CRESUD INC
Form 20-F
December 28, 2011

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

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

For the fiscal year ended: June 30, 2011

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: 128 0-30982

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, 23rd Floor,

(C1091AAQ) Buenos Aires, Argentina

(Address of principal executive offices)

Matías Gaivironsky

Chief Financial Officer

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

Moreno 877 23rd 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.

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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, 2011 was 501,562,534

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

[ ] Yes [X] 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.

[X] 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.

[X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date 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 [X] 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 [X]

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 [X] 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 [X] 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;
- 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 factors discussed under “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 the 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 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 square meter is equal to approximately 10.764 square feet. One kilogram of live weight beef 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

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.

This Annual Report contains our audited consolidated financial statements as of June 30, 2011 and 2010 and for the years ended June 30, 2011, 2010 and 2009 (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, whose report is included herein. We prepare our Audited Consolidated Financial Statements in Pesos and in conformity with generally accepted accounting principles used in Argentina, as set forth by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (“FACPCE”) and as implemented, adapted, amended, revised and/or supplemented by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (“CPCECABA”) (collectively Argentine GAAP). In addition, we must comply with the regulations of the Comisión Nacional de Valores (“CNV”), the National Securities Commission in Argentina, which differ in certain significant respects from generally accepted accounting principles in the United States of America (“US GAAP”). Such differences involve methods of measuring the amounts shown in the Audited Consolidated Financial Statements as well as additional disclosures required by US GAAP and Regulation S-X of the Securities and Exchange Commission (“SEC”). See Note 29 to our Audited Consolidated Financial Statements for a description of the principal differences between Argentine GAAP and U.S. GAAP, as they relate to us, and reconciliation to U.S. GAAP of net income and shareholders’ equity.

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As discussed in Note 2.d) to our Audited Consolidated Financial Statements, in order to comply with regulations of the CNV, we discontinued inflation accounting as from February 28, 2003. Since Argentine GAAP required companies to discontinue inflation adjustments only as from October 1, 2003, the application of CNV resolution represented a departure from Argentine GAAP. However, due to low inflation rates during the period from March to September 2003, such a departure has not had a material effect on the Consolidated Financial Statements.

As of June 30, 2011, IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA") has a significant investment in Banco Hipotecario S.A. ("Banco Hipotecario") that accounts for approximately 14.5% of IRSA's total consolidated assets.

As discussed in Note 2.b) to our Audited Consolidated Financial Statements, from July 1, 2008 to October 31, 2008, we acquired an additional 11.57% equity interest in IRSA and we started consolidating IRSA accounts as of that date. Therefore, the separate consolidated financial statements of IRSA are no longer included in this Annual Report. As of June 30, 2011, we have an indirect 29.77% (without considering treasury shares) equity interest in Banco Hipotecario Nacional, through our subsidiary IRSA. In compliance with Rule 3-09 of Regulation S-X, this Annual Report includes the consolidated financial statements of Banco Hipotecario and Metropolitan 885 Third Avenue LLC ("Metropolitan"), as of June 30, 2010 and 2009 and for the twelve months periods ended June 30, 2010, 2009 and 2008.

On March 20, 2009, the FACPCE issued Technical Resolution No. 26 "Adoption of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB")" which requires that companies under the supervision of the Comisión Nacional de Valores to prepare their financial statements in accordance with IFRS as published by the IASB for fiscal periods beginning on or after January 1, 2011, including comparative information for earlier periods. There are *Consejos Profesionales* or standard setters in each provincial jurisdiction in Argentina, which have the power to adopt, reject or modify a resolution issued by the FACPCE. The jurisdiction where we are located is the Federal District. On April 25, 2009, the CPCECABA approved Resolution No. 26. The CNV issued Resolution No. 562/09, as amended by Resolution 576/10, formally adopting application of Resolution No. 26 to its regulated entities for fiscal years beginning on January 1st, 2012. We will be required to prepare our financial statements in accordance with IFRS as issued by the IASB for our fiscal year ended June 30, 2013. Our transition date to IFRS will be July 1, 2011. On April 29, 2010, our Board of Directors approved a plan for implementing IFRS. We are in the early stages of completing a diagnosis of the principal differences between Argentine GAAP and IFRS. We have not quantified the effect any potential change in accounting principles would have on our financial condition or results of operations and therefore can give no assurance that such changes will not have an adverse effect on our financial condition or results of operations.

Certain amounts which appear in this annual report (including percentage amounts) may not sum due to rounding. Solely for the convenience of the reader, we have translated certain Peso amounts into U.S. dollars at the exchange rate quoted by Banco de La Nación Argentina for June 30, 2011, which was Ps.4.110 = 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.

References to fiscal years 2007, 2008, 2009, 2010 and 2011 are to the fiscal years ended June 30 of each such year.

Market Data

Market data used throughout this annual report were 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.

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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 d. 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 be read in conjunction with and is qualified in its entirety by reference to our Consolidated Financial Statements and the discussion in Operating and Financial Review and Prospects, included elsewhere in this Annual Report.

The selected consolidated statement of income data for the years ended June 30, 2011, 2010 and 2009 and the selected consolidated balance sheet data as of June 30, 2011 and 2010 have been derived from our Consolidated Financial Statements which have been audited by Price Waterhouse & Co. S.R.L. Buenos Aires Argentina, a member firm of PricewaterhouseCoopers, Buenos Aires, Argentina, an independent registered public accounting firm.

The selected consolidated statement of income data for the years ended June 30, 2008 and 2007 and the selected consolidated balance sheet data as of June 30, 2009 and 2008 have been derived from our Audited Consolidated Financial Statements as of June 30, 2009 and 2008 and for the years ended June 30, 2009, 2008, and 2007 which are not included herein. The selected consolidated balance sheet data as of June 30, 2007 has been derived from our Audited Consolidated Financial Statements as of June, 30, 2008 and 2007 and for the years ended June 30, 2008, 2007 and 2006 which are also not included herein.

Certain reclassifications have been made to the Audited Consolidated Financial Statements as of June 30, 2010, 2009 and 2008 and for the years ended June 30, 2010, 2009, 2008 and 2007, and to the Audited Consolidated Financial Statements as of June 30, 2008 and 2007 and for the years ended June 30, 2008, 2007 and 2006 in order to conform to the presentation of the Consolidated Financial Statements. These reclassifications had no impact on previously reported net income, net income per share, shareholders' equity or cash flows.

During the fiscal year ended June 30, 2011, we acquired directly or indirectly 1,224,371additional shares of IRSA. Our equity interest in IRSA is 57.70% as of June 30, 2011. We started consolidating the accounts and results of operations of IRSA as from October 1, 2008. Our consolidated financial information for periods prior to October 1, 2008 does not include the accounts of IRSA on a consolidated basis. Therefore, the income statement, balance sheet and cash flow data as of June 30, 2011, 2010 and 2009 and for the years then ended are not comparable to prior periods.

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	For the years ended on June, 30					
	2011[1]	2011[15]	2010[15]	2009[15]	2008	2007
	(in thousand US$, except for percentages)	(in thousand Ps , except for ratios and number of shares)				
INCOME STATEMENT DATA						
Argentine GAAP						
Agricultural production income:						
Crops	79,959	328,630	170,848	134,179	117,474	72,426
Beef cattle	11,332	46,574	20,830	18,120	23,927	19,463
Milk	7,610	31,277	26,043	20,213	18,420	10,911
Total agricultural production income	**98,900**	**406,481**	**217,721**	**172,512**	**159,821**	**102,800**
Cost of agricultural production:						
Crops	(56,235)	(231,126)	(159,724)	(175,916)	(82,151)	(51,538)
Beef cattle	(6,080)	(24,987)	(21,850)	(16,241)	(19,316)	(15,050)
Milk	(5,831)	(23,965)	(20,383)	(18,286)	(14,283)	(8,477)
Total cost of agricultural production	**(68,145)**	**(280,078)**	**(201,957)**	**(210,443)**	**(115,750)**	**(75,065)**
Gross income (loss) from agricultural production	**30,755**	**126,403**	**15,764**	**(37,931)**	**44,071**	**27,735**
Sales:						
Crops	83,457	343,009	194,651	164,463	86,870	53,401
Beef cattle	12,387	50,909	39,274	17,646	32,432	31,967
Milk	6,905	28,381	24,415	19,270	17,493	9,731
Feed lot	—	—	—	—	—	3,102
Others	14,124	58,048	50,497	36,045	25,786	12,116
Total sales- crops, beef cattle, milk, feed lot and others	**116,873**	**480,347**	**308,837**	**237,424**	**162,581**	**110,317**
Sales of farmlands	**20,561**	**84,507**	**18,557**	**1,959**	**23,020**	**29,872**
Cost of sales:						
Crops	(74,331)	(305,502)	(175,629)	(144,969)	(75,949)	(47,350)
Beef cattle	(14,120)	(58,034)	(46,682)	(16,237)	(30,038)	(30,273)
Milk	(6,905)	(28,381)	(24,415)	(19,316)	(17,630)	(9,731)
Feed lot	—	—	—	—	—	(2,784)

Others	(10,069)	(41,383)	(38,102)	(24,210)	(17,379)	(6,737)
Total cost of sales- crops, beef cattle, milk, feed lot and others	**(105,426)**	**(433,300)**	**(284,828)**	**(204,732)**	**(140,996)**	**(96,875)**
Cost of farmland sales	**(7,276)**	**(29,906)**	**(4,825)**	**(94)**	**(3,006)**	**(7,616)**
Gross income from sales- Agricultural business	**24,732**	**101,648**	**37,741**	**34,557**	**41,599**	**35,698**
Total sales-Slaughtering / Feedlot	**30,921**	**127,086**	—	—	—	—
Total cost of sales- Slaughtering / Feedlot	**(29,993)**	**(123,271)**	—	—	—	—
Gross income from sales- Slaughtering / Feedlot	**928**	**3,815**	—	—	—	—
Sales:						
Sales and development of properties	82,986	341,074	225,567	278,107	—	—
Income from lease and service of offices, shopping centers, hotels, consumer financing and others	267,838	1,100,813	1,111,673	737,173	—	—
Total sales Real estate business	**350,824**	**1,441,887**	**1,337,240**	**1,015,280**	—	—

	For the years ended on June, 30					
	2011[1]	**2011[15]**	**2010[15]**	**2009[15]**	**2008**	**2007**
	(in thousand US$, except for percentages)	**(in thousand Ps , except for ratios and number of shares)**				
Cost of sales:						
Cost of sales and development of properties	(61,531)	(252,894)	(99,893)	(170,529)	—	—
Cost of lease and service of offices, shopping centers, hotels, consumer financing and others	(89,257)	(366,845)	(402,631)	(265,394)	—	—
Total cost of sales	**(150,788)**	**(619,739)**	**(502,524)**	**(435,923)**	—	—
Gross income from sales – Real estate business	**200,036**	**822,148**	**834,716**	**579,357**	—	—
Gross (Loss) profit - Agricultural business	55,487	228,051	53,505	(3,374)	85,670	63,433
Gross profit - Slaughtering / Feedlot	928	3,815	—	—	—	—
Gross profit - Real estate business	200,036	822,148	834,716	579,357	—	—

Gross profit	256,451	1,054,014	888,221	575,983	85,670	63,433
Selling expenses	(42,873)	(176,207)	(219,454)	(212,482)	(14,497)	(9,972)
Administrative expenses	(62,291)	(256,016)	(239,678)	(134,664)	(26,104)	(16,628)
Gain from recognition of inventories at net realizable value	11,056	45,442	33,831	9,237	886	—
Unrealized gain (loss) on inventories- Beef cattle	16,971	69,752	84,349	(860)	8,535	5,103
Unrealized (loss) gain on inventories- Crops and MAT	(3,821)	(15,704)	1,140	(476)	(10,878)	(3,927)
Unrealized gain on inventories and transactions involving real estate assets	277	1,140	1,091	928	—	—
Net income (loss) from retained interest in securitized receivables of Tarjeta Shopping	1,145	4,707	37,470	(22,263)	—	—

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Operating income	**176,917**	**727,128**	**586,970**	**215,403**	**43,612**	**38,009**
Amortization of negative goodwill	16,047	65,954	43,721	32,344	—	—
Financial results, net	(89,779)	(368,992)	(201,342)	44,656	(52,268)	(10,458)
Gain on equity investees	31,474	129,360	127,105	49,194	38,417	40,199
Other income and expenses, net	(5,552)	(22,817)	(19,651)	(16,448)	(4,092)	(4,251)
Management fee	(5,746)	(23,618)	(20,601)	(13,641)	(2,171)	(5,485)
Income before income tax and minority interest	**123,361**	**507,015**	**516,202**	**311,508**	**23,498**	**58,014**
Income tax and minimum presumed income tax	(30,521)	(125,443)	(145,952)	(92,682)	(284)	(8,375)
Minority interest	(41,121)	(169,007)	(184,844)	(94,210)	(266)	(277)
Net income for the year	**51,719**	**212,565**	**185,406**	**124,616**	**22,948**	**49,362**
U.S GAAP						
Total sales	716,330	2,944,117	2,144,816	1,604,808	345,422	237,166
Total Cost of sales	(422,255)	(1,735,466)	(1,149,646)	(924,289)	(267,764)	(172,750)
Gross profit	294,075	1,208,651	995,170	680,519	77,658	64,416
Selling expenses	(42,621)	(175,173)	(211,224)	(194,009)	(14,497)	(9,936)
Administrative expenses	(93,814)	(385,576)	(267,675)	(154,443)	(27,549)	(21,878)
Net (loss) from retained interest in securized receivables of Tarjeta Shopping	1,274	5,236	58,115	(19,253)	—	—
Gain on bargain purchase and gain for re-measurement of previously held interest at fair value	147,138	604,737	58,471	—	—	—
Disposal of business	8,309	34,149	—	—	—	—
Others	(7,855)	(32,284)	(14,177)	(14,903)	(4,582)	(2,429)
Operating income	306,506	1,259,740	618,680	297,911	31,030	30,173
Amortization of negative goodwill	8,367	34,387	42,080	31,142	—	—
Financial results, net	(75,045)	(308,433)	(207,688)	51,602	(55,861)	(15,753)
(Loss) gain on equity investees	36,866	151,521	95,131	(67,206)	42,605	40,562
Other income and expenses, net	(3,383)	(13,904)	(5,460)	864	(4,083)	(4,126)
Income before income tax and minority interest	273,311	1,123,311	542,743	314,313	13,691	50,856
Income tax and minimum presumed income tax	(30,307)	(124,562)	(91,834)	(198,416)	2,990	(1,244)
Net income for the year	243,004	998,749	450,909	115,897	16,681	49,612
Non-controlling interest	58,391	239,985	257,510	(690)	(266)	(277)
Net income attributable to Cresud	184,613	758,764	193,399	116,587	16,415	49,335
BALANCE SHEET DATA						
Argentine GAAP						
Current assets:						
Cash and banks and investments	187,107	769,010	359,887	428,000	533,087	86,772

Trade and other receivables, net	181,172	744,617	692,973	590,458	91,183	77,542
Inventories	182,959	751,961	400,521	139,197	111,525	52,460
Other assets	—	—	—	—	1,070	—
Total current assets	**551,238**	**2,265,588**	**1,453,381**	**1,157,655**	**736,865**	**216,774**
Non-current assets:						
Trade and other receivables, net	87,427	359,324	290,438	251,822	41,365	43,237
Inventories	87,009	357,607	204,218	251,529	76,113	68,344
Investments	505,815	2,078,901	1,900,070	1,358,605	925.972	474,022
Property and equipment, net	1,297,593	5,333,109	3,290,221	3,309.998	266,616	245,920
Intangible assets, net	19,451	79,945	88,585	55,187	22,829	23,582
Goodwill , net	(180,306)	(741,056)	(389,025)	(408,740)	—	—
Total non-current assets	**1,816,990**	**7,467,830**	**5,384,507**	**4,818,401**	**1,332,895**	**855,105**
Total assets	**2,368,228**	**9,733,418**	**6,837,888**	**5,976,056**	**2,069,760**	**1,071,879**
Current liabilities:						
Trade accounts payable	115,141	473,229	403,743	339,894	48,467	30,936
Loans, mortgages payable, allowances and customer advances	386,959	1,590,402	1,279,090	640,255	195,600	122,750
Salaries and social security contributions, taxes payable and other liabilities	73,129	300,561	245,884	333,763	18,281	14,006
Total current liabilities	**575,229**	**2,364,192**	**1,928,717**	**1,313,912**	**262,348**	**167,692**
Non current liabilities:						
Trade accounts payable	2,955	12,145	23,368	89,193	—	246
Loans, allowances and customer advances	534,185	2,195,501	943,559	1,022,880	1,803	26,491
Salaries and social security contributions, taxespayable and other liabilities	146,373	601,595	349,043	301,205	42,111	51,660
Total non-current liabilities	**683,514**	**2,809,241**	**1,315,970**	**1,413,278**	**43,914**	**78,397**
Total liabilities	**1,258,743**	**5,173,433**	**3,244,687**	**2,727,190**	**306,262**	**246,089**
Minority interests	570,912	2,346,448	1,625,008	1,435,982	1,160	836
Shareholders' equity	538,573	2,213,537	1,968,193	1,812,884	1,762,338	824,954
U.S GAAP						
Current assets:						
Cash and banks and Investments	187,107	769,010	342,180	400,104	533,088	86,772
Inventories	178,466	733,496	162,679	120,022	111,525	52,460
Trade and other receivables, net	128,736	529,106	709,008	627,503	91,184	77,542
Other assets	—	—	—	—	185	—
Non-current assets:						
Other receivables	143,827	591,127	426,754	338,968	41,365	43,237
Inventories	34,808	143,059	21,575	45,018	34,395	32,297
Investments	523,513	2,151,639	1,892,619	977,547	867,033	428,121
Property and equipment, net	1,331,905	5,474,130	2,752,085	2,716,460	266,616	414,900
Intangible assets, net	9,562	39,300	70,803	65,655	22,829	23,582
Goodwill, net	(54,546)	(224,183)	183,975	179,572	—	—
Total assets	2,483,378	10,206,684	6,561,678	5,470,849	1,968,220	1,158,911
Current liabilities:						

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Trade accounts payable	77,110	316,922	366,630	356,866	48,467	30,936
Loans, allowances and customer advances	385,900	1,586,049	1,186,269	636,500	195,600	122,750
Salaries and social security contributions, taxes payable and other liabilities	79,120	325,183	261,063	337,385	18,281	14,006
Total current liabilities	542,130	2,228,154	1,813,962	1,330,751	262,348	167,692
Non current liabilities:						
Trade accounts payable	12,164	49,995	24,303	88,532	—	—
Loans, allowances and customer advances	537,668	2,209,816	989,008	1,060,218	148,134	4,129
Salaries and social security contributions, taxes payable and other liabilities	252,209	1,036,578	440,516	400,775	40,929	61,181
Total non-current liabilities	802,041	3,296,389	1,453,827	1,549,525	189,063	65,310
Total liabilities	1,344,171	5,524,543	3,267,789	2,880,276	451,411	233,002
Net shareholders' equity attributable to Cresud	598,903	2,461,491	1,857,653	1,535,321	1,515,649	925,072
Non-controlling interests	540,304	2,220,650	1,436,236	1,055,252	1,160	837
Net shareholders' equity attributable to Cresud	1,139,207	4,682,141	3,293,889	2,590,573	1,516,809	925,909
CASH FLOW DATA						
Argentine GAAP (16)						
Net cash provided by (used in) operating activities	134,608	553,237	334,973	362,662	(20,620)	(19,442)
Net cash used in investing activities	(192,582)	(791,512)	(550,431)	(325,466)	(443,828)	(28,365)
Net cash provided by (used in) financing activities	186,902	768,166	179,435	(346,606)	899,351	106,613
U.S. GAAP (8)						
Net cash provided by (used in) operating activities	115,102	473,071	125,158	338,821	(34,675)	(62,360)
Net cash provided by (used in) investing activities	(86,348)	(354,889)	(490,170)	(110,981)	(691,282)	5,296
Net cash provided by (used in) financing activities	107,123	440,275	318,232	(241,766)	917,833	115,814
Effects of exchange rate changes	(1,718)	(7,059)	(28)	(71,516)	(1,718)	56
OTHER FINANCIAL DATA						
Argentine GAAP						
Basic net income per share (2)	0.10	0.43	0.38	0.26	0.06	0.20

Diluted net income per share (3)	0.09	0.38	0.34	0.23	0.06	0.16
Basic net income per ADS (2)(4)	1.05	4.30	3.80	2.60	0.62	2.00
Diluted net income per ADS (3)(4)	0.92	3.80	3.40	2.30	0.60	1.60
Weighted – average number of common shares outstanding	—	496,560,206	486,545,863	484,929,612	368,466,065	247,149,373
Diluted weighted – average number of common shares (5)	—	558,915,374	548,901,031	544,172,519	385,300,115	321,214,392
Dividends paid (6)	—	—	69,000	60,000	20,000	8,250
Dividends per share	—	—	0.138	0.120	0.040	0.026
Dividends per ADS (4)	—	—	1.38	1.20	0.40	0.26
Depreciation and amortization	46,392	190,672	179,711	119,939	6,474	4,459
Capital expenditures (7)	41,273	169,634	199,674	317,188	28,019	29,327
Gross margin (8)	41.5%	41.5%	47.2%	40.4%	24.8%	26.1%
Operating margin (9)	28.6%	28.6%	31.2%	15.1%	12.6%	15.6%
Net margin (10)	8.4%	8.4%	9.8%	8.7%	6.6%	20.3%
Ratio of current assets to current liabilities (11)	0.96	0.96	0.75	0.88	2.81	1.29
Ratio of shareholders' equity to total liabilities (12)	0.43	0.43	0.61	0.66	5.75	3.35
Ratio of non current assets to total assets (13)	0.77	0.77	0.79	0.81	0.64	0.80
Ratio of "Return on Equity" – ROE (14)	0.10	0.10	0.09	0.07	0.02	0.07
U.S GAAP						
Basic net income per share (2)	0.37	1.53	0.40	0.24	0.04	0.20
Diluted net income per share (3)	0.34	1.38	0.38	0.12	0.04	0.18
Basic net income per ADS (2)(4)	3.72	15.30	4.00	2.40	0.45	2.00
Diluted net income per ADS (3)(4)	3.36	13.80	3.80	1.20	0.40	1.80
Weighted – average number of common shares outstanding	—	496,560,206	486,545,863	484,929,612	368,466,065	247,149,373
Diluted weighted – average number of common shares (5)	—	558,915,374	548,901,031	544,165,774	388,439,848	305,057,442
Gross margin (8)	41.1%	41.1%	46.4%	42.4%	22.5%	27.2%
Operating margin (9)	42.8%	42.8%	28.8%	18.6%	9.0%	12.7%
Net margin (10)	25.8%	25.8%	9.0%	7.3%	4.8%	20.8%

(1) Solely for the convenience of the reader, we have translated Peso amounts into U.S. dollars at the exchange rate quoted by Banco de La Nación Argentina for June 30, 2011 which was Ps.4.11 = US$1.00. We make no representation that the Peso or U.S. dollar amounts actually represent, could have been or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all.

(2) Basic net income per share is computed by dividing the net income available to common shareholders for the period by the weighted average common shares outstanding during the period.

(3) Diluted net income per share is computed by dividing the net income for the period by the weighted average number of common shares assuming the total conversion of outstanding notes and exercise of outstanding

options.

(4) Determined by multiplying per share amounts by ten (one ADS equals ten common shares).

(5) Assuming (i) conversion into common shares of all of our outstanding convertible notes due 2007 and, (ii) exercise of all outstanding warrants to purchase our common shares and (iii) exercise of the options issued by us by reason of our common stock capital increase.

(6) The shareholders' meeting held in December 2010 approved the distribution of a cash dividend for an amount of Ps.69.0 million for the fiscal year ended on June 30, 2011.

(7) Includes the purchase of farms and other property and equipment; also includes the purchase of fixed assets (including facilities and equipment), undeveloped parcels of land and renovation and remodeling of hotels and shopping centers. Also include escrow deposits held in favor of third parties related to the acquisition of certain fixed assets. Also includesd non cash operations.

(8) Gross profit divided by the sum of production income and sales.

(9) Operating income divided by the sum of production income and sales.

(10) Net income divided by the sum of production income and sales.

(11) Current assets over current liabilities.

(12) Shareholders' equity over total liabilities.

(13) Non-current assets over total assets.

(14) Profitability refers to Income for the year divided by average Shareholders' equity.

(15) The financial data as of June 30, for the year ended June 30, 2011, 2010 and 2009 includes the accounts of IRSA on a consolidated basis.

(16) See change in accounting policy related to statement of cash flows for the years ended June 30, 2010 and 2009 in Note 2.J to our Audited Consolidated Financial Statements included elsewhere in this annual report.

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Change in accounting policy related to statement of cash flows

We classified cash flows from interest paid as operating activities for the year ended June 30, 2010 and 2009. As part of we's IFRS implementation efforts, for the fiscal year ended June 30, 2011, we changed this accounting policy to treat the cash flows from interest paid as financing activities as permitted also by Argentine GAAP (Technical Resolution No 8). Therefore, we retroactively adjusted as of June 30, 2010 and 2009 year as follows:

In addition, under Argentine GAAP, cash outflows for the acquisition of non-controlling interests which do not represent a change in control can be classified either as investing or financing cash flows. In the past, we treated these outflows as financing activities. In an effort to align policies within entities of the Group, we changed the accounting policy to treat these outflows as investing activities. Therefore, we retroactively adjusted as of June 30, 2010 and 2009 year as follows:

	As of June 30, 2010		**As of June 30, 2009**	
	As Adjusted	**As Previously Issued**	**As Adjusted**	**As Previously Issued**
Net cash provided by operating activities	334,973	167,609	362,662	248,412
Net cash used in investing activities	(550,431)	(523,439)	(325,466)	(316,055)
Net cash provided by (used in) financing activities	179,435	319,807	(346,606)	(241,767)

	As of June 30, 2008		**As of June 30, 2007**	
	As Adjusted	**As Previously Issued**	**As Adjusted**	**As Previously Issued**
Net cash provided by operating activities	(20,620)	(39,102)	(19,442)	(27,290)
Net cash used in investing activities	(443,828)	(443,828)	(28,365)	(29,718)
Net cash provided by (used in) financing activities	899,351	917,833	106,613	115,814

Exchange Rates

In April 1991, Argentine law established a fixed exchange rate requiring the 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 the Public Emergency Law, abandoning over ten years of fixed Peso-U.S. Dollar parity at Ps.1.00 to US$1.00. After devaluing the Peso and setting the official exchange rate at Ps.1.40 per US$1.00, on February 11, 2002, the government allowed the Peso to float. The shortage of U.S. Dollars and their heightened demand that resulted caused the Peso to depreciate significantly in the first half of 2002. As of December 14, 2011 the exchange rate was Ps. 4.2610=US$1.00 as quoted by Banco de la Nación Argentina at the average of the U.S. Dollar selling rate and U.S. Dollar buying rate. During 2008, 2009, 2010 and 2011 the Central Bank indirectly intervened in the exchange rate market with the purpose of maintaining a stable parity notwithstanding international volatility.

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

	Exchange Rate			
	High(1)	**Low(2)**	**Average(3)**	**Period Closing(4)**
Fiscal year ended June 30, 2005	3.0400	2.8460	2.9234	2.8670
Fiscal year ended June 30, 2006	3.0700	2.8390	2.9800	3.0660
Fiscal year ended June 30, 2007	3.0880	3.0280	3.0663	3.0730
Fiscal year ended June 30, 2008	3.1640	2.9960	3.1196	3.0050
Fiscal year ended June 30, 2009	3.7780	2.9940	3.3862	3.7770
Fiscal year ended June 30, 2010	3.9130	3.6360	3.8255	3.9110
Fiscal year ended June 30, 2011	4.0900	3.9110	3.9810	4.0900
1st quarter ended September 30, 2011	4.2040	4.0900	4.1474	4.1850
July 2011	4.1250	4.0900	4.1080	4.1250
August 2011	4.1800	4.1270	4.1484	4.1800
September 2011	4.2040	4.1690	4.1841	4.1850
October 2011	4.2160	4.1850	4.2030	4.2160
November 2011	4.2610	4.2210	4.2411	4.2610
As of December 20, 2011	4.2720	4.2580	4.2637	4.2720

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 or any shorter period, as indicated.

(2) The low exchange rate stated was the lowest closing exchange rate of the month during the fiscal year or any shorter period, as indicated.

(3) Average month-end closing exchange rates.

(4) Average of the selling and buying rates.

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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. Increases in Argentine inflation or devaluation of the Argentine currency could have a material adverse effect on our operating 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 also impair 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, ADSs and warrants involves a high degree of risk, including the possibility of loss of your entire investment.

Risks Related to Argentina

Argentina's recent 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, uncertainty remains as to whether the recent growth is sustainable, since it has depended, to a significant extent, on favorable exchange rates, high commodity prices and excess capacity. The recovery, however, has resulted in inflation and has intensified the country's need for capital investment, with many sectors, in particular the energy sector, operating near full capacity. Additionally, the global financial crisis and economic downturn has had a significant adverse impact on the country's performance and could remain a factor in the foreseeable future.

In 2010, the Argentine GDP tended to return to its pre-crisis levels, increasing by 9.2%, according to data published by the National Institute of Statistics (Instituto Nacional de Estadísticas y Censos or INDEC). For the six months ended June 30, 2011, GDP increased 9.91% relative to the same period the prior year, according to data published by INDEC. As of June 30, 2011, the Monthly Economic Activity Estimator (Estimador Mensual de Actividad Económica or "EMAE") increased 8.2%, relative to the same period the prior year, according to data published by INDEC.

Moreover, the country's relative stability since 2002 has been affected by increased political tension and government intervention in the economy. 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.

The devaluation of the Peso in January 2002 created pressures on the domestic price system that generated high inflation throughout 2002, before inflation substantially stabilized in 2003. However, inflationary pressures have since reemerged, with consumer prices increasing by 12.3% in fiscal year 2005. In fiscal years 2007, 2008, 2009, 2010 and 2011, inflation according to INDEC was 7.7%, 7.2%, 8.5%, 11.0% and 9.7%, respectively, in part due to actions implemented by the Argentine government to control inflation, including limitations on exports and price arrangements agreed upon with private companies. 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 adversely impacting the level of economic activity and employment.

If inflation remains high or continues to rise, Argentina's economy may be adversely 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 Argentine government's policy aimed at curbing the increase of inflation and reducing payments on inflation-linked bonds outstanding. At the time that INDEC adopted this change in methodology, the Argentine government also replaced several key officers at INDEC, prompting complaints of governmental interference from the technical staff at INDEC. In addition, the International Monetary Fund (IMF), has requested that the government clarify its inflation rates. In June 2008, INDEC published a new consumer price index that eliminated nearly half of the items included in previous surveys and introduced adjustable weightings for fruit, vegetables and clothing, which have seasonal cost variations. INDEC has indicated that it based its evaluation of spending habits on a national household consumption survey from 2004 to 2005 in addition to other sources the new index, however, has been criticized by economists and investors after an initial report found prices rising well below expectations. These events have adversely affected the credibility of the consumer price index published by INDEC, as well as other indexes published by INDEC which require the consumer price index for their own calculation, including the poverty index, the unemployment index and real gross domestic product.

In December 2010, the Argentine government agreed to meet with an official IMF team that had arrived in Argentina to assist INDEC develop a new national price index. In April 2011, the IMF team completed the second technical mission to assist on the design and methodology of a new national price index.

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

In 2001, the Argentine government defaulted on its sovereign debt which totaled more than US$144 billion. In 2005, the Argentine government launched a debt restructuring exchange offer that achieved an acceptance rate of approximately 76%. Approximately US$20 billion of the then outstanding debt rejected the exchange offer. More recently, through Executive Branch Decree No. 563/10, the Argentine government launched a second debt exchange offer to restructure the outstanding debt that had been rejected in the first exchange offer in 2005. This second exchange offer concluded with an acceptance level of approximately 70%, bringing the total acceptance level of the two exchange offers to approximately 90%. However, approximately, US$4.5 billion of outstanding Argentine sovereign debt remains in default, and the government of Argentina still has to negotiate with the Paris Club to restructure such debt.

The fact that Argentina continues to have outstanding sovereign debt in default has limited Argentina's access to the international markets which, in the future, could directly affect our own ability to access the capital markets to finance our growth and operations, thereby adversely affecting our results from operations and business activities.

Argentina is subject to lawsuits filed by bondholders and foreign shareholders in Argentine companies that could limit the government's use of resources and adversely affect its ability to implement reforms and promote Argentina's economic growth.

Certain holders of un-restructured Argentine sovereign debt in the United States, Italy and Germany have filed legal actions against Argentina, including claims in the International Center for the Settlement of Investment Disputes ("ICSID") and other international courts, alleging that certain measures adopted by the Argentine government during the financial crises in 2001 and 2002 violated the equal and just treatment norms stipulated in various bilateral treaties signed by Argentina. As of the date of this Annual Report, the ICSID has ruled against the Argentine government in various of these legal claims. Numerous legal claims by creditors against the Argentine government are currently pending, and other creditors may decide to file additional claims against Argentina in the future.

Litigation initiated by holdout creditors as well as ICSID claims has resulted in material judgments against Argentina and may result in new material judgments ordering the attachment of or injunctions relating to, government assets that may have been intended for other uses. As a result, the Argentine government may not have the financial resources necessary to implement reforms and promote economic growth which could have a material adverse effect on the country's economy, and consequently, our financial condition and results of operations.

Significant devaluation of the Peso against the U.S. Dollar 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 consequences on the Argentine economy and on businesses and individuals' financial condition. The devaluation of the Peso had a negative impact on the ability of Argentine businesses to pay their foreign currency-denominated debt, which initially led to very high inflation, significantly reduced real wages, a negative impact on businesses whose success depended on domestic market demand, such as utilities and the financial industry, and adversely affected the government's ability to pay its foreign debt obligations. If the Peso devalues significantly, all of the negative effects on the Argentine economy related to such devaluation could recur, and could cause adverse consequences to our business. Moreover, it would likely result in a decline in the value of our common shares and the ADSs as measured in U.S. Dollars.

Significant appreciation of the Peso against the U.S. Dollar may adversely affect the Argentine economy.

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 heavy reliance on taxes. A substantial appreciation of the Peso against the U.S. Dollar could have an adverse effect on the Argentine economy and our business.

Government measures to preempt or respond to social unrest may adversely affect the Argentine economy and our business.

The Argentine government has historically exercised significant influence over the country's economy. Additionally, the country's legal and regulatory frameworks have at times suffered radical changes, due to political influence and significant political uncertainties.

Moreover, during its crisis in 2001 and 2002, Argentina experienced significant social and political turmoil, including civil unrest, riots, looting, nationwide protests, strikes and street demonstrations. Despite Argentina's economic recovery and relative stabilization, social and political tension and high levels of poverty and unemployment continue. In 2008, Argentina faced nationwide strikes and protests from farmers due to increased export taxes on agricultural products, which disrupted economic activity and heightened political tension. Future government policies to preempt, or in response to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors' rights, new taxation policies, including royalty and tax increases and retroactive tax claims, and changes in laws and policies affecting foreign trade and investment. Such policies could destabilize the country and adversely and materially affect the economy, and thereby our business.

The nationalization of Argentina's pension funds has materially and adversely affected local capital markets and may continue to do so.

Under Law No. 26,425, which was published in the Official Gazette in December 2008, the Argentine government transferred approximately Ps.94.4 billion (US$29.3 billion) in assets held by the country's private Administradoras de Fondos de Jubilaciones y Pensiones (pension fund management companies, or "AFJPs") to the social security agency ("ANSES") managed by the National State.

Law No. 26,425 was supplemented, among others, by Executive Branch Decree No. 2103/2008 which describes the composition of the fund (Fondo de Garantia de Sustentabilidad) to be managed by ANSES and the directions for the management thereof; in turn, Executive Branch Decree No. 2104/08 regulates the matters concerning the transfer to the Argentine government of the contributions and all the documentation of the members of the capitalization regime retroactive as of December 1, 2008.

AFJPs were the largest participants in the country's local capital markets, leading the group of institutional investors. With the nationalization of their assets, the dynamics of the local capital markets changed due to a decrease in their number, becoming a concentrated group. In addition, the government became a significant shareholder in many of the country's publicly-held companies. Pursuant to current regulations, ANSES may exercise the voting rights corresponding to its respective shares, which could eventually result in uncertain consequences.

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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. In June 2005, the government issued Executive Branch Decree No. 616/2005, that 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.

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, among other reasons. 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 substantially constrained.

Property values in Argentina could be significantly reduced.

Property values are influenced by multiple factors that are not in our control. We cannot assure you that property values will continue to 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 would materially affect our business.

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 the amount, outside Argentina require prior authorization from the Central Bank. On January 7, 2003, the 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. However similar restrictions may be enacted by the Argentine government or the Central Bank again and, if they were to occur, it could have an adverse effect on the value of our common shares and the GDSs.

The stability of the Argentine banking system is uncertain.

During 2001 and the first half of 2002, a significant amount of deposits were withdrawn from Argentine financial institutions. This massive withdrawal of deposits was largely due to the loss of confidence of depositors in the Argentine government's ability to repay its debts, including its debts within the financial system, and to maintain Peso-U.S. Dollar parity in the context of its solvency crisis.

To prevent a run on the U.S. Dollar reserves of local banks, the government restricted the amount of money that account holders could withdraw from banks and introduced exchange controls restricting capital outflows.

While the condition of the financial system has improved, adverse economic developments, even if not related to or attributable to the financial system, could result in deposits flowing out of the banks and into the foreign exchange market, as depositors seek to shield their financial assets from a new crisis. Any run on deposits could create liquidity or even solvency problems for financial institutions, resulting in a contraction of available credit.

In the event of a future shock, such as the failure of one or more banks or a crisis in depositor confidence, the Argentine government could impose further exchange controls or transfer restrictions and take other measures that could lead to renewed political and social tensions and undermine the Argentine government's public finances, which could adversely affect Argentina's economy and prospects for economic growth which could adversely 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 Argentina and the availability of funds for issuers in such countries. Lower capital inflows and declining prices of securities may adversely 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 other 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 our business, operations, and financial condition.

Since 2008, crisis "sub-prime" in the United States the recent economic recession and fiscal deficit experienced in certain European countries have caused an economic slowdown in the world's principal economies. Recently, the possibility of an Eurozone countries default has increased market volatility and it can complicate access to financing in Global Markets.

The global economic crisis and the consequent instability of the international financial system have had and my continue to have a negative effect on Argentina's economic growth. Morover, political instability and economic crisis, such as the recent turmoil in Africa and the Middle East, as well as natural disasters, such as the recent earthquake and tsunami in Japan, the economic and social crisis in Europe and The U.S., may cause instability in the local markets. Argentina may be adversely affected by such events as a result of the lack of international credit, a reduction in demand for Argentine exports, a significant reduction of direct foreign investment and higher inflation rates throughout the world. The occurrence of any or all such events, as well as any event affecting Argentina's main regional partners (including the Mercosur member countries) may have a significant adverse effect on the Argentine economy and, consequently, on our operations, businesses and results.

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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 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 export taxes. If commodity prices continue to decline, the growth of the Argentine economy could be affected. Such occurrence could have a negative impact on the levels of government revenues, the government's ability to service its debt and on our business.

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

As a result of a 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.

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 limited, which could have a significant adverse effect on our business.

As a first step of these measures, subsidies on energy tariffs are being withdrawn to industries and high income consumers. As a result, our operating costs may increase.

Risks Relating to Brazil

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

Our business is dependent to a large extent on the economic conditions in Brazil. As of June 30, 2011 we consolidated our financial statements with our affiliate BrasilAgro-Companhia Brasileira de Propiedades Agricolas ("BrasilAgro").

Historically, the Brazilian government has changed 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 economical developments in or affecting Brazil.

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 for many years 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 au Consumidor* (National Consumer Price Index), or INPC, inflation in Brazil was 2.8%, 5.2%, 6.5%, 3.5% and 6.5% in 2006, 2007, 2008, 2009 and 2010, respectively. 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 further government intervention in the economy, including the introduction of government policies that could adversely affect the results of operations of BrasilAgro.

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The Brazilian real is subject to depreciation and exchange rate volatility which could adversely affect our 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 2006, 2007, 2008, 2009 and 2010, the *real* appreciated 8.6%, 16.5%, (30.1%), 24.9% and 4.6%, respectively, against the U.S. dollar. In the six months ended June 30, 2011, as a result of the global economy crisis that unfolded in mid 2008 as a result of the disruption of the United States' subprime mortgage market, the *real* appreciated 3.49% against the U.S. dollar. Despite the recent appreciation there can be no assurance that the rate of exchange between the *real* and the dollar will not fluctuate significantly. 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 we 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*, or the Brazilian Central Bank. 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 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. Property disputes over title ownership 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,* 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 our properties will not be subject to invasion or occupation by these groups. A land invasion or occupation could materially impair the normal use of our lands or have a material adverse effect on us or the value of our common shares or ADRs.

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

One of the principal disadvantages of the agriculture industry in some of the regions where we operate 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 had 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.

In the past year, the world's economy experienced the effects of the crisis that unfolded in mid 2008 as a result of the disruption of the United States' subprime mortgage market. Though there has been some recovery, an interruption of such recovery may have an impact on the economic conditions difficult to predict. Triggering a less favorable or an unfavorable international environment for the countries where we operate or intend to operate, forcing domestic policy adjustments, which could cause adverse economic conditions and adversely affect our business.

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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. Economic and political developments in these countries, 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 shares or ADRs.

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 such as us 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 countries in Latin America 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 have historically experienced high rates of inflation. 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.

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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. 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 our properties will not be subject to invasion or occupation by these groups. A land invasion or occupation could materially impair the normal use of our lands or have a material adverse effect on us or the value of our shares or ADRs.

We may invest in countries other than Argentina and Brazil and cannot give you any current 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 and you should understand that we may invest in countries other than Argentina and Brazil including countries in other emerging markets outside Latin America such as 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 grains and by-products decline.

Unpredictable weather conditions may have an adverse impact on our crop and beef 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 beef cattle and wool production. The occurrence of severe adverse weather conditions may reduce yields on our farms or require us to increase our level of investment to maintain yields.

The 2008/2009 agricultural season in Argentina's main production areas has sustained one of the worst droughts in the past 70 years which adversely affected the agricultural and, livestock industry and also had a negative bearing on the expectations for the next season and for the cattle stock we experienced losses and cannot assume that they will not occur. According to the United States Department of Agriculture ("USDA") November 2010 estimates, Argentina's crops output (wheat, corn and soybean) for the 2010/2011 season is expected to be in line to that in the previous cycle. Also according to the USDA, the area sown with soybean will be equivalent to that of the previous cycle, but has estimated soybean output for the 2010/2011 season will decrease 4.6%, to 2.80 tons per hectare, compared to a record high in 2006/07 of 2.99 tons per hectare and a five-year average of 2.69 tons per hectare. The USDA forecasts Argentine wheat production for 2010/11 at 13.5 million tons, a 29% increase compared to the previous season. As regards corn, output for the previous cycle had been 22.5 million tons, whereas the USDA report for November estimated that in the 2010/2011 cycle Argentina's output will be 25.0 million tons. As regards the USDA November 2010 projections concerning soybean, Argentina's output will be 52.0 million tons, that is 4.6% lower and 62.5% higher than the production posted in the 2009/10 and 2008/09 seasons, respectively. The weather phenomenon during season 2008/2009 has also impacted on beef cattle, causing deaths and affecting beef and milk production. As a result, we cannot assure you that the present and future severe adverse weather conditions will not adversely affect our operating results and financial condition.

Disease 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 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 beef 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 expose to crop price risk.

Due to the fact that we do not have 100% 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.

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

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 35/02, 160/2002, 307/2002 and 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 beef 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 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 House of Representatives 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 might have a material and adverse effect on our sales. 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.

The current 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 current 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 farm 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 our 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 of 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 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.

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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.

Though our cattle sales are diversified, 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. In fiscal year 2011, we sold our products to approximately 127 customers. Sales of agricultural products to our ten largest customers represented approximately 75% of our net sales for the fiscal year ended June 30, 2011. Our biggest three customers are Cargill S.A., Bunge S.A. and Molinos Río de la Plata S.A., represented, in the aggregate, approximately 60% of our net sales in agricultural products, while the remaining seven customers in the aggregate represented approximately 15% of our net sales in fiscal year 2011.

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, 2011, these sales represented approximately 6.5% of our total revenues. There can be no assurance that this customer will continue to purchase our entire raw milk production 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 that 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 in nature. 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 might 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 restrict their ability to pay dividends or proceed with other types of distributions. If our subsidiaries are prevented from making payments to our company or if they are only allowed to pay limited amounts, we will 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 September 30, 2011, Mr. Eduardo S. Elsztain, was the beneficial owner of 38.3% (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 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 15% owned by Saúl Zang, the first vice-chairman of our board of directors. 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 September 30, 2011 Mr. Elsztain was the beneficial owner, due to his indirect shareholding through us of 63.2% of the common shares of IRSA, an Argentine company that currently owns approximately 94.9% 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 and our chief executive officer. 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 commercial and residential properties, 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.

As of June 30, 2011 we consolidated our financial statements with our affiliate 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 September 30, 2011, we owned 35.75% of the outstanding common shares of BrasilAgro.

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We may be 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 affects 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, 2011, we owned land reserves extending over more than 229,459 hectares that were purchased at very attractive prices. In addition, we have a concession over 110,252 hectares reserved for future development. We believe that there are technological tools available to improve productivity in these farms and, therefore, achieve appreciation in the long term. However, current or future environmental regulations could prevent us from fully developing our land reserves by requiring that we maintain part of this land as natural woodlands not to be used for production purposes.

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.

Our Financial Statements have been prepared under Argentine GAAP and may not provide investors with the information investors would have received if the financial statements were prepared under IFRS.

Our Financial Statements are prepared in Argentine pesos and in accordance with Argentine GAAP. Our Financial Statements under Argentine GAAP may not provide you with the information you would have received if our financial statements were prepared under U.S. GAAP or under IFRS. Publicly available information about public companies in Argentina is generally less detailed and not as frequently updated as the information that is regularly published by or about listed companies in the United States or European markets. Furthermore, there is a lower level of regulation of the Argentine securities markets and of the activities of the investors in these markets as compared to the securities markets in the United States, European markets and certain other international financial markets.

Argentine GAAP differs in certain significant respects from U.S. GAAP, SEC rules and regulations, and IFRS.

On March 20, 2009, the FACPCE issued Technical Resolution No. 26 "Adoption of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB")" which requires that companies under the supervision of the Comisión Nacional de Valores to prepare their financial statements in accordance with IFRS as published by the IASB for fiscal periods beginning on or after January 1, 2011, including comparative information for earlier periods. There are Consejos Profesionales or standard setters in each provincial jurisdiction in Argentina, which have the power to adopt, reject or modify a resolution issued by the FACPCE. The jurisdiction where we are located is the Federal District. On April 25, 2009, the CPCECABA approved Resolution No. 26. The CNV issued Resolution No. 562/09, as amended by Resolution 576/10 formally adopting application of Resolution No. 26 to its regulated entities for fiscal years beginning on January 1, 2012. We will be required to prepare our financial statements in accordance with IFRS as issued by the IASB for our fiscal year ended June 30, 2012. On April 29, 2010, our Board of Directors approved a plan for implementing IFRS. We are in the early stages of completing a diagnosis of the principal differences between Argentine GAAP and IFRS.

See "Summary of Certain Differences between Argentine GAAP and International Financial Reporting Standards (IFRS)" for a summary of the significant differences between Argentine GAAP and IFRS as it relates to us. We have not quantified the effect any potential change in accounting principles would have on our financial condition or results of operations and therefore can give no assurance that such changes will not have an adverse effect on our financial condition or results of operations. Such summary does not attempt to identify or quantify the impact of any potential difference between Argentine GAAP, U.S. GAAP and IFRS. You should rely on your own examination of us, the financial information contained in our financial statements and any other information contained herein. You should consult your own professional advisors in understanding the potential differences between Argentine GAAP and IFRS, if any, and how those differences might impact our financial condition and results of operations.

We depend on our chairman and senior management.

Our success depends, to a significant extent, on the continued employment of Eduardo S. Elsztain, our president and chairman of the board of directors, and Alejandro G. Elsztain, our chief executive officer. 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 of such Act, 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 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 Commission would issue such an order.

In recent years we have made a significant minority investment in the capital stock of IRSA, an Argentine company engaged in a range of real estate activities. As of November 30, 2010, we owned approximately 57.49% 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 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.

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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, corporate debt, and equity securities. In particular, we hold a significant interest in IRSA, an Argentine company that has suffered material losses, particularly during 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.

We may expand our operations into other countries, in which case we may be subject to the economic, legal, political and regulatory risks associated with such new regions and new regulations that could be imposed in the regions in which we operate.

In the future we may expand our activities into other countries in Latin America or elsewhere if we decide that international expansion would be appropriate to achieve our objectives. The success in other countries of the business strategy and business model that we apply in the countries in which we operate could be subject to a high level of uncertainty and depend on numerous factors beyond our control such as an adverse changes in laws and local policies, particularly those relating to import tariffs, labor practices, environment, investment, acquisition of agricultural property by foreign companies or companies controlled by foreigners, and therefore we cannot assure you that any such expansion would be profitable or enable us to obtain the expected returns on our investments, or even recuperate our investments. Any international expansion of our activities would be subject to political, economic and regulatory risks in the relevant country and to risks inherent to the management of a transnational company.

We may look for investment opportunities in jurisdictions other than Argentina, Bolivia, Paraguay and Brazil and may face other country risks which we are currently unable to indentify.

We have a wide commercial strategy that takes advantage of different opportunities in other jurisdictions. We may decide to invest in other countries other than Argentina, Bolivia, Paraguay and Brazil, including countries in emerging markets located outside of Latin America, such as Africa. As a result, we are not able to identify all the country risks in jurisdictions where we may have future operations.

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;
- 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.

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

IRSA is 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 courts 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, IRSA is nevertheless 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.

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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 a 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 from entering the market. 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 in 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 in the future, 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. Although IRSA believes that the acquisitions that it has completed in the past and that it expects to undertake in the future have, and will, enhance its future financial performance, the success of such transactions 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 tenant's 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 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 economic 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 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 IRSA's results of operations and business prospects significantly.

The success of IRSA's business and profitability of IRSA's 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 its business growth. As part of its business goals, IRSA intends to increase its 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 its 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. Its 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.

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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, 2011, our consolidated financial debt was Ps. 2,441 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 may 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 it 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 its current resources do not satisfy our 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 its credit ratings, as well as the possibility that lenders could develop a negative perception of the prospects of its company or the industry generally. IRSA may not be able to successfully obtain any necessary additional financing on favorable terms, or at all.

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.

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.

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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 certain 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 at 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 it cannot obtain additional capital.

IRSA's growth strategy is focused on the redevelopment of properties it 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 or at all. IRSA cannot guarantee that additional financing, refinancing or other capital will be available in the amounts it desires or on favorable terms. IRSA's access to debt or equity capital markets depends on a number of factors, including the market's perception of its growth potential, its 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.

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

Serious illnesses and pandemics, such as the 2009 outbreak of Influenza A H1N1 virus, also known as the "swine flu", have in the past adversely affected consumer and tourist activity, may do so in the future and may adversely affect the results of operations of IRSA.

As a result of the outbreak of Influenza A H1N1 during the winter of 2009, consumers and tourists dramatically changed their spending and travel habits to avoid contact with crowds. Further, 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. Additionally, the outbreak of Influenza A H1N1 contributed significantly to a decrease in the number of tourists visiting Argentina in 2009. Although there was not an outbreak of AH1N1 influenza in the winter of 2010 and 2011, we cannot assure you that a new outbreak or health hazard will not occur in the future, or that such an outbreak or hazard would not significantly negatively affect consumer and/or tourist activity, and that such scenario would not adversely affect our businesses or IRSA's.

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

Given that shopping centers are open to the public, with ample circulation of people, accidents, theft, robbery and other incidents may occur in our facilities, regardless of the preventative measures we adopt. 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 our shopping centers.

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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 our 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 AH1N1 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 IRSA 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 IRSA 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.

The activities of IRSA 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 our projects. Maintaining its 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 us 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 such delays or failures to obtain such 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 our 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 operations and profitability of IRSA.

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

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 their leases and the exercise of rescission rights by their tenants could materially and adversely affect their business and IRSA cannot assure you that their tenants will not exercise such right, 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 of filing of the suit to the time of actual eviction.

IRSA has usually attempted 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.

Most of IRSA's 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 its properties. The number of competing properties in a particular area could have a material adverse effect on our ability to lease retail space in our shopping centers or sell units in our residential complexes and on the amount of rent or the sale price that we are able to charge. To date, there have been relatively few companies competing with IRSA for its 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 our results of operations.

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

The principal properties of IRSA are located in the City of Buenos Aires and the Province of Buenos Aires and a substantial portion of their revenues are derived from such properties. For both its fiscal years ended June 30, 2010 and 2011, approximately 88% and 85% of our 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, it expects to continue to depend 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 its 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 continues to believe that Brazil, Uruguay and other Latin American countries offer attractive opportunities for growth 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 us, 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.

Recently, IRSA has acquired a property in Partido de la Costa, Department of Canelones, Uruguay, near Montevideo, where it 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, IRSA acquired a 30% interest in 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. Following such closing, we indirectly hold 49% of New Lipstick LLC, a holding company that is owner of Metropolitan. Metropolitan's main asset is the Lipstick Building, a 34-story building located on Third Avenue between 53rd and 54th streets in Manhattan, New York City. Metropolitan has incurred mortgage debt in connection with the Lipstick Building. For more information about Metropolitan, please see "International Investments".

Since August 2009 we acquired and subsequently sold part of our equity interests in Hersha, therefore, as of June 30, 2011 our share holding was 9.2%. Hersha's main assets are hotels, most of them located on the east coast of the United States. As of June 30, 2011, Hersha was the holder of an indirect controlling interest in 78 hotels. For more information on Hersha, see "Business-International ".

In December 2010, we, through Rigby 183 LLC, in which we indirectly hold a 49% equity interest through IMadison LLC, jointly with other partners,

acquired a building located at 183 Madison Avenue, Midtown South, Manhattan, New York.

If the conditions of our Supertel Hospitality Inc. tender offer made in November 2011 are met, we will have an important equity ownership in this REIT, which main assets are 101 hotels across 23 states of the US. For more information about liquidity please see “Recent Developments”.

The U.S. markets have recently experienced extreme dislocations and a severe contraction in available liquidity globally as important segments of the credit markets were frozen. Global financial markets have been disrupted by, among other things, volatility in securities prices, rating downgrades and declining valuations, and this disruption has been acute in real estate and related markets. This disruption has lead to a decline in business and consumer confidence and increased unemployment and has precipitated an economic recession around the globe. As a consequence, owners and operators of commercial real estate, including hotels and resorts, and commercial real estate properties such as offices, have experienced dramatic declines in property values and may continue to experience declines in business and real estate values in the U.S. or elsewhere. IRSA is unable to predict the likely duration or severity of the effects of the disruption in financial markets and adverse economic conditions and the effects they may have on their business, financial condition and results of operations.

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

On November 18, 1997, in connection with the acquisition of our subsidiary Inversora Bolívar S.A. (“Inversora Bolívar”), we indirectly acquired 35.2% of the capital stock of Puerto Retiro. Inversora Bolívar had purchased such shares of Puerto Retiro from Redona Investments Ltd. N.V. in 1996. In 1999, we, through Inversora Bolívar, increased our 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, in any manner, the real property it had purchased in 1993 from Tandanor S.A. (“Tandanor”). Puerto Retiro appealed 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. We cannot give you any assurance that we will prevail in this proceeding, and if the plaintiff’s claim is upheld by the courts, all of the assets of Puerto Retiro would likely be used to pay Indarsa’s debts and our investment in Puerto Retiro, valued at Ps.54.4 million as of June 30, 2011, would be lost. As of June 30, 2011, we had not established any reserve in respect of this contingency.

Property ownership through joint ventures or minority participation may limit our ability to act exclusively in our interest.

IRSA develops and acquire properties in joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. For example, in our Shopping Center segment, as of June 30, 2011, we owned approximately 94.9% of Alto Palermo. Through our subsidiary Alto Palermo, we own 80% of Panamerican Mall S.A., while another 20% is owned by Centro Comercial Panamericano S.A. In our Development and Sale of Properties segment, we have ownership of 50% in Puerto Retiro. In addition we have a 100% stake in Solares de Santa María S.A. In our Hotel segment, we own 50% of the Llao Llao Hotel, while the other 50% is owned by the Sutton Group. We own 80% of the Hotel Libertador, Hoteles Sheraton de Argentina S.A. owns 20%. We own 76.34% of Hotel Intercontinental. In the Financial Operations and others segment, we own approximately 29.77% of Banco Hipotecario, while the Argentine government has a controlling interest in it. Finally, we own a 49% interest in Metropolitan. 49% in a building located at Madison Avenue in New York and 9.2% in Hersha.

IRSA could become engaged in a dispute with one or more of our joint venture partners that might affect our ability to operate a jointly-owned property. Moreover, our joint venture partners may, at any time, have business, economic or other objectives that are inconsistent with our 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, our joint venture partners may have competing interests in our markets that could create conflicts of interest. If the objectives of our joint venture partners are inconsistent with our own objectives, we will not be able to act exclusively in our interests.

If one or more of the investors in any of our 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 our financial performance. Should a joint venture partner be declared bankrupt, we could become liable for our partner's share of joint venture liabilities.

Dividend restrictions in IRSA's subsidiaries' debt agreements may adversely affect it.

IRSA has subsidiaries and an important source of funds for it are cash dividends and other permitted payments from its subsidiaries. The debt agreements of IRSA's subsidiaries contain covenants restricting their ability to pay dividends or make other distributions. If the subsidiaries of IRSA are unable to make payments to it, or are able to pay only limited amounts, IRSA may be unable to pay dividends or make payments on its indebtedness.

IRSA is dependent on its chairman Eduardo Elsztain 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, who has 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 IRSA's business. Its future success also depends in part upon IRSA's ability to attract and retain other highly qualified personnel. IRSA cannot assure you that it 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.

IRSA may face potential conflicts of interest relating to its principal shareholders.

IRSA's largest beneficial owner is Mr. Eduardo S. Elsztain, through his indirect shareholding through us. As of June 30, 2011, such beneficial ownership consisted of: (i) 292,811,013 shares held by us, (ii) 41,080,112 shares held by Agrology, S.A. ("Agrology"), (iii) 628,070 shares held by Consultores Assets Management S.A., and (iv) 765,100 shares held directly by Mr. Elsztain.

Conflicts of interest between our management, IRSA and its affiliates may arise in the performance of IRSA'S business activities. As of June 30, 2011, Mr. Elsztain also beneficially owned (i) approximately 37.0% of our common shares and (ii) approximately 94.9% of the common shares of our subsidiary Alto Palermo. We cannot assure you that our principal shareholders and their affiliates will not limit or cause us to forego business opportunities that our affiliates may pursue or that the pursuit of other opportunities will be in our interest in IRSA's interest.

Due to the currency mismatches between IRSA's assets and liabilities, it has significant currency exposure.

As of June 30, 2011, the majority of its liabilities, such as IRSA's 8.5% and 11.5% notes due 2017 and 2020 respectively, Alto Palermo's Series I Notes and Alto Palermo's convertible notes are denominated in U.S. Dollars, while a significant portion of IRSA's revenues and assets as of June 30, 2011, 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 IRSA's 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 Peso-denominated revenues.

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

During the last years, retail sales by means of the Internet 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, and 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 its shopping centers could be materially diminished, having a material adverse effect on its financial condition, results of operations and business prospects.

Risks relating to IRSA's Investment in Banco Hipotecario

IRSA's investment in Banco Hipotecario is subject to risks affecting Argentina's financial system.

As of June 30, 2011, IRSA owned approximately 29.77% of the outstanding capital stock of Banco Hipotecario (without considering treasury shares) which represented 14.8% of our 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 to a significant extent on economic and political conditions prevailing in Argentina. The political and economic crisis in Argentina during 2002 and 2003 and the Argentine government's actions to address it have had and may continue to have a material adverse effect on Banco Hipotecario's business, financial condition and results of operations.

Financial institutions are subject to significant regulation relating to functions that historically have been mandated by the Central Bank and other regulatory authorities. Measures adopted by the Central Bank have had, and future regulations may have, a material adverse effect on Banco Hipotecario's financial condition and results of operations.

Laws and Executive Branch Decrees implemented during and after the economic crisis in 2001 and 2002 have substantially altered contractual obligations affecting Argentina's financial sector. Recently, the Argentine Congress has considered various initiatives intended to reduce or eliminate a portion of the mortgage loan portfolio on the debt owed to Banco Hipotecario. Also, there have been certain initiatives intended to review the terms pursuant to which Banco Hipotecario was privatized. As a result, IRSA cannot assure you that the Argentine legislature will not enact new laws that will have a significant adverse effect on Banco Hipotecario's shareholders' equity or that the Argentine government would compensate Banco Hipotecario for the resulting loss. These uncertainties could have a material adverse effect on the value of our investment in Banco Hipotecario.

Over the last calendar year, the financial markets in the most important countries in the world were affected by volatility, lack of liquidity and credit, which entailed a significant drop in international stock indexes, and an economic slow-down started to become evident worldwide. Our management is closely monitoring the effects in order to implement the necessary measures to minimize the impact of the financial crisis on our operations.

Banco Hipotecario relies heavily on mortgage lending and the value of our investment in it depends in part on its ability to implement successfully its new business diversification strategy.

Historically, Banco Hipotecario has been engaged exclusively in mortgage lending and related activities. As a result, factors having an adverse effect on the mortgage market have a greater adverse impact on Banco Hipotecario than on its more diversified competitors. Due to its historic concentration in this recession-sensitive sector, Banco Hipotecario is particularly vulnerable to adverse changes in economic and market conditions in Argentina due to their adverse effect on demand for new mortgage loans and the asset quality of outstanding mortgage loans. The past economic crisis had a material adverse effect on its liquidity, financial conditions and results of operations. In addition, a number of governmental measures that apply to the financial sector have had a material adverse effect particularly on Banco Hipotecario, impairing its financial condition.

Accordingly, Banco Hipotecario has adapted its business strategy to confront the challenges of these new market conditions. Banco Hipotecario's ability to diversify its operation will depend on how successfully it diversifies its product offerings and transforms itself into a financial institution that no longer relies solely on mortgage lending.

In the past years Banco Hipotecario has made several investments that are designed to enable it to develop retail banking activities. Banco Hipotecario must overcome significant challenges to achieve this goal including, among others, its lack of experience and client relationships outside the mortgage sector, the existence of large, well-positioned competitors and significant political, regulatory and economic uncertainties in Argentina. As a result, we cannot give you any assurance that Banco Hipotecario will be successful in developing significant retail banking activities in the foreseeable future, if at all. If Banco Hipotecario is unable to diversify its operations by developing its retail banking activities and other non-mortgage banking activities, the value of our substantial investment in Banco Hipotecario would likely be materially and adversely affected.

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Banco Hipotecario's mortgage loan portfolio is not adequately indexed for inflation and any significant increase in inflation could have a material adverse effect on its financial condition.

In accordance with Emergency Executive Branch Decree No. 214/02 and its implementing regulations, pesified assets and liabilities were adjusted for inflation as of February 3, 2002 by application of the Coeficiente de Estabilización de Referencia ("CER") a consumer price inflation coefficient. On May 6, 2002, the Executive Branch issued a Executive Branch Decree providing that mortgages originally denominated in U.S. Dollars and converted into Pesos pursuant to Executive Branch Decree No. 214/2002 and mortgages on property constituting a borrower's sole family residence may be adjusted for inflation only pursuant to a coefficient based on salary variation, the CVS, which during 2002 was significantly less than inflation as measured by the wholesale price index, or WPI. As a result, only 10% of Banco Hipotecario's mortgage loans are adjusted for inflation in accordance with the CER, 30% are adjusted in accordance with the CVS and 60% remain entirely unindexed. Additionally, pursuant to Law No. 25,796, Section 1, repealed effective April 1, 2004, the CVS as an indexation mechanism applied to the relevant portion of Banco Hipotecario's mortgages loans. During 2005, the CER increased to 11.75% and the WPI 10.7%, while in 2006 the CER and WPI increased 10.3% and 7.1%, respectively. In 2008, 2009 and 2010, CER increased 8%, 7% and 11%, respectively, and WPI increased 10%, 1.2% and 14.6% respectively. As of June 30, 2011, CER increased 4.8% and the WPI increased 6.3%.

As a result of the high inflation in Argentina from 2002 onwards, Banco Hipotecario's mortgage loan portfolio experienced a significant decrease in value and if inflation continues increasing, it might continue to undergo a major decrease in value. Accordingly, an increase in Banco Hipotecario's funding and other costs due to inflation might not be offset by indexation, which could adversely affect its liquidity and results of operations.

Legislation limiting Banco Hipotecario's ability to foreclose on mortgaged collateral may have an adverse effect on it.

Like other mortgage lenders, the ability to foreclose on mortgaged collateral to recover on delinquent mortgage loans impacts the conduct of Banco Hipotecario's business. In February 2002, the Argentine government amended Argentina's Bankruptcy Law, suspending bankruptcies and foreclosures on real estate that constitutes the debtor's primary residence, initially for a six-month period and subsequently extended until November 14, 2002. Since 2003, the Argentine government has approved various laws that have suspended, in some cases, foreclosures for a period of time in accordance with Law No. 25,972 enacted on December 18, 2004, and, in some cases, temporarily suspended all judicial and non-judicial mortgage and pledge enforcement actions. Several laws and Executive Branch Decrees extended this mortgage foreclosure suspension period. On June 14, 2006, Argentine Law 26,103 was enacted which established a 180-day suspension period for mortgage foreclosure proceedings affecting debtors where the subject mortgage related to the debtor's sole residence and where the original loan was not greater than Ps.100,000.

Law No. 25,798, enacted on November 5, 2003, and implemented by Executive Branch Executive Branch Decree No. 1284/2003 and No. 352/2004, among sets forth system to restructure delinquent mortgage payments and to prevent foreclosures on a debtor's sole residence (the "Mortgage Refinancing System"). The Mortgage Refinancing System establishes a trust composed of assets contributed by the Argentine government and income from restructured mortgage loans. Banco de la Nación Argentina, in its capacity as trustee, enters into debt restructuring agreements with delinquent mortgage debtors establishing the following terms: (i) a grace period on the mortgage loan of one year and (ii) monthly installment payments on the mortgage loan not to exceed 30% of the aggregate income of the family living in the mortgaged property. Banco de la Nación Argentina then subrogates the mortgagee's rights against the debtor, by issuing notes delivered to the mortgagee to settle the amounts outstanding on the mortgage loan. The sum restructured under the Mortgage Refinancing System may not exceed the appraisal value of the property securing the mortgage after deducting any debts for taxes and maintenance. The Mortgage Refinancing System was established for a limited period of time, during which parties to mortgage loan agreements could opt to participate and was subsequently extended by a number of Executive Branch Decrees and laws.

Law No. 26,167 enacted on November 29, 2006, suspended foreclosures and also established a special proceeding for the enforcement of certain mortgage loans. Such special proceedings give creditors a 10-day period to inform the court of the amounts owed under the mortgage loans. Soon thereafter, the judge will call the parties for a hearing in order to reach an agreement on the amount and terms of payment thereunder. In case of failure by the parties to reach such agreement, they will have a 30-day negotiation period, and if the negotiations do not result in an agreement, then, payment and conditions will be determined by the courts.

On November 29, 2006, Law No. 26,177 created the *Unidad de Reestructuración*, a government agency responsible for the revision of each of the mortgage loans granted by the state-owned Banco Hipotecario Nacional, the predecessor of Banco Hipotecario, before the enactment of the Convertibility Law in 1991. The *Unidad de Reestructuración* was authorized to make non-binding recommendations to facilitate the restructuring of such mortgage loans. The *Unidad de Reestructuración* submitted a proposal to the National Congress recommending forgiveness or other write-off of such loans, extensions of their scheduled maturities or other subsidies that were capable of adversely affecting Banco Hipotecario's ability to foreclose on such mortgage loans. On November 21, 2007, the National Congress enacted Law No. 26,313, establishing a procedure for the restructuring of certain mortgage loans made by its predecessor, the former Banco Hipotecario Nacional. Law No. 26,313 restructures the affected loans by recalculating and reducing their unpaid balance (which had been previously restructured pursuant to a prior law). In December 2008, the applicability of Law No. 26,313 was limited to certain of Banco Hipotecario's mortgage loans made prior to April 1, 1991 to finance the construction of residential complexes which as of December 31, 2008, had been delinquent since November 2007 or earlier. As a result of the recalculation of loans, Banco Hipotecario has forgiven its right to enforce 8,317 mortgage loans representing approximately Ps.235.8 million in the aggregate. As of September 30, 2010, Banco Hipotecario had constituted loan allowances in connection with the results of this recalculation.

We cannot assure you that the Argentine government will not enact further new laws restricting Banco Hipotecario's ability to enforce its rights as creditor. Any such limitation on its ability to successfully implement foreclosures could have a material adverse effect on its financial condition and results of operations.

Banco Hipotecario's non-mortgage loan portfolio has grown rapidly and is concentrated in the low- and middle-income segments.

As a result of Banco Hipotecario's strategy to diversify its banking operations and develop retail and other non-mortgage banking activities, in recent years its portfolio of non-mortgage loans has grown rapidly. During the period between June 30, 2010 and June 30, 2011, Banco Hipotecario's portfolio of non-mortgage loans increased 62.0% from Ps.908.4 million to Ps.712.0 million. A substantial portion of its portfolio of non-mortgage loans consists of loans to low- and middle-income individuals and, to a lesser extent, middle-market companies. These individuals and companies are likely to be more seriously affected by adverse developments in the Argentine economy than high income individuals and large corporations. Consequently, in the future Banco Hipotecario may experience higher levels of past due non-mortgage loans that would likely result in increased provisions for loan losses. In addition, large-scale lending to low- and middle-income individuals and middle-market companies is a new business activity for Banco Hipotecario, and as a result its experience and loan-loss data for such loans are necessarily limited. Therefore, IRSA cannot assure you that the levels of past due non-mortgage loans and resulting charge-offs will not increase materially in the future.

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Given the current valuation criteria of the Central Bank for the recording of government securities on Banco Hipotecario's balance sheets, its most recent financial statements may not be indicative of its current financial condition.

Banco Hipotecario prepares its financial statements in accordance with Central Bank GAAP which differ in certain material respects from Argentine GAAP. As of June 30, 2011 there are included securities that were not valued according to GAAP equivalent to Ps.85.5 million. The impact of valuing these securities in accordance with Argentine GAAP results in a decrease in net assets of Ps.7.3 million at June 30, 2010.

Due to interest rate and currency mismatches of its assets and liabilities, Banco Hipotecario has significant currency exposure.

As of June 30, 2011, Banco Hipotecario's foreign currency-denominated liabilities exceeded its foreign-currency-denominated assets by approximately 157.1 million. This currency gap exposes Banco Hipotecario to risk of exchange rate volatility which would negatively affect Banco Hipotecario's financial results if the U.S. Dollar were to depreciate against the Peso and/or the Euro. We cannot assure you that the U.S. Dollar will not appreciate against the Peso, or that IRSA will not be adversely affected by Banco Hipotecario's exposure to risks of exchange rate fluctuations.

Banco Hipotecario has acquired and will continue to acquire on a regular basis Dollar futures and other derivatives in order to hedge its exposure to foreign currency and interest rate mismatches of its assets and liabilities.

Banco Hipotecario operates in a highly regulated environment, and its operations are subject to regulations adopted, and measures taken, by the Central Bank, the Comisión Nacional de Valores and other regulatory agencies.

Financial institutions are subject to significant regulation relating to functions that historically have been mandated by the Central Bank and other regulatory authorities. Measures adopted by the Central Bank have had, and future regulations may have, a material adverse effect on Banco Hipotecario's financial condition and results of operations. For example, on July 25, 2003, the Central Bank announced its intention to adopt new capital adjustment requirements which will be gradually implemented until 2009. Furthermore, the IMF and other multilateral agencies encouraged the Government to impose minimum capital adjustment, solvency and liquidity requirements, in accordance with the international guidelines, which may produce significant operating restrictions on Banco Hipotecario.

Similarly, the Comisión Nacional de Valores, which authorizes Banco Hipotecario's offerings of securities and regulates the public markets in Argentina, has the authority to impose sanctions on Banco Hipotecario and its board of directors for breaches of corporate governance requirements. Under applicable law, the Comisión Nacional de Valores has the authority to impose penalties that range from minor regulatory enforcement sanctions to significant monetary fines, to disqualification of directors from performing board functions for a period of time, and (in the most serious cases) prohibiting issuers from making public offerings, if they were to determine that there was wrongdoing or material violation of law. Although Banco Hipotecario is not currently party to any proceeding before the Comisión Nacional de Valores, we cannot assure you that the Comisión Nacional de Valores will not initiate new proceedings against Banco Hipotecario, its shareholders´ or directors or impose further sanctions.

Commencing in early 2002, laws and Executive Branch Decrees have been implemented that have substantially altered the prevailing legal regime and obligations established in contract. In the recent past, various initiatives have been presented to Congress intended to reduce or eliminate the debt owed to Banco Hipotecario on a portion of its mortgage loan portfolio and there were initiatives intended to review the terms pursuant to which Banco Hipotecario Nacional was privatized. As a result, we cannot assure you that the legislative branch will not enact new laws that will have a significant adverse impact on Banco Hipotecario's shareholders' equity or that, if this were to occur, the Argentine government would compensate us for the resulting loss. Please see "Exchange Rates and Exchange Controls".

The Argentine government may prevail in all matters to be decided at a Banco Hipotecario's general shareholders meeting.

According to the Privatization Law and Banco Hipotecario's by-laws, holders of Class A and Class D Shares have special voting rights relating to certain corporate decisions. Whenever such special rights do not apply (with respect to the Class A Shares and the Class D Shares) and in all cases (with respect to the Class B Shares and the Class C Shares), each share of common shares entitles the holder to one vote. Pursuant to Argentine regulations, Banco Hipotecario may not issue new shares with multiple votes.

The holders of Class D Shares have the right to elect nine of Banco Hipotecario's board members and their respective alternates. In addition, for so long as Class A Shares represent more than 42.0% of Banco Hipotecario's capital, the Class D Shares shall be entitled to three votes per share, provided that holders of Class D Shares will be entitled to only one vote per share in the case of a vote on:

- a fundamental change in Banco Hipotecario's corporate purpose;
- a change in Banco Hipotecario's domicile outside of Argentina;
- dissolution prior to the expiration of Banco Hipotecario's corporate existence;
- a merger or spin-off after which Banco Hipotecario would not be the surviving corporation;
- a total or partial recapitalization following a mandatory reduction of capital; and
- approval of voluntary reserves, other than legally mandated reserves, when their amount exceeds Banco Hipotecario's capital stock and its legally mandated reserves.

In addition, irrespective of what percentage of Banco Hipotecario's outstanding capital stock is represented by Class A Shares, the affirmative vote of the holders of Class A Shares is required to adopt certain decisions. Class D Shares will not be converted into Class A Shares, Class B Shares or Class C Shares by virtue of their reacquisition by the Argentine government, PPP or Programa de Propiedad Participada (or the Shared Property Program) participants or companies engaged in housing development or real estate activities.

According to the Privatization Law, there are no restrictions on the ability of the Argentine government to dispose of its Class A shares, and all but one of such shares could be sold to third parties in a public offering. If the Class A shares represent less than 42% of Banco Hipotecario's total voting stock as a result of the issuance of new shares other than Class A shares or otherwise, the Class D shares IRSA hold would automatically lose their triple voting rights. If this were to occur, IRSA would likely lose its current ability, together with our affiliates that also hold Class D shares of Banco Hipotecario, to exercise substantial influence over decisions submitted to the vote of Banco Hipotecario's shareholders.

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Banco Hipotecario will continue to consider acquisition opportunities which may not be successful.

From time to time in recent years, Banco Hipotecario has considered certain possible acquisitions or business combinations, and Banco Hipotecario expects to continue considering acquisitions that it believes offer attractive opportunities and are consistent with its business strategy. IRSA cannot assure, however, that Banco Hipotecario will be able to identify suitable acquisition candidates or that Banco Hipotecario will be able to acquire promising target financial institutions on favorable terms. Additionally, its ability to obtain the desired effects of past and future acquisitions will depend in part on its ability to successfully complete the integration of those businesses. The integration of acquired businesses entails significant risks, including:

- unforeseen difficulties in integrating operations and systems;
- problems assimilating or retaining the employees of acquired businesses;
- challenges retaining customers of acquired businesses;
- unexpected liabilities or contingencies relating to the acquired businesses; and
- the possibility that management may be distracted from day-to-day business concerns by integration activities and related problem solving.

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. Inversiones Financieras del Sur S.A., which as of September 30, 2011, owned approximately 38.3% of our common shares (on a fully diluted basis) (or approximately 186,053,240 common shares which may be exchanged for an aggregate of 18,605,324 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 is regularly published by or 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 Argentine GAAP and the regulations of the *Comisión Nacional de Valores* which differ in certain significant respects from U.S. GAAP. 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 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.

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 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. We have been advised by our Argentine counsel, Zang, Bergel & Viñes Abogados, that there is doubt as to whether the Argentine courts will enforce to the same extent and in as timely a manner as a US 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 composition of our income and the 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 taxable year ending June 30, 2011, 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. 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 common 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 common shares or ADSs at a gain, as well as additional reporting requirements. See ''Taxation–United States Taxation–Passive Foreign Investment Company Rules'' 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.

IRSA's 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 US 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 US company.

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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 Argentine GAAP. 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 ability to pay dividends is limited by law.

In accordance with Argentine corporate law, we may pay dividends in Pesos only out of retained earnings, if any, to the extent set forth in our audited financial statements prepared in accordance with Argentine GAAP.

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.

Risks Related to IRSA's Global Depositary Shares and the Shares

Shares eligible for sale could adversely affect the price of IRSA's common shares and Global Depositary Shares.

The market prices of our common shares and GDS could decline as a result of sales by our existing shareholders of common shares or GDSs 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 IRSA deem appropriate.

The GDSs are freely transferable under US securities laws, including shares sold to our affiliates. We, which as of September 30, 2011, owned approximately 63.2% of our common shares (or approximately 365,815,965 common shares which may be exchanged for an aggregate of 36,581,596 GDSs), is free to dispose of any or all of its common shares or GDSs at any time in its discretion. Sales of a large number of our common shares and/or GDSs would likely have an adverse effect on the market price of our common shares and the GDS.

IRSA is 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 ("Bolsa de Comercio de Buenos Aires") 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 Argentine GAAP and the regulations of the CNV which differ in certain significant respects from U.S. GAAP. 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.

IRSA is 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.

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

IRSA is a publicly held 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. IRSA has been advised by our Argentine counsel, Zang, Bergel & Viñes, that there is doubt as to whether the Argentine courts will enforce to the same extent and in as timely a manner as a US 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.

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 IRSA is 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 US 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 GDSs at a potential disadvantage.

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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 US company.

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

In accordance with Argentine corporate law IRSA may pay dividends to its shareholders out of net and realized profits, if any, as set forth in IRSA's audited financial statements prepared in accordance with Argentine GAAP. The approval, amount and payment of dividends are subject to the approval by IRSA's shareholders at its 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, IRSA 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.

IRSA's ability to pay dividends is limited by law, by our by-laws and by certain restrictive covenants in our debt instruments.

In accordance with Argentine corporate law, IRSA may pay dividends in Pesos only out of retained earnings, if any, to the extent set forth in our audited financial statements prepared in accordance with Argentine GAAP. In addition, our ability to pay dividends on IRSA's common shares is limited by certain restrictive covenants in IRSA's debt instruments.

On February 2, 2007, IRSA issued our 8.5% notes due 2017 in an aggregate principal amount of US$150.0 million.

These notes contain a covenant limiting our ability to pay dividends which may not exceed the sum of:

- 50% of IRSA's cumulative consolidated net income; or

- 75% of IRSA's cumulative consolidated net income if IRSA's consolidated interest coverage ratio for IRSA's most recent four consecutive fiscal quarters is at least 3.0 to 1; or

- 100% of cumulative consolidated net income if IRSA's consolidated interest coverage ratio for IRSA's most recent four consecutive fiscal quarters is at least 4.0 to 1; or

- 100% of the aggregate net cash proceeds (with certain exceptions) and the fair market value of property other than cash received by IRSA or by IRSA's restricted subsidiaries from (a) any contribution to IRSA's capital stock or the capital stock of IRSA's restricted subsidiaries or issuance and sale of IRSA's qualified capital stock or the qualified capital stock of IRSA's restricted subsidiaries subsequent to the issue of IRSA's notes due 2017, (b) issuance and sale subsequent to the issuance of IRSA's notes due 2017 or IRSA's indebtedness or the indebtedness of IRSA's restricted subsidiaries that has been converted into or exchanged for IRSA's qualified capital stock, or (c) any reduction in IRSA's indebtedness or any restricted subsidiary, (d) any reduction in debt investment (other than permitted investments) and return on assets, or (e) any distribution received from non-restricted subsidiaries.

On July 20, 2010, we issued IRSA's Series II 11.5% notes due in 2020 in an aggregate principal amount of US$ 150.0 million. These notes are subject to the same covenants as described above for IRSA's 8.5% notes due 2017.

As a result, we cannot give you any assurance that in the future IRSA will pay any dividends in respect of our common shares.

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.

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History

We were incorporated in 1936 as a subsidiary of Credit Foncier, a Belgian company engaged in the business of providing rural and urban loans in Argentina. We were incorporated to administer real estate holdings foreclosed by Credit Foncier. Credit Foncier was liquidated in 1959, and as a part of such liquidation, our shares were distributed to Credit Foncier's shareholders and in 1960 were listed on the Buenos Aires Stock Exchange. During the 1960s and1970s, our business shifted to exclusively agricultural activities.

During 1993 and 1994, Consultores Asset Management acquired on behalf of certain investors approximately 22% of our outstanding shares on the Buenos Aires Stock Exchange. In late 1994, an investor group led by Consultores Asset Management (and including Dolphin Fund plc.) purchased 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. In March, 2008 we completed our capital increase of 180 million common shares. All of the shares offered were subscribed domestically and internationally.

On September 25, 2007, we converted US$12.0 million of IRSA's convertible notes into 22.0 million of IRSA's common shares. From July 30, 2007 to November 14, 2007 we exercised 33.0 million of warrants to acquire an additional 60.5 million common share of IRSA for a total cost of approximately US$40.0 million. The term for the exercise of IRSA's outstanding warrants and the conversion of IRSA's outstanding convertible notes issued on November 21, 2002 expired on November 14, 2007. Subsequently, from December 1, 2007 to June 30, 2009, we acquired 122,625,854 additional shares of IRSA, increasing our interest to 55.64% as of June 30, 2009. We started consolidating the accounts and results of operations of IRSA as from October 1, 2008.

In March 2008 we concluded a capital increase of 180 million common 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, both locally and internationally. In addition, each shareholder received, without additional cost, one warrant for each share subscribed. See "Offer and listing details - Stock Exchanges in which our securities are listed".

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. As of June 30, 2011 we were a direct holder of shares equivalent to 35.75% of BrasilaAgro's outstanding capital stock.

As of September 30, 2011, we have invested approximately Ps.959.8 million to acquire our current 63.22% equity interest of IRSA. 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, credit cards and luxury hotels in Argentina. A majority of our directors are also directors of IRSA.

Purchase, sales and barter of properties

The following is a description of the most significant events in terms of acquisitions, divestitures, real estate barter transactions and other transactions which occurred during the years ended June 30, 2011, 2010 and 2009, divided between our agricultural and real estate businesses:

Fiscal Year Ended June 30, 2011

Agricultural Business

Sale of "La Juanita"

On September 3, 2010, we signed the title deed of sale of the "La Juanita" farm, located in the District of Trenque Lauquen, Province of Buenos Aires. The transaction was agreed for a total price of US$18 million. The sale resulted in a gain of Ps.49.6 million, which were reflected in the quarterly financial statements as of September 30, 2010.

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Expansion in the Republic of Bolivia and the Oriental Republic of Uruguay

In June 2011, we entered into a purchase agreements for two agricultural parcels located at Santa Cruz, Bolivia, with a total surface of 5,000 hectares, which will be 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. Upon the execution of the purchase agreement, we paid 23.8% of the purchase price. The balance will be paid in four installments, the first installment was paid in June 2011 and the last installment will be paid in October 2012.

(ii) The second parcel has a surface of approximately 2,340 hectares for soybeans exploitation purposes. The purchase price was US$4.9 million. Upon the execution of the purchase agreement, we paid 33.9% of the purchase price. The balance will be paid in four consecutive semi-annual installments, the first two installments paid in December 2011 and the last one will be paid in June 2013.

Transfer of title of both parcels will occur once the purchase price has been paid in full.

Additionally, we have agreed to sell a parcel with a surface of 910 hectares for US$3.64 million. We have been paid 27.5% of the purchase price and the balance will be paid in 5 consecutive semiannual installments, being the last installment in December 2013.

Real Estate Business

Acquisition of Shares of Supertel

On November 16, 2011, IRSA reported that Real Estate Strategies L.P., an investment vehicle managed and indirectly wholly owned by IRSA, had entered into a purchase agreement with Supertel Hospitality Inc. ("Supertel"), subject to Supertel's shareholders' approval and IRSA's approval to Supertel's debt restructuring.

Supertel is a Real Estate Investment Trust and its shares are listed and traded in NASDAQ under the symbol "SPPR". Supertel began its operations in the late 1970s and in 1994 completed its Initial Public Offering.

Currently Supertel focuses on midscale, economy and extended-stay segments of the hospitality Industry, owning 101 hotels across 23 states of the US. Its properties are operated by various third party management companies and their franchise agreements, including brands such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn Express, Sleep Inn and Super 8.

In case the conditions described above are met, Real Estate Strategies L.P.will invest US$20 million in exchange of two million newly issued preferred shares of Supertel, which will also include an option to purchase, up to an additional one million preferred shares for a price of US$10 per share.

The preferred shares will bear an annual 6.25% preferred dividend; vote with the common stock, subject to certain voting limitations, and subject to ownership limitations, will be convertible into common stock of Supertel at the rate of ten shares for each share of preferred stock for a period of 5 years.

As part of the Agreement, Real Estate Strategies L.P.will also receive warrants to purchase 20 million shares of common stock, which may be increased up to 30 million shares pro rata with Real Estate Strategies L.P.'s exercise of the option for additional preferred shares. Subject to ownership limitations, these warrants are exercisable at any time with an exercise price of US$ 1.20 per share for a period of 5 years (with forced exercise under certain conditions after 3 years).

The transaction is anticipated to close within 90 days, subject to the fulfillment of the aforementioned conditions in connection to the approval of Supertel shareholders', and to the investor company satisfaction with certain Supertel's debt restructuring.

Bitania 26 S.A.

On December 13, 2011, IRSA reported that it has indirectly acquired 49% (forty-nine per cent) of the share capital of Bitania 26 S.A., a corporation which owns the hotel "Esplendor Savoy" in the city of Rosario, Province of Santa Fé, Argentina. The transaction amount was set up at Ps. 21.4.

La Ribera Shopping – Santa Fe

APSA acquired 50% of the capital stock of Nuevo Puerto Santa Fe S.A., a corporation that leases a building in which La Ribera Shopping was built and currently operates, located at Dique I of the Santa Fe City's Port. As it is a building under a concession agreement, the purchase of shares of Nuevo Puerto Santa Fe S.A. was subject to the condition that the Santa Fe Port Administration Office approved the change in the company's capital stock and that the Santa Fe's Lottery Retirement Fund (Caja de Previsión Social Lotería de Santa Fé) did not challenge it. The execution date of the documents was June 15th, 2011 and the final execution including the referred approval occurred during August 2011.

Sale of a lot to GENSAR S.A.

On September 22, 2011, APSA through its subsidiary Shopping Neuquén Sociedad Anónima agreed to assign, sell and transfer to GENSAR S.A. a lot designated as Lot H with all the fixtures, buildings, and improvements bound to the soil. This lot is part of the property facing Doctor Ramon St. unnumbered, and the National Road Nº 7, located in the City of Neuquén, Province of Neuquén, Argentina, Department of Confluencia, First section, with a total area of 14,792 meters and 68 square decimeters, for the agreed total price of US$0.4 million, paid in cash.

The property would be transferred on the condition that the buyer utilized it to construct and operate a supermarket at its own cost and expense, in accordance with the terms and conditions agreed upon with Neuquén Municipality.

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Acquisitions

Acquisition of Soleil Factory shopping center business

On December 28, 2007, APSA and INCSA signed a letter of intent to acquire, build and manage a shopping center in a plot of land owned by INCSA, located in the City of San Miguel de Tucumán, Province of Tucumán. This transaction was contingent upon the acquisition of the Soleil Factory shopping center. Upon completion of the acquisition of the Soleil Factory on July 1, 2010, as described below, APSA was obligated to commence the construction works on the site on May 2, 2011. However, INCSA shall comply with certain obligations prior to the commencement of said works, such as (i) delivery of the title deed of the plot of land and (ii) transfer of rights and permits on the architectural project to APSA. As of the date of this annual report, these obligations have not been fulfilled and the construction works have not commenced.

On July 1, 2010, APSA and INCSA entered into an agreement pursuant to which the Soleil Factory shopping center and other fixed assets were transferred to APSA. The transaction excluded any receivable or payable arising out of INCSA's business prior to the transaction and also excluded a building, which currently is being operated as a hypermarket within the same premises. INCSA transferred the deed of title to APSA on August 3, 2011. The transaction was authorized by the Comisión Nacional de Defensa de la Competencia, the National Commission of Competition in Argentina, on April 12, 2011.

Paraná plot of land

On August 12, 2010, APSA acquired a 10,022 square meter property in the City of Paraná, Province of Entre Ríos, Argentina for US$ 0.5 million. APSA paid US$ 0.15 million and the remaining balance of US$ 0.35 million will be paid at the time the title is obtained.

According to the agreement, the deeds of title will be transferred within 60 days after the following conditions are fulfilled: (i) APSA obtains the required municipal permits, or (ii) the seller obtains the lot subdivision, whichever occurs later. None of these conditions have occurred as of the date of this annual report. On March 18, 2011, the Municipality of Parana granted a pre-clearance to construct a shopping mall on the premises, although definitive permits are still pending.

Sale of plots of land

On May 18, 2010 APSA sold two plots of land located at Carlos Gardel Street Nos. 3128 and 3134 in the City of Buenos Aires for US$ 0.46 million, which was collected in full at year-end. On July 5, 2010 the deed of title was executed.

Sale of Rosario plots of land

On April 14, 2010, APSA sold the lot designated as "2A" of a parcel of land located in the District of Rosario, City of Rosario, Province of Santa Fe for US$ 4.2 million, paid in full as of June 30, 2011.

On May 3, 2010, APSA sold the lot designated as "2E" for US$ 1.4 million paid in full as of June 30, 2011.

On November 10, 2010, APSA sold the lot designated as “2F” for US$ 1.9 million, of which US$ 1.3 million was paid as on June 30, 2011 with the remaining balance collected on July 6, 2011.

On December 3, 2010, APSA sold the lots designated as “2B”, “2C” and “2D” for US$ 1.5 million each, of which US$ 3 million was paid on June 30, 2011 and US$ 1.5 million (lot”2D”) will be collected upon execution of the deed of title.

Shopping Neuquén project

On July 5, 2010 APSA commenced the development of the shopping mall and the hypermarket.

Additionally, on November 8, 2010, Shopping Neuquén S.A. was notified of a court resolution establishing the amount of legal costs and fees to be paid by Shopping Neuquén S.A. related to prior litigation with the Municipality. As of the date of this annual report this resolution is not firm and Shopping Neuquén S.A. is currently evaluating its courses of action.

On April 15, 2011, Shopping Neuquén S.A. entered into an agreement with Gensar S.A., an unrelated third party developer, pursuant to which Gensar S.A. acquired the right to purchase one plot of land of the project adjacent to the place where the shopping center is being developed. Gensar S.A. agreed to construct and operate a hypermarket. Shopping Neuquén transferred possession of the land in April 2011. On September 16, 2011, the public deed for the property of the mentioned lot was granted in favor of Gensar S.A., whose record is pending before the corresponding Registry of Property.

Barter agreement with TGLT S.A.

On October 13, 2010, APSA and TGLT S.A., a real estate developer in Argentina, entered into an exchange agreement in connection with a plot of land situated at Beruti 3351/3359, between Bulnes and Avenida Coronel Díaz in Palermo, a neighborhood in the City of Buenos Aires close to IRSA’s Shopping Center known as “Alto Palermo Shopping.” The property has a surface of 3,207 square meters and the purchase price was US$18.8 million. This transaction has been a significant acquisition because of the strategic location of the property, in the immediate vicinity of IRSA’s main shopping center. As consideration, TGLT S.A. agreed to transfer to APSA (i) certain units to be determined, representing 17.33% of the aggregate surface of the units to be built, (ii) a number of parking spaces to be determined, representing 15.82% of the aggregate surface of the parking spaces to be built, (iii) all the commercial parking spots and (iv) US$10.7 million, which were paid upon the execution of the purchase deed in favor of TGLT S.A.. The transaction was subject to certain precedent conditions including the completion by TGLT of its initial public offering. TGLT S.A. completed its initial public offering in the Buenos Aires Stock Exchange on October 29, 2010 therefore; the precedent condition for the transaction was fulfilled on that date. TGLT S.A. paid the US$10.7 million on November 5, 2010. On December 16, 2010, the title deed to the Berutti plot of land was executed.

To ensure performance of obligations assumed by TGLT S.A. under the deed of sale, a mortgage was granted in favor of APSA.

On June 9, 2011, the Administrative and Tax Contentious Law Court No. 9 of the City of Buenos Aires issued a precautionary measure in the lawsuit "Asociación Amigos Alto Palermo vs. the Government of the City of Buenos Aires for Amparo", which ruled the suspension of the works.

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Fiscal Year Ended June 30, 2010

Agricultural Business

Expanding business into the Republic of Paraguay

On March 19, 2010 our subsidiary Cresca S.A. ("Cresca") required the transfer of 3,614 hectares from Carlos Casado S.A., pursuant to an option Cresca exercised in September 2008.

Pursuant to the option agreement, Cresca will pay Carlos Casado S.A. an aggregate purchase price of US$350 per hectare or US$1.3 million as follows: US$0.3 million was paid on March 23, 2010; US$0.5 million was paid on December 1, 2010 and US$0.5 million will be paid on March 1, 2011.

On June 29, 2010, the title deed was executed for 3,646 hectares.

Sale of "Tali Sumaj" farm

On December 17, 2009, we entered into a preliminary agreement for our sale of the "Tali Sumaj" farm (12,701 hectares), located in the Province of Catamarca. The transaction was agreed for a price of US$ 4.8 million, of which US$ 0.5 million have been already collected, whereas the balance was payable on April 15, 2010. The deed of sale would become effective if before April 15, 2010 the preliminary attachment levied in the matter of "EXAGRIND S.A. - Estancia San Rafael v. Tali Sumaj et al, on Damages" was released.

On April 14, 2010 the parties agreed to extend the closing date of the deed of sale and payment of the purchase price balance until May 17, 2010, conditioned upon the final release of the preliminary attachment mentioned above.

On May 28, 2010 possession of the property was surrendered as the full price had been previously received, and the execution of the deed of sale remained pending for reasons not attributable to us. In addition, we promised to take all actions available to us, so as to obtain the release and/or the replacement of the attachment, and undertook to perform all obligations that might arise if an adverse judgment was rendered and to bear all legal costs and further procedural expenses resulting from an adverse final judgment in the case. To such end, we delivered a performance bond for the benefit of the purchaser as security for our obligations.

Real Estate Business

Acquisition of real estate assets in Uruguay

In December 2009, IRSA acquired from an unrelated party a parcel of land for US$ 1.9 million, of which US$ 0.3 million has been paid with the remaining balance to be settled through the delivery of housing units and/or storefronts to be constructed on the site equivalent to about 8% of the commercial value of all such.

In February 2010, IRSA acquired additional parcels of land for US$ 1.0 million, of which US$ 0.15 million has been paid with the balance to be settled in 3 consecutive and equal installments maturing on December 31, 2011, June 30, 2013 and December 31, 2014. Outstanding balances accrue interest at an annual fixed rate of 3%, payable quarterly and in arrears from December 31, 2009.

Acquisition of Catalinas Norte plot of land

In December 2009, IRSA acquired through a public auction a 3,649 square meters plot of land located in the area known as Catalinas Norte in the City of Buenos Aires for Ps. 95.0 million paid in cash as of June 30, 2010.

Sale of properties in Guaymallén (Mendoza) and Rosario

On April 14, 2010, IRSA sold the lot designated as 2A of a building located in the District of Rosario, City of Rosario, Province of Santa Fe for US$ 4.2 million, of which US$ 1.0 million was collected as of June 30, 2010. The remaining balance will be settled upon executing the title deed. The sale is subject to certain conditions precedents, which have not been fulfilled as of year-end.

On May 3, 2010, IRSA sold the lot designated as 2E of a building located in the District of Rosario, City of Rosario, Province of Santa Fe for US$ 1.4 million, of which US$ 0.3 million were collected as of June 30, 2010. The outstanding balance will be settled as follows: (i) an amount of US$ 0.3 million due on September 30, 2010, upon transfer of the title deed and (ii) an amount of US$ 0.7 million, due on May 30, 2010 plus 14% interest, as from the transfer of the title deed. The lot was mortgaged in our favor as collateral for the payment.

Sale of Buildings

IRSA sold 14,777 square meters of gross leasable area for Ps. 168.3 million in cash. These sales generated a profit of Ps. 115.4 million.

Fiscal Year Ended June 30, 2009

Agricultural Business

Acquisitions of farmland in Republic of Paraguay

During September 2008, we entered into an option agreement to acquire a 50% interest in 41,931 hectares 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 recently organized (Cresca). The contribution was made on January 26, 2009, and the title deed to the property was executed on February 3, 2009.

Acquisitions of farmland in Bolivia

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On July 28, 2008, we acquired several properties in Bolivia as further described below:

We acquired "Las Londras" farm, a 4,566 hectares property located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$11.4 million of which US$8.9 million was paid in cash. The outstanding balance will be paid without interests in February 15, 2011. For the outstanding balance of such real estate property, a mortgage was established in favor of the sellers, effective through the payment date.

We acquired the "San Cayetano" and "San Rafael" farms which are properties with 883 and 2,969 hectares properties, respectively, located in the Province of Guarayos, Bolivia for an aggregate purchase price of US$8.8 million of which US$ 6.9 million was paid in cash. The outstanding balance was paid without interests in November, 2010.

We acquired "La Fon Fon" farm, a 3,748 hectares property located in the Province of Obispo Santiesteban, Bolivia for an aggregate purchase price of US$8.6 million of which US$ 6.7 million was paid in cash. The outstanding balance was paid without interests on November, 2010.

Acquisition of a parcel of a farm in Luján

On May 30, 2008, IRSA signed, as nominee, a bill of purchase with delivery of possession for 115 hectares of a parcel of a farm located in the District of Luján, Province of Buenos Aires. The transaction was agreed for a price of US$ 3.0 million, of which the amount of US$ 1.2 million was paid on that date.

On December 13, 2008, we were formally recognized as principal of the transaction, therefore, we paid the balance of US$ 1.8 million on March 11, 2010 upon the execution of the title deed for such property.

Acquisition of San Pedro farm

On September 1, 2005, we acquired the “San Pedro” farm, a 6,022 hectares property located in the Department of Concepción del Uruguay, Province of Entre Ríos, for an aggregate purchase price of US$16.0 million, of which US$9.5 million was paid upon signing the deed, US$4.0 million was paid on December 14, 2005, and US$0.73 million was paid on September 1, 2006. The remaining balance of US$1.7 million plus interest of US$0.1 million was paid in September 2009.

Land sales out of “El Recreo” and “Los Pozos” farms

On July 24, 2008, we sold 1,829 hectares out of the “El Recreo” farm, located in the Province of Catamarca for US$0.4 million. The buyer paid US$0.1 million in cash upon executing the title deed and the balance was collected in two annual consecutive installments of US$0.12 million each, plus accrued interest at LIBO rate plus 3% per annum. This transaction generated a gain of US$0.3 million recognized in the statements of income as of June 30, 2009.

On October 7, 2008, we entered into a preliminary sales agreement for the sale of 1,658 hectares of the “Los Pozos” farm located in the Province of Salta. The agreed sales price was US$0.5 million. On April 7, 2009, the deed was executed and the balance of US$0.2 million has been collected. The transaction generated a gain of US$0.5 million.

Real Estate Business

Sale of Buildings

We sold 20,315 square meters of gross leasable area for Ps. 201.3 million in cash. These sales generated a profit of Ps. 119.4 million.

Formation of Companies

Fiscal Year Ended June 30, 2011

Acquisition of additional interest and warrants of BrasilAgro

On October 20 and December 23, 2010, we executed with Tarpon an addendum to the Share Purchase Agreement dated April 28, 2010, under which we either directly or indirectly acquired 9,581,750 shares of common stock of BrasilAgro, representing 16.40% of the outstanding stock and 64,000 warrants from the First Issue and 64,000 warrants from the Second Issue. Consequently, Cresud paid Rs. 25.2 million on October 20, 2010, Rs. 50.8 million on December 23, 2010, Rs. 52.5 million on April 27, 2011.

Consequently, we hold 20,883,916 shares or 35.75% of BrasilAgro's capital stock as of June 30, 2011. It should be noted that acquiring shares does not imply a change in the control over BrasilAgro; and that BrasilAgro's Shareholders' Agreement will remain effective with the amendments that may be required to sell all shares owned by Tarpon and its affiliates.

Likewise, due to the transaction, we own directly and indirectly 168,902 BrasilAgro's First Issuance Warrants and 168,902 BrasilAgro's Second Issuance Warrants.

As of June 30, 2011 we registered an asset for Ps. 27,199 for the acquisition of these warrants.

Following the guidelines of Technical Resolution No. 21 of the F.A.C.P.C.E, we have consolidated our financial statements with BrasilAgro's financial statements as of June 30, 2011.

Investment in Cactus

On December 23, 2010, we made a capital contribution of Ps. 16 million to Cactus. As a result, our direct interest increased to 80%. On that same date, Cactus's Shareholders Meeting approved a capital increase of Ps. 6.9 million with an additional paid-in capital of Ps. 9.1 million.

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Investment in FyO.Com

On September 30, 2010, the Ordinary Shareholders Meeting of FyO.Com approved a capital increase for an amount of Ps. 5,925, in connection with the issuance of 538,613 registered, non-endorsable shares of common stock with a face value of Ps. 1, plus an additional paid-in capital for Ps. 5,386. As a result, we subscribed shares for Ps. 4,467. The subscription ofshares for Ps. 3,541 was made by the conversion of debt into equity and the Ps. 926 difference was paid in cash. As a result of the transaction, our interest in FyO.com is 65.85% as of September 30, 2010 and it remains the same as of the date of this annual report.

Northagro S.A., Agrotech S.A. and Pluriagro S.A.

As per Bolivian law, entities must legally have a minimum of three shareholders. To comply with this requirement, in September 2010, we formed three subsidiaries, named Northagro S.A., Agrotech S.A. and Pluriagro S.A. These entities were formed with nominal capital contributions, and their only assets are an interest in some of our Bolivian subsidiaries.

Real Estate Business

Acquisition of Unicity S.A

In September 2010, IRSA acquired through E-Commerce Latina 100% of the stock capital of Unicity S.A. for the sum of US$ 2.5 million. Unicity capitalized its US$ 9.1 million debt with IRSA and IRSA received in exchange 36,036,000 shares representing 88.61% of Unicity, being held by E-Commerce the remaining 11.39%. As a result of this transaction, IRSA owns 100% of capital stock of Solares de Santa María.

Purchase of Banco de Crédito & Securitización (“BACS”) shares

On March 10, 2011, IRSA signed an stock purchase agreement with the International Finance Corporation (IFC) for a total of 796,875 common shares, which represents a 1.28% of BACS capital stock in an aggregate amount of US$ 0.32 million, US$ 0.06 million of which were paid upon execution of the agreement, and the balance of US$ 0.26 million (supported by respective promissory notes) are to be repaid at the time of closing of the transaction, that is within 12 business days as from approval of the transaction by the BCRA, which as of the date of these Annual Report is still pending.

Acquisition of shares of Banco Hipotecario S.A.

During the last fiscal years and in the current fiscal year, we have been conducting various purchase and sale transactions of BHSA shares, as a result of which, as of June 30, 2011, our equity interest in BHSA is 29.77% of BHSA´s capital stock (without considering treasury shares).

Purchase and sale of APSA´s Notes

On October 12, 2010, we sold APSA’s Series I negotiable obligations through the secondary market for a nominal value of US$ 39.6 million that it had been acquired in the course of fiscal year 2009. The total amount collected from the transaction was US$ 38.1 million. The difference has been treated as an implicit financial cost of the transaction, which shall accrue and be amortized against income over the term of the notes.

Acquisition of Hersha Hospitality Trust (“Hersha”)

In October 2010, IRSA through Real Estate Investment Group L.P. (“REIG”) purchased 2,952,625 additional shares of Hersha’s common stock for an aggregate purchase price of US$ 17.1 million.

During December 2010, March and June 2011, IRSA through certain subsidiaries sold 1,500,000, 738,800 and 303,579 common shares, respectively, in Hersha for a total of US$ 16.1 million, which resulted in approximately US$ 11.5 million gain.

As of June 30, 2011 IRSA´s direct and indirect interest in Hersha represented 9.18%. On the other hand, upon exercise of the call option and assuming any IRSA´s interest is not diluted due to newly issued shares, IRSA´s interest in Hersha would be 12.13%. IRSA accounts for its investment in Hersha at cost while the call option has been accounted for at its fair value.

Reorganization of Lipstick New York Building

In July 2008, we (through our subsidiaries) acquired a 30% interest in “Metropolitan 885 Third Avenue LLC” (“Metropolitan”), a Delaware-based limited liability company and ultimate parent company of Metropolitan 885 Third Avenue Leasehold LLC (“Metropolitan Leasehold”). The main asset of Metropolitan Leasehold is a rental office building in New York City known as the “Lipstick Building” and debt related to that asset. The transaction included the acquisition of (i) a put right exercisable until July 2011 to sell a 50% of the interest acquired at the same value paid plus interest at 4.5% per annum and (ii) a right of first offer to acquire a 60% portion of the 5% interest of the shareholding. The total price paid was US$ 22.6 million.

During 2009 and in the context of the financial crisis and shrinkage of the real estate market in New York, Metropolitan incurred in significant losses, which resulted in negative equity mainly due to impairment recognized in connection with the building. Since our share in Metropolitan's losses exceeded its equity interest; we recognized a zero value on our investment although a liability of US$ 1.5 million was recorded which represented our maximum commitment to fund Metropolitan's operations.

On November 16, 2010, Metropolitan Leasehold filed a voluntary pre-packaged plan of reorganization under Chapter 11 of Title 11 of the United States Code including a disclosure statement and a plan of reorganization. The plan provides for, among other things, the extinguishment of 100% of the Parent Company, the Holding Company and the Junior Mezz membership interest in the property owner and issuance of the membership interest in the reorganized debtor to New Lipstick, the new Metropolitan Leasehold holding company.

In December 2010, the negotiations geared towards restructuring the amounts owed under mortgage to Royal Bank of Canada came to a successful conclusion. The debt was reduced from US$ 210.0 million to US$ 130.0 million (excluding accrued interest) at a Libor plus 400 basic points rate, which may not exceed a maximum rate of 6.25% and with a maturity date fixed at seven years. The junior indebtedness to Goldman, Sachs & Co., which had amounted to US$ 45.0 million (excluding accrued interest), was cancelled through a US$ 2.25 million payment.

Metropolitan Leasehold will maintain the existing ground leases in the same terms and conditions in which they had been initially agreed upon, for a remaining 66 years' term. The final consent to this restructuring has already been tendered by all the parties concerned and the closing was consummated on December 30, 2010, as that is when the company New Lipstick LLC, the new Metropolitan Leasehold holding company, made a US$ 15.0 million principal payment as repayment of the newly restructured mortgage debt, thus reducing it from US$ 130.0 million to US$ 115.0 million.

As a consequence of said reorganization, we have indirectly – through New Lipstick – increased our equity interest in the Lipstick Building to 49%. This increase originated in a US$ 15.3 million capital contribution and in the fact that the put option for 50% of the shareholding initially acquired in Metropolitan, which had amounted to approximately US$ 11.3 million plus accrued interest, has been rendered ineffectual. Besides, the above-mentioned commitment, for US$ 1.5 million, ceased to be in effect

Purchase of shares of TGLT S.A.

On November 4, 2010, APSA acquired 5,214,662 registered, non-endorsable shares of common stock, entitled to one vote per share, issued by TGLT S.A. for a total amount equivalent to Ps. 47.1 million under the initial public offering of the latter.

During December 2010, January and April 2011, APSA acquired 42,810; 98,000 and 876,474 of shares, respectively, for an amount of Ps. 9.2 million, reaching 8.86% of TGLT S.A.´s common stock.

In December 2010, APSA acquired 9,598 non endorsable, registered, common shares, with right to one vote each and representative of 0.01% of TGLT S.A.'s capital stock. The total price paid was Ps. 0.1 million.

Acquisition of Torodur's shares

On June 13, 2011, APSA acquired for a de minimis consideration a 100% interest in the capital stock of Torodur, a Uruguayan-based shell entity with no significant assets and/or operations. This entity was previously owned 98% by IRSA and the remaining 2% equally by Cam Communications LP (Bermudas), (formerly Elsztain Realty Partners Master Fund II LP), and Cam Communications LP (Delaware).

On June 15, 2011, Torodur S.A. acquired 16.66% of Nuevo Puerto Santa Fe S.A.’s shares for US$ 1.5 million.

Acquisition of Metroshop´s shares

On January 13, 2011, APSA purchased 18,400,000 registered, non-endorsable shares of common stock with a face value of Ps. 1 each and entitled to one vote per Class B share, representing 50% of Metroshop’s common capital stock. As of June 30, 2011 we hold 100% of Metroshop´s common capital stock. See the section Disposals for details on the disposal of main assets of Metroshop.

Acquisition of Soleil Factory shopping center business

On December 28, 2007, APSA and INCSA signed a letter of intent to acquire, build and manage a shopping center in a plot of land owned by INCSA, located in the City of San Miguel de Tucumán, Province of Tucumán. This transaction was contingent upon the acquisition of the Soleil Factory shopping center. Upon completion of the acquisition of the Soleil Factory on July 1, 2010, as described below, APSA was obligated to commence the construction works on the site on May 2, 2011. However, INCSA shall comply with certain obligations prior to the commencement of said works, such as (i) delivery of the title deed of the plot of land and (ii) transfer of rights and permits on the architectural project to APSA. As of the date of this annual report, these obligations have not been fulfilled and the construction works have not commenced.

On July 1, 2010, APSA and INCSA entered into an agreement pursuant to which the Soleil Factory shopping center and other fixed assets were transferred to APSA. The transaction excluded any receivable or payable arising out of INCSA’s business prior to the transaction and also excluded a building, which currently is being operated as a hypermarket within the same premises. INCSA transferred the deed of title to APSA on August 3, 2011. The transaction was authorized by the Comisión Nacional de Defensa de la Competencia, the National Commission of Competition in Argentina, on April 12, 2011.

Acquisition of Nuevo Puerto Santa Fe S.A.´s shares

On June 15, 2011, APSA acquired from Boldt S.A. and Inverama S.L., two unrelated companies, 50% interest in the capital stock of NPSF (33.34% direct and 16.66% through Torodur S.A.), a company who acts as a lessee of a property built and operated as a shopping center in the port of the city of Santa Fe, Province of Santa Fe.

APSA made a down payment of US$ 0.377 million and will settle the remaining balance in 24 monthly non-interest bearing installments with the last installment due on February 2013.

The acquisition was contingent upon the approvals by the Ente Regulador del Puerto de Santa Fe (Regulatory Entity of the Port of Santa Fe) and the Caja de Asistencia Social Lotería de Santa Fe which were obtained subsequent to year-end, on August 18, 2011. As of June 30, 2011, the payments were recognized under Non-current Investments included in the line item "Advance payments for the acquisition of shares".

Shopping Neuquén project

On July 5, 2010 APSA commenced the development of the shopping mall and the hypermarket.

On November 8, 2010, Shopping Neuquén was served notice of a resolution issued by the High Court of Neuquén, by which certain pending fees to be paid by Shopping Neuquén were established. Such decision is not final and Shopping Neuquén has filed an appeal on November 12, 2010 an appeal for annulment on November 17, 2010, and an extraordinary appeal on November 24, 2010.

On April 15, 2011, Shopping Neuquén S.A. entered into an agreement with Gensar, an unrelated third party developer, pursuant to which Gensar acquired the right to purchase one plot of land of the project adjacent to the place where the shopping center is being developed. Gensar committed to construct and operate a hypermarket. APSA transferred possession of the land in April 2011. On September 16, 2011, the public deed for the property of the mentioned lot was granted in favor of Gensar S.A., whose record is pending before the corresponding Real Estate Registry.

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Fiscal Year Ended June 30, 2010

Real Estate Business

Acquisition of Hersha Hospitality Trust

On August 4, 2009, through REIG, IRSA acquired 5.7 million common shares which represent approximately a 10.4% equity interest in Hersha's outstanding capital stock. Together with the acquisition of the aforementioned equity interest, IRSA was granted an option to acquire 5.7 million additional common shares of Hersha at a price of US$3.00 per share; which option expires on August 2014. The total purchase price was US$14.3 million.

On January 2010, IRSA acquired 4.8 million additional shares in Hersha for a total price of US$ 14.4 million, increasing our stake in Hersha to 10.3%. In turn, on March 24, 2010, Hersha resolved upon a capital in which we exercised our preemptive subscription rights. Therefore, as of June 30, 2010, IRSA's interest in Hersha amounted to 10.9% of Hersha´s capital stock.

Acquisition of Torodur S.A.

In May 2010, we acquired Torodur S.A.'s, a shell company located in Uruguay, for *de minimis* consideration.

Acquisition of Arcos del Gourmet S.A.´s shares

On November 27, 2009, we exercised the option and completed the acquisition of 80% of Arcos del Gourmet S.A.´s ("Arcos) common stock for an aggregate purchase price of US$ 6.5 million, of which US$ 3.1 million was paid as of June 30, 2010. The remaining balance will be paid as follows: (i) US$ 2.0 million in two equal annual installments due on the second and third anniversary of the acquisition date and (ii) US$ 1.4 million at the time of executing the share subscription agreements.

As customary for this type of transactions, we consulted with the National Antitrust Commission about the need to report the acquisition, which is still pending a response.

On February 17, 2010, the shareholders of Arcos approved a capital increase of US$ 2.7 million, equivalent to Ps. 10.4 million, of which we contributed Ps. 8.3 million.

On June 25, 2010, we and certain of the minority shareholders entered into an option agreement to acquire the 17.54% minority interest in Arcos for an aggregate price of US$1.4 million, of which US$ 0.4 million was paid as of the date of this form. The option expires on April 30, 2011 and is subject to certain conditions including but not limited to that ONABE launches a bidding process for the sale of the concessioned assets over which we have a preemptive right.

Fiscal Year Ended June 30, 2009

Agricultural Business

International Expansion

During the fiscal year ended June 30, 2009, expanded into new international markets, primarily Bolivia, Uruguay and Paraguay. For these purposes we formed a number of entities and entered into several transactions in each of the respective international jurisdictions.

In September 2008, we executed jointly with Carlos Casado S.A., an Argentine company owning large stretches of land in southern Paraguay, a framework agreement by which it was decided to generate synergy between both companies to do business on the real estate, agricultural and livestock, and forestry markets, as well as a series of related agreements aiming at formalizing the productive coalition between both companies.

Within such context, we participate together with Carlos Casado (with a 50% interest each) in Cresca a stock company organized under the law of the Republic of Paraguay, under which we will assume the capacity of advisor under an advisory agreement, for the agricultural, livestock and forestry exploitation of an important rural area in Paraguay (hereinafter the "Property") and possibly of up to 100,000 hectares also located in Paraguay, which are derived from the purchase option granted by Carlos Casado S.A. to Cresca, and was exercised on September 3, 2008.

The advisory agreement shall be valid for 10 year terms as from the date the framework agreement is executed and will automatically renewed for two additional 10-year period as from maturity date of the original period, in turn being able to be renewed after the expiration of the additional period.

Additionally, we executed a pre-purchase agreement as committed to acquire for a 50% interest in 41,931 hectares in Paraguay, owned by Carlos Casado for a total and agreed-upon amount of US$ 5.2 million in turn, to be contributed in kind to us aiming at developing the agricultural and forestry business in the neighboring country.

On January 23, 2009, our 99.99% directly and indirectly controlled subsidiary Agrology made a contribution in kind to the Paraguayan company, Cresca. Such contribution is made up of undivided 50% of five plots of land located in Mariscal José Félix Estigarribia, Dept. of Boquerón, Chaco Paraguayo, Republic of Paraguay, for 41,931 hectares, acquired from Carlos Casado S.A.

Consequently, together with Carlos Casado’s S.A. contribution, the total contribution to Cresca stands at US$ 10.5 million.

Likewise, on that date, the amount of US$ 5.2 million was paid for the balance of the price originated by the capital contribution made by Carlos Casado to Cresca on behalf of Agrology S.A. and which resulted from the in-kind contribution of five plots of land located in The Republic of Paraguay, as it was mentioned opportunely.

Investment in Cactus Argentina S.A. (“Cactus”)

We had a 24% interest in Cactus. On June 30, 2009, we, directly and indirectly through our subsidiary Agrology, by means of its subsidiary Helmir S.A. ("Helmir"), acquired an additional 24% interest in Cactus for a total consideration of US$1.2 million, which was paid on June 30, 2010. Later, we acquired such interest from Helmir S.A. and, consequently, our direct interest in Cactus increased to 48% as of June 30, 2010.

Real Estate Business

Acquisition of Metropolitan

In July 2008, IRSA International LLC, a wholly-owned subsidiary of IRSA (through Tyrus S.A.), acquired a 30% equity interest in Metropolitan 885 Third Avenue LLC , a limited liability company incorporated under the laws of New York, United States of America, whose net asset comprised of a building known as the Lipstick Building in Manhattan and associated debt. The purchase price was US$ 22.6 million in cash.

The transaction also included (i) a put right exercisable through July 2011 to sell 50% of the interest acquired (i.e. 15%) at a price equivalent to the amount paid plus interest at 4.5% per annum; and (ii) a right of first offer for the purchase of 60% of the 5% held by another party (i.e. 3%).

Due to the international credit crisis and real estate business contraction in the United States, Metropolitan recorded impairment charges in connection with the Lipstick Building. IRSA's share in the loss exceeded the net book value of the investment. Accordingly, IRSA valued the investment at zero at June 30, 2009 while recognized a liability of US$ 1.5 million related to the maximum amount committed by IRSA to fund Metropolitan operations if required. During the year ended June 30, 2009, the put option increased its fair value as the building's fair value decreased. IRSA adjusted the put option's fair value on a monthly basis. Since IRSA International LLC's functional currency is the US Dollar, it was translated into the reporting currency (Argentine Peso) at the current exchange rate for its net assets (i.e. the value of the put option recorded as other receivables) while its results (i.e. fair value adjustments to income) were translated at weighted average exchange rates. This generated a CTA recorded as part of the investment. The fair value of the put option as of June 30, 2009 and 2010, amounted to US$11.8 million and US$12.3 million, respectively, disclosed under other receivables.

Acquisition of shares in Banco Hipotecario

During fiscal year 2009, IRSA acquired additional shares in Banco Hipotecario for Ps. 107.6 million of which Ps. 78.8 million were paid in July 2009. As a result of this transaction, IRSA's equity interest in Banco Hipotecario increased to 21.34% (without considering treasury shares). The acquisition was accounted for under the purchase method of accounting. This transaction generated a gain of Ps. 133.0 million.

Acquisition of companies in Uruguay

In June 2009, IRSA acquired a 100% interest in Liveck S.A., a shell company incorporated under the laws of Uruguay for de minimis consideration. In the same month, Liveck acquired 90% of the equity interest in Vista al Muelle S.A. and Zetol S.A., two real estate Uruguayan companies for US$ 6.6 million. These companies own undeveloped parcels of land in Canelones, Uruguay.

Out of the US$ 6.6 million, US$ 2.1 million were paid in cash while the balance is payable in five equal annual installments of US$ 0.9 million each plus interest at 3.5% per annum on any outstanding balance. Under the agreement, IRSA granted the sellers an option to settle the outstanding balance in the form of 12% of the square meters to be built. Ritelco, a wholly-owned subsidiary of IRSA, guaranteed the 45% of outstanding balance, interest and option to the sellers through a surety bond. On June 30, 2009, IRSA sold 50% of Liveck to Cyrela Brazil Realty S.A. for US$ 1.3 million.

Acquisition of Arcos ´s shares

In August 2007, APSA paid US$ 0.6 million for an option to purchase an 80% interest in Arcos, a company holder of a concession to exploit the old warehouses and adjacent spaces owned by the Organismo Nacional Administrador de Bienes del Estado ("ONABE"), a public entity created to administer certain public assets, mainly those pertaining to former national railway assets.

Capital Expenditures

Our capital expenditures totaled Ps.2,146.6, Ps.216.6 million, and Ps.317.2 million for the fiscal years ended on June 30, 2011, 2010 and 2009, including other property and equipment acquired in business combinations. Our capital expenditures consisted in the purchase of real estate and farms, 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, 2011

For the year ended June 30, 2011, our investments in the real estate business totaled Ps. 967.1 million of which (i) Ps. 899.8 million related to the acquisition and improvements to fixed assets, mainly by (a) Ps.713.1 million related to the allocation of the purchase price paid for the acquisition of a additional interest in Alto Palermo, (b) the acquisition of goodwill Soleil Factory by Ps.41.7 million, (c) the acquisition of the San Martin plot of land for Ps.70.2 million, (d) units to be received (commercial garages) associated with the barter of Beruti plot of land for Ps.9.3 million, (e) completion of Dot Baires Shopping and construction of office building attached Ps. 7.7 million, (f) improvements in our shopping centers Ps. 9.5 million, and (g) improvements in our Hotels: Libertador Sheraton, Intercontinental and Llao Llao (Ps.4.6 million, Ps.2.2 million and 1.7 million respectively) and (ii) Ps. 67.3 million in the acquisition of undeveloped land, of which Ps. 29.6 million correspond to the allocation of the purchase price paid for 50% of SA Liveck (Zetol and Vista al Muelle plot of land), Ps. 18.1 million correspond to the allocation of the price paid for the acquisition of Unicity SA (10% additional Santa María del Plata), Ps. 12.9 million to the allocation of the purchase price paid for an additional stake in Alto Palermo SA (APSA), and Ps. 6.7 million allocation for the price paid by the goodwill of Soleil Factory (construction rights).

In addition, our main investments in the agricultural business during fiscal year 2011 were (i) Ps. 1,067 million in acquisitions through business combinations (BrasilAgro and Cactus), (ii) Ps. 18.0 million in land development, (iii) Ps. 25.2 million for works in progress (including Ps. 13.7 million in land development, Ps. 5.5 million in pens, Ps. 2.7 million in water channels and troughs, Ps. 1.9 million in systems for chanelling and distributing water in the farms, Ps. 1 million in wire fencing), (iv) Ps. 5.3 million in improvements in third parties buildings, (v) Ps. 4.6 million in facilities, (vi) Ps. 1.6 million in machinery, (vii) Ps. 1 million in vehicles, (viii) Ps. 0.6 million in computer equipment, communications and softwares, (ix) Ps. 0.5 million in new pastures, (x) Ps. 0.5 million in furniture and fixtures and (xi) Ps. 0.4 million in equipment and tools.

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Fiscal Year Ended June 30, 2010

For the fiscal year ended on June 30, 2010, our investments in the real estate business totaled Ps. 168.5 of which (i) Ps.156.5 million were related to acquisitions and improvements of fixed assets, mainly in connection with the acquisition of the Catalinas Norte plot of land (Ps.100.8 million), improvements in our Shopping Centers (Ps.32.5 million), completion of the Dot Baires Shopping and the construction of the adjacent office building (Ps.7.4 million), and improvements in our Sheraton Libertador, Llao Llao and Intercontinental hotels (Ps.1.8 million, Ps.1.2 million and Ps.0.8 million, respectively), and (ii) Ps.11.9 million were invested in the acquisition of undeveloped parcels of land, mainly the Zetol and Vista al Muelle plots of land. In addition, our main investments in the agricultural business during fiscal year 2010 were (i) Ps. 17.0 million for works in progress (including Ps. 11.6 million in land development, Ps. 2.5 million in wire fencing, Ps. 1.9 million in systems for chanelling and distributing water in the farms, Ps. 2.9 million in water channels and troughs, Ps. 0.3 million in pens, Ps. 0.1 million in facilities and Ps. 0.1 million in improvements and refurbishment in farmhouses), (ii) Ps. 18.0 million in land development, Ps. 2.1 million in improvements (including Ps. 0.7 million in watering troughs, Ps. 0.5 million in constructions, Ps. 0.5 million in wire fences, Ps. 0.3 million in pens and Ps. 0.2 million in feedyards and watering troughs), Ps. 0.6 million in machinery, Ps. 0.8 million in vehicles, Ps. 1.6 million in new pastures, Ps. 0.6 million in construction, Ps. 1.2 million in facilities and Ps. 0.3 million in furniture and fixtures and computer equipment.

Fiscal Year Ended June 30, 2009

For the fiscal year ended June 30, 2009, our main investments consisted of Ps.207.3 million in constructions (including Ps.161.3 million in the construction of the Dot Baires shopping center and the construction of Dique IV, Ps.1.9 million in improvements on the "San Pedro" farm and Ps.1.0 million in the construction and improvements to the dairy facilities in "La Juanita" farm), Ps.78.3 million in the acquisition of real estate (including Ps.43.4 million as payment for the purchase of 4,566 hectares in "Las Londras" farm, 883 and 2,969 hectares in "San Cayetano" and "San Rafael" farms, respectively, located in the Province of Guarayos, in the Republic of Bolivia and 3,748 hectares in "La Fon Fon" farm located in the Province of Obispo Santiesteban, in the Republic of Bolivia, Ps.19.9 million as payment for the purchase of a 50% interest in of 41,931 hectares of the "Jerovia" farm located in the District of Boquerón in Paraguay owned by Cresca through our equity interest in Agrology, Ps.8.9 million in the acquisition of land reserves, Ps.3.9 million as payment for the purchase of a land reserve located in Luján, Province of Buenos Aires and Ps.2.2 million as payment for the purchase of 10,910 hectares in "Estancia Carmen"), Ps.22.6 million for construction in progress (including Ps.19.5 million in development of land reserves, Ps.1.6 million in improvement in the main house, personnel's houses, roads, wire fences, channels and watering troughs and Ps.1.5 million in forestation and new pastures), Ps.3.6 million in improvements (including Ps.1.8 in wire fences, Ps.1.1 million in watering troughs, Ps.0.4 million in roads and Ps. 0.3 million in pens and cattle chutes), Ps.2.5 million in vehicles, Ps.1.2 in facilities, Ps.0.9 million in machinery, Ps.0.4 million in furniture and fixtures, Ps.0.3 million in computers and Ps.0.1 million in tools.

Recent Developments

Land Ownership Law

On December 22nd, 2011 the National Congress passed a new law in order to protect the ownership and the sovereignty of Argentina's rural areas (the "Land Ownership Law").

The Land Ownership Law sets forth limits to the ownership of rural lands for foreign individuals and companies (a "Foreign Person"), stating a maximum allowed ownership percentage for Foreign Persons of 20% of rural areas in Argentina.

Furthermore, only 30% of the abovementioned 20%, shall be held by Foreign Persons of the same nationality, and as of the enactment of the Land Ownership Law, no Foreign Person shall own more than 1,000 acres along Argentine´s territory. The Land Ownership Law states that it will not affect any right previously acquired by a Foreign Person.

For the purposes of Land Ownership Law the definition of Foreign Person includes argentine companies in which more than 51% of the ownership of outstanding capital stock is held by foreign individuals or foreign legal entities, or minor percentages if such entity reaches the proportions necessary to form the social will. In addition, it is also included in the definition of Foreign Person the following (among others): a) entities controlled by more than 25% by a foreign company (or whatever the interest) when such company has sufficient voting rights to form the corporate will of such company; b) companies which have issued convertible notes, which may allow a Foreign Person to exercise more than 25% of the voting power needed to form the corporate will; c) transfers to trusts whose beneficiaries are Foreign Persons on a percentage greater than 25%; d) joint ventures, partnerships, and any other type of legal entities present or that may exist in the future; and e) public foreign entities.

As of the date of this Annual Report the Land Ownership Law has not been yet regulated by the Executive Branch, therefore we cannot evaluate the final impact in our financial condition or results of operations.

Payment of Cash Dividend

Our Ordinary and Extraordinary Shareholders Meeting held on October 31, 2011, approved, ratification of the early dividend approved by the Board of Directors for the amount of Ps. 69.0 million, and payment of the amount of Ps. 63.8 million in cash.

Global Note Program

Our Ordinary and Extraordinary Shareholders Meeting held on October 31, 2011, approved to increase our Global Note Program for an additional amount of up to US$ 150 million, raising the maximum amount of the Global Note Program to US$ 300 millon.

Sale of farm San Pedro

On September 28, 2011 BrasilAgro sold farm San Pedro, a rural property located in the Municipio Chapadão do Céu – GO with a total surface of 2,447 hectares, 1,724 hectares of which are used for agricultural purposes, for the equivalent in R$ to 580,000 soybean seed bags. The sale is part of BrasilAgro business strategy, and seeks to derive both income from agricultural production and gains from the sale of real estate property.

The buyer made a down payment of R$ 2,250 (or Ps. 5,030), equivalent to 50,000 soybean seed bags. The balance is to be paid in five installments; the first one is due on March 30, 2012 and amounts to 160,000 soybean bags, while the other four equal annual installments due on March 30 each year amount to 92,500 soybean bags each. The deal was priced at R$ 26.1 million, generating a profit to approximate Ps. 40 million. The property was acquired in September 2006 and the total amount invested for acquisition and development purposes was R$ 10.1 million.

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Purchase of IRSA's Shares, On September 21, 2011 we announced the acquisition of 2,960,302 ADRs of IRSA equivalent to 5.1% of its outstanding capital stock, for a total amount of US$ 30.1 million, therefore as of the date of this annual report our equity interest in IRSA is 63.22%.

CRESUD's Series IV Notes Class VII, On September 7, 2011, we issued Series IV Class VIII Notes, for a principal amount of US$ 60 million due 2014, at a fixed rate of 7.5%, repayable semi-annually on September 7 and March 7 of each year, under our Global Note Program.

Supertel Hospitality Inc.

On November 16, 2011, IRSA reported that Real Estate Strategies L.P., an investment vehicle managed and indirectly wholly owned by us, had entered into a purchase agreement with Supertel Hospitality Inc., subject to Supertel's shareholders' approval and our approval to Supertel's debt restructuring.

Supertel is a Real Estate Investment Trust and its shares are listed and traded in NASDAQ under the symbol "SPPR". Supertel began its operations in the late 1970s and in 1994 completed its Initial Public Offering.

Currently Supertel focuses on midscale, economy and extended-stay segments of the hospitality Industry, owning 101 hotels across 23 states of the US. Its properties are operated by various third party management companies and their franchise agreements, including brands such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn Express, Sleep Inn and Super 8.

In case the conditions described above are met, Real Estate Strategies L.P.will invest US$20 million in exchange of two million newly issued preferred shares of Supertel, which will also include an option to purchase, up to an additional one million preferred shares for a price of US$10 per share.

The preferred shares will bear an annual 6.25% preferred dividend; vote with the common stock, subject to certain voting limitations, and subject to ownership limitations, will be convertible into common stock of Supertel at the rate of ten shares for each share of preferred stock for a period of 5 years.

As part of the Agreement, Real Estate Strategies L.P.will also receive warrants to purchase 20 million shares of common stock, which may be increased up to 30 million shares pro rata with Real Estate Strategies L.P.'s exercise of the option for additional preferred shares. Subject to ownership limitations, these warrants are exercisable at any time with an exercise price of US$ 1.20 per share for a period of 5 years (with forced exercise under certain conditions after 3 years).

The transaction is anticipated to close within 90 days, subject to the fulfillment of the aforementioned precedent conditions in connection to the approval of Supertel shareholders', and to the investor company satisfaction with certain Supertel's debt restructuring.

IRSA Dividend

IRSA’s ordinary and extraordinary Shareholder Meeting held on October 31, 2011 approved a cash dividend of Ps. 211,575,000, and allocate the remaining balance to the “Free Availability Reserve” account. On November 10, 2011, IRSA’s Board of Directors aproved the payment of such dividends.

Sale of a plot of land

On October 26, 2011, IRSA reported the sale of a plot of land of approximately 8 hectares, located in Thames St. Nº 1868, (between Alberto Lartigau St. and Ramón Falcón St.), in the city of San Justo, Province of Buenos Aires, Argentina.

The purchase price was US$ 4,7 million, which was paid on October, 25, 2011. The book value of the plot of land as of June 30, 2011 was US$ 0.9 million.

Hotel Esplendor Savoy - City of Rosario

On December 13, 2011, IRSA reported that it had indirectly acquired 49% of the share capital stock of Bitania 26 S.A., a corporation which owns the hotel “Esplendor Savoy” in the city of Rosario. The purchase price was set up at Ps. 21.4 million.

Sale of a lot to GENSAR S.A.

On September 22, 2011, APSA through its subsidiary Shopping Neuquén Sociedad Anónima agreed to assign, sell and transfer to GENSAR S.A. a lot designated as Lot H with all the fixtures, buildings, and improvements bound to the soil. This lot is part of the property facing Doctor Ramon St. and the National Road Nº 7, located in the City of Neuquén, Province of Neuquén, Argentina, Department of Confluencia, First section, with a total area of 14,792 meters and 68 square decimeters. The purchase price was US$ 0.4 million, which was paid in cash.

The property would be transferred on the condition that the buyer utilized it to construct and operate a supermarket at its own cost and expense, in accordance with the terms and conditions agreed upon with Neuquén Municipality.

La Ribera Shopping – Santa Fe

On August 18, 2011, IRSA fulfilled the conditions of the transaction reported by Form 6-K, dated as of June 27, 2011. In that opportunity IRSA reported that it had conditionally acquired from Boldt S.A. and Iverama S.L., fifty percent of the shares of Nuevo Puerto Santa Fe S.A., a corporation that leases a building in which was built and operates a shopping center of approximately 8,000 leasable square meters, located at the Santa Fe City’s Port, Santa Fe Province and a sub-licensee as from the date hereof.

Finally IRSA informed that the transaction has been approved by the Administrative Entity of Puerto Santa Fe, regarding the modification of the shareholding structure of NPSF, and has not been opposed by Santa Fe Lottery Social Welfare Found “Caja de Previsión Social Lotería Santa Fe”.

Consequently, NPSF is constituted 50% by IRSA and the remaining 50% by GRAINCO SA.

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Conversion of Alto Palermo's Convertible Notes

On September 22, 2011, APSA reported that one holder of their convertible notes exercised its conversion rights. Therefore, APSA issued 277,777 common shares, of nominal value pesos 0.1 (V$N 0.1) each, and canceled convertible notes for an amount of US$ 9,000.

As a result of the conversion, APSA capital stock increased from Ps. 125,960,841.1 to Ps. 125,988,618.8 and the amount of APSA outstanding shares increased from 1,259,608,411 to 1,259,886,188. On the other hand, the amount of convertible notes outstanding as a consequence of this conversion decreased to US$ 31,746,502. APSA also reported that the conversions were performed in accordance with the terms and conditions established in the prospectus of issuance of the convertible notes and at the conversion rate of 30.864 shares, nominal value pesos 0.10, per Convertible Note of nominal value US$ 1.

B. Business overview

General

We are a leading Argentine agricultural company engaged in the production of basic agricultural commodities with a growing presence in the Brazilian agricultural sector, through our investment in BrasilAgro, as well as in other Latin American countries. We are currently involved in several activities including crop production, beef cattle production 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. Our shares are listed on the Buenos Aires Stock Exchange ("BCBA") and our ADSs are listed on the NASDAQ stock market.

We are also engaged in the Argentine real estate business through our subsidiary IRSA, one of Argentina's largest real estate companies. IRSA is engaged in a range of diversified real estate activities including the development of residential properties, the development, acquisition and exploitation of office buildings for rental, shopping centers and luxury hotels in Argentina. A majority of our directors are also directors of IRSA. As of September 30, 2011, we held a 63.22% interest in IRSA.

During the fiscal years ended June 30, 2010 and 2011, we had consolidated sales of Ps.1,664.6 million and Ps. 2,133.8 million, production income of Ps.217.7 million and Ps.406.8 million and consolidated net income of Ps.185.4 million and Ps.212.6 million, respectively. During the fiscal years ended June 30, 2010 and June 30, 2011, our total consolidated assets increased 42.35% from Ps.6,837.9 million to Ps.9,733.4 million, and our consolidated shareholders' equity increased 12.5% from Ps.1,968.2 million to Ps.2,213.5 million.

Agricultural Business

As of June 30, 2011, we owned 26 farms with approximately 474,186 hectares (not including BrasilAgro). Approximately 47,946 hectares of the land we own are used for crop production, approximately 89,644 hectares are for beef cattle production, 100,911 hectares are for sheep production, 2,571 hectares are for milk production and approximately 2,712 hectares are leased from third parties for crop and cattle beef production. The remaining 230,402 hectares of land reserve 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. Also, during fiscal year 2011 ended on June 30, 2011, we leased 52,205 hectares from third parties for crop production and 12,635 hectares for beef cattle production.

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

	Land Use (11) Fiscal Year ended June 30,				
	2007	2008	2009	2010	2011
	(1) (6)	(1) (6) (7)	(1) (6) (7) (8)	(1) (6) (7) (8)	(1) (6) (7) (8) (9) (10)(12)
			(in hectares)		
Crops (2)	53,579	63,900	115,411	104,627	126,178
Beef Cattle (3)	114,097	123,935	128,859	105,857	102,279
Milk	2,609	4,320	4,334	4,900	2,571
Sheep	90,000	90,000	100,911	100,911	100,911
Natural woodlands (4)	393,677	383,573	356,796	343,153	339,744
Owned farmlands leased to others	13,771	8,467	8,317	11,049	14,026
Total (5)	**667,733**	**674,195**	**714,628**	**670,497**	**685,709**

(1) Includes 35.723% of approximately 8,299 hectares owned by Agro-Uranga S.A., an affiliated Argentine company in which we own a non-controlling 35.7% interest.

(2) Includes wheat, corn, sunflower, soybean, sorghum and others.

(3) Breeding and fattening.

(4) We use part of our land reserves to produce charcoal, rods and fence posts.

(5) As of June 30, 2007, 25,307 hectares were leased for agricultural production and 29,208 hectares were leased for beef cattle production. As of June 30, 2008, 30,449 hectares were leased for agricultural production and 32,895 were leased for beef cattle production. As of June 30, 2009, 59,615 hectares were leased for agricultural production and 32,795 were leased for beef cattle production. As of June 30, 2010, 42,696 hectares were leased for agricultural production and 12,635 for beef cattle production. As of June 30, 2011, 52,205 hectares were leased for agricultural production and 12,635 hectares were leased for beef cattle production.

(6) Does not include 20,833 hectares of “Tapenagá” farm, 14,516 hectares of “Los Pozos” farm and 50 hectares of “El Recreo” farm, which were sold in fiscal year 2007.

(7) Does not include 4,974 hectares of “Los Pozos” farm and the 2,430 hectares of “La Esmeralda” farm, which were sold during the fiscal year 2008.

(8) Includes 12,166 hectares of "San Cayetano", "San Rafael", "La Fon Fon" and "Las Londras" farms, which are located in Santa Cruz de la Sierra, Bolivia. Includes 50% of the 45,578 hectares of "Jerovia" farm located in the District of Boquerón, Paraguay, owned by Cresca S.A. Does not include 1,658 hectares of "Los Pozos" farm sold in April 2009. Does not include 30,000 hectares which were returned due to the reduction in the concession scope established by Executive Branch Decree No. 3766 of the Executive Branch of Salta. Includes 80% of the 170 hectares owned by Cactus Argentina S.A. Does not include the income of the 1,829 hectares of El Recreo.

(9) Does not include 12,701 hectares of “Tali Sumaj” farm, sold on December 17, 2009.

(10) Includes 5,000 hectares of “La Primavera” and “4 Vientos” farms, located in Santa Cruz de la Sierra, Bolivia and 943 hectares of Establecimiento Mendoza.

(11) Does not include BrasilAgro.

(12) Does not include 4,302 hectares of “La Juanita”, sold in September 3, 2010.

In September 2005, we, together with other Brazilian partners, founded BrasilAgro, a company organized to exploit opportunities in the Brazilian agricultural sector. In April 2006, BrasilAgro increased its capital through a global and domestic offering of common shares, and as of June 30, 2011, we owned 35.75% of the outstanding common shares of BrasilAgro. Through this company we control 9 farms, extending over a total surface area of 172,050 hectares allocated to the production of sugar cane, corn, soybean and timber.

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History

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

During 1993 and 1994, Consultores Assets Management acquired on behalf of certain investors approximately 22% of our outstanding shares on the Buenos Aires Stock Exchange. In late 1994, an investor group led by Consultores Assets Management (including Dolphin Fund plc.) purchased additional shares increasing their aggregate shareholding to approximately 51.4% of our outstanding shares. In 1997, 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. In March 2008, we concluded the capital increase for 180 million shares, in which 100% of the shares offered were subscribed locally and internationally.

In March 2008 we concluded our capital increase of 180 million common 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, both locally and internationally, increasing our outstanding capital to 500,774,772 common shares.

As of September 30, 2011, we had invested approximately Ps.959.8 million to acquire 63.22% of the outstanding common shares of IRSA. Between December 2007 and September 30, 2011, we acquired 166,442,937 shares of IRSA, increasing our interest to 63.22% at the closing of fiscal year 2011. As from October 1, 2008, We present our financial statements in consolidated form with IRSA's.

Strategy

We seek to maximize our return on assets and overall profitability by (i) identifying, acquiring and exploiting agricultural properties having attractive prospects for agricultural production and/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 affiliate 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 real estate assets. We seek to rotate our portfolio of properties over time by purchasing large parcels of land which we believe have a high potential for appreciation and selling them selectively as opportunities arise to realize attractive capital gains. We believe that our ability to realize gains from appreciation of our farmlands is based 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 beef cattle management and modern milking technologies in our dairy business.

- *Anticipating market trends.* We seek to anticipate market trends in the agribusiness sector by (i) identifying opportunities generated by economic development at local, regional and worldwide levels, (ii) detecting medium- and long-term increases or decreases in supply and demand caused by changes in the world's food consumption patterns and (iii) using land for the production of food and energy, in each case in anticipation of such market trends.

- *International expansion.* Although most of our properties are located in different areas of Argentina, we have begun a process of expansion in other Latin American countries. 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 such other countries which include, among others, Brazil, Bolivia, Paraguay and Uruguay. For example, in 2005 we and several Brazilian partners founded BrasilAgro. As of June 30, 2011, BrasilAgro had 9 properties totaling 172,050 hectares, purchased at highly attractive values compared to the average prices prevailing in the respective regions, all of which have a huge appreciation potential. In addition, during the fiscal year 2009, we entered into a number of agreements to formalize its positioning in South American countries. At June 30, 2011, we owned 16,255 hectares located in the Republic of Bolivia, and 50% of 45,578 hectares located in the Republic of Paraguay.

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Increase and optimize production yields

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

Implementation of technology.

• We seek to continue using modern technology to increase production yields. We plan to make further investments in machinery and the implementation of agricultural techniques, such as direct sowing to improve cereal production. We believe that we may improve crop yields by using high-potential seeds (GMOs) and fertilizers and by introducing advanced land rotation techniques. In addition, we intend to continue installing irrigation equipment in some of our farms to achieve higher output levels.

• We seek to continue improving beef cattle production through the use of advanced breeding techniques and technologies related to animal health. We plan to improve the use of pastures and expect to make further investments in infrastructure, including installation of watering troughs and electrical fencing.

• We have implemented an individual animal identification system, using plastic tags for our beef cattle and "RFID" tags for our dairy cattle, to comply with national laws on traceability. Also, we acquired software from Westfalia Co. which enables us to store individual information about each of our dairy cows. In the beef cattle business, we initiated Argentina's first vertically integrated beef cattle processing operation by entering into a partnership with Tyson Foods ("Tyson Foods") (through its controlled subsidiary Provemex Holdings LLC), to set up Cactus, a feedlot and slaughterhouse operator.

• In connection with our milk production, we plan to continue developing our activities through the use of modern technology and advanced feeding and techniques relating to animal health. For example, in May 2007, we opened one of the most advanced dairy production facilities in Argentina, achieving a daily output of more than 40,000 liters of milk.

Increased production.

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

• Increasing the land we own in various regions of Argentina by taking advantage of attractive land purchase opportunities as they arise.

• Leasing productive properties to supplement our expansion strategy, using our liquidity to make productive investments in our principal agricultural and livestock activities. We believe that leasing enhances our ability to diversify our production and geographic focus, in particular in areas not offering attractive prospects for appreciation of land value.

• Developing properties in areas where agricultural and livestock production is not developed to its full potential. As of Junr 30, 2011, we owned 229,457 hectares of land reserves and held approximately 110,285 hectares under concession located in under-utilized areas where agricultural and livestock production has not fully developed yet. We believe that technological tools are available to improve the productivity of such land and enhance its long-term value. However, current or future environmental regulations could prevent us from fully developing our land reserves by demanding us to maintain part of those lands as natural woodlands not dedicated to production.

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 effective vehicle 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 attractive prospects for future growth and profitability.

• Shopping centers. 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 elsewhere in Latin America.

• 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, a leading Brazilian residential real estate developer, to penetrate new market segments.

•	Office and other non- shopping center properties. 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.

•	Hotel operations. 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, such as the opening of 43 new suites at Hotel Llao Llao in Bariloche, in order to maintain a high level of service in this competitive sector.

•	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 Buenos Aires Stock Exchange, and since 2006 it has obtained the Level 1 ADR program from the Bank of New York. 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 GDP.

•	Land reserves. We seek to continue to acquire undeveloped land at locations we consider attractive within and outside Buenos Aires. In each case, our intention is to purchase land with significant development or appreciation potential to resell. We believe that holding a portfolio of desirable undeveloped plots of land enhances our ability to make strategic long-term investments and affords us a valuable pipeline of new development projects for upcoming years.

•	International. In the past, we have made significant real estate investments outside of Argentina, including investments in Brazil Realty S.A. in Brazil and Fondo de Valores Inmobiliarios in Venezuela which we disposed of in 2002 and 2001, respectively. We have acquired a 30% interest in a company incorporated in Delaware (United States), whose main asset is the so-called "Lipstick" office building located in the City of New York, and more recently, we acquired a 9.2% interest, jointly with subsidiaries, in a Real Estate Investment Trust, called Hersha (NYSE: HT), which holds a controlling interest in 78 hotels in the United States, totaling around 10,443 rooms as of June 30, 2011. We seek to continue to evaluate on a selective basis real estate investment opportunities outside Argentina as long as they offer investment and development attractive opportunities.

Our Principal Agricultural Business Activities

During the fiscal year ended June 30, 2011, we conducted our operations on 26 owned farms and 71 leased farms. Some of the farms we own are engaged in more than one productive activity at the same time.

The following table sets forth, for the periods indicated, our production volumes by principal product line:

Production of Primary Agricultural Products(5)
Fiscal Year ended June 30,

	2007(1)	2008(1)	2009(1)	2010(1)	2011(1)
Crops (2)	175,455	198,146	237,031	322,616	466,910
Beef Cattle (3)	9,913	8,786	7,112	3,153	6,519
Milk (4)	16,663	20,825	20,898	21,690	19,605

(1) Does not include production from AgroUranga S.A.

(2) Production measured in tons.

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

(4) Production measured in thousands of liters.

(5) Does not include BrasilAgro.

Crop Production

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

Product	**Stock as of 06/30/2010 (1) In tons**	**Fiscal Year 2011 Production (1) In tons**	**Fiscal Year 2011 Sales (1) In tons**	**Stock as of 06/30/2011 (1) In tons**
Wheat	5,466	16,386	21,045	4,259
Corn	40,034	171,614	155,218	45,691
Sunflower	1,086	13,512	7,399	7,151
Soybean	40,501	153,729	94,073	56,707

(1) Does not include BrasilAgro.

	Sown Land for Crop Production (1)(3)				
	Fiscal Year ended June 30,				
	2007(2)	**2008(2)**	**2009(2)**	**2010(2)**	**2011**
	(In hectares)				
Owned	22,712	25,379	43,193	47,448	59,122
Leased	25,307	30,449	59,615	42,696	52,205
Under concession	1,225	3,811	8,067	10,816	10,401
Total	**49,244**	**59,639**	**110,875**	**100,960**	**121,728**

(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) Includes hectares from Agropecuaria Anta, merged with us on July 1, 2010.

(3) Does not include BrasilAgro or Agro-Uranga S.A.

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The following table shows the hectares sown and tons harvested for the fiscal years indicated below:

	Fiscal year ended on June 30			
	2010(1)		2011(1)	
	Hectares sown (3)	Production(2)	Hectares sown (3)	Production (2)
Wheat	4,109	11,636	9,419	16,386
Corn	28,128	127,060	48,802	171,614
Sunflower	6,993	7,641	7,833	13,512
Soybean	55,460	126,956	60,928	154,008
Other	6,270	49,323	15,828	111,390
Total	**100,960**	**322,616**	**142,810**	**466,910**

(1) Does not include hectares from AgroUranga S.A. or BrasilAgro.

(2) Production measured in tons.

(3) Corporate data.

As of June 30, 2011, our crop stocks consisted in 4,259 tons of wheat, 45,691 tons of corn, 56,707 tons of soybean, 3,114 tons of sorghum and 7,151 tons of sunflower; whereas as of June 30, 2010 such stocks consisted in 5,466 tons of wheat, 40,034 tons of corn, 40,501 tons of soybean, 3,074 of sorghum and 1,083 tons of sunflower. In the season ended on June 30, 2011, the surface area of leased land was 52% of the total sown land.

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 to permit us to be able to sow a diversified range of products. Our leased land for crops is mostly located in Pampa region, a favorable area for crop production. The leased farms are previously studied by technicians who analyze future production expectations based on the historic use of the land. The initial duration of lease agreements is typically one or three seasons. Leases of farms for production of crops generally consist of lease agreements with payments based on a fixed amount of Pesos per hectare or crop sharing agreements ("aparcería") with payments in kind based on a percentage of the crops obtained or a fixed amount of tons of grains obtained or their equivalent value in Pesos. The principal advantage of leasing farms is that leases do not require us to commit large amounts of capital to the acquisition of lands but permit 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 June. 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 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. 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.

Beef Cattle Production

Our beef cattle production involves the breeding and fattening of our own animals. In some cases, if market conditions are favorable, we also purchase and fatten cattle which we sell to slaughterhouses and supermarkets. As of June 2011, our beef cattle aggregated 73,127 heads, and we had a total surface area of 89,644 hectares dedicated to this business activity.

During the fiscal year ended June 30, 2011, our beef cattle activities generated sales of Ps.50.9 million, representing 9% of our consolidated sales from the agribusiness segment, and our production was 6,519 tons, an increase of 106.8% compared to the previous fiscal year.

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The following table sets forth, for the periods indicated below, the beef cattle production volumes:

	Fiscal Year ended June 30,				
	2007(1)	**2008(1)**	**2009(1)**	**2010(1)**	**2011(1)**
			(in tons)		
Beef cattle production(2)	9,913	8,786	7,112	3,153	6,519

(1) Does not include production from AgroUranga S.A.

(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 beef 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 until they reach 430 kg in our San Luis feedlot. 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 is expected to further improve pregnancy levels in the coming years. Reproductive indicators improved due to the implementation of technologies, which have included handling techniques and females artificial insemination with cattle genetics especially selected for the stock which is purchased from specialized companies in quality semen elaboration for meat production. We use veterinarian products manufactured by leading national and international laboratories. It is important to emphasize the work of a veterinarian advising committee, who are external to us and visit each establishment monthly to control and agree tasks.

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

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

Heads of Beef Cattle (1)
Fiscal Year ended June 30,

	2007(2)	2008(2)	2009(2)	2010(2)	2011(2)
Breeding	62,181	57,999	59,283	61,859	50,430
Fattening	21,546	22,359	28,520	9,379	22,697
Total	**83,727**	**80,358**	**87,803**	**71,238**	**73,127**

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

(2) Does not include heads of beef cattle from AgroUranga S.A.

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

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

Direct costs of beef production consist primarily of seeds for pasture (for instance, gatton panic, oats and barley) and crops for feeding and dietary supplementation purposes and animal health costs, among others.

Milk Production

As of June 30, 2011 we conducted our milk business in the dairy facility located in “El Tigre” farm. We have a capacity of 2,600 cows in milking per day and seek to increase total productivity through the application of new technologies including improved genetic management for milk production, feeding strategic planning based on cattle specific requirements and the use of individual traceability to know the productivity history of each animal. Also we use computer science in milk business to make more efficient the manual labor by surveying the information supplied by the farm.

Within the process of de-commoditization and technological innovation, we implemented an identification and tracing 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%.

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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:

	Milk Production Fiscal Year ended June 30,				
	2007(1)	**2008(1)**	**2009(1)**	**2010(1)**	**2011(1)**
Average dairy cows	2,677	3,174	3,286	3,297	2,816
Dairy production (daily liters per cow)	17.1	18.0	17.4	18.0	19.1
Total production (thousands of liters)	16,663	20,825	20,898	21,690	19,605

(1) Does not include production from AgroUranga S.A.

At the closing of fiscal year 2010, we had 8,250 heads of cattle on 4,637 hectares involved in the production of milk. As of June 30, 2011, we had 6,385 heads of cattle on 2,571 hectares to milk production.

Land Acquisitions

We intend to increase our farmland portfolio by acquiring large surfaces 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 state-of-the-art technology to improve farming yields so as to generate higher land appreciation.

In our view, the sector’s potential lies in developing marginal areas and/or underutilized 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 enables us to increase our land holdings at attractive prices, increase 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, beef cattle, or milk production), classify the various sectors of the lot and the prior use of the farmland; analyze the improvements in the property, any easements, rights of way or other variables in relation to the property title; examine satellite photographs of the property (useful in the survey of soil drainage characteristics during the different rain cycles) and detailed comparative data regarding neighboring farms (generally covering a 50-km area). Based on the foregoing factors, we assess the farmland in terms of the sales price compared against the production potential of the land and 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.

On May 30, 2008, IRSA signed, as nominee, a bill of purchase with delivery of possession for 115 hectares of a parcel of a farm located in the District of Luján, Province of Buenos Aires. The transaction was agreed for a price of US$ 3.0 million, of which the amount of US$ 1.2 million was paid on that date.

On December 13, 2008, we were formally recognized as principal of the transaction; the balance of US$ 1.8 million was paid by us upon execution of the title deed.

On September 5, 2008, we signed the title deed for the purchase of 10,910 hectares of "Estancia Carmen" farm located in the Province of Santa Cruz. The transaction was agreed for a price of US$ 0.7 million, that was paid in full.

On July 28, 2008, we signed a bill of purchase for 4,566 hectares of "Las Londras" farm located in the Province of Guarayos, Republic of Bolivia. The transaction was agreed for a price of US$ 11.4 million, which has been fully paid as of June 30, 2011.

On July 28, 2008, we signed a bill of purchase for 883 and 2,969 hectares of "San Cayetano" and "San Rafael" farms, respectively, located in the Province of Guarayos, Republic of Bolivia. The transaction was agreed for a price of US$ 8.8 million, which has been fully paid as of June 30, 2011.

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On July 28, 2008, we signed a bill of purchase for 3,748 hectares of "La Fon Fon" farm, located in the Province of Obispo Santiesteban, Republic of Bolivia. The transaction was agreed for a price of US$ 8.6 million, which has been fully paid as of June 30, 2011.

Following our expansion strategy at international level, during September 2008, we signed a bill of purchase for a 50% interest in 41,931 hectares located in Mariscal José Felix Estigarribia, Department of Boquerón, Chaco Paraguayo, Republic of Paraguay, owned by Carlos Casado S.A., for a price of US$ 5.2 million, in order to contribute them to the new company recently organized (Cresca S.A.). The contribution was made on January 26, 2009, and the title deed to the property was executed on February 3, 2009.

On March 19, 2010, in connection with the option previously exercised with respect to the property, Cresca S.A. required Carlos Casado S.A. to transfer to it 3,614 hectares. As agreed in the Option Agreement, Cresca S.A. shall pay Carlos Casado S.A. US$ 350 per hectare. The last payment was made on March 4, 2011.

On June 2 and 8, 2011, the companies Yuchán and Yatay entered into purchase agreements for two plots of land located in Santa Cruz, Bolivia, with a total surface area of approximately 5,000 hectares, to be allocated to agriculture.

The first plot is a farm of approximately 2,660 hectares allocated to sugar cane production. Its purchase price was US$ 8.4 million. Upon the execution of the purchase agreement US$ 2 million were paid, and the balance is payable in four installments, the first of which installment was paid in July 2011 and the last one will be paid in October 2012.

The second purchase involves a farm of approximately 2,340 hectares allocated to soybean production. Its purchase price was US$ 5 million, US$ 1.7 million of which has been paid already while the remaining balance is payable in four semi-annual consecutive installments, the first installment was paid in December 2011 and the last one will be paid in June 2013.

On March 2, 2011, we acquired, as co-owner, 40% of a rural property composed by thirteen plots of land located in the district of Perdriel, department of Luján de Cuyo, in the province of Mendoza. The purchase price for the 100% of the property was US$4.0 million which has been paid in full.

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

Fiscal Year	**Number of Farmlands**	**Amount of Acquisitions (Ps. million)**
1998 (1)	8	31.5
1999	-	-
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

(1) Includes the acquisition of “Ñacurutú,” “Tapenagá,” “Santa Bárbara" and “La Gramilla,” “La Sofia,” “La Suiza,” “La Esmeralda” and “Tourné” farms 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” farm of 8,360 hectares.

(3) Includes the acquisition of “La Adela” and “El Invierno” farms of 72 hectares and 1,946 hectares, respectively.

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

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

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

(7) Includes the acquisition of "Estancia Carmen", "Puertas de Luján", "Las Londras", "San Cayetano", "San Rafael", and "La Fon Fon" farms and 50% of "Jerovia" farm, 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 “Jerovía” farm of 3,646 hectares.

(9) Includes the acquisition of “La Primavera” and “4 Vientos” farms of 2,341 hectares and 2,659 hectares, respectively.

In addition, it includes the acquisition of 943 hectares of the Mendoza farm.

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Land Sales

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

The following chart shows, for the fiscal years indicated below, certain information concerning our land sales for each of the fourteen fiscal years ended on June 30:

Fiscal Year	Number of Farmlands	Gross Proceeds from Sales (Ps. million)	Profit/ (Loss) (1) (Ps. million)
1998 (2)	1	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

(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" farms.
(3) Includes the sale of "El Meridiano" and "Runciman" farms of 6,302 and 3,128 hectares, respectively.
(4) Includes the sale of "El Bañadito" and "Tourne" farms of 1,789 and 19,614 hectares, respectively.
(5) Includes the sale of "El Silencio", "La Sofia" and "El Coro" farms of 397 hectares, 6,149 hectares and 10,321 hectares, respectively.
(6) Includes the sale of "Los Maizales" and "San Luis" farms of 618 and 706 hectares, respectively.
(7) Includes the sale of "41-42" farm of 6,478 hectares and 5,997 hectares of IGSA's land reserves.
(8) Includes the sale of "Ñacurutú" and "San Enrique" farms 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" farm of 5,727 hectares.
(10) Includes the sale of 20,833 hectares of "Tapenagá" farm and the partial sale of 14,516 hectares of "Los Pozos" farm and 50 hectares of "El Recreo" farm.
(11) Includes the partial sale of 4,974 hectares of "Los Pozos" farm and the partial sale of 2,430 hectares of "La Esmeralda" farm.
(12) Includes the partial sale of 1,658 hectares of "Los Pozos" farm and the partial sale of 1,829 hectares of "El Recreo" farm.
(13) Includes the sale of 12,071 hectares of "Tali Sumaj".

(14) Includes the sale of "La Juanita" farm, of 4,302 hectares, and the partial sale of 910 hectares of "La Fon Fon".

On July 24, 2008, we signed the deed of sale for two parcels of "El Recreo" farm (1,829 hectares), located in the Province of Catamarca. The transaction was agreed for a price of US$ 0.36 million, of which US$ 0.12 million were paid. The balance of US$ 0.24 million will be paid in two annual and consecutive installments plus interest equivalent to the Libor rate plus 3%. The gain from this transaction was recognized during the last fiscal year as established in point 5.11.2 of Technical Resolution No. 17 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE).

On April 7, 2009, we signed the deed of sale for 1,658 hectares of "Los Pozos" farm located in the Province of Salta. The transaction was agreed for a price of US$ 0.5 million, that was collected in full.

On June 15, 2010, we signed the deed of sale of the "Tali Sumaj" farm (12,701 hectares), located in the Province of Catamarca. The transaction was agreed for a price of US$ 4.8 million, that was collected in full.

As of the date of this Annual Report, the preliminary attachment levied in the matter of "EXAGRIND S.A.- Estancia San Rafael v. Tali Sumaj et al, on Damages" has not been released, we promised to take all actions available to obtain the release and/or the replacement of the attachment, and undertook to perform all obligations that might arise if an adverse judgment was entered against it and to bear all legal costs and further procedural expenses resulting from the entry of a final and conclusive judgment in the case. To such end, we delivered a performance bond for the benefit of the purchaser as security for its obligations.

On September 3, 2010, we signed the title deed of sale of the "La Juanita" farm, located in the District of Trenque Lauquen, Province of Buenos Aires. The transaction was agreed for a total price of US$ 18 million, which have been fully paid. The sale resulted in a gain of approximately Ps.49.6 million.

In June, 2011, the sale of a parcel of land with a surface area of 910 hectares was been agreed upon. This parcel of land is allocated to agriculture and its total agreed amount was US$ 3.64 million, equivalent to US$ 4,000 per hectare, which had been purchased in 2008 for a price of US$ 2,300 per hectare. From the total sale amount, 27.5% has been collected, whereas the balance, i.e., 72.5%, is payable in 5 semi-annual consecutive installments, the last of which matures in December 2013.

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Farms

As of June 30, 2011, we owned, together with our subsidiaries, 35 farms, with a total surface area of 646,237 hectares.

The following table sets forth our farm portfolio as of June 30, 2011:

Use of Farms Owned and under Concession as of June 30, 2011

	Locality	Province	Date of Acquisition	Gross Size (in hectares)	Main Business	Beef Cattle (hectares)	Sheep (hectares)	Milk (hectares)	Agriculture (hectares)
LA ADELA	Lujan	Buenos Aires	Original	1,054	Agriculture	37			820
EL RECREO	Recreo	Catamarca	May ´95	12,395	Natural Woodlands				
LOS POZOS	JV González	Salta	May ´95	240,858	Beef Cattle/ Agriculture/ Natural Woodlands	50,000			6,222
SAN NICOLAS (1)	Rosario	Santa Fe	May ´97	1,431	Agriculture				1,431
LAS PLAYAS (1)	Idiazabal	Cordoba	May ´97	1,534	Agriculture/ Milk			311	1,223
LA GRAMILLA/ SANTA BARBARA	Merlo	San Luis	Nov. ´97	7,052	Agriculture under irrigation				2,649
LA SUIZA	Villa Angela	Chaco	Jun. ´98	41,993	Agriculture /Beef cattle	37,673			3,937
LA ESMERALDA (5)	Ceres	Santa Fe	Jun. ´98	9,370	Agriculture / Beef cattle	1,764			6,046
EL TIGRE	Trenel	La Pampa	Apr. ´03	8,365	Agriculture / Milk			2,260	5,187
EL INVIERNO	Rancul	La Pampa	Jun. ´05	1,946	Agriculture				1,844
SAN PEDRO	Concepción de Uruguay	Entre Rios	Sep. ´05	6,022	Agriculture				4,948
8 DE JULIO/ ESTANCIA CARMEN	Puerto Deseado	Santa Cruz	May. ´07/ Sep. ´08	100,911	Sheep		100,911		
CACTUS ARGENTINA	Villa Mercedes	San Luis	Dec. ´97	170	Feedlot	170			
LAS VERTIENTES	Las Vertientes	Cordoba	Mar. ´98	4	Silo				
LA ESPERANZA	Rancul	La Pampa	Mar. ´08	980	Agriculture				334
PUERTAS DE LUJAN	Lujan	Buenos Aires	Dic. ´08	115	Other				
LAS LONDRAS/SAN CAYETANO/SAN RAFAEL/LA FON FON/ LA	Santa Cruz	Bolivia	Jan. ´09/ Nov. ´08/ Jun. ´11	16,255	Agriculture				11,522

PRIMAVERA/ CUATRO VIENTOS									
JEROVIA (2)	Mariscal Estigarribia	Paraguay	Feb. 09	22,789	Agriculture/ Natural Woodlands				2,626
ESTABLECIMIENTO MENDOZA	Lujan de Cuyo	Mendoza	Mar. 11	943					
BRASILAGRO (4)	Brazil			172,050					
SUBTOTAL OWN				646,237		89,644	100,911	2,571	48,789
CONCESSION IN SALTA (3)	Las Lajitas	Salta	-	132,000					10,401
SUBTOTAL CONCESSION				132,000					10,401
TOTAL				778,237		89,644	100,911	2,571	59,190

(1) Hectares in proportion to our 35.723% interest in Agro-Uranga S.A.
(2) Hectares in proportion to our 50.0% interest in Cresca S.A. through Agrology S.A
(3) Hectares under concession. Includes 11,314 hectares operated by third parties.
(4) See breakdown under *"International Expansion – "BrasilAgro Companhia Brasileira de Propiedades Agrícolas"*.

La Adela. Located 60 kilometers northwest of Buenos Aires, "La Adela" is one of our original farms. In December 2001, "La Adela's" dairy facility was closed down, and it is currently used for crop production. During the fiscal year ended June 30, 2010, 1,086 hectares were used for wheat, corn and soybean crops for high-yielding grain production. Between March 2005 and December 2007 we purchased an additional 72 hectares which were added to the existing 982 hectares.

El Recreo. Weather conditions in "El Recreo" farm, located 970 kilometers northwest of Buenos Aires, in the Province of Catamarca, and acquired in May 1995, are similar to those in "Tali Sumaj" farm, with semi-arid climate and annual rainfall not in excess of 400 mm. This farm is maintained as a productive reserve.

On August 28, 2006, we entered into a promise agreement to sell 1,800 hectares of "El Recreo" farm. The purchase price agreed was US$0.15 million. We have received an advance payment of US$0.05 million.

On January 19, 2007, we entered into a promise agreement to sell 50 hectares of "El Recreo" farm, which is a co-ownership by us and Arcor Sociedad Anónima Industrial y Comercial. The purchase price agreed was Ps.0.7 million, which has been fully paid.

On July 24, 2008, we signed the deed of sale for two parcels in "El Recreo" farm (1,829 hectares) located in the Province of Catamarca. The purchase price agreed was US$0.36 million, which has been paid in full.

Los Pozos. The "Los Pozos" farm, located 1,600 kilometers northwest of Buenos Aires, in the Province of Salta, was acquired in May 1995. This property is located in a semi-arid area with average annual rainfall of 500 mm. The area is naturally suited for cattle raising and forestry activities (poles and charcoal), and it has agricultural potential for summer crops such as sorghum and corn, among others. For the fiscal year ended June 30, 2010, we used 3,231 hectares in agricultural production. We completed the development of tropical pastures in approximately 50,000 hectares. As of June 30, 2010, there were 52,263 heads of cattle in this farm. This farm has shown major growth through a complete cycle in the production of beef by succeeding in raising, re-raising and fattening steer to be sold at an average weight of 332 kg. On June 5, 2007 we signed the deed of sale for a parcel of 14,516 hectares of "Los Pozos" farm for a price of US$2.2 million, which has been received. The sale generated a gain of US$2.0 million. On October 22, 2007, we signed a deed for the transfer of an additional 4,974 hectares of our "Los Pozos" farm. The aggregate price was US$1.1 million, which has been fully paid. The sale generated a gain of approximately US$1.0 million. On April 7, 2009, we signed the deed of sale for 1,658 hectares of our farm. The transaction was agreed for a price of US$0.5 million, that was collected in full as of the date of issuance of our financial statements.

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San Nicolás. “San Nicolás” is a 4,005 hectares farm owned by AgroUranga S.A., and is located in the Province of Santa Fe, approximately 45 kilometers from the Port of Rosario. As of June 30, 2010, approximately 6,458 hectares were in use for agricultural production, including double crops. The farm has two silos with storage capacity of 14,950 tons.

Las Playas. “Las Playas” farm has a surface of 4,294 hectares and is owned by AgroUranga S.A. Located in the Province of Córdoba, it is used primarily for agricultural and milk production purposes. As of June 30, 2010, the farm had 736 hectares of pasture used for milk production and a sown surface area, including double crops, of 3,804 hectares for grain production.

La Gramilla and Santa Bárbara. These farms have an aggregate surface of 7,052 hectares in Valle del Conlara, in the Province of San Luis. Unlike other areas in the Province of San Luis, this valley has a high quality underground aquifer which makes these farms well suited for agricultural production after investments were made in the development of lands, pits and irrigation equipment. In the course of the 2009/2010 farm season, a total of 2,428 hectares were sown, 625 hectares of which sown under contractual arrangement with seed producers, and we leased, in turn, 1,967 hectares to third parties. The remaining hectares are used as land reserves.

La Suiza. “La Suiza” farm has a surface of 41,993 hectares and is located in Villa Ángela in the Province of Chaco. It is used for raising cattle. As of June 30, 2010, “La Suiza” had a stock of approximately 14,275 heads of cattle. During the 2009/10 season, we used 2,917 hectares for growing cotton, corn, soybean and sorghum.

La Esmeralda. “La Esmeralda” farm has a surface of 9,370 hectares and is located in Ceres in the Province of Santa Fe. This farm, acquired in June 1998, has potential for agricultural production and cattle raising. During the 2009/2010 farm season, we used a total area of 5,295 hectares, including double crops, for production of corn, sunflower and sorghum. As of June 30, 2010, “La Esmeralda” had 3,926 heads of cattle on 4,027 hectares. Our objective is to enhance its cattle raising efficiency, maintaining the bull breeding business, and increase its surface use in agriculture activities. On December 27, 2007, we agreed to sell to Estancias San Bruno S.A. and Estancias El Algarrobo S.A. a 2,430-hectare portion of this farm. The sales price agreed was US$6.2 million that has been collected in full. The sale generated a gain of approximately US$5.3 million.

El Tigre. “El Tigre” farm was acquired on April 30, 2003 and has a surface of 8,365 hectares. It is located in Trenel in the Province of La Pampa. As of June 30, 2010, 4,985 hectares were used for crop production. This farm produced 12.6 million liters of milk in the fiscal year ended June 30, 2010, with an average of 1,654 cows being milked and an average daily production of 18.5 liters per cow.

El Invierno. “El Invierno” farm was acquired on June 24, 2005 and has a surface of 1,946 hectares. It is located in Rancul in the Province of La Pampa, 621 kilometers west of Buenos Aires. During the fiscal year ended June 30, 2010, we used the land exclusively for crop production and planted 2,124 hectares, including double crops.

San Pedro. “San Pedro” farm was purchased on September 1, 2005. It has a surface 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 2009/2010 farm season, 4,999 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. “8 de Julio” farm was acquired on May 15, 2007 and has a surface of 90,000 hectares. It is located in the department of Deseado in the Province of Santa Cruz. Due to its large surface, this farm offers excellent potential for sheep production. In addition, we believe the land has potential for future tourism and recreational activities, as the southeast border of the farm stretches over 20 kilometers of coast. “Estancia Carmen” was acquired on September 5, 2008 and has a surface of 10.911 hectares. It is located in the Province of Santa Cruz, next to our “8 de Julio” farm, and as the latter, it has excellent potential for sheep production. As of June 30, 2010, these farms had a stock of 11,093 sheep.

Cactus. The feedlot has a surface of 170 hectares and is owned by Cactus. It is located in Villa Mercedes, Province of San Luis. Cactus is a joint venture between us, Cactus Feeders Inc., one of the largest feedlot companies in the United States, and Tyson Foods, a leading beef and poultry meat processing company. The feedlot began to operate in September 1999. On June 30, 2009, Cactus Feeders Inc. sold its equity interest in Cactus.

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

La Esperanza. On April 22 and 23, 2008, we signed title deeds for the purchase of 80% of the 980 hectares of “La Esperanza” farm located in the Province of La Pampa. The purchase price agreed was US$1.3 million that has been paid in full. During the fiscal year ended June 30, 2010, we used this farm solely for crop production.

Puertas de Luján. On May 30, 2008, IRSA entered signed, as nominee, a bill of purchase with delivery of possession for 115 hectares of a parcel of a farm located in the District of Luján, Province of Buenos Aires. The purchase price agreed was US$3.0 million, of which the amount of US$1.2 million was paid on the date of the execution of the bill of purchase and the balance shall be paid upon the execution of the title deed.

On December 13, 2008, the company was formally recognized as Principal of the transaction.

Las Londras. On January 22, 2009, we executed the title deed for the acquisition of the “Las Londras” farm; it has a surface of 4,566 hectares, and is located in the Province of Guarayos, Republic of Bolivia. During the 2009/2010 farm season it was used for crop production.

San Cayetano. On November 19, 2008, we executed the title deed for the acquisition of the “San Cayetano” farm. This farm is located in the Province of Guarayos, Republic of Bolivia, and has a surface of 883 hectares, which were used for crop production during the 2009/2010 farm season.

San Rafael. On November 19, 2008, we executed the title deed for the acquisition of the “San Rafael” farm. This farm is located in the Province of Guarayos, Republic of Bolivia, and has a surface of 2,969 hectares, which were used for crop production during the 2009/2010 farm season.

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La Fon Fon. On November 19, 2008, we executed the title deed for the acquisition of the "La Fon Fon" farm; it has a surface of 3,748 hectares, and is located in the Province of Obispo Santiesteban, Republic of Bolivia. During the 2009/2010 farm season it was used for crop production.

On March 2, we agreed upon the sale of 910 hectares belonging to Yuchán and Yatay, which are engaged in agricultural production, for a total amount of US$ 3.6 million. From the total sales amount, US$ 1 million has been already collected, while the balance is payable in five semi-annual consecutive installments maturing from December 2011 to December 2013.

Vientos. On June 3, 2011, we executed the purchase agreement of the "4 Vientos" farm, with a surface area of approximately 2,660 hectares, allocated to sugar cane production. Its purchase price was US$ 8.4 million.

La Primavera. On June 7, 2011 we executed the purchase agreement for "La Primavera" farm, with a surface area of approximately 2,340 hectares, allocated to soybean production.

Jerovia. Agrology owns 50% of "Jerovia" farm, located in Mariscal José Félix Estigarribia, Department of Boquerón, Chaco Paraguayo, Republic of Paraguay, with a surface of 45,578 hectares. During the 2009/10 season 2,834 hectares were used for agriculture.

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, we have become owners 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 was payable by us.

BrasilAgro. See breakdown of farms in the section "International Expansion – BrasilAgro Companhia Brasileira de Propriedades Agricolas."

Lease of Farms

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

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

The initial duration of lease agreements is typically one crop season. Leases of farms for production of crops consist in lease agreements with payments based on a fixed amount of Pesos per hectare or crop sharing agreements ("aparcería") 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 2011, we leased from third parties a total of 71 fields, covering 64,840 hectares, of which 52,205 hectares were assigned to farming production, including double crops, and 12,635 hectares to cattle. The properties for agricultural production were leased, primarily, at a fixed price prior to harvest and only a small percentage consisted of crop sharing agreements.

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

	Fiscal Year ended June 30,		
	2009	2010	2011
	Leased	Leased	Leased
Crops	59,615	42,696	52,205
Beef Cattle	32,795	12,635	12,635

Due to the rise in the price of land, we adopted a policy of not validating such prices and only leasing land at values that would ensure appropriate margins.

Storage Facilities

As of June 30, 2011, we had storage capacity of approximately 15,341 tons (including 35.723% over 14,950 tons available at AgroUranga S.A.).

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

	Storage capacity Fiscal year ended on June 30,				
	2007	2008	2008	2010	2011
			(in tons)		
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
Total	**15,341**	**15,341**	**15,341**	**15,341**	**15,341**

(1) Owned by us through AgroUranga S.A. (which represents 35.723% of capacity).

Land Management

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

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

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

Principal Markets

Crops

Our grains 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.

Beef Cattle

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

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

Milk

During the fiscal years 2009, 2010 and 2011 we sold our entire milk production to the largest Argentine dairy company, Mastellone S.A., which in turn manufactures a range of mass consumption dairy products sold in Argentina and abroad. The price of the milk we sell is mainly based on the percentage of fat and protein that it contains and the temperature at which it is cooled. The price we obtain from our milk also rises or drops based on the content of bacteria and somatic cells.

Customers

For the fiscal year 2011 our sales from the agribusiness (excluding sales of farms) and feedlot/slaughtering segment were Ps.607.4 million and were made to approximately 408 customers. Sales to our ten largest customers represented approximately 74% of our net sales during the fiscal year 2010 and approximately 46% for the fiscal year ended June 30, 2011. Of these customers, our biggest three customers, Cargill S.A., Molinos Río de la Plata S.A. and Bunge Argentina. S.A. represented, in the aggregate, approximately 20% of our net sales for 2011, while the remaining seven customers in the aggregate represented approximately 26% of our net sales in fiscal year 2011. 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 85% of the futures and options contracts are closed through the *Bolsa de Cereales de Buenos Aires* (Buenos Aires Grains Exchange) and 15% 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, 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.

Beef Cattle

We have several marketing channels. We sell directly to local meat processors, supermarkets and in auctions. Our customers include Arre Beef S.A., Quickfood S.A., Finexcor S.A., Frigorífico La Pellegrinense S.A., Friar S.A., Madelan S.A., Jumbo Retail Argentina S.A., Frigorífico Bermejo S.A. and Frigorífico Amancay S.A., at 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.

Raw Materials

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 Argentina's leading producers. 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.

Our Investments

Agricultural Business

BrasilAgro Companhia Brasileira de Propriedades Agrícolas

BrasilAgro was created in September 2005 in order to replicate our business in Brazil. BrasilAgro is engaged mainly in four business segments: (i) sugar cane, (ii) grains and cotton, (iii) forestry activities, (iv) livestock.

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.

Cape Town Llc is a limited company incorporated under the laws of the State of Delaware, wholly owned by Mr. Elie Horn, the controlling shareholder and chief executive officer of Cyrela Brazil Realty, S.A. Empreendimentos e Participações. Tarpon Investimentos S.A. is an independent Brazilian asset manager engaged in the management of mutual funds focusing primarily on Brazilian equities. Tarpon Agro LLC is a company incorporated in the United States of America under the laws of the State of Delaware, and is owned by Tarpon Investimentos S.A.'s shareholders and certain of its affiliates.

Part of the knowledge and experience required to implement BrasilAgro's proposed business plan will be initially provided pursuant to a consulting agreement with Paraná Consultora do Investimentos S.A., a special purpose advisory company, 50% owned by Tarpon BR, 37.5% owned by Consultores Assets Management, a company controlled by Mr. Eduardo Elsztain, and 12.5% owned by Mr. Alejandro Elsztain. Tarpon BR is a joint venture between Tarpon and Mr. Elie Horn.

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 book-entry common shares at a price of R$ 1,000 per share of BrasilAgro.

In addition, as is customary in the Brazilian market, BrasilAgro had an option to increase the size of the issue by 20% and Banco de Investimentos Credit Suisse (Brazil) S.A. had another option to increase it by 15% (*Green shoe*). Given the high demand shown by the placement, both BrasilAgro and Banco de Investimentos Credit Suisse (Brazil) S.A. exercised such options increasing the placement up to 583,200 shares equivalent to R$ 583.2 million, which were fully placed and paid in.

In addition to the funds we originally contributed, 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 July 22, 2010, the board of directors of BrasilAgro approved the proposal to terminate the consulting services agreement executed with Paraná Consultora de Investimentos S.A.

On October 20, 2010 and on December 23, 2010, we and Tarpon executed two addenda 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 reminder of R$52.6 million was paid on April 27, 2011.

Consequently, we are the owners of 20,883,916 shares or 35.75% 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; and that BrasilAgro's shareholders' agreement will remain effective with the amendments that may be required for the sale of the shares owned by Tarpon and its affiliates to us. 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 BM&FBOVESPA'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.

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As concerns its portfolio as of June 30, 2011, BrasilAgro had 9 properties, with an aggregate surface area of 172,050 hectares, acquired at highly attractive prices as compared to the average in the respective regions, all of which offering high appreciation potential.

Property	Province	Surface area (in hectares)	Main Activity	Purchase Price (R$ MM)
São Pedro Farm	Chapadão do Céu/GO	2,447	Sugar cane	R$ 9.90
Cremaq Farm	Baixa Grande Ribeiro/PI	32,702	Crops	R$ 42.00
Jatobá Farm (1)	Jaborandi/BA	31,606	Crops and Cotton	R$ 33.00
Alto Taquari Farm	Alto Taquari/MT	5,186	Sugar cane	R$ 33.20
Araucária Farm	Mineiros/GO	9,682	Sugar cane	R$ 70.40
Chaparral Farm	Correntina/BA	37,182	Crops and Cotton	R$ 47.80
Nova Buriti Farm	Januária/MG	24,247	Forest	R$ 21.50
Preferência Farm	Barreiras/BA	17,799	Cattle	R$ 9.50
Horizontina Farm	Tasso Fragoso/MA	14,359	Crops	R$ 37.20
	Total	**175,210**		**R$ 304.50**
Total Owned by BrasilAgro (1)		**172,050**		**R$ 301.20**

(1) Jatobá is owned by our affiliate Jaborandi S.A., in which we hold an equity interest of 90%. The Maeda group holds the remaining 10%.

(2) After new measurement of our properties we adjusted the total and farmable area to 174,149 hectares and 127,723 hectares, respectively.

Sao Pedro is a farm in Chapadao do Sul (MS). With a surface area of 2,447 hectares, Sao Pedro was bought for R$ 9.9 million. Its potential production area is 1,724 hectares. In this farm, BrasilAgro has harvested summer crops consisting of 1,700 hectares of soybean and 433 hectares of corn, and has planted 293 hectares of winter corn. In our opinion, this land offers high potential for appreciation as a result of the sugar cane premises scheduled to be installed in the region. On October 3, 2011 we informed our shareholders and the public in general that on September 28, 2011, we sold Fazenda São Pedro.

Cremaq is a farm in Baixa Grande do Ribeiro (Piaui). Acquired for R$ 42 million and with a surface area of 32,702 hectares, it is estimated that the total production area will be 21,800 hectares. The farm is close to the Itaqui Port and to the Norte-Sul railway. Weather and topographic conditions in the area are quite suited to soybean, corn and cotton crops. This property has also been bought for a value lower than average in the region and it offers major appreciation potential. BrasilAgro has harvested 15,346 hectares of soybean, 3,130 hectares of corn, and 1,050 hectares of rice. In addition, it has a 247 hectare cotton plantation.

Jatobá is a farm located in the Jaborandi district, in the State of Bahía. The acquisition price was R$ 33 million and it has 31,606 hectares. It is estimated that the total production area will be 24,250 hectares. BrasilAgro has harvested 10,092 hectares of soybean and 771 hectares of corn.

Alto Taquarí is a farm with a total area of 5,186 hectares, and it is located in the municipality of Alto Taquarí, Mato Grosso. This property was purchased for R$ 33.2 million. Its estimated production area is 3,666 hectares. Alto Taquarí executed an agreement with ETH Bioenergía for supplying sugar cane during two full cycles (6 harvesting years, including 5 harvests).

Araucária is a farm which has a total area of 9,682 hectares, and is located in the municipality of Mineiros, Goiás. The production area is estimated at 7,205 hectares. BrasilAgro has harvested winter crops in an area of 688 hectares. Araucária executed an agreement with ETH Bioenergía for supplying sugar cane during two full cycles (6 harvesting years, including 5 harvests). 100% of the area is planted with sugar cane, totaling 5,455 hectares.

Chaparral is a farm located in Correntina, Bahía. This farm has a surface area of 37,181 hectares and was purchased for R$ 47.8 million. Its potential production area is 27,400 hectares and BrasilAgro has harvested 8,920 hectares of soybean.

Nova Buriti is a farm with a total surface area of 24,247 hectares, and it is located in the municipality of Januaria, Minas Gerais. With a production area estimated at 19,000 hectares, it will be used for forestry activities. At present, BrasilAgro is awaiting the licenses required to start operating this farm.

Preferencia is a 17,799-hectare farm located in the municipality of Barreiras, Bahía. The purchase transaction was closed in September 2008 and it was agreed for a price of R$ 500.0 per hectare. This property has good conditions for cattle breeding and crops growing. We have started rolling out a beef cattle project.

Horizontina is a 14,359 hectares farm, located in the municipality of Tasso Fragoso, Maranhão. We believe that this property has high appreciation potential if its land is developed. BrasilAgro invested approximately 2.6 million in infrastructure improvement works. BrasilAgro has harvested of 3,083 hectares of soybean and 800 hectares of rice.

During fiscal year 2011, BrasilAgro expanded its sown area (summer and winter season and sugar cane) by 26% compared to the previous period, reaching 58,191 hectares. In addition, during this year BrasilAgro developed 20,100 additional hectares, 14,200 of which were planted with soybean in the past season and 5,900 are being prepared for the coming season.

At the end of fiscal year 2011, BrasilAgro presented consolidated assets for R$ 748.2 million, R$ 135.6 million of which were included in the Cash and banks, and Short-term investments accounts.

BrasilAgro will continue to focus its activities on agricultural real estate and on the development of its four main business lines: sugar cane; crops and cotton; forestry and cattle breeding. Since its start of operations in 2006, BrasilAgro's sown area has recorded an annual average growth of 38%.

For more information, please see "Recent Developments" and "Significant Changes".

Futuros y Opciones.Com S.A.

In May 2000, we acquired 70% of the shares of FyO S.A. ("Futuros y Opciones.com") for Ps.3.6 million. A site launched in November 1999 which main goal is to become the most important agricultural business community in Latin America. Futuros y Opciones.Com 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 Futuros y Opciones.Com is grain brokerage.

The areas with the greatest potential for growth are: input commercialization, grain brokerage and beef cattle operations. 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 grains, the brokerage department was created, with the purpose of participating directly in the business by trading and offering services. In beef cattle, Futuros y Opciones.Com has created an alliance with a leading broker in the sector, which will allow it to obtain use of its clients' database and technological knowledge.

During fiscal year 2007, Futuros y Opciones.Com started to trade futures and options: it acquired a share in the Buenos Aires futures and options exchange market (*Mercado a Término de Buenos Aires*) and has also become a dealer. During fiscal years 2008 and 2009, Futuros y Opciones.Com continued trading futures and options with a 7.67% and 23.8% growth, respectively, as compared to the previous year. The service consisting in hedging with futures has consolidated into an essential tool for our customers to manage their price risks.

The grain business strengthened, reaching the number of tons agreed during the fiscal year. On the side of revenues, invoicing percentages over total tons agreed decreased compared to the previous year, given that year 2009, which was taken as basis, was signaled by the transfer of invoices caused by the agricultural stoppage of the previous season.

As of June 30, 2010, Futuros y Opciones.Com total revenues increased by 61.95% from Ps.21.5 million for fiscal year 2009 to Ps.34.8 million for fiscal year 2010, with 8.27% growth in the revenues yielded by its main business, grains brokerage, from Ps.7.3 million for fiscal year 2009 to Ps. Ps.7.9 million for fiscal year 2010. In addition, the business consisting in sales of inputs grew by 99.48% from Ps.12.0 million for fiscal year 2009 to Ps.23.9 million for fiscal year 2009, while revenues from commissions from the same business rose 200.99% from Ps.0.2 million for fiscal year 2009 to Ps.0.5 for fiscal year 2010 and technology services commissions increased by 35.13% from Ps.0.9 million for fiscal year 2009 to Ps.1.2 million for fiscal year 2010.

The increase in the input business was motivated by the significant impact suffered in the previous fiscal year by the severe drought that affected Argentina, along with the drop in prices, which forced Argentine producers to reduce input investments in the 2008/2009 season. During this season the situation was reverted and the targets set for this year were met.

The portal *fyo.com* has reached its tenth anniversary, consolidating as the benchmark site for agricultural marketing and adding year after year new and significant agricultural customers of various sizes to its user community. The site has a base of 55,000 registered users who make 60,000 unique visits per month, showing a highly satisfactory site stay time and contributing to the exchange of farming matters among an entire recognized community of producers from Argentina and neighboring countries.

Futuros y Opciones.Com's goal is to become a leading company in the supply of financial and commercial services. To attain such objective, we will continue to enhance the range of products we offer to the sector in the coming fiscal years.

On September 30, 2010, the Ordinary Shareholders Meeting of FyO.Com decided to approve a capital increase for up to Ps. 5,925, related to issuing 538,613 registered, non-endorsable shares of common stock with a face value of Ps. 1, plus an additional paid-in capital for Ps. 5,386. In such sense, we subscribed shares for Ps. 4,467, of which Ps. 3,541 was made by the conversion of debt into equity and the difference for Ps. 926 to be paid-in in cash. As a result of the transaction as of March 31, 2011, we held a 65.85% interest in Futuros y Opciones.Com.

As of the end of fiscal year 2011, our total revenues from our grains brokerage business unit were Ps.14.3 million with a trading volume of 1.2 million tons, 10% higher than the volume traded in fiscal year 2010 and thus accumulating a 50% growth in the last 7 years. The main crops traded were corn and soybean, and to a lesser extent, wheat and sunflower.

Futuros y Opciones.Com's goal is to become a leading company in the supply of financial and commercial services. To attain such objective, we will continue to enhance the range of products we offer to the sector in the coming fiscal years.

Cactus Argentina S.A.

Cactus was initially a joint venture between us and Cactus Feeders Inc., one of the largest feedlot companies in the United States. The site of the venture's operations is a 170-hectare farm in Villa Mercedes, in the Province of San Luis. The feedlot began operations in September 1999.

During fiscal year 2007, Cactus entered into a joint venture with Tyson Foods, a leading meat processing company, pursuant to which Tyson Foods, through Provemex Holdings LLC, acquired a 52% equity interest in Cactus to establish the first integrated cattle operation in Argentina. Consequently, our equity interest and Cactus Feeders, Inc. equity interest in Cactus was reduced to 24% each. Since December 31, 2006, we no longer use the proportional consolidation method to account for our investment in Cactus due to the reduction of our equity interest in Cactus from 50% to 24%.

On January 11, 2007, we and Cactus acquired 100% of the Exportaciones Agroindustriales Argentinas S.A. ("EAASA") shares for Ps.16.8 million. EAASA owns a meat packing plant in Santa Rosa, Province of La Pampa, with capacity to slaughter and process approximately 9,500 cattle heads per month. Cactus has been a pioneer in feedlot services with 25,000 heads of cattle capacity, depending on the size of the cattle. Cactus' client base changed during recent years, as many companies related to the beef sector bought calves to be fed at the feedlot. To assure themselves a constant supply of high quality beef, these companies keep an inventory of cattle on feed.

The feedlot cattle beef production is processed in the Exportaciones Agroindustriales Argentina S.A. packing plant for the domestic and foreign markets. Feedlot fattening with a corn-based diet has been growing at a very dynamic pace. The company has gained market reputation thanks to the uniform final product offered by feedlot-finished animals, which provides purchasers with high-quality products and higher yields, succeeding in offering differential sales prices. Cactus continues to receive cattle from farmers that repeat their productive process whereby they breed and re-breed their animals in their own farms and slaughter them at Cactus.

On June 30, 2009, we entered into a shareholders' agreement with Cactus Feeders for the purchase of its 24% interest in Cactus and 0.24% interest in EAASA. The agreed purchase price was US$2.4 million. At the same time, we and Tyson Foods S.A. made contributions to Cactus in the amount of US$2.4 million and US$2.6 million, respectively. As a consequence of the transaction, we increased our equity interest in Cactus to 48%. The companies have strengthened as a result of the above mentioned capitalizations, which will help develop our strategic business plan in the cattle beef processing industry.

The decrease in supply has adversely affected the value chain by reducing cold-storage plant utilization, which in turn has left several plants struggling to remain operational in view of the poor returns and shortage of raw materials. Our investment in EAASA has not escaped unscathed and we are assessing our alternatives looking forward.

On December 23, 2010, in order to provide Cactus with funds to meet its working capital needs, we took part in a capital increase in the amount of US$4.0 million. Therefore, we increased our ownership interest in Cactus from 48% to 80%, the remaining 20% is held by our partner Tyson Provemex Holdings, LLC. As part of this transaction, we and Tyson decided to make certain amendments to the shareholders agreement and, in this context, we granted Tyson a put option in connection with its 20% equity interest in Cactus.

AgroUranga S.A.

We have a 35.7% interest in AgroUranga S.A. This company maximizes the use of production processes, with special emphasis in soil conservation, the application of rational techniques and care of the environment. AgroUranga S.A. has two farms: Las Playas and San Nicolás, with an aggregate surface of 8,305 hectares, located in the core region of the Pampas prairies. 40% of the revenues from AgroUranga's crop production derive from its special products division, including popcorn, chickpea, peas and lentils, whereas the remaining 60% derives from commodities. Currently, with the assistance of its foreign trade team it is seeking to add new products to significantly increase export volumes, encouraged by the growing demand.

Agrology S.A.

Agrology was incorporated on May 8, 2008, with our equity interest of a 97% equity interest and IGSA holding the remaining 3%. The capital stock of Ps.50,000 was fully subscribed and paid. On May 28, 2008, Agrology acquired the interest held by IGSA in IRSA, 2,187,479 GDRs, at a price of Ps.96.0 million. In consideration thereof, Agrology substituted IGSA as borrower of IRSA's debt with us for such amount, pursuant to the line of credit agreement entered into by IRSA and us. As a result of this sale, the rights pursuant to the loan agreement entered into by us and IFISA were also assigned. On August 6, 2008, Agrology entered into a securities loan agreement with IFISA granting 1,275,022 GDRs of IRSA under the same conditions as the previous agreement. These loans accrue interest at a monthly rate equivalent to 3-month LIBOR, plus 150 basis points. They would be effective for 30 days and may be renewed for periods, up to a maximum of 360 days. Later, IFISA had returned 811,711 IRSA's GDRs to Agrology.

On July 30, 2009 and July 25, 2010, Agrology and IFISA extended for 360 days the maturity of the securities loan agreement mentioned above, granting under this agreement, 1,253,942 GDRs of IRSA.

On September 8, 2010, Agrology celebrated a new agreement with IFISA, by means of which Agrology granted 800,000 GDRs of IRSA under the same conditions as the previous agreements.

Agrology's purpose is to invest in financial instruments and manage equity interests in other companies.

Expansion in Paraguay

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. 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 a promise 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 S.A., 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 S.A., the total value of the contributions in Cresca is US$10.5 million. In addition, Cresca has an option granted by Carlos Casado S.A. for the purchase of 100,000 additional hectares located in Paraguay.

In relation to the development of marginal areas, Cresca started planting activities in approximately 2,834 hectares developed at the first stage and started developing approximately 3,000 hectares at the second stage, which are expected to be completed in the course of 2010 calendar year, and will start to be productive in fiscal year 2011, adding more lands intended for agricultural production.

On March 19, 2010 the option granted under the agreement dated September 3, 2008 (Call Option Agreement) 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.

Expansion in the Republic of Bolivia and the Oriental Republic of Uruguay

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 through our controlled companies Agrology S.A., Inversiones Ganaderas S.A. and Agropecuaria Anta S.A. (formerly known as Agropecuaria Cervera S.A.) and have acquired a company in the Republic of Uruguay.

For such purposes, the following companies were incorporated: Agropecuaria Acres del Sud S.A., Aguaribay Agropecuaria S.A., Calden Agropecuaria S.A., Itin Agropecuaria S.A., Ñandubay Agropecuaria S.A., Ombú Agropecuaria S.A., Yatay Agropecuaria S.A and Yuchan Agropecuaria S.A. whose shareholders are: (i) Agrology S.A. with a 95.12% shareholding, (ii) Inversiones Ganaderas S.A. and (iii) Agropecuaria Anta S.A. with a 2.44% interest, each. The preceding Bolivia-based companies (except for Agropecuaria Acres del Sud S.A.) 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, through our controlled company Agrology, a company named Helmir S.A., 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, acting through various companies, 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" farms, respectively, located in Santa Cruz, Bolivia. We have already paid 43% of the agreed price of US$17.5 million. The remaining balance was 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.

On January 22, 2009, we executed a deed of purchase for 4,566 hectares in Las Londras farm, located in the Province of Guarayos, 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 farms 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 agreements for two agricultural parcels located at Santa Cruz, Bolivia, with a total surface of 5,000 hectares, which will be 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. Upon the execution of the purchase agreement, we paid 23.8% of the purchase price. The balance will be paid in four installments, being the first installment in June 2011 and the last installment in October 2012.

(ii) The second parcel has a surface of approximately 2,340 hectares for soybeans exploitation purposes. The purchase price was US$4.9 million. Upon the execution of the purchase agreement, we paid 33.9% of the purchase price. The balance will be paid in four consecutive semi-annual installments, being the first installment in December 2011.

Transfer of title of both parcels will occur once the purchase price has been paid in full.

Additionally, we have agreed to sell a parcel with a surface of 910 hectares for US$3.64 million. We have been paid 27.5% of the purchase price and the balance will be paid in 5 consecutive semiannual installments, being the last installment in December 2013.

Real Estate Business

Please see our "*Real Estate Business*" business overview, below on this item, for a more detail discussion.

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 the 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, as amended, also regulates agreements for crop sharing pursuant to which one of the parties furnishes the other with farm 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 himself the obligations under the agreement and may not, assign it under any circumstances. Upon the death, incapacity or impossibility of the tenant farmer, the agreement will be terminated.

Quality control of Grains and Cattle

The quality of the grains and the health measures of the cattle are regulated and controlled by the *Servicio Nacional de Sanidad y Calidad Agroalimentaria ("SENASA")*, which is an entity within the Ministry of Agriculture, Livestock and Fishing and Production ("*Ministerio de Agricultura, Ganaderia y Pesca"*) that oversees the farming and animal sanitary activities.

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

Sale and Transportation of Cattle

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

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

Export Restriction of Beef

The Ministry of Agriculture, Livestock and Fishing oversees the farming and animal sanitary activities and controls the distribution of the annual regular quota of top quality chilled beef without bones, the "*Cuota Hilton*." The destination of the *Cuota Hilton* is the European Union.

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In September 2010, the Secretaria de Agricultura Ganadería Pesca y Alimentos granted to our subsidiary EAASA 622 tons to export beef under the authorized quotas, known as *Cuota Hilton.* As of the date of these Annual Report, such quotas have not been modified

Environment

The development of our agribusiness depends on a number of federal, state 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. Based on the Argentine Criminal Code, persons (including directors, officers and legal entity managers) 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 utilized 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 notices 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 restriction on entering into contracts with public entities.

The Forestry Legislation of Argentina prohibits the devastation of forest and forest land, 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, 2011, we owned land reserves in excess of 339,744 hectares, which are located in under-utilized areas where agricultural production is not yet fully developed. 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 completely 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, to the extent allowed. We cannot assure you that current or future development applications will be approved, and if so, to what extent we will be allowed to develop our land reserves. We intend to use genetically modified organisms in our agricultural activities. In Argentina, the cultivation of genetically modified organisms is subject to special laws and regulations and specific authorizations.

On November 28, 2007, Argentine Congress passed a law known as the Forest Lax 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 deforestation of native forests or converting non-forested areas in forested land for other commercial uses without prior permission from each local government that gives the permit and requires the preparation, appraisal and approval of a report environmental impact. The Forest Law also provides that each province should adopt its own legislation and its map of regional order within one year. During the time that such an implementation requires provincial new clearing will be authorized a plan for implementation within one year and not allow any deforestation during this period of one year. In addition, the Forest Law also establishes a national policy for sustainable use of native forests and includes the recognition of native communities that aims to provide preferential use rights to indigenous communities living and farming near the forest. In this case, the relevant provincial authority may not issue permits without formal public hearings and written consent of such communities.

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 see to 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 a compensation in lieu thereof. Such Law also fosters environmental education and provides for certain minimum reporting obligations to be fulfilled by natural and artificial persons.

On August 6, 2009, the *Comisión Nacional de Valores* issued General Resolution No. 559 (“General Resolution No. 559/2009”) providing for the rules applicable to listed companies whose corporate purpose comprise activities regarded as risky for the environment, in order to keep the shareholders, investors and the general public informed about the fulfillment of current environmental regulations. As of the date hereof, such Resolution has not been regulated as provided for therein.

One of our goals is that business be conducted at all times be consistently with environmental laws and regulations.

Property and Transfer Taxes

Value Added Tax. Under Argentine law, the sale of cattle and grains are taxable at a rate equal to 10.5% of the sale price. The sale of milk is taxable at a rate equal to 21%. The sale of land is not taxable.

Gross Sales Tax. A local transfer tax is imposed on the sale price of cattle, grains and milk at a general rate of 1%. In some 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 validated by 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.).

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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 housing. In the City of Buenos Aires the tax rate is 2.5%. In the Province of Buenos Aires, the tax rate is 3% for public deeds of transfer of real property.

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

When a request for approval is filed, the 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, 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 total Ps.20.0 million or Ps.60.0 million in the last 36 months, these transactions must be notified to the Antitrust Authority.

As our and IRSA's consolidated annual sales volume exceeds Ps.200.0 million, IRSA should give notice to the Antitrust Authority of any transaction within the scope of the Antitrust Law.

On June 30, 2009 Cactus Feeders, Helmir and we subscribed a stock purchase agreement, whereby Cactus Feeders Inc. transferred to us and Helmir, which is controlled indirectly by our shares of Cactus Argentina. Moreover on June 07, the economic concentration was notified to the Antitrust Authority. On October 28, 2010 the Antitrust Authority authorized the transaction.

On December, 2010 the shareholders of Cactus requested the Antitrust Authority an opinion regarding the structure resulting of an increase in the capital of Cactus Argentina S.A. and a new shareholders' agreement. The Antitrust Authority issued an opinion stating that the transaction has to be notified for its authorization. On November, 2011 Cactus and Provemex filed a notification with the Antitrust Authority.

Real Estate Business

Our equity interest in IRSA was 63.22% as of June 30, 2011. This percentage includes 43,401,932 shares owned by Agrology. We started consolidated the accounts and results of operations of IRSA as from October 1, 2008. Our consolidated financial information for periods prior to October 1, 2008 does not include the accounts of IRSA on a consolidated basis. Therefore, the income statement, balance sheet and cash flow data as of June 30, 2010 and 2009 and for the years then ended is not comparable to prior periods.

Operations and principal activities

Through our subsidiary IRSA, one of Argentina's leading real estate companies in terms of total assets, we are engaged directly and indirectly through subsidiaries and joint ventures, in a range of diversified real estate related activities, including:

- the acquisition, development and operation of shopping centers, including consumer financing activities,
- the development and sale of residential properties,
- the acquisition and development of office and other non-shopping center properties primarily for rental purposes,
- the acquisition and operation of luxury hotels,
- the acquisition of undeveloped land reserves for future development and sale, and
- selected real estate investments outside Argentina.

As of June 30, 2010 and 2011, IRSA had total assets of Ps. 5,633.4 million and Ps. 6,315.3 million, respectively and shareholders' equity of Ps. 2,403.0 million and Ps. 2,481.8 million, respectively. Our net income for the fiscal years ended June 30, 2009, 2010, and 2011 was Ps. 158.6 million, Ps. 334.5 million and Ps. 282.1 million, respectively. IRSA is the only Argentine real estate company whose shares are listed on the Buenos Aires Stock Exchange and whose GDSs are listed on the New York Stock Exchange.

IRSA currently owns 29.77% (does not consider the effect of Banco Hipotecario's treasury stock) of Banco Hipotecario S.A. ("Banco Hipotecario"), one of the leading financial institutions in Argentina.

	Fiscal years ended June 30, (1)		
	2011	**2010**	**2009**
	(in thousands of Pesos)		
Offices and Other Non-Shopping Center Rental Properties:			
City of Buenos Aires	163,949	153,989	147,142
Buenos Aires Province	669	175	607
Subtotal	164,618	154,164	147,749
Shopping Centers and Consumer Financing:			
City of Buenos Aires	534,563	638,694	514,353
Buenos Aires Province	91,321	59,833	47,488
Salta Province	19,275	13,701	10,838
Santa Fe Province	42,642	30,821	24,141
Mendoza Province	36,441	27,206	25,478
Córdoba Province	19,113	13,446	11,262
Subtotal	743,355	783,701	633,560
Development and Sale of Properties:			
City of Buenos Aires	192,605	214,913	262,646
Buenos Aires Province	114,695	9,461	10,043
Córdoba Province	63	21	29
Santa Fe Province	24,461	-	7,644
Mendoza Province	-	1,172	-
Salta Province	148	-	-

Neuquén Province	9,102	-	-
Subtotal			
Hotels:	122,627	101,088	98,427
City of Buenos Aires	70,256	58,806	60,486
Rio Negro Province	192,883	159,894	158,913
Subtotal			
Total by Geographic Area:			
City of Buenos Aires	1,013,744	1,108,684	1,022,568
Buenos Aires Province	206,685	69,469	58,138
Rio Negro Province	70,256	58,806	60,486
Santa Fe Province	67,103	30,821	31,785
Salta Province	19,423	13,701	10,838
Córdoba Province	19,176	13,467	11,291
Mendoza Province	36,441	27,206	25,478
Neuquén Province	9,102	-	-
Total	1,441,930	1,322,154	1,220,584

(1) Our Financial Operations and Others segment does not generate revenues, but instead generates gain (loss) on equity investees.

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Shopping centers. IRSA is engaged in purchasing, developing and managing shopping centers through our subsidiary Alto Palermo. Alto Palermo operates and owns majority interests in eleven shopping centers in Argentina, seven of which are located in the Buenos Aires metropolitan area and four of which are located in the provinces of Mendoza, Santa Fe, Córdoba and Salta. Recently APSA has started operations, through a concession, of its 13th Shopping Center in the province of Santa Fé. Our Shopping Center segment had assets of Ps.1.9 billion as of June 30, 2010, and Ps. 2.2 billion as of June 30, 2011, representing 34.3% and 35.4 % of our consolidated assets as of such dates respectively, and generated operating income of Ps.268.0 million and Ps.385.1 million during our 2010 fiscal year and 2011 fiscal year, respectively, representing 49.6% and 65.8% of our consolidated operating income for such years.

Consumer financing. IRSA was engaged in the consumer financing business through its subsidiary Tarshop S.A.. Tarshop's credit card operations consist primarily of lending and servicing activities relating to the credit card products it offers to consumers at shopping centers, hypermarkets and street stores.

IRSA's Consumer financing segment had a low impact in IRSA's figures this fiscal year since September 1, 2010, Tarshop S.A. no longer consolidates its financial statement due to an 80% sale of the outstanding capital stock to Banco Hipotecario, an IRSA affiliate on September 1, 2010. However, IRSA still has a 100% equity interest in Metroshop, a small consuming financing company with a residual credit portfolio which will keep diminishing here on.

As of June 30 2010 and 2011 IRSA's consumer financing segment had assets equivalent to Ps.327.3 million and Ps. 45.7 million, respectively, representing 5.8% and 0.4% of our consolidated assets as of such date, and had an operating loss of Ps.53.3 million and Ps. 19.0 million during our 2010 and 2011 fiscal years which represented 9.9% and 3.2% of our consolidated operating income for such periods.

Development and Sale of Properties. The acquisition and development of residential apartment complexes and other residential communities for sale is another of our core activities. IRSA's development of residential apartment complexes consists of the construction of high-rise towers or the conversion and renovation of existing structures, such as factories and warehouses. For the development of residential communities, IRSA generally acquires vacant land, develop infrastructure such as roads, utilities and common areas and sell plots of land for construction of residential units. IRSA Development and Sale of Properties segment had assets of Ps.657 million and Ps. 712.5 million as of June 30, 2010 and June 30, 2011 respectively, representing 11.7% and 11.3% of its consolidated assets as of such dates, and had an operating income of Ps.139.5 million and Ps.85.1 million during fiscal years 2010 and 2011, respectively, representing 25.8% and 14.5% of IRSA's consolidated operating income for such years.

Offices and Other Non-Shopping Center Rental Properties. As of June 30, 2011, IRSA directly and indirectly owned interests in 11 office buildings that in the aggregate represented 327,838 square meters of gross leasable area. IRSA's Office and Other Non-Shopping Center Rental Properties segment had assets of Ps.1.1 billion as of June 30, 2010 and of Ps. 1.4 billion as of June 30, 2011, representing 19.3% and 22.4% of our consolidated assets as of such dates, and generated operating income of Ps.73.5 million and Ps.84.1 million during fiscal year 2010 and 2011, respectively, representing 13.6% and 14.4% of our consolidated operating income for such years.

Hotels. IRSA owns 50% of the Hotel Llao Llao in Bariloche, a controlling interest in the Hotel Intercontinental in Buenos Aires and 80% of the Hotel Sheraton Libertador in Buenos Aires. IRSA's Hotel segment, which consists of its investments in these three hotels, had assets of Ps.248.3 million as of June 30, 2010 and Ps. 239.5 million as of June 30, 2011, representing 4.4% and 3.8% of its consolidated assets as of such dates, and generated operating income of Ps.5.4 million and Ps.12.2 million during fiscal years 2010 and 2011, respectively, representing 1.0% and 2.1% of our consolidated operating income for such years.

Banco Hipotecario. During fiscal year 2011 IRSA continued increasing its interest in Banco Hipotecario, as of June 30, 2011 IRSA owns approximately 29.77% of Banco Hipotecario, Argentina's largest mortgage lender in terms of outstanding mortgage loans. IRSA's investment in Banco Hipotecario is held in the form of Class D shares which are currently entitled to three votes per share, affording us the right to cast 46.46% of the total votes at Banco Hipotecario's shareholders' meetings. As of June 30, 2011, IRSA's investment in Banco represented 14.5% of its consolidated assets, and such investment generated a gain of Ps.142.1 million, Ps. 151.6 million and Ps. 76.7 million during our fiscal years ended June 30, 2009, 2010 and 2011.

International. In the past, IRSA had made significant real estate investments outside of Argentina, including investments in Brazil Realty S.A. in Brazil and Fondo de Valores Inmobiliarios in Venezuela which were sold between 2001 and 2002. Recently IRSA has acquired through a subsidiary, in which IRSA has a 49% equity interest, an office building located in Madison Avenue in the city of New York, Additionally, IRSA owns a 49% interest in a United States company which principal asset is the office building known as "Lipstick" in New York City. Furthermore, together with some affiliates, IRSA had acquired and later sold part of its equity interest in Hersha, a real estate investment trust listed on the New York Stock Exchange (NYSE:HT), which has interests in 78 hotels, primarily distributed along the northeast corridor of USA, totalizing about 10.400 rooms as of June 30, 2011. At the end of our fiscal year 2011 IRSA owned 9.2% stake in such company. IRSA intends to continue evaluating real estate investment opportunities outside of Argentina.

Business Strategy

As a leading company in Argentina dedicated to acquiring, developing and managing real estate, we seek to (i) generate stable cash flows through the operation of our real estate rental assets (shopping centers, office buildings, hotels), (ii) achieve long-term appreciation of our asset portfolio by taking advantage of development opportunities, and (iii) increase the productivity of our land reserves and enhance the margins of our Development and sale of properties segment through partnerships with other developers.

Shopping centers. IRSA believes 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 level of shopping center penetration that IRSA considers low compared to many developed countries. IRSA's main objectives are generating a sustained growth in the cash flow of our shopping centers and increasing their value in the long-term, and maintaining a leading position in the Argentina´s shopping center industry.

Development and Sale of Properties. IRSA seeks to purchase undeveloped properties in densely-populated areas and build apartment complexes offering "green space" for recreational activities. IRSA also seeks to develop residential communities by acquiring undeveloped properties with convenient access to the City of Buenos Aires, developing roads and other basic infrastructure such as power and water, and then selling lots for the construction of residential units. After the economic crisis in 2001 and 2002, the scarcity of mortgage financing restricted the growth in middle class home purchases, and as a result, IRSA 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, IRSA seeks to develop residential properties for other segments of the residential market in Argentina and during the first quarter of the fiscal year ended June 30, 2008, IRSA entered into a partnership with Cyrela Empreendimentos e Participações, a leading Brazilian residential real estate developer, to penetrate in new market segments.

Office and Other Non-Shopping Center Rental Properties. Since the Argentine economic crisis in 2001 and 2002, there has been limited investment in high-quality office buildings in Buenos Aires and, as a result, IRSA believes there is currently substantial demand for those desirable office spaces. IRSA seeks to purchase and develop premium office buildings in strategically-located business districts in the City of Buenos Aires and other strategic locations that IRSA believes offers returns and potential for long-term capital gains. IRSA expects to continue its focus on attracting premium corporate tenants to its office buildings. Furthermore, IRSA intends to consider on a selective basis new opportunities to acquire or construct new rental office buildings.

Hotels. IRSA believes its portfolio of three luxury hotels is positioned to take advantage of future growth in tourism and business travel in Argentina. IRSA seeks to continue with its strategy to invest in high-quality properties which are operated by leading international hotel companies to capitalize on their operating experience and international reputation. IRSA also seeks to continue to invest in improvements for our hotels to maintain a high level of service in the hotel competitive sector.

Banco Hipotecario. IRSA currently seeks to keep its investment in Banco Hipotecario, as believes that Argentina has a low level of mortgages outstanding measured in terms of GDP and as a result, our investment in Banco Hipotecario is interesting in the long term.

Land reserves. IRSA seeks to continue to acquire undeveloped land at locations we consider attractive inside and outside Buenos Aires. In each case, our intention is to purchase land with significant development or appreciation potential for subsequent sale. IRSA believes 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 the past, IRSA has made significant real estate investments outside of Argentina, including investments in Brazil Realty S.A. in Brazil and Fondo de Valores Inmobiliarios in Venezuela which IRSA disposed of in 2002 and 2001, respectively. During fiscal year 2009, IRSA acquired a 30% interest in a company incorporated in Delaware, whose main asset is the so-called “Lipstick” office building located in the City of New York, and more recently, IRSA acquired a 10.09% interest, jointly with subsidiaries, in a REIT, called Hersha (NYSE: HT), which holds a controlling interest in 77 hotels in the United States, totaling around 9,551 rooms as of June 30, 2010. In addition, IRSA recently signed a conditional agreement for the purchase of a property located at 183 Madison Avenue, New York, NY, through an investment in a limited liability company, Rigby 183 LLC. IRSA seeks to continue to evaluate on a selective basis real estate investment opportunities outside Argentina as long as they offer investment and development attractive opportunities.

Shopping Centers

Overview

Through IRSA, we are engaged in purchasing, developing and managing shopping centers through our subsidiary, Alto Palermo. As of June 30, 2011, Alto Palermo operated and owned majority interests in twelve shopping centers, six of which are located in the City of Buenos Aires (Abasto, Paseo Alcorta, Alto Palermo, Patio Bullrich, Buenos Aires Design and Dot Baires Shopping), two of which are located in the greater Buenos Aires (Alto Avellaneda and Soleil Factory) metropolitan area and the other four of which 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 and Córdoba Shopping Villa Cabrera in the City of Córdoba.

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As of June 30, 2011, IRSA owned 94.9% of Alto Palermo. The remaining shares are held by the investor public and traded on the Bolsa de Comercio de Buenos Aires and the related GDSs are listed and traded on the Nasdaq National Market (USA) under the symbol "APSA." In addition, as of June 30, 2011, IRSA owned US$31.7 million of Alto Palermo's convertible notes due July 2014. If IRSA, and all the other holders of such convertible Notes were to exercise their options to convert the convertible notes into shares of Alto Palermo's common stock, our shareholding in Alto Palermo would increase to 97.5% of its fully diluted capital.

As of June 30, 2011, Alto Palermo's shopping centers comprised a total of 299,326 square meters of gross leaseable area. For fiscal period 2011, the average occupancy rate of Alto Palermo's shopping center portfolio was approximately 97.3%.

As a result of APSA's acquisition of several shopping centers, IRSA centralized management of its 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.

The following table shows certain information concerning our Alto Palermo subsidiary's shopping centers as of June 30, 2011:

Shopping Centers

	Date of Acquisition	**Leaseable Area square meters (1)**	**APSA's Effective Interest** (3)	**Occupancy rate (2)**	**Accumulated Annual Rental Income for the fiscal year (in Ps./000) (4)**			**Book Value (Ps./000) (5)**
					2011	**2010**	**2009**	
Shopping Centers [6]								
Alto Palermo	11/97	18,701	100.0%	100.0%	120,338	98,020	82,450	279,937
Abasto Shopping [7]	07/94	37,731	100.0%	99.8%	118,259	91,304	77,773	325,352
Alto Avellaneda	11/97	36,663	100.0%	96.3%	77,121	59,833	47,488	169,456
Paseo Alcorta	06/97	13,911	100.0%	99.2%	52,027	42,714	39,067	133,090
Patio Bullrich	10/98	11,741	100.0%	100.0%	45,033	37,254	31,537	136,466
Alto Noa Shopping	03/95	19,001	100.0%	100.0%	19,275	13,701	10,838	40,912
Buenos Aires Design	11/97	13,777	53.7%	98.6%	17,329	14,613	12,965	18,103
Alto Rosario Shopping [7]	11/04	28,646	100.0%	95.0%	42,642	30,821	24,141	138,472
Mendoza Plaza Shopping	12/94	40,659	100.0%	95.2%	36,441	27,206	25,478	123,312
Fibesa and Others [8]	-	N/A	100.0%	N/A	35,832	24,928	25,235	-
Neuquén [9]	07/99	N/A	98.1%	N/A	-	-	-	17,063
Dot Baires Shopping [10]	05/09	49,527	80.0%	99.7%	77,169	64,515	8,499	495,836
Córdoba Shopping Villa Cabrera	12/06	15,174	100.0%	98.1%	19,113	13,446	11,262	78,527
Soleil	07/10	14,091	100.0%	87.8%	14,200	-	-	68,578
TOTAL SHOPPING CENTERS		299,622	95.1%	97.6%	674,779	518,355	396,733	2,025,104
Consumer Finance Revenues [11]	-	N/A	20.0%	N/A	68,576	265,346	236,827	-

GENERAL TOTAL (12)	299,622	90.1%	97.3%	743,355	783,701	633,560	2,025,104

Notes:

(1) Total leaseable area in each property. Excludes common areas and parking spaces.-
(2) Calculated dividing occupied square meters by leaseable area on the last day of the period.-
(3) APSA's effective interest in each of its business units. IRSA has a 94.9% interest in APSA.-
(4) Corresponds to total leases, consolidated as per the Technical Resolution 21 method.-
(5) Cost of acquisition plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for imp
Does not include works in progress.
(6) Through Alto Palermo S.A.
(7) Excludes Museo de los Niños (3,732 in Abasto and 1,261 in Alto Rosario).-
(8) Includes revenues from Fibesa S.A., Comercializadora Los Altos S.A. (merged with Fibesa S.A.), and others.
(9) Land for the development of a shopping center.
(10) During May 2009, a shopping center, a hypermarket and a movie theater complex were opened.
(11) APSA's interest in Tarshop was 100% until 08/31/2010 and as from 09/01/2010 was 20%. APSA's interest in Metroshop i
(12) Corresponds to the "shopping center" business unit mentioned in Note 3 to the Consolidated Financial Statements; include

Tenant Retail Sales

The following table sets forth the total approximate tenant retail sales in Pesos at the shopping centers in which APSA had an interest for the periods shown below:

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	Accumulated Tenants' retail sales as of June 30, (Ps. 000) (1)		
	2009	2010	2011
Abasto	774,496	926,373	1,227,372
Alto Palermo	745,009	879,728	1,100,349
Alto Avellaneda	696,502	885,195	1,132,631
Paseo Alcorta	374,757	414,652	525,752
Patio Bullrich	274,923	344,789	432,319
Alto Noa	211,353	280,241	381,181
Buenos Aires Design	129,072	140,974	188,475
Mendoza Plaza	436,599	559,359	733,370
Alto Rosario	318,444	419,143	610,932
Córdoba Shopping- Villa Cabrera	133,527	164,257	244,189
Dot Baires Shopping	99,478	763,528	985,672
Soleil	-	-	204,077
Total(2)	4,194,160	5,778,239	7,766,319

(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.

Lease Expirations

The following table shows a schedule of estimated lease expirations for our shopping center for leases in effect as of June 30, 2011, assuming that none of the tenants exercise renewal options or terminate their lease early.

Lease Expirations as of June 30,	Number of Leases Expiring(1)	Surface area subject to Expiring Leases (m^2)	Percentage of Total Surface Area subject to Expiration (%)	Annual Base Rent under Expiring Leases (thousands of Ps.)	Percentage of Total Base Rent Under Expiring Leases (%)
2012	616	102,627	34%	120,894	38%
2013	396	52,174	17%	80,446	25%
2014	316	46,362	15%	72,723	23%
2015 and subsequent	107	98,459	33%	46,313	14%
Total (2)	1,435	299,622	100%	320,376	100%

(1) Includes vacant stores as of June 30, 2011. A lease agreement may be linked to one or more premises.
(2) Includes the basic rental income amount. Does not give effect to our ownership interest in each property.

Occupancy Rate

The following table shows the occupancy rate of each shopping center during fiscal years ended June 30, 2009, 2010 and 2011:

	As of June 30,		
	2009	**2010**	**2011**
Abasto	99.8	S99.6	99.8
Alto Palermo	100.0	100.0	100.0
Alto Avellaneda	100.0	96.0	96.3
Paseo Alcorta	97.9	97.5	99.2
Patio Bullrich	99.6	99.7	100
Alto Noa	99.9	99.9	100
Buenos Aires Design	98.8	98.4	98.6
Mendoza Plaza	96.8	93.1	95.2
Alto Rosario	95.0	93.7	98.1
Córdoba Shopping Villa Cabrera	96.4	98.8	98.1
Dot Baires Shopping	99.9	100	99.7
Soleil			87.8
Weighted Average	**98.5**	**97.5**	**97.6**

Rental Price

The following table shows the annual rental price per square meter for the fiscal years ended June 30, 2011, 2010 and 2009:

	Rental Prices as of June 30 for the fiscal periods (Ps./square meters) (1)		
	2009	**2010**	**2011**
Abasto	1,710.8	1,986.8	2,549.5
Alto Palermo	3,580.8	4,033.8	4,995.7
Alto Avellaneda	1,156.0	1,469.2	1,877.6
Buenos Aires Design	731.1	810.2	959.7
Paseo Alcorta	2,408.7	2,498.9	3,233.6
Patio Bullrich	2,254.6	2,673.9	3,201.7
Alto Noa	502.6	658.6	920.3
Alto Rosario	746.5	948.4	1,336.5
Mendoza Plaza	546.8	598.8	804.9
Córdoba Shopping- Villa Cabrera	590.7	731.6	1,104.0
Dot Baires Shopping	1,162.4	1,081.9	1,288.4
Soleil	-	-	870.5

(1) The annual price of rentals per square meter of gross leasable area reflects basic and supplementary rental charges as well as revenues from admission rights divided by the square meters of the gross leasable area.

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Depreciation

The net book value of the properties has been determined using the straight-line method of depreciation calculated over the useful life of the property. For more information, see APSA's Audited Consolidated Financial Statements, as filed with CNV.

Principal Terms of Alto Palermo's 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.

Executive Branch Decree No. 214/2002 and Executive Branch Decree No. 762/2002, which modify Public Emergency Law No. 25,561, determine that duties to turn over sums of money which are denominated in U.S. dollars and which are not related to the financial system as of January 7, 2002 are subject to the following:

- obligations will have to be paid in Pesos at a rate of Ps.1.00 = US$1.00. Additionally, these obligations are subject to inflation adjustment through the CER index;

- if, as a consequence of this adjustment, the agreement is unfair to any of the parties, as long as the party that has the obligation to pay is not overdue and the adjustment is applicable, either may ask the other for a fairness adjustment. If they do not reach an agreement, a court will make the decision in order to preserve the continuity of the contract relation in a fair way; and

- new lease agreements may be freely entered into between parties, even U.S. dollar denominated lease agreements.

Leaseable space in Alto Palermo's shopping centers is marketed through an exclusive arrangement with its real estate brokers, Fibesa S.A. ("Fibesa") and Comercializadora Los Altos S.A. (merged with Fibesa S.A. as of July 1, 2009). Alto Palermo has a standard lease agreement, the terms and conditions of which are described below, which we use 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 3% 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 18% 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 the event of litigation, no assurance can be given that Alto Palermo may be able to enforce such clauses contained in its lease agreements.

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 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 attendance 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 (Fixed Monthly Minimum Rent or Variable Rent Dependent on Sales, 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. Alto Palermo 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 shopping center revenues for the fiscal years ended June 30, 2009, 2010 and 2011:

Type of Business	**Accumulated Tenants' Sales as of June 30 for the fiscal periods (in millions of Ps.)**		
	2011	**2010**	**2009**
Anchor Store	571.6	449.7	243.7
Clothes and footwear	3,801.0	2,754.2	2,148.6
Entertainment	262.8	180.2	133.8
Home	1,468.8	1,172.9	817.8
Restaurant	701.6	495.9	382.5
Miscellaneous	918.7	691.4	440.7
Services	41.8	33.9	27.1
Total	**7,766.3**	**5,778.2**	**4,194.2**

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Detailed Information About Each of APSA's Shopping Centers

Set forth below is a brief description of APSA's shopping center portfolio

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 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. Alto Palermo Shopping has a total constructed area of 65,029 square meters that consists of 18,701 square meters of gross leaseable area. The shopping center has a food court with 19 stores. Alto Palermo Shopping is spread out over four levels and its parking lot may accommodate 654 cars. In the fiscal year ended on June 30, 2011, the public visiting the shopping center generated nominal retail sales totaling approximately Ps. 1,100.3 million, which represents annual sales for approximately Ps. 58,839.6 per square meter. Principal tenants currently include Zara, Garbarino, Sony Style, Frávega and Just For Sport. Alto Palermo Shopping's five largest tenants (in terms of sales) accounted for approximately 15% of its gross leaseable area at June 30, 2011 and approximately 17.2% of its annual base rent for the fiscal year ended on such date.

Alto Avellaneda, Avellaneda, Greater 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. Alto Avellaneda has a total constructed area of 108,598.8 square meters that includes 36,663 square meters of gross leaseable area. Alto Avellaneda has a six-screen multiplex movie theatre, a Wal-Mart megastore, an entertainment center, an 20-restaurant food court and starting in September 2011 a Zara clothing store. Wal-Mart (not included in the gross leaseable 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. In the fiscal year ended June 30, 2011, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 1,132.6 million, which represents annual revenues for approximately Ps. 30,893 per square meter. Principal tenants currently include Falabella, Garbarino, Frávega, Compumundo and Sport Line. Alto Avellaneda's five largest tenants (in terms of sales in this shopping center) accounted for approximately 35.4% of its gross leaseable area at June 30, 2011 and approximately 38.8% of its annual base rent for the fiscal year ended on such date.

Paseo Alcorta, City of Buenos Aires. Paseo Alcorta is a 110-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. Paseo Alcorta has a total constructed area of approximately 87,553 square meters that consists of 13,911 square meters of gross leaseable area. The three-level shopping center includes a four-screen multiplex movie theatre, a 17-restaurant food court, a Carrefour hypermarket, and a parking lot with approximately 1,300 spaces. Carrefour purchased the space it now occupies but it pays a share of the expenses of the shopping center's parking lot. In the fiscal year ended June 30, 2011, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 525.8 million, which represents annual sales for approximately Ps. 37,794.6 per square meter.

Principal tenants currently include Zara, Frávega, Rapsodia, Kartun and Jazmín Chebar. Paseo Alcorta's five largest tenants (in terms of sales in this shopping center) accounted for approximately 13.5% of its gross leaseable area at June 30, 2011 and approximately 16.1% of its annual base rent for the fiscal year ended on such date.

Abasto Shopping, City of Buenos Aires. Abasto Shopping is a 174-store shopping center located in the City Buenos Aires. Abasto Shopping is directly accessible by subway, railway and highway. Abasto Shopping opened in November 1998. 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, with approximately 37,731 square meters of gross leaseable area (41,463 square meters including

Museo de los Niños). The shopping center includes a food court with 28 stores, a 12-screen multiplex movie theatre seating approximately 3,100 people, covering an area of 8,021 square meters, entertainment facilities and the museum for children, covering an area of 3,732 square meters (excluded from the gross leaseable area). Abasto Shopping is spread out over five levels and has a 1,200-car parking lot. In the fiscal year ended June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 1,227.4 million, which represents annual sales for approximately Ps. 32,529.4. Principal tenants currently include Hoyts General Cinema, Garbarino, Zara, Frávega and Compumundo. Abasto's five largest tenants (in terms of sales in this shopping center) accounted for approximately 30.7% of its gross leasable area as of June 30, 2011 and approximately 18.2% of the annual base rent for the fiscal year ended on such date.

Patio Bullrich, City of Buenos Aires. Patio Bullrich is an 84-store shopping center located in Recoleta, a popular tourist zone in City of Buenos Aires a short distance from the Caesar Park, Four Seasons and Hyatt hotels. Patio Bullrich has a total constructed area of 29,982 square meters that consists of 11,741 square meters of gross leaseable area. The four-story shopping center includes a 13-store food court, an entertainment area, a four-screen multiplex movie theatre and a parking lot with 215 spaces. In the fiscal year ended June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 432.3 million, which represents sales for approximately Ps. 36,822.2 per square meter. Principal tenants currently include Zara, Etiqueta Negra, Rouge International, Cacharel and Rapsodia. Patio Bullrich's five largest tenants (in terms of sales in the shopping center) accounted for approximately 20.6% of its gross leaseable area at June 30, 2011, and approximately 22.7% of its annual base rent for the fiscal year ended on such date.

Alto Noa, Salta, Province of Salta. Alto Noa is an 92-store shopping center located in the City of Salta, the capital of the Province of Salta. The shopping center consists of approximately 30,876 square meters of total constructed area that consists of 19,001 square meters of gross leaseable area and includes a 14-store food court, an entertainment center, a supermarket, an eight-screen movie theatre and parking facilities for 551 cars. In the fiscal year ended June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 381.2 million, which represents annual sales for approximately Ps. 20,060.8 per square meters. Principal tenants currently include Supermercado Norte, Cines NOA, Boulevard Casino, Y.P.F., and Frávega. Alto Noa's five largest tenants (in terms of sales in this shopping center) represented approximately 50% of its gross leaseable area as of June 30, 2011 and approximately 27.5% of its annual base rent for the fiscal year ended on such date.

Buenos Aires Design, City of Buenos Aires. Buenos Aires Design is a 62-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 zone in Buenos Aires City. Buenos Aires Design has a total constructed area of 26,131.5 square meters that consists of 13,777 square meters of gross leaseable area and 8 restaurants. It is divided into two floors and has a 174-car parking lot. In the fiscal year ended June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 188.5 million, which represents annual sales for approximately Ps. 13,680.9 per square meter. Principal tenants currently include Morph, Hard Rock Café, Barugel Azulay, Bazar Geo and Las Malvinas. Buenos Aires Design's five largest tenants (in terms of sales in this shopping center) accounted for approximately 25.2% of its gross leaseable area as of June 30, 2011 and 29.7% of its annual base rent for the fiscal year ended on such date.

Alto Rosario, Santa Fe, City of Rosario. Alto Rosario is a shopping center of 145 stores, located in City of Rosario, Province of Santa Fe. It was inaugurated in November 2004 and has 100,750 square meters of fully covered surface, and 28,646 square meters of gross leaseable area. This center is primarily devoted to clothing and entertainment and includes a food court with 17 stores, a children's' entertainment area, a 14-screen cinema complex and parking lot for close to 1,736 vehicles. In the fiscal year ended June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 610.9 million, which represents annual sales for approximately Ps. 21,326.8 per square meters. Principal tenants are Frávega, Cines Rosario, Sport 78, Red Megatone and Compumundo. Alto Rosario's five largest tenants (in terms of sales in this shopping center) accounted for approximately 37.1% of Alto Rosario's gross leaseable area as of June 30, 2011 and 17.9% of its annual base rent for the fiscal year ended on such date.

Mendoza Plaza Shopping, Mendoza, City of Mendoza. Mendoza Plaza Shopping is a 150-store shopping center located in the City Mendoza in the Province of Mendoza. It consists of 40,659 square meters of gross leaseable area. Mendoza Plaza has a multiplex movie theatre covering an area of approximately 3,659 square meters, the Chilean department store Falabella, a food court with 22 stores, an entertainment center and a supermarket which is also a tenant. In the fiscal year ended June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 733.4 million, which represents annual sales for approximately Ps. 18,037 per square meters Principal tenants currently include Falabella, Super Plaza Vea, Garbarino, Frávega and Cines MP. Mendoza Plaza's five largest tenants (in terms of sales in this shopping center) accounted for approximately 44.3% of its gross leaseable area at June 30, 2011, and approximately 34.7% of its annual base rent for the fiscal year ended on such date.

Córdoba Shopping, Villa Cabrera, City of Córdoba. Córdoba Shopping is a 108-store commercial center located in Villa Cabrera, Province of Córdoba. It covers 15,174 square meters of gross leaseable area (GLA). Córdoba Shopping has a 12-screen movie theatre complex, a food court an entertainment area and a parking lot for 1,500 vehicles. During the six-month period ended June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 244.2 million, which represents annual sales for approximately Ps. 16,092.4 per square meter. Principal tenants are Cines CBA, Mc Donald's, Garbarino, Jazmin Chebar and Rapsodia. Córdoba Shopping's five largest tenants (in terms of sales in this shopping center) accounted for approximately 42.3% of its gross leaseable area as of June 30, 2011 and approximately 16.4% of its annual base rent for the fiscal year ended on such date. On July 2011, a new food court was inaugurated.

Dot Baires Shopping, City of Buenos Aires, 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, of which 49,527 constitute Gross Leasable Area, 155 retail stores, a hypermarket, a 10-screen multiplex movie theater and parking space for 2,200 vehicles. Alto Palermo is owner of Dot Baires Shopping through an 80% ownership interest in this shopping center. For the fiscal year ended on June 30, 2011, the shopping center's tenants generated nominal retail sales that totaled approximately Ps. 985.7 million, which represents annualized sales for approximately Ps. 19,901.5 per square meters. The main tenants include Falabella, Wal-Mart, Zara, Garbarino and Frávega. Dot Baires Shopping's five largest tenants (in terms of sales in this shopping center) accounted for approximately 46.5% of its gross leasable area as of June 30, 2011 and approximately 29.2% of its annual base rent for the fiscal year ended on such date.

Soleil Factory, San Isidro, Province of Buenos Aires. On December 28, 2007, APSA and INCSA signed a letter of intent to acquire, build and manage a shopping center in a plot of land owned by INCSA, located in the City of San Miguel de Tucumán, Province of Tucumán. This transaction was contingent upon the acquisition of the Soleil Factory shopping center. Upon completion of the acquisition of the Soleil Factory on July 1, 2010, as described below, APSA was obligated to commence the construction works on the site on May 2, 2011. However, INCSA shall comply with certain obligations prior to the commencement of said works, such as (i) delivery of the title deed of the plot of land and (ii) transfer of rights and permits on the architectural project to APSA. As of the date of this annual report, these obligations have not been fulfilled and the construction works have not commenced.

On July 1, 2010, APSA and INCSA entered into an agreement pursuant to which the Soleil Factory shopping center and other fixed assets were transferred to APSA. The transaction excluded any receivable or payable arising out of INCSA's business prior to the transaction and also excluded a building, which currently is being operated as a hypermarket within the same premises. INCSA transferred the deed of title to APSA on August 3, 2011. The transaction was authorized by the Comisión Nacional de Defensa de la Competencia, the National Commission of Competition in Argentina, on April 12, 2011.

Soleil Factory is a one-story shopping center, with a surface area of 48,313 square meters, 14,091 square meters of which are gross leaseable area, in respect of which APSA is also authorized to build more than 9,697 square meters. It comprises 74 stores and 2,335 parking spaces. Soleil Factory opened in Argentina more than 25 years ago and we are turning it into a top-brand outlet. During the fiscal year ended June 30, 2011, the public visiting the shopping center generated nominal retail sales totaling approximately Ps. 204.1 million, representing average sales for the period of approximately Ps. 14,483.2 per square meters. The main tenants include Cinemark, Cheeky, Stock Center, Dexter Outlet and Mc Donald's. Soleil Factory's five largest tenants (in terms of sales in this shopping center) accounted for approximately 41.9% of its gross leaseable area as of June 30, 2011 and approximately 32.0% of its annual base rent for the fiscal year ended on such date.

Control Systems

APSA has a computer systems to monitor tenants' sales in all of our shopping centers (except Nuevo Puerto de Santa Fé) . We also conduct regular manual audits of our tenants accounting sales records in all of our shopping centers. Almost every store in those shopping centers has a point of sale that is linked to a main computer server in the administrative office of such shopping center. We use the information generated from the computer monitoring system for statistics regarding total sales, average sales, peak sale hours, etc., for marketing purposes and as a reference for the processes of internal audit. The lease contracts for tenants in Alto Avellaneda, Alto Palermo, Paseo Alcorta, Patio Bullrich, Buenos Aires Design (only with in respect to agreements signed after its acquisition), Abasto, Alto Rosario Shopping, Alto NOA, Dot Baires, Córdoba Shopping, Soleil and Mendoza Plaza Shopping contain a clause requiring tenants to be linked to the computer monitoring system, there being certain exceptions to this requirement.

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Related Business

Consumer financing segment

APSA operates a consumer financing business through its wholly-owned subsidiary Metroshop and its affiliate Tarshop. On December 29, 2009, APSA entered into an agreement to sell shares representing 80% of Tarshop's stock to Banco Hipotecario for US$26.8 million, which sale was approved by the Central Bank on August 30, 2010. As a result, on September 13, 2010, APSA transferred 107,037,152 common shares of Tarshop to Banco Hipotecario, maintaining only 20% of Tarshop's capital stock. Due to this sale, the Consumer financing segment will have a less significant impact on APSA's results of operations going forward. As part of the sale, APSA agreed to not compete for 5 years in the credit card and/or consumer business in which Tarshop has a presence. APSA acquired 50% of the capital stock of Metroshop from Tarshop on May 21, 2010, and the remaining 50% from Metronec S.A. on January 13, 2011. Metroshop has agreed to sell to Tarshop S.A. its credit card portfolio comprised by delinquent accounts of less than 60 days, among other assets. As of the date of this annual report, APSA is analyzing various possibilities in order to define the future operations of Metroshop. On July 20, 2011, the general extraordinary shareholders' meeting of Metroshop S.A. unanimously approved the change of its corporate name to APSAMEDIA S.A. and the amendment of its corporate purpose to capitalize on market opportunities.

Development and Sale of Properties

The acquisition and development of residential apartment complexes and residential communities for sale is one of our core activities. Our development of residential apartment complexes consists of the new construction of high-rise towers or the conversion and renovation of existing structures such as factories and 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.

During fiscal year ended June 30, 2011, revenues from our Development and sale of properties segment were Ps. 341.1 million, compared to Ps. 225.6 million in the fiscal year ended June 30, 2010.

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, 2011, 2010 and 2009:

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Sales and Development Properties

Developments	Date of Acquisition	Estimated / Real Cost (in thousands of Ps.) (1)	Area intended for Sale (square meters) (2)	Total Units / Lots (3)	IRSA's Effective Interest	Percentage Built	Percentage Sold (4)	Accumulated Sales (in thousands of Ps.) (5)	Accumulated Sale the nine-month pe as of June 30 of Fis Years (in thousands of P		
									2011	2010	2
Residential Apartments											
Torres Renoir (15)	09/09/99	22,861	5,383	28	100.00%	100.00%	100.00%	53,940	-	142	5
Caballito Nuevo (16)	11/03/97	-	6,833	118	100.00%	100.00%	81.18%	39,170	39,170	-	
Torres de Rosario (8) (15)	04/30/99	-	4,692	80	95.59%	100.00%	3.08%	1,530	1,530	-	
Libertador 1703 /1755 (Horizons) (14) (17)	01/16/07	399,355	44,648	467	50.00%	100.00%	100.00%	92,362	92,362	-	
Other Residential Apartments (9)	N/A	231,677	158,747	1,660				310,128	1,599	117	
Subtotal Residential Apartments		**653,893**	**220,303**	**2,353**				**497,130**	**134,661**	**259**	**5**
Residential Communities											
Abril/Baldovinos (10)	01/03/95	130,955	1,408,905	1273	100.00%	100.00%	99.50%	238,669	1,607	5,067	
El Encuentro (18)	11/18/97	-	125,889	110	100.00%	100.00%	64.24%	24,147	20,665	3,482	
Villa Celina I, II y III	05/26/92	4,742	75,970	219	100.00%	100.00%	100.00%	14,028	-	-	
Subtotal Residential Communities		**135,697**	**1,610,764**	**1,602**				**276,844**	**22,272**	**8,549**	
Land Reserves											
Puerto Retiro	05/18/97		82,051	-	50.00%	0.00%	0.00%	-	-	-	
Santa María del Plata	07/10/97		715,951	-	100.00%	0.00%	10.00%	-	-	-	
Pereiraola	12/16/96		1,299,630	-	100.00%	0.00%	100.00%	46,311	-	46,311	
Terreno Rosario (8) (19)	04/30/99		31,000	-	95.59%	0.00%	100.00%	34,003	22,931	-	
	11/03/97		7,451	-	100.00%	0.00%	100.00%	52,658	52,658	-	

Terreno Caballito Neuquen (8)	07/06/99		4,332	1	95.59%	0.00%	100.00%	9,102	9,102	-	
Terreno Baicom	12/23/09		6,905	-	50.00%	0.00%	0.00%	-	-	-	
Canteras Natal Crespo	07/27/05		4,300,000	-	50.00%	0.00%	0.00%	336	63	21	
Terreno Beruti (8)	06/24/08		3,207	-	95.59%	0.00%	100.00%	75,373	75,373	-	
Pilar	05/29/97		740,237	-	100.00%	0.00%	0.00%	-	-	-	
Coto Air Space (8)	09/24/97		24,000	-	95.59%	0.00%	0.00%	-	-	-	
Torres Jardín IV	07/18/96		3,176	-	100.00%	0.00%	100.00%	11,480	11,480	-	
Terreno Caballito (8)	10/22/98		23,389	-	95.59%	0.00%	0.00%	-	-	-	
Patio Olmos (8)	09/25/07		5,147	-	95.59%	100.00%	0.00%	-	-	-	
Other Land Reserves (11)	N/A		13,603,466	1				4,182	1,969	1,172	
Subtotal Land Reserves			**20,849,942**	**2**				**233,445**	**173,576**	**47,504**	
Others											
Madero 1020	12/21/95		5,069	N/A	100.00%	100.00%	100.00%	18,848	-	71	
Della Paolera 265	08/27/07		472	N/A	100.00%	100.00%	100.00%	6,850	-	-	
Madero 942	08/31/94		768	N/A	100.00%	100.00%	100.00%	6,137	-	-	
Dock del Plata	11/15/06		7,942	N/A	100.00%	100.00%	100.00%	84,206	-	42,136	4
Libertador 498	12/20/95		7,439	N/A	100.00%	100.00%	100.00%	93,462	10,504	46,608	3
Edificios Costeros	03/20/97		6,389	N/A	100.00%	100.00%	100.00%	68,580	-	68,580	
Libertador 602	01/05/96		677	N/A	100.00%	100.00%	100.00%	10,948	-	10,948	
Laminar	03/25/99		6,521	N/A	100.00%	100.00%	100.00%	74,510	-	-	7
Reconquista 823	11/12/93		5,016	N/A	100.00%	100.00%	100.00%	31,535	-	-	3
Locales Crucero I			192	N/A	100.00%	100.00%	100.00%	2,006	-	-	
Others (12)	N/A		-	N/A	N/A	N/A	N/A	25,342	59	912	
Subtotal Other			**40,485**					**398,110**	**10,563**	**169,255**	**20**
Total (13)		**789,590**	**22,721,494**	**3,957**				**1,405,524**	**341,072**	**225,567**	**27**

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Notes:

1. Cost of acquisition plus total investment made and/or planned for apartments and residential communities' projects already developed or under development (adjusted for inflation as of 02/28/03, if applicable).-

2. 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.

3. Represents the total units or plots upon completion of the development or acquisition (excluding parking and storage spaces).

4. The percentage sold is calculated dividing the square meters sold by the total saleable square meters, which includes sales made under the preliminary sales agreements for which no title deed has been executed yet.

5. Includes only the cumulative sales consolidated by the RT21 method adjusted for inflation as of 02/28/03.-

6. Corresponds to the company's total sales consolidated by the RT4 method adjusted for inflation as of 02/28/03. Excludes turnover tax deduction.-

7. Cost of acquisition plus improvements, plus capitalized interest of consolidated properties in portfolio as of June 30, 2011, adjusted for inflation as of 02/28/03.

8. Through Alto Palermo S.A.

9. Includes the following properties: Torres de Abasto through APSA (fully sold), units to be received by Beruti through APSA, Torres Jardín, Edificios Cruceros (fully sold), San Martin de Tours, Rivadavia 2768, Alto Palermo Park (fully sold), Minetti D (fully sold), Dorrego 1916 (fully sold), Padilla 902 (fully sold), Caballito barter receivable and Lotes Pereiraola through IRSA.

10. Includes the sales of Abril's shares.

11. Includes the following land reserves: Terreno Pontevedra, Isla Sirgadero, Terreno San Luis, Mariano Acosta, Merlo and Intercontinental Plaza II through IRSA, Zetol and Vista al Muelle through Liveck and C.Gardel 3134 (fully sold), C.Gardel 3128 (fully sold), Aguero 596 (fully sold), República Arabe Siria (fully sold), Terreno Mendoza (fully sold), Zelaya 3102, Conil, Soleil air space and Other APSA (Through APSA).

12. Includes the following properties: Puerto Madero Dock XIII (fully sold). It also includes income from termination and income due to the reimbursement of common maintenance expenses, stamp tax and associated fees.

13. Corresponds to the "Sales and Developments" business unit mentioned in Note 3 to the Consolidated Financial Statements.

14. Owned by CYRSA S.A.

15. Corresponds to swap receivables disclosed as “Inventories” in the Consolidated Financial Statements for parcels “G” and “H”. The degree of physical progress of parcel “G” at June 30, 2011 is 100% and of parcel “H” is 84%.

16. 78% of the area was sold under deed. The book value includes net realizable value for Ps. 373.3 thousand representing 1% of the total square meters.

17. Gains derived from 99.4% of sales have been recognized as Net Realizable Value.

18. 54% of the area was sold under deed. The book value includes net realizable value for Ps. 1,051.0 thousand representing 3% of the total square meters.

19. The book value includes net realizable value for Ps. 14,964.4 thousand following offer letters representing 41% of the total square meters.

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Residential Apartments and Lofts

In the apartment building market, IRSA acquires undeveloped properties strategically located in densely populated areas of the City of Buenos Aires, particularly properties located next to shopping centers and hypermarkets or those to be constructed. We then develop multi-building high-rise complexes targeting the middle-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.

Completed Apartment Projects

Torres Jardín, City of Buenos Aires. Torres Jardín is a high-rise residential complex located in the Buenos Aires neighborhood of Villa Crespo, approximately five minutes from Abasto Shopping. Torres Jardín I, II and III have been completed and consist of 490 one, two and three-bedroom residential apartments. The complex also includes 295 spaces of underground parking. As of June 30, 2011, 2 parking spaces and 4 spaces for motorcycle parking were pending sale.

Edificios Cruceros, City of Buenos Aires. "Edificios Cruceros" is a project located in the Puerto Madero area. This dwelling building covers 6,400 square meters of surface area, and it is close to the "Edificios Costeros" office building. This project targets the high-income segment of the population and all its common areas have views to the river. This development was partially financed through the anticipated sale of its apartments. Works have been completed and at June 30, 2011 are fully sold.

Barrio Chico, City of Buenos Aires. This is a unique Project located in Barrio Parque, an exclusive residential zone in the City of Buenos Aires. During May 2006 the successful marketing of this project was launched. The image of the product was previously developed with the name of "Barrio Chico" with advertisements in the most important media. As of June 30 2011, the project is finished and only 5 parking spaces remain to be sold.

Palacio Alcorta, City of Buenos Aires. Palacio Alcorta is a 191-loft units residential property that we converted from a former Chrysler factory in the residential neighborhood of Palermo Chico, one of the most exclusive areas of Buenos Aires City, located just a ten-minute drive from downtown Buenos Aires. The loft units range from 60 to 271 square meters. This development project targets the upper-income market. Palacio Alcorta has 165 parking spaces and also seven retail units that belong to us. All of the loft units in the complex have been sold.

Concepción Arenal 3000, City of Buenos Aires. Concepción Arenal 3000 is a 70-loft residential property located in the north-central area of the City of Buenos Aires. Each loft unit has a salable area of 86 square meters and a parking space. Lofts in this building are targeted towards the middle-income market. As of June 30, 2011, the project had been completed and fully sold.

Alto Palermo Park and Plaza, City of Buenos Aires. Alto Palermo Park is one of two 34-story apartment buildings located two blocks from Alto Palermo Shopping in the exclusive neighborhood of Palermo. Apartments in this building are targeted primarily towards the upper-income market. Alto Palermo Park is located next to its twin building, Alto Palermo Plaza. Both buildings are comprised of three- and four-bedroom apartments with an average area of 158 square meters in the case of Alto Palermo Park and of 294.5 square meters, in the case of Alto Palermo

Plaza. Each unit includes an average of 18 and 29 square meters parking/storage space, respectively. These buildings were included with the assets that IRSA acquired in November 1997 from Pérez Companc. As of the date of this report, 100% of both towers was sold.

Villa Celina, Province Buenos Aires. Villa Celina is a 400-plot residential community for the construction of single-family homes located in the residential neighborhood of Villa Celina on the southeastern edge of the City of Buenos Aires. We have been developing this property in several stages since 1994. The first three stages involved 219 lots, each measuring on average 347 square meters and the last two stages involve 181 lots. As of June 30, 2011, 100% of the project had been sold.

Torres Renoir, Dique III. During fiscal year 2006 we closed swap agreements that allowed us to start the construction of these two exclusive residential buildings of 37 and 40 stories. Located in Dique III in Puerto Madero, City of Buenos Aires, this project was directed to a medium-high income public. The project includes amenities and high-class services. As of June 30, 2011, the works were completed and the units were fully sold.

Apartment Projects Currently Under Development

Torre Caballito, City of Buenos Aires. This property, with a surface 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. ("KOAD"), an Argentine developer, entered into an asset exchange agreement valued at US$7.5 million pursuant to which sold to Koad plot number 36 of "Terrenos de Caballito" whereby KOAD S.A. has agreed to develop a residential complex called "Caballito Nuevo", at its costs, consisting of two 34-story towers containing 220 apartments each, consisting of one, two and three bedroom residential units with surface areas ranging from 40 to 85 square meters, totaling approximately 28,000 saleable square meters. 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, representing 25% of the total square meters for sale. As of June 30, 2011, 82% of the apartments and 86% of the parking lots were sold and 21 apartments and 14 parking spaces are still on sale.

Vicente López, Olivos, Province of Buenos Aires "Horizons Project". In January, 2007, IRSA acquired the total shares of Rummaala S.A., the main asset of which is a plot of land located in Vicente Lopez, Province of Buenos Aires. The purchase price was US$21.17 million, payable as follows: (i) US$4.25 million in cash and (ii) through the delivery of certain units of the building to be constructed in the land owned by Rummaala in the amount of US$16.92 million, within a 4-year term as from the later of the approval date of the plans by the competent authorities or the date on which the property is vacated. As security for compliance with the construction of the future building and transfer of the future units, the shares acquired were pledged.

Simultaneously with the former transaction, Rummaala acquired a plot of land adjacent to its own property for a total purchase price of US$15.0 million, payable as follows: (i) US$0.5 million in cash; (ii) through the delivery of certain units of buildings Cruceros I and II in the amount of US$1.25 million and (iii) through the delivery of certain units of the building to be constructed in the land acquired for a total purchase price of US$13.25 million, within a 40-month term as from the later of the approval date of the plans by the competent authorities or the date on which the property is vacated. As security for compliance with the construction of the future building and transfer of the future units, the property located at Suipacha 652 was mortgaged.

In April 2007, IRSA created CYRSA S.A. in order to have a corporate vehicle to facilitate the development of a specific project together with one or more investors having in-depth knowledge and vast experience in the industry. To that end, IRSA contributed 100% of the capital stock in Rummaala S.A. and the debt in kind associated to the acquisition of the land to CYRSA for a net amount of $ 21.5 million, whereas CYRELA contributed $ 21.5 million (an amount equivalent to the value of the shares that we contributed).

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IRSA entered into an agreement with Cyrela Brazil Realty S.A. Empreendimentos e Partiçipac es for the development of residential projects in the Republic of Argentina through CYRSA S.A., which will operate under the name of IRSA - CYRELA.

CYRSA is presently developing this plot of land. The showroom was opened to the public in March 2008 and it was an immediate success. As of June 30, 2011 100% of the units were sold, the degree of progress was about 96.0%.

PAMSA-Dot Baires Offices. Panamerican Mall S.A., a subsidiary of APSA, developed an office building with a gross leasable area of 9,700 square meters adjacent to the shopping center opened in May 2009, Dot Baires. As of June 30, 2011, this building was in operating conditions and fully leased.

Residential Communities

In the residential communities market, IRSA acquires undeveloped properties located in suburban areas or neighborhoods near the large cities to develop private neighborhoods and country clubs in which to sell vacant lots for the construction of single family homes. In these properties IRSA builds streets and roads and arrange for the provision of basic municipal services and amenities such as open spaces, sports facilities and security. IRSA seeks to capitalize on improvements in transportation and communication around the City of Buenos Aires, the growing suburbanization of the region and the shift of the population moving to countryside-type residential communities.

An important factor in the trend towards living in suburban areas has been the improvements and additions to the Autopista Panamericana, Avenida General Paz and Acceso Oeste highways, which significantly reduce traveling time, encouraging a significant number of families to move to the new residential neighborhoods. Furthermore, improvements in public train, subway and bus transportation since their privatization have also influenced the trend to adopt this lifestyle.

As of June 30, 2011, IRSA's residential communities for the construction of single-family homes for sale in Argentina had a total of 7,422 square meters of saleable area in Abril, and 45,705 square meters of saleable area in "El Encuentro" (Benavidez). Both residential communities are located in the province of Buenos Aires.

Abril, Hudson, Greater Buenos Aires. Abril is a 312-hectare private residential community located near Hudson City, approximately 34 kilometers south of the City of Buenos Aires. IRSA has 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 neighborhoods have been completed, and as of June 30, 2011, 99.5% of the property had been sold for an aggregate of Ps. 238.7 million, with 7,422 square meters available for sale.

El Encuentro, Benavidez, Tigre. In the district of Benavidez, Municipality of Tigre, 35 kilometers north from downtown Buenos Aires, a 110-hectare gated residential complex known as "El Encuentro" is located, consisting of a total of 527 lots with a total saleable area of 610,785.15 square meters 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 original lot whereby DEESA agreed to pay US$ 4.0 million to IRSA's subsidiary Inversora Bolívar, of which US$ 1.0 million were paid in cash and the balance of US$3.0 million was paid on December 22, 2009, with the transfer of 110 residential plots already chosen, totaling a saleable area of 127,795 square meters. The development of the project is completed and equipped with power supply, water, sewage, effluent treatment plant, public lighting, finished driveways and accesses, buildings, sports facilities, etc.

As of June 30, 2011, after having started its commercialization in March 2010, 64 units have been sold and there are portfolio reserves for 8 additional units for an amount of US$ 0.89 million, and 38 units are available for sale.

Land Reserves

Through IRSA, we have acquired large undeveloped properties as land reserves located in strategic areas for the future development of office and apartment buildings, shopping centers and single family housing. We have acquired what we believe to be two of the largest and most important undeveloped river front plots in Buenos Aires, Puerto Retiro and Santa María del Plata, for the future development of residential and office spaces. In addition, we have benefited from the improvement of land values during periods of economic growth. As of June 30, 2011, our land reserves totaled 25 properties consisting of approximately 2,160 hectares (including the lot in Caballito, and the air space over Coto C.I.C.S.A. - "Coto"- where we hold interests through our subsidiary Alto Palermo).

Land Reserves in the City of Buenos Aires

Solares de Santa Maria, City of Buenos Aires, (formerly Santa María del Plata). 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 Buenos Aires. Through IRSA's subsidiary Solares de Santa María S.A. ("Solares de Santa María") IRSA is owner of this property. IRSA intends to develop this property for mixed purposes, i.e. our development project involves residential complexes as well as offices, stores, hotels, sports and sailing clubs, services areas with schools, supermarkets and parking lots.

As part of the project, IRSA has sold 10% of Solares de Santa María capital stock for US$10.6 million to Mr. Israel Sutton Dabbah, who is part of the Sutton Group. An initial payment of US$1.5 million was made and the balance of US$9.1 million capitalized in September, 2010.

In early September 2010, IRSA acquired through E-Commerce Latina 100% of the stock capital of Unicity S.A. for the sum of US$ 2.5 million. Unicity capitalized its US$ 9.1 million debt with the company and we received in exchange 36,036,000 shares representing 88.61% of Unicity, being held by E-Commerce the remaining 11.39%. Following this transaction, we own 100% of capital stock of Solares de Santa María.

In 1997 IRSA acquired the site which the National Executive Branch had assigned to be the Olympic village of the Olympic Games in case Buenos Aires was chosen as host city to hold the Olympic Games. A rule passed by the Legislative Branch of the City of Buenos Aires in 1992, provided general urban standards to the site, and stated that the "Site urban design" was to be submitted for approval of the Environmental Urban Plan Council (Consejo de Planificación Urbana - "COPUA"). As from the acquisition of this property, IRSA has been seeking the municipal approvals necessary for the development of a mixed project in the area.

In the year 2000, IRSA filed a master plan for the Santa María del Plata site, which was assessed by COPUA 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, IRSA 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.

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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 Executive Branch 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 IRSA's proposed development plan, due to objections made by a legislator of the City of Buenos Aires, alleging the suspension of Executive Branch Decree No. 1584/07, and each construction project and/or the municipal permits granted for business purposes. Notwithstanding the legality and validity of the Executive Branch Decree No. 1584/07, IRSA entered into an agreement 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.

Puerto Retiro. 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 IRSA has initiated negotiations with municipal authorities in order to rezone the area. IRSA's plan is to develop a 360,000 square meters financial center. The launching date has not been settled and consequently, the estimated cost and financing method are not decided. We own a 50% indirect interest in Puerto Retiro through IRSA's subsidiary Inversora Bolívar.

Caballito lot, Ferro Project. This is a property of approximately 23,791 square meters in the City of Buenos Aires, neighborhood of Caballito, one of the most densely populated of the city, which Alto Palermo purchased in November 1997. The zoning for the property allows the development of a 30,000 square meters shopping center, a hypermarket, a cinema complex, and several recreation and entertainment activity areas. IRSA is currently working to define the commercial project. 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.

Beruti plot. During June 2008, APSA acquired a plot of land situated at Berutti 3351/3359, between Bulnes and Avenida Coronel Díaz in Palermo, a neighborhood in the City of Buenos Aires near to our Shopping Center known as "Alto Palermo Shopping". The property has a surface area of 3,207 square meters for a price of US$ 17.8 million. This has been a significant acquisition because of the strategic location of the property, in the immediate vicinity of our main shopping center.

In October 2010, the lot was sold to TGLT for US$ 18.8 million. APSA received US$ 10.7 million in cash upon the execution of the preliminary purchase and sale agreement. As consideration for the balance, APSA will receive 17.33% of the apartments' saleable area, 15.82% of the residential parking spaces and 170 business parking spaces located in the first and second underground levels . As collateral for the transaction, TGLT delivered to APSA a performance bond for US$ 4.0 million and a first-degree mortgage in favor of APSA for US$ 8.1 million, over the lot. Delivery is expected to take place in November 2013.

Terreno Paraná. On June 30, 2009, Alto Palermo executed a "Letter of Intent" whereby it stated its 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 at the beginning of July 2010, the sum of US$ 0.05 million was paid as advance payment, in August 2010 US$ 0.1 million was paid, and the remaining US$ 0.35 million will be paid upon the execution of the title deed.

Caballito plot. During this fiscal year, IRSA and TGLT executed a barter deed pursuant to which we transferred to TGLT under a swap agreement the property detailed in the deed as described below, which has a total surface area of 9,784 square meters: plot of land, designated as Parcel ONE L, in block 35, facing Méndez de Andes street between Rojas and Colpayo streets in the Caballito neighborhood.

In turn, TGLT agreed to carry out in the property a real estate development for residential use. In exchange for the transfer of the property, APSA will receive non-cash considerations equivalent to US$ 12.75 million, which consist in transferring under barter to APSA certain home units in the buildings to be built which will represent 23.1% of the saleable area and 21.1% of the parking spaces. As security for the transaction, TGLT has granted to IRSA a first-degree mortgage over the property in the amount of US$ 12.75 million.

Coto Residential Project. Alto Palermo owns approximately 24,000 square meters 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 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. On July 25, 2008, an exchange agreement was executed, pursuant to which APSA would transfer to Cyrsa S.A. ("Cyrsa") 112 parking units and the rights to erect on top of the hypermarket two building towers if certain conditions are met. In exchange, Cyrsa would deliver to APSA an undefined number of units in the building to be erected equivalent to 25% of the square meters. On September 17, 2010, the exchange agreement was terminated.

Terreno Baicom. On December 23, 2009, IRSA acquired 50% of a parcel located in the surroundings of the Buenos Aires Port, 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.

Land Reserves in the Province of Buenos Aires

Sale of Pereiraola, Hudson. Pereiraola S.A., is IRSA's subsidiary that owns 130-hectare undeveloped property adjacent to Abril, a private residential community developed by IRSA.

On April 21, 2010, IRSA entered into a purchase and sale agreement with a third party by means of which IRSA agreed to sell 100% of Pereiraola S.A.'s capital stock. The purchase price of the transaction was set at US$11.8 million plus VAT, which represented a gain of Ps.21.7 million over book value.

On June 25, 2010, IRSA accepted a purchase bid for US$11.8 million, to be paid partly in cash and partly in kind. For the cash-based payment, the buyer has paid to IRSA US$1.9 million. The US$7.8 million balance will be paid in four semi-annual, equal and consecutive installments of US$1.9 million each. On September 30, 2010, we received U$S1.05 million as an advance on the first installment. As to the non-monetary part of the purchase price, the buyer will transfer ownership to IRSA over certain lots within the 36 months following the date its bid was accepted.

To secure payment of the price, the buyer pledged in IRSA's favor its Pereiraola's shares and granted a first-degree mortgage in IRSA's favor over the property.

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Pilar. Pilar is a 74-hectare undeveloped land reserve property located close to the city of Pilar, 55 kilometers northwest of downtown Buenos Aires. The property is easily accessible due to its proximity to the Autopista del Norte highway. Pilar has become one of Argentina's fastest developing areas. IRSA is considering several alternatives for this property including the development of a residential community or the sale of this property in its current state and, therefore, we do not have a cost estimate or financing plan. The plot's book value is estimated to be Ps.3.4 million as of June 30, 2010.

Land Reserves in Other Provinces

Torres Rosario Project, City of Rosario, Province of Santa Fe. APSA owns a block of land of approximately 50,000 square meters divided into 8 smaller plots in the City of Rosario, near the Alto Rosario Shopping Center.

On October 11, 2007, APSA entered into an exchange agreement with Condominios de Alto S.A., by means of which lot 2-G was transferred by APSA to Condominios de Alto S.A. As consideration for the exchange of the property, Condominios de Alto S.A. agreed to transfer to APSA 15 apartments, with an aggregate surface of 1,504 square meters (including 15 parking spots). These units are currently for sale.

Additionally, on November 27, 2008, APSA entered into an exchange agreement with Condominios de Alto S.A., by means of which lot 2-H was transferred by APSA to Condominios de Alto S.A. As consideration, Condominios de Alto S.A. paid APSA US$34 million and agreed to transfer to APSA 42 apartments, with an aggregate surface of 3,188 square meters (including 47 parking spaces).

As of June 30, 2011, the remaining lots were sold as follows: (i) on April 14, 2010, APSA sold lot 2-A for US$4.2 million, (ii) on May 3, 2010, APSA sold lot 2-E for US$1.4 million, (iii) on October 11, 2010, APSA sold lot 2-F for US$1.9 million, (iv) on December 3, 2010, APSA sold lot 2-D for US$1.5 million and (v) on December 3, 2010, APSA sold lot 2-C for US$1.5 million.

Condominios del Alto I- (parcel 2-G)

The project is composed of two opposite blocks of buildings, commercially divided into eight sub-blocks. Apartments (97 units) are distributed in six stories with 98 underground parking spaces. Condominios del Alto I's amenities include a swimming pool with solarium, a multiple use room, sauna, a gym with dressroom and a laundry. Given its excellent location and construction quality, this development is targeted to a medium-high income segment.

As of June 30, 2011, the construction of fifteen apartments had been completed and two apartments with parking spaces had been sold, while 13 apartments and 13 parking spaces were available for sale.

Condominios del Alto II – (parcel 2-H)

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 six 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 dressroom and a laundry. Completion of the work is expected to occur in the first quarter of 2012.

As of June 30, 2011 45 parking spaces and 5 storage spaces were available for sale.

Neuquén Project, Province of Neuquén. The main asset of the Neuquen project is a plot of land of approximately 50,000 square meters. The project contemplates the construction of a shopping center, a hypermarket, a hotel and an apartment building.

On December 13, 2006 Shopping Neuquén signed an agreement with the Municipality of Neuquén and the Province of Neuquen, which establishes a timetable for land development and an authorization to Shopping Neuquén to sell plots of lands (different than those in which the shopping will be built). On April 8, 2010 the municipality approved the project and construction plans of the mall and the hypermarket, which construction began on July 5, 2010.

The first stage of the works is projected to be finished within the 22 month period following the date of commencement of the construction works. In the event of a breach in the conditions by APSA, the Municipality of Neuquén is entitled to terminate the agreement and repossess the property.

Ex Escuela Gobernador Vicente de Olmos, Córdoba, Province of Córdoba. In November 2006, IRSA participated in a public bidding process 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. The building has a surface of 5,147 square meters. Inside the building there is a portion of the Patio Olmos shopping center, which operates in four commercial plants and has two underground parking lots. This shopping center also includes two adjacent buildings with cinemas and a commercial annex connected to the property subject to the bid and connected by certain easement contracts. The building is under a concession contract granted by us effective for a 40-year term, expiring in February 2032. On September 25, 2007, the Government of the Province of Córdoba executed and delivered the title deed of the property where the Patio Olmos Shopping Center is currently operating in IRSA’s favor.

Canteras Natal Crespo, Province of Córdoba. The first guidelines for the development of this project are in process on the basis of the Master Plan of the Chilean architect firm called URBE. Also, preliminary presentations have been submitted to the Municipality of La Calera and to the Provincial Government.

This project is characterized by an attractive and varied residential offer of land, dwelling areas of low and medium density, and commercial and social areas. Each one of the quarters will have a full service infra-structure and will be distinguished by the particularities of the land in the outstanding natural environment of the Sierras Chicas of the Province of Córdoba.

Canteras Natal Crespo S.A. is a company located in the Province of Córdoba that will have as main activity the urbanization of own or third parties plots of land, the so-called countries, and lots for sale or rent, production of quarries, real estate business and construction of houses.

Purchase of Nobleza Piccardo’s Plant

IRSA has acquired, through a subsidiary in which IRSA has a 50% interest, the property where Nobleza Piccardo has its manufacturing plant. It is located in the City of San Martin (Av. San Martín 601), in the Province of Buenos Aires; and due to its size and location it is an excellent site for the future development of different segments. The total area of its plot is 160,000 square meters with a built area of 81.786 square meters. According to the executed agreement, Nobleza Piccardo will lease 100% of the plot during the first year, releasing it partially until the 3rd lease year, at which moment it will release the whole plot.

During the first lease year, the rental area is 80,026 square meters including storehouses and offices and during the second year of lease, the leased area will be reduced to 27,614 square meters.

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IRSA is preparing a Master Plan in order to apply before the authorities of San Martín's Town Hall for the zoning parameters that will allow IRSA to develop a mixed-use project.

Other Land Reserves

Through IRSA, our portfolio also includes twelve land reserve properties located in the City of Buenos Aires and its surrounding areas. These properties are projected for future developments of offices, shopping centers, apartment buildings and residential communities. The main properties under this category include Merlo, Mariano Acosta and Pontevedra. We also own a property in the surroundings of the City of Santa Fe called Isla Sirgadero.

Hotels

At the end of the 1997 fiscal year, IRSA acquired the Hotel Llao Llao, IRSA's first luxury hotel. Some months later, as part of the acquisition from Pérez Companc of the Old Alto Palermo, IRSA acquired an indirect 50% interest in the Hotel Intercontinental in Buenos Aires which IRSA owns through its subsidiary Inversora Bolívar. In March 1998, IRSA acquired the Hotel Libertador. During fiscal year 1999, IRSA sold a 20% interest in the Hotel Libertador to Hoteles Sheraton de Argentina S.A., ("Hoteles Sheraton de Argentina") and during the fiscal year 2000, IRSA sold 50% of its interest in the Hotel Llao Llao to the Sutton Group. During fiscal year 2007 IRSA increased its share in Inversora Bolivar by 100% and obtained an indirect share in the Hotel Intercontinental of 76.34%.

The following chart shows certain information regarding IRSA's luxury hotels:

Hotels	Date of Acquisition	IRSA's effective interest	Number of rooms	Average Occupancy % (1)	Average price per room Ps.(2)	Accumulated sales in Ps. 000 as of June, 30 (in thousand Ps.)			Book value (Ps. 000)
						2011	2010	2009	
Intercontinental (3)	11/01/97	76.34%	309	78.2%	631	78,841	64,092	61,367	52,288
Sheraton Libertador (4)	03/01/98	80.00%	200	87.4%	506	43,786	36,996	37,060	41,091
Llao Llao (5)	06/01/97	50.00%	201	49.7%	1,258	70,256	58,806	60,486	75,207
Terrenos Bariloche (5)	12/01/06	50.00%	N/A	N/A	N/A	N/A	N/A	N/A	21,900
Total	-	-	710	72.5%	714	192,883	159,894	158,913	190,486

(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 IRSA acquired the Hotel Llao Llao from Llao Llao Holdings S.A. 50% 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 square meters and 158 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 Buenos Aires. During 2007, the hotel was subject to an expansion and the number of suites in the hotel rose to 201 rooms.

Hotel Intercontinental, City of Buenos Aires. In November 1997, IRSA acquired 51% of the Hotel Intercontinental from the Pérez Companc S.A. The Hotel Intercontinental is located in the downtown City of Buenos Aires neighborhood of Monserrat, adjacent to 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 square meters ballroom. Other amenities include a restaurant, a business center, a spa 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 IRSA 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, a United States corporation.

Terreno Bariloche, "El Rancho," San Carlos de Bariloche, Province of Río Negro. On December 14, 2006, through IRSA's hotel operator subsidiary, Llao Llao Resorts S.A., IRSA acquired a land covering 129,533 square meters 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 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 Hotel Llao Llao in an outstanding natural environment and it has a large cottage covering 1,000 square meters of surface area designed by the architect Ezequiel Bustillo.

International Investments

Acquisition of companies in the real estate business in the Republic of Uruguay. In the course of fiscal year 2009 IRSA 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 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 held by Banzey S.A. (Banzey). These companies have undeveloped lands in Canelones, Uruguay, close to the capital city of Uruguay, Montevideo.

The total purchase price for Zetol was US$ 7.0 million; there has been a down payment for US$ 2.0 million and it has been agreed that the balance shall be cancelled in 5 installments of US$ 1.0 million each, accruing interest at an annual 3.5% rate on outstanding balances, against the consummated launches of the projected construction or within a maximum term of 93 months counted as from the date of acquisition by IRSA. The sellers may choose to receive, in lieu of cash for the outstanding balances (principal plus interest), ownership over units in the buildings to be constructed in the land owned by Zetol equivalent to 12% of the total marketable meters to be constructed.

The total price for the acquisition of Vista al Muelle was US$ 0.83 million, as follows: there has been a US$ 0.5 million down payment and it has been agreed that the balance will be cancelled within a maximum term of two years plus an annual 8% interest rate on balances.

To secure compliance with the obligations assumed by Liveck in connection with the above-mentioned transactions, Ritelco S.A. has tendered a surety bond to secure 45% of the price balance, interest, and the sellers' option rights.

There is a mortgage over the land bought, which means that the sellers rely on a dual guarantee. As of June 30, 2009, IRSA sold a 50% stake in Liveck to Cyrela Brazil Realty S.A for US$ 1.3 million.

Under the agreement for the purchase and sale of Zetol and Vista al Muelle and its respective addenda, Liveck has undertaken to acquire the shareholding held by Banzey (or by Ernesto Kimelman or by an entity owned by him, as applicable) in those companies and Banzey has agreed to sell the shares for the amount in US Dollars or in Uruguayan Pesos, as applicable, that any of them would have effectively contributed to Zetol and Vista al Muelle, until the transaction is consummated.

In December 2009, Vista al Muelle acquired a real property for a purchase price of US$ 1.9 million; there has been a US$ 0.3 million down payment and the balance shall be cancelled through the delivery of housing units and/or storefronts to be constructed and equivalent to 12% of a 65.54% portion of the sum of the prices of all the units covered by the Launching Price List for Sector B (the parties have already signed a plat of subdivision to this end).

In February 2010, it acquired a real estate for a purchase price of US$ 1.0 million in exchange for a down payment of US$ 0.15 million with the balance to be paid in 3 consecutive and equal installments maturing on December 31, 2011, June 30, 2013 and December 30, 2014 and accruing an annual 3% interest rate on the outstanding balance, payable quarterly and in arrears as from December 31, 2009.

On December 17, 2010, IRSA and Cyrela entered into a stock purchase agreement pursuant to which IRSA purchased from Cyrela a 50% interest in Liveck S.A. for US$ 2.7 million. Accordingly, as of June 30, 2011, IRSA's stake, through Tyrus, in Liveck is 100%.

We intend to carry out an urban project consisting of the construction of apartment buildings to be subsequently sold. The project has been granted the requisite "urban feasibility" status by the Mayor's Office of the Canelones department and by its local legislature.

Lipstick building, New York, United States. In July 2008, IRSA (through its subsidiaries) acquired a 30% equity interest in Metropolitan, which principal asset is an office building known as "Lipstick Building", and the debt related to this asset. The transaction included the acquisition of (i) put rights effective July 2011 over 50% of the interest purchased for a price equal to the amount invested plus interest at rate of 4.5% per annum and (ii) a right of first offering for the acquisition of 60% of the 5% equity interest. The price paid for the transaction was US$ 22.6 million.

During fiscal year 2011, as a result of negotiations successfully undertaken, an agreement was reached to restructure Metropolitan's debt as follows:

(i) the mortgage debt was reduced from US$ 210.0 million to US$ 130.0 million at a Libor rate + 400 basis points, subject to a cap of 6.25% and a 7-year maturity term;

(ii) the junior debt, amounting to US$ 45.0 million (excluding accrued interest) was repaid with the payment of US$ 2.25 million; and

(iii) the existing ground leases will be maintained under the same terms and conditions as they were granted, in principle for a remaining period of 66 years.

This restructuring took place on December 30, 2010. On such date, a principal payment of US$ 15.0 million (previously contributed by IRSA) was made under the new restructured mortgage debt, reducing it from US$ 130.0 million to US$ 115.0 million.

Following such closing, IRSA indirectly holds 49% of New Lipstick LLC, a holding company that is owner of Metropolitan, and under the scope of these agreements, it cancelled the put option for 50% of the equity interest initially acquired.

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

As of June 30, 2011, this building had an occupancy rate over 89% generating average revenues above US$ 60.0 per square meters per month.

At present, works are being carried out in the 26th floor of the building for the construction of 4 “turn key” offices designed by the renowned architecture firm Gensler. Those spaces are being sold and completion is expected to take place by the end of 2011. There is also a project in charge of the firm Moed de Armas & Shannon to remodel the interior and exterior of the Lobby while preserving its original style.

Investment in Hersha Hospitality Trust. On August 4, 2009, through REIG, a company indirectly controlled and managed by IRSA, together with other minority investors, acquired 5.7 million common shares of Hersha, a leading company in the hotels segment in the United States, for a total purchase price of US$ 14.3 million. Accessorily to the initial acquisition of IRSA’s equity interest in Hersha, IRSA have an option to buy up to 5.7 million additional common shares in Hersha at a price of US$ 3.00 per share exercisable at any time prior to July 31, 2014 subject to certain conditions. In addition, as a part of the investment agreements, our Board Chairman and CEO, Mr. Eduardo S. Elsztain, was appointed member of the board of directors of Hersha.

In January 2010, REIG acquired 4.8 million additional shares for a total price of US$ 14.4 million, increasing the equity interest in Hersha to 10.3%. In turn, on March 24, 2010, Hersha increased its capital and issued 27,600,000 Class A common shares. In connection with this increase REIG exercised its preemptive subscription rights granted under the initial transaction and acquired 3,864,000 additional Class A common shares for a price per share of US$ 4.25, for a total amount of US$ 16.4 million. In October 2010 REIG acquired 2,952,625 Class A common shares, at a price per share of US$ 5.8 for a total amount of US$ 17.1 million. Then, during this fiscal period, REIG sold 2,542,379 Class A common shares, at a weighted average price of US$ 5.63 for a total amount of US$ 14.3 million. Therefore, as of June 30, 2011, our indirect interest in Hersha amounted to 9.2%.

Hersha is a REIT traded in the New York Stock Exchange, under the "HT" ticker. Hersha’s investments are mainly in upscale, mid-scale and extended stay 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.

As of June 30, 2011, Hersha's portfolio of hotels comprises majority stakes in 63 hotels and ownership interests in a further 15 hotels through joint ventures. These hotels are all within the "select service" and "upscale hotels" categories. In the aggregate, Hersha's 78 hotels represent over 10,443 rooms and are located in Arizona, California, North Carolina, Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island and Virginia. The properties are operated under highly prestigious, leading franchises (such as Marriott (r), Courtyard by Marriott (r), Residence Inn (r), Fairfield Inn (r), Springhill Suites (r), TownePlace Suites (r), Hilton (r), Hilton Garden Inn (r), Hampton Inn (r), Homewood Suites (r), Hyatt Summerfield Suites (r), Holiday Inn (r), Holiday Inn Express (r), Comfort Inn (r), Mainstay Suites (r), Sleep Inn (r), Sheraton Hotel (r), and Hawthorn Suites (r)). Hersha also operates some of its hotels through independent boutique hotel chains.

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Building located at 183 Madison Avenue, New York, NY. In December 2010, IRSA, through Rigby 183 LLC ("Rigby 183"), in which it indirectly holds a 49% stake through IMadison LLC ("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 access to transportation, 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 leaseable area is approximately 23,200 square meters, 3,523 square meters of which correspond to retail stores and 19,677 square meters are offices.

The total purchase price was US$ 98 million (US$ 4,224 per leaseable square meters) 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 pre-builds program.

As of June 30, 2011, the building's occupancy rate was over 63% and generated average revenues above US$ 35 per square meters. During this period, works have been carried out to remodel the building's common areas and also to construct "turn key" offices in the ninth floor. The remodeling program is expected to be fully completed by the end of the year.

Office and Other Non-shopping Center Rental Properties

Overview

Through IRSA, we are engaged in the acquisition, development and management of Offices and other non-shopping center rental properties in Argentina. As of June 30, 2011, we directly and indirectly owned interests in 22 office and other rental properties in Argentina, which comprised 327,838 square meters of gross leaseable area. Of these properties, 15 were office properties, which comprised 150,860 square meters of gross leaseable area. For fiscal year 2011, we had revenues from Offices and other non-shopping center rental properties of Ps. 164.6 million.

IRSA's office rental property in Argentina is located in Buenos Aires City. For the year ended June 30, 2011, the average occupancy rate for all our properties in the Offices and other non-shopping center rental properties segment was approximately 85.0%. Seven different tenants accounted for approximately 43.0% of our total revenues from office rentals for fiscal year 2011: Exxon Mobile Business, Price Waterhouse, Grupo Total Austral, Apache Energía Argentina, Grupo Danone Argentina, Sibille S.C. (KPMG) and Microsoft de Argentina S.A.

Management.

IRSA generally acts as the managing agent of the office properties in which IRSA owns 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 IRSA owns 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, IRSA is responsible for handling services, such as security, maintenance and housekeeping. These services are generally contracted to third party providers. The cost of the services are passed-through and paid for by the tenants, except in the case of IRSA's units not rented, in which case we absorb the cost. IRSA' leaseable space is marketed through commissioned brokers, the media and directly by IRSA.

Leases.

IRSA leases its offices and other 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 IRSA's direct and indirect ownership interest in offices and other non-shopping center rental properties:

IRSA's Offices and Other Non-Shopping Center Rental Properties

Offices and other rental properties	Date of Acquisition	Gross Leasable Area (square meters) (1)	Occupancy Rate (2)	IRSA's Effective Interest	Monthly Rental Income (in thousands of Ps.) (3)	Annual accumulated rental income over fiscal periods (12 months) (in thousands of Ps.) (4)			Book Value (in thousands of Ps.) (5)
			June-11			2011	2010	2009	
Offices									
Edificio República	04/28/08	19,884	85%	100%	2,302	26,013	21,188	17,114	215,535
Torre Bankboston	08/27/07	14,873	78%	100%	1,615	20,655	22,333	19,670	152,498
Bouchard 551	03/15/07	23,378	91%	100%	1,969	24,026	22,441	20,342	148,242
Intercontinental Plaza	11/18/97	22,535	96%	100%	1,918	21,405	21,559	18,372	78,394
Bouchard 710	06/01/05	15,014	92%	100%	1,591	16,800	14,076	17,379	64,277
Dique IV, Juana Manso 295 (10)	12/02/97	11,298	92%	100%	1,264	14,715	13,963	1,743	62,218
Maipú 1300	09/28/95	10,280	100%	100%	1,031	11,870	11,339	9,890	36,904
Costeros Dique IV	08/29/01	5,437	100%	100%	471	5,288	5,358	5,056	18,523
Libertador 498	12/20/95	3,094	100%	100%	430	5,301	6,900	9,285	12,024
Suipacha 652/64	11/22/91	11,453	95%	100%	652	7,071	4,804	3,820	10,484
Madero 1020	12/21/95	101	100%	100%	3	35	31	32	197
Dot Building (13)	11/28/06	11,242	86%	96%	294	2,143	-	-	105,144
Other Offices (6)	N/A	2,271	86%	N/A	189	965	4,602	18,768	4,690
Subtotal Offices		**150,860**	**91%**	**N/A**	**13,729**	**156,287**	**148,594**	**141,471**	**909,130**
Other Properties									
Commercial Properties (7)	N/A	312	-	N/A	-	-	1	209	3,379
Museo Renault	12/06/07	1,275		100%	-	191	356	356	4,692
Santa María del Plata S.A.	07/10/97	60,100	100%	100%	90	3,035	1,014	959	12,508
Thames	11/01/97	33,191	-	100%	-	-	175	607	3,897
Predio San Martín	05/31/11	80,028	100%	50%	1,300	669	-	-	69,994
Terreno Catalinas Norte (12)	12/17/09	N/A	N/A	N/A	-	1,018	N/A	N/A	102,666
Other Properties (8)	N/A	2,072	100%	N/A	10	128	80	2,207	6,929
Subtotal Other Properties		**176,978**	**80%**	**N/A**	**1,400**	**5,041**	**1,626**	**4,338**	**204,065**

Management Fees (11)	N/A	N/A	N/A	N/A	3,290	3,944	1,940	N/A
Total Offices and Other (9)	**327,838**	**85%**	**N/A**	**15,129**	**164,618**	**154,164**	**147,749**	**1,113,195**

Notes:

(1) Total leaseable area for each property as of June 30, 2011. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of June 30, 2011.

(3) Agreements in force as of 06/30/11 for each property were computed.

(4) Total leases consolidated by application of the method under Technical Resolution 21.

(5) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment.

(6) Includes the following properties: Madero 942 (fully sold), Av. de Mayo 595, Av. Libertador 602 (fully sold), Rivadavia 2774, Sarmiento 517, Dock del Plata (fully sold), Edificio Costeros (fully sold), Laminar (fully sold), Reconquista 823/41 (fully sold).

(7) Includes the following properties: Constitución 1111, Crucero I (fully sold); Retail stores in Abril (wholly assigned) and Casona de Abril.

(8) Includes the following properties: Constitución 1159 and Dique III (fully sold) and Canteras.

(9) Corresponds to the “Offices and other non-shopping center rental properties” business unit mentioned in Note 3 to the Consolidated Financial Statements.

(10) The building was occupied in May 2009.

(11) Revenues from building management fees.

(12) Includes other income from lease of parking spaces.

(13) Through Alto Palermo S.A. – The building has income as from August 2010.

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The following table shows a schedule of the lease expirations of our office and other properties for leases outstanding as of June 30, 2011, assuming that none of the tenants exercise renewal options or terminate their lease early. Most tenants have renewal clauses in their leases.

Fiscal year of lease expiration	Number of leases expiring	Surface area subject to expiring leases (m^2)	Percentage of total surface area subject to expiration (%)	Annual rental income under expiring leases (Ps.)	Percentage of total rental income under expiring leases (%)
2012	27	64,595	23%	22,251,727	12%
2013	58	39,813	14%	57,805,158	32%
2014	42	40,626	15%	42,403,339	24%
2015+	61	134,181	45%	57,758,706	32%
Total	188	279,215	100%	180,218,929	100%

*Includes Offices which contract has not been renewed as of June 30, 2011.
*Does not include vacant leased square meters.
*Does not include square meters or revenues from parking spaces.

The following table shows our offices occupancy percentage as of the end of fiscal years ended June 30, 2011, 2010 and 2009:

	Occupancy Percentage		
	Fiscal year ended June 30 (1)		
	2011 (%)	2010 (%)	2009 (%)
Offices			
Intercontinental Plaza	96	100	100
Bouchard 710	92	83	100
Bouchard 551	91	100	96
Libertador 498	100	100	100
Maipu 1300	100	99	100
Madero 1020	100	100	100
Suipacha 652/64	95	95	100
Costeros Dock IV	100	90	90
Torre Bankboston	78	96	100
Edificio República	85	80	64
Dique IV, Juana Manso 295	92	92	89
Dot Building	86	N/A	N/A
Others (2)	86	86	72

(1) Leased surface area in accordance with agreements in effect as of June 30, 2011, 2010 and 2009 considering the total leaseable office area for each year.

(2) Includes the following properties: Madero 942 (fully sold), Av. de Mayo 595, Av. Libertador 602 (fully sold), Rivadavia 2774, Sarmiento 517, Dock del Plata (fully sold), Edificio Costeros (fully sold), Laminar (fully sold) and Reconquista 823/41 (fully sold).

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The following table sets forth the annual average income per square meter for our offices during fiscal years ended June 30, 2011, 2010 and 2009:

	Annual average income per square meter		
	Fiscal year ended June 30 (1)		
	2011 (Ps./m^2)	2010 (Ps./m^2)	2009 (Ps./m^2)
Offices			
Intercontinental Plaza	950	957	717
Bouchard 710	1,119	938	1,158
Bouchard 557	1,028	960	870
Libertador 498	1,713	1,366	1,005
Maipu 1300	1,155	1,103	962
Madero 1020	347	307	281
Suipacha 652/64	617	419	334
Costeros Dock IV	973	985	930
Torre Bankboston	1,389	1,502	1,238
Edificio República	1,308	1,066	861
Dique IV, Juana Manso 295 (2)	1,302	1,236	154
Dot Building	191	N/A	N/A
Others (3)	425	404	672

Notes:

(1) Calculated considering annual leases to total leaseable office area, in accordance with our percentage of ownership in each building.

(2) Fiscal year 2009 income corresponds to only 45 days.

(3) Includes the following properties: Madero 942 (fully sold), Av. de Mayo 595, Av. Libertador 602 (fully sold), Rivadavia 2774, Sarmiento 517, Dock del Plata (fully sold), Edificio Costeros (fully sold), Laminar (fully sold) and Reconquista 823/4 (fully sold).

Additional InformationAbout IRSA's Office Properties

Below you will find information regarding IRSA's principal currently owned office properties, including the names of the tenants occupying 5% or more of the gross leaseable area of each property.

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 leaseable square meters to our portfolio distributed in 20 floors. The main tenants include Apache Energía, Deutsche Bank, Estudio Beccar Varela, Federalia S.A. de Finanzas, Enap Sipetrol Argentina S.A., Infomedia, BASF Argentina S.A. and Banco Itaú.

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 Standard Bank, BankBoston N.A. Suc. Bs. As., Exxon Mobile, Kimberley Clark de Argentina and Hope, Duggan & Silva S.C.

Bouchard 551, City of Buenos Aires. Bouchard 551, known as "*Edificio La Nación",* is an office building that we acquired in March 2007, located in the Plaza Roma area. 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 177 units. We have approximately 23,000 leasable square meters in the building. and our main tenants include La Nación S.A., Price Waterhouse & Co., AS. EM. S.R.L, Maersk Argentina S.A and Regus Business Centre S.A.

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 Monserrat 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, Cognizant Technology Solutions, Industrias Pugliese S.A. and Toyota Credit Argentina.

Juana Manso 295-Dique IV, 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. 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 Catalinas 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., Chubb Argentina de Seguros 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, the city's most important public transportation hub, connecting rail, subway and bus transportation. We own the entire building, which has an average area per floor of 440 square meters. The building's principal tenants currently include Allende & Brea, Verizon Argentina S.A. and PPD Argentina S.A, TV Quality, Bovis Lend Lease S.A. and Japan International Cooperation Agency.

Libertador 498, City of Buenos Aires. Libertador 498 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 6 stories with an average area per floor of 620 square meters and of 153 parking spaces. 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. The main tenants include Sideco Americana S.A., Goldman Sachs Argentina LLC, Japan Bank for the International Cooperation, Gates Argentina S.A., Kandiko S.A., LG Electronics Argentina S.A., Allergan Productos Farmacéuticos S.A. and Dak Americas Argentina S.A.

Edificios Costeros, Dique IV, City of Buenos Aires. On August 29, 2001, we signed the deed of purchase of "Section C" of the office complex known as Puerto del Centro that includes buildings "5" and "6." The property is located in the Puerto Madero area and has approximately 5,500 square meters of gross leaseable area and 50 parking spaces. The building's principal tenants currently include Nextel Argentina S.A., Consultora de Estudios Bonaerense S.R.L., London Supply S.A.C.I.F.I., Banco Río de la Plata S.A. and Trafigura Argentina S.A.

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.

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Other office properties. IRSA also has interests in other office properties, all of which are located in the City of Buenos Aires. These properties are either entire buildings or portions of buildings, none of which contributed more than Ps. 1.1 million in annual rental income for fiscal year 2011. Among these properties are Madero 942 (sold in October 2008), Libertador 602 (sold), Av. de Mayo 595, Rivadavia 2768 and Sarmiento 517.

Retail and other properties. IRSA's portfolio of rental properties as of June 30, 2011 includes 4 non-shopping center leased properties that are leased as shops on streets, a lot in industrial premises, two undeveloped plots of land and 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, Museo Renault, Thames and Solares de Santa María.

Catalinas Norte Plot of Land. On May 26, 2010, IRSA jointly with the Government of the City of Buenos Aires, executed a deed of conveyance of title whereby IRSA 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. 95.0 million, Ps. 19.0 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.

IRSA's Investment in Banco Hipotecario

As of June 30, 2011, IRSA owned approximately 29.77% of Banco Hipotecario which represented 14.5% of its 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 49 branches and 18 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, 2011, Banco Hipotecario ranked fifth in the Argentine financial system in terms of shareholders' equity and thirteenth in terms of total assets. As of June 30, 2011, Banco Hipotecario's shareholders' equity was Ps.3,068.1 million, its assets were Ps.12,102.8 million, and its net income was Ps.218.4 million. Since 1999, Banco Hipotecario's shares have been listed on the Buenos Aires Stock Exchange in Argentina, and since 2006 it has had a Level I GDR program.

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 demand for retail and wholesale 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 combined family, 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, 2011, its portfolio of non-mortgage loans represented 76.2% of its total loan portfolio, compared to 62.8% as of June 30, 2010.

During the period ended June 30, 2011, Banco Hipotecario also experienced continued growth in deposits, including savings accounts and time deposits.

The following table sets forth Banco Hipotecario's sources of funding as of the dates indicated.

	At June 30, 2011	At June 30, 2010	% Change 2011/2010
	(in millions of Pesos, except for percentages)		
Bonds[1]	1,847.6	2,336.5	(20,9)
Borrowings from Central Bank	12.5	17.1	(26,9)
Borrowings from bank and international entities	200.0	20.2	NA
Deposits	5,109.4	4,390.7	17.2
Total	7,169.5	6,764.5	6.0

(1) Excludes accrued interest.

Seasonality

IRSA's "shopping centers" business unit is subject to strong seasonality. During the summer holiday season (January and February) IRSA's tenants experience their minimum sales levels, compared to the winter holiday season (July) and December (Christmas) when IRSA's tenants tend to reach their peak sales figures. Clothes and footwear tenants tend to change their collections in the spring and fall. This has a positive effect on the sales of stores. Discount sales at the end of each season also have a major impact on our business.

Competition

Offices and Other Non-Shopping Center Rental Properties

Substantially all of IRSA's office and other non-shopping center rentals are located in developed urban areas. There are many office buildings, shopping malls, 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 and may effect as the sale and lease price of IRSA's premises.

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 IRSA may participate in the development of real estate in foreign markets, potentially encountering well established competitors.

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Shopping centers

Because most of IRSA's shopping centers are located in developed 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. IRSA believes 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 it in areas through the development of new shopping center properties. IRSA's 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 leaseable area (square meters)	Shops	National gross leaseable area (2) (%)	% Shops (2) (%)
APSA						
	Abasto de Buenos Aires	CABA	41,463	175	2.54%	2.93%
	Alto Palermo Shopping	CABA	18,701	144	1.15%	2.41%
	Buenos Aires Design(3)	CABA	13,786	62	0.84%	1.04%
	Dot Baires Shopping	CABA	49,526	153	3.03%	2.56%
	Paseo Alcorta(4)	CABA	52,466	112	3.21%	1.87%
	Patio Bullrich	CABA	11,742	83	0.72%	1.39%
	Córdoba Shopping(4)	Córdoba	22,185	105	1.36%	1.76%
	Alto Avellaneda(4)	GBA	67,543	145	4.14%	2.42%
	Soleil	GBA	14,033	74	0.86%	1.24%
	Mendoza Plaza Shopping(4)	Mendoza	40,659	150	2.49%	2.51%
	Alto Rosario (4)	Rosario	40,909	146	2.51%	2.44%
	Alto Noa(4)	Salta	19,001	92	1.16%	1.54%
	Subtotal		392,014	1,441	24.01%	24.11%
Cencosud S.A.						
	Portal de Palermo(4)	CABA	32,252	36	1.98%	0.60%
	Portal de Madryn	Chubut	4,100	26	0.25%	0.43%
	Factory Parque Brown(4)	GBA	31,468	91	1.93%	1.52%
	Factory Quilmes(4)	GBA	40,405	47	2.48%	0.79%
	Factory San Martín(4)	GBA	35,672	31	2.19%	0.52%
	Las Palmas del Pilar Shopping(4)	GBA	50,906	131	3.12%	2.19%
	Plaza Oeste Shopping(4)	GBA	41,120	146	2.68%	2.61%
	Portal Canning(4)	GBA	15,114	21	0.93%	0.35%
	Portal de Escobar(4)	GBA	31,995	31	1.96%	0.52%
	Portal Lomas(4)	GBA	32,883	50	2.01%	0.84%
	Unicenter Shopping(4)	GBA	94,279	287	5.78%	4.80%
	Portal de los Andes (4)	Mendoza	33,154	45	2.03%	0.75%
	Portal de la Patagonia(4)	Neuquén	33,468	94	2.05%	1.57%
	Portal de Rosario(4)	Rosario	66,361	182	4.07%	3.04%

	Portal de Tucumán(4)	Tucumán	21,301	94	1.31%	1.57%
	Portal de Trelew (4)	Chubut	21,812	69	1.34%	1.15%
	Subtotal		586,290	1,381	35.95%	23.08%
Other Operators			**653,944**	**3,158**	**40.07%**	**52.80%**
Total			**1,632,248**	**5,980**	**100%**	**100%**

(1) "GBA" means Greater Buenos Aires, the Buenos Aires metropolitan area, and "CABA" means the Autonomous 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 leaseable area occupied by supermarkets and hypermarkets.

IRSA's Regulation and Government Supervision of its Real Estate Business

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 IRSA's properties.

Currently, Argentine law does not specifically regulate shopping center lease agreements. Since IRSA's shopping center leases generally differ from ordinary commercial leases, IRSA has created standard provisions that govern the relationship with its shopping center tenants.

Leases

Argentine law imposes certain restrictions on landlords, 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 IRSA's lease agreements were U.S. dollar-denominated, Executive Branch Decree No. 214/2002, Executive Branch Decree No.762/2002 and Law No. 25,820 that amended the Public Emergency Law, provided that monetary obligations in force as of 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 were higher or lower than the amount at the moment of the payment, any of the parties could require an equitable adjustment of the price. If the parties did not reach an agreement, the judicial courts could decide on a case by case basis; and

- pursuant to Executive Branch Decree No. 117/2004 and Law No. 25,796 that amends Law No. 25,713, the CVS became unenforceable since April 1, 2004.

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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 IRSA's lease agreements go from 3 to 10 years.

Despite this restriction, in November 2007, the judicial courts authorized IRSA's subsidiary Alto Palermo to enter into a lease agreement with Wal Mart Argentina S.R.L. for a term of 30 years. This exception was authorized taking into consideration the size of the investment required and the amount of time that was necessary to recoup this investment. In June 2008, IRSA's subsidiary Alto Palermo requested the judicial courts a new authorization to enter into a lease agreement with Falabella for a term of 30 years. In August 2008, the judicial courts rejected the request and in November 2008 Alto Palermo appealed this decision. In June 2009, the Appeal Court also rejected Alto Palermo's request and as a result such matter has been concluded.

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 negatively 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. 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.

Development and Land Use

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

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

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

Sales and Ownership

Real Estate Installment Sales Law. The Real Estate Installment Sales Law No. 14,005, as amended by Law No. 23,266 and Executive Branch Decree No. 2015/1985, imposes a series of requirements on contracts for the sale of subdivided real estate property, 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 in 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 his 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:

- warranty and liability disclaimers;

- waiver of consumer rights;

- extension of seller rights; and

- 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.

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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 final use for of 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, 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.

Buildings Law. Buildings Law No. 19,724, as amended, sets forth a regime for the construction of buildings for later 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 intervening parties are jointly and severally liable to reimburse all amounts deposited or paid by the purchasers. All agreements entered into 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 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, IRSA includes in its 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 by law Nº 25,589 and afterwards for 90 additional days more by Law No. 25,640 dated September 2002, expiring on February, 2003.

On February 4, 2003, the Executive Branch enacted Executive Branch 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 were 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 Executive Branch 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 2003, the Argentine Congress enacted Law No. 25,737 which suspended foreclosures for an additional period of 90 days, which ended in May 2003. On September 2003, several financial institutions voluntarily agreed not to foreclose on their mortgage loans. On 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 (paid by the Argentine Government) which would purchase the mortgage debts and reschedule the maturity date. Financial institutions were given 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 Executive Branch 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.

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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 IRSA's mortgages are U.S. dollar-denominated, Executive Branch Decree No. 214/2002 and Executive Branch Decree No. 762/2002 that amend 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 moment of the payment, any of the parties could require an equitable adjustment of the price. If the parties did not reach an agreement, the judicial courts could decide on a case by case basis; and

- pursuant to Executive Branch 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 Cards Law. Law No. 25,065, amended by Law No. 26,010 and Law No. 26,361, regulates different aspects of the business known as "credit card system." The regulations impose minimum contractual contents and the approval thereof by the Industry, Commerce and Mining Secretary (*Secretaría de Industria, Comercio y Minería de la Nación*), as well as the limitations on the interest to be collected from users and the commissions charged the stores adhering to the system. The Credit Card Law applies to banking and non-banking cards, such as "Tarjeta Shopping", issued by Tarshop.

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 by approximately Ps.200.0 million in Argentina; then the respective concentration should be submitted for approval to the *Comisión Nacional de Defensa de la Competencia*, or 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 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, 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 total Ps.20.0 million or Ps.60.0 million in the last 36 months, these transactions must be notified to the Antitrust Authority.

As the consolidated annual sales volume of APSA and IRSA exceed Ps.200.0 million, we should give notice to the Antitrust Authority of any concentration provided for by the Antitrust Law.

Environmental Regulation. IRSA's 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 see to 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 a 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.

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On August 6, 2009, the *Comisión Nacional de Valores* issued General Resolution No. 559/2009 ("General Resolution No. 559/2009") providing for the rules applicable to listed companies whose corporate purpose comprise activities regarded as risky for the environment, in order to keep the shareholders, investors and the general public informed about the fulfillment of current environmental regulations. As of the date hereof, such Resolution has not been regulated as provided for therein.

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 d. "*Risk Factors - IRSA's business is subject to extensive regulation and additional regulations may be imposed in the future.*"

Property

As of June 30, 2011, 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) are 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, respectively. IRSA does not currently lease any material properties other than the headquarters.

The following table sets forth certain information about IRSA's properties, as of June 30, 2011:

Property [10][12]	Date of Acquisition	Leasable/ Sale m2(1)	Location	Net Book Value Ps./000[2]	Encumbrance	Outstanding principal amount Ps./000	Maturity Date	Balance due at maturity	Rate	Use
Intercontinental Plaza[3]	11/18/97	22,535	City of Buenos Aires	84,414	-	-	-	-	-	Off Ren
Dock del Plata	11/15/06	809	City of Buenos Aires	3,184	-	-	-	-	-	Off Ren
Bouchard 710	06/01/2005	15,014	City of Buenos Aires	65,772	-	-	-	-	-	Off Ren
Bouchard 551	03/15/07	23,378	City of Buenos Aires	151,734	-	-	-	-	-	Off Ren
Libertador 498	12/20/95	4,954	City of Buenos Aires	19,05	-	-	-	-	-	Off Ren
Maipú 1300	09/28/95	10,28	City of Buenos Aires	38,979	-	-	-	-	-	Off Ren
Madero 1020	12/21/95	101	City of Buenos Aires	229	-	-	-	-	-	Off Ren
	11/22/91	11,453		11,162	Mortgage[7]	-	-	-	-	

Suipacha 652/64			City of Buenos Aires							Off Ren
Costeros Dique IV	08/29/01	5,437	City of Buenos Aires	19,405	-	-	-	-	-	Off Ren
Edificio República	04/28/08	19,884	City of Buenos Aires	222,128	Mortgage	104,164	Abr-13	25,504	annual nominal 12% over balances	Off Ren
Dique IV, Juana Manso 295	12/02/1997	11,298	City of Buenos Aires	66,978	-	-	-	-	-	Off Ren
Av. De Mayo 595/99	08/19/92	1,958	City of Buenos Aires	4,603	-	-	-	-	-	Off Ren
Rivadavia 2768	09/19/91	274	City of Buenos Aires	230	-	-	-	-	-	Off Ren
Sarmiento 517	01/12/1994	39	City of Buenos Aires	341	-	-	-	-	-	Off Ren
Constitución 1111	06/16/94	312	City of Buenos Aires	919	-	-	-	-	-	Commerc Ren
Della Paolera 265	08/27/07	14,873	City of Buenos Aires	156,546	-	-	-	-	-	Off Ren
Museo Renault	12/06/2007	1,275	City of Buenos Aires	4,83	-	-	-	-	-	Commerc Ren
Santa María del Plata	07/10/1997	60,1	City of Buenos Aires	12,496	-	-	-	-	-	Oth Rent
Thames[3]	11/01/1997	33,191	Province of Buenos Aires	3,899	-	-	-	-	-	Oth Rent

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Property [10][12]	Date of Acquisition	Leasable/ Sale m2(1)	Location	Net Book Value Ps./000[2]	Encumbrance	Outstanding principal amount Ps./000	Maturity Date	Balance due at maturity	Rate	Us
Thames[3]	11/01/1997	33,191	Province of Buenos Aires	3,899	-	-	-	-	-	C R
Constitución 1159	01/16/94	2,072	City of Buenos Aires	5,173	-	-	--	--	-	C R
Terreno Catalinas Norte	12/17/2009	N/A	City of Buenos Aires	102,666	-	-	-	-	-	C R
Predio San Martín	12/17/2009	80,028	City and Province of Bs. As.	69,994	Mortgage	94.4	May-14	31.6	7.5%	C R
Other Properties[8]	N/A	N/A	City and Province of Bs. As.	3,134	Mortgage	-	-	-	-	R
Alto Palermo Shopping[4]	11/23/97	18,629	City of Buenos Aires	145,684	-	-	-	-	-	Sho C
Abasto[4]	07/17/94	41,1	City of Buenos Aires	167,722	-	-	-	-	-	Sho C
Alto Avellaneda[4]	12/23/97	36,579	City of Avellaneda	78,338	-	-	-	-	-	Sho C
Paseo Alcorta[4]	06/06/1997	14,388	City of Buenos Aires	72,165	-	-	-	-	-	Sho C
Patio Bullrich[4]	10/01/1998	11,736	City of Buenos Aires	93,545	-	-	-	-	-	Sho C
Alto Noa[4]	03/29/95	18,869	City of Salta	22,5	-	-	-	-	-	Sho C
Buenos Aires Design[4]	11/18/97	18,621	City of Buenos Aires	10,059	-	-	-	-	-	Sho C
Alto Rosario Shopping [4]	11/09/2004	28,649	City of Rosario	78,263	-	-	-	-	-	Sho C
Mendoza Plaza Shopping [4]	12/02/1994	40,548	City of Mendoza	83,104	-	-	-	-	-	Sho C
Córdoba Shopping Villa Cabrera[4]	12/31/06	15,541	City of Córdoba	67,294	Anticresis	-	-	-	-	Sho C
	12/01/2006	49,75		575,358	-	-	-	-	-	

Dot Baires Shopping [4]			City of Buenos Aires							Sho (
Neuquén Project[4]	07/06/1999	N/A	Province of Neuquén	12,298	-	-	-	-	-	Sho Cen constru
Soleil	07/06/1999	14,033	Province of Buenos Aires	68,578	Mortage	55.9	Jul-17	51.8	5%	Sho Cen constru
Abril/Baldovinos	01/03/1995	1,408,905	Province of Buenos Aires	1,085	-	-	-	-	-	Resi Commu
El Encuentro	11/18/97	125,889	Province of Buenos Aires	5,918	-	-	-	-	-	Resi Commu
Puerto Retiro[3]	05/18/97	82,051	City of Buenos Aires	54,343	-	-	-	-	-	Land R
Terreno Baicom	12/23/2009	6,905	City of Buenos Aires	4,459	-	-	-	-	-	Land R
Santa María del Plata	07/10/1997	715,951	City of Buenos Aires	140,414	-	-	-	-	-	Land R
Terreno Torres de Rosario [4]	04/30/99	31	City of Rosario	16,041	-	-	-	-	-	Land R
Canteras Natal Crespo	07/27/05	4,300,000	Province of Córdoba	5,706	-	-	-	-	-	Land R
Patio Olmos [4]	09/25/07	5,147	Province of Córdoba	32,949	-	-	-	-	-	C Buenos
Others Reserves of Land[6]	N/A	14,385,436	City and Province of Buenos Aires	86,379	-	-	-	-	-	Land R

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Property [10][12]	Date of Acquisition	Leasable/ Sale m2(1)	Location	Net Book Value Ps./000[2]	Encumbrance	Outstanding principal amount Ps./000	Maturity Date	Balance due at maturity	Rate	Use
Residential apartments, communities and others[9]	N/A	N/A	City and Province of Bs.As.	217,837	-	-	-	-	-	Residential apartments and others
Hotel Llao Llao	06/01/1997	24	City of Bariloche	82,424	-	-	-	-	-	Hotel
Hotel Intercontinental [3]	11/01/1997	37,6	City of Buenos Aires	55,825	-	-	-	-	-	Hotel
Hotel Sheraton Libertador	03/01/1998	17,463	City of Buenos Aires	41,988	Mortgage	20,028	Mar-10	19,266	Libor 6M + 700 pb	Hotel
Bariloche Plot of Land	12/01/2006	N/A	Province of Rio Negro	21,9	Mortgage	-	-	-	-	Hotel

(1) Total leasable area for each property. Excludes common areas and parking spaces.

(2) Cost of acquisition or development (adjusted as discussed in Note 2.c. to the audited financial statements), plus improvements, less accumulated depreciation, less allowances as of December 31, 2009.

(3) Through IBSA.

(4) Through Alto Palermo.

(5) Directly through IRSA and indirectly through IBSA.

(6) Includes the following land reserves: Pilar and Terreno Torre Jardín IV, Terreno Pontevedra; Isla Sirgadero; Mariano Acosta, Intercontinental Plaza II, advance purchase San Luis and Merlo (through SRSA), Zetol and Vista al Muelle (through Liveck) and Terreno Caballito, the Coto project, C. Gardel 3128/34, Agüero 596, Zelaya 3102 and Conil (through Alto Palermo).

(7) As security for compliance with the construction of the future building to be constructed in a plot of land in Vicente Lopez, Province or Buenos Aires and transfer of the future units, the company's property located at Suipacha 652 was mortgaged.

(8) Includes the following properties: Abril and Alto Palermo Park.

(9) Includes the following properties: Torres Renoir I, Torres Jardín, Edificios Cruceros, San Martín de Tours, Rivadavia 2768, Swap receivables Terreno Caballito (Cyrsa), Swap receivables Terreno Caballito (KOAD) Torre Caballito, Horizons.

(10) All assets are owned by IRSA or through any our subsidiary.

(11) Percentage of occupation of each property. The land reserves are assets that the company remains in the portfolio for future development.

(12) Does not include properties held outside of Argentina through our investments in Metropolitan, Hersha and Liveck.

Insurance

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 Development and Sale of Properties 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.

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C. Organizational Structure

Subsidiaries and Affiliated Companies

The following table includes a description of our subsidiaries and affiliated companies as of June 30, 2011:

Subsidiaries	Effective Ownership and Voting Power Percentage	Property/Activity
Cactus Argentina S.A.	80.00%	This company represents our strategic alliance with Cactus Feeders Inc. and Tyson Foods Inc. for feed lot production. It owns a 170-hectare farm located in the district of Villa Mercedes in the Province of San Luis. It will have the capacity to support 75,000 head of beef cattle per year, in cycles of approximately 28,000 head each.
Agro-Uranga S.A.	35.72%	An agriculture, dairy and beef cattle company which owns two farms ("Las Playas" and "San Nicolás") covering 8,299 hectares in the provinces of Santa Fe and Córdoba, and approximately 1,434 beef cattle head.
Futuros y Opciones.Com S.A.	65.85%	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, grain brokerage services and beef cattle operations.
IRSA Inversiones y Representaciones Sociedad Anónima	57.70%(3)	It is a leading Argentine company devoted to the development and management of real estate.
BrasilAgro Companhia Brasileira de Propiedades Agrícolas	35.75%(4)	BrasilAgro is mainly involved in four areas: sugar cane, grains and cotton, forestry activities, and livestock.
Exportaciones Agroindustriales Argentinas S.A.	79.98%(1)	EAASA 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.
Agrology S.A.	100%	Agrology S.A. is involved in contributions, association or investment of capital in individuals or companies organized or to be organized in Argentina 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.
FyO Trading S.A.	67.09%[2]	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.
Agrotech S.A.	100%[3]	Agrotech S.A. is involved in contributions, association or investment of capital in individuals or companies organized or to be organized in Argentina 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.
Northagro S.A.	100%[3]	Northagro S.A. is involved in contributions, association or investment of capital in individuals or companies organized or to be organized in Argentina 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.
Pluriagro S.A.	100%[3]	Pluriagro S.A. is involved in contributions, association or investment of capital in individuals or companies organized or to be organized in Argentina 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.

(1) Includes the interest in Cactus.
(2) Includes Futuros y Opciones.Com S.A.'s interest.
(3) Includes the interest in Agrology S.A.
(4) See note 2.b) of our Financial Statements.

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The following is IRSA's organizational chart and its principal subsidiaries as of June 30, 2011:

(1) 23.66% owned by Intercontinental Hotels Corporation.

(2) 50% owned by the Sutton Group.

(3) 20% owned by Hoteles Sheraton de Argentina.

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D. Property, plants and equipment

Overview of Agricultural Properties

As of June 30, 2011, we owned, together with our subsidiaries, 35 farms, which have a total surface area of 646,237 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 farm is located to Buenos Aires:

Owned Farms as of June 30, 2011

	Facility	Province	Country	Gross Size (in hectares)	Date of Acquisition	Primary current use	Net Carrying value (Ps. Millions) (1)
1	La Adela	Buenos Aires	Argentina	1,054	Original	Crops	9.8
2	El Invierno	La Pampa	Argentina	1,946	Jun-05	Crops	9.3
3	El Tigre	La Pampa	Argentina	8,365	Apr-03	Crops/Milk	35.0
4	San Pedro	Entre Ríos	Argentina	6,022	Sep-05	Crops/Beef Cattle	48.1
5/6	Santa Bárbara/La Gramilla	San Luis	Argentina	7,052	Nov-97	Crops under irrigation	20.2
7	Cactus Argentina S.A.	San Luis	Argentina	170	Dec-97	Feed lot	22.6
8/9	Las Playas/San Nicolás (2)	Córdoba / Santa Fe	Argentina	2,965	May-97	Crops/Milk/Beef Cattle	15.0
10	La Esmeralda	Santa Fe	Argentina	9,370	Jun-98	Crops/Beef Cattle	11.5
11	Las Vertientes	Córdoba	Argentina	4	-	Silo	0.5
12	La Suiza	Chaco	Argentina	41,993	Jun-98	Beef Cattle	35.9
13/14	8 de Julio/Carmen	Santa Cruz	Argentina	100,911	May-07/Sep-08	Sheep Production	10.5
15	El Recreo	Catamarca	Argentina	12,394	May-95	Beef Cattle/Natural Woodlands	1.3
16	Los Pozos	Salta	Argentina	240,858	May-95	Beef Cattle/Crops/Natural Woodlands	92.5
17	La Esperanza	La Pampa	Argentina	980	Mar-08	Crops	4.3
18	Puertas de Luján	Buenos Aires	Argentina	115	Dec-08	Other	11.3
19/20/ 21/22/ 23/ 24	Las Londras/San Cayetano/San Rafael/La Fon Fon/ 4 Vientos/ La Primavera	Santa Cruz	Bolivia	16,256	Nov-08/Jan-11	Crops	153.3
25	Jerovia (3)	Boquerón	Paraguay	22,789	Feb-09	Natural Woodlands	45.7
26	Estab. Mendoza	Lujan de Cuyo	Argentina	943	Mar. ´11		6.8
27/35	BrasilAgro(4)		Brazil	172,050			
	Subtotal			**646,237**			**533.6**

(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 S.A through Agrology S.A.

(4) See the section "Overview of BrasilAgro´s Properties".

Overview of BrasilAgro´s Properties

As of June 30, 2011, we owned, together with our subsidiaries, 9 farms, which have a total surface area of 172,050 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**	**Price of acquisition (R$ MM)**
São Pedro Farm	Chapadão do Céu/GO	2.447	Sugar Cane	R$ 9,90
Cremaq Farm	Baixa Grande Ribeiro/PI	32.702	Grane	R$ 42,00
Jatobá Farm [1]	Jaborandi/BA	31.606	Grane and Cotton	R$ 33,00
Alto Taquari Farm	Alto Taquari/MT	5.186	Sugar Cane	R$ 33,20
Araucária Farm	Mineiros/GO	9.682	Sugar Cane	R$ 70,40
Chaparral Farm	Correntina/BA	37.182	Grane and Cotton	R$ 47,80
Nova Buriti Farm	Januária/MG	24.247	Florestal	R$ 21,50
Preferência Farm	Barreiras/BA	17.799	Beef Cattle	R$ 9,50
Horizontina Farm	Tasso Fragoso/MA	14.359	Grane	R$ 37,20
	Total	175.210		R$ 304,50
	Total Owned by BrasilAgro [1]	172.050		R$ 301,20

(1) Jatobá is owned by Jaborandi S.A., in which we own 90% of its equity and Maeda group poses the remaining 10%.

(2) After new measurement of our properties we adjusted the total and arable area to 174,149 hectares and 127,723 hectares, respectively.

Overview of Real Estate Properties

For information about our Real Estate Properties, please see *"Item 4.B Business Overwiew- Real Estate Business-Office and Other Non Shopping Center Rental Properties-Properties"*.

Insurance

Agricultural Business

We carry insurance policies with insurance companies that we consider to be financially sound.

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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 Pesos**	**Book value in Thousand of Pesos**
Buildings, machinery, silos and furniture	Theft, fire and technical insurance	204,670	46,630
Vehicles	Theft, fire and civil and third parties liability	4,985	1,949

Real Estate Business

For information about Real Estate insurances, please see "Item 4.B Business Overview Real Estate Business-Office and other non shopping center rental properties-Insurance."

Item 4A. 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 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 d. d.

"Risk Factors" for a more complete discussion of the economic and industry-wide factors relevant to us and the opportunities and challenges as a result of the global economic crisis, and risks on which we are focused.

For purposes of the following discussion, unless otherwise specified, references to fiscal years 2011, 2010, and 2009 relate to the fiscal years ended June 30, 2011, 2010, and 2009, respectively.

Effective October 1, 2008, we started consolidating the accounts of IRSA after a series of acquisitions, which increased our ownership interest in IRSA to 54.01%. Accordingly, the consolidated statement of income for the year ended June 30, 2009 includes (i) the results of IRSA as an equity investee from July 1, 2008 through September 30, 2008; and (ii) the results of operations of IRSA consolidated into ours for nine months from October 1, 2008 through June 30, 2009. The consolidated statement of income for the year ended June 30, 2008 is not comparable to either the June 30, 2009 or 2010 in this regard since it only includes the results of IRSA as it was an equity investee for the whole period.

For a discussion of results of operations of IRSA and to assist in understanding changes in the real estate business, please see "Item 5 Operating and financial review and prospects" in IRSA's Annual Report on Form 20-F for IRSA the year ended June 30, 2011 which is publicly available on SEC's website (*www.sec.gov*). The discussion and analysis of IRSA is for the full annual periods ended June 30, 2011 compared to June 30, 2010, and June 30, 2010 compared to June 30, 2009.

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, 2011 and 2010 is referred only on a supplemental basis only.

We maintain our financial books and records in Pesos. Except as mentioned in the following paragraph, we prepare our consolidated financial statements in conformity with Argentine GAAP and the regulations of the *Comisión Nacional de Valores* which differ in significant respects from U.S. GAAP. These differences involve methods of measuring the amounts shown in the financial statements as well as additional disclosures required by U.S. GAAP and Regulation S-X of the SEC. See Note 29 to our Audited Consolidated Financial Statements included elsewhere in this annual report for a description of the principal differences between Argentine GAAP and U.S. GAAP, as they relate to us, and reconciliation to U.S. GAAP of our net income and shareholders' equity.

In order to comply with the regulations of the Argentine Securities Commission, we discontinued adjustment for inflation as of March 1, 2003 and we recognize deferred tax assets and liabilities on a non-discounted basis. These accounting practices differ from the Argentine GAAP. However, we consider that those departures have not had a significant impact on our financial statements.

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:

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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

The increase in inflation may erode our present macroeconomic stability, causing a negative impact on our operations. The wholesale price index increased by 8.48% in the first eight months of 2011, and the Consumer Price Index increased 5.63% in the same period.

Effects of interest rate fluctuations

Most of our U.S.dollar denominated debt accrues interest at a fixed rate. An increase in interest rates will not necessary result in a significant increase in our financial costs and may not materially affect our financial condition and our results of operations.

Effects of foreign currency fluctuations

A significant portion of our financial debt is denominated in U.S. dollars. Therefore, a devaluation of the Argentine Peso against the U.S.dollar would increase our U.S. dollar- denominated indebtedness measured in Pesos and materially affect our results of operations. Foreign currency exchange rate fluctuations significantly increase the risk of default on our mortgages and lease receivables. Due to the fact that many of our customers have their cash flows in Pesos, a fluctuation of exchange rate may increase their U.S.dollar-denominated liabilities. Foreign currency exchange restrictions that may be imposed by the Argentine Government could prevent or restrict our access to U.S. dollars, affecting our ability to service our U.S. dollar denominated liabilities.

Factors Affecting Comparability

We describe below certain factors affecting the comparability of our results of operations from period to period. These factors are based upon currently available information and do not represent all of the factors that are relevant to an understanding of our current and future results of operations. For ease of presentation, we divided these factors into factors affecting comparability within our Agricultural business and Real estate business, respectively.

In addition, our results of operations for the year ended June 30, 2009 were affected by the consolidation of the results of operations of IRSA as from October 1, 2008. Prior to October 1, 2008, our investment in IRSA was accounted for under the equity method of accounting. Thus, our results of operations for the year ended June 30, 2008 are not fully comparable to the results of operations for the year ended June 30, 2009, 2010 and 2011 in regards to the Real estate business.

Agricultural Business

Purchase and Sales of Farmlands

Our strategy includes the identification, acquisition, exploitation and selective disposition of rural properties that have attractive prospects for long-term value appreciation. As a part of this strategy, from time to time, we purchase and sell farmlands. The acquisition or disposition of farmlands in any given period may make the production results of that period difficult to compare to those of other periods.

Seasonality

Like any other agribusiness company, 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, climate conditions in Bolivia 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, are not as influenced by seasonal factors. However, the production of beef and milk is generally higher during the second quarter, when pasture conditions are more favorable. Therefore, there may be significant variations in results from one quarter to the other.

Real Estate Business

Recent Sale of 80% of our Consumer Finance Business

In recent years, we have operated an important consumer financing business through our subsidiary Metroshop and our affiliate Tarshop. For the fiscal years ended June 30, 2009, 2010 and 2011, this consumer financing business represented 45.5%, 36.9% and 33.8%, respectively, of APSA’s revenues. In December 2009, we entered into an agreement for the sale of 80% of Tarshop’s stock to Banco Hipotecario for US$26.8 million. On August 30, 2010, the Central Bank notified Banco Hipotecario of the approval of the transaction, and the transaction was closed on September 13, 2010. Immediately after the sale, our interest in Tarshop was reduced to 20% of its capital stock. Because we sold 80% of Tarshop in September 2010, our results for fiscal year 2011 will not be comparable to our results in past fiscal years.

Critical Accounting Policies

We prepared our Audited Consolidated Financial Statements in accordance with Argentine GAAP. The critical accounting policies are policies important to the portrayal of a company’s financial condition and operating results, and which require management to make difficult and subjective judgments that are inherently uncertain. Based on this definition, we have identified the following significant accounting policies as critical to the understanding of our financial statements. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. These estimates and judgments are subject to an inherent degree of uncertainty. We believe that the estimates and judgments upon which we rely are reasonable based upon information available to us at the time these estimates and judgments are made. We continually evaluate our judgments, estimates and assumptions. To the extent there are material differences between these estimates and actual results, our financial statements will be affected. We believe the following to be our more significant critical accounting policies and estimates used in the preparation of our financial statements:

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- business combinations;
- provision for allowances and contingencies;
- impairment of long-lived assets;
- intangible assets – concession rights;
- derivative instruments;
- deferred income tax;
- minimum presumed income tax (“MPIT”); and
- negative goodwill, net.

Business combinations

Significant acquisitions are accounted for under the purchase method of accounting. Under the purchase method, the purchase price is allocated to tangible and intangible assets and liabilities based on their respective fair values in accordance with the provisions of RT No. 18. In making estimates of fair values, management utilizes a number of various sources.

When we acquire properties, for fair value estimation purposes, we also consider information about each property obtained as a result of pre-acquisition due diligence, marketing and leasing activities. We allocate a portion of the purchase price to tangible assets including the fair value of the building on an as-if-vacant basis and to land determined either by real estate tax assessments, third-party appraisals or other relevant data. Generally we determine the as-if-vacant value by using a replacement cost method. Also, a portion of the purchase price is allocated to above-market and below-market in-place lease values for acquired properties based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining noncancelable term of the lease. The capitalized above-market and below-market lease values are amortized as a reduction of or an addition to rental income over the remaining noncancelable terms of the respective leases. Should a tenant terminate its lease, the unamortized portion of the lease intangibles would be charged or credited to income. A portion of the purchase price is also allocated to the value of leases acquired and management utilizes independent sources or management's determination of the relative fair values of the respective in-place lease values. Our estimates are made using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods, considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. We also estimate costs to execute similar leases including leasing commissions, legal expenses and other related costs. Other intangible assets acquired may include tenant relationships which are valued based on management’s evaluation of the specific characteristics of each tenant’s lease and our overall relationship with the respective tenant. We have not identified any lessee with whom it has developed a type of relationship allowing the recognition of an intangible asset. As far as banking operations are concerned, identifiable intangible assets, comprised of core deposit intangibles and customer relationship intangibles, represent the net present value of the future economy.

In some instances, the determination of fair values requires management to make significant assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. 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.

Provisions for allowances and contingencies

We provide for losses relating to mortgage and accounts receivable. The allowance for losses is based on the management's assessment of various factors, including the customers' credit risk, historical trends and other information. Although our management uses the information available to make assessments, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used at the time of the determination. Our management has considered all events and/or transactions subject to reasonable and standard estimation procedures. The consolidated financial statements reflect these considerations.

We have certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor and other matters. We accrue liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, our estimate of the outcomes of these matters and our lawyers' experience in contesting, litigating and settling other matters. As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs, which could have material effect on our future results of operations and financial condition or liquidity.

We believe that this accounting policy is a "critical accounting policy" because if the future conditions were materially different from the assumptions used to make the assessments, it might cause a material effect on our consolidated financial statements.

Impairment of long-lived assets

We periodically evaluate the carrying value of our long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We consider the carrying value of a long-lived asset to be impaired when the expected cash flows from the asset may be separately identified and are lower than their carrying value. In such case, a loss would be recognized based on the amount that the carrying value exceeds the long lived asset's market value. We determine market value principally by using valuations made by independent valuation experts.

A previously recognized impairment loss is reversed when there is a subsequent change in estimates used to compute the fair market value of the asset. In that event, the new carrying value of the asset is the lower of its fair market value or the net carrying value the asset would have had if no impairment had been recognized. Both the impairment charge and the impairment reversal are recognized in earnings.

Agricultural Business

We believe that the accounting policy concerning the impairment of long-lived assets is a critical accounting policy, because considerable judgment is necessary to determine the fair value of farms. Although farms are non-depreciable assets, in determining these values we consider: (i) their geographical location and climate; (ii) the conditions and features of the soil; (iii) the kind and quality of any improvements made; and (iv) their exploitation and return potential.

Real Estate Business

We believe that the accounting estimate related to asset impairment is a "critical accounting estimate" because:

- it is highly susceptible to change from period to period because it requires company management and/or independent appraisers to make assumptions such as, future sales and cost of sale, future vacancy rates and future prices, which requires significant adjustments because actual prices and vacancy rates have fluctuated in the past and are expected to continue to do so; and

- the impact that recognizing an impairment would have on assets reported on IRSA's balance sheet as well as on the results of its operations could be material.

With respect to our Hotel segment, the discounted cash flows methodology was applied by taking the forecasts of each hotel's cash flow over our remaining useful life and discounting such estimated amounts at rates according to risk, location and other relevant factors. The cash flows to be discounted considered revenues per room, per guest, per additional charge as well as the fixed and variable expenditures related to the transaction. Seasonal or exceptional issues that adversely impacted on the result of hotel occupancy rates for the last year were not considered in the analyses.

Shopping centers were valued according to the rent value method. We calculated discount rates considering each property's location, the comparability with other properties in the market, our historic rental income, vacancy rates and cash flow. The average discount rates we used was 11.69%. As in the case of offices, cash flows of results after income taxes and depreciation were considered, analyzing the periods for the remaining useful life of each asset.

We used the open market method for determining the fair market value of our land reserves and inventories. We estimated the value of each site by taking into consideration the value of the property according to its surface area and location and construction potential, as well as the availability of inventory less cost to sale.

Intangible assets – concession rights

We recorded the concession from the Province of Salta, in northern Argentina, received upon our acquisition of Agropecuaria Anta S.A. ("Agropecuaria Anta") as an amortizable intangible asset at its fair value. Concession rights are amortized over the life of the concession, which was set at 35 years, with an option to extend it for an additional 29-year period. Amortization began at the time of the start-up of operations, which occurred during the fiscal year ended June 30, 2008.

This intangible asset will be tested for impairment whenever events or circumstances indicate that impairment may have occurred. If the carrying amount of an intangible asset exceeds its fair value based on future undiscounted cash flows, an impairment loss will be recognized. The amount of the impairment loss to be recorded would be based on the excess of the carrying amount of the intangible asset over its future discounted cash flows. Judgment is used in assessing whether the carrying amount of intangible assets is not expected to be recoverable over their remaining useful lives. The determination of the fair value requires significant management judgment including estimating future production and sales volumes, selling prices and costs, changes in working capital, investments in property and equipment and the selection of an appropriate discount rate. Sensitivities of these fair value estimates to changes in assumptions for production and sales volumes, selling prices and costs are also tested.

Derivative instruments

We record all derivative instruments as assets or liabilities on our balance sheet at fair value. We record changes in the fair value of derivatives in the statement of income.

Deferred income tax

We record income taxes using the deferred tax liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recorded or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. "Technical Resolution No. 17" requires companies to record an impairment allowance for that component of net deferred tax assets which is not recoverable. We have treated the differences between the price-level restated amounts of assets and liabilities and their historical basis as permanent differences for deferred income tax calculation purposes.

At year-end there are temporary net liabilities (tax liabilities) mainly originated in the beef cattle valuation and the sale and replacement of fixed assets. Our Management has made estimates that allow us to recognize this deferred tax.

We believe that the accounting estimate related to deferred income tax is a "critical accounting estimate" because:

- it is highly susceptible to change from period to period because it requires management to make assumptions, such as future revenues and expenses, exchange rates and inflation, among others; and

- the impact that calculating income tax using this method would have on assets or liabilities reported on our consolidated balance sheet as well as on the income tax expense reported in our consolidated statement of income could be material.

Minimum presumed income tax ("MPIT")

We calculate the minimum presumed income tax provision by applying the current 1% rate on computable assets at the end of the year. This tax complements the income tax. Our tax obligation each year will coincide with the highest amount due under either of these two taxes. However, if the minimum presumed income tax provision exceeds income tax in a given year, the amount in excess of income tax can be offset against income tax arising in any of the following ten years.

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We have recognized the minimum presumed income tax provision paid in previous years as a credit as we estimate that it will offset with future years' income tax.

We believe that the accounting policy relating to the minimum presumed income tax provision is a "critical accounting policy" because it requires management to make estimates and assumptions with respect to our future results that are highly susceptible to change from period to period, and as such the impact on our financial position and results of operations could be material.

Negative goodwill, net

Negative goodwill, net represents the net effect of goodwill and negative goodwill arising out of business combinations.

Negative goodwill:

Negative goodwill represents the excess of fair value of net assets acquired over cost. Under Argentine GAAP, when negative goodwill exists, acquired intangible assets are assigned a zero value. Negative goodwill is accounted for as follows: (i) the portion of negative goodwill related to future expected losses is recognized in income in the same periods losses are incurred; (ii) the amount exceeding the interest over the non monetary assets is recognized in income at acquisition date; and (iii) the amount not in excess of the equity interest over the non monetary assets is recognized as negative goodwill and amortized under the straight line method over the weighted average useful lives of the identifiable assets of the acquiree, not exceeding 20 years.

Goodwill:

Goodwill represents the excess of cost over the fair value of net identifiable assets and is amortized under the straight-line method over the weighted average useful life of the main tangible assets acquired.

The carrying amount does not exceed their respective estimated recoverable value at the end of this year.

Principal differences between Argentine GAAP and U.S. GAAP

The principal differences, other than inflation accounting, between Argentine GAAP and U.S. GAAP are related to the following:

- the impact of certain U.S. GAAP adjustments on equity investees;
- the accounting for available-for-sale securities;

- the deferral of certain pre-operating expenses under Argentine GAAP which are expensed as incurred under U.S. GAAP;
- the accounting for a mortgage payable with no stated interest rate;
- the accounting for securitization programs;
- the application of certain U.S. GAAP adjustments to the estimation of the fair value of net assets acquired;
- the present-value accounting;
- the reversal of previously recognized impairment losses losses;
- the accounting for troubled debt restructuring;
- the accounting for real estate barter transactions;
- the valuation of inventories;
- the accounting for software obtained for internal use;
- the accounting for increasing rate debt;
- the recognition of the put option for the sale of shares of Metropolitan
- the effect of the reversal of capitalized financial costs.
- the disposal of business
- the accounting for investment in Hersha Hospitality Trust and TGLT
- the accounting for IRSA Step acquisition
- the accounting for warrants
- the acquisition of non-controlling interest in APSA
- the acquisition of non-controlling interest in IRSA
- the allowance for loan losses of credit card portfolio of Metroshop

- the amortization of fee related to Series II of APSA Non-Convertible Notes
- the appraisal revaluation of fixed assets
- the debtor's accounting for a modification of APSA convertible debt instruments
- the deferred revenues – insurance and origination fees
- the depreciation of fixed assets
- the differences in basis relating to purchase accounting
- the effect of US GAAP adjustments on management fee
- the elimination of gain on acquisition of non-controlling interest
- revenue recognition – deferred commissions
- revenue recognition – scheduled rent increases
- the reversal of gain recognized for assets held for sale
- the reversal of loss (gain) from valuation of real estate inventories at net realizable value
- the effects on deferred income tax of the above-mentioned reconciling items, as appropriate; and
- the effect on non-controlling interest of the above-mentioned reconciling items, as appropriate.

In addition, certain other disclosures required under U.S. GAAP have been included in the U.S. GAAP reconciliation. See Note 28 to our Audited Consolidated Financial Statements included elsewhere in this annual report.

Net income under Argentine GAAP for the years ended June 30, 2011, 2010 and 2009 was approximately Ps. 212.6 million, Ps.185.4 million, and Ps. 124.6 million, respectively, compared to approximately Ps. 758.8 million, Ps. 193.4 million and Ps.116.6 million, respectively, under U.S. GAAP. Shareholders' equity under Argentine GAAP as of June 30, 2011 and 2010, was Ps. 2,213.5 million and Ps. 1,968.2 million, respectively, compared to Ps. 2,461.5 million and Ps. 1,857.7 million, respectively, under U.S. GAAP.

Segment Information

We are required to disclose segment information in accordance with RT 18. RT 18 establishes standards for reporting information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial reports issued to shareholders. Operating segments are components of a company about which separate financial information is available that is regularly evaluated by the chief operating decision maker(s) in deciding how to allocate resources and assess performance. The statement also establishes standards for related disclosures about a company's products and services, geographical areas and major customers.

As discussed in Note 2.b) to our Audited Consolidated Financial Statements, during fiscal year 2009 we acquired an additional 11.57% equity interest in IRSA and increased its ownership interest to 53.7%. Thus, effective October 1, 2008, we started consolidating the accounts of IRSA on a line-by-line basis.

In December 2010, we made a capital contribution to Cactus, increasing our equity interest to 80% and gained control over the entity. This entity is primarily involved in agro-industrial and industrial-related activities which require further processes to the cattle primary operations. Cactus owns a slaughter house which processes meat sourced from our own cattle or other third parties as needed. Cattle is fed in Cactus's feedlots prior to being slaughtered and processed.

Upon gaining control of the entity and started receiving consolidating information for Cactus, the chief operating decision maker(s) revised its internal reporting structure and made the following changes:

- The slaughtering and processing of meat and its associated feedlot operations are considered a separate business -although related- and is reviewed separately as such by the chief operating decision maker(s). These activities are referred to in the reporting to the chief operating decision maker(s) as "Slaughtering and Feedlot business";

- Our agricultural business now includes only farming activities or primary activities which do not have any industrial or industrial-related processes;

- The "Agriculture business and the Slaughtering and Feedlot business" comprises our Agribusiness activities; and,

- The Real Estate Business remained unchanged.

Each of the Agriculture, Slaughtering and Feedlot, and Real Estate businesses comprises several reportable segments which are described in detail further below. These changes in the current internal reporting structure have been retroactively reflected in the segment information of prior years. However, for the years ended June 30, 2010 and 2009, the Slaughtering and Feedlot business does not include the consolidated accounts of Cactus because we did not have control of the entity for those periods. Rather Cactus is reflected as an equity-method investee for those periods and performance measured based on the gain or loss from the equity investee.

Following is a description of the reportable segments within our Agricultural Slaughtering/ Feed Lot and Real Estate businesses.

A. <u>Agriculture business</u>:

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Our agricultural operations are conducted through six business segments organized primarily on a product-line basis, with each segment offering a variety of different but interrelated products. Our agricultural operations are subject to various risks, including but not limited to market prices for commodities, weather conditions and environmental concerns. One of our cornerstones is the transformation of farmland through its agricultural activities. Ultimately, we may sell farmland to make a profit from land value appreciation opportunities and which, in the judgment of management, are a surplus to our primary operations. Gains on the sale of farmland properties are presented in "Sales of farmlands" in the consolidated statements of income.

For all years presented our principal operations were located in Argentina, our country of domicile. For the years ended June 30, 2011 and 2010, our international operations were concentrated in Brazil through our equity investment in BrasilAgro. As discussed above, for the year ended June 30, 2011, we continued its business in Brazil while expanding our international operations to Bolivia and Paraguay.

Our business segments within the Agriculture business are as follows:

- The Crops Segment includes the planting and harvesting and sale of fine and coarse grains and oilseeds, including wheat, corn, soybeans and sunflowers.

- The Beef Cattle Segment consists of the raising and fattening of beef cattle from our own cattle stock and the purchase and fattening of beef cattle for sale to meat processors.

- The Milk Segment consists of the production of milk for sale to dairy companies.

- Others Segment consists of services and leasing of our farms to third parties and brokerage activities.

- Farmland Sales Segment consists of gains from the sale of farmland to profit from land value appreciation opportunities as part of our land transformation objectives.

- Non-Operating Segment includes gains or losses from equity investees and depreciation for corporate assets.

We evaluate the performance of our Agriculture business segments based on gross income (loss) from agricultural production plus gross income from sales - including sales of products and farmland - less selling and administrative expenses, plus unrealized gains or losses on inventories. The column titled "Sub-Total Agriculture business" represents the addition of the segment gains or losses from the Crops (Domestic and International, as applicable), Beef Cattle, Milk, Feedlot (as applicable), Others and Farmland Sales Segments. Excluded from total segment gains or losses are the gains or losses from our other equity investees included in the Non-Operating Segment.

Accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intercompany transactions between segments, if any, are eliminated.

B. Slaughtering / Feed lot business

Our slaughtering / Feed lot operations are conducted through our subsidiary Cactus. This segment's main business is the production of meat under the so-called "feedlot fattening" method and slaughtering.

The feedlot cattle beef production is processed in Exportaciones Agroindustriales Argentina S.A.'s packing plant for the domestic and foreign markets. Feedlot fattening with a corn-based diet has been growing at a very dynamic pace.

The company has gained market reputation due to a consistent final product offered by feedlot-finished animals, which provides purchasers with high-quality products and higher yields, succeeding in offering differential sales prices. Cactus continues to receive cattle from farmers that repeat their productive process whereby they breed and re-breed their animals in their own farms and finish them at Cactus.

Real Estate Business

We have determined that the business units to be reported are those that rely on the management information generated by us. Therefore, we have six business units for reporting purposes: "Shopping Centers," "Consumer Financing," "Development and Sale of Properties," "Office and Other Non-Shopping Center Rental Properties," "Hotels" and "Financial Operations and Others."

The real estate business is further segmented as follows:

Shopping Centers: this segment includes the operating results of the shopping centers principally comprised of lease and service revenues from tenants.

Consumer Financing: this segment includes the origination of loans and credit card receivables and related securitization programs. In September 2010, we sold 80% of Tarshop's stock to Banco Hipotecario for US$26.8 million and retained the remaining 20%. As a result of this sale, the Consumer financing segment will have a less significant impact on our results of operations going forward.

Development and Sale of Properties: this segment includes the operating results of the construction and ultimate sale of residential buildings business.

Office and Other Non-Shopping Center Rental Properties: this segment includes the operating results of the lease and service revenues of office space and other Non-Shopping Center Rental Properties from tenants.

Hotels: this segment includes the operating results of hotels principally comprised of room, catering and restaurant revenues.

Financial Operations and Others: this segment primarily includes revenues and associated costs generated from the sale of equity securities, other securities-related transactions and other non-core activities. This segment also includes the results from related companies associated with the banking business.

Each one of the following segments: Shopping centers, Consumer financing and Hotels manages its financial transactions individually. The gains/losses on said transactions are directly allocated to these segments. The financial gains or losses unrelated to these business units are shown in the Financial transactions and other segment as they are not specifically generated by any other segment separately, except Interest income and Interest expenses, which are prorated among all the segments in proportion to the corresponding assets to each segment.

Financial information for each segment follows:

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Year ended June 30,2011:

Statement of income data

[redacted]

	Agribusiness Activities									
	Agricultural Business									
	Crops									
	Local	International	Beef Cattle	Milk	Others	Farmland sales	Non Operating(i)	**Subtotal Agriculture business**	Slaughtering and Feed lot business	Development and sale of properties
Agricultural production income	259,215	69,415 Ps.	46,574 Ps.	31,277 Ps.	- Ps.	- Ps	- Ps.	406,481 Ps	- Ps.	- P
Cost of agricultural production	(190,431)	(40,695)	(24,987)	(23,965)	-	-	-	(280,078)	-	-
(Loss) Gross income from agricultural production	68,784	28,720	21,587	7,312	-	-	-	126,403	-	-
Sales (iii)	270,979	72,030	50,909	28,381	58,048	84,507	-	564,854	127,086	341,074
Cost of sales (iv)	(241,093)	(64,409)	(58,034)	(28,381)	(41,383)	(29,906)	-	(463,206)	(123,271)	(252,894)
Gross income (loss) from sales	29,886	7,621	(7,125)	-	16,665	54,601	-	101,648	3,815	88,180
Gross (Loss) profit	98,670	36,341	14,462	7,312	16,665	54,601	-	228,051	3,815	88,180
Unrealized gain / (loss) on nventories	(17,756)	1,297	69,752	-	217	-	-	53,510	538	128
Selling expenses	(45,837)	(7,054)	(2,461)	(1,405)	(4,717)	-	-	(61,474)	(8,029)	(15,396)
Administrative expenses	(23,837)	(5,250)	(14,192)	(1,739)	(3,273)	(3,542)	-	(51,833)	(4,530)	(41,425)
Gain from recognition of inventories at net realizable value	-	-	-	-	-	-	-	-	-	45,442
Net gain from retained interest in securitized receivables of	-	-	-	-	-	-	-	-	-	-

consumer financing										
(Loss) Gain on equity investees	-	-	-	-	-	-	3,32 8	-	(12,388)	443
Segment (loss) gain	11,240	25,334	67,561	4,168	8,892	51,059	-	168,254	(20,594)	77,372
Operating Margin **(ii)**	2.1%	17.9%	69.3%	7.0%	15.3%	60.4%	-	17.3%	(16.2%)	22.7%
Depreciation	(3,680)	(671)	(1,732)	(1,078)	(554)	-	(1,217)	(8,932)	(783)	(200)
Balance Sheet Data										
Assets	445,977 Ps.	2,016,016	317,414 Ps.	66,362 Ps.	36,803	18,765 Ps.	543,704 Ps .	3,445,041 Ps.	60,224 Ps.	757,009 P

(i) Not included in the segment gain.

(ii) This item agregates segment (loss) gain divided by the sum of production income and sales.

(iii) This item aggregates sales of crops, beef cattle, milk and others and sales of farmland disclosed separately in the statements of income.

(iv) This item aggregates costs of crops, beef cattle, milk and others and cost of farmland sales disclosed separately in the statements of income.

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Year ended June 30,2010:

Statement of income data

[redacted]

	Agribusiness Activities									
	Agricultural Business									
	Crops									
	Local	International	Beef Cattle	Milk	Others	Farmland sales	Non Operating(i)	**Subtotal Agriculture business**	Slaughtering and Feed lot business	Development and sale of properties
Agricultural production income	143,772 Ps.	27,076 Ps.	20,830 Ps.	26,043 Ps.	- Ps.	- Ps	- Ps.	217,721 Ps	- Ps.	- Ps
Cost of agricultural production	(132,301)	(27,423)	(21,850)	(20,383)	-	-	-	(201,957)	-	-
(Loss) Gross income from agricultural production	11,471	(347)	(1,020)	5,660	-	-	-	15,764	-	-
Sales (iii)	164,522	30,129	39,274	24,415	50,497	18,557	-	327,394	-	225,567
Cost of sales (iv)	(148,077)	(27,552)	(46,682)	(24,415)	(38,102)	(4,825)	-	(289,653)	-	(99,893)
Gross income (loss) from sales	16,445	2,577	(7,408)		12,395	13,732	-	37,741	-	125,674
Gross (Loss) profit	27,916	2,230	(8,428)	5,660	12,395	13,732	-	53,505	-	125,674
Unrealized gain / (loss) on inventories	1,515	(268)	84,349	-	(107)	-	-	85,489	-	730
Selling expenses	(23,127)	(4,481)	(2,550)	(540)	(3,355)	-	-	(34,053)	-	(2,388)
Administrative expenses	(19,440)	(7,203)	(12,329)	(2,229)	(1,839)	(1,346)	-	(44,386)	-	(35,079)
Gain from recognition of inventories at net realizable value	-	-	-	-	-	-	-	-	-	33,831
Net gain from retained interest in securitized receivables of	-	-	-	-	-	-	-	-	-	-

consumer financing										
(Loss) Gain on equity investees	-	-	-	-	-	-	(12,105)	-	(21,206)	1,907
Segment (loss) gain	(13,136)	(9,722)	61,042	2,891	7,094	12,386	-	60,555	(21,206)	124,675
Operating Margin **(ii)**	4.3%	17%	101.6%	5.7%	14%	66.7%	-	11.1%	(0.0%)	55.3%
Depreciation	(5,044)	-	(1,842)	(687)	(279)	-	(653)	(8,505)	-	(17,091)
Balance Sheet Data										
Assets	381,962 Ps.	442,276 Ps.	265,567 Ps.	51,330 Ps.	19,674 Ps.	3,162 Ps.	162,020 Ps .	1,325,991 Ps.	2,357 Ps.	683,040 Ps

(i) Not included in the segment gain.

(ii) This item agregates segment (loss) gain divided by the sum of production income and sales.

(iii) This item aggregates sales of crops, beef cattle, milk and others and sales of farmland disclosed separately in the statements of income.

(iv) This item aggregates costs of crops, beef cattle, milk and others and cost of farmland sales disclosed separately in the statements of income.

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Year ended June 30,2009:

Statement of income data

[redacted]

	Agribusiness Activities									
	Agricultural Business									
	Crops									
	Local	International	Beef Cattle	Milk	Others	Farmland sales	Non Operating(i)	**Subtotal Agriculture business**	Slaughtering and Feed lot business	Developm and sale o properties
Agricultural production income	118,582 Ps.	15,597 Ps.	18,120 Ps.	20,213 Ps.	- Ps.	- Ps	- Ps.	172,512 Ps	- Ps.	
Cost of agricultural production	(159,109)	(16,807)	(16,241)	(18,286)	-	-	-	(210,443)	-	
(Loss) Gross income from agricultural production	(40,527)	(1,210)	1,879	1,927	-	-	-	37,931	-	
Sales (iii)	147,680	16,783	17,646	19,270	36,045	1,959	-	239,383	-	278,1
Cost of sales (iv)	(130,054)	(14,915)	(16,237)	(19,316)	(24,210)	(94)	-	(204,826)	-	(170,52
Gross income (loss) from sales	17,626	1,868	1,409	(46)	11,835	1,865	-	34,557	-	107,5
Gross (Loss) profit	(22,901)	658	3,288	1,881	11,835	1,865	-	(3,374)	-	107,5
Unrealized gain / (loss) on inventories	(691)	(183)	(860)	-	398	-	-	(1,336)	-	(14
Selling expenses	(18,676)	(2,406)	(1,323)	(328)	(2,474)	-	-	(25,207)	-	(1,59
Administrative expenses	(16,938)	(3,018)	(9,036)	(1,620)	(1,349)	(140)	-	(32,101)	-	(16,80
Gain from recognition of inventories at net realizable value	-	-	-	-	-	-	-	-	-	9,2
Net loss in credit card trust Tarshop	-	-	-	-	-	-	-	-	-	
Gain on equity investees	-	-	-	-	-	-	(38,216)	-	(2,780)	1,8
Segment gain (loss)	(59,206)	(4,949)	(7,931)	(67)	8,410	1,725	-	(62,018)	(2,780)	100,1
Operating Margin **(ii)**	22.2%	15.3%	22.2%	0.2%	23.3%	88.1%	-	15.1%	(2,780)	36.0

Depreciation	(3,799)	(105)	(1,408)	(615)	(1,066)	-	(835)	(7,828)	-	(64
Balance Sheet Data										
Assets	421,531 Ps.	250,773 Ps.	208,973 Ps.	44,645 Ps.	6,223 Ps.	9,121 Ps.	138,783 Ps .	1,103,031 Ps.	22,982 Ps.	540,3

(i) Not included in the segment gain.

(ii) This item agregates segment (loss) gain divided by the sum of production income and sales.

(iii) This item aggregates sales of crops, beef cattle, milk and others and sales of farmland disclosed separately in the statements of income.

(iv) This item aggregates costs of crops, beef cattle, milk and others and cost of farmland sales disclosed separately in the statements of income.

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Additional Information on the Real Estate Business Segments

Allocation of selling expenses to business segments

Selling expenses directly attributable to the Shopping centers, Consumer financing and Hotels segments are allocated to these business segments. These expenses are incurred individually by each segment. All other selling expenses are allocated respectively to the remaining segments according to which segment has specifically incurred each expense.

Allocation of administrative expenses to business segments

Administrative expenses directly attributable to the Shopping centers, Consumer financing and Hotel. segments are allocated to these business segments. These expenses are incurred individually by each segment. All other administrative expenses are prorated among the Development and sale of properties segment and the Offices and Other Non-Shopping Center Rental Properties segments based on the percentage of the operating assets and revenues generated by each segment. Accordingly, 40.6% and 59.4% of administrative expenses (excluding expenses directly attributable to the Shopping centers, Consumer financing and Hotels segments) are allocated to the Development and sale of properties segment and to the Offices and Other Non-Shopping Center Rental Properties segment, respectively.

Allocation of results from recognition of inventories at net realizable value

These results are allocated to the Sales and development segment.

Allocation of results from retained interest in securitized receivables (Consumer financing)

These results are allocated to the Consumer financing segment.

Allocation of results from real estate transactions and holdings

These results are allocated directly to the segment that generates them.

Allocation of financial results and holding results to business segments

Includes interest income, exchange gain (loss) from assets, other holding results, interest expenses, exchange gain (loss) from liabilities and other financial expenses, allocated to each segment, as described below.

Each one of the following segments: Shopping centers, Consumer financing and Hotels manages its financial transactions individually. The gains/losses on said transactions are directly allocated to these segments. The financial gains or losses unrelated to these business units are shown in the Financial transactions and other segment as they are not specifically generated by any other individual segment, except Interest income and Interest expenses, which are prorated among all the segments in proportion to the corresponding assets to each segment.

Allocation of Gain/(Losses) on equity investees

These results are directly allocated to the segment that generates them.

Cresud's Results of Operations

Effective July 1, 2006, we adopted RT No. 22 which prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. Agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale, into agricultural produce, or into additional biological assets. RT No. 22 prescribes, among other things, the accounting treatment for biological assets during the period of growth, degeneration, production, and procreation, and for the initial measurement of agricultural produce at the point of harvest. It requires measurement at fair value less estimated point-of-sale costs from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. RT No. 22 requires that a change in fair value less estimated point-of-sale costs of a biological asset be included in profit or loss for the period in which it arises. RT No. 22 also requires that gains or losses arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs to be included in profit or loss for the period in which it arises. In agricultural activity, a change in physical attributes of a living animal or plant directly enhances or diminishes economic benefits to the entity. RT No. 22 is applied to agricultural produce, which is the harvested product of the entity's biological assets, only at the point of harvest. Accordingly, RT No. 22 does not deal with the processing of agricultural produce after harvest; for example, the processing of milk into cheese.

Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a biological asset. Biological assets are living unharvested crops, heads of cattle and milking cows. Agricultural produce such as harvested crops, beef, milk and raw materials are the harvested product of biological assets. Biological transformation results in the following types of outcomes: asset changes through (i) growth (an increase in quantity or improvement in quality of an animal or plant), (ii) degeneration (a decrease in the quantity or deterioration in quality of an animal or plant), or (iii) procreation (creation of additional living animals or plants).

The adoption of RT No. 22 did not have an impact in our measurement and recognition of biological transformation. Rather, it changed the format of our Consolidated Income Statement. Under RT No. 22 we break down the components of our costs as separate line items in the Consolidated Income Statement. There was no change in our gross profit for any of the periods presented.

Prior to the adoption of RT No. 22 gains or losses arising from initial recognition of biological assets and agricultural produce as well as changes in biological assets were included as a deduction from costs of sales. Under RT No. 22 these changes are disclosed separately in our Consolidated Income Statement under the line item titled "Production income".

Also, prior to the adoption of RT No. 22, costs directly related to the transformation of biological assets and agricultural produce were also included as an addition to costs of sales. Under RT No. 22, these costs are disclosed separately in our consolidated income statement under the line item titled "Cost of production" due to the direct relationship to the transformation of biological assets and agricultural produce.

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The adoption of RT No. 22 did not affect our recognition of revenue which is included in the line item titled "Sales" in our consolidated income statement. As a result of the adoption of RT No. 22, our costs of sales show direct costs related to the sales of agricultural produce other than selling expenses. RT No. 22 intends to purport that costs of sales are not significant in agricultural activities while costs of biological transformation into agricultural produce represent the major costs of these activities.

In addition, under RT No. 22, the exhibits entitled "Cost of Sales" and "Cost of Production" included in our consolidated financial statements present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the relevant periods. This reconciliation includes (a) the gain or loss arising from changes in fair value less estimated point-of-sale costs; (b) increases due to purchases; (c) decreases attributable to sales and biological assets classified as held for sale; (d) increases due to harvest;(e) other changes.

The following terms used herein with the meanings specified:

Agricultural Business

Production Income. We recognize production income when there is a change in biological assets. For example, we recognize production income when crops are harvested or a cow is born or gains a certain amount of weight. Biological assets are living animals or plants, such as unharvested crops, heads of cattle and milking cows. Agricultural produce such as harvested crops, beef, milk and raw materials are the harvested product of biological assets.

Cost of Production. Our cost of production consists of costs directly related to the transformation of biological assets and agricultural produce.

Sales. Our sales consist of revenue on the sales of crops, milk, feed lot, and beef cattle. 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.

Sales of Farmland. Our sales consist of revenue on the sales of farmlands. We record farmland sales under the applicable accounting standards and do not recognize such sales until (i) the sale is consummated (a sale is not considered consummated until: (a) the parties are bound by the terms of a contract, (b) all contract terms and conditions have been considered, (c) any financing for which the seller is responsible has been arranged and (d) all conditions precedent to closing have been performed); (ii) we determine that the buyer's initial and continuing investments in the property being sold are adequate to demonstrate its commitment to pay for the property (the adequacy is measured by its financial capacity and size compared with the sale value of the property); (iii) the corresponding receivable is not subject to future subordination (our receivable will not be placed in or occupy a lower rank, class or position with respect to other obligations of the buyer) and (iv) we have transferred to the buyer the usual risks and rewards of ownership and have no continuing substantial involvement in the property.

Cost of Sales. Our cost of sales consists of its net realizable value.

Cost of Farmland Sales. Our cost of farmland sales consists of its book value and indirect costs related to the disposition of farmlands.

Results from inventory holding and transactions in the Buenos Aires Futures and Options Exchange Market and Chicago Board of Trade ("CBOT"). Our gain from inventory holding consists of the changes in the carrying amount of biological assets between the beginning and the end of fiscal year and transactions in the Buenos Aires Futures and Options Exchange Market and CBOT.

Real Estate Business

Sales and development of properties: We record revenue from the sale of properties when all of the following criteria are met: (i) the sale has been consummated; (ii) we determine that the buyer's initial and continuing investments are adequate to demonstrate a commitment to pay for the property, (iii) our receivable is not subject to future subordination; and (iv) we have transferred to the buyer the risk and rewards of ownership and do not have a continuing involvement in the property.

In addition, we use the percentage-of-completion method of accounting with respect to sales of development properties under construction. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs according to budgeted costs. We do not commence revenue and cost recognition until such time as the decision to proceed with the project is made and construction activities have begun. The percentage-of-completion method of accounting requires that our Management to prepare budgeted costs in connection with sales of properties/units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

Income from lease and service of offices, shopping centers, hotels, consumer financing and others

• *Income from lease and service of offices:* Revenues from leases are recognized on a straight –line basis over the life of the related lease contracts.

• *Income from admission rights and rental of stores and stands "Shopping Centers":* Leases with tenants are accounted for as operating leases. Tenants are generally charged 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 revenues (the "Percentage Rent") (which generally ranges between 4% and 10% of tenant's gross revenues).

Furthermore, pursuant to the rent escalation in most leases, the tenant's Base Rent generally increases between 7% and 12% each year during the term of the lease. Minimum rental income is recognized following on the accrued criteria.

Certain lease agreements contain provisions, which provide for rents based on a percentage of sales or based on a percentage of revenues volume above a specified threshold. We determine the compliance with specific targets and calculate the additional rent on a monthly basis as provided for in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

Generally, our lease agreements vary from 36 to 120 months. Law No. 24,808 provides that tenants may rescind commercial lease agreements after the initial six-months, upon not less than 60 days´ written notice, subject to penalties which vary from one to one and a half months rent if the tenant rescinds during the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease.

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Additionally, we charge our tenants monthly administration fees relating to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers operations. The administration fees are prorated among the tenants according to their leases which vary from shopping center to shopping center. Administration fees are recognized monthly when earned.

In addition to rent, tenants are generally charged “admission rights”, a non refundable admission fee, that tenants may be required to pay upon entering into a lease or upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized in earnings using the straight-line method over the life of the respective lease agreements.

• *Income from Hotel operations:* We recognize revenues from its rooms, catering and restaurant facilities as accrued on the close of each business day.

• *Income from Credit card operations “Consumer Financing”:* Revenues derived from credit card transactions consist of commissions and financing income, charges to clients for life and disability insurance and for statements of account, among other.

Commissions are recognized at the time the merchants’ transactions are processed, while the rest financial income is recognized when accrued. Income generated from granting consumer loans mainly includes financial interests, which are recognized by the accrued method during the fiscal year irrespective of whether collection has or has not been made.

OPERATING RESULTS

Fiscal year ended June 30, 2011 compared to fiscal year ended June 30, 2010

Production income

Production income was Ps.406.5 million for fiscal year 2011, 86.7% higher than the amount recorded for the previous fiscal year. This was primarily attributable to a Ps.157.8 million increase in our Crops segment, a Ps.25.7 million increase in our Beef cattle segment and a Ps.5.2 million increase in our Milk segment.

Crops – Domestic market

Production income from our Crops segment increased 80.3%, from Ps.143.8 million for fiscal year 2010 to Ps.259.2 million for fiscal year 2011, primarily as a result of:

• a 41.2% increase in total production volumes, from 289,141 tons in fiscal year 2010 to 408,404 tons in fiscal year 2011, mainly due to an increase in volumes of sunflower (83.5%), wheat (47.0%), corn (32.0%), and soybean (11.8%) harvested, partially offset by a 23.4% volume decrease of sorghum harvested from year to year; and

• a 27.6% increase in average prices of grain production.

The 41.2% increase in the production volume from our Crops segment was mainly due to a 27.8% increase in our average yield, from 3.52 tons per hectare in fiscal year 2010 to 4.50 tons per hectare in fiscal year 2011, mainly due to the mix of grain harvested and favorable weather conditions. The surface area in operation for fiscal year 2010 was 82,088 hectares (including 10,816 hectares under concession) whereas for fiscal year 2011 it was 90,750 (including

10,401 hectares under concession).

As of June 30, 2011, the harvested area was 81.4% of our total sown area, compared to 86.3% as of June 30, 2010.

The following table shows the board prices[1] as of June 30, 2010 and 2011:

	Fiscal year ended June 30,	
	2010	**2011**
	Ps.	**Ps.**
Wheat	632	770
Sunflower	930	1,300
Corn	480	670
Soybean	903	1,272

[1] Rosario Commodities Exchange board prices

Crops – International market

Production income from our Crops segment increased 156.4%, from Ps.27.1 million in fiscal year 2010 to Ps.69.4 million in fiscal year 2011, mainly as a result of:

- a 74.8% increase in global production volume from 33,475 tons in fiscal year 2010 to 58,506 tons in fiscal year 2011, mainly due to a 72.4% increase in soybean volumes harvested, a 70.0% increase in corn volumes harvested and a 15.0% increase in sunflower volumes harvested, partially offset by a slight reduction of 1.4% in wheat volumes harvested from year to year; and

- a 46.7% increase in the average price of grain production.

The 74.8% increase in production volume of our Crops segment resulted mainly from a larger surface area under operation, from 18,872 hectares in fiscal year 2010 to 30,978 hectares in fiscal year 2011, and a 6.5% increase in our average yield from 1.77 tons per hectare in fiscal year 2010 to 1.89 tons per hectare in fiscal year 2011.

As of June 30, 2011, the harvested area was 79.6% of the total sown area, compared to 95.6% as of June 30, 2010.

Beef cattle

Production income from the Beef cattle segment increased 123.6%, from Ps.20.8 million in fiscal year 2010 to Ps.46.6 million in fiscal year 2011, primarily as a result of:

- a 8.1% increase in the average price of kilogram per cattle produced, from Ps.6.6 millon in fiscal year 2010 to Ps.7.1 million in fiscal year 2011,

- a 106.8% increase in beef production volume, from 3,153 tons during fiscal year 2010 to 6,519 tons in fiscal year 2011. The beef production volume in farms and feedlot increased 117.0% and 44.4% in fiscal year 2011 compared to fiscal year 2010, respectively; and

- a 16.8% increase in births during fiscal year 2011 compared to fiscal year 2010.

The number of hectares dedicated to beef cattle production decreased from 105,857 hectares in fiscal year 2010 to 102,279 hectares in fiscal year 2011. This was mainly due to a smaller number of own hectares devoted to cattle production.

Milk

Production income from the Milk segment increased 20.1%, from Ps.26.0 million in fiscal year 2010 to Ps.31.3 million in fiscal year 2011. This increase was mainly due to:

- a 28.3% increase in average prices of milk, from Ps.1.13 per liter in fiscal year 2010 to Ps.1.45 per liter in fiscal year 2011; and

- a 9.6% reduction in milk production volumes, from 21.7 million liters in fiscal year 2010 to 19.6 million liters in fiscal year 2011. This decrease in production volume was mainly due to a reduction in the average number of milking cows (from 3,297 in fiscal 2010 to 2,816 in fiscal 2011 as a result of the sale of "La Juanita" dairy farm), partially offset by a 5.8% increase in the efficiency level of average daily milk production per cow, from 18.0 liters in fiscal year 2010 to 19.1 liters in fiscal year 2011.

Cost of production

Cost of production increased 38.7%, from Ps.201.9 million in fiscal year 2010 to Ps.280.1 million in fiscal year 2011. This increase was mainly due to a Ps.71.4 million increase in our Crops segment, a Ps. 3.1 million increase in our Beef cattle segment and a Ps.3.6 million increase in our Milk segment.

Crops – Domestic market

Cost of production from our Crops segment increased 43.9%, from Ps.132.3 million in fiscal year 2010 to Ps.190.4 million in fiscal year 2011, primarily as a consequence of:

- higher production volumes in fiscal year 2011 compared to fiscal year 2010;

• a larger number of hectares in operation in farms leased from third parties in fiscal year 2011 compared to fiscal year 2010; and

• a 48.9% increase in direct costs of production during fiscal year 2011 compared to fiscal year 2010, primarily as a result of higher prices of leases and supplies used (agrochemicals and seeds).

Total cost of production per ton increased 0.9%, from Ps.456 in fiscal year 2010 to Ps.460 in fiscal year 2011, primarily as a result of higher direct costs of production, partially offset by higher yields per hectare during fiscal year 2011 compared to fiscal year 2010.

Crops – International market

Cost of production from our Crops segment increased 48.4% from Ps.27.4 million in fiscal year 2010 to Ps.40.7 million in fiscal year 2011, mainly due to:

• higher production volumes in fiscal year 2011 compared to fiscal year 2010;

• a larger number of hectares in operation in fiscal year 2011 compared to fiscal year 2010; and

• a 46.1% increase in direct costs of production during fiscal year 2011 compared to fiscal year 2010, primarily as a result of higher prices of supplies used (agrochemicals and seeds).

The total cost of production per ton decreased 15.1% from Ps.819 in fiscal year 2010 to Ps.696 in fiscal year 2011, mainly due to higher yields, that showed a higher production volume, compared to the previous fiscal year.

Beef Cattle

Production cost of the Beef Cattle segment increased 14.4% from Ps.21.8 million in fiscal year 2010 to Ps.25.0 million in fiscal year 2011. The increase in production costs of the Beef Cattle segment during fiscal year 2011 was mainly due to:

• higher production volumes in fiscal year 2011 compared to fiscal year 2010; and

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• higher feed costs due to the increase of animals fattened in feedlots and higher supply prices.

Primarily due to higher production volumes, the direct cost per kilogram produced decreased by 35.1% from Ps.2.95 in fiscal year 2010 to Ps.1.91 in fiscal year 2011.

Milk

Cost of production of the Milk segment increased 17.6%, from Ps.20.4 million in fiscal year 2010 to Ps.24.0 million in fiscal year 2011. This increase was mainly due to the impact of higher direct costs. As a result of the above, cost of production per liter of milk increased from Ps.0.94 in fiscal year 2010 to Ps.1.22 in fiscal year 2011.

Sales

Total sales increased 28.2%, from Ps.1,664.6 million in fiscal year 2010 to Ps.2,133.8 million in fiscal year 2011. This was primarily due to a 72.5% increase in the Agriculture and cattle raising business, from Ps.327.4 million in fiscal year 2010 to Ps.564.9 million in fiscal year 2011, the Ps.127.1 effect recorded in fiscal year 2011 in our Feedlot/Slaughtering business following the consolidation with Cactus Argentina S.A. as of December 2010 and a 7.8% increase in the Real estate business, from Ps.1,337.2 million in fiscal year 2010 to Ps.1,441.9 million in fiscal year 2011.

Agriculture and cattle raising business

Sales increased 72.5% from Ps.327.4 million in fiscal year 2010 to Ps.564.9 million in fiscal year 2011, as a result of a Ps.148.4 million increase in the Crops segment, a Ps.11.6 million increase in the Beef cattle segment, a Ps.4.0 million increase in the Milk segment, a Ps.7.5 million increase in the Other segment, and a Ps.65.9 million increase in our Sales of farms segment.

Crops – Domestic market

Sales from our Crops segment increased 64.7%, from Ps.164.5 million in fiscal year 2010 to Ps.271.0 million in fiscal year 2011, primarily as a consequence of:

• a 25.6% increase in average prices of grains sold, from Ps.707 per ton in fiscal year 2010 to Ps.889 per ton in fiscal year 2011;

• a 41.2% increase in production volume, from 289,141 tons in fiscal year 2010 to 408,404 tons in fiscal year 2011; and

• a 66,525 ton increase in crops sold in fiscal year 2011 compared to the previous fiscal year, due to larger stocks at the beginning of the year and higher production volumes.

	Crops Inventories (in tons) [1] Fiscal year ended June 30,		
	2010	**2011**	**Change**
Inventories at the beginning of the fiscal year	**77,449**	**90,299**	**12,850**
Purchases	22,845	33,970	11,125

Production	253,051	317,072	64,021
Sales	(238,447)	(304,972)	(66,525)
Transfer of unharvested crops to expenses	(24,599)	(23,194)	1,405
Inventories at the end of the fiscal year	**90,299**	**113,175**	**22,876**

(1) Includes silage stocks.

Crops – International market

Sales from our Crops segment increased 139.1% from Ps.30.1 million in fiscal year 2010 to Ps.72.0 million in fiscal year 2011, mainly as a result of:

- a 46.3% increase in sales volume, from 35,658 tons in fiscal year 2010 to 52,179 tons in fiscal year 2011, mainly due to a higher production volume of crops in fiscal year 2011 partialy offset by a 25.9% reduction in the average price per ton sold, from Ps.842 in fiscal year 2010 to Ps.624 in fiscal year 2011.

	Crops Inventory (in tons) **Fiscal Year ended June 30,**		
	2010	**2011**	**Variation**
Inventories at the beginning of the fiscal year	**2,513**	**4**	**(2,509)**
Purchases	-	-	-
Production	33,475	58,496	25,021
Sales	(35,658)	(52,179)	(16,521)
Transfer of unharvested crops to expenses	(326)	(624)	(298)
Inventories at the end of the fiscal year	**4**	**5,697**	**5,693**

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Beef cattle

Sales from our Beef cattle segment increased 29.6%, from Ps.39.3 million in fiscal year 2010 to Ps.50.9 million in fiscal year 2011, primarily as a result of:

• a 35.9% increase in the average price per kilogram sold, from Ps.4.41 in fiscal year 2010 to Ps.6.00 in fiscal year 2011 partially offset by a slight reduction of 4.6% in beef sales volume, from 8,898 tons in fiscal year 2010 to 8,485 tons in fiscal year 2011.

The average cattle stock remained unchanged at approximately 80,000 heads in fiscal year 2011 compared to fiscal year 2010.

Milk

Sales from the Milk segment increased 16.2% from Ps.24.4 million in fiscal year 2010 to Ps.28.4 million in fiscal year 2011, mainly as a result of:

• a 28.3% increase in the average price of milk, from Ps.1.13 per liter in fiscal year 2010 to Ps.1.45 per liter in fiscal year 2011 partially offset by by a 9.6% reduction in milk production volumes, mainly due to a lower average number of milking cows.

Sales of farms

Sales from our Sales of farms segment increased 355.4% from Ps.18.6 million in fiscal year 2010 to Ps.84.5 million in fiscal year 2011, mainly as a consequence of:

• a 25.6% increase in average prices of grains sold, from Ps.707 per ton in fiscal year 2010 to Ps.889 per ton in fiscal year 2011;

• a 41.2% increase in production volume, from 289,141 tons in fiscal year 2010 to 408,404 tons in fiscal year 2011, generating a higher volume of crops as of the closing of this fiscal year; and

• a 66,525 ton increase in crops sold in fiscal year 2011 compared to the previous fiscal year, due to larger stocks at the beginning of the year and higher production volumes.

	Crops Inventories (in tons) [(1)] **Fiscal year ended June 30,**		
	2010	**2011**	**Change**
Inventories at the beginning of the fiscal year	**77,449**	**90,299**	**12,850**
Purchases	22,845	33,970	11,125
Production	253,051	317,072	64,021
Sales	(238,447)	(304,972)	(66,525)
Transfer of unharvested crops to expenses	(24,599)	(23,194)	1,405
Inventories at the end of the fiscal year	**90,299**	**113,175**	**22,876**

(1) Includes silage stocks.

Fiscal Year 2011

On September 3, 2010, we signed the title deed of sale of the "La Juanita" farm (4,302 hectares), located in the District of Trenque Lauquen, Province of Buenos Aires. The agreed sale price was of Ps.71.1 million (US$ 18.0 million), which have been fully collected.

On March 2, 2011, we agreed to sell 910 hectares of "La Fon Fon" farm located in the Province of Obispo Santiesteban, Republic of Bolivia. The purchase price was US$ 3.6 million, of which US$ 1.0 million has been already collected, while the balance is payable in five semi-annual consecutive installments maturing from December 2011 to December 2013.

Fiscal year 2010

• On June 15, 2010, we signed the deed of sale of the "Tali Sumaj" farm (12,701 hectares), located in the Province of Catamarca. The farm was sold for a price of Ps.18.6 million (US$ 4.8 million), which were fully collected.

Other

Sales from our Other segment increased 15.0%, from Ps.50.5 million in fiscal year 2010 to Ps.58.0 million in fiscal year 2011, mainly due to:

• a Ps.8.3 million increase in commodity brokerage services;

- offset by a Ps.0.8 million reduction for services to third parties, resale of raw materials, and others.

Feedlot/Slaughtering business

In December 2010, we increased our interest in Cactus Argentina S.A. from 48% to 80%. Therefore, our consolidated results for the period from July 1, 2010 to June 30, 2011 include the results of Cactus Argentina S.A. only for the period from January 1 to June 30, 2011. Cactus' results are consolidated with those of Exportaciones Agroindustriales Argentinas S.A.. As a result, our segment information includes a new segment known as Feedlot/Slaughtering. Our consolidated results as of June 30, 2010 do not include Cactus' consolidated information, which affects the comparability of results.

Sales from the Feedlot/Slaughtering business were Ps.127.1 million.

Real estate business

Sales from our Real estate business increased 7.8% from Ps.1,337.2 million in fiscal year 2010 to Ps.1,441.9 million in fiscal year 2011, mainly due to a Ps.301.4 million increase in the Offices and other, Shopping centers, Hotels, and Sales and developments segments, partially offset by a Ps.196.8 million decrease in the consumer finance segment due to the sale of 80% of the shares of Tarshop as on September 1, 2010. It should be noted that our consolidated results for the fiscal year ended June 30, 2011 include the results of Tarshop S.A. only for the period from July 1, 2010 to August 31, 2010. Our consolidated results as of June 30, 2010 include consolidated information of Tarshop S.A., thus affecting the comparability of results.

Cost of sales

Total cost of sales increased 52.3% from Ps.792.2 million for fiscal year 2010 to Ps.1,206.2 million for fiscal year 2011. This was mainly due to a 59.9% increase in the Agriculture and cattle raising business, from Ps.289.7 million in fiscal year 2010 to Ps.463.2 million in fiscal year 2011, the Ps.123.3 million effect recorded in fiscal year 2011 in our Feedlot/Slaughtering Business following the consolidation with Cactus Argentina S.A. as from December 2010 and a 23.3% increase in the Real estate business from Ps.502.5 million in fiscal year 2010 to Ps.619.7 million in fiscal year 2011.

Agriculture and cattle raising business

Cost of sales for fiscal year 2011 increased 59.9% from Ps.289.7 million in fiscal year 2010 to Ps.463.2 million in fiscal year 2011, primarily as a result of a Ps.129.9 million increase in the Crops segment, a Ps.11.3 million increase in the Beef cattle segment, a Ps.4.0 million increase in the Milk segment, a Ps.3.3 million increase in the Other segment, and a Ps.25.1 million increase in the Sales of farms segment.

Cost of sales as a percentage of sales was 88.5% in fiscal year 2010 and 82.0% in fiscal year 2011.

Crops – Domestic market

Cost of sales from our Crops segment increased 62.8%, from Ps.148.1 million in fiscal year 2010 to Ps.241.1 million in fiscal year 2011, primarily as a result of:

- a 27.9% increase in the volume of tons sold compared to the previous fiscal year; and

• a 25.6% increase in the average market price of grains in fiscal year 2011.

The average cost per ton sold increased 27.3%, from Ps.621 in fiscal year 2010 to Ps.791 in fiscal year 2011, mainly as a result of the higher average market prices of grains.

Crops – International market

Cost of sales from our Crops segment increased 133.8% from Ps.27.6 million in fiscal year 2010 to Ps.64.4 million in fiscal year 2011, mainly as a result of:

• a 46.3% increase in the volume of sales of crops in fiscal year 2011 compared to the previous fiscal year partially offset by a 25.9% reduction in the average price per ton of crops, from Ps.842 in fiscal year 2010 to Ps.624 in fiscal year 2011.

The average cost per ton sold increased 59.8%, from Ps.773 in fiscal year 2010 to Ps.1,234 in fiscal year 2011.

Beef cattle

Cost of sales from our Beef cattle segment increased 24.3%, from Ps.46.7 million in fiscal year 2010 to Ps.58.0 million in fiscal year 2011, primarily as a result of:

• a 35.9% increase in the average price per kilogram sold, from Ps.4.41 in fiscal year 2010 to Ps.6.0 fiscal year 2011 partially offset by a 4.6% reduction in beef sales volumes in fiscal year 2011 compared to fiscal year 2010.

Milk

Cost of sales from our Milk segment increased 16.2%, from Ps.24.4 million in fiscal year 2010 to Ps.28.4 million in fiscal year 2011, primarily as a result of:

• a 28.9% increase in the level of prices of milk which had an impact on the cost of sales;

• partially offset by a 9.4% reduction in the sale volume of milk.

Sales of farms

Cost of sales from our Sales of farms segment increased significantly, from Ps.4.8 million in fiscal year 2010 to Ps.29.9 million in fiscal year 2011, mainly as a consequence of:

Fiscal year 2011

- the cost of sale of 4,302 hectares of "La Juanita" farm was Ps.21.6 million;
- the cost of sale of 910 hectares of "La Fon Fon" farm was Ps.8.3 million.
- the cost of sale of 12,701 hectares of our "Tali Sumaj" farm was Ps.4.8 million.

Other

Cost of sales from our Other segment increased 8.6%, from Ps.38.1 million in fiscal year 2010 to Ps.41.4 million in fiscal year 2011, primarily as a result of a slight increase in costs arising from brokerage activities due to an increase in the number of commodity trading transactions through our subsidiary Futuros y Opciones.com and costs generated by services to third parties, resale of raw materials and others.

Feedlot/Slaughtering business

Cost of sales from our Feedlot/Slaughtering business was Ps.123.3 million.

Real estate business

Cost of sales from our Real estate business increased 23.3%, from Ps.502.5 million in fiscal year 2010 to Ps.619.7 million in fiscal year 2011. This was mainly due to a Ps.194.2 million increase in the Offices and other, Shopping Centers, Hotels and Sales and developments segments, partially offset by a Ps.77.0 million reduction in the Consumer finance segment.

Gross profit

As a result of the above mentioned factors, gross profit increased 18.7%, from Ps.888.2 million in fiscal year 2010 to Ps.1,054.0 million in fiscal year 2011. This was mainly due to a significant increase in our Agriculture and cattle raising business, from a Ps.53.5 million profit in fiscal year 2010 to a Ps.228.1 million profit in fiscal year 2011, a Ps.3.8 million increase in our Feedlot/Slaughtering business in fiscal year 2011 due to the consolidation of Cactus Argentina S.A. as from December 2010 and a 1.5% reduction in the Real estate business, from a Ps.834.7 million profit in fiscal year 2010 to a Ps.822.1 million profit in fiscal year 2011.

Agriculture and cattle raising business

As a result of the above mentioned factors, gross profit increased significantly, from a Ps.53.5 million profit in fiscal 2010 to a Ps.228.1 million profit in fiscal 2011. Our gross margin, calculated as our gross profit divided by our production income, was 24.6% positive for fiscal 2010 and 56.1% positive for fiscal year 2011.

Crops – Domestic market

Gross profit from this segment increased 253.5%, from Ps.27.9 million in fiscal year 2010 to Ps.98.7 million in fiscal year 2011.

Crops – International market

Gross profit from this segment increased significantly, from Ps. 2.2 million in fiscal year 2010 to Ps.36.3 million in fiscal year 2011

Beef cattle

Gross profit from our Beef cattle segment increased 271.6%, from Ps.8.4 million loss in fiscal year 2010 to Ps.14.5 million profit in fiscal year 2011.

Milk

Gross profit from our Milk segment increased 29.2%, from Ps.5.7 million in fiscal year 2010 to Ps.7.3 million in fiscal year 2011.

Sales of farms

Gross profit from our Sales of farms segment increased 297.6% from Ps.13.7 million in fiscal year 2010 to Ps.54.6 million in fiscal year 2011.

Other

Gross profit from our Other segment increased 34.4%, from Ps.12.4 million in fiscal year 2010 to Ps.16.7 million in fiscal year 2011.

Feedlot/Slaughtering business

Gross profit from our Feedlot/Slaughtering business was Ps.3.8 profit million.

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Real estate business

Gross profit from our Real estate business decreased 1.5% from Ps.834.7 million in fiscal year 2010 to Ps.822.1 million in fiscal year 2011. This was mainly due to a Ps.144.7 million increase in the Shopping Centers, Offices and other and Hotels segments and a Ps.157.3 million reduction in the Sales and developments and Consumer finance segments.

Selling expenses

Total selling expenses decreased 19.7% from Ps.219.4 million for fiscal year 2010 to Ps.176.2 million for fiscal year 2011. Selling expenses for fiscal years 2010 and 2011 include Ps.185.4 million and Ps.106.7 million from the Real Estate business, respectively selling expenses for fiscal year 2011 include Ps.8.0 million from the Feedlot/Slaughtering business.

Agriculture and cattle raising business

Selling expenses of our Agriculture and cattle raising business increased 80.5% from Ps.34.0 million in fiscal year 2010 to Ps.61.5 million in fiscal year 2011. Selling expenses of our Crops, Beef Cattle, milk and Other segments represented 86.0%, 4.0%,2.3% and 7.7%, respectively, the total selling expenses for fiscal year 2011.

Crops – Domestic market

Selling expenses of our Crops segment as a percentage of sales increased from 14.1% in fiscal year 2010 to 16.9% in fiscal year 2011, as a result of the increase in average sales prices of commodities in fiscal year 2011. Selling expenses per ton of grain sold increased 55.0%, from Ps.97 per ton in fiscal year 2010 to Ps.150 per ton in fiscal year 2011, primarily as a result of higher cost of freight, conditioning and storage.

Crops – International market

Selling expenses of our Crops segment as a percentage of sales decreased from 14.9% during fiscal year 2010 to 9.8% in fiscal year 2011. Selling expenses per ton of grain sold increased 7.6%, from Ps.126 per ton during fiscal year 2010 to Ps.135 per ton in fiscal year 2011.

Beef cattle

Selling expenses of our Beef cattle segment as a percentage of sales decreased slightly, from 6.5% in fiscal year 2010 to 4.8% in fiscal year 2011.

Milk

Milk sales did not generate significant selling expenses as all the production was marketed directly to dairy producers.

Other

Selling expenses of our other segment as a percentage of sales increased slightly from 6.6% in fiscal year 2010 to 8.1% in fiscal year 2011.

Feedlot/Slaughtering business

Selling expenses from our Feedlot/Slaughtering business were Ps.8.0 million.

Real estate business

Selling expenses from the Real estate business decreased 42.4%, from Ps.185.4 million in fiscal year 2010 to Ps.106.7 million in fiscal year 2011. This was mainly due to a Ps.100.0 million reduction in the Consumer finance segment, partially offset by a Ps.21.3 million increase in the Sales and developments, Offices and other, Shopping Centers and Hotels segments.

Milk

Cost of sales from our Milk segment increased 16.2%, from Ps.24.4 million in fiscal year 2010 to Ps.28.4 million in fiscal year 2011, primarily as a result of:

- a 28.9% increase in the level of prices of milk which had an impact on the cost of sales;

- partially offset by a 9.4% reduction in the sale volume of milk.

Agriculture and cattle raising business

Administrative expenses from our Agriculture and cattle raising business increased 16.8% from Ps.44.4 million in fiscal year 2010 to Ps.51.8 million in fiscal year 2011.

Crops – Domestic market

Administrative expenses increased 22.6% from Ps.19.4 million in fiscal year 2010 to Ps.23.8 million in fiscal year 2011, mainly due to

- an increase in Salaries and wages and social security contributions;

- higher Fees and compensation from services; and
- higher Taxes, rates and contributions.

Crops – International market

Administrative expenses decreased 27.1%, from Ps.7.2 million in fiscal year 2010 to Ps.5.3 million in fiscal year 2011, mainly due to the addition of our international businesses in Bolivia and Paraguay during the previous fiscal year, in which higher expenses were incurred.

Beef cattle

Administrative expenses increased 15.1% from Ps.12.3 million in fiscal year 2010 to Ps.14.2 million in fiscal year 2011, mainly as a result of:

- an increase in Salaries and wages and social security contributions;
- higher Taxes, rates and contributions; and
- higher Fees and compensation from services.

Milk

Administrative expenses decreased 22.0% from Ps.2.2 million in fiscal year 2010 to Ps.1.7 million in fiscal year 2011, primarily as a result of reduced activities due to the sale of "La Juanita" dairy farm.

Sales of farms

Administrative expenses increased significantly, from Ps.1.3 million in fiscal year 2010 to Ps.3.5 million in fiscal year 2011, mainly as a result of an increase in the share of this segment.

Other

Administrative expenses increased 78.0% from Ps.1.8 million in fiscal year 2010 to Ps.3.3 million in fiscal year 2011, primarily as a result of higher Salaries and wages and social security contributions resulting from compensation increases.

Feedlot/Slaughtering business

Administrative expenses from our Feedlot/Slaughtering business were Ps.4.5 million.

Real estate business

Administrative expenses from the Real estate business increased 2.2%, from Ps.195.3 million in fiscal year 2010 to Ps.199.6 million in fiscal year 2011. This resulted mainly from a Ps.25.2 million increase in the Sales and developments, Shopping Centers and Hotels segments, partially offset by a Ps.20.8 million decrease from the Offices and other and Consumer finance segments.

Gain from valuation of other assets at net realization value

Gain from valuation of other assets at net realization value increased 34.3% from a Ps.33.8 million gain during fiscal year 2010 to a Ps.45.4 million gain in fiscal year 2011, derived from the Real Estate business.

Gain (loss) from inventory holding

Our gain (loss) from inventory holding decreased 36.3%, from a Ps.86.6 million gain in fiscal year 2010 to a Ps.55.2 million gain in fiscal year 2011. Fiscal years 2010 and 2011 include a Ps.1.1 million gain in both years, derived from the Real Estate business. Fiscal year 2011 includes a Ps.0.5 million gain from the Feedlot/Slaughtering business.

Agriculture and cattle raising business

Crops – Domestