

CRESUD INC
Form 20-F
October 31, 2014
United States

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year ended: June 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

Date of event requiring this shell company report ____

For the transition period from ____ to ____

Commission file number: 001-29190

CRESUD SOCIEDAD ANONIMA COMERCIAL INMOBILIARIA FINANCIERA Y AGROPECUARIA
(Exact name of Registrant as specified in its charter)

CRESUD INC.

(Translation of Registrant's name into English)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Moreno 877, 23 Floor,
(C1091AAQ) City of Buenos Aires, Argentina
(Address of principal executive offices)

Matías Gaivironsky

Chief Financial Officer

Tel +(5411) 4323-7449 – finanzas@cresud.com.ar

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Moreno 877 24 Floor
(C1091AAQ) Buenos Aires, Argentina

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing ten shares of Common Stock	Nasdaq National Market of the Nasdaq Stock Market
Common Stock, par value one Peso per share	Nasdaq National Market of the Nasdaq Stock Market*

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of the issuer's common stock as of June 30, 2014 was 501,562,730

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act:

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer Accelerated filer
 Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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DISCLOSURE REGARDING FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides a “Safe Harbor” for forward looking statements.

This annual report contains or incorporates by reference statements that constitute “forward-looking statements,” regarding the intent, belief or current expectations of our directors and officers with respect to our future operating performance. Such statements include any forecasts, projections and descriptions of anticipated cost savings or other synergies. Words such as “anticipate,” “expect,” “intend,” “plan,” “believe,” “seek,” “estimate,” variations of such words, and expressions are intended to identify such forward-looking statements. You should be aware that any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties, and that actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, without limitations, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates, and operating and financial risks related to managing growth and integrating acquired businesses), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

Factors that could cause actual results to differ materially and adversely include, but are not limited to:

- changes in general economic, business or political or other conditions in Argentina or changes in general economic or business conditions in latin america; and other countries in which we have direct and/or indirect operations and/or investments.
- changes in capital markets in general that may affect policies or attitudes toward lending to Argentina or Argentine companies;
- inflation, changes in exchange rates or regulations applicable to currency exchanges or transfers;
- our ability to integrate our business with companies and/or assets we may acquire;
- unexpected developments in certain existing litigation;
- current and future laws and governmental regulations applicable to our business;
- increased costs;
- fluctuations and reductions on the value of Argentina’s public debt;
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms;
- force majeure; and
- the risk factors discussed under Item 3 (d) Risk Factors.

You should not place undue reliance on such statements, which speak only as of the date that they were made. Our independent public accountants have not examined or compiled the forward-looking statements and, accordingly, do

not provide any assurance with respect to such statements. These cautionary statements should be considered in connection with any written or oral forward-looking statements that we might issue in the future. We do not undertake any obligation to release publicly any revisions to such forward-looking statements after filing of this Form to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

CERTAIN MEASURES AND TERMS

As used throughout this annual report, the terms “Cresud”, “Company”, “we”, “us”, and “our” refer to Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria, together with our consolidated subsidiaries, except where we make clear that such terms refer only to the parent company.

References to “Tons”, “tons” or “Tns.” are to metric tons, to “kgs” are to kilograms, to “ltrs” are to liters, “Hct” are to hectares and “square meters” are to square meters, while in the United States and certain other jurisdictions, the standard measure of area is the square foot (sq.ft). A metric ton is equal to 1,000 kilograms. A kilogram is equal to approximately 2.2 pounds. A metric ton of wheat is equal to approximately 36.74 bushels. A metric ton of corn is equal to approximately 39.37 bushels. A square meter is equal to 10.77 sq. ft. A metric ton of soybean is equal to approximately 36.74 bushels. One gallon is equal to 3.7854 liter. One hectare is equal to approximately 2.47 acres and 10,000 square meters. One kilogram of live weight cattle is equal to approximately 0.5 to 0.6 kilogram of carcass (meat and bones).

As used herein: “GLA or gross leasable area”, in the case of shopping centers, refers to the total leasable area of the property, regardless of our ownership interest in such property (excluding common areas and parking and space occupied by supermarkets, hypermarkets, gas stations and co-owners, except where specifically stated).

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

This annual report contains our audited consolidated financial statements as of June 30, 2014 and 2013 and for the fiscal years ended June 30, 2014, 2013 and 2012 (our “audited consolidated financial statements”). Our audited consolidated financial statements have been audited by Price Waterhouse & Co. S.R.L. Buenos Aires Argentina, a member firm of PricewaterhouseCoopers, an independent registered public accounting firm (“Price Waterhouse & Co.”), whose report is included herein.

Pursuant to Resolution No. 562/09 of the Comisión Nacional de Valores (“CNV”), as subsequently amended by Resolution No. 576/10, text amended and restated by Resolution No. 621/13 (the “Rules of the CNV”), all listed companies in Argentina with certain exceptions (i.e. financial institutions and insurance entities) are required to present their audited consolidated financial statements for accounting periods beginning on or after January 1, 2012 in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Therefore, we have prepared our audited consolidated financial statements under IFRS for the first time for our financial year ended June 30, 2013, which included comparative financial information for the year ended June 30, 2012. The opening IFRS statement of financial position was prepared as of our transition date of July 1, 2011. All IFRS standards issued by the IASB effective at the time of preparing the audited consolidated financial statements have been applied.

MARKET DATA

Market data used throughout this annual report was derived from reports prepared by unaffiliated third-party sources. Such reports generally state that the information contained therein has been obtained from sources believed by such sources to be reliable. Certain market data which appear herein (including percentage amounts) may not sum due to rounding.

In this annual report where we refer to “Peso”, “Pesos”, or “Ps.” we mean Argentine pesos, the lawful currency in Argentina; when we refer to “U.S. dollars”, or “US\$” we mean United States dollars, the lawful currency of the United States of America; when we refer to “Real”, “Reals”, “Rs.” or “R\$” we mean Brazilian Real, the lawful currency in the Federative Republic of Brazil; and when we refer to “Central Bank” we mean the Argentine Central Bank.

Solely for the convenience of the reader, we have translated certain Peso amounts into U.S. dollars at the offer exchange rate quoted by Banco de la Nación Argentina for June 30, 2014, which was Ps. 8.133 = US\$ 1.00. We make no representation that the Peso or U.S. dollar amounts actually represent or could have been or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all.

PART I

Item 1. Identity of directors, Senior Management and Advisers

This item is not applicable.

Item 2. Offer statistics and expected timetable

This item is not applicable.

Item 3. Key information

A. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data has been derived from our audited consolidated financial statements as of the dates and for each of the periods indicated below. This information should also be read in conjunction with our audited consolidated financial statements included under Item 8. "Financial Information", and the discussion in Item 5. "Operating and Financial Review and Prospects".

The selected consolidated statements of comprehensive income data for the years ended June 30, 2014, 2013 and 2012 and the selected consolidated statements of financial position data as of June 30, 2014 and 2013 have been derived from our audited consolidated financial statements included in this annual report which have been audited by Price Waterhouse & Co S.R.L. City of Buenos Aires, Argentina, member of PriceWaterhouseCoopers, an independent registered public accountants' firm.

The selected consolidated statements of financial position data as of June 30, 2013 and as of June 30, 2012 has been derived from our Audited Consolidated Financial Statements as of June, 30, 2013 which are not included herein.

	IFRS			
	For the fiscal years ended June 30,			
	2014(1)	(Restated)	2013	2012
	(in thousands of US\$)		(in thousands of Ps.)	
Audited Consolidated Statements of Comprehensive Income				
Revenues	566,090	4,604,011	3528,551	2,859,849
Costs	(481,322)	(3,914,592)	(3,120,495)	(2,464,219)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	141,725	1,152,653	886,744	700,946
Changes in net realizable value of agricultural produce after harvest	(2,145)	(17,447)	11,756	2,720
Gross Profit	224,348	1,824,625	1,306,556	1,099,296
Gain from disposal of investment properties	28,393	230,918	177,999	116,689
Gain from disposal of farmlands	11,233	91,356	149,584	45,490
General and administrative expenses	(65,651)	(533,939)	(346,383)	(320,677)
Selling expenses	(43,370)	(352,726)	(279,463)	(200,461)
Other operating results, net	(9,223)	(75,008)	98,068	(93,381)

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Profit from operations	145,730	1,185,226	1,106,361	646,956
Share of (loss)/profit of associates and joint ventures	(50,246)	(408,651)	(9,818)	2,796
Profit from operations before financing and taxation	95,484	776,575	1,096,543	649,752
Finance income	35,434	288,188	200,857	139,491
Finance cost	(350,670)	(2,852,000)	(1,124,746)	(757,497)
Other Financial results	(1,302)	(10,586)	15,128	48,691
Financial results, net	(316,538)	(2,574,398)	(908,761)	(569,315)
(Loss) / Profit before income tax	(221,054)	(1,797,823)	187,782	80,437
Income tax benefit / (expense)	47,881	389,415	(33,519)	(21,956)
(Loss) / Profit for the year	(173,173)	(1,408,408)	154,263	58,481
Attributable to:				
Equity holders of the parent	(131,303)	(1,067,880)	(26,907)	(21,329)
Non-controlling interest	(41,870)	(340,528)	181,170	79,810
(Loss) / Profit for the year	(173,173)	(1,408,408)	154,263	58,481
Other comprehensive income:				

	IFRS			
	For the fiscal years ended June 30,			
	2014			
	2014(1)	(Restated)	2013	2012
(in thousands of US\$)	(in thousands of Ps.)			
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	157,944	1,284,551	180,908	(231,288)
Currency translation adjustment from associates and joint ventures	(2,141)	(17,410)	1,715	(3,530)
Other comprehensive income / (Loss) for the year	155,802	1,267,141	182,623	(234,818)
Total comprehensive (Loss) / income for the year	(17,370)	(141,267)	336,886	(176,337)
Attributable to:				
Equity holders of the parent	(53,677)	(436,557)	65,647	(103,268)
Non-controlling interest	36,307	295,290	271,239	(73,069)

	IFRS			
	For the fiscal years ended June 30,			
	2014			
	2014(1)	(Restated)	2013	2012
(in thousands of US\$)	(in thousands of Ps.)			
Audited Consolidated Statements of Cash Flows				
Net cash generated from operating activities	108,590	883,163	648,519	668,411
Net cash used in investing activities	(108,932)	(885,945)	(93,012)	(353,920)
Net cash used in financing activities	(54,869)	(446,249)	(17,160)	(478,941)

	IFRS				
	June 30,				
	2014				
	2014	(Restated)	2013	2012	July 1,
(in thousands of US\$)	(in thousands of Ps.)				
Audited Consolidated Statements of Financial Position					
ASSETS					
Non-Current Assets					
Investment properties	424,765	3,454,616	4,171,401	3,454,677	3,544,383
Property, plant and equipment	292,877	2,381,956	1,841,454	1,872,920	1,976,970
Trading properties	16,298	132,555	97,828	86,511	74,058
Intangible assets	21,518	175,007	218,537	168,302	173,682
Biological assets	54,697	444,853	303,128	278,208	325,864
Investments in associates and joint ventures	292,062	2,375,339	1,486,862	1,500,560	1,438,855
Deferred income tax assets	104,837	852,642	179,228	80,674	23,914
Income tax credit	21,830	177,547	198,871	156,892	123,854
Restricted assets	6,258	50,897	54,631	-	-
Trade and other receivables, net	58,447	475,349	291,430	297,169	236,787

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Investment in financial assets	33,814	275,012	253,742	626,683	426,152
Derivative financial instruments	29	233	25,377	18,434	60,442
Total Non-Current Assets	1,327,432	10,796,006	9,122,489	8,541,030	8,404,961
Current Assets					
Trading properties	565	4,596	11,689	10,529	28,443
Biological assets	24,078	195,830	97,564	85,251	107,239
Inventories	54,072	439,771	252,376	253,447	371,268
Restricted assets	-	-	1,022	-	-
Income tax credit	2,421	19,694	4,779	28,762	76,116
Assets held for sale	166,958	1,357,866	-	-	-
Trade and other receivables, net	176,863	1,438,408	1,480,314	859,302	679,426
Investment in financial assets	60,941	495,633	385,585	72,069	62,465
Derivative financial instruments	4,045	32,897	7,321	2,578	18,966
Cash and cash equivalents	123,323	1,002,987	1,047,586	471,922	694,552
Total Current Assets	613,266	4,987,682	3,288,236	1,783,860	2,038,475
TOTAL ASSETS	1,940,698	15,783,688	12,410,725	10,324,890	10,443,436

	IFRS		June 30,		July 1,
	2014 (in thousands of US\$)	2014 (Restated)	2013	2012	2011
			(in thousands of Ps.)		
SHAREHOLDERS' EQUITY					
Capital and Reserves Attributable to Equity					
Holders of the Parent					
Share capital	60,371	490,997	496,562	496,562	496,562
Treasury stock	1,299	10,566	5,001	5,001	5,001
Inflation adjustment of share capital	7,875	64,047	64,773	164,561	164,561
Inflation adjustment of treasury stock	169	1,378	652	1,657	1,657
Share premium	95,055	773,079	773,079	773,079	773,079
Cost of treasury stock	(6,747)	(54,876)	-	-	-
Share warrants	13,066	106,264	106,264	106,263	106,263
Cumulative translation adjustment	77,906	633,607	2,284	(81,939)	-
Equity-settled compensation	8,610	70,028	8,345	1,833	1,012
Changes in non-controlling interest	(1,897)	(15,429)	(21,996)	(6,889)	-
Legal reserve	10,035	81,616	46,835	42,922	32,293
Reserve for new developments	2,098	17,065	337,065	389,202	320,064
Special reserve	77,947	633,940	695,628	-	-
Reserve for the acquisition of securities issued by the company	24,591	200,000	-	-	-
Accumulated deficit	(131,124)	(1,066,428)	(26,522)	666,611	829,207
Equity Attributable to equity holders of the parent	239,254	1,945,854	2,487,970	2,558,863	2,729,699
Non-controlling interest	306,029	2,488,932	2,231,096	2,132,648	2,480,379
TOTAL SHAREHOLDERS' EQUITY	545,283	4,434,786	4,719,066	4,691,511	5,210,078
LIABILITIES					
Non-current liabilities					
Trade and other payables	26,652	216,760	228,267	168,860	155,726
Borrowings	653,552	5,315,335	4,189,896	2,770,087	2,056,244
Deferred income tax liabilities	57,795	470,045	530,263	630,011	769,941
Derivative financial instruments	39,450	320,847	2,773	22,859	-
Payroll and social security liabilities	620	5,041	3,984	783	635
Provisions	27,110	220,489	71,626	22,553	14,939
Total non-current liabilities	805,179	6,548,517	5,026,809	3,615,153	2,997,485
Current Liabilities					
Trade and other payables	123,470	1,004,180	899,542	586,691	580,675
Income tax liabilities	9,029	73,429	92,182	118,041	80,242
Payroll and social security liabilities	24,904	202,546	120,835	103,919	81,085
Borrowings	324,541	2,639,491	1,527,390	1,187,082	1,479,803
Derivative financial instruments	6,568	53,419	8,691	18,558	8,353
Provisions	2,546	20,708	16,210	3,935	5,715

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Liabilities held for sale	99,178	806,612	-	-	-
Total current liabilities	590,236	4,800,385	2,664,850	2,018,226	2,235,873
TOTAL LIABILITIES	1,395,415	11,348,902	7,691,659	5,633,379	5,233,358
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,940,698	15,783,688	12,410,725	10,324,890	10,443,436

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- (8) Operating income divided by the sum of revenues and initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest.
- (9) Net income divided by the sum of revenues and initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest.
- (10) Current assets over current liabilities.
- (11) Shareholders' equity over total liabilities.
- (12) Non-current assets over total assets.
- (13) Profitability refers to Income for the year divided by average Shareholders' equity.

Exchange Rates

In April 1991, the Convertibility Law No. 23,928 (the "Convertibility Law") was enacted, which statutorily obligated the Argentine Central Bank to sell U.S. dollars to any individual at a fixed exchange rate of Ps.1.00 per US\$1.00. On January 7, 2002, the Argentine congress enacted Law No. 25,561 (the "Public Emergency Law"), setting aside more than ten years of Peso against U.S. Dollar fixed parity. After devaluing the Peso and setting the official exchange rate of Ps.1.40 per U.S. Dollar, on February 11, 2002, the government allowed the free float of the Peso against the U.S. dollar. The shortage of U.S. dollars and their heightened demand caused the Peso to depreciate significantly in the first half of 2002. As of October 27, 2014 the applicable exchange rate was Ps. 8.50 = US\$1.00 as quoted by Banco de la Nación Argentina at the U.S. dollar selling rate. During 2010, 2011, 2012, 2013 and 2014, the Argentine Central Bank indirectly affected the exchange rate market, through active participation with the purpose of isolating external effects and maintaining a stable parity. On January 22, 2014, the official exchange rate of the Argentine peso had weakened by 25 cents to Ps.7.14 to the dollar, its biggest daily decline since the crisis of 2002. On January 23, 2014, the peso fell by over 86 cents to Ps. 8 against U.S. Dollar in the retail market, and by even more in the wholesale market. The Argentine Central Bank eventually intervened to stabilize the market at Ps.7.79 against U.S. Dollar, nonetheless, the Peso suffered a devaluation of over 15% in 48 hours. During February 2014 the Peso slightly strengthened to Ps. 7.8 against U.S. Dollar, before weakening to Ps. 8. The U.S. Dollar increased to Ps. 8.42 in September 2014 from Ps. 8.40 in August 2014. As from January, 2014, until October, 2014, the Peso suffered a devaluation of 22%.

The following table presents the high, low, average and period closing exchange rate for the average ask / bid of U.S. dollars stated in nominal Pesos per U.S. dollar.

	Exchange Rate			Period Closing(4)
	High(1)	Low(2)	Average(3)	
Fiscal year ended June 30, 2012	4.5070	4.0900	4.2808	4.5070
Fiscal year ended June 30, 2013	5.3680	4.5050	4.8914	5.3680
Fiscal year ended June 30, 2014	8.0830	5.3700	6.7657	8.0830
July, 2014	8.1630	8.0850	8.1108	8.1630
August, 2014	8.3560	8.1860	8.2687	8.3510
September, 2014	8.4210	8.3500	8.3660	8.3800
As of October 27 , 2014	8.4500	8.3950	8.4221	8.4500

Source: Banco de la Nación Argentina

- (1) The high exchange rate stated was the highest closing exchange rate of the month during the fiscal year.
- (2) The low exchange rate stated was the lowest closing exchange rate of the month during the fiscal year.
- (3) Average exchange rate for the fiscal year, month or partial period described in the table above.
- (4) Average of the selling rate and buying rate.

Fluctuations in the Peso-dollar exchange rate may affect the equivalent in dollars of the price in Pesos of our shares on the Buenos Aires Stock Exchange (“BASE”). Increases in Argentine inflation or devaluation and depreciation of the Peso could have a material adverse effect on our results.

B. CAPITALIZATION AND INDEBTEDNESS

This section is not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

This section is not applicable.

D. RISK FACTORS

You should consider the following risks described below, in addition to the other information contained in this annual report. We may face additional risks and uncertainties that are not presently known to us, or that we currently deem immaterial, which may adversely affect our business. In general, you take more risk when you invest in the securities of issuers in emerging markets such as Argentina than when you invest in the securities of issuers in the United States. You should understand that an investment in our common shares and ADSs involves a high degree of risk, including the possibility of loss of your entire investment.

Risks Related to Argentina

Argentina’s growth may not be sustainable.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high inflation and currency devaluation. During 2001 and 2002, Argentina experienced a period of severe political, economic and social crisis, which caused a significant economic contraction and led to radical changes in government policies. Although the economy has recovered significantly since then. During 2014, the Argentine economy has shown signs of slowdown due to the increase in the applicable exchange rates and the decrease in the commodity prices the Argentine economy has slowdown. Argentine economy is suffering high inflation and an increasing need of capital investment, with many sectors, particularly the energy sector, operating near full capacity.

During 2013, the Argentine GDP increased by 2.9%, according to data published by the National Institute of Statistics (“Instituto Nacional de Estadísticas y Censos” or the “INDEC”). For the six months ended June 30, 2014, GDP increased 0,0% relative to the same period the prior year, according to data published by the INDEC. As of August 30, 2014, the Monthly Economic Activity Estimator (“Estimador Mensual de Actividad Económica” or the “EMAE”) decreased 1.2%, relative to the same period the prior year, according to data published by the INDEC.

The economic and financial slowdown in certain European countries, the United States, and certain other important commercial partners of Argentina, may imply a decline in the international demand for Argentine products, which could have a material adverse effect on our financial condition and the results of operations. Moreover, the country’s relative stability since 2002 has been affected by increased political tension and government intervention in the economy. Additionally, as of the date of this annual report the negotiations of the Argentine government with the holdouts of Argentina’s sovereign debt remain unresolved, which may adversely affect the growth of the country. For more information see “Risks Factors Relating to Argentina - Argentina’s ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth.”

Our business depends to a significant extent on macroeconomic and political conditions in Argentina. We cannot assure you that Argentina's recent growth will continue. Deterioration of the country's economy would likely have a significant adverse effect on our business, financial condition and results of operations.

Continuing inflation may have an adverse effect on the economy.

In fiscal years 2010, 2011, 2012, 2013 and 2014, inflation according to the INDEC was 11.0%, 9.7%, 9.9%, 10.5% and 15.0% (Since January 2014, the Argentine government established a new consumer price index ("IPCNu") which more broadly reflects consumer prices by considering price information from the 24 provinces of Argentina. Therefore, the consumer price index for the fiscal year ended June 30, 2014 only takes notice for a six month period after IPCNu was introduced) Until 2013 inflation has been controlled in part due to actions implemented by the Argentine government to control inflation, including limitations on exports and price arrangements agreed with private companies. During 2014 inflation has accelerated mainly due to the devaluation process carried out by the Argentine Central Bank. The uncertainty surrounding future inflation may impact the country's growth.

In the past, inflation has undermined the Argentine economy and the government's ability to create conditions conducive to growth. A return to a high inflation environment would adversely affect the availability of long-term credit and the real estate market and may also affect Argentina's foreign competitiveness by diluting the effects of the Peso devaluation and negatively impacting the level of economic activity and employment.

Additionally, high inflation would also undermine Argentina's foreign competitiveness and adversely affect economic activity, employment, real salaries, consumption and interest rates. In addition, the dilution of the positive effects of the Peso devaluation on the export-oriented sectors of the Argentine economy will decrease the level of economic activity in the country. In turn, a portion of the Argentine debt is adjusted by the Coeficiente de Estabilización de Referencia, ("CER Index"), a currency index that is strongly tied to inflation. Therefore, any significant increase in inflation would cause an increase in Argentina's debt and, consequently, the country's financial obligation.

The government has taken certain measures in order to control the inflation, such as implementing a fair price program, by virtue of which supermarkets have to offer certain products at a determined price, and sectoral agreements in order to implement salaries increases. Additionally, on September 19, 2014 the Argentine government has amended Law No. 20,680 (the “Supply Law”), which enables the federal government to intervene the markets when it considers that any party to such market is trying to impose prices, or supply restrictions over such market. The Supply Law provides among others pecuniary sanctions, suspension, seizure of operations, and confiscation of goods.

If inflation remains high or continues to rise, Argentina’s economy may be negatively impacted and our business could be adversely affected.

There are concerns about the accuracy of Argentina’s official inflation statistics.

In January 2007, the INDEC modified its methodology used to calculate the consumer price index, which is calculated as the monthly average of a weighted basket of consumer goods and services that reflects the pattern of consumption of Argentine households. Several economists, as well as the international and Argentine press, have suggested that this change in methodology was related to the policy of the Argentine government intended to curb the increase of inflation and consequently reduce payments on the outstanding inflation-linked bonds issued by Argentina. At the time that the INDEC adopted this change in methodology the Argentine government also replaced several key officers at the INDEC, prompting complaints of governmental interference from the technical staff at the INDEC. In addition, the International Monetary Fund (“IMF”) requested to clarify its inflation rates several times.

On November 23, 2010, the Argentine government began consulting with the IMF for technical assistance in order to prepare a new national consumer price index with the aim of modernizing the current statistical system. During the first quarter of 2011, a team from the IMF started working in conjunction with the INDEC to create such an index. Notwithstanding the foregoing, reports published by the IMF state that its staff also uses alternative measures of inflation for macroeconomic surveillance, including data produced by private sources, and such measures have shown inflation rates that are considerably higher than those issued by the INDEC since 2007. Consequently, the IMF called on Argentina to adopt remedial measures to address the quality of its official data. In its meeting held on February 1, 2013, the Executive Board of the IMF found that Argentina’s progress in implementing remedial measures since September 2012 had not been sufficient. As a result, the IMF issued a declaration of censure against Argentina in connection with the breach of its related obligations to the IMF under the Articles of Agreement and called on Argentina to adopt remedial measures to address the inaccuracy of inflation and GDP data without further delay.

In order to address the quality of official data, the IPCNu was put in place on February 13, 2014. The IPCNu represents the first national indicator to measure changes in prices of final consumption by households. While the previous price index only measured inflation in the urban sprawl of the City of Buenos Aires. The IPCNu is calculated by measuring prices on goods across the entire urban population of the 24 provinces of Argentina. Pursuant to these calculations, the new consumer price index rose by 10% during the first quarter of 2014. The IMF has declared that it will review later in 2014 Argentina’s reports on progress in revising its inflation and gross domestic product statistics.

The ability of Argentina to access credit in the capital markets could be limited not only by the global economic conditions, the current negotiations of Argentina with the holdouts, but also by the uncertainty relating to the inaccuracy of the economic indexes and rates in question which could adversely affect our results of operations and financial conditions.

Argentina’s ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth.

Between 2005 and 2010, Argentina restructured part of its sovereign debt that had been in default since the end of 2001. As a result of the restructuring the Argentine government announced that it had approximately US\$ 129.2

billion in total gross public debt, restructuring over 92.4% of the defaulted debt eligible for the 2005 and 2010 exchange offers. Certain bondholders that did not participate in that restructuring, mainly from the United States, Italy and Germany, filed legal actions against Argentina in order to collect on the defaulted bonds. Many of these proceedings are still pending as of the date of this annual report and holdout creditors may initiate new suits in the future, which may impose in precautionary measures on assets outside of Argentina.

On January 3, 2006, Argentina repaid in full its debt of approximately US\$ 9.8 billion with the IMF.

In September 2008, Argentina announced its intention to cancel its external public debt to Paris Club creditor nations using reserves of the Argentine Central Bank in an amount equal to approximately US\$ 6.5 billion. In 2010, the Argentine Government announced a new round of negotiations with the Paris Club to cancel such debt, which then totaled approximately US\$ 8.0 billion, without the intervention of the IMF. In May 2014, the Argentine Government agreed with the Paris Club concerning the consolidated amount of debt that on 30 April, 2014 rose to US\$ 9.7 billion, that it will be cancelled completely within the next 5 years, with an initial payment in principal of US\$ 659 million in June, 2014. The agreed sum for interest amounts to 3% for capital balances during the first 5 years, while the agreement also establishes a minimum payment that will face Argentina each year and determines a payment criteria if additional investments come from member countries of the Paris Club. The agreement also provides that if during the period of 5 years additional investments are insufficient, Argentina may delay the payments two years totaling seven years later, with the consequent increase in the financial cost of around an additional 1% for the total period.

In addition, foreign shareholders of several Argentine companies have filed claims before the International Center for the Settlement of Investment Disputes (“ICSID”) alleging that certain government measures adopted during the country’s 2001 crisis were inconsistent with the fair and equitable treatment standards set forth in various bilateral investment treaties to which Argentina is a party. Since May 2005, the ICSID tribunals have issued several awards against Argentina. Only the cases “CMS v. Argentina”, “Azurix v. Argentina” and “Vivendi v. Argentina” are currently final. As the date of this annual report, there are still 45 complaints filed by the ICSID against Argentina which are yet to be resolved and whose outcome is still unknown.

Moreover, under the arbitration rules of the Commission of the United Nations Commission on International Trade Law ("UNCITRAL"), certain arbitral courts condemned Argentina to pay to British Gas (shareholder gas company Metrogas Argentina), and National Grid plc. (Transener's shareholder, the transport company for Argentine electricity). Argentina filed with the Federal District Court of the United States of America for the District of Columbia ordering cancellation of both rulings. The annulment of the ruling in relation to National Grid plc. was rejected by the District Court. Furthermore, on March 5, 2014 the Supreme Court of the United States delivered its judgment regarding the appeal filed by British Gas to the judgment of the Court of Appeals in Washington, rejecting the request made by British Gas based on the fact that it must have incurred the courts of Argentina prior to the commencement of the arbitral body established in 2002. The judgment of the Supreme Court of the United States, by a vote of 7-2, reversed the decision of the Court of Appeal of Washington and ordered Argentina to pay the sum of US\$ 185 million in compensation for paying the debt back in a foreign currency to the British company, then controlling Metrogas, during the crisis of 2002 and as a consequence the freezing of fees charged by the Government to Metrogas. At the date of issue of this annual report, the Argentine Government made no public statements relating to the way the country should give effect to the judgment against it.

During the month of October 2013, the Argentine Government reached an agreement with five companies – four of which litigate in the ICSID (CMS Gas, Azurix, Vivendi and Continental Casualty) and the fifth, National Grid, litigating under the arbitration rules of the UNCITRAL, whereby Argentina made the payment to which it was permitted a cut of 25%, engaging companies to invest in public securities issued by the Argentine government, among others.

At the end of December 2012, Argentina filed a request with the applicable district court in New York in order to reopen the restructuring of its defaulted debt to some of the holdouts who were left out of previous exchanges. This exchange offer was part of a filing made by Argentina in the New York Court of Appeal requesting the review of the judgment made by the judge which ordered Argentina to pay US\$1.3 billion with interest in favor of the holdouts. Argentina also said in its presentation (which was in the same terms and conditions of the 2010 restructuring), that referred judgment violated the *pari passu* clause.

On September 23, 2013, Law No. 26,886 (the "2013 Restructuring Law") was enacted. The 2013 Restructuring Law provides that holders of government securities that were eligible for the 2005-2010 restructuring, if willing could participate in a new restructuring, waiving all their rights under these securities they hold, including those recognized by judicial or administrative judgments, or arbitrary rulings, releasing Argentina from any judicial, administrative, arbitral proceedings or otherwise, initiated or to be initiated in the future with respect to such securities or obligations arising in a new restructuring therefrom, including any action destined to receive service of capital or interest of such securities. Also 2013 Restructuring Law states that the financial terms and conditions offered may not be better than those offered to creditors in 2003-2010 restructuring.

The holdouts have obtained favorable judgments ordering the payment of owed original capital with interest, and compliance with the *pari passu* clause concerning future payments. Such decisions were appealed by Argentina. The Court of Appeal of New York confirmed the same on several occasions, and ordered Argentina to pay US\$ 1.3 billion with interest accrued from the date of judgment in favor of the holdouts, suspending the execution of the judgment at first instance until the Supreme Court of Justice of the United States pronounce it. The chamber's judgment (equal to the judgment of first instance) has a "stay", this being an injunction suspending the payment. The chamber's judgment was appealed to the Supreme Court of the United States, who on January 10, 2014 agreed to take the case. On June 16, 2014 the Supreme Court of the United States refused to address the Argentine case against holdouts by debt default and removed the "stay".

The decision of the Supreme Court of Justice of the United States to dismiss the appeals filed by the Argentine government confirmed the decisions of the Court of Appeals for the Second Circuit in Manhattan, which in principle requires the Argentine government to pay US\$ 1.3 billion enabling other holdouts to request their payment on the same

terms (estimated at a total of approximately US\$ 15 billion). While the Argentine government has indicated on several occasions its intention to pay the full amount to the creditors who accepted the terms of 2003-2010 restructuring, the decisions of the Court of Appeals for the Second Circuit in Manhattan, confirmed by the Supreme Court of the United States of America, implies that any potential payment of restructured debt, which is not accompanied by a payment to the funds obtained in the aforementioned rulings could be repossessed. On June 30, 2014 the payment of the coupon of the Discount bonds expired. The government wired the respective sums of money to the trustee of such bonds in order to perform the payment but the court blocked such payment. On July 30, 2014 the grace period under the terms of such bonds expired, notwithstanding the foregoing payment has not yet been performed as of the date of this annual report as a consequence of not reinstating the stay and preventing banks from transferring funds deposited by Argentina, which are requesting the payment of funds together with the payment to restructured bondholders.

On September 11, 2014 the Argentine government enacted Law No. 26,984 by which changed the paying agent of the 2003-2010 restructuring, and establishing Buenos Aires as the domicile of payment for the bonds issued under each restructuring. With this law the government seeks to create a new voluntary exchange of restructured debt. Additionally, during August, 2014 the Argentine Central Bank revoked the authorization of Bank of New York Mellon to act in Argentina, the current payment agent of Argentina's sovereign debt. In September 29, 2014, Thomas Griesa proclaimed to Argentina in contempt, considering that ignored the payment ordered to the holdouts.

During August and September 2014, the District Court of the Southern District of New York, authorized Citibank N.A. to pay creditors who held debt issued under Argentine Law but payable on New York. As of the date of this annual report, it is still under analysis of the District Court of the Southern District of New York the possibility for a third exception to be made on December 2014 in order to allow payment. However, motions filed by debt holders under U.S., European or Japanese law to allow payment by Citibank N.A. were rejected.

The lawsuits filed by the holdouts against the Argentina government could result in the freezing or precautionary measures taken on assets of, or that are considered of, Argentina, that could be able to have a materially adverse effect on the economy of the country and affect our ability to access international financing or repay our debts. As a result of Argentina's failure to restructure completely its remaining sovereign debt and fully negotiate with the holdout creditors, the Argentine government may not have the financial resources necessary to implement reforms and foster economic growth, which, in turn, could have a material adverse effect on the country's economy and, consequently, our businesses and results of operations. Furthermore, Argentina's inability to obtain credit in international markets could have a direct impact on our own ability to access international credit markets to finance our operations and growth, which could adversely affect our results of operations and financial condition.

During both debt restructuring proceedings carried out by Argentine government on 2005 and 2010, a termination of the rights upon future offers clause (the "RUFO Clause") was incorporated. The RUFO Clause states that if any debt holder receives any improvement, every other debt holder is entitled to receive the same conditions. The payment to the holdouts could potentially be interpreted as a condition for the application of such clause and allow the rest of the debt holders to claim the amount originally owed to them. After December 31, 2014, once the RUFO clause expires, the Argentine government could be in condition to make any potential offer to the holdouts, without receiving any potential reclaim from the rest of the bond holders.

Significant fluctuation in the value of the Peso may adversely affect the Argentine economy as well as our financial performance.

Despite the positive effects of the real depreciation of the Peso in 2002 on the competitiveness of certain sectors of the Argentine economy, it has also had a far-reaching negative impact on the Argentine economy and on businesses and individuals' financial condition. The devaluation of the Peso has had a negative impact on the ability of Argentine businesses to honor their foreign currency-denominated debt, initially led to very high inflation, significantly reduced real wages, had a negative impact on businesses whose success is dependent on domestic market demand, such as utilities and the financial industry, and adversely affected the government's ability to honor its foreign debt obligations. During January and October 2014, the Argentine government has devaluated significantly the Peso. If the Peso continues to devalue significantly, all of the negative effects on the Argentine economy related to such devaluation could recur, with adverse consequences on our business. Moreover, it would likely result in material adverse effect in our business as a result of the exposure to financial commitments in US Dollar.

On the other hand, a substantial increase in the value of the Peso against the U.S. Dollar also presents risks for the Argentine economy. The appreciation of the Peso against the U.S. Dollar negatively impacts the financial condition of entities whose foreign currency denominated assets exceed their foreign currency-denominated liabilities, such as us. In addition, in the short term, a significant real appreciation of the Peso would adversely affect exports. This could have a negative effect on GDP growth and employment as well as reduce the Argentine public sector's revenues by reducing tax collection in real terms, given its current heavy reliance on taxes on exports. The appreciation of the Peso against the U.S. Dollar could have an adverse effect on the Argentine economy and our business.

Certain measures that may be taken by the Argentine government may adversely affect the Argentine economy and as a result our business and results of operations

During recent years, the Argentine government has increased its direct intervention in the economy, including through the implementation of expropriation and nationalization measures, price controls and exchange controls.

In November 2008, the Argentine government enacted Law No. 26,425 which provided for the nationalization of the Administradoras de Fondos de Jubilaciones y Pensiones (the "AFJPs"). More recently, beginning in April 2012, the Argentine government provided for the nationalization of YPF S.A. and imposed major changes to the system under which oil companies operate, principally through the enactment of Law No. 26,741 and Decree No. 1277/2012. In February 2014, the Argentine government and Repsol (which was the principal shareholder of YPF S.A.) announced that they had reached agreement on the terms of the compensation payable to Repsol for the expropriation of the YPF S.A. shares. Such compensation totals US\$ 5 billion, payable by delivery of Argentine sovereign bonds with various maturities. Additionally, on December 19, 2012, the Argentine government issued Decree No. 2552/2012 which, in its article 2, ordered the expropriation of the "Predio Rural de Palermo". However, on January 4, 2013, the Federal Civil and Commercial Chamber granted an injunction that has temporarily blocked the application of Decree No. 2,552/2012. This Decree may indirectly affect APSA's investment in Entertainment Holding S.A. ("EHSA") (For more information see Item 4 – A. History and Development of the Company – Significant acquisitions, disposition and development of businesses "La Rural"). We cannot assure you that these or other measures that may be adopted by the Argentine government, such as expropriation, nationalization, forced renegotiation or modification of existing contracts, new taxation policies, changes in laws, regulations and policies affecting foreign trade, investment, etc., will not have a material adverse effect on the Argentine economy and, as a consequence, adversely affect our financial condition, our results of operations and the market value of our shares and ADSs.

The Argentine government may order salary increases to be paid to employees in the private sector, which would increase our operating costs.

In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to maintain minimum wage levels and provide specified benefits to employees and may do so again in the future. In the aftermath of the Argentine economic crisis, employers both in the public and private sectors have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. Due to the high levels of inflation, the employees and labor organizations have begun again demanding significant wage increases. It is possible that the Argentine government could adopt measures mandating salary increases and/or the provision of additional employee benefits in the future. Any such measures could have a material and adverse effect on our business, results of operations and financial condition.

Exchange controls and restrictions on transfers abroad and capital inflow restrictions have limited, and can be expected to continue to limit, the availability of international credit.

In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions substantially limiting the ability of companies to retain foreign currency or make payments abroad. On June 2005, the government issued decree No. 616/2005, which established additional controls on capital inflow, including the requirement that, subject to limited exemptions, 30% of all funds remitted to Argentina remain deposited in a domestic financial institution for one year without earning any interest. On October 2011, new exchange controls measures that restrict foreign exchange inflows and outflows of capital have been implemented, among them it was established as a requirement for the repatriation of the direct investment of the non-resident (purchase of shares of local companies and real estate), the demonstration of the income of the currency and its settlement in the single free exchange market "Mercado Único y Libre de Cambios". This measure increases the cost of obtaining foreign funds and limits access to such financing.

Additionally, on July 12, 2012, the Argentine Central Bank issued Communication "A" 5318, which among others, suspended the access to MULC for residents for external assets without a specific purpose. Through resolution 3210/2011 of the AFIP and the Communications "A" 5239, 5240, 5242 and 5245 and its amendments of the Argentine Central Bank, the "Consultation of Exchange Operations Programme," was established, a system by which an assessment will be made at the time of each transaction, in order to have the possibility to acquired US Dollars for tourism purpose. The system analyze the consistency with tax information of each currency buyer, and validate or invalidate the transaction.

In January 2014, the Argentine Central Bank established by Communication "A" 5526 that the resident individuals in the country will be able to access the local exchange market for purchases made by the concept "buy for the possession of foreign currency in the country" according to their income declared to the AFIP and other quantitative parameters established in the framework of exchange rate policy. In this sense, the AFIP established through its General Resolution No. 3583/2014 a parameter of 20% of the monthly income of the taxpayer validating the exchange transaction, with a minimum amount of monthly income of \$ 7,200 (two minimum, living and mobile wages) and a monthly cap of US\$ 2.000. The purchase amount that individuals can access this concept can be found through the "Exchange Operations Consultation Program", available on the corporate website of the AFIP.

Additionally, on July 10, 2014, by means of Communication "A" 5604 the Argentine Central Bank amended Communication "A" 5526 (which regulates access to MULC by residents for the purchase of foreign currency for their application to specific destinations in local assets) establishing the possibility that local governments and/or residents of the nonfinancial private sector issue new bonds and other debt securities with a public offering, can access the MULC simultaneously to the liquidation of the funds they receive for these emissions, to purchase foreign currency notes, for up to 90 % of the amount liquidated in the MULC. To do this, they must meet the other requirements in the Communication "A" 5604 and allocate foreign currency acquired for determined purposes. On October 9, 2014, such possibility was extended to the funds received from external financial loans and direct investments in accordance with Communication "A"-5643.

The Argentine government may, in the future, impose additional controls on the foreign exchange market and on capital flows from and into Argentina, in response to capital flight or depreciation of the Peso. These restrictions may have a negative effect on the economy and on our business if imposed in an economic environment where access to local capital is constrained. For more information, please see Item 10 (d) "Exchange Controls".

The Rural Land Law and its application

On December 22, 2011, the Argentinean Congress passed the Rural Land Law in order to protect the ownership and sovereignty of certain rural areas of Argentina (the "Rural Land Law"). The Rural Land Law sets limits to the domain of rural land by foreign individuals or legal entities acting in Argentina ("Foreign Persons"), setting a maximum allowable percentage of ownership for foreigners of 20% in the rural areas of Argentina. Additionally, only 30% of the aforementioned 20% may be held by Foreign Persons of the same nationality, and from the date of enactment of the Rural Land Act, Foreign Person may not own more than 1,000 hectares throughout Argentine territory. The Rural Land Law states that it will not affect any rights previously acquired by Foreign Persons.

For the purposes of the Rural Land Law, the definition of Foreign Person includes Argentine companies in which a percentage higher than 51% of the outstanding capital stock is owned by foreign individuals or legal entities, or lower rates if the entity meets the proportions necessary to form the social will. The following also falls within the definition of Foreign Person (among others): (a) entities controlled by a percentage greater than 25% by a foreign company, or regardless of participation when such company holds enough votes to form the social will of that company; (b) companies that issued convertible notes, where a Foreign Person may exert over 25% of the voting power necessary to form the social will; (c) transfers for trusts whose beneficiaries are Foreign Persons in a percentage higher than 25%, (d) joint ventures, holding companies and any other legal persons present or in the future, and (e) foreign legal persons under public law.

On February 29, 2012, Executive Branch Decree No. 274/12 was published regulating the Rural Land Law. The aforementioned decree established a deadline of 60 days to the provinces to report the total area of their departments, municipalities or political divisions equivalent discriminating rural and urban land and rural properties subject to the Rural Land Law and consequently owned by Foreign Persons. Additionally, provinces should report the complete list of foreign companies registered in their respective jurisdictions. The decree also provides that foreign holders must report their holdings within 180 days from the date of enactment of regulations in the national register of rural land.

Payment of dividends to non-residents has been limited in the past and may be limited again.

Beginning in February 2002, the payment of dividends, irrespective of amount, outside Argentina required prior authorization from the Argentine Central Bank. On January 7, 2003, the Argentine Central Bank issued communication "A" 3859, which is still in force and pursuant to which there are no limitations on companies' ability to purchase foreign currency and transfer it outside Argentina to pay dividends, provided that those dividends arise from net earnings corresponding to approved and audited financial statements. In spite of the lack of restriction to access the MULC in order to transfer those profits, there might be delays to exchange them for US Dollars or any other

currency and the consequent transfer of the earnings to the shareholders.

In the future, government or the Argentine Central Bank could impose new restrictions to the payment of dividends abroad or impose additional requirements. Any restrictions on transferring funds abroad imposed to us by the government could undermine the ability to receive dividend payments to our holders of our GDSs.

Property values in Argentina could decline significantly.

Property values are influenced by multiple factors that are beyond our control. We cannot assure you that property values will increase or that they will not be reduced. Many of the properties we own are located in Argentina. As a result, a reduction in the value of properties in Argentina could materially affect our business.

The Argentine economy could be adversely affected by economic developments in other global markets.

Financial and securities markets in Argentina are influenced, to varying degrees, by economic and market conditions in other global markets. Although economic conditions vary from country to country, investors' perception of the events occurring in one country may substantially affect capital flows into other countries, including. Lower capital inflows and declining securities prices negatively affect the real economy of a country through higher interest rates or currency volatility. The Argentine economy was adversely impacted by the political and economic events that occurred in several emerging economies in the 1990s, including those in Mexico in 1994, the collapse of several Asian economies between 1997 and 1998, the economic crisis in Russia in 1998 and the Brazilian devaluation in January 1999.

In addition, Argentina is also affected by the economic conditions of major trade partners, such as Brazil and/or countries that have influence over world economic cycles, such as the United States. If interest rates rise significantly in developed economies, including the United States, Argentina and other emerging market economies could find it more difficult and expensive to borrow capital and refinance existing debt, which would negatively affect their economic growth. In addition, if these developing countries, which are also Argentina's trade partners, fall into a recession the Argentine economy would be affected by a decrease in exports. All of these factors would have a negative impact on us, our business, operations, financial condition and prospects.

Moreover, several European Union members have been obliged to reduce their public expenditures due to their high indebtedness rates, which had a negative impact on the economy of the Euro zone.

The situation of global economics on Argentina could imply in a reduction in the exports and foreign direct investment, and a decline in the national tax revenues and the inability to access to the international capital markets, which could adversely affect our business and results of our operations.

If prices for Argentina's main commodity exports decline, such decline could have an adverse effect on Argentina's economic growth and on our business.

Argentina's economy has historically relied on the export of commodities, the prices of which have been volatile in the past and largely outside its control. Argentina's recovery from the financial crisis in 2001 and 2002 has depended to a significant extent on the rise in commodity prices, particularly prices of its main commodity exports, such as soybeans. High commodity prices have contributed significantly to government revenues from taxes on exports. Fluctuations in prices for commodities exported by Argentina and a significant increase in the value of the Peso (in real terms) may reduce Argentina's competitiveness and significantly affect the country's exports. During 2014, global commodity prices have presented a significant drop. A decrease in exports could affect Argentina's economy, have a material adverse effect on public finances due to a loss of tax revenues, cause an imbalance in the country's exchange market which, in turn, could lead to increased volatility with respect to the exchange rate. In addition, and more importantly in the short term, a significant appreciation of the Peso could materially reduce the Argentine government's revenues in real terms and affect its ability to make payments on its debt obligations, as these revenues are heavily derived from export taxes (withholdings). This could worsen the financial condition of the Argentine public sector, which could adversely affect the Argentine economy, as well as our financial condition and operating results.

Restrictions on the supply of energy could negatively affect Argentina's economy.

As a result of prolonged recession, and the forced conversion into Pesos and subsequent freeze of gas and electricity tariffs in Argentina, there has been a lack of investment in gas and electricity supply and transport capacity in Argentina in recent years. At the same time, demand for natural gas and electricity has increased substantially, driven by a recovery in economic conditions and price constraints, which has prompted the government to adopt a series of measures that have resulted in industry shortages and/or costs increase. In particular, Argentina has been importing gas in order to compensate the shortage in local production. In order to pay for those importations, the Argentine government has frequently used the Argentine Central bank reserves due to absence of incoming currencies from investment. If the government is unable to pay for the gas importation in order to produce electricity, business and industries may be affected.

The federal government has been taking a number of measures to alleviate the short-term impact of energy shortages on residential and industrial users. If these measures prove to be insufficient, or if the investment that is required to increase natural gas production and transportation capacity and energy generation and transportation capacity over the medium-and long-term fails to materialize on a timely basis, economic activity in Argentina could be curtailed which may have a significant adverse effect on our business.

As a first step of these measures, subsidies on energy tariffs were withdrawn to industries and high income consumers. Additionally, since 2011, a series of rate increases and the reduction of subsidies mainly amongst industries and high-income consumers occurred. As a result, energy costs raised significantly, which could affect substantially and adversely the Argentine economy, as well as business operations and results of our transactions.

Risks Relating to Brazil

The Brazilian government has exercised and continues to exercise significant influence over the Brazilian economy, which combined with Brazil's political and economic conditions may adversely affect our financial condition and results of operations.

Our business is dependent to a large extent on the economic conditions in Brazil. As from June 30, 2011 we consolidate our financial statements with our subsidiary Brasilagro-Companhia Brasileira de Propiedades Agrícolas ("Brasilagro").

Historically, the Brazilian government has occasionally made significant changes to the monetary, credit, tariff, and other policies to influence the course of Brazil's economy. Such government actions have included increases in interest rates, changes in tax policies, price controls, currency devaluations, as well as other measures such as imposing exchange controls and limits on imports and exports.

Our operations in Brazil may be adversely affected by changes in public policy at federal, state and municipal levels with respect to public tariffs and exchange controls, as well as other factors, such as:

- fluctuation in exchange rates in Brazil;
- monetary policy;
- exchange controls and restrictions on remittances outside Brazil, such as those which were imposed on such remittances (including dividends) in 1989 and early 1990;
- inflation in Brazil;
- interest rates;
- liquidity of the Brazilian financial, capital and lending markets;
- fiscal policy and tax regime in Brazil; and
- other political, social and economic developments in or affecting Brazil.

Recent examples of legal changes include the imposition of the Tax on Foreign Exchange Transactions (Imposto sobre Operações Financeiras), or IOF/Exchange tax, which was raised from zero to 6% on October 20, 2009. The IOF/Exchange tax is levied on funds transferred to Brazil by non-resident holders for investments in Brazilian financial and capital markets and transactions related to the constitution of initial or additional guarantee margins before the BOVESPA. As of December 1, 2011, certain investments were excluded from the 6% tax and subject instead a 2% IOF/Exchange tax. The Tax on Bonds and Securities Transactions, or IOF/Securities tax, was increased from zero to 1.5% on shares issued by a Brazilian company and listed on a Brazilian stock exchange for the purpose allowing depositary receipts traded outside Brazil to be issued. The IOF/Securities tax was increased from zero to 1% on currency-related derivative transactions resulting in an increase of the short position exposure in foreign currency or in a decrease of the long position in foreign currency. As of June 30, 2014, all these IOF rates were reduced to zero, exception made for loans with payment in less than 360 days which are currently taxed at 6% IOF rate.

Actions of the Brazilian government in the future could have a significant effect on economic conditions in Brazil, which could adversely affect private sector companies such as our subsidiary Brasilagro, and thus, could adversely affect us.

Although inflation in Brazil has stabilized in the past years, an increase in inflation could adversely affect the operations of Brasilagro which could adversely impact our financial condition and results of operations.

Brazil has experienced high and generally unpredictable rates of inflation in the past. Inflation itself, as well as governmental policies to combat inflation, has had significant negative effects on the Brazilian economy in general. Inflation, government efforts to control inflation and public speculation about future governmental actions have had, and can be expected to continue to have, significant impact on the Brazilian economy and on our operations in Brazil. As measured by the Brazilian Índice Nacional de Preços ao Consumidor (National Consumer Price Index), or INPC, inflation in Brazil was 6.5%, 4.1%, 6.5%, 6.1%, 6.2% and 5.91% in 2008, 2009, 2010, 2011, 2012 and 2013, respectively. Inflation in 2014 is expected to be 6.39%. We cannot assure you that levels of inflation in Brazil will not increase in future years having a material adverse effect on our business, on the financial condition or, the results of operations. Inflationary pressures may lead to government intervention in the economy, including the introduction of government policies that could adversely affect the results of operations of Brasilagro.

The Brazilian real is subject to depreciation and exchange rate volatility which could adversely affect Brasilagro's financial condition and results of operations.

Brazil's rate of inflation and the government's actions to combat inflation have also affected the exchange rate between the real and the U.S. dollar. As a result of inflationary pressures, the Brazilian currency has been devalued periodically during the last four decades. Throughout this period, the Brazilian federal government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic devaluations (during which the frequency of adjustments has ranged from daily to monthly), floating exchange rate systems, exchange controls and dual exchange rate markets. During 2009 and 2010 the real appreciated 24.9% and 4.6%, respectively, against the U.S. Dollar. While during 2011, 2012 and 2013 the real depreciated 13.3%, 9.6% and 15.5%, respectively, against the U.S. dollar. In the six months ended June 30, 2014, the real appreciated 7.3% against the U.S. dollar. There can be no assurance that the rate of exchange between the real and the U.S. dollar will not fluctuate significantly in the future. In the event of a devaluation of the real, the financial condition and results of operations of our Brazilian subsidiary could be adversely affected.

Depreciation of the real relative to the U.S. dollar may increase the cost of servicing foreign currency-denominated debt that our subsidiary may incur in the future, which could adversely affect our financial condition and results of operations. In addition, depreciation of the real creates additional inflationary pressures in Brazil that may adversely affect our results of operations. Depreciation generally curtails access to international capital markets and may prompt government intervention. It also reduces the U.S. dollar value of Brasilagro's revenues, distributions and dividends, and the U.S. dollar equivalent of the market price of our common shares. On the other hand, the appreciation of the real against the U.S. dollar may lead to the deterioration of Brazil's public accounts and balance of payments, as well as to lower economic growth from exports, which could impact the results of our subsidiary Brasilagro.

The Brazilian government imposes certain restrictions on currency conversions and remittances abroad which could affect the timing and amount of any dividend or other payment we receive.

Brazilian law guarantees foreign shareholders of Brazilian companies the right to repatriate their invested capital and to receive all dividends in foreign currency provided that their investment is registered with the Banco Central do Brazil. We registered our investment in Brasilagro with the Brazilian Central Bank on April 28, 2006. Although dividend payments related to profits obtained subsequent to April 28, 2006 are not subject to income tax, if the sum of repatriated capital and invested capital exceeds the investment amount registered with the Brazilian Central Bank,

repatriated capital is subject to a capital gains tax of 15%. There can be no assurance that the Brazilian government will not impose additional restrictions or modify existing regulations that would have an adverse effect on an investor's ability to repatriate funds from Brazil nor can there be any assurance of the timing or duration of such restrictions, if imposed in the future.

Widespread uncertainties, corruption and fraud relating to ownership of real estate may adversely affect our business.

There are widespread uncertainties, corruption and fraud relating to title ownership of real estate assets in Brazil. In Brazil, ownership of real property is conveyed through filing of deeds before the relevant land registry. In certain cases, land registry recording errors, including duplicate and/or fraudulent entries, and deed challenges frequently occur, leading to judicial actions. Disputes over title ownership of real estate assets are frequent, and, as a result, there is a risk that errors, fraud or challenges could adversely affect us, causing the loss of all or substantially all of our properties.

In addition, our land may be subject to expropriation by the Brazilian government. An expropriation could materially impair the normal use of our lands or have a material adverse effect on our results of operations. In addition, social movements, such as Movimento dos Trabalhadores Rurais Sem Terra and Comissão Pastoral da Terra and the Argentinean Rural Land Law, among others, are active in Brazil. Such movements advocate land reform and mandatory property redistribution by the government. Land invasions and occupations of rural areas by a large number of individuals is common practice for these movements, and, in certain areas, including some of those in which we are likely to invest, police protection and effective eviction proceedings are not available to land owners. As a result, we cannot give you any assurance that Brasilagro properties will not be subject to invasion or occupation by these groups. A land invasion or occupation could materially impair the normal use of Brasilagro lands or have a material adverse effect on us or the value of our common shares or ADSs.

The lack of efficient transportation, and adequate storage or handling facilities in certain of the regions in which Brasilagro operates may have a material adverse effect on our business.

One of the principal disadvantages of the agriculture industry in some of the regions where Brasilagro operates is that they are located a long distance from major ports in some cases, nearly 1,500 kilometers. Efficient access to transportation infrastructure and ports is critical to the profitability in the agricultural industry. Furthermore, as part of our business strategy, we intend to acquire and develop land in specific areas where existing transportation is poor. A substantial portion of agricultural production in certain of the regions where we operate is currently transported by truck, a means of transportation significantly more expensive than the rail transportation available to the U.S. and other international producers. As a result, we may be unable to obtain efficient transportation to make our production reach our most important markets in a cost-effective manner, if at all, which could have an adverse effect on our business and results of our operations.

Risks Relating to Our Region

Our business is dependent on economic conditions in the countries where we operate or intend to operate.

We made investments in farmland in Argentina, Brazil, Paraguay and Bolivia and we may possibly make investments in other countries in and outside latin america. Because demand for livestock and agricultural products usually is correlated to economic conditions prevailing in the local market, which in turn is dependent on the macroeconomic condition of the country in which the market is located, our financial condition and results of operations are, to a considerable extent, dependent upon political and economic conditions prevailing from time to time in the countries where we operate. Latin American countries have historically experienced uneven periods of economic growth, as well as recession, periods of high inflation and economic instability. Certain countries have experienced severe economic crises, which may still have future effects. As a result, governments may not have the financial resources necessary to implement reforms and foster growth. Any of these adverse economic conditions could have a material adverse effect on our business.

We face the risk of political and economic crises, instability, terrorism, civil strife, expropriation and other risks of doing business in emerging markets.

In addition to Argentina and Brazil, we conduct or intend to conduct our operations in other Latin-American countries such as, Paraguay and Bolivia, among others. Economic and political developments in the countries in which we operate, including future economic changes or crises (such as inflation or recession), government deadlock, political instability, terrorism, civil strife, changes in laws and regulations, expropriation or nationalization of property, and exchange controls could adversely affect our business, financial condition and results of operations.

Although economic conditions in one country may differ significantly from another country, we cannot assure that events in one country alone will not adversely affect our business or the market value of, or market for, our common shares and/or ADSs.

Governments in the countries where we operate or intend to operate exercise significant influence over their economies.

Emerging market governments, including governments in the countries where we operate, frequently intervene in the economies of their respective countries and occasionally make significant changes in policy and regulations. Governmental actions to control inflation and other policies and regulations have often involved, among other measures, price controls, currency devaluations, capital controls and limits on imports. Our business, financial condition, results of operations and prospects may be adversely affected by changes in government policies or regulations, including factors, such as:

- exchange rates and exchange control policies;
- inflation rates;
- interest rates;
- tariff and inflation control policies;
- import duties on information technology equipment;
- liquidity of domestic capital and lending markets;

- electricity rationing;
- tax policies; and
- other political, diplomatic, social and economic developments in or affecting the countries where we intend to operate.

An eventual reduction of foreign investment in any of the countries where we operate may have a negative impact on such country's economy, affecting interest rates and the ability of companies to access financial markets.

Local currencies used in the conduct of our business are subject to exchange rate volatility and exchange controls.

The currencies of many latin american countries have experienced substantial volatility in recent years. Currency movements, as well as higher interest rates, have materially and adversely affected the economies of many latin american countries, including countries in which account for or are expected to account for a significant portion of our revenues. The depreciation of local currencies creates inflationary pressures that may have an adverse effect on us generally, and may restrict access to international capital markets. On the other hand, the appreciation of local currencies against the U.S. dollar may lead to deterioration in the balance of payments of the countries where we operate, as well as to a lower economic growth.

In addition, we may be subject to exchange control regulations in these latin american countries which might restrict our ability to convert local currencies into U.S. dollars.

Inflation and certain government measures to curb inflation may have adverse effects on the economies of the countries where we operate or intend to operate our business and our operations.

Most countries where we operate or intend to operate, historically, experienced high inflation rates. Inflation and some measures implemented to curb inflation have had significant negative effects on the economies of latin american countries. Governmental actions taken in an effort to curb inflation, coupled with speculation about possible future actions, have contributed to economic uncertainty at times in most latin american countries. The countries where we operate or intend to operate may experience high levels of inflation in the future that could lead to further government intervention in the economy, including the introduction of government policies that could adversely affect our results of operations. In addition, if any of these countries experience high rates of inflation, we may not be able to adjust the price of our services sufficiently to offset the effects of inflation on our cost structures. A high inflation environment would also have negative effects on the level of economic activity and employment and adversely affect our business and results of operations.

Developments in other markets may affect the latin american countries where we operate or intend to operate, and as a result our financial condition and results of operations may be adversely affected.

The market value of securities of companies such as us may be, to varying degrees, affected by economic and market conditions in other global markets. Although economic conditions vary from country to country, investors' perception of the events occurring in one country may substantially affect capital flows into and securities from issuers in other countries, including latin american countries. Various latin american economies have been adversely impacted by the political and economic events that occurred in several emerging economies in recent times. Furthermore, latin american economies may be affected by events in developed economies which are trading partners or that impact the global economy and adversely affect our activities and the results of our operations.

Land in latin american countries may be subject to expropriation or occupation.

Our land may be subject to expropriation by the governments of the countries where we operate and intend to operate. An expropriation could materially impair the normal use of our lands or have a material adverse effect on our results of operations. In addition, social movements, such as Movimento dos Trabalhadores Rurais Sem Terra and Comissão Pastoral da Terra in Brazil, are active in certain of the countries where we operate or intend to operate. Such movements advocate land reform and mandatory property redistribution by governments. Invasions and occupations of rural areas by a large number of individuals is common practice for these movements, and, in certain areas, including some of those in which we are likely to invest, police protection and effective eviction proceedings are not available to land owners. As a result, we cannot assure you that our properties will not be subject to invasion or occupation. A land invasion or occupation could materially affect the normal use of our properties or have a material adverse effect on us or the value of our common shares and our ADSs.

We may invest in countries other than Argentina and Brazil and cannot give you any assurance as to the countries in which we will ultimately invest, and we could fail to list all risk factors for each possible country.

We have a broad and opportunistic business strategy therefore we may invest in countries other than Argentina and Brazil including countries in other emerging markets outside latin america for example in Africa. As a result, it is not possible at this time to identify all risk factors that may affect our future operations and the value of our common shares and ADSs.

Risks Relating to Our Business

Fluctuation in market prices for our agriculture products could adversely affect our financial condition and results of operations.

Prices for cereals, oilseeds and by-products, like those of other commodities, can be expected to fluctuate significantly. The prices that we are able to obtain for our agriculture products depend on many factors beyond our control, including:

- prevailing world prices, which historically have been subject to significant fluctuations over relatively short periods of time, depending on worldwide demand and supply;
- changes in the agricultural subsidy levels in certain important countries (mainly the United States and countries in the European Union) and the adoption of other government policies affecting industry market conditions and prices; and
- demand for and supply of competing commodities and substitutes.

Our financial condition and results of operations could be materially and adversely affected if the prices of our agricultural products decline.

Unpredictable weather conditions may have an adverse impact on our crop and cattle production.

The occurrence of severe adverse weather conditions, especially droughts, hail, or floods, is unpredictable and may have a potentially devastating impact upon our crop production and, to a lesser extent, our cattle and wool production. The occurrence of severe adverse weather conditions may reduce yields on our farmlands or require us to increase our level of investment to maintain yields.

According to the United States Department of Agriculture (“USDA”) estimates, Argentina’s crops output (wheat, corn and soybean) for the 2014/2015 season are expected to be slightly better than in the previous cycle. They forecast not only an increase in the sown area in the case of soybean and wheat (corn shows a slightly fall due to higher costs), but a general increase in the expected yields in comparison with the previous campaign. The estimated production of soybean is supposed to reach 54 million tons, the wheat production 12 million tons and the corn production 26 million tons.

We cannot assure you that the current and future severe adverse weather conditions will not adversely affect our operating results and financial condition.

Diseases may strike our crops without warning potentially destroying some or all of our yields.

The occurrence and effect of crop disease and pestilence can be unpredictable and devastating to crops, potentially destroying all or a substantial portion of the affected harvests. Even when only a portion of the crop is damaged, our results of operations could be adversely affected because all or a substantial portion of the production costs for the entire crop have been duly incurred. Although some crop diseases are treatable, the cost of treatment is high, and we cannot assure that such events in the future will not adversely affect our operating results and financial condition.

Our cattle are subject to diseases.

Diseases among our cattle herds, such as tuberculosis, brucellosis and foot-and-mouth disease, can have an adverse effect on milk production and fattening, rendering cows unable to produce milk or meat for human consumption. Outbreaks of cattle diseases may also result in the closure of certain important markets, such as the United States, to our cattle products. Although we abide by national veterinary health guidelines, which include laboratory analyses and vaccination, to control diseases among the herds, especially foot-and-mouth disease, we cannot assure that future outbreaks of cattle diseases will not occur. A future outbreak of diseases among our cattle herds may adversely affect our cattle and milk sales which could adversely affect our operating results and financial condition.

We may be exposed to material losses due to volatile crop prices since a significant portion of our production is not hedged, and exposed to crop price risk.

Due to the fact that we do not have all of our crops hedged, we are unable to have minimum price guarantees for all of our production and are therefore exposed to significant risks associated with the level and volatility of crop prices. We are subject to fluctuations in crop prices which could result in receiving a lower price for our crops than our production cost. We are also subject to exchange rate risks related to our crops that are hedged, because our futures and options positions are valued in U.S. dollars, and thus are subject to exchange rate risk.

In addition, if severe weather or any other disaster generates a lower crop production than the position already sold in the market, we may suffer material losses in the repurchase of the sold contracts.

The creation of new export taxes may have an adverse impact on our sales and results of operations.

In order to prevent inflation and variations in the exchange rate from adversely affecting prices of primary and manufactured products (including agricultural products), and to increase tax collections and reduce Argentina's fiscal deficit, the Argentine government has imposed new taxes on exports. Pursuant to Resolution No. 11/02 of the Ministry of Economy and Production, as amended by Resolution No. 35/02, No. 160/2002, No. 307/2002 and No. 530/2002, effective as of March 5, 2002, the Argentine government imposed a 20%, 10% and 5% export tax on primary and manufactured products. On November 12, 2005, pursuant to Resolution No. 653/2005, the Ministry of Economy and Production increased the tax on cattle exports from 5% to 10%, and on January 2007 increased the tax on soybean exports from 23.5% to 27.5%. Pursuant to Resolutions No. 368/07 and No. 369/07 both dated November 12, 2007, the Ministry of Economy and Production further increased the tax on soybean exports from 27.5% to 35.0% and also the tax on wheat and corn exports from 20.0% to 28.0% and from 20.0% to 25.0%, respectively. In early March 2008, the Argentine government introduced a regime of sliding –scale export tariffs for oilseed, grains and by-products, where the withholding rate (in percentage) would increase to the same extent as the crops' price. Therefore, it imposed an average tax for soybean exports of 46%, compared to the previous fixed rate of 35%. In addition, the tax on exports of wheat was increased, from a fixed rate of 28% to an average variable rate of 38%, and the tax on exports of corn changed from a fixed rate of 25% to an average variable rate of 36%. This tariff regime, which according to farmers effectively sets a maximum price for their crops, sparked widespread strikes and protests by farmers whose exports have been one of the principal driving forces behind Argentina's recent growth. In April 2008, as a result of the export tariff regime, farmers staged a 21-day strike in which, among other things, roadblocks

were set up throughout the country, triggering Argentina's most significant political crisis in five years. These protests disrupted transport and economic activity, which led to food shortages, a surge in inflation and a drop in export registrations. Finally, the federal executive branch decided to send the new regime of sliding-scale export tariffs to the federal congress for its approval. The project was approved in the lower chamber of the national congress but rejected by the Senate. Subsequently, the federal government abrogated the regime of sliding-scale export tariffs and reinstated the previous scheme of fixed withholdings.

Export taxes may have a material adverse effect on our sales and results of operations. We produce exportable goods and, therefore, an increase in export taxes is likely to result in a decrease in our products' price, and, therefore, may result in a decrease of our sales. We cannot guarantee the impact of those or any other future measures that might be adopted by the Argentine government on our financial condition and result of operations.

An international credit crisis could have a negative impact on our major customers which in turn could materially adversely affect our results of operations and liquidity.

The last international credit crisis had a significant negative impact on businesses around the world. Although we believe that available borrowing capacity under the current conditions and proceeds resulting from potential farmland sales will provide us with sufficient liquidity through the current economic environment, the impact of the crisis on our major customers cannot be predicted and may be quite severe. A disruption in the ability of our significant customers to access liquidity could cause serious disruptions or an overall deterioration of their businesses which could lead to a reduction in their future orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our results of operations and liquidity.

Government intervention in the markets may have a direct impact on our prices.

The Argentine government has set certain industry market conditions and prices in the past. In order to prevent a substantial increase in the price of basic products as a result of inflation, the Argentine government is adopting an interventionist policy. In March 2002, the Argentine government fixed the price for milk after a conflict among producers and the government. Since 2005, the Argentine government, in order to increase the domestic availability of beef and reduce domestic prices, adopted several measures: it increased turnover tax and established a minimum average number of animals to be slaughtered. In March 2006, the registries for beef exports were temporarily suspended. This last measure was softened once prices decreased. There can be no assurance that the Argentine government will not interfere in other areas by setting prices or regulating other market conditions. Accordingly, we cannot assure you that we will be able to freely negotiate all our products' prices in the future or that the prices or other market conditions that the Argentine government could impose will allow us to freely negotiate the price of our products.

We do not maintain insurance over all our crop storage facilities; therefore, if a fire or other disaster damages some or all of our harvest, we will not be completely covered.

We store a significant portion of our grain production during harvest due to the seasonal drop in prices that normally occurs at that time. Currently, we store a significant portion of our grain production in plastic silos. We do not maintain insurance on our plastic silos. Although our plastic silos are placed in several different locations, and it is unlikely that a natural disaster affects all of our plastic silos simultaneously, a fire or other natural disaster which damages the stored grain, particularly if such event occurs shortly after harvesting, could have an adverse effect on our operating results and financial condition.

Worldwide competition in the markets for our products could adversely affect our business and results of operations.

We experience substantial worldwide competition in each of our markets in which we operate, and in many of our product lines. The market for cereals, oil seeds and by-products is highly competitive and also sensitive to changes in industry capacity, producer inventories and cyclical changes in the world's economies, any of which may significantly affect the selling prices of our products and thereby our profitability. Argentina is more competitive in the oilseed market than in the market for cereals. Due to the fact that many of our products are agricultural commodities, they compete in the international markets almost exclusively on the basis of price. Many other producers of these products are larger than us, and have greater financial and other resources. Moreover, many other producers receive subsidies from their respective countries while we do not receive any such subsidies from the Argentine government. These subsidies may allow producers from other countries to produce at lower costs than us and/or endure periods of low prices and operating losses for longer periods than we can. Any increased competitive pressure with respect to our products could materially and adversely affect our financial condition and results of operations.

If we are unable to maintain our relationship with our customers, particularly with the single customer who purchases our entire raw milk production each month, our business may be adversely affected.

Our cattle sales are diversified, notwithstanding the aforementioned, we are and will continue to be significantly dependent on a number of third party relationships, mainly with our customers for crop and milk sales. During the fiscal year 2014, we sold our products to approximately 300 customers. Sales of agricultural products to our ten largest customers represented approximately 85% of our net sales for the fiscal year ended June 30, 2014. During fiscal year 2014, our biggest three customers were Bunge Alimentos S.A., Louis Dreyfus Commodities y Molinos Río de la Plata S.A., which represented, in the aggregate, approximately 48% of our net sales in agricultural products, while the remaining seven customers in the aggregate represented approximately 52% of our net sales in the fiscal year 2014.

In addition, we currently sell our entire raw milk production to one customer in Argentina, Mastellone Hnos. S.A. For the year ended June 30, 2014, these sales represented approximately 4.8% of our agricultural business revenues. We cannot assure you that this customer will continue to purchase our entire raw milk production in the future or that, if it fails to do so, we could enter into satisfactory sale arrangements with new purchasers in the future.

We sell our crop production mainly to exporters and manufacturers that process the raw materials to produce meal and oil, products that are sent to the export markets. The Argentine crop market is characterized by a few purchasers and a great number of sellers. Although most of the purchasers are international companies with strong financial conditions, we cannot assure you that this situation will remain the same in the future or this market will not get more concentrated in the future.

We may not be able to maintain or form new relationships with customers or others who provide products and services that are important to our business. Accordingly, we cannot assure you that our existing or prospective relationships will result in sustained business or the generation of significant revenues.

Our business is seasonal, and our revenues may fluctuate significantly depending on the growing cycle.

Our agricultural business is highly seasonal due to its nature and cycle. The harvest and sale of crops (corn, soybean and sunflower) generally occurs from February to June. Wheat is harvested from December to January. Our operations and sales are affected by the growing cycle of the crops we process and by decreases during the summer in the price of the cattle we fatten. As a result, our results of operations have varied significantly from period to period, and are likely to continue to vary, due to seasonal factors.

The restrictions imposed on our subsidiaries' dividend payments may adversely affect us.

We have subsidiaries, and therefore, dividends in cash and other permitted payments of our subsidiaries constitute a major source of our income. The debt agreements of our subsidiaries contain covenants that may restrict their ability to pay dividends or proceed with other types of distributions. If our subsidiaries are prevented from making payments to us or if they are only allowed to pay limited amounts, we may be unable to pay dividends or to repay our indebtedness.

Our principal shareholder has the ability to direct our business and affairs, and its interests could conflict with ours.

As of June 30, 2014, Mr. Eduardo S. Elsztain, is the beneficial owner of 39,33% (on a fully diluted basis) of our common shares. As a result of his significant influence over us, Mr. Elsztain, by virtue of his position in Inversiones Financieras del Sur S.A. ("IFISA"), has been able to elect a majority of the members of our board of directors, direct our management and determine the result of substantially all resolutions that require shareholders' approval, including fundamental corporate transactions and our payment of dividends by us.

The interests of our principal shareholder and management may differ from, and could conflict with, those of our other shareholders. Pursuant to a consulting agreement we pay a management fee equal to 10% of our annual net income to Consultores Asset Management S.A., formerly known as Dolphin Fund Management S.A. ("Consultores Asset Management"), a company whose capital stock is 85% owned by Eduardo Elsztain and the remaining by Saúl Zang, our vice-chairman. This performance based fee could be viewed as an incentive for Consultores Asset Management to favor riskier or more speculative investments than would otherwise be the case. In addition, as of June 30, 2014 Mr. Elsztain was the beneficial owner, due to his indirect shareholding through us of 65.9% of IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA"), an Argentine company that currently owns approximately 95.7% of the common shares of its subsidiary Alto Palermo Sociedad Anónima (APSA) ("Alto Palermo" or "APSA") whose chief executive officer is Mr. Alejandro G. Elsztain, Mr. Eduardo Elsztain's brother. We cannot assure you that our principal shareholders will not cause us to forego business opportunities that their affiliates may pursue or to pursue other opportunities that may not be in our interest, all of which may adversely affect our business, results of operations and financial condition and the value of our common shares and the ADSs.

We could be adversely affected by our investment in IRSA if its value declines.

Our investment in IRSA is exposed to the common risks generally inherent in investments in the real estate industry, many of which are outside IRSA's control. Any of these risks could adversely and materially affect IRSA's businesses, financial position and/or results of operations. Any available returns on capital expenditures associated with real estate are dependent upon sales volumes and/or revenues from leases and the expenses incurred. Besides, there are other factors that may adversely affect the performance and the value of a property, including the local economic conditions prevailing in the area where the property is located, macroeconomic conditions in Argentina and in the rest of the world, competition from other companies engaged in real estate development, IRSA's ability to find lessees, non-performance by lessees and/or lease terminations, changes in legislation and in governmental regulations (including those governing the use of the properties, urban planning and real estate taxes), variations in interest rates (including the risk of an increase in interest rates causing a reduction in the sales of lots in properties intended for residential development) and the availability of funding. In addition, and given the relative illiquidity of the real estate market, IRSA could be unable to effectively respond to adverse market conditions and/or be compelled to undersell one or more of its properties. Broadly speaking, some significant expenses, such as debt services, real estate taxes and operating and maintenance costs do not fall when there are circumstances that reduce the revenues from an investment.

These factors and/or events could impair IRSA's ability to respond to adverse changes in the returns on its investments thus causing a significant reduction in its financial position and/or the results of its operations, which could have an adverse effect on our financial position and the results of our operations.

We could be materially and adversely affected by our investment in Brasilagro.

We consolidated our financial statements with our subsidiary Brasilagro. Brasilagro was formed on September 23, 2005 to exploit opportunities in the Brazilian agricultural sector. Brasilagro seeks to acquire and develop future properties to produce a diversified range of agricultural products (which may include sugarcane, grains, cotton, forestry products and livestock). Brasilagro is a startup company that has been operating since 2006. As a result, it has a developing business strategy and limited track record. Brasilagro's business strategy may not be successful, and if not successful, Brasilagro may be unable to successfully modify its strategy. Brasilagro's ability to implement its proposed business strategy may be materially and adversely affected by many known and unknown factors. If we were to write-off our investments in Brasilagro, this would likely materially and adversely affect our business. As of June 30, 2014, we owned 39.63% of the outstanding common shares of Brasilagro.

We are subject to extensive environmental regulation.

Our activities are subject to a wide set of federal, state and local laws and regulations relating to the protection of the environment, which impose various environmental obligations. Obligations include compulsory maintenance of certain preserved areas in our properties, management of pesticides and associated hazardous waste and the acquisition of permits for water use. Our proposed business is likely to involve the handling and use of hazardous materials that may cause the emission of certain regulated substances. In addition, the storage and processing of our products may create hazardous conditions. We could be exposed to criminal and administrative penalties, in addition to the obligation to remedy the adverse effects of our operations on the environment and to indemnify third parties for damages, including the payment of penalties for non-compliance with these laws and regulations. Since environmental laws and their enforcement are becoming more stringent in Argentina, our capital expenditures and expenses for environmental compliance may substantially increase in the future. In addition, due to the possibility of future regulatory or other developments, the amount and timing of environmental-related capital expenditures and expenses may vary substantially from those currently anticipated. The cost of compliance with environmental regulation may result in reductions of other strategic investments which may consequently decrease our profits. Any material unforeseen environmental costs may have a material adverse effect on our business, results of operations, financial

condition or prospects.

As of June 30, 2014, we owned land reserves extending over more than 352,928 hectares that were purchased at very attractive prices. In addition, we have a concession over 109,014 hectares reserved for future development. We believe that there are technological tools available to improve productivity in these farmlands 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.

Increased energy prices and fuel shortages could adversely affect our operations.

We require substantial amounts of fuel oil and other resources for our harvest activities and transport of our agricultural products. We rely upon third parties for our supply of the energy resources consumed in our operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, worldwide price levels and market conditions. The prices of various sources of energy may increase significantly from current levels. An increase in energy prices could materially adversely affect our results of operations and financial condition.

We depend on our chairman and senior management.

Our success depends, to a significant extent, on the continued employment of Eduardo S. Elsztain, our chairman, and Alejandro G. Elsztain, our chief executive officer, and second vice-chairman. The loss of their services for any reason could have a material adverse effect on our business. If our current principal shareholders were to lose their influence on the management of our business, our principal executive officers could resign or be removed from office.

Our future success also depends in part upon our ability to attract and retain other highly qualified personnel. We cannot assure you that we will be successful in hiring or retaining qualified personnel, or that any of our personnel will remain employed by us.

The Investment Company Act may limit our future activities.

Under Section 3(a)(3) of the Investment Company Act of 1940, as amended, an investment company is defined in relevant part to include any company that owns or proposes to acquire investment securities that have a value exceeding 40% of such company's unconsolidated total assets (exclusive of U.S. government securities and cash items). Investments in minority interests of related entities as well as majority interests in consolidated subsidiaries which themselves are investment companies are included within the definition of "investment securities" for purposes of the 40% limit under the Investment Company Act.

Companies that are investment companies within the meaning of the Investment Company Act, and that do not qualify for an exemption from the provisions, are required to register with the Securities and Exchange Commission and are subject to substantial regulations with respect to capital structure, operations, transactions with affiliates and other matters. In the event such companies do not register under the Investment Company Act, they may not, among other things, conduct public offerings of their securities in the United States or engage in interstate commerce in the United States. Moreover, even if we desired to register with the Securities and Exchange Commission as an investment company, we could not do so without an order of the Commission because we are a non-U.S. corporation, and it is unlikely that the Securities and Exchange Commission would issue such an order.

In recent years we made a significant investment in the capital stock of IRSA. As of June 30, 2014, we owned approximately 65.45% of IRSA's outstanding shares. Although we believe we are not an "investment company" for purposes of the Investment Company Act, our belief is subject to substantial uncertainty, and we cannot give you any assurance that we would not be determined to be an "investment company" under the Investment Company Act. As a result, the uncertainty regarding our status under the Investment Company Act may adversely affect our ability to offer and sell securities in the United States or to U.S. persons. The United States capital markets have historically been an important source of funding for us, and our future financing ability may be adversely affected by a lack of access to the United States capital markets. If an exemption under the Investment Company Act is unavailable to us in the future and we desire to access the U.S. capital markets, our only recourse would be to file an application to the SEC for an exemption from the provisions of the Investment Company Act which is a lengthy and highly uncertain process.

Moreover, if we offer and sell securities in the United States or to U.S. persons and we were deemed to be an investment company under the investment company act and not exempted from the application of the Investment Company Act, contracts we enter into in violation of, or whose performance entails a violation of, the Investment Company Act, including any such securities, may not be enforceable against us.

We hold Argentine securities which might be more volatile than U.S. securities and carry a greater risk of default.

We currently have and in the past have had certain investments in Argentine government debt securities, corporate debt securities, and equity securities. In particular, we hold a significant interest in IRSA, an Argentine company that has suffered material losses, particularly during the fiscal years 2001 and 2002. Although our holding of these investments, excluding IRSA, tends to be short term, investments in such securities involve certain risks, including:

- market volatility, higher than those typically associated with U.S. government and corporate securities; and
- loss of principal.

Some of the issuers in which we have invested and may invest, including the Argentine government, have in the past experienced substantial difficulties in servicing their debt obligations, which have led to the restructuring of certain indebtedness. We cannot assure that the issuers in which we have invested or may invest will not be subject to similar or other difficulties in the future which may adversely affect the value of our investments in such issuers. In addition, such issuers and, therefore, such investments, are generally subject to many of the risks that are described in this

section with respect to us, and, thus, could have little or no value.

Risks relating to our investment in IRSA.

IRSA's performance is subject to risks associated with its properties and with the real estate industry.

IRSA's economic performance and the value of their real estate assets, and consequently the value of the securities issued by them, are subject to the risk that if IRSA's properties do not generate sufficient revenues to meet its operating expenses, including debt service and capital expenditures, their ability to pay distributions to their shareholders and our cash flow will be adversely affected. Events or conditions beyond IRSA's control that may adversely affect its operations or the value of its properties include:

- downturns in the national, regional and local economic climate;
- volatility and decline in discretionary spending;
- Changes in trends in consumption.
- competition from other shopping centers and office, industrial and commercial buildings;
- local real estate market conditions, such as oversupply or reduction in demand for office, or other commercial or industrial space;
- decreases in consumption levels;
- changes in interest rates and availability of financing;
- the exercise by IRSA's tenants of its legal right to early termination of its leases;

- vacancies, changes in market rental rates and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including insurance expense, salary increases, utilities, real estate taxes, state and local taxes and heightened security costs;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses;
- significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property;
- declines in the financial condition of its tenants and its ability to collect rents from its tenants;
- changes in its ability or its tenants' ability to provide for adequate maintenance and insurance, possibly decreasing the useful life of and revenue from property; and
- changes in law or governmental regulations (such as those governing usage, zoning and real property taxes) or government action such as expropriation or confiscation.

If any one or more of the foregoing conditions were to affect IRSA's business, it could have a material adverse effect on our financial condition and results of operations.

IRSA's investment in property development, redevelopment and construction may be less profitable than we anticipate.

IRSA is a company engaged in the development and construction of office space, retail and residential properties, shopping centers and residential apartment complexes, frequently through third-party contractors. Risks associated with our development, re-development and construction activities include the following, among others:

- abandonment of development opportunities and renovation proposals;
- construction costs of a project may exceed IRSA's original estimates for reasons including raises in interest rates or increases in the costs of materials and labor, making a project unprofitable;
- occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, resulting in lower than projected rental rates and a corresponding lower return on our investment;
- pre-construction buyers may default on its purchase contracts or units in new buildings may remain unsold upon completion of construction;

- the unavailability of favorable financing alternatives in the private and public debt markets;
- sale prices for residential units may be insufficient to cover development costs;
- construction and lease-up may not be completed on schedule, resulting in increased debt service expense and construction costs;
- impossibility to obtain, delays in obtaining, necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations, or building moratoria and anti-growth legislation;
- significant time lags between the commencement and completion of projects subjects IRSA to greater risks due to fluctuation in the general economy;
- construction may not be completed on schedule because of a number of factors, including weather, labor disruptions, construction delays or delays in receipt of zoning or other regulatory approvals, or man-made or natural disasters (such as fires, hurricanes, earthquakes or floods), resulting in increased debt service expense and construction costs;
- general changes in IRSA's tenants' demand for rental properties outside of the city of Buenos Aires; and
- IRSA may incur capital expenditures that could result in considerable time consuming efforts and which may never be completed due to government restrictions.

In addition, IRSA may face contractors' claims for the enforcement of labor laws in Argentina (sections 30, 31 and 32 under Law No. 20,744), which provide for joint and several liability. Many companies in Argentina hire personnel from third-party companies that provide outsourced services, and sign indemnity agreements in the event of labor claims from employees of such third company that may affect the liability of such hiring company. However, in recent years, several court rulings have denied the existence of independence in those labor relationships and declared joint and several liabilities for both companies.

While IRSA's policies with respect to expansion, renovation and development activities are intended to limit some of the risks otherwise associated with such activities, nevertheless IRSA is subject to risks associated with the construction of properties, such as cost overruns, design changes and timing delays arising from a lack of availability of materials and labor, weather conditions and other factors outside of its control, as well as financing costs, may exceed original estimates, possibly making the associated investment unprofitable. Any substantial unanticipated delays or expenses could adversely affect the investment returns from these redevelopment projects and harm its operating results.

The real estate industry in Argentina is increasingly competitive.

IRSA's real estate and construction activities are highly concentrated in the Buenos Aires metropolitan area, where the real estate market is highly competitive due to the scarcity of properties in sought-after locations and the increasing number of local and international competitors.

Furthermore, the Argentine real estate industry is generally highly competitive and fragmented and does not have high barriers to entry restricting new competitors. The main competitive factors in the real estate development business include availability and location of land, price, funding, design, quality, reputation and partnerships with developers. A number of residential and commercial developers and real estate services companies compete with it in seeking land for acquisition, financial resources for development and prospective purchasers and tenants. Other companies, including joint ventures of foreign and local companies, have become increasingly active in the real estate business in Argentina, further increasing this competition. To the extent that one or more of IRSA's competitors are able to acquire and develop desirable properties, as a result of greater financial resources or otherwise, its business could be materially and adversely affected. If IRSA is not able to respond to such pressures as promptly as its competitors, or the level of competition increases, its financial condition and results of its operations could be adversely affected.

In addition, many of IRSA's shopping centers are located in close proximity to other shopping centers, numerous retail stores and residential properties. The number of comparable properties located in the vicinity of its property could have a material adverse effect on its ability to lease retail space at its shopping centers or sell units in its residential complexes and on the rent price or the sale price that IRSA is able to charge. IRSA cannot assure you that other shopping center operators, including international shopping center operators, will not invest in Argentina in the near future. As additional companies become active in the Argentine shopping center market, such increased competition could have a material adverse effect on IRSA's results of operations.

IRSA faces risks associated with property acquisitions.

IRSA has in the past acquired, and intends to acquire, properties, including large properties (such as the acquisition of Edificio República, Abasto de Buenos Aires, or Alto Palermo Shopping) that would increase its size and potentially alter its capital structure. The success of their past and future acquisitions is subject to a number of uncertainties, including the risk that:

- IRSA may not be able to obtain financing for acquisitions on favorable terms;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than its estimates;
- acquired properties may be located in new markets where it may have limited knowledge and understanding of the local economy, absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures; and
- IRSA may not be able to efficiently integrate acquired properties, particularly portfolios of properties, into its organization and to manage new properties in a way that allows it to realize cost savings and synergies.

Some of the land IRSA has purchased is not zoned for development purposes, and it may be unable to obtain, or may face delays in obtaining the necessary zoning permits and other authorizations.

IRSA owns several plots of land which are not zoned for the type of projects it intends to develop. In addition, IRSA does not yet have the required land-use, building, occupancy and other required governmental permits and authorizations. IRSA cannot assure you that it will continue to be successful in its attempts to rezone land and to obtain all necessary permits and authorizations, or that rezoning efforts and permit requests will not be unreasonably delayed or rejected. Moreover, IRSA may be affected by building moratorium and anti-growth legislation. If it is unable to obtain all of the governmental permits and authorizations it needs to develop its present and future projects as planned, IRSA may be forced to make unwanted modifications to such projects or abandon them altogether.

Acquired properties may subject IRSA to unknown liabilities.

Properties that IRSA acquires may be subject to unknown liabilities for which it would have no recourse, or only limited recourse, to the former owners of such properties. As a result, if a liability were asserted against it based upon ownership of an acquired property, IRSA might be required to pay significant sums to settle it, which could adversely affect its financial results and cash flow. Unknown liabilities relating to acquired properties could include:

- liabilities for clean-up of undisclosed environmental contamination;
- law reforms and governmental regulations (such as those governing usage, zoning and real property taxes); and
- liabilities incurred in the ordinary course of business.

Some potential losses are not covered by insurance, and certain kinds of insurance coverage may become prohibitively expensive.

IRSA currently carries insurance policies that cover potential risks such as civil liability, fire, loss of profit, floods, including extended coverage and losses from leases on all of its properties. Although IRSA believes the policy specifications and insured limits of these policies are generally customary, there are certain types of losses, such as lease and other contract claims, terrorism and acts of war that generally are not insured. Should an uninsured loss or a loss in excess of insured limits occur, IRSA could lose all or a portion of the capital it has invested in a property, as well as the anticipated future revenue from the property. In such an event, IRSA might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. IRSA cannot assure you that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt its operations, delay revenue and result in large expenses to repair or rebuild the property. Moreover, IRSA does not purchase life or disability insurance for any of our key employees. If any of its key employees were to die or become incapacitated, it would experience losses caused by a disruption in its operations which will not be covered by insurance, and this could have a material adverse effect on its financial condition and results of operations.

In addition, IRSA cannot assure you that it will be able to renew its insurance coverage in an adequate amount or at reasonable prices. Insurance companies may no longer offer coverage against certain types of losses, such as losses due to terrorist acts and mold, or, if offered, these types of insurance may be prohibitively expensive.

IRSA's dependence on rental income may adversely affect its ability to meet its debt obligations.

The substantial part of IRSA's income is derived from rental income from real property. As a result, IRSA's performance depends on its ability to collect rent from its tenants. IRSA's income and funds for distribution would be negatively affected if a significant number of its tenants or any of its major tenants (as discussed in more detail below):

- delay lease commencements;
- decline to extend or renew leases upon expiration;
- fail to make rental payments when due; or
- close stores or declare bankruptcy.

Any of these actions could result in the termination of the tenants' leases and the loss of rental income attributable to the terminated leases. In addition, IRSA cannot assure you that any tenant whose lease expires will renew that lease or that we will be able to re-lease space on economically advantageous terms. The loss of rental revenues from a number of our tenants and our inability to replace such tenants may adversely affect our profitability and our ability to meet debt and other financial obligations.

Demand for IRSA's premium properties which target the high-income demographic may be insufficient.

IRSA has focused on development projects intended to cater to affluent individuals and has entered into property swap agreements pursuant to which IRSA contributes its undeveloped properties to ventures with developers who will deliver to its units in premium locations. At the time the developers return these properties to it, demand for premium residential units could be significantly lower. In such case, IRSA would be unable to sell these residential units at the estimated prices or in the time frame it estimated, which could have a material adverse effect on its financial condition and results of operations.

It may be difficult to buy and sell real estate quickly and transfer restrictions apply to some of IRSA's properties.

Real estate investments are relatively illiquid and this tends to limit its ability to vary its portfolio promptly in response to changes in the economy or other conditions. In addition, significant expenditures associated with each equity investment, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a decrease in income from a certain investment. If income from a property declines while the related expenses do not decline, IRSA's business would be adversely affected. Some of its properties are mortgaged to secure payment of its indebtedness, and if IRSA is unable to meet its mortgage payments, it could lose money as a result of foreclosure on such mortgages and even lose such property. In addition, if it becomes necessary or desirable for it to dispose of one or more of the mortgaged properties, IRSA might not be able to obtain a release of the lien on the mortgaged property without payment of the associated debt. The foreclosure of a mortgage on a property or inability to sell a property could adversely affect its business. In the type of transactions of this kind, IRSA may also agree, subject to certain exceptions, not to sell the acquired properties for significant periods of time.

An adverse economic environment for real estate companies and the credit crisis may adversely impact our results of operations and business prospects significantly.

The success of IRSA's business and profitability of its operations are dependent on continued investment in the real estate markets and access to capital and debt financing. A long term crisis of confidence in real estate investments and lack of available credit for acquisitions would be likely to constrain our business growth. As part of our business goals, IRSA intends to increase our properties portfolio with strategic acquisitions of core properties at advantageous prices, and core plus and value added properties where IRSA believes it can bring necessary expertise to enhance property values.

In order to pursue acquisitions, IRSA may need access to equity capital and/or debt financing. Recent disruptions in the financial markets, including the bankruptcy and restructuring of major financial institutions, may adversely impact IRSA's ability to refinance existing debt and the availability and cost of credit in the near future. Any consideration of sales of existing properties or portfolio interests may be tempered by decreasing property values. IRSA's ability to make scheduled payments or to refinance its obligations with respect to indebtedness depends on its operating and financial performance, which in turn is subject to prevailing economic conditions. If a recurrence of the disruptions in financial markets presents itself in the future, there can be no assurances that government responses to the disruptions in the financial markets will restore investor confidence, stabilize the markets or increase liquidity and the availability of credit.

IRSA's level of debt may adversely affect its operations and its ability to pay its debt as it becomes due.

IRSA had, and expects to continue to have, substantial liquidity and capital resource requirements to finance its business. As of June 30, 2014, IRSA's consolidated financial debt was Ps. 4,493 million (including short-term and long-term debt, accrued interest and deferred financing costs).

Although IRSA is generating sufficient funds from operating cash flows to satisfy its debt service requirements and its capacity to obtain new financing is adequate given the current availability of credit lines with the banks, IRSA cannot assure you that it will maintain such cash flow and adequate financial capacity in the future.

The fact that we are leveraged may affect our ability to refinance existing debt or borrow additional funds to finance working capital, acquisitions and capital expenditures. In addition, the recent disruptions in the global financial markets, including the bankruptcy and restructuring of major financial institutions, may adversely impact our ability to refinance existing debt and the availability and cost of credit in the future. In such conditions, access to equity and debt financing options may be restricted and it may be uncertain how long these circumstances last.

This would require IRSA to allocate a substantial portion of cash flow to repay principal and interest, thereby reducing the amount of money available to invest in operations, including acquisitions and capital expenditures. Its leverage could also affect its competitiveness and limit its ability to react to changes in market conditions, changes in the real estate industry and economic downturns.

IRSA may not be able to generate sufficient cash flows from operations to satisfy its debt service requirements or to obtain future financing. If IRSA cannot satisfy its debt service requirements or if IRSA default on any financial or other covenants in its debt arrangements, the lenders and/or holders of its debt will be able to accelerate the maturity of such debt or cause defaults under the other debt arrangements. IRSA's ability to service debt obligations or to refinance them will depend upon its future financial and operating performance, which will, in part, be subject to factors beyond its control such as macroeconomic conditions (including the recent international credit crisis) and regulatory changes in Argentina. If it cannot obtain future financing, it may have to delay or abandon some or all of its planned capital expenditures, which could adversely affect its ability to generate cash flows and repay its obligations.

IRSA may be negatively affected by a financial crisis in the U.S., the European Union and global capital markets.

IRSA must maintain liquidity to fund its working capital, service its outstanding indebtedness and finance investment opportunities. Without sufficient liquidity, IRSA could be forced to curtail its operations or may not be able to pursue new business opportunities.

The capital and credit markets have been experiencing extreme volatility and disruption during the last credit crisis. If IRSA's current resources do not satisfy IRSA's liquidity requirements, IRSA may have to seek additional financing. The availability of financing will depend on a variety of factors, such as economic and market conditions, the availability of credit and IRSA's credit ratings, as well as the possibility that lenders could develop a negative perception of the prospects of IRSA or the industry generally. IRSA may not be able to successfully obtain any necessary additional financing on favorable terms.

The recurrence of a credit crisis could have a negative impact on its major customers, which in turn could materially adversely affect its results of operations and liquidity.

The recent credit crisis had a significant negative impact on businesses around the world. The impact of a crisis on its major tenants cannot be predicted and may be quite severe. A disruption in the ability of its significant tenants to access liquidity could cause serious disruptions or an overall deterioration of its businesses which could lead to a significant reduction in its future orders of its products and the inability or failure on its part to meet its payment obligations to us, any of which could have a material adverse effect on IRSA's results of operations and liquidity.

Adverse incidents that occur in IRSA's shopping centers may result in damage to IRSA's image and a decrease in IRSA's customers.

Given that shopping centers are open to the public, with ample circulation of people, accidents, theft, robbery and other incidents may occur in IRSA's facilities, regardless of the preventative measures which may be adopted. In the event such an incident or series of incidents occurs, shopping center customers and visitors may choose to visit other shopping venues that they believe are safer and less violent, which may cause a reduction in the sales volume and operating income of IRSA's shopping centers.

IRSA is subject to risks inherent to the operation of shopping centers that may affect its profitability.

Shopping centers are subject to various factors that affect their development, administration and profitability. These factors include:

- the accessibility and the attractiveness of the area where the shopping center is located;
- the intrinsic attractiveness of the shopping center;
- the flow of people and the level of sales of each shopping center rental unit;
- increasing competition from internet sales;
- the amount of rent collected from each shopping center rental unit;
- changes in consumer demand and availability of consumer credit, both of which are highly sensitive to general macroeconomic conditions; and
- the fluctuations in occupancy levels in the shopping centers.

An increase in operating costs, caused by inflation or other factors, could have a material adverse effect on IRSA if its tenants are unable to pay higher rent due to the increase in expenses. Moreover, the shopping center business is closely related to consumer spending and to the economy in which customers are located. All of IRSA's shopping centers are in Argentina, and, as a consequence, their business could be seriously affected by potential recession in Argentina. For example, during the economic crisis in Argentina, spending decreased significantly, unemployment, political instability and inflation significantly reduced consumer spending in Argentina, lowering tenants' sales and forcing some tenants to leave IRSA's shopping centers. If the international financial crisis has a substantial impact on economic activity in Argentina, it will likely have a material adverse effect on the revenues from the shopping center activity.

The loss of significant tenants could adversely affect both the operating revenues and value of IRSA's shopping center and other rental properties.

If some of IRSA's most important tenants were to experience financial difficulties, including bankruptcy, insolvency or a general downturn of business, or if it simply failed to retain its patronage, IRSA's business could be adversely affected. IRSA's shopping centers and, to a lesser extent, its office buildings are typically anchored by significant tenants, such as well-known department stores who generate shopping traffic at the mall. A decision by such significant tenants to cease operations at IRSA's shopping centers or office buildings could have a material adverse effect on the revenues and profitability of the affected segment and, by extension, on its financial condition and results of operations. The closing of one or more significant tenants may induce other major tenants of an affected property to terminate their leases, to seek rent relief and/or cease operating their stores or otherwise adversely affect occupancy at the property. In addition, key tenants at one or more properties might terminate their leases as a result of mergers, acquisitions, consolidations, dispositions or bankruptcies in the retail industry. The bankruptcy and/or closure of one or more significant tenants, if IRSA is not able to successfully re-lease the affected space, could have a material adverse effect on both the operating revenues and underlying value of the properties involved.

IRSA's future acquisitions may be unprofitable.

IRSA intends to acquire additional shopping center properties to the extent that they will be acquired on advantageous terms and meet our investment criteria. Acquisitions of commercial properties entail general investment risks associated with any real estate investment, including:

- IRSA estimates of the cost of improvements needed to bring the property up to established standards for the market may prove to be inaccurate;
- properties IRSA acquire may fail to achieve within the time frames IRSA projects the occupancy or rental rates IRSA projects at the time IRSA makes the decision to acquire, which may result in the properties' failure to achieve the returns IRSA projected;
- IRSA's pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs, which could significantly increase its total acquisition costs; and
- IRSA's investigation of a property or building prior to its acquisition, and any representations IRSA may receive from the seller of such building or property, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase IRSA's acquisition cost.

If IRSA acquires a business, it will be required to integrate the operations, personnel and accounting and information systems of the acquired business. In addition, acquisitions of or investments in companies may cause disruptions in IRSA's operations and divert management's attention away from day-to-day operations, which could impair IRSA's relationships with its current tenants and employees.

IRSA's ability to grow will be limited if they cannot obtain additional capital.

IRSA's growth strategy is focused on the redevelopment of properties IRSA already owns and the acquisition and development of additional properties. As a result, IRSA is likely to depend to an important degree on the availability of debt or equity capital, which may or may not be available on favorable terms. IRSA cannot guarantee that additional financing, refinancing or other capital will be available in the amounts IRSA desires or favorable terms.

IRSA's access to debt or equity capital markets depends on a number of factors, including the market's perception of IRSA's growth potential, IRSA's ability to pay dividends, its financial condition, its credit rating and its current and potential future earnings. Depending on the outcome of these factors, IRSA could experience delay or difficulty in implementing its growth strategy on satisfactory terms, or be unable to implement this strategy.

Serious illnesses and pandemics, such as the 2009 outbreak of Influenza A H1N1 virus (the "Swine Flu"), have in the past adversely affected consumer and tourist activity, may do so in the future and may adversely affect our results of operations.

As a result of the outbreak of Swine Flu during the winter of 2009, consumers and tourists dramatically changed their spending and travel habits to avoid contact with crowds. Furthermore, several governments' enacted regulations limiting the operation of schools, cinemas and shopping centers. Even though the Argentine government only issued public service recommendations to the population regarding the risks involved in visiting crowded places, such as shopping centers, and did not issue specific regulations limiting access to public places, a significant number of consumers nonetheless changed their habits vis-a-vis shopping centers and malls. In addition, as of the date of this annual report, a remote but possible outbreak of ebola may endanger our activities if such outbreak actually occurs and the government decides to take measures to limit interaction between large concentrations of people. We cannot assure you that a new outbreak or health hazard will not occur in the future, or that such an outbreak or health hazard would not significantly affect consumer and/or tourist activity, and that such scenario would not adversely affect our businesses.

IRSA is subject to risks inherent to the operation of office buildings that may affect its profitability.

Office buildings are subject to various factors that affect their development, administration and profitability. The profitability of IRSA's office buildings may be affected by:

- a decrease in demand for office space;
- a deterioration in the financial condition of IRSA's tenants, which may result in defaults under leases due to bankruptcy, lack of liquidity or for other reasons;
- difficulties or delays renewing leases or re-leasing space;
- decreases in rents as a result of oversupply, particularly of newer buildings;

- competition from developers, owners and operators of office properties and other commercial real estate, including sublease space available from our tenants; and
- maintenance, repair and renovation costs incurred to maintain the competitiveness of our office buildings.

IRSA is subject to risks affecting the hotel industry.

The full-service segment of the lodging industry in which IRSA's hotels operate is highly competitive. The operational success of IRSA's hotels is highly dependent on its ability to compete in areas such as access, location, quality of accommodations, rates, quality food and beverage facilities and other services and amenities. IRSA's hotels may face additional competition if other companies decide to build new hotels or improve their existing hotels to increase their attractiveness.

In addition, the profitability of IRSA's hotels depends on:

- IRSA's ability to form successful relationships with international and local operators to run its hotels;
- changes in tourism and travel patterns, including seasonal changes and changes due to pandemic outbreaks, such as the A H1N1 virus; or weather phenomenon or other natural events, such as the eruption of the Puyehué volcano in June 2011;
- affluence of tourists, which can be affected by a slowdown in global economy; and
- taxes and governmental regulations affecting wages, prices, interest rates, construction procedures and costs.

An uninsured loss or a loss that exceeds the policies on IRSA's properties could subject to lost capital or revenue on those properties.

Under the terms and conditions of the leases currently in force on IRSA's properties, tenants are required to indemnify and hold harmless from liabilities resulting from injury to persons, or property, on or off the premises, due to activities conducted on the properties, except for claims arising from our negligence or intentional misconduct or that of its agents.

Tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. In addition, IRSA cannot assure the holders that the tenants will properly maintain their insurance policies or have the ability to pay the deductibles.

Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, IRSA could lose all or part of its capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our operating results and financial condition.

IRSA's business is subject to extensive regulation and additional regulations may be imposed in the future.

IRSA's activities are subject to federal, state and municipal laws, and to regulations, authorizations and licenses required with respect to construction, zoning, use of the soil, environmental protection and historical patrimony, consumer protection and other requirements, all of which affect its ability to acquire land, buildings and shopping centers, develop and build projects and negotiate with customers. In addition, companies in this industry are subject to increasing tax rates, the creation of new taxes and changes in the taxation regime. IRSA is required to obtain licenses and authorizations with different governmental authorities in order to carry out IRSA's projects. Maintaining IRSA's licenses and authorizations can be a costly provision. In the case of non-compliance with such laws, regulations, licenses and authorizations, IRSA may face fines, project shutdowns, and cancellation of licenses and revocation of authorizations.

In addition, public authorities may issue new and stricter standards, or enforce or construe existing laws and regulations in a more restrictive manner, which may force IRSA to make expenditures to comply with such new rules. Development activities are also subject to risks relating to potential delays in obtaining or an inability to obtain all necessary zoning, environmental, land-use, development, building, occupancy and other required governmental permits and authorizations. Any delays or failures to obtain government approvals may have an adverse effect on IRSA's business.

In the past, the Argentine government imposed strict and burdensome regulations regarding leases in response to housing shortages, high rates of inflation and difficulties in accessing credit. Such regulations limited or prohibited increases on rental prices and prohibited eviction of tenants, even for failure to pay rent. Most of IRSA's leases provide that the tenants pay all costs and taxes related to their respective leased 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 negatively affecting IRSA's rental income. IRSA cannot assure you that the Argentine government will not impose similar or other regulations in the future. Changes in existing laws or the enactment of new laws governing the ownership, operation or leasing of properties in Argentina could negatively affect the Argentine real estate market and the rental market and materially and adversely affect IRSA's operations and profitability.

Argentine Lease Law No. 23,091 imposes restrictions that limit IRSA's flexibility.

Argentine laws governing leases impose certain restrictions, including the following:

- lease agreements may not contain inflation adjustment clauses based on consumer price indexes or wholesale price indexes. Although many of IRSA's lease agreements contain readjustment clauses, these are not based on an official index nor do they reflect the inflation index. In the event of litigation these provisions may not be enforceable and therefore it may be impossible for IRSA to adjust the amounts owed to IRSA under its lease agreements;
- residential leases must comply with a mandatory minimum term of two years and retail leases must comply with a mandatory minimum term of three years except in the case of stands and/or spaces for special exhibitions;

- lease terms may not exceed ten years, except for leases regulated by Law No. 25,248 (which provides that leases containing a purchase option are not subject to term limitations); and
- tenants may rescind commercial and office lease agreements after the initial six-month period.

As a result of the foregoing, IRSA is exposed to the risk of increases of inflation under its leases and the exercise of rescission rights by IRSA's tenants could materially and adversely affect its business, therefore IRSA cannot assure you that its tenants will not exercise such rights, especially if rent values stabilize or decline in the future or if economic conditions deteriorate.

Eviction proceedings in Argentina are difficult and time consuming.

Although Argentine law permits a summary proceeding to collect unpaid rent and a special proceeding to evict tenants, eviction proceedings in Argentina are difficult and time-consuming. Historically, the heavy workloads of the courts and the numerous procedural steps required have generally delayed landlords' efforts to evict tenants. Eviction proceedings generally take between six months and two years from the date the suit is filed to the time of actual eviction.

IRSA usually attempts to negotiate the termination of lease agreements with defaulting tenants after the first few months of non-payment in order to avoid legal proceedings. Delinquency may increase significantly in the future, and such negotiations with tenants may not be as successful as they have been in the past. Moreover, new Argentine laws and regulations may forbid or restrict eviction proceedings, and in such case, they would likely have a material and adverse effect on IRSA's financial condition and results of operation.

IRSA is subject to great competitive pressure.

IRSA's principal properties are located in Argentina. There are other shopping centers and numerous smaller retail stores and residential properties within the market area of each of IRSA's properties. The number of competing properties in a particular area could have a material adverse effect on IRSA's ability to lease retail space at its shopping centers or sell units in its residential complexes and on the amount of rent or the sale price that IRSA is able to charge. To date, there have been relatively few companies competing with IRSA's for shopping center properties. However, if additional companies become active in the Argentine shopping center market in the future, such competition could have a material adverse effect on IRSA's results of operations.

IRSA's assets are concentrated in the Buenos Aires area.

IRSA's principal properties are located in the City of Buenos Aires and the Province of Buenos Aires and a substantial portion of its revenues are derived from such properties. For IRSA's fiscal years ended June 30, 2013 and 2014, approximately 83% and 84% of IRSA's consolidated revenues were derived from properties in the Buenos Aires metropolitan area including the City of Buenos Aires. Although IRSA owns properties and may acquire or develop additional properties outside Buenos Aires, IRSA expects continued dependence to a large extent on economic conditions affecting those areas, and therefore, an economic downturn in those areas could have a material adverse effect on IRSA's financial condition and results of operations.

IRSA faces risks associated with the expansion to other latin american markets.

From 1994 to 2002, IRSA had substantial investments outside of Argentina, including Brazil Realty, which was sold in 2002, and Fondo de Valores Inmobiliarios in Venezuela, which was sold in 2001.

IRSA continue to believe that Brazil, Uruguay and other latin american countries offer attractive growth opportunities in the real estate sector. IRSA will continue to consider investment opportunities outside of Argentina as they arise.

Investments in Brazil and other latin american countries are subject to significant risks including sovereign risks and risks affecting these countries' real estate sectors. These risks include competition by well-established as well as new developers, unavailability of financing or financing on terms that are not acceptable to IRSA, exchange rate fluctuations, lack of liquidity in the market, rising construction costs and inflation, extensive and potentially increasing regulation and bureaucratic procedures for obtaining permits and authorizations, political and economic instability that may result in sharp shifts in demand for properties, risks of default in payment and difficulty evicting defaulting tenants.

In 2009, IRSA has acquired a property in Partido de la Costa, Department of Canelones, Uruguay, near Montevideo, where IRSA plans to develop a real estate housing units and commercial premises.

IRSA faces risks associated with its expansion in the United States.

On July 2, 2008, we acquired 30% interest in Metropolitan 885 LLC ("Metropolitan"), a limited liability company organized under the laws of Delaware, United States of America. During fiscal year 2011, as a result of certain negotiations, an agreement was reached to restructure Metropolitan's debt; After the consummation of the aforementioned restructuring, we indirectly hold 49% of New Lipstick LLC ("New Lipstick"), a holding company which is the owner of Metropolitan. Metropolitan's main asset is the Lipstick Building, a 34-story building located on Third Avenue between 53 and 54 streets in Manhattan, New York. Metropolitan has incurred in a secured loan in connection with the Lipstick Building. For more information about Metropolitan, please see "Item 5. Operating and Financial Review and Prospects".

Since August 2009 we acquired and subsequently sold part of our equity interests in Hersha Hospitality Trust ("Hersha"). Hersha's main assets are hotels, most of them are located in the east coast of the United States. On June 17, 2013, through our subsidiaries, we sold 13,282,218 common shares of Hersha Hospitality Trust. Accordingly, our indirect interest in Hersha decreased from 7.19% to 0.49%, with our holding a residual interest of 1,000,000 common shares. After fiscal year-end we sold our its residual interest in Hersha for US\$ 6.74 per share. As a result we do not longer hold any interest in Hersha.

In December 2010, through Rigby 183 LLC ("Rigby"), in which we indirectly hold a 49% equity interest through IMadison LLC ("Imadison"), jointly with other partners, we acquired a building located at 183 Madison Avenue, Midtown South, Manhattan, New York. On November 27, 2012, we increased our interest in Rigby to 74.50%, thus consolidating the results of the investment in the company's statement of income. On September 29, 2014, we closed the sale of the Madison 183 building, for more information plase see "Recent Developments".

In March 2012, through our subsidiary Real Estate Strategies, L.P. (“RES”), we acquired 3,000,000 Series C convertible preferred shares issued by Supertel Hospitality Inc. (“Supertel”) in an aggregate amount of US\$ 30,000,000, a REIT focused in middle-class and long-stay hotels in 20 states in the United States of America.

IRSA face risks associated with its investment in Israel

On May 7, 2014, IRSA, acting indirectly through Dolphin Netherlands B.V. (“Dolphin Netherlands”), subsidiary of Dolphin Fund Limited (“DFL”), an investment fund incorporated under the laws of the Island of Bermuda, acquired, jointly with C.A.A. Extra Holdings Limited (“ETH”), 106.6 million common shares in IDB Development Corporation Ltd. (“IDBD”) representing in the aggregate 53.33% of IDBD’s issued and outstanding capital stock, pursuant to an arrangement (approved by the competent court) of IDBD’s holding company, IDB Holdings Corporation Ltd. with its creditors (the “IDBD Investment”). Under the terms of the shareholders’ agreement between DFL and E.T.H. M.B.M. Extra Holdings Ltd., a controlled company of Mordechai Ben Moshé, to which Dolphin Netherlands and ETH acceded, Dolphin Netherlands and certain other third party investors acquired a 50% interest in half of the shares representing 53.33% of IDBD and ETH acquired the half of such shares. The aggregate amount initially invested by Dolphin Netherlands and ETH was NIS 950 million, equivalent to approximately US\$272 million at the exchange rate prevailing on that date. As of June 30, 2014, IRSA’s aggregate indirect interest in IDBD represented 23% of its issued and outstanding capital stock.

The terms of the arrangement (approved by the competent court) include further obligations to be performed by Dolphin Netherlands, including additional contributions in future rights offerings of IDBD and the launching of certain tenders offers to acquire additional shares of IDBD in the market prior to 2015 and 2016 at a fixed price as set forth in the arrangement (approved by the competent court). In connection therewith, IRSA is subject to the fluctuation of the market value of the IDBD’s shares traded in the Tel Aviv Stock Exchange prevailing on the date of the launching of each tender offer. In addition, as security for the performance of the obligation to launch the required tender offers, Dolphin Netherlands have pledged a significant portion of its shares of IDBD in favor of its creditors. If Dolphin Netherlands does not perform its obligations, Dolphin Netherlands’ pledged shares may be foreclosed upon and therefore IRSA may lose a significant portion of its investment in IDBD.

Following the closing of IRSA’s initial investment in IDBD in May 2014, Dolphin Netherlands increased its interest in IDBD through the participation in the rights issuance published by IDBD in June 2014 and purchases of shares in market transactions.

IDBD is one of the largest business groups in Israel. Particularly, due to the limited size of the Israeli market and due to the high level of regulation, IDBD and its group of companies may be limited to expand its business in the future, to form joint ventures and strategic alliances. In addition, pursuant to the regulatory framework IDBD may be obliged to sell, transfer or dispose any of its assets. Furthermore, IDBD is a holding corporation. Changes in the prices of the securities of IDBD’s subsidiaries and of companies held by them can affect, directly or indirectly, the business results, shareholders’ equity, cash flows, the value of IDBD and/or the equity value; they can also have an impact on the possibilities and terms of realization of these assets, on the ability to distribute dividends, on the availability of credit and financing and the terms thereof. IDBD is indirectly exposed and mainly through its major investments and their investee companies, to changes in the prices of raw materials, the prices of securities, other prices and other economic indices, which may have a material impact on the assets and liabilities of the companies, including the liabilities of the companies to vendors, customer debts to the companies, the value of inventories held by the companies and of other assets and liabilities.

In addition, there are several risks associated with IDBD’s (including its subsidiaries) operations in Israel.

Conditions in Israel may limit the ability of IDBD to develop and sell products, which could result in a decrease of revenues.

IDBD’s corporate headquarters and a substantial business are located in Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries, as well as incidents of terror activities and other hostilities. Political, economic and security conditions in Israel could directly affect IDBD’s operations. IDBD could be adversely affected by hostilities involving Israel, including acts of terrorism or any other hostilities involving or threatening Israel, the interruption or curtailment of trade between Israel and its trading partners, a significant increase in inflation or a significant downturn in the economic or financial condition of Israel. Any on-going or future armed conflicts, terrorist activities, tension along the Israeli borders or political instability in the region could disrupt international trading activities in Israel and may materially and negatively affect IDBD’s business and could harm the results of its operations.

Certain countries, as well as certain companies and organizations, continue to participate or may decide to participate in a boycott of Israeli companies, companies with large Israeli operations and others doing business with Israel and Israeli companies. The boycott, restrictive laws, policies or practices directed towards Israel, Israeli businesses or Israeli citizens could, individually or in the aggregate, have a material adverse effect on IDBD’s business in the future.

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The rights and responsibilities of IDBD's shareholders are governed by Israeli law and differ in some respects from the rights and responsibilities of shareholders under U.S. law.

IDBD is incorporated under Israeli law. The rights and responsibilities of holders of the ordinary shares of IDBD are governed by IDBD's articles of association and by Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith in exercising his or her rights and fulfilling his or her obligations toward the company and other shareholders and to refrain from abusing his power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters. Israeli law provides that these duties are applicable in shareholder votes at the general meeting with respect to, among other things, amendments to a company's articles of association, increases in a company's authorized share capital, mergers and actions and transactions involving interests of officers, directors or other interested parties which require the shareholders' general meeting's approval. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that he or she possesses the power to determine the outcome of a vote at a meeting of IRSA's shareholders, or who has, by virtue of the company's articles of association, the power to appoint or prevent the appointment of an office holder in the company, or any other power with respect to the company, has a duty of fairness toward the company. The Israeli Companies Law does not establish criteria for determining whether or not a shareholder has acted in good faith.

If the bankruptcy of Inversora Dársena Norte S.A. is extended to IRSA's subsidiary Puerto Retiro, IRSA will likely lose a significant investment in a unique waterfront land reserve in the City of Buenos Aires.

On November 18, 1997, IRSA, in connection with the acquisition of its subsidiary Inversora Bolívar S.A. ("Inversora Bolívar"), indirectly acquired 35.2% of the capital stock of Puerto Retiro. Inversora Bolívar purchased such shares of Puerto Retiro from Redona Investments Ltd. N.V. in 1996. In 1999, IRSA, through Inversora Bolívar, increased its interest in Puerto Retiro to 50.0% of its capital stock. On April 18, 2000, Puerto Retiro received notice of a complaint filed by the Argentine government, through the Ministry of Defense, seeking to extend the bankruptcy of Inversora Dársena Norte S.A. ("Indarsa"). Upon filing of the complaint, the bankruptcy court issued an order restraining the ability of Puerto Retiro to dispose of the real property it had purchased in 1993 from Tandanor S.A. ("Tandanor"). Puerto Retiro appealed to the restraining order which was confirmed by the court on December 14, 2000.

In 1991, Indarsa purchased 90% of Tandanor, a formerly government-owned company, which owned a large piece of land near Puerto Madero of approximately 8 hectares, divided into two spaces: Planta 1 and 2. After the purchase of Tandanor by Indarsa, in June 1993 Tandanor sold "Planta 1" to Puerto Retiro, for a sum of US\$18 million pursuant to a valuation performed by J.L. Ramos, a well-known real estate brokerage firm in Argentina. Indarsa failed to pay to the Argentine government the outstanding price for its purchase of the stock of Tandanor. As a result, the Ministry of Defense requested the bankruptcy of Indarsa. Since the only asset of Indarsa was its holding in Tandanor, the Argentine government is seeking to extend Indarsa's bankruptcy to the companies or individuals, which, according to its view, acted as a single economic group. In particular, the Argentine government has requested the extension of the bankruptcy to Puerto Retiro, which acquired Planta 1 from Tandanor.

The time for producing evidence in relation to these legal proceeding has expired. The parties have submitted their closing arguments and are awaiting a final judgment. However, the judge has delayed his decision until a final judgment in the criminal proceedings against the former Defense Minister and former directors of Indarsa has been delivered. It should be noticed, regarding the above mentioned criminal procedure that on February 23, 2011 it was resolved to declare its expiration, and to dismiss certain defendants. However, this resolution is not final because it was appealed. IRSA cannot give you any assurance that the company will prevail in this proceeding.

Property ownership through joint ventures or minority participation may limit IRSA's ability to act exclusively in its interest.

IRSA develops and acquires properties in joint ventures with other persons or entities when IRSA believes circumstances warrant the use of such structures. For example, in its Shopping Center segment, as of June 30, 2014, IRSA owned approximately 95.7% of Alto Palermo. Through its subsidiary Alto Palermo, IRSA own 80% of Panamerican Mall S.A., while another 20% is owned by Centro Comercial Panamericano S.A and 50% of Quality Invest S.A.. In IRSA's Sales and Developments segment, IRSA has ownership of 50% in Puerto Retiro and 50% in Cyrsa S.A. In IRSA's Hotels segment, IRSA owns 50% of the Llao Llao Hotel, while the other 50% is owned by the

Sutton Group. IRSA owns 80% of the Hotel Libertador, Hoteles Sheraton de Argentina S.A. owns 20%.

IRSA owns 76.34% of Hotel Intercontinental. In the Financial Operations and Others segment, IRSA owns approximately 29.77% of Banco Hipotecario, while the Argentine government has a controlling interest. Finally, IRSA owns a 49% interest in Metropolitan, 49% in a building located at Madison Avenue in New York (for more information see “Recent Development”), and holds voting rights with respect to a 34% interest in Supertel Hospitality Inc. and an indirect interest in IDBD of 23%.

IRSA could engage in a dispute with one or more of its joint venture partners that might affect its ability to operate a jointly owned property. Moreover, its joint venture partners may at any time, have business, economic or other objectives that are inconsistent with its objectives, including objectives that relate to the timing and terms of any sale or refinancing of a property. For example, the approval of certain of the other investors is required with respect to operating budgets and refinancing, encumbering, expanding or selling any of these properties. In some instances, its joint venture partners may have competing interests in its markets that could create conflicts of interest. If the objectives of its joint venture partners are inconsistent with its own objectives, IRSA will not be able to act exclusively in its interests.

If one or more of the investors in any of its jointly owned properties were to experience financial difficulties, including bankruptcy, insolvency or a general downturn of business, there could be an adverse effect on the relevant property or properties and in turn, on its financial performance. Should a joint venture partner declare bankruptcy, IRSA could be liable for its partner’s share of joint venture liabilities.

IRSA is dependent on its board of directors and certain other senior managers.

IRSA’s success depends on the continued employment of Eduardo S. Elsztain, its Chief Executive Officer and Chairman of the Board of Directors, and certain members of its board of directors and senior management, who have significant expertise and knowledge of its business and industry. The loss of or interruption in his services for any reason could have a material adverse effect on its business. IRSA’s future success also depends in part upon its ability to attract and retain other highly qualified personnel. IRSA cannot assure you that we will be successful in hiring or retaining qualified personnel. A failure to hire or retain qualified personnel may have a material adverse effect on its financial condition and results of operations.

Due to the currency mismatches between assets and liabilities, IRSA may have a significant currency exposure.

As of June 30, 2014, the majority of IRSA’s liabilities, such as its 8.5% and 11.5% notes due 2017 and 2020 respectively, Alto Palermo’s Series I Notes are denominated in U.S. dollars, while a significant portion of its revenues and assets as of June 30, 2014, are denominated in Pesos. This currency gap exposes IRSA to a risk of exchange rate volatility, which would negatively affect its financial results if the Dollar were to appreciate against the Peso. Any further depreciation of the Peso against the U.S. dollar will correspondingly increase the amount of its debt in Pesos, with further adverse effects on its results of operation and financial condition and may increase the collection risk of its leases and other receivables from its tenants and mortgage debtors, most of whom have Pesodenominated revenues.

The shift of consumers to purchasing goods over the Internet may negatively affect sales in IRSA’s shopping centers.

During the last years, Internet retail sales have grown significantly in Argentina, even though the market share of Internet sales related to retail sales is still not significant. The Internet enables manufacturers and retailers to sell directly to consumers, diminishing the importance of traditional distribution channels such as retail stores and shopping centers. IRSA believes that its target consumers are increasingly using the Internet, from home, work or elsewhere, to shop electronically for retail goods. IRSA believes that this trend is likely to continue. If e-commerce and retail sales through the Internet continue to grow, consumers’ reliance on traditional distribution channels such as IRSA’s shopping centers could be materially diminished, having a material adverse effect on our financial condition, results of operations and business prospects.

Risks Related to IRSA's Investment in Banco Hipotecario

IRSA's Investment in Banco Hipotecario

As of June 30, 2014, IRSA owned approximately 29.77% of the outstanding capital stock of Banco Hipotecario, which represented 12.35% of IRSA's consolidated assets as of such date. Substantially all of Banco Hipotecario's operations, properties and customers are located in Argentina. Accordingly, the quality of Banco Hipotecario's loan portfolio, financial condition and results of operations depend on economic, regulatory and political conditions prevailing in Argentina.

These conditions include growth rates, inflation rates, exchange rates, changes to interest rates, changes to government policies, social instability and other political, economic or international developments either taking place in, or otherwise affecting, Argentina.

Risks Relating to the Argentine Financial System

The short term structure of the deposit base of the Argentine financial system could lead to a reduction in liquidity levels and limit the long-term expansion of financial intermediation.

After the 2001 crisis, the volume of financial activity regarding deposits and loans was severely reduced. Between 2003 and 2007, a gradual and increasing recovery of deposits levels took place. But because of the global financial crisis, these levels were reduced during 2008 and further improved during the last semester of 2009, until the present date.

The Argentine financial system growth strongly depends on the deposits levels, due to the small size of its capital markets and the absence of foreign financings during the last years. In the medium term, the growth of credit could depend on the growth of the deposits levels. During the last three years (2011-2013) credit was able to grow at a higher rate than deposits, by consuming the liquidity excesses of financial institutions. This scenario seems no longer possible; therefore from now on, credit growth will depend on deposits levels. This adjustment is currently taking place with an interest rate increase.

The liquidity of the Argentine financial system at the present date is reasonable, due to the high level of mandatory deposits reserves of Argentine financial entities. Notwithstanding that, because most deposits are short term deposits, a substantial part of the credits must have the same maturity, and there is a small proportion of long term credit lines, such as mortgages. Moreover, the restrictions on the purchase of foreign currency naturally reduce the volatility of the local currency deposits.

Although at the present date liquidity levels are reasonable, no assurance can be given that this levels will not be reduced due to a future negative economic scenario. Therefore, there is still a risk of low liquidity levels that could increase funding cost in the event of a withdrawal of significant portions of the deposit base of the financial system, and limit the long-term expansion of financial intermediation.

The instability of the regulatory framework, in particular the regulatory framework affecting financial entities, could have a material adverse effect in financial entities activities, such as Banco Hipotecario.

Since the beginning of Cristina Kirchner's second term as President, a series of new regulations have been issued, mainly regulating the foreign exchange market and new capital requirements for financial institutions. In this regard, Communications "A" 5272 and 5273 of the Central Bank, dated February 1, 2012, increased the capital requirements for financial institutions carrying out activities in Argentina. These Communications require certain minimum capital levels in order to support operational risks and the distribution of dividends, and an additional capital buffer equivalent to 75% of the total capital requirements. The Central Bank has stated that these new requirements are based on the credit risk measure required by Basel II.

Moreover, a new law was approved by the Congress introducing amendments to the Central Bank's charter. The principal issues addressed by this bill are the use of Central Bank's reserves for the cancellation of public debt together with the implementation of policies by the Central Bank in order to interfere in the fixing of interest rates, and terms of loans to financial institutions.

The Central Bank issued two Communications, "A" 5319 and "A" 5380 dated July 5, 2012 and December 21, 2012 respectively, and Communication "A" 5516 dated December 27, 2013, whereby it is mandatory for banks to grant credit lines for productive purposes.

On October 1, 2013 Central Bank issued Communication "A" 5460, as amended, granting a broad protection to consumers of financial services including among other aspects, the regulations of fees and commissions charged by financial institutions for services provided. Therefore, fees and charges must represent a real, direct and demonstrable cost and should have technical and economic justification. Moreover, Communication "A" 5514 issued an exception for the enforcement of Communication "A" 5460, for certain credit agreements which have pledges as collateral and are issued before September 30, 2019.

On February 4, 2014 Central Bank issued Communication "A" 5536 limiting foreign currency positions of financial entities at a 30% of the adjusted stockholder's equity of each entity. On August 4, 2014 the Central Bank issued Communication "A" 5611 and decreased such limit to 15%.

During June 2014, the Argentine Central Bank issued new regulations regarding the interest rate of loans given by financial entities. Such rates, according to Communication "A" 5590 and its current amendments, shall not exceed the result that arises from the internal rate of return of Treasury Securities ("LEBAC") with a 90 days maturity multiply for factor set between 1,25 and 2 depending on the particular kind of loan involved and the type of financial institution. These yearly rates usually will be set between 33% and 54%, as a consequence. So, as there is a cap on the rate that banks can charge on their clients, their profit margin might be affected. In order to compensate that, others areas of the financial system might get their rates increased. As a result, the whole financial system might suffer consequences.

The absence of a stable regulatory framework could result in significant limits to the financial institutions' decisions, such as Banco Hipotecario, regarding asset allocation, which could cause uncertainty with respect to the future financial activities and result of operations.

Financial institutions' asset quality is exposed to the non-financial public sector's indebtedness.

Financial institutions carry significant portfolios of bonds issued by the Argentine Government and provincial governments as well as loans granted to these governments. To an extent, the value of the assets in the hands of Argentine banks, as well as their capacity to generate income is dependent on the creditworthiness of the non-financial public sector, which is in turn tied to the Argentine Government's ability to foster sustainable long-term growth, generate fiscal revenues and cut back on public expenditure.

Summary actions for collection as a means of enforcing creditors' rights in Argentina may be limited.

In order to protect the debtors affected by the 2001 economic crisis, starting in 2002 the Argentine government adopted measures that suspended proceedings to enforce creditors' rights (mortgage foreclosures and bankruptcy petitions) in the event of defaults by debtors.

Although as of the date of this Annual Report, those measures were no longer in force, the Banco Hipotecario may not assure you that they will not be reinstated in the future, or that the government will not take other measures that limit creditors' rights. Any such measures could have a material adverse effect on the enforceability of creditor's rights.

Consumer protection laws may limit the enforceability of certain of Banco Hipotecario's rights.

Argentine Consumer Protection Law No. 24,240, as supplemented or amended (the "Consumer Protection Law") establishes a number of rules and principles for the defense of consumers' interests. The Consumer Protection Law does not contain specific provisions for its enforcement in relation to financial activities, but it does contain general provisions that might be used as grounds to uphold such enforcement, as it has been previously interpreted in various legal precedents.

Banco Hipotecario may not assure you that the judgments passed by the courts and/or the resolutions handed down by administrative authorities in connection with the measures adopted by Argentina's Secretary of Home Trade and other competent authorities will not increase in the future the degree of protection afforded their debtors and other clients or that they will not favor the claims filed by groups or associations of consumers. This could affect the ability of financial institutions, including the Bank's, to freely collect charges, commissions or fees for their services and/or products as well as their amounts, and consequently affect their business and the results of their operations.

Since 2013, the Argentine Central Bank has issued certain regulations in order to protect users of services granted by financial institutions, such as Banco Hipotecario. For more information see "The instability of the regulatory framework, in particular the regulatory framework affecting financial entities, could have a material adverse effect in financial entities activities, such as Banco Hipotecario".

Class actions against financial institutions for unliquidated amounts may adversely affect the financial system's profitability.

Certain public and private organizations have initiated class actions against financial institutions in Argentina. The Argentine National Constitution and the Consumer Protection Law contain certain provisions regarding class actions. However, their guidance with respect to procedural rules for instituting and trying class action cases is limited. Nonetheless, through an ad hoc doctrine, Argentine courts have admitted class actions in some cases, including various lawsuits against financial entities related to "collective interests" such as alleged overcharging on products, interest rates and advice in the sale of public securities, etc. If class action plaintiffs were to prevail against financial institutions, their success could have an adverse effect on the financial industry in general and indirectly on the Banco Hipotecario's business.

Banco Hipotecario operates in a highly regulated environment, and its operations are subject to regulations adopted, and measures taken, by several regulatory agencies.

Financial institutions are subject to a major number of regulations concerning functions historically determined by the Argentine Central Bank and other regulatory authorities. The Argentine Central Bank may penalize Banco Hipotecario in the event that it breaches any applicable regulation. Similarly, the CNV, which authorizes securities offerings and regulates the public markets in Argentina, has the authority to impose sanctions on the Banco Hipotecario and its board of directors for breaches of corporate governance. The Financial Information Unit ("UIF") regulates matters relating to the prevention of asset laundering and has the ability to monitor compliance with any such regulations by financial institutions and, eventually, impose sanctions.

The Banco Hipotecario may not assure you that none of such regulatory authorities will commence proceedings against the Bank, its shareholders or directors nor penalize Banco Hipotecario. This notwithstanding, in addition to "Know Your Client", Banco Hipotecario has implemented other policies and procedures to comply with its duties under currently applicable rules and regulations.

In addition to regulations specific to its industry, Banco Hipotecario is subject to a wide range of federal, provincial and municipal regulations and supervision generally applicable to businesses operating in Argentina, including laws and regulations pertaining to labor, social security, public health, consumer protection, the environment, competition and price controls. Banco Hipotecario may not assure that existing or future legislation and regulation will not require material expenditures by Banco Hipotecario or otherwise have a material adverse effect on Banco Hipotecario's consolidated operations.

Risks Relating to the Bank's Business

The quality of Banco Hipotecario's loan portfolio could be impaired if the Argentine private sector continues to be affected in the event of a decrease in the level of activity .

Banco Hipotecario's loan portfolio is concentrated on recession-sensitive segments and it is to a large extent dependent upon local and international economic conditions. This in turn might affect the creditworthiness of Banco Hipotecario's loan portfolio and its results of operations.

Increased competition and M&A activities in the banking industry may adversely affect Banco Hipotecario.

Banco Hipotecario foresees increased competition in the banking sector. Additionally, if the trend towards decreasing spreads is not offset by the increase in lending volumes, the ensuing losses could lead to mergers in the industry. These mergers could lead to the establishment of larger, stronger banks with more resources than Banco Hipotecario. Therefore, although the demand for financial products and services in these markets continues to grow, competition

may adversely affect Banco Hipotecario's results of operations, shrinking spreads and commissions.

Reduced spreads without corresponding increases in lending volumes could adversely affect Banco Hipotecario's profitability.

In recent years, the Argentine financial system has seen a reduction in the spreads between the interest rates accrued on assets and liabilities as a result of increased competition in the banking sector, the Argentine Government's tightening of the monetary policy in response to inflation concerns and certain regulations limiting interest rates, which may continue in the near future. Although there has been a reversal in this trend, Banco Hipotecario may not assure you that the interest rate spreads will continue to rise. However, if spreads continue to decrease, Banco Hipotecario's profitability may be adversely affected. We cannot assure that any changes in the regulations and the policies will not adversely affect financial institutions in Argentina, including Banco Hipotecario, its business, financial condition, and the results of its operations.

Differences in the accounting standards between Argentina and certain countries with developed capital markets, such as the United States, may make it difficult to compare Banco Hipotecario's financial statements and those prepared by companies from these other countries.

Publicly available information about Banco Hipotecario in Argentina is presented differently from the information available for registered public companies in certain countries with highly developed capital markets, such as the United States. Except as otherwise described herein, Banco Hipotecario prepares its financial statements in accordance with Argentine Central Bank GAAP, which differ in certain significant respects from Argentine GAAP and from U.S. GAAP.

The effects of the legislation that restricts Banco Hipotecario's ability to pursue mortgage foreclosure proceedings could adversely affect the Bank.

As is also the case with other mortgagees, the ability to pursue foreclosure proceedings through completion in order to recover on its defaulted mortgage loans has an impact on the Bank's activities. On December 13, 2006 and pursuant to Law No. 26,177, the "Restructuring Unit Law" was created to allow all the mortgage loans to be restructured between debtors and former Banco Hipotecario Nacional in so far as they had been granted previous to the entry into force of the Convertibility Law.

Law No. 26,313, the "Pre-convertibility Mortgage Loans Restructuring Law" was enacted by the Argentine Congress on November 21, 2007 and partially signed into law on December 6, 2007 to lay down the procedure to be followed in restructuring the mortgage loans within the scope of Section 23 of the Mortgage Refinancing System Law in accordance with the guidelines established by the Restructuring Unit Law. To this end, a new recalculation was established for certain mortgage loans originated by the former Banco Hipotecario Nacional before April 1, 1991.

Executive Branch Decree No. 2107/08 issued on December 19, 2008 regulated the Pre-convertibility Mortgage Loans Restructuring Law and established that the recalculation of the debt applies to the individual mortgage loans from global operations in force at December 31, 2008 and agreed upon previous to April 1, 1991, and in arrears at least since November 2007 and remaining in arrears at December 31, 2008. In turn, Executive Branch Decree No. 1366/10, published on September 21, 2010, expanded the universe of Pre-convertibility loans subject to restructuring to include the individual mortgage loans not originating in global operations in so far as they met the other requirements imposed by Executive Branch Decree No. 2107/08. In addition, Law No. 26,313 and its regulatory decrees also condoned the debts on mortgage loans granted before the Convertibility Law in so far as they had been granted to deal with emergency situations and in so far as they met the arrears requirement imposed on the loans subject to recalculation.

Subject to the Argentine Central Bank's supervision, Banco Hipotecario has implemented the recalculation of mortgage loans within the scope of the above-discussed rules by adjusting the value of the new installments to a maximum amount not in excess of 20% of the household income. In this respect, Banco Hipotecario estimates that it has sufficient loan loss provisions to face any adverse economic impact on the portfolio involved.

However, Banco Hipotecario may not assure you that the Argentine Government will not enact new additional laws restricting Banco Hipotecario's ability to enforce its rights as a creditor and/or imposing a condonation or a reduction of principal on the amounts unpaid in Banco Hipotecario's mortgage loan portfolio. Any such circumstance might have a significant adverse effect on Banco Hipotecario's financial condition and on the results of operations.

The Argentine Government might prevail at Banco Hipotecario's General Shareholders' Meetings.

By virtue of Law No. 23,696 (the "Privatization Law") there are no restrictions on the Argentine Government's ability to dispose of its Class A shares and all those shares minus one could be sold to third parties through public offering. Banco Hipotecario's By-laws set forth that if at any time Class A shares were to represent less than 42% of Banco Hipotecario's shares with right to vote, Class D shares automatically lose their triple vote right, which could result in the principal shareholders losing control of Banco Hipotecario. Should any such situation materialize and should the Argentine Government retain a sufficient number of Class A shares, the Argentine Government could prevail in Shareholders' Meetings (except for some decisions that call for qualified majorities) and could thus exert actual control on the decisions that must be submitted to consideration by the Shareholders' Meeting.

Banco Hipotecario may consider in the future new business opportunities which could turn out to be unsuccessful.

In recent years Banco Hipotecario has considered some business acquisitions or combinations and it plans to continue considering acquisitions that offer appealing opportunities and that are in line with Banco Hipotecario's commercial strategy. However, Banco Hipotecario may not assure you that such businesses could deliver sustainable outcomes or that Banco Hipotecario will be able to consummate the acquisition of financial institutions in favorable conditions. Additionally, Banco Hipotecario's ability to obtain the desired outcome as a result of said acquisitions will be partly dependent upon Banco Hipotecario's ability to follow through with the successful integration of the businesses. To integrate any acquired business entails major risks, including:

- Unforeseen difficulties in integrating operations and systems;
- Problems inherent in assimilating or retaining the target's employees;
- Challenges associated with keeping the target's customers;
- Unforeseen liabilities or contingencies associated with the targets; and
-

The likelihood of management having to take time and attention out of the business's day-to-day to focus on the integration activities and the resolution of associated problems.

Risks Related to Our ADSs and Common Shares.

Shares eligible for sale could adversely affect the price of our common shares and American Depositary Shares.

The market prices of our common shares and American Depositary Shares ("ADS") could decline as a result of sales by our existing shareholders of common shares or ADSs in the market, or the perception that these sales could occur. These sales also might make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

The ADSs are freely transferable under U.S. securities laws, including shares sold to our affiliates. IFISA as of June 30, 2014, owned approximately 39.33% of our common shares (on a fully diluted basis) (or approximately 191,777,216 common shares which may be exchanged for an aggregate of 19,177,721 ADSs), is free to dispose of any or all of its common shares or ADSs at any time in its discretion. Sales of a large number of our common shares and/or ADSs would likely have an adverse effect on the market price of our common shares and the ADSs.

We are subject to certain different corporate disclosure requirements and accounting standards than domestic issuers of listed securities in the United States.

There may be less publicly available information about the issuers of securities listed on the Buenos Aires Stock Exchange than publicly available information about domestic issuers of listed securities in the United States and certain other countries. In addition, all listed Argentine companies must prepare their financial statements in accordance with regulations of the CNV and IFRS, as issued by the IASB, except for financial institutions and insurance companies which must comply with the accounting standards issued by Argentine Central Bank and the National Insurance Superintendance, respectively, which differ in certain significant respects from U.S. GAAP. For example, we are exempted from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempted from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. For this and other reasons, the presentation of Argentine financial statements and reported earnings may differ from that of companies in other countries in this and other respects.

We recently identified a material weakness in our internal controls over financial reporting related to the accounting for derivative financial instruments derived from non-routine, complex contractual provisions in one of our subsidiaries.

Our management recently concluded that our disclosure controls and procedures as of the end of the period covered by this annual report were not effective, because management identified a material weakness in our internal control over financial reporting related to the accounting for derivative financial instruments derived from non-routine, complex contractual provisions in one of our subsidiaries. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. See Item 15. Controls and Procedures - A. Disclosure Controls and Procedures.

Any failure to implement and maintain improvements in the controls over our financial reporting, or difficulties encountered in the implementation of such improvements, could result in a material misstatement in our annual or interim financial statements that would not be prevented or detected, and/or cause us to fail to meet our reporting obligations under applicable securities laws and could also cause investors to lose confidence in our reported financial information, which could have a adverse impact on the trading price of our shares or the ADSs.

Investors may not be able to effect service of process within the U.S., limiting their recovery of any foreign judgment.

We are a publicly held stock corporation (sociedad anónima) organized under the laws of Argentina. Most of our directors and our senior managers, and most of our assets are located in Argentina. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons or to enforce against us or them in United States courts judgments obtained in such courts predicated upon the civil liability provisions of the United States federal securities laws. There is doubt whether the Argentine courts will enforce, to the same extent and in as timely a manner as a U.S. or foreign court, an action predicated solely upon the civil liability provisions of the United States federal securities laws or other foreign regulations brought against such persons or against us.

If we are considered to be a passive foreign investment company for United States federal income tax purposes, U.S. Holders of our common shares of ADSs would suffer negative consequences.

Based on the current and projected composition of our income and valuation of our assets, including goodwill, we do not believe we were a passive foreign investment company ("PFIC"), for United States federal income tax purposes for the tax year ending June 30, 2014, and we do not currently expect to become a PFIC, although there can be no assurance in this regard. The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may be a PFIC in the current or any future taxable year due to changes in our asset or income composition or if our projections are not accurate. The volatility and instability of Argentina's economic and financial system may substantially affect the composition of our income and assets and the accuracy of our projections. In addition, this determination is based on the interpretation of certain U.S. Treasury regulations relating to rental income, which regulations are potentially subject to differing interpretation. If we become a PFIC, U.S. Holders (as defined in "Taxation—United States Taxation") of our shares or ADSs will be subject to certain United States federal income tax rules that have negative consequences for U.S. Holders such as additional tax and an interest charge upon certain distributions by us or upon a sale or other disposition of our shares or ADSs at a gain, as well as reporting requirements. Please see "Taxation—United States Taxation" for a more detailed discussion of the consequences if we are deemed a PFIC. You should consult your own tax advisors regarding the application of the PFIC rules to your particular circumstances.

Under Argentine law, shareholder rights may be fewer or less well defined than in other jurisdictions.

Our corporate affairs are governed by our by-laws and by Argentine corporate law, which differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States, such as the States of Delaware or New York, or in other jurisdictions outside Argentina. In addition, your rights or the rights of holders of our common shares to protect your or their interests in connection with actions by our board of directors may be fewer and less well defined under Argentine corporate law than under the laws of those other jurisdictions. Although insider trading and price manipulation are illegal under Argentine law, the Argentine securities markets are not as highly regulated or supervised as the U.S. securities markets or markets in some other jurisdictions. In addition, rules and

policies against self-dealing and regarding the preservation of shareholder interests may be less well defined and enforced in Argentina than in the United States, putting holders of our common shares and ADSs at a potential disadvantage.

The protections afforded to minority shareholders in Argentina are different from and more limited than those in the United States and may be more difficult to enforce.

Under Argentine law, the protections afforded to minority shareholders are different from, and much more limited than, those in the United States and some other latin american countries. For example, the legal framework with respect to shareholder disputes, such as derivative lawsuits and class actions, is less developed under Argentine law than under U.S. law as a result of Argentina's short history with these types of claims and few successful cases. In addition, there are different procedural requirements for bringing these types of shareholder lawsuits. As a result, it may be more difficult for our minority shareholders to enforce their rights against us or our directors or controlling shareholder than it would be for shareholders of a U.S. company.

Holders of common shares may determine to not pay any dividends.

In accordance with Argentine corporate law we may pay dividends to shareholders out of net and realized profits, if any, as set forth in our audited financial statements prepared in accordance with IFRS. 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 shareholders entitled to vote at the meeting. As a result, we cannot assure you that we will be able to generate enough net and realized profits so as to pay dividends or that our shareholders will decide that dividends will be paid.

Our shareholders' ability to receive cash dividends may be limited.

Our shareholders' ability to receive cash dividends may be limited by the ability of the depositary to convert cash dividends paid in Pesos into U.S. dollars. Under the terms of our deposit agreement with the depositary for the ADSs, to the extent that the ADS depositary can in its judgment, and in accordance with local exchange regulations, convert Pesos (or any other foreign currency) into U.S. dollars on a reasonable basis and transfer the resulting U.S. dollars abroad, the ADS depositary will promptly as practicable convert or cause to be converted all cash dividends received by it in Pesos on the deposited securities into U.S. dollars. If in the judgment of the depositary this conversion is not possible on a reasonable basis (or is not permitted by applicable Argentine laws, regulations and approval requirements), the ADS depositary may distribute the foreign currency received by it in Pesos in Argentina or in its discretion hold such currency uninvested for the respective accounts of the owners entitled to receive the same. As a result, if the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the dividend distribution.

Our ability to pay dividends is limited by law and economic conditions.

In accordance with Argentine corporate law, we may pay dividends in Pesos out of retained earnings, if any, to the extent set forth in our audited financial statements. Our ability to generate retained earnings is subject to the results of our operations. During 2014 inflation has accelerated mainly due to the devaluation process carried out by the Argentine Central Bank. The uncertainty surrounding future inflation may affect our results and as a result our ability to pay dividends. If the Peso continues to devalue significantly, all of the negative effects on the Argentine economy related to such devaluation could recur, with adverse consequences on our business and as a result on the results of our operations and our ability to pay dividends.

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

General Information

Our legal name is Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria, and our commercial name is “Cresud”. We were incorporated and organized on December 31, 1936 under Argentine law as a stock corporation (sociedad anónima) and were registered with the Public Registry of Commerce of the City of Buenos Aires (Inspección General de Justicia), on February 19, 1937 under number 26, on page 2, book 45 of National By-laws Volume. Pursuant to our bylaws, our term of duration expires on July 6, 2082. Our headquarters are located at Moreno 877, (C1091AAQ), Ciudad Autónoma de Buenos Aires, Argentina. Our telephone is +54 (11) 4814-7800, and our website is www.cresud.com.ar.

Information contained in or accessible through our website is not a part of this annual report on Form 20-F. All references in this annual report on Form 20-F to this or other internet sites are inactive textual references to these URLs, or “uniform resource locators” and are for your information reference only. We assume no responsibility for the information contained on these sites.

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 which was liquidated in 1959, and as a part of such liquidation, our shares were distributed to Credit Foncier’s shareholders, and in 1960 our shares were listed on the BASE. During the 1960s and 1970s, our business shifted exclusively to agricultural activities. During 1993 and 1994, Consultores Asset Management acquired on behalf of certain investors approximately 22% of our shares on the BASE. In late 1994, an investor group led by Consultores Asset Management (including Dolphin Fund plc.) acquired additional shares increasing their aggregate shareholding to approximately 51.4% of our outstanding shares. In 1995, we increased our capital through a rights offering and global public offering of ADRs representing our common shares and listed such ADRs on the NASDAQ. We started our agricultural activities with 7 farmlands and 20,000 hectares under management.

As of June 30, 2014, we have invested approximately Ps. 1,026.8 million to acquire our current 65.45% equity interest in IRSA (without considering treasury shares). IRSA is one of Argentina’s largest real estate companies. IRSA is engaged in a range of diversified real estate activities including residential properties, office buildings, shopping centers and luxury hotels in Argentina. A majority of our directors are also directors of IRSA.

In line with our international expansion strategy, on September of 2005 we participated in the creation of Brasilagro with the purpose of replicating our business model in Brazil. We created BrasilAgro together with our partners, Cape

Town Llc, Tarpon Investimentos S.A., Tarpon Agro LLC, Agro Investments S.A. and Agro Managers S.A.

On May 2, 2006, BrasilAgro's shares were listed in the Novo Mercado of the Brazilian Stock Exchange ("BOVESPA") with the symbol AGRO3. BrasilAgro's shares were placed jointly with Banco de Investimentos Credit Suisse (Brazil) S.A. in the Brazilian market through investment mechanisms regulated by controlling authorities and with sales efforts pursuant to an exception from registration under the US Securities Act of 1933. The amount originally offered was R\$ 532 million, equivalent to 532,000 common shares at a price of R\$ 1,000 per share of BrasilAgro.

In addition, we purchased shares in the offering for R\$ 42.4 million (approximately US\$ 20.6 million). Following such contribution we held a total amount of 42,705 shares, equivalent to 7.4% of BrasilAgro's capital stock. On October 31, 2007, BrasilAgro carried out a 1-for-100 share split approved at the special shareholders' meeting held on March 15, 2007 and ratified at the annual shareholders' meeting held on October 29, 2007. Following this split, BrasilAgro's capital stock was composed of 58,422,400 common shares.

On October 20, 2010 and on December 23, 2010, along with Tarpon we executed two amendments to the share purchase agreement dated as of April 28, 2010, under which we acquired 9,581,750 shares of common stock of BrasilAgro, representing 16.40% of the outstanding stock. Consequently, on October 20, 2010 we paid R\$25.2 million and on December 23, 2010 we paid R\$50.8 million, and the price remainder of R\$52.6 million was paid on April 27, 2011.

Consequently, as of the date of this annual report, we hold 20,883,916 shares or 39.64% of BrasilAgro's outstanding capital stock. It should be noted that such acquisition of shares does not imply any change of control within the shareholders' group of BrasilAgro according to the legal regime in Brazil; Additionally, we own 168,902 BrasilAgro's first issuance warrants and 168,902 BrasilAgro's second issuance warrants.

In addition, during the last quarter of calendar year 2010, we entered into an agreement by means of which we assigned all equity and political rights related to 2,276,534 shares of BrasilAgro for two years. The agreement also provides a promise to sell, under which the assignee may at any time request the sale of BOVESPA's shares or the transfer of shares on its behalf. In consideration for the assignment, we paid a fixed value of US\$0.8 million and additionally, in the event the assignee requested the sale or transfer of share, it should paid US\$7.15 per share sold or transferred. On June 27, 2012, we agreed together with Mr. Elie Horn and Cape Town Llc. to terminate the shareholder's agreement.

In March 2008 we concluded a capital increase of 180 million shares. As a result, 180 million shares offered at the subscription price of US\$ 1.60 or Ps. 5.0528 per share were fully subscribed, in the local and international markets. In addition, each shareholder received, without additional cost, one warrant for each share subscribed. See Item 9 “The Offer and Listing – A. Offer and Listing Details - Stock Exchanges in which our securities are listed”. This capital increase allows us to expand our international operations to Paraguay and Bolivia.

In the context of operations that represent a new expansion of our agricultural business in south america, on September 2008, we entered into several agreements to carry out real estate and agricultural, livestock and forestry activities in the Republic of Paraguay. Under these agreements, a new corporation was organized together with Carlos Casado S.A. (“Carlos Casado”) under the name Cresca, in which we hold a 50% equity interest. Additionally, we provide consulting services for the agricultural, livestock and forestry development of a rural property of 41,931 hectares.

We entered into an agreement to purchase a 50% interest in a rural property located in Mariscal José Felix Estigarribia, Department of Boquerón, Chaco Paraguayo, Republic of Paraguay, owned by Carlos Casado, for a price of US\$5.2 million, in order to contribute them to the new company organized. The contribution was made on January 26, 2009, and the title deed to the property was executed on February 3, 2009. Therefore, jointly with the contribution made by Carlos Casado, the total value of the contributions in Cresca is US\$10.5 million. In addition, Cresca has an option granted by Carlos Casado for the purchase of 100,000 additional hectares located in Paraguay.

On March 19, 2010 the option granted under the agreement dated September 3, 2008 was partially exercised, whereby 3,614 hectares, valued at US\$350 each, were transferred to Cresca. Finally, on June 29, 2010, the title deed was executed, involving the conveyance of 3,646 hectares.

During fiscal year 2012 Cresca added 1,347 hectares to the area under operation and expects to add 3,187 more hectares during the next season. As of June 30, 2012, Cresca had 1,084 hectares intended for cattle, 8,378 hectares intended for agriculture and 36,116 hectares of natural woodlands for future developments.

During fiscal year 2013 Cresca added 937 hectares to the area under operation and expects to add 1,000 more hectares during the next season. As of June 30, 2013, Cresca had 12,330 hectares intended for agriculture and cattle.

In December 2013, we sold our entire interest in Cresca, in which we held 50% of its stock capital, to our subsidiary Brasilagro for US\$ 18.5 million, thus adding 145,000 hectares in the Paraguayan Chaco to its land portfolio intended for development.

In the framework of a series of transactions that represent a new expansion of our agribusiness operations in South America, in line with our business plan, we have incorporated companies that own land in the Republic of Bolivia during 2008 and in 2009 we have acquired a company in the Republic of Uruguay.

For such purposes, the following companies were incorporated: Agropecuaria Acres del Sud S.A (“Acres del Sud”), Ombú Agropecuaria S.A.(“Ombú”), Yatay Agropecuaria S.A. (“Yatay”) and Yuchan Agropecuaria S.A. (“Yuchan”). The preceding Bolivia-based companies acquired land for agricultural operations. We maintain a 100.00% ownership interest in the capital stock of those companies, all engaged in agricultural operations.

In addition, during October 2008, we acquired, a company named Helmir S.A. (“Helmir”), domiciled in the Republic of Uruguay and incorporated with a broad-ranging corporate purpose.

In line with our international expansion strategy, we have entered into a number of agreements to formalize our position in various South American countries. In July 2008, we, executed several promise to purchase agreements for an aggregate of 12,166 hectares in the Republic of Bolivia for a total price of US\$28.9 million.

In connection with these lands, on November 20, 2008, two purchase instruments including delivery of possession were executed, as part of the process of casting into public deed and filing of deeds with the relevant registries, involving the purchase of 883, 2,969 and 3,748 hectares in “San Cayetano,” “San Rafael” and “La Fon Fon” farmlands, respectively, located in Santa Cruz, Bolivia.

On January 22, 2009, we executed a deed of purchase for 4,566 hectares in Las Londras farmlands, located in the Province of Guarayos, Republic of Bolivia. On that date, the sum of US\$3.8 million was paid, representing 42.9% of the total agreed price. The remaining balance is payable in two annual installments: the first one was paid during the 2010 fiscal period, and the second one was paid in fiscal year 2011.

During fiscal year 2010, 10,800 hectares of the farmlands located in Bolivia were sown. This region has traditionally achieved double harvesting of soybean, which means that better results can be obtained per hectare during a single season; yet, the weather conditions that prevailed during the last year have not allowed double harvesting.

In June 2011, we entered into a purchase agreement for two agricultural parcels located at Santa Cruz, Republic of Bolivia, with a total surface of 5,000 hectares, which are used for agricultural exploitation: (i) The first parcel has a surface of approximately 2,660 hectares for sugar cane exploitation purposes. The purchase price was US\$8.4 million which was fully paid, and (ii) the second parcel has a surface of approximately 2,340 hectares for soybeans exploitation purposes. The purchase price was US\$4.9 million which was fully paid.

Additionally, we have agreed to sell a parcel of La Fon Fon with a surface of 910 hectares for US\$3.64 million.

On May 27, 2014 Ombú executed a purchase and sale agreement involving a sale subject to retention of title covering 883 hectares of “San Cayetano I” for an aggregate amount of US\$ 4.2 million.

Acquisitions, dispositions and authorization pending approval

Year ended June 30, 2014 (Restated)

Sale of farmlands

On June 27, 2014, Brasilagro sold a total area of 1,164 hectares of Araucaria field. The sale was valued at Rs.32.5 million (or Ps.117.5 million). In July 2014, the buyer made a down payment of Rs.4.5 million and the remaining balance will be paid in five annual instalments, with the first one in the amount of Rs.4.5 million falling due in November 2014, whereas the last one falls due in August 2018. The Company recorded a gain on the sale of the farmland Araucaria in an amount of Rs.21.0 million (or Ps.75.8 million).

On May 27, 2014 Ombú executed a purchase and sale agreement involving a sale subject to retention of title covering 883 hectares of "San Cayetano I" for an aggregate amount of US\$ 4.2 million. One million U.S. Dollars has already been paid and the balance shall be paid in five consecutive semi-annual installments, with the last falling due in November 2016. Possession was granted upon execution of the contract. We recorded a gain of US\$ 1.8 million (Ps.15.6 million) on the sale.

Purchase-sale agreement

On April 3, 2014, Cresca signed a bill of sale whereby it sells an area of 24,624 hectares located in Chaco Paraguayo. The total price is US\$ 14.7 million, which amount shall be collectable as follows US\$ 1.8 million were collected upon execution of the bill of sale, US\$ 4.3 million upon execution of the conveyance deed; US\$ 3.7 million interest-free in July, 2015; US\$ 4.9 million interest-free in July, 2016. Possession was delivered upon execution of the conveyance deed of title and constitution of a mortgage to secure payment of the balance, on July 14, 2014. Consequently, we will recognize the result of this transaction in the fiscal year 2015.

On October 17, 2013, Yuchán executed a purchase and sale agreement involving a sale subject to retention of title involving 1,643 hectares of "La Fon Fon II" for an overall amount of US\$ 7 million as of the date of this annual report we have collected US\$ 0.2 million and the remaining balance will be paid in 7 semi-annual installments. The last installment is due in December 2017. The possession shall be delivered upon collection of the first installment, scheduled for payment on December 15, 2014. Consequently, the Company has not recognized the result of the transaction.

Subscription of shares of Avenida Inc. and Avenida Compras S.A

On August 29, 2013, APSA subscribed through Torodur, 3,703,704 common shares of Avenida representing 23.08% of its outstanding share capital. Additionally, APSA was granted a Warrant to Purchase Series A Preferred Stock to increase our interest by up to 33.33%. The purchase price for the transaction was Ps. 13.0 million, which has already been paid in full. In addition, during the year ended on June 30, 2014, APSA exercised the previously mentioned option to purchase 2,469,136 additional Series A Preferred Stock for an amount of Ps. 10.0 million. At the time of exercise of the option, all the shares of the Series A Preferred Stock of the Company were converted into Common Stock and a new investor acquired 32.94% of the company in the amount of US\$ 15 millions, as a result of which our participation in Avenida amounted to 21.58%. In September 2014, we sold 5.0% of the share capital of this company in the amount of US\$ 2.3 million. As a result, the indirect participation in Avenida, was reduced to 16.58% of its share capital.

Purchase option Agreement for Arcos del Gourmet S.A.

On September 16, 2013 APSA entered into an agreement with Messrs. Eduardo Giana, Pablo Bossi and Patricio Tobal (non-controlling shareholders of Arcos del Gourmet S.A.), whereby we were granted with an exclusive and irrevocable option to purchase up to 10% of the equity interest of Arcos del Gourmet S.A. ("Arcos del Gourmet"), which can be executed up to December 31, 2018. In the event the option is exercised, we should pay the amount of US\$ 8.0 million.

Furthermore, in the mentioned agreement the price of the option was set in: (a) a fixed amount of Ps. 2 million, which was cancelled, and (b) a variable sum payable monthly, which amount shall result from applying 4.5% on the amounts accrued in each previous calendar month for rental and right of admission (net of certain expenses), such variable sum shall be paid during 5 years from the opening of the shopping mall and during that period Messrs. Giana, Tobal and Bossi assigned to APSA the rights to earn dividends of Arcos.

Condominio del Alto – Performance of Exchange Agreement

On November 14, 2013 APSA and Condominios del Alto S.A. (“Condominios”) executed a conveyance deed whereby Condominios conveyed upon APSA freehold and full possession of the units agreed in exchange. Upon such execution, APSA stated that the mortgage on the property has been fully discharged.

Acquisition of IDB Development Corporation Ltd. (“IDBD”)

On May 7, 2014, a transaction was closed whereby IRSA, acting indirectly through Dolphin Netherlands, subsidiary of Dolphin Fund Limited (DFL), an investment fund incorporated under the laws of the Island of Bermuda and subsidiary of us, acquired, jointly with ETH, 106.6 million common shares in IDB Development Corporation Ltd. (hereinafter, “IDBD”) representing 53.33% of its stock capital, under the scope of the debt restructuring of IDBD’s holding company, IDB Holdings Corporation Ltd., with its creditors. Under the terms of the agreement entered into between DFL and E.T.H. M.B.M. Extra Holdings Ltd., a controlled company of Mordechai Ben Moshé, to which Dolphin Netherlands and ETH adhered, Dolphin Netherlands, jointly with other third party investors acquired a 50% interest in this investment, while ETH acquired the remaining 50%. The total investment amount was NIS 950 million, equivalent to approximately US\$ 272 million at the exchange rate prevailing on that date. As of June 30, 2014, IRSA’s indirect interest in IDBD was 23%.

Under the purchase agreement, Dolphin Netherlands and ETH have promised to participate on a joint and several basis in any capital increases resolved by IDBD’s Board of Directors in order to implement its business plan for 2014 and 2015, for at least NIS 300 million in 2014 and NIS 500 million in 2015 (equivalent to approximately US\$ 87.4 million and US\$ 145.7 million at the exchange rate prevailing as of June 30, 2014). To date, Dolphin Netherlands and ETH have contributed NIS 231.09 million of the NIS 300 million committed for 2014.

Moreover, under the purchase agreement, Dolphin Netherlands and ETH jointly and severally committed to make one or more tender offers for acquiring shares in IDBD for a total amount of NIS 512.09 million (equivalent to approximately US\$ 149.2 million at the exchange rate prevailing as of June 30, 2014) as per the following scheme: (i) before December 31, 2015, an amount of at least NIS 249.8 million for a price per share of NIS 8.344 (subject to adjustment); and (ii) before December 31, 2016, an amount of at least NIS 512.09 million less the offer made in 2015, for a price per share of NIS 8.7612 (subject to adjustment). As security for the performance of the tender offers, 28,020,191 shares in IDBD held by Dolphin Netherlands were pledged at the closing of the transaction.

In addition, the purchase agreement provides that Dolphin Netherlands and ETH shall jointly and severally pay to the creditors who are parties to the above mentioned restructuring agreement an additional amount of NIS 100 million (equivalent to approximately US\$ 29.1 million at the exchange rate prevailing as of June 30, 2014) in the event that IDBD consummates the sale of its interest in its subsidiary Clal Insurance Enterprises Holdings Ltd. before December 31, 2014 and always provided that: (i) the sales price is not less than NIS 4,200 million (equivalent to approximately US\$ 1,223.8 million at the exchange rate prevailing as of June 30, 2014); and (ii) the closing of the transaction occurs before June 30, 2015, with IDBD having received by this last date a payment of not less than NIS 1,344 million (gross) (equivalent to approximately US\$ 391.6 million).

On May 12, 2014, IDBD's shares became listed on the Tel Aviv Stock Exchange, Israel. Consequently, all the shares (including the pledged shares) were deposited in escrow with Bank Leumi Le-Israel as security in compliance with the lock-up provisions set forth in Chapter D of the Tel Aviv Stock Exchange Regulations which provide that initially listed shares may not be disposed of for a term of 18 months and allow the release of 2.5% per month beginning on the fourth month since the initial listing date.

Pursuant to the provisions of IDBD's rights offering memorandum dated June 9, 2014, on June 26, 2014, 1,322,500 rights to subscribe for shares and warrants were granted by IDBD to Dolphin Netherlands at a ratio of 1 for every 40 shares held, which were exercised after year-end, on July 1, 2014. Later on, during IDBD's rights issuance process, Dolphin Netherlands and ETH acquired 0.89 million additional rights for NIS 2.83 million, equivalent to approximately US\$ 0.83 million, out of which 50% correspond to Dolphin Netherlands and 50% to ETH pursuant to the above mentioned agreement signed between them. These rights are recognized at their fair value and are recorded in the balance sheet in the line derivative financial instruments.

In July 2014, the rights offered by IDBD under the scope of the offering allowed to subscribe for 13 common shares of IDBD for a price of 65 NIS (5 NIS per share) and 27 warrants, 9 of each series (series 1, 2 and 3) to be issued by IDBD, at no cost. Each warrant issued by IDBD will allow to acquire one common share in IDBD. Series 1 matures on November 1, 2014 and is exercisable at 5.50 NIS per warrant. Series 2 matures on May 1, 2015 and is exercisable at 6 NIS per warrant. Series 3 matures on December 1, 2015 and is exercisable at 6.50 NIS per warrant.

As a result of the exercise of the rights received as mentioned above, consummated on July 1, 2014, Dolphin Netherlands received 17.32 million shares and 11.99 million warrants under Series 1, 2 and 3. ETH received the same number of rights and therefore acquired the same number of shares and warrants as Dolphin Netherlands. In addition, as a result of the exercise of the rights purchased, consummated on July 1, 2014, Dolphin Netherlands acquired 5.79 million shares and 4.01 million warrants under Series 1, 2 and 3. ETH also acquired the same number of shares and warrants as Dolphin Netherlands.

As a result of the IDBD's rights offering, the number of pledged shares as security for IDBD's tender offers assumed by Dolphin Netherlands was increased to an aggregate of 29,937,591. In addition, pursuant to the Tel Aviv Stock Exchange regulations, 53,784,922 shares and 335,715 warrants under each of Series 1, 2 and 3 remained in escrow under the terms mentioned above.

After year-end, during the period from July 9 to July 14, 2014, Dolphin Netherlands acquired through transactions in the open market 0.42 million shares and 0.34 million additional Series 2 warrants for NIS 1.77 million, equivalent to approximately US\$ 0.52 million. 50% of such shares and Series 2 warrants were sold to ETH pursuant to the provisions of the above mentioned agreement signed between the parties.

As of the date of issuance of these consolidated financial statements, Dolphin Netherlands held an aggregate of 76,620,163 shares, 15,998,787 Series 1 warrants, 16,170,392 Series 2 warrants and 15,998,787 Series 3 warrants of IDBD, resulting in an undiluted holding of 28.99% and a fully diluted holding of 31.37% in IDBD.

IDBD's Board of Directors is composed of nine members, three of whom were appointed by Dolphin Netherlands, namely, Eduardo Elsztain, Alejandro Elsztain and Saúl Zang.

As DFL is a subsidiary that qualifies as a VCO under the exemption contained in IAS 28 mentioned in Note 2.3 (d), IRSA have valued its interest in IDBD at fair value with changes in the income statement.

Acquisition of common shares of Supertel Hospitality, Inc.

On January 9, 2014, through Real Estate Strategies L.P. ("RES"), we granted a loan to Supertel Hospitality Inc. ("Supertel") for an amount of US\$ 2 million. This loan included a conversion option whereby RES was allowed to apply the aggregate amount of the loan to purchase common shares of Supertel under a "Subscription Rights Offering" or convert the loan directly into common shares of Supertel. Additionally, as from February 2012, we hold two financial instruments in Supertel, preferred shares and warrants which are still held on the balance sheet date (see acquisitions in the fiscal year 2012 below for a description of such acquisition). On June 6, 2014, RES exercised its conversion right to acquire 1,250,000 common shares at US\$ 1.60 per share. As a result of this acquisition, we acquired a 26.9% equity interest in Supertel.

Supertel's main assets consist of 65 hotels in United States operated by various hotel chains. The Company has allocated the price paid at the fair value of net assets acquired based on the information available on the balance sheet date. Such fair value amounted to Ps. 31.5 million, resulting in a gain on the acquisition of Ps. 15.5 million, which has been recognized under "Share of profit of associates and joint ventures" in the income statements for fiscal year ended June 30, 2014.

Acquisition of building next to Shopping Alto Palermo

On May 22, 2014 APSA acquired commercial premises with an area of 40 m², next to our shopping Alto Palermo, located on the ground floor of the building located in Av. Santa Fe 3255/57/59 in an amount of US\$ 3.8 million.

Significant sale of investment properties

On January 14, 2014, IRSA signed the transfer deed for the sale of the 11 floor and seven parking units of the Building Maipú 1300. The total price of the transaction was Ps. 9.6 million (US\$ 1.4 million). Such transaction generated a gain before tax of approximately Ps. 7.9 million.

On January 24, 2014, IRSA signed the transfer deed for the sale of the 7 floor and 28 parking units of the Building Bouchard 551. The total price of the transaction was Ps. 124.6 million equivalents to US\$ 16.0 million. Such transaction generated a gain before tax of approximately Ps. 99.9 million. Please see "Recent Developments" section for more information about this property.

On November 15, 2013 IRSA signed the transfer deed for the sale of the 12 floor and two parking units of the Building Maipú 1300 and two parking units of the Building Libertador 498. The total price of the transaction was Ps. 9.0 million (US\$ 1.5 million). Such transaction generated a gain before tax of approximately Ps. 7.5 million.

On April 1, 2014, IRSA signed the transfer deed for the sale of the 5 and 6 floor and complementary units in the building Costeros Dique IV. The total price of the transaction was Ps. 12.4 million (US\$ 1.5 million). Such transaction generated a gain before tax of approximately Ps. 10.5 million.

On April 7, 2014, IRSA signed the transfer deed for the sale of the 21 and 22 floors and two parking units of the Building Maipú 1300 and four parking units of the Building Libertador 498. The price of the transaction was Ps. 24.1 million (US\$ 3.0 million). Such transaction generated a gain before tax of approximately Ps. 20.2 million.

On April 10, 2014, IRSA signed the transfer deed for the sale of the 2 floor of the Building Avenida de Mayo 589 and ten parking units of the Building Rivadavia 565. The total price of the transaction was Ps. 24.2 million (US\$ 3.0 million). Such transaction generated a gain before tax of approximately Ps. 20.3 million.

On May 6, 2014, IRSA signed the transfer deed for the sale of the Building Constitución 1159. The total price of the transaction was Ps. 23.3 million (US\$ 2.9 million). Such transaction generated a gain before tax of approximately Ps. 13.4 million.

On May 14, 2014, IRSA signed the transfer deed for the sale to Transportadora de Caudales Juncadella of the unit 449 of the 8 floor of the Building Bouchard 551. The price of the transaction was Ps. 61.8 (US\$ 7.7 million). Such transaction generated a gain before tax of approximately Ps. 50.3 million. For more information, please see “Recent Developments.”

On May 19, 2014, IRSA signed the transfer deed for the sale to Inco Sociedad Anónima de Inversión, Industria y Comercio of the unit 1 of the ground floor of the Building Maipú 1300. The price of the transaction was Ps. 6.5 (US\$ 0.8 million). Such transaction generated a gain before tax of approximately Ps. 5.5 million.

Transactions with non-controlling interest

Futuros y Opciones.com S.A.

On December 20, 2013 we sold 14,812 non-transferable nominative common shares, with a nominal value of Ps. 1 each and entitled to one vote per share, representing a 0.9075% interest of Futuros y Opciones.com S.A. (“FyO”) for a total amount of Ps. 0.1 million.

	Ps. (million)
Sale’s collected value	0.11
Increase in non-controlling interest	(0.21)
Reserve recorded in shareholders’ equity	(0.10)

Brasilagro

During the current fiscal year, we sold 10,400 shares of Brasilagro, representing a 0.02% interest, for a total amount of Ps. 0.27 million. Consequently, we recognized an increase in non-controlling interest for an amount of Ps. 0.25 million and an increase in equity attributable to holders of the parent of Ps. 0.02 million. The effect on shareholders’ equity of this change in the equity interest in Brasilagro is summarized as follows:

Ps. (million)

Carrying amount of the non-controlling interests sold by Cresud	(0.25)
Consideration collected	0.27
Reserve recorded in shareholders' equity	0.02

On the other hand, on September 2, 2013, Brasilagro approved a share repurchase program for up to 3,511,130 common shares and for up to an aggregate amount of up to the balance of profits or available reserves disclosed in Brasilagro's latest financial statements. As of June 30, 2014, Brasilagro repurchased 99,900 common shares for an aggregate amount of Rs. 1.9 million. Below is a summary of the effects of such transaction on shareholders' equity:

	Ps. (million)
Amount paid for repurchase	(4.94)
Decrease in non-controlling interest	4.92
Reserve recorded in shareholders' equity	(0.02)

IRSA

On July 25, 2013, IRSA's board of directors approved terms and conditions for a share repurchase plan (the "Share Repurchase Plan") pursuant to Section 64 of Law No. 26,831 and the rules of the CNV, for up to an aggregate amount of Ps. 200.0 million and up to 5% of IRSA's capital stock, in the form of common shares or GDS, daily limit of 25% of the average daily transaction volume experienced by the Company's shares, along with the markets where they are listed. During the fiscal year ended June 30, 2014, IRSA repurchased 533,947 common shares for a total amount of Ps. 5.2 million and 437,075 GDS (representing 4,370,750 common shares) for a total amount of US\$ 5.2 million.

On June 10, 2014, the Board of Directors of IRSA resolved to terminate the stock repurchase plan. During the term of the Stock Repurchase Plan, IRSA has repurchased 4,904,697 shares for an aggregate amount of Ps. 37,905,631.

Year ended June 30, 2013

Sale of farmlands

On June 19, 2013, the title deed was executed, by which we sold to Vargas Derka a portion of “La Suiza” farmland of 5,613 hectares engaged in livestock activities located near “Villa Angela”, Province of Chaco, Argentina, remaining in this establishment 36,380 hectares used for cattle and crop activities.

The offer price amounted to US\$ 6.7 million, which has been totally collected by the date of the execution of the title deed, generating a gain of Ps. 29.8 million.

On October 11, 2012 Brasilagro sold Horizontina, a field of land located in Tasso Fragoso, State of Maranhão, Brazil for a total amount of Rs. 75 million. The payments were collected as follows: an initial payment of Rs. 1 million, Rs. 26 million in October, 2012 and Rs. 45 million upon execution of the conveyance, on January 22, 2013. The remaining balance as of June 30, 2014 amounts to Rs. 3 million, and its collection is subject to compliance with certain conditions. The gain of the sale was Ps. 53.9 million less commission, expenses and taxes.

The Horizontina field had an area of 14,359 hectares and was acquired on March 10, 2010 for a total amount of Rs. 37.7 million.

On April 25, 2013, Brasilagro sold a total area of 394 hectares of Araucaria field. The aforementioned farmland, located in the municipality of Mineros, was acquired in 2007 and had, at the time of sale, a total area of 9,862 hectares.

The sale was priced at Rs. 11.7 million. The buyer made an initial payment of Rs. 1.7 million and remaining balance will be collected in eight installments every six month. The first installment of Rs. 2.1 million was collected in August, 2013 and the second installment, of Rs. 2.0 million, in March, 2014. The remaining balance as of June 30, 2014 will be collected in four semi-annual installments. The last installment is due at the moment of the execution of the title deed, in August, 2016. We recognized a gain for the sale of the Araucaria field for an amount of Rs. 6.7 million (equivalent to Ps. 12.6 million).

On May 10, 2013, Brasilagro sold a total area of 4,895 hectares of Cremaq field. The aforementioned farmland, located in the municipality of Ribeiro Gonçalves-PI, Brazil was acquired in 2007 and had, at the time of sale, a total area of 32,702 hectares.

The sale was priced at Rs. 42.1 million (Ps. 96.3 million). The buyer made an initial installment of Rs. 4.6 million and the remaining balance will be collected in five installments. The first installment of Rs. 4.3 million was collected in August, 2013, the second, of Rs 4.0 million was collected in October 2013 and the third, of Rs.17.5 million, in June 2014. The remaining balance at June 30, 2014 will be collected in two annual installments, on June 30, 2015 and at the moment of the execution of the title deed, in June, 2016. We recognized a gain for the sale Cremaq field of Rs. 26.5 million (Ps. 53.2 million).

Transactions with non-controlling interests

IRSA

During the current fiscal year, we acquired an additional 1.25% interest in IRSA for a total consideration of Ps. 45.8 million. This resulted in a decrease in non-controlling interests of Ps. 33.9 million and a decrease in equity attributable to owners of the parent of Ps. 11.9 million. The effect of changes in the ownership interest of IRSA on the equity attributable to our shareholders is summarized as follows:

	Ps. (million)
Carrying amount of IRSA's interest acquired of	33.9
Consideration paid for non-controlling interests	(45.8)
Reserve recorded within parent's equity	(11.9)

APSA

During the fiscal year, through IRSA and E-Commerce Latina S.A., acquired an additional 0.1% interest in APSA for a total consideration of Ps. 2.3 million. This resulted in a decrease in non-controlling interests of Ps. 0.8 million and a decrease in equity attributable to the owners of the parent of Ps. 1.5 million. The effect of changes in the ownership interest of APSA on the equity attributable to our shareholders is summarized as follows:

	Ps. (million)
Carrying amount of APSA's interest acquired of	0.8
Consideration paid for non-controlling interests	(2.3)
Reserve recorded within parent's equity	(i) (1.5)

(i) The Reserve includes Ps. 0.5 million for non-controlling interest

Arcos del Gourmet

On June 7, 2013, through APSA, acquired an additional 1.815% equity interest of its controlled company Arcos del Gourmet for a total amount of US\$ 0.8 million. The carrying amount of the non-controlling interest in Arcos del Gourmet on the date of acquisition was Ps. 7,357 (representing an 11.815% interest). This resulted in an increase in non-controlling interest of Ps. 857 and a decrease in equity attributable to owners of the parent of Ps. 3,687. The effect on shareholder's equity of the parent of this change in the equity interest in Arcos is summarized as follows:

	Ps. (million)
Carrying amount of Arcos del Gourmet's interest acquired of	0.8
Consideration paid for non-controlling interests	(4.5)
Reserve recorded within parent's equity	(i) (3.7)

(i) The reserve includes Ps. 1.4 million for non-controlling interest

Acquisition of joint venture

On November 29, 2012 APSA acquired shares of common, representing 50% of EHSA capital stock and votes for Ps. 25.9 million. Under the acquisition agreement, APSA is entitled to exercise joint control over EHSA. Additionally, APSA paid Ps. 6.1 million, subject to the acquisition of the remaining 50% of the shares of La Rural S.A. According to contract's terms, the amount paid will be returned to APSA, in case the mentioned acquisition is not completed. EHSA is an Argentine company whose main asset consists of an indirect interest of 50% in the capital and voting rights of La Rural S.A. ("LRSA"), whereby it has joint control over this company together with Sociedad Rural Argentina ("SRA"), who owns the remaining 50%. Thus, APSA is owner of an indirect interest of 25% in LRSA, whose main asset consists on right of use on the "Predio Ferial de Palermo" (the "Fairground") in the City of Buenos Aires, located between Cerviño, Sarmiento, Santa Fé Avenues and Oro street, in the City of Buenos Aires entered into in 1999 with SRA, owner of such Predio Ferial.

The SRA had bought the Fairground from a former Administration of the National Government by an Executive Order in 1991 (the "1991 EO"). Immediately after APSA acquired the right of use on the Fairground, in December 2012, the current Administration of the National Government reviewed the contracts signed by the former Administration and the SRA twenty years ago and issued an Executive Order – Decree No. 5,552/2012 (the "2012 EO") seeking to declare null and void the former 1991 EO. The 2012 EO demanded the return of the Fairground to the State.

The 2012 EO neither addresses the right of use of the Fairground nor any action that the owner of the ground might have taken while in possession. According to the information provided by the SRA, they obtained a stay from Argentine Court freezing the 2012 EO, and, although the National Government appealed the ruling, the appeal was rejected by the Supreme Court of Justice in 2013.

APSA, as well as the joint venture EHSA, was neither defendant in the legal case initiated by SRA nor were mentioned and/or addressed in any respect in the 2012 EO. APSA acquired the interest in the entity that has the right to use the Fairground as a good faith purchaser, entity that had acquired the right to use the Fairground in good faith as well. The 2012 EO, if sustained by the Supreme Court of Justice in the future, will have no effect in the legal structure of EHSA and on its acquisition of EHSA. However, if sustained, it might have an impact to the underlying asset acquired (the right to use), in the event a final judgment declares null and void all acts performed by the SRA with the Fairground, including granting a right to use it to third parties.

Notwithstanding the above, as from the acquisition date to the date of this annual report, none of the judicial measures initiated by the owner of the Fairground and/or the National Government, or the appeals and rulings thereof, had any effect on our effective use of the Fairground.

On September 25 of 2013, Sociedad Rural Argentina ("SRA"), La Rural de Palermo S.A. ("LRPSA"), Boulevard Norte S.A. ("BNSA"), Ogden Argentina S.A., EHSA, Entretenimiento Universal S.A., and La Rural, entered into an agreement that mainly consist of an amendment to the preexisting agreements under the joint venture pursuant to which they agreed to revise, amend and/or clarify certain provisions.

Disposal of financial assets

During the current fiscal year, we sold 17,105,629 ordinary shares of Hersha, Hospitality Trust ("Hersha") for a total amount of US\$ 92.5 million. Consequently, as of the end of year, our interest in Hersha's capital stock decreased from 9.13% (at the beginning of the year) to 0.49%.

After fiscal year-end, the company sold its residual interest in Hersha for US\$ 6.74 per share. As a result, the company does not longer hold any interest in Hersha, for more information please see "Recent Development".

During November and December 2012, through IRSA we sold our interest in NH Hoteles S.A. (138,572 shares for a consideration of € 0.38 million) and in NH Hoteles S.A. (387,758 shares for a total consideration of US\$ 1.4 million).

In December 2012, through IRSA, we sold all of our interest in Metrovacesa of 1,238,990 shares for a consideration of € 2.7 million; Metrovacesa SM (229,995 shares for a total consideration of € 0.5 million) and Metrovacesa F (919,087 shares for a consideration of US\$ 2.7 million).

Significant sale of investment properties

On August 31, 2012, through IRSA we sold certain functional units of Libertador 498 building of the City of Buenos Aires. The total price of the transaction amounted to Ps. 15 million and was collected upon the execution of the title conveyance deeds. This transaction generated a gain of Ps. 12.7 million.

On September 14, 2012, IRSA sold certain functional units on floors 18 and 19, as well as parking areas, of the building Bouchard 551. The total price of the transaction was US\$ 8.5 million paid upon execution of the conveyance deed. This transaction generated a gain of Ps. 18.4 million.

On October 4 and 11, 2012, we entered into a transfer deed for the sale of several functional units (stores and parking spaces) of Libertador 498 building. The transactions price was set at Ps. 29.4 million, amount that has been completely collected. This transaction generated a gain of Ps. 24.9 million.

On January 8, 2013, through IRSA, we sold several functional units (stores and parking spaces) of the building "Costeros Dique IV". The total price of the transaction was Ps. 9.2 million. This transaction generated a gain of Ps. 7.8 million.

On May 8, 2013, through IRSA signed the transfer deed for the sale of the 17 floor and two parking units of the Maipú 1300 building and two parking units of the Libertador 498 building. The total price of the transaction was Ps. 7.8 million (US\$ 1.5 million). Such transaction generated a gain of approximately Ps. 6.0 million.

On May 20, 2013, we executed the transfer deed for the sale of the 6 floor and two parking units of the Maipú 1300 building and two parking units of the Libertador 498 building. The transactions price was set at Ps. 7.6 million (US\$ 1.45 million), amount that has been completely collected. This transaction generated a gain of Ps. 6.0 million.

On June 28, 2013, we executed the transfer deed for the sale of 4, 5 and 6 floors and 56 parking units of the Bouchard 551 building. The total price of the transaction was Ps. 148.7 million, equivalent to US\$ 27.6 million. This transaction generated a gain of Ps. 108.0 million.

Acquisition of Rigby 183 LLC

On June 30, 2012, through IMadison LLC, we held an indirect interest of 49% in the capital stock of Rigby 183 LLC (“Rigby”), a company that owns office buildings for rental at Madison Avenue 183, New York, USA. On November 27, 2012, through IRSA International LLC, we acquired an additional equity interest of 25.5% in Rigby’s capital stock, thus taking control over said company. The goodwill from the acquisition, which amounts to Ps. 45.7 million, is attributable to the synergies expected to be achieved by combining Rigby’s and our operations.

The following chart shows the consideration paid by us, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date.

	November 27, 2012
	Ps. (million)
Consideration paid:	
Cash	118.4
Total consideration paid	118.4
Fair value of the interest in Rigby’s equity held before the business combination	227.4
Total consideration	345.8
Recognized balances of acquired identifiable assets and assumed liabilities:	
Cash and cash equivalents	0.5
Investments properties ..	679.2
Restricted assets (i)	11.8
Trade and other receivables	2.3
Borrowings	(252.8)
Trade and other payables	(12.1)
Deferred income tax liabilities .	(26.1)
Total net identifiable assets	402.8
Non-controlling interest	(102.7)
Goodwill	45.7
Total	345.8

(i) Corresponds to cash held in escrow as security deposits and taxes paid in advance by tenants.

The acquisition-related costs (which amount to Ps. 2.6 million) were charged under “General and Administrative Expenses” line in the income statements.

The fair value of the investment property acquired for Ps. 679.2 million was assessed by a qualified independent appraiser. The fair value of trade receivables and other receivables amounts to Ps. 2.3 million, including trade receivables in the amount of Ps. 0.1 million. As of the acquisition date, we estimate that these receivables are recoverable. The fair value of the non-controlling interest in Rigby, an unlisted company, has been determined on a proportional basis to the fair value of net acquired assets.

We recognized gains of Ps. 124.1 million derived from the reassessment of the fair value of the 49% interest held in Rigby before the business combination. In addition, all exchange gains (losses) accumulated in shareholder’s equity from the interest held in Rigby before the business combination (Ps. 12.9 million) were charged to income. These gains were disclosed under "Other operating results, net" line in the income statements.

The incomes Rigby has generated since November 27, 2012 and that have been disclosed in the consolidated income statements amount to Ps. 40.9 million. Rigby has also run a net gain of Ps. 8.1 million during said period. If Rigby had been included in the consolidation since July 1, 2012, the consolidated income statements would have shown pro-forma revenues in the amount of Ps. 2,202.9 million and pro-forma net income of Ps. 297.5 million.

Please see “Recent Developments” section for more information.

Disposal of joint ventures

On June 28, 2013, IRSA sold, assigned and transferred to Euromayor S.A. de Inversiones the 100% of its equity interest in Canteras Natal Crespo S.A., accounting for a 50% interest in that company’s capital stock for an aggregate amount of US\$ 4.2 million; out of that amount, US\$ 1.4 million was cashed in July 2013, with the balance being collected as follows: US\$ 2.4 million on March 31, 2014 and US\$ 0.4 million against delivery to IRSA of certain lots in the development to be carried out in Canteras Natal Crespo S.A.’s property. IRSA was granted a security interest on the 100% of Canteras Natal Crespo S.A.’s shares to secure payment of the remaining balance.

Year ended June 30, 2012

Acquisition of associates

Agro Managers S.A.

In March 2012, we acquired a 46.8% interest in Agro Managers S.A., an Argentine-based investment company whose principal asset is a 0.24% interest in Brasilagro. The purchase price was US\$ 0.5 million and was paid in cash.

Bitania 26 S.A.

On December 12, 2011, through Ritelco S.A., we have acquired a 49% interest in Bitania 26 S.A., an Argentine-based company which owns the “Esplendor Savoy” hotel in the city of Rosario, Province of Santa Fe, Argentina. The purchase price was US\$ 5.0 million and was paid in cash.

Acquisition of joint ventures

Nuevo Puerto Santa Fe S.A.

On August 18, 2011, through APSA, we acquired a 50% interest in Nuevo Puerto Santa Fe S.A. (“NPSF”), an Argentine-based company in the Province of Santa Fe (La Ribera Shopping), Argentina. The purchase price was US\$ 4.5 million payable over equal and consecutive monthly installments through February, 2013.

Transactions with non-controlling interests

IRSA

During the fiscal year ended June 30, 2012, the Company acquired an additional 6.5% interest in IRSA for a total consideration of Ps. 158.9 million. This resulted in a decrease in non-controlling interests of Ps. 178.5 million and an increase in equity attributable to owners of the parent of Ps. 19.6 million. The effect of changes in the ownership interest of IRSA on the equity attributable to owners of IRSA is summarized as follows:

	Ps. (million)
Carrying amount of IRSA’s interest acquired of	178.5
Consideration paid for non-controlling interests	(158.9)
Gain on acquisition recorded within parent’s equity	19.6

APSA

During the fiscal year ended June 30, 2012, we acquired an additional 0.038% interest in APSA for a total consideration of Ps. 0.8 million. This resulted in a decrease in non-controlling interests of Ps. 0.4 million. The effect of changes in the ownership interest of APSA on the equity attributable to owners of APSA is summarized as follows:

	Ps. (million)
Carrying amount of APSA’s interest acquired of	0.3
Consideration paid for non-controlling interests	(0.7)
Loss on acquisition recorded within parent’s equity	(i) (0.4)

(i) The Reserve includes Ps. 0.2 million for non-controlling interest

Arcos del Gourmet

On September 7, 2011, through APSA, we acquired an additional 8.185 % interest in its subsidiary Arcos del Gourmet for a total consideration of US\$ 4.5 million. The carrying amount of the non-controlling interest in Arcos del Gourmet on the date of acquisition was Ps. 0.8 million (representing a 20% interest). Consequently, we recognized an increase in non-controlling interest for an amount of Ps. 0.2 million and a decrease in interest attributable to the shareholders’ of the controlling parents of Ps. 16.0 million. The effect on shareholder’s equity of the parent of this change in the equity interest in Arcos del Gourmet is summarized as follows:

	Ps. (million)
Carrying amount of Arcos del Gourmet’s interest acquired of	0.2
Consideration paid for non-controlling interests	(16.2)
Reserve created due to the acquisition recorded within parent’s equity	(i) (16.0)

(i) The Reserve includes Ps. 6.2 million for non-controlling interest

Cactus Argentina S.A.

In December 2011, we acquired the remaining 20% interest in Cactus Argentina S.A. (“Cactus”) for a total consideration of US\$ 1.4 million. This resulted in a decrease in non-controlling interests of Ps. 4.6 million and a decrease in equity attributable to owners of the parent of Ps. 10.6 million. The effect of changes in the ownership interest of Cactus on the equity attributable to owners of Cactus is summarized as follows:

	Ps. (million)
Carrying amount of Cactus’s interest acquired of	(4.6)
Consideration paid for non-controlling interests	(6.0)
Loss on acquisition recorded within parent’s equity	(10.6)

Jaborandi Ltda.

On September 22, 2011, we entered into an amendment of the by-laws of Jaborandi Ltda. (“Jaborandi”), and transferred 1,766,038 quotas of Jaborandi’s share capital to Maeda, non-controlling shareholder of Jaborandi. This transfer generated an increase in the non-controlling interest held by us in Jaborandoni for an amount of Ps. 2.9 million and a decrease in equity attributable to owners of the parent of Ps. 1.1 million.

On March 21, 2012, through Brasilagro, we acquired the remaining 49% interest in Jaborandi for a consideration of Ps. 45.3 million. This resulted in a decrease in non-controlling interest of Ps. 32.2 million and a decrease in equity attributable to owners of the parent of Ps. 13.1 million. The effect of changes in the ownership interest of Jaborandi Ltda. on the equity attributable to owners of the Jaborandi is summarized as follows:

	Ps. (million)
Carrying amount of Jaborandi's interest acquired of	32.2
Consideration paid for non-controlling interests	(45.3)
Reserve created due to the acquisition recorded within parent's equity	(13.1)
(i) The Reserve includes Ps. 7.8 million for non-controlling interest	

Purchase of financial assets

Acquisition of preferred shares and warrants of Supertel

On February 2012, through our subsidiary RES, we acquired 3 million preferred shares and 30 million warrants of Supertel for a total amount of US\$ 30 million. Supertel is a Real Estate Investment Trust that focuses its activity on medium class long-stay hotels. Supertel owns approximately 65 hotels in 20 states of the United States of America, which are managed by diverse operators and franchises, such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others.

The mentioned preferred shares accrue a preferred dividend of 6.25% per annum and are convertible into 30 million common shares at a rate of 10 common shares for each preferred share. Subject to certain limitations, they can be exercised completely or partially at any time until February, 2017. The preferred shares grant us the same political rights as those of Supertel's common shares.

The warrants grant us the right to acquire 30 million Supertel's common shares at a fixed price of US\$ 1.20 per share. Subject to certain limitations, these warrants can be exercised at our option, either fully or partially, at any time until February 2017.

As a holder of the preferred shares, we have a voting right in Supertel's shareholders' meetings of approximately 34%. Additionally, we are entitled to appoint up to 4 directors, out of a total of 9, and takes part in the decisions made by the board of directors of Supertel, as to the acquisition, sale and management of Supertel's real estate property.

Contribution to Don Mario S.G.R.

On June 29, 2012, through APSA, we made a contribution in the amount of Ps. 10,000 to Don Mario S.G.R., a reciprocal guarantee company under Argentine law. The SGRs are legal entities created for promoting financing for small and medium businesses and for reactivating national economy. The SGRs are funded through the contributions of investors who, in turn, obtain tax benefits. The SGRs act in their capacity of guarantors for PYMEs in relation to the borrowings they receive from financial institutions. The funds received are generally invested in fixed-term deposits by the SGRs. hawse have received five shares with a nominal value of Ps. 0.005. These shares are symbolic and merely represent the rights of our investment. These shares do not grant control or significant influence over the entity's activities. APSA must maintain the investment in the SGR for a period of 2 years in order to make use of the tax benefit. After the period of two years, we decided to not continue as Protector Partner of the SGR, and, therefore, we received Ps. 10 million contributed in 2012.

Significant sale of investment properties

On October 17, 2011, through IRSA, we sold certain functional units of the Libertador 498 building of the City of Buenos Aires. The total price of the transaction amounted to US\$ 2.5 million and was collected as of June 30, 2012. This transaction generated a gain of Ps. 7.9 million.

On October 25, 2011, through IRSA, we sold the property "Thames" located in the Province of Buenos Aires. The total transaction price amounted to US\$ 4.7 million and was collected as of June 30, 2012. This transaction generated a gain of Ps. 14.7 million.

Through IRSA, we sold in two separate transactions performed in March and May, 2012, the property known as "Museo Renault" at Figueroa Alcorta 3301 of the City of Buenos Aires. The total price agreed amounted to US\$ 11.7 million. For the sale executed in May 2012, the price was financed with a mortgage loan of US\$ 3.3 million recollectable in two annual installments and with an annual rate of 8.5 %. The transactions described above recorded a profit of Ps. 23.9 million.

On June 16, 2012, through IRSA, we sold and transferred a covered area of 4,703 square meters for offices and 46 car parking spaces and 4 complementary units to be used as storage units in the building identified as Yacht V and VI of the complex known as "Puerto del Centro", located in Dique IV, Puerto Madero. The amount of the transaction was Ps. 69 million, which was paid by the buyer upon execution of the conveyance deed. The result for this transaction amounted to Ps. 53.7 million.

The properties mentioned above were classified as investment properties until the above mentioned transactions were executed, which represents a gross lease area of approximately 41,193 square meters.

Transactions and authorizations pending

Urban Properties and investments

Paraná plot of land

On June 30, 2009, through APSA, we subscribed a "Letter of Intent" by which it stated its intention to acquire from Wal-Mart Argentina S.A. a plot of land of about 10,022 square meters located in Paraná, Province of Entre Ríos, Argentina, to be used to build, develop and exploit a shopping center or mall.

On August 12, 2010, the agreement of purchase was executed. The purchase price stood at US\$ 0.5 million to be paid as follows: (i) US\$ 0.05 million had been settled as a prepayment on July 14, 2009, (ii) US\$ 0.1 million was settled upon executing such agreement, and (iii) US\$ 0.35 million will be paid upon executing the title deed. The mentioned payments were recorded as an advance under "Trade and other receivables" line.

On December 29, 2011, possession of the real estate was granted, and a minute was signed in which the parties agreed that the deed transferring ownership would be granted on June 30, 2012, or within sixty consecutive days as from the date in which the selling party evidenced with a certified copy before the buying party that the real estate was not subject to any encumbrance, burden, limit or restriction to the ownership, except for the electroduct administrative easement in favor of EDEER S.A.

On June 29, 2012, the parties have agreed to extend the term for the execution of the title conveyance deed, which shall be executed within sixty days as from the date in which the selling party evidences to the buying party with a certified copy that the real estate is not subject to any encumbrance, burden, limit or restriction to the ownership, except for the mentioned administrative easement. As of the balance sheet date, evidence of such notice has not been provided.

Acquisition of commercial center goodwill

Through APSA, we signed an offering letter for acquiring, building and running a commercial center in a real estate owned by INC S.A. ("INCSA"), located in the City of San Miguel de Tucumán, Province of Tucumán. The price of this transaction was US\$ 1.3 million, of which US\$ 0.05 million were paid. The mentioned payment was recorded as an advance under "Trade and other receivables" line.

This transaction was subject to certain conditions precedent, among which through APSA should acquire from INCSA the goodwill constituted by the commercial center operating in Soleil Premium Outlet. Having complied with such condition on July 1, 2010, APSA should have started the works: i) 12 months after complying with such conditions, or ii) on May 2, 2011, whichever occurs earlier. However, before starting with the works, INCSA should have: i) granted the title deeds to APSA's future units to APSA, and ii) transferred to APSA the rights to the registered architectural project and the effective permissions and authorizations to be carried out in APSA's future units. At June 30, 2014, the two conditions have not been fulfilled.

Capital Expenditures

Our capital expenditures totalized Ps. 435.7 million and Ps. 1,048.0 million for the fiscal years ended on June 30, 2014 and 2013, including other property and equipment acquired in business combinations. Our capital expenditures consisted in the purchase of real estate and farmlands, acquisition and improvement of productive agricultural assets, completion of building a shopping center, construction of real estate and acquisition of land reserves.

Our capital expenditures for the new fiscal year will depend on the prices of real estate, land for agriculture and cattle as well as the evolution of commodity prices.

Fiscal Year Ended June 30, 2014

Fiscal Year 2014. During the fiscal year ended June 30, 2014 we invested Ps. 318.4 million in the urban properties and investment business, mainly due to (a) improvements in our hotels Sheraton Libertador, Intercontinental and Llao Llao for Ps. 5.6 million, Ps. 2.1 million and Ps. 2.3 million, respectively, (b) acquisition of furniture and fixtures, machinery and equipment, and other buildings and facilities for Ps. 13.9 million, (c) improvements made to our shopping centers for Ps. 61.1 million, (d) development of properties for Ps. 179.3 million, corresponding Ps. 99.9 million to "Arcos" project and Ps. 79.4 million to Shopping Neuquén project, (e) suppliers advances for investment acquisitions for Ps. 29.6 million, (f) Ps. 24.0 million improvements in our Office buildings and other rental properties and (g) Ps. 0.5 million were related to the acquisition of plots of lands.

In addition, our main investments in the agriculture business during the fiscal year 2014 were Ps. 117.3 million, mainly due (a) acquisition and development of owner occupied farmland for Ps. 96.9 million (including Ps. 58.2

million of subsidiary Brasilagro), (b) Ps. 7.0 million in investment properties, (c) Ps. 6.1 million in machinery and equipment, (d) Ps. 3.2 million in vehicles, (e) Ps. 3.0 million in other building and facilities and (f) Ps. 1.1 million in furniture and fixtures.

Fiscal Year Ended June 30, 2013

Fiscal Year 2013. During the fiscal year ended June 30, 2013, we invested Ps. 920.9 million, mainly due to (a) improvements in our hotels Sheraton Libertador, Intercontinental and Llao Llao for Ps. 0.9 million, Ps. 2.6 million and Ps.0.4 million, respectively, (b) acquisition of furniture and fixtures, machinery and equipment, and other buildings and facilities for Ps. 11.6, (c) improvements made to our shopping centers for Ps. 56.9 million, (d) development of properties for Ps. 144.2 million, corresponding Ps. 117.9 million to “Arcos” project and Ps. 26.3 million to Shopping Neuquén project (e) improvements in our Office buildings and other rental properties for Ps. 7.6 million, (f) Ps. 679.2 million were related to the purchased an additional 25.5% equity interest in Rigby 183 LLC ’s capital stock, (g) Ps.15.8 million are related to suppliers advances and (h) Ps. 1.8 million were related to the acquisition of plots of lands.

In addition, our main investments in the agricultural business during fiscal year 2013 were Ps. 127.1 million, mainly due (a) acquisition and development of owner occupied farmland for Ps. 109.4 million ((including Ps. 61.5 million of our subsidiary Brasilagro), (b) Ps. 10.4 million in machinery, (c) Ps. 2.6 million in trading properties, (d) Ps. 1.6 million in vehicles, (e) Ps. 2.4 million in other building and facilities and (f) Ps. 0.7 million in furniture and fixtures.

Recent Developments

Cresud’s Recent Development

Merge Agreement with Cactus

In October 2014, we have entered into a preliminary merger agreement with Cactus S.A., its wholly owned subsidiary. The merger agreement is subject to the approval of our shareholders and the obtention of the regulatory approvals.

Repurchase of our shares

The repurchase of shares following the end of the fiscal year amounted to 37,657 common, registered shares of Ps. 1 par value and 1 vote per share, in exchange for Ps. 0.5 million and 303,018 ADRs representing 10 shares each for a total amount of US\$ 3.9 million, thus completing the terms and conditions of the share repurchase plan.

Issue of Series 9, Class XVII and XVIII simple (non-convertible) corporate notes

During September, 2014, we issued two tranches of notes under our global note program: (i) Series XVII, and (ii) Series XVIII. For more information please see Item 3(b) – Capitalization and Indebtedness.

Sale of “La Adela” Farm

In July 2014 we sold to our subsidiary IRSA “La Adela” farmland, with an area approximately 1,058 hectares, located in the District of Luján, Province of Buenos Aires, Argentina, for a total amount of Ps. 210 million. Given its degree of development and closeness to the City of Buenos Aires, this farm has a high urbanistic potential; therefore, the purpose of selling it to IRSA is for it to launch a new real estate development.

Renewal of Line of Credit

In July 2014, we have renewed our line of Credit with Inversiones Financieras del Sur S.A. pursuant to which we have agreed to lend to Inversiones Financieras del Sur S.A. up to 4,053,942 IRSA’s ADRs. The term of the line of credit is of 30 days with the option to extend it up to a maximum of 360 days at an annual rate of Libor Rate 3 months plus 50 basic points.

Acquisition of “Araucaria” Farmland

In July 2014, we have acquired through Brasilagro – Companhia Brasileira de Propriedades Agrícolas “Araucaria” farmland, with an area of approximately 1,164 hectares, located in the District of Mineiros, Estado de Goias, Brazil, for a total amount of R\$41.3 millions. As of the closing R\$4.5 million were paid and the balance will be paid in four annual installments.

IRSA’s Recent Developments

Subscription of shares of IDBD.

In connection with IRSA’s indirect investment in IDB Development Corporation Ltd. (“IDBD”) through Dolphin Netherlands, subsidiary of Dolphin Fund Limited (“DFL”), an investment fund incorporated under the laws of the Island of Bermuda and subsidiary of us, and pursuant to the provisions of IDBD rights offering memorandum dated June 9, 2014, on June 26, 2014, 1,322,500 rights to subscribe for shares and warrants were granted by IDBD to Dolphin Netherlands at a ratio of 1 for every 40 shares held, which were exercised after year-end, on July 1, 2014. Later on, during IDBD’s rights issuance process, Dolphin Netherlands and ETH acquired 0.89 million additional rights for NIS 2.83 million, equivalent to approximately US\$ 0.83 million, out of which 50% correspond to Dolphin Netherlands and 50% to ETH.

In July 2014, the rights offered by IDBD under the scope of the offering allowed to subscribe for 13 common shares of IDBD for a price of 65 NIS (5 NIS per share) and 27 warrants, 9 of each series (series 1, 2 and 3) to be issued by IDBD, at no cost. Each warrant issued by IDBD will allow to acquire one common share in IDBD. Series 1 matures on November 1, 2014 and is exercisable at 5.50 NIS per warrant. Series 2 matures on May 1, 2015 and is exercisable at 6 NIS per warrant. Series 3 matures on December 1, 2015 and is exercisable at 6.50 NIS per warrant.

As a result of the exercise of the rights received as mentioned above, consummated on July 1, 2014, Dolphin Netherlands received 17.32 million shares and 11.99 million warrants under Series 1, 2 and 3. ETH received the same number of rights and therefore acquired the same number of shares and warrants as Dolphin Netherlands. In addition, as a result of the exercise of the rights purchased, consummated on July 1, 2014, Dolphin Netherlands acquired 5.79 million shares and 4.01 million warrants under Series 1, 2 and 3. ETH also acquired the same number of shares and

warrants as Dolphin Netherlands.

After year-end, during the period from July 9 to July 14, 2014, Dolphin Netherlands acquired through transactions in the open market 0.42 million shares and 0.34 million additional Series 2 warrants for NIS 1.77 million, equivalent to approximately US\$ 0.52 million. 50% of such shares and Series 2 warrants were sold to ETH.

Furthermore, on October 30, 2014, IRSA's board of directors approved an additional contribution of US\$ 21 million in DFL in order to increase our indirect investment in IDBD.

Partial Sale of Bouchard Plaza

On October 8, 2014, IRSA signed the transfer deed for the sale of the 22 and 23 floors for 1,822 square meters of the Bouchard 551 Building. The total price of the transaction was Ps. 168.7 million. Such transaction generated a gain before tax of approximately Ps. 151.4 million.

On October 28, 2014, IRSA signed the transfer deed for the sale of 3 floors for 4,648 square meters and 47 parking units of the Bouchard 551 Building. The total price of the transaction was Ps. 279.4 million. Such transaction generated a gain before tax of approximately Ps. 243.3 million.

Sale of the building located at 183 Madison Avenue, New York, New York

On September 30, 2014, IRSA sold, through its subsidiary Rigby 183, the building located at 183 Madison Avenue, New York, New York for an amount of US\$ 185 million, which represents a revaluation of 117% of the purchase price. The sale price was used to cancel the mortgage on the property for an amount of US\$ 75 million, leaving a net profit of Ps. 292 million.

Sale of remaining interest of Hersha

On August 26, 2014, IRSA sold, through its subsidiary, the remaining interest of our investment of Hersha which amounted to a total of 1 million shares at an average price of US\$6.74 per share.

Acquisition of "La Adela" Land Reserve – Luján (Province of Buenos Aires)

In August 2014, IRSA purchased a land reserve with an area approximately 1,058 hectares, located in Luján, Province of Buenos Aires, formerly owned by Cresud. The transaction amount was Ps. 210 million, which has been fully paid. Given its degree of development and closeness to the City of Buenos Aires, this site has a high urbanistic potential; therefore, the purpose of this purchase is to launch a new real estate development.

Capital rise in IDBD

In July, 2014, IRSA, through our subsidiaries, subscribed US\$ 30.96 in Dolphin Fund Ltd. in order to fulfill the commitment assumed by Dolphin Netherlands to subscribe newly issued shares of IDBD. As a consequence of such operation, Dolphin Fund Ltd. interest in IDBD rose to 28,91% of its issued share capital.

APSA's Recent Developments

Investment in Avenida Inc.

On August 29, 2013, APSA indirectly through Torodur, acquired 3,703,704 common shares of Avenida representing 23.08% of its outstanding share capital. Additionally, APSA was granted a Warrant to Purchase Series A Preferred Stock to increase our interest by up to 33.33%. The purchase price for the transaction was Ps. 13.0 million, which has already been paid in full. In addition, during the year ended on June 30, 2014, APSA exercised the previously mentioned option to purchase 2,469,136 additional Series A Preferred Stock for an amount of Ps. 10.0 million. At the time of exercise of the option, all the shares of the Series A Preferred Stock of the Company were converted into Common Stock and a new investor acquired 32.94% of the company in the amount of Ps. 15 millions, as a result of which our participation in Avenida amounted to 21.58%. In September 2014, we sold 5.0% of the share capital of this company in the amount of US\$ 2.3 million. As a result, the indirect participation in Avenida, was reduced to 16.58% of its share capital.

Merger APSA-Conil

On September 17, 2014, APSA has entered into a Preliminary Merger Agreement with its subsidiary Conil S.A. ("Conil"), by virtue of which Conil will be absorbed by APSA. In order to proceed with this merger, the transaction will have to be approved by our next shareholders' meeting which will be held on October 31, 2014.

Shareholders' Meeting

Our 2014 annual meeting of shareholders will be held on October 31, 2014, in order to consider and approve, among others:

- a. Consideration of the documents set forth in Section 234, subsection 1 of Act No. 19,550 for fiscal year ended June 30, 2014.
- b. Consideration of the results for the year ended June 30, 2014. Consideration of the reversal of accounts of balance to apply to their absorption.
- c. Consideration of allocation of shares.
- d. Consideration of Share Repurchase Plan and ADRS issued by the Company. Delegation to the directory of the authority to implement its destination.
- e. Consideration of the management of the Board of Directors and the Supervisory Committee.
- f. Consideration of remuneration directory (Ps. 12,844,149 - assigned amount) for the fiscal year ended June 30, 2014 which showed loss under the terms of the rules of the CNV. Delegation to the Board of the approval of the Audit Committee budget.
- g.

Determination of the number and election of directors and alternate directors and the Audit Committee, if applicable.

- h. Certifying Accountant designation for next year and determination of their remuneration.
- i. Update to the report on the Shared Services Agreement.
- j. Treatment of the amounts payable as shareholders' tax on personal assets.
- k. Consideration of the reform and adaptation of the 1st article of our bylaw, according to the new Capital Market Laws.
- l. Consideration of the reform of the 24 article of our bylaw (shareholders' meetings held by telemathic means).
- m. The updated report on the Incentive Plan to officials of the company pursuant to the approved and ratified by the assemblies of the years 2009/2010/2011/2012 and 2013 Approval of the changes according to the observations made by the CNV, including the transfer of the economic rights of the shares under the Plan. The incorporation of a benefit for all staff including the controlled.
- n. Consideration of the renewed delegation to the Board of Directors of the authority to fix the timing, currency of issue and other terms and conditions of the issuance of notes within the overall simple program to issue notes for up to US\$ 300,000,000 currently in force as approved by the shareholders' meeting dated 31 October 2012 and approved by resolution of CNV No. 17,206 dated October 22, 2013.

B. BUSINESS OVERVIEW

General

We are a leading latin american agricultural company engaged in the production of basic agricultural commodities with a growing presence in the agricultural sector of Brazil, through our investment in Brasilagro, as well as in other Latin American countries. We are currently involved in several farming activities including grains and sugarcane production, 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 feedlot and a meat packing plant. Our shares are listed on the BASE and the NASDAQ.

We are also directly engaged in the Argentine real estate business through our subsidiary IRSA, one of Argentina's leading real estate companies. IRSA is engaged in the development, acquisition and operation of shopping centers, premium offices, and luxury hotels in Argentina, as well as the development of residential properties. IRSA's shares are listed on the BASE and the in the New York Stock Exchange ("NYSE"). We hold a 65.45% interest in IRSA (without considering treasury shares) and a majority of our directors are also directors of IRSA.

During the fiscal years ended June 30, 2012, 2013 and 2014, we had consolidated revenues of Ps. 2,859.8 million, Ps. 3,528.5 and Ps. 4,604 million, and consolidated net income/(loss) of Ps. 58.5 million, Ps. 154.3 million and Ps. (1,408.4), respectively. During the fiscal years ended June 30, 2013 and June 30, 2014, our total consolidated assets increased 27% from Ps. 12,410.7 million to Ps. 15,783.7 million, and our consolidated shareholders' equity increased 0.6% from Ps. 4,719.1 million to Ps. 4,434.8 million.

We operate in two businesses areas, namely, "Agricultural" and "Investment and Development Properties" businesses, as further described below.

Our Agricultural business is further comprised of eight reportable segments:

- Our "Crops" segment consists of planting, harvesting and sale of crops including wheat, corn, soybeans, cotton, and sunflower, which do not represent separate operating segments on an individual basis. We seek to maximize the use of our land through crop rotation, the use of technology and techniques, and the type and amount of crops cultivated may vary from one harvest year to another harvest year. In this way, we are focused on the long-term performance of our land, and to that extent, we assess the performance considering the aggregated combination, if any, of crops planted in the land. Our Crops Segment had assets of Ps. 2,200.8 million and Ps. 1,406.6 million as of June 30, 2014 and 2013, respectively, representing 61% and 59% of our agricultural business assets at such dates, respectively. Our Crops segment generated operating loss of Ps. 148.2 million, Ps. 107.4 million and Ps. 131.3 million for the financial years ended June 30, 2014, 2013 and 2012, respectively, representing 397%, (840%) and 134%, of our consolidated operating income from Agricultural Business for such years, respectively.
- Our "Cattle" segment consists of breeding, purchasing and/ or fattening of free-range cattle for sale to meat processors and local livestock auction markets. Our Cattle segment had assets of Ps. 508.0 million and Ps. 357.6 million as of June 30, 2014 and 2013, respectively, representing 14% and 15% of our agricultural business assets at such dates, respectively. Our Cattle segment generated operating income of Ps. 31.6 million and Ps. 8.7 million for the financial years ended June 30, 2014 and 2012 respectively, representing (85%) and (9%), of our consolidated operating income from Agricultural Business for such years, respectively and operating loss of Ps. 12.0 million for the financial year ended June 30, 2013, representing (34%), of our consolidated operating income from Agricultural Business for such year.
- Our "Dairy" segment consists of breeding and/ or purchasing dairy cows for the production of raw milk for sale to local milk and milk-related products producers. Our Dairy segment had assets of Ps. 56.7 million and Ps. 49.6 million as of June 30, 2014 and 2013, respectively, representing 1.6% and 2.0% of our agricultural business assets at such dates, respectively. Our Dairy segment generated operating income of Ps. 3.7 million and Ps. 1.7 million for the financial years ended June 30, 2014 and 2012, respectively, representing (10%) and 2%, of our consolidated operating income from Agricultural Business for such years, respectively and operating loss of Ps. 0.6 million for the financial year ended June 30, 2013, representing (2%), of our consolidated operating income from Agricultural Business for such year.
- Our "Sugarcane" segment consists of planting, harvesting and sale of sugarcane. Our Sugarcane segment had assets of Ps. 569.8 million and Ps. 417.3 million as of June 30, 2014 and 2013, respectively, representing 16% and 18% of our agricultural business assets at such dates, respectively. Our Sugarcane segment generated operating loss of Ps. 20.4 million and Ps. 6.2 million for the financial years ended June 30, 2014 and 2012, respectively, representing 55% and 6%, of our consolidated operating income from Agricultural Business for such years, respectively and operating income of Ps. 27.2 for the financial year ended June 30, 2013, representing 77%, of our consolidated operating income from Agricultural Business for such year.
- Our "Agricultural Rentals and Services" segment includes services, i.e. irrigation and farmland leases out to third parties. Our Agricultural Rentals and Services Segment had assets of Ps. 61.2 million and Ps. 25.8 million as of June

30, 2014 and 2013, respectively, representing 2% and 1% of our agricultural business assets at such dates, respectively. Our Agricultural Rentals and Services segment generated operating income of Ps. 7.9 million, Ps. 12.1 million and Ps. 17.1 million for the financial years ended June 30, 2014, 2013 and 2012, respectively, representing (21%), 34 and (18%), of our consolidated operating income from Agricultural Business for such years, respectively.

- Our “Land Transformation and Sales” segment comprises the identification and acquisition of underdeveloped and undermanaged farmland property and the sale of farmland to profit from land value appreciation generated through the use of the land. Our Land Transformation and Sales segment had assets of Ps. 51.5 million and Ps. 58.0 million as of June 30, 2014 and 2013, respectively, representing 1.4% and 2% of our agricultural business assets at such dates, respectively. Our Land Transformation and Sales segment generated operating income of Ps. 77.9 million, Ps. 132.6 million and Ps. 39.2 million for the financial years ended June 30, 2014, 2013 and 2012, respectively, representing (209%), 377% and (40%), of our consolidated operating income from Agricultural Business for such years, respectively.
- Our “Agro-industrial” segment consists of feedlot farming for slaughtering process in our own packing plant or for cattle finishing services to third parties. Feedlot farming is distinctive and requires specific care and diets, which differ from those, provided to free-range cattle. We assess this activity separately due to the distinctive characteristics of the cattle feedlot system and its integration with industrialized meat processing. Our Agro-industrial segment had assets of Ps. 41.8 million and Ps. 30.7 million as of June 30, 2014 and 2013, respectively, representing 1% and 1% of our agricultural business assets at such dates, respectively. Our Agro-Industrial segment generated operating income of Ps. 1.8 million for the financial year ended June 30, 2014, representing (5%) of our consolidated operating income from Agricultural Business for such year, and operating loss of Ps. 29.5 million and Ps. 15.9 million for the financial years ended June 30, 2014 and 2013, respectively, representing (84%) and 16%, of our consolidated operating income from Agricultural Business for such years, respectively.
- Our “Others” segment comprises the aggregation of the remaining operating segments, which do not meet the quantitative thresholds for disclosure, mainly brokerage activities. Our Others segment had assets of Ps. 34.4 million and Ps. 34.4 million as of June 30, 2014 and 2013, respectively, representing 3% and 1% of our agricultural business assets at such dates, respectively. Our Others segment generated operating income of Ps. 8.1 million and Ps. 12.7 million for the financial years ended June 30, 2014 and 2013, representing (22%) and 36% of our consolidated operating income for such years, respectively and operating loss of Ps. 11.3 million for the financial year ended June 30, 2012, representing 12%, of our consolidated operating income for such year.

Our Investment and Development Properties is further comprised of six reportable segments:

- Our “Shopping Centers Properties” segment includes the operating results from our portfolio of shopping centers principally comprised of lease and service revenue from tenants. Our Shopping Centers segment had assets of Ps. 2,325.5 million and Ps. 2,295.8 million as of June 30, 2014 and 2013, respectively, representing 32% and 36% of our investment and development properties business assets at such dates, respectively. Our Shopping Centers Properties segment generated operating income of Ps. 857.3 million, Ps. 680.5 and Ps. 562.4 million for the financial years ended June 30, 2014, 2013 and 2012, respectively, representing 70%, 63% and 75%, of our consolidated operating income for such years, respectively.
- Our “Offices and Others” segment includes the operating results of our lease and service revenues of office space and other non-retail building properties principally comprised of lease and service revenue from tenants. Our Offices and Others segment had assets of Ps. 905.7 million and Ps. 922.8 million as of June 30, 2014 and 2013, respectively, representing 12% and 15% of our investment and development properties business assets at such dates, respectively. Our Offices and Others segment generated operating income of Ps. 160.0 million, Ps. 123.6 and Ps. 103.7 million for the financial years ended June 30, 2014, 2013 and 2012, respectively, representing 13%, 11% and 14%, of our consolidated operating income for such years, respectively.
- Our “Sales and Developments” segment includes the operating results of our acquisition and/or construction of housing and other properties for sale in the ordinary course of business. Our Sales and Developments segment had assets of Ps. 688.0 million and Ps. 701.1 million as of June 30, 2014 and 2013, respectively, representing 9% and 13% of our investment and development properties business assets at such dates, respectively. Our Sales and Developments segment generated operating income of Ps. 238.5 million, Ps. 170.4 and Ps. 95.4 million for the financial years ended June 30, 2014, 2013 and 2012, respectively, representing 19%, 16% and 13%, of our consolidated operating income for such years, respectively.
- Our “Hotels” segment includes the operating results of our hotels mainly comprised of room, catering and restaurant revenues. Our Hotels segment had assets of Ps. 203.9 million and Ps. 207.7 million as of June 30, 2014 and 2013, respectively, representing 3% and 3% of our investment and development properties business assets at such dates, respectively. Our Hotels segment generated operating income of Ps. 10.1 million for the financial years ended June 30, 2014, representing 1% of our consolidated operating income for such year and operating loss of Ps. 22.4 million and Ps. 10.1 for the financial years ended June 30, 2013 and 2012, respectively, representing (2%) and (1%), of our consolidated operating income for such years, respectively.
- Our “International” segment includes mainly the consolidated results of operations of our office building property located at 183 Madison Avenue in New York, United States of America as from the date we obtained control of this operation plus our share of profit or loss of our associate New Lipstick, a holding company which is the owner of Metropolitan. Metropolitan’s main asset is the Lipstick Building, a 34-story building located on Third Avenue between 53 and 54 streets in Manhattan, New York City. Our International segment had assets of Ps. 1,988.0 million and Ps. 796.6 million as of June 30, 2014 and 2013, respectively, representing 27% and 15% of our investment and development properties business assets at such dates, respectively. Our International segment generated operating loss of Ps. 29.9 million and Ps. 8.7 million for the financial years ended June 30, 2014 and 2012, representing (2%) and (1%), respectively and operating income of Ps. 129.3 million for the financial years ended June 30, 2013, representing 12%, of our consolidated operating income for such year.
- Our “Financial Operations and Others” segment includes the income or loss generated by our associates Banco Hipotecario and Tarshop S.A. and the residual financial operations from our subsidiary Apsamedia. Banco Hipotecario is a full-service commercial bank offering a wide variety of banking activities and related financial services to individuals, small-and medium-sized companies and large corporations (mainly mortgage lender, provider of mortgage-related insurance and mortgage loan services). Both Tarshop’s and Apsamedia’s operations

consist primarily of lending and servicing activities related to the credit card offered to consumers at retail venues. Our Financial Operations and Others segment had assets of Ps. 1,261.2 million and Ps. 1,084.6 million as of June 30, 2014 and 2013, respectively, representing 17% and 18% of our investment and development properties business assets at such dates, respectively. Our Financial Operations and Others segment generated operating loss of Ps. 3.2 million and Ps. 5.5 million for the financial years ended June 30, 2014 and 2013, representing 0.3% and (1%) of our consolidated operating income for such years, respectively and operative income of Ps. 5.8 million for the financial years ended June 30, 2013, representing 1%, of our consolidated operating income for such year.

Agricultural Business

As of June 30, 2014, we owned 32 farmlands with approximately 636,327 hectares distributed in Argentina, Brazil, Bolivia and Paraguay. Approximately 122,632 hectares of the land we own are used for crop production, approximately 76,611 hectares are for cattle production, 85,000 hectares are for sheep production, 2,864 hectares are for milk production and approximately 13,311 hectares are leased to third parties for crop and cattle beef production. The remaining 336,118 hectares of land reserves are primarily natural woodlands. In addition, we have the rights to hold approximately 132,000 hectares of land under concession for a 35-year period that can be extended for another 29 years. Out of this total, we have developed 22,986 hectares for crop production. Also, during fiscal year 2014 ended on June 30, 2014, we leased 57,702 hectares from third parties for crop production and 18,549 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):

	2014(1)(6)(8)	2013(1)(6)(7)	2012(1)(6)
Crops (2)	201,648	182,513	181,079
Cattle (3)	95,160	91,053	95,995
Milk/Dairy	2,864	2,780	3,022
Sheep	85,000	85,000	85,000
Land Reserves (4)	467,532	461,729	459,979
Own farmlands leased to third parties	13,111	31,593	25,538
Total (5)	865,315	854,668	850,613

(1) Includes 35.723% of approximately 8,299 hectares owned by Agro-Uranga S.A., an associated 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) Does not include Brasilagro.
 (6) As from fiscal year 2012, it includes Brasilagro and 100% of Cactus.
 (7) Includes farmlands owned by Brasilagro and by us sold in 2013.
 (8) Includes farmlands owned by Brasilagro and by us sold in 2014.

Below are the results recorded by the Company during this fiscal year, compared to the same period of the two preceding fiscal years:

In millions of Ps.	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	YoY variation	
Revenues	4,604.0	3,528.6	2,859.8	30.5	%
Gross income	1,824.6	1,306.5	1,099.3	39.7	%
Operating income	1,185.2	1,106.4	647.0	7.1	%
Net income	(1,092.8)	154.3	58.5	-	
Attributable to:					
Cresud's shareholders	(888.4)	(26.9)	(21.3)	3,201.7	%
Non-controlling interest	(204.4)	181.2	79.8	-	
Total assets	15,783.7	12,410.7	10,324.9	27.2	%
Shareholders' equity	4,755.6	4,719.1	4,691.5	0.8	%

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 as appreciation is realized, (ii) optimizing the yields and productivity of our agricultural properties through the implementation of 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 through our subsidiary IRSA.

Focus on maximizing 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: We seek to purchase under-utilized properties at attractive prices and develop them to achieve more productive uses. We seek to do so by (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 developed agricultural regions and/or properties that we believe will increase in value due to their proximity to existing or expected infrastructure.

- Applying modern technologies to enhance operating yields and property values. We believe there is an opportunity 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, machinery, crop yield optimization 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 a feedlot to optimize our cattle management and modern milking technologies in our milk 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 and energy, in each case in anticipation of such market trends.
- 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 farmlands.

- 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 Cactus, a feedlot and slaughterhouse operator.
- 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 farmlands, 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.

Diversifying market and weather risk by expanding our product and land portfolio.

- We seek to continue diversifying our operations to produce a range of different agricultural commodities in different markets, either directly or in association with third parties. We believe that a diversified product mix mitigates our exposure to seasonality, commodity price fluctuations, weather conditions and other factors affecting the agricultural and livestock sector. To achieve this objective in Argentina, we expect to continue to own and lease farmlands in various regions with differing weather patterns and to continue to offer a range of diversified products. Moreover, we believe that continuing to expand our agricultural operations outside of Argentina will enhance 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.

Focus on preserving long-term value of our investment in our real estate subsidiary IRSA

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

- **Shopping Centers Properties.** We believe that the Argentine shopping center sector offers attractive prospects for long-term growth due to, among other factors, a continuing evolution of consumer preferences in favor of shopping malls (away from small neighborhood shops) and a low level of shopping center penetration compared to many developed countries. Our main objectives are to generate sustained cash flow growth from our shopping centers and increase their value in the long-term, while maintaining a leading position in Argentina's shopping center industry by developing new shopping centers in urban areas with attractive prospects for growth, including the Buenos Aires' Metropolitan area, Argentine provinces and abroad.
- **Development and sale of properties.** 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 Buenos Aires, developing roads and other basic infrastructure such as 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. In addition, we seek to develop residential properties for other segments of the residential market in Argentina and during the first quarter of the 2000 fiscal year, we entered into a partnership with Cyrela Empreendimentos e Participações ("Cyrela"), a leading Brazilian residential real estate developer, to penetrate new market segments.
- **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 more desirable office spaces. We seek to purchase and develop premium office buildings in strategically-located business districts in 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. We also seek to continue to invest in improvements for our hotels.

- **Banco Hipotecario.** Banco Hipotecario is a full-service commercial bank offering a wide variety of banking activities and related financial services to individuals, small- and medium-sized companies and large corporations. Among these services, Banco Hipotecario stands out as a leader in mortgage loans in Argentina. Since 1999, Banco Hipotecario's shares have been listed on the BASE, and since 2006 it has obtained the Level 1 ADR program from the Bank of New York Mellon. We currently seek to keep our investment in Banco Hipotecario, as we believe that Argentina has a low level of mortgages outstanding measured in terms of Gross Domestic Product ("GDP").
- **Land reserves.** We seek to continue to acquire undeveloped land at locations we consider attractive within and outside Buenos Aires metropolitan area. 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. We have a 74.5% interest in the office building located at 183 Madison Avenue in the City of New York. For more information about Madison please see "Recent Developments". We also have a 49.9% interest in a US company, whose main asset is the so-called "Lipstick Building" an office building located in the City of New York. In addition, jointly with subsidiaries, we hold 34% of Supertel voting rights (NASDAQ: SPPR) and we have recently acquired, through Dolphin Fund (controlled by IRSA) in partnership with Extra Holding Limited, 57.8% of the Israeli company IDBD, a large and diversified Israeli company, 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.

Our Principal Business Activities

During the fiscal year ended June 30, 2014, we conducted our operations on 32 owned farmlands and 71 leased farmlands. Some of the farmlands we own are engaged in more than one productive activity at the same time.

	Fiscal Year 2014 Production	Fiscal Year 2014 Sales	Stock as of June 30, 2014	Stock as of June 30, 2013	Stock as of June 30, 2012
Volume (in tons)					
Wheat	12,373	11,359	737	--	6,360
Corn	86,300	179,894	17,799	34,667	90,177
Sunflower	5,884	9,745	1,825	5,855	3,501
Soybean	241,204	222,051	84,351	45,928	47,587
Sugarcane	657,547	675,670	--	--	45,819
Milk(1)	19,320	18,787	--	--	--

Beef	7,380	9,275	--	20,898	22,882
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(1) In thousands of liters.

The following chart shows, for fiscal year 2014, the surface area in operation for each line of business:

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The following chart illustrates, for the fiscal year ended on June 30, 2014, the surface area in operation and the hectares held as land reserves, classified into own, under lease or under concession:

Crops and Sugarcane

Our crop production is mainly based on grains and oilseeds and sugarcane. Our main crops include wheat, corn, soybean and sunflower. Other crops, such as sorghum, 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:

	2014(1)	2013(1)	2012(1)
Wheat	12,373	4,505	18,200
Corn	86,300	107,257	143,639
Sunflower	5,884	12,437	14,524
Soybean	241,204	220,293	193,554
Sugarcane	657,547	1,156,848	576,048
Other	5,998	10,899	16,400
Total	1,009,306	1,512,239	962,365

(1) Does not include production from Agro-Uranga S.A.

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

2014 Season	Argentina	Brazil	Bolivia	Paraguay	Total
Wheat	12,373	-	-	-	12,373
Corn	23,928	50,102	11,444	826	86,300
Sunflower	5,837	-	47	-	5,884
Soybean	106,943	108,107	20,821	5,333	241,204
Sorghum	924	-	2,487	647	4,058
Other	1,389	534	-	16	1,939
Sugarcane	-	570,820	86,727	-	657,547
Total	151,394	729,563	121,526	6,822	1,009,305

2013 Season	Argentina	Brazil	Bolivia	Paraguay	Total
Wheat	3,224	-	1,281	-	4,505
Corn	58,336	34,630	14,291	-	107,257
Sunflower	12,089	-	347	-	12,436
Soybean	82,229	106,276	31,601	187	220,293
Sorghum	2,543	-	2,638	305	5,486
Other	3,055	2,358	-	-	5,413
Sugarcane	-	1,014,234	142,614	-	1,156,848
Total	161,476	1,157,498	192,772	492	1,512,238

2012 Season	Argentina	Brazil	Bolivia	Paraguay	Total
Wheat	17,212	-	988	-	18,200
Corn	49,689	72,387	21,563	-	143,639
Sunflower	13,231	-	1,293	-	14,524

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Soybean	79,164	83,319	29,976	1,096	193,555
Sorghum	949	-	4,431	2,133	7,513
Other	7,606	1,280	-	-	8,886
Sugarcane	-	576,030	18	-	576,048
Total	167,851	733,016	58,269	3,229	962,365

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Sales

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

	2014 Season	Argentina	Brazil	Bolivia	Paraguay	Total
Wheat		11,359	-	-	-	11,359
Corn		140,658	26,720	11,743	773	179,894
Sunflower		9,687	-	58	-	9,745
Soybean		98,600	95,695	22,674	5,082	222,051
Sorghum		935	-	2,148	760	3,843
Other		6,049	448	-	11	6,508
Sugarcane		-	570,820	104,850	-	675,670
Total		267,288	693,683	141,473	6,626	1,109,070
	2013 Season	Argentina	Brazil	Bolivia	Paraguay	Total
Wheat		9,566	-	1,169	-	10,735
Corn		184,515	64,913	21,715	-	271,143
Sunflower		9,667	-	884	-	10,551
Soybean		79,255	100,311	27,645	1,603	208,814
Sorghum		1,278	-	3,939	590	5,807
Other		9,274	4,778	-	-	14,052
Sugarcane		-	1,047,792	132,085	-	1,179,877
Total		293,555	1,217,794	187,437	2,193	1,700,979
	2012 Season	Argentina	Brazil	Bolivia	Paraguay	Total
Wheat		19,758	-	988	-	20,746
Corn		154,845	55,974	13,295	-	224,114
Sunflower		16,802	-	1,293	-	18,095
Soybean		104,378	111,080	33,567	2,615	251,640
Sorghum		3,660	-	3,254	1,583	8,497
Other		5,366	6,153	-	-	11,519
Sugarcane		-	636,335	-	-	636,335
Total		304,809	809,542	52,397	4,198	1,170,946

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

	2014(1)(2)	2013(1)(2)	2012(1)(2)
Own	122,632	127,952	127,793
Under lease	58,030	45,624	44,508
Under concession	20,986	8,937	8,778
Leased to third parties	7,616	18,223	23,595
Total	209,264	200,736	204,674

(1) Sown land may differ from that indicated under “Uses of Land”, since some hectares are sown twice in the same season and therefore are counted twice.

(2) Does not include Agro-Uranga S.A.

	2014	2013	2012	Variation		Variation	
Stock	Season	Season	Season	2014 vs.	2013	2013 vs.	2012
Corn	17,799	34,667	90,177	(48.7	%)	(61.6	%)
Soybean	84,351	45,928	47,587	83.7	%)	(3.5	%)
Sunflower	1,825	5,855	3,501	(68.8	%)	67.2	%)
Sorghum	530	3,577	2,581	(85.2	%)	38.6	%)
Wheat	737	-	6,360	100.0	%)	(100.0	%)
Cotton	-	239	1,269	(100.0	%)	(81.2	%)
Sugarcane	-	-	45,819	0.0	%)	(100.0	%)
Other	32,782	-	1,321	100.0	%)	(100.0	%)
Total	138,024	90,266	198,615	(53.0	%)	(54.6	%)

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 farmlands 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 farmlands for production of crops generally consist of lease agreements with payments based on a fixed amount of Pesos per hectare or crop sharing agreements (“sharecropping”) with payments in kind based on a percentage of the crops obtained or a fixed amount of tons of grains obtained or their equivalent value in Pesos. The principal advantage of leasing farmlands is that leases do not require us to commit large amounts of capital to the acquisition of lands but allow us to increase our scale in the short term and reduce the risk of inclement weather. The disadvantage of this strategy is that the cost of leasing can increase over time, in part, because increased demand for leased land increases the price of leased land.

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

Wheat seeding takes place from June to August, and harvesting takes place from December to January. Corn, soybean and sunflower are sown from September to December and are harvested from February to August. Grains are available to be sold as commodities after the harvest from December to June and we usually store part of our production until prices recover after the drop that normally takes place during the harvesting season. A major part of production, especially soybean, wheat and sunflower seeds, 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 35.7% 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.

Agro-Uranga has two farmlands: Las Playas and San Nicolás, with a combined area of 8,305 hectares, located in the core region of the Pampas prairies.

57% of the revenues from Agro-Uranga's crop production derives from its special products division, including popcorn, chickpeas, peas and lentils, whereas the remaining 43% derives from commodities, such as soybean, corn and wheat.

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 Farmlands

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 farmlands for production of crops consist in lease agreements with payments based on a fixed amount of Pesos per hectare or crop (sharecropping") with payments in kind based on a percentage of the crops obtained or a fixed amount of tons of grains obtained or their equivalent value in Pesos. Leases of farmlands for cattle breeding consist in lease agreements with fixed payments based on a fixed amount of Pesos per hectare or steer kilograms or capitalization agreements with payments in kind or in cash based on the weight gain in kilograms.

During fiscal year 2014, we leased to third parties a total of 71 fields, covering 76,579 hectares, including 17,699 hectares in Brazil. Out of the total leased area, 58,030 hectares were assigned to agricultural production, including double crops, and 18,549 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 crop sharing agreements.

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

	2014	2013	2012
Crops	58,030	45,624	44,508
Cattle	18,549	12,635	12,635

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 Company's results for fiscal year 2014, compared to the two preceding fiscal years:

Crops

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Revenues	836.8	750.4	636.1	11.5 %	18.0 %
Costs	(1,540.7)	(1,227.8)	(1,051.9)	25.5 %	16.7 %
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	868.4	572.1	513.4	51.8 %	11.4 %
Changes in net realizable value of agricultural produce after harvest	(17.6)	11.8	2.5	-	372.0 %
Gross income	146.9	106.5	100.1	38.2 %	6.39 %
General and administrative expenses	(149.0)	(90.1)	(86.8)	65.3 %	3.8 %
Selling expenses	(117.9)	(116.1)	(88.4)	1.5 %	31.3 %
Other operating income, net	(28.3)	(7.5)	(58.1)	275.5 %	(87.1 %)
Operating loss	(148.3)	(107.2)	(133.2)	38.1 %	(19.3 %)
Income /(loss) from interests in equity investees and joint ventures	11.0	8.1	6.0	35.6 %	35.0 %
Segment loss	(137.3)	(99.1)	(127.2)	38.3 %	(22.0 %)

Sugarcane

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Revenues	123.9	160.3	98.9	(22.7 %)	62.1 %
Costs	(206.8)	(302.2)	(167.9)	(31.6 %)	80.0 %
Changes in net realizable value of agricultural produce after harvest	96.2	197.3	82.3	(51.2 %)	139.7 %
Gross income	13.3	55.4	13.3	(75.9 %)	319.7 %
General and administrative expenses	(28.3)	(24.2)	(19.4)	17.0 %	24.7 %
Selling expenses	(4.9)	(4.0)	-	21.6 %	-
Other operating income, net	(0.6)	-	-	1944.4 %	-
Operating income / (loss)	(20.5)	27.2	(6.1)	(174.9 %)	(538.7 %)
Segment income / (loss)	(20.5)	27.2	(6.1)	(174.9 %)	(538.7 %)

In Argentina, the 2013/2014 season was favored by the rains of January and February, which helped in the recovery of soybean production. On the other hand, in Bolivia and Brazil, planted acreage and plantings of certain crops decreased due to weather difficulties (excessive rainfall in the first case and droughts in the second one, mainly in the area of Bahia, Brazil).

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 2014, our cattle aggregated 65,536 heads, and we had a total surface area of 95,160 hectares of own and leased lands devoted to this business activity. In addition, we have leased to third parties 5,495 hectares assigned to these activities.

During the fiscal year ended June 30, 2014, our cattle activities generated sales of Ps. 90.3 million, representing 5% of our total consolidated sales from the agricultural business, and our production was 7,380 tons, a decrease of 10% compared to the previous fiscal year. This fall was mainly due to adverse weather conditions that affected our cattle's fattening capacity.

The following table sets forth, for the fiscal years indicated below, the cattle production volumes measured in tons:

	2014(2)	2013(2)	2012(2)
Cattle production (1)	7,380	8,196	9,329

(1) Does not include production from Agro-Uranga.

(2) 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.

Management by lot in our pastures is aided by electrical fencing which may be easily relocated to supplement our land-rotation cycles. Our cattle herd is subject to a 160 kg to 360 kg fattening cycle by grazing in pastures located in our north farmlands, where conditions are adequate for initial fattening. For fattening above 360 kg, cattle are fattened in our feedlot facilities located in our Los Pozos and La Suiza farmlands, in Chaco, until they reach 430 kg. The feedlot fattening system leads to homogeneity in production and beef of higher quality and tenderness because of the younger age at which animals are slaughtered.

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

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

Currently, the cattle raising farmlands 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 head of cattle for each activity:

	2014(2)	2013(2)	2012(2)
Breeding (1)	54,808	35,743	42,109
Fattening	10,728	21,466	17,326
Total	65,536	57,209	59,435

(1) For classification purposes, upon birth, all calves are considered to be in the breeding process.

(2) Does not include heads of cattle from Agro-Uranga S.A.

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 Foot-and-mouth disease (“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 2014, compared to the two preceding fiscal years:

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Revenues	90.3	82.9	132.3	8.9 %	(37.3 %)
Costs	(160.7)	(147.3)	(163.5)	9.1 %	(9.9 %)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	145.3	79.3	79.0	83.2 %	0.4 %
Changes in net realizable value of agricultural produce after harvest	0.2	-	0.1	-	-
Gross income	75.1	14.9	47.9	403.0 %	(68.9 %)
General and administrative expenses	(27.8)	(13.7)	(14.9)	102.7 %	(8.1 %)
Selling expenses	(13.8)	(11.4)	(11.6)	21.7 %	(1.7 %)
Other operating income, net	(1.9)	(1.9)	(3.0)	0.1 %	(36.7 %)
Operating Income / (Loss)	31.6	(12.0)	18.4	363.4 %	(165.2 %)
Segment Income / (Loss)	31.6	(12.0)	18.4	362.6 %	(165.2 %)

Dairy

As of June 30, 2014, we conducted our milk business in the dairy facility located in “El Tigre” farmland in La Pampa, Argentina. We have a capacity of 2,588 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 farmland.

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

Our milk production is based on a herd of Holando Argentina dairy cows, genetically selected through the use of imported frozen semen of North American Holando bulls. Male calves are sold, at calving, for a given amount per

head, whereas female calves are weaned after 24 hours, spend approximately 60 days in raising and approximately 100 days being fed on the basis of grass, grains and supplements. Young heifers then graze for an additional 12 to 15 month period, prior to artificial insemination at the age of 18 to 20 months and they calve nine months later. Heifers are subsequently milked for an average of 300 days. Milking dairy cows are once again inseminated during the 60 to 90 day subsequent period. This process is repeated once a year during six or seven years. The pregnancy rate for our dairy cows is 80-90%.

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

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

	2014(1)	2013(1)	2012(1)
Average dairy cows per day	2,588	2,439	2,046
Production (daily liters per cow)	20.2	20.2	22.9
Total production (thousands of liters)	19,320	18,459	16,563

(1) Does not include production from Agro-Uranga.

At the closing of fiscal year 2014, we had 6,450 heads of cattle on 2,864 hectares involved in the production of milk; whereas as of June 30, 2013, we had 6,529 heads of cattle on 2,780 hectares.

Results

The following table shows this segment's results for fiscal year 2014, compared to the two preceding fiscal years:

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Revenues	53.9	38.8	30.2	38.9 %	28.5 %
Costs	(104.3)	(74.8)	(57.8)	39.4 %	29.4 %
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	62.8	40.7	34.0	54.2 %	19.7 %
Gross income	12.4	4.7	6.3	162.9 %	(25.4 %)
General and administrative expenses	(5.9)	(3.1)	(2.9)	88.1 %	6.9 %
Selling expenses	(2.2)	(1.8)	(1.2)	23.7 %	50.0 %
Other operating income, net	(0.6)	(0.4)	(0.6)	42.7 %	(33.3 %)
Operating Income / (Loss)	3.7	(0.6)	1.6	704.5 %	(137.5 %)
Segment Income / (Loss)	3.7	(0.6)	1.6	704.5 %	(137.5 %)

Agricultural Rentals and Services

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

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

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

Results

The following table shows this segment's results for fiscal year 2014, compared to the two preceding fiscal years:

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Revenues	29.1	30.8	25.3	(5.5 %)	21.7 %
Costs	(17.4)	(12.1)	(2.6)	44.2 %	365.4 %
Gross income	11.7	18.7	22.7	(37.3 %)	(17.2 %)
General and administrative expenses	(2.7)	(4.5)	(3.7)	(38.2 %)	21.6 %
Selling expenses	(0.8)	(1.5)	(1.3)	(46.7 %)	15.4 %
Other operating income, net	(0.3)	(1.0)	(0.7)	(48.6 %)	42.9 %
Operating income	7.9	11.7	17.0	(32.5 %)	(31.2 %)
Segment income	7.9	11.7	17.0	(32.5 %)	(31.2 %)

Acquisition, Sale and Transformation of Lands

Land Acquisitions

We intend to increase our farmland portfolio by acquiring large extensions of land with high appreciation or production potential. We also intend to transform the land acquired from non-productive to cattle breeding, from cattle breeding to farming, or applying 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. As a result of current technology, we may achieve similar yields with higher profitability than core areas; this may result in the appreciation of land values.

At present, prices of farmlands used in 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 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 farmlands (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 the appreciation potential of the capital. 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, for the fiscal years indicated below, certain information concerning our land acquisitions for each of the last fifteen fiscal years ended on June 30:

Fiscal Year	Number of Farmlands	Amount of Acquisitions (Ps. million)
2000	-	-
2001	-	-
2002	-	-
2003 (2)	1	25.0
2004	-	-
2005 (3)	2	9.3
2006 (4)	1	45.9
2007 (5)	1	7.3
2008 (6)	2	4.5
2009 (7)	7	133.2
2010 (8)	-	5.0
2011 (9)	3	61.5
2012	-	-
2013	-	-
2014	-	-

(1) Includes the acquisition of “Ñacurutú,” “Tapenagá,” “Santa Bárbara” and “La Gramilla,” “La Sofia,” “La Suiza,” “La Esmeralda” and “Tourné” farmlands of 30,350 hectares, 27,312 hectares, 7,052 hectares, 1,223 hectares, 41,993 hectares, 11,841 hectares and 19,614 hectares, respectively. It also includes the acquisition of “Las Vertientes” which is a silo plant.

(2) Includes the acquisition of “El Tigre” farmland of 8,360 hectares.

(3) Includes the acquisition of “La Adela” and “El Invierno” farmlands of 72 hectares and 1,946 hectares, respectively. In July 2014 we sold to our subsidiary IRSA the “La Adela” farmland, for more information please see “Recent Developments”.

(4) Includes the acquisition of “San Pedro” farmland of 6,022 hectares.

(5) Includes the acquisition of “8 de Julio” farmland of 90,000 hectares.

(6) Includes the acquisition of the remaining 25% of “La Adela” farmland of 18 hectares and 80% of “La Esperanza” farmland of 980 hectares.

(7) Includes the acquisition of “Estancia Carmen”, “Puertas de Luján”, “Las Londras”, “San Cayetano”, “San Rafael”, and “La Fon Fon” farmlands and 50% of “Jerovia” farmland, of 10,911, 115, 4,566, 883, 2,969, 3,748 and 20,966 hectares, respectively.

(8) Includes exercise of the option over 50% of the “Jerovia” farmland of 3,646 hectares.

(9) Includes the acquisition of “La Primavera” and “4 Vientos” farmlands of 2,341 hectares and 2,659 hectares, respectively. In addition, it includes the acquisition of 943 hectares of the Mendoza farmland.

Land Sales

We periodically sell properties that have reached a considerable appraisal to reinvest in new farmlands 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, for the fiscal years indicated below, certain information concerning our land sales for each of the last 15 fiscal years ended on June 30:

Fiscal Year	Number of Farmlands	Gross Proceeds from Sales (Ps. million)	Profit/ (Loss) (1) (Ps. million)
1998 (2)	2	6.8	4.1
1999 (3)	2	27.8	9.4
2000	-	-	-
2001 (4)	2	9.0	3.0
2002 (5)	3	40.6	14.8
2003 (6)	2	12.0	4.9
2004 (7)	2	4.1	1.7
2005 (8)	2	29.8	20.0
2006 (9)	1	16.1	9.9
2007 (10)	3	29.9	22.3
2008 (11)	2	23.0	20.0
2009 (12)	2	2.0	1.9
2010 (13)	1	18.6	13.7
2011 (14)	2	84.5	54.6
2012 (15)	3	118.3	63.2
2013 (16)	4	332.6	149.6
2014 (17)	2	148.5	91.4

- (1) Includes the difference between the gross proceeds from sales (net of all taxes and commissions) and the book value of the assets sold.
- (2) Includes the sale of 7,878 hectares of “Moroti” and “Santa Rita” farmlands.
- (3) Includes the sale of “El Meridiano” and “Runciman” farmlands of 6,302 and 3,128 hectares, respectively.
- (4) Includes the sale of “El Bañadito” and “Tourne” farmlands of 1,789 and 19,614 hectares, respectively.
- (5) Includes the sale of “El Silencio”, “La Sofia” and “El Coro” farmlands of 397 hectares, 6,149 hectares and 10,321 hectares, respectively.
- (6) Includes the sale of “Los Maizales” and “San Luis” farmlands of 618 and 706 hectares, respectively.
- (7) Includes the sale of “41-42” farmland of 6,478 hectares and 5,997 hectares of IGSA’s land reserves.
- (8) Includes the sale of “Ñacurutú” and “San Enrique” farmlands of 30,350 and 977 hectares, respectively. It also includes the results of the sale of a two-hectare parcel owned by IGSA.

- (9) Includes the sale of “El Gualicho” farmland of 5,727 hectares.
- (10) Includes the sale of 20,833 hectares of “Tapenagá” farmland and the partial sale of 14,516 hectares of “Los Pozos” farmland and 50 hectares of “El Recreo” farmland.
- (11) Includes the partial sale of 4,974 hectares of “Los Pozos” farmland and the partial sale of 2,430 hectares of “La Esmeralda” farmland.
- (12) Includes the partial sale of 1,658 hectares of “Los Pozos” farmland and the partial sale of 1,829 hectares of “El Recreo” farmland.
- (13) Includes the sale of 12,071 hectares of “Tali Sumaj”.
- (14) Includes the sale of “La Juanita” farmland, of 4,302 hectares, and the partial sale of 910 hectares of “La Fon Fon”.
- (15) Includes the sale of 2,447 hectares of “San Pedro” farmland, the partial sale of 1,194 hectares of “La Fon Fon” farmland, and the partial sale of 115 hectares of “Puerta de Lujan” farmland.
- (16) Includes the sale of 14,359 hectares of “Horizontina” farmland, the partial sale of 394 hectares of “Araucaria” farmland, the partial sale of “Cremaq” farmland of 4,985 hectares, and the partial sale of 5,613 hectares of La “Suiza” farmland.
- (17) Includes the sale of 883 hectares of “San Cayetano” farmland and the partial sale of 1,164 hectares of “Araucaria” farmland.

On May 27, 2014, Ombú executed an agreement for the sale, subject to retention of title, of an 882,955 hectare property in the “San Cayetano I” farmland for a total price of US\$ 4.2 million. Out of this amount, the sum of US\$ 1 million has been collected and the balance is payable in 5 consecutive, semi-annual installments, the last of which is due in November 2016. The agreement provides that title conveyance will be registered once the full price has been paid. Possession was surrendered on the date of execution of the agreement. The Company recorded a gain of US\$ 1.8 million (equal to Ps. 15.6 million) for this sale.

In June 2014, through Brasilagro, we sold a new fraction of 1,164 hectares in the “Araucaria” farm located in the municipal district of Mineiros, State of Goias. The sale price was 735,000 bags of soybean or Rs. 41.3 million (Rs. 45,000 per hectare). From this amount 75,000 bags of soybean were received, for Rs. 4.5 million, and the balance is payable in 4 (four) annual installments. This asset was valued at Rs. 10.7 million (purchase cost plus investments made).

In July 2014 we sold to our subsidiary IRSA the “La Adela” farmland. For more information please see “Recent Developments”.

Farmland 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, 2014, we owned land reserves in the region extending over more than 352,928 hectares that were purchased at very attractive prices. In addition, we have a concessions for over 109,014 hectares reserved for future development. We believe that there are technological tools available to improve productivity in these farmlands 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.

We conducted our land development business in Argentina mainly in the “Anta” farm located in Las Lajitas, province of Salta, Argentina. During fiscal year 2014, we developed 1,458 hectares intended for agricultural production and 660 hectares intended for cattle raising, reaching 22,986 hectares in operation.

Furthermore, during fiscal year 2014 we continued with the development of our “Agro Riego” farm in the province of San Luis, Argentina where we developed 260 hectares intended for agriculture including spray irrigation infrastructure, reaching 4,302 hectares in operation.

In connection with our business in Paraguay, in the next fiscal year Cresca plans to continue to develop 2,400 hectares for cattle and 1,975 for agricultural production. Our developments in Brazil, through our subsidiary Brasilagro, consisted of 13,000 hectares of developed land.

Results

The following table shows this segment’s results for fiscal year 2014, compared to the two preceding fiscal years:

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Costs	(8.2)	(5.7)	(4.7)	45.0 %	21.3 %
Gross loss	(8.2)	(5.7)	(4.7)	45.0 %	21.3 %
Gain from disposal of farmlands	91.4	149.6	45.5	(38.9 %)	228.8 %
Operating income / (loss)	78.0	132.6	39.2	(41.2 %)	238.3 %
Segment income / (loss)	78.0	132.6	39.2	(41.2 %)	238.3 %

Agro-industrial Activities

This segment consists in the fattening of cattle in feedlots and the slaughtering and processing of beef in meat packing plants. Feedlot cattle breeding requires specific care and diets that differ from those applicable to natural grass-fed cattle breeding.

Our feedlot operations are developed through our subsidiary Cactus Argentina S.A. and take place in a 170-hectare farm located in Villa Mercedes, Province of San Luis, Argentina, which started to operate in September 1999. Cactus has been a pioneer in feedlot services with 18,000 heads of cattle capacity, depending on the size of the cattle.

Towards the end of this fiscal year, given the closeness of the feedlot facility to the district of Villa Mercedes, we decided to discontinue the livestock fattening business there.

Moreover, 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.

Since December 2011, the packing plant had remained closed due to the difficult situation experienced by the industry. With the support of the Provincial Government of La Pampa and the Federal Government, combined with our confidence that the business could be successfully resumed, in August 2012 the packing plant was reopened and restarted production.

Fiscal year 2013 was a tough year for this segment due to an unfavorable market scenario. In fiscal year 2014, the segment recorded net income for Ps. 1.9 million, mainly due to a significant increase in the share of cuts intended for export during the second and third quarters. In addition, average slaughtering reached 6,700 heads per month, compared to 3,600 in fiscal year 2013.

Results

The following table shows this segment's results for fiscal year 2014, compared to the two preceding fiscal years:

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Revenues	554.1	208.9	100.1	165 %	109 %
Costs	(479.7)	(204.7)	(110.8)	134 %	85 %
Gross income / (loss)	74.4	4.2	(10.7)	1,655 %	(139 %)
General and administrative expenses	(16.9)	(10.9)	(7.4)	54 %	47 %
Selling expenses	(54.8)	(21.5)	(7.6)	155 %	183 %
Other operating income, net	(0.9)	(1.3)	0.1	(33 %)	-
Operating income / (loss)	1.8	(29.5)	(25.6)	(106 %)	16 %
Segment income / (loss)	1.8	(29.5)	(25.6)	(106 %)	16 %

Other Segments

Futuros y Opciones.Com S.A.

In May 2000, we acquired 70% of the shares of FyO for Ps. 3.5 million. The site was launched in November 1999 and was aimed at becoming the most important agriculture business community in latin america. FyO launched its e-commerce strategy in March 2001, in order to sell products, buy inputs, arrange loans, and obtain insurance, among other things. Currently, the main activity of FyO is grain brokerage.

The areas with the greatest potential for growth are: input commercialization and grain brokerage. Regarding input commercialization, the business volume was concentrated in a small number of suppliers, the agreements with the suppliers were improved in order to increase the margin of the business, and contracts of direct distribution were achieved. In terms of cereals, the grain trading unit was created, with the purpose of participating directly in the business by trading and offering services.

During fiscal year 2007, FyO started to trade futures and options: it acquired a share in the Buenos Aires futures and options exchange market ("MATBA") and has also become a dealer. The service consisting in hedging with futures has consolidated into an essential tool for our customers to manage their price risks.

FyO is committed to excellence through quality and continued improvement. For this reason, since 2008 all its business and administrative processes have been certified under ISO 9001:2008 standards.

As of June 30, 2014, our interest in FyO was 59.59%.

As of the end of fiscal year 2014, the company's total revenues from its grains brokerage business unit were Ps. 45.4 million with a trading volume of 1.9 million tons, in line with the volume traded in the 2013 period despite the lagging of the harvesting activities in the whole territory of Argentina. The main crops traded were corn and soybean, and to a lesser extent, wheat and sunflower.

At the closing of fiscal year 2013, the company acquired Granos Olavarría S.A., by purchasing a 96.37% interest in it. This company is engaged in cereal storage and brokerage activities, and since its acquisition, it has traded approximately 0.3 million tons during the fiscal year.

As concerns its supplies business, it recorded a strong growth, generating revenues for Ps. 67.5 million, an increase of 55% as compared to the revenues generated in the previous fiscal year. The sector added a new proprietary product line and has developed new strategic alliances with first class companies that do business in different regions of the world.

FyO's internet business is one of the most comprehensive and better positioned businesses in the sector, as it offers a full suite of products and services for customers and users. It has the leading portal in agricultural trading and in the social networks it has the largest community in the farming industry. Moreover, it leads the mobile sector through its two apps. In November of 2014 the business will reach its fifteenth anniversary. From its onset, it has been adding to its customer portfolio leading international and domestic companies and reaching an increasing number of users and ascending presence in search engines such as Google. In August 2013, it revamped its site and launched new products, becoming one of the sites with the most advanced technology and innovations in the industry. At the closing of this fiscal year, it has reached over 900,000 visits per month, 120,000 users per month and 70 clients per year.

FyO's goal is to continue consolidating itself as a leading company in the grains brokerage business, standing out from its competitors by offering a full suite of advisory services to its clients and contributing its broad experience in the industry along with its staff's expertise.

Results

The following table shows this segment's results for fiscal year 2014, compared to the two preceding fiscal years:

In millions of Ps.	Fiscal Year 2014 (Restated)	Fiscal Year 2013	Fiscal Year 2012	YoY var 2014 vs. 2013	YoY var 2013 vs. 2012
Revenues	124.0	83.3	55.1	48.8 %	51.2 %
Costs	(100.3)	(71.2)	(46.1)	40.8 %	54.4 %
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	-	(1.0)	0.1	(100.0 %)	-
Gross income	23.7	11.1	9.1	113.9 %	23.3 %
General and administrative expenses	(7.9)	(7.1)	(13.6)	11.3 %	(47.8 %)
Selling expenses	(10.7)	(6.9)	(5.3)	56.0 %	30.2 %
Other operating income, net	3.1	15.7	0.7	(80.3 %)	2,142.9 %
Operating income / (loss)	8.1	12.8	(9.2)	(36.5 %)	(239.1 %)
Income / (loss) from interests in associates and joint ventures	0.4	1.1	(0.4)	(63.6 %)	(375.0 %)
Segment income / (loss)	8.6	13.9	(9.6)	(38.2 %)	(244.8 %)

Farmland Portfolio

As of June 30, 2014, we owned, together with our subsidiaries, 32 farmlands, with a total surface area of 636,327 hectares.

The following table sets forth our exploited farmland portfolio as of June 30, 2014:

Use of Farmlands Owned and under Concession as of June 30, 2014										
	Locality	Province	Date of Acquisition	Surface Area (has)	Main Business	Beef Cattle (has)	Sheep (has)	Milk (has)	Agriculture (has)	Beef cattle (Head)
La Adela (5)	Lujan	Buenos Aires	Original	1,054	Agriculture				837	
El Recreo	Recreo	Catamarca	May 95	12,395	Natural woodlands					
Los Pozos	JV González	Salta	May 95	239,639	Beef cattle/ Agriculture/ Natural woodlands	45,290			13,441	35,32
San Nicolás (1)	Rosario	Santa Fe	May 97	1,431	Agriculture				1,428	
Las Playas (1)	Idiazabal	Cordoba	May 97	1,534	Agriculture/ Milk				1,265	
La Gramilla/ Santa Bárbara	Merlo	San Luis	Nov 97	7,072	Agriculture Under irrigation				4,302	
La Suiza	Villa Angela	Chaco	Jun 98	36,380	Beef cattle	30,565			4,499	19,22
La Esmeralda	Ceres	Santa Fe	Jun 98	9,370	Agriculture/ Beef cattle				8,430	
El Tigre	Trenel	La Pampa	Apr 03	8,360	Agriculture/ Milk			2,864	4,240	6,450
El Invierno	Rancul	La Pampa	Jun 05	1,946	Agriculture				1,844	
San Pedro 8 De Julio/ Estancia Carmen	Uruguay	Entre Rios	Sep 05	6,022	Agriculture	1,143			4,076	
Puerto Cactus/ Argentina	Deseado	Cruz	May 07/ Sep 08	100,911	Sheep		85,000			6,890
Las Vertientes	Mercedes	San Luis	Dec 97	171	Feedlot	170				
Las Esperanza	Las Vertientes	Cordoba	-	4	Silo					
Las Londras	Rancul	La Pampa	Mar 08	980	Agriculture				334	
San Cayetano	Santa Cruz	Bolivia	Nov 08	4,566	Agriculture				3,835	
San Rafael	Santa Cruz	Bolivia	Nov 08	883	Agriculture				876	
	Santa Cruz	Bolivia	Nov 08	2,969	Agriculture				2,919	

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La Fon	Fon Santa Cruz	Bolivia	Nov 08	1,643	Agriculture					1,643
L a	Primavera	Santa Cruz	Bolivia	Jun 11	2,340	Agriculture				902
C u a t r o	Vientos	Santa Cruz	Bolivia	Jun 11	2,658	Agriculture				1,858
						Agriculture/ Natural				
Jerovia (2)	Estigarribia	Paraguay	Feb 09	40,495	woodlands	585				5,163 683
F i n c a	Mendoza	Lujan de Cuyo	Mendoza	Mar 11	389	Reserve				
		Baixa Grande								
Cremaq	Ribeiro/PI	Brazil		27,807	Agriculture					16,485
Jatoba	Jaborandi/BA	Brazil		31,606	Agriculture					15,147
A l t o	A l t o									
Taquari	Taquari/MT	Brazil		5,186	Agriculture					2,859
Araucaria	(4)	Mineiros/GO	Brazil		9,288	Agriculture				4,861
Chaparral	Correntina/BA	Brazil		37,182	Agriculture					10,258
N o v a	Buruti	Januária/MG	Brazil		24,247	Forestry				
Preferencia	Barreiras/BA	Brazil		17,799	Beef cattle	4,352				1,599
Subtotal	Own			636,327		82,105	85,000	2,864	113,101	68,577
Anta	Las Lajitas	Salta		132,000					19,253	540
Subtotal	under									
Concession				132,000					19,253	540
Total				768,327		82,105	85,000	2,864	132,354	69,117

(1) Hectares in proportion to our 35.723% interest in AgroUranga S.A.

(2) Hectares in proportion to our 50.0% interest in Cresca S.A.

(3) Hectares under concession. Includes 13,605 hectares operated by third parties.

(4) On June 27, 2014 Brasilagro sold a fraction of 1,164 hectares of Araucaria farmland.

(5) In July 2014 we sold to our subsidiary IRSA the “La Adela” farm, for more information please see “Recent Developments”.

La Adela

“La Adela” farmland is located 60 kilometers northwest of the City of Buenos Aires, and it is one of our original farmlands. In December 2001, the dairy facility was closed down, using its total surface area for crop production. Between March 2005 and December 2007 we bought 72 additional hectares which were added to the existing 982 hectares. During the fiscal year ended June 30, 2014, 837 hectares were used for corn and soybean crops. In July 2014 we sold to our subsidiary IRSA the “La Adela” farm, for more information please see “Recent Developments”.

El Recreo

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

Los Pozos

The “Los Pozos” farmland, 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, 2014, we used 13,441 hectares in agricultural production. We completed the development of tropical pastures in almost 45,000 hectares. As of June 30, 2014, there were 35,325 heads of cattle in this farmland.

San Nicolás

“San Nicolás” is a 4,005-hectare farmland owned by Agro-Uranga and is located in the Province of Santa Fe, approximately 45 kilometers from the Port of Rosario. As of June 30, 2014, 7,364 hectares were planted for agricultural production, including double crops. The farmland has two plants of silos with a storage capacity of 14,950 tons.

Las Playas

The “Las Playas” farmland has a surface area of 4,294 hectares and is owned by Agro-Uranga located in the Province of Córdoba, it is used for agricultural purposes. As of June 30, 2014, the farmland had a sown surface area, including double crops, of 6,324 hectares for grain production.

La Gramilla and Santa Bárbara

These farmlands have a surface area of 7,052 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 farmlands well suited for agricultural production after investments were made in the development of lands, wells and irrigation equipment. In the course of the 2013/2014 farmland season, a total of 3,593 hectares were sown, 513 hectares of which were sown under contractual arrangements with seed producers. We leased, in turn, 1,250 hectares to third parties. The remaining hectares are kept as land reserves.

La Suiza

The “La Suiza” farmland has a surface area of 36,380 hectares and is located in Villa Ángela in the Province of Chaco, Argentina. It is used for raising cattle. On June 19, 2013, we executed a deed of sale for a fraction of 5,613 hectares for a total sale price of US\$ 6.7 million, generating a gain of Ps. 29.8 million. As of June 30, 2014, “La Suiza” had a

stock of approximately 19,229 heads of cattle. During the 2013/14 season, we used 2,424 hectares for agricultural production and we leased to third parties 2,264 hectares allocated to cotton and 200 hectares intended for timber production.

La Esmeralda

The “La Esmeralda” farmland has a surface area of 9,370 hectares and is located in Ceres in the Province of Santa Fe. This farmland was acquired in June 1998. During the 2013/14 farmland season, we used 7,008 hectares for production of corn, soybean, wheat, sunflower and sorghum and we leased to third parties 1,617 hectares intended for agricultural production.

El Tigre

The “El Tigre” farmland was acquired on April 30, 2003 and has a surface area of 8,365 hectares. This farmland 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, 2014, 5,416 hectares were assigned to crop production, including double crops, and 2,864 hectares were assigned to milk production. This farmland produced 19.32 million liters of milk in the fiscal year ended June 30, 2014, with an average of 2,588 cows being milked and an average daily production of 20.7 liters per cow.

El Invierno

The “El Invierno” farmland was acquired on June 24, 2005 and has a surface area of 1,946 hectares. It is located in Rancul in the Province of La Pampa, 621 kilometers to the west of the City of Buenos Aires. During the fiscal year ended June 30, 2014, we used the land exclusively for crop production and planted 1,844 hectares.

San Pedro

The “San Pedro” farmland 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 2013/2014 farmland season, 5,579 hectares were used for agricultural production, including double crops, and 1,143 hectares were leased to third parties for livestock activities.

8 de Julio and Estancia Carmen

The "8 de Julio" farmland 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 farmland 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 farmland 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" farmland, and as the latter, it has excellent potential for sheep production. As of June 30, 2014, these farmlands had a stock of 6,890 sheep.

Cactus

The feedlot has a surface area of 170 hectares and is owned by Cactus. It is located in Villa Mercedes, Province of San Luis. Given its degree of urban development and closeness to the city, at the closing of the fiscal year we decided to discontinue fattening activities in this facility.

Las Vertientes

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

La Esperanza

In 2008 we acquired "La Esperanza" farmland located in the Province of La Pampa with a surface area of 980 hectares. The transaction was agreed for a price of US\$ 1.3 million that has been paid in full. During the year ended June 30, 2014, we used this farmland solely for crop production.

Las Londras

On January 22, 2009, the bill of purchase for "Las Londras" farmland 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 2013/2014 farmland season it was used for crop production.

San Cayetano

On November 19, 2008, the bill of purchase for "San Cayetano" farmland was cast into public deed. This farmland is located in the Province of Guarayos, Republic of Bolivia, and has a surface area of 883 hectares, which were used for crop production during the 2013/2014 farmland season. In May 2014, the sale of this farmland was agreed for a total amount of US\$ 4.2 million, generating a gain of Ps. 1.5 million.

San Rafael

On November 19, 2008, the bill of purchase for "San Rafael" farmland was cast into public deed. This farmland 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 2013/2014 farmland season.

La Fon Fon (I & II)

On November 19, 2008, the bill of purchase for "La Fon Fon" farmland was cast into public deed; it has a surface area of 3,748 hectares, and is located in the Province of Obispo Santiesteban, Republic of Bolivia. During fiscal years 2011

and 2012 we sold “La Fon Fon I” farmland; therefore, the remaining total area of 1,634 hectares corresponding to La Fon Fon II. During the 2013/2014 season, this farmland was used for crop production.

On October 17, 2013, a purchase-sale agreement was executed involving the total area of La Fon Fon II for a total amount of US\$ 7 million.

4 Vientos

On June 3, 2011, we executed the purchase agreement for the “4 Vientos” farmland, with a surface area of approximately 2,660 hectares, allocated to sugarcane production. Its purchase price was US\$ 8.4 million.

La Primavera

On June 7, 2011 we acquired “La Primavera” farmland, with a surface area of approximately 2,340 hectares. During the 2014 season, this farmland was used for crop production.

Jerovia

Cresca owns 50% of "Jerovia" farm, located in Mariscal José Félix Estigarribia, Department of Boquerón, Chaco Paraguayo, Republic of Paraguay, with a surface area of 45,578 hectares. During the 2013/14 season we executed a purchase agreement for 35,864 hectares. In December 2013, we sold our entire interest in Cresca to our subsidiary Brasilagro for US\$ 18.5 million. On July 14, 2014, the title deed recording the sale of 24,624 hectares was executed.

Establecimiento Mendoza

On March 2, 2011, we 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 US\$ 4.0 million; therefore, the amount of US\$ 1.6 million was paid by us.

Cremaq

Cremaq was acquired in October 2006 for Rs. 42 million. It is located in the State of Piauí, in the northeastern region of Brazil, close to the Itaqui Port, in the State of Maranhão. It has a surface area of 32,702 hectares, out of which approximately 21,823 hectares are used for agriculture. This farm was fully transformed and allocated to agriculture.

In May 2013, the sale of 4,895 hectares (approximately 3,201 of which are used for agriculture) was agreed upon for a total price of Rs. 42.1 million. We recognized a gain for the sale of Rs. 26.5 million.

Jatobá

Jatobá is a farm in the northeastern region of Brazil, with a total surface area of 31,606 hectares, 24,254 of which are intended for agriculture. Jatobá was acquired in March 2007 for Rs. 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, Brazil.

Araucária

Araucária is a farm located in the municipal district of Mineiros, in the State of Goiás, Brazil, and it has a total surface area of 9,682 hectares, 6,292 of which are used for agriculture. Araucaria was acquired in 2007 for Rs. 70.4 million. Before we purchased it, Araucária had been used for grain planting. The farm was transformed, and at present it is planted with sugarcane.

In May 2013, an area of 394 hectares (310 of which are used for agriculture) was sold. The sale price was Rs. 11.7 million. We recognized a gain for the sale of Rs. 6.7 million. Additionally, in May 2014, the sale of 1,164 hectares was agreed for a total amount of Rs. 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 5,186 hectares, 3,666 of which are used for agriculture. The farm was acquired in August 2007 for Rs. 33.2 million. Before we purchased it, the farm was used for agriculture and cattle raising. Following its transformation, it is being used for sugarcane production.

Chaparral

Chaparral is a 37,181-hectare farm, with 27,414 hectares used for agriculture. It is located in the municipal district of Correntina, State of Bahia. The farm was acquired in November 2007 for Rs. 47.9 million.

Nova Buriti

Located in the municipal district of Januária, State of Minas Gerais, Nova Buriti has a surface area of 24,247 hectares, 19,004 of which are used for agriculture. Nova Buriti was acquired in December 2007 for Rs. 21.6 million. It is

located in the southeastern region of Brazil and it is close to the large iron industries. At present, it is undergoing proceedings for obtaining the environmental licenses required for starting operations.

Preferencia

Preferencia is located in the municipal district of Barreiras, in the State of Bahia. It has a total surface area of 17,799 hectares, 14,237 of which are used for agricultural activities. It was acquired for Rs. 9.6 million in September 2008. The farm is being transformed into a pasturing area and will be later developed for agricultural purposes.

Silos

As of June 30, 2014, we had a storage capacity of approximately 105,541 tons (including 35.723% of the storage capacity of over 14,950 tons available at Agro-Uranga).

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

	2014(2)	2013(2)	2012(2)	2011	2010
Las Vertientes	10,000	10,000	10,000	10,000	10,000
San Nicolás (1)	5,341	5,341	5,341	5,341	5,341
Brasilagro	74,000	74,000	74,000	-	-
Total	89,341	89,341	89,341	15,341	15,341

(1) Owned by us through Agro-Uranga (which represents 35.723% of the total capacity).

(2) Includes Brasilagro.

Land Management

In contrast to traditional Argentine farmlands, run by families, we centralize policy making in our Executive Committee that meets on a weekly basis in the City of 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 entirely sold in the local market. The prices of our grains are based on the market prices quoted in Argentine grains exchanges such as the Bolsa de Cereales de Buenos Aires and the Bolsa de Cereales de Rosario that take as reference the prices in international grains exchanges. 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 (in the City 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.

Dairy

During fiscal year 2014, 2013 and 2012, we sold our entire milk production to the largest Argentine dairy company, Mastellone Hnos. 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 2014 our sales from the agribusiness segment (excluding sales of farmlands) were made to approximately 500 customers. Sales to our ten largest customers represented approximately 45% to 50% of our net

sales. Of these customers, our biggest three customers were Bunge Alimentos S.A., Brenco Companhia Brasileira de Energia Renovável and Molinos Río de la Plata S.A. We have signed non-binding letters of intent with some of our largest customers that allow us to estimate the volume of the demand for certain products and to plan production accordingly. We generally enter into short-term agreements with a term of less than a year.

Marketing Channels and Sales Methods

Crops

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

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

Cattle

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

We usually are responsible for the costs of the freight to the market and, in general, we do not pay commissions on our transactions.

Supplies

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

Competition

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

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

Seasonality

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

Main indicators for the fiscal years ended in June 30, 2014, 2013 and 2012(1) (2):

Description	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	%
Sales				
Corn	179,894	271,144	224,114	(33.7 %)
Soybean	222,051	208,814	251,639	6.3 %
Wheat	11,359	10,735	20,746	5.8 %
Sorghum	3,843	5,807	8,497	(33.8 %)
Sunflower	9,745	10,551	18,095	(7.6 %)
Other	6,508	14,052	11,519	(53.7 %)
Sugarcane	675,670	1,179,877	636,335	(42.7 %)
Total Sales – Crops (tons)	1,109,070	1,700,980	1,170,945	(34.8 %)
Sales - Cattle (tons)	9,275	10,180	15,502	(8.9 %)
Sales - Dairy (thousands of liters)	18,787	17,870	16,267	5.1 %

Production

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Corn		86,300	107,257	143,639	(19.5 %)
Soybean		241,204	220,293	193,554	9.5 %
Wheat		12,373	4,505	18,200	174.6 %
Sorghum		4,058	2,848	7,513	42.5 %
Sunflower		5,884	12,437	14,524	(52.7 %)
Other		1,939	8,051	8,887	(75.9 %)
Sugarcane		657,547	1,156,848	576,048	(43.2 %)
Total Production – Crops (tons)		1,009,305	1,512,239	962,365	(33.3 %)
Production – Cattle (tons)		7,380	8,196	9,329	(10.0 %)
Production – Dairy (thousands of liters)		19,320	18,459	16,563	4.7 %
Area under operation (in hectares)					
Crops	Own farmlands 2	122,632	127,952	127,793	(4.2 %)
	Leased farmlands 2	58,030	45,624	44,508	27.2 %
	Farmlands under concession	20,986	8,937	8,778	134.8 %
	Own farmlands leased to third parties	7,616	18,223	23,595	(58.2 %)
Cattle	Own farmlands	76,611	78,418	83,360	(2.3 %)
	Leased farmlands	18,549	12,635	12,635	46.8 %
	Own farmlands leased to third parties	5,495	13,371	1,943	(58.9 %)
Dairy	Own farmlands	2,864	2,780	3,022	3.0 %
Sheep	Own farmlands	85,000	85,000	85,000	0.0 %
Land reserves (in hectares)					
	Own farmlands	144,704	148,508	350,063	(2.6 %)
	Farmlands under concession	48,249	48,249	109,617	0.0 %
Area under irrigation (in hectares)					
	Own farmlands	3,052	2,531	2,218	20.6 %
	Own farmlands leased to third parties	1,250	1,367	1,626	(8.5 %)
Storage capacity (tons)					
	Own plants	89,341	89,341	89,341	0.0 %
Stock of Cattle Heads					
Breeding stock		54,808	35,743	42,109	53.3 %
Fattening		10,728	21,466	17,326	(50.0 %)
Dairy stock		6,450	6,529	6,184	(1.2 %)
Total Cattle (heads)		71,986	63,738	65,619	12.9 %
Daily average milking cows (heads)		2,588	2,439	2,046	6.1 %

1. Includes all the farmlands located in Argentina, Bolivia and Brazil and the ratable interest in Paraguay (joint venture – 50%) and Agro-Uranga (Associate – 35.72%).

2. Includes double-cropped area.

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 Code and local customs.

According to Law No. 13,246, as amended, all lease agreements related to rural properties and land are required to have a minimum duration of 3 years. Upon death of the tenant farmer, the agreement may continue with his successors. Upon misuse of the land by the tenant farmer or default on payment of the rent, the land owner may initiate an eviction proceeding.

Law No. 13,246 also regulates agreements for crop sharing pursuant to which one of the parties furnishes the other with farmland animals or land with the purpose to share benefits between tenant farmer and land owner. These agreements are required to have a minimum term of duration of 3 years. The tenant farmer must perform the obligations under the agreement himself and may not, assign it under any circumstances. Upon death, incapacity of the tenant farmer or other impossibility, the agreement may be terminated.

Quality control of Crops and Cattle

The quality of the grains 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 Ministry of Economy and Public Finance.

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

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 Carnes Pampeanas up to 1,266.7 tons to export beef under the Cuota Hilton for the July 2013-June 2014 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, 2014, we owned land reserves extending over 358,518 hectares (including all the farmlands in Cresca and Brasilagro), which are located in under-utilized areas where agricultural production is not yet fully developed. We also have 109,014 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.

On November 28, 2007, Argentine Congress passed a law known as the Forest Law which sets minimum standards for the conservation of native forests and incorporates minimum provincial expenditures to promote the protection, restoration, conservation and sustainable use of native forests. The Forest Law prevents landowners, including owners of native forests, from deforesting or converting forested areas into non-forested land for other commercial uses without prior permission from each local government that gives the permit and requires the preparation, assessment and approval of an environmental impact report. The Forest Law also provides that each province should adopt its own legislation and regional regulation map. Until such provincial implementation is carried into effect, no new areas may be deforested, an implementation plan is required within a term of one year and no deforestation is allowed within the referred one-year term. 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 of the CNV require that the CNV be informed of any events or fortuitous developments that significantly hinder or are expected to hinder the development of the company's activities, including events that affect or could affect the environment, specifying their consequences.

Our activities are subject to a number of national, provincial and municipal environmental provisions. 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 restore 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 fix specific standards and regulatory provisions.

On November 6, 2009, the Argentine Congress passed Law No. 25,675. The law regulates the minimum standards for the achievement of a sustainable environment and the preservation and protection of biodiversity and fixes 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 mainly provides for restoration of the environment to its former condition or, if that is not technically feasible, for payment of a compensation in lieu thereof. The Law also fosters environmental education and provides for certain minimum reporting obligations to be fulfilled by natural and artificial persons.

Taxes on the Transfer of Property and Sale of Meat and Grains

Value Added Tax. This tax is applicable to the sale of personal property, the rendering of services and the import of goods and services supplied in Argentina. The general tax rate is 21%.

The value added tax law imposes a reduced rate, equal to 10.5% on the sale price of live animals (including cattle, sheep, camels and goats) as well as meat and edible remains of the animals listed above, whether fresh, chilled, or frozen, which have not undergone any cooking or manufacturing process turning them into a manufactured product. This 10.5% reduced rate is also applicable to the sale of grains (cereals and oilseeds, excluding rice), and dry pulses (beans, peas, and lentils). In the case of milk, the sale is subject to a 21% rate (except for sales to final consumers, the federal government, the provinces, municipalities or the City of Buenos Aires or any subordinate agencies, school or university kitchens, health funds or entities under the scope of paragraphs e), f), g) and m) of Section 20 of the Income Tax Law, which are exempt).

Land sales are not subject to this tax.

Gross Sales Tax. This is a local tax (collected by the provinces and the City of Buenos Aires) that levies gross revenues derived from the ordinary development of a given business for profit. When the same business is developed in more than one jurisdiction, the tax is applicable pursuant to the regulations set forth in the Multilateral Agreement, which establishes the proportions allocable to each of the jurisdictions involved, so as to prevent double or multiple taxation. In the City of Buenos Aires, gross revenues derived from livestock raising and milk production are subject to this tax at a general rate of 1%. In certain provinces, the sale of primary goods is not taxable.

Stamp Tax. This is a local tax that 23 provinces and the City of Buenos Aires collect based on similar rules regarding subject matter, tax base and rates. In general, this tax is levied on acts executed and delivered by means of documents (e.g. acts related to the constitution, transmission, or expiration of rights, contracts, contracts for sales of stock and company shares, public deeds relating to real property, etc.).

In the City of Buenos Aires (federal district) the stamp tax only applies to public deeds for the transfer of real estate, or for any other contract whereby the ownership of real property is transferred and commercial leases. The purchase and sale of real estate through public deed is not taxable if the real estate will be used for permanent dwelling purposes, and provided that it is the only property owned by the purchaser. In the City of Buenos Aires the tax rate is

2.5%. In the Province of Buenos Aires, the tax rate is 3.6% for public deeds of transfer of real property.

Antitrust Law

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

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

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

As our consolidated annual sales volume exceeds Ps. 200.0 million, we should give notice to the Argentine Antitrust Authority of any transaction within the scope of the Antitrust Law.

IRSA's Segments – Urban properties and investments

As of June 30, 2014, our investment in IRSA's common shares amounts to 66.01%.

The following information corresponds to data of the segments extracted from IRSA's Annual Report and financial statements as of June 30, 2014.

Offices and Others

We are engaged in the acquisition, development and management of office buildings and other rental properties in Argentina. As of June 30, 2014, we directly and indirectly owned interests in office and other rental properties in Argentina, which comprised 245,917 square meters of gross leasable area. Out of these properties, 11 were office properties, which comprised 122,470 square meters of gross leasable area. For fiscal year 2014, we had revenues from Offices and other non-shopping center rental properties of Ps. 341 million.

All our office rental properties in Argentina are located in the City of Buenos Aires. For the year ended June 30, 2014, the average occupancy rate for all our properties in the Offices and Others segment was approximately 97.5%.

Management

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

Leases

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

Properties

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

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	Date of Acquisition	Gross Leasable Area (sqm) (1)	Occupancy (2)	IRSA's Effectiveness Interest	Monthly Rental Income (in thousands of Ps.) (3)	Annual accumulated rental income over fiscal years Ps./000(4)			Book Value (in thousands of Ps.) (Restated)	
						2014	2013	2012		
Offices										
E d i f i c i o República	04/28/08	19,884	94.0 %	100 %	3,920	61,143	45,381	36,724	201,264	
T o r r e BankBoston	08/27/07	14,873	100.0 %	100 %	3,581	36,699	34,732	30,643	138,359	
Bouchar d 551 (10)	03/15/07	7,592	100.0 %	100 %	1,854	27,069	42,740	39,626	65,475	
Intercontinental Plaza	11/18/97	22,535	100.0 %	100 %	3,824	54,137	43,216	35,676	77,574	
Bouchar d 710	06/01/05	15,044	99.8 %	100 %	3,411	42,780	32,825	26,390	83,479	
Dique IV, Juana Manso 295	12/02/97	11,298	94.4 %	100 %	2,333	30,748	23,262	20,405	59,724	
Maipú 1300	09/28/95	7,655	87.3 %	100 %	1,344	22,967	21,471	19,124	29,927	
Libertador 498	12/20/95	620	100.0 %	100 %	175	3,241	3,077	5,256	3,882	
Suipacha 652/64	11/22/91	11,453	100.0 %	100 %	1,237	17,319	11,672	9,893	14,283	
Madero 1020	12/21/95	-	-	100 %	2	24	24	31	144	
Dot Building (8)	11/28/06	11,242	100.0 %	96 %	1,757	27,090	18,707	12,673	97,967	
Other Offices										
(5)	N/A	274	-	N/A	-	5,000	4,023	9,196	444	
Subtotal Offices		122,470	97.5 %	N/A	23,438	328,217	281,130	245,637	772,522	
Other Properties										
Commercial Properties (6)										
Museo Renault	12/06/07	-	-	100 %	-	-	-	1	-	
Santa María del Plata S.A.	07/10/97	60,100	100.0 %	100 %	309	4,293	3,804	1,594	12,532	
Nobleza Picardo (9)	05/31/11	45,587	100.0 %	50 %	802	8,238	7,117	8,114	10,205	
Other Properties (7)	N/A	17,448	100.0 %	N/A	387	94	185	108	68,046	
Subtotal Other Properties		123,447	99.7 %	N/A	1,498	12,645	11,225	9,878	91,510	
Total Offices and Others (7)		245,917	98.6 %	N/A	24,936	340,862	292,355	255,515	864,032	

Notes:

- (1) Total leasable area for each property as of June 30, 2014. Excludes common areas and parking.
- (2) Calculated dividing occupied square meters by leasable area as of June 30, 2014.
- (3) Agreements in force as of June 30, 2014 for each property were computed.
- (4) Corresponds to total consolidated rents.
- (5) Includes the following properties: Rivadavia 2768.
- (6) Includes the following properties: Constitución 1111.
- (7) Includes the following properties: Ocampo parking space, DOT Adjoining Plot, Abasto offices and others.
- (8) Through Alto Palermo S.A.
- (9) Through Quality Invest S.A.
- (10) During October, 2014, IRSA sold five floors of Bouchard 551, for more information please see "Recent Developments".

The following table shows a schedule of the lease expirations of our office and other properties for leases outstanding as of June 30, 2014, assuming that none of the tenants exercise renewal options or terminate their lease early. Most tenants have renewal clauses in their leases.

Year of expiration	Number of Leases (1)	Surface area subject to expiration (sqm) (2) (3)		Percentage subject to expiration		Amount (Ps.)	Percentage of Leases	
2015	21	25,499		10	%	45,507,456	14	%
2016	52	39,078		16	%	83,692,324	26	%
2017	38	37,904		16	%	74,019,528	23	%
2018+	60	139,688		58	%	118,898,287	37	%
Total	171	242,169		100	%	322,117,595	100	%

- (1) Includes Offices, the lease agreement of which has not yet been renewed as of June 30, 2014.
- (2) Does not include vacant leased square meters.
- (3) Does not include square meters or revenues from parking spaces.

The following table shows our offices occupancy percentage (1) as of the end of fiscal years ended June 30, 2014 and 2013:

Offices	Occupancy Percentage(1)			
	2014		2013	
Edificio República	94.0	%	95.2	%
Torre BankBoston	100.0	%	100.0	%
Bouchard 551 (3)	100.0	%	100.0	%
Intercontinental Plaza	100.0	%	100.0	%
Bouchard 710	99.8	%	100.0	%
Dique IV, Juana Manso 295	94.4	%	94.4	%
Maipú 1300	87.3	%	97.3	%
Libertador 498	100.0	%	100.0	%
Yacht V and VI (1)	-		100.0	%
Suipacha 652/64	100.0	%	89.9	%

DOT Building	100.0	%	100.0	%
Other (2)	99.5	%	99.3	%
Subtotal Offices	98.6	%	98.3	%

(1) Leased surface area in accordance with agreements in effect as of June 30, 2014 and 2013 considering the total leasable office area for each year.

(2) Includes the following properties: Av. de Mayo 595, Av. Rivadavia 2774, Costero Dique IV (fully sold), Madero 1020, Santa Maria del Plata, Nobleza Piccardo, Constitución 1159 (fully sold), Constitución 1111, Ferro.

(3) During October, 2014, IRSA sold five floors of Bouchard 551, for more information please see “Recent Developments”.

The following table sets forth the annual average income per square meter for our offices during fiscal years ended June 30, 2014, 2013 and 2012.

Average Annual Income per Surface Area as of June 30(1) (Ps./sqm).

Offices	Average annual income per square meter (1)		
	2014(2)	2013(2)	2012(2)
Edificio República	3,075	2,282	1,847
Torre BankBoston	2,467	2,335	2,060
Bouchard 557	3,565	3,538	1,695
Intercontinental Plaza	2,402	1,918	1,583
Bouchard 710	2,844	2,186	1,758
Dique IV, Juana Manso 295	2,722	2,059	1,806
Maipú 1300	3,000	2,284	1,860
Libertador 498	5,227	4,963	2,122
Suipacha 652/64	1,512	1,019	864
DOT Building	2,410	1,664	1,127
Others(3)	143	193	131

(1)Calculated considering annual leases to total leasable office area, in accordance with our percentage of ownership in each building as of June 30 of each fiscal year.

(2)Leasable square meters vary depending on the rent availability of land reserves(Santa Maria del Plata, Nobleza Piccardo, Ferro, etc.)

(3)Includes the following properties:Av. de Mayo 595, Av. Rivadavia 2774, Costero Dique IV (fully sold), Madero 1020, Santa Maria del Plata, Nobleza Piccardo, Constitución 1159 (fully sold), Constitución 1111, and Ferro.

New agreements and renewals:

The following table sets forth certain Information on lease agreements as of June 30, 2014:

Property	Number of Agreements(1)(5)	Annual Rental income (2)	Rental income per sqm New and Renewed (3)	Previous rental income per sqm (3)	No. of non-renewed agreements	Non-renewed agreements Annual rental income (4)
Maipú 1300	5.0	5,592,181.1	137.3	148.7	2.0	1,222,978.6
Av. Libertador 498	-	-	-	-	-	-
Costero Dique IV	-	-	-	-	-	-
Intercontinental	14.0	27,373,736.69	127.1	94.7	-	-
Bouchard 710	4.0	4,182,011.4	168.5	143.6	1.0	120,000.0
Bouchard 557	4.0	17,886,653.8	145.4	-	-	-
Della Paolera 265	6.0	9,693,642.6	164.9	108.9	-	-
Edificio República	9.0	22,793,022.0	156.0	126.2	4.0	8,113,685.6
Juana Manso 295	2.0	18,834,410.6	151.6	-	-	-
DOT Building	-	-	-	-	-	-
Constitución 1159	1.0	179,356.8	7.2	-	-	-

Suipacha 664	3.0	4,832,284.1	78.4	-	-	-
Total Offices	48.0	111,367,299.2	135.9	117.8	7.0	9,456,663.7

- (1) Includes new and renewed agreements executed in fiscal year 2014.
- (2) Agreements expressed in US dollars converted into pesos at the exchange rate prevailing in the initial month of the agreement multiplied by 12 months.
- (3) Monthly value.
- (4) Agreements expressed in US dollars converted into pesos at the exchange rate prevailing in the last month of the agreement, multiplied by 12 months.
- (5) Does not include agreements of parking spaces, antennas or terrace space.

Edificio República, City of Buenos Aires

This property, which was designed by the renowned architect César Pelli (who also designed the World Financial Center in New York and the Petronas Towers in Kuala Lumpur) is a unique premium office building in downtown Buenos Aires and adds approximately 19,884 gross leasable square meters to our portfolio distributed in 20 floors. The main tenants include Deutsche Bank, Estudio Beccar Varela, BASF Argentina S.A., Enap Sipetrol Argentina S.A., Facebook Argentina S.R.L.

Torre BankBoston, City of Buenos Aires

The Bank Boston tower is a modern office building in Carlos Maria Della Paolera 265 in the City of Buenos Aires. Having been designed by the renowned architect Cesar Pelli, it has 31,670 square meters in gross leasable area. We have a 48.5% ownership interest in the building. At present, its main tenants are Exxon Mobile and Kimberley Clark de Argentina.

Bouchard 551, City of Buenos Aires

Bouchard 551, known as “Edificio La Nación”, is an office building we acquired in March 2007, located in the Retiro area close to the intersection of the Leandro N. Alem and Córdoba avenues and opposite Plaza Roma. The building is a 23-story tower covering a surface area of 2,900 square meters in the low floors that becomes smaller as it goes higher up to 900 square meters approximately, and parking for 444 units. We have approximately 7,590 leasable square meters in the building and our main tenants include Price Waterhouse & Co. and AS. EM. S.R.L.

Intercontinental Plaza, City of Buenos Aires.

Intercontinental Plaza is a modern 24-story building located next to the Intercontinental Hotel in the historic neighborhood of Montserrat in downtown City of Buenos Aires. We own the entire building, which has floors averaging 900 square meters with 324 parking spaces. The principal tenants currently include Total Austral S.A., Danone Argentina S.A., IRSA, Alto Palermo, Cognizat Technology Solutions de Arg. S.A. and Industrias Pugliese S.A.

Dique IV, Juana Manso 295, Puerto Madero, City of Buenos Aires

About mid-May 2009 we completed an office building located in Puerto Madero’s Dock IV. It is a luxury building with a leasable area of approximately 11,298 square meters composed of large and versatile spaces. Its lay-out is optimum both for companies that require smaller office space at an average 200 square meters and for corporations that need the entire floor. The building has nine office stories and retail stores in the first story. The main tenant in the building is Exxon Mobile.

Bouchard 710, City of Buenos Aires.

Bouchard 710 is an office building acquired by us in June 2005, located in the Retiro area. The building is a 12-story tower, with an average area per floor of 1,251 square meters, with 180 units for car parking. Tenants are Sibille S.C. (KPMG), and Microsoft de Argentina S.A., Samsung Electronics Argentina S.A., Energy Consulting Services S.A. and Chubb Argentina de Seguros S.A and Booking.com S.A.

Maipú 1300, City of Buenos Aires.

Maipú 1300 is a 23-story office tower opposite Plaza San Martín, a prime office zone facing Avenida del Libertador, an important north-to-south avenue. The building is also located within walking distance of the Retiro commuter train

station, one of the most important public transportation hubs of the City of Buenos Aires, connecting rail, subway and bus transportation. We own 7,650 square meters, with an average area per floor of 440 square meters. The building's principal tenants currently include Allende & Brea, Verizon Argentina S.A., PPD Argentina S.A. and TV Quality SRL.

Suipacha 652/64, City of Buenos Aires.

Suipacha 652/64 is a 7-story office building located in the office district of the city. We own the entire building and 70 parking spaces. The building has unusually large floors, most measuring 1,580 square meters. This property underwent substantial renovations shortly after we acquired the deed in 1991 to prepare the building for rental. The building's principal tenants currently include Gameloft Argentina S.A., Monitor de Medios Publicitarios S.A., Organización de Servicios Directos Empresarios (OSDE) and Alto Palermo's subsidiary, Tarshop S.A.

Libertador 498 Building, City of Buenos Aires

Libertador 498 Building is a 27-story office tower at the intersection of three of the most important means of access to the city. This location allows for easy access to the building from northern, western and southern Buenos Aires. We are owners of 1 story with an average area per floor of 620. This building features a unique design in the form of a cylinder and a highly visible circular lighted sign at the top which turn it into a landmark in the Buenos Aires skyline.

Dot Building, City of Buenos Aires

Panamerican Mall S.A., a subsidiary of APSA, developed an office building with a gross leasable area of 11,241 square meters adjacent to Dot Baires Shopping. This building was opened in July 2010, which means our landing in the booming rental office corridor in the northern area of the City of Buenos Aires. As of June 30, 2014 the building's occupancy rate was 100%. The principal tenants include General Electric International Inc., Metrogames, Mallinckrodt Medical Arg. Limited, Carrier and Boston Scientific Argentina S.A.

Other Office Properties

We also have interests in other office properties, all of which are located in the City of Buenos Aires. These properties are either entire buildings or floors in buildings. These properties include Suipacha 664.

Retail and Other Properties

Our portfolio of rental properties as of June 30, 2014 includes 4 non-shopping center leasable properties that may be leased as shops on streets, a lot in industrial premises, undeveloped plots of land or other properties for various uses. Most of these properties are located in the City of Buenos Aires, although some are located in other cities in Argentina. These properties include Constitución 1111, Solares de Santa María, Constitución 1159 (sold on May 6, 2014), Madero 1020 and Rivadavia 2774.

Catalinas Norte Plot

On May 26, 2010, jointly with the Government of the City of Buenos Aires, we executed a deed of conveyance of title whereby we acquired a property located at Avenida Eduardo Madero 150, between Av. Córdoba and San Martín. The total price of the transaction was fixed in the amount of Ps. 95 million, Ps. 19 million of which were paid upon the execution of the preliminary sales agreement (on December 17, 2009), whereas the balance of Ps. 76 million was paid upon the execution of the deed on May 26, 2010.

Shopping Centers Properties

We are engaged in purchasing, developing and managing shopping centers through our subsidiary, Alto Palermo. As of June 30, 2014, Alto Palermo operated and owned majority interests in thirteen shopping centers, six of which are located in the City of Buenos Aires (Abasto, Alcorta Shopping, Alto Palermo, Patio Bullrich, Buenos Aires Design and Dot Baires), two of which are located in the greater Buenos Aires metropolitan area (Alto Avellaneda and Soleil

Premium Outlet) and the other ones are located in the Argentine provinces: 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 in the City of Córdoba and La Ribera Shopping in the City of Santa Fe.

As of June 30, 2014, Alto Palermo's shopping centers comprised a total of 311,232 square meters of gross leasable area (excluding certain space occupied by hypermarkets which are not Alto Palermo's tenants). For fiscal year 2014, the average occupancy rate of Alto Palermo's shopping center portfolio was approximately 98.4%.

We centralized management of our shopping centers in Alto Palermo, which is responsible for providing common area electrical power, a main telephone switchboard, central air conditioning and other basic common area services.

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The following table shows certain information concerning our Alto Palermo S.A. subsidiary's shopping centers as of June 30, 2014:

	Date of Acquisition	Leasable Area sqm (1)	APSA's Interest (3)	Occupancy of Rate (2)	Accumulated Annual Rental Income as of fiscal year ended (4)			Book Value in thousands of Ps. (Restated) (5)
					2014	2013	2012	
Shopping Centers (6)								
Alto Palermo	Nov-97	19,354	100.00 %	98.90 %	344,291	269,921	220,714	256,698
Abasto Shopping (7)	Jul-94	38,026	100.00 %	99.40 %	340,073	276,685	222,314	291,303
Alto Avellaneda	Dec-97	36,565	100.00 %	99.50 %	245,248	190,470	159,309	135,925
Alcorta Shopping	Jun-97	15,113	100.00 %	99.80 %	168,331	126,950	101,018	114,861
Patio Bullrich	Oct-98	11,738	100.00 %	99.60 %	125,120	103,159	90,086	109,311
Alto Noa	Mar-95	19,157	100.00 %	99.70 %	58,421	47,047	39,300	33,532
Buenos Aires Design	Nov-97	14,592	53.68 %	92.30 %	50,244	42,432	36,361	15,810
Alto Rosario (7)	Nov-04	29,516	100.00 %	97.00 %	154,911	123,510	97,656	120,913
Mendoza Plaza	Dec-94	41,108	100.00 %	95.00 %	120,086	101,419	81,822	108,727
Dot Baires Shopping	Nov-06	46,707	80.00 %	99.70 %	229,833	189,271	150,503	427,037
Córdoba Shopping Villa Cabrera	Dec-06	15,881	100.00 %	99.80 %	71,751	58,359	47,160	59,735
Soleil Premium Outlet	Jul-10	15,190	100.00 %	100.00 %	69,637	45,039	34,564	88,634
La Ribera Shopping	Sep-11	8,285	50.00 %	99.60 %	15,163	11,910	3,833	18,243
TOTAL GENERAL		311,232	-	98.40 %	1,993,109	1,586,172	1,284,640	1,780,729

Notes:

- (1) Total leasable area in each property. Excludes common areas and parking spaces.
- (2) Calculated dividing occupied square meters by leasable area on the last day of the period.
- (3) APSA's effective interest in each of its business units. we have a 95.71% interest in APSA.
- (4) Corresponds to total leases, consolidated according to IFRS.
- (5) Cost of acquisition plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment in value, plus recovery of allowances, if applicable. Does not include construction works in progress.
- (6) Through APSA.
- (7) Excludes Museo de los Niños (3,762 in Abasto and 1,261 in Alto Rosario).

Tenants' Retail Sales(1) (2)

The following table sets forth the total tenant retail sales in Pesos at the shopping centers in which we had an interest for the periods shown:

	2014	2013	2012
Abasto	2,446,997,551	1,938,965,132	1,537,349,000
Alto Palermo	2,111,249,238	1,609,773,862	1,304,634,155
Alto Avellaneda	2,333,762,931	1,868,830,321	1,466,931,540
Alcorta Shopping	1,120,402,020	822,651,597	667,798,781
Patio Bullrich	689,311,961	548,286,452	498,544,904
Alto Noa	766,089,634	609,218,016	500,371,767
Buenos Aires Design	272,169,880	241,540,767	235,770,387
Mendoza Plaza	1,514,674,749	1,206,715,176	929,143,182
Alto Rosario	1,378,320,900	1,060,232,481	825,191,098
Córdoba Shopping- Villa Cabrera	546,648,096	432,900,243	340,253,887
Dot Baires Shopping	2,008,327,638	1,566,630,421	1,271,165,087
Soleil Premium Outlet	663,955,200	366,388,926	254,050,011
La Ribera Shopping	280,840,891	209,884,472	135,223,709
Total Sales (2)	16,132,750,689	12,482,017,866	9,966,427,508

Notes:

(1) Retail sales based upon information provided to us by retailers and past owners. The amounts shown reflect 100% of the retail sales of each shopping center, although in certain cases we own less than 100% of such shopping centers.

(2) Excludes sales from the booths and spaces used for special exhibitions.

Expiration of lease agreements

The following table shows a schedule of lease expirations for our shopping center properties in place as of June 30, 2014, assuming that none of the tenants exercise renewal options or terminate their lease early.

Expiration	Number of Leases (1)	Surface area subject to expiration (sqm)	Percentage subject to expiration	Amount (Ps.) (3)	Percentage of Leases
2015	619	103,462.2	33 %	236,305,177	36 %
2016	432	68,671.3	22 %	197,778,128	30 %
2017	333	46,914.5	15 %	147,003,680	21 %
2018 and subsequent years	91	92,183.9	30 %	84,157,022	13 %
Total (2)	1,475	311,231.9	100 %	665,244,009	100 %

(1) Including vacant stores as of June 30, 2014. A lease may be associated to one or more stores.

(2) Including the base rent and does not reflect our ownership interest in each property.

(3) The amount expressed the annual base rent as of June 30, 2014 of agreements to expire.

New Agreements and Renewals:

The following table shows certain Information about lease agreements as of June 30, 2014:

Type of Business	Number of Agreements	Annual Base Rent Amount (Ps.)	Annual Admission Rights Amount (Ps.)	Average Annual Base Rent per sqm (Ps.)	Average Annual Base Rent per sqm (Ps.)	Number of non-renewed agreements (1)	Non-renewed agreements (1) Annual Base Rent Amount (Ps.)
Clothes and footwear	330	136,723,416.6	38,633,825.8	3,786.2	2,814.2	509	244,679,266.3
Restaurant	81	26,658,275.1	4,140,477.6	2,899.6	2,530.1	109	37,510,553.7
Entertainment	8	6,066,000.0	746,250.0	475.0	426.7	18	11,404,763.8
Home Services	60	29,496,131.1	5,029,232.0	2,334.8	1,861.7	76	43,767,887.5
Miscellaneous	19	5,280,000.0	1,144,097.3	3,213.8	2,405.2	31	7,500,799.1
Total	75	28,018,088.0	7,727,992.2	2,918.5	2,329.8	125	88,138,828.4
Total	573	232,241,910.8	57,421,874.9	2,833.9	2,214.2	868	433,002,098.8

(1) Does not include vacant stores as of June 30, 2014.

Occupancy Rate

The following table shows the average occupancy rate of each shopping center during fiscal years ended June 30, 2014 and 2013:

	As of June 30, 2014	As of June 30, 2013
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Abasto	99.4	%	99.8	%
Alto Palermo	98.9	%	98.4	%
Alto Avellaneda	99.5	%	99.9	%
Alcorta Shopping	99.8	%	99.8	%
Patio Bullrich	99.6	%	99.7	%
Alto Noa	99.7	%	99.7	%
Buenos Aires Design	92.3	%	99.0	%
Mendoza Plaza	95.0	%	97.7	%
Alto Rosario	97.0	%	97.1	%
Córdoba Shopping Villa Cabrera	99.8	%	100.0	%
Dot Baires Shopping	99.7	%	99.4	%
Soleil Premium Outlet	100.0	%	100.0	%
La Ribera Shopping	99.6	%	97.7	%
Total Average	98.4	%	99.1	%

Principal Terms of the Leases

Under Argentine Law, terms of commercial leases must be between three to ten years, with most leases in the shopping center business having terms of no more than five years. Alto Palermo's lease agreements are generally denominated in Pesos.

Leasable space in Alto Palermo's shopping centers is marketed through an exclusive arrangement with its real estate broker, Fibesa S.A. ("Fibesa"). Alto Palermo has a standard lease agreement, the terms and conditions of which are described below, which it uses for most tenants. However, Alto Palermo's largest tenants generally negotiate better terms for their respective leases. No assurance can be given that lease terms will be as set forth in the standard lease agreement.

Alto Palermo charges its tenants a rent which consists of the higher of (i) a monthly base rent (the "Base Rent") and (ii) a specified percentage of the tenant's monthly gross sales in the store (the "Percentage Rent") (which generally ranges between 4% and 10% of tenant's gross sales). Furthermore, pursuant to the rent escalation clause in most leases, a tenant's Base Rent generally increases between 7% and 24% each year on an annual and cumulative basis as from the thirteenth (13th) month of the lease effective term. Although many of our lease agreements contain readjustment clauses, these are not based on an official index nor do they reflect the inflation index.

In addition to rent, Alto Palermo charges most of its tenants an admission fee, which is required to be paid upon entering into a lease agreement and upon a lease agreement renewal, which is negotiated with each of the tenants. The admission fee is normally paid in one lump sum or in a small number of monthly installments. If the tenant pays this fee in installments, it is the tenant's responsibility to pay for the balance of any such amount unpaid in the event the tenant terminates its lease prior to its expiration. In the event of unilateral termination and/or resolution for breach of duties by the tenant, a tenant will not be refunded its admission right without Alto Palermo's consent.

Alto Palermo is responsible for supplying each shopping center with the electrical power connection and provision, a main telephone switchboard, central air conditioning connection and a connection to a general fire detection system. Each rental unit is connected to these systems. Alto Palermo also provides the food court tenants with sanitation and with gas systems connections. Each tenant is responsible for completing all the necessary installations within its own rental unit, in addition to payment of the direct expenses generated by these items within each rental unit. These direct expenses generally include: electricity, water, gas, telephone and air conditioning. Tenants must also pay for a percentage of total charges and general taxes related to the maintenance of the common areas. Alto Palermo determines this percentage based on several factors. The common area expenses include, among others, administration, security, operations, maintenance, cleaning and taxes.

Alto Palermo carries out promotional and marketing activities to increase visits to its shopping centers. These activities are paid for with the tenants' contributions to the Common Promotional Fund ("CPF"), which is administered by Alto Palermo. Every month tenants contribute to the CPF an amount equal to approximately 15% of their rent (Base Rent or Percentage Rent, as applicable), in addition to rent and expense payments. Alto Palermo may increase the percentage that tenants must contribute to the CPF, but the increase cannot exceed 25% of the original amount set forth in the corresponding lease agreement for the contributions to the CPF. Alto Palermo also may require tenants to make extraordinary contributions to the CPF to fund special promotional and marketing campaigns or to cover the costs of special promotional events that benefit all tenants. We may require tenants to make these extraordinary contributions up to four times a year provided that each such extraordinary contribution may not exceed 25% of the preceding monthly rental payment of the tenant.

Each tenant leases its rental unit as a shell without any fixtures. Each tenant is responsible for the interior design of its rental unit. Any modifications and additions to the rental units must be pre-approved by Alto Palermo. Alto Palermo has the option to decide tenants' responsibility for all costs incurred in remodeling the rental units or for removing any

additions made to the rental unit when the lease expires. Furthermore, tenants are responsible for obtaining adequate insurance for their rental units, which must include, among other things, coverage for fire, glass breakage, theft, flood, civil liability and workers' compensation.

Sources of Shopping Center Revenues

Set forth below is a breakdown of the sources of our shopping center revenues expressed in millions of pesos for our fiscal years ended June 30, 2014, 2013 and 2012:

	2014	2013	2012
Anchor Store	1,098.4	869.5	708.2
Clothes and footwear	7,940.2	6,149.9	4,932.8
Entertainment	546.5	461.5	351.5
Home	3,012.9	2,322.6	1,795.6
Restaurant	1,476.8	1,161.5	937.4
Miscellaneous	1,922.3	1,438.2	1,186.2
Services	135.7	78.8	54.7
Total	16,132.8	12,482.0	9,966.4

Description of each Shopping Center

Set forth below is information regarding our subsidiary Alto Palermo's principal shopping centers.

Alto Palermo Shopping, City of Buenos Aires.

Alto Palermo Shopping is a 145-store shopping center that opened in 1990 and is located in the densely populated middle-income neighborhood of Palermo in the City of Buenos Aires. Alto Palermo Shopping is located only a few minutes from downtown Buenos Aires and with nearby subway access at the intersection of Avenues Santa Fe and Coronel Díaz. Alto Palermo Shopping has a total constructed area of 65,029 square meters (including parking lot) that consists of 19,354 sqm of gross leasable area. The shopping center has a food court with 20 stores. Alto Palermo Shopping is spread out over four levels and its parking lot may accommodate 654 cars for a fee over an area of 32,405 square meters. The shopping center target customer is a middle-income shopper aged 28 to 40.

In the fiscal year ended on June 30, 2014, the public visiting the shopping center generated nominal retail sales totaling approximately Ps. 2,111.2 million, 31.2% higher than the invoiced amount in the same period of the previous fiscal year. Sales per square meter reached Ps. 109,087.8. Total rental income increased from about Ps. 269.9 million for fiscal year ended June 30, 2013 to Ps. 344.3 million for fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 14,442.2 in 2013 and Ps. 17,789.4 in 2014.

As of June 30, 2014, its occupancy rate was 98.9%.

Alto Avellaneda, Avellaneda, Province of Buenos Aires.

Alto Avellaneda is a 141-store shopping center that opened in October 1995 and is located in the densely populated neighborhood known as Avellaneda, on the southern border of the City of Buenos Aires. This shopping center is located near a railway station and close to downtown Buenos Aires City. Alto Avellaneda has a total constructed area of 108,598.8 square meters (including parking lot) that includes 36,565 sqm of gross leasable area. Alto Avellaneda has a six-screen multiplex movie theatre, a Wal-Mart megastore, an entertainment center, a 19-restaurant food court and starting in April 28, 2008, it also hosts a Falabella department store. Wal-Mart (not included in the gross leasable area) acquired the space it occupies, but it pays a share of the common expenses of Alto Avellaneda's parking lot. This shopping center offers free-of-charge parking space for 2,700 cars over an area of 47,856 square meters.

Alto Avellaneda's target customer is a middle-income shopper aged 16 to 30.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 2,333.8 million, which represents a year-on-year growth of 24.9%. Sales per square meter were Ps. 63,825.71. Total rental income increased from Ps. 190.5 million for fiscal year ended June 30, 2013 to Ps. 245.2 million for fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 5,155.8 in 2013 and Ps. 6,707.2 in 2014.

As of June 30, 2014, its occupancy rate was 99.5%.

Alcorta Shopping, City of Buenos Aires.

Alcorta Shopping is a 107-store shopping center that opened in 1992 and is located in the residential neighborhood of Palermo Chico, one of the most exclusive areas in the City of Buenos Aires, within a short drive from downtown Buenos Aires. Alcorta Shopping has a total constructed area of approximately 87,553.8 square meters (including parking lot) that consists of 15,113 square meters of gross leasable area. Alcorta Shopping has a 12-restaurant food court and a Carrefour hypermarket on the ground floor. Carrefour purchased the space it now occupies but it pays a

share of the expenses of the shopping center's parking lot. It is a three-level shopping center that includes a parking lot that charges a fee (as from June 2008) with approximately 1,300 spaces.

The shopping center target customer is a high-income shopper aged 34 to 54.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 1,120.4 million, which represents fiscal year sales for approximately Ps. 74,137.24 per square meter and a year-on-year growth of 36.2%. Total rental income increased from approximately Ps. 126.9 million in fiscal year ended June 30, 2013 to Ps. 168.3 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 8,977.5 in 2013 and Ps. 11,138.5 in 2014.

As of June 30, 2014, its occupancy rate was 99.8%.

Abasto Shopping, City of Buenos Aires.

Abasto Shopping is a 171-store shopping center located in the City Buenos Aires. Abasto Shopping is directly accessible by Carlos Gardel subway station; it is six blocks away from Once railway station and near the highway to Ezeiza International Airport. Abasto Shopping opened on November 10, 1998. Our investment in Abasto amounted to US\$ 111.6 million. The principal building is a landmark building, which during the period 1889 to 1984 operated as the primary fresh produce market for the City of Buenos Aires. The property was converted into a 116,646 square meter shopping center (including parking lot and common areas), with approximately 38,026 square meters of gross leasable area (41,788 sqm including Museo de los Niños). Abasto is ranked number 4 in terms of gross leasable area in Argentina. The shopping center is near Torres de Abasto, our apartment complex, and Coto supermarket.

Abasto Shopping has a 27-restaurant food court, a 12-screen movie theatre complex seating approximately 3,100 people, covering a surface area of 8,021 sqm, entertainment area and Museo de los Niños with a surface area of 3,762 sqm (the latter is not included within the gross leasable area). The shopping center is distributed in five stories and includes a parking lot for 1,200 vehicles with a surface area of 40,169 sqm.

Abasto Shopping's target customer is a middle-income shopper aged 25 to 45, that in our opinion, represents an important portion of the population in this area of Buenos Aires.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 2,447.0 million, 26.2% higher than the sales recorded in the same period of the previous fiscal year. Sales per square meter were approximately Ps. 64,350.8. Total rental income increased from approximately Ps. 276.7 million in fiscal year ended June 30, 2013 to Ps. 340.1 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 7,337.5 in 2013 and Ps. 8,943.2 in 2014.

As of June 30, 2014, its occupancy rate was 99.4%.

Patio Bullrich, City of Buenos Aires.

Patio Bullrich is an 83-store shopping center which opened in 1988 and the first shopping center to start operations in the City of Buenos Aires. We acquired Patio Bullrich on October 1, 1998 for US\$ 72.3 million.

Patio Bullrich is located in the Recoleta neighborhood, one of the most prosperous areas of the City of Buenos Aires. This district is a residential, cultural and tourist center that includes distinguished private homes, historical sites, museums, theatres and embassies. The shopping center is located within walking distance of the most prestigious hotels of Buenos Aires and the subway, bus and train systems. Additionally, the shopping center is only 10 minutes by car from the downtown area of the City of Buenos Aires.

Patio Bullrich has a total constructed area of 29,982 square meters (including parking lot) that consists of 11,738 sqm of gross leasable area and common areas consisting of 12,472 square meters. The shopping center includes a four-screen multiplex movie theatre seating 1,381 people and an 11-store food court. The four-story shopping center has a parking lot that charges a fee with 215 spaces over an area of 4,825 square meters.

Patio Bullrich is one of the most successful shopping centers in Argentina in terms of sales per square meter. Its targeted clientele consists of high-income individuals.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 689.3 million, which represents annual sales for approximately Ps. 58,726.12 per square meter. Total rental income increased from approximately Ps. 103.2 million in fiscal year ended June 30, 2013 to Ps. 125.1 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 8,829.8 in 2013 and Ps. 10,659.6 in 2014.

As of June 30, 2014, its occupancy rate was 99.6%.

Alto Noa, Salta, City of Salta.

Alto Noa is a 89-store shopping center that opened in 1994. Alto Noa is located in the City of Salta, the capital of the Province of Salta, in the northwestern region of Argentina. The province of Salta has a population of approximately 1.2 million inhabitants with approximately 0.6 million inhabitants in the City of Salta. The shopping center has a total constructed area of approximately 30,876 square meters (including parking) which consists of 19,158 square meters of gross leasable area. Alto Noa has a food court with 14 restaurants, a large entertainment center, a supermarket and a multiplex cinema with eight screens. The shopping center occupies one floor and has a free parking lot for 551 cars.

Alto Noa's target customer is a middle-income shopper aged 28 to 40.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 766.1 million, which represents period sales for approximately Ps. 39,988.0 per square meter. Total rental income increased from approximately Ps. 47.0 million in fiscal year ended June 30, 2013 to Ps. 58.4 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 2,457.9 in 2013 and Ps. 3,049.4 in 2014.

As of June 30, 2014, its occupancy rate was 99.7%.

Buenos Aires Design, City of Buenos Aires

Buenos Aires Design is a 63-store shopping center intended for specialty interior, home decorating and restaurants that opened in 1993. Alto Palermo owns Buenos Aires Design through a 53.68% interest in Emprendimiento Recoleta S.A., which owns the concession to operate the shopping center. Buenos Aires Design is located in Recoleta, one of the most popular tourist zones in Buenos Aires City. Buenos Aires Design has a total constructed area of 26,131.5 sqm (including parking) that consists of 14,592 sqm of gross leasable area. The shopping center has 10 restaurants anchored by the Hard Rock Café and a terrace that covers 3,700 square meters. The shopping center is divided into two floors and has a 174-car pay parking lot.

Buenos Aires Design's targeted clientele consists of upper-middle income individuals between the ages of 25 and 45.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 272.2 million, which represents approximately Ps. 18,651.53 per square meter. Total rental income increased from approximately Ps. 42.4 million in fiscal year ended June 30, 2013 to Ps. 50.2 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 3,086.9 in 2013 and Ps. 3,443.2 in 2014.

Alto Rosario, Santa Fe, City of Rosario.

Alto Rosario is a 145-store shopping center located in the City of Rosario, the third largest city in Argentina in terms of population. It has a total constructed area of approximately 100,750 square meters (including parking), which consists of 29,516 square meters of gross leasable area (excluding Museo de los Niños). Alto Rosario has a food court with 17 restaurants, a large entertainment center, a supermarket and a Showcase cinema with 14 state-of-the-art screens. The shopping center occupies one floor and has a free parking lot for 1,736 cars.

Alto Rosario's targeted clientele consists of middle-income individuals between the ages of 28 and 40.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 1,378.3 million, which represents a year-on-year growth of 30.0%. Sales per square meter were approximately Ps. 46,697.8. Total rental income increased from approximately Ps. 123.5 million in fiscal year ended June 30, 2013 to Ps. 154.9 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 4,460.2 in 2013 and Ps. 5,248.4 in 2014.

As of June 30, 2014, its occupancy rate was 97.0%.

Mendoza Plaza Shopping, Mendoza, City of Mendoza.

Mendoza Plaza is a 146-store shopping center which opened in 1992 and is in the City of Mendoza, the capital of the Province of Mendoza. The City of Mendoza has a population of approximately 1.0 million inhabitants, making it the

fourth largest city in Argentina. Mendoza Plaza Shopping consists of 41,108 square meters of gross leasable area and has a multiplex cinema covering an area of approximately 3,659 square meters with ten screens, the Chilean department store Falabella, a food court with 18 restaurants, an entertainment center and a supermarket, which is also a tenant. The shopping center has two levels and has a free parking lot for 2,600 cars.

Mendoza Plaza's targeted clientele consists of middle-income individuals between the ages of 28 and 40.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 1,514.7 million, which represents a year-on-year growth of 25.5%. Sales per square meter were approximately Ps. 36,846.1. Total rental income increased from approximately Ps. 101.4 million in fiscal year ended June 30, 2013 to Ps. 120.1 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 2,401.2 in 2013 and Ps. 2,921.2 in 2014.

As of June 30, 2014, its occupancy rate was 95.0%.

Córdoba Shopping, Villa Cabrera, City of Córdoba.

Córdoba Shopping Villa Cabrera is a 106-store commercial center with a covered area of 35,000 square meters, consisting of 15,881 square meters of gross leasable area located in Villa Cabrera, City of Córdoba. It has a 12-screen movie theatre complex and a parking lot for 1,500 vehicles.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 546.6 million, which represents a year-on-year growth of 26.3%. Sales per square meter were approximately Ps. 34,421.6. Total rental income increased from Ps. 47.2 million in fiscal year ended June 30, 2013 to Ps. 71.7 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 3,863.4 in 2013 and Ps. 4,518.1 in 2014.

As of June 30, 2014, its occupancy rate was 99.8%.

Dot Baires Shopping, City of Buenos Aires.

Dot Baires Shopping is a shopping center that was opened in May 2009. It has 4 floors and 3 underground levels, a covered surface area of 173,000 square meters, out of which 46,707 constitute Gross Leasable Area, 153 retail stores, a hypermarket, a 10-screen multiplex movie theater and parking space for 2,200 vehicles.

Dot Baires Shopping is located in the Saavedra neighborhood, at the spot where Av. General Paz meets the Panamerican Highway and it is the largest shopping center in the City of Buenos Aires in terms of square meters.

As of June 30, 2014, our equity interest in Panamerican Mall S.A. was 80%.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 2,008.3 million, which represents fiscal year sales for approximately Ps. 42,998.4 per square meter. Total rental income increased from approximately Ps. 189.3 million in fiscal year ended June 30, 2013 to Ps. 229.8 million in fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 3,806.8 in 2013 and Ps. 4,920.7 in 2014.

As of June 30, 2014, its occupancy rate was 99.7%.

Soleil Premium Outlet, Greater Buenos Aires.

Soleil Premium Outlet is a shopping center that has been managed by us since 2010. As from April 2013, as a result of its refurbishment and reengineering and a strong advertising campaign, it was renamed Soleil Premium Outlet. At present, it has a surface area of 48,313 square meters, 15,190 square meters of which are gross leasable area, and we are authorized to build more than 9,697 square meters. It comprises 78 stores and 2,335 parking spaces.

Soleil Premium Outlet is located in San Isidro, Province of Buenos Aires. It opened in Argentina more than 25 years ago and it is the first Premium Outlet in the country.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 664.0 million, which represents period average sales for approximately Ps. 43,710.9 per square meter and a year-on-year growth of 81.2% in invoicing. Total rental income increased from approximately Ps. 45.0 million in fiscal year ended June 30, 2013 to Ps. 69.6 million for fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 3,309.5 in 2013 and Ps. 4,584.5 in 2014.

As of June 30, 2014, its occupancy rate was 100%.

La Ribera Shopping, City of Santa Fe.

La Ribera Shopping has a surface area of 43,219 square meters, comprising 50 retail stores and a 7 2D and 3D-screen multiplex cinema, the last one was opened in August 2012 with state-of-the-art sound and imaging technology. It also comprises a 510-square meter Cultural Center and 24,553 square meters in outdoor areas and free parking space. Its gross leasable area is approximately 8,378 square meters.

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The shopping center is strategically located within the Port of Santa Fe, the most developed area in terms of real estate in the City of Santa Fe, 27 km away from the City of Paraná and 96 km away from the City of Rafaela. Its influence area represents a potential market consisting of over one million people.

In the fiscal year ended June 30, 2014, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 280.8 million, which represents period average sales for approximately Ps. 33,895.5 per square meter. Total rental income increased from Ps. 11.9 million in fiscal year ended June 30, 2013 to Ps. 15.2 million for the fiscal year ended June 30, 2014, which represents annual revenues per gross leasable square meter of Ps. 1,421.5 in 2013 and Ps. 1,830.1 in 2014.

As of June 30, 2014, its occupancy rate was 99.6%.

Sales and Development of Properties and Land Reserves

Residential Development Properties

The acquisition and development of residential apartment complexes and residential communities for sale is one of the company's 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, 2014, revenues from the development and sale of properties segment amounted to Ps. 331.5 million, compared to Ps. 225.8 million posted in the fiscal year ended June 30, 2013.

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

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

The following table shows certain information and gives an overview regarding our sales and development properties as of June 30, 2014, 2013 and 2012:

	DEVELOPMENT	2014	2013	2012
Residential apartments				
Caballito Nuevo (5)		986	6,983	9,248
Condominios I and II (1)		51,917	4,262	5,002
Horizons (4)		22,890	117,090	110,596
Other residential apartments (2)		44	811	371
Subtotal residential apartments		75,837	129,146	125,217
Residential Communities				
Abril (3)		1,750	1,113	-

El Encuentro (5)	7,944	11,698	10,260
Subtotal Residential Communities	9,694	12,811	10,260
Land Reserve			
Rosario Plot (1)	-	-	27,273
Canteras Natal Crespo	-	39	-
Neuquén(1)	13,390	-	-
Subtotal Land Reserves	13,390	39	27,273
Total	98,921	141,996	162,750

(1) Through APSA.

(2) Includes the following properties: Torres Jardín, Alto Palermo Park (fully sold), and Barrio Chico.

(3) Includes the sales of Abril's shares.

(4) Owned by Cyrsa.

(5) Through IRSA.

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Development	Company	Interest	Date of Acquisition	Surface area sqm	Area intended for sale sqm	Area intended for Construction sqm	Sold	Title deed executed	Location	Accumulated income as of June 2014
Residential										
Available for sale (5)										
Condominios del Alto I	APSA	100%	04/30/1999	-	2,082	-	71%	67%	Santa Fe	2,614
Condominios del Alto II	APSA	100%	04/30/1999	-	5,009	-	96%	93%	Santa Fe	49,303
C a b a l l i t o										
Nuevo Barrio Chico	IRSA	100%	11/03/1997	-	8,173	-	98%	98%	CABA	986
El Encuentro	IRSA	100%	11/08/1997	-	127,795	-	100%	99%	Buenos Aires	7,944
Abril Club de Campo – Lots (2)	IRSA	100%	01/03/1995	-	5,135	-	99%	99%	Buenos Aires	1,750
Abril Club de Campo - Casona (2)	IRSA	100%	01/03/1995	31,224	34,605	-	-	-	Buenos Aires	-
Torres Jardín	IRSA	100%	07/18/1996	-	-	-	-	-	CABA	44
Apartment										
Entre Rios 465/9	APSA	100%	-	-	-	-	-	-	Buenos Aires	-
Alto Palermo Park	APSA	100%	11/18/1997	-	-	-	-	-	CABA	-
Horizons (3)	IRSA	50%	01/16/2007	-	71,512	-	100%	98%	Buenos Aires	22,890
Pereiraola (Greenville)	IRSA	100%	04/21/2010	-	39,634	-	-	-	Buenos Aires	-
Intangible – Units to be received					-					-
Beruti (Astor Palermo) (1)	APSA	100%	06/24/2008	-	2,632	-	-	-	CABA	-
Caballito Manzana 35	IRSA	100%	10/22/1998	-	8,258	-	-	-	CABA	-
S u b t o t a l										
Residential				31,224	308,327					85,531
Land Reserves										
CONIL - Güemes 836 - Mz 99 and Güemes 902 - Mz 95										
	APSA	100%	07/19/1996	2,398	-	5,994	-	-	Buenos Aires	-
	APSA	100%	07/06/1999	3,000	-	10,000	100%	100%	Neuquén	13,390

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Neuquén –Hotel Plot										
Isla Sirgadero	IRSA	100%	02/16/2007	8,360,000	-	N/D	-	-	Santa Fe	-
Pilar R8 Km 53										
	IRSA	100%	05/29/1997	74,828	-	-	-	-	Buenos Aires	-
Pontevedra										
	IRSA	100%	02/28/1998	730,994	-	-	-	-	Buenos Aires	-
M a r i a n o Acosta										
	IRSA	100%	02/28/1998	967,290	-	-	-	-	Buenos Aires	-
Merlo										
	IRSA	100%	02/28/1998	1,004,987	-	-	-	-	Buenos Aires	-
Rosario Plot										
	APSA	100%	04/30/1999	-	-	-	100%	100%	Santa Fe	-
Zelaya 3102										
	IRSA	10%	07/01/2005	-	-	-	-	-	CABA	-
San Luis Plot										
	IRSA	50%	03/31/2008	3,250,523	-	-	-	-	San Luis	-
Subtotal Land Reserves										
				14,394,020	-	15,994				13,390
F u t u r e Developments										
Mixed Used										
UOM Lujan										
(1)	APSA	100%	05/31/2008	1,160,000	-	N/D	N/A	N/A	Buenos Aires	-
Canteras Natal Crespo										
	IRSA	-	-	-	-	-	-	-	Buenos Aires	-
Nobleza										
Piccardo (1)	APSA	50%	05/31/2011	159,995	-	127,996	N/A	N/A	Buenos Aires	-
Puerto Retiro										
	IRSA	50%	05/18/1997	82,051	-	N/D	N/A	N/A	CABA	-
Solares Santa María (4)										
	IRSA	100%	07/10/1997	716,058	-	N/D	N/A	N/A	CABA	-
Residential										
Coto Abasto										
Air Space	APSA	100%	09/24/1997	-	-	21,536	N/A	N/A	CABA	-
Neuquén – Residential										
apartments Plot	APSA	100%	07/06/1999	13,000	-	18,000	N/A	N/A	Neuquén	-
Uruguay Zetol										
	IRSA	90%	06/01/2009	152,977	62,756	-	N/A	N/A	Uruguay	-
Uruguay Vista al Muelle										
	IRSA	90%	06/01/2009	102,216	62,737	-	N/A	N/A	Uruguay	-
Retail										
Caballito										
Shopping Plot										
(1)	APSA	100%	-	23,791	-	N/D	N/A	N/A	CABA	-
Dot Possible extension										
	APSA	80%	-	15,881	-	47,643	N/A	N/A	CABA	-
Offices										
Philips										
Adjoining Plots - Offices 1 and 2										
	APSA	80%	11/28/2006	12,800	-	38,400	N/A	N/A	CABA	-
Baicom										
	IRSA	50%	12/23/2009	6,905	-	34,500	N/A	N/A	CABA	-
Intercontinental										
Plaza II	IRSA	100%	02/28/1998	6,135	-	19,598	N/A	N/A	CABA	-

Catalinas Norte Plot	IRSA	100%	12/17/2009	3,649	-	35,300	N/A	N/A	CABA	-
Subtotal Future Development				2,455,458	125,493	342,973				-
Total Land Reserves				16,877,702	433,820	358,967				98,921

Notes:

(1) Through APSA.

(2) Includes the sales of Abril's shares.

(3) Owned by Cyrsa.

(4) Through IRSA.

(5) Total area intended for sale upon completion of the development or acquisition and before the sale of any of the units (including parking and storage spaces but excluding common areas). In the case of Land Reserves the land area was considered.

Residential Apartments and Lofts

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 centers 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 areas with a significant middle and upper-income population. The properties are then renovated into unfinished lofts allowing buyers the opportunity to design and decorate them according to their preferences.

Residential Properties (available for Sale)

Condominios del Alto I – City of Rosario, Province of Santa Fe (APSA)

As consideration for the barter of parcel 2-G (totaling a surface area of 10,138 sqm for sale), in December 2011 Condominios del Alto S.A. transferred to APSA 15 apartments, with a total constructed area of 1,504.45 sqm (representing 14.85% of the total building constructed in such parcel) and 15 parking spaces (representing 15% of total parking spaces constructed in such building). The project is composed of two opposite blocks of buildings, commercially divided into 8 sub-blocks. Apartments (97 units) are distributed in 6 stories with parking spaces (98 units) in the basement. Condominios del Alto I’s amenities include a swimming pool with solarium, a multiple use room, sauna, a gym with dress room and a laundry. Given its excellent location and construction quality, this development is targeted at the medium-high income segment.

As of June 30, 2014, the project has been completed, with 3 apartments, 4 parking spaces and one storage space remaining available for sale.

Condominios del Alto II –City of Rosario, Province of Santa Fe (APSA)

As consideration for the barter of parcel 2-H (totaling a surface area of 14,500 sqm for sale) Condominios del Alto S.A. transferred to APSA 42 apartments, with a total constructed area of 3,188 sqm (representing 22% of the total building to be constructed in such parcel) and 47 parking spaces (representing 22% of total parking spaces to be constructed in such building). The project will be composed of two opposite blocks of buildings, commercially divided into 10 sub-blocks. The project will include a total of 189 apartments distributed in 6 stories and 195 parking spaces located in two basements. The amenities will include a swimming pool with solarium, a multiple use room, sauna, a gym with dress room and a laundry.

As of June 30, 2014, the works in parcel H has been completed, with 1 apartment, 14 parking spaces and 1 storage space remaining available for sale.

Torre Caballito - City of Buenos Aires (IRSA)

This property, with a surface area of 8,404 square meters, is situated in the northern area of Caballito’s residential neighborhood in the City of Buenos Aires. On May 4, 2006, IRSA and KOAD S.A. entered into an exchange agreement for the plot in question for US\$ 7.5 million. KOAD has agreed to develop a residential complex called “Caballito Nuevo”, at its expense, consisting of two 34-story towers containing 220 apartments each. The units have either one, two or three bedrooms and surface areas ranging from 40 to 85 sqm, totaling approximately 28,000 saleable sqm. The project offers a wide variety of amenities and services. As a result of this transaction, KOAD delivered to IRSA 118 apartments and 61 parking lots in the first tower and 7 parking lots in the second one, representing 25% of the total square meters for sale. As of June 30, 2014, 1 apartment and 7 parking spaces are still

pending sale.

Barrio Chico – City of Buenos Aires (IRSA)

This is a unique Project located in Barrio Parque, an exclusive residential area in the City of Buenos Aires. During May 2006, the commercialization of the project was launched with successful results. The image of the product was originally developed under the name “Barrio Chico” through advertisements in the most important media. As of June 30, 2014, the project is completed and there are 2 parking spaces pending sale.

El Encuentro - Benavidez, Tigre – Province of Buenos Aires (IRSA)

In the district of Benavidez, Municipality of Tigre, 35 kilometers north of downtown Buenos Aires, there is a 110-hectare gated residential complex known as “El Encuentro”, consisting of a total of 527 lots and a total saleable area of 610,785.15 sqm with two privileged front accesses: the main one to Vía Bancalari and the service one to Highway No. 9, allowing an easy way to and from the city. On May 21, 2004 an exchange deed was signed for the land whereby DEESA agreed to pay US\$ 4.0 million to our subsidiary Inversora Bolívar, out of which US\$ 1.0 million were paid in cash and the balance of US\$ 3.0 million was paid on December 22, 2009, simultaneously with the transfer of 110 residential plots already chosen, totaling a saleable area of 127,795 sqm. The development of the project has been completed.

As of June 30, 2014, after having started its commercialization in March 2010, all the units have been sold and one title deed is pending execution.

Abril – Hudson – Province of Buenos Aires (IRSA)

Abril is a 312-hectare private residential community located near Hudson City, approximately 34 kilometers south of the City of Buenos Aires. We have developed this property into a private residential community for the construction of single-family homes targeting the upper-middle income market. The project includes 20 neighborhoods subdivided into 1,273 lots of approximately 1,107 square meters each. Abril also includes an 18-hole golf course, 130 hectares of woodlands, a 4,000-square meter mansion and entertainment facilities. A bilingual school, horse stables and sports centers and the construction of the shopping center were concluded in 1999. The project is highly consolidated, and as of June 30, 2014 there is one lot pending execution of the relevant title deed.

In the heart of the project, “La Casona Abril” is located. It is the antique manor of “Estancia Pereyra Iraola”, which was built in the decade of the thirties by architect José Mille. This little French-style palace of the XIX century has 4,700 sqm distributed over four floors and a garden of around 30,000 sqm.

Horizons, Vicente López, Olivos, Province of Buenos Aires (IRSA).

The IRSA-CYRELA Project, Horizons, is one of the most significant developments in Greater Buenos Aires, featuring a new concept in residential complexes given its emphasis on the use of common spaces. This project includes two complexes with a total of six buildings: one complex faces the river and consists of three 14-floor buildings (the “Río” complex) and the other one, facing Libertador Avenue, consists of three 17-floor buildings (“Parque” complex), thus totaling 59,000 square meters built of saleable area distributed in 467 units (excluding the units to be delivered as consideration for the purchase of the lands). Horizons is a unique and style-innovating residential complex offering 32 amenities, including a meeting room, work zone, heated swimming pools, mansion with spa, sauna, gym, children room, teen room, thematically landscaped areas, and aerobic trail. The showroom was opened to the public in March 2008 with great success. As of June 30, 2014, the project has been fully built and 8 apartments, 10 parking spaces and 13 storage spaces are pending execution of the title deed. The stock available for sale consists of 11 parking spaces and 64 storage spaces.

Pereiraola (Greenville), Hudson – Province of Buenos Aires (IRSA)

In April 2010, APSA entered into a purchase and sale agreement with a third party by means of which we agreed to sell 100% of Pereiraola S.A.'s capital stock for US\$ 11.7 million. Pereiraola owns 130 hectares adjacent to Abril Club de Campo. The purchaser would develop a project that included the fractioning into lots, a condo-hotel, two polo fields, and apartment buildings. The delivery to IRSA of 39,634 square meters of lots amounting to approximately US\$ 2 million was included in the sale price. As of June 30, 2014, the project is at an advanced stage, and the 52 lots are expected to be received in 2015.

Intangibles - Units to be received under barter agreements

Beruti Plot – City of Buenos Aires (APSA)

On October 13, 2010, IRSA, through its subsidiary APSA, entered into an exchange agreement with TGLT of a plot of land located at Beruti 3351/59 in the City of Buenos Aires for cash and future residential units to be constructed by TGLT in the plot. The transaction was subject to certain conditions precedent, including the completion by TGLT of its initial public offering. The transaction was agreed on US\$18.8 million. TGLT plans to construct an apartment building with residential and commercial parking spaces. As consideration, TGLT will transfer to APSA (i) certain units to be determined, representing 17.33% of the aggregate surface of the residential space, (ii) a number of parking spaces to be determined, representing 15.82% of the aggregate surface of the parking spaces, (iii) all the commercial parking spots in the future building, and (iv) US\$10.7 million, payable upon delivery of the title deeds to the plot. TGLT completed its initial public offering in the BASE on October 29, 2010 therefore; the condition precedent for the transaction was fulfilled on that date. TGLT paid the US\$10.7 million on November 5, 2010. On December 16, 2010, the title deed to the Beruti plot of land was executed. To ensure performance of the obligations assumed by TGLT under the deed of sale, a mortgage was granted in favor of APSA.

An association called “Asociación Amigos Alto Palermo” filed a writ of relief in order to prevent the construction and obtained a precautionary measure for the suspension of the works. The Applicable Court (Juzgado Contencioso Administrativo and its upheld) for the City of Buenos Aires ordered the release of the precautionary measure that suspended the works. At present, the writ of relief is in the discovery stage, and no judgment has been rendered in that regard. On December 4, 2013 the term for the delivery of the units involved was extended for 11 months.

Caballito Plot – City of Buenos Aires (IRSA).

On June 29, 2011, the Company and TGLT, a residential developer, entered into an agreement to barter a plot of land located in Mendez de Andes street in the neighborhood of Caballito in the City of Buenos Aires for cash and future residential apartments to be constructed by TGLT on the mentioned land. The transaction was agreed upon at US\$ 12.8 million. TGLT plans to construct an apartment building with parking spaces. In consideration, TGLT paid US\$ 0.2 million (US\$ 159,375) in cash and will transfer to IRSA: (i) a number of apartments to be determined representing 23.10% of total square meters of residential space; (ii) a number of parking spaces to be determined representing 21.10% of total square meters of parking space; and (iii) in case TGLT builds complementary storage rooms, a number to be determined, representing 21.10% of square meters of storage space. TGLT is committed to build, finish and obtain authorization for the three buildings making up the project within 36 to 48 months. TGLT mortgaged the land in favor of IRSA as guarantee.

A neighborhood association named Asociación Civil y Vecinal SOS Caballito that seeks to stop new buildings being developed in such neighborhood, secured a preliminary injunction which suspended the works to be carried out by TGLT in the abovementioned property. As of today, evidence is being produced in a trial seeking to get final judgment on the continuation of the works on the property. It should be noted that the Company is not a part of this legal process, only the neighborhood association and TGLT are.

Land Reserves and development properties

CONIL – Avellaneda, Province of Buenos Aires (APSA)

These plots of APSA (through CONILS.A.) are at the front of Alto Avellaneda shopping center, totaling 2,398 sqm distributed in two opposite corners and according to urban planning standards, around 6,000 sqm may be built. Its intended use, either through an own development or sale to a third party, is residential with the possibility of a retail space as well.

Other Land Reserves – Isla Sirgadero, Pilar, Pontevedra, Mariano Acosta, Merlo and San Luis Plot (IRSA)

We grouped here those plots of land with a significant surface area the development of which is not feasible in the short term either due to their current urban and zoning parameters, their legal status or the lack of consolidation of their immediate environment. This group totals around 14 million sqm.

Sale of Constitución 1159 – City of Buenos Aires (IRSA)

On May 6, the site located at Constitución 1159, City of Buenos Aires, comprising the stock of “Land Reserves” was sold. It has a surface area of 2,072 sqm and a capacity per FOT of 10,360 sqm. The purchaser was U.T.H.G.R.A. (Unión de Trabajadores del Turismo, Hoteleros y Gastronómicos de la República Argentina – Argentine Tourism, Hotel and Gastronomic Workers’ Union) and the transaction amounted to US\$ 2.9 million.

Shopping Centers

Arcos del Gourmet

In December 2011, APSA started to develop Distrito Arcos project located in the neighborhood of Palermo, City of Buenos Aires. Distrito Arcos will be an open-air space shopping center with a variety of premium brands in the exclusive neighborhood of Palermo.

Distrito Arcos is expected to add approximately 14,000 square meters of gross leasable area and 65 stores to APSA's portfolio, including a cinema with approximately 800 square meters and more than 1,000 square meters dedicated to restaurants. APSA expects that this project, which will combine a retail and a cultural concept, will equal the success of the last projects.

The opening was scheduled for December 2013, but an injunction was imposed that suspended the opening on grounds that certain governmental permits have been not granted. The construction works in Distrito Arcos as of June 30, 2014, 2013 and 2012 rise to Ps. 236.2 million, Ps. 136.3 million and 17.8 million, respectively. On June 30, 2014 the contractual obligations corresponds mainly to constructions related with the project above and rise to Ps. 234 million.

On December 10, 2013, Administrative and Tax Contentious Court of the City of Buenos Aires ratified an injunction that suspends the opening of Distrito Arcos on the grounds that it has failed to obtain certain government permits. Despite the fact that the construction has all government permits in place, APSA has filed an appeal against the decision and has requested that the injunction be lifted. Along this line, on April 10, 2014, the government of the City of Buenos Aires issued a new environmental compliance certificate.

On the other hand, in one of the two judicial processes (amparos – actions intended to protect constitutional rights) currently being heard, “Charlon, Marcelo Alejandro and others VS. GCBA on/ amparo”, the Court of Appeals referred above confirmed the decision rendered by the lower court whereby the action was abated, as per notice served upon us on September 1, 2014. The process has concluded with the decision being favorable to us.

As to the other process entitled Federación de Comercio e Industria de la Ciudad de Buenos Aires (“FECOBA”) and others v. GCBA on amparo”, on August 29, 2014 the lower court rendered a decision rejecting the case. As of the date of this annual report, Distrito Arcos has not been opened yet.

Ex-Escuela Gobernador Vicente de Olmos, Córdoba, Province of Córdoba

In November 2006, APSA participated in a public bidding called by Corporación Inmobiliaria Córdoba S.A. for the sale of the building known as Ex-Escuela Gobernador Vicente de Olmos, located in the City of Córdoba, Province of Córdoba. The building has a surface area of 5,147 square meters. Inside the building there is a portion of the Patio Olmos shopping center, which operates on four commercial floors and has two underground parking lots. This shopping center also includes two adjacent buildings with cinemas and a commercial annex connected to the property not covered by the bids and legally related through easement contracts. The building is under a concession contract which was assigned to us as part of the bid, effective for a 40-year term, expiring in February 2032, in which APSA acts as grantor. On September 25, 2007, the Government of the Province of Córdoba executed and delivered the title deed conveying the property, together with the transfer of the respective concession contract.

After execution of the title deed, the government of the Province of Córdoba declared part of the property to be of public use and subject to partial expropriation in order to be used exclusively for the Libertador San Martín Theater. On October 6, 2008, APSA challenged the aforementioned Resolution on unconstitutional grounds. Alternatively, APSA challenged the appraisal made by the plaintiff of the portion of the property to be expropriated and, additionally, APSA claimed damages not included in the appraisal and resulting immediately and directly from the eventual expropriation. As of the date of this annual report, evidence is being produced by the parties in the expropriation court procedure.

Paraná Plot of land, Province of Entre Ríos

On June 30, 2009, APSA executed a “Letter of Intent” whereby APSA stated our intention to acquire a plot of land of approximately 10,022 square meters in the City of Paraná, Province of Entre Ríos, to be allocated to the construction, development and exploitation of a shopping center or mall. The purchase price was US\$ 0.5 million, of which was fully paid as an advance payment and as consideration for the promise of not selling the property until November 27, 2009. On June 29, 2012, the parties have agreed to extend the term for the execution of the title conveyance deed, which shall be executed within sixty days as from the date the seller provides reliable notification to the buyer that the property is not subject to any levy, encumbrance, restrictions on ownership, except for the right of way already

mentioned. As of the balance sheet date, evidence of such notice has not been provided.

Developments in progress

Alto Comahue Project – Province of Neuquén (APSA)

On May 22, 2014 Shopping Neuquén SA executed an addendum to the last agreement entered into with the Municipality of Neuquén in 2012, extending the terms for the opening of the Shopping Center for 6 additional months, with March 17, 2015 being the deadline.

As of the end of this fiscal period, the physical degree of progress of the shopping center's works was 47% and the economic progress was 55%. The estimated total amount invested amounts to Ps.250 million.

During the first half of this fiscal year, Alto Comahue was defined as the name for the Shopping Center after carrying out a market research, and it was communicated in a press release event.

Apart from the construction of a Shopping Center and Cinemas, the project includes a Hypermarket, Residential apartments and a Hotel. The plot intended for the construction of the Hypermarket was sold to Gensar S.A. in 2011, which then transferred it to COTO CICSA, which opened the largest COTO Hypermarket of the Patagonia in May 2014.

As regards the plot for the Hotel, on April 11, 2014 it was sold to the real estate developer Continental Urbana S.A. The plot has a surface area of 3,000 sqm and a construction capacity per FOT (Total Occupancy Factor) of 10,000 sqm.

Finally, the company owns the parcel intended for residential apartments, of approximately 13,000 sqm with a construction capacity of 18,000 sqm.

Future Developments

Mixed Uses:

Ex UOM – Luján, Province of Buenos Aires

This 116-hectare plot of land is located in the 62 Km of the West Highway, in the intersection with Route 5 and was originally purchased by Cresud on May 31, 2008 from Birafriends S.A. for US\$ 3 million. In May 2012, APSA acquired the property through a purchase and sale agreement entered into between related parties, thus becoming the current owner. Our intention is to carry out a mixed-use project, taking advantage of the environment consolidation and the strategic location of the plot. At present, dealings are being carried out so as to change the zoning parameters, thus enabling the consummation of the project.

Ex Nobleza Piccardo Plant – San Martín, Province of Buenos Aires

We hold a 50% interest in Quality Invest, owner of the San Martín property (ex Nobleza Piccardo plant). On December 28, 2012, in compliance with the Lease Agreement executed upon the acquisition of the site, Nobleza Piccardo partially vacated the property located in the district of San Martín. Quality Invest received approximately 2,100 sqm of offices and 50,300 sqm of industrial units. The vacation of the remaining surface area scheduled for May 2014 pursuant to the agreement was extended again to December 31, 2014.

It should be mentioned that as of the end of this fiscal year the site has the Industrial Park zoning parameters in force since its acquisition; however, due to the pre-feasibility application for business purposes obtained in May 2012, the construction and exploitation of a Shopping Center would be allowed.

As concerns the project for the plot, as of to date there is a mixed-use Master Plan (including Residential Apartments, a Shopping Center, Entertainment, Offices, Hotel, etc.), in order to perform an urban development at large scale involving 400,000 sqm. The Master Plan is pending definition as regards certain technical aspects and then the San Martin Municipality's Legislative Branch must approve it in order to be ratified by Decree in the Province of Buenos Aires.

Solares de Santa María – City of Buenos Aires

Solares de Santa María is a 70-hectare property facing the Río de la Plata in the south of Puerto Madero, 10 minutes from downtown of the City of Buenos Aires. Through IRSA's subsidiary Solares de Santa María S.A. ("Solares de Santa María") we are owners of this property. IRSA's intend to develop this property for mixed purposes, i.e. its development project involves residential complexes as well as offices, stores, hotels, sports and sailing clubs, services areas with schools, supermarkets and parking lots.

In the year 2000, we filed a master plan for the Santa María del Plata site, which was assessed by COPUA ("Environmental Urban Plan Council – Consejo del Plan Urbano Ambiental") and submitted to the Town Treasurer's Office for its consideration. In 2002, the Government of the City of Buenos Aires issued a notice of public hearing and in July 2006, the COPUA made some recommendations about the project, and in response to the recommendations made by COPUA to the project on December 13, 2006, we filed an amendment to the project to adjust it to the recommendations made by COPUA, making material amendments to our development plan for the Area, which amendments included the donation of 50% of the site to the City of Buenos Aires for public use and convenience and a perimetrical pedestrian lane along the entire site on the river bank.

In March 2007, a committee of the Government of the City of Buenos Aires, composed of representatives from the Legislative and Executive Branches issued a report stating that such Committee had no objections to our development plan and requested that the General Treasury render a decision concerning the scope of the development plan submitted for the project. In November 2007, 15 years after the Legislative Branch of the City of Buenos Aires granted the general zoning standards for the site, the Government Chief of the City of Buenos Aires executed.

Executive Branch Decree No.1584/07, which passed the specific ruling, set forth certain rules for the urban development of the project, including types of permitted constructions and the obligation to assign certain spaces for public use and convenience.

Notwithstanding the approval of Decree No. 1584/07 in 2007, several municipal approvals are still pending and in December 2007, a municipal court rendered a decision restricting the implementation of our proposed development plan, due to objections made by a legislator of the City of Buenos Aires, alleging the suspension of Decree No. 1584/07, and each construction project and/or the municipal permits granted for business purposes. Notwithstanding the legality and validity of the Decree No. 1584/07, we entered into the agreement No. 5/10 that was executed with the Government of the City of Buenos Aires, which has been sent with a legislative bill to the Legislature of the City of Buenos Aires under number 976-J-2010, for approval. Once approved, these regulations will have the hierarchy of a law.

On October 30, 2012 a new agreement was executed with the Government of the City of Buenos Aires, replacing all those already executed, whereby new obligations were agreed upon between the parties for the consummation of the project. To that end, such Agreement – as well as the previous ones – shall be countersigned and approved by the Legislative Branch of the City of Buenos Aires by enacting a bill that is attached to the project. As of to date, the

project is pending such legislative treatment.

Puerto Retiro – City of Buenos Aires

Puerto Retiro is an 8.2 hectare undeveloped riverside property bounded by the Catalinas and Puerto Madero office zones to the west, the Retiro railway station to the north and the Río de la Plata to the south and east. One of the only two significant privately owned waterfront properties in the City of Buenos Aires, Puerto Retiro may currently be utilized only for port activities, so we have initiated negotiations with municipal authorities in order to rezone the area. Our plan is to develop a 360,000 sqm financial center. The launching date has not been settled and consequently, the estimated cost and financing method are not decided yet. We own a 50% interest in Puerto Retiro.

Residential

Coto Residential Project

Alto Palermo owns approximately 24,000 sqm in air space over the top of the Coto hypermarket that is close to the Abasto Shopping Center in the heart of the City of Buenos Aires. Alto Palermo S.A. and Coto Centro Integral de Comercialización S.A. (Coto) executed and delivered a deed dated September 24, 1997 whereby APSA acquired the rights to receive parking units and the rights to build on top of the premises located in the block formed by the streets Agüero, Lavalle, Guardia Vieja and Gallo, in the Abasto neighborhood.

Neuquén Parcela Viviendas – Neuquén, Province of Neuquén

Through Shopping Neuquén SA, we own a plot of 13,000 sqm and a construction capacity per FOT of 18,000 sqm of residential properties in an area with significant potential. This area is located close to the shopping center which is about to open, the hypermarket recently opened and a hotel to be constructed in months to come.

Zetol S.A. and Vista al Muelle S.A. – District of Canelones – Uruguay

In the course of fiscal year 2009 we acquired a 100% ownership interest in Liveck S.A. ("Liveck"), a company organized under the laws of Uruguay, in exchange for a token consideration. In June 2009, Liveck had acquired a 90% stake in the capital stock of Vista al Muelle S.A. and Zetol S.A., two Uruguay-based real estate companies, for US\$ 7.8 million. The remaining 10% ownership interest in both companies is in the hands of Banzey S.A. (Banzey). These companies have undeveloped lands in Canelones, Uruguay, close to the capital city of Uruguay, Montevideo.

We intend to carry out an urban project consisting in the development and commercialization of 13 apartment buildings. Such project has the “urban feasibility” status for the construction of approximately 200,000 sqm for a term of 10 years, which was granted by the Mayor’s Office of the Canelones department and by its Local Legislature. Zetol S.A. and Vista al Muelle S.A. agreed to carry out the infrastructure works for US\$ 8 million as well as minimum amount of sqm of properties. The satisfaction of this commitment under the terms and conditions agreed upon will grant an additional 10-year effective term to the urban feasibility status.

The total purchase price for Zetol was US\$ 7.0 million; of which US\$ 2.0 million were paid. Sellers may opt to receive the balance in cash or through the delivery of units in the buildings to be constructed in the land owned by Zetol equivalent to 12% of the total marketable meters to be constructed.

Besides, Vista al Muelle S.A. owned since September 2008 a plot of land purchased in due time for US\$ 0.83 million. Then, in February 2010, plots of land were acquired for US\$ 1 million, the balance of which as of to date amounts to US\$ 0.28 plus interest and will be repaid in December 2014. In December 2010, Vista al Muelle executed the title deed of other plots for a total amount of US\$ 2.66 million, of which US\$ 0.3 million were paid. The balance will be repaid by delivering 2,334 sqm of units and/or retail stores to be constructed or in cash.

On June 30, 2009, the Company sold a 50% stake in Liveck to Cyrela Brazil Realty S.A for US\$ 1.3 million. On December 17, 2010, IRSA and Cyrela executed a stock purchase agreement pursuant to which IRSA repurchased from Cyrela a 50% shareholding in Liveck S.A. for US\$ 2.7 million. Accordingly, as of June 30, 2014, IRSA’s stake, through Tyrus, in Liveck is 100%.

As a result of the plot barter agreements executed in due time between the Intendencia Municipal de Canelones (“IMC”), Zetol S.A. and Vista al Muelle S.A. in March 2014, the parcel redistribution dealing was concluded. This milestone, as set forth in the amendment to the Master Agreement executed in 2013, initiates the 10-year term for the investment in infrastructure and construction of the buildings mentioned above. At present, the urban project and the design of the first tower are being developed.

Canteras Natal Crespo, La Calera – Province of Córdoba

On June 26, 2013, IRSA sold, assigned and transferred 100% of its interest in Canteras Natal Crespo S.A.’s shareholding, representing 50% of the capital stock, to Euromayor S.A. de Inversiones for US\$. 4,215,000 according to the following payment schedule: US\$ 3,815,000 in cash and US\$ 400,000 through the transfer of almost 400,000 sqm for business purposes within the project to be developed in the site known as Laguna Azul. Delivery of the non-monetary consideration is expected for March 2017.

Retail

Caballito Plot – City of Buenos Aires

This is a property of approximately 23,791 sqm in the City of Buenos Aires, neighborhood of Caballito, one of the most densely populated of the city, which APSA purchased in November 1997. This plot would allow developing a shopping center having 30,000 sqm, a hypermarket, a cinema complex, and several recreation and entertainment activity areas. At present, the legislature of the City of Buenos Aires has received a legislative bill to approve the zoning parameters corresponding to this property which already has the consent of the Executive Branch.

Dot Adjoining Plot – City of Buenos Aires

On May 3, 2012, the Government of the City of Buenos Aires, through the General Office of Zoning Interpretation (Dirección General de Interpretación Urbanística) approved, through a pre-feasibility study, the parcel subdivision of

the Ex-Philips plot contingent upon the observance of the applicable building regulations in each of the resulting parcels. In addition, all the uses and parameters established under the municipal ordinance previously issued by the above mentioned authority are being observed.

On June 3, 2013, we were given notice that the Government of the City of Buenos Aires had approved the requested parcel subdivision of the ex-Philips plot. As a result, the property was divided into three parcels: 2 parcels of approximately 6,400 sqm and a parcel adjoining DOT Baires Shopping of 15,900 sqm intended for the future extension of the shopping center in 47,000 sqm.

Offices

Philips Adjoining Plots 1 and 2 – City of Buenos Aires

These two parcels of 6,400 sqm with construction capacity of 19,200 sqm each, adjacent to DOT Baires Shopping. As a result of major developments, the junction of General Paz and Panamerican Highway has experienced a significant growth in recent years. The project of these parcels will conclude the consolidation of this area.

Baicom Plot - City of Buenos Aires

On December 23, 2009, we acquired 50% of a parcel located in the surroundings of the port of Buenos Aires, for a purchase price of Ps. 4.5 million. The property's total surface area is 6,905 square meters and there is a construction permit associated for 34,500 square meters in accordance with the City of Buenos Aires urban construction rules and regulations.

Catalinas Norte Plot - City of Buenos Aires

Facing the Río de la Plata, this plot is in a privileged location. Having been witness to one of the largest vertical developments in the city, the Catalinas district has consolidated itself as the paramount office real estate area in the city. The project, includes an office building of 37 floors including 4 ground floors, an open ground floor, mezzanine, dining and multipurpose room on the first floor, 28 floors for offices, 2 terrace floors and one mechanical room, comprising a total of approximately 35,300 gross leasable square meters.

Intercontinental Plaza II Plot - City of Buenos Aires

The Intercontinental Plaza complex is located in the heart of the Monserrat district, situated a few meters away from the most important avenue in the city and the financial district. It comprises an office tower and the exclusive Intercontinental Hotel. In the 6,135 square meter plot, it would be feasible to develop a second office tower, including 19,600 square meters and 25 floors, that would supplement the one already erected in the intersection of Moreno and Tacuarí streets.

Hotels

During fiscal year 2014, we kept our 76.4% interest in Intercontinental hotel, 80% interest in Sheraton Libertador hotel and 50% interest in Llao Llao. We observed an increase in the occupancy of our hotels due to a higher inflow of foreign tourists, mainly in Llao Llao which could recover its revenue and rate levels after a difficult 2012 and part of 2013 due to the Puyehue volcano eruption which kept Bariloche's airport closed most of the year.

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,			Book Value (Restated)
						2014	2013	2012	
Intercontinental (3)	11/01/1997	76.34 %	309	70.49 %	1,029	123,925	87,081	85,977	54,895
Sheraton Libertador (4)	03/01/1998	80.00 %	200	76.46 %	940	74,178	52,089	55,642	35,499
Llao Llao (5)	06/01/1997	50.00 %	205	58.63 %	1,959	133,459	86,666	28,393	85,351
Total	-	-	714	68.73 %	1,230	331,562	225,836	170,012	175,745

Notes:

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

Hotel Llao Llao, San Carlos de Bariloche, Province of Rio Negro.

In June 1997 we acquired the Hotel Llao Llao from Llao Llao Holding S.A. Fifty percent is currently owned by the Sutton Group. The Hotel Llao Llao is located on the Llao Llao peninsula, 25 kilometers from San Carlos de Bariloche and is one of the most important tourist hotels in Argentina. Surrounded by mountains and lakes, this hotel was designed and built by the famous architect Bustillo in a traditional alpine style and first opened in 1938. The hotel was renovated between 1990 and 1993 and has a total constructed surface area of 15,000 sqm and 158 original rooms. The hotel-resort also includes an 18-hole golf course, tennis courts, health club, spa, game room and swimming pool. The hotel is a member of The Leading Hotels of the World, Ltd., a prestigious luxury hospitality organization representing 430 of the world's finest hotels, resorts and spas. The Hotel Llao Llao is currently being managed by Compañía de Servicios Hoteleros S.A., which manages the Alvear Palace Hotel, a luxury hotel located in the Recoleta neighborhood of the City of Buenos Aires. During 2007, the hotel was subject to an expansion and the number of

suites in the hotel rose to 201 rooms. During the current fiscal year the Hotel Llao Llao entered into a loan agreement with Banco Hipotecario for an amount of Ps. 4,0 million, (for more information see Item 5.b Indebtedness) which was used to finance some logistical solutions needed for the regular operations of the Hotel, the building of a new tennis court, the installation of a new fire detection system and the modernization of the Hotels security and administrative systems.

Hotel Intercontinental, City of Buenos Aires.

In November 1997, we acquired 51% of the Hotel Intercontinental from Pérez Companc S.A. The Hotel Intercontinental is located in the downtown of the City of Buenos Aires neighborhood of Monserrat, near the Intercontinental Plaza office building. Intercontinental Hotels Corporation, a United States corporation, currently owns 24% of the Hotel Intercontinental. The hotel's meeting facilities include eight meeting rooms, a convention center and a divisible 588 sqm ballroom. Other amenities include a restaurant, a business center, a sauna and a fitness facility with swimming pool. The hotel was completed in December 1994 and has 309 rooms. The hotel is managed by the Intercontinental Hotels Corporation.

Hotel Sheraton Libertador, City of Buenos Aires.

In March 1998 we acquired 100% of the Hotel Sheraton Libertador from Citicorp Equity Investment for an aggregate purchase price of US\$ 23 million. This hotel is located in downtown Buenos Aires. The hotel contains 193 rooms and 7 suites, eight meeting rooms, a restaurant, a business center, a spa and fitness facilities with a swimming pool. In March 1999, we sold 20% of our interest in the Sheraton Libertador Hotel for US\$ 4.7 million to Hoteles Sheraton de Argentina. The hotel is currently managed by Sheraton Overseas Management Corporation. During the current fiscal year, the Hotel entered into a loan agreement with Banco Hipotecario for an amount of Ps. 5,0 million (for more information see Item 5.b Indebtedness), which was used to redesign and modernize some of the common areas of the Hotel such as the lobby, the bar and the reception. As of the date of this annual report these works were finished.

Bariloche Plot, "El Rancho," San Carlos de Bariloche, Province of Río Negro.

On December 14, 2006, through Llao Llao Resorts S.A., we acquired a land covering 129,533 sqm of surface area in the City of San Carlos de Bariloche in the Province of Río Negro. The total price of the transaction was US\$ 7.0 million, of which US\$ 4.2 million were paid in cash and the balance of US\$ 2.8 million was financed by means of a mortgage to be paid in 36 monthly, equal and consecutive installments of US\$ 0.086 million each. The land is in the border of the Lago Gutiérrez, close to the Llao Llao Hotel in an outstanding natural environment and it has a large cottage covering 1,000 sqm of surface area designed by the architect Ezequiel Bustillo.

International:

Lipstick Building, New York, United States

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

In May 2014, the Bar & Restaurant in the northern wing of the Lobby started to operate, run by the renowned American Chef Charlie Palmer, who owns several well known restaurant chains in the USA.

As of June 30, 2014, this building had an occupancy rate of 88.94% generating average revenues of US\$ 63.69 per sqm per month.

Lipstick	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2013	YoY Var	
Gross Leasable Area (sqm)	58,092	57,842	0.4	%
Occupancy	88.94	86.2	2.74	%
Rent (US\$/sqm)	63.69	62.9	1.3	%

As of June 30, 2014, three additional lease agreements had been executed totaling an aggregate area of 1,966 square meters, to be occupied during the next fiscal year, causing its occupancy rate to rise to 92.93% and its average rental price to US\$ 65 per sqm per month.

Finally, the contents for an exhibition showcasing part of the work and life of the celebrated Argentine architect César Pelli are under production. The exhibition will be staged in the southern wing of the lobby, and it has been conceived, designed and executed in close cooperation with César Pelli's architectural firm. It is expected to be opened in September 2014.

Building located at 183 Madison Avenue, New York, NY

In December 2010, IRSA, through Rigby, in which it indirectly holds a 49% stake through IMadison, jointly with other partners, acquired a building located at 183 Madison Avenue, Midtown South, Manhattan, New York. This area involves famous and prominent buildings such as, the Empire State Building, the Macy's Herald Square, and the Madison Square Garden and it also has one of the largest office and store markets, excellent means of transport, restaurants, stores and entertainment options.

The purchased property consists of a pre-war building built in 1925 designed by the architecture firm Warren & Wetmore (the same that designed the Grand Central Terminal of New York). It has 19 office stories for rent and a store on its Ground Floor. The net leasable area is approximately 23,200 sqm, 3,523 sqm of which correspond to the retail space and 19,677 sqm are offices.

The total purchase price was US\$ 98 million (US\$ 4,224 per leasable sqm) composed of US\$ 48 million of principal (IMadison contributed US\$ 23.5 million), US\$ 40 million under a loan granted by M&T Bank at a rate of 5.01% per annum due in 5 years and a loan for US\$ 10 million to carry out the capex and prebuilds program.

On November 27, 2012, IRSA increased its interest in Rigby 183, to 74.50%, thus consolidating the results of the investment in the company's statement of income.

As of June 30, 2014, the building's occupancy rate was 94.58%.

	Fiscal year ended		Fiscal year ended		YoY	
Madison	June 30, 2014		June 30, 2013		Var	
Gross Leasable Area (sqm)	23,489		23,489		-	
Occupancy rate	94.58	%	98.5	%	-3.2	%
Rental price (US\$/sqm)	43.87		40.30		8.85 %	

The year-on-year reduction in the occupancy rate is explained by the exit of one of the largest tenants in the building who vacated floor 17, resulting in an increase in the vacancy rate of 3.89 points.

During this fiscal year, the Company executed an agreement subject to certain conditions to sell the Madison 183 building for a total amount of US\$ 185 million. We received an escrow deposit of US\$ 18 million in connection with the above referred agreement to be released as part of the Purchase Price at the Closing Date. On September 29, 2014, IRSA through its subsidiary Rigby 183 sold the building located at 183 Madison Av., NY, United States, for a total consideration of US\$ 185 million, for more information please see "Recent Developments".

Investment in Hersha

Investment in Hersha Hospitality Trust

Hersha is a REIT listed in the NYSE, under the "HT" ticker. Hersha's investments are mainly in institutional hotels located in business hubs, urban and retail centers and secondary tourist destinations and markets mainly along the US Northeast as well as in some select niches in the US West coast. Hersha chooses its acquisitions in locations that it perceives as booming markets and relies on intensive management to create and enhance long-term value added.

On June 17, 2013, IRSA, through its subsidiaries, sold 13,282,218 common shares of Hersha (9,754,486 of which were indirectly owned by IRSA) for a total amount of approximately US\$ 73 million (5.5 US\$/share). Accordingly, IRSA's indirect interest in Hersha decreased from 7.19% to 0.49%. After fiscal year-end, we sold our residual interest in Hersha for US\$ 6.74 per share. As a result, we do not hold any interest in Hersha.

Investment in Supertel Hospitality Inc.

In March 2012, IRSA, through its subsidiary RES, in which it holds a 66.8% interest, consummated the transaction for the acquisition of 3,000,000 Series C convertible preferred shares issued by Supertel in an aggregate amount of US\$ 30 million.

Supertel is a REIT listed in Nasdaq with the symbol "SPPR" and is focused on middle-class and long-stay hotels, in 20 states in the United States of America, which are operated by various operators and franchises such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others.

As the capital increase which Supertel planned to make in September 2013 could not be consummated due to market conditions, in January 2014 RES and Efanur (wholly controlled by the company) entered into a credit line for up to US\$ 2 million with Supertel maturing on July 9, 2015. In June 2014, Supertel announced the results of the issue of rights to purchase common shares for US\$ 1.6, whereby RES and Efanur opted to capitalize the above mentioned loan.

The company's results for the first six months of 2014 show an improvement in its rental and hotel occupancy operating ratios, as it continues to roll out its asset sale strategy and analyzing different growth alternatives.

Investment in IDBD.

On May 7, 2014, a transaction was closed whereby IRSA, acting indirectly through Dolphin Netherlands, subsidiary of Dolphin Fund Limited (DFL), an investment fund incorporated under the laws of the Island of Bermuda and subsidiary of us, acquired, jointly with C.A.A. Extra Holdings Limited, a non-related company incorporated under the laws of the State of Israel controlled by Mordechay Ben Moshé (hereinafter, "ETH"), 106.6 million common shares in IDB Development Corporation Ltd. (hereinafter, "IDBD") representing 53.33% of its stock capital, under the scope of the debt restructuring of IDBD's holding company, IDB Holdings Corporation Ltd., with its creditors. Under the terms of the agreement entered into between DFL and E.T.H. M.B.M. Extra Holdings Ltd., a controlled company of Mordechay Ben Moshé, to which Dolphin Netherlands and ETH adhered, Dolphin Netherlands, jointly with other third party investors acquired a 50% interest in this investment, while ETH acquired the remaining 50%. The total investment amount was NIS 950 million, equivalent to approximately US\$ 272 million at the exchange rate prevailing on that date. As of June 30, 2014, IRSA's indirect interest in IDBD was 23%.

Under the purchase agreement, Dolphin Netherlands and ETH have promised to participate on a joint and several basis in any capital increases resolved by IDBD's Board of Directors in order to implement its business plan for 2014 and 2015, for at least NIS 300 million in 2014 and NIS 500 million in 2015 (equivalent to approximately US\$ 87.4 million and US\$ 145.7 million at the exchange rate prevailing as of June 30, 2014). To date, Dolphin Netherlands and ETH have contributed NIS 231.09 million of the NIS 300 million committed for 2014.

Moreover, under the purchase agreement, Dolphin Netherlands and ETH jointly and severally committed to make one or more tender offers for acquiring shares in IDBD for a total amount of NIS 512.09 million (equivalent to approximately US\$ 149.2 million at the exchange rate prevailing as of June 30, 2014) as per the following scheme: (i) before December 31, 2015, an amount of at least NIS 249.8 million for a price per share of NIS 8.344 (subject to adjustment); and (ii) before December 31, 2016, an amount of at least NIS 512.09 million less the offer made in 2015, for a price per share of NIS 8.7612 (subject to adjustment). As security for the performance of the tender offers, 28,020,191 shares in IDBD held by Dolphin Netherlands were pledged at the closing of the transaction.

In addition, the purchase agreement provides that Dolphin Netherlands and ETH shall jointly and severally pay to the creditors who are parties to the above mentioned restructuring agreement an additional amount of NIS 100 million (equivalent to approximately US\$ 29.1 million at the exchange rate prevailing as of June 30, 2014) in the event that

IDBD consummates the sale of its interest in its subsidiary Clal Insurance Enterprises Holdings Ltd. before December 31, 2014 and always provided that: (i) the sales price is not less than NIS 4,200 million (equivalent to approximately US\$ 1,223.8 million at the exchange rate prevailing as of June 30, 2014); and (ii) the closing of the transaction occurs before June 30, 2015, with IDBD having received by this last date a payment of not less than NIS 1,344 million (gross) (equivalent to approximately US\$ 391.6 million).

On May 12, 2014, IDBD's shares became listed on the Tel Aviv Stock Exchange, Israel. Consequently, all the shares (including the pledged shares) were deposited in escrow with Bank Leumi Le-Israel as security in compliance with the lock-up provisions set forth in Chapter D of the Tel Aviv Stock Exchange Regulations which provide that initially listed shares may not be disposed of for a term of 18 months and allow the release of 2.5% per month beginning on the fourth month since the initial listing date.

Pursuant to the provisions of IDBD's rights offering memorandum dated June 9, 2014, on June 26, 2014, 1,322,500 rights to subscribe for shares and warrants were granted by IDBD to Dolphin Netherlands at a ratio of 1 for every 40 shares held, which were exercised after year-end, on July 1, 2014. Later on, during IDBD's rights issuance process, Dolphin Netherlands and ETH acquired 0.89 million additional rights for NIS 2.83 million, equivalent to approximately US\$ 0.83 million, out of which 50% correspond to Dolphin Netherlands and 50% to ETH pursuant to the above mentioned agreement signed between them. These rights are recognized at their fair value and are recorded in the balance sheet in the line derivative financial instruments.

In July 2014, the rights offered by IDBD under the scope of the offering allowed to subscribe for 13 common shares of IDBD for a price of 65 NIS (5 NIS per share) and 27 warrants, 9 of each series (series 1, 2 and 3) to be issued by IDBD, at no cost. Each warrant issued by IDBD will allow to acquire one common share in IDBD. Series 1 matures on November 1, 2014 and is exercisable at 5.50 NIS per warrant. Series 2 matures on May 1, 2015 and is exercisable at 6 NIS per warrant. Series 3 matures on December 1, 2015 and is exercisable at 6.50 NIS per warrant.

As a result of the exercise of the rights received as mentioned above, consummated on July 1, 2014, Dolphin Netherlands received 17.32 million shares and 11.99 million warrants under Series 1, 2 and 3. ETH received the same number of rights and therefore acquired the same number of shares and warrants as Dolphin Netherlands. In addition, as a result of the exercise of the rights purchased, consummated on July 1, 2014, Dolphin Netherlands acquired 5.79 million shares and 4.01 million warrants under Series 1, 2 and 3. ETH also acquired the same number of shares and warrants as Dolphin Netherlands.

As a result of the IDBD's rights offering, the number of pledged shares as security for IDBD's tender offers assumed by Dolphin Netherlands was increased to an aggregate of 29,937,591. In addition, pursuant to the Tel Aviv Stock Exchange regulations, 53,784,922 shares and 335,715 warrants under each of Series 1, 2 and 3 remained in escrow under the terms mentioned above.

After year-end, during the period from July 9 to July 14, 2014, Dolphin Netherlands acquired through transactions in the open market 0.42 million shares and 0.34 million additional Series 2 warrants for NIS 1.77 million, equivalent to approximately US\$ 0.52 million. 50% of such shares and Series 2 warrants were sold to ETH pursuant to the provisions of the above mentioned agreement signed between the parties.

As of the date of issuance of these consolidated financial statements, Dolphin Netherlands held an aggregate of 76,620,163 shares, 15,998,787 Series 1 warrants, 16,170,392 Series 2 warrants and 15,998,787 Series 3 warrants of IDBD, resulting in an undiluted holding of 28.99% and a fully diluted holding of 31.37% in IDBD.

IDBD's Board of Directors is composed of nine members, three of whom were appointed by Dolphin Netherlands, namely, Eduardo Elsztain, Alejandro Elsztain and Saúl Zang.

As DFL is a subsidiary that qualifies as a VCO under the exemption contained in IAS 28 mentioned in Note 2.3 (d), IRSA have valued its interest in IDBD at fair value with changes in the income statement.

Financial Transactions and Other:

Our interest in Banco Hipotecario S.A.

As of June 30, 2014, we held a 29.77% interest in Banco Hipotecario through IRSA, which represented 12.35% of IRSA's consolidated assets as of such date. 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 and customers are located in Argentina where it operates a nationwide network of 59 branches and 17 sales offices. Additionally, its subsidiary Tarshop has 31 sales offices.

Banco Hipotecario is a full-service commercial bank offering a wide variety of banking activities and related financial services to individuals, small-and medium-sized companies and large corporations. As of June 30, 2014, Banco Hipotecario ranked eleventh in the Argentine financial system in terms of shareholders' equity and thirteenth in terms of total assets. As of June 30, 2014, Banco Hipotecario's shareholders' equity was Ps. 4,205.3 million, its consolidated assets were Ps. 25,855.6 million, and its net income for the twelve-month period ended June 30, 2014 was Ps. 627.0 million. Since 1999, Banco Hipotecario's common shares have been listed on the BASE in Argentina, and since 2006 it has had a Level I ADR program sponsored by Bank of New York Mellon.

Banco Hipotecario's business strategy is focused on leveraging its financial position and developing a diversified banking business built on its existing mortgage franchise. Since its debt restructuring in 2004, it began to make progress in this diversification strategy, growing its lending business and developing new business lines, implementing integrated technological solutions to enable its entry into retail banking, extending its marketing network and creating back-office services to support its new operations.

As part of its business diversification strategy, Banco Hipotecario expanded its products offering personal loans, mortgages and asset-backed loans. It also expanded its corporate loan product offerings and implemented certain customer loyalty strategies. In response to the demand for time deposits and savings accounts, Banco Hipotecario expanded its deposit base offering personal checking accounts and launched the Visa Banco Hipotecario credit card which has steadily grown in terms of market penetration and transaction size. Banco Hipotecario also continued its strategy of expanding the offering of non-mortgage related insurance products, including life, unemployment, health, personal accident and ATM theft insurance.

Banco Hipotecario seeks to achieve a balanced portfolio of mortgage loans, consumer financing and corporate credit lines, while maintaining an adequate risk management policy. As of June 30, 2014, its portfolio of non-mortgage loans represented 85.8% of its total loan portfolio, compared to 81.0% as of June 30, 2013.

During the period ended June 30, 2014, Banco Hipotecario also experienced continued growth in deposits, including savings accounts and time deposits.

Competition

Offices and Others

Substantially all of our office and other non-shopping center rentals are located in developed urban areas. There is a great number of office buildings, retail and residential premises in the areas where our properties are located. This is a highly fragmented market, and the abundance of comparable properties in our vicinity may adversely affect our ability to rent or sell office space and other real estate as well as the sale and rental price of the properties.

In the future, both national and foreign companies may participate in Argentina's real estate development market, competing with us for business opportunities. Moreover, in the future we may participate in the development of real

estate in foreign markets, potentially encountering well established competitors.

Shopping Centers

Because most of our shopping centers are located in highly populated areas, there are competing shopping centers within, or in close proximity to, our targeted areas. The number of shopping centers in a particular area could have a material effect on our ability to lease space in our shopping centers and on the amount of rent that we are able to charge. We believe that due to the limited availability of large plots of land and zoning restrictions in the City of Buenos Aires, it will be difficult for other companies to compete with us in areas through the development of new shopping center properties. Our principal competitor is Cencosud S.A. which owns and operates Unicenter shopping center and the Jumbo hypermarket chain, among others.

The following chart shows certain information relating to the most important owners and operators of shopping centers in Argentina:

Company	Shopping Center	Location (1)	Gross Leasable Area	Stores	National GLA Percentage (2)		Stores Percentage (2)	
APSA								
	Abasto de Buenos Aires (7)	CABA	41,788	171	2.49	%	2.71	%
	Alto Palermo Shopping	CABA	19,354	145	1.16	%	2.30	%
	Buenos Aires Design (3)	CABA	14,592	63	0.87	%	1.00	%
	Dot Baires Shopping (5)	CABA	46,707	153	2.79	%	2.42	%
	Alcorta Shopping (4)	CABA	15,113	107	0.90	%	1.70	%
	Patio Bullrich	CABA	11,738	83	0.70	%	1.32	%
	Córdoba Shopping (4)	Córdoba	15,881	106	0.95	%	1.68	%
	Alto Avellaneda (4)	GBA	36,565	141	2.18	%	2.23	%
	Mendoza Plaza Shopping (4)	Mendoza	41,108	146	2.45	%	2.31	%
	Alto Rosario (7)	Rosario	30,776	145	1.84	%	2.30	%
	Alto Noa (4)	Salta	19,158	89	1.14	%	1.41	%
	La Ribera Shopping (6)	Santa Fe	8,285	50	0.49	%	0.79	%
	Soleil Premium Outlet (4)	GBA	15,190	78	0.91	%	1.24	%
	Subtotal		316,255	1,477	18.87	%	23.41	%
Cencosud S.A. (4)								
	Subtotal		617,924	1,438	36.87	%	22.76	%
Other Operators								
	Subtotal		741,295	3,396	44.27	%	53.82	%
	Total		1,675,473	6,311	100	%	100	%

(1)“GBA” means Greater Buenos Aires, the Buenos Aires metropolitan area, and “CABA” means the City of Buenos Aires.

- (2) Percentage over total shopping centers in Argentina. Figures may not sum due to rounding.
- (3) The effective interest held by Alto Palermo S.A., the company that operates the concession of this building, is 53.684 % in ERSA.
- (4) Includes total leasable area occupied by supermarkets and hypermarkets.
- (5) The interest held by APSA is 80% in Panamerican Mall SA.
- (6) The interest held by APSA is 50% in Nuevo Puerto Santa Fe SA.
- (7) Includes Museo de los Niños.

Source: Argentine Chamber of Shopping Centers

IRSA's Regulation and Government Supervision of its Real Estate Business

Legal Framework:

Regulation and Governmental Supervision

The laws and regulations governing the acquisition and transfer of real estate, as well as municipal zoning ordinances and environmental regulations, among others, are applicable to the development and operation of our properties. Currently, Argentine law does not specifically regulate shopping center lease agreements. Since our shopping center leases generally differ from ordinary commercial leases, we have created standard provisions which govern the relationship with our shopping center tenants.

Leases

Argentine law imposes certain restrictions on property owners, including:

- a prohibition to include price adjustment clauses based on inflation increases in lease agreements; and
- the imposition of a three-year minimum lease term for retail property, except in the case of stands and/or spaces in markets and fairs.

Although our lease agreements were U.S. Dollar-denominated, Decree No. 214/2002, Decree No. 762/2002 and Law No. 25,820 that amended the Public Emergency Law, provided that monetary obligations in force as from January 7, 2002 arising from agreements governed by private law and which provided for payments in U.S. Dollars were subject to the following rules:

- financial obligations were to be paid in Pesos at the exchange rate of Ps. 1.00 = US\$1.00 plus the CER for commercial leases;
- from October 1, 2002 and until March 31, 2004 for residential leases, the obligations where the tenant is an individual and the dwelling is used as the family residence of permanent use were to be paid in Pesos at the exchange rate of Ps. 1.00 = US\$1.00 plus the CVS;
- if due to the application of these provisions, the amount of the installment becomes higher or lower than the amount at the time of payment, any of the parties could require an equitable adjustment of the price. If the parties did not reach an agreement, the courts could decide on a case by case basis; and
- pursuant to Decree No. 117/2004 and Law No. 25,796 that amends Law No. 25,713, the CVS became unenforceable since April 1, 2004.

Under the Argentine Civil Code and Lease Law No. 23,091, lease terms may not exceed ten years, except for leases regulated by Law No. 25,248 (which provides that real estate leases containing purchase options—leasing inmobiliario—are not subject to term limitations). Generally, terms in our lease agreements go from 3 to 10 years.

Despite this restriction, in November 2007, the Court authorized APSA to enter into a lease agreement with Wal-Mart Argentina for a term of 30 years. This exception was authorized taking into consideration the size of the investment required and the time necessary to recoup this investment.

Lease Law No. 23,091, as amended by Law No. 24,808 provides that tenants may rescind commercial lease agreements after the first six months by sending a written notice at least 60 days before the intended termination date

of the contract. Such rescission is subject to penalties which range from one to one and a half months of rent. If the tenant rescinds during the first year of the lease the penalty is one and a half month's rent and if the rescission occurs after the first year of lease the penalty is one month's rent.

While current Argentine government policy discourages government regulation of lease agreements, there can be no assurance that additional regulations will not be imposed in the future by the Argentine Congress, including regulations similar to those previously in place. Furthermore, most of 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 Procedure Code enables the lessor to pursue what is known as an “executory proceeding” upon lessees’ failure to pay rent. In executory proceedings debtors have fewer defenses available to prevent foreclosure, making these proceedings substantially shorter than ordinary ones. In executory proceedings the origin of the debt is not under discussion; the trial focuses on the debt instrument itself. The aforementioned code also permits special eviction proceedings, which are carried out in the same way as ordinary proceedings. The Argentine Civil Code enables judges to summon tenants who fall two months in arrears to vacate the property they are renting within 10 days of having received notice to such effect. 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.

Plot Development and Use

Buenos Aires Urban Planning Code. Our real estate activities are subject to several municipal zoning, building and environmental regulations. In the City of Buenos Aires, where the vast majority of our real estate properties are located, the City of 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.

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

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

Sales and Ownership

Real Estate Installment Sales Law. The Real Estate Installment Sales Law No. 14,005, as amended by Law No. 23,266 and Decree No. 2015/1985, imposes a series of requirements on contracts for the sale of subdivided real estate property regarding, for example, the sale price which is paid in installments and the deed, which is not conveyed until final payment of such price. The provisions of this law require, among other things:

- The registration of the intention to sell the property in subdivided plots with the Real Estate Registry (Registro de la Propiedad Inmueble) corresponding to the jurisdiction of the property. Registration will only be possible with regard to unencumbered property. Mortgaged property may only be registered where creditors agree to divide the debt in accordance with the subdivided plots. However, creditors may be judicially compelled to agree to the division.
- The preliminary registration with the Real Estate Registry of the purchase instrument within 30 days of execution of the agreements.

Once the property is registered, the installment sale may not occur in a manner inconsistent with the Real Estate Installment Sales Act, unless seller registers its decision to desist from the sale in installments with the Real Estate

Registry. In the event of a dispute over the title between the purchaser and third-party creditors of the seller, the installment purchaser who has duly registered the purchase instrument with the Real Estate Registry will obtain the deed to the plot. Further, the purchaser can demand conveyance of title after at least 25% of the purchase price has been paid, although the seller may demand a mortgage to secure payment of the balance of the purchase price.

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

Consumer Protection Law. Consumer Protection Law No. 24,240, as amended, regulates several issues concerning the protection of consumers in the arrangement and execution of contracts. The Consumer Protection Law purports to prevent potential abuses deriving from the strong bargaining position of sellers of goods and services in a mass-market economy where standard form contracts are widespread. As a result, the Consumer Protection Law deems void and unenforceable certain contractual provisions in consumer contracts, including those which contain:

- Guarantees and liability disclaimers;
- a waiver of consumer rights;
- an extension of seller rights; and
- the shifting of the burden of proof against consumers.

In addition, the Consumer Protection Law imposes penalties ranging from fines to closing down of establishments in order to induce compliance from sellers.

The Consumer Protection Law defines consumers or users, as the individuals or legal entities that (i) acquire or use goods or services free of charge or for a price for their own final use and benefit or that of their family or social group, including the acquisition of rights on a time-share leasing, country club, or private cemetery, among others, (ii) though not being party to a consumer relationship, as a result thereof acquire or use goods or services for their own final use or that of their family or social group and (iii) are otherwise exposed to 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 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. On June 2005, Resolution No. 104/05, which complements the Consumer Protection Law, adopted Mercosur's Resolution on which requires that those who engage in commerce over the Internet (e-business) to 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 2014, a new Consumer Protection Law was passed by the Argentine Congress that stipulates the creation of new administrative and judicial proceedings dealing with this area of the Law. The statute, known as "System for the Resolution of Conflicts in Consumer Relationships", was enacted as Law No. 26,993 on September 17, 2014. This new law creates a two-tier administrative proceeding and a set of courts dedicated to trial conflicts between consumers and producers of goods and services. In order to present a claim, the amount of it must not exceed a fixed amount equivalent to 55 minimum wages, which are determined by the Ministry of Labour, Employment and Social Security. It is mandatory to file the claim first before the administrative agency. In case a settlement is not reached between the parties, the plaintiff is able to file the claim before a judge. Although the system is not operational yet, a considerable portion of the claims made against Alto Palermo will probably be resolved within this system.

Buildings Law. Buildings Law No. 19,724, as amended, sets forth a regime for the construction of buildings for subsequent subdivision into condominium (Propiedad Horizontal). Under this law, developers must inform potential purchasers of their intention to sell the building as a condominium, as well as of all sale conditions, and the size of each unit in relation to the whole building. The sale of these units is subject to subdivision approval and in order to be included in Buildings Law regime must be registered with the Real Estate Registry (Registro de la Propiedad Inmueble). This law also states that, in the event that construction is not completed, all amounts already deposited must be repaid to the purchasers. All the parties involved are jointly and severally liable to reimburse all the amounts deposited or paid by purchasers. All the agreements executed with the purchasers shall be filed with the relevant Real Estate Registry.

Mortgage Regulation. The Argentine Civil Code regulates mortgages both as a contract and as a right over property. There are no special provisions in the Civil Code aimed at protecting mortgagors. Any agreement entered into by a mortgagor and a mortgagee at time of execution of the mortgage or prior to the default of the mortgagor allowing the mortgagee to recover the property without a public auction of the property will not be enforced by the courts as it is contrary to Argentine public policy.

Until the enactment of Trust Law No. 24,441, the only procedure available to collect unpaid amounts secured by a mortgage was a proceeding regulated by the Civil and Commercial Procedure Code. The heavy caseload on the courts that hear such matters usually delays the proceeding, which currently takes 1 to 2 years to be completed.

Title V of Trust Law No. 24,441 institutes a new procedure which may expedite collection of unpaid amounts secured by a mortgage. To be applicable, the new rules, which allow an out-of-court auction, need to be expressly agreed to by the parties in the mortgage contract.

Currently, we include in our mortgages a clause enabling the enforcement of Law No. 24,441. However, there can be no assurance that such collection provisions will accelerate the recovery of unpaid amounts under mortgage guarantees.

The Argentine Government has tried to avoid the massive foreclosure of mortgages since the 2001 crisis. The Public Emergency Law, as amended, established the suspension for the term of 270 days from the enactment of that law, of all the judicial or non-judicial enforcement procedures, including the enforcement of mortgages and pledges, regardless of their origin. On February 14, 2002, Law No. 25,563 amending the Bankruptcy Law (the “New Bankruptcy Law”) was enacted. Under the New Bankruptcy Law, certain bankruptcies and foreclosures (including foreclosures on mortgage loans) were suspended for a period of 180 days from the law’s effective date. Such period was extended for 180 additional days by Law No. 25,589 and afterwards for 90 additional days by Law No. 25,640 dated September 2002, expiring on February 2003.

On February 4, 2003, the Executive Branch enacted Decree No. 204/2003 creating a mediation proceeding, for a limited period of 90 days, to be conducted through the Legal Emergency Units (Unidades de Emergencias Legales) depending from the Ministry of Labor, Employment and Social Security and the Ministry of Production. Such Emergency Legal Units shall intervene at the request of debtors or creditors in foreclosure cases.

The mediation procedure was voluntary and free. Proposals and negotiations made by the parties in the course of these proceedings are subject to the confidentiality of ordinary mediations. The mediation procedure in no case shall result in the suspension or interruption of the legal terms running in judicial or out-of-court foreclosure proceedings.

The Legal Emergency Units should try to approximate the parties’ proposals to reach an agreement enabling the debtor the performance of his obligations without lessening the creditor’s rights. The intervention of the Emergency Legal Units shall conclude with an agreement or with the impossibility of reaching such agreement. The Decree establishes that the conciliation proceeding shall be in force from the day of its publication in the Official Gazette and will have a term of 90 days.

On May 8, 2003, the Argentine Congress enacted Law No. 25,737 which suspended foreclosures for an additional period of 90 days, which ended in August 2003. In September 2003, several financial institutions voluntarily agreed not to foreclose on their mortgage loans. In November 2005, the Argentine congress enacted Law No. 26,062 that extended the foreclosures suspension for an additional 120 days period, which was extended for 90 days more by Law No. 26,084 and for 180 days more by Law No. 26,103. Pursuant to these successive extensions, foreclosure on mortgaged property was suspended until December 2006.

On November 6, 2003 Law No. 25,798 was enacted. It established a mechanism to reschedule debts resulting from unpaid mortgages, by creating a trust (financed by the Argentine Government) which would purchase the mortgage debts and reschedule the maturity date thereof. Financial institutions were afforded until June 22, 2004 to accept said terms. This law was partially modified by Law No. 25,908 (enacted on July 13, 2004) which included various conditions referring to the incorporation into this system of the mortgage loans that were in judicial or private execution proceedings. The parties to secured loan agreements were given a term to express their adhesion to this system. This term was extended twice first by Decree No. 352/2004 for a period of sixty days and then by Law No. 26,062 effective as of November 4, 2005, which extended the foreclosures suspension for an additional 120 days, which was again extended for 90 days more by Law No. 26,084 and for 180 days more by Law No. 26,103.

On November 8, 2006, Law No. 26,167 was enacted. It established a special proceeding to replace ordinary trials for the enforcement of some mortgage loans. These special proceedings give creditors ten days to inform the debtor of the amounts owed to them and agree with the debtor on the amount and terms of payment. In case the parties fail to reach an agreement, payment conditions are to be determined by the judge. Also, this law established the suspension of the execution of judicial judgments, judicial and out-of-court auctions, evictions and other proceedings related to the mortgage loans contemplated in this law.

Most mortgages executed by us provide that we are empowered to declare the anticipated expiration of the loan upon non-payment of an installment. This enables us to recover the unpaid amounts through the sale of the relevant property pursuant to the Civil and Commercial Procedure Code and Law No. 24,441.

Pursuant to Argentine law, fees and expenses related to collection procedures must be borne by the debtor, and the proceeds from any auction of the property may be used for the settlement of such obligation.

Although our mortgages are U.S. Dollar-denominated, Decree No. 214/2002 and Decree No. 762/2002 that amended the Public Emergency Law provide that monetary obligations in force as of January 7, 2002, resulting from agreements governed by private law and which provide for payments in U.S. Dollars are subject to the following rules:

- Financial obligations were to be paid in Pesos at the exchange rate of Ps. 1.00 = US\$1.00 plus the CER for commercial leases;
- From October 1, 2002 and until March 31, 2004 for residential leases, the obligations where the tenant is an individual and the dwelling is used as the family residence of permanent use were to be paid in Pesos at the exchange rate of Ps. 1.00 = US\$1.00 plus the CVS;
- If due to the application of these provisions, the amount of the installment became higher or lower than the amount at the time of payment, any of the parties could require an equitable adjustment of the price. If the parties did not reach an agreement, the courts could decide on a case by case basis;
- Pursuant to Decree No. 117/2004 and Law No. 25,796 that amends Law No. 25,713, the CVS became unenforceable since April 1, 2004.

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.

Credit Card Law. Law No. 25,065, as amended by Law No. 26,010 and Law No. 26,361, governs different aspects of the business activity known as “credit cards’ system”. The regulations set forth minimum contractual terms and conditions and the approval thereof by the Argentine Secretariat of Industry, Commerce and Mining, as well as limitations on interest payable by users and retail stores’ commissions adhering to the system. The Credit Card Law is applied to both banking and non-banking cards, such as “Tarjeta Shopping”, issued by Tarshop. Pursuant Communication “A” 5477 of the Argentine Central Bank, loans granted through credit cards by entities which are not financial institutions, such as Tarshop, shall not exceed in more than the 25% of the monthly average of the interest rates publish by the Argentine Central Bank for loans to individuals without real guarantee.

Antitrust Law. Law No. 25,156, as amended, prevents trust practices and requires administrative authorization for transactions that according to the Antitrust Law constitute an economic concentration. According to this law, 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, are considered as an economic

concentration. Whenever an economic concentration involves a company or companies which exceed the accumulated sales volume of Ps. 200.0 million in Argentina; then the respective concentration should be submitted for approval to the Argentine Antitrust Authority. The request for approval may be filed, either prior to the transaction or within a week after its completion.

When a request for approval is filed, the Argentine Antitrust Authority may (i) authorize the transaction, (ii) subject 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 the assets absorbed, acquired, transferred or controlled in Argentina, do not exceed Ps. 20.0 million are exempted from the administrative authorization. Notwithstanding the foregoing, when the transactions effected during the prior 12-month period exceed in the aggregate Ps. 20.0 million or Ps. 60.0 million during the last 36 months, these transactions must be notified to the Argentine Antitrust Authority.

As the consolidated annual sales volume of APSA and ours exceed Ps. 200.0 million, we should give notice to the Argentine Antitrust Authority of any concentration provided for by the Antitrust Law.

Environmental Law. Our activities are subject to a number of national, provincial and municipal environmental provisions. 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 restore it as provided by applicable law. The authorities shall control the protection of 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 whereas Provincial and Municipal Governments shall fix specific standards and regulatory provisions.

On November 6, 2009, the Argentine Congress passed Law No. 25,675. Such law regulates the minimum standards for the achievement of a sustainable environment and the preservation and protection of biodiversity and fixes environmental policy goals.

Law No. 25,675 establishes the activities that will be subject to an environmental impact assessment procedure and certain requirements applicable thereto. In addition, such Law sets forth the duties and obligations that will be triggered by any damage to the environment and mainly provides for restoration of the environment to its former condition or, if that is not technically feasible, for payment of compensation in lieu thereof. Such Law also fosters environmental education and provides for certain minimum reporting obligations to be fulfilled by natural and legal entities.

Besides, the CNV Standards require that the CNV be informed of any events or fortuitous developments that significantly hinder or are expected to hinder the development of the company's activities, including events that affect or could affect the environment, specifying their consequences.

One of IRSA's goals is that business be conducted at all times consistently with environmental laws and regulations.

For more information see Item 3 "Key Information – D. Risk Factors - IRSA's business is subject to extensive regulation and additional regulations may be imposed in the future."

New Civil and Commercial Code. Recently Law No. 26,994 was enacted pursuant to which it was approved the new Civil and Commercial Code of Argentina. The new Civil and Commercial Code provides the background regulation of the relationships between individuals and entities. The new Civil and Commercial Code will enter into force on January 1, 2016. We are currently in the process of analyzing together with our legal advisors the impact of this new legislation in the operations of our business.

C. ORGANIZATIONAL STRUCTURE

Subsidiaries and associated companies

The following table includes a description of our subsidiaries and associated companies as of June 30, 2014:

Subsidiaries	Effective Ownership and Voting Power Percentage	Property/Activity
Agro Managers S.A	46.84%	Agro Managers S.A. is engaged in doing by itself or on behalf of third parties investments in the country or overseas through long and short term loans with or without warranties, derivatives, stocks and commodities as well as any kind of debentures or credit notes.
Agro-Uranga S.A	35.72%	Agro-Uranga S.A. is an agricultural company which owns 2 farmlands (Las Playas and San Nicolás) that have 8.299 hectares on the state of Santa Fe and Córdoba.
Agropecuaria Acres del Sud S.A.	100%(1)	Agropecuaria Acres del Sud SA is principally engaged in the trading of agricultural products and by-products, and the acquisition/sales, leasing and construction of urban and rural properties.
Alafox	100%(2)	Alafox S.A. is involved in investments in entities organized in Uruguay or abroad through the purchase and sale of bonds, shares, debentures and any kind of securities and commercial paper under any of the systems or forms created or to be created, and in the management and administration of the capital stock it owns on companies controlled by it.
Brasilagro Companhia Brasileira de Propiedades Agrícolas	39.63%(3)	Brasilagro is mainly involved in four areas: sugar cane, crops and cotton, forestry activities, and livestock.
Cactus Argentina S.A.	100%(4)	This company is dedicated to feed lot production. It owns a 170-hectare farmland located in the district of Villa Mercedes in the Province of San Luis,

		with the capacity to support 75,000 head of cattle per year, in cycles of approximately 28,000 head each.
Codalis	100%(2)	Codalis S.A. is involved in investments in entities organized in Uruguay or abroad through the purchase and sale of bonds, shares, debentures and any kind of securities and commercial paper under any of the systems or forms created or to be created, and in the management and administration of the capital stock it owns on companies controlled by it.
Doneldon	100%	Doneldon S.A. is involved in investments in entities organized in Uruguay or abroad through the purchase and sale of bonds, shares, debentures and any kind of securities and commercial paper under any of the systems or forms created or to be created, and in the management and administration of the capital stock it owns on companies controlled by it.
Futuros y Opciones.Com S.A.	59.59%	A leading agricultural web site which provides information about markets and services of economic and financial consulting through the Internet. The company has begun to expand the range of commercial services offered to the agricultural sector by developing direct sales of supplies, crops brokerage services and cattle operations.
FyO Trading S.A.	59,63%(5)	FyO Trading S.A.'s purpose is to engage, in its own name or on behalf of or associated with third parties, in activities related to the production of agricultural products and raw materials, export and import of agricultural products and national and international purchases and sales of agricultural products and raw materials.
Granos Olavarria S.A.	59,63%(5)	Granos Olavarría S.A. is principally engaged to the warehousing of cereals and brokering of grains.
Helmir S.A.	100%	Helmir S.A. is involved in investments in entities organized in Uruguay or

		abroad through the purchase and sale of bonds, shares, debentures and any kind of securities and commercial paper under any of the systems or forms created or to be created, and to the management and administration of the capital stock it owns on companies controlled by it.
IRSA Inversiones y Representaciones Sociedad Anónima	65.45%(6)(3)	It is a leading Argentine company devoted to the development and management of real estate.
Ombú Agropecuaria S.A	100%(7)	Ombú Agropecuaria S.A is principally engaged in the trading of agricultural products and by-products, and the acquisition/sales, leasing and construction of urban and rural properties.
Sedelor	100%(2)	Sedelor S.A. is involved in investments in entities organized in Uruguay or abroad through the purchase and sale of bonds, shares, debentures and any kind of securities and commercial paper under any of the systems or forms created or to be created, and in the management and administration of the capital stock it owns on companies controlled by it.
Sociedad Anónima Carnes Pampeanas S.A. (formerly known as Exportaciones Agroindustriales Argentinas S.A.)	100%(6)	Sociedad Anónima Carnes Pampeanas, a company that owns a cold storage plant in Santa Rosa, Province of La Pampa, with capacity to slaughter and process approximately 9,500 cattle head per month.
Yatay Agropecuaria S.A	100%(8)	Yatay Agropecuaria S.A is principally engaged in the trading of agricultural products and by-products, and the acquisition/sales, leasing and construction of urban and rural properties.
Yuchán Agropecuaria S.A	100%(9)	Yuchán Agropecuaria S.A is principally engaged in the trading of agricultural products and by-products, and the acquisition/sales, leasing and construction of urban and rural properties.

(1) Includes Doneldon's, Alafox's and Sedelor's interest.

- (2) Corresponds to Doneldon's interest.
- (3) Excludes effect of treasury stock.
- (4) Includes Helmir's interest.
- (5) Includes Futuros y Opciones.Com S.A.'s interest.
- (6) Includes Cactus's interest.
- (7) Includes Codalis's, Alafox's and Sedelor's interest.
- (8) Includes Doneldon's, Sedelor's and Codalis's interest.
- (9) Includes Doneldon's, Alafox's and Codalis's interest.

D. PROPERTY, PLANTS AND EQUIPMENT

Overview of Agricultural Properties

As of June 30, 2014, we owned, together with our subsidiaries, 32 farmlands, which have a total surface area of 636,327 hectares.

The following table sets forth our properties' size (in hectares), primary current use and book value. The market value of farmland is generally higher the closer a farmland is located to Buenos Aires:

Owned Farmlands as of June 30, 2014 (Restated)

	Facility	Province	Country	Gross Size (in hectares)	Date of Acquisition	Primary Current Use	Net Carrying Value (Ps. Millions) (1)
1	La Adela (6)	Buenos Aires	Argentina	1,054	Original	Agriculture	9.8
2	El Invierno	La Pampa	Argentina	1,946	Jun-05	Agriculture	9.3
3	El Tigre	La Pampa	Argentina	8,360	Apr-03	Agriculture /Milk	33.0
4	San Pedro	Entre Ríos	Argentina	6,022	Sep-05	Agriculture	48.5
5/6	Santa Bárbara/La Gramilla	San Luis	Argentina	7,072	Nov-97	Agriculture under irrigation	31.7
7	Cactus Argentina S.A.	San Luis	Argentina	171	Dec-97	Feed lot	1.7
8/9	Las Playas/San Nicolás (2)	Córdoba / Santa Fe	Argentina	2,965	May-97	Agriculture /Milk	19.8
10	La Esmeralda	Santa Fe	Argentina	9,370	Jun-98	Agriculture /Beef Cattle	15.2
11	Las Vertientes	Córdoba	Argentina	4	Mar-98	Silo	0.6
12	La Suiza	Chaco	Argentina	36,380	Jun-98	Agriculture /Beef Cattle	40.3
13/14	8 de Julio/Carmen	Santa Cruz	Argentina	100,911	May-07/May-08	Sheep Production	11.1
15	El Recreo	Catamarca	Argentina	12,395	May-95	Natural Woodlands	1.3
16	Los Pozos	Salta	Argentina	239,639	May-95	Beef Cattle/ Agriculture /Natural Woodlands	138.4
17	La Esperanza	La Pampa	Argentina	980	Apr-08	Agriculture	4.3
18/19/ 20/21/22/23	Las Londras/San Cayetano/San Rafael/La Fon	Santa Cruz	Bolivia	15,059	Nov-08/Jan-11/	Agriculture	277.4

Fon/ 4 Vientos/ La Primavera							
24	Jerovia (3)	Mariscal Estigarribia	Paraguay	40,495	Feb-09	Agriculture /Natural Woodlands	164.1
25	Estab. Mendoza	Lujan de Cuyo	Argentina	389(5)	Mar-11	Reserve	6.8
26/32	Brasilagro(4)		Brazil	153,115			1,372.1
	Subtotal			636,327			2,185.4

- (1) Acquisition costs plus improvements and furniture necessary for the production, less depreciation.
- (2) Hectares and carrying amount in proportion to our 35.72% interest in Agro-Uranga S.A.
- (3) Hectares and carrying amount in proportion to our 50.00% interest in Cresca through Brasilagro.
- (4) See the section "Overview of Brasilagro's Properties".
- (5) Corresponds to our 40% ownership of Establecimiento Mendoza.
- (6) In July 2014 we sold to our subsidiary IRSA the "La Adela" farm, for more information please see Recent Developments.

Overview of Brasilagro's Properties

As of June 30, 2014, we owned, together with our subsidiaries, 7 farmlands, which have a total surface area of 153.115 hectares, Acquired at a highly convenient value compared to the average of the region, all of them with a great appreciation potential.

Properties	Place	Total Area (ha)	Use	Net Carrying Value (Ps. Millions)
	Baixa Grande			
Cremaq Farmland	Ribeiro/PI	27,807	Agriculture	256.4
Jatobá Farmland	Jaborandi/BA	31,606	Agriculture	275.5
Alto Taquari Farmland	Alto Taquari/MT	5,186	Agriculture	145.2
Araucária Farmland	Mineiros/GO	9,288	Agriculture	247.4
Chaparral Farmland	Correntina/BA	37,182	Agriculture	253.0
Nova Buriti Farmland	Januária/MG	24,247	Forestry	95.7
Preferência Farmland	Barreiras/BA	17,799	Beef cattle	98.9
	Subtotal Brazil	153,115		1,372.1
			Agriculture /Natural Woodlands	
Jerovia	Mariscal Estigarribia, Paraguay	40,495		164.1
	Total	193,610		1,536.2

Overview of Urban properties and investment business

As of June 30, 2014, most of IRSA's property (consisting of rental properties in the office and retail real estate sectors, development properties primarily in the residential real estate sector, and shopping centers) was located in Argentina. IRSA leases its headquarters, located at Bolívar 108, C1066AAD and Moreno 877, piso 22, C1091AAQ Buenos Aires, Argentina, pursuant to a lease agreement that expires on February 28, 2014. IRSA does not currently lease any material properties other than the headquarters.

The following table sets forth certain information about our properties as of June 30, 2014:

Property (6)	Date of Acquisition	Leasable/ Sale m2(1)	Location	Net Book Value Ps. (Restated) (2)	Encumbrance	Outstanding principal amount Ps./000	Maturity Date	Balance due at maturity Ps./000	Rate	Use	Occupancy rate
Intercontinental Plaza	11/18/1997	22,535	City of Buenos Aires	77,574	-	-	-	-	-	Office Rental	100
Bouchard 710	06/01/2005	15,044	City of Buenos Aires	83,479	-	-	-	-	-	Office Rental	90
Bouchard 551 (12)	03/15/2007	7,592	City of Buenos Aires	65,475	-	-	-	-	-	Office Rental	100
Libertador 498	12/20/1995	620	City of Buenos Aires	3,882	-	-	-	-	-	Office Rental	100
Maipú 1300	09/28/1995	7,655	City of Buenos Aires	29,927	-	-	-	-	-	Office Rental	80
Madero 1020	12/21/1995	-	City of Buenos Aires	144	-	-	-	-	-	Office Rental	
Suipacha 652	11/22/1991	11,453	City of Buenos Aires	14,283	-	-	-	-	-	Office Rental	100
Edificio República	04/28/2008	19,884	City of Buenos Aires	201,264	-	-	-	-	-	Office Rental	90
Dique IV, Juana Manso 295	12/02/1997	11,298	City of Buenos Aires	59,724	-	-	-	-	-	Office Rental	90
Rivadavia 2768	09/19/1991	274	City of Buenos Aires	444	-	-	-	-	-	Office Rental	
Constitución 1111	06/16/1994	312	City of Buenos Aires	727	-	-	-	-	-	Commercial Rental	
Torre Bank Boston	08/27/2007	14,873	City of Buenos Aires	138,359	-	-	-	-	-	Office Rental	100
Santa María del Plata	07/10/1997	60,100	City of Buenos Aires	12,532	-	-	-	-	-	Other Rentals	100

Property (6)	Date of Acquisition	Leasable/ Sale m2(1)	Location	Net Book Value Ps. (Restated) (2)	Encumbrance	Outstanding principal amount Ps./000	Maturity Date	Balance due at maturity Ps./000	Rate	Use	Occupancy
Constitución 1159	01/16/1994	2,072	City of Buenos Aires	-	-	-	-	-	-	Other Rentals	0.0
Plot of Land Catalinas Norte	12/17/2009	N/A	City of Buenos Aires	109,494	-	-	-	-	-	Other Rentals	
Dot Building (3)	11/28/2006	11,242	City of Buenos Aires	97,967	-	-	-	-	-	Office Rental	100.0
Other Properties (5)	N/A	N/A	City of Buenos Aires	68,046	-	-	-	-	-	Other Rentals	
Alto Palermo Shopping (3)	11/23/1997	19,354	City of Buenos Aires	256,698	-	-	-	-	-	Shopping Center	98.9
Abasto Shopping (3)	07/17/1994	38,026	City of Buenos Aires	291,303	-	-	-	-	-	Shopping Center	99.4
Alto Avellaneda (3)	11/23/1997	36,565	Province of Buenos Aires	135,925	-	-	-	-	-	Shopping Center	99.5
Paseo Alcorta (3)	06/06/1997	15,113	City of Buenos Aires	114,861	-	-	-	-	-	Shopping Center	99.8
Patio Bullrich (3)	10/01/1998	11,738	City of Buenos Aires	109,311	-	-	-	-	-	Shopping Center	99.6
Alto Noa (3)	03/29/1995	19,157	City of Salta	33,532	-	-	-	-	-	Shopping Center	99.7
Buenos Aires Design (3)	11/18/1997	14,592	City of Buenos Aires	15,810	-	-	-	-	-	Shopping Center	92.3

Property (6)	Date of Acquisition	Leasable/ Sale m2(1)	Location	Net Book Value Ps. (Restated) (2)	Encumbrance	Outstanding principal amount Ps./000	Maturity Date	Balance due at maturity Ps./000	Rate
Alto Rosario Shopping (3)	11/09/2004	29,516	City of Rosario	120,913	-	-	-	-	-
Mendoza Plaza Shopping (3)	12/02/2004	41,108	City of Mendoza	108,727	-	-	-	-	-
C ó r d o b a Shopping – Villa Cabrera (3)	12/31/2006	15,881	City of Cordoba	59,735	Mortgage -Antichresis	13.2	Jan-26	13.2	Libor+1,5%+CER
Dot Baires Shopping (3)	12/01/2006	46,707	City of Buenos Aires	427,037	-	-	-	-	-
Soleil Premium Outlet (3) (11)	07/01/2010	15,190	Province of Buenos Aires	88,634	Mortgage	105.8	jul-17	105.8	Annual Rate 5.00%
Alto Comahue Project (3) (8) (10)	07/06/1999	N/A	Province of Neuquen	127,655	-	-	-	-	-
Distrito Arcos Project (3) (9) (10)	12/01/2011	N/A	City of Buenos Aires	236,202	-	-	-	-	-
Santa María del Plata	07/10/1997	716,058	Province of Buenos Aires	222,787	-	-	-	-	-
Patio Olmos (3)	09/25/2007	5,147	City of Cordoba	29,461	-	-	-	-	-
Caballito plot of land	03/11/1997	8,173	City of Buenos Aires	49,699	-	-	-	-	-
Others Reserves of Land(4)	N/A	14,391,020	City and Province of Buenos Aires.	15,248	-	-	-	-	-
Lujan (3)	05/31/08	1,160,000	Province of Buenos Aires.	24,292	-	-	-	-	-
Hotel Llao Llao	06/01/1997	24,000	Ciudad de Bariloche	85,351	-	-	-	-	-
H o t e l Intercontinental	01/11/1997	37,600	City of Buenos Aires	54,895	-	-	-	-	-
H o t e l Libertador	03/01/1998	17,463	City of Buenos Aires	35,499	-	-	-	-	-

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- (1) Total leasable area for each property. Excludes common areas and parking spaces.
 - (2) Cost of acquisition or development plus improvements, less accumulated depreciation, less allowances.
 - (3) Through APSA.
 - (4) Includes the following land reserves: Pontevedra plot; Isla Sirgadero; Mariano Acosta, Intercontinental Plaza II, San Luis and Merlo and Zelaya 3102 and Conil (through APSA).
 - (5) Includes the following properties: Anchorena 559, Parking spaces Ocampo and DOT Adjoining Plot (through APSA).
 - (6) All assets are owned by us or through any our subsidiary.
 - (7) Percentage of occupation of each property. The land reserves are assets that the company remains in the portfolio for future development.
 - (8) APSA signed an agreement with the Municipality of Neuquén in which we committed to construct the whole shopping center in a maximum term of 24 months, these will be counted starting from the date of signature of the act of beginning of works. On June 30, 2014, 2013 and 2012 and on July 1^o, 2011 the amount of the developments in Shopping Neuquén increased to Ps. 121.6 million, Ps. 43.1 million, Ps. 9.1 million and Ps. 4.5 million, respectively.
 - (9) APSA maintains engagements with the City of Buenos Aires Government in order to develop the Arcos del Gourmet project. The amount of the construction as of June 30, 2014, 2013 and 2012 rise to Ps. 236.2 million, Ps. 136.3 million and Ps. 17.8 million, respectively. On June 30, 2014 the contractual obligations corresponds mainly to constructions related with the project above and rise to Ps. 234 million.
 - (10) Both projects are financed through syndicated loans subscribed with different bank institutions, for further information see Item 5.b Indebtedness.
 - (11) On August 22, 2014, APSA paid the balance of the purchase price for the shopping center known as “Soleil Premium Outlet” in the amount of Ps.105.8 million (US\$ 12.6 million plus interest). As a result, the mortgage granted in favor of INCESA was fully discharged.
 - (12) During October, 2014, IRSA sold five floors of Bouchard 551, for more information please see “Recent Developments”.

Insurance

Agricultural Business

We carry insurance policies with insurance companies that we consider to be financially sound.

We employ multi-risk insurance for our farming facilities and industrial properties, which covers property damage, negligence liability, fire, falls, collapse, lightning and gas explosion, electrical and water damages, theft, and business interruption.

Such insurance policies have specifications, limits and deductibles which we believe are customary. Nevertheless, they do not cover damages to our crops.

We carry directors and officer's insurance covering management's civil liability, as well as legally mandated insurance, including employee personal injury.

We also provide life or disability insurance for our employees as benefits.

We believe our insurance policies are adequate to protect us against the risks for which we are covered. Nevertheless, some potential losses are not covered by insurance and certain kinds of insurance coverage may become prohibitively expensive.

The types of insurance used by us are the following:

Insured Property	Risk Covered	Amount Insured (in Thousand of Ps.)	Book Value (in Thousand of Ps.)
Buildings, machinery, silos, installation and furniture and equipment	Theft, fire and technical insurance	405,152	437,716
Vehicles	Theft, fire and civil and third parties liability	11,833	4,581

Urban properties and investment business

IRSA carries insurance policies with insurance companies that it considers to be financially sound. IRSA purchases multiple peril insurance for the shopping centers covering fire and negligence liability, electrical or water damages, theft and business interruption. IRSA has submitted a limited number of claim reports under the shopping center insurance, including a claim for a reported loss caused by fire in Alto Avellaneda Shopping on March 5, 2006 and, as of this date IRSA has been able to recover substantially all such claims from the insurance companies.

In our Sales and Developments segment, IRSA only maintains insurance when it retains ownership of the land under development or when IRSA develops the property itself. The liability and fire insurance policies cover potential risks such as property damage, business interruption, fire, falls, collapse, lightning and gas explosion. Such insurance policies contain specifications, limits and deductibles which we believe are customary. IRSA maintains insurance policies for the properties after the end of construction only if it retains ownership, primarily in the Offices and Other Properties segment.

IRSA carries insurance for directors and officers covering management's civil liability, as well as legally mandated insurance, including employee personal injury. IRSA does not provide life or disability insurance for its employees as benefits. IRSA believes its insurance policies are adequate to protect it against the risks for which it is covered. Nevertheless, no assurances can be given that the insurance amount purchased by IRSA will be enough to protect itself from significant losses. See "Risk Factors - Risks Related to IRSA's Business." Some potential losses are not covered by insurance, and certain kinds of insurance coverage may become prohibitively expensive.

Item 4. Unresolved Staff Comments.

None.

Item 5. Operating financial review and prospects

A. CONSOLIDATED OPERATING RESULTS

The following management's discussion and analysis of our financial condition and results of operations should be read together with "Selected Consolidated Financial Data" and our audited consolidated financial statements and related notes appearing elsewhere in this annual report. This discussion and analysis of our financial condition and results of operations contains forward-looking statements that involve risks, uncertainties and assumptions. These forward-looking statements include such words as, "expects", "anticipates", "intends", "believes" and similar language. Our actual results may differ materially and adversely from those anticipated in these forward-looking statements as a result of many factors, including without limitation those set forth elsewhere in this annual report. See Item 3 "Key Information – D. Risk Factors" for a more complete discussion of the economic and industry-wide factors relevant to us.

For purposes of the following discussion and analysis, unless otherwise specified, references to fiscal years 2014 and 2013 relate to the fiscal years ended June 30, 2014 and 2013, respectively.

For a discussion of results of operations of IRSA and to assist in understanding changes in the Investment and development properties business, please see "Item 5 Operating and financial review and prospects" in IRSA's annual report on Form 20-F for the year ended June 30, 2014 which is publicly available on the SEC's website (www.sec.gov). The discussion and analysis of IRSA is for the full annual periods ended June 30, 2014 compared to June 30, 2013.

The management's discussion and analysis of IRSA's operating financial review and prospects included in IRSA's 20-F for the year ended June 30, 2014 and 2013 is included only on a supplemental basis.

We maintain our accounting books and records in Pesos. Our audited consolidated financial statements as of June 30, 2014 and 2013 have been prepared in accordance with the accounting policies based on the IFRS issued by the IASB and the interpretations issued by the IFRIC applicable as of such date.

For more information please see Note 41 to our audited consolidated financial statements, "Foreign currency assets and liabilities".

Revenue Recognition

We derive our revenues primarily from:

- (i) the production and sale of crops, sugarcane, cattle and dairy,
- (ii) cattle feedlot operations,
- (iii) leasing of our farmlands from third parties;
- (iv) commodity brokerage activities; and
- (v) through the consolidation of our financial statements with IRSA's, we record revenue from the rental and operation of services at offices and shopping centers in Argentina, the development and sale of properties, consumer finance transactions, and hotel operations.

Revenues from sales of goods are recognized when: (a) any significant risks and rewards of ownership of such goods have been transferred; (b) the entity is no longer related to the management of the assets sold and neither does the entity retain control over them; (c) the amount of the revenues and costs associated with the transaction can be reliably measured; and (d) there is a likelihood that the entity will receive the economic benefits associated with the transaction.

The revenues arising from the supply of services are recognized when (a) the amount of the revenues and costs associated with the services can be reliably measured; (b) there is a likelihood that the entity will receive the economic benefits associated with the transaction, and (c) the degree of progress of the service can be reliably measured.

Agricultural business

The revenues from the agriculture and livestock business activities originate mainly in sales of both agricultural and livestock products and biological assets, in the supply of different services related to agribusiness and in the lease of agricultural land.

Revenues from sales are accounted for when the agricultural products or the biological assets are delivered and the customers acquire ownership and assume the associated risks, all of which habitually happens when the products are either received, or directly picked up by customers, the collection of receivables is likely and the value of revenues may be reliably measured. Net sales of agricultural products represent the amount billed, net of discounts and bonuses, if any.

Besides, there is the supply of different services associated with the agricultural and livestock breeding business (including, though not limited to, irrigation and feedlot services) as well as brokerage services. Revenues from services are accounted for when the services are rendered.

We also lease land to third parties in the framework of operating leases. Revenues from leases are accounted for using the straight-line method throughout the lease period.

Urban Properties and Investments Business

Our revenues derive basically from leasing and operating space at offices and shopping centers in Argentina, developing and selling properties, financing consumption and operating hotels. This section reflects our policies concerning revenue recognition as well as the policies of our subsidiaries, both those in which we have a controlling

stake and those in which we have joint control.

Sales and Developments

Revenues from the development and sales of real estate include mainly the revenues from the sale of properties held for sale. The revenues from the sale of real estate are booked when the significant risks and rewards of ownership have been transferred to the buyer. This usually happens when the purchase and sale deeds are signed and when the transaction is not subject to conditions (except when the expectation is that the payment or completion will significantly occur after such exchange). When sales are subject to conditions, it is only when the conditions are satisfied that the sales are booked.

We apply the IFRIC 15 “Agreements for the Construction of Real Estate”. The IFRIC 15 lays down the guidelines to decide which standard to apply when accounting for the construction of real estate, that is the IAS 11 “Construction Contracts” or the IAS 18 “Revenue”. IFRIC 15 interprets that an agreement satisfies the requirements to be considered a construction contract under IAS 11 when the buyer is in a position to specify the main structural elements of the design of the property before or during the works. Besides, IFRIC 15 interprets that an agreement is for the sale of goods within the scope of IAS 18 when the construction works is conducted independently from the agreement and the buyer only has limited influence on the design. The Company analyzed the nature of its agreements and determined that they fall within the scope of IAS 18. Therefore, the Company recognizes revenues associated with the sale of residential homes and commercial units when the legal conveyance takes place according to IAS 18.

We also generally conduct barter transactions where we exchange plots of land for properties to be built on them with third-party developers for future units that are an integral part of the planned buildings. At times, the Company also receives cash as a part of the transaction. The title deed to the plots of land that are bartered, together with the risks and rewards associated with them, are transferred to the developer at the time of the sale. The Company generally demands that the developer should post surety bonds or raise mortgages over the plot of land in favor of the Company to guarantee performance. If the developer does not meet his duties, the Company forecloses on the mortgage or demands compensation on the surety bond, together with a cash penalty.

The Company determines that its barter transactions are in a commercial nature and that the conditions for recognizing income from the transfer of the plots have been satisfied at the time of execution of the barter transaction. Revenues are recognized at the fair value of the property delivered, adjusted by the cash amount received, if any. In exchange for the land assigned, the Company receives cash, if any, and a receivable in kind. Such receivable in kind is initially recognized at fair value but it is not adjusted in subsequent fiscal years. The receivable in kind is classified as Property held for sale in the financial statements.

The Company may sell residential units to third-party buyers once they are finished and have been transferred by the developer. In these cases, the revenues from these transactions are recognized when the significant risks and rewards of ownership have been actually transferred to the buyer. This normally happens when the title deed to the property is drawn up.

However, the Company may start to sell the residential units during the construction period or even before the construction period starts. In these cases, buyers generally make an initial payment to the Company, with the outstanding balance being paid at the time when the unit sold to the buyer is actually delivered. In these cases, it is only when the units have been transferred to the buyers and the title deeds are signed, in other words, at the time of the legal closing, that the revenues from these sales are booked. And the reason for this is that in the event of the developer failing to complete the residential units, and thus, failing to deliver them to the buyer, the Company will be contractually bound to reimburse the buyer for any initial payment received plus a fine. The Company may then institute legal proceedings against the developer on grounds of defaulting on the agreement. The Company considers that the most significant risk associated with the asset held by the Company (that is, the right to receive the units) is non-performance by the developer (that is, failure to complete the construction of the units) which risk is not been transferred to the buyers at the moment when the initial payment is received.

Office buildings and other leases and services

Revenues from office and other property rentals include mainly the revenues from office rentals in the form of operating leases, revenues from services and the expenses recovered from lessees.

Revenues from the rental of offices and other properties assigned in lease under operating leases are recognized in the statement of income using the straight-line method for the duration of such operating leases. When incentives are conferred, these are accounted for as a part of consideration for the use of the property and are therefore recognized by application of the straight-line method.

Contingent leases are booked as income in the periods in which they are collected. Rental increases are booked when they are agreed upon with the lessees.

Lease agreements also stipulate that the common area maintenance expenses associated with the Company's buildings and other rental properties are to be borne by the lessees, generally in a percentage proportion. Common area maintenance expenses comprise all those expenses that are necessary or advisable to operate, maintain, manage, safeguard, preserve, repair, supervise, cover with insurance and perfect the Company's rental buildings and properties. It is the Company who carries out management functions over its rental properties. The Company assumes responsibility for initially paying these expenses, which are subsequently recovered from lessees. The Company considers that it acts as principal in these cases. Revenues for these items are recognized when the services are supplied and are included within revenues from rentals and services, though separate from common area maintenance expenses. These expenses are charged to the statement of income as soon as they are incurred.

Shopping center leases and services

The revenues derived from the businesses conducted in the Company's shopping centers mainly comprise revenues from retail store rentals in the form of operating leases, admission fees, commissions and revenues from the different services rendered to the Company's lessees.

Pursuant to the Argentine Law No. 23,091, as amended by Law No, 24,808, the "Law of Leases", all lease agreements within its scope can be cancelled. Pursuant to the Law of Leases, no lease can be terminated during the first six months of the agreement, and once this term has expired, lessees are entitled to cancel their leases at any time subject to a previous notice served on the lessors. The payments for cancellation prescribed by the law to compensate lessors are equivalent to a month and a half's rental if the agreement is terminated during the first year of the lease and a month's rental if they are terminated after the first year.

The Company analyzed the definition of the lease term under IAS 17, which lays down that a noncancellable lease is a lease that can be cancelled only (a) in the event of any remote contingency, (b) when the lessor has given permission,

(c) if the lessee enters into a new lease with the same lessor, or (d) when the lessee pays an additional amount at the inception of the lease that results in assuming that lease continuity is reasonably certain.

The Company has determined that in all operating leases, the term of the lease for accounting purposes coincides with the lease term. The Company concluded that in spite of the ability to cancel leases contemplated by the law, lessees would incur significant economic penalties and other setbacks if their leases were cancelled prior to their expiration dates. The Company considers that the scope of these setbacks is such that lease continuity on the part of lessees is reasonably certain at the inception of the lease. The Company drew this conclusion in view of factors such as (i) the strategic geographical location of the Company's investment properties; (ii) the characteristics of lessees (most of whom are locally and internationally renowned chain stores), (iii) the limited availability of similar spaces in areas where the Company has its investment properties; (iv) lessees' brand images and other competition-related aspects; (v) the significant expenses incurred by lessees to renew, maintain and improve the spaces rented for them to reflect the lessee's own image; and (vi) that most of the Company's lessees only have shopping center outlets with only a few, or sometimes without, stores at the street level.

Lessees at shopping centers are generally bound to pay a lease that consists in the highest of: (i) a basic monthly rental (the "Base Rent"), and (ii) a specific percentage of monthly gross retail sales of the lessee (the "Percentage Rent") (which generally ranges from 4% to 10% of gross sales of the lessee). In addition, pursuant to the rental indexation clause in most leases, the lessee's Base Rent is generally increased between 7% and 12% per year during the term of the lease.

Besides, certain lease agreements include provisions that set forth variable rentals based on specific sales volumes or some other type of index.

The revenues derived from rentals of stores and other spaces in shopping centers in the form of operating leases with scheduled rental increases are recognized on a straight-tine basis over the term of those leases. Any incentives conferred by the Company to the lessees, if any, are recognized as reductions in the revenues from rentals on a straight-line basis over the term of the lease.

Contingent rentals, that is, the rentals whose prices are not pre-established and may not be determined at the inception of the lease, are recognized as revenues in the periods in which they are known and can be determined. The increases in rentals are accounted for at the time they are agreed upon with the lessees.

Lessees at the Company's shopping centers generally pay a non-reimbursable admission fee at the time they sign a lease agreement or when they renew an existing agreement. These admission fees are considered as additional revenues from rentals and are recognized in the statement of income on a straight-line basis over the term of the respective lease agreements.

The Company also acts as a real estate broker in negotiating and entering into the lease agreements for its shopping centers: it therefore receives commissions when acting in such capacity. A transaction is deemed to have been successful when both parties have signed the respective lease agreement. Commissions are considered to be additional revenues from rentals and are recognized in the statement of income on a straight-line basis over the term of the respective lease agreement.

Lease agreements also stipulate that the common area maintenance expenses associated with the Company's shopping centers are to be borne by the lessees, generally in a percentage proportion. Common area maintenance expenses comprise all those expenses that are necessary or advisable to operate, maintain, manage, safeguard, preserve, repair, supervise, cover with insurance and perfect the Company's shopping centers. It is the lessor who determines whether it is necessary or advisable to incur a given common area maintenance expense. The Company assumes responsibility for initially paying these expenses, which are subsequently recovered from lessees. The Company considers that it acts as principal in these cases.

Revenues for these items are included within revenues from rentals and services, though separate from common area maintenance expenses. These expenses are charged to the statement of income as soon as they are incurred.

Pursuant to the lease agreements, lessees are also obligated to participate in Common Advertising Funds (“FPC”) aimed at providing for the Company’s advertising and promotional activities. Participation in these funds generally comprises a percentage calculated over the lease prices accrued every month. Revenues for these items are equally included within revenues from rentals and services, though separate from advertising and promotional expenses. These expenses are charged to the statement of income as soon as they are incurred.

Besides, revenues from shopping centers also include revenues from management and other services, such as parking lots. These revenues are recognized in profit and loss for the year when the services are rendered.

Hotels

Revenues from hotel operations include mainly room services, catering and other services. Revenues from the sale of products at hotels are accounted for when the products are delivered and any significant risks and rewards of ownership are transferred to the buyer. Any revenues derived from sales of services are recognized at the time of rendering the service. All other revenues are booked on an accrual basis.

Segment Reporting

IFRS 8 mandates that entities should present financial and detailed information on its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity over which there is separately available financial information that is reviewed regularly by the Company’s Executive Committee (the Company’s chief operating decision maker when it comes to day-to-day decisions, without prejudice to the powers and duties of the board of directors in its role as the Company’s management body) to make decisions about how to allocate resources and assess segment performance. The Executive Committee evaluates the businesses based on the differences in the nature of their products, operations and risks. The amount reported for each segment item is the measurement relayed to the Executive Committee and subsequently reported to the highest-ranking decision maker in the Company’s management, that is, the Board of Directors, to this end. The actions taken by the board of directors are then evaluated by the Shareholders’ Meeting in its role as the Company’s governance body.

Any operating segments identified are presented as reportable segments if any of the following quantitative thresholds are reached:

- its reported revenue, from both external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; or
- the absolute measure of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of
 - the combined reported profit of all operating segments that did not report a loss and
 - the combined reported loss of all operating segments that reported a loss;
- or its assets are 10 per cent or more of the combined assets of all operating segments

Additionally, any operating segments that do not reach any of the preceding quantitative thresholds could be considered to be reportable segments if the Company’s Management estimates that said information could be useful to the users of its financial statements.

If, having determined reportable segments in accordance with the preceding quantitative thresholds, the total external revenues attributable to these segments total less than 75% of the Company's total consolidated external revenues, additional segments will be identified as reportable segments even when the preceding quantitative thresholds are not reached up and until at least 75% of the Company's total consolidated external revenues are included in the reportable segments. Once 75% of the Company's total consolidated external revenues are included as reportable segments, the rest of the operating segments are included in the column "Other".

Segment-based reports have been prepared and classified in accordance with the different types of businesses in which the Company conducts activities.

Agricultural business

We are primarily engaged in agricultural operations which are subject to risk, including market prices, weather conditions and environmental concerns. From time to time, we sell properties to profit from real estate appreciation opportunities and which, in the judgment of management, are surplus to the Company's primary operations.

During the fiscal years ended June 30, 2014 and 2013, our principal operations were carried out in Argentina, our country of domicile, Brazil, Bolivia and Paraguay.

We conduct business in eight business segments, organized primarily on a product line and geographical area basis, with each segment offering a variety of different but interrelated products:

Crops

This segment includes activities related to planting, harvesting and sale of cereals such as wheat, corn, soybean, cotton and sunflower. The Company is focused on the long-term yield of the land, seeking to maximize its use by means of crop rotation and the use of different technologies and techniques. In this way, the type and quantity of grains that are harvested varies from one farming season to another.

Cattle

This segment consists of the purchase and/or fattening of cattle herds in natural pastures for sale to meat packing plants and local cattle markets.

Dairy

This segment consists of the breeding and/or purchase of milking cows for the production of milk for sale to local producers of milk and dairy products.

Sugarcane

This segment consists in the planting, harvesting and sale of sugarcane.

Agricultural Rentals and Services

This segment includes the provision of agricultural services (for example, irrigation) and the lease of farmlands owned by the Company to third parties.

Sale and Transformation of Lands

This segment comprises the results generated by the sale of farmlands and land development activities.

Agro-industrial Activities

This segment consists in the fattening of cattle in feedlots and the slaughtering and processing of beef in meat packing plants. Feedlot cattle breeding requires specific care and diets that differ from those applicable to natural grass-fed cattle breeding. This activity represents a distinct operating segment due to the special features of the feedlot system and industrialized beef processing in meat packing plants.

Other segments

This segment includes the remaining operating segments that do not reach the quantity thresholds required for individual disclosure and comprises, inter alia, brokerage services and sales of supplies.

Urban Properties and Investments Business

We have determined that the reportable business units are those based on management information generated by the Company. Consequently, we have six reportable business units. These units are: "Shopping Centers", "Offices and Others", "Sales and Developments", "Hotels", "International" and "Financial Transactions and Other".

Below is a general description of each segment:

Shopping Centers

This segment includes the results from the activities related to the commercial operation and development of shopping centers, originated mainly in the lease of and provision of lease-related services to retail stores and other spaces in the Company's shopping centers.

Offices and Others

This segment includes mainly the Company's operating results from the lease of office spaces and the supply of services related to this activity.

Sales and Developments

This segment includes both the results from the sale of land reserves and/or real properties for sale and the results originated in their development and maintenance.

Hotels

This segment comprises the activities developed by the Company's hotels, primarily composed of revenue from accommodation, catering services and restaurants.

International

This segment includes the results from investments in equity investees that operate mainly in the United States, related to the lease of office buildings and hotels in such country.

Financial Transactions and Other

This segment includes the income or loss generated by our associates Banco Hipotecario and Tarshop and the residual financial operations from our subsidiary Apsamedia. Banco Hipotecario is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. Banco Hipotecario's shares are listed on the BASE. Both Tarshop's and Apsamedia's operations consist primarily of lending and servicing activities related to the credit card and personal loan products offered to consumers at retail revenues.

Argentine Macroeconomic Environment

The table below shows Argentina's GDP growth, inflation, dollar exchange rates and the appreciation (devaluation) of the Peso against the U.S. Dollar for the indicated periods.

	Fiscal year ended June 30,					
	2014		2013		2012	
GDP growth (6)	0.0	%	5.5	%	(1.5)	%
Inflation (IPIM)(1)	27.7	%	13.5	%	12.8	%
Inflation (CPI)(2)	15.0	% (5)	10.5	%	9.9	%
Appreciation (depreciation) of the Peso against the U.S. Dollar	(50.6	%)	(19.1	%)	(10.2	%)
Exchange rate per US\$ 1.00 as of the end of the year	Ps. 8.0830		Ps. 5.3680		Ps. 4.5070	
Average exchange rate per US\$1.00(3)	Ps. 6.9333		Ps. 4.9339		Ps. 4.3016	

(1) IPIM is the wholesale price index as measured by the Argentine Ministry of Economy and Production.

(2) CPI is the consumer price index as measured by the Argentine Ministry of Economy and Production.

(3) Represents average of the selling and buying exchange rate.

(4) Represents average month-end closing exchange rates.

(5) Since January 2014, the Argentine government established IPCNu which more broadly reflects consumer prices by considering price information from the 24 provinces of Argentina. Therefore, the consumer price index for the fiscal year ended June 30, 2014 only takes notice of the six month period after the new consumer price index was introduced.

(6) As from March, 2014, a new historic base starting in 2004, was established for the calculation and adjustment of the GDP figures.

Sources: INDEC, Argentine Ministry of Economy and Production, Banco de la Nación Argentina.

Factors that Affect our Results

Effects of the Argentine macroeconomic environment

Most of our assets are located in Argentina, where we conduct our operations. Therefore, our financial condition and the results of our operations are significantly dependent upon the economic conditions prevailing in Argentina.

Changes in short- and long-term interest rates, unemployment and inflation may reduce the availability of consumer credit and the purchasing power of individuals who frequent shopping centers. These factors, combined with low GDP growth, may reduce general consumption rates in our shopping centers. Since most of the lease agreements in our shopping centers, our main source of revenue, require tenants to pay a percentage of their total sales as rent, a general reduction in consumption may reduce our revenue. A reduction in the number of shoppers in our shopping centers and consequently, in the demand for parking, may also reduce our revenues from services rendered.

Effects of inflation

From 1997 until the end of year 2001, the Argentine government's policies substantially reduced the level of inflation. Therefore, during that period inflation did not significantly affect our financial condition and results of operations. The following are annual inflation rates since 2002, published by the Argentine Ministry of Economy and Production:

Year ended June 30,	Consumer Price Index		Wholesale Price Index	
2002	28.4	%	88.2	%
2003	10.2	%	8.1	%
2004	4.9	%	8.6	%
2005	9.0	%	7.7	%
2006	11.0	%	12.1	%
2007	8.8	%	9.4	%
2008	9.3	%	13.8	%
2009	5.26	%	5.4	%
2010	11.0	%	15.2	%
2011	9.67	%	12.5	%
2012	9.90	%	12.8	%
2013	10.5	%	13.5	%
2014	15.0	% (1)	27,7	%

(1) Since January 2014, the Argentine government established the IPCNu which more broadly reflects consumer prices by considering price information from the 24 provinces of the country. Therefore, the consumer price index for the fiscal year ended June 30, 2014 only takes notice of the six month period after the new consumer price index was introduced.

The increase in inflation may erode our present macroeconomic stability, causing a negative impact on our operations. The wholesale price index increased by 27,7 % in the fiscal year 2014, and the IPCNu for the six month period ended June 30, 2014 increased 15%.

Critical Accounting Policies

Our audited consolidated financial statements are prepared in accordance with IFRSs as issued by the IASB, and the accounting policies employed are set out in our Company's Accounting Policies section in the financial statements. In applying these policies, we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. The actual outcome could differ from those estimates. Some of these policies require a high level of judgment because the areas are especially subjective or complex.

The discussion below should also be read in conjunction with our disclosure of significant IFRSs accounting policies, included in Note 2 to our audited consolidated financial statements, "Summary of significant accounting policies".

We believe that the most critical accounting policies and significant areas of judgment and estimation are in:

§	Business combinations
§	Fair value of derivatives and other financial instruments
§	Allowance for trade receivables
§	Taxation
§	Trading properties
§	Impairment testing of goodwill and intangible assets
§	Biological assets and agricultural produce at the point of harvest

Business combinations – purchase price allocation

We account for the acquisition of subsidiaries using the acquisition method. Accounting for business combinations requires us the determination of the fair value of the various assets and liabilities of the acquired business. We use all available information to make these fair value determinations, and for major acquisitions, may hire an independent appraisal firm to assist us in making these fair value estimates. In some instances, assumptions with respect to the timing and amount of future revenues and expenses associated with an asset might have to be used in determining its fair value.

Actual timing and amount of net cash flows from revenues and expenses related to that asset over time may differ materially from those initial estimates, and if the timing is delayed significantly or if the net cash flows decline significantly, the asset could become impaired. The amount of goodwill initially recognized as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed.

Allocation of the purchase price affects our results as any identified finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

Upon our transition to IFRS we elected not to apply IFRS 3, “Business combinations”, retrospectively as the difficulty in applying these requirements to the large number of business combinations we completed from incorporation through to transition date exceeded any potential benefits. Therefore, business combinations occurred prior to transition date have not been restated.

Fair value of derivatives and other financial instruments

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are based on market conditions existing at statement of financial position. When no quoted prices in an active market are available, fair values (particularly with derivatives) are based on recognized valuation methods. We use a range of valuation models for the measurement of Level 2 and Level 3 instruments, details of which may be obtained from the following table:

Description	Pricing model	Pricing method	Parameters	Range
Foreign currency-contracts	Present value method	Theoretical price	Money market interest-rate curve; Foreign exchange curve.	-
Derivate related to “tender offer” of IDBD shares.	Black-Scholes	Theoretical price	Underlying asset price; share price volatility (historical) and money market interest-rate curve (Curve rate ILS).	Underlying asset price 3.5 a 4.7 Share price volatility 30% a 40% Money market interest rate 0.7% a 1%
Borrowing to acquire shares of IDBD.	Underlying market value	Theoretical price	Price of the underlying assets	-
Interest rate swaps	Cash flow	Theoretical price	Interest rate and cash flow forward contract.	-
Preferred shares of Supertel	Binomial tree	Theoretical price	Underlying asset price (Market price); share price volatility (historical) and money market interest-rate curve (Libor rate).	Underlying asset price 1.4 to 1.7 Share price volatility 55% to 75% Money market interest rate 0.75% to 0.9%
Warrants of Supertel	Black-Scholes	Theoretical price	Underlying asset price (Market price); share price volatility (historical) and money market interest-rate curve (Libor rate).	Underlying asset price 1.4 to 1.7 Share price volatility 55% to 75% Money market interest rate 0.75% to 0.9%

Call option of Arcos	Discounted cash flow	-	Projected income and discounted interest rate.	-
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Allowance for trade receivables

We maintain an allowance for trade receivables to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of an allowance for trade receivables, we base our estimates on the aging of accounts receivable balances and historical write-off experience, customer credit worthiness and changes in customer payment terms.

If the financial condition of customers were to deteriorate, actual write-offs might be higher than expected.

Taxation

We are subject to income taxes in numerous jurisdictions. Our tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment may not be always determined with certainty due to interpretation. The final resolution of some of these items may give rise to material profits, losses and/or cash flows. The complexity of our structure makes the estimation and judgment more challenging. The resolution of issues may not always be within our control and may depend on the efficiency of legal action, if necessary. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the consolidated income statement and tax payments.

We recognize deferred tax assets only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. We assess the realizability of deferred tax assets by considering whether it is probable that some portion or all of the deferred tax assets will not be realized. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

The amounts recognized in our audited consolidated financial statements in respect of each matter are derived from our best estimate and judgment as described in Note 5 to our audited consolidated financial statements.

Trading properties

Trading properties include land and work in progress in respect of development sites with a view to sale. Trading properties are carried at the lower of cost or net realizable value. On each development, judgment is required to assess whether the cost of land and any associated construction work in progress is in excess of its net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to completion and estimated selling costs.

The estimation of the net realizable value of our trading properties under development is inherently subjective due to a number of factors, including their complexity, unusually large size, the substantial expenditure required and long timescales to completion. In addition, as a result of these timescales to completion, the plans associated with these developments could be subject to significant variation. As a result, the net realizable values of our trading properties are subject to a degree of uncertainty and are made on the basis of assumptions, which may not prove to be accurate.

If actual results differ from the assumptions upon which the external valuer has based its valuation, this may have an impact on the net realizable value of our trading properties, which would in turn have an effect on our financial condition.

Impairment testing of goodwill and non-current assets other than goodwill

IFRS requires us to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, we are required to make certain assumptions in respect of highly uncertain matters including management's expectations of estimates of future cash flows, market rents for similar properties in the same location and condition, and discount rates.

For purposes of the impairment testing, we group assets at the lowest levels for which there are separately identifiable cash flows, known as cash generating units or CGUs. Given the nature of our assets and activities, most of our individual assets do not generate independent cash flows that are independent of those from CGUs. Therefore, we estimate the recoverable amount of the CGU to which the asset belongs, except where the fair value less costs to sell of the individual asset is higher than its book value; or the value in use of the asset can be estimated as being close to its fair value less costs to sell, where fair value can be reliably determined.

Generally, we consider each shopping center, office building, hotel and undeveloped property within our, shopping centers properties, offices, sales and developments, hotels, international and financial operations and others activities as a separate CGU. On the other hand, to the extent permitted by nature conditions of the soil and technology, we may use our farmland can for different agricultural activities that may generate independent cash flows from each other or within one single farmland. When we use farmland for single activities (i.e. crops), we consider it as one CGU.

Otherwise, when we use a same farmland for more than one activity (i.e. crops and cattle), we further subdivide it into two or more CGUs, as appropriate, for purposes of impairment testing.

We determine the fair value less costs-to-sell of farmland properties using the sales comparison approach. The sales comparison approach is based on the theory that the fair value of a property is directly related to the selling prices of similar properties. The fair value is the amount of money we would realize if sold at arm's length by a willing seller to a willing buyer. Prices of comparable properties nearby are used, which are adjusted due to differences in its size and condition. The most significant input in the valuation is the price per square meter determined by extensive analysis where farmland values are based on each land's productive capability and other factors such as climate and location including soil properties.

Further details of the methods, estimates and assumptions we make in our annual impairment testing of goodwill are included in Note 6 in the Consolidated Financial Statements. No impairment of goodwill was identified.

Biological assets and agricultural produce at the point of harvest

We measure biological assets, which include unharvested crops, beef and dairy cattle, sheep, and sugarcane plantations (at initial recognition, when the biological asset has attained significant biological growth, and at each subsequent measurement reporting date) and agricultural produce, which include harvested crop, raw meat, raw milk, wool and harvested sugarcane, among others, at fair value less costs to sell. We measure biological assets that have not attained significant biological growth or when the impact of biological transformation on price is not expected to be material, at cost less any impairment losses, which approximates fair value.

In determining the point in time at which our biological assets attain significant biological growth, and therefore, a fair value model is used, we are required to make certain significant assumptions in respect of highly uncertain matters. We generally use agronomical studies and other inputs and the corresponding agricultural produce obtained as a basis to determine these points in time. Details of the assumptions we make in our determination of significant biological growth are included in Note 6 of our audited consolidated financial statements.

When an active market exists for biological assets, we use the quoted market price in the most relevant market as a basis to determine the fair value of our biological assets, as in the case of cattle. For other biological assets where there is neither an active market nor market-determined prices during the growth cycle, we determine their fair value through the use of discounted cash flow (“DCF”) valuation.

Therefore, we generally derive the fair value of our growing biological assets from the expected cash flows of the related agricultural produce. The DCF method requires us to populate the models with highly subjective assumptions, including observable and unobservable inputs. The models we use to estimate the fair value of our biological assets are generally based on data not observable in the market, and the use of unobservable inputs is significant to the overall valuation of the assets. The unobservable inputs we use are generally determined based on the best information available, for example, by reference to historical information regarding past practices and results, statistical and agronomical information and other analytical techniques. Changes in the assumptions underlying such subjective inputs can materially affect our fair value estimates and impact our results of operations and financial condition from period to period. In contrast to biological assets whose fair value is generally determined using the DCF method, we typically determine the fair value of our agricultural produce at the point of harvest using market prices.

The key assumptions used in our models include market prices, estimated yields, and estimated costs, discount rates and others.

The market prices used in our DCF models are determined by reference to observable data in the relevant market for specific crops. We estimate our harvesting costs and other costs based on historical and statistical data. We estimate yields based on several factors, including the location of the farmland, soil type, environmental conditions, infrastructure and other restrictions and growth at the time of measurement. Yields are subject to a high degree of uncertainty and may be affected by several factors out of our control, including but not limited to extreme or unusual weather conditions, plagues and other diseases. Discount rates reflect current market assessments of the assets involved and the time value of money.

All of these assumptions are highly sensitive. Reasonable shifts in assumptions including but not limited to increases or decreases in prices, costs and discount factors used may result in a significant increase or decrease to the fair value of biological assets recognized at any given time. Cash flows are projected based on estimated production. Estimates of production in themselves are dependent on various assumptions, in addition to those described above, including but not limited to several factors such as location, environmental conditions and other restrictions. Changes in these estimates could materially impact on estimated production, and could therefore affect estimates of future cash flows used in the assessment of fair value. The valuation models and their assumptions are reviewed annually, or quarterly if warranted, and, if necessary, adjusted.

Further details on valuation methods, sensitivity analysis and other factors is included in Note 6 to our audited consolidated financial statements.

Business Segment Information

We are required to disclose segment information in accordance with IFRS 8, which establishes that an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”). Such function is carried out by our Executive Committee in deciding how to allocate resources and in assessing performance, without prejudice of the powers and responsibilities of the management body, that is to say, the Board of Directors. Our current members of the Executive Committee are Mrs. Eduardo S. Elsztain, Saúl Zang and Alejandro G. Elsztain. The CODM evaluates the business based on the differences in the nature of its products, operations and risks. The amount reported for each segment item is the measure reported to the CODM for these purposes. In turn, the Board of Directors’ management is assessed by the Shareholders’ Meeting, which is the governance body.

We operate in two businesses areas, “Agricultural” and “Investment and Development Properties” businesses, as further described below.

We operate our Agricultural business through eight reportable segments, “Crops”, “Cattle”, “Milk”, “Sugarcane”, “Agricultural Rentals and Services”, “Land Transformation” and Sales”, “Agro-industrial” and “Others” as further described below:

- Our “Crops” segment consists of planting, harvesting and sale of crops including wheat, corn, soybeans, cotton, and sunflower, which do not represent separate operating segments on an individual basis. We seek to maximize the use of our land through crop rotation, the use of technology and techniques, and the type and amount of crops cultivated may vary from one harvest year to another harvest year. In this way, we are focused on the long-term performance of our land, and to that extent, we assess the performance considering the aggregated combination, if any, of crops planted in the land.
- Our “Cattle” segment consists of breeding, purchasing and/ or fattening of free-range cattle for sale to meat processors and local livestock auction markets.
- Our “Dairy” segment consists of breeding and/ or purchasing dairy cows for the production of raw milk for sale to local milk and milk-related products producers.
- Our “Sugarcane” segment consists of planting, harvesting and sale of sugarcane.
- Our “Agricultural Rentals and Services” segment includes services, i.e. irrigation and farmland leases out to third parties.
-

Our “Land Transformation” and Sales” segment comprises the identification and acquisition of underdeveloped and undermanaged farmland property and the sale of farmland to profit from land value appreciation generated through the use of the land.

- Our “Agro-industrial” segment consists of feedlot farming for slaughtering process in our own packing plant or for cattle finishing services to third parties. Feedlot farming is distinctive and requires specific care and diets, which differ from those, provided to free-range cattle. We assess this activity separately due to the distinctive characteristics of the cattle feedlot system and its integration with industrialized meat processing.
- Our “Others” segment comprises the aggregation of the remaining operating segments, which do not meet the quantitative thresholds for disclosure, mainly brokerage activities.

We operate our Investment and Development Properties business through six reportable segments, namely “Shopping Centers Properties”, “Office and Other Rentals”, “Development and Sale of Properties”, “Hotels”, “International” and “Financial Operations and Others” as further described below:

- Our Shopping Centers Properties segment includes the operating results from our portfolio of shopping centers principally comprised of lease and service revenues related to rental of commercial space and other spaces in the shopping centers of the Company.
- Our “Offices and Others” segment includes the operating results of our lease and service revenues of office space and other non-retail building properties principally comprised of lease and service revenue from tenants.
- Our “Sales and Developments” segment includes the operating results of the sales of Undeveloped parcels of land and/or trading properties, as the results related with its development and maintenance.
- Our “Hotels” segment includes the operating results of our hotels mainly comprised of room, catering and restaurant revenues.
- Our “International” segment includes profit or loss on investments in subsidiaries and/or associates that mainly operate in the United States in relation to the lease of office buildings and hotels in that country, and the results arising from investment in IDBD at fair value.
- Our “Financial Operations and Others” segment primarily includes the financial activities carried out by the associates Banco Hipotecario and Tarshop, and e-commerce activities carried out by the associate Avenida Inc., among others. Banco Hipotecario is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. Banco Hipotecario’s shares are listed on the BASE. Both Tarshop’s and Apsamedia’s operations consist primarily of lending and servicing activities related to the credit card and personal loan products offered to consumers at retail venues.

For summarized analysis of the lines of business for the year ended June 30, 2014, 2013 and 2012. Please see the section Revenues by Business Segment for details.

In our Agricultural business, cattle, dairy and agro-industrial activities are mainly conducted in Argentina, crops activity is developed in Argentina, Brazil, Bolivia and Paraguay, while that sugarcane activity is developed in Brazil and Bolivia.

Our shopping center properties are all located in Argentina. Substantially all of our office and other rental properties are located in Argentina, except for two office building properties located in the United States of America which are owned by our subsidiary and associates. Our hotel properties are located in Argentina and United States. Our development properties are located in Argentina and Uruguay.

The operating results of Joint ventures operations from Cresca, Cyrsa, NPSF, Canteras Natal Crespo S.A., Puerto Retiro S.A., Baicom Networks S.A. and Quality Invest are presented under the method of proportionate consolidation. Under this method, the income/loss generated by joint businesses is reported in the income statements line-by-line, rather than in a single item as required by IFRS. Management believes that the proportional consolidation method provides more useful information to understand the business return, because the assets and income/loss generated by consolidated operations are similar to the assets and income/loss booked under the equity method. This is due to the fact that under the proportional consolidation method, revenues and expenses are reported separately, instead of offsetting and reporting them as a single item in the statement of income. As a result, the proportionate format is what the CODM considers in assessing and understanding the performance and results of operations of the development property business as a whole. On the other hand, operating results of Entertainment Holding S.A. joint venture is accounted for under the equity method. Management believes that, in this case, this method provides more adequate information for this type of investment, given its low materiality and considering it is a company without direct trade operations, where the main assets consists of an indirect interest of 25% of la Rural S.A..

The CODM evaluates performance of business segments based on segment profit. The measurement principles for our segment reporting structure are based on the IFRS principles adopted in the consolidated financial statements, except for our share of profit or loss of joint ventures as discussed in the segment tables above. Revenue generated and goods and services exchanged between segments are calculated on the basis of market prices. Intercompany transactions between segments, if any, are eliminated.

The following tables present a reconciliation between the total results of operations as shown in the section Revenues by Business Segment and the results of operations as per the statement of income for the fiscal years ended June 30, 2014, 2013 and 2012. The adjustments relate to the presentation of the results of operations of the joint ventures on an equity-accounted basis for IFRS income statement purposes.

	Fiscal Year ended June 30, 2014 (Restated)			
	Total segment information	Adjustment for share of profit/(loss) of joint ventures	Adjustment to income for elimination of inter-segment transactions	Total Income statements
Revenues	4,709,973	(67,888)	(38,074)	4,604,011
Costs	(4,015,757)	64,660	36,505	(3,914,592)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	1,172,739	(20,086)	-	1,152,653
Changes in net realizable value of agricultural produce after harvest	(17,447)	-	-	(17,447)
Gross profit / (loss)	1,849,508	(23,314)	(1,569)	1,824,625

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Gain from disposal of investment properties	230,918	-	-	230,918
Gain from disposal of farmlands	91,356	-	-	91,356
General and administrative expenses	(539,720)	3,447	2,334	(533,939)
Selling expenses	(359,041)	5,949	366	(352,726)
Other operating results, net	(77,438)	3,561	(1,131)	(75,008)
Profit from Operations before share of Profit / (Loss) of associates and joint ventures	1,195,583	(10,357)	-	1,185,226
Share of profit / (loss) of associates and joint ventures	(425,287)	16,636	-	(408,651)
Profit from operations before financing and taxation	770,296	6,279	-	776,575

	June 30, 2013			
			Adjustment to income for elimination of	
	Total segment information	Adjustment for share of profit /(loss) of joint ventures	inter-segment transactions	Total Income statements
Revenues	3,682,738	(142,659)	(11,528)	3,528,551
Costs	(3,251,565)	120,774	10,296	(3,120,495)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	888,493	(1,749)	-	886,744
Changes in net realizable value of agricultural produce after harvest	11,756	-	-	11,756
Gross Profit / (Loss)	1,331,422	(23,634)	(1,232)	1,306,556
Gain from disposal of investment properties	177,999	-	-	177,999
Gain from disposal of farmlands	149,584	-	-	149,584
General and administrative expenses	(353,003)	4,846	1,774	(346,383)
Selling expenses	(291,207)	11,632	112	(279,463)
Other operating results, net	96,324	2,398	(654)	98,068
Profit from Operations before share of profit / (loss) of associates and joint ventures	1,111,119	(4,758)	-	1,106,361
Share of profit / (loss) of associates and joint ventures	(11,673)	1,855	-	(9,818)
Profit from operations before financing and taxation	1,099,446	(2,903)	-	1,096,543

	June 30, 2012			
	Total segment information	Adjustment for share of profit /(loss) of joint ventures	Adjustment to income for elimination of inter-segment transactions	Total Income statements
Revenues	3,006,550	(130,386)	(16,315)	2,859,849
Costs	(2,591,634)	112,729	14,686	(2,464,219)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	708,706	(7,760)	-	700,946
Changes in net realizable value of agricultural produce after harvest	2,600	120	-	2,720
Gross profit / (loss)	1,126,222	(25,297)	(1,629)	1,099,296
Gain from disposal of investment properties	116,689	-	-	116,689
Gain from disposal of farmlands	45,490	-	-	45,490
General and administrative expenses	(327,148)	4,512	1,959	(320,677)
Selling expenses	(212,531)	11,902	168	(200,461)
Other operating results, net	(98,226)	5,343	(498)	(93,381)
Profit from operations before share of profit / (loss) of associates and joint ventures	650,496	(3,540)	-	646,956
Share of profit / (loss) of associates and joint ventures	13,683	(10,887)	-	2,796
Profit from operations before financing and taxation	664,179	(14,427)	-	649,752

Total segment assets are allocated based on the operations of the segment and the physical location of the asset. According to the analysis above, segment assets include the proportionate share of the assets of joint ventures. The statement of financial position under IFRS shows the net investment in these joint ventures as a single item.

Total reportable segments' assets are reconciled to total assets as per the statement of financial position as follows:

	June 30, 2014 (Restated)	June 30, 2013	June 30, 2012
Total reportable assets as per segment information	10,972,702	8,388,733	7,610,843
Deconsolidation of investment properties	(137,253)	(160,900)	(215,838)
Deconsolidation of property, plant and equipment	(272,982)	(65,700)	(55,320)
Deconsolidation of trading properties	(5,908)	(20,160)	(125,433)
Deconsolidation of goodwill	(5,235)	(5,238)	(846)
Deconsolidation of biological assets	(10,899)	(1,902)	(2,168)
Deconsolidation of inventories	(10,083)	(3,063)	(2,419)
Deconsolidation of investments in associates and joint ventures	372,094	300,810	260,519
Total assets as per the statement of financial position	10,902,436	8,432,580	7,469,338

Below is a summarized analysis of the lines of business of the Company for the years ended June 30, 2014, 2013 and 2012:

	Year ended June 30, 2014 (Restated)		
	Agricultural business (I)	Urban Properties and Investments (II)	Total
Revenues	1,812,108	2,897,865	4,709,973
Costs	(2,617,972)	(1,397,785)	(4,015,757)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	1,172,739	-	1,172,739
Changes in net realizable value of agricultural produce after harvest	(17,447)	-	(17,447)
Gross profit	349,428	1,500,080	1,849,508
Gain from disposal of investment properties	-	230,918	230,918
Gain from disposal of farmlands	91,356	-	91,356
General and administrative expenses	(239,654)	(300,066)	(539,720)
Selling expenses	(208,932)	(150,109)	(359,041)
Other operating results, net	(29,516)	(47,922)	(77,438)
(Loss) / profit from operations	(37,318)	1,232,901	1,195,583
Share of profit / (loss) of associates and joint ventures	11,479	(436,766)	(425,287)
Segment (loss) / profit	(25,839)	796,135	770,296
Investment properties	51,432	3,540,437	3,591,869
Property, plant and equipment	2,417,078	237,860	2,654,938
Trading properties	-	143,059	143,059
Goodwill	10,428	24,784	35,212
Units to be received under barter	-	85,077	85,077
Assets held for sale	-	1,357,866	1,357,866
Biological assets	651,582	-	651,582
Inventories	432,634	17,220	449,854
Investments in associates and joint ventures	37,226	1,966,019	2,003,245
Total segment assets	3,600,380	7,372,322	10,972,702

Segment information (Continued)

	Year ended, June 30, 2013		
	Agricultural business (I)	Urban properties and investments	Total
		(II)	
Revenues	1,355,430	2,327,308	3,682,738
Costs	(2,045,779)	(1,205,786)	(3,251,565)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	888,493	-	888,493
Changes in net realizable value of agricultural produce after harvest	11,756	-	11,756
Gross profit	209,900	1,121,522	1,331,422
Gain from disposal of investment properties	-	177,999	177,999
Gain from disposal of farmlands	149,584	-	149,584
General and administrative expenses	(154,231)	(198,772)	(353,003)
Selling expenses	(173,976)	(117,231)	(291,207)
Other operating results, net	3,899	92,425	96,324
Profit from operations	35,176	1,075,943	1,111,119
Share of profit/ (loss) of associates and joint ventures	9,191	(20,864)	(11,673)
Segment profit	44,367	1,055,079	1,099,446
Investment properties	25,317	4,306,984	4,332,301
Property, plant and equipment	1,675,420	231,734	1,907,154
Trading properties	-	129,677	129,677
Goodwill	6,438	75,852	82,290
Units to be received under barter	-	93,225	93,225
Biological assets	402,594	-	402,594
Inventories	239,011	16,428	255,439
Investments in associates and joint ventures	31,223	1,154,830	1,186,053
Total segment assets	2,380,003	6,008,730	8,388,733

Segment information (Continued)

	Year ended, June 30, 2012		
	Agricultural	Urban	Total
	business (I)	properties and investments (II)	
Revenues	1,092,634	1,913,916	3,006,550
Costs	(1,619,868)	(971,766)	(2,591,634)
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	708,706	-	708,706
Changes in net realizable value of agricultural produce after harvest	2,600	-	2,600
Gross profit	184,072	942,150	1,126,222
Gain from disposal of investment properties	-	116,689	116,689
Gain from disposal of farmlands	45,490	-	45,490
General and administrative expenses	(149,286)	(177,862)	(327,148)
Selling expenses	(116,540)	(95,991)	(212,531)
Other operating results, net	(61,729)	(36,497)	(98,226)
(Loss) / profit from operations	(97,993)	748,489	650,496
Share of profit of associates and joint ventures	5,655	8,028	13,683
Segment (loss) / profit	(92,338)	756,517	664,179
Investment properties	30,398	3,481,800	3,512,198
Property, plant and equipment	1,675,841	228,033	1,903,874
Trading properties	-	218,295	218,295
Goodwill	5,927	11,059	16,986
Units to be received under barter	-	93,225	93,225
Biological assets	366,102	-	366,102
Inventories	240,207	15,659	255,866
Investments in associates and joint ventures	27,452	1,216,845	1,244,297
Total segment assets	2,345,927	5,264,916	7,610,843

(I) Agriculture line of business:

The following tables present the reportable segments of the agriculture line of business of the Company for the years ended June 30, 2014, 2013 and 2012:

	June 30, 2014 (Restated)										
	Agriculture				Agricultural Rentals and services	Agricultural Subtotal	Land Transformation		Agro- industrial	Others segments	Agro- business
	Crops	Cattle	Dairy	Sugarcane			Sales	and			
Revenues (i)	836,822	90,315	53,935	123,851	29,142	1,134,065	-	554,084	123,959	1,134,065	
Costs	(1,540,681)	(160,660)	(104,334)	(206,751)	(17,374)	(2,029,800)	(8,228)	(479,689)	(100,255)	(2,029,800)	
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	868,351	145,321	62,840	96,227	-	1,172,739	-	-	-	1,172,739	
Changes in net realizable value of agricultural produce after harvest	(17,624)	177	-	-	-	(17,447)	-	-	-	(17,447)	
Gross profit / (loss)	146,868	75,153	12,441	13,327	11,768	259,557	(8,228)	74,395	23,704	343,714	
Gain from disposal of farmlands	-	-	-	-	-	-	91,356	-	-	91,356	
General and administrative expenses	(148,986)	(27,811)	(5,879)	(28,261)	(2,729)	(213,666)	(1,156)	(16,880)	(7,952)	(269,465)	
Selling expenses	(117,860)	(13,831)	(2,244)	(4,871)	(777)	(139,583)	(3,872)	(54,751)	(10,726)	(229,838)	
Other operating results, net	(28,276)	(1,914)	(588)	(552)	(299)	(31,629)	(116)	(868)	3,097	(32,303)	
Profit / (loss) from operations	(148,254)	31,597	3,730	(20,357)	7,963	(125,321)	77,984	1,896	8,123	(36,338)	
Share of profit / (loss) of associates and joint ventures	11,003	33	-	-	-	11,036	-	-	443	11,512	
Segment profit / (loss)	(137,251)	31,630	3,730	(20,357)	7,963	(114,285)	77,984	1,896	8,566	(25,313)	

Investment properties	-	-	-	-	51,432	51,432	-	-	-	51,432
Property, plant and equipment	1,701,388	158,507	19,451	423,902	9,794	2,313,042	51,534	18,930	33,572	2,437,118
Goodwill	6,745	-	-	3,025	-	9,770	-	-	658	10,198
Biological assets	154,630	316,816	37,263	142,873	-	651,582	-	-	-	651,582
Inventories	303,754	32,535	-	-	-	336,289	-	22,875	73,470	439,138
Investments in associates and joint ventures	34,315	103	-	-	-	34,418	-	-	2,808	37,226
Total segment assets (ii)	2,200,832	507,961	56,714	569,800	61,226	3,396,533	51,534	41,805	110,508	3,407,506

(i) From all of the Company's revenues corresponding to agricultural business, Ps. 1,277.62 million is originated in Argentina and Ps. 534.49 million in other countries, principally Brazil for Ps. 415.02 million.

(ii) From all of the Company's assets included in the segment corresponding to agricultural business, Ps. 1,252.06 million is located in Argentina and Ps. 2,348.32 million in other countries, principally Brazil for Ps. 1,727.36 million.

June 30, 2013

	Agriculture				Agricultural Rentals and services	Agricultural Subtotal	Land Transformation		Other segments	Agri- bu
	Crops	Cattle	Dairy	Sugarcane			And Sales	Agro- industrial		
Revenues (i)	750,376	82,939	38,818	160,259	30,834	1,063,226	-	208,921	83,283	1,33
Costs	(1,227,832)	(147,290)	(74,826)	(302,206)	(12,052)	(1,764,206)	(5,675)	(204,681)	(71,217)	(2,0
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	572,081	79,336	40,741	197,317	-	889,475	-	-	(982)	888
Changes in net realizable value of agricultural produce after harvest	11,801	(45)	-	-	-	11,756	-	-	-	11,7
Gross profit / (loss)	106,426	14,940	4,733	55,370	18,782	200,251	(5,675)	4,240	11,084	209
Gain from disposal of farmlands	-	-	-	-	-	-	149,584	-	-	149
General and administrative expenses	(90,141)	(13,719)	(3,125)	(24,163)	(4,416)	(135,564)	(572)	(10,986)	(7,109)	(15
Selling expenses	(116,120)	(11,359)	(1,813)	(4,006)	(1,671)	(134,969)	(10,623)	(21,507)	(6,877)	(17
Other operating results, net	(7,530)	(1,857)	(412)	(27)	(582)	(10,408)	(75)	(1,305)	15,687	3,8
Profit / (loss) from operations	(107,365)	(11,995)	(617)	27,174	12,113	(80,690)	132,639	(29,558)	12,785	35,
Share of profit of associates and joint ventures	8,117	-	-	-	-	8,117	-	-	1,074	9,1
Segment profit / (loss)	(99,248)	(11,995)	(617)	27,174	12,113	(72,573)	132,639	(29,558)	13,859	44,
Investment properties	-	-	-	-	25,317	25,317	-	-	-	25,

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Property, plant and equipment	1,115,211	136,824	21,440	303,283	456	1,577,214	58,026	20,287	19,893	1,6
Goodwill	4,443	-	-	1,995	-	6,438	-	-	-	6,4
Biological assets	56,395	197,202	28,134	111,063	-	392,794	-	-	9,800	402
Inventories	201,729	23,617	-	939	-	226,285	-	10,419	2,307	239
Investments in associates and joint ventures	28,858	-	-	-	-	28,858	-	-	2,365	31,
Total segment assets (ii)	1,406,636	357,643	49,574	417,280	25,773	2,256,906	58,026	30,706	34,365	2,3

(i) From all of the Company's revenues corresponding to agricultural business, Ps. 803.9 million is originated in Argentina and Ps. 551.5 million in other countries, principally Brazil for Ps. 453.2 million.

(ii) From all of the Company's assets included in the segment corresponding to agricultural business, Ps. 883.1 million is located in Argentina and Ps. 1,496.9 million in other countries, principally Brazil for Ps. 1,190.1 million.

June 30, 2012

	Agriculture					Agricultural Rentals and services	Agricultural Subtotal	Land Transformation		Other segments	To Agriculture
	Crops	Cattle	Dairy	Sugarcane	And Sales			Agro- industrial			
Revenues (i)	636,831	134,088	30,168	98,882	25,333	925,302	-	112,280	55,052	1,092,000	
Costs	(1,051,867)	(175,595)	(57,841)	(167,921)	(2,567)	(1,455,791)	(4,653)	(113,314)	(46,110)	(1,610,000)	
Initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest	513,404	78,982	34,010	82,251	-	708,647	-	-	59	708,706	
Changes in net realizable value of agricultural produce after harvest	2,460	140	-	-	-	2,600	-	-	-	2,600	
Gross profit / (loss)	100,828	37,615	6,337	13,212	22,766	180,758	(4,653)	(1,034)	9,001	184,000	
Gain from disposal of farmlands	-	-	-	-	-	-	45,490	-	-	45,490	
General and administrative expenses	(86,771)	(14,926)	(2,939)	(19,429)	(3,700)	(127,765)	(507)	(7,389)	(13,625)	(149,336)	
Selling expenses	(88,464)	(11,599)	(1,247)	-	(1,318)	(102,628)	(1,003)	(7,617)	(5,292)	(116,203)	
Other operating results, net	(56,910)	(2,376)	(460)	(12)	(579)	(60,337)	(79)	136	(1,449)	(61,725)	
Profit / (loss) from Operations	(131,317)	8,714	1,691	(6,229)	17,169	(109,972)	39,248	(15,904)	(11,365)	(97,953)	
Share of profit / (loss) of associates and joint ventures	6,018	-	-	-	-	6,018	-	-	(363)	5,655	
Segment profit / (loss)	(125,299)	8,714	1,691	(6,229)	17,169	(103,954)	39,248	(15,904)	(11,728)	(92,300)	
	-	-	-	-	30,398	30,398	-	-	-	30,398	

Investment
properties

Property, plant and equipment	1,182,139	169,060	14,545	222,050	2,363	1,590,157	55,555	21,303	8,826	1,675,000
Goodwill	4,090	-	-	1,837	-	5,927	-	-	-	5,927
Biological assets	57,102	183,817	25,987	96,389	-	363,295	-	-	2,807	366,100
Inventories	193,534	40,597	1,596	2,474	1,950	240,151	-	-	56	240,200
Investments in associates and joint ventures	25,563	-	-	-	-	25,563	-	-	1,889	27,452
Total segment assets (ii)	1,462,428	393,474	42,128	322,750	34,711	2,255,491	55,555	21,303	13,578	2,345,000

(i) From all of the Company's revenues corresponding to agricultural business, Ps. 662.6 million is originated in Argentina and Ps. 430.0 million in other countries, principally Brazil for Ps. 347.2 million.

(ii) From all of the Company's assets included in the segment corresponding to agricultural business, Ps. 797.7 million is located in Argentina and Ps. 1,548.2 million in other countries, principally Brazil for Ps. 1,287.2 million.

(II) Urban properties and investments

The following tables present the reportable segments of the urban properties and investments line of business of the Company for the years ended June 30, 2014, 2013 and 2012:

June 30, 2014 (Restated)

	Shopping Center Properties	Offices and Others	Sales and developments	Hotels	International	Financial operations and others	Total Urban Properties and Investments
Revenues (i)	2,048,516	340,862	85,531	331,562	90,820	574	2,897,865
Costs	(969,597)	(115,070)	(34,963)	(216,768)	(60,404)	(983)	(1,397,785)
Gross profit / (loss)	1,078,919	225,792	50,568	114,794	30,416	(409)	1,500,080
Gain from disposal of investment properties	(82)	-	231,000	-	-	-	230,918
G e n e r a l a n d administrative expenses	(101,538)	(41,945)	(37,466)	(59,585)	(59,476)	(56)	(300,066)
Selling expenses	(73,427)	(20,751)	(13,706)	(42,335)	-	110	(150,109)
Other operating results, net	(46,568)	(3,060)	8,137	(2,680)	(895)	(2,856)	(47,922)
Profit / (loss) from operations	857,304	160,036	238,533	10,194	(29,955)	(3,211)	1,232,901
Share of profit / (loss) of associates and joint ventures	-	(895)	6,368	789	(616,313)	173,285	(436,766)
Segment profit / (loss)	857,304	159,141	244,901	10,983	(646,268)	170,074	796,135
Investment properties	2,275,053	834,480	423,442	-	-	7,462	3,540,437
Property, plant and equipment	20,455	36,415	3,744	175,745	1,501	-	237,860
Trading properties	1,484	-	141,575	-	-	-	143,059
Goodwill	8,582	11,661	4,541	-	-	-	24,784
Units to be received under barter	9,264	-	75,813	-	-	-	85,077
Assets held for sale (iii)	-	-	-	-	1,357,866	-	1,357,866
Inventories	10,625	-	584	6,011	-	-	17,220
I n v e s t m e n t s i n associates and joint ventures	-	23,208	38,289	22,129	628,658	1,253,735	1,966,019
Total segment assets (ii)	2,325,463	905,764	687,988	203,885	1,988,025	1,261,197	7,372,322

(i) From all of the Company's revenues corresponding to urban properties and investment business, Ps. 2,807 million is originated in Argentina and Ps. 91 million in United States.

(ii) From all of the Company's assets included in urban properties and investment business, Ps. 5,273 million is located in Argentina and Ps. 2,099 million in other countries, principally in United States for Ps. 1,988 million.

(iii) See Note 44 for details.

June 30, 2013

	Shopping Center Properties	Offices and Others	Sales and developments	Hotels	International	Financial operations and others	Total Urban Properties and Investments
Revenues (i)	1,625,013	292,355	141,996	225,836	40,905	1,203	2,327,308
Costs	(772,987)	(122,159)	(106,558)	(169,071)	(33,494)	(1,517)	(1,205,786)
Gross profit	852,026	170,196	35,438	56,765	7,411	(314)	1,121,522
Gain from disposal of investment properties	-	-	177,999	-	-	-	177,999
General and administrative expenses	(67,596)	(34,984)	(32,901)	(49,883)	(13,158)	(250)	(198,772)
Selling expenses	(58,908)	(11,360)	(16,456)	(28,919)	-	(1,588)	(117,231)
Other operating results, net	(45,020)	(247)	6,342	(369)	135,082	(3,363)	92,425
Profit / (loss) from operations	680,502	123,605	170,422	(22,406)	129,335	(5,515)	1,075,943
Share of profit / (loss) of associates and joint ventures	-	(2,514)	1,569	83	(82,552)	62,550	(20,864)
Segment profit / (loss)	680,502	121,091	171,991	(22,323)	46,783	57,035	1,055,079
Investment properties	2,249,180	857,782	447,363	-	744,587	8,072	4,306,984
Property, plant and equipment	17,385	29,830	3,972	180,348	199	-	231,734
Trading properties	1,484	106	128,087	-	-	-	129,677
Goodwill	8,582	11,661	4,540	-	51,069	-	75,852
Units to be received under barter	9,264	-	83,961	-	-	-	93,225
Inventories	10,003	-	463	5,962	-	-	16,428
Investments in associates and joint ventures	-	23,385	32,759	21,339	802	1,076,545	1,154,830
Total segment assets (ii)	2,295,898	922,764	701,145	207,649	796,657	1,084,617	6,008,730

(i) From all of the Company's revenues corresponding to urban properties and investment business, Ps. 2,286 million is originated in Argentina and Ps. 41 million in United States, respectively.

(ii) From all of the Company's assets included in the urban properties and investment business, Ps. 5,131 million is located in Argentina and Ps. 877 million in other countries, principally in United States for Ps. 797 million.

June 30, 2012

	Shopping Center Properties	Offices and Others	Sales and developments	Hotels	International	Financial operations and other
R e v e n u e s						
(i)	1,321,589	254,729	162,750	170,012	-	4,836
Costs	(633,473)	(99,027)	(119,623)	(117,956)	-	(1,687)
G r o s s profit	688,116	155,702	43,127	52,056	-	3,149
Gain from disposal of investment properties	-	-	116,689	-	-	-
General and administrative expenses	(58,324)	(36,058)	(36,473)	(37,873)	(8,838)	(296)
S e l l i n g expenses	(44,175)	(10,049)	(21,136)	(22,788)	-	2,157
Other operating results, net	(23,126)	(5,804)	(6,820)	(1,526)	43	736
Profit / (loss) from operations	562,491	103,791	95,387	(10,131)	(8,795)	5,746
Share of profit / (loss) of associates and joint ventures	-	-	1,046	(134)	(77,135)	84,251
S e g m e n t profit	562,491	103,791	96,433	(10,265)	(85,930)	89,997
I n v e s t m e n t properties	2,139,447	980,178	362,175	-	-	-
Property, plant and equipment	15,989	26,359	4,164	181,322	199	-
T r a d i n g properties	-	-	218,295	-	-	-
Goodwill	1,667	9,392	-	-	-	-
Units to be received under barter	9,264	-	83,961	-	-	-
Inventories	10,394	-	474	4,791	-	-
Investments in associates and joint ventures	-	-	28,727	21,256	118,326	1,048,530
Total segment assets						
(ii)	2,176,761	1,015,929	697,796	207,369	118,525	1,048,530

(i) The Company's revenues are entirely originated in Argentina.

(ii) From all of the Company's assets included in the urban properties and investment business, Ps. 5,085 million is located in Argentina and Ps. 180 million in other countries, principally in United States for Ps. 119 million, respectively.

Income/(loss) from interests in joint ventures:

As stated in Note 2.(e) to our consolidated financial statements as of June 30, 2014, 2013 and 2012 and for the years then ended, the income/(loss) from joint ventures Cresca, Cyrsa, Canteras Natal Crespo S.A., Puerto Retiro, Baicom Networks S.A., NPSF, Quality Invest and EHSA, are presented by application of the equity method in the line “Shares of (loss) / profit of associates and joint ventures” in the consolidated statement of income.

However, as indicated in Note 6 to our consolidated financial statements as of June 30, 2014, 2013 and 2012 and for the years then ended, in the business segment reporting, the operating results of these joint ventures are presented by application of proportionate consolidation. This method presents the results of joint ventures in the Income statement line by line. The operating results of joint ventures are allocated to each business segment based on the nature of the operations that give rise to them.

In addition, the business segment reporting contemplates certain transactions between related parties that have been eliminated at the level of the Income statement but are, nonetheless, representative of genuine revenues and/or costs of each segment. These transactions include, mainly, leases of spaces and management fees.

Comparability of information:

During this fiscal year, Argentina’s Peso devalued against the U.S. Dollars and other currencies by approximately 51%, which causes an impact on the comparability of the figures disclosed in the financial statements stemming from exposure to the exchange rate, above all in our revenues from office rentals and our net assets and liabilities as detailed in Note 40, denominated in foreign currency; as well as the Income/(loss) from our International segment.

Shopping Centers Properties:

In August 2011, the Company acquired a 50% of the capital stock of NPSF, a joint venture that owns the “La Ribera Shopping” shopping center. However, neither the income/(loss) from this joint venture in the Income statement nor the proportionate consolidation of this joint venture in the business segment reporting within the Shopping Centers Properties segment were significant for the fiscal years presented.

Offices and Others :

On top of the effect of the above-mentioned devaluation, the revenues and costs from our Offices and Others segment, saw their comparability affected by partial sales of properties for rental allocated to that segment. In this respect, during the fiscal years 2014 and 2013, there were sales for 8,744 square meters of leasable surface area (approximately 6.2% of total leasable area at the beginning of the fiscal year), and 14,442 square meters of leasable surface area (approximately 9.4% of total leasable area at the beginning of the fiscal year), respectively.

Additionally, in November 2012, the Company acquired a 25% of the capital stock in La Rural (through our joint venture EHSA) which holds an usufruct agreement over the fairground in the City of Buenos Aires. However, the results of the interest accounted for under the equity method of this investment both in the Income statement and in the business segment reporting within the Offices and Others segment was not significant for the fiscal years presented and therefore, it had not quantitative effect on information comparability.

International:

When it comes to the International segment, information comparability is affected primarily by the above-mentioned devaluation and, though to a lesser extent, by the 12-month consolidation in the year 2014 compared to the 9-month

consolidation in the year 2013 of the results of Rigby 183, the owner of the Madison 183 building allocated to rentals.

Financial Operations and Others:

The operating result of the Financial Operations and Others segment primarily reflects the residual consumer financing activities from APSAMedia (Metroshop's surviving company and presently merged with APSA), which have been decreasing progressively in the fiscal years under discussion.

Additionally, as from fiscal 2014, this segment includes the income/(loss) from our ownership interest in Avenida Inc., acquired in this fiscal year. Through Avenida Compras, Avenida Inc. is primarily engaged in e-commerce. The result from our interest in Avenida Inc., both in the Income statement and in the business segment reporting was not significant and has therefore no quantitative effects on information comparability.

Cresud's Results of Operations for the fiscal years ended on June 30, 2014 and 2013

The following terms used herein with the meanings specified:

Agricultural Business

Revenues.

Sales: consist of sales of crops, milk and cattle beef. Sales are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectibility is reasonably assured. Revenue from cattle feeding operations, primarily comprised of feeding, animal health and yardage, and revenue from operating leases and brokerage activities are recognized as services are performed.

Costs.

Cost of Production: cost of production consists of costs directly related to the transformation of biological assets and agricultural produce

Cost of Sales: Our cost of sales consists of:

- (i) the book value of the product sold at the time of sale; and
- (ii) certain direct costs related to the sales of agricultural produce other than selling expenses

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

Biological assets and agriculture produce at the point of harvest are measured at fair value less costs to sell on initial recognition and at each statement of financial position date, except where fair value cannot be reliably measured. Cost approximates fair value when little or no biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Changes in fair value less cost to sell are charged to income as incurred.

Changes in the net realizable value of agricultural produce after harvest

Our gain (loss) from holding inventories and biological assets (livestock) consists of changes in their carrying amount.

Urban properties and investment properties business

Shopping centers portfolio

Revenues derived from business activities developed in the Company's shopping centers mainly include rental income under operating leases, admission rights, commissions and revenue from several services provided to the Company's lessees. In addition, some lease contracts include provisions that set forth variable rent based on specific volumes of sales and other types of ratios.

Revenue includes income from managed operations such as car parking lots. In addition, revenue includes income from property management fees.

Office and other rental properties portfolio

Rental income from office and other rental properties include rental income from office leased out under operating leases, income for services and expenses recovery paid from tenants.

Development and sale property activities of the Company

Revenue primarily comprises the proceeds from development and sale of trading properties.

Hotel operations of the Company:

Revenue from hotel operations primarily comprises room accommodation, catering and other services.

Operating results

Fiscal year ended June 30, 2014 compared to fiscal year ended June 30, 2013

REVENUES

Our total sales increased 30.5% from Ps. 3,528.6 million for the fiscal year 2013 to Ps. 4,604.0 million for the fiscal year 2014. This was mainly due to a 31.12% increase in the Agricultural business, from Ps. 1,341.4 million in the fiscal year 2013 to Ps. 1,758.8 million in the fiscal year 2014 and a 30.1% increase in the Urban properties and investment business, from Ps. 2,187.2 million in the fiscal year 2013 to Ps. 2,845.2 million in the fiscal year 2014.

Agricultural business

Fiscal Year ended on June 30, 2014 (Restated)

Revenues	Interests in			Segment-reporting
	Income statement	joint ventures	Inter-segment eliminations	
Crops	817,702	19,120	-	836,822
Cattle	61,691	2,242	26,382	90,315
Dairy	53,935	-	-	53,935
Sugarcane	123,851	-	-	123,851
Agricultural Rentals and services	29,044	-	98	29,142
Agricultural Subtotal	1,086,223	21,362	26,480	1,134,065
Land transformation and sales	-	-	-	-
Agro-industrial	548,740	-	5,344	554,084
Other segments	123,872	87	-	123,959
Total Agricultural business revenues	1,758,835	21,449	31,824	1,812,108

Fiscal Year ended on June 30, 2013

Revenues	Interests in			Segment-reporting
	Income statement	joint ventures	Inter-segment eliminations	
Crops	745,932	4,260	184	750,376
Cattle	74,534	2,145	6,260	82,939
Dairy	38,818	-	-	38,818
Sugarcane	160,259	-	-	160,259
Agricultural Rentals and services	30,815	-	19	30,834
Agricultural Subtotal	1,050,358	6,405	6,463	1,063,226
Land transformation and sales	-	-	-	-
Agro-industrial	207,755	-	1,166	208,921
Other segments	83,258	25	-	83,283
Total Agricultural business revenues	1,341,371	6,430	7,629	1,355,430

Total sales increased 31.12%, from Ps. 1,341.4 million in the fiscal year 2013 to Ps. 1,758.8 million in the fiscal year 2014. This was due to an increase of Ps. 71.8 million in the Crops segment, an increase of Ps. 15.1 million in the Dairy segment, an increase of Ps. 341.0 million in the Agro-industrial segment and an increase of Ps. 40.6 million in the Other segment, offset by a decrease of Ps. 12.8 million in the Cattle segment, a Ps. 36.4 million reduction in the Sugarcane segment and a Ps. 1.7 million reduction in the Agricultural Rentals and Services segment.

In turn, income from interests in our joint ventures increased 233.6% from Ps. 6.4 million in the fiscal year 2013 to Ps. 21.4 million in the fiscal year 2014, primarily as a result of a 348.8% increase of crops sold in Cresca, from Ps. 4.3 million in the fiscal year 2013 to Ps. 19.1 million in the fiscal year 2014.

By the same token, inter-segment revenues rose by 317.1%, up from Ps. 7.6 million in the fiscal year 2013 to Ps. 31.8 million in the fiscal year 2014, primarily owing to the cattle sales during the fiscal year to our subsidiary Sociedad Anónima Carnes Pampeanas that pass from Cattle segment to Agro-industrial segment.

Thus, according to the business segment reporting by segment and considering all our joint ventures as well as inter-segment eliminations, revenues grew by 33.7% up from Ps. 1,355.4 million in the fiscal year 2013 to Ps. 1,812.1

million in the fiscal year 2014.

Crops

Sales from the Crops segment rose 9.6%, from Ps. 745.9 million in the fiscal year 2013 to Ps. 817.7 million in the fiscal year 2014, mainly as a result of:

- a 33.3% increase in average prices of crops sold, from Ps. 1,438 per ton in the fiscal year 2013 to Ps. 1,916 per ton in the fiscal year 2014;
- partially offset by a reduction of 92,135 tons in the volume of grains sold in the fiscal year 2014 compared to the previous fiscal year; and

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- a 2.8% reduction in production volume, from 354,898 tons in the fiscal year 2013 to 344,937 tons in the fiscal year 2014.

The following table shows a breakdown of the sales of crops:

	Sale of Crops (in tons)		
	Fiscal Year ended June 30,		
	2014	2013	Variation
	(Restated)		
Corn	179,121	271,144	(92,023)
Soybean	216,969	207,211	9,758
Wheat	11,359	10,735	624
Sorghum	3,083	5,217	(2,134)
Sunflower	9,745	10,550	(805)
Other	6,497	14,051	(7,554)
Total Sales	426,774	518,908	(92,134)

Cattle

Sales from the Cattle segment decreased 17.2%, from Ps. 74.5 million in the fiscal year 2013 to Ps. 61.7 million in the fiscal year 2014, mainly as a result of:

- a 18.6% increase in the average price per kilogram sold, from Ps. 8.6 in the fiscal year 2013 to Ps. 10.2 in the fiscal year 2014;
- a 8.6% reduction in the beef sales volume, from 9,323 tons in the fiscal year 2013 to 8,580 tons in the fiscal year 2014; and
- a 9.3% reduction in the volume of beef production, from 7,593 tons in the fiscal year 2013 to 6,890 tons in the fiscal year 2014.

Dairy

Sales revenues from the Dairy segment increased 38.9%, from Ps. 38.8 million in fiscal year 2013 to Ps. 53.9 million in fiscal year 2014, mainly as a result of:

- a 33.6% increase in the average price of dairy, from Ps. 2.02 per liter in fiscal year 2013 to Ps. 2.70 per liter in fiscal year 2014;
 - a 6.1% increase in the average number of dairying cows; and
- a 5.1% increase in the volume of sales, from 17,871 liters in fiscal year 2013 to 18,787 liters in fiscal year 2014.

Sugarcane

Sales revenues from the Sugarcane segment decreased 22.7%, from Ps. 160.3 million in fiscal year 2013 to Ps. 123.9 million in fiscal year 2014, mainly as a result of:

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504,206 less tons of sugarcane sold in fiscal year 2014 as compared to the previous fiscal year, mainly by Brasilagro. The lower amount of tons of sugarcane sold during the fiscal year is explained by harvesting timing differences, as in the previous season it was concentrated from June to October 2012 and thus included the 11-12 and 12-13 harvests, while in the current season it was concentrated from April to September 2013; and

- partially offset by a 36.76% increase in the average price of sugarcane sold, from Ps. 136 per ton in fiscal year 2013 to Ps. 186 per ton in fiscal year 2014.

Agricultural Rentals and Services

Sales revenues from the Agricultural Rentals and Services segment decreased by 5.74%, from Ps. 30.8 million in fiscal year 2013 to Ps. 29.0 million in fiscal year 2014, mainly as a result of:

- a 39.3% reduction in leases, due to Cresud's failure to renew several agreements, including Las Lajitas, Los Leones, Anta el dorado, Ancami and Ceiballito (for Ps. 9 million);

- a 117.6% increase in revenues from production of seeds (Ps. 4.9 million) mainly due to the higher price of corn and soybean and to a lesser extent, the production volume; and
- an increase of 24.6% in revenues from irrigation services originated by the impact of the exchange rate, showing an increase of Ps. 0.87 million and a rise of 20% in the milliliters sold as compared to fiscal year 2013.

Agro-industrial

Sales revenues from the Agro-industrial segment increased 164.1%, from Ps. 207.8 million in fiscal year 2013 to Ps. 548.7 million in fiscal year 2014, mainly as a result of:

- an 80% increase in slaughtering volumes and the differential resulting from the higher price of beef and sub-products; and
- it should be noted that from November 2013 to February 2014 the produce slaughtered under the kosher ritual was exported to Israel, increasing sales volumes; and
- another relevant factor in such increase has been the sustained appreciation of the exchange rate as compared to the previous year.

Other segments

Sales revenues from the Other segment increased by 48.8%, from Ps. 83.3 million in fiscal year 2013 to Ps. 123.9 million in fiscal year 2014, mainly due to:

- an increase of Ps. 22.5 million in resales of supplies and others; and
- an increase of Ps. 16.5 million in commodity brokerage services.

Urban Properties and Investments Business

Revenues	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	2,031,985	15,083	1,448	2,048,516
Offices and Others	327,594	8,466	4,802	340,862
Sales and Developments	62,641	22,890	-	85,531
Hotels	331,562	-	-	331,562
International	90,820	-	-	90,820
Financial Operations and Others	574	-	-	574
Total Urban Properties and Investments business revenues	2,845,176	46,439	6,250	2,897,865

Revenues	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	1,613,285	11,728	-	1,625,013
Offices and Others	281,084	7,372	3,899	292,355
Sales and Developments	24,867	117,129	-	141,996
Hotels	225,836	-	-	225,836

International	40,905	-	-	40,905
Financial Operations and Others	1,203	-	-	1,203
Total urban properties and investments business revenues	2,187,180	136,229	3,899	2,327,308

Sales revenues from the Urban Properties and Investments business increased 30.1%, from Ps. 2,187.2 million in fiscal year 2013 to Ps. 2,845.2 million in fiscal year 2014. This was mainly due to an increase of Ps. 418.7 million in the Shopping Centers Properties segment, an increase of Ps. 46.5 million in the Offices and Others segment, an increase of Ps. 105.7 million in the Hotels segment, an increase of Ps. 49.9 million in the International segment, and an increase of Ps. 37.8 million in the Sales and Developments segment, partially offset by Ps. 0.6 million in the Financial Operations and Other segment.

In turn, income from interests in our joint ventures showed a 65.9% decrease, down from Ps. 136.2 million in the fiscal year 2013 to Ps. 46.5 million in the fiscal year 2014, primarily owing to a smaller amount of revenues from sales related to the Horizons project, from the Cyrsa joint venture.

By the same token, inter-segment revenues rose by 59.0%, up from Ps. 3.9 million in the fiscal year 2013 to Ps. 6.2 million in the fiscal year 2014, primarily owing to the refurbishment during the fiscal year of some square meters at our Abasto shopping center which started to be leased by us as part of its administrative offices.

Thus, according to the business segment reporting by segment and considering all our joint ventures as well as inter-segment eliminations, revenues grew by 24.5% up from Ps. 2,327.3 million in the fiscal year 2013 to Ps. 2,897.9 million in the fiscal year 2014.

Costs

Total costs of the Company increased 25.4%, from Ps. 3,120.5 million in the fiscal year 2013 to Ps. 3,914.6 million in the fiscal year 2014. This was mainly a result of a 26.1% increase in the Agricultural business, from Ps. 2,023.3 million in the fiscal year 2013 to Ps. 2,550.5 million in the fiscal year 2014 and a 24.3% increase in the Urban properties and investment business from Ps. 1,097.2 million in the fiscal year 2013 to Ps. 1,364.1 million in the fiscal year 2014.

Agricultural business

Costs	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(1,509,500)	(31,181)	-	(1,540,681)
Cattle	(150,810)	(4,408)	(5,442)	(160,660)
Dairy	(104,334)	-	-	(104,334)
Sugarcane	(206,751)	-	-	(206,751)
Agricultural Rentals and services	(17,374)	-	-	(17,374)
Agricultural Subtotal	(1,988,769)	(35,589)	(5,442)	(2,029,800)
Land tranformation and sales	(8,228)	-	-	(8,228)
Agro-industrial	(453,307)	-	(26,382)	(479,689)
Other segments	(100,170)	(85)	-	(100,255)
Total Agricultural business costs	(2,550,474)	(35,674)	(31,824)	(2,617,972)

Costs	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(1,216,190)	(11,642)	-	(1,227,832)
Cattle	(142,621)	(3,319)	(1,350)	(147,290)
Dairy	(74,826)	-	-	(74,826)
Sugarcane	(302,206)	-	-	(302,206)
Agricultural Rentals and services	(12,052)	-	-	(12,052)
Agricultural Subtotal	(1,747,895)	(14,961)	(1,350)	(1,764,206)
Land tranformation and sales	(5,675)	-	-	(5,675)

Agro-industrial	(198,402)	-	(6,279)	(204,681)
Other segments	(71,286)	69	-	(71,217)
Total agricultural business costs	(2,023,258)	(14,892)	(7,629)	(2,045,779)

Total costs increased 26.1%, from Ps. 2,023.3 million in the fiscal year 2013 to Ps. 2,550.5 million in the fiscal year 2014. This was caused mainly by an increase of Ps. 293.3 million in the Crops segment, an increase of Ps. 8.2 million in the Cattle segment, an increase of Ps. 29.5 million in the Dairy segment, an increase of Ps. 5.3 million in the Agricultural Rentals and Services segment, an increase of Ps. 2.6 million in the Land Transformation and Sales segment, an increase of Ps. 254.9 million in the Agro-industrial segment and an increase of Ps. 28.9 million in the Other segment, offset by a reduction of Ps. 95.5 million in the Sugarcane segment.

In turn, the costs from our joint ventures exhibited a net increase of Ps. 20.8 million, rise from Ps. 14.9 million in the fiscal year 2013 to Ps. 35.7 million in the fiscal year 2014, primarily as a result of an increase of Ps. 19.6 million in crops costs from Cresca, from Ps. 11.6 million in the fiscal year 2013 to Ps. 31.2 million in the fiscal year 2014.

By the same token, inter-segment costs rose Ps. 24.2 million, up from Ps. 76 million in the fiscal year 2013 to Ps. 31.8 million in the fiscal year 2014, mainly due to the cost of cattle sales during the fiscal year to our subsidiary Sociedad Anónima Carnes Pampeanas that pass from Cattle segment to Agro-industrial segment.

Thus, according to the business segment reporting by segment and considering all our joint ventures as well as inter-segment eliminations, costs grew by 28.0% up from Ps. 2,045.8 million in the fiscal year 2013 to Ps. 2,618.0 million in the fiscal year 2014.

Crops

Costs from the Crops segment increased 19%, from Ps. 1,216.2 million for fiscal year 2013 to Ps. 1,509.5 million for fiscal year 2014. Costs from the Crops segment are detailed in the following table:

	Fiscal Year	
	2014 (Restated)	Fiscal Year 2013
	In thousands of Ps.	
Cost of sales	770,932	622,650
Cost of production	738,569	593,540
Total Costs	1,509,501	1,216,190

The cost of sales from the Crops segment increased 23.8% from Ps. 622.6 million in the fiscal year 2013 to Ps. 770.9 million in the fiscal year 2014, mainly as a result of:

- a 50.5% increase in the average cost per ton of grain sold in the fiscal year 2014, from Ps. 1,200 in the fiscal year 2013 to Ps. 1,806 in the fiscal year 2014, mainly as a result of the higher average market prices of grains; and
- slightly offset by a 17.8% reduction in the volume of tons sold as compared to the previous fiscal year.

The cost of sales as a percentage of sales was 83.5% in the fiscal year 2013 and 94.3% in the fiscal year 2014.

The cost of production from the Crops segment increased 24.4% from Ps. 593.5 million in the fiscal year 2013 to Ps. 738.6 million in the fiscal year 2014, mainly as a result of:

- a 22.6% increase in direct production costs during this fiscal year as compared to the previous one, mainly affected by the inflationary context that impacts both on the prices of leases and supplies used (agrochemicals and seeds);
- slightly offset by lower production volumes in the fiscal year 2014 as compared to fiscal year 2013; and
- a larger number of hectares in operation in own farmlands in the fiscal year 2014 as compared to fiscal year 2013.

Total cost of production per ton increased 26.1%, from Ps. 1,482 per ton in the fiscal year 2013 to Ps. 1,869 per ton in the fiscal year 2014, mainly as a result of higher direct costs of production in the fiscal year 2014 as compared to fiscal year 2013.

Cattle

Costs of the Cattle segment increased 5.7%, from Ps. 142.6 million for fiscal year 2013 to Ps. 150.8 million for fiscal year 2014. The following table shows the costs from the Cattle segment:

	Fiscal Year	
	2014	Fiscal Year
	(Restated)	2013
	In thousands of Ps.	
Cost of sales	69,105	70,635
Cost of production	81,705	71,986
Total costs	150,810	142,621

The cost of sales from the Cattle segment decreased 2.2%, from Ps. 70.6 million in the fiscal year 2013 to Ps. 69.1 million in the fiscal year 2014, mainly as a result of:

- a 7.4% reduction in beef sales volumes in the fiscal year 2014; and
- partially offset by higher cost per kilogram sold in fiscal year 2014.

Cost of production of the Cattle segment increased 13.5%, from Ps. 72.0 million in the fiscal year 2013 to Ps. 81.7 million in the fiscal year 2014. The higher cost of production from the Cattle segment during the fiscal year 2014 was mainly due to:

- higher payroll expenses;
- higher lease expenses, as in 2014 various farmlands intended for livestock production in the Province of Buenos Aires were leased;
 - higher feed costs due to the increase of animals in our own farmlands fattened in feedlots; and
- offset by lower costs from our subsidiary Cactus due to the discontinuance of its livestock activities in 2014.

Dairy

Costs of the Dairy segment increased 39.4%, from Ps. 74.8 million for fiscal year 2013 to Ps. 104.3 million for fiscal year 2014. The following table contains a detail of the costs of the Dairy segment:

	Fiscal Year 2014 (Restated)	Fiscal Year 2013
	In thousands of Ps.	
Cost of sales	51,686	37,667
Cost of production	52,648	37,159
Total costs	104,334	74,826

The cost of sales from the Dairy segment increased 37.2%, from Ps. 37.7 million in the fiscal year 2013 to Ps. 51.7 million in the fiscal year 2014, mainly as a result of:

- a 5.1% increase in dairy sales volumes; and
- a 33.5% increase in dairy price levels that impacted on the cost of sales.

Cost of production of the Dairy segment increased 41.7%, from Ps. 37.2 million in the fiscal year 2013 to Ps. 52.6 million in the fiscal year 2014. This rise was mainly due to the impact of higher direct and indirect costs, affecting the cost of production per liter of dairy, which increased from Ps. 2.01 per liter of dairy in the fiscal year 2013 to Ps. 2.73 per liter of dairy in the fiscal year 2014.

Sugarcane

Costs of the Sugarcane segment decreased 31.6%, from Ps. 302.2 million for fiscal year 2013 to Ps. 206.8 million for fiscal year 2014. The following table contains a detail of the costs of the Sugarcane segment:

	Fiscal Year 2014	Fiscal Year 2013
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	(Restated)	
	In thousands of Ps.	
Cost of sales	105,618	158,152
Cost of production	101,133	144,054
Total costs	206,751	302,206

Cost of sales from the Sugarcane segment decreased 33.2%, from Ps. 158.2 million in the fiscal year 2013 to Ps. 105.6 million in the fiscal year 2014, mainly as a result of:

- a reduction of 504,206 tons of sugarcane sold in fiscal year 2014 compared to the previous fiscal year, mainly in our Brazilian subsidiary; and
- offset by a 16.6% increase in the average cost per ton of sugarcane sold in the fiscal year 2014, from Ps. 134 in the fiscal year 2013 to Ps. 156 per ton in the fiscal year 2014.

The cost of sales as a percentage of sales was 98.7% in the fiscal year 2013 and 85.3% in the fiscal year 2014.

The cost of production of the Sugarcane segment decreased 29.8%, from Ps. 144.1 million in fiscal year 2013 to Ps. 101.1 million in fiscal year 2014, mainly as a result of a lower production volume in fiscal year 2014 as compared to fiscal year 2013, caused by harvesting timing differences, as in the previous season it was concentrated from June to October 2012 and thus included the 11-12 and 12-13 harvests, while in the current season it was concentrated from April to September 2013.

The total cost of production per ton increased 23.2%, from Ps. 125 per ton in fiscal year 2013 to Ps. 154 per ton in fiscal year 2014.

Agricultural Rentals and Services

Cost of sales from the Agricultural Rentals and Services segment increased 44.2%, from Ps. 12.1 million for fiscal year 2013 to Ps. 17.4 million for fiscal year 2014, mainly as a result of:

- higher lease costs in Brasilagro, due to the amortization of new soil improvement works and structural expenses in the Preferencia farm, which was leased after such expenses had been incurred;
- higher costs from seed production services, reflecting the increase in the cost of supplies (mostly in US\$) and in production volumes; and
 - a 42.2% increase in irrigation service costs.

Land transformation and sales

Cost of sales from the Sale and Transformation of Lands segment increased 45.0%, from Ps. 5.7 million for fiscal year 2013 to Ps. 8.2 million for fiscal year 2014, mainly due to increases in salary-related items, in particular the share incentive plan.

Agro-industrial

Cost of sales from the Agro-industrial segment increased 128.5%, from Ps. 198.4 million for fiscal year 2013 to Ps. 453.3 million for fiscal year 2014, with a significantly lower incidence of raw materials from the meat packing plant on purchase prices, favoring the increase in the gross marginal contribution.

Others

The cost of sales of the Other segments increased 40.5%, from Ps. 71.3 million in the fiscal year 2013 to Ps. 100.2 million in the fiscal year 2014, mainly as a result of higher costs from the brokerage business related to the increase in the number of commodity trading transactions through FyO for Ps. 13.6 million and higher costs generated by the resale of supplies and others for Ps. 14.0 million.

Urban Properties and Investment Business

Costs	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint	Inter-segment eliminations	Segment-reporting

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		ventures		
Shopping Centers Properties	(956,359)	(8,557)	(4,681)	(969,597)
Offices and Others	(110,633)	(4,437)	-	(115,070)
Sales and Developments	(18,971)	(15,992)	-	(34,963)
Hotels	(216,768)	-	-	(216,768)
International	(60,404)	-	-	(60,404)
Financial Operations and Others	(983)	-	-	(983)
Total urban properties and investments business costs	(1,364,118)	(28,986)	(4,681)	(1,397,785)

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	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Costs				
Shopping Centers Properties	(763,460)	(6,860)	(2,667)	(772,987)
Offices and Others	(117,349)	(4,810)	-	(122,159)
Sales and Developments	(12,346)	(94,212)	-	(106,558)
Hotels	(169,071)	-	-	(169,071)
International	(33,494)	-	-	(33,494)
Financial Operations and Others	(1,517)	-	-	(1,517)
Total urban properties and investments business costs	(1,097,237)	(105,882)	(2,667)	(1,205,786)

Cost of sales from our Urban properties and investment business increased 24.3%, from Ps. 1,097.2 million in the fiscal year 2013 to Ps. 1,364.1 million in the fiscal year 2014. This was mainly due to an increase of Ps. 192.9 million in the Shopping Center segment, an increase of Ps. 6.6 million in the Sales and Developments segment, an increase of Ps. 47.7 million in the Hotels segment and an increase of Ps. 26.9 million in the International segment, slightly offset by a decrease of Ps. 6.7 million in the Offices and Others segment and a decrease of Ps. 0.5 million in the Financial Operation and Other segment.

In turn, the costs from our joint ventures exhibited a 72.6% net decrease, down from Ps. 105.9 million in the fiscal year 2013 to Ps. 29.0 million in the fiscal year 2014, due primarily to the reduction in costs caused by the reduction in sales in the Horizons project.

By the same token, inter-segment costs rose by 74.1%, up from Ps. 2.7 million in the fiscal year 2013 to Ps. 4.7 million in the fiscal year 2014, mainly due to a change in the distribution of our Shopping Centers Properties costs.

Thus, according to the business segment reporting by segment and considering all our joint ventures as well as inter-segment eliminations, costs grew by 15.9% up from Ps. 1,205.8 million in the fiscal year 2013 to Ps. 1,397.8 million in the fiscal year 2014.

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

	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest				
Crops	848,578	19,773	-	868,351
Cattle	145,008	313	-	145,321
Dairy	62,840	-	-	62,840
Sugarcane	96,227	-	-	96,227
Agricultural Rentals and services	-	-	-	-
Agricultural Subtotal	1,152,653	20,086	-	1,172,739
Land transformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-

Total Agricultural business	1,152,653	20,086	-	1,172,739
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Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	571,020	1,061	-	572,081
Cattle	78,648	688	-	79,336
Dairy	40,741	-	-	40,741
Sugarcane	197,317	-	-	197,317
Agricultural Rentals and services	-	-	-	-
Agricultural Subtotal	887,726	1,749	-	889,475
Land tranformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	(982)	-	-	(982)
Total agricultural business	886,744	1,749	-	888,493

Our revenues from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest increased 30.0%, from Ps. 886.7 million for fiscal year 2013 to Ps. 1,152.7 million for fiscal year 2014.

In turn, income from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest from interests in our joint ventures increased 1,048.4% from Ps. 1.7 million in the fiscal year 2013 to Ps. 20.1 million in the fiscal year 2014.

On the other hand, there was no inter-segment eliminations for incomes from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest.

Thus, according to the business segment reporting by segment and considering all our joint ventures, incomes from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest grew by 32.0% up from Ps. 888.5 million in the fiscal year 2013 to Ps. 1,172.7 million in the fiscal year 2014.

Crops

Production income from the Crops segment increased 40.0%, from Ps. 476.6 million in the fiscal year 2013 to Ps. 667.1 million in the fiscal year 2014, mainly as a result of:

- a 44.0% increase in the average production price of grains;
- partially offset by a 2.8% reduction in the total production volume, from 354,898 tons in the fiscal year 2013 to 344,937 tons in the fiscal year 2014.

As of June 30, 2014 the harvested area was 99.9% of our total sown area, compared to 98.2% as of June 30, 2013.

The following table shows the number of tons produced and total production income as of June 30, 2014 and 2013:

Crops Production Income (in tons and thousands of Ps.)

	Fiscal year ended June 30,			
	2014 (Restated)		2013	
	Tons	Ps.	Tons	Ps.
Corn	85,474	85,105	107,257	83,416
Soybean	235,871	550,023	220,106	354,053
Wheat	12,373	11,929	4,505	3,740
Sorghum	3,411	1,191	5,181	2,403
Sunflower	5,884	15,657	12,437	21,230
Other	1,924	3,212	5,412	11,766
Total	344,937	667,117	354,898	476,608

Estimated results from the valuation of our crops in progress at reasonable value increased 176.8% from Ps. 56.7 million in the fiscal year 2013 to Ps. 156.9 million in the fiscal year 2014 mainly due to an increase of 183.5% in corn crops.

Cattle

Production income from the Cattle segment increased 84.4%, from Ps. 78.6 million in the fiscal year 2013 to Ps. 145.0 million in the fiscal year 2014, mainly as a result of:

- a 9.0% increase in the average price per kilogram produced, from Ps. 8.9 per kilogram in the fiscal year 2013 to Ps. 9.7 per kilogram in the fiscal year 2014;

- offset by a 9.3% reduction in beef production volume from 7,593 tons in the fiscal year 2013 to 6,890 tons in the fiscal year 2014.

The calving rate increased slightly, whereas the death rate recorded a mild increase during the fiscal year 2014 as compared to fiscal year 2013.

The number of hectares devoted to Cattle production increased from 91,053 hectares in fiscal year 2013 to 95,745 hectares in fiscal year 2014 due to a smaller number of hectares devoted to Cattle production leased to third parties.

Results from cattle holdings increased 701.5%, from a gain of Ps. 9.5 million in the fiscal year 2013 to a gain of Ps. 76.3 million in the fiscal year 2014, mainly as a result of the inflationary context and the currency devaluation occurred in the last semester, which resulted in a significant rise in prices.

Dairy

Production income from the Dairy segment increased 54.2%, from Ps. 40.7 million in fiscal year 2013 to Ps. 62.8 million in fiscal year 2014. This increase was mainly due to:

- the result from holding of dairying cows, which increased 168.8%, from a gain of Ps. 3.2 million in fiscal year 2013 to a gain of Ps. 8.6 million in fiscal year 2014, as the inflationary context and the devaluation occurred during the last semester led to a significant rise in prices;
- a 33.5% increase in the average price of dairy, from Ps. 1.94 per liter in fiscal year 2013 to Ps. 2.59 per liter in fiscal year 2014; and
- to a lesser extent, an increase of 4.3% in dairy production volumes, from 18.5 million liters in fiscal year 2013 to 19.3 million liters during this fiscal year. This increase in production volume was mainly due to a higher average number of dairying cows per day, from 2,439 dairying cows per day in fiscal year 2013 to 2,588 dairying cows per day in fiscal year 2014, partially offset by a 2.9% reduction in the efficiency level of average daily dairy production per cow, from 20.8 liters per cow in fiscal year 2013 to 20.2 liters per cow in fiscal year 2014.

Sugarcane

Production income from the Sugarcane segment decreased 51.2%, from Ps. 197.3 million in fiscal year 2013 to Ps. 96.2 million in fiscal year 2014, mainly as a result of:

Actual production income

- a decrease in total production volume of 43.2%, from 1,156,848 tons in fiscal year 2013 to 657,547 tons in fiscal year 2014; and
 - offset by a 23.3% increase in the average production price of sugarcane.

The 43.2% decrease in production volume from the Sugarcane segment was mainly due to a 11.5% reduction in our average yield and harvesting timing differences, as in the previous season it was concentrated from June to October 2012 and thus included the 11-12 and 12-13 harvests, while in the current season it was concentrated from April to September 2013.

The following table shows the actual tons produced and income as of June 30, 2014 and 2013:

Sugarcane Production Income (In tons and thousands of Ps.)

	Fiscal year ended June 30,			
	2014 (Restated)		2013	
	Tons	Ps.	Tons	Ps.
Sugarcane	657,547	96,200	1,156,848	197,300

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 decreased significantly from a gain of Ps. 45.3 million in fiscal year 2013 to a loss of Ps. 10.3 million in fiscal year 2014 mainly generated by Brasilagro. This variation originated mainly in Brazil, and was caused by the following factors:

- the number of estimated hectares went down from a year-on-year decrease of 2% in fiscal year 2013 to a year-on-year decrease of 12% in fiscal year 2014;
- the estimated yields went down from a from a year-on-year increase of 3% in fiscal year 2013 to a year-on-year decrease of 1% in fiscal year 2014; and
- the estimated unit costs went up from a year-on-year increase of 11% in fiscal year 2013 to a year-on-year increase of 18% in fiscal year 2014.

Others

Income from initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest from the Other segments increased significantly, from a loss of Ps. 1.0 million in fiscal year 2013 to Ps. 0.0 million in fiscal year 2014, due to the variation in the valuation of the timber stocks at fair value in fiscal year 2014.

Changes in the net realizable value of agricultural produce after harvest

Changes in the net realizable value of agricultural produce after harvest	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(17,624)	-	-	(17,624)
Cattle	177	-	-	177
Dairy	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rentals and services	-	-	-	-
Agricultural subtotal	(17,447)	-	-	(17,447)
Land transformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Total agricultural business	(17,447)	-	-	(17,447)

Changes in the net realizable value of agricultural produce after harvest	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	11,801	-	-	11,801
Cattle	(45)	-	-	(45)
Dairy	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rentals and services	-	-	-	-
Agricultural Subtotal	11,756	-	-	11,756
Land transformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Total Agricultural business	11,756	-	-	11,756

Income from changes in the net realizable value of agricultural produce after harvest decreased significantly, from a gain of Ps. 11.8 million in fiscal year 2013 to a loss of Ps. 17.4 million in fiscal year 2014. This was caused mainly by a reduction of Ps. 29.4 million in the Crops segment (due to the discontinuance in fiscal year 2014 of corn exports made in fiscal year 2013, which resulted in a higher valuation of corn), offset by a slight increase of Ps. 0.2 million in the Cattle segment.

There were no interest in joint ventures neither inter-segment eliminations for income from changes in the net realizable value of agricultural produce after harvest.

Gross income / (loss)

As a result of the above mentioned factors, the Company's gross income increased 39.6%, from Ps. 1,306.6 million in the fiscal year 2013 to Ps. 1,824.6 million in the fiscal year 2014. This was caused mainly by:

- a 58.6% increase in the Agricultural business, from a Ps. 216.6 million income in the fiscal year 2013 to a Ps. 343.6 million income in the fiscal year 2014; and
- a 35.9% increase in the Investment and development properties business, from a Ps. 1,089.9 million income in the fiscal year 2013 to a Ps. 1,481.1 million income in the fiscal year 2014.

Agricultural business

As a result of the above mentioned factors, gross income increased 58.6%, from Ps. 216.6 million in the fiscal year 2013 to Ps. 343.6 million in the fiscal year 2014.

Crops

Gross income from this segment increased 23.6%, from Ps. 112.6 million in the fiscal year 2013 to Ps. 139.2 million in this fiscal year.

Cattle

Gross income from this segment increased 434.3%, from Ps. 10.5 million in the fiscal year 2013 to Ps. 56.1 million in this fiscal year.

Dairy

Gross income from this segment increased 163.8%, from Ps. 4.7 million in the fiscal year 2013 to Ps. 12.4 million in this fiscal year.

Sugarcane

Gross income from this segment decreased 75.9%, from Ps. 55.4 million in fiscal year 2013 to Ps. 13.3 million in this fiscal year.

Agricultural Rentals and Services

Gross income from this segment decreased 37.8%, from Ps. 18.8 million in the fiscal year 2013 to Ps. 11.7 million in this fiscal year.

Land Transformation and sales

Gross loss from this segment increased 43.9%, from Ps. 5.7 million in fiscal year 2013 to Ps. 8.2 million in this fiscal year.

Agro-industrial

Gross income from this segment increased significantly, from Ps. 9.4 million in fiscal year 2013 to Ps. 95.4 million in this fiscal year.

Other

Gross income from this segment increased 115.7%, from Ps. 11.0 million in the fiscal year 2013 to Ps. 23.7 million in this fiscal year.

Urban Properties and Investment Business

Gross income from the Urban properties and investment business increased 35.9% from Ps. 1,089.9 million in the fiscal year 2013 to Ps. 1,481.1 million in the fiscal year 2014. This was due to an increase of Ps. 225.8 million in the Shopping Centers Properties segment; an increase of Ps. 53.2 million in the Offices and Others segment, an increase

of Ps. 31.1 million in the Sales and Developments segment, an increase of Ps. 58.0 million in the Hotels segment and an increase of Ps. 23.0 million in the International segment, partially offset by a reduction of Ps. 0.1 million in the Financial Operations and Other segment.

Gain from disposal of investment properties

Gain from disposal of investment properties derived from the Urban Properties and Investments business increased 29.7%, from an Ps. 178.0 million income in fiscal year 2013 to an Ps. 230.9 million income in fiscal year 2014, due primarily to the sales of functional units at: Maipú 1300 Building (Ps. 28.3 million), Bouchard 551 Building (Ps. 24.1 million), Av. de Mayo 595 Building (Ps. 19.2 million), Constitución 1159 Property (Ps. 13.4 million), Costeros Dique IV Building (Ps. 2.9 million) and Rivadavia 565 Property (Ps. 1.1 million), partially offset by less income from sales at Libertador 498 Building (Ps. 36.7 million).

Gain from disposals of farmlands

Gain from disposal of farmlands derived from the Sale and Transformation of Lands segment decreased 38.9%, from Ps. 149.6 million income in fiscal year 2013 to Ps. 91.4 million income in fiscal year 2014, mainly as a result of:

During fiscal year 2014

- On June 27, 2014, Brasilagro sold a fraction of 1,164 hectares in the “Araucaria” farm located in the municipal district of Mineiros, State of Goiás, Brazil, that had been purchased in 2007. After the sale, the farm has a total area of 8,178 hectares, out of which approximately 5,982 hectares are arable land. The sale price was Rs. 32.5 million (equivalent to Ps. 117.5 million). In July 2014, the buyer made an initial payment of Rs. 4.5 million, and the remaining balance is payable in five installments, the first of which, for RS. 4.5 million, matures in November 2014 and the last one at the time of execution of the title deed, in August 2018. The Company recorded a gain of Rs. 21.0 million (equivalent to Ps. 75.8 million) for the sale of the Araucaria farm.
- On May 27, 2014, Ombú Agropecuaria S.A. executed an agreement providing for the sale, subject to retention of title, of an 882.96 hectare property in the “San Cayetano I” farm for a total price of US\$ 4.2 million. Out of this amount, the sum of US\$ 1 million has been already collected and the balance is payable in 5 consecutive semi-annual installments, the last of which falls due in November 2016. The agreement provides that title conveyance will be registered once the full price has been paid. Possession was surrendered on the date of execution of the agreement. The Company recorded a gain of US\$ 1.8 million for this sale.

During fiscal year 2013

- On June 19, 2013 the deed of sale for 5,613 hectares of the “La Suiza” farm, located in Villa Ángela, Province of Chaco, Argentina, was executed. The transaction price was Ps. 34.9 million. For this sale the Company recorded a gain of Ps. 29.8 million;
- On October 11, 2012, Brasilagro sold the Horizontina farm, located in the municipal district of Tasso Fragoso. Sate of Maranhão, Brazil, for a total price of Rs. 75 million (equivalent to Ps. 174.8 million). The Horizontina farm has a surface area of 14,359 hectares. For this sale the Company recorded a gain of Ps. 53.9 million;
- On April 25, 2013, Brasilagro sold an aggregate of 394 hectares of the Araucaria farm, located in the municipal district of Mineros, state of Goiás, Brazil. The sale price was Rs. 11.7 million (equivalent to Ps. 26.6 million). For this sale the Company recorded a gain of Ps. 12.6 million; and
- On May 10, 2013, Brasilagro sold an aggregate of 4,895 hectares of the Cremaq farm, located in the municipal district of Ribeiro Gonçalves, state of Piauí, Brazil. The sale price was Rs. 42.1 million. For this sale the Company recorded a gain of Ps. 53.2 million.

General and Administrative Expenses

Total general and administrative expenses of the Company increased 54.1%, from Ps. 346.4 million for fiscal year 2013 to Ps. 533.9 million for fiscal year 2014. This was mainly due to an increase of Ps. 85.5 million in the Agricultural business and an increase of Ps. 102.1 million in the Investment and development properties business.

Agricultural business

General & administrative expenses	Fiscal Year ended on June 30, 2014 (Restated)			Segment-reporting
	Income statement	Interests in joint ventures	Inter-segment eliminations	
Crops	(148,281)	(705)	-	(148,986)
Cattle	(27,746)	(65)	-	(27,811)
Dairy	(5,879)	-	-	(5,879)

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Sugarcane	(28,261)	-	-	(28,261)
Agricultural Rentals and services	(2,663)	(66)	-	(2,729)
Agricultural Subtotal	(212,830)	(836)	-	(213,666)
Land tranformation and sales	(1,156)	-	-	(1,156)
Agro-industrial	(16,880)	-	-	(16,880)
Other segments	(6,145)	(1,807)	-	(7,952)
Total Agricultural business General & administrative expenses	(237,011)	(2,643)	-	(239,654)

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General & administrative expenses	Fiscal Year ended on June 30, 2013			Segment-reporting
	Income statement	Interests in joint ventures	Inter-segment eliminations	
Crops	(87,685)	(2,456)	-	(90,141)
Cattle	(13,487)	(232)	-	(13,719)
Dairy	(3,125)	-	-	(3,125)
Sugarcane	(24,163)	-	-	(24,163)
Agricultural Rentals and services	(4,416)	-	-	(4,416)
Agricultural subtotal	(132,876)	(2,688)	-	(135,564)
Land transformation and sales	(572)	-	-	(572)
Agro-industrial	(10,986)	-	-	(10,986)
Other segments	(7,109)	-	-	(7,109)
Total agricultural business general & administrative expenses	(151,543)	(2,688)	-	(154,231)

General and Administrative expenses from our Agricultural business increased 56.4% from Ps. 151.5 million in the fiscal year 2013 to Ps. 237.0 million in the fiscal year 2014. This was mainly due to an increase of Ps. 60.6 million in the Crops segment, an increase of Ps. 14.3 million in the Cattle segment, an increase of Ps. 2.8 million in the Dairy segment, an increase of Ps. 4.1 million in the Sugarcane segment, an increase of Ps. 0.6 million in the Land Transformation and sales segment, and an increase of Ps. 5.9 million in the Agro-industrial Activities segment, slightly offset by a reduction of Ps. 1.8 million in the Agricultural Rentals and Services segment and a reduction of Ps. 1.0 million in the Other segment. The main causes of this variation were:

- higher fees to Directors: in fiscal year 2014, the amounts paid were Ps. 14.4 million higher than those provisioned by the Shareholders' Meeting for fiscal year 2013;
- higher dues and contributions for permanent disability: Ps. 12.9 million and 6.9 million were paid as bonus plan during fiscal year 2014; and
 - an increase of 25% in expenses, due to the inflationary context.

In turn, general and administrative expenses in our joint ventures decreased 1.7% from Ps. 2.7 million in the fiscal year 2013 to Ps. 2.6 million in the fiscal year 2014, primarily as a result of a 71% decrease of crops expenses in Cresca, from Ps. 2.5 million in the fiscal year 2013 to Ps. 0.7 million in the fiscal year 2014 and a 100% increase in other segments expenses in Cresca, for Ps. 1.8 million in the fiscal year 2014.

On the other hand, there were no inter-segment eliminations for general and administrative expenses.

Thus, according to the business segment reporting by segment and considering all our joint ventures, general and administrative expenses grew by 55.4% up from Ps. 154.2 million in the fiscal year 2013 to Ps. 239.7 million in the fiscal year 2014.

Urban Properties and Investment Business

General & administrative expenses	Fiscal Year ended on June 30, 2014 (Restated)			Segment-reporting
	Income statement	Interests in joint ventures	Inter-segment eliminations	
Shopping Centers Properties	(100,710)	(148)	(680)	(101,538)

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Offices and Others	(41,169)	(145)	(631)	(41,945)
Sales and Developments	(36,955)	(511)	-	(37,466)
Hotels	(58,562)	-	(1,023)	(59,585)
International	(59,476)	-	-	(59,476)
Financial Operations and Others	(56)	-	-	(56)
Total urban properties and investments business general & administrative expenses	(296,928)	(804)	(2,334)	(300,066)

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Fiscal Year ended on June 30, 2013

General & administrative expenses	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers				
Properties	(66,350)	(126)	(1,120)	(67,596)
Offices and Others	(34,766)	(110)	(108)	(34,984)
Sales and Developments	(30,979)	(1,922)	-	(32,901)
Hotels	(49,337)	-	(546)	(49,883)
International	(13,158)	-	-	(13,158)
Financial Operations and Others	(250)	-	-	(250)
Total urban properties and investments business general & administrative expenses	(194,840)	(2,158)	(1,774)	(198,772)

General and administrative expenses from the Urban Properties and Investment Business segment increased 52.4%, from Ps. 194.8 million in the fiscal year 2013 to Ps. 296.9 million in the fiscal year 2014. This was mainly due to an increase of Ps. 34.4 million in the Shopping Centers Properties segment, an increase of Ps. 6.4 million in the Offices and Others segment, an increase of Ps. 9.2 million in the Hotels segment, an increase of Ps. 6.0 million in the Sales and Developments segment and an increase of Ps. 46.3 million in the International segment, partially offset by reduction of Ps. 0.2 million in the Financial Operations and Other segment.

The administrative expenses of our joint ventures decreased by 68.2%, from Ps. 2.2 million in the fiscal year 2013 (out of this figures, there are Ps. 1.9 million allocated to the Sales and Developments segment) to Ps. 0.7 million in the fiscal year 2014 (out of this figures, there are Ps. 0.5 million allocated to the Sales and Developments segments).

Thus, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, the administrative expenses grew by 47.1% up from Ps. 198.8 million in the fiscal year 2013 to Ps. 300.1 million in the fiscal year 2014. The administrative expenses as a percentage of revenues, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, went up from 8.5% in the fiscal year 2013 to 10.4% in the fiscal year 2014.

Selling expenses

Total selling expenses of the Company increased 26.2%, from Ps. 279.5 million in the fiscal year 2013 to Ps. 352.7 million in the fiscal year 2014. This was mainly due to an increase of Ps. 33.2 million in the Agricultural business and an increase of Ps. 40.1 million in the Investment and development properties business.

Agricultural business

Selling expenses	Fiscal Year ended on June 30, 2014			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(115,528)	(2,332)	-	(117,860)
Cattle	(13,746)	(85)	-	(13,831)

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Dairy	(2,244)	-	-	(2,244)
Sugarcane	(4,871)	-	-	(4,871)
Agricultural Rentals and services	(752)	(25)	-	(777)
Agricultural Subtotal	(137,141)	(2,442)	-	(139,583)
Land tranformation and sales	(3,872)	-	-	(3,872)
Agro-industrial	(54,751)	-	-	(54,751)
Other segments	(10,726)	-	-	(10,726)
Total Selling expenses	(206,490)	(2,442)	-	(208,932)

Fiscal Year ended on June 30, 2013

Selling expenses	Interests in			Segment-reporting
	Income statement	joint ventures	Inter-segment eliminations	
Crops	(115,614)	(506)	-	(116,120)
Cattle	(11,270)	(89)	-	(11,359)
Dairy	(1,813)	-	-	(1,813)
Sugarcane	(4,006)	-	-	(4,006)
Agricultural Rentals and services	(1,671)	-	-	(1,671)
Agricultural Subtotal	(134,374)	(595)	-	(134,969)
Land tranformation and sales	(10,623)	-	-	(10,623)
Agro-industrial	(21,507)	-	-	(21,507)
Other segments	(6,834)	(43)	-	(6,877)
Total Selling expenses	(173,338)	(638)	-	(173,976)

Selling expenses from the Agricultural business increased 19.1%, from Ps. 173.3 million in the fiscal year 2013 to Ps. 206.5 million in the fiscal year 2014. This was mainly due to an increase of Ps. 2.5 million in the Cattle segment, an increase of Ps. 0.4 million in the Dairy segment, an increase of Ps. 0.9 million in the Sugarcane segment, an increase of Ps. 33.2 million in the Agro-Industrial segment, and an increase of Ps. 3.9 million in the Other segment, partially offset by a reduction of Ps. 0.1 million in the Crops segment, a reduction of Ps. 0.9 million in the Agricultural Rentals and Services segment and a reduction of Ps. 6.7 million in the Land Transformation and sales segment.

In turn, selling expenses from interests in our joint ventures increased 282.8% from Ps. 0.6 million in the fiscal year 2013 to Ps. 2.4 million in the fiscal year 2014, related with our joint venture Cresca.

On the other hand, there was no inter-segment eliminations for selling expenses.

Thus, according to the business segment reporting by segment and considering all our joint ventures, selling expenses grew by 20.1% up from Ps. 174.0 million in the fiscal year 2013 to Ps. 208.9 million in the fiscal year 2014.

Urban Properties and Investment Business

	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Selling expenses				
Shopping Centers Properties	(72,531)	(687)	(209)	(73,427)
Offices and Others	(20,307)	(444)	-	(20,751)
Sales and Developments	(11,330)	(2,376)	-	(13,706)
Hotels	(42,178)	-	(157)	(42,335)
International	-	-	-	-
Financial Operations and Others	110	-	-	110
Total Selling expenses	(146,236)	(3,507)	(366)	(150,109)

	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Selling expenses				
Shopping Centers Properties	(58,162)	(747)	1	(58,908)
Offices and Others	(10,886)	(474)	-	(11,360)
Sales and Developments	(6,683)	(9,773)	-	(16,456)
Hotels	(28,806)	-	(113)	(28,919)
International	-	-	-	-
Financial Operations and Others	(1,588)	-	-	(1,588)
Total Selling expenses	(106,125)	(10,994)	(112)	(117,231)

Selling expenses of the Urban Properties and Investment Business increased 37.8% from Ps. 106.1 million in the fiscal year 2013 to Ps. 146.2 million in the fiscal year 2014. This was mainly due to an increase of Ps. 14.4 million in the Shopping Centers Properties segment, an increase of Ps. 13.4 million in the Hotels segment, an increase of Ps. 4.6 million in the Development and Sales of Properties segment, and an increase of Ps. 9.4 million in the Offices and Others segment, partially offset by a reduction of Ps. 1.7 million in the Financial operation and Other segment.

In turn, the selling expenses of our joint ventures shrank by 68.2%, down from Ps. 11.0 million (out of this figure, there are Ps. 9.8 million allocated to the Sales and Developments segment) in the fiscal year 2013 to Ps. 3.5 million (out of this figure, there are Ps. 2.4 million allocated to the Sales and Developments segment) in the fiscal year 2014. This decrease is primarily due to lower expenses from our Cyrsa joint ventures in connection with a reduction in the sales of the Horizons project recognized in the fiscal year 2014.

Thus, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, selling expenses grew by 28.0% up from Ps. 117.3 million in the fiscal year 2013 to Ps. 150.1 million in the fiscal year 2014. Selling expenses as a percentage of revenues, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, remained stable at 5% in both fiscal years.

Other operating results, net

Other operating results, net of the Company decreased Ps. 173.1 million, from a Ps. 98.1 million income in the fiscal year 2013 to a Ps. 75.0 million loss in the fiscal year 2014.

Agricultural business

Other operating results	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(32,126)	(351)	-	(32,477)
Cattle	(1,882)	(32)	-	(1,914)
Dairy	(588)	-	-	(588)
Sugarcane	(552)	-	-	(552)
Agricultural Rentals and services	(266)	(33)	-	(299)
Agricultural subtotal	(35,414)	(416)	-	(35,830)
Land transformation and sales	(116)	-	-	(116)
Agro-industrial	(868)	-	-	(868)
Other segments	8,927	38	-	8,965
Total Other operating results	(27,471)	(378)	-	(27,849)

Other operating results	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(6,707)	(823)	-	(7,530)
Cattle	(1,779)	(78)	-	(1,857)
Dairy	(412)	-	-	(412)
Sugarcane	(27)	-	-	(27)
Agricultural Rentals and services	(582)	-	-	(582)
Agricultural Subtotal	(9,507)	(901)	-	(10,408)
Land transformation and sales	(75)	-	-	(75)
Agro-industrial	(1,305)	-	-	(1,305)
Other segments	15,687	-	-	15,687
Total Other operating results	4,800	(901)	-	3,899

Other operating results, net from the Agricultural business decreased 707.0%, from Ps. 4.8 million gain in the fiscal year 2013 to Ps. 27.5 million loss in the fiscal year 2014. This was mainly due to a decrease of Ps. 25.4 million in the Crops segment, a decrease of Ps. 0.1 million in the Cattle segment, a decrease of Ps. 0.2 million in the Dairy segment, a decrease of Ps. 0.5 million in the Sugarcane segment, a decrease of Ps. 0.1 million in the Land transformation and sales segment, and a decrease of Ps. 6.8 million in the Other segments, partially offset by an increase of Ps. 0.3 million in the Agricultural Rentals and services segment, and an increase of Ps. 0.4 million in the Agro-industrial segment.

In turn, other operating results, net from interests in our joint ventures increased 58.0% from Ps. 0.9 million loss in the fiscal year 2013 to Ps. 0.4 million loss in the fiscal year 2014, related with our joint venture Cresca.

On the other hand, there was no inter-segment eliminations for other operating results, net.

Thus, according to the business segment reporting by segment and considering all our joint ventures, other operating results, net grew by 814.3% down from Ps. 3.9 million gain in the fiscal year 2013 to Ps. 27.8 million loss in the fiscal year 2014.

Crops

Other operating results, net of the Crops segment decreased Ps. 21.2 million, from an Ps. 6.7 million loss in fiscal year 2013 to an Ps. 27.9 million loss in fiscal year 2014, mainly as a result of the commodity derivatives held by Brasilagro and Cresud (Ps. 20.6 million), partially offset by the charge to income of Brasilagro's contingency allowance for Ps. 12.1 million.

Other segments

Other results, net of the Other segments decreased Ps. 12.6 million, from an Ps. 15.7 million income in fiscal year 2013 to an Ps. 3.1 million income in fiscal year 2014.

The rest of the segments of the Agriculture Business did not record significant changes.

Urban Properties and Investment Business

Other operating results	Fiscal Year ended on June 30, 2014 (Restated)			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	(45,953)	(723)	108	(46,568)
Offices and Others	(1,786)	(2,297)	1,023	(3,060)
Sales and Developments	8,300	(163)	-	8,137
Hotels	(2,680)	-	-	(2,680)
International	(895)	-	-	(895)
Financial Operations and Others	(2,856)	-	-	(2,856)
Total Other operating results	(45,870)	(3,183)	1,131	(47,922)

Other operating results	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	(44,545)	(475)	-	(45,020)
Offices and Others	197	(990)	546	(247)
Sales and Developments	6,266	76	-	6,342
Hotels	(369)	-	-	(369)
International	135,082	-	-	135,082
Financial Operations and Others	(3,363)	-	-	(3,363)
Total Other operating results	93,268	(1,389)	546	92,425

Other operating results, net from the Urban properties and investment business decreased Ps. 139.1 million, from a Ps. 93.3 million income in the fiscal year 2013 to a Ps. 45.9 million loss in the fiscal year 2014, generated mainly by a Ps. 136.0 million loss from the International segment.

The effect of the consolidation of our joint ventures is not significant in this line. According to the business segment reporting and considering both our joint ventures and the inter-segment eliminations, the Other operating results, net line went from Ps. 92.4 million in net income for the fiscal year 2013 to Ps. 47.9 million in net loss for the fiscal year 2014.

Profit from operation

As a result of the factors explained above, the Company's operating income / (loss) increased Ps. 78.9 million (7.1%), from a Ps. 1,106.4 million income in the fiscal year 2013 to a Ps. 1,185.2 million income in the fiscal year 2014.

Agricultural business

Operating income / (loss) from the Agricultural business decreased Ps. 83.8 million (181.8%), from a Ps. 46.1 million income in the fiscal year 2013 to a Ps. 37.7 million loss in the fiscal year 2014.

Crops

Operating income / (loss) from this segment decreased Ps. 55.1 million (56.6%) from a Ps. 97.4 million loss in the fiscal year 2013 to a Ps. 152.6 million loss in the fiscal year 2014.

Cattle

Operating income / (loss) from this segment increased Ps. 28.7 million (179.2%), from a Ps. 16.0 million loss in the fiscal year 2013 to a Ps. 12.7 million income in the fiscal year 2014.

Dairy

Operating income / (loss) from this segment increased Ps. 4.3 million (704.5%), from a Ps. 0.6 million loss in the fiscal year 2013 to a Ps. 3.7 million income in the fiscal year 2014.

Sugarcane

Operating income / (loss) from this segment decreased Ps. 47.5 million from a Ps. 27.2 million income in the fiscal year 2013 to a Ps. 20.4 million loss in the fiscal year 2014.

Agricultural Rentals and Services

Operating income / (loss) from this segment decreased Ps. 4.1 million (33.9%) from a Ps. 12.1 million income in the fiscal year 2013 to a Ps. 8.0 million income in the fiscal year 2014.

Land Transformation and sales

Operating income / (loss) from this segment decreased Ps. 54.7 million from a Ps. 132.6 million income in the fiscal year 2013 to a Ps. 78.0 million income in the fiscal year 2014.

Agro-industrial

Operating income / (loss) from this segment decreased Ps. 47.4 million, from a Ps. 24.4 million loss in the fiscal year 2013 to a Ps. 22.9 million income in the fiscal year 2014.

Other

Operating income / (loss) from this segment decreased Ps. 2.8 million, from a Ps. 12.7 million income in the fiscal year 2013 to a Ps. 9.9 million income in the fiscal year 2014.

Urban Properties and Investment Business

Operating income / (loss) from this business increased Ps. 162.7 million (15.3%) from a Ps. 1,060.2 million income in the fiscal year 2013 to a Ps. 1,222.9 million income in the fiscal year 2014. This was mainly due to a increase of Ps. 322.0 million in the Shopping Centers Properties, Offices and Others, Sales and Developments, Hotels and Financial Operations and Other segments, partially offset by an Ps. 159.3 million reduction in the International segment.

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

Share of loss of associates and joint ventures increased Ps. 398.9 million from a Ps. 10 million loss in the fiscal year 2013 to a Ps. 408.7 million loss in the fiscal year 2014. This was primarily due to:

- a reduction of Ps. 402.2 million in the share of (loss) / profit from related companies in our Investment and development properties business in the fiscal year 2014. This growth is mainly due to the Ps. 517.0 million loss booked in the course of this fiscal year in IDBD, the fact that it is measured at market value and that since our acquisition, this company's common shares have fallen by 47.3% and to the larger loss of Ps. 32.3 million caused by our interest in New Lipstick LLC (International segment), partially offset by the recognition in the course of this fiscal year of income for Ps. 15.5 million for the acquisition of Supertel (International segment) and the increased revenues from our interest in Banco Hipotecario for Ps. 123.8 million (Financial Operations and Others segment);

- slightly offset by higher income for Ps. 2.3 million from the Agricultural business, mainly due to income from the result of the investment in Agro-Uranga (corresponding to the Crops segment).

Financial results, net

We had a higher net financial loss of Ps. 1,665.6 million, from a loss of Ps. 908.8 million in fiscal year 2013 to a loss of Ps. 2,574.4 million in fiscal year 2014. This was primarily due to:

- a higher loss of Ps. 1,417.8 million in net exchange differences in fiscal year 2014;
- a higher loss of Ps. 207.7 million in net financial interest recorded in fiscal year 2014;
- a higher income of Ps. 23.9 million in revaluation of receivables from sale of farmlands in fiscal year 2014;
- a higher loss of Ps. 358.2 million in derivative financial instruments in fiscal year 2014; and
- a higher loss of Ps. 64.9 million generated by the results from Financial Operations and Other in fiscal year 2014.

Our net financial loss in fiscal year 2014 was mainly attributable to (i) Ps. 1,900 million loss generated by exchange differences mainly as a result of a higher liability position in US dollars due to the issuance of new series of notes; (ii) a loss of Ps. 737.9 million generated by interest accrued on debt financing, mainly due to increased indebtedness and higher interest rates; and (iii) a loss of Ps. 315.6 million generated mainly by a derivative instrument due to IDBD's tender offer.

There was a 50% variation in the U.S. Dollar buying rate during fiscal year 2014 (it increased from Ps. 5.348 as of June 30, 2013 to Ps. 8.033 as of June 30, 2014) as compared to the previous fiscal year, when the U.S. Dollar quotation had experienced a smaller variation, of 19% (from Ps. 4.487 as of June 30, 2012 to Ps. 5,348 as of June 30, 2013).

Income tax benefit / (expense)

Our income tax expense decreased Ps. 422.9 million, from Ps. 33.5 million loss in fiscal year 2013 to Ps. 389.4 million income in fiscal year 2014. The Company recognizes the income tax expense on the basis of the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements. The main temporary differences for the Agriculture business derive from valuation of cattle stock and sale and replacement of property, plant and equipment, while those corresponding to the Urban Properties and Investments business derive from the sale and replacement of investment properties.

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

Net income / (loss)

Due to the above mentioned factors, our net income / (loss) decreased by Ps. 1,562.7 million (1,012.8%) from Ps. 154.3 million net income for fiscal year 2013 to an Ps. 1,408.4 million net loss in fiscal year 2014. Net income / (loss) for fiscal years 2014 and 2013 is attributable to the controlling company's shareholders and non-controlling interest as per the following detail:

- Net income / (loss) attributable to the controlling company's shareholders decreased by Ps. 1,041.0 million, from a loss of Ps. 26.9 million in fiscal year 2013 to a loss of Ps. 1,067.9 million in fiscal year 2014; and
- the non-controlling interest in controlled companies decreased by Ps. 521.7 million (287.9%), from an income of Ps. 181.2 million in fiscal year 2013 to a loss of Ps. 340.5 million in fiscal year 2014, mainly due to a reduction of Ps. 69.2 million in Brasilagro, a reduction of Ps. 392.2 million in our subsidiary IRSA, and a reduction of Ps. 59.9 million in other companies from the Urban Properties and Investment business.

Cresud's Results of Operations for the fiscal years ended on June 30, 2013 and 2012

Operating results

Fiscal year ended June 30, 2013 compared to fiscal year ended June 30, 2012

Revenues

Total sales of the Company increased 23.4% from Ps. 2,859.8 million for the fiscal year 2012 to Ps. 3,528.6 million for the fiscal year 2013. This was mainly due to a 25.32% increase in the Agricultural business, from Ps. 1,070.3 million in the fiscal year 2012 to Ps. 1,341.4 million in the fiscal year 2013 and a 22.2% increase in the Urban properties and investment business, from Ps. 1,789.5 million in the fiscal year 2012 to Ps. 2,187.2 million in the fiscal year 2013.

Agricultural business

Revenues	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	745,932	4,260	184	750,376
Cattle	74,534	2,145	6,260	82,939
Dairy	38,818	-	-	38,818
Sugarcane	160,259	-	-	160,259
Agricultural Rentals and services	30,815	-	19	30,834
Agricultural subtotal	1,050,358	6,405	6,463	1,063,226
Land transformation and sales	-	-	-	-
Agro-industrial	207,755	-	1,166	208,921
Other segments	83,258	25	-	83,283
Total agricultural business revenues	1,341,371	6,430	7,629	1,355,430

Revenues	Fiscal Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	629,659	6,453	719	636,831
Cattle	132,102	178	1,808	134,088
Dairy	30,168	-	-	30,168
Sugarcane	98,882	-	-	98,882
Agricultural Rentals and services	25,310	-	23	25,333
Agricultural subtotal	916,121	6,631	2,550	925,302
Land transformation and sales	-	-	-	-
Agro-industrial	100,058	-	12,222	112,280
Other segments	54,140	912	-	55,052
Total agricultural business revenues	1,070,319	7,543	14,772	1,092,634

Total sales increased 25.32%, from Ps. 1,070.3 million in the fiscal year 2012 to Ps. 1,341.4 million in the fiscal year 2013. This was due to an increase of Ps. 116.3 million in the Crops segment, an increase of Ps. 8.7 million in the Dairy segment, an increase of Ps. 61.4 million in the Sugarcane segment, an increase of Ps. 5.5 million in the

Agricultural Rentals and Services segment, an increase of Ps. 107.7 million in the Agro-industrial segment and an increase of Ps. 29.1 million in the Other segments, offset by a Ps. 57.6 million reduction in the Cattle segment.

In turn, income from interests in our joint ventures showed a 14.8% decrease, from Ps. 7.5 million in the fiscal year 2012 to Ps. 6.4 million in the fiscal year 2013, primarily owing to lower crops revenues, partially offset by higher cattle revenues from Cresca S.A. joint venture.

By the same token, inter-segment revenues decrease 48.4%, from Ps. 14.8 million in the fiscal year 2012 to Ps. 7.6 million in the fiscal year 2013, primarily owing to the cattle sales during the fiscal year to our subsidiary Sociedad Anónima Carnes Pampeanas that pass from Cattle segment to Agro-industrial segment.

Thus, according to the business segment reporting and considering all our joint ventures as well as inter-segment eliminations, revenues grew by 24.1% up from Ps. 1,092.6 million in the fiscal year 2012 to Ps. 1,355.4 million in the fiscal year 2013.

Crops

Sales from the Crops segment rose 18.5%, from Ps. 629.7 million in the fiscal year 2012 to Ps. 745.9 million in the fiscal year 2013, mainly as a result of:

- a 21.1% increase in average prices of crops sold, from Ps. 1,188 per ton in the fiscal year 2012 to Ps. 1,438 per ton in the fiscal year 2013;
- partially offset by a slight reduction of 11,504 tons in the volume of crops sold in the fiscal year 2013 compared to the previous fiscal year; and
- a 8.0% reduction in production volume, from 383,088 tons in the fiscal year 2012 to 354,898 tons in the fiscal year 2013.

The following table shows a breakdown of the sales of crops:

Sale of Crops	Fiscal Year ended June 30,		Variation
	2013	(in tons) 2012	
Corn	271,144	224,114	47,030
Soybean	207,211	249,024	(41,813)
Wheat	10,735	20,746	(10,011)
Sorghum	5,217	6,914	(1,697)
Sunflower	10,550	18,095	(7,545)
Other	14,051	11,519	2,532
Total Sales	518,908	530,412	(11,504)

Cattle

Sales from the Cattle segment decreased 43.6%, from Ps. 132.1 million in the fiscal year 2012 to Ps. 74.5 million in the fiscal year 2013, mainly as a result of:

- a 4.3% reduction in the average price per kilogram sold, from Ps. 8.92 in the fiscal year 2012 to Ps. 8.54 in the fiscal year 2013;
- a 37.3% reduction in the beef sales volume, from 15,047 tons in the fiscal year 2012 to 9,442 tons in the fiscal year 2013; and
- a 14.4% reduction in the volume of beef production, from 8,930 tons in the fiscal year 2012 to 7,642 tons in the fiscal year 2013.

Dairy

Sales from the Dairy segment increased 28.7%, from Ps. 30.2 million in the fiscal year 2012 to Ps. 38.8 million in the fiscal year 2013, mainly as a result of:

- a 19.8% increase in the average price of dairy, from Ps. 1.69 per liter in the fiscal year 2012 to Ps. 2.02 per liter in the fiscal year 2013;
- a 11.5% increase in dairy production volume, reflecting mainly a larger average number of dairying cows;
 - partially offset by a 4.7% reduction in production efficiency levels.

Sugarcane

Sales from the Sugarcane segment increased 62.1%, from Ps. 98.9 million in the fiscal year 2012 to Ps. 160.3 million in the fiscal year 2013, mainly as a result of:

- 543,541 more tons of sugarcane sold in the fiscal year 2013 as compared to the previous fiscal year (mainly because during the fiscal year 2012 no sales were made in our subsidiaries from Bolivia);

- a 100.8% increase in production volume, from 576,048 tons in the fiscal year 2012 to 1,156,848 tons in the fiscal year 2013;
- partially offset by a 12.6% reduction in the average sales price of sugarcane, from Ps. 155 per ton in the fiscal year 2012 to Ps. 136 per ton in the fiscal year 2013.

Agricultural Rentals and Services

Sales from the Agricultural Rentals and Services segment increased by 21.8%, from Ps. 25.3 million in the fiscal year 2012 to Ps. 30.8 million in the fiscal year 2013, mainly as a result of:

- a 12.0% increase in leases, from Ps. 19.9 million in the fiscal year 2012 to Ps. 22.3 million in the fiscal year 2013; and
- an increase of 57.6% in irrigation services and other agricultural services, from Ps. 5.4 million in the fiscal year 2012 to Ps. 8.5 million in the fiscal year 2013.

Agro-industrial

Sales from the Agro-industrial segment increased 107.6%, from Ps. 100.1 million in the fiscal year 2012 to Ps. 207.8 million in the fiscal year 2013, mainly as a result of:

- a 110.2% increase in sales from our meat packing plant due to the acceleration in slaughtering levels during the first half of fiscal year 2013. It should be noted that during the second half of fiscal year 2012 the plant had been inactive. During the fiscal year 2013 44,202 heads were slaughtered, virtually doubling the output for the previous fiscal year as concerns own animals and totaling more than 7,600 heads from users of our slaughtering service. During the fiscal year 2012 alone, 662 heads were slaughtered under this pattern;
- during the last two months of fiscal year 2013, the sales prices of sub products recorded a sustained increase which, added to the firm appreciation of the exchange rate and the sustained rise in slaughtering volumes, led to the above mentioned increase;
- offset by a decrease of 19.3% in revenues from sales in our feedlot facility, mainly reflecting the 71.5% reduction in average occupancy, from 4,400 heads in the fiscal year 2012 to 1,252 heads in the fiscal year 2013.

Others

Sales from the Other segments increased by 53.8%, from Ps. 54.1 million in the fiscal year 2012 to Ps. 83.3 million in the fiscal year 2013, mainly due to:

- an increase of Ps. 18.8 million in resales of supplies and others; and
- an increase of Ps. 9.4 million in commodity brokerage services.

Urban Properties and Investment Business

Revenues	Fiscal Year ended on June 30, 2013		
	Income statement	Interests in joint	Inter-segment eliminations Segment-reporting

		ventures		
Shopping Centers Properties	1,613,285	11,728	-	1,625,013
Offices and Others	281,084	7,372	3,899	292,355
Sales and Developments	24,867	117,129	-	141,996
Hotels	225,836	-	-	225,836
International	40,905	-	-	40,905
Financial Operations and Others	1,203	-	-	1,203
Total urban properties and investments business revenues	2,187,180	136,229	3,899	2,327,308

Revenues	Fiscal Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	1,317,757	3,832	-	1,321,589
Offices and Others	245,029	8,157	1,543	254,729
Sales and Developments	51,896	110,854	-	162,750
Hotels	170,012	-	-	170,012
International	-	-	-	-
Financial Operations and Others	4,836	-	-	4,836
Total urban properties and investments business revenues	1,789,530	122,843	1,543	1,913,916

Sales from the Urban properties and investment business increased 22.2%, from Ps. 1,789.5 million in the fiscal year 2012 to Ps. 2,187.2 million in the fiscal year 2013. This was mainly due to an increase of Ps. 295.5 million in the Shopping Centers Properties segment, an increase of Ps. 36.1 million in the Offices and Others segment, an increase of Ps. 55.8 million in the Hotels segment and an increase of Ps. 40.9 million in the International segment, partially offset by a reduction of Ps. 27.0 million in the Sales and Developments segment and of Ps. 3.6 million in the Financial Operations and Others segment.

In turn, income from interests in our joint ventures showed a 10.8% increase, up from Ps. 122.9 million in the fiscal year 2012 to Ps. 136.2 million in the fiscal year 2013, primarily owing to higher revenues from sales related to the Horizons project, from the Cyrsa joint venture.

By the same token, inter-segment revenues rose by 160.0%, up from Ps. 1.5 million in the fiscal year 2012 to Ps. 3.9 million in the fiscal year 2013, primarily owing to an increase in office footage occupied by APSA.

Thus, according to the business segment reporting and considering all our joint ventures as well as inter-segment eliminations, revenues grew by 21.5% up from Ps. 1,913.9 million in the fiscal year 2012 to Ps. 2,327.3 million in the fiscal year 2013.

Costs

Total costs of the Company increased 26.6%, from Ps. 2,464.2 million in the fiscal year 2012 to Ps. 3,120.5 million in the fiscal year 2013. This was mainly a result of a 27.2% increase in the Agricultural business, from Ps. 1,590.8 million in the fiscal year 2012 to Ps. 2,023.3 million in the fiscal year 2013 and a 25.6% increase in the Urban properties and investment business from Ps. 873.4 million in the fiscal year 2012 to Ps. 1,097.2 million in the fiscal year 2013.

Agricultural business

Costs	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(1,216,190)	(11,642)	-	(1,227,832)
Cattle	(142,621)	(3,319)	(1,350)	(147,290)
Dairy	(74,826)	-	-	(74,826)

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Sugarcane	(302,206)	-	-	(302,206)
Agricultural Rentals and services	(12,052)	-	-	(12,052)
Agricultural subtotal	(1,747,895)	(14,961)	(1,350)	(1,764,206)
Land tranformation and sales	(5,675)	-	-	(5,675)
Agro-industrial	(198,402)	-	(6,279)	(204,681)
Other segments	(71,286)	69	-	(71,217)
Total agricultural business costs	(2,023,258)	(14,892)	(7,629)	(2,045,779)

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Costs	Fiscal Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(1,038,903)	(12,964)	-	(1,051,867)
Cattle	(162,346)	(1,195)	(12,054)	(175,595)
Dairy	(57,841)	-	-	(57,841)
Sugarcane	(167,921)	-	-	(167,921)
Agricultural Rentals and services	(2,567)	-	-	(2,567)
Agricultural subtotal	(1,429,578)	(14,159)	(12,054)	(1,455,791)
Land tranformation and sales	(4,653)	-	-	(4,653)
Agro-industrial	(110,764)	-	(2,550)	(113,314)
Other segments	(45,821)	(289)	-	(46,110)
Total agricultural business costs	(1,590,816)	(14,448)	(14,604)	(1,619,868)

Total costs increased 27.2%, from Ps. 1,590.8 million in the fiscal year 2012 to Ps. 2,023.3 million in the fiscal year 2013. This was caused mainly by an increase of Ps. 177.3 million in the Crops segment, an increase of Ps. 17.0 million in the Dairy segment, an increase of Ps. 134.3 million in the Sugarcane segment, an increase of Ps. 9.5 million in the Agricultural Rentals and Services segment, an increase of Ps. 1.0 million in the Land Transformation and Sales segment, an increase of Ps. 87.6 million in the Agro-industrial segment and an increase of Ps. 25.5 million in the Other segments, slightly offset by a reduction of Ps. 19.7 million in the Beef segment.

In turn, the costs from our joint ventures exhibited a net increase of Ps. 0.4 million, rise from Ps. 14.4 million in the fiscal year 2012 to Ps. 14.8 million in the fiscal year 2014, primarily as a result of a decrease of Ps. 1.3 million in crops costs from Cresca S.A., from 12.9 in the fiscal year 2012 to Ps. 11.6 million in the fiscal year 2013 and an increase of Ps. 2.1 million in cattle costs from Cresca S.A., from 1.2 in the fiscal year 2012 to Ps. 3.3 million in the fiscal year 2013.

By the same token, inter-segment costs decreased by 47.8%, from Ps. 14.6 million in the fiscal year 2012 to Ps. 7.6 million in the fiscal year 2013, as a result of a 89% decrease of cattle costs from Ps. 10.7 million in the fiscal year 2012 to Ps. 1.4 million in the fiscal year 2013 and a 146% increase of agro-industrial costs from Ps. 2.6 million in the fiscal year 2012 to Ps. 12.1 million in the fiscal year 2013.

Thus, according to the business segment reporting by segment and considering all our joint ventures as well as inter-segment eliminations, cost grew by 26.3% up from Ps. 1,619.9 million in the fiscal year 2012 to Ps. 2,045.8 million in the fiscal year 2013, mainly due to the cost of cattle sales during the fiscal year to our subsidiary Sociedad Anónima Carnes Pampeanas that pass from Cattle segment to Agro-industrial segment.

Crops

Costs from the Crops segment increased 17.1%, from Ps. 1,038.9 million for fiscal year 2012 to Ps. 1,216.2 million for fiscal year 2013. Costs from the Crops segment are detailed in the following table:

	Fiscal Year	Fiscal Year
	2013	2012
	In thousands of Ps.	

Cost of sales	622,650	548,286
Cost of production	593,540	490,617
Total costs	1,216,190	1,038,903

The cost of sales from the Crops segment increased 13.6%, from Ps. 548.3 million in the fiscal year 2012 to Ps. 622.6 million in the fiscal year 2013, mainly as a result of:

- a 16.1% increase in the average cost per ton of grain sold in the fiscal year 2013, from Ps. 1,034 in the fiscal year 2012 to Ps. 1,200 in the fiscal year 2013, mainly as a result of the higher average market prices of grains; and
 - slightly offset by a 2.2% reduction in the volume of tons sold as compared to the previous fiscal year.

The cost of sales as a percentage of sales was 87.1% in the fiscal year 2012 and 83.5% in the fiscal year 2013.

The cost of production from the Crops segment increased 21.0% from Ps. 490.6 million in the fiscal year 2012 to Ps. 593.5 million in the fiscal year 2013, mainly as a result of:

- a 20.3% increase in direct production costs during this fiscal year as compared to the previous one, mainly reflecting higher prices of leases and supplies used (agrochemicals and seeds);
 - slightly offset by lower production volumes in the fiscal year 2013 as compared to fiscal year 2012; and
- a smaller number of hectares in operation in own farmlands in the fiscal year 2013 as compared to fiscal year 2012.

Total cost of production per ton increased 30.6%, from Ps. 1,281 per ton in the fiscal year 2012 to Ps. 1,672 per ton in the fiscal year 2013, mainly as a result of higher direct costs of production and lower yields per hectare in the fiscal year 2013 as compared to fiscal year 2012.

Cattle

Costs of the Cattle segment decreased 12.1%, from Ps. 162.3 million for fiscal year 2012 to Ps. 142.6 million for fiscal year 2013. The following table shows the costs from the Cattle segment:

	Fiscal Year 2013	Fiscal Year 2012
	In thousands of Ps.	
Cost of sales	71,986	123,789
Cost of production	70,636	38,547
Total costs	142,622	162,336

The cost of sales from the Cattle segment decreased 41.8%, from Ps. 123.8 million in the fiscal year 2012 to Ps. 72.0 million in the fiscal year 2013, mainly as a result of:

- a 7.6% reduction in the average cost per kilogram sold, from Ps. 8.2 in the fiscal year 2012 to Ps. 7.6 in the fiscal year 2013, largely due to the reduction in average price per kilogram sold from Ps. 8.92 in the fiscal year 2012 to Ps. 8.54 in the fiscal year 2013; and
- a 37.3% reduction in beef sales volumes in the fiscal year 2013.

Cost of production of the Cattle segment increased 83.2%, from Ps. 38.5 million in the fiscal year 2012 to Ps. 70.6 million in the fiscal year 2013. The higher cost of production from the Cattle segment during the fiscal year 2013 was mainly due to:

- higher feed costs due to the increase of animals fattened in feedlots in own farmlands;
- higher supplement costs due to the drought experienced in livestock raising areas during this fiscal year; and
- offset by a lower production volume in the fiscal year 2013 as compared to fiscal year 2012.

Dairy

Costs of the Dairy segment increased 29.4%, from Ps. 57.8 million for fiscal year 2012 to Ps. 74.8 million for fiscal year 2013. The following table contains a detail of the costs of the Dairy segment:

	Fiscal Year 2013	Fiscal Year 2012
	In thousands of Ps.	
Cost of sales	37,667	29,928
Cost of production	37,159	27,913
Total Costs	74,826	57,841

The cost of sales from the Dairy segment increased 25.9%, from Ps. 29.9 million in the fiscal year 2012 to Ps. 37.7 million in the fiscal year 2013, mainly as a result of:

- a 9.9% increase in dairy sales volumes; and

- a 19.8% increase in dairy price levels that impacted on the cost of sales.

Cost of production of the Dairy segment increased 33.1%, from Ps. 27.9 million in the fiscal year 2012 to Ps. 37.2 million in the fiscal year 2013. This rise was mainly due to the impact of higher direct and indirect costs, affecting the cost of production per liter of dairy, which increased from Ps. 1.69 in the fiscal year 2012 to Ps. 2.01 in the fiscal year 2013.

Sugarcane

Costs of the Sugarcane segment increased 80.0%, from Ps. 167.9 million for fiscal year 2012 to Ps. 302.2 million for fiscal year 2013. The following table contains a detail of the costs of the Sugarcane segment:

	Fiscal Year 2013	Fiscal Year 2012
	In thousands of Ps.	
Cost of sales	158,152	91,203
Cost of production	144,054	76,718
Total costs	302,206	167,921

Cost of sales from the Sugarcane segment increased 73.4%, from Ps. 91.2 million in the fiscal year 2012 to Ps. 158.2 million in the fiscal year 2013, mainly as a result of:

- a 85.4% increase in the volume of tons sold as compared to the previous fiscal year;
- offset by a 6.5% reduction in the average cost per ton of sugarcane sold in the fiscal year 2013, from Ps. 143 in the fiscal year 2012 to Ps. 134 in the fiscal year 2013, mainly as a result of a reduction in sugarcane market prices.

The cost of sales as a percentage of sales was 92.2% in the fiscal year 2012 and 98.7% in the fiscal year 2013.

The cost of production of the Sugarcane segment increased 87.8%, from Ps. 76.7 million in the fiscal year 2012 to Ps. 144.1 million in the fiscal year 2013, mainly as a result of a higher production volume in the fiscal year 2013 as compared to fiscal year 2012.

The total cost of production per ton decreased 6.5%, from Ps. 133 in the fiscal year 2012 to Ps. 125 in the fiscal year 2013, mainly as a result of higher yields per hectare in the fiscal year 2013 as compared to fiscal year 2012.

Agricultural Rentals and Services

Cost of sales from the Agricultural Rentals and Services segment increased significantly, from Ps. 2.6 million for fiscal year 2012 to Ps. 12.1 million for fiscal year 2013, mainly as a result of:

- an increase of Ps. 8.3 million in the costs of lease services, mainly resulting from higher administrative expenses and costs related to the business; and
- an increase of Ps. 1.1 million in irrigation and other agricultural services.

Land transformation and sales

Cost of sales from the Land Transformation and Sales segment increased 22.0%, from Ps. 4.7 million for fiscal year 2012 to Ps. 5.7 million for fiscal year 2013, mainly due to salary rises.

Agro-industrial

Cost of sales from the Agro-industrial segment increased 79.1%, from Ps. 110.8 million for fiscal year 2012 to Ps. 198.4 million for fiscal year 2013, mainly due to the acceleration of slaughtering levels in our meat packing plant, resulting in a higher volume of operations that led to significant wage increases.

Other

The cost of sales of the Other segments increased 55.6%, from Ps. 45.8 million in the fiscal year 2012 to Ps. 71.3 million in the fiscal year 2013, mainly as a result of higher costs from the brokerage business related to the increase in the number of commodity trading transactions through our subsidiary FyO for Ps. 6.3 million and higher costs

generated by the resale of supplies and others for Ps. 18.8 million.

Urban Properties and Investment Business

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Fiscal Year ended on June 30, 2013

Costs	Interests in			Segment-reporting
	Income statement	joint ventures	Inter-segment eliminations	
Shopping Centers Properties	(763,460)	(6,860)	(2,667)	(772,987)
Offices and Others	(117,349)	(4,810)	-	(122,159)
Sales and Developments	(12,346)	(94,212)	-	(106,558)
Hotels	(169,071)	-	-	(169,071)
International	(33,494)	-	-	(33,494)
Financial Operations and Others	(1,517)	-	-	(1,517)
Total urban properties and investments business costs	(1,097,237)	(105,882)	(2,667)	(1,205,786)

Fiscal Year ended on June 30, 2012

Costs	Interests in			Segment-reporting
	Income statement	joint ventures	Inter-segment eliminations	
Shopping Centers Properties	(630,331)	(3,060)	(82)	(633,473)
Offices and Others	(97,764)	(1,263)	-	(99,027)
Sales and Developments	(25,665)	(93,958)	-	(119,623)
Hotels	(117,956)	-	-	(117,956)
International	-	-	-	-
Financial Operations and Others	(1,687)	-	-	(1,687)
Total urban properties and investments business costs	(873,403)	(98,281)	(82)	(971,766)

Cost of sales from our Urban properties and investment business increased 25.6%, from Ps. 873.4 million in the fiscal year 2012 to Ps. 1,097.2 million in the fiscal year 2013. This was mainly due to an increase of Ps. 133.1 million in the Shopping Center segment, an increase of Ps. 19.6 million in the Offices and Others segment, an increase of Ps. 51.1 million in the Hotels segment and an increase of Ps. 33.5 million in the International segment, slightly offset by a decrease of Ps. 13.3 million in the Sales and Developments segment and a decrease of Ps. 0.2 million in the Financial Operation and Other segments.

In turn, the costs from joint ventures exhibited a 7.7% increase, up from Ps. 98.3 million in the fiscal year 2012 to Ps. 105.9 million in the fiscal year 2013. By the same token, inter-segment costs rose, up from Ps. 0.1 million in the fiscal year 2012 to Ps. 2.7 million in the fiscal year 2013.

Therefore, according to the business segment reporting and considering both joint ventures and inter-segment eliminations, costs grew by 24.1% up from Ps. 971.8 million in the fiscal year 2012 to Ps. 1,205.8 million in the fiscal year 2013. Total costs as a percentage of total revenues, according to the business segment reporting and considering both our joint ventures and the inter-segment eliminations, increased from 49.2% during the fiscal year 2012 to 48.2% in the fiscal year 2013.

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

Initial recognition and changes in the fair value of biological	Fiscal Year ended on June 30, 2013		
	Income statement	Interests in joint	Inter-segment eliminations

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assets and agricultural produce at the point of harvest		ventures		
Crops	571,020	1,061	-	572,081
Cattle	78,648	688	-	79,336
Dairy	40,741	-	-	40,741
Sugarcane	197,317	-	-	197,317
Agricultural Rentals and services	-	-	-	-
Agricultural Subtotal	887,726	1,749	-	889,475
Land tranformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	(982)	-	-	(982)
Total Agricultural business	886,744	1,749	-	888,493

Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	Fiscal Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	505,849	7,555	-	513,404
Cattle	78,778	204	-	78,982
Dairy	34,010	-	-	34,010
Sugarcane	82,251	-	-	82,251
Agricultural Rentals and services	-	-	-	-
Agricultural Subtotal	700,888	7,759	-	708,647
Land transformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	59	-	-	59
Total Agricultural business	700,946	7,759	-	708,706

The Company's revenues from initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest increased 26.5%, from Ps. 700.9 million for fiscal year 2012 to Ps. 886.7 million for fiscal year 2013.

In turn, revenues from initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest from interests in our joint ventures decreased 77.5% from Ps. 7.7 million in the fiscal year 2012 to Ps. 1.7 million in the fiscal year 2013.

On the other hand, there were no inter-segment eliminations for revenues from initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest.

Thus, according to the business segment reporting by segment and considering all our joint ventures, revenues from initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest grew by 25.4% up from Ps. 708.7 million in the fiscal year 2012 to Ps. 888.5 million in the fiscal year 2013.

Crops

Production income from the Crops segment increased 10.2%, from Ps. 432.6 million in the fiscal year 2012 to Ps. 476.6 million in the fiscal year 2013, mainly as a result of:

- a 18.0% increase in the average production price of grains;
- partially offset by a 7.4% reduction in the total production volume, from 383,088 tons in the fiscal year 2012 to 354,898 tons in the fiscal year 2013.

The 7.4% decrease in production volume of our Crops segment was mainly due to a 14.0% reduction in our average yield, from 2.7 tons per hectare in the fiscal year 2012 to 2.3 tons per hectare in the fiscal year 2013.

As of June 30, 2013 the harvested area was 98.5% of our total sown area, compared to 90.0% as of June 30, 2012.

The following table shows the number of tons produced and total production income as of June 30, 2013 and 2012:

Crops Production Income (in tons and thousands of Ps.)

Fiscal year ended June 30,

	2013		2012	
	Tons	Ps.	Tons	Ps.
Corn	107,257	83,416	143,639	90,097
Soybean	220,106	354,053	192,458	303,422
Wheat	4,505	3,740	18,200	7,062
Sorghum	5,181	2,403	5,380	2,604
Sunflower	12,437	21,230	14,524	20,041
Other	5,412	11,766	8,887	9,370
Total	354,898	476,608	383,088	432,596

Estimated results from the valuation of our crops in progress at reasonable value increased 28.9% from Ps. 73.3 million in the fiscal year 2012 to Ps. 94.4 million in the fiscal year 2013 mainly due to increases in corn (50.5%) and sunflower (53.6%) crops, partially offset by a reduction in soybean crops (52.2%) and wheat crops (18.6%) in the fiscal year 2013.

Cattle

Production income from the Cattle segment increased 7.4%, from Ps. 64.3 million in the fiscal year 2012 to Ps. 69.1 million in the fiscal year 2013, mainly as a result of:

- a 24.1% increase in the average price per kilogram produced, from Ps. 7.1 in the fiscal year 2012 to Ps. 8.9 in the fiscal year 2013;
- offset by a 14.4% reduction in beef production volume from 8,930 tons in the fiscal year 2012 to 7,642 tons in the fiscal year 2013.

The calving rate decreased slightly, whereas the death rate recorded a mild increase during the fiscal year 2013 as compared to fiscal year 2012.

The number of hectares devoted to cattle production decreased from 95,995 hectares in the fiscal year 2012 to 91,053 hectares in the fiscal year 2013 due to a smaller number of own hectares devoted to cattle production.

Results from cattle holdings decreased 33.7%, from a gain of Ps. 14.6 million in the fiscal year 2012 to a gain of Ps. 9.5 million in the fiscal year 2013, mainly as a result of the reduction in cattle stocks and lower cattle market prices.

Dairy

Production income from the Dairy segment increased 21.0%, from Ps. 31.1 million in fiscal year 2012 to Ps. 37.6 million in fiscal year 2013. This increase was mainly due to:

- a 11.5% increase in dairy production volumes, from 16.6 million liters in fiscal year 2012 to 18.5 million liters during this fiscal year. This increase in production volume was mainly due to a higher average number of dairying cows per day, from 2,046 in fiscal year 2012 to 2,392 in fiscal year 2013, partially offset by a 4.7% reduction in the efficiently level of average daily dairy production per cow, from 22.2 liters in fiscal year 2012 to 21.1 liters in fiscal year 2013; and
- a 19.8% increase in the average price of dairy, from Ps. 1.69 per liter in fiscal year 2012 to Ps. 2.02 per liter in fiscal year 2013.

Results from holding of dairying cows increased 10.1%, from a gain of Ps. 2.9 million in fiscal year 2012 to a gain of Ps. 3.2 million in fiscal year 2013.

Sugarcane

Production income from the Sugarcane segment increased 113.2%, from Ps. 71.3 million in fiscal year 2012 to Ps. 152.0 million in fiscal year 2013, mainly as a result of:

- an increase in total production volume of 100.8%, from 576,048 tons in fiscal year 2012 to 1,156,848 tons in fiscal year 2013; and
 - an increase of 6.2% in the average production price of sugarcane.

The 100.8% increase in production volume from the Sugarcane segment was mainly due to a 40.4% increase in our average yield, from 65.4 tons per hectare in fiscal year 2012 to 91.7 tons per hectare for fiscal year 2013, mainly due to favorable weather conditions.

As of June 30, 2013, the harvested area was 94.9% of the total sown area compared to 82.3% as of June 30, 2012.

The following table shows the tons produced and actual income as of June 30, 2013 and 2012:

Sugarcane Production Income (In tons y thousands of Ps.)

Fiscal year ended June 30,

	2013		2012	
	Tons	Ps.	Tons	Ps.
Sugarcane	1,156,848	152,037	576,048	71,306

Estimated results from the valuation of our crops in progress at fair value increased significantly from Ps. 10.9 million in fiscal year 2012 to Ps. 45.3 million in fiscal year 2013 mainly generated by Brasilagro, where higher productivity and higher prices are estimated and new planted hectares were added.

Other

Income from initial recognition and changes in fair value of biological assets and agricultural produce at the point of harvest point from the Other segments decreased significantly, from an income of Ps. 0.06 million in the fiscal year 2012 to a Ps. 1.0 million loss in the fiscal year 2013, due to the variation in the valuation of the timber stocks at reasonable value in the fiscal year 2013.

Changes in the net realizable value of agricultural produce after harvest

Changes in the net realizable value of agricultural produce after harvest	Fiscal Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	11,801	-	-	11,801
Cattle	(45)	-	-	(45)
Dairy	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rentals and services	-	-	-	-
Agricultural subtotal	11,756	-	-	11,756
Land tranformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Total agricultural business	11,756	-	-	11,756

Changes in the net realizable value of agricultural produce after harvest	Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	2,580	-120	-	2,460
Cattle	140	-	-	140
Dairy	-	-	-	-
Sugarcane	-	-	-	-
Agricultural Rentals and services	-	-	-	-
Agricultural subtotal	2,720	-120	-	2,600
Land tranformation and sales	-	-	-	-
Agro-industrial	-	-	-	-
Other segments	-	-	-	-
Total agricultural business	2,720	-120	-	2,600

Income from changes in the net realizable value of agricultural produce after harvest increased significantly, from Ps. 2.7 million in the fiscal year 2012 to Ps. 11.8 million in the fiscal year 2013. This was caused mainly by an increase of Ps. 9.2 million in the Crops segment (due to higher market prices), offset by a Ps. 0.2 million reduction in the Cattle segment.

In turn, income from changes in the net realizable value of agricultural produce after harvest from interests in our joint ventures increased 100% from Ps. 0.1 million loss in the fiscal year 2012 and there were no interests in our joint ventures in the fiscal year 2013.

There were no interests in inter-segment eliminations for income from changes in the net realizable value of agricultural produce after harvest.

Thus, according to the business segment reporting by segment and considering all our joint ventures, revenues from changes in the net realizable value of agricultural produce after harvest grew by 352.2% up from Ps. 2.6 million in the fiscal year 2012 to Ps. 11.8 million in the fiscal year 2013.

Gross income / (loss)

As a result of the above mentioned factors, the Company's gross income increased 18.9%, from Ps. 1,099.3 million in the fiscal year 2012 to Ps. 1,306.6 million in the fiscal year 2013. This was caused mainly by:

- a 18.3% increase in the Agricultural business, from a Ps. 183.2 million income in the fiscal year 2012 to a Ps. 216.6 million income in the fiscal year 2013; and
- a 19.0% increase in the Investment and development properties business, from a Ps. 916.1 million income in the fiscal year 2012 to a Ps. 1,089.9 million income in the fiscal year 2013.

Agricultural business

As a result of the above mentioned factors, gross income increased 18.3%, from Ps. 183.2 million in the fiscal year 2012 to Ps. 216.6 million in the fiscal year 2013.

Crops

Gross income from this segment increased 13.5%, from Ps. 99.2 million in the fiscal year 2012 to Ps. 112.6 million in the fiscal year 2013.

Cattle

Gross income from this segment decreased 78.4%, from Ps. 48.7 million in the fiscal year 2012 to Ps. 10.5 million in the fiscal year 2013.

Dairy

Gross income from this segment decreased 25.3%, from Ps. 6.3 million in the fiscal year 2012 to Ps. 4.7 million in the fiscal year 2013.

Sugarcane

Gross income from this segment increased 319.1%, from Ps. 13.2 million in the fiscal year 2012 to Ps. 55.4 million in the fiscal year 2013.

Agricultural Rentals and Services

Gross income from this segment decreased 17.5%, from Ps. 22.7 million in the fiscal year 2012 to Ps. 18.8 million in the fiscal year 2013.

Land Transformation and sales

Gross loss from this segment increased 22.0%, from Ps. 4.7 million in the fiscal year 2012 to Ps. 5.7 million in the fiscal year 2013.

Agro-industrial

Gross income / (loss) from this segment increased 187.4%, from a Ps. 10.7 million loss in the fiscal year 2012 to a Ps. 9.4 million income in the fiscal year 2013.

Other segments

Gross income from this segment increased 31.2%, from Ps. 8.4 million in the fiscal year 2012 to Ps. 11.0 million in the fiscal year 2013.

Urban Properties and Investment Business

Gross income from the Urban properties and investment business increased 19.0% from Ps. 916.1 million in the fiscal year 2012 to Ps. 1,089.9 million in the fiscal year 2013. This was due to an increase of Ps. 162.4 million in the Shopping Centers Properties segment; an increase of Ps. 16.5 million in the Offices and Others segment; an increase

of Ps. 4.7 million in the Hotels segment and an increase of Ps. 7.4 million in the International segment, partially offset by a reduction of Ps. 13.7 million in the Sales and Developments segment and of Ps. 3.5 million in the Financial Operations and Other segments.

Gain from disposal of investment properties

Income / (loss) from sale of investment properties derived from the Investment and development properties business increased 52.5%, from an Ps. 116.7 million income in the fiscal year 2012 to a Ps. 178.0 million income for fiscal year 2013, due primarily to the sales of functional units at Bouchard 551 Building (Ps. 122.7 million of gross profit), Libertador 498 Building (Ps. 37.1 million of gross profit) and Maipú 1300 Building (Ps. 10.5 million of gross profit). During the fiscal year ended June 30, 2012 there mainly were sales of functional units at: Costeros Dique IV Building (Ps. 53.7 million of gross profit); Museo Renault Property (Ps. 40.4 million of gross profit) and Thames Property (Ps. 14.7 million of gross profit).

Gain from disposal of farmlands

Income / (loss) from sale of investment properties derived from the Investment and development properties business increased 52.5%, from an Ps. 116.7 million income in the fiscal year 2012 to a Ps. 178.0 million income for fiscal year 2013, due primarily to the sales of functional units at Bouchard 551 Building (Ps. 122.7 million of gross profit), Libertador 498 Building (Ps. 37.1 million of gross profit) and Maipú 1300 Building (Ps. 10.5 million of gross profit). During the fiscal year ended June 30, 2012 there mainly were sales of functional units at: Costeros Dique IV Building (Ps. 53.7 million of gross profit); Museo Renault Property (Ps. 40.4 million of gross profit) and Thames Property (Ps. 14.7 million of gross profit).

During the fiscal year 2013

- On June 19, 2013 the deed of sale for 5,613 hectares of the “La Suiza” farmland, located in Villa Ángela, Province of Chaco, was executed. The transaction price was Ps. 34.9 million (US\$ 6.7 million). The result from the sale was a gain of Ps. 29.8 million;

- On October 11, 2012, Brasilagro sold the Horizontina farmland, located in the municipal district of Tasso Fragoso, State of Maranhão, Brazil, for a total price of R\$ 75 million (equivalent to Ps. 174.8 million). The Horizontina farmland has a surface area of 14,359 hectares. The result of the sale was a gain of Ps. 53.9 million;
- On April 25, 2013, Brasilagro sold an aggregate of 394 hectares of the Araucaria farmland, located in the municipal district of Mineros, state of Goiás, Brazil. The sale price was R\$ 11.7 million (equivalent to Ps. 26.6 million). The result of the sale was a gain of Ps. 12.6 million; and
- On May 10, 2013, Brasilagro sold an aggregate of 4,895 hectares of the Cremaq farmland, located in the municipal district of Ribeiro Gonçalves-PI, Brazil. The sale price was R\$ 42.1 million (equivalent to Ps. 96.3 million). The result of the sale was a gain of Ps. 53.2 million.

During the fiscal year 2012

- On September 28, 2011, Brasilagro sold the Sao Pedro farmland, a rural property located in the Municipality of Chapadão do Céu – GO with a total surface area of 2,447 hectares. The transaction price was R\$ 23.3 million (equivalent to Ps. 59.8 million and 580,000 bags of soybean seeds). The result of the sale was a gain of Ps. 27.8 million;
- On March 2, 2012, the sale of 1,194 additional hectares in La Fon Fon farmland, located in the Province of Obispo Santiesteban, Republic of Bolivia, was agreed upon for Ps. 18.3 million (US\$ 4.8 million). The result of the sale was a gain of Ps. 6.6 million; and
- On May 22, 2012, the Company sold, assigned and conveyed to APSA a 115-hectare plot of land that forms part of the property “Puerta de Luján” located in the District of Luján, Province of Buenos Aires, for a total amount of Ps. 15.5 million, which has been fully collected. The result of the sale was a gain of Ps. 11.1 million.

General and Administrative Expenses

Total general and administrative expenses of the Company increased 8.0%, from Ps. 320.7 million for fiscal year 2012 to Ps. 346.4 million for fiscal year 2013. This was mainly due to an increase of Ps. 4.4 million in the Agricultural business and an increase of Ps. 21.3 million in the Investment and development properties business.

Agricultural business

General & administrative expenses	Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(87,685)	(2,456)	-	(90,141)
Cattle	(13,487)	(232)	-	(13,719)
Dairy	(3,125)	-	-	(3,125)
Sugarcane	(24,163)	-	-	(24,163)
Agricultural Rentals and services	(4,416)	-	-	(4,416)
Agricultural subtotal	(132,876)	(2,688)	-	(135,564)
Land transformation and sales	(572)	-	-	(572)
Agro-industrial	(10,986)	-	-	(10,986)
Other segments	(7,109)	-	-	(7,109)
Total agricultural business general & administrative expenses	(151,543)	(2,688)	-	(154,231)

General & administrative expenses	Year ended on June 30, 2012			Segment-reporting
	Income statement	Interests in joint ventures	Inter-segment eliminations	
Crops	(84,837)	(1,934)	-	(86,771)
Cattle	(14,743)	(183)	-	(14,926)
Dairy	(2,939)	-	-	(2,939)
Sugarcane	(19,429)	-	-	(19,429)
Agricultural Rentals and services	(3,700)	-	-	(3,700)
Agricultural subtotal	(125,648)	(2,117)	-	(127,765)
Land transformation and sales	(507)	-	-	(507)
Agro-industrial	(7,389)	-	-	(7,389)
Other segments	(13,625)	-	-	(13,625)
Total agricultural business general & administrative expenses	(147,169)	(2,117)	-	(149,286)

General and Administrative expenses from our Agricultural business increased 3.0% from Ps. 147.2 million in the fiscal year 2012 to Ps. 151.5 million in the fiscal year 2013.

In turn, general and administrative expenses in our joint ventures increased 27.0% from Ps. 2.1 million in the fiscal year 2012 to Ps. 2.7 million in the fiscal year 2013, primarily as a result of a 27% increase of crops expenses in Cresca, from Ps. 1.9 million in the fiscal year 2012 to Ps. 2.5 million in the fiscal year 2013.

On the other hand, there was no inter-segment eliminations for general and administrative expenses.

Thus, according to the business segment reporting by segment and considering all our joint ventures as well as inter-segment eliminations, general and administrative expenses grew by 3.3% up from Ps. 149.3 million in the fiscal year 2012 to Ps. 154.2 million in the fiscal year 2013.

Crops

General and Administrative expenses from the Crops segment increased 3.4% from Ps. 84.8 million in the fiscal year 2012 to Ps. 87.7 million in the fiscal year 2013, mainly due to:

- higher salaries, wages and social security contributions;
- higher Directors' fees; and
- slightly offset by a reduction in fees and compensation from services.

Cattle

General and administrative expenses from the Cattle segment decreased 8.5%, from Ps. 14.7 million in the fiscal year 2012 to Ps. 13.5 million in the fiscal year 2013. Although there were increases in salaries, wages and social security contributions and Directors' fees, administrative expenses lowered due to a reduction in proration percentages between both fiscal years, along with lower fees and compensation from services.

Dairy

General and administrative expenses from the Dairy segment increased 6.3%, from Ps. 2.94 million in the fiscal year 2012 to Ps. 3.13 million in the fiscal year 2013. Although there were increases in salaries, wages and social security contributions and Directors' fees, administrative expenses lowered due to a reduction in proration percentages between both fiscal years, along with a reduction in fees and compensation from services.

Sugarcane

General and administrative expenses from the Sugarcane segment increased 24.4%, from Ps. 19.4 million in the fiscal year 2012 to Ps. 24.2 million in the fiscal year 2013, mainly as a result of higher salaries, wages and social security contributions, Directors' fees and maintenance and repairs.

Agricultural Rentals and Services

General and administrative expenses from the Agricultural Rentals and Services segment increased 19.4%, from Ps. 3.7 million in the fiscal year 2012 to Ps. 4.4 million in the fiscal year 2013, mainly as a result of higher salaries, wages and social security contributions and Directors' fees, offset by lower fees and compensation from services.

Land Transformation and sales

General and administrative expenses from the Land Transformation and Sales segment increased 12.8%, from Ps. 0.51 million in the fiscal year 2012 to Ps. 0.57 million in the fiscal year 2013, mainly as a result of higher salaries, wages and social security contributions and Directors' fees, offset by lower fees and compensation from services.

Agro-industrial

General and administrative expenses from the Agro-industrial segment increased 48.7%, from Ps. 7.4 million in the fiscal year 2012 to Ps. 11.0 million in the fiscal year 2013, mainly as a result of higher salaries, wages and social security contributions due to the resumption of operations in the meat packing plant.

Other segments

General and administrative expenses from the Other segments increased 47.8%, from Ps. 13.6 million in the fiscal year 2012 to Ps. 7.1 million in the fiscal year 2013, mainly due to higher salaries, wages and social security contributions.

Urban Properties and Investment Business

General & administrative expenses	Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	(66,350)	(126)	(1,120)	(67,596)
Offices and Others	(34,766)	(110)	(108)	(34,984)
Sales and Developments	(30,979)	(1,922)	-	(32,901)
Hotels	(49,337)	-	(546)	(49,883)
International	(13,158)	-	-	(13,158)
Financial Operations and Others	(250)	-	-	(250)
Total urban properties and investments business general & administrative expenses	(194,840)	(2,158)	(1,774)	(198,772)

General & administrative expenses	Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	(56,369)	(494)	(1,461)	(58,324)
Offices and Others	(36,028)	(30)	-	(36,058)
Sales and Developments	(34,602)	(1,871)	-	(36,473)
Hotels	(37,375)	-	(498)	(37,873)
International	(8,838)	-	-	(8,838)
Financial Operations and Others	(296)	-	-	(296)
Total urban properties and investments business general & administrative expenses	(173,508)	(2,395)	(1,959)	(177,862)

General and administrative expenses from the Urban Properties and Investment Business segment increased 12.3%, from Ps. 173.5 million in the fiscal year 2012 to Ps. 194.8 million in the fiscal year 2013. This was mainly due to an increase of Ps. 10.0 million in the Shopping Centers Properties segment, an increase of Ps. 12.0 million in the Hotels segment, and an increase of Ps. 4.3 million in the International segment, partially offset by reduction of Ps. 3.6 million in the Sales and Developments segment and a reduction of Ps. 1.3 million in the Offices and Others segment.

The administrative expenses of our joint ventures remained stable, from Ps. 2.4 million in the fiscal year 2012 (out of this figure, there are Ps. 1.9 million allocated to the Sales and Developments segment) to Ps. 2.2 million in the fiscal

year 2013 (out of this figure, there are Ps. 1.9 million allocated to the Sales and Developments segment).

Thus, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, the administrative expenses grew by 11.8% up from Ps. 177.9 million in the fiscal year 2012 to Ps. 198.8 million in the fiscal year 2013. The administrative expenses as a percentage of revenues, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, dropped from 9.3% in the fiscal year 2012 to 8.5% in the fiscal year 2013.

Selling Expenses

Total selling expenses of the Company increased 39.4%, from Ps. 200.5 million in the fiscal year 2012 to Ps. 279.5 million in the fiscal year 2013. This was mainly due to an increase of Ps. 57.6 million in the Agricultural business and an increase of Ps. 21.4 million in the Investment and development properties business.

Agricultural business

Selling expenses	Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(115,614)	(506)	-	(116,120)
Cattle	(11,270)	(89)	-	(11,359)
Dairy	(1,813)	-	-	(1,813)
Sugarcane	(4,006)	-	-	(4,006)
Agricultural Rentals and services	(1,671)	-	-	(1,671)
Agricultural Subtotal	(134,374)	(595)	-	(134,969)
Land transformation and sales	(10,623)	-	-	(10,623)
Agro-industrial	(21,507)	-	-	(21,507)
Other segments	(6,834)	(43)	-	(6,877)
Total Selling expenses	(173,338)	(638)	-	(173,976)

Selling expenses	Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(87,687)	(682)	(95)	(88,464)
Cattle	(11,548)	(2)	(49)	(11,599)
Dairy	(1,238)	-	(9)	(1,247)
Sugarcane	-	-	-	-
Agricultural Rentals and services	(1,306)	-	(12)	(1,318)
Agricultural Subtotal	(101,779)	(684)	(165)	(102,628)
Land transformation and sales	(1,002)	-	(1)	(1,003)
Agro-industrial	(7,617)	-	-	(7,617)
Other segments	(5,292)	-	-	(5,292)
Total Selling expenses	(115,690)	(684)	(166)	(116,540)

Selling expenses from the Agricultural business increased 49.8%, from Ps. 115.7 million in the fiscal year 2012 to Ps. 173.3 million in the fiscal year 2013.

In turn, selling expenses from interests in our joint ventures decreased 6.7% from Ps. 0.7 million in the fiscal year 2012 to Ps. 0.6 million in the fiscal year 2013, related with our joint venture Cresca.

On the other hand, inter-segment eliminations for selling expenses decreased 100% from Ps. 0.2 million in the fiscal year 2012 and there was no in the fiscal year 2013.

Thus, according to the business segment reporting by segment and considering all our joint ventures, selling expenses grew by 49.3% up from Ps. 116.5 million in the fiscal year 2012 to Ps. 174.0 million in the fiscal year 2013.

Crops

Selling expenses from the Crops segment increased 31.8% from Ps. 87.7 million in the fiscal year 2012 to Ps. 115.6 million in the fiscal year 2013, mainly due to:

- an increase in freight, conditioning and storage costs and other taxes, rates and contributions;
- slightly offset by a reduction in commissions.

Cattle

Selling expenses of the Cattle segment decreased 2.4%, from Ps. 11.5 million in the fiscal year 2012 to Ps. 11.3 million in the fiscal year 2013, mainly due to:

- a reduction in other taxes, rates and contributions, commissions and conditioning and storage costs;
- partially offset by higher freight costs.

Dairy

Selling expenses of the Dairy segment increased 46.4%, from Ps. 1.2 million in the fiscal year 2012 to Ps. 1.8 million in the fiscal year 2013, mainly due to higher other taxes, rates and contributions.

Sugarcane

Selling expenses of the Sugarcane segment increased Ps. 4.0 million, mainly due to higher freight costs for \$ 2.6 million, conditioning and storage costs for \$ 1.1 million and other taxes, rates and contributions for \$ 0.4 million from Bolivia in the fiscal year 2013 reflecting the fact that in the previous fiscal year there had been no sales of sugarcane in Bolivia and in Brazil no selling expenses are incurred.

Agricultural Rentals and Services

Selling expenses of the Agricultural Rentals and Services segment increased 27.9%, from Ps. 1.3 million in the fiscal year 2012 to Ps. 1.7 million in the fiscal year 2013, mainly due to the increase in other taxes, rates and contributions and commission and advertising expenses.

Land Transformation and sales

Selling expenses of the Land Transformation and sales segment increased significantly, from Ps. 1.0 million in the fiscal year 2012 to Ps. 10.6 million in the fiscal year 2013, mainly as a result of higher commissions directly related to the sale of farmlands.

Agro-industrial

Selling expenses from the Agro-industrial segment increased 182.4% from Ps. 7.6 million in the fiscal year 2012 to Ps. 21.5 million in the fiscal year 2013, mainly due to the increase in other taxes, rates and contributions, freight costs, commercial indemnifications and bad debtors.

Other segments

Selling expenses from the Other segments increased 29.1% from Ps. 5.3 million in the fiscal year 2012 to Ps. 6.8 million in the fiscal year 2013, mainly as a result of an increase in turnover tax, salaries and social security contributions and hired services, partially offset by a reduction in bad debtors.

Urban Properties and Investment Business

Selling expenses	Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	(58,162)	(747)	1	(58,908)
Offices and Others	(10,886)	(474)	-	(11,360)
Sales and Developments	(6,683)	(9,773)	-	(16,456)
Hotels	(28,806)	-	(113)	(28,919)
International	-	-	-	-
Financial Operations and Others	(1,588)	-	-	(1,588)
Total Selling expenses	(106,125)	(10,994)	(112)	(117,231)

Selling expenses	Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Shopping Centers Properties	(43,627)	(548)	-	(44,175)
Offices and Others	(9,579)	(470)	-	(10,049)
Sales and Developments	(10,936)	(10,200)	-	(21,136)
Hotels	(22,788)	-	-	(22,788)
International	-	-	-	-
Financial Operations and Others	2,157	-	-	2,157
Total Selling expenses	(84,773)	(11,218)	-	(95,991)

Selling expenses of the Urban Properties and Investment Business increased 25.2% from Ps. 84.8 million in the fiscal year 2012 to Ps. 106.1 million in the fiscal year 2013. This was mainly due to an increase of Ps. 14.5 million in the Shopping Centers Properties segment, an increase of Ps. 6.0 million in the Hotels segment, an increase of Ps. 3.7 million in the Financial operation and Other segments, and an increase of Ps. 1.3 million in the Offices and Others segment, partially offset by a reduction of Ps. 4.3 million in the Sales and Developments segment.

In turn, the selling expenses of our joint ventures remained at around Ps. 11 million in both fiscal years (mainly allocated to the Sales and Developments segment).

Thus, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, selling expenses grew by 22.3% up from Ps. 95.9 million in the fiscal year 2012 to Ps. 117.2 million in the fiscal year 2013. Selling expenses measured as a percentage of revenues, according to the business segment reporting, and considering both our joint ventures and the inter-segment eliminations, remained stable at 5% in both fiscal years.

Management fees

The Company entered into a management agreement with Consultores Asset Management S.A. that contemplates the payment of a fee equivalent to 10% of our net income for agricultural advisory services and other related management services. During the fiscal year 2013 and 2012 no charge was recorded for these fees, which correspond to the Other segments of the Agricultural business.

Other operating results, net

Other operating results, net of the Company increased Ps. 191.4 million, from a Ps. 93.4 million loss in the fiscal year 2012 to a Ps. 98.1 million income in the fiscal year 2013.

Agricultural business

Other operating results	Year ended on June 30, 2013			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(6,707)	(823)	-	(7,530)
Cattle	(1,779)	(78)	-	(1,857)
Dairy	(412)	-	-	(412)
Sugarcane	(27)	-	-	(27)
Agricultural Rentals and services	(582)	-	-	(582)
Agricultural subtotal	(9,507)	(901)	-	(10,408)
Land tranformation and sales	(75)	-	-	(75)
Agro-industrial	(1,305)	-	-	(1,305)
Other segments	15,687	-	-	15,687
Total Other operating results	4,800	(901)	-	3,899

Other operating results	Year ended on June 30, 2012			
	Income statement	Interests in joint ventures	Inter-segment eliminations	Segment-reporting
Crops	(56,185)	(725)	-	(56,910)
Cattle	(2,307)	(69)	-	(2,376)

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Dairy	(460)	-	-	(460)
Sugarcane	(12)	-	-	(12)
Agricultural Rentals and services	(579)	-	-	(579)
Agricultural subtotal	(59,543)	(794)	-	(60,337)
Land tranformation and sales	(79)	-	-	(79)
Agro-industrial	136	-	-	136
Other segments	(1,449)	-	-	(1,449)
Total Other operating results	(60,935)	(794)	-	(61,729)

Other operating results, net from the Agricultural business increased 107.9%, from Ps. 60.9 million loss in the fiscal year 2012 to Ps. 4.8 million gain in the fiscal year 2013. This was mainly due to an increase of Ps. 49.5 million in the Crops segment, an increase of Ps. 0.5 million in the Cattle segment, and an increase of Ps. 17.1 million in the Others segments, partially offset by a reduction of Ps. 1.4 million in the Agro-industrial segment.

In turn, other operating results, net from interests in our joint ventures decreased 13.5% from Ps. 0.8 million loss in the fiscal year 2012 to Ps. 0.9 million loss in the fiscal year 2013.

On the other hand, there was no inter-segment eliminations for other operating results, net.

Thus, according to the business segment reporting by segment and considering all our joint ventures, other operating results, net grew by 106.3% up from Ps. 61.7 million loss in the fiscal year 2012 to Ps. 3.9 million gain in the fiscal year 2013.

Crops

Other operating results, net of the Crops segment increased Ps. 49.5 million, from a Ps. 56.2 million loss in the fiscal year 2012 to a Ps. 6.7 million loss in the fiscal year 2013, mainly as a result of the commodity derivatives held by Brasilagro and Cresud (Ps. 56.4 million), partially offset by the charge to income of Brasilagro's contingency allowance for Ps. 9.1 million.

Other

Other operating results, net of the Other segment increased Ps. 17.1 million, from a Ps. 1.4 million loss in the fiscal year 2012 to a Ps. 15.7 million income in the fiscal year 2013.

The rest of the segments of the Agricultural business did not record significant changes.

Urban Properties and Investment Business

Other operating results	Year ended on June 30, 2013			
	Income statement	Interests in		Segment-reporting
		joint ventures	Inter-segment eliminations	
Shopping Centers Properties	(44,545)	(475)	-	(45,020)
Offices and Others	197	(990)	546	(247)
Sales and Developments	6,266	76	-	6,342
Hotels	(369)	-	-	(369)
International	135,082	-	-	135,082
Financial Operations and Others	(3,363)	-	-	(3,363)
Total Other operating results	93,268	(1,389)	546	92,425

Other operating results	Year ended on June 30, 2012			
	Income statement	Interests in		Segment-reporting
		joint ventures	Inter-segment eliminations	
Shopping Centers Properties	(20,677)	(2,449)	-	(23,126)
Offices and Others	(6,093)	(209)	498	(5,804)
Sales and Developments	(4,947)	(1,873)	-	(6,820)
Hotels	(1,526)	-	-	(1,526)
International	43	-	-	43
Financial Operations and Others	754	(18)	-	736
Total Other operating results	(32,446)	(4,549)	498	(36,497)

Other operating results, net from the Urban properties and investment business increased Ps. 125.7 million, from a Ps. 32.4 million loss in the fiscal year 2012 to a Ps. 93.3 million income in the fiscal year 2013, generated mainly by a Ps. 135.0 million income from the International segment.

The effect of the consolidation of our joint ventures is not significant in this line. According to the business segment reporting and considering both our joint ventures and the inter-segment eliminations, the Others operating results, net line went from Ps. 36.5 million in net loss for the fiscal year 2012 to Ps. 92.4 million in net income for the fiscal year 2013.

Profit from operation

As a result of the factors explained above, the Company's operating income / (loss) increased Ps. 459.4 million (71.0%), from a Ps. 647.0 million income in the fiscal year 2012 to a Ps. 1,106.4 million income in the fiscal year 2013.

Agricultural business

Operating income / (loss) from the Agricultural business increased Ps. 141.3 million (148.5%), from a Ps. 95.1 million loss in the fiscal year 2012 to a Ps. 46.1 million income in the fiscal year 2013.

Crops

Operating income / (loss) from this segment decreased Ps. 32.1 million (24.8%) from a Ps. 129.5 million loss in the fiscal year 2012 to a Ps. 97.4 million loss in the fiscal year 2013.

Cattle

Operating income / (loss) from this segment decreased Ps. 36.1 million (179.8%), from a Ps. 20.1 million income in the fiscal year 2012 to a Ps. 16.0 million loss in the fiscal year 2013.

Dairy

Operating income / (loss) from this segment decreased Ps. 2.3 million (136.3%), from a Ps. 1.7 million income in the fiscal year 2012 to a Ps. 0.6 million loss in the fiscal year 2013.

Sugarcane

Operating income / (loss) from this segment increased Ps. 33.4 million from a Ps. 6.2 million loss in the fiscal year 2012 to a Ps. 27.2 million income in the fiscal year 2013.

Agricultural Rentals and Services

Operating income / (loss) from this segment decreased Ps. 5.1 million (29.5%) from a Ps. 17.2 million income in the fiscal year 2012 to a Ps. 12.1 million income in the fiscal year 2013.

Land Transformation and sales

Operating income / (loss) from this segment increased Ps. 93.4 million from a Ps. 39.2 million income in the fiscal year 2012 to a Ps. 132.6 million income in the fiscal year 2013.

Agro-industrial

Operating income / (loss) from this segment decreased Ps. 1.1 million, from a Ps. 25.6 million loss in the fiscal year 2012 to a Ps. 24.5 million loss in the fiscal year 2013.

Other

Operating income / (loss) from this segment increased Ps. 24.7 million, from a Ps. 12.0 million loss in the fiscal year 2012 to a Ps. 12.7 million income in the fiscal year 2013.

Urban Properties and Investment Business

Operating income / (loss) from this business increased Ps. 318.2 million (42.9%) from a Ps. 742.1 million income in the fiscal year 2012 to a Ps. 1,060.2 million income in the fiscal year 2013. This was mainly due to a increase of Ps. 341.5 million in the Shopping Centers Properties, Offices and Others, Sales and Developments and International

segments, partially offset by a Ps. 23.4 million reduction in the Hotels and Financial Operation and Other segments.

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

Share of profit / (loss) of associates and joint ventures decreased Ps. 9.6 million (90.4%) from a Ps. 10.6 million gain in the fiscal year 2012 to a Ps. 1.0 million gain in the fiscal year 2013. This was primarily due to:

- a reduction of Ps. 13.1 million in income from related companies in our Investment and development properties business in the fiscal year 2013 due primarily to lower profits from our investment in Banco Hipotecario and a larger loss caused by our interest in New Lipstick;
- slightly offset by higher income of Ps. 3.5 million from the Agricultural business, mainly reflecting a Ps. 2.1 million income from our investment in AgroUranga (corresponding to the Crops segment).

Financial results, net

We had a higher net financial loss of Ps. 339.4 million, from a loss of Ps. 569.32 million in fiscal year 2012 to a loss of Ps. 908.7 million in fiscal year 2013. This was primarily due to:

- a higher loss of Ps. 266.1 million in net exchange differences in fiscal year 2013;
- a higher loss of Ps. 22.2 million in net financial interest recorded in fiscal year 2013;
- a higher loss of Ps. 18.9 million in revaluation of receivables from sale of farmlands in fiscal year 2013;
- a higher loss of Ps. 6.5 million in derivative financial instruments in fiscal year 2013; and
- a higher loss of Ps. 26.9 million generated by the results from Financial Operations and Other in fiscal year 2013.

Our net financial loss in fiscal year 2013 was mainly attributable to (i) an Ps. 586.4 million loss generated by exchange differences mainly as a result of a higher liability position in US dollars due to the issuance of new series of notes; and (ii) a loss of Ps. 483.8 million generated by interest accrued on debt financing, mainly due to increased indebtedness and higher interest rates.

There was a 19% variation in the U.S. Dollar seller exchange rate during fiscal year 2013 (it increased from Ps. 4.527 as of June 30, 2012 to Ps. 5.388 as of June 30, 2013) as compared to the previous fiscal year, when the U.S. Dollar quotation had experienced a smaller variation, of 10% (from Ps. 4.110 as of June 30, 2011 to Ps. 4.527 as of June 30, 2012).

Income tax benefit / (expense)

Our income tax expense increased Ps. 11.5 million (52.66%), from Ps. 21.9 million in fiscal year 2012 to Ps. 33.5 million in fiscal year 2013. The Company recognizes the income tax expense on the basis of the deferred tax liability method, thus recognizing temporary differences between accounting and tax assets and liabilities measurements. The main temporary differences for the Agricultural Business derive from valuation of cattle stock and sale and replacement of property, plant and equipment, while those corresponding to the Urban Properties and Investments Business derive from the sale and replacement of investment properties.

For purposes of determining the deferred assets and liabilities, the tax rate expected to be in force at the time of their reversion or use, according to the legal provisions enacted as of the date of issuance of these financial statements (35%), has been applied to the identified temporary differences and tax losses.

Net income / (loss)

Due to the above mentioned factors, our net income increased by Ps. 95.8 million (163.8%) from Ps. 58.5 million for fiscal year 2012 to Ps. 154.3 million in fiscal year 2013. Net income for the fiscal years 2013 and 2012 is attributable to the controlling company's shareholders and non-controlling interest as per the following detail:

- Net income attributable to the controlling company's shareholders increased by Ps. 5.6 million, from a loss of Ps. 21.3 million in fiscal year 2012 to a loss of Ps. 26.9 million in fiscal year 2013; and
- The non-controlling interest in controlled companies increased by Ps. 101.4 million (127.0%), from an income of Ps. 79.8 million in fiscal year 2012 to an income of Ps. 181.2 million in fiscal year 2013, mainly due to an increase of Ps. 47.2 million in Brasilagro, an increase of Ps. 11.0 million in our subsidiary IRSA, and an increase of Ps. 38.2 million in other companies from the Urban Properties and Investment business.

B. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our main sources of liquidity have historically been:

- cash generated by operations;
- cash generated by our issuance of common shares and non-convertible notes;
- cash proceeds from borrowings (including cash from bank loans and overdrafts) and financing arrangements (including cash from the exercise of warrants); and
- cash proceeds from sale of investment and trading properties and property, plant and equipment (including cash proceeds from the sale of farmlands).

Our main cash requirements or uses (other than in connection with our operating activities) have historically been:

- acquisition of subsidiaries and non-controlling interest in subsidiaries;

- acquisition of interest in associates and joint ventures;
- capital contributions to associates and joint ventures;
- capital expenditures in property, plant and equipment (including acquisitions of farmlands) and investment and trading properties;
 - payments of short-term and long-term debt and payment of the related interest expense; and
 - payment of dividends.

Our liquidity and capital resources include our cash and cash equivalents, proceeds from operating activities, sales of investment properties, trading properties and farmlands, obtained bank borrowings, long-term debts incurred and capital funding.

Cash Flows

The table below shows our cash flow for the fiscal years ended June 30, 2014, 2013 and 2012:

	For the fiscal year ended June 30,		
	2014 (Restated)	2013	2012
	(in millions of Pesos)		
Net cash provided by operating activities	883.2	648.5	668.4
Net cash used in investing activities	(885.9)	(93.0)	(353.9)
Net cash used in financing activities	(446.2)	(17.2)	(478.9)
Net (decrease) increase in cash and cash equivalents	(448.9)	538.3	(164.4)

As of June 30, 2014, we had cash and cash equivalents of Ps. 1,003.0 million, a decrease compared to Ps. 1,047.6 million as of June 30, 2013. The decrease was primarily due to cash inflows from operating activities of Ps. 883.2 million, the issuance of non-convertible notes for Ps. 1,051.8 million, an increase in the short and long-term debt of Ps. 793.5 million, and the disposal of investments in financial assets, investment properties and farmlands for Ps. 3,866.7 million, Ps. 402.2 million and Ps. 125.9 million, respectively; partially offset by the cash outflows related with the cancellation of non-convertible notes, financial loans and financial interests for Ps. 1,966.6 million, the acquisition of investments in financial assets for Ps. 3,682.9 million, the payment of dividends for Ps. 243.6 million, the acquisition of investment properties for Ps. 271.9 million, the acquisition of property, plant and equipment for Ps. 163.1 million (including advances), and capital contributions and acquisitions of interest in associates and joint ventures for Ps. 1,192.1 millions.

As of June 30, 2013, we had cash and cash equivalents of Ps. 1,047.6 million, an increase compared to Ps. 471.9 million as of June 30, 2012. The increase was primarily due to cash inflows from operating activities of Ps. 648.5 million, an increase in the short and long-term debt of Ps. 878.6 million, the issuance of non-convertible notes for Ps. 800.4 million, and the disposal of investments in financial assets, investment properties and farmlands for Ps. 1,850.1 million, Ps. 128.6 million and Ps. 230.4 million, respectively; partially offset by the cash outflows related with the cancellation of non-convertible notes, financial loans and financial interests for Ps. 1,307.3 million, the acquisition of investments in financial assets for Ps. 1,739.0 million, the payment of dividends for Ps. 239.4 million, the acquisition of investment properties for Ps. 213.0 million, the acquisition of property, plant and equipment (including advances) for Ps. 153.3 million, distribution of share capital of subsidiaries for Ps. 152.1 million, the acquisition of subsidiaries

for Ps. 117.9 million, and capital contributions and acquisitions of interest in associates and joint ventures for Ps. 93.3 millions.

Net cash provided by operating activities

Fiscal Year ended June 30, 2014 and 2013

Net cash provided by operations increased from a net cash inflow of Ps.648.5 million during fiscal year ended June 30, 2013 to a net cash inflow of Ps. 883.2 million during fiscal year ended June 30, 2014. The increase in net cash provided by operating activities was primarily due to an increase of Ps. 156.1 million in operating gains, a decrease of Ps. 533.7 million in trade and other receivables, and a decrease in derivative financial instruments of Ps. 25.7 million; that was partially offset by a decrease of Ps. 390.0 million in trade and other payables and an increase in inventories of Ps. 139.9 million during fiscal year ended June 30, 2014 compared to fiscal year ended June 30, 2013.

Our operating activities resulted in net cash inflows of Ps. 883.2 million for the fiscal year ended on June 30, 2014, mainly due to operating gains of Ps. 903.8 million, a decrease of 268.3 million in trade and other receivables, a decrease of Ps. 286.6 million in biological assets, and an increase of Ps. 71.6 million in payroll and social security liabilities, partially offset by the income tax paid of Ps. 279.9 million, an increase of Ps. 196.8 million in inventories, and a decrease of Ps. 170.0 million in trade and other payables.

Fiscal Year ended June 30, 2013 and 2012

Net cash provided by operations decreased from a net cash inflow of Ps. 668.4 million during fiscal year ended June 30, 2012 to a net cash inflow of Ps. 648.5 million during fiscal year ended June 30, 2013. The decrease in net cash provided by operating activities was primarily due to a decrease of Ps. 22.5 million in operating gains, an increase of Ps. 213.5 million in trade and other receivables, an increase in inventories of Ps. 173.4 million, an increase in the income tax paid of Ps. 140.3 million, and the increase of Ps. 123.5 million in derivative financial instruments; that was partially offset by an increase of Ps. 441.1 million in trade and other payables, an increase of Ps. 42.8 million in payroll and social security liabilities, and a decrease of Ps. 140.3 million in biological assets, during fiscal year ended June 30, 2013 compared to fiscal year ended June 30, 2012.

Our operating activities resulted in net cash inflows of Ps. 648.5 million for the fiscal year ended on June 30, 2013, mainly due to operating gains of Ps. 747.6 million, a decrease of Ps. 286.6 million in biological assets, an increase of Ps. 220.1 million in trade and other payables, partially offset by the income tax paid of Ps. 282.8 million, an increase of 265.4 million in trade and other receivables, an increase of Ps. 56.9 million in inventories, and an increase of Ps. 32.0 million in derivative financial instruments.

Net cash used in investing activities

Fiscal Year ended June 30, 2014 and 2013

Net cash used in investing activities increased from a net cash outflow of Ps. 93.0 million during fiscal year ended on June 30, 2013 to a net cash outflow of Ps. 885.9 million during fiscal year ended on June 30, 2014. This variation was mainly due to an increase in acquisitions of investments in financial assets for Ps. 1,944.0 million, an increase in acquisition of interest in associates and joint ventures for Ps. 1,105.9 million, an increase in acquisition of investment properties for Ps. 58.9 million, and a decrease in the inflows of cash arising from the sale of farmlands for Ps. 104.5 million; this increase was partially offset by an increase in the inflows of cash arising from the sale of financial instruments for Ps. 2,016.5 million and the sale of investment properties for Ps. 273.6 million, and a decrease in the outflows of cash applied in loans granted to associates and joint ventures for Ps. 16.2 million and acquisition of subsidiaries for Ps. 117.9 million during fiscal year ended June 30, 2014 compared to fiscal year ended June 30, 2013.

Our investing activities resulted in net cash outflows of Ps. 885.9 million for the fiscal year ended on June 30, 2014 mainly due to acquisitions of investments in financial assets for Ps. 3,682.9 million, investment properties for Ps. 271.9 million, property, plant and equipment (including advances) for Ps. 163.1 million and subsidiaries, associates and joint ventures for Ps. 1,131.8 million, and capital contributions to associates and joint ventures for Ps. 60.3 million; partially offset by cash inflows related to the sale of financial instruments, farmlands, investment properties and associates and joint ventures for Ps. 3,866.7 million, Ps. 125.9 million, Ps. 402.2 million, and Ps. 22.8 million, respectively, and dividends collected for Ps. 22.4 million.

Fiscal Year ended June 30, 2013 and 2012

Net cash used in investing activities decreased from a net cash outflow of Ps. 353.9 million during fiscal year ended on June 30, 2012 to a net cash outflow of Ps. 93.0 million during fiscal year ended on June 30, 2013. This variation was mainly due to an increase in the inflows of cash arising from the sale of financial instruments for Ps. 1,066.0 million and the sale of farmlands for Ps. 199.6 million, and a decrease in the outflows of cash applied in loans granted to associates and joint ventures for Ps. 47.5 million and acquisition of interest in associates and joint ventures for Ps. 22.9 million; this decrease was partially offset by an increase of Ps. 778.6 million in investments in financial assets, an increase of Ps. 104.9 million in acquisition of investment properties, an increase of Ps. 117.9 million in acquisition of subsidiaries and an increase of Ps. 51.7 million in capital contributions to associates and joint ventures, and an increase of 41.6 million in loans granted, during fiscal year ended June 30, 2013 compared to fiscal year ended June 30, 2012.

Our investing activities resulted in net cash outflows of Ps. 93.0 million for the fiscal year ended on June 30, 2013 mainly due to acquisitions of investments in financial assets for Ps. 1,739.0 million, investment properties for Ps. 213.0 million, property, plant and equipment (including advances) for Ps. 153.3 million and subsidiaries, associates and joint ventures for Ps. 143.8 million, capital contributions to associates and joint ventures for Ps. 67.4 million and loans granted for Ps. 41.6 million; partially offset by cash inflows related to the sale of financial instruments, farmlands and investment properties for Ps. 1,850.1 million, Ps. 230.4 million and Ps. 128.6 million, respectively, and dividends collected for Ps. 53.4 million.

Net cash used in financing activities

Fiscal Year ended June 30, 2014 and 2013

Net cash used in financing activities decreased from Ps. 17.2 million during fiscal year ended June 30, 2013 to Ps. 446.2 million during fiscal year ended June 30, 2014, mainly due to an increase of Ps. 577.7 million in the cancellation of non-convertible notes and financial interests, an increase of Ps. 81.6 million in payments of financial

loans, a decrease in the cash inflows of cash arising from borrowings from financial entities for Ps. 85.2 million and from associates and joint ventures for Ps. 53.5 million; the decrease was partially offset by an increase in the inflow of cash arising from the issuance of non-convertible notes for Ps. 251.4 million, a decrease of Ps. 48.7 million in acquisitions of non-controlling interest, a decrease of Ps. 147.8 million in distribution of share capital of subsidiaries, and an increase of Ps. 131.0 million in contributions from non-controlling interest, during fiscal year ended June 30, 2014 compared to fiscal year ended June 30, 2013.

Our financing activities resulted in net cash outflows of Ps. 446.2 million for the fiscal year ended on June 30, 2014 mainly due to the cancellation of non-convertible notes, financial loans and financial interests for Ps. 799.6 million, Ps. 590.1 million and Ps. 576.9 million, respectively, payment of dividends for Ps. 243.6 million, and repurchase of non-convertible notes and equity interest for 163.5 million and Ps. 97.7 million, respectively; partially offset by cash inflows associated with the issuance of non-convertible notes for Ps. 1,051.8 million, borrowings taking from financial entities for Ps. 793.5 million and from associates and joint ventures for Ps. 17.3 million, contribution from non-controlling interest for Ps. 139.1 million, and proceeds from derivative financial instruments for Ps. 62.2 million.

Fiscal Year ended June 30, 2013 and 2012

Net cash used in financing activities decreased from a net cash out flow of Ps.478.9 million during fiscal year ended June 30, 2012 to a net cash out flow of Ps. 17.2 million during fiscal year ended June 30, 2013, mainly due to an increase of Ps. 217.7 million in the cancellation of non-convertible notes and financial interests, an increase of Ps. 98.3 million in dividends paid, a decrease of Ps. 152.1 million in distribution of share capital of subsidiaries, a decrease in the inflow of cash arising from the issuance of non-convertible notes for Ps. 113.4 million, a decrease of Ps. 68.3 million in contributions from non-controlling interest; the decrease was partially offset by an increase in the cash inflows of cash arising from borrowings from financial entities for Ps. 617.9 million and from associates and joint ventures for Ps. 59.6 million, a decrease of Ps. 152.6 million in acquisitions of non-controlling interest, a decrease of Ps. 202.8 million in payments of financial loans, and a decrease of Ps. 75.3 million in payments of seller financing, during fiscal year ended June 30, 2013 compared to fiscal year ended June 30, 2012.

Our financing activities resulted in net cash outflows of Ps. 17.2 million for the fiscal year ended on June 30, 2013 mainly due to the cancellation of non-convertible notes, financial loans and financial interests for Ps. 423.1 million, Ps. 508.5 million and Ps. 375.7 million, respectively, payment of dividends for Ps. 239.4 million, distribution of share capital of subsidiaries for Ps. 152.1 million, acquisition of non-controlling interest in subsidiaries for Ps. 49.9 million and payments of seller financing for Ps. 26.3 million; partially offset by cash inflows associated with the issuance of non-convertible notes for Ps. 800.4 million, borrowings taking from financial entities for Ps. 878.6 million and from associates and joint ventures for Ps. 70.7 million.

Indebtedness

As of June 30, 2014, we had total loans in the amount of Ps. 7,954.9 million. The table below sets forth our indebtedness by maturing date:

	Currency	Schedule of Maturities or Amortization					Total (2)	Annual Average Interest Rate
		Less than 1 year (1)	More than 1 year and up to 2 years	More than 2 years and up to 3 years	More than 3 years and up to 4 years	More than 4 years		
(in million Pesos, constant currency as of June 30, 2014) (3)								
Bank and Other debt								
Bank loans (4)	Ps.	566.5	24.6	8.9	3.3	-	603.3	
Bank loans (3)	US\$	9.3	6.2	12.4	18.6	74.3	120.8	
Bank loans (3) (4)	R\$	176.1	-	-	-	-	176.1	
Secured bank loans (3)	R\$	53.8	38.9	29.1	29.1	116.6	267.5	
Cresud's Series VIII Notes (3)	US\$	499.1	-	-	-	-	499.1	7.50
Cresud's Series XI Notes (3)	US\$	39.6	-	-	-	-	39.6	variable (Badlar + 375 bps)
Cresud's Series XII Notes	Ps.	70.0	-	-	-	-	70.0	variable (Badlar + 410bps)
Cresud's Series XIII Notes (3)	US\$	645.0	-	-	-	-	645.0	1.9
Cresud's Series XIV Notes (3)	US\$	0.2	-	-	259.2	-	259.4	1.5
Cresud's Series XV Notes (3)	US\$	63.9	117.3	-	-	-	181.2	23.67
Cresud's Series XVI Notes (3)	US\$	4.2	-	-	448.0	448.0	900.2	1.5
APSA's Series I Notes (3) (5)	US\$	8.8	(30.9)	871.8	(1.8)	-	847.9	7.88
IRSA's Series I Notes (3)	US\$	41.4	(0.7)	1,211.1	-	-	1,251.8	8.50
IRSA's Series II Notes (3) (6)	US\$	55.4	(36.3)	(1.3)	(1.3)	1,109.4	1,125.9	11.50
IRSA's Series I Notes	Ps.	4.3	209.3	-	-	-	213.6	Variable (Badlar + 395 bps)
IRSA's Series I Notes	Ps.	0.3	-	10.8	-	-	11.1	Variable (Badlar + 450 bps)
Syndicated loans	Ps.	101.3	77.6	1.3	-	-	180.2	15.3
Secured seller financing (3)	US\$	28.7	-	-	80.1	41.1	149.8	3.5 - 5.0
Unsecured seller financing (3)	R\$	165.5	-	-	-	-	165.5	Variable
Secured obligations	Bol.	2.6	5.8	-	-	-	8.4	7.0
Unsecured obligations	Ps.	25.5	-	-	-	-	25.5	27.7
	US\$	74.3	-	-	-	-	74.3	

Unsecured obligations

Secured financial leases (3)	US\$	2.1	0.7	0.4	-	-	3.2	7.5
Related parties	Ps.	1.6	3.1	134.6	-	-	139.3	
Total bank and other debt		2,639.5	413.0	2,277.7	835.2	1,789.4	7,954.9	

(1) Includes accrued interest.

(2) Figures may not sum due to rounding.

(3) Exchange rate as of June 30, 2014 US\$ 1.00 = Ps.8.133 and R\$ = Ps.3.693

(4) Includes bank overdrafts.

(5) Includes (5.5) of higher values.

(6) Includes (6.0) of higher values.

Cresud's Series VIII Notes

On September 7, 2011, we issued the Series VIII Notes for US\$ 60 million, which matured in September 2014. This Notes accrues interest at a fixed rate of 7.5%, and interest is payable semi-annually on September 7 and March 7 of each year. The principal amount is repayable in a single installment on the Notes' maturity date.

Cresud's Series IX, X, and XI Notes

On June 21, 2012, we issued the Notes Series IX, X and XI for Ps. 383.5 million.

Series IX Notes were issued for a principal amount of Ps. 161.0 million, fall due 18 months after their issue date, and accrue interest at a variable rate (Badlar private rate + 300 basis points). Interest is payable on a quarterly basis. The principal amount is repayable in three installments that fall due 12, 15 and 18 months after their issue date. As of to date, these Notes have been fully repaid.

Series X Notes were issued for a principal amount of US\$ 31.5 million, and fall due 24 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and accrue interest at a fixed rate of 7.75% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in three installments that fall due 18, 21, and 24 months after their issue date. On September 19, 2012, a second tranche of Series X Notes was issued for a principal amount of US\$ 30.0 million, for an issue price of 105.2%, resulting in an IRR of 5.57% at the time of issuance. As of the date hereof, these Notes have been fully repaid.

Series XI Notes were issued for a principal amount of Ps. 80.5 million, fall due 36 months following their issue date, and accrue interest at a variable rate (Badlar Private rate + 375 basis points). Interest is payable on a quarterly basis. The principal amount is repayable in three installments that fall due 24, 30 and 36 months after their issue date. As of the date hereof, the first principal installment has been paid.

Series XII and XIII Notes

On February 22, 2013, we issued the Series XII and XIII Notes for Ps. 500 million.

Notes Series XII were issued for a principal amount of Ps. 102.1 million, fall due 21 months after their issue date, and accrue interest at a variable rate (Badlar private rate + 410 basis points). Interest is payable on a quarterly basis. The principal amount is repayable in three installments that fall due 15, 18 and 21 months after their issue date. As of the date hereof, the first two principal installments have been paid.

Notes Series XIII were issued for a principal amount of US\$ 79.4 million, and fall due 27 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 1.90% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 24 and 27 months from the issue date.

Cresud's Series XIV Notes

On May 17, 2013, we issued the Series XIV Notes for a principal amount of US\$ 32.0 million, and fall due 60 months after their issue date, 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 from the issue date.

Cresud's Series XV and XVI Notes

On November 18, 2013, we issued the Series XV and XVI Notes for a principal amount of Ps. 827.6 million.

Notes Series XV were issued for a principal amount of Ps. 176.37 million, fall due 24 months after their issue date, and accrue interest at a variable rate (Badlar private rate + 399 basis points). Interest is payable on a quarterly basis. The principal amount is repayable in three installments that fall due 18, 21 and 24 months from the issue date.

Notes Series XVI were issued for a principal amount of US\$ 109.11 million, and fall due 60 months after their issue date. They are subscribed and payable in pesos at the applicable exchange rate, and they accrue interest at a fixed rate of 1.5% per annum. Interest is payable on a quarterly basis. The principal amount is repayable in two installments that fall due 54 and 60 months after their issue date. The issue price of Series XVI Notes was 102.3%, resulting in an IRR of 1.00% at the time of issuance.

IRSA's 8.5% Series I Notes due 2017

Under its US\$ 400 Million Global Note Program, on February 2, 2007, IRSA issued fixed-rate notes due in 2017 for a total amount of up to US\$ 150.0 million, which accrue interest at an annual interest rate of 8.5% payable semi-annually and which mature in a single installment on February 2, 2017.

These notes also contain a covenant limiting our ability to pay dividends which may not exceed the sum of:

- 50% of the cumulative consolidated net income; or

- 75% of the cumulative consolidated net income if the consolidated interest coverage ratio for the most recent four consecutive fiscal quarters is at least 3.0 to 1; or
- 100% of the cumulative consolidated net income if the consolidated interest coverage ratio for the most recent four consecutive fiscal quarters is at least 4.0 to 1; plus
- 100% of the aggregate net cash proceeds (with certain exceptions) and the fair market value of property other than cash received by the company or by its restricted subsidiaries from (a) any contribution to the company's capital stock or the capital stock of its restricted subsidiaries or issuance and sale of the company's qualified capital stock or the qualified capital stock of its restricted subsidiaries subsequent to the issue of the Company's notes due 2017, or (b) issuance and sale subsequent to the issuance of the company's notes due 2017 or its indebtedness or the indebtedness of its restricted subsidiaries that has been converted into or exchanged for qualified capital stock of the Company, (c) any kind of reduction in the Company's indebtedness or the indebtedness of any of its restricted subsidiaries; or (d) any kind of reduction in investments in debt certificates (other than permitted investments) and in the return on assets; or (e) any distribution received from an unrestricted subsidiary.

IRSA's 11.5% Series II Notes due 2020

Under its 400 Million Global Note Program, on July 20, 2010, IRSA issued fixed-rate notes due in 2020 for a total amount of US\$ 150.0 million, which accrue interest at an annual interest rate of 11.5% payable semi-annually and which mature in a single installment on July 20, 2020.

Series II Notes are subject to the same covenants as described above for Series I Notes due 2017.

IRSA's Series V and VI Notes

On February 26, 2014, IRSA's Series V and VI Notes were issued for a principal amount of Ps. 220.2 million under the US\$ 300 Million Global Note Program approved by the Shareholders' Meeting.

Series V Notes were issued for a principal amount of Ps. 209.4 million, fall due 18 months after their issue date, and accrue interest at a variable rate (Badlar private rate + 395 basis points). Interest is payable on a quarterly basis. Series V will mature on August, 2015.

Series VI Notes were issued for a principal amount of Ps. 10.8 million, fall due 36 months after their issue date, and accrue interest at a variable rate (Badlar private rate + 450 basis points). Interest is payable on a quarterly basis. Series VI will mature on February, 2017.

APSA's Series I and Series II Notes

On May 11, 2007, APSA issued two series of notes under its Global Note Program.

Series I Notes were issued for a principal amount of US\$ 120 million, and accrue interest at a fixed rate of 7.875% per annum, payable on a quarterly basis. These notes mature on May 11, 2017.

Series II Notes were issued for a principal amount of Ps. 154 million (equivalent to US\$ 50 million). On June 11, 2012, the last principal and interest installment was paid.

Other Indebtedness

CRESUD

Banco Ciudad Financial Loan

On January 10, 2012, we entered into a loan with Banco Ciudad for a total amount of US\$ 20 million, disbursable in several installments.

The principal amount accrues interest at the higher of an annual nominal rate equal to the 180-day LIBOR rate plus a spread of 300 basis points or an annual nominal fixed rate of 6%. Interest is payable semi-annually and the principal amount is repayable on an annual basis, starting on the second anniversary of the first disbursement. On January 20, 2014, the first principal installment of US\$ 761,850 was repaid.

As of June 30, 2014, disbursements had been made for a total amount of US\$ 15.2 million.

The loan proceeds will be used for an investment project consisting of reconverting for agricultural purposes 15,934 hectares in the "Los Pozos" farm, currently assigned to livestock breeding.

Banco Provincia de Buenos Aires loan

On December 5, 2012, we entered into a loan with Banco de la Provincia de Buenos Aires for an amount of Ps. 24.0 million, under the credit line for production investment described in Communication A 5319 issued by the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.01%, with interest payable on a semi-annual basis, and matures 42 months after the disbursement date. The principal amount is repayable in 7 semi-annual installments, with the first installment falling due in June 2013.

FyO – Loan with Banco Hipotecario

On November 22, 2013, FyO entered into a loan with Banco Hipotecario for an amount of Ps. 840,000, under the credit line for production investment described in Communication A 5449 issued by the Argentine Central Bank. The

loan accrues interest at a fixed rate of 15.25%, with interest payable on a monthly basis, and matures 36 months after the disbursement date. There is a grace period of one year for the repayment of the principal amount, after which the principal is repayable in 24 monthly consecutive installments.

Bolivia Investment Loan

On December 17, 2012, Agropecuaria Acres Del Sud entered into a loan with Banco Económico S.A. for an amount of Bol.13.5 million. The loan accrues interest at a fixed rate of 7.45%, with interest and principal being payable semi-annually. The loan matures 60 months after the disbursement date. The loan proceeds were used to plant sugarcane in the 4 Vientos and Primavera farmlands and to fund infrastructure expenses in channels, roads and bridges in 4 Vientos.

Banco de la Pampa Loan

On August 3, 2012 we agreed upon a loan with Banco de La Pampa for an amount of Ps. 20.0 million. The loan accrues interest at the Encuesta variable rate less 200 basis points, with an annual nominal rate subject to a bottom of 10.50% and a ceiling of 14.50%. There is a grace period of one year and a half for the repayment of the principal amount, after which it is repayable in 6 semi-annual consecutive installments. The loan proceeds were used to make working capital investments in our subsidiary Carnes Argentinas.

IRSA

Hoteles Argentinos Loan

On December 26, 2013 Hoteles Argentinos S.A. (“HASA”), IRSA’s subsidiary, entered into a loan with Banco Hipotecario for an amount of Ps. 5.0 million, under a credit line for productive investment provided under communication “A” 5449 of the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.25%, with interest payable on a monthly basis, and matures 36 months after the disbursement date. There is a grace period of one year for the repayment of the principal amount, after which the principal is repayable in 24 monthly consecutive installments.

Llao Llao Loan

On December 23, 2013 Llao Llao Resorts S.A. (“Llao LLao”), IRSA’s subsidiary, entered into a loan with Banco Hipotecario for an amount of Ps. 4.0 million, under a credit line for productive investment provided under communication “A” 5449 of the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.25%, with interest payable on a monthly basis, and matures 36 months after the disbursement date. There is a grace period of one year for the repayment of the principal amount, after which the principal is repayable in 24 monthly consecutive installments.

Madison Loan

On November 27, 2012, Rigby 183 LLC, IRSA’s subsidiary, entered into a loan from M&T Bank for an amount of US\$ 75 million. The loan accrues interest at a variable rate of 1-month Libor plus a spread of 255 basis points, and interest is payable on a monthly basis. As of June 30, 2014, the outstanding principal amount was US\$ 74.7 million. The principal amount is subject to a partial repayment system that falls due 7 years after the disbursement date, and the last installment amounts to US\$ 67.2 million. In addition, an interest rate swap was entered into, resulting in a fixed rate of 4.22%. For more information, please see “Recent Developments.”

APSA

Arcos del Gourmet Syndicated Loan

On November 16, 2012, APSA entered into a syndicated loan for an amount of Ps. 118 million, under the credit facility for production investment described in Communication “A” 5319 issued by the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.01%, payable monthly and it is due 36 months after the disbursement date. Principal is subject to one-year grace period and then it is payable in 9 consecutive quarterly installments.

Banco Provincia Loan

On December 12, 2012 APSA, entered into a loan with Banco de la Provincia de Buenos Aires for an amount of Ps. 29.0 million, under the credit facility for production investment described in Communication “A” 5319 issued by the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.01%, payable monthly and it is due 36 months after the disbursement date. Principal is subject to a 9-month grace period y then it will be repaid in 9 consecutive quarterly installments.

Neuquén Syndicated Loan

On June 12, 2013, APSA entered into a syndicated loan for an amount of Ps. 111 million, under the credit facility for production investment described in Communication “A” 5380 issued by the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.25%, payable monthly and it is due 36 months after the disbursement date. Principal is subject to a one-year grace period and then it will be repaid in 9 consecutive quarterly installments.

Citibank Loan

On December 23, 2013, APSA entered into a loan with the Citibank N.A. for an amount of Ps. 5,931,600, under the credit facility for production Investment described in Communication “A” 5449 issued by the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.25%, payable quarterly and it is due 39 months after the disbursement date. Principal is subject to a one-year grace period and then it will be repaid in 9 consecutive quarterly installments.

Nuevo Puerto Santa Fe – Production Investment Loan

On December 26, 2013, NPSF entered into a loan agreement with Banco Hipotecario in the amount of Ps. 10.0 million, under the credit facility for production investment described in Communication A 5449 issued by the Argentine Central Bank. The loan accrues interest at a fixed rate of 15.25%, payable monthly and it is due 36 months after the disbursement date. Principal is subject to a one-year grace period and then it will be repaid in 24 consecutive monthly installments.

Soleil Debt

On December 28, 2007, as a result of the purchase of the Soleil plot of land, APSA entered into an agreement with INCSA for financing of a portion of the price in the amount of US\$ 12.6 million. Such loan accrues interest at a fixed rate of 5%, payable on annual basis. Principal shall be repaid when due on June 30, 2017.

This financing agreement was prepaid in whole on August 22, 2014.

C. RESEARCH AND DEVELOPMENTS, PATENTS AND LICENSES

Investments in technology amounted to Ps.9.3 and Ps.12.1 million for the fiscal years 2014 and 2013 respectively. Our total technology investments aim to increase the productivity of purchased land have amounted to Ps.434.8 million since fiscal year 1995.

We reach our objectives within this area through the implementation of domestic and international technological development projects focusing mainly on:

- Quality and productivity improvement.
- Increase in appreciation value of land through the development of marginal areas.
- Increase in the quality of food in order to achieve global food safety standards. We aim to implement and perform according to official and private quality protocols that allow us to comply with the requirements of our present and future clients. Regarding official regulations, in 2003 we implemented the Servicio Nacional de Sanidad y Calidad Agroalimentaria law on animal identification for livestock in six farmlands. Simultaneously, in 2004 we implemented EurepGap Protocols with the objective of complying with European Union food safety standards and as a mean for continuous improvement of the internal management and system production of our farmlands. Our challenge is to achieve global quality standards.

- Certification of suitable quality standards, since in recent years worldwide agriculture has evolved towards more efficient and sustainable schemes in terms of environmental and financial standpoints, where the innocuousness and quality of the production systems is becoming increasingly important. In this context, Good Agricultural Practices have emerged, as a set of practices seeking to ensure the innocuousness of agricultural products, the protection of the environment, the workers' safety and well-being, and agricultural health, with a view to improving conventional production methods. Certification of such standards allows to demonstrate the application of Good Agricultural Practices to production systems and ensures product traceability, allowing to impose stricter controls to verify the enforcement of the applicable laws.
- The implementation of a system of control and assessment of agricultural tasks for analyzing and improving efficiency in the use of agricultural machinery hired. For each of the tasks, a minimum standard to be fulfilled by contractors was set, which has led to do an improvement in the plant stand upon sowing, a better use of supplies and lower harvesting losses.

We do not have any patents or licenses that are material for conducting our business.

D. TREND INFORMATION

International Outlook:

As reported by the IMF in its World Economic Outlook (“WEO”), global activity rebounded in 2013, growing 3%, and world growth is expected to reach 3.6% in 2014 and 3.9% in 2015. From 2014 to 2015, developed economies are expected to grow at rates around 2%, driven by the forecasted growth in the United States, of approximately 3%, and in the Euro Zone, with projected growth rates of around 1% for 2014-2015.

Emerging and developing economies have recorded growth rates similar to those seen last year, and they are expected to grow 4.9% and 5.3% by the end of 2014 and 2015. The recovery of developed economies should have a positive impact on trade, although it could be lessened by lower commodity prices.

During 2012 and 2013, the financial markets generally exhibited a significant pickup in contrast with their lower performance of 2011. The MSCI World index (representative of developed markets) showed strong recovery in 2012 and 2013, reaching 18% on average. In 2012, the MSCI Emerging Markets index recovered partially from its 2011 fall, although in 2013 yields were slightly negative again. The continued currency stimulation programs in the world, led mainly by the Federal Reserve of the United States of America, have underpinned most of the upsurge in the financial markets. MSCI World Index increased 2.6% in a year to date basis up to October 2014.

Argentine Economy:

Argentine growth forecasts were revised down again as compared to those of last year. The IMF went from projecting 3.5% to 0.5% for 2014. This correction was mainly due to the mismatch in the balance of payment and the deterioration of the external financing conditions, due to the holdouts unresolved issue.

Consumption remained as the main driver of economic activity, as shopping center and supermarket sales grew at rates close to 43% year on year in nominal terms as of April 2014, favored by the increase in nominal salaries.

The unemployment rate was at 7.1% of the country's economically active population which points to a year on year decrease of 0.8 percentage points. In turn, the employment rate has remained almost unaltered as compared to the past year, at 41.8%.

In turn, gross domestic fixed Investment continued to perform positively as in the past years and showed a year on year increase of 1.6%, locating it at 23% of GDP.

Compared to the same period of the previous year, industrial activity decreased by 3.2% during the first half of 2014, both seasonally adjusted and not adjusted. Its breakdown shows that the industry sectors that experienced the highest growth rates in this period were: synthetic and artificial fibers (28.3%), industrial gases (23.2%), cigarettes (18.4%), and crude steel (16.8%). On the other hand, the automotive industry declined 19% compared to the same month of the previous year.

As concerns the external sector, the balance of trade as of June 2014 recorded a surplus of US\$ 1,379 million. Income from exports stood at US\$ 7,387 million and spending on imports amounted to US\$ 6,008 million. Trade with the Mercosur (including Bolivarian Republic of Venezuela), Argentina's main trade partner, concentrated 22% of the Argentine exports and 21% of the purchases made abroad. The balance of trade as of June 2014 was positive at US\$ 364 million. In the first half of 2014, the major contributions to the Argentine exports were made by: agricultural manufactures, with 40%, and industrial manufactures, with 32% of the total value. In turn, intermediate goods accounted for 28% of the Argentine imports, followed by parts and accessories for capital goods (20%), capital goods (18%), and fuels and lubricants (18%).

Regarding the balance of payments, in the first quarter of 2014 the current account deficit reached US\$ 3,304 million, with US\$ 483 million allocated to the goods and services trade balance, and US\$ 2,818 million to the income account, 71% of which related to the net debit of foreign direct investment return.

During the past quarter, the financial account showed a net outflow of US\$ 619 million. The financial private sector excluding the Argentine Central Bank contributed net income for US\$ 399 million, the non-financial private sector accounted for US\$ 34 million, and the financial and non-final public sector had net outflows of US\$ 1,052 million.

The stock of international reserves at the closing of June 2014 stood at US\$ 29,278 million, a fall of 21%, mainly reflecting balance of payment transactions.

Total gross external debt at the closing of March 2014 was estimated at US\$ 137,810 million, a reduction of US\$ 562 million compared to the previous quarter.

The non-financial and Argentine Central Bank debt for the quarter was estimated at US\$ 69,423 million, a reduction of US\$ 474 million from the previous quarter mainly due to transactions with international agencies for US\$ 1,243 million (repayments for US\$ 1,431 million and disbursements for US\$ 188 million), whereas bond indebtedness rose by US\$ 694 million, mainly driven by purchases made by non-residents in the secondary market. Non-financial private debt for the quarter was estimated at US\$ 65,693 million, remaining almost unaltered as compared to the previous quarter. The financial sector debt excluding the Argentine Central Bank did not record significant changes either.

At the closing of 2013, the net international investment position recorded a net credit balance estimated at US\$ 49,045 million, reflecting external assets for US\$ 261,183 million and external liabilities for US\$ 212,138 million, a reduction of US\$ 8,655 million compared to the previous year. This reduction was due to the higher increase in internal liabilities than in external assets.

In connection with the fiscal sector, revenues recorded a year-on-year increase of 42% as of March 2014, whereas primary expenditure grew by 35%, slightly below the increase in revenues, and was mostly oriented to items related to the sustainment of domestic demand, focused on the lower-income sectors.

In local financial markets, the lending interest rates grew by different percentages throughout the fiscal year. The Private Badlar rate in Pesos averaged 23.08% in June 2014 against 16.5% in June 2013. Despite the devaluation of January 2014, the Argentine Central Bank continued with its controlled floating exchange rate policy: the Peso sustained a 52.5% nominal depreciation in the period from June 2013 to June 2014.

In the fiscal year herein analyzed, Argentina's country risk, measured as per the Emerging Market Bond Index, decreased by 427 basis points, maintaining a high spread vis-à-vis the rest of the countries in the region. The debt premium paid by Argentina was at 740 points in June 2014, compared to the 212 paid by Brazil and the 124 paid by Mexico.

Product Prospects

The sources of the following information are the Ministerio de Agricultura, Pesca y Alimentación de la República Argentina and the United States Department of Agriculture ("USDA").

Wheat

World wheat production for the 2014/2015 campaign is estimated by USDA at 721.12 million tons, 6 million tons more than the 2013/2014 campaign. Estimated harvested area is expected to increase by almost 1 million hectares at global level, while production yields are expected to stay at similar levels as the 2013/2014 campaign. With good projected yields for the Euro Zone and Russia, in contrast to the lower expected harvests in United States, Canada and Kazakhstan. The wheat production forecast for Argentina is 12.0 million tons, up 14.29% from last year, while wheat area is projected to increase from 3.5 to 4.1 million hectares, being the mainly driver of the expected production increase.

Corn

USDA projections for the 2014-15 season estimates that world production will reach 990.69 million tons, showing a marginal increase with respect to the previous year. Yield is estimated at 5.59 tons per hectare, up 1.6% from last year. In the case of Argentina, the planted area is expected to decrease from 3.4 to 3.25 million hectares due to higher production costs, pushing the expected production down from 25 to 23 million tons.

Soybean

The USDA projections for the 2014-15 season estimates that the world soybean production will show a strong increase of 9.19%, going from 285,01 million tons to 311,20. The USDA estimates that Argentina's soybean production will increase by 1.0 million tons, reaching 55 million tons in the 2014/2015 campaign. The expected production increase at global level and in Argentina, are a consequence of both, an expansion in the planted soybean area and a higher expected average yield.

Sunflower

At global level, sunflower production estimates for the 2014/2015 campaign are projected by USDA at approximately 40.20 million tons, down 6.25% from last year production, mainly due to large differences in production yields among the principal sunflower production regions.

According to the source, the Argentine production of sunflower is forecast to be 2.5 million tons for the 2014/15 campaign, 19.05% higher than the 2013/14 campaign.

Beef Cattle

According to the USDA projections, world beef production will reach 59.59 million tons in 2014, up 0.3% from last year production. In the case of Argentina, the expected production for 2014 is 2.82 million tons, showing a steady growth in its production since 2011. The Argentine livestock market prices showed also a steady upward trend during the whole year.

Milk

The USDA estimates show, that the world production of milk will increase from the 2013 production levels of 468 million tons to 482 million tons by the end of 2014.

According to the prospects of the USDA, in the case of Argentina, the 11.93 million ton production recorded in 2013 is expected to increase to 12.11 million in 2014.

At present, the whole Argentine powdered milk production industry has a capacity of approximately 15 million liters per day, reaching its highest capacity in spring.

Argentina continues to be the third largest exporter of whole powdered milk in the world. Exports for 2014 are estimated at 207,000 MT. The five main markets for Argentina are: Algeria (18%), Venezuela (15%), Brazil (15%), China (13%), and Russia (12%).

For additional information about our Agricultural business, please see Item 4. Information on the Company “B, Business Overview - Agricultural Business”.

Evolution of Shopping Centers in Argentina

Private consumption continues to be the driver of economic activity. Household expenditure increases in tandem with household nominal income. According to data from INDEC, the salary variation ratio increased by 35.48% in August 2014 compared to the figure recorded in August 2013.

The shopping centers sector behaved in a similar way. Based on the information released by INDEC, sales as of August 2014 grew by 26.3% compared to the same month of the previous year, boosted by improvements in household nominal income.

Although forecasts for 2014 predict a contraction in the growth rates for this industry, employment and salary evolution levels are expected to remain firm, which translates in an auspicious forecast for our business in so far as consumption and the purchasing power of the population are the main propellers of sales in our shopping centers.

For information about Production and Sales, please see Item 5.A. “Consolidated Operating Results”.

E. OFF-BALANCE SHEET ARRANGEMENTS

Agricultural Business

In the ordinary course of business, FyO guarantees certain brokerage transactions. Under the agreement, FyO guarantees the performance of the producer in case it does not comply with the physical delivery. We have recourse against the non-performing party. As of June 30, 2014, the value of transacted merchandise for which guarantees were granted amounted to Ps. 23.6 million. As of the date of this annual report, there were non-performing parties under the agreements for which we had to respond as guarantor. As of the date of this annual report, the value of transacted merchandise for which guarantees were granted amounted to Ps. 32.0 million.

Urban Properties and Investment Business

As of June 30, 2014, IRSA did not have any off-balance sheet transactions, arrangements or obligations with unconsolidated entities or others that are reasonably likely to have a material effect on our financial condition, results of operations or liquidity.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table shows our contractual obligations as of June 30, 2014:

Where the interest payable is not fixed, the amount disclosed has been determined by reference to the existing conditions at the reporting date.

As of June 30, 2014 (Restated)	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years	Total (i)
T r a d e a n d o t h e r payables	914,782	67,232	47,809	16,646	47,322	1,093,791
Borrowings (excluding finance lease liabilities)	3,555,212	882,910	2,677,153	1,004,124	2,067,023	10,186,422 (ii)
F i n a n c e lease	2,130	678	531	-	-	3,339
Derivative financial instruments	53,419	144,808	176,039	-	-	374,266
Total	4,525,543	1,095,628	2,901,532	1,020,770	2,114,345	11,657,818

(i) Includes accrued and prospecting interest, if applicable.

(ii) Includes Ps. 603,021 included in Liabilities directly associated with assets classified as held for sale (Note 44).

G. SAFE HARBOR

See the discussion at the beginning of this Item 5 and “Disclosure regarding forward looking statements” in the introduction of this annual report, for forward-looking statement safe harbor provisions.

For information about Production and Sales, please see Item 5.A. “Consolidated Operating Results”.

Item 6. Directors, Senior Management and employees

A. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

We are managed by a board of directors, which consists of ten directors and four alternate directors. Each director and alternate director is elected by our shareholders at an annual ordinary meeting of shareholders for a three-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 any number of times. There are no arrangements or understandings pursuant to which any director or person from senior managements is selected.

Our current board of directors was elected at the shareholders' meetings held on October 31, 2011, October 31, 2012 and October 31, 2013, for terms expiring in the years 2014, 2015 and 2016 as the case may be. Our current directors are as follows:

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Directors(1)	Date of Birth	Position in Cresud	Term Expires(2)	Date of Current Appointment	Current Position Held Since
Eduardo Sergio					
Elsztain	01/26/1960	Chairman	06/30/14	10/31/11	1994
Saúl Zang	12/30/1945	First vice-chairman	06/30/14	10/31/11	1994