,193

(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	FY2017	FY2016	FY2015
Breeding stock	69,669	58,747	52,052
Winter grazing stock	9,692	11,126	12,102
Total Stock (heads)	**79,361**	**69,873**	**64,154**

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 2017, compared to the two preceding fiscal years:

In millions of Ps.	FY 2017	FY 2016	FY 2015	YoY Var
Revenues	206	178	143	15.7%
Costs	(382)	(267)	(225)	43.1%
Initial recognition and changes in the fair value of biological assets and agricultural produce	304	254	167	19.7%
Changes in the net realizable value of agricultural produce	-	-	-	-
Gross profit	**128**	**165**	**85**	**(22.4%)**
General and administrative expenses	(39)	(20)	(13)	95.0%
Selling expenses	(24)	(19)	(20)	(26.3%)
Other operating results, net	(2)	(2)	(3)	-
Profit from operations	63	121	**49**	**(47.9%)**
Share of profit of associates and joint ventures	-	-	-	-
Segment profit	**63**	**121**	**49**	**(47.9%)**

Milk

As of June 30, 2017, we conducted our milk business in the dairy facility located in "El Tigre" farm in the Province of La Pampa, Argentina. We have a capacity of 1,472 cows in milking per day and seek to increase total productivity through the application of new technologies including improved genetic management for milk production, feeding strategic planning based on cattle specific requirements and the use of individual traceability to know the productivity history of each animal. Also, we use computer science in milk business to make more efficient the manual labor by surveying the information supplied by the farm.

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

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

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

Taking into account this business' margin and livestock prices, in this fiscal year we started a process to reduce our herd and reallocate part of the hectares to another activity.

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

Milk Production	FY2017	FY2016	FY2015
Average dairy cows per day (heads)	1,472	1,951	2,189
Milk Production/ Dairy Cow/ Day (liters)	24.68	21.82	21.48

At the closing of fiscal year 2017, we had 3,580 heads of cattle on 1,036 hectares involved in the production of milk; whereas as of June 30, 2016, we had 5,047 heads of cattle on 2,231 hectares.

Results

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

In millions of Ps.	FY 2017	FY 2016	FY 2015	YoY Var
Revenues	97	65	72	49.2%
Costs	(180)	(135)	(133)	33.3%
Initial recognition and changes in the fair value of biological assets and agricultural produce	87	74	75	17.6%
Gross profit	**4**	**4**	**14**	**-**
General and administrative expenses	(3)	(4)	(3)	(25.0%)
Selling expenses	(7)	(4)	(4)	75.0%
Other operating results, net	-	-	(1)	-
(Loss) / profit from operations	**(6)**	**(4)**	**6**	**50.0%**
Segment (loss) / profit	**(6)**	**(4)**	**6**	**50.0%**

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 2017, compared to the two preceding fiscal years:

In millions of Ps.	FY 2017	FY 2016	FY 2015	YoY Var
Revenues	137	76	61	80.3%
Costs	(26)	(20)	(15)	30.0%
Gross profit	**111**	**56**	**46**	**98.2%**
General and administrative expenses	(7)	(3)	(1)	133.3%
Selling expenses	(1)	(1)	(1)	-
Gain from business combinations	-	-	-	-
Other operating results, net	(1)	-	-	-
Profit from operations	**102**	**50**	**44**	**104.0%**
Share of profit of associates and joint ventures	**-**	**-**	**-**	**-**
Segment profit	**102**	**50**	**44**	**104.0 %**

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.

During fiscal year 2017, this segment recorded a net loss of Ps. 111.0 million compared to a net loss of Ps. 63.0 million in the previous fiscal year. Although the business was favored by the new government policies consisting in raising the exchange rate and lowering withholding taxes on beef exports, the positive impact of these measures was offset by a deterioration in the input/product ratios, explained by the fact that livestock prices and labor costs significantly outpaced the rise in beef prices for domestic consumption and in the international markets, as well as the prices of leather, this business' main by-product.

Results

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

In millions of Ps.	FY2017	FY2016	FY 2015	YoY Var
Revenues	1,324	966	806	37.1%
Costs	(1,303)	(925)	(739)	40.9%
Gross profit	**21**	**41**	**67**	**(48.8%)**
General and administrative expenses	(43)	(38)	(25)	13.2%
Selling expenses	(88)	(67)	(77)	31.3%
Gain from business combinations	-	-	-	-
Other operating results, net	(1)	1	-	-
Loss from operations	**(111)**	**(63)**	**(35)**	**76.2%**
Share of profit / (loss) of associates and joint ventures	-	-	-	-
Segment loss	**(111)**	**(63)**	**(35)**	**76.2%**

Other

Results

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

In millions of Ps.	FY 2017	FY 2016	FY 2015	YoY Var
Revenues	399	181	128	120.4%
Costs	(296)	(140)	(105)	111.4%
Initial recognition and changes in the fair value of biological assets and agricultural produce	-	-	-	-
Changes in the net realizable value of agricultural produce	-	-	-	-
Gross profit	**103**	**41**	**23**	**151.2%**
General and administrative expenses	(66)	(46)	(23)	43.5%
Selling expenses	(51)	(23)	(13)	121.7%
Management fees	-	-	-	
Gain from business combinations	-	-	-	
Other operating results, net	10	1	1	900%
Loss from operations	**(4)**	**(27)**	**(12)**	**(85.2%)**
Share of loss of associates and joint ventures	(4)	(3)	-	33.3%
Segment loss	**(8)**	**(30)**	**(12)**	**(73.3%)**

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

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.

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

As concerns the Crops business, revenues grew thanks to the increase in traded volumes as compared to the previous fiscal year, and the strong growth in trading revenues. The inputs business grew by 95% as compared to the previous fiscal year, reflecting the recovery of the commodities business and the launch 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.

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

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 to consolidate storage operations. 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 through FYO Chile SPA.

Farmland Portfolio

As of June 30, 2017, we owned, together with our subsidiaries, 24 farms with a total surface area of 632,503 hectares.

The following table sets forth our farm portfolio as of June 30, 2017:

Use of farms owned and under concession as of June 30, 2017										
	Locality	Province	Date of Acquisition	Surface Area (has)	Main Business	Cattle (has)	Sheep (has)	Milk (has)	Agriculture (has)	Cattle (Head)
El Recreo	Recreo	Catamarca	May '95	12,395	Natural woodlands					
Los Pozos	JV González	Salta	May '95	239,639	Cattle/ Agriculture/ Natural woodlands	43,204			13,817	46,250
San Nicolás (1)	Rosario	Santa Fe	May '97	1,431	Agriculture				1,409	
Las Playas (1)	Idiazabal	Cordoba	May '97	1,534	Agriculture/ Milk				1,534	
La Gramilla/ Santa Bárbara	Merlo	San Luis	Nov '97	7,072	Agriculture Under irrigation				4,380	
La Suiza	Villa Angela	Chaco	Jun '98	36,380	Agriculture/ Cattle	26,700			3,071	15,020
La Esmeralda	Ceres	Santa Fe	Jun '98	9,370	Agriculture/ Cattle	2,000			5,053	2,320
El Tigre	Trenel	La Pampa	Apr '03	8,360	Agriculture/ Milk			1,036	6,695	3,580
San Pedro	Concepción de Uruguay	Entre Rios	Sep '05	6,022	Agriculture				4,085	
8 De Julio/ Estancia Carmen	Puerto Deseado	Santa Cruz	May '07/ Sep '08	100,911	Sheep		85,000			8,099
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	2,167			7,261	2,432
Finca Mendoza	Lujan de Cuyo	Mendoza	Mar '11	3 89	Natural woodlands					
Establecimiento Mendoza	Finca Lavalle	Mendoza	Nov'03	9	Natural woodlands					
Jatoba	Jaborandi/BA	Brazil		30,981	Agriculture	4,504			14,528	419
Alto Taquari	Alto Taquari/MT	Brazil		5,186	Agriculture				3,554	
Araucaria	Mineiros/GO	Brazil		6,490	Agriculture				4,400	
Chaparral	Correntina/BA	Brazil		37,182	Agriculture	3,052			13,507	
Nova Buruti	Januária/MG	Brazil		24,247	Forestry					
Preferência	Barreiras/BA	Brazil		17,799	Agriculture / Natural woodlands	6,702				5,793
São José	São Raimundo das Mangabeiras/MA	Brazil		17,566	Agriculture				5,433	
Subtotal Owned				**632,503**		**88,430**	**85,000**	**1,036**	**97,584**	**83,494**
Agropecuaria Anta SA (2)	Las Lajitas	Salta		132,000		1,451			22,454	4,216
Subtotal Under Concession				**132,000**		**1,451**			**22,454**	4,216
Total				**764,503**		**102,516**	**85,000**	**1,036**	**112,387**	**87,710**

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

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, 2017, we used 13,817 hectares in agricultural production. As of June 30, 2017, there were 46,250 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, 2017, 6,519 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, 2017, the farm had a sown surface area, including double crops, of 7,208 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 2016/2017 crop season, a total of 5,843 hectares were sown, 2,009 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 a surface area of 36,380 hectares and is located in Villa Ángela in the Province of Chaco. It is used for raising cattle. As of June 30, 2017, "La Suiza" had a stock of approximately 15,020 heads of cattle. During the 2016/17 season, we used 4,058 hectares for agricultural production.

La Esmeralda

"La Esmeralda" farm has a surface area of 9,370 hectares and is located in Ceres in the Province of Santa Fe. This farm was acquired in June 1998. During the 2016/17 crop season, we used 7,011 hectares for production of corn, soybean, wheat, sunflower and sorghum.

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, 2017, 8,051 hectares were assigned to crop production, including double crops, and 1,036 hectares were assigned to milk production. This farm produced 14 million liters of milk in the fiscal year ended June 30, 2017, with an average of 1,472 cows being milked and an average daily production of 24.68 liters per cow.

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 2016/2017 crop season, 5,346 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.

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 2016/2017 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 2016/2017 crop season.

La Primavera

On June 7, 2011, we acquired “La Primavera” farm, with a surface area of approximately 2,340 hectares. During the 2016/2017 season, this farm was used for crop production.

Brazil (through our subsidiary Brasilagro)

Jatobá

Jatobá is a farm in the northeastern region of Brazil, with a total surface area of 31,606 hectares, 12,510 of which are intended for agriculture. Jatobá was acquired in March 2007 for 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 8,124 hectares, 4,020 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.

Alto Taquarí

Alto Taquarí is located in the municipal district of Alto Taquarí, State of Mato Grosso, and it has a total surface area of 5,395 hectares, 3,190 of which are used for agriculture. The farm was acquired in August 2007 for 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 14,398 hectares used for agriculture. It is located in the municipal district of Correntina, State of Bahia. The farm was acquired in November 2007 for 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, 6,566 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.

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 7,261 hectares have been allocated to agricultural production and 2,167 hectares to cattle production.

Silos

As of June 30, 2017, 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:

	2013[2]	2014[2]	2015[2]	2016[2]	2017[2]
Las Vertientes [1]	10,000	10,000	10,000	10,000	10,000
San Nicolás [1]	5,341	5,341	5,341	5,341	5,341
Brasilagro	90,200	90,200	10,279	10,279	10,279
Total	**105,541**	**105,541**	**25,620**	**25,620**	**25,620**

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

Land Management

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

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

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

Principal Markets

Crops

Our crop production is mostly sold in the domestic market. The prices of our 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.

Milk

During fiscal year 2017, we sold our entire milk production to the largest Argentine dairy company, Mastellone S.A., which in turn manufactures a range of mass consumption dairy products sold in Argentina and abroad. The price of the milk we sell is mainly based on the percentage of fat and protein that it contains and the temperature at which it is cooled. The price we obtain from our milk also rises or drops based on the content of bacteria and somatic cells.

Customers

For the fiscal year 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.

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 milk and our forestry activities tend to be more of a successive character than of a seasonal character. However, the production of beef and milk is generally higher during the second quarter, when pasture conditions are more favorable. In consequence, there may be significant variations in results from one quarter to the other.

Regulation and Government Supervision of our Agricultural Business

Farming and Animal Husbandry Agreements

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

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

As of June 30, 2017, our investment in IRSA's common shares amounts to 63.38%.

The following information corresponds to data of the segments extracted from our subsidiary IRSA Inversiones y Representaciones S.A.'s Annual Report and Financial Statements as of June 30, 2017.

The revenue figures for fiscal year 2017 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

At June 2017, the Consumer Confidence Index (CCI) showed a 1.2% decline as compared to June 2016, and a 23.4% fall as compared to June 2015. Sales in shopping malls in May 2017 reached a total amount of Ps. 4,572 million, which represented a 12.3% increase compared to the same month in 2016. Accumulated sales for the first five months of the year totaled Ps. 21,101 million and reached a 13.2% percentage variation compared to the same period the previous year.

As of June 30, 2017, we operated and/or owned 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 341,289 sqm 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. 34,425.6 million for fiscal year 2017 and Ps. 28,904.9 million for fiscal year 2016, which implies an increase of 19.1%. 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 tenant sales.

The following table shows certain information concerning our shopping malls as of June 30, 2017:

	Date of Acquisition	Location	Gross leaseable area sqm (1)	Stores	Occupancy (2)	IRSA CP's Interest (3)
Alto Palermo	Dec-97	City of Buenos Aires	18,945	143	99.3%	100%
Abasto Shopping(4)	Nov-99	City of Buenos Aires	36,795	171	96.8%	100%
Alto Avellaneda	Dec-97	Province of Buenos Aires	36,063	136	99.3%	100%
Alcorta Shopping	Jun-97	City of Buenos Aires	15,613	113	98.1%	100%
Patio Bullrich	Oct-98	City of Buenos Aires	11,760	91	97.6%	100%
Buenos Aires Design	Nov-97	City of Buenos Aires	13,697	62	97.2%	53.68%
Dot Baires Shopping	May-09	City of Buenos Aires	49,499	158	99.9%	80%
Soleil	Jul-10	Province of Buenos Aires	15,227	79	100.0%	100%
Distrito Arcos (5)	Dec-14	City of Buenos Aires	14,692	67	100.0%	90.00%
Alto Noa Shopping	Mar-95	Salta	19,059	90	99.4%	100%
Alto Rosario Shopping(5)	Nov-04	Santa Fe	31,808	150	99.6%	100%
Mendoza Plaza Shopping	Dec-94	Mendoza	42,867	142	97.1%	100%
Córdoba Shopping	Dec-06	Córdoba	15,445	108	98.1%	100%
La Ribera Shopping	Aug-11	Santa Fe	10,054	68	97.6%	50%
Alto Comahue (6)	Mar-15	Neuquén	9,766	104	96.4%	99.92%
Patio Olmos(7)	Sep-15	Córdoba				
Total			**341,289**	**1,681**	**98.5%**	

Notes:
(1) Corresponds to the total leaseable surface area of each property. Excludes common areas and parking spaces.
(2) Calculated by dividing square meters under leases in effect by gross leaseable area as of fiscal year end.
(3) The Company's effective interest in each of its business units.
(4) Excludes Museo de los Niños (3,732 sqm in Abasto and 1,261 sqm 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 Cordoba, operated by a third party.

Accumulated Rental Income as of June 30, 2017, 2016 and 2015

(*In thousands of Ps.*)

	2017	2016	2015
Abasto	541,873	412,560	319,863
Alto Palermo	506,555	427,785	323,164
Alto Avellaneda	343,616	284,712	212,310
Alcorta Shopping	238,058	199,300	152,573
Patio Bullrich	145,714	125,428	104,764
Alto Noa	88,419	76,847	52,815
Buenos Aires Design	57,841	49,368	37,890
Mendoza Plaza	148,202	126,739	96,722
Alto Rosario	247,031	192,481	148,141
Córdoba Shopping –Villa Cabrera	87,751	72,747	58,010
Dot Baires Shopping	341,748	286,202	210,926
Soleil Premium Outlet	115,393	86,194	59,366
La Ribera Shopping	28,293	22,797	15,195
Distrito Arcos (1)	167,590	114,663	24,191
Alto Comahue (2)	91,754	80,312	16,470
Patio Olmos (4)			
Total (3)	**3,149,838**	**2,558,133**	**1,834,726**

(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:

	2017	2016	2015
Alto Palermo	4,169	3,499	2,662.1
Abasto Shopping	4,604	4,043	3,150.2
Alto Avellaneda	4,344	3,781	2,913.3
Alcorta Shopping	2,207	1,900	1,474.7
Patio Bullrich	1,236	1,061	888.5
Buenos Aires Design	537	414	326.0
Dot Baires Shopping	3,748	3,254	2,570.6
Soleil	1,726	1,282	938.4
Distrito Arcos (2)	1,455	962	339.9
Alto Noa Shopping	1,587	1,369	1,068.6
Alto Rosario Shopping	3,175	2,628	1,951.8
Mendoza Plaza Shopping	2,734	2,369	1,906.7
Córdoba Shopping	1,178	991	756.0
La Ribera Shopping	771	634	398.1
Alto Comahue (3)	954	717	182.1
Patio Olmos (4)			
Total sales	**34,426**	**28,905**	**21,527.0**

(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 and management of office buildings and other rental properties in Argentina. As of June 30, 2017, we directly and indirectly owned interests in office and other rental properties, which comprised 331,570 square meters of gross leaseable area. Out of these properties, 9 were office properties, which comprised 87,919 square meters of gross leaseable area. For fiscal year 2017, we had revenues from offices and other non-shopping mall rental properties of Ps. 431 million.

All our office rental properties in Argentina are located in the City of Buenos Aires. For the year ended June 30, 2017, the average occupancy rate for all our properties in the Offices and Others segment was approximately 91.5%, without considering the Philips building, acquired on June 5, 2017 as there is a loan-for-use agreement executed with the seller until January 2018.

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 Leaseable Area (sqm) (1)	Occupancy (2)	IRSA's Effective Interest	Monthly Rental Income (in thousands of Ps.) (3)	Annual accumulated rental income (in millions of Ps.) (4)		
						2017	2016	2015
Offices								
Edificio República (5)	04/28/08	19,885	95.0%	100.0%	9,114	112	72	62
Torre Bankboston (5)	08/27/07	14,873	100.0%	100.0%	6,408	81	56	42
Bouchard 551	03/15/07	-	-	100.0%	235	3	3	10
Intercontinental Plaza (5)	11/18/97	3,876	100.0%	100.0%	1,415	19	28	56
Bouchard 710 (5)	06/01/05	15,014	100.0%	100.0%	7,594	86	68	48
Dique IV	12/02/97	-	-	-	-	0	15	32
Maipú 1300	09/28/95	803	51%	100.0%	143	6	6	16
Libertador 498	12/20/95	620	100.0%	100.0%	600	7	6	2
Suipacha 652/64 (5)	11/22/91	11,465	86%	100.0%	2,470	30	22	16
Dot Building (5)	11/28/06	11,242	100.0%	80.0%	4,345	50	31	27
Philips building (5)	06/05/17	10,142	-	100.0%	-	-	-	-
Subtotal Offices		**87,919**	**96.2%**	**N/A**	**32,325**	**393**	**307**	**311**
Other Properties								
Santa María del Plata S.A	10/17/97	116,100	91%	100.0%	988	12	12	-
Nobleza Piccardo (6)	05/31/11	109,610	94%	50.0%	1,775	13	2	8
Other Properties (7)	N/A	17,941	N/A	N/A	1,317	13	11	7
Subtotal Other Properties		**243,651**	**90.0%**	**N/A**	**4,079**	**38**	**25**	**15**
Total Offices and Others		**331,570**	**91.5%**	**N/A**	**36,404**	**431**	**332**	**326**

Notes:

(1) Corresponds to the total leaseable surface area of each property as of June 30, 2017. Excludes common areas and parking spaces.
(2) Calculated by dividing occupied square meters by leaseable area as of June 30, 2017.
(3) The lease agreements in effect as of June 30, 2017 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.

The following table shows our offices occupancy percentage (1) as of the end of fiscal years ended June 30, 2017 and 2016:

	Occupancy Percentage(1)	
	2017	2016
Offices		
Edificio República	95.2%	100.0%
Torre Bankboston	100.0%	100.0%
Intercontinental Plaza	100.0%	100.0%
Bouchard 710	100.0%	100.0%
Suipacha 652/64	86.3%	90.7%
DOT Building	100.0%	100.0%
Maipú 1300	50.6%	100.0%
Libertador 498	100.0%	100.0%
Philips Building	-	-
Subtotal Offices	96.2%	98.7%

(1) Leased surface area in accordance with agreements in effect as of June 30, 2017 and 2016 considering the total leaseable office area for the same periods.

The following table sets forth the annual average income per square meter for our offices during fiscal years ended June 30, 2017, 2016 and 2015.

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

(*Ps./sqm*)

	Annual average income per square meter(1)		
	2017(1)	2016(1)	2015(1)
Offices			
Edificio República	5,671	3,615	3,115
Torre Bankboston	5,345	3,778	2,819
Bouchard 551	0	0	-
Intercontinental Plaza	5,409	4,291	2,484
Bouchard 710	5,692	4,539	3,219
Juana Manso 295 (Dique IV)	0	0	2,847
Maipú 1300	6,425	4,790	3,330
Libertador 498	9,739	10,464	3,149
Suipacha 652/64	2,617	1,961	1,399
DOT Building	4,463	2,778	2,439
Philips Building	-	-	-

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

Hotels Segment

During fiscal year 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)		
						2017	2016	2015
Intercontinental (3)	11/01/1997	76.34%	309	73.9%	2,216	272	195	143
Sheraton Libertador (4)	03/01/1998	80.00%	200	73.2%	1,954	151	119	94
Llao Llao (5)	06/01/1997	50.00%	205	51.6%	5,245	302	220	159
Total	-	-	**714**	**67.3%**	**2,803**	**725**	**534**	**396**

Notes:

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

Sales and 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.

In fiscal year ended June 30, 2017, revenues from the development and sale of properties segment amounted to Ps. 99 million, compared to Ps. 8 million posted in the fiscal year ended June 30, 2016.

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

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

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

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

Notes:

(1) Saleable Area means the housing square meters proper, excluding parking and storage spaces. It is recorded at 100%, before making any sales.
(2) % Sold includes those sale transactions for which there is a Preliminary Sales Agreement, Possession or a Title Deed executed. Includes housing square meters only, excludes parking and storage spaces.
(3) Saleable Area includes 31,224 sqm of the plot and 4,712.81 total sqm of the Manor House (discounting 1,331.76 sqm of Ground Floor).
(4) Saleable Area excludes 171 commercial parking spaces to be received and the units as compensation.
(5) Mixed Used Feasibility requested, pending provincial approval.

(6) Since January 2016, the plot has been subject to a regulation called "CP" (*Comercial Principal*), this regulation allows the development of at least 500,000 sqm for mixed uses (Commercial, Residential Properties, etc.)
(7) Feasibility requested for 716,058 buildable square meters, pending approval from the Legislative body of the City of Buenos Aires.
(8) Draft project of 71,374 buildable square meters, pending approval of zoning parameters.
(9) 6,135 sqm of surface area correspond to the parcel, which includes Intercontinental I and II.

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

Disposals of Investment Properties in Fiscal Year 2017

Sale of units in Intercontinental Building

IRSA Propiedades Comerciales sold 2,647 leasable square meters corresponding to three office floors and 24 parking units of Intercontinental Plaza building, with the remaining 3,876 sqm in such building being held by the company. The transaction amount was USD 9 million, and has been fully collected as of June 30, 2017.

Partial sales of “Maipú 1300” building

In May 2017, 550 sqm were sold corresponding to the ground-floor store and the 23rd floor in the Maipú 1300 building, with the remaining 1,235 sqm being held by the company. The transaction amount was agreed upon in USD 0.75 million for the ground-floor store and USD 1.4 million for the 23th Floor.

Sale of Rivadavia 2768 building

In May 2017, the remaining footage of Rivadavia 2768 building was sold. The transaction amount was USD 0.2 million.

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 leaseable area is approximately 58,000 sqm and consists of 34 floors.

As of June 30, 2017, the building’s occupancy rate was 95.15%, thus generating an average rent of USD 69.20 per sqm.

Lipstick	Jun-16	Jun-17	YoY Var
Gross Leaseable Area (sqm)	58,094	58,094	-
Occupancy	97.33%	95.15%	2.18 p.p.
Rental price (USD/sqm)	66.67	69.20	3.79%

Since June 2016, various leases have been renewed, equivalent to 4,995 sqm in aggregate (53,763 sf) with an average rent of USD 84 per sqm. In the same period, the entire floor 28 was occupied, with an average rent of USD 87 per sqm, for a term of 11 years. The difference in the occupancy rate is explained by the release of floor 27 and floor 31.

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

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

Investment in Condor Hospitality Trust

We maintain our investment in the Condor Hospitality Trust hotel REIT (NASDAQ: CDOR) mainly through our subsidiary Real Estate Strategies L.P. ("RES"), in which we hold a 66.3% 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.

In January 2017, Condor issued 150,540 new warrants in favor of RES, which are entitled to one share each, at an exercise price of USD 0.001 per share and due in January 2019. The new warrants replaced the former 3,750,000 warrants which entitled their holders to one share each, at an exercise price of USD 1.92 and due on January 31, 2017. In addition, the Group exercised its conversion rights in respect of the 3,245,156 Series D preferred shares (with a par value of USD 10 each) held by RES, into 20,282,225 common shares of Condor (with a par value of USD 0.01 per share), at the agreed conversion price of USD 1.60 per share, accounting for USD 32.4 million in the aggregate. At the same time, the Group received 487,738 Series E preferred shares that are convertible into common shares at USD 2.13 each as from February 28, 2019, paying dividends on a quarterly basis at 6.25% per year.

Also in February, Condor's Board of Directors approved a one-for-6.5 reverse stock split, which was carried out after the close of trading on March 15, 2017. The par value of the shares involved in the reverse stock split remained at USD 0.01 each, with the conversion price of Series E preferred shares standing at USD 13.845 and the exercise price of the warrants, at USD 0.0065.

Subsequently, in March, Condor conducted an initial public offering pursuant to which it issued 4,772,500 new shares (including 622,500 additional shares for the exercise of a call option granted to subscribers) at a price of USD 10.50 per share. The Group did not participate in the offering.

As a consequence of the aforementioned events, as of June 30, 2017, the Group held 3,314,453 common shares of Condor's capital stock, accounting for approximately 28.5% of that company's capital stock and votes. The Group also held 487,738 Series E preferred shares, 23,160 warrants and a promissory note convertible into 97,269 common shares (at a price of USD 10.4 each).

<u>Financial Operations and Others Segments</u>

Our interest in Banco Hipotecario

As of June 30, 2017, 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 65 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 April 30, 2017, Banco Hipotecario ranked thirteenth in the Argentine financial system in terms of shareholders' equity and fifteenth in terms of total assets. As of June 30, 2017, Banco Hipotecario's shareholders' equity was Ps. 6,681.1 million, its consolidated assets were Ps. 55,261.9 million, and its net income for the twelve-month period ended June 30, 2017 was Ps. 865.0 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. 28,147.3 million as of June 30, 2017, 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 88.1% as of June 30, 2017. Non-performing loans represented 2.9% of its total portfolio as of June 30, 2017.

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 49.4% 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.

Operations Center in Israel

Investment in IDB Development Corporation

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 forth the results of our Operations Center in Israel for the consolidated 12-month period (4/1/16 through 3/31/17) vs. 6 months in 2016 (10/1/15 through 3/31/16). As different periods are being compared, no detailed explanation of the changes in results is included.

We will start providing an explanation of results as from the next quarter, when we will have comparative quarters.

Operations Center in Israel (NIS Million)

March 31, 2017 (for the period 04/01/16 through 03/31/17)

	Commercial properties	Supermarkets	Telecommunications	Insurance	Others	Total
Revenues from sales, leases and services	1,239	11,909	4,021	-	66	**17,235**
Costs	-588	-8,925	-2,817	-	-41	**-12,371**
Gross profit	651	2,984	1,204	-	25	**4,864**
Gain from disposal of investment properties	94	-	-	-	-	**94**
General and administrative expenses	-73	-158	-401	-	-158	**-790**
Selling expenses	-23	-2,397	-858	-	-20	**-3,298**
Other operating results, net	12	-13	-9	-	-39	**-49**
Profit / (loss) from operations	661	416	-64	-	-192	**821**
Share of profit / (loss) of associates and joint ventures	12	19	-	-	-4	**27**
Segment profit / (loss)	673	434	-64	-	-196	**848**
Operating assets	16,655	8,077	6,639	1,795	4,363	**37,526**
Operating liabilities	13,441	6,131	5,249		7,730	**32,551**
Operating assets / (liabilities), net	**3,214**	**1,946**	**1,387**	**1,795**	**-3,367**	**4,975**

The revenues and profit from operations of the **Commercial Properties** segment through the subsidiary Property & Building ("PBC") reached NIS 1,239 million and NIS 636 million, respectively, (USD 355 million and USD 182 million, respectively) during the consolidated 12-month period (April 1, 2016 through March 31, 2017). The first half and the second quarter of 2017 were characterized by the stability of rental properties in Israel, in terms of demand, rental prices and occupancy rates. In the second quarter of 2017, demand for the office, commercial, industrial and logistics segments was good, as reflected by the stabilization of prices and sustained high occupancy rates of approximately 97%.

The **Supermarkets** segment, through Shufersal, recorded revenues of NIS 11,909 million (USD 3,410 million) for the 12-month period, Profit from operations of this segment reached NIS 416 million (USD 116 million). In 2017, Passover fell at the beginning of April, unlike 2016 when it had fallen in late April, affecting sales and the range of special offers. This impacted on revenues from the retail segment, which fell 2.5% in the second quarter of 2017 as compared to the same quarter of 2016, and 0.5% in the 6-month period under comparison. Revenues from the real estate segment fell 2.4% in the first 6 months of 2017, compared to the same period of 2016 mainly due to the higher vacancy rate of rental properties.

The **Telecommunications** segment, operated by Cellcom, recorded revenues of NIS 4,021 million (USD 1,151 million) in the 12-month period and an operating loss of NIS 64 million (USD 18 million). In the first half of 2017, there was a decrease in revenues from mobile telephone services as compared to the same period of 2016, mainly due to the continued erosion of prices and revenues from services in the fixed line segment, mainly reflecting lower revenues from international calls, partially offset by higher revenues from the television segment.

The **"Others"** segment recorded revenues for NIS 66 million (USD 19 million), and an operating loss of NIS 192 million (USD 55 million).

As concerns "Clal", the Group values its interest in this **insurance** company as a financial asset at fair value. The valuation of Clal's shares was NIS 1,795 million (USD 514 million) as of June 30, 2017.

Material Events Occurred During the Fiscal Year and Subsequent Events

Agreement for the sale of real estate or shares of Cresca S.A.

On October 5, 2016, our subsidiary Brasilagro and Carlos Casado executed an agreement whereby they proposed to offer for sale all the real estate owned by Cresca for a price of not less than USD 120 million or 100% of Cresca's outstanding shares. The real estate and shares will be offered for a term of 120 calendar days after the execution date. If a proposal for the shares is received, the fair value of the rest of the assets (less the liabilities) will be added to the above mentioned price. Moreover, if no sale is made upon expiration of the term, the parties irrevocably promise to take all such actions and to carry out all such proceedings as necessary for implementing the division of the Company's assets into two equivalent portions.

General Ordinary and Extraordinary Shareholders' Meeting

On October 31, 2016, the Company's General Ordinary and Extraordinary Shareholders' Meeting was held, which resolved upon with the following matters, among others:

- Update on shared services agreement report.
- Approval of sums paid as personal asset tax levied on the shareholders.
- Renewal of delegation of powers conferred to the Board of Directors in order to determine the time and currency of issuance and further terms and conditions governing the issue of notes under the global note program.
- Grant of indemnities to the Directors, Statutory Auditors and Managers who perform or have performed duties for the Company accessorily to the D&O policies.
- Approval of special merger balance sheet of AGRO MANAGERS S.A.
- Distribution of treasury shares.

Distribution of treasury shares

On November 3, 2016, Cresud's Board of Directors resolved to distribute ratably among the shareholders who were registered as such as of November 16, 2016, 3,833,352 treasury shares, equivalent to 0.00774216906 per share and 0.76415967% of the stock capital amounting to $501,642,804, and 0.774216906% of the stock capital net of treasury shares, effective November 17, 2016.

Purchase of farm by our subsidiary Brasilagro

On February 7, 2017, Brasilagro – Companhia Brasileira de Propriedades Agrícolas, controlled by the Company, executed a purchase and lease agreement, including crop sharing provisions, in respect of a rural property located in the municipal district of São Raimundo das Mangabeiras, in the State of Maranhão.

The purchase agreement is for 17,566 hectares, 10,000 of which are developed and productive lands to be used for agriculture. The remaining 7,566 hectares are permanent preservation areas and land reserves protected by law. The purchase price was R$ 100.0 million (R$ 10,000 per productive hectare), and will be fully paid upon satisfaction by the sellers of certain conditions precedent.

The lease is for 15,000 hectares of arable, developed lands, mostly consisting of sugarcane crops. The agreement's term is 15 years, renewable for 15 additional years.

Sale of "La Esmeralda" farm

On July 21, 2017, Cresud executed a preliminary sale agreement with an unrelated third party with respect to the entire "La Esmeralda" farm, comprising 9,352 hectares intended for agriculture and cattle raising, located in the Department of Nueve de Julio, Province of Santa Fe, Argentina.

The total transaction amount was fixed at USD 19 million (USD 2,031 per hectare), out of which USD 4 million have already been paid, and the remaining balance of USD 15 million will be collected as follows: USD 3 million upon execution of the title deed and surrender of possession in June 2018, and the balance is secured by a mortgage on the property and is payable in 4 equal consecutive annual installments, ending in April 2022, accruing interest at a rate of 4% per annum over the outstanding balance.

The farm had been valued at approximately Ps. 19.5 million. The gain will be recorded in the fourth quarter of fiscal year 2018.

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

The Group's Board of Directors decided to change the accounting policy for investment property from cost model to fair value model, as permitted under IAS 40. The Group believes that this change is justifiable because it better reflects the current value of its core assets and therefore provides more relevant information to management, users of financial statements and others.

The Group has therefore changed comparative figures, reflecting this change and those derived from such circumstance as concerns deferred tax and the management agreement (see Note 2.1.ii).

Investment Properties

Investment properties are those properties owned by the Group that are held either to earn long-term rental income or for capital appreciation and that are not occupied by the Group for its own operations. Investment properties also include properties that are being constructed or developed for future use as investment properties. The Group also classifies land whose future use has not been determined yet as investment property.

The Group's investment properties primarily comprise the Group's portfolio of shopping malls and offices, farms leased to third parties, certain property under development and other undeveloped land.

Investment property is measured initially at cost. Cost comprises the purchase price and directly attributable expenditures, such as legal fees, certain direct taxes, commissions and, in the case of properties under construction, the capitalization of financial costs.

For properties under development, capitalization of costs includes not only financial costs, but also all costs directly attributable to works in process, from commencement of construction until it is completed and property is in conditions to start operating. Capitalized costs include mainly the part attributable to third-party service costs, as well as the materials necessary for construction. Capitalization of such costs ceases when the property reaches the operating conditions indicated above.

The Group's investment properties are measured at fair value. The following table shows the fair values' hierarchy by category of the Group's investment properties and changes in the values of investment properties for the fiscal years ended June 30, 2017, 2016, 2015 and 2014. Changes in the Group's investment properties for the fiscal years ended June 30, 2017, 2016 and 2015 were as follows:

	Lease of farmlands	Rental properties (iii)	Undeveloped land	Properties under development	Total
As of June 30, 2014 (adjusted)					
Costs	295	14,512	2,311	388	17,506
Accumulated depreciation	-	(1,425)	-	-	(1,425)
Residual value	295	13,087	2,311	388	16,081
Fiscal year ended June 30, 2015 (adjusted):					
Residual value at beginning of year	295	13,087	2,311	388	16,081
Additions	9	80	2	160	251
Reclassified to assets held for sale	-	(16)	-	-	(16)
Reclassified to properties held for sale					
Reclassified from property, plant and equipment	47	8	-	-	55
Reclassified to property, plant and equipment	(132)	(2)	-	(9)	(143)
Transfers (ii)	-	564	-	(564)	-
Capitalized financial costs	-	-	-	13	13
Initial cost of leases	-	3	-	13	16
Amortization of initial cost of leases (i)	-	(2)	-	-	(2)
Deletions	-	(985)	(6)	(2)	(993)
Changes in fair value	133	2,528	1,399	1	4,061
Translation differences	(17)	-	-	-	(17)
Value at end of year	**335**	**15,265**	**3,706**	**-**	**19,306**
As of June 30, 2015 (adjusted)					
Costs	335	16,690	3,706	-	20,731
Accumulated depreciation	-	(1,425)	-	-	(1,425)
Residual value	335	15,265	3,706	-	19,306
Fiscal year ended June 30, 2016 (adjusted):					
Residual value at beginning of year	335	15,265	3,706	-	19,306
Assets added by business combinations (Note 3)	-	25,256	1,439	2,891	29,586
Translation differences	27	14,506	815	1,512	16,860
Additions	-	257	12	918	1,187
Reclassified to properties held for sale	-	(23)	(293)	-	(316)
Transfers	-	1,330	(229)	(1,101)	-
Reclassified to property, plant and equipment	(284)	60	-	(1)	(225)
Reclassified from property, plant and equipment	2	(12)	-	-	(110)
Changes in fair value	21	16,806	713	(3)	17,537
Deletions	(1)	(1,379)	(40)	-	(1,420)
Value at end of year	**100**	**72,066**	**6,124**	**4,216**	**82,505**

	Lease of farmlands	Rental properties (iii)	Undeveloped land	Properties under development	Total
As of June 30, 2016 (adjusted)					
Costs	100	73,491	6,124	4,216	83,930
Accumulated depreciation	-	(1,425)	-	-	(1,425)
Residual value	100	72,066	6,124	4,216	82,505
Fiscal year ended June 30, 2017					
Residual value at beginning of year	100	72,066	6,124	4,216	82,505
Reclassified to initial balance	-	-	-	(175)	(175)
Translation differences	15	9,480	495	470	10,460
Additions	-	1,206	57	1,389	2,652
Additions of initial cost of leases	-	3	-	20	23
Amortization of initial costs of leases (i)	-	(1)	-	-	(1)
Reclassified to assets held for sale	-	(71)	-	-	(71)
Reclassified to properties held for sale	-	(14)	-	-	(14)
Transfers	-	3,094	(6)	(3,088)	-
Capitalized financial costs	-	-	-	3	3
Reclassified to property, plant and equipment	(194)	156	-	-	(38)
Reclassified from property, plant and equipment	52	10	-	-	62
Deletions	-	(220)	-	-	(220)
Changes in fair value	331	3,604	977	90	5,003
Value at end of year	**304**	**89,313**	**7,647**	**2,925**	**100,189**
As of June 30, 2017					
Costs	304	90,738	7,647	2,925	101,614
Accumulated depreciation	-	(1,425)	-		(1,425)
Residual value	304	89,313	7,647	2,925	100,189

(i) The charge for amortization of initial costs of leases has been recorded under the lines “Costs” in the statement of income (Note 28).

(ii) Includes transfers due to the opening of Alto Comahue and Distrito Arcos shopping malls.

(iii) Distrito Arcos - Injunction: In December 2013, the Judicial Branch confirmed an injunction order that suspended the opening of the shopping mall on the grounds that it did not have certain governmental permits in the context of two legal proceedings, where a final decision has been rendered for the company. The plaintiff filed a petition for the continuation of the preliminary injunction by means of an extraordinary appeal of unconstitutionality which was denied by the lower and appellate courts; consequently, it filed an appeal with the Supreme Court of Justice of the Autonomous City of Buenos Aires, which so far has not rendered a decision. Nowadays, the shopping mall Distrito Arcos is open to the public and operating normally.

Distrito Arcos – Concession Status: The National Government issued Executive Order 1723/2012 whereby several plots of land located in prior rail yards of Palermo, Liniers and Caballito rail stations ceased to be used for rail purposes, in order to be used for development of integral urbanization projects. In this respect and as part of several measures related to other licensed persons and/or concessionaires, we have notified in the file of proceedings of the corresponding Resolution 170/2014 revoking the Contract for Readjustment of the Concession of Rights of Use and Development number AF000261 issued by the *Agencia de Administración de Bienes del Estado* (State Assets Administration Office, or AABE in Spanish). It should further be pointed out that such measure: (i) has not been adopted due to non-compliance of our controlled company; (ii) to date has not involved the interruption of the commercial development or operation of the shopping center, which continues to operate under normal condition. Notwithstanding the foregoing, Arcos del Gourmet S.A. has filed the relevant administrative resources (appeal) and has also filed a judicial action requesting that the revocation of such concession be overruled. Furthermore, it has started a so-called *“juicio de consignación”,* which is an action where the plaintiff deposits with the court sums of money that the defendant refuses to accept. Under this legal action, the Company has deposited in due time and form all rental payments under the Contract for Readjustment of the Concession of Rights of Use and Development, which the Company considers to have been unduly revoked.

(iv) Includes Torre Catalinas: on November 16, 2016, IRSA executed an agreement with DyCASA S.A. dated November 29, 2016, whereby it was agreed to start construction works, which are expected to last until May 2019.

The following amounts have been recognized in the statement of income:

	June 30, 2017	June 30, 2016 (adjusted)	June 30, 2015 (adjusted)
Revenues from sales, leases and services	8,800	5,302	3,032
Direct operating expenses	(2,895)	(2,396)	(1,234)
Development expenses	(1,420)	(151)	(4)

Valuation processes

The Group's investment properties were valued at year-end by independent professionally qualified appraisers who hold a recognized relevant professional qualification and have experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Group's finance department includes a team that reviews the valuations performed by the independent appraisers for financial reporting purposes (the "review team"). At each fiscal year-end, the review team department: i) verifies all major and important assumptions relevant to the valuation included in the independent valuation report; ii) assesses property valuation movements when compared to the prior year valuation report; and iii) holds discussions with the independent appraiser.

Changes in Level 2 and 3 fair values, if any, are analyzed at each reporting date during the valuation discussions between the review team and the independent appraiser. The Board of Directors ultimately approves the fair value calculations for recording into the financial statements.

Valuation Techniques Used for the Estimation of Fair Value of Investment Properties:

For all Leases of farmlands, whose aggregate value was Ps. 304, Ps. 100 and Ps. 335 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, the valuation was determined using comparable values. The sale prices of comparable lands are adjusted taking into account the specific aspects of each land, with the price per hectare being the most relevant aspect.

Urban Properties and Investments Business

Operations Center in Argentina

For all Shopping Malls, whose aggregate value was Ps. 28,563, Ps. 26,426 and Ps. 10,277 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, the valuation was determined using discounted cash flow ("DCF") projections based on unobservable valuation assumptions.

Within these assumptions the main are:

- Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, and considering the estimations of the Gross Domestic Product (GDP) and the estimated inflation rate by external advisors.
- It was considered that all Shopping Malls will grow with the same elasticity in relation to the evolution of the GDP and projected Inflation.
- Cash flows from future investments, expansions, or improvements in Shopping Malls were not considered.

- Estimated vacancy rates taking into account current and future market conditions once the current leases expire.
- The projected cash flows were discounted using the Company's weighted average cost of capital (WACC) as the discount rate for each valuation date.
- Terminal value: a perpetuity calculated from the cash flow of the last year of useful life was considered.
- The cash flow for the concessions was projected until the due date of the concession determined in the current agreements.

For office properties, other rental properties and undeveloped land whose aggregate value was Ps. 11,035, Ps. 8,688 and Ps. 8,695 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, the valuation was determined using market comparable. These values are adjusted for differences in key attributes such as location, size of the property and quality of the interior design. The most significant contribution to this comparable market approach is the price per square meter.

It can sometimes be difficult to reliably determine the fair value of the property under development. In order to assess whether the fair value of the property under development can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

For properties under construction, the aggregate value was Ps. 615 and Ps. 293 as of June 30, 2017 and 2016, respectively. There were no properties under development as of June 30, 2015. The valuation was based on costs for all reporting periods. These properties under development comprise works in an office building.

There were no changes in the valuation policies during the year.

The following tables show information on the measurements of the fair value of investment properties using significant unobservable assumptions (Level 3):

<u>June 30, 2017</u>

Type of property	**Valuation technique**	**Discount rate**	**Growth rate**
Shopping malls	Discounted cash flow	9.35%	3%

For the next 5 years, a rising average Ps./USD exchange rate was considered, starting at Ps. 15.45 and ending at Ps. 27.66. In the long term, a nominal devaluation rate of 5.5% was assumed, calculated based on the quotient of the Argentine and the U.S. inflation rates. The assumed inflation rate shows a downward trend, starting at 31.0% and stabilizing at 8% over a 10-year term.

June 30, 2016

Type of property	Valuation technique	Discount rate	Growth rate
Shopping malls	Discounted cash flow	9.51%	3%

For the next 5 years, a rising average Ps./USD exchange rate was considered, starting at Ps. 12.03 and ending at Ps. 25.72. In the long term, a nominal devaluation rate of 3.1% was assumed, calculated based on the quotient of the Argentine and the U.S. inflation rates.

The assumed inflation rate shows a downward trend, starting at 31.8% and stabilizing at 5.5% over a 10-year term.

June 30, 2015

Type of property	Valuation technique	Discount rate	Growth rate
Shopping malls	Discounted cash flow	13.55%	3%

For the next 5 years, a rising average Ps./USD exchange rate was considered, starting at Ps. 8.62 and ending at Ps. 19.66. In the long term, a nominal devaluation rate of 5.1% was assumed, calculated based on the quotient of the Argentine and the U.S. inflation rates.

The assumed inflation rate shows a downward trend, starting at 32.7% and stabilizing at 6% over a 10-year term.

Sensitivity of unobservable assumptions:

	Discount rate + 1%	Discount rate -1%	Growth rate + 1 %	Growth rate - 1 %	Inflation + 10% (1)	Inflation - 10% (2)	Devaluation rate + 10% (3)	Devaluation rate - 10% (4)
2017	(3,948)	5,445	2,464	(1,794)	2,684	(2,425)	(2,565)	3,135
2016	(3,638)	4,989	2,094	(1,536)	2,537	(2,310)	(2,373)	2,900
2015	(1,021)	976	143	(338)	841	(993)	(1,039)	1,001

(1) A 10% higher inflation rate than projected rates is assumed for each period.
(2) A 10% lower inflation rate than projected rates is assumed for each period.
(3) A 10% higher exchange rate than projected levels is assumed for each period.
(4) A 10% lower exchange rate than projected levels is assumed for each period.

A. Operations Center in Israel

For rental properties, whose aggregate value was Ps. 54,334 and Ps. 40,871 for the fiscal years ended June 30, 2017 and 2016, respectively, the valuation was determined using discounted cash flow ("DCF") projections based on unobservable valuation assumptions.

These assumptions mainly include:

- a discount rate reflecting the specific risks included in the flows and comparable assets
- actual lease agreements whose payments differ from the appropriate rental price, if any, are subject to adjustment to reflect actual lease payments over the lease term.
- kind of tenants that occupy the property, future tenants who could occupy the property upon leasing a vacant property, including a general creditworthiness assessment;
- shared responsibility among the Group and the tenant regarding the property's maintenance and insurance;
- the property's physical condition and remaining economic life;
- the construction contract's provisions;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- the development risk specific to the property;
- past experience with similar constructions;
- status of construction permits.

For the operations center in Israel, these assumptions mainly include:

Discount rate (weighted average):

		2017	2016
Rental properties in Israel	Offices	**8.2%**	**8.1%**
	Commercial use	**7.8%**	**7.8%**
	Industrial use	**9.0%**	**8.4%**
Rental properties in the USA	HSBC Building (Offices)	**5.8%**	**5.8%**
	Las Vegas Project (Offices and commercial use)	**5.7%**	**8.75%**

Monthly rental prices per square meter (sqm) in NIS (weighted average):

		2017	2016
Rental properties in Israel	Offices	**63 NIS/sqm**	**62 NIS/sqm**
	Commercial use	**88 NIS/sqm**	**92 NIS/sqm**
	Industrial use	**33 NIS/sqm**	**32 NIS/sqm**
Rental properties in the USA	HSBC Building (Offices)	**337 NIS/sqm**	**425 NIS/sqm**
	Las Vegas Project (Offices and commercial use)	**114 NIS/sqm**	**109 NIS/sqm**

For properties under development in the operations center in Israel, whose aggregate value was Ps. 2,390, the valuation is based on the estimated fair value of the investment property after completion of construction works, less the present value of estimated construction costs expected to be incurred to complete construction, considering a capitalization rate adjusted by Risks and relevant features of the property.

For the operations center in Israel, these assumptions mainly include:

Construction cost (weighted average):

	2017	2016
Properties under development in Israel	NIS 5,400	NIS 5,230
Properties under development in the USA	NIS 6,537	NIS 8,232

Annual discount rate (weighted average):

	2017	2016
Properties under development in Israel	8.1%	8.50%
Properties under development in the USA	8.75%	8.75%

There were no changes in the valuation policies during this fiscal year.

Sensitivity of unobservable assumptions:

Shopping Malls	Discount rate + 1%	Discount rate -1%
June 30, 2017	(6,607)	8,794

Summary of Critical Accounting Policies

Direct expenses related to lease contract negotiation (as well as payments to third parties for services rendered and certain specific taxes related to execution of such contracts) are capitalized as part of the book value of the relevant investment properties and amortized over the term of the lease.

Finance costs associated with properties under development or undergoing major refurbishment are capitalized. The finance cost capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Finance cost is capitalized as from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Finance cost is also capitalized on the purchase cost of land or property acquired specifically for development in the short term but only when activities necessary to prepare the asset for development are in progress.

After initial recognition, investment properties are carried at fair value. Investment properties that are being redeveloped for continuing use as investment property or for which the market has become less active continue to be measured at fair value. Investment properties under development are measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Fair values are determined differently depending on the type of property being measured.

Generally, fair value of farms, office buildings and land reserves is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

The fair value of the Group's portfolio of shopping malls is based on discounted cash flow projections. This method of valuation is commonly used in the shopping mall industry in the region where the Group conducts its operations.

As required by Resolution 576/10 of the CNV, valuations are performed as of the financial position date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. The fair value of the investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Changes in fair values are recognized in the income statement under the line item "Net gain from fair value adjustment of investment properties".

Asset transfers, whether assets classified under investment properties are reclassified under other items or vice-versa, may only be carried out when there is a change of use evidenced by: a) commencement of occupation of investment property by the Group, where investment property is transferred to property, plant and equipment; b) commencement of development activities for sale purposes, where investment property is transferred to property for sale; c) the end of the Group's occupation, where it is transferred from property, plant and equipment to properties held for sale; or d) commencement of operating lease transactions with a third party, where properties held for sale are transferred to investment properties. The value of the transfer is the one that the property had at the time of the transfer and subsequently is valued in accordance with the accounting policy related to the item.

The Group may sell its investment properties when it considers they are not core to its ongoing rental business activities. The carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the other comprehensive income statement in the line "Net gain from fair value adjustment of investment properties".

Investment properties are derecognized when they are disposed of or when they are permanently withdrawn from use and no future economic benefits are expected to arise from their disposals. The disposal of investment properties is recognized when the significant risks and rewards have been transferred to the buyer. As for unconditional agreements, proceeds are recognized when legal title to property passes to the buyer and the buyer intends to make the respective payment therefor. In the case of conditional agreements, the disposal is accounted for where such conditions have been met. Where consideration receivable for the sale of the properties is deferred, it is discounted to present value. The difference between the discounted amount and the amount receivable is treated as interest income and is recognized over the period using the effective interest method. Direct expenses related to the sale are recognized in the line "other operating income and expenses, net" in the comprehensive income statement at the time they are incurred.

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

Fiscal year ended June 30, 2017 compared to fiscal year ended June 30, 2016

Operating results

REVENUES

Our total revenues rose by 134.5%, from Ps. 33,232 million in fiscal year 2016 to Ps. 77,918 million in fiscal year 2017. This was mainly due to the 34.6% increase in the Agricultural Business, from Ps. 2,912 million in fiscal year 2016 to Ps. 3,919 million in fiscal year 2017, and to the 152.7% increase in the Urban Properties and Investments Business, from Ps. 27,077 million in fiscal year 2016 to Ps. 68,422 million in fiscal year 2017 in the Operations Center in Israel and to the increase of 31.3% in the Operations Center in Argentina, from Ps. 3,284 million in fiscal year 2016 to Ps. 4,311 million in fiscal year 2017.

Agricultural Business

	Fiscal year ended June 30, 2017			
Revenues	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	1,388	13		1,401
Cattle	121	15	70	206
Milk	97			97
Sugarcane	355			355
Agricultural Rental and Services	91		46	137
Agricultural Production Subtotal	2,052	28	116	2,196
Land Transformation and Sales	-			-
Agro-industrial	1,324			1,324
Other Segments and Corporate	370	2	27	399
Subtotal Others	1,694	2	27	1,723
Total Agricultural Business	**3,746**	**30**	**143**	**3,919**

	Fiscal year ended June 30, 2016 (adjusted)			
Revenues	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	1,101	51		1,152
Cattle	80	9	89	178
Milk	65			65
Sugarcane	294			294
Agricultural Rental and Services	39		37	76
Agricultural Production Subtotal	1,579	60	126	1,765
Land Transformation and Sales	-			-
Agro-industrial	966			966
Other Segments and Corporate	168	-	13	181
Subtotal Others	1,134	-	13	1,147
Total Agricultural Business	**2,713**	**60**	**139**	**2,912**

Total revenues rose by 38.1%, from Ps. 2,713 million in fiscal year 2016 to Ps. 3,746 million in fiscal year 2017. This was due to the following increases:

- Ps. 287 million in the Crops segment,
- Ps. 41 million in the Cattle segment,
- Ps. 61 million in the Sugarcane segment,
- Ps. 358 million in the Agro-industrial segment,
- Ps. 202 million in the Other Segments and Corporate,
- Ps. 32 million in the Milk segment, and
- Ps. 52 million in the Agricultural Rental and Services segment.

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 to Cresca, from Ps. 51 million in fiscal year 2016 to Ps. 13 million in fiscal year 2017.

Similarly, 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 Crops and Sugarcane segment to the Agricultural Rental and Services segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, revenues increased by 34.6%, from Ps. 2,912 million in fiscal year 2016 to Ps. 3,919 million in fiscal year 2017.

Crops

Total revenues from the Crops segment rose by 21.6%, from Ps. 1,152 million in fiscal year 2016 to Ps. 1,401 million in fiscal year 2017, mainly as a consequence of:

- a 37.0% increase in the average price of crops sold, up 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.

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

	Sales of Crops (in tons)		
	Fiscal year ended June 30		
	2017	**2016**	**Variation**
Corn	266,508	255,162	11,347
Soybean	166,623	198,296	(31,672)
Wheat	13,401	46,607	(33,205)
Sorghum	5,254	1,007	4,246
Sunflower	4,116	10,421	(6,305)
Other	3,646	5,863	(2,217)
Total Sales	**459,548**	**517,356**	**(57,807)**

Cattle

Total revenues from the Cattle segment increased by 15.7%, from Ps. 178 million in fiscal year 2016 to Ps. 206 million in fiscal year 2017, mainly as a consequence of:

- a 38.7% increase in the average price per kilogram sold of cattle, from Ps. 21.2 in fiscal year 2016 to Ps. 29.4 in fiscal year 2017;
- offset by a 16.7% decline in the volume of cattle sold, from 8,314 tons in fiscal year 2016 to 6,929 tons in fiscal year 2017.

Milk

Total revenues from the Milk segment increased by 49.2%, from Ps. 65 million in fiscal year 2016 to Ps. 97 million in fiscal year 2017, mainly as a consequence of:

- a 52.1% increase in the average price of milk, up from Ps. 3.26 per liter in fiscal year 2016 to Ps. 4.96 per liter in fiscal year 2017;
- a 52.3% increase in the average price per kilogram sold of milking cows, from Ps. 19.3 in fiscal year 2016 to Ps. 29.4 in fiscal year 2017;
- a 43.2% increase in the volume of milking cows, from 743 tons in fiscal year 2016 to 1,064 tons in fiscal year 2017;
- offset by a 14.2% decline in the volume of milk sold, from 15.5 million liters in fiscal year 2016 to 13.3 million liters in fiscal year 2017.

Sugarcane

Total revenues from the Sugarcane segment increased 20.7%, from Ps. 294 million in fiscal year 2016 to Ps. 355 million in fiscal year 2017, mainly as a consequence of:

- a 62.3% increase 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 during fiscal year 2017 compared to the previous fiscal year, primarily attributable to Brasilagro.

Agricultural Rental and Services

Total revenues from the Agricultural Rental and Services segment increased by 79.5%, from Ps. 76 million in fiscal year 2016 to Ps. 137 million in fiscal year 2017, mainly as a consequence of:

- a 450% increase in revenues from the production of seeds originating primarily in a larger number of hectares used for agricultural purposes, and an 11% increase in the selling price; offset by a 18% decline in average yield.

Agro-industrial

Total revenues from the Agro-industrial segment increased by 37.1%, from Ps. 966 million in fiscal year 2016 to Ps. 1,324 million in fiscal year 2017, mainly 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. The price of exports rose by 21.03% in Argentine Pesos in fiscal year 2017 compared to 2016;

- an 8.5% increase in the slaughtering volume, from 6,415 heads per month in fiscal year 2016 to 6,960 in fiscal year 2017.

Other Segments and Corporate

Total revenues from the Other Segments and Corporate increased by 120.4%, from Ps. 181 million in fiscal year 2016 to Ps. 399 million in fiscal year 2017, mainly as a consequence of:

- an increase of Ps. 67 million in sales of supplies;
- an increase of Ps. 44 million in sales on consignment;
- an increase of Ps. 30 million in commodity brokerage services; and
- a rise of Ps. 33.5 million in coverage, advertising and storage services.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2017				
Revenues	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	4,392	26	-	(1,375)	3,043
Offices and Others	537	14	7	(115)	443
Sales and Developments	98	1	-	-	99
Hotels	722	-	3	-	725
International	-	-	-	-	-
Financial Operations, Corporate and Others	1	-	-	-	1
Total Operations Center in Argentina	**5,750**	**41**	**10**	**(1,490)**	**4,311**
Operations Center in Israel					
Real estate	4,918	-	-	-	4,918
Supermarkets	47,276	-	-	-	47,276
Telecommunications	15,964	-	-	-	15,964
Insurance	-	-	-	-	-
Other	264	-	-	-	264
Total Operations Center in Israel	**68,422**	**-**	**-**	**-**	**68,422**
Total Urban Properties and Investments Business	**74,172**	**41**	**10**	**(1,490)**	**72,733**

Revenues	Fiscal year ended June 30, 2016 (adjusted)				
	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Shopping Mall Properties	3,487	20	-	(1,101)	2,406
Offices and Others	422	3	8	(93)	340
Sales and Developments	(2)	5	-	-	3
Hotels	534	-	-	-	534
International	-	-	-	-	-
Financial Operations, Corporate and Others	1	-	-	-	1
Total Operations Center in Argentina	**4,442**	**28**	8	**(1,194)**	**3,284**
Operations Center in Israel					
Real estate	1,538	-	-	-	1,538
Supermarkets	18,610	-	-	-	18,610
Telecommunications	6,655	-	-	-	6,655
Insurance	-	-	-	-	-
Others	274	-	-	-	274
Total Operations Center in Israel	**27,077**	**-**	**-**	**-**	**27,077**
Total Urban Properties and Investments Business	**31,519**	**28**	**8**	**(1,194)**	**30,361**

Operations Center in Argentina

Total revenues from the Urban Properties and Investments business increased by 29.4%, from Ps. 4,442 million in fiscal year 2016 to Ps. 5,750 million in fiscal year 2017. This was mainly due to a Ps. 905 million increase in the Shopping Mall Properties segment, a Ps. 115 million increase in the Offices and Others segment, a Ps. 188 million increase in the Hotels segment, and a Ps. 100 million increase in the Sales and Development segment.

In turn, revenues from our interests in joint ventures did not exhibit significant variations when considering fiscal years 2016 and 2015.

Inter-segment revenues rose by 25.0%, from Ps. 8 million in fiscal year 2016 to Ps. 10 million in fiscal year 2017, mainly as a consequence of profits in the amount of 3 million derived by the Hotels segment in fiscal year 2017.

In addition, revenues from expenses and collective promotion fund rose by 34.6%, from Ps. 1,194 million in fiscal year 2016 (out of which Ps. 1,101 million is attributable to the Shopping Mall Properties segment) to Ps. 1,490 million in fiscal year 2017 (out of which Ps. 1,375 million is attributable to the Shopping Mall Properties segment).

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, and expenses and collective promotion fund, revenues increased by 31.3%, from Ps. 3,284 million in fiscal year 2016 to Ps. 4,311 million in fiscal year 2017.

Shopping Mall Properties

Revenues from the Shopping Mall Properties segment increased 26.5%, from Ps. 2,406 million in fiscal year 2016 to Ps. 3,043 million in fiscal year 2017. Such increase was mostly attributable to:

- an increase of Ps. 408 million in revenues from fixed and variable rentals as a result of a 19.4% increase in our tenants' sales, from Ps. 28.8 million in fiscal year 2016 to Ps. 34.4 million in fiscal year 2017;
- an increase of Ps. 55 million in revenues from admission fees;
- an increase of Ps. 39.5 million in parking revenues; and
- an increase of Ps. 134.5 million in revenues from commissions and other.

Offices and Others

Revenues from the Offices and Others segment increased 30.3%, from Ps. 340 million in fiscal year 2016 to Ps. 443 million in fiscal year 2017.Such revenues were impacted by the partial sale of investment properties during fiscal year 2017, which resulted in a reduction of the segment total leasable area. Rental revenues increased 29.3%, from Ps. 331 million in fiscal year ended June 30, 2016 to Ps. 428 million in fiscal year ended June 30, 2017, mostly as a result of the currency devaluation.

Sales and Developments

Revenues from the Sales and Developments segment rose from a loss of Ps. 2 million in fiscal year 2016 to a gain of Ps. 98 million in fiscal year 2017. This segment often varies significantly period over period, given that some of the sales consummated by the Group are non-recurrent. Such increase was mainly attributable to sales of floors at Beruti building and parking space in Rosario building.

Hotels

Total revenues from our Hotels segment rose by 35.8%, from Ps. 534 million in fiscal year 2016 to Ps. 725 million in fiscal year 2017, primarily due to an increase in the average room rate of our hotels (measured in Argentine Pesos).

International

No revenues were recorded from the International segment in the fiscal years under review.

Financial Operations, Corporate and Others

Revenues from our Financial Operations, Corporate and Others segment did not experience significant changes in the periods under review.

Operations Center in Israel

Real estate

During fiscal year 2017, revenues from the Real estate segment totaled Ps. 4,918 million.

Supermarkets

During fiscal year 2017, revenues from the Supermarkets segment totaled Ps. 47,276 million.

Telecommunications

During fiscal year 2017, revenues from the Telecommunications segment totaled Ps. 15,964 million.

Others

During fiscal year 2017, revenues from the Others segment totaled Ps. 264 million.

COSTS

The Group's total costs rose by 133.9%, from Ps. 23,725 million in fiscal year 2016 to Ps. 55,498 million in fiscal year 2017. This was mainly due to a 43.6% increase in the Agricultural business, from Ps. 3,814 million in fiscal year 2016 to Ps. 5,477 million in fiscal year 2017, and to the 155.1% increase in the Urban Properties and Investments Business at the Operations Center in Israel, from Ps. 19,252 million in fiscal year 2016 to Ps. 49,110 million in fiscal year 2017, and to the 38.2% increase in this business at the Operations Center in Argentina, from Ps. 659 million in fiscal year 2015 to Ps. 911 million in fiscal year 2017.

Agricultural Business

	Fiscal year ended June 30, 2017			
Costs	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	(2,526)	(23)	(42)	(2,591)
Cattle	(364)	(18)	-	(382)
Milk	(180)	-	-	(180)
Sugarcane	(662)	-	(26)	(688)
Agricultural Rental and Services	(26)	-	-	(26)
Agricultural Production Subtotal	(3,758)	(41)	(68)	(3,867)
Land Transformation and Sales	(11)	-	-	(11)
Agro-industrial	(1,233)	-	(70)	(1,303)
Other Segments and Corporate	(294)	(2)	-	(296)
Subtotal Others	(1,527)	(2)	(70)	(1,599)
Total Agricultural Business	**(5,296)**	**(43)**	**(138)**	**(5,477)**

Costs	Fiscal year ended June 30, 2016 (adjusted)			
	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(1,686)	(80)	(35)	(1,801)
Cattle	(254)	(13)	-	(267)
Milk	(135)	-	-	(135)
Sugarcane	(501)	-	(16)	(517)
Agricultural Rental and Services	(20)	-	-	(20)
Agricultural Production Subtotal	(2,596)	(93)	(51)	(2,740)
Land Transformation and Sales	(9)	-	-	(9)
Agro-industrial	(836)	-	(89)	(925)
Other Segments and Corporate	(140)	-	-	(140)
Subtotal Others	(976)	-	(89)	(1,065)
Total Agricultural Business	**(3,581)**	**(93)**	**(140)**	**(3,814)**

Total costs rose by 47.9%, from Ps. 3,581 million in fiscal year 2016 to Ps. 5,296 million in fiscal year 2017. This was primarily attributable to the following increases:

- Ps. 840 million in the Crops segment,
- Ps. 110 million in the Cattle segment,
- Ps. 45 million in the Milk segment,
- Ps. 161 million in the Sugarcane segment,
- Ps. 6 million in the Agricultural Rental and Services segment,
- Ps. 2 million increase in the Land Transformation and Sales segment,
- Ps. 397 million in the Agro-industrial segment, and
- Ps. 154 million in the Other Segments and Corporate.

In turn, the cost of our joint ventures experienced a net decline of Ps. 50 million, from Ps. 93 million in fiscal year 2016 to Ps. 43 million in fiscal year 2017, mainly as a consequence of a Ps. 57 million reduction in the costs of Cresca's crops, from Ps. 80 million in fiscal year 2016 to Ps. 23 million in fiscal year 2017.

Similarly, inter-segment costs fell by Ps. 2 million, from Ps. 140 million in fiscal year 2016 to Ps. 138 million in fiscal year 2017, mainly as a result of the rise in the cost of sales of crops and sugarcane during the year, due to leases of croplands between our subsidiary Brasilagro and its subsidiaries, which were reclassified from the Crops and Sugarcane segment to the Agricultural Rental and Services segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs increased by 43.6%, from Ps. 3,814 million in fiscal year 2016 to Ps. 5,477 million in fiscal year 2017.

Crops

Total costs from the Crops segment increased by 43.9%, from Ps. 1,801 million in fiscal year 2016 to Ps. 2,591 million in fiscal year 2017. The costs from the Crops segment are broken down in the following table:

	Fiscal year 2017	Fiscal year 2016
	In million of Ps.	
Cost of sales	1,178	940
Cost of production	1,413	861
Total Costs	**2,591**	**1,801**

Cost of sales in the Crops segment increased by 25.3%, from Ps. 940 million in fiscal year 2016 to Ps. 1,178 million in fiscal year 2017, mainly as a consequence of:

- an 11.2% decrease in the volume of tons sold as compared to the previous fiscal year; and
- offset by a 41.0% 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 higher average market prices for crops.

The cost of sales as a percentage of sales was 81.6% in fiscal year 2016 and 84.1% in fiscal year 2017.

The cost of production in the Crops segment increased by 64.2%, from Ps. 861 million in fiscal year 2016 to Ps. 1,413 million in fiscal year 2017, mainly as a consequence of:

- a 67.9% rise in direct production costs during this fiscal year compared to the previous fiscal year, attributable to both the larger number of hectares sown (8.4%) and the increase in the average cost per ton (27.9%).

Cattle

Total costs in the Cattle segment increased by 43.1%, from Ps. 267 million in fiscal year 2016 to Ps. 382 million in fiscal year 2017. The following table shows the costs in the Cattle segment:

	Fiscal year 2017	Fiscal year 2016
	In million of Ps.	
Cost of sales	169	136
Cost of production	213	131
Total Costs	**382**	**267**

Cost of sales increased 23.9%, from Ps. 136 million in fiscal year 2016 to Ps. 169 million in fiscal year 2017, mainly as a consequence of:

- an increase in the average cost per kilogram sold (48.3%); and
- a 16.5% decline in beef sales volumes.

Cost of production in the Cattle segment rose by 62.8%, from Ps. 131 million in fiscal year 2016 to Ps. 213 million in fiscal year 2017. The higher cost of production from the Cattle segment in fiscal year 2016 was mainly attributable to:

- the incorporation of Brazil into the business;
- higher payroll expenses;
- higher feeding costs as a result of a 5% increase in the volume consumed by cattle, due to a higher quantity of head in the feedlot, and a 38% increase in the average cost of food, particularly, internally produced silo corn and silo sorghum; and
- an increase in health and insemination due to better quality sperm and incremental costs of supplies.

Milk

Total costs in the Milk segment increased by 34.1%, from Ps. 135 million in fiscal year 2016 to Ps. 181 million in fiscal year 2017. The following table shows the costs in the Milk segment:

	Fiscal year 2017	**Fiscal year 2016**
	In million of Ps.	
Cost of sales	87	61
Cost of production	94	74
Total Costs	**181**	**135**

Total costs in the Milk segment rose by 43.6%, from Ps. 61 million in fiscal year 2016 to Ps. 87 million in fiscal year 2017, mainly as a consequence of:

- a 40% increase in the average cost per kilogram sold of milking cows, from Ps. 15.5 per kg in fiscal year 2016 to Ps. 21.7 per kg in fiscal year 2017;
- a 52% increase in the average price of milk from Ps. 3.2 per liter in fiscal year 2016 to Ps. 4.8 per liter in fiscal year 2017;
- a 43.2% increase in the sales volume of milking cows;
- offset by a 14.5% decline in the volume of milk sold.

Cost of production in the Milk segment increased by 26.6%, from Ps. 74 million in fiscal year 2016 to Ps. 94 million in fiscal year 2017. The increase was primarily attributable to feeding, payroll and maintenance costs. The rise in feeding costs was mainly attributable to a 68% increase in the average cost of food, offset by a 29% decline in consumption volume, due to smaller milking cows and due to the lower consumption of internally produced silo corn (26%) and silo sorghum (45%).

Sugarcane

Total costs in the Sugarcane segment rose by 33.1%, from Ps. 517 million in fiscal year 2016 to Ps. 688 million in fiscal year 2017. The following table shows a breakdown of costs in the Sugarcane segment:

	Fiscal year 2017	Fiscal year 2016
	In million of Ps.	
Cost of sales	352	263
Cost of production	336	254
Total Costs	**688**	**517**

Cost of sales in the Sugarcane segment rose by 34.0%, from Ps. 263 million in fiscal year 2016 to Ps. 352 million in fiscal year 2017, mainly as a consequence of:

- 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 in sugarcane sold during fiscal year 2017 compared to the previous fiscal year, particularly, by our subsidiary Brasilagro.

The cost of sales as a percentage of sales was 89.3% in fiscal year 2016 and 99.2% in fiscal year 2017.

The cost of production of the Sugarcane segment increased 32.2%, from Ps. 254 million in fiscal year 2016 to Ps. 336 million in fiscal year 2017, with such increase being mostly attributable to Brazil, as a consequence of an additional productive area of 15,000 hectares.

Total production costs per ton increased by 47.9%, from Ps. 222 per ton in fiscal year 2016 to Ps. 329 per ton in fiscal year 2017.

Agricultural Rental and Services

Total costs in the Agricultural Rental and Services segment rose by 27.2%, from Ps. 20 million in fiscal year 2016 to Ps. 26 million in fiscal year 2017, mainly as a consequence of:

- an increase from Argentina mostly attributable to the seed multiplication service, as a consequence of a larger area allocated to the business and an increase in costs;
- offset by a decline from Brazil due to a smaller leased area during the current fiscal year.

Land Transformation and Sales

Total costs in the Land Transformation and Sales segment increased by 18%, from Ps. 9 million in fiscal year 2016 to Ps. 11 million in fiscal year 2017.

Agro-industrial

Total costs in the Agro-industrial segment rose by 41%, from Ps. 925 million in fiscal year 2016 to Ps. 1,303 million in fiscal year 2017, 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.

Other Segments and Corporate

Total costs in Other segments rose by 111.6%, from Ps. 140 million in fiscal year 2016 to Ps. 296 million in fiscal year 2017, primarily as a result of the increased cost of sales of supplies, increased costs associated to the brokerage business related to commodity trading transactions, and increased costs of coverage, advertising and storage services.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2017				
Costs	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	(1,743)	(4)	-	1,397	(350)
Offices and Others	(142)	(9)	-	118	(33)
Sales and Developments	(39)	(4)	-	-	(43)
Hotels	(485)	-	-	-	(485)
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Operations Center in Argentina	**(2,409)**	**(17)**	**-**	**1,515**	**(911)**
Operations Center in Israel					
Real estate	(2,333)	-	-	-	(2,333)
Supermarkets	(35,432)	-	-	-	(35,432)
Agrochemicals	-	-	-	-	-
Telecommunications	(11,183)	-	-	-	(11,183)
Insurance	-	-	-	-	-
Others	(162)	-	-	-	(162)
Total Operations Center in Israel	**(49,110)**	**-**	**-**	**-**	**(49,110)**
Total Urban Properties and Investments Business	**(51,519)**	**(17)**	**-**	**1,515**	**(50,021)**

Costs	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Shopping Mall Properties	(1,360)	(3)	(6)	1,113	(256)
Offices and Others	(111)	(4)	-	94	(21)
Sales and Developments	(15)	(5)	-	-	(20)
Hotels	(362)	-	-	-	(362)
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Operations Center in Argentina	**(1,848)**	**(12)**	**(6)**	**1,207**	**(659)**
Operations Center in Israel					
Real estate	(467)	-	-	-	(467)
Supermarkets	(14,076)	-	-	-	(14,076)
Agrochemicals	-	-	-	-	-
Telecommunications	(4,525)	-	-	-	(4,525)
Insurance	-	-	-	-	-
Others	(184)	-	-	-	(184)
Total Operations Center in Israel	**(19,252)**	**-**	**-**	**-**	**(19,252)**
Total Urban Properties and Investments Business	**(21,100)**	**(12)**	**(6)**	**1,207**	**(19,911)**

Cost of sales in our Urban Properties and Investments Business in the Operations Center in Argentina rose by 30.4%, from Ps. 1,848 million in fiscal year 2016 to Ps. 2,409 million in fiscal year 2017. This was mainly due to a Ps. 383 million increase in the Shopping Mall Properties segment, a Ps. 31 million increase in the Offices and Others segment, a Ps. 24 million increase in the Sales and Developments segment, and a Ps. 123 million increase in the Hotels segment.

In turn, the costs corresponding to expenses and collective promotion fund increased 30.9%, from Ps. 1,207 million in fiscal year 2016 to Ps. 1,515 million in fiscal year 2017, mainly due to the expenses and collective promotion fund attributable to the Shopping Mall Properties, which rose by 25.5%, from Ps. 1,113 million in fiscal year 2016 to Ps. 1,397 million in fiscal year 2017, mainly as a consequence of: (i) an increase in maintenance, security, cleaning, repair and similar expenses amounting to Ps. 142 million (mainly stemming from increases in security and cleaning services and in the rates for public utilities), (ii) an increased charge for salaries and wages, social security contributions and other payroll expenses amounting to Ps. 109 million; and (iii) an increase in taxes, rates and contributions and other expenses amounting to Ps. 36 million, among other items. In addition, the variation was due to an increase in common maintenance expenses incurred by the Offices and Others segment, which rose by Ps. 30.7 million, from Ps. 82.4 million in fiscal year 2016 to Ps. 113.1 million in fiscal year 2017, primarily attributable to: (i) maintenance, cleaning and lease expenses and common maintenance expenses and others for Ps. 21.5 million; (ii) expenses associated to salaries and wages and social security contributions for Ps. 6.1 million; and (iii) taxes, rates and contributions for Ps. 3.5 million.

In addition, costs from our joint ventures experienced a net increase of 41.7%, from Ps. 12 million in fiscal year 2016 to Ps. 17 million in fiscal year 2017.

Finally, no costs from inter-segment operations were recorded in fiscal year 2017, while in fiscal year 2016 such costs amounted to Ps. 6 million.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs increased by 38.2%, from Ps. 659 million in fiscal year 2016 to Ps. 911 million in fiscal year 2017.

Shopping Mall Properties

Costs in the Shopping Mall Properties segment increased 11.3%, from Ps. 256 million in fiscal year 2016 to Ps. 350 million in fiscal year 2017. The reasons for this increase are attributable to: i) an increased cost corresponding to rentals and common maintenance expenses; (ii) an increase in maintenance, security, cleaning, repair and similar expenses; (iii) an increase in salaries and wages, social security contributions and other payroll expenses; and (iv) an increase in fees and compensation for services, among other items.

Costs in the Shopping Mall Properties segment, measured as a percentage of the revenues derived from this segment, declined by 10.6% during fiscal year 2016 to 11.5% in fiscal year ended June 30, 2017.

Offices and Others

Total costs in the Offices and Others segment rose by 57.1%, from Ps. 21 million in fiscal year 2016 to Ps. 33 million in fiscal year 2017, due to: (i) an increase in maintenance, security, cleaning, repair and similar expenses; (ii) an increase in advertising and promotion expenses and other marketing expenses; and (iii) an increase in salaries and wages, social security contributions and other payroll expenses.
Total costs in the Offices and Others segment, measured as a percentage of the revenues derived from this segment, increased from 6.2% in fiscal year 2016 to 7.4% in fiscal year 2017.

Sales and Developments

Costs attributable to this segment often vary significantly period over period, given that some of the sales consummated by the Group are non-recurrent over the time. Without considering our joint ventures, costs associated to our Sales and Developments segment rose by 115%, from Ps. 20 million in fiscal year 2016 to Ps. 43 million in fiscal year 2017.
Costs in the Sales and Developments segment, measured as a percentage of the revenues derived from this segment, fell from 666.7% in fiscal year 2016 to 43.4% in fiscal year 2017.

Hotels

Costs in the Hotels segment increased by 34%, from Ps. 362 million in fiscal year 2016 to Ps. 485 million in fiscal year 2017, mainly as a consequence of:

- an increase of Ps. 68 million in salaries and wages, social security contributions and other payroll expenses;
- an increase of Ps. 26 million in maintenance and repair expenses; and
- increased charges for Ps. 30 million in food, beverages and other hotel expenses, respectively.

Costs in the Hotel segment, measured as a percentage of the revenues derived from this segment, fell from 67.8% in fiscal year 2016 to 66.9% in fiscal year 2017.

International

Costs in the Financial Operations segment are not material.

Financial Operations, Corporate and Others

Costs in the Financial Operations segment are not material.

Operations Center in Israel

Real estate

During fiscal year 2017, costs from the Real estate segment totaled Ps. 2,333 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 47.4%.

Supermarkets

During fiscal year 2017, costs from the Supermarkets segment totaled Ps. 35,432 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 74.9%.

Telecommunications

During fiscal year 2016, costs from the Telecommunications segment totaled Ps. 11,183 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 70.1%.

Others

During fiscal year 2016, costs from the Others segment totaled Ps. 162 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 61.7%.

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

	Fiscal year ended June 30, 2017			
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	1,432	6	-	1,438
Cattle	301	3	-	304
Milk	87	-	-	87
Sugarcane	356	-	-	356
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	2,176	9	-	2,185
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**2,176**	**9**	**-**	**2,185**

	Fiscal year ended June 30, 2016 (adjusted)			
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	1,005	54	-	1,059
Cattle	251	3	-	254
Milk	74	-	-	74
Sugarcane	309	-	-	309
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	1,639	57	-	1,696
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**1,639**	**57**	**-**	**1,696**

The Group’s revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest increased by 32.8%, from Ps. 1,639 million in fiscal year 2016 to Ps. 2,176 million in fiscal year 2017.

In turn, the Group’s 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 84.2%, from Ps. 57 million in fiscal year 2016 to Ps. 9 million in fiscal year 2017.

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

Hence, according to business segment reporting and considering all our joint ventures, revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest grew by 28.8%, from Ps. 1,696 million in fiscal year 2016 to Ps. 2,185 million in fiscal year 2017.

Crops

Income from production in the Crops segment rose by 35.8%, from Ps. 1,059 million in fiscal year 2016 to Ps. 1,438 million in fiscal year 2017, mainly as a consequence of:

- a 32.1% increase in total production volume, from 246,965 tons in fiscal year 2016 to 326,147 tons in fiscal year 2017;
- a 22.6% increase in the average price of crop production; and
- a 9.9% increase in expected revenues.

As of June 30, 2017, the harvested area was 70.4% of our total sown area, compared to 72.3% as of June 30, 2016.

The following table shows the number of tons produced and total production income as of June 30, 2017 and 2016:

Revenues from the production of Crops Current season (in tons and million of Pesos)

	Fiscal year ended June 30			
	2017		2016 (adjusted)	
	Tons	Pesos	Tons	Pesos
Corn	80,012	152	45,339	80
Soybean	204,495	670	179,135	514
Wheat	30,093	44	15,466	11
Sorghum	4,818	10	1,306	4
Sunflower	3,854	14	3,001	9
Other	2,875	6	2,717	5
Total	**326,147**	**896**	**246,964**	**623**

Estimated results from the valuation of our crops in progress at fair value fell by 32.6%, from Ps. 369 million in fiscal year 2016 to Ps. 248.8 million in fiscal year 2017, mainly as a consequence of the decrease in the corn price.

Cattle

Income from production in the Cattle segment rose by 19.8%, from Ps. 254 million in fiscal year 2016 to Ps. 304 million in fiscal year 2017, mainly as a consequence of:

- a 59.2% increase in the average price per kilogram produced, from Ps. 17.6 per kg in fiscal year 2016 to Ps. 28.1 per kg in fiscal year 2017;
- offset by a slight 1.1% decrease in beef production, from 7,713 tons in fiscal year 2016 to 7,627 tons in fiscal year 2017; and

- a 26.7% decline in holding results.

The calving rate grew by 3.9%, whereas the death rate decreased by 40.7% during fiscal year 2017 compared to fiscal year 2016.
The number of hectares devoted to cattle production increased from 85,392 hectares in fiscal year 2016 to 102,516 hectares in fiscal year 2017, as Brazil ventured into this business.

Milk

Income from production in the Milk segment increased by 17.6%, from Ps. 74 million in fiscal year 2016 to Ps. 87 million in fiscal year 2017. This increase was mainly due to:

- a 51% increase in the average price of milk, from Ps. 3.15 per liter in fiscal year 2016 to Ps. 4.76 per liter in fiscal year 2017;
- offset by a 14.2% decline in milk production volume, from 16.3 million liters in fiscal year 2016 to 14 million liters in fiscal year 2017. This reduction in production volume was mainly due to a lower average number of milking cows per day, from 1,951 milking cows per day in fiscal year 2016 to 1,472 milking cows per day in fiscal year 2017, partially offset by a 13% increase in the efficiency level of average daily milk production per cow, from 21.82 liters per cow in fiscal year 2016 to 24.68 liters per cow in fiscal year 2017;
- an 11.5% decrease in the production of milking cows and a 15.4% decline in average price; and
- the result from holding milking cows, which fell by 32%, from a gain of Ps. 13.1 million in fiscal year 2016 to a gain of Ps. 8.9 million in fiscal year 2017, mainly as a consequence of the sale of a large portion of the stock.

Sugarcane

Income from production in the Sugarcane segment rose by 15.2%, from Ps. 309 million in fiscal year 2016 to Ps. 356 million in fiscal year 2017, mainly as a consequence of:

- a 25.0% increase in the average price of sugarcane production;
- offset by a 10.6% decrease in total production volume, from 1,142,620 tons in fiscal year 2016 to 1,021,298 tons in fiscal year 2017.

The 10.6% decline in the production volume from the Sugarcane segment was attributable to a fall of 12.9% in average production yield, which went from 88.3 tons/hectare in fiscal year 2016 to 76.9 tons/hectare in fiscal year 2017.
The following table shows the actual tons produced and income as of June 30, 2017 and 2016:

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

	Fiscal year ended June 30			
	2017		2016 (adjusted)	
	Tons	Pesos	Tons	Pesos
Sugarcane	1,021,298	344	1,142,620	292

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

Estimated results from the valuation of our sugarcane crops in progress at fair value increased significantly from a gain of Ps. 19.8 million in fiscal year 2016 to Ps. 49 million in fiscal year 2017. This variation originated mainly in Brazil, and was caused by the following factors:

- the number of estimated hectares went up from a year-on-year increase of 6% in fiscal year 2016 to a year-on-year increase of 168% in fiscal year 2017, as a consequence of the addition of an area of 15,000 productive hectares under share-farming agreements;
- the estimated yields went from an year-on-year increase close to zero in fiscal year 2016 to a year-on-year decline of 20% in fiscal year 2017; and
- the estimated unit costs went down from a year-on-year increase of 12% in fiscal year 2016 to a year-on-year increase of 7% in fiscal year 2017.

Changes in the net realizable value of agricultural produce after harvest

	Fiscal year ended June 30, 2017			
Changes in the net realizable value of agricultural produce after harvest	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	(74)	-	-	(74)
Cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	**(74)**	-	-	**(74)**
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**(74)**	**-**	**-**	**(74)**

	Fiscal year ended June 30, 2016 (adjusted)			
Changes in the net realizable value of agricultural produce after harvest	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	208	-	-	208
Cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	**208**	-	-	**208**
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**208**	**-**	**-**	**208**

Income from changes in the net realizable value of agricultural produce after harvest declined significantly, 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:

- 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
- 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.

Gross profit

As a result of the above mentioned factors, the Group's gross profit increased 103.72%, from Ps. 11,452 million in fiscal year 2016 to Ps. 23,265 million in fiscal year 2017. This was primarily attributable to:

- a 44.81% decline in the Agricultural Business, from Ps. 1,002 million (gain) in fiscal year 2016 to Ps. 553 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 in fiscal year 2017; and
- a 29.5% 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. 3,400 million in fiscal year 2017.

Agricultural Business

As a result of the above mentioned factors, gross profit fell by 44.81%, from Ps. 1,002 million in fiscal year 2016 to Ps. 553 million in fiscal year 2017.

Crops

Gross profit from this segment declined by 71.84%, from Ps. 618 million in fiscal year 2016 to Ps. 174 million in fiscal year 2017.

Cattle

Gross profit from this segment declined by 22.42%, from Ps. 165 million in fiscal year 2016 to Ps. 128 million in fiscal year 2017.

Milk

Gross profit from this segment remained steady at Ps. 4 million in both fiscal years.

Sugarcane

Gross profit from this segment declined by 73.26%, from Ps. 86 million in fiscal year 2016 to Ps. 23 million in fiscal year 2017.

Agricultural Rental and Services

Gross profit from this segment increased by 45.0%, from Ps. 56 million in fiscal year 2016 to Ps. 111 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.

Agro-industrial

Gross profit from this segment declined by 48.78%, from Ps. 41 million in fiscal year 2016 to Ps. 21 million in fiscal year 2017.

Other Segments and Corporate

Gross profit from this segment rose by 151.22%, from Ps. 41 million in fiscal year 2016 to Ps. 103 million in fiscal year 2017.

Urban Properties and Investments Business

Gross profit in Urban Properties and Investments Business rose by 118.0%, from Ps. 12,262 million in fiscal year 2016 to Ps. 22,712 million in fiscal year 2017. This was mainly due to a 146.8% increase at the Operations Center in Israel for Ps. 7,825 million in fiscal year 2016 to Ps. 19,312 million in fiscal year 2017 (due to the consolidation of the 12-month period for this fiscal year) and to the increase of 29.5% in the Operations Center in Argentina, from Ps. 2,625 million in fiscal year 2016 to Ps. 3,400 million in fiscal year 2017.

Below is a detail of the gross profit corresponding to our segments in the Operations Center in Argentina:

Shopping Mall Properties

Gross profit from the Shopping Mall Properties segment increased by 25.3%, from Ps. 2,150 million in fiscal year 2016 to Ps. 2,693 million in fiscal year 2017.

Offices and Others

Gross profit from the Offices and Others segment increased by 28.5%, from Ps. 319 million in fiscal year 2016 to Ps. 410 million in fiscal year 2017.

Sales and Developments

Gross income/(loss) from the Sales and Developments segment rose by 429.4%, from a loss of Ps. 17 million in fiscal year 2016 to a gain of Ps. 56 million in fiscal year 2017.

Hotels

Gross profit from the Hotels segment increased by 39.5%, from Ps. 172 million in fiscal year 2016 to Ps. 240 million in fiscal year 2017.

International

No results for the periods under review.

Financial Operations, Corporate and Others

Gross profit from our Financial Operations, Corporate and Others segment remained at Ps. 1 million for the periods under review.

Operations Center in Israel

Real estate

During fiscal year 2017, gross profit from the Real estate segment totaled Ps. 2,585 million which, measured as a percentage of the revenues derived from this segment, accounted for 52.6%.

Supermarkets

During fiscal year 2017, gross profit from the Supermarkets segment totaled Ps. 11,845 million which, measured as a percentage of the revenues derived from this segment, accounted for 25.1%.

Telecommunications

During fiscal year 2017, gross profit from the Telecommunications segment totaled Ps. 4,781 million which, measured as a percentage of the revenues derived from this segment, accounted for 29.9%.

Others

During fiscal year 2017, gross profit from the Others segment totaled Ps. 101 million which, measured as a percentage of the revenues derived from this segment, accounted for 38.4%.

Changes in fair value of investment properties

The gain (loss) from fair value adjustment of the Group's investment properties fell by 71.1%, from Ps. 17,918 million in fiscal year 2016 to Ps. 5,182 million in fiscal year 2017. This was mainly due to a Ps. 309 million increase in the Agricultural business and to a Ps. 13,045 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. 13,690 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

	Fiscal year ended June 30, 2017				
Net gain (loss) from fair value adjustment of investment properties	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	2,058	10	-	-	2,068
Offices and Others	1,389	182	-	-	1,571
Sales and Developments	849	-	-	-	849
Hotels	-	-	-	-	-
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Operations Center in Argentina	**4,296**	**192**	**-**	**-**	**4,488**
Operations Center in Israel					
Real estate	374	-	-	-	374
Supermarkets	-	-	-	-	-
Total Operations Center in Israel	**374**	**-**	**-**	**-**	**374**
Total Urban Properties and Investments Business	**4,670**	**192**	**-**	**-**	**4,862**

	Fiscal year ended June 30, 2016 (adjusted)				
Net gain (loss) from fair value adjustment of investment properties	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	16,049	83	-	-	16,132
Offices and Others	1,013	249	-	-	1,262
Sales and Developments	726	47	-	-	773
Hotels	-	-	-	-	-
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Operations Center in Argentina	**17,788**	**379**	**-**	**-**	**18,167**
Operations Center in Israel					
Real estate	271	-	-	-	271
Supermarkets	-	-	-	-	-
Total Operations Center in Israel	**271**	**-**	**-**	**-**	**271**
Total Urban Properties and Investments Business	**18,059**	**379**	**-**	**-**	**18,438**

Net gain (loss) from fair value adjustment of our investment properties for fiscal year ended June 30, 2017 amounted to Ps. 4,488 million (Ps. 2,068 million from our Shopping Mall

Properties segment; Ps. 1,571 million from our Offices and Others segment; and Ps. 849 million from our Sales and Developments segment). The significant appreciation in Pesos of our properties was mainly attributable to: (i) a slight decline of 16 basis points in the discount rate used to apply the discounted cash flow valuation methodology which increases the valuation of investment properties; mainly as a consequence of certain macroeconomic improvements leading to lower cost of capital; and (ii) since June 2016 through June 2017, the Argentine Peso depreciated by around 11% in respect of the US dollar (from Ps. 14.99-USD 1.00 to Ps. 16.58-USD 1.00) and the valuation of our investment properties are stated in US dollars since most operations in the Argentine real estate market are consummated in that currency.

We held our portfolio of shopping mall properties between the year ended June 30, 2017 and June 30, 2016. Valuation of our shopping mall properties increased by 8.2% during the fiscal year ended June 30, 2017, mainly due to a fall in our cost of capital and the impact of the depreciation of the local currency.

Valuation of our office buildings increased by 33.6% in fiscal year ended June 30, 2017, mainly as a consequence of the impact of depreciation of the local currency and the increase in lease prices. In addition, the Group posted a profit of Ps. 100 million from the sale of offices in fiscal year ended June 30, 2017, compared to Ps. 908 million as of June 30, 2016, due to the sale of rental offices and parking space at several buildings.

Profit from the sale of farms

Profits from the sale of farms derived by the Land Transformation and Sales segment rose by 14100%, 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.

During 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 Group has 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 R$ 10.1 million (equivalent to Ps. 41 million), out of which R$ 877 thousand was already settled and the remaining balance will be paid in five annual installments, beginning in July 2017. The Group has recognized a gain of Ps. 32.1 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 R$ 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 Group 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 R$ 13.2 million (equivalent to Ps. 48 million), out of which 39,254 soybean bags, or R$ 2.4 million, were already cashed and the balance will be paid in four annual installments. The Group 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 R$. 270 million (equivalent to Ps. 694 million) and was fully paid. The Group 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 Group did not book a portion of such gain. In March 2017, the Group 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. The Group has recognized a gain of Ps. 71.6 million 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 Group has recognized a gain of Ps. 11.8 million as a result of this transaction.

General and Administrative Expenses

The Group’s General and Administrative Expenses rose by 97.5%, from Ps. 2,163 million in fiscal year 2016 to Ps. 4,272 million in fiscal year 2017. This was mainly due to a Ps. 94 million increase in the Agricultural business and to a Ps. 2,015 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. 1,842 and to the Operations Center in Argentina by Ps. 173.

Agricultural Business

General and Administrative Expenses	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
	Fiscal year ended June 30, 2017			
Crops	(151)	(2)	-	(153)
Cattle	(39)	-	-	(39)
Milk	(3)	-	-	(3)
Sugarcane	(52)			(52)
Agricultural Rental and Services	(7)	-	-	(7)
Agricultural Production Subtotal	(252)	(2)	-	(254)
Land Transformation and Sales	(1)	-	-	(1)
Agro-industrial	(43)	-	-	(43)
Other Segments and Corporate	(118)	-	52	(66)
Subtotal Others	(161)	-	52	(109)
Total Agricultural Business	**(414)**	**(2)**	**52**	**(364)**

General and Administrative Expenses	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
	Fiscal year ended June 30, 2016 (adjusted)			
Crops	(120)	(4)	-	(124)
Cattle	(20)	-	-	(20)
Milk	(4)	-	-	(4)
Sugarcane	(34)			(34)
Agricultural Rental and Services	(3)	-	-	(3)
Agricultural Production Subtotal	(181)	(4)	-	(185)
Land Transformation and Sales	(1)	-	-	(1)
Agro-industrial	(38)	-	-	(38)
Other Segments and Corporate	(91)	-	45	(46)
Subtotal Others	(129)	-	45	(84)
Total Agricultural Business	**(311)**	**(4)**	**45**	**(270)**

General and Administrative Expenses from the Agricultural business rose by 34.8%, from Ps. 311 million in fiscal year 2016 to Ps. 414 million in fiscal year 2017. This was due to the following increases: Ps. 31 million in the Crops segment, Ps. 19 million in the Cattle segment, Ps. 18 million in the Sugarcane segment, Ps. 4 million in the Agricultural Rental and Services segment, Ps. 5 million in the Agro-industrial segment and Ps. 27 million in the Other Segments and Corporate, offset by a Ps. 1 million increase in the Milk segment.

The causes for the variation were:

- The variation in Cresud's administrative expenses is mostly due to increases in expenses associated to accountants', IT and statutory auditors' fees.
- 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.
- 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.

On the other hand, General and Administrative Expenses from Inter-segment eliminations increased by Ps. 7 million, from Ps. 45 million in fiscal year 2016 to Ps. 52 million in fiscal year 2017.

Hence, according to business segment reporting and considering all our joint ventures, General and Administrative Expenses increased by 34.81%, from Ps. 270 million in fiscal year 2016 to Ps. 364 million in fiscal year 2017.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2017				
General and Administrative Expenses	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	(256)	(2)	(3)	-	(261)
Offices and Others	(32)	(1)	-	-	(33)
Sales and Developments	(30)	(2)	-	-	(32)
Hotels	(133)	-	(2)	-	(135)
International	(78)	-	-	-	(78)
Financial Operations, Corporate and Others	(179)	-	(55)	-	(234)
Total Operations Center in Argentina	**(708)**	**(5)**	**(60)**	**-**	**(773)**
Operations Center in Israel					
Real estate	(290)	-	-	-	(290)
Supermarkets	(627)	-	-	-	(627)
Agrochemicals	-	-	-	-	-
Telecommunications	(1,592)	-	-	-	(1,592)
Insurance	-	-	-	-	-
Other	(626)	-	-	-	(626)
Total Operations Center in Israel	**(3,135)**	**-**	**-**	**-**	**(3,135)**
Total Urban Properties and Investments Business	**(3,843)**	**(5)**	**(60)**	**-**	**(3,908)**

	Fiscal year ended June 30, 2016 (adjusted)				
General and Administrative Expenses	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	(178)	-	(1)	-	(179)
Offices and Others	(24)	-	-	-	(24)
Sales and Developments	(18)	(1)	(4)	-	(23)
Hotels	(101)	-	(2)	-	(103)
International	(91)	-	-	-	(91)
Financial Operations, Corporate and Others	(134)	-	(46)	-	(180)
Total Revenues from the Urban Properties and Investments Business	**(546)**	**(1)**	**(53)**	**-**	**(600)**
Operations Center in Israel					
Real estate	(100)	-	-	-	(100)
Supermarkets	(203)	-	-	-	(203)
Agrochemicals	-	-	-	-	-
Telecommunications	(708)	-	-	-	(708)
Insurance	-	-	-	-	-
Other	(282)	-	-	-	(282)
Total Operations Center in Israel	**(1,293)**	**-**	**-**	**-**	**(1,293)**
Total Urban Properties and Investments Business	**(1,839)**	**(1)**	**(53)**	**-**	**(1,893)**

General and Administrative Expenses in the Urban Properties and Investments Business at the Operations Center in Argentina rose by 29.67%, from Ps. 546 million in fiscal year 2016 to Ps. 708 million in fiscal year 2017. This was mainly due to a Ps. 78 million increase in the Shopping Mall Properties segment, a Ps. 8 million increase in the Offices and Others segment, a Ps. 12 million increase in the Sales and Developments segment, a Ps. 32 million increase in the Hotels segment, a Ps. 45 million increase in the Financial Operations, Corporate and Others segment, offset by a Ps. 13 million increase in the International segment.

In turn, Administrative Expenses in our interests in joint ventures increased by Ps. 4 million, from Ps. 1 million in fiscal year 2016 to Ps. 5 million in fiscal year 2017.

Inter-segment eliminations increased by Ps. 7 million, from Ps. 53 million in fiscal year 2016 to Ps. 60 million in fiscal year 2017.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, Administrative Expenses increased by 28.83%, from Ps. 600 million in fiscal year 2016 to Ps. 773 million in fiscal year 2017. Administrative Expenses, as a percentage of sales, in accordance with the business segment details reported, and considering our joint ventures and inter-segment eliminations, rose from 14.8% in fiscal year 2016 to 18.3% in fiscal year 2017.

Shopping Mall Properties

Administrative Expenses in the Shopping Mall Properties segment rose by 43.82%, from Ps. 178 million in fiscal year 2016 to Ps. 256 million in fiscal year 2017, mainly as a consequence of:

- an increase of Ps. 22 million in salaries and wages, social security contributions and other payroll expenses;
- an increase of Ps. 13 million in Directors' fees; and
- an increase of Ps. 7 million in fees and compensation for services, to name but a few items.

Administrative Expenses in the Shopping Mall Properties segment as a percentage of revenues from the same segment increased from 7% in fiscal year 2016 to 9% in fiscal year 2017.

Offices and Others

General and Administrative Expenses in our Offices and Others segment decreased by 33.3%, from Ps. 24 million in fiscal year 2016 to Ps. 32 million in fiscal year 2017, mainly as a consequence of: (i) an increase of Ps. 4 million in salaries and wages, social security contributions and other payroll expenses; and (ii) a Ps. 6 million increase in fees and compensation for services, to name but a few items.

When measured as a percentage of revenues from the same segment, General and Administrative Expenses decreased from 15% in fiscal year 2016 to 7% in fiscal year 2017.

Sales and Developments

General and Administrative Expenses associated to our Sales and Developments segment rose by 66.6%, from Ps. 18 million in fiscal year 2016 to Ps. 30 million in fiscal year 2017, mainly as a consequence of: (i) a Ps. 6 million increase in fees and compensation for services; (ii) a Ps. 2 million increase in salaries and wages, social security contributions and other payroll expenses; and (Iii) a Ps. 2 million increase in directors' fees, to name but a few items.

Hotels

General and Administrative Expenses associated to our Hotels segment rose by 31.68%, from Ps. 101 million in fiscal year 2016 to Ps. 133 million in fiscal year 2017, mainly as a consequence of:

- an increase of Ps. 16 million in salaries and wages, social security contributions and other payroll expenses;
- an increase of Ps. 4 million in taxes, rates and contributions; and
- an increase of Ps. 4 million in fees and compensation for services, to name but a few items.

General and Administrative Expenses associated to the Hotels segment, measured as a percentage of the revenues derived from this segment, shrank from 19.3% in fiscal year 2016 to 18.6% in fiscal year 2017.

International

General and Administrative Expenses associated to our International segment fell by Ps. 13 million, from Ps. 91 million in fiscal year 2016 to Ps. 78 million in fiscal year 2017, mainly as a result of fees for services incurred in connection with the investment in IDBD.

Financial Operations, Corporate and Others

General and Administrative Expenses associated to our Financial Operations, Corporate and Others segment rose by 33.58%, from Ps. 134 million in fiscal year 2016 to Ps. 179 million in fiscal year 2017, mainly as a consequence of (i) a Ps. 23 million increase in salaries and wages, social security contributions and other payroll expenses; and (ii) a Ps. 22 million increase in maintenance, repair and service expenses.

Operations Center in Israel

Real estate

During fiscal year 2017, General and Administrative Expenses in the Real estate segment totaled Ps. 290 million which, measured as a percentage of the revenues derived from this segment, accounted for 5.9%.

Supermarkets

During fiscal year 2017, General and Administrative Expenses in the Supermarkets segment totaled Ps. 627 million which, measured as a percentage of the revenues derived from this segment, accounted for 1.3%.

Telecommunications

During fiscal year 2017, General and Administrative Expenses in the Telecommunications segment totaled Ps 1,592 million, which, measured as a percentage of the revenues derived from this segment, accounted for 10.0%.

Others

During fiscal year 2017, General and Administrative Expenses in the Others segment totaled Ps. 626 million which, measured as a percentage of the revenues derived from this segment, accounted for 238.0%.

Selling expenses

The Group's total selling expenses grew by 130.9%, from Ps. 6,044 million in fiscal year 2016 to Ps. 13,957 million in fiscal year 2017. This was primarily attributable to an increase of Ps. 171 million in the Agricultural business and to an increase of Ps. 7,742 million in the Urban Properties and Investments Business, which accounts for 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

	Fiscal year ended June 30, 2017			
Selling expenses	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	(325)	(2)	(2)	(329)
Cattle	(24)	-	-	(24)
Milk	(7)	-	-	(7)
Sugarcane	(9)	-	-	(9)
Agricultural Rental and Services	(1)	-	-	(1)
Agricultural Production Subtotal	(366)	(2)	(2)	(370)
Land Transformation and Sales	-	-	-	-
Agro-industrial	(88)	-	-	(88)
Other Segments and Corporate	(51)	-	-	(61)
Subtotal Others	(139)	-	-	(139)
Total Agricultural Business	**(505)**	**(2)**	**(2)**	**(509)**

	Fiscal year ended June 30, 2016 (adjusted)			
Selling expenses	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	(209)	(5)	(2)	(216)
Cattle	(19)	-	-	(19)
Milk	(4)	-	-	(4)
Sugarcane	(8)	-	-	(8)
Agricultural Rental and Services	(1)	-	-	(1)
Agricultural Production Subtotal	(241)	(5)	(2)	(248)
Land Transformation and Sales	-	-	-	-
Agro-industrial	(67)	-	-	(67)
Other Segments and Corporate	(23)	-	-	(23)
Subtotal Others	(90)	-	-	(90)
Total Agricultural Business	**(331)**	**(5)**	**(2)**	**(338)**

Selling expenses associated to the Agricultural business rose by 52.6%, from Ps. 331 million in fiscal year 2016 to Ps. 505 million in fiscal year 2017. This was mainly due to a Ps. 116 million increase in the Crops segment, a Ps. 28 million increase in Other Segments and Corporate, a Ps. 21 million increase in the Agro-industrial segment, a Ps. 5 million increase in the Cattle segment, a Ps. 3 million increase in the Milk segment, and a Ps. 1 million increase in the Sugarcane segment.

In turn, selling expenses from 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 50.6%, from Ps. 338 million in fiscal year 2016 to Ps. 509 million in fiscal year 2017.

Urban Properties and Investments Business

Selling expenses	Fiscal year ended June 30, 2017 Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Operations Center in Argentina				
Shopping Mall Properties	(184)	(2)	(2)	(188)
Offices and Others	(33)	(1)	-	(34)
Sales and Developments	(14)	(2)	-	(16)
Hotels	(95)	-	-	(95)
International	-	-	-	-
Financial Operations, Corporate and Others	(22)	-	-	(22)
Total Operations Center in Argentina	**(348)**	**(5)**	**(2)**	**(355)**
Operations Center in Israel				
Real estate	(91)	-	-	(91)
Supermarkets	(9,517)	-	-	(9,517)
Telecommunications	(3,406)	-	-	(3,406)
Insurance	-	-	-	-
Other	(79)	-	-	(79)
Total Operations Center in Israel	**(13,093)**	**-**	**-**	**(13,093)**
Total Urban Properties and Investments Business	**(13,441)**	**(5)**	**(2)**	**(13,448)**

Selling expenses	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Shopping Mall Properties	(143)	(2)	-	(145)
Offices and Others	(8)	-	-	(8)
Sales and Developments	(23)	-	-	(23)
Hotels	(69)	-	-	(69)
International	-	-	-	-
Financial Operations, Corporate and Others	(19)	-	-	(19)
Total Costs from the Urban Properties and Investments Business	**(262)**	**(2)**	**-**	**(264)**
Operations Center in Israel				
Real estate	(29)	-	-	(29)
Supermarkets	(3,907)	-	-	(3,907)
Telecommunications	(1,493)	-	-	(1,493)
Insurance	-	-	-	-
Other	(13)	-	-	(13)
Total Operations Center in Israel	**(5,442)**	**-**	**-**	**(5,442)**
Total Urban Properties and Investments Business	**(5,704)**	**(2)**	**-**	**(5,706)**

Selling expenses associated to the Urban Properties and Investments Business at the Operations Center in Argentina rose by 32.8%, from Ps. 262 million in fiscal year 2016 to Ps. 348 million in fiscal year 2017. This was mainly due to a Ps. 41 million increase in the Shopping Mall Properties segment, a Ps. 25 million increase in the Offices segment, a Ps. 26 million increase in the Hotels segment, and a Ps. 3 million increase in the Financial Operations and Others segment, partially offset by a Ps. 9 million decline in the Sales and Development segment.

In turn, selling expenses in our interests in joint ventures increased by 150%, from Ps. 2 million in fiscal year 2016 to Ps. 5 million in fiscal year 2017.

Hence, according to business segment reporting, selling expenses experienced a 34.5% growth, from Ps. 264 million in fiscal year 2016 to Ps. 355 million in fiscal year 2017. Selling expenses measured as a percentage of revenues, in accordance with segment reporting, rose slightly from 8% for the fiscal year 2016 to 8.2% during fiscal year 2017.

Shopping Mall Properties

Selling expenses in the Shopping Mall Properties segment increased 29.7%, from Ps. 145 million in fiscal year 2016 to Ps. 188 million in fiscal year 2017. Such increase was mainly attributable to a higher allowance for bad debts, among other factors.

Selling expenses in the Shopping Mall Properties segment as a percentage of revenues from the same segment increased from 6.0 % in fiscal year 2016 to 6.2% in fiscal year 2017.

Offices and Others

Selling expenses in our Offices and Others segment decreased by 325%, from Ps. 8 million in fiscal year 2016 to Ps. 34 million in fiscal year 2017.
Selling expenses in the Offices and Others segment, measured as a percentage of the revenues derived from this segment, increased from 2.4% in fiscal year 2016 to 7.7% in fiscal year ended June 30, 2017.

Sales and Developments

Selling expenses in the Sales and Developments segment declined 30.4%, from Ps. 23 million in fiscal year 2016 to Ps. 16 million in fiscal year 2017, mainly as a consequence of increased taxes, rates and contributions.

Hotels

Selling expenses associated to our Hotels segment rose by 37.7%, from Ps. 69 million in fiscal year 2016 to Ps. 95 million in fiscal year 2017, mainly as a result of an increase in taxes, rates and contributions, an increase in fees and compensation for services, and an increase in salaries and wages and social security contributions, among other items.
Selling expenses in our Hotels segment, measured as a percentage of the revenues derived from this segment, increased slightly from 12.9% in fiscal year 2016 to 13.1% in fiscal year 2017.

Financial Operations, Corporate and Others

Selling expenses in the Financial Operations, Corporate and Others segment rose 15.8%, from Ps. 19 million in fiscal year 2016 to Ps. 22 million in fiscal year 2017.

Operations Center in Israel

Real estate

During fiscal year 2017, selling expenses in the Real estate segment totaled Ps. 91 million which, measured as a percentage of the revenues derived from this segment, accounted for 1.9%.

Supermarkets

During fiscal year 2017, selling expenses in the Supermarkets segment totaled Ps. 9,517 million which, measured as a percentage of the revenues derived from this segment, accounted for 20.1%.

Telecommunications

During fiscal year 2017, selling expenses in the Telecommunications segment totaled Ps. 3,406 million which, measured as a percentage of the revenues derived from this segment, accounted for 21.3%.

Others

During fiscal year 2017, selling expenses in the Others segment totaled Ps. 79 million which, measured as a percentage of the revenues derived from this segment, accounted for 30.0%.

Other Operating results, net

The Group's Other Operating results, net increased Ps. 93 million, from a loss of Ps. 62 million in fiscal year 2016 to a loss of Ps. 155 million in fiscal year 2017. This was mainly due to a Ps. 271 million increase in the Urban Properties and Investments Business (Ps. 107 million attributable to the Operations Center in Argentina and Ps. 164 million attributable to the Operations Center in Israel), partially offset by a Ps. 178 million decline in the Agricultural business.

Agricultural Business

	Fiscal year ended June 30, 2017			
Other Operating results, net	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	111	-	(3)	108
Cattle	(2)	-	-	(2)
Milk	-	-	-	-
Sugarcane	(6)	-	-	(6)
Agricultural Rental and Services	(1)	-	-	(1)
Agricultural Production Subtotal	102	-	(3)	99
Land Transformation and Sales	-	-	-	-
Agro-industrial	(1)	-	-	(1)
Other Segments and Corporate	10	-	-	10
Subtotal Others	9	-	-	9
Total Agricultural Business	**111**	**-**	**(3)**	**108**

Other Operating results, net	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(72)	(1)	(1)	(74)
Cattle	(2)	-	-	(2)
Milk	-	-	-	-
Sugarcane	4	-	-	4
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	(70)	(1)	(1)	(72)
Land Transformation and Sales	-	-	-	-
Agro-industrial	1	-	-	1
Other Segments and Corporate	1	-	-	1
Subtotal Others	2	-	-	2
Total Agricultural Business	**(68)**	**(1)**	**(1)**	**(70)**

Other Operating results, net, associated to sales in the Agricultural business increased from a Ps. 68 million loss in fiscal year 2016 to a Ps. 111 million profit in fiscal year 2017. This was mainly due to a Ps. 183 million increase in the profit from the Crops segment, and a Ps. 9 million increase in Other Segments and Corporate, partially offset by a loss of Ps. 10 million in the Sugarcane segment, and Ps. 1 million in the Agricultural Rental and Services segment.

In turn, Other Operating results, net from our interests in joint ventures experienced a decrease in loss equivalent to 100% by Ps. 1 million from fiscal year 2016 to fiscal year 2017, in connection with our Cresca joint venture.

Besides, there has been a 200% variation in the inter-segment eliminations for Other Operating results, net from a loss of Ps. 1 million in fiscal year 2016 to Ps. 3 million in fiscal year 2017.

Hence, according to business segment reporting and considering all our joint ventures, Other Operating results, net went from a loss of Ps. 70 million in fiscal year 2016 to a profit of Ps. 108 million in fiscal year 2017.

Crops

Other Operating results, net, in the Crops segment experienced an increase from a loss of Ps. 74 million in fiscal year 2016 to a profit of Ps. 108 million in fiscal year 2017, primarily as a result of derivatives of Brasilagro and Cresud commodities.

Sugarcane

Other Operating results, net, in the Sugarcane segment declined by Ps. 10 million, from a profit of Ps. 4 million in fiscal year 2016 to a loss of Ps. 6 million in fiscal year 2017.

Other Segments and Corporate

Other Operating results, net, in the Other Segments and Corporate segment increased by Ps. 9 million, from a profit of Ps. 1 million in fiscal year 2016 to a profit of Ps. 10 million in fiscal year 2017.

The other segments in the Agricultural business did not experience material changes.

Urban Properties and Investments Business

Other Operating results, net	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
	Fiscal year ended June 30, 2017			
Operations Center in Argentina				
Shopping Mall Properties	(59)	-	-	(59)
Offices and Others	3	1	-	4
Sales and Developments	(40)	5	-	(35)
Hotels	(2)	-	-	(2)
International	27	-	-	27
Financial Operations, Corporate and Others	(2)	-	-	(2)
Total Operations Center in Argentina	**(73)**	**6**	**-**	**(67)**
Operations Center in Israel				
Real estate	46	-	-	46
Supermarkets	(52)	-	-	(52)
Telecommunications	(36)	-	-	(36)
Insurance	-	-	-	-
Other	(154)	-	-	(154)
Total Operations Center in Israel	**(196)**	**-**	**-**	**(196)**
Total Other Operating results, net	**(269)**	**6**	**-**	**(263)**

Other Operating results, net	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
	Fiscal year ended June 30, 2016 (adjusted)			
Operations Center in Argentina				
Shopping Mall Properties	(61)	(2)	-	(63)
Offices and Others	(7)	-	1	(6)
Sales and Developments	(43)	5	4	(34)
Hotels	(2)	-	-	(2)
International	144	-	-	144
Financial Operations, Corporate and Others	1	-	-	1
Total Operations Center in Argentina	**32**	**3**	**5**	**40**
Operations Center in Israel				
Real estate	(19)	-	-	(19)
Supermarkets	(13)	-	-	(13)
Telecommunications	-	-	-	-
Insurance	-	-	-	-
Other	-	-	-	-
Total Operations Center in Israel	**(32)**	**-**	**-**	**(32)**
Total Other Operating results, net	**-**	**3**	**5**	**8**

Other Operating results, net in the Urban Properties and Investments Business segment, Operations Center in Argentina, declined by Ps. 105 million, from a profit of Ps. 32 million in fiscal year 2016 to a loss of Ps. 73 million in fiscal year 2017, mainly attributable to a year-on-year decline in income from the Offices and Others segment by Ps. 117 million.

The effect of consolidation in our joint ventures rose by Ps. 3 million, from a profit of Ps. 3 million in fiscal year 2016 to a profit of Ps. 6 million.

Inter-segment eliminations declined by Ps. 5 million year on year.

According to business segment reporting and considering all our joint ventures and the inter-segment eliminations, the Other Operating results, net went from a profit of Ps. 40 million in fiscal year 2016 to a loss of Ps. 67 million in fiscal year 2017.

Shopping Mall Properties

The net loss stemming from Other Operating results in the Shopping Mall Properties segment shrank by 6.3%, from Ps. 63 million in fiscal year 2016 to Ps. 59 million in fiscal year 2017, primarily as a consequence of a smaller charge for lawsuits and contingencies of Ps. 4 million. The net loss stemming from Other Operating results, measured as a percentage of revenues from the Shopping Mall Properties segment, declined from 2.6% in fiscal year 2016 to 1.9% in fiscal year 2017.

Offices and Others

The net income stemming from Other Operating results associated to our Offices and Others segment increased by Ps. 10 million, from a loss of Ps. 6 million in fiscal year 2016 to a gain of Ps. 4 million in fiscal year 2017, mainly attributable to BAICOM S.A.

Sales and Developments

Our Sales and Developments segment fell by Ps. 1 million, from a loss of Ps. 34 million in fiscal year 2016 to a loss of Ps. 35 million in fiscal year 2017, primarily as a consequence of the income recorded on the sale and reversal of property, plant and equipment.

Hotels

The net loss stemming from Other Operating results associated to our Hotels segment remained steady at Ps. 2 million in fiscal years 2016 and 2017, primarily due to an increased charge for provisions for lawsuits and contingencies.

International

Other Operating results, net in this segment exhibited a Ps. 117 million decrease in net income, down from Ps. 144 million in fiscal year 2016 to Ps. 27 million in fiscal year 2017, primarily due to a reduction in income caused by the partial reversal of accumulated gains/(losses) from conversion. As of June 30, 2016, this reflects primarily the reversal of the gains/(losses) for conversion before the IDBD business combination.

Financial Operations, Corporate and Others

Other Operating results, net associated to our Financial Operations, Corporate and Others segment fell by Ps. 3 million, from a profit of Ps. 1 million in fiscal year 2016 to a loss of Ps. 2 million in fiscal year 2017.

Management fees

The Group 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

As a consequence of the factors explained above, the Group's profit from operations fell by Ps. 10,411 million (50.6%), from a profit of Ps. 20,565 million in fiscal year 2016 (Ps. 19,467 attributable to the Operations Center in Argentina, Ps. 765 attributable to the Operations Center in Israel at the Urban Properties and Investments Business, and Ps. 333 million attributable to the Agricultural business) to a profit of Ps. 10,154 million in fiscal year 2017 (Ps. 6,575 attributable to the Operations Center in Argentina, Ps. 3,190 attributable to the Operations Center in Israel at the Urban Properties and Investments Business, and Ps. 389 attributable to the Agricultural business).

Agricultural Business

Profit from operations in the Agricultural business rose by Ps. 56 million (16.8%), from a profit of Ps. 333 million in fiscal year 2016 to a profit of Ps. 389 million in fiscal year 2017.

Crops

Profit / (loss) from operations in this segment fell by Ps. 399 million (200.5%), from a profit of Ps. 199 million in fiscal year 2016 to a loss of Ps. 200 million in fiscal year 2017.

Cattle

Profit from operations in this segment fell by Ps. 58 million (47.9%), from a profit of Ps. 121 million in fiscal year 2016 to a profit of Ps. 63 million in fiscal year 2017.

Milk

Loss from operations in this segment fell by Ps. 2 million (50.0%), from a loss of Ps. 4 million in fiscal year 2016 to a loss of Ps. 6 million in fiscal year 2017.

Sugarcane

Profit / (loss) from operations in this segment fell by Ps. 91 million (193.6%), from a profit of Ps. 47 million in fiscal year 2016 to a loss of Ps. 44 million in fiscal year 2017.

Agricultural Rental and Services

Profit from operations in this segment rose by Ps. 52 million (104%), from a profit of Ps. 50 million in fiscal year 2016 to a profit of Ps. 102 million in fiscal year 2017.

Land Transformation and Sales

Profit / (loss) from operations in this segment rose by Ps. 579 million, from a profit of Ps. 10 million in fiscal year 2016 to a loss of Ps. 589 million in fiscal year 2017.

Agro-industrial

Loss from operations in this segment decreased by Ps. 48 million, from a loss of Ps. 63 million in fiscal year 2016 to a loss of Ps. 111 million in fiscal year 2017.

Other Segments and Corporate

Loss from operations in this segment decreased by Ps. 23 million (85.2%), from a loss of Ps. 27 million in fiscal year 2016 to a loss of Ps. 4 million in fiscal year 2017.

Urban Properties and Investments Business

Profit / (loss) from operations in this segment fell by Ps. 12,892 million (66.2%), from a profit of Ps. 19,467 million in fiscal year 2016 to a profit of Ps. 6,575 million in fiscal year 2017 at the Operations Center in Argentina.

Shopping Mall Properties

Profit from operations in our Shopping Mall Properties segment declined by 76.0%, from a profit of Ps. 17,451 million in fiscal year 2016 to a profit of Ps. 4,176 million in fiscal year 2017.
Profit from operations in our Shopping Mall Properties segment, measured as a percentage of the revenues derived from this segment, went from 725.3% in fiscal year 2016 to 137.2% in fiscal year 2017.

Offices and Others

Profit from operations in our Offices and Others segment rose by 25.6%, from a profit of Ps. 385 million in fiscal year 2016 to a profit of Ps. 889 million in fiscal year 2017.
Profit from operations in our Offices and Others segment, as a percentage of the revenues derived from this segment, fell from 442.4% during fiscal year 2016 to 426.4% in fiscal year 2017.

Sales and Developments

Profit from operations in our Sales and Developments segment decreased by 22.91%, from a profit of Ps. 659 million in fiscal year 2016 to a profit of Ps. 810 million in fiscal year 2017.
Profit from operations in our Sales and Developments segment, measured as a percentage of the revenues derived from this segment, declined from 21,966.6% in fiscal year 2016 to 818.2% in fiscal year 2017.

Hotels

Profit / (loss) from operations in our Hotels segment increased by 500.0% from a loss of Ps. 2 million in fiscal year 2016 to a profit of Ps. 8 million in fiscal year 2017.

International

Profit / (loss) from operations in our International segment fell by Ps. 99 million (206.2%), from a profit of Ps. 48 million in fiscal year 2015 to a loss of Ps. 51 million in fiscal year 2017.

Financial Operations, Corporate and Others

Profit / (loss) from operations in our Financial Operations, Corporate and Others segment experienced a decrease in loss equivalent to 30.4%, from Ps. 197 million in fiscal year 2016 to a loss of Ps. 257 million in fiscal year 2017.

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

Share of profit/(loss) of associates and joint venture reflected an improvement of Ps. 387 million, from a loss of Ps. 369 million in fiscal year 2016 to a profit of Ps. 18 million in fiscal year 2017. This was primarily attributable to:

- a profit of Ps. 420 million from the Operations Center in Argentina and a loss of Ps. 18 million from the Operations Center in Israel. Without considering the profit/(loss) from our Operations Center in Israel, our share of profit/(loss) of associates and joint ventures fell by 81.8%, mainly as a result of the losses from the International segment, partially offset by lower profits from the Financial Operations, Corporate and Others segment.
- a decline of Ps. 15 million in the share of profit/(loss) from companies related to the Agricultural business, from a profit of Ps. 23 million in fiscal year 2016 to a profit of Ps. 8 million in fiscal year 2017, mainly as a result of the profit/(loss) from the investment in Agro-Uranga (mostly attributable to the Crops segment).

Financial results, net

We incurred a lower financial loss, net of Ps. 890 million, from a loss of Ps. 6,115 million in fiscal year 2016 to a loss of Ps. 5,225 million in fiscal year 2017. This was primarily attributable to:

- a lower loss of Ps. 1,730 million in foreign exchange, net in fiscal year 2017;
- a higher profit of Ps. 4,098 million stemming from the fair value measurement of financial assets in fiscal year 2017; offset by
- a higher loss of Ps. 3,786 million in financial interest, net in fiscal year 2017; and
- a lower profit of Ps. 982 million from derivative financial instruments in fiscal year 2017.

Changes in our financial losses, net in fiscal year 2017 were primarily attributable to (i) a Ps. 4,308 million increase in gains from fair value measurement of financial assets of our subsidiary IDBD; (ii) a decline of Ps. 1,729 million in foreign exchange losses, primarily as a result of the depreciation sustained by the foreign exchange rate vis-a-vis the previous fiscal year; (iii) a Ps. 390 million decline in losses stemming from the valuation of financial instruments associated to the acquisition of IDBD; (iv) a Ps. 3,979 million increase in interest expense attributable to IDBD; and (v) a Ps. 1,439 million decline in gains from foreign currency forward-based contracts.

There was a 10.6% variation in the U.S. Dollar buying rate during fiscal year 2017 (which increased from Ps. 15.040 on June 30, 2016 to Ps. 16.630 on June 30, 2017) as compared to the previous fiscal year, when the U.S. Dollar quotation had experienced a variation of 65.5% (from Ps. 9.088 on June 30, 2015 to Ps. 15.040 on June 30, 2016).

Income tax

Our income tax expense fell by Ps. 2,971 million, from a loss of Ps. 5,833 million in fiscal year 2016 to a loss of Ps. 2,862 million in fiscal year 2017. The Group recognizes the income tax expense on the basis of the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements.
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 / (loss) for the Fiscal Year

Due to the above mentioned factors, our profit / (loss) for the fiscal year decreased by Ps. 3,509 million (41.1%), from net income of Ps. 8,537 million in fiscal year 2016 to net income of Ps. 5,028 million in fiscal year 2017. Profit / (loss) for fiscal years 2017 and 2016 is attributable to the controlling company's shareholders and non-controlling interest, as per the following detail:

- Profit / (loss) for the fiscal year attributable to the controlling company's shareholders went from a profit of Ps. 4,803 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. 3,734 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.

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

Operating results

REVENUES

Our total revenues rose by 573.3%, from Ps. 4,942 million in fiscal year 2015 to Ps. 33,273 million in fiscal year 2016. This was mainly due to the 21.6% increase in the Agricultural Business, from Ps. 2,395 million in fiscal year 2015 to Ps. 2,912 million in fiscal year 2016 and to the 1,092.0% increase in the Urban Properties and Investments Business, attributable to Ps. 27,077 million in revenues from the Operations Center in Israel in fiscal year 2016, and to the increase of 28.9% in the Operations Center in Argentina, from Ps. 2,547 million in fiscal year 2015 to Ps. 3,284 million in fiscal year 2016.

Agricultural Business

Revenues	Fiscal year ended June 30, 2016 (adjusted)			
	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	1,101	51	-	1,152
Cattle	80	9	89	178
Milk	65	-	-	65
Sugarcane	294	-	-	294
Agricultural Rental and Services	39	-	37	76
Agricultural Production Subtotal	1,579	60	126	1,765
Land Transformation and Sales	-	-	-	-
Agro-industrial	966	-	-	966
Other Segments and Corporate	168	-	13	181
Subtotal Others	1,134	-	13	1,147
Total Agricultural Business	**2,713**	**60**	**139**	**2,912**

Revenues	Fiscal year ended June 30, 2015 (adjusted)			
	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	964	23	-	987
Cattle	56	3	84	143
Milk	72	-	-	72
Sugarcane	198	-	-	198
Agricultural Rental and Services	37	-	24	61
Agricultural Production Subtotal	1,327	26	108	1,461
Land Transformation and Sales	-	-	-	-
Agro-industrial	806	-	-	806
Other Segments and Corporate	118	-	10	128
Subtotal Others	924	-	10	934
Total Agricultural Business	**2,251**	**26**	**118**	**2,395**

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

- Ps. 137 million in the Crops segment,
- Ps. 24 million in the Cattle segment,
- Ps. 96 million in the Sugarcane segment,
- Ps. 160 million in the Agro-industrial segment,
- Ps. 50 million in the Other Segments and Corporate, and
- Ps. 2 million in the Agricultural Rental and Services segment; offset by a Ps. 7 million decrease in the Milk segment.

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

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

Brasilagro and its subsidiaries, which were reclassified from the Crops and Sugarcane segment to the Agricultural Rental and Services segment.

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

Crops

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

- a 20.9% increase in the average price of the crops sold, up from Ps. 1,842 per ton in fiscal year 2015 to Ps. 2,226 per ton in fiscal year 2016;
- partially offset by a decline of 18,175 tons in the volume of crops sold during fiscal year 2016 compared to the previous fiscal year.

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

	Sales of Crops (in tons)		
	Fiscal year ended June 30		
	2016	**2015**	**Variation**
Corn	255,162	269,701	(14,539)
Soybean	198,296	250,125	(51,829)
Wheat	46,607	7,083	39,524
Sorghum	1,007	1,569	(562)
Sunflower	10,421	5,181	5,240
Other	5,863	1,872	3,991
Total Sales	**517,356**	**535,531**	**(18,175)**

Cattle

Total revenues from the Cattle segment increased by 24.5%, from Ps. 143 million in fiscal year 2015 to Ps. 178 million in fiscal year 2016, mainly as a consequence of:

- a 31.8% increase in the average price per kilogram of cattle sold from Ps. 16.0 in fiscal year 2015 to Ps. 21.2 in fiscal year 2016;
- offset by a 6.3% decline in the volume of cattle sold, down from 8,871 tons in fiscal year 2015 to 8,315 tons in fiscal year 2016.

Milk

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

- an 8.2% reduction in the average price of milk, down from Ps. 3.55 per liter in fiscal year 2015 to Ps. 3.26 per liter in fiscal year 2016;
- a 17.7% reduction in the volume of milking cows from 903 tons in fiscal year 2015 to 743 tons in fiscal year 2016; and
- an 8.2% decrease in the volume of sales of milk, from 17 million liters in fiscal year 2015 to approximately 16 million liters in fiscal year 2016;
- offset by a 48.0% increase in the average price per kilogram sold of milking cows, from Ps. 13.1 in fiscal year 2015 to Ps. 19.3 million in fiscal year 2016.

Sugarcane

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

- an increase of 295,226 tons (31.9%) in sales of sugarcane in fiscal year 2016 compared to the previous fiscal year, primarily attributable to Brasilagro; and
- a 12.7% increase in the average price of sugarcane sold from Ps. 214.0 per ton in fiscal year 2015 to Ps. 241.2 per ton in fiscal year 2016.

Agricultural Rental and Services

Total revenues from the Agricultural Rental and Services segment increased by 24.6%, from Ps. 61 million in fiscal year 2015 to Ps. 76 million in fiscal year 2016, mainly as a consequence of:

- a 32.8% increase in leases originating primarily in Brazil, due to an increase in the price of soybean since the price of such contracts is tied to soybean price, and in Argentina as a result of a new agreement for 1,106 hectares in La Esmeralda (Don Avelino), and an improvement in the agreement between Agro-Riego and Monsanto, resulting from a material increase in the exchange rate vis-a-vis the previous year, offset by a decline caused by the non-renewal of the agreements concerning San Pedro, La Suiza and Anta (CAGSA) for this season;
- a 36.5% increase in revenues from the production of seeds mainly due to an increase in the prices of crops that took place in fiscal year 2016;
- offset by a 16.5% decrease in revenues from irrigation services and agricultural management (Ps. 1 million) in fiscal year 2016 compared to fiscal year 2015.

Agro-industrial

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

- a 20.0% increase in exports and a 32.1% increase in sales to the domestic market. Domestic consumption prices exhibited an upward trend and were 42.3% higher than in fiscal year 2015. The price of exports rose by 0.7% in USD in fiscal year 2016 compared to 2015;
- a 24.4% decrease in sales of by-products;
- a minor 3.3% reduction in the slaughtering volume, from 6,632 heads per month in fiscal year 2015 to 6,415 during fiscal year 2016.

Other Segments and Corporate

Total revenues from the Other Segments and Corporate increased by 41.4%, from Ps. 128 million in fiscal year 2015 to Ps. 181 million in fiscal year 2016, mainly as a consequence of:

- an increase of Ps. 13 million in sales on consignment; and
- an increase of Ps. 26 million in commodity brokerage services.

Urban Properties and Investments Business

Revenues	Fiscal year ended June 30, 2016 (adjusted)				
	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Operations Center in Argentina					
Shopping Mall Properties	3,487	20	-	(1,101)	2,406
Offices and Others	422	3	8	(93)	340
Sales and Developments	(2)	5	-	-	3
Hotels	534	-	-	-	534
International	-	-	-	-	-
Financial Operations, Corporate and Others	1	-	-	-	1
Total Operations Center in Argentina	**4,442**	**28**	**8**	**(1,194)**	**3,284**
Operations Center in Israel					
Real estate	1,538	-	-	-	1,538
Supermarkets	18,610	-	-	-	18,610
Telecommunications	6,655	-	-	-	6,655
Insurance	-	-	-	-	-
Other	274	-	-	-	274
Total Operations Center in Israel	**27,077**	**-**	**-**	**-**	**27,077**
Total Urban Properties and Investments Business	**31,519**	**28**	**8**	**(1,194)**	**30,361**

Revenues	Fiscal year ended June 30, 2015 (adjusted)				
	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Operations Center in Argentina					
Shopping Mall Properties	2,571	13	-	(806)	1,778
Offices and Others	397	10	5	(79)	333
Sales and Developments	9	5	-	-	14
Hotels	396	-	-	-	396
International	28	-	-	(2)	26
Financial Operations, Corporate and Others	-	-	-	-	-
Total Operations Center in Argentina	**3,401**	**28**	**5**	**(887)**	**2,547**
Total Urban Properties and Investments Business	**3,401**	**28**	**5**	**(887)**	**2,547**

Total revenues from the Urban Properties and Investments Business increased by 30.6%, from Ps. 3,401 million in fiscal year 2015 to Ps. 4,442 million in fiscal year 2016. This was mainly due to a Ps. 916 million increase in the Shopping Mall Properties segment, a Ps. 25 million increase in the Offices and Others segment, a Ps. 138 million increase in the Hotels segment, a Ps. 1 million increase in the Financial Operations, Corporate and Others segment, offset by declines of Ps. 28 million and Ps. 11 million in the International segment and in the Sales and Development segment, respectively.

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

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

In addition, revenues from expenses and collective promotion fund rose by 34.6%, from Ps. 887 million during fiscal year 2015 (out of which, Ps. 806 million was attributable to the Shopping Mall Properties segment) to Ps. 1,194 million during fiscal year 2016 (out of which, Ps. 1,101 million was attributable to the Shopping Mall Properties segment).

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, and expenses and collective promotion fund, revenues increased by 28.9%, from Ps. 2,547 million in fiscal year 2015 to Ps. 3,284 million in fiscal year 2016.

Operations Center in Argentina

Shopping Mall Properties

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

- an increase of Ps. 471 million in revenues from fixed and variable rentals as a result of a 34.4% increase in our tenants' sales, from Ps. 21,509 million in fiscal year 2015 to Ps. 28,905 million in fiscal year 2016;
- an increase of Ps. 51 million in revenues from admission fees;
- an increase of Ps. 41 million in parking revenues; and
- an increase of Ps. 36 million in revenues from commissions and other.

Offices and Others

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

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

As of June 30, 2016, average occupancy rate of premium offices stood at 97.7% and the average rent was around USD 27 per sqm.

Sales and Developments

There are often significant variations in the revenues earned in this segment from one fiscal year to the other. Without considering our joint ventures, revenues from the Sales and Developments segment decreased by 122.2%, from Ps. 9 million in fiscal year 2015 to a loss of Ps. 2 million in fiscal year 2016. Such reduction was mainly attributable to reduced revenues from the sale of units at Condominios I and II (Ps. 7 million).

Hotels

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

International

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

Financial Operations, Corporate and Others

Revenues from our Financial Operations, Corporate and Others segment did not exhibit significant variations for the periods presented.

COSTS

The Group's total costs rose by 509.4%, from Ps. 3,893 million in fiscal year 2015 to Ps. 23,725 million in fiscal year 2016. This was mainly as a result of an 11.8% increase in the Agricultural business, from Ps. 3,411 million in fiscal year 2015 to Ps. 3,814 million in fiscal year 2016 and to the 4,030.9% increase in the Urban Properties and Investments Business, due to costs for Ps. 19,252 million from the Operations Center in Israel for the fiscal year 2016; and a 36.7% increase in the Operations Center in Argentina, from Ps. 482 million in fiscal year 2015 to Ps. 659 million in fiscal year 2016.

Agricultural Business

Costs	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(1,686)	(80)	(35)	(1,801)
Cattle	(254)	(13)	-	(267)
Milk	(135)	-	-	(135)
Sugarcane	(501)	-	(16)	(517)
Agricultural Rental and Services	(20)	-	-	(20)
Agricultural Production Subtotal	(2,596)	(93)	(51)	(2,740)
Land Transformation and Sales	(9)	-	-	(9)
Agro-industrial	(836)	-	(89)	(925)
Other Segments and Corporate	(140)	-	-	(140)
Subtotal Others	(976)	-	(89)	(1,065)
Total Agricultural Business	**(3,581)**	**(93)**	**(140)**	**(3,814)**

Costs	Fiscal year ended June 30, 2015 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(1,736)	(42)	(33)	(1,811)
Cattle	(220)	(5)	-	(225)
Milk	(133)	-	-	(133)
Sugarcane	(374)	-	-	(374)
Agricultural Rental and Services	(15)	-	-	(15)
Agricultural Production Subtotal	(2,478)	(47)	(33)	(2,558)
Land Transformation and Sales	(9)	-	-	(9)
Agro-industrial	(654)	-	(85)	(739)
Other Segments and Corporate	(105)	-	-	(105)
Subtotal Others	(759)	-	(85)	(844)
Total Agricultural Business	**(3,246)**	**(47)**	**(118)**	**(3,411)**

Total costs rose by 10.3%, from Ps. 3,246 million in fiscal year 2015 to Ps. 3,581 million in fiscal year 2016. This was primarily attributable to the following increases:

- Ps. 34 million in the Cattle segment,
- Ps. 2 million in the Milk segment,
- Ps. 127 million in the Sugarcane segment,
- Ps. 5 million in the Agricultural Rental and Services segment,
- Ps. 182 million in the Agro-industrial segment,
- Ps. 35 million in the Others segment; offset by a Ps. 50 million reduction in the Crops segment.

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

Similarly, inter-segment costs increased by Ps. 22 million, from Ps. 118 million in fiscal year 2015 to Ps. 140 million in fiscal year 2016, primarily attributable to the cost of Cattle sales during the year to our subsidiary Carnes Pampeanas Sociedad Anónima which was reclassified from the Cattle segment to the Agro-industrial segment and to the leases of cropland between our subsidiary Brasilagro and its subsidiaries, which are reclassified from the Crops and Sugarcane segments to the Agricultural Rental and Services segment.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs increased by 11.8%, from Ps. 3,411 million in fiscal year 2015 to Ps. 3,814 million in fiscal year 2016.

Crops

Total costs from the Crops segment decreased by 0.6%, from Ps. 1,811 million in fiscal year 2015 to Ps. 1,801 million in fiscal year 2016. The costs from the Crops segment are broken down in the following table:

	Fiscal year 2016	Fiscal year 2015
	In million Pesos	
Cost of sales	940	866
Cost of production	861	945
Total Costs	**1,801**	**1,811**

Cost of sales in the Crops segment increased by 8.6%, from Ps. 866 million in fiscal year 2015 to Ps. 940 million in fiscal year 2016, mainly as a consequence of:

- a 2.2% decrease in the volume of tons sold as compared to the previous fiscal year;
- slightly offset by an 11.0% rise in the average cost per ton of crops sold in fiscal year 2016, from Ps. 1,636 in fiscal year 2015 to Ps. 1,817 in fiscal year 2016, due to higher average market prices for crops.

The cost of sales as a percentage of sales was 87.7% in fiscal year 2015 and 81.6% in fiscal year 2016.

The cost of production in the Crops segment fell by 8.9%, from Ps. 945 million in fiscal year 2015 to Ps. 861 million in fiscal year 2016, mainly as a consequence of:

- an 11.0% reduction in direct production costs during fiscal year 2016 compared to the previous fiscal year, primarily attributable to the smaller quantity of hectares sown vis-a-vis the previous season (19.9%), offset by an increase in the average cost per ton (46.6%).

Cattle

Total costs in the Cattle segment increased by 18.7%, from Ps. 225 million in fiscal year 2015 to Ps. 267 million in fiscal year 2016. The following table shows the costs in the Cattle segment:

	Fiscal year 2016	Fiscal year 2015
	In million Pesos	
Cost of sales	136	122
Cost of production	131	103
Total Costs	**267**	**225**

Cost of sales increased 12.0%, from Ps. 122 million in fiscal year 2015 to Ps. 136 million in fiscal year 2016, mainly as a consequence of:

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

Cost of production in the Cattle segment rose by 27.4%, from Ps. 103 million in fiscal year 2015 to Ps. 131 million in fiscal year 2016. The higher cost of production from the Cattle segment in fiscal year 2016 was mainly attributable to:

- higher payroll expenses;
- higher feeding costs (34.6% compared to fiscal year 2015) resulting from a higher quantity of head in the feedlot, and an 8% increase in the average cost of feedstuff;
- an increase in health and insemination (42.4% compared to fiscal year 2015) due to better quality sperm and incremental costs of supplies.

Milk

Total costs in the Milk segment increased by 1.5%, from Ps. 133 million in fiscal year 2015 to Ps. 135 million in fiscal year 2016. The following table shows the costs in the Milk segment:

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

Total costs in the Milk segment fell by 11.3%, from Ps. 68 million in fiscal year 2015 to Ps. 61 million in fiscal year 2016, mainly as a consequence of:

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

Cost of production in the Milk segment increased by 14.7%, from Ps. 65 million in fiscal year 2015 to Ps. 74 million in fiscal year 2016. This increase was primarily attributable to the impact of increased feeding, payroll and prairie costs. The increase in feeding expenses was mostly attributable to a 30% rise in prices and a 22% increase in the consumption volume of second quality milk, on the one hand, and to a 5% increase in the average cost of food, offset by a 2% decline in consumption volume, on the other, caused by fewer milking cows and a decrease in pellet consumption (37%), which is significantly more expensive, and the incremental consumption of internally produced soybean.

Sugarcane

Total costs in the Sugarcane segment rose by 38.2%, from Ps. 374 million in fiscal year 2015 to Ps. 517 million in fiscal year 2016. The following table shows a breakdown of costs in the Sugarcane segment:

	Fiscal year 2016	Fiscal year 2015
	In million Pesos	
Cost of sales	263	188
Cost of production	254	186
Total Costs	**517**	**374**

Cost of sales in the Sugarcane segment rose by 39.4%, from Ps. 188 million in fiscal year 2015 to Ps. 263 million in fiscal year 2016, mainly as a consequence of:

- an increase of 295,226 tons in sales of sugarcane in fiscal year 2016 compared to the previous fiscal year, primarily attributable to Brasilagro; and
- an increase in the average cost per ton of sugarcane sold in fiscal year 2016, from Ps. 204 per ton in fiscal year 2015 to Ps. 215 per ton in fiscal year 2016.

The cost of sales as a percentage of sales was 95.3% in fiscal year 2015 and 89.3% in fiscal year 2016.

Cost of production of the Sugarcane segment increased 37.3%, from Ps. 186 million in fiscal year 2015 to Ps. 254 million in fiscal year 2016, mainly as a result of a higher production volume in fiscal year 2016 compared to the fiscal year 2015.

Total production costs per ton increased by 0.5%, from Ps. 221.3 per ton in fiscal year 2015 to Ps. 222.4 per ton in fiscal year 2016.

Agricultural Rental and Services

Total costs in the Agricultural Rental and Services segment rose by 33.3%, from Ps. 15 million in fiscal year 2015 to Ps. 20 million in fiscal year 2016, mainly as a consequence of:

- an increase of Ps. 6 million in feedlot lease and services costs in Brasilagro and Cresud, respectively;
- partially offset by a fall of Ps. 2 million (42.3%) in irrigation service costs, compared to fiscal year 2015.

Land Transformation and Sales

Total Costs in the Land Transformation and Sales segment remained stable at Ps. 9 million in fiscal years 2016 and 2015.

Agro-industrial

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

Other Segments and Corporate

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

Urban Properties and Investments Business - Operations Center in Argentina

	Fiscal year ended June 30, 2016 (adjusted)				
Costs	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Operations Center in Argentina					
Shopping Mall Properties	(1,360)	(3)	(6)	1,113	(256)
Offices and Others	(111)	(4)	-	94	(21)
Sales and Developments	(15)	(5)	-	-	(20)
Hotels	(362)	-	-	-	(362)
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Operations Center in Argentina	**(1,848)**	**(12)**	**(6)**	**1,207**	**(659)**
Operations Center in Israel					
Real estate	(467)	-	-	-	(467)
Supermarkets	(14,076)	-	-	-	(14,076)
Telecommunications	(4,525)	-	-	-	(4,525)
Insurance	-	-	-	-	-
Other	(184)	-	-	-	(184)
Total Operations Center in Israel	**(19,252)**	**-**	**-**	**-**	**(19,252)**
Total Urban Properties and Investments Business	**(21,100)**	**(12)**	**(6)**	**1,207**	**(19,911)**

	Fiscal year ended June 30, 2015 (adjusted)				
Costs	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Shopping Mall Properties	(979)	(1)	(4)	820	(164)
Offices and Others	(89)	(3)	-	79	(13)
Sales and Developments	(13)	(6)	-	-	(19)
Hotels	(279)	-	-	-	(279)
International	(9)	-	-	2	(7)
Financial Operations, Corporate and Others	-	-	-	-	-
Total Urban Properties and Investments Business	**(1,369)**	**(10)**	**(4)**	**901**	**(482)**

Costs of sales in our Urban Properties and Investments Business rose by 35.0%, from Ps. 1,369 million in fiscal year 2015 to Ps. 1,848 million in fiscal year 2016. This was mainly due to a Ps. 381 million increase in the Shopping Mall Properties segment, a Ps. 22 million increase in the Offices and Others segment, a Ps. 2 million increase in the Sales and Developments segment, a Ps. 83 million increase in the Hotels segment; offset by a Ps. 9 million decrease in the International segment; whilst the Financial Operations, Corporate and Others segments did not experience significant variations.

In turn, the costs corresponding to expenses and collective promotion fund increased 34.0%, from Ps. 901 million in fiscal year 2015 to Ps. 1,207 million in fiscal year 2016 mainly due to the expenses and collective promotion fund from the Shopping Mall Properties, which rose by 35.7%, from Ps. 820 million in fiscal year 2015 to Ps. 1,113 million in fiscal year 2016, mainly as a consequence of: (i) an increase in advertising expenses of Ps. 111.8 million, (ii) an increased charge for salaries and wages, social security contributions and other payroll expenses amounting to Ps. 103.1 million; (iii) an increase in maintenance, security, cleaning, repair and similar expenses amounting to Ps. 100.8 million (mainly stemming from increases in security and cleaning services and in the rates for public utilities), (iv) an increase in taxes, rates and contributions and other expenses amounting to Ps. 25.5 million and (v) an increase in other expenses for Ps. 42.0 million (primarily due to the absorption of the deficit in expenses and collective promotion fund). In addition, the variation was due to: an increase in the common maintenance expenses incurred by the Offices and Others segment, which rose by Ps. 54.1 million, up from Ps. 28.3 million during fiscal year 2015 to Ps. 82.4 million during fiscal year 2016, primarily attributable to the acquisition of new buildings (maintenance, cleaning and lease expenses and common maintenance fees and other for Ps. 36.1 million, expenses associated to salaries and wages and social security contributions for Ps. 10.8 million and taxes, rates and contributions and utilities for Ps. 8.9 million).

In addition, costs from our joint ventures experienced a net increase of 20.0%, from Ps. 10 million in fiscal year 2015 to Ps. 12 million in fiscal year 2016.

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

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, costs increased by 36.7%, from Ps. 482 million in fiscal year 2015 to Ps. 659 million in fiscal year 2016.

Operations Center in Argentina

Shopping Mall Properties

Costs in the Shopping Mall Properties segment increased 56.1%, from Ps. 164 million in fiscal year 2015 to Ps. 256 million in fiscal year 2016. Such increase was attributable to the following factors: (i) increased costs associated to the deficit in expenses and collective promotion fund in our Shopping Mall Properties for Ps. 59 million; (ii) an increase in maintenance, security, cleaning, repair and similar expenses for Ps. 10 million (mainly stemming from increases in security and cleaning services and in the rates for public utilities); and (iii) an increase in salaries and wages, social security contributions and other payroll expenses in the amount of Ps.10 million, amongst other items.

Costs in the Shopping Mall Properties segment, measured as a percentage of the revenues derived from this segment, increased from 9.2% during fiscal year 2015 to 10.6% in fiscal year ended June 30, 2016.

Offices and Others

Total costs in the Offices and Others segment rose by 61.5%, from Ps. 13 million in fiscal year 2015 to Ps. 21 million in fiscal year 2016, mainly as a consequence of: (i) an increased cost corresponding to rentals and common maintenance expenses for Ps. 6 million, among other

items. Total costs in the Offices and Others segment, measured as a percentage of the revenues derived from this segment, increased from 3.9% during fiscal year 2015 to 6.2% in fiscal year ended June 30, 2016.
Total costs in the Offices and Others segment, measured as a percentage of the revenues derived from this segment, increased by 3.9% during fiscal year 2015 to 6.2% in fiscal year ended June 30, 2016.

Sales and Developments

Costs attributable to this segment often vary significantly period over period, given that some of the sales consummated by the Group are non-recurrent. Without considering our joint ventures, costs associated to our Sales and Developments segment rose by 15.4%, from Ps. 13 million in fiscal year 2015 to Ps. 15 million in fiscal year 2016.
Costs in the Sales and Developments segment, measured as a percentage of the revenues derived from this segment, rose from 135.7% during fiscal year 2015 to 666.7% in fiscal year 2016.

Hotels

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

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

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

International

Costs in the International segment shrank by 100%, compared to the Ps. 7 million posted during fiscal year 2015 on account of the sale consummated in the year 2015 of the Madison 183 building, which was previously held as a rental property.
Costs in the Financial Operations, Corporate and Others segment, measured as a percentage of the revenues derived from this segment, did not exhibit significant percentage figures.

Financial Operations, Corporate and Others

No results were reported in connection with costs from this segment in both fiscal years under review.

Operations Center in Israel

Real estate

During fiscal year 2016, costs from the Real estate segment totaled Ps. 467 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 30.4%.

Supermarkets

During fiscal year 2016, costs from the Supermarkets segment totaled Ps. 14,076 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 75.6%.

Telecommunications

During fiscal year 2016, costs from the Telecommunications segment totaled Ps. 4,525 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 68.0%.

Others

During fiscal year 2016, costs from the Others segment totaled Ps. 184 million. Costs, measured as a percentage of the revenues derived from this segment, accounted for 67.2%.

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

	Fiscal year ended June 30, 2016 (adjusted)			
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	1,005	54	-	1,059
Cattle	251	3	-	254
Milk	74	-	-	74
Sugarcane	309	-	-	309
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	1,639	57	-	1,696
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**1,639**	**57**	**-**	**1,696**

	Fiscal year ended June 30, 2015 (adjusted)			
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	889	21	-	910
Cattle	165	2	-	167
Milk	75	-	-	75
Sugarcane	218	-	-	218
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	1,347	23	-	1,370
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**1,347**	**23**	**-**	**1,370**

The Group's revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest increased by 21.7%, from Ps. 1,347 million in fiscal year 2015 to Ps. 1,639 million in fiscal year 2016.

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

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

Hence, according to business segment reporting and considering all our joint ventures, revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest grew by 23.8%, from Ps. 1,370 million in fiscal year 2015 to Ps. 1,696 million in fiscal year 2016.

Crops

Income from production in the Crops segment rose by 16.3%, from Ps. 911 million in fiscal year 2015 to Ps. 1,059 million in fiscal year 2016, mainly as a consequence of:

- a 38.9% decrease in total production, from 404,259 tons in fiscal year 2015 down to 246,965 tons in fiscal year 2016;
- partially offset by a 32.9% increase in the average price for the production of crops; and
- a 654.1% increase in expected revenues.

As of June 30, 2016, the harvested area was 72.3% of our total sown area, compared to 80.4% as of June 30, 2015.

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

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

	Fiscal year ended June 30			
	2016		2015	
	Tons	Pesos	Tons	Pesos
Corn	45,339	80	91,588	83
Soybean	179,135	514	278,371	624
Wheat	15,466	11	16,125	13
Sorghum	1,306	4	1,202	1
Sunflower	3,001	9	11,728	27
Others	2,717	5	5,246	20
Total	**246,964**	**623**	**404,260**	**768**

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

Cattle

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

- a 19.3% increase in the average price per kilogram produced, from Ps. 14.8 per kg in fiscal year 2015 to Ps. 17.6 per kg in fiscal year 2016;
- a slight 1.3% decrease in cattle production, from 7,812 tons in fiscal year 2015 to 7,713 tons in fiscal year 2016;
- offset by a 137.2% increase in holding results.

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

Milk

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

- the result from holding of milking cows, which increased by 46.9%, up from a gain of Ps. 8.9 million in fiscal year 2015 to a gain of Ps. 13.1 million in fiscal year 2016, as the inflationary context led to a significant rise in prices;
- a 7.8% decrease in the average price of milk, from Ps. 3.42 per liter in fiscal year 2015 to Ps. 3.15 per liter in fiscal year 2016;
- a 6.2% decrease in the production of milking cows offset by a 78.6% increase in average price; and
- a 7.1% decline in milk production volume, from 17.5 million liters in fiscal year 2015 to 16.3 million liters in fiscal year 2016. This reduction in production volume was mainly

due to a lower average number of milking cows per day, from 2,189 milking cows per day in fiscal year 2015 to 1,788 milking cows per day in fiscal year 2016, partially offset by a 10.8% increase in the efficiency level of average daily milk production per cow, from 21.5 liters per cow in fiscal year 2015 to 23.8 liters per cow in fiscal year 2016.

Sugarcane

Income from production in the Sugarcane segment rose by 41.9%, from Ps. 218 million in fiscal year 2015 to Ps. 309 million in fiscal year 2016, mainly as a consequence of:

- a 36.6% increase in total production volume, from 836,345 tons in fiscal year 2015 to 1,142,620 tons in fiscal year 2016; and
- a 13.1% increase in the average price of sugarcane production, which went from Ps. 208.6 per ton in fiscal year 2015 to Ps. 236 per ton in fiscal year 2016.

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

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

	Fiscal year ended June 30			
	2016		2015	
	Tons	Pesos	Tons	Pesos
Sugarcane	1,142,620	292	836,345	207

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

Estimated results from the valuation of our sugarcane crops in progress at fair value declined from a gain of Ps. 32.7 million in fiscal year 2015 to Ps. 22 million in fiscal year 2016 , mainly generated by Brasilagro due to changes in the main indicators, including area, yield, price and cost.

Changes in the net realizable value of agricultural produce after harvest

	Fiscal year ended June 30, 2016 (adjusted)			
Changes in the net realizable value of agricultural produce after harvest	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Segment reporting**
Crops	208	-	-	208
Cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	**208**	-	-	**208**
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**208**	**-**	**-**	**208**

Changes in the net realizable value of agricultural produce after harvest	Fiscal year ended June 30, 2015 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(34)	-	-	(34)
Cattle	-	-	-	-
Milk	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	**(34)**	-	-	**(34)**
Land Transformation and Sales	-	-	-	-
Agro-industrial	-	-	-	-
Other Segments and Corporate	-	-	-	-
Subtotal Others	-	-	-	-
Total Agricultural Business	**(34)**	**-**	**-**	**(34)**

Income from changes in the net realizable value of agricultural produce after harvest rose significantly, from a loss of Ps. 34 million in fiscal year 2015 to a gain of Ps. 208 million in fiscal year 2016.

In Argentina, such increase was mainly attributable to a widespread increase in prices by late December caused by the suppression/reduction of withholdings on the agricultural sector, the major devaluation determined by the new government and the current free floating exchange rate market.

There were neither interests in joint ventures nor inter-segment eliminations in revenues from changes in the net realizable value of agricultural produce after harvest.

Gross profit

As a result of the above mentioned factors, the Group's gross profit increased 380.2%, from Ps. 2,385 million in fiscal year 2015 to Ps. 11,452 million in fiscal year 2016. This was primarily attributable to:

- a 213.1% increase in the Agricultural Business, from Ps. 320 million (gain) in fiscal year 2015 to Ps. 1,002 million in fiscal year 2016;
- a gain of Ps. 7,825 million attributable to the Operations Center in Israel at the Urban Properties and Investments Business; and
- a 27.1% increase in the Operations Center in Argentina at the Urban Properties and Investments Business, from Ps. 2,065 million in fiscal year 2015 to Ps. 2,625 million in fiscal year 2016.

Agricultural Business

As a result of the above mentioned factors, gross profit rose by 213.1%, from Ps. 320 million in fiscal year 2015 to Ps. 1,002 million in fiscal year 2016.

Crops

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

Cattle

Gross profit from this segment increased by 94.1%, from Ps. 85 million in fiscal year 2015 to Ps. 165 million in fiscal year 2016.

Milk

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

Sugarcane

Gross profit from this segment increased by 104.8%, from Ps. 42 million in fiscal year 2015 to Ps. 86 million in fiscal year 2016.

Agricultural Rental and Services

Gross profit from this segment increased by 21.7%, from Ps. 46 million in fiscal year 2015 to Ps. 56 million in fiscal year 2016.

Land Transformation and Sales

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

Agro-industrial

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

Other Segments and Corporate

Gross profit from this segment rose by 78.3%, from Ps. 23 million in fiscal year 2015 to Ps. 41 million in fiscal year 2016.

Urban Properties and Investments Business

Gross profit in Urban Properties and Investments Business rose by 406.0%, from Ps. 2,065 million in fiscal year 2015 to Ps. 10,450 million in fiscal year 2016. This was mainly due to the income obtained through the Operations Center in Israel for Ps. 7,825 million in fiscal year 2016 and a 27.1% increase in the Operations Center in Argentina, from Ps. 2,065 million in fiscal year 2015 to Ps. 2,625 million in fiscal year 2016.

Below is a detail of the gross profit corresponding to our segments:

<u>Operations Center in Argentina</u>

Shopping Mall Properties

Gross profit from the Shopping Mall Properties segment increased by 33.2%, from Ps. 1,614 million in fiscal year 2015 to Ps. 2,150 million in fiscal year 2016.

Offices and Others

Gross profit from the Offices and Others segment declined by 0.3%, from Ps. 320 million in fiscal year 2015 to Ps. 319 million in fiscal year 2016.

Sales and Developments

Gross loss from the Sales and Developments segment rose by 240.0% from a loss of Ps. 5 million in fiscal year 2015 to a loss of Ps. 17 million in fiscal year 2016.

Hotels

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

International

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

Financial Operations, Corporate and Others

There were no significant variations in income/(loss) from our Financial Operations, Corporate and Others segment during the periods presented.

Changes in fair value of investment properties

The gain (loss) from fair value adjustment of the Group's investment properties rose by 336.7%, from Ps. 4,103 million in fiscal year 2015 to Ps. 17,918 million in fiscal year 2016. This was due to a Ps. 107 million decline in the Agricultural Business and to a Ps. 13,922 million increase in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change was attributable to the Operations Center in Israel for a loss of Ps. 271 million and to the Operations Center in Argentina for a gain of Ps. 14,193 million.

Agricultural Business

The decline was mostly attributable to Brazil, since in fiscal year 2015 there were 7,700 leased hectares in Jatoba and 3,900 leased hectares in Preferencia, while no farmlands were leased in 2016. Such decline was partially offset by an increase in Argentina, resulting from the significant fluctuation in the exchange rate, in spite of the lower number of leased hectares, mostly in La Esmeralda (1,100 hectares).

Urban Properties and Investments Business

Changes in fair value of investment properties	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
	Fiscal year ended June 30, 2016 (adjusted)				
Operations center in Argentina					
Shopping Mall Properties	16,049	83	-	-	16,132
Offices and Others	1,013	249	-	-	1,262
Sales and Developments	726	47	-	-	773
Hotels	-	-	-	-	-
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Operations Center in Argentina	**17,788**	**379**	**-**		**18,167**
Operations Center in Israel					
Real estate	(271)	-	-	-	(271)
Total Operations Center in Israel	**(271)**	**-**	**-**	**-**	**(271)**
Total Urban Properties and Investments Business	**17,517**	**379**	**-**	**-**	**17,896**

Changes in fair value of investment properties	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
	Fiscal year ended June 30, 2015 (adjusted)				
Shopping Mall Properties	729	-	-	-	729
Offices and Others	1,801	41	-	-	1,842
Sales and Developments	1,396	7	-	-	1,403
Hotels	-	-	-	-	-
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Urban Properties and Investments Business	**3,926**	**48**	**-**	**-**	**3,974**

The net gain from adjustments to fair value of our combined portfolio of investment properties for fiscal year 2016 was Ps. 18,167 million (Ps. 16,049 million attributable to the Shopping Mall Properties segment; Ps. 1,013 million to the Offices and Others segment; and Ps. 72 million to the Sales and Developments segment). The significant increase in valuation in Argentine Pesos of our properties was mainly attributable to the following factors: (i) a decline of 364 basis points in the discount rate used under the discounted cash flow valuation methodology which increases the valuation of investment properties. This decline in the discount rate was mostly due to certain macroeconomic improvements and to a lower cost of capital in Argentina, following the presidential elections in October 2015 and the agreement reached with “holdout” bondholders in April 2016; and (ii) since the end of fiscal year 2015 through the end of fiscal year 2016, the Argentine Peso depreciated by more than 65% in respect of the US dollar (from Ps. 9.04 to Ps. 14.99 per US dollar) and the valuation of our investment properties are stated in US dollars since most operations in the Argentine real estate market are consummated in that currency.

We held our portfolio of shopping mall properties between the year ended June 30, 2016 and June 30, 2015. In general terms, valuation of our shopping mall properties increased by 155.5% in fiscal year 2016, mainly as a consequence of an increase in rental prices and the impact of the Argentine peso depreciation.

Valuation of our office buildings increased by 6.0% in fiscal year ended June 30, 2016 compared to the previous year, mainly as a consequence of the impact of depreciation of the local currency and the increase in lease prices. In addition, in fiscal year 2016 we posted a gain of Ps. 908 million from the sale of offices compared to Ps. 645 million in fiscal year 2015.

Gain from disposal of farmlands

Gain from disposal of farmlands derived by the Land Transformation and Sales segment fell by 100.4%, from a gain of Ps. 550 million in fiscal year 2015 to a loss of Ps. 2 million in fiscal year 2016, primarily as a result of the absence of sales in fiscal year 2016 and the following transactions in the preceding fiscal year:

During fiscal year 2015

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

- On June 10, 2015, Brasilagro sold the remaining area of 27,745 hectares of the Cremaq farm located in the Municipal District of Baixa Grande do Ribeiro (Piaui). The transaction price was R$ 270 million (equivalent to Ps. 694.0 million) which was fully paid. The Group recorded a gain of Ps. 525.9 million as a result of this transaction.

- On October 17, 2013, Yuchán Agropecuaria executed an agreement providing for the sale, subject to retention of title, of a 1,643 hectare property in the “La Fon Fon II” farm for a total price of USD 7.21 million (equivalent to Ps. 59.0 million). As of the date of issuance of the financial statements for fiscal year 2016, the amount of USD 7.1 million was cashed, with the remaining balance of USD 0.12 million being payable in two installments beginning in December 2016 and ending in December 2017. The agreement provides that title conveyance will be registered once the full price has been paid. On June 24, 2015, Yuchán Agropecuaria surrendered the possession of the property. The Group recorded a gain of USD 2.7 million (equivalent to Ps. 24.6 million) as a result of this transaction in fiscal year 2015.

General and Administrative Expenses

The Group’s General and Administrative Expenses rose by 252.3%, from Ps. 614 million in fiscal year 2015 to Ps. 2,163 million in fiscal year 2016. This was mainly due to an increase of Ps. 58 million in the Agricultural Business and to an increase of Ps. 1,491 million in the Urban Properties and Investments Business. Within the Urban Properties and Investments Business, the change was attributable to the Operations Center in Israel by Ps. 1,293 million and to the Operations Center in Argentina by Ps. 198 million.

Agricultural Business

General and Administrative Expenses	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(120)	(4)	-	(124)
Cattle	(20)	-	-	(20)
Milk	(4)	-	-	(4)
Sugarcane	(34)	-	-	(34)
Agricultural Rental and Services	(3)	-	-	(3)
Agricultural Production Subtotal	(181)	(4)	-	(185)
Land Transformation and Sales	(1)	-	-	(1)
Agro-industrial	(38)	-	-	(38)
Other Segments and Corporate	(91)	-	45	(46)
Subtotal Others	(129)	-	45	(84)
Total Agricultural Business	**(311)**	**(4)**	**45**	**(270)**

General and Administrative Expenses	Fiscal year ended June 30, 2015 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(122)	(3)	-	(125)
Cattle	(13)	-	-	(13)
Milk	(3)	-	-	(3)
Sugarcane	(20)	-	-	(20)
Agricultural Rental and Services	(1)	-	-	(1)
Agricultural Production Subtotal	(159)	(3)	-	(162)
Land Transformation and Sales	(2)	-	-	(2)
Agro-industrial	(25)	-	-	(25)
Other Segments and Corporate	(46)	-	23	(23)
Subtotal Others	(71)	-	23	(48)
Total Agricultural Business	**(232)**	**(3)**	**23**	**(212)**

General and administrative expenses from the Agricultural Business rose by 34.1%, from Ps. 232 million in fiscal year 2015 to Ps. 311 million in fiscal year 2016. This was due to the following increases: Ps. 7 million in the Cattle segment, Ps. 1 million in the Milk segment, Ps. 14 million in the Sugarcane segment, Ps. 13 million in the Agro-industrial segment, Ps. 2 million in the Agricultural Rental and Services segment, and Ps. 45 million in the Other Segments and Corporate, offset by a Ps. 2 million decline in the Crops segment and a Ps. 1 million decrease in the Land Transformation and Sales segment.
The causes for the variation were:

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

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

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

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

Inter-segment general and administrative expenses rose by 95.7%, from Ps. 23 million in fiscal year 2015 to Ps. 45 million during fiscal year 2016, both attributable to Other Segments and Corporate.
Hence, according to business segment reporting and considering all our joint ventures, general and administrative expenses increased by 27.4%, from Ps. 212 million in fiscal year 2015 to Ps. 270 million in fiscal year 2016.

Urban Properties and Investments Business

	Fiscal year ended June 30, 2016 (adjusted)				
General and Administrative Expenses	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	(178)	-	(1)	-	(179)
Offices and Others	(24)	-	-	-	(24)
Sales and Developments	(18)	(1)	(4)	-	(23)
Hotels	(101)	-	(2)	-	(103)
International	(91)	-	-	-	(91)
Financial Operations, Corporate and Others	(134)	-	(46)	-	(180)
Total Operations Center in Argentina	**(546)**	**(1)**	**(53)**	**-**	**(600)**
Operations Center in Israel					
Real estate	(100)	-	-	-	(100)
Supermarkets	(203)	-	-	-	(203)
Agrochemicals	-	-	-	-	-
Telecommunications	(708)	-	-	-	(708)
Insurance	-	-	-	-	-
Other	(282)	-	-	-	(282)
Total Operations Center in Israel	**(1,293)**	**-**	**-**	**-**	**(1,293)**
Total Urban Properties and Investments Business	**(1,839)**	**(1)**	**(53)**	**-**	**(1,893)**

	Fiscal year ended June 30, 2015 (adjusted)				
General and Administrative Expenses	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Shopping Mall Properties	(135)	-	-	-	(135)
Offices and Others	(58)	-	(1)	-	(59)
Sales and Developments	(48)	(1)	(1)	-	(50)
Hotels	(77)	-	(1)	-	(78)
International	(56)	-	-	-	(56)
Financial Operations, Corporate and Others	(1)	-	(23)	-	(24)
Total Urban Properties and Investments Business	**(375)**	**(1)**	**(26)**	**-**	**(402)**

General and administrative expenses in the Urban Properties and Investments Business rose by 45.6%, from Ps. 375 million in fiscal year 2015 to Ps. 546 million in fiscal year 2016. This was mainly due to an increase of Ps. 43 million in the Shopping Mall Properties segment, a Ps. 24 million increase in the Hotels segment, a Ps. 35 million increase in the International segment, a Ps. 133 million increase in the Financial Operations, Corporate and Others segment, partially offset by declines of Ps. 34 million and Ps. 30 million in the Offices and Others segment and in the Sales and Developments segment, respectively.

In turn, administrative expenses in our interests in joint ventures did not exhibit changes from fiscal year 2015 to fiscal year 2016 and remained steady at Ps. 1 million.
Inter-segment eliminations increased by Ps. 27 million, from Ps. 26 million in fiscal year 2015 to Ps. 53 million in fiscal year 2016.
Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, administrative expenses increased by 49.3%, from Ps. 402 million in fiscal year 2015 to Ps. 600 million in fiscal year 2016. Administrative expenses, as a percentage of sales, in accordance with business segment reporting, and considering our joint ventures and inter-segment eliminations, rose by 15.8% in fiscal year 2015 to 18.3% in fiscal year 2016.

Operations Center in Argentina

Shopping Mall Properties

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

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

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

Offices and Others

General and administrative expenses in our Offices and Others segment decreased by 59.3%, from Ps. 59 million in fiscal year 2015 to Ps. 24 million in fiscal year 2016, mainly as a consequence of: (i) an increase in directors' fees in the amount of Ps. 11 million, (ii) an increase of Ps. 3 million in banking fees, and (iii) an increase in salaries, wages, social security contributions and other payroll expenses, among other items.
General and administrative expenses, measured as a percentage of revenues from the same segment, increased from 0.9% in fiscal year 2015 to 7.1% in fiscal year 2016.

Sales and Developments

General and administrative expenses associated to our Sales and Developments segment fell by 54%, from Ps. 50 million in fiscal year 2015 to Ps. 23 million in fiscal year 2016, mainly as a consequence of: (i) an increase in directors' fees of Ps. 12 million, (ii) an increase of Ps. 6 million in maintenance, repair and service expenses, to name but a few items.

Hotels

General and administrative expenses associated to our Hotels segment rose by 32.1%, from Ps. 78 million in fiscal year 2015 to Ps. 103 million in fiscal year 2016, mainly as a consequence of:

- (i) an increase of Ps. 12 million in salaries and wages, social security contributions and other payroll expenses; and
- (ii) an increase of Ps. 6 million in fees and compensation for services, to name but a few items.

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

International

General and administrative expenses associated to our International segment increased by Ps. 35 million, from Ps. 56 million in fiscal year 2015 to Ps. 91 million in fiscal year 2016, mainly as a result of fees for services incurred in connection with the investment in IDBD.

Financial Operations, Corporate and Others

General and administrative expenses associated to our Financial Operations, Corporate and Others segment rose by Ps. 156 million, from Ps. 24 million in fiscal year 2015 to Ps. 180 million in fiscal year 2016, mainly as a consequence of: (i) an increase of Ps. 6 million in salaries, wages, social security contributions and other payroll expenses; partially offset by (ii) a Ps. 5 million decrease in directors' fees, (iii) a Ps. 25 million increase in fees and compensation for services, (iv) a Ps. 1 million increase in banking fees, and (v) a Ps. 2 million rise in rentals and common maintenance expenses.

Operations Center in Israel

Real estate

During fiscal year 2016, the general and administrative expenses in the Real estate segment totaled Ps. 100 million which, measured as a percentage of the revenues derived from this segment, accounted for 6.5%.

Supermarkets

During fiscal year 2016, the general and administrative expenses in the Supermarkets segment totaled Ps. 203 million which, measured as a percentage of the revenues derived from this segment, accounted for 1.1%.

Telecommunications

During fiscal year 2016, the general and administrative expenses in the Telecommunications segment totaled Ps. 708 million, which, measured as a percentage of the revenues derived from this segment, accounted for 10.6%.

Others

During fiscal year 2016, the general and administrative expenses in the Others segment totaled Ps. 282 million which, measured as a percentage of the revenues derived from this segment, accounted for 102.9%.

Selling expenses

The Group's total selling expenses grew by 1,156.6%, from Ps. 481 million in fiscal year 2015 to Ps. 6,044 million in fiscal year 2016. This was primarily attributable to an increase of Ps. 52 million in the Agricultural Business and to an increase of Ps. 5,511 million in the Urban Properties and Investments Business, which accounts for the Ps. 69 million increase in the Operations Center in Argentina and the Ps. 5,442 million increase in the Operations Center in Israel.

Agricultural Business

Selling expenses	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(209)	(5)	(2)	(216)
Cattle	(19)	-	-	(19)
Milk	(4)	-	-	(4)
Sugarcane	(8)	-	-	(8)
Agricultural Rental and Services	(1)	-	-	(1)
Agricultural Production Subtotal	(241)	(5)	(2)	(248)
Land Transformation and Sales	-	-	-	-
Agro-industrial	(67)	-	-	(67)
Other Segments and Corporate	(23)	-	-	(23)
Subtotal Others	(90)	-	-	(90)
Total Agricultural Business	**(331)**	**(5)**	**(2)**	**(338)**

Selling expenses	Fiscal year ended June 30, 2015 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(157)	(3)	(1)	(161)
Cattle	(20)	-	-	(20)
Milk	(4)	-	-	(4)
Sugarcane	(8)	-	-	(8)
Agricultural Rental and Services	(1)	-	-	(1)
Agricultural Production Subtotal	(190)	(3)	(1)	(194)
Land Transformation and Sales	(1)	(1)	-	(2)
Agro-industrial	(77)	-	-	(77)
Other Segments and Corporate	(13)	-	-	(13)
Subtotal Others	(90)	-	-	(90)
Total Agricultural Business	**(281)**	**(4)**	**(1)**	**(286)**

Selling expenses associated to the Agricultural Business rose by 17.8%, from Ps. 281 million in fiscal year 2015 to Ps. 331 million in fiscal year 2016. This was mainly due to an increase of Ps. 52 million in the Crops segment and an increase of Ps. 10 million in Other Segments and Corporate, partially offset by a decrease of Ps. 1 million in the Cattle segment and a Ps. 10 million decline in the Agro-industrial segment.
In turn, selling expenses from our interests in joint ventures rose by 25% from Ps. 4 million in fiscal year 2015 to Ps. 5 million in fiscal year 2016, in connection with our Cresca joint venture.

Inter-segment eliminations increased by Ps. 1 million from fiscal year 2015 to fiscal year 2016.

Hence, according to business segment reporting and considering all our joint ventures and inter-segment eliminations, selling expenses increased by 18.2%, from Ps. 286 million in fiscal year 2015 to Ps. 338 million in fiscal year 2016.

Urban Properties and Investments Business

Selling expenses	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Operations Center in Argentina					
Shopping Mall Properties	(143)	(2)	-	-	(145)
Offices and Others	(8)	-	-	-	(8)
Sales and Developments	(23)	-	-	-	(23)
Hotels	(69)	-	-	-	(69)
International	-	-	-	-	-
Financial Operations, Corporate and Others	(19)	-	-	-	(19)
Total Operations Center in Argentina	**(262)**	**(2)**	**-**	**-**	**(264)**
Operations Center in Israel					
Real estate	(29)	-	-	-	(29)
Supermarkets	(3,907)	-	-	-	(3,907)
Agrochemicals	-	-	-	-	-
Telecommunications	(1,493)	-	-	-	(1,493)
Insurance	-	-	-	-	-
Others	(13)	-	-	-	(13)
Total Operations Center in Israel	**(5,442)**	**-**	**-**	**-**	**(5,442)**
Total Urban Properties and Investments Business	**(5,704)**	**(2)**	**-**	**-**	**(5,706)**

Selling expenses	Fiscal year ended June 30, 2015 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
Shopping Mall Properties	(112)	(1)	-	-	(113)
Offices and Others	(21)	-	-	-	(21)
Sales and Developments	(8)	(1)	-	-	(9)
Hotels	(52)	-	-	-	(52)
International	-	-	-	-	-
Financial Operations, Corporate and Others	-	-	-	-	-
Total Urban Properties and Investments Business	**(193)**	**(2)**	**-**	**-**	**(195)**

Selling expenses associated to the Urban Properties and Investments Business rose by 35.8%, from Ps. 193 million in fiscal year 2015 to Ps. 262 million in fiscal year 2016. This was mainly due to a Ps. 31 million increase in the Shopping Mall Properties segment, a Ps. 15 million increase in the Sales and Developments segment, a Ps. 17 million increase in the Hotels segment, and a Ps. 19 million increase in the Financial Operations and Others segment, partially offset by a Ps. 13 million decline in Offices and Others segment.

In turn, selling expenses in our interests in joint ventures did not exhibit changes in fiscal years 2016 and 2015.

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

Operations Center in Argentina

Shopping Mall Properties

Selling expenses in the Shopping Mall Properties segment increased 28.3%, from Ps. 113 million in fiscal year 2015 to Ps. 145 million in fiscal year 2016, mainly as a consequence of: (i) an increase of Ps. 29 million in taxes, rates and contributions, mainly attributable to an increased turnover tax expense, among other items.
Selling expenses in the Shopping Mall Properties segment as a percentage of revenues from the same segment fell from 6.3% in fiscal year 2015 to 6.0% in fiscal year 2016.

Offices and Others

Selling expenses in our Offices and Others segment decreased by 61.9%, from Ps. 21 million in fiscal year 2015 to Ps. 8 million in fiscal year 2016.
Selling expenses in the Offices and Others segment, measured as a percentage of the revenues derived from this segment, decreased from 6.3% in fiscal year 2015 to 2.4% in fiscal year 2016.

Sales and Developments

Selling expenses in the Sales and Developments segment rose 156.0%, from Ps. 9 million in fiscal year 2015 to Ps. 23 million in fiscal year 2016, mainly as a consequence of an increase of Ps. 18 million in taxes, rates and contributions, mainly attributable to an increased turnover tax expense.

Hotels

Selling expenses associated to our Hotels segment rose by 32.7%, from Ps. 52 million in fiscal year 2015 to Ps. 69 million in fiscal year 2016, mainly as a consequence of:

- an increase of Ps. 6 million in taxes, rates and contributions; and
- an increase of Ps. 5 million in fees and compensation for services, to name but a few items.

Selling expenses in our Hotels segment, measured as a percentage of the revenues derived from this segment, decreased slightly from 13% in fiscal year 2015 to 12.9% in fiscal year 2016.

Financial Operations, Corporate and Others

Selling expenses in the Financial Operations, Corporate and Others segment rose by Ps. 19 million in fiscal year 2016 compared to fiscal year 2015.

Other Operating results, net

The Group's Other Operating results, net decreased Ps. 44 million, from a gain of Ps. 14 million in fiscal year 2015 to a loss of Ps. 30 million in fiscal year 2016. This was mainly due to a Ps. 51 million decline in the Agricultural Business and to an increase of Ps. 7 million in the Urban Properties and Investments Business at the Operations Center in Argentina.

Agricultural Business

Other Operating results	Fiscal year ended June 30, 2016 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(72)	(1)	(1)	(74)
Cattle	(2)	-	-	(2)
Milk	-	-	-	-
Sugarcane	4	-	-	4
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	(70)	(1)	(1)	(72)
Land Transformation and Sales	-	-	-	-
Agro-industrial	1	-	-	1
Other Segments and Corporate	1	-	-	1
Subtotal Others	2	-	-	2
Total Agricultural Business	**(68)**	**(1)**	**(1)**	**(70)**

Other Operating results	Fiscal year ended June 30, 2015 (adjusted) Statement of Income	Interests in joint ventures	Inter-segment eliminations	Segment reporting
Crops	(7)	(1)	(1)	(9)
Cattle	(2)	(1)	-	(3)
Milk	(1)	-	-	(1)
Sugarcane	(2)	-	-	(2)
Agricultural Rental and Services	-	-	-	-
Agricultural Production Subtotal	(12)	(2)	(1)	(15)
Land Transformation and Sales	(5)	-	-	(5)
Agro-industrial	-	-	-	-
Other Segments and Corporate	1	-	-	1
Subtotal Others	1	-	-	1
Total Agricultural Business	**(16)**	**(2)**	**(1)**	**(19)**

The Other operating results, net, associated to sales in the Agricultural Business increased from a loss of Ps. 16 million in fiscal year 2015 to a loss of Ps. 68 million in fiscal year 2016. This was mainly due to a Ps. 65 million increase in the loss derived from the Crops segment, partially offset by a Ps. 6 million increase in the Sugarcane segment, a Ps. 5 million increase in the Land Transformation and Sales segment, and a Ps. 1 million increase in the Milk and Agro-industrial segments.

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

Besides, there was not variation in Inter-segment eliminations for other operating results, net, which posted a loss of Ps. 1 million in both fiscal years.

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

Crops

Other operating results, net, in the Crops segment experienced a Ps. 65 million increase in loss, from Ps. 9 million in fiscal year 2015 to Ps. 74 million in fiscal year 2016, primarily as a result of derivatives of Brasilagro and Cresud commodities (Ps. 84 million), partially offset by the income (loss) derived from FYO (a gain of Ps. 12 million).

Sugarcane

Other operating results, net, in the Sugarcane segment increased by Ps. 6 million from a loss of Ps. 2 million in fiscal year 2015 to a gain of Ps. 4 million in fiscal year 2016.

Land Transformation and Sales

Other operating results, net in the Land Transformation and Sales segment in fiscal year 2016 were not associated to expenses whilst losses for these expenses in fiscal year 2015 had amounted to Ps. 5 million.
The rest of the segments of the Agriculture Business did not exhibit significant changes.

Urban Properties and Investments Business

The Other operating results, net in the Urban Properties and Investments Business segment rose by Ps. 7 million, from a gain of Ps. 33 million in fiscal year 2015 to a gain of Ps. 40 million in fiscal year 2016, primarily attributable to income for Ps. 124 million in the segment Offices and Others.

	Fiscal year ended June 30, 2016 (adjusted)				
Other Operating results	**Statement of Income**	**Interests in joint ventures**	**Inter-segment eliminations**	**Expenses and Collective Promotion Fund**	**Segment reporting**
Operations Center in Argentina					
Shopping Mall Properties	(61)	(2)	-	-	(63)
Offices and Others	(7)	-	1	-	(6)
Sales and Developments	(43)	5	4	-	(34)
Hotels	(2)	-	-	-	(2)
International	144	-	-	-	144
Financial Operations, Corporate and Others	1	-	-	-	1
Total Operations Center in Argentina	**32**	**3**	**5**	**-**	**40**
Operations Center in Israel					
Real estate	(19)	-	-	-	(19)
Supermarkets	(13)	-	-	-	(13)
Telecommunications	-	-	-	-	-
Insurance	-	-	-	-	-
Others	-	-	-	-	-
Total Operations Center in Israel	**(32)**	**-**	**-**	**-**	**(32)**
Total Urban Properties and Investments Business	**-**	**3**	**5**	**-**	**8**

Other Operating results	Statement of Income	Interests in joint ventures	Inter-segment eliminations	Expenses and Collective Promotion Fund	Segment reporting
	Fiscal year ended June 30, 2015 (adjusted)				
Shopping Mall Properties	(47)	(2)	-	-	(49)
Offices and Others	(119)	-	1	-	(118)
Sales and Developments	(14)	-	1	-	(13)
Hotels	-	-	-	-	-
International	215	-	-	-	215
Financial Operations, Corporate and Others	(2)	-	-	-	(2)
Total Urban Properties and Investments Business	**33**	**(2)**	**2**	**-**	**33**

The effect of consolidation in our joint ventures rose by Ps. 5 million primarily due to larger operating revenues in the joint ventures Baicom and Cyrsa.

Inter-segment eliminations increased by Ps. 3 million, from a gain of Ps. 2 million in fiscal year 2015 to a gain of Ps. 5 million in fiscal year 2016.

In accordance with the details from business segment reporting and considering all our joint ventures and the inter-segment eliminations, the Other operating results, net went from a gain of Ps. 33 million in fiscal year 2015 to a gain of Ps. 40 million in fiscal year 2016.

Operations Center in Argentina

Shopping Mall Properties

The net loss stemming from other operating results in the Shopping Mall Properties segment shrank by 28.6%, from Ps. 49 million in fiscal year 2015 to Ps. 63 million in fiscal year 2016, primarily as a consequence of an adjustment of Ps. 21 million to reflect the change in fair value of investment properties, offset by a smaller charge for lawsuits and contingencies of Ps. 8 million.
The net loss stemming from other operating results, measured as a percentage of revenues from the Shopping Mall Properties segment, declined from 2.7% in fiscal year 2015 to 2.6% in fiscal year 2016.

Offices and Others

The net loss stemming from other operating results associated to our Offices and Others segment decreased by Ps. 112 million, from Ps. 118 million in fiscal year 2015 to Ps. 6 million during fiscal year 2016, primarily attributable to the expenses for conveyances of assets from IRSA to IRSA CP for Ps. 110 million generated during fiscal year 2015, among other items.

Sales and Developments

Our Sales and Developments segment declined by Ps. 47 million, from a gain of Ps. 13 million in fiscal year 2015 to a loss of Ps. 34 million in fiscal year 2016, primarily as a consequence of the income posted during fiscal year 2015 for the sale of our shareholding in Bitania for Ps. 16 million, among other items.

Hotels

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

International

Other operating results, net in this segment exhibited a Ps. 71 million decrease in net income, down from Ps. 215 million in fiscal year 2015 to Ps. 144 million in fiscal year 2016, primarily due to a reduction in income caused by the partial reversal of accumulated gains/(losses) from conversion. As of June 30, 2016, this reflects primarily the reversal of the gains/(losses) for conversion before the IDBD business combination whilst as of June 30, 2015, this reflects the reversal of the reserve for conversion generated at Rigby and due to the partial repayment of the company's principal.

Financial Operations, Corporate and Others

Other operating results, net associated to our Financial Operations, Corporate and Others segment rose by Ps. 3 million, from a loss of Ps. 2 million in fiscal year 2015 to a gain of Ps. 1 million in fiscal year 2016.

Management fees

The Group 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. 535 million and Ps. 145 million in fiscal year 2016 and 2015, respectively.

Profit from operations

As a consequence of the factors explained above, the Group's profit from operations increased by Ps. 14,733 million (252.6%), from a profit of Ps. 5,832 million in fiscal year 2015 to a profit of Ps. 20,565 million in fiscal year 2016.

Agricultural Business

Profit from operations in the Agricultural Business decreased by Ps. 153 million (31.5%), from a profit of Ps. 486 million in fiscal year 2015 to a profit of Ps. 333 million in fiscal year 2016.

Crops

Profit / (loss) from operations in this segment rose by Ps. 442 million (181.9%), from a loss of Ps. 243 million in fiscal year 2015 to a profit of Ps. 199 million in fiscal year 2016.

Cattle

Profit / (loss) from operations in this segment rose by Ps. 72 million (146.9%), from a profit of Ps. 49 million in fiscal year 2015 to a profit of Ps. 121 million in fiscal year 2016.

Milk

Profit / (loss) from operations in this segment fell by Ps. 10 million (166.7%), from a profit of Ps. 6 million in fiscal year 2015 to a loss of Ps. 4 million in fiscal year 2016.

Sugarcane

Profit from operations in this segment rose by Ps. 35 million (291.7%), from a profit of Ps. 12 million in fiscal year 2015 to a profit of Ps. 47 million in fiscal year 2016.

Agricultural Rental and Services

Profit from operations in this segment rose by Ps. 6 million (13.6%), from a profit of Ps. 44 million in fiscal year 2015 to a profit of Ps. 50 million in fiscal year 2016.

Land Transformation and Sales

Profit / (loss) from operations in this segment fell by Ps. 655 million, from a profit of Ps. 665 million in fiscal year 2015 to a loss of Ps. 10 million in fiscal year 2016.

Agro-industrial

Loss from operations in this segment rose by Ps. 28 million, from a loss of Ps. 35 million in fiscal year 2015 to a loss of Ps. 63 million in fiscal year 2016.

Other Segments and Corporate

Loss from operations in this segment rose by Ps. 15 million (125.0%), from a loss of Ps. 12 million in fiscal year 2015 to a loss of Ps. 27 million in fiscal year 2016.

Urban Properties and Investments Business

Profit from operations in this segment rose by Ps. 14,882 million (278.4%), from a profit of Ps. 5,346 million in fiscal year 2015 to a profit of Ps. 20,228 million in fiscal year 2016. This was mainly due to the income obtained through the Operations Center in Israel for Ps. 761 million and a 264.1% increase in the Operations Center in Argentina, from Ps. 5,346 million in fiscal year 2015 to Ps. 19,467 million in fiscal year 2016.

Operations Center in Argentina

Shopping Mall Properties

Profit from operations in our Shopping Mall Properties segment increased by 773.4%, from a profit of Ps. 1,998 million in fiscal year 2015 to a profit of Ps. 17,645.1 million in fiscal year 2016. Profit from operations in our Shopping Mall Properties segment, measured as a percentage of the revenues derived from this segment, went from 112.4% in fiscal year 2015 to 725.3% in fiscal year 2016.

Offices and Others

Profit from operations in our Offices and Others segment decreased by 21.5%, from a profit of Ps. 1,918 million in fiscal year 2015 to a profit of Ps. 1,504 million in fiscal year 2016.
Profit from operations in our Offices and Others segment, as a percentage of the revenues derived from this segment, fell from 576.0% during fiscal year 2015 to 442.4% in fiscal year 2016.

Sales and Developments

Profit from operations in our Sales and Developments segment decreased by 49.1%, from a profit of Ps. 1,295 million in fiscal year 2015 to a profit of Ps. 659 million in fiscal year 2016.
Profit from operations in our Sales and Developments segment, as a percentage of the revenues derived from this segment, increased from 9,250.0% in fiscal year 2015 to 21,966.7% in fiscal year 2016.

Hotels

Loss from operations in our Hotels segment decreased by 84.6% from a loss of Ps. 13 million in fiscal year 2015 to Ps. 2 million in fiscal year 2016.

International

Profit from operations in our International segment decreased Ps.122 million (70.1%), from a profit of Ps. 174 million in fiscal year 2015 to a profit of Ps. 52 million in fiscal year 2016.

Financial Operations, Corporate and Others

Loss from operations in our Financial Operations, Corporate and Others segment increased by 657.7%, from Ps. 26 million in fiscal year 2015 to Ps. 197 million in fiscal year 2016.

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

Share of loss of associates and joint venture increased Ps. 100 million, from a loss of Ps. 269 million in fiscal year 2015 to a loss of Ps. 369 million in fiscal year 2016. Such increase was primarily attributable to:

- A profit of Ps. 123 million from the Operations Center in Israel and a loss of Ps. 245 million from the Operations Center in Argentina, mainly as a result of the investments from the International segment, partially offset by the investments from the Financial Operations, Corporate and Others segment.
- In addition, share of profit/(loss) of joint ventures, particularly, from Nuevo Puerto Santa Fe S.A. (Shopping Mall Properties), Quality Invest S.A. (Offices) and Cyrsa S.A., Puerto Retiro S.A. and Baicom Networks S.A. (Sales and Developments) experienced a 46.1% variation, from Ps. 269 million in fiscal year 2015 to Ps. 393 million in fiscal year 2016, primarily as a result of a decline in income from our joint venture Cyrsa S.A.
- An increase in revenues of Ps. 22 million from the Agricultural Business, mainly attributable to revenues derived from the investment in Agro-Uranga (within the Crops segment).

Financial results, net

We incurred a higher financial loss, net of Ps. 4,817 million, from a loss of Ps. 1,299 million in fiscal year 2015 to a loss of Ps. 6,115 million in fiscal year 2016. This was primarily attributable to:

- a higher loss of Ps. 2,721 million in foreign exchange, net in fiscal year 2016;
- a higher loss of Ps. 1,264 million in net financial interest recorded in fiscal year 2016;
- a higher loss of Ps. 1,400 million stemming from the fair value measurement of financial assets in fiscal year 2015;
- slightly offset by a gain of Ps. 1,169 million stemming from derivative financial instruments in fiscal year 2016.

Our financial losses, net in fiscal year 2016 were primarily attributable to (i) an increase in financial losses stemming from the consolidation of IDBD for Ps. 3,037 million; (ii) a Ps. 2,109 million loss stemming from foreign exchange, primarily as a result of the depreciation sustained by the foreign exchange rate; (iii) a Ps. 1,246 million loss stemming from interest accrued on debt financing, mainly due to increased indebtedness and higher interest rates; and (iv) a gain of Ps. 662 million primarily attributable to the fair value measurement of financial assets.

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

Income tax

Our income tax expense increased Ps. 4,437 million, from a loss of Ps. 1,396 million in fiscal year 2015 to a loss of Ps. 5,833 million in fiscal year 2016. The Group recognizes the income tax expense on the basis of the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements.
For purposes of determining the deferred assets and liabilities and according to the legal provisions enacted as of the date of issuance of the financial statements for fiscal year 2016, 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 / (loss) for the Fiscal Year

Due to the above mentioned factors, our profit / (loss) for the fiscal year increased by Ps. 5,713 million (202.3%), from net income of Ps. 2,824 million in fiscal year 2015 to net income of Ps. 8,537 million in fiscal year 2016. Profit / (loss) for fiscal years 2016 and 2015 is attributable to the controlling company's shareholders and non-controlling interest, as per the following detail:

- Profit / (loss) for the fiscal year attributable to the controlling company's shareholders went from a profit of Ps. 1,318 million in fiscal year 2015 to a profit of Ps. 4,803 million in fiscal year 2016; and

- the non-controlling interest in controlled companies went from a profit of Ps. 1,506 million in fiscal year 2015 to a profit of Ps. 3,734 million in fiscal year 2016, primarily due to the consolidation of our subsidiary IDBD.

Indebtedness

Agricultural Business

Description	Currency	Amount (1)	Interest Rate	Maturity
Bank overdrafts	Ps.	2.7	Floating	< 30 days
Banco Ciudad Loan	USD	11.4	Libor180 day+300 bps; floor: 6%	18-Jan-22
Banco Ciudad Loan	USD	4.0	2.0%	18-Apr-18
Banco de la Pampa Loan	Ps.	0.2	Floating [10.5%; 14.5%]	3-Aug-17
Cresud 2018 NCN, Series XIV	USD	32.0	1.5%	22-May-18
Cresud 2018 NCN, Series XVI	USD	109.1	1.5%	19-Nov-18
Cresud 2019 NCN, Series XXII	USD	22.7	4.50%	12-Aug-19
Cresud 2019 NCN, Series XVIII	USD	33.7	4.0%	12-Sep-19
Banco de la Prov. Bs As Loan	USD	2.8	1.7%	4-Oct-17
Banco de la Prov. Bs As Loan	USD	5.0	2.1%	23-May-18
Banco de la Prov. Bs As Loan	USD	18.0	2.1%	23-Apr-18
Banco de la Prov. Bs As Loan	USD	5.0	2.3%	19-Jul-17
Banco de la Prov. Bs As Loan	USD	7.8	2.0%	18-Aug-17
Bolivia Loan	BOB	0.4	6.0%	20-Jun-16
Banco de la Pampa Short-term Loan	Ps.	0.8	22.7%	01-Nov-21
ICBC Loan	USD	20.0	2.5%	09-Mar-18
Banco Santander Río Loan	USD	10.0	2.0%	23-Aug-17
Banco Santander Río Loan	USD	40.0	5.6%	30-Jun-21
Banco Galicia Loan	USD	12.0	1.3%	06-Dec-17
Banco Galicia Loan	USD	5.0	1.3%	27-Dec-17
Banco Itau Loan	USD	6.0	1.7%	06-Jul-17
Cresud's Total Debt		**348.6**		
Brasilagro's Total Debt		**7.9**		

Issue of Notes

Cresud's Series XIV Notes

On May 17, 2013, the Seventh Tranche of Series XIV Notes was issued under the USD 300 Million Program approved by the Shareholders' Meeting.

Series XIV Notes were issued for a principal amount of USD 32.0 million, falling due 60 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 1.5% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 54 and 60 months after their issue date.

Cresud's Series XVI Notes

On November 18, 2013, the Eighth Tranche of Notes was issued for a principal amount of USD 109.1 million, falling due 60 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 1.5% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 54 and 60 months after their issue date. The issue price of Series XVI Notes was 102.3%, resulting in an IRR of 1.00% at the time of issuance.

Cresud's Series XVIII Notes

On September 12, 2014, the Ninth Tranche of Series XVIII Notes was issued for a principal amount of USD 33.7 million, falling due 60 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 4.0% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 54 and 60 months after their issue date. The issue price of Series XVIII Notes was 102.179%, resulting in an IRR of 3.5% at the time of issuance.

Cresud's Series XXII Notes

On August 12, 2015, the Eleventh Tranche of Series XXII Notes was issued for a principal amount of USD 22.7 million, falling due 48 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 4.0% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 44 and 48 months after their issue date. The issue price was 97.65%, resulting in an IRR of 4.75% at the time of issuance.

Urban Properties and Investments Business

Operations Center in Argentina

The following table describes our total debt as of June 30, 2017:

Description	Currency	Amount (USD MM) (1)	Interest Rate	Maturity
Bank Overdrafts	Ps.	2.8	Variable	< 180 d
IRSA Series VII Notes	Ps.	23.1	Badlar + 299	Sep-19
IRSA Series VIII Notes	USD	184.5	7.0%	Sep-19
IRSA Series II Notes	Ps.	0.7	11.5%	Jul-20
ICBC loan	USD	50.0	5.95%	Feb-22
ICBC loan	Ps.	7.5	21.20	May-18
Other loans	Ps.	0.1	-	-
IRSA's Total Debt		**339.5**		
IRSA Cash&Eq+Investments(2)	USD	11.2		
Repurchased Debt	USD	-		
IRSA's Net Debt	**USD**	**328.3**		
IRSA CP's Debt				
Bank Overdrafts	Ps.	2.4	Variable	< 360 d
Short-term Bank Loan	Ps.	4.5	21.20%	May-18
Other Loans	Ps.	0.1	-	-
Bank Overdrafts	Ps.	2.4	Variable	< 360 d
IRSA CP's Total Debt		**367.0**		
IRSA CP's Cash&Eq.+ Investments (3)	USD	**179.7**		
Repurchased debt	USD	**-**		
IRSA CP's Net Debt	**USD**	**187.3**		

(1) Face value stated in USD at the exchange rate of Ps. 16.63=1 USD, without considering accrued interest or elimination of balances with subsidiaries.
(2) "IRSA Cash & Equivalents plus Investments" includes IRSA's Cash & Equivalents + IRSA's Investments in current and non-current financial assets.
(3) "IRSA CP Cash & Equivalents plus Investments" includes IRSA CP's Cash & Equivalents + IRSA CP's Investments in Current Financial Assets.

On September 8, 2016, IRSA issued Series VII and VIII Notes for an aggregate amount of USD 210 million:

a) Series VII Notes for a principal amount of Ps. 384.2 million at BADLAR + 299 bps due on September 9, 2019.

b) Series VIII Notes for a principal amount of USD 184.5 million at a fixed rate of 7% due on September 9, 2019.

The proceeds were mainly used to repay preexisting debt.

Operations Center in Israel

Financial Debt as of March 31, 2016

Debt	Amount (1)
IDBD's Total Debt	852
DIC's Total Debt	1,126
Shufersal's Total Debt	673
Cellcom's Total Debt	1,132
PBC's Total Debt	3,154
Others' Total Debt(2)	113

(1) Face value stated in USD (million) at the exchange rate of 3.4929 NIS/USD, without considering accrued interest or elimination of balances with subsidiaries.

(2) Includes IDB Tourism, Bartan, and IDBG

IDBD is subject to certain restrictions and financial covenants in relation to its financial debt, contained in its notes and loans from banks and financial institutions. As concerns IDBD's financial position, flow of funds and capacity to discharge its financial debt commitments, it should be noted that:

- From September 2016, following the sale of Adama and the increased value recorded by its subsidiaries in the market, IDBD believes it will be able to secure financing in the market or refinance its debts. In this regard, IDBD has recently completed successful placements of debt. Moreover, it made early repayments of its financial debt and has managed to renegotiate the financial restrictions related to its debt.
- DIC declared dividends and IDBD received approximately NIS 271 million (equivalent to approximately Ps. 1,219 million), net of the exercise of warrants.
- In February 2017, Standard & Poor's Maalot (S&P Maalot) upgraded the rating of IDBD's notes from CCC to BB. Subsequently, in July 2017, S&P Maalot upgraded IDBD's rating again to BBB with a stable outlook.
- IDBD sold part of its interest in Clal and entered into a swap agreement for its future sale.

For the reasons explained above, IDBD understands that it has sufficient resources to continue doing business for at least 12 months after the date of these consolidated financial statements.

IDBD's Board of Directors has cash flow projections for a period of 24 months until June 30, 2019 that assume that IDBD will receive, *inter alia*, cash from the realization of private investments directly held by IDBD; therefore, IDBD expects to satisfy all its obligations until the end of the second quarter of 2019. Although the materialization of these plans does not depend entirely on factors within its control, IDBD estimates that it will be successful in the consummation of these or other plans.

Based on the foregoing, IDBD's management believes that at present there are no material uncertainties regarding its capacity to operate as a going concern, in light of IDBD's current financial position as it is capable of satisfying its financial commitments as and when due, and its ability to carry its business plan into execution.

Notwithstanding the foregoing, IDBD expects to discharge financial liabilities for NIS 1,413 million (equivalent to approximately Ps. 6,641 million as of the date of these consolidated financial statements) in November 2019. Payment of these liabilities could be affected by factors beyond IDBD's control, including IDBD's capacity to implement its plan to sell its interest in Clal, taking into account the mechanism determined by Israel's Capital, Insurance and Savings Market Commission (the "Commissioner"), the requirements of the Law to Promote Competition and Reduce Concentration (the "Concentration Law"), and IDBD's capacity to deal with the implications of the Concentration Law and to satisfy the specific requirements imposed on it regarding the control of companies through a pyramidal structure (note 7).

IDBD expects that the consideration to be received for the sale of Clal, according to the mechanism imposed by the Commissioner (i.e., the sale in tranches of 5% every four months), to the extent it is implemented, will be low or even significantly low as compared to a sale in bulk of Clal's controlling stake. However, the Company believes that, even if it continued selling Clal's shares according to the Commissioner's mechanism, it would have additional cash flow available to satisfy its commitments in November 2019. In the opinion of IDBD's management, IDBD will be able to address its commitments in due time and to continue doing business.

It should be noted that the financial position of IDBD and its subsidiaries in the Operations Center in Israel does not adversely affect the financial or equity position of IRSA and its subsidiaries in the Operations Center in Argentina.

Moreover, the commitments and other restrictions resulting from IDBD's indebtedness have no effects on IRSA, as it qualifies as non-recourse debt against IRSA, and IRSA has not given its assets as collateral for such debt either.

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

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

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

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

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

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

On March 12, 2010, the parties executed an addendum to the Framework Agreement so as to simplify the issues arising from the consolidation of the financial statements resulting from the increase of the Company's investment in IRSA. Consequently, the employment agreements of certain corporate employees of IRSA and IRSA CP were transferred to the Company.

Subsequently, as part of the continued process of making more efficient the distribution of corporate resources among the various areas, on February 24, 2014, a new addendum to the Framework Agreement was executed, whereby the parties agreed to transfer to IRSA and IRSA CP the employment agreements of the corporate employees assigned to the real estate business. The labor costs of such employees will continue to be allocated according to the terms of the Framework Agreement, as amended. In the future, and with the same objective of making the most efficient distribution of corporate resources, the Framework Agreement may be extended to other areas shared by IRSA, IRSA CP and the Company.

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

Moreover, on November 12, 2015 we entered into the eighth amendment to the Framework Agreement with IRSA and IRSA CP. The purpose of the new amendments was to achieve a more efficient distribution of corporate resources among the parties whilst reducing even further certain fixed costs incurred in the development of the parties' activities, so as to reduce their impact on results from operations.

Finally, on May 5, 2017, we entered into the ninth amendment to the Framework Agreement with IRSA CP and IRSA. The purpose of the new amendments was to introduce changes in certain Areas of the Company and to modify the method of calculation of the sharing of operating services.

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 November 14, 2014, October 30, 2015, and October 31, 2016, for terms expiring in the years 2017, 2018 and 2019, respectively.

Our current directors are as follows:

Directors (1)	Date of Birth	Position in Cresud	Term Expires (2)	Date of Current Appointment	Current Position Held Since
Eduardo S. Elsztain	01/26/1960	Chairman	06/30/17(3)	11/14/14	1994
Saúl Zang	12/30/1945	First Vice-Chairman	06/30/17(3)	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	10/30/15	2003
Jorge O. Fernández	01/08/1939	Regular Director	06/30/18	10/30/15	2003
Fernando A. Elsztain	01/04/1961	Regular Director	06/30/19	10/31/16	2004
Pedro D. Labaqui Palacio	02/22/1943	Regular Director	06/30/18	10/30/15	2006
Daniel E. Mellicovsky	01/17/1948	Regular Director	06/30/17(3)	11/14/14	2008
Alejandro G. Casaretto	10/15/1952	Regular Director	06/30/17(3)	11/14/14	2008
Gastón A. Lernoud	06/04/1968	Alternate Director	06/30/17(3)	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) Term expires at the annual ordinary shareholders' meeting.
(3) The Board members will remain in office until a Shareholders' Meeting is called to renew its powers and/or appoint new Board members.

Jorge Oscar Fernández, Pedro Dámaso Labaqui Palacio, Daniel Elias Mellicovsky, Enrique Antonini and Eduardo Kalpakian qualify as independent, in accordance with Section 11, Article III, Chapter III, Title I, of the CNV Rules.

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

Eduardo S. Elsztain. Mr. Elsztain studied Economic Sciences at University of Buenos Aires (*Universidad de Buenos Aires*). He has been engaged in the real estate business for more than twenty years. He is Chairman of the Board of Directors of IRSA, Consultores Assets Management S.A., Arcos del Gourmet S.A., BACS Banco de Crédito & Securitización S.A., Banco Hipotecario, Brasilagro, E-Commerce Latina S.A., and Dolphin Netherlands BV, among other companies. He is also director of IDBD. Mr. Eduardo S. Elsztain is Fernando A. Elsztain's cousin and Alejandro G. Elsztain's and Daniel Ricardo Elsztain's brother.

Saúl Zang. Mr. Zang obtained a law degree from University of Buenos Aires (*Universidad de Buenos Aires*). He is a member of the International Bar Association and the Interamerican Federation of Lawyers. He is a founding member of Zang, Bergel & Viñes law firm. He is Chairman of Puerto Retiro S.A., First Vice-Chairman of IRSA Inversiones y Representaciones Sociedad Anónima and First Vice-Chairman of IRSA Propiedades Comerciales S.A. He is also director of Banco Hipotecario, Nuevas Fronteras S.A., Brasilagro, IDBD, BACS Banco de Crédito & Securitización S.A., Tarshop S.A., and Palermo Invest S.A., among other companies.

Alejandro G. Elsztain. Mr. Elsztain obtained a degree in Agricultural Engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. Currently he is _Chairman of Fibesa S.A. and Second Vice-Chairman of IRSA Inversiones y Representaciones Sociedad Anónima. He is also Vice-Chairman of Nuevas Fronteras S.A. and Hoteles Argentinos S.A. He is also director of Brasilagro and Emprendimiento Recoleta S.A., among other companies. Mr. Alejandro Gustavo Elsztain is brother of our Chairman Eduardo Sergio Elsztain and Daniel Ricardo Elsztain, and cousin of Fernando Adrián Elsztain.

Gabriel A. G. Reznik. Mr. Reznik obtained a degree in Civil Engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. He worked for IRSA since 1992 until May 2005 at which time he resigned. He had formerly worked for an independent construction company in Argentina. He is Director of 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 University of Buenos Aires (*Universidad de Buenos Aires)*. He has been engaged in the real estate business as a consultant and as managing officer of a real estate company. He is Chairman of the Board of Directors of Palermo Invest S.A. and Nuevas Fronteras S.A. He is also a director of IRSA Inversiones y Representaciones Sociedad Anónima, IRSA Propiedades Comerciales S.A., and Hoteles Argentinos S.A. He is also alternate director of Puerto Retiro S.A. and Banco Hipotecario, among other companies. He is cousin of our CEO, Alejandro Elsztain, and of our Chairman, Eduardo Sergio 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 lawyers team.

Enrique Antonini. Mr. Antonini holds a degree in law from University of Buenos Aires *(Universidad de Buenos Aires)*. He is currently a member of the Board of Directors of Banco Mariva S.A. (since 1992), and he has been Alternate Director of Mariva Bursátil S.A. since 2015. He also served as Director of IRSA Inversiones y Representaciones Sociedad Anónima from 1993 to 2002, and at present he is Alternate Director of such company. He is Director of IRSA Propiedades Comerciales S.A. He is member of the Banking Lawyers Committee and the International Bar Association.

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. Gaivironsky obtained a degree in business from University of Buenos Aires *(Universidad de Buenos Aires)*. He holds a Master in Finance from CEMA University (*Universidad del CEMA*). Since 1997 he has held several positions in IRSA, IRSA Propiedades Comerciales S.A. and our Company. Since December 2011 he has been CFO. Previously, in 2008 he was Tarshop S.A.'s CFO.

Executive Committee

Pursuant to our by-laws, our day-to-day business is managed by an Executive Committee consisting of a minimum of four and a maximum of seven directors and one alternate member, among which there should be the Chairman, First Vice-Chairman and Second Vice-Chairman of the Board of Directors. The current members of the Executive Committee are Messrs. Eduardo S. Elsztain, Saúl Zang, Alejandro G. Elsztain and Fernando A. Elsztain.

The Executive Committee is responsible for the management of the day-to-day business pursuant to authority delegated by our Board of Directors in accordance with applicable law and our by-laws. Our 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
Sergio Leonardo Kolaczyk	11/28/1964	Alternate Member

All members of the supervisory committee qualify as independent, in accordance with Section 11, Article III, Chapter III, Title I of the CNV 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, a public accounting firm in Argentina. Formerly, he had been a manager of Harteneck, López y Cía/Coopers & Lybrand and has served as a senior advisor in Argentina for the United Nations and the World Bank. He is a member of the Supervisory Committees of 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, a public accounting firm in Argentina. 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.

Sergio Leonardo Kolaczyk. Mr. Kolaczyk obtained a degree in Accounting from University of Buenos Aires *(Universidad de Buenos Aires)*. He is a professional of Abelovich, Polano & Asociados S.R.L., firm member of Nexia International. He is also an alternate member of the Supervisory Committees of IRSA Propiedades Comerciales S.A. and IRSA Inversiones y Representaciones S.A., among other companies.

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, 2016, the shareholders approved an aggregate compensation of Ps. 18,985,218 for all of our Directors for the fiscal year ended June 30, 2016. 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, 2016 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, 2016.

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 2016/2017 was Ps. 6,600,453.

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.

During this fiscal year, the Company has made contributions to the plan for Ps. 3,632,048.

Code of Ethics:

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

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

Employees

As of June 30, 2017, we had 2,635 employees.

As of such date, we had 865 employees in our Agricultural Business in Argentina, including the employees of CRESUD, FyO and SACPSA but not those of Agro-Uranga S.A. Approximately 54% are under collective labor agreements. We have good relations with each of our employees.

We employ 359 people in our International Agricultural Businesses, composed of 312 employees of Brasilagro and 28 employees in the companies located in Bolivia.

Our Development and Sale of Properties and Other Non-Shopping Mall Businesses segment had 22 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 947 employees, including 453 under collective labor agreements. Our Hotels segment had 790 employees with 656 represented by the Tourism, Hotels and Gastronomy Union from the Argentine Republic (*Unión de Trabajadores del Turismo, Hoteleros y Gastronómicos de la República Argentina*, UTHGRA).

The following table shows the number of employees in the Company's various businesses as of the dates mentioned below:

	Agricultural Business(1)		Real Estate Business			
	Permanent	Temporary	Development and Sale of Properties and Other Non-Shopping Mall Businesses (2)	Shopping Mall Properties	Hotels(3)	Total
June 30, 2011	772	48	82	811	678	2,391
June 30, 2012	848	17	92	833	662	2,452
June 30, 2013	857	11	91	787	662	2,408
June 30, 2014	756	16	89	872	647	2,380
June 30, 2015(4)	1,099	16	34	973	704	2,826
June 30, 2016	1,117	9	31	964	758	1,753
June 30, 2017	865	11	22	947	790	2,635

(1) Agricultural Business includes CRESUD, FyO and SACPSA.
(2) Includes IRSA, Consorcio Libertador S.A., and Consorcio Maipú 1300 S.A.
(3) Hotels include Intercontinental, Sheraton Libertador and Llao Llao.
(4) In April and May 2015, the employees assigned to IRSA related to the operation of buildings and the real estate area were transferred to IRSA Propiedades Comerciales S.A.

Dividends and Dividend Policy

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

In accordance with Argentine law and our 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	—	—

(1) Corresponds to per share payments. To calculate the dividend paid per ADS, the payment per share should be multiplied by ten. Amounts in Pesos are presented in historical Pesos as of the respective payment date.

Future dividends with respect to our common shares, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that our shareholders at a general shareholders' meeting may deem relevant. As a result, we cannot give you any assurance that we will pay any dividends at any time in the future.

Market Information

Our common shares are traded in Argentina on the MERVAL under the ticker "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 2011 through July 2017. The table also shows the high and low daily closing prices of our ADRs in U.S. dollars and the quarterly trading volume of our ADRs on the NASDAQ for the first quarter of 2011 through July 2017. Each ADR represents ten common shares.

	MERVAL			NASDAQ		
		Ps. per Share			USD per ADR	
	Share Volume	High	Low	ADS Volume	High	Low
Fiscal Year 2015						
1st Term	1,736,972	16.45	12.00	5,793,320	14.08	10.58
2nd Term	2,561,239	15.80	10.80	3,766,812	12.04	9.18
3rd Term	1,534,114	17.90	12.00	7,795,414	14.83	9.92
4th Term	1,645,841	16.90	15.00	5,855,980	13.98	12.50
Annual	7,478,166	17.90	10.80	23,211,526	14.83	9.18
Fiscal Year 2016						
1st Term	728,810	17.50	12.10	4,299,192	13.14	9.36
2nd Term	6,416,350	19.70	13.00	8,291,480	13.51	9.64
3rd Term	3,388,664	18.70	12.70	5,390,231	12.63	9.22
4th Term	51,785,675	21.30	14.15	12,876,863	14.13	9.88
Annual	62,319,499	21.30	12.10	30,857,766	14.13	9.22
Fiscal year 2017						
1st Term	18,936,502	27.3	21.8	2,123,588	17.9	14.5
2nd Term	14,880,958	27.5	22.2	1,597,700	17.9	14.3
3rd Term	13,913,722	30.8	25.6	1,767,942	20.0	16.0
4th Term	11,576,788	34.5	29.3	1,607,648	22.0	18.2
Annual	14,886,389	34.5	21.8	1,782,180	22.0	14.3
July 2017	7,113,185	32.8	31.0	1,403,127	19.7	17.8

Source: Bloomberg

Prospects for the Next Fiscal Year

The 2017 crop season developed under the “El Niño” pattern in Argentina, with above-average rainfall rates. For the 2018 crop season, we expect results to be in line with those observed in this year, with good production levels, average yields, and constrained costs. As concerns our cattle business, we keep focusing our production in our own farms, mainly in the northwestern region of Argentina, controlling costs and expecting livestock prices to keep on rising. In the case of our “El Tigre” dairy facility, where we have consolidated all our milk production, we are following our strategy consisting in the selective sale of milking cows and keeping the more productive herd.

As concerns sales and development of farmlands, we hope to obtain higher results from sales of farmlands during the next fiscal year. At the start of the fiscal year, we executed a preliminary sale agreement for the entire “La Esmeralda” farm, comprising 9,352 hectares intended for agriculture and cattle raising, located in the Department of Nueve de Julio, Province of Santa Fe, Argentina, for USD 19 million (USD 2,031 per hectare). The gain will be recorded at the closing of the next fiscal year, as the execution of the title deed and surrender of possession are expected to occur in June 2018.

In connection with our meat packing plant, which we hold through our interest in Carnes Pampeanas, we trust that we will be able to recover satisfactorily in the future, in light of the policies adopted by the new administration, which point to increasing future cattle supply and promoting exports. Besides, we expect that the works currently underway, aimed at producing and exporting Kosher salted cuts to Israel, will significantly improve this business’ profitability equation.

Looking ahead to 2018, we expect to be able to secure the consents required for increasing the acreage under development, as we hold extensive land reserves in the region suitable for agricultural and/or livestock production, while we will continue selling farms that have reached their highest appreciation level. Moreover, we hope that the real estate businesses from our subsidiary IRSA will continue to be as solid as in this fiscal year in its two operations centers: Argentina and Israel.

We believe that companies such as Cresud, with a track record going back so many years and vast industry knowledge, will have outstanding possibilities of taking advantage of the best opportunities arising in the market, much more so considering that our main task is to produce food for a growing and demanding world population.

Signed for identification purposes with our report dated September 8, 2017

By: Supervisory Committee

Marcelo Fuxman
Statutory Auditor

Saúl Zang
Statutory Auditor

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

Overview:

Cresud S.A.C.F. y A. ("Cresud") issues, in accordance with the provisions set forth in General Resolution No. 606/12 by the Argentine Securities Commission (CNV), its report on compliance with the Corporate Governance Code, pursuant to corporate governance good practices followed by the Company, and the Board of Directors' performance, given their management and supervisory responsibilities set forth in the General Companies Law, the Company's Bylaws, the Capital Markets Law and further regulations applicable to the Company.

Additionally, foreign related and/or controlled companies must comply with the applicable laws in their jurisdiction. Particularly, the Israeli company IDB Development Corporation Ltd ("IDBD"), over which IRSA Inversiones y Representaciones Sociedad Anónima, a company controlled by Cresud, has shareholding control and which has been consolidated in its Financial Statements since October 11, 2015, must comply with the Israeli laws, in addition to the governmental regulations in force applicable to its subsidiaries' activities, including, *inter alia*, those required by the Tel Aviv Stock Exchange (TASE) given the fact that IDBD is a company registered as a Debenture Company.

	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	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 reasonably be considered to be in line with normal and regular market conditions.

standard or internal policy.				
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 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.	X			As indicated in I.2, the Company has a Code of Ethics that lays down the guidelines and mechanisms to prevent the undue use of inside information. This Code mandates that certain information is in a confidential nature and that it can only be used for its intended purposes for the Company's benefit and must not be shared with persons outside the Company or with employees who do not need such confidential information to discharge their duties. The Code sets forth also that unintended disclosures of confidential information must be avoided. The Code of Ethics also contains guidelines concerning compliance with

Describe the relevant aspects of such policies and procedures.				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 has been implementing what has been laid down by the rules and regulations currently applicable to these matters issued by the Argentine Securities Commission (CNV) and the Securities and Exchange Commission (SEC) and self-regulated markets where its shares are listed, in addition to what is suggested by the best practices in connection with ethics and Board behavior. To this end, the Board has implemented a Code of Ethics that provides for the different channels available for placement of reports in the event of potential irregularities, which offer direct accesses, managed by the Ethics Committee and the Audit Committee, the latter in compliance with foreign legislation (SOX). There is also the Corporate Governance Code Report, approved every year by the Board of Directors, together with the Annual Report and the Rules of the Audit Committee registered with the Superintendence of Corporations (IGJ).
II.1.1.4 the policy to select, assess and remunerate senior management,	X			The Board of Directors delegates to the Executive Committee 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		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		When it comes to Social Responsibility (CRS), the Executive Committee considers and approves proposals in this field submitted to its consideration by the Institutional Relations Department. 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.
<u>Recommendation II.3</u>: Disclose the process to evaluate Board of Directors performance and its impact. Answer if:				
II.3.1 Each member of the Board of Directors abides by the Bank's By-laws and, when applicable, by the Rules that govern the operation of the Board of Directors. Detail the	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

main guidelines of the Internal Rules. Indicate the degree of compliance with the Bank's By-laws and its Internal Rules.				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, 2016.
<u>Recommendation II.4</u>: The number of external and independent directors must be a significant proportion of the Issuer's Board of Directors membership. Answer if:				
II.4.1 The proportion of executive members, external and independent (with the latter as defined by the rules of this Commission) of the Board of Directors is in keeping with the capital structure of the Issuer. Explain further.	X			In its Board of Directors, the Company has a number of independent directors that is higher than the one required by current regulations and higher than 20% since 2005. The Corporate By-laws provide that the Company's management and administration is vested in a Board of Directors composed of not less than three (3) and not more than fifteen (15) members and an equal or lower number of alternates, as determined by the General Ordinary Shareholders' Meeting. Directors shall renew their positions by thirds each year. The length of the Directors' term of office shall be determined by the Annual

				General Shareholders' Meeting. 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.
<u>Recommendation II.6</u>: 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.
<u>Recommendation II.7</u>: Make sure that Board and Senior management members at the Issuer are trained and develop their skills. Answer if:				
II.7.1. The Issuer has Continued Training Programs in connection with the Issuer's needs for the members of the Board of Directors and Senior Management, 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.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY FOR IDENTIFYING, MEASURING, MANAGING AND DISCLOSING ENTERPRISE RISK.				
In the framework for corporate governance: Recommendation III: The Board of Directors must rely on a policy for comprehensive enterprise risk management and monitor its adequate implementation.				
III.1 Answer if: The Issuer has in place comprehensive enterprise risk management policies (mandating compliance with strategic, operational, financial, reporting, legal and regulatory objectives, among others). Describe their most relevant aspects.		X		The Board of the Company undertakes actions to identify, evaluate and mitigate the Company's exposure to strategic, financial, operational and corporate governance risks. The Board of Directors, with the involvement of the Executive Committee, permanently evaluates the Company's business activities, which includes the risks, the opportunities offered by market conditions at each time and the attainment of the business's operating and strategic objectives. As part of its habitual practice of managing risks, the Board permanently monitors, through the Financial Risk Committee, the inherent investments and risks. In addition, the Company has an internal control system to prevent and identify risks, using the comprehensive internal control framework issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO Report 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 supervisory role played by the Audit Committee when it comes to managing risks. In addition, specify the degree of interaction between the Board of Directors or of its committees with the Issuer's CEO in terms of comprehensive enterprise risk management.		X		The Issuer conducts permanent activities to identify risks inherent in its activity and any necessary mitigation actions. These actions are conducted by the Executive Committee within the Board as stated in III.1. The Executive Committee or the CEO permanently assess risks at the time of making decisions, availing themselves of sufficient and necessary information provided by the Company's different areas or derived from the actions of internal committees that undertake risk assessments concerning each specific matter. There is a Financial Risk Committee consisting of directors and various managers of the Company that reviews financial risk management and approval of different investment vehicles. The CEO reports periodically to the Board of Directors on management, risks assessed and submits the matters to be considered and then approved by the Board to the Board for its consideration. He also holds meetings with the Audit Committee or is a member of some internal committee, which contributes to adequately identifying and handling entrepreneurial risks.
III.3 There is an independent function within the office of the Issuer's CEO that implements the comprehensive risk management policies (function discharged by the Risk Management Officer or equivalent position). Specify.			X	There is no independent function within the Issuer's CEO. The Company will analyze the possibility of creating them in the future.
III.4 The comprehensive risk management policies are permanently updated in line with the generally accepted		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

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).				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: Recommendation IV: 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	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

advisability of it being chaired by an independent member.				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	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

a web-site accessible to shareholders and other investors serving as an access channel for them to contact each other. Detail.				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		To encourage shareholder involvement, the Company does not make any distinctions based on relevance: all shareholders are afforded identical treatment. Through the Bank that has custody over the ADRs, the Company fosters the participation of ADR holders –many of whom are institutional investors- in Annual General Meetings.
V.2.5 At the Shareholders' Meetings in which the nominations to the Board of Directors are debated, (i) the position of each one of the candidates is made known as to whether or not to adopt a Corporate Governance Code; and (ii) the foundations for such position are also made known previous to the vote.			X	With the Company having adopted this Corporate Governance Code Report, the position concerning the acceptance of each Board member is impliedly embodied.
<u>Recommendation V.3</u>: 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.
<u>Recommendation V.4</u>: Establish mechanisms to safeguard all the shareholders in the event of takeovers. Answer if:	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

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.				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 30.94% of the outstanding shares of stock (including repurchased treasury stock), the remaining 69.06% 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	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

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.				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 been working with an aim towards ongoing improvement, environmental protection and compliance with current legislation and regulations, even those that were voluntarily adopted. Moreover, the Company shall continue the actions undertaken in the previous fiscal year, and shall prepare a summary detailing the main social and environmental actions. regarding the progress made during the 2017 fiscal year. Cresud has agricultural establishment whose environmental management systems were certified under the ISO 14001 standard.

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	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

itself.				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.

Saúl Zang

First Vice-Chairman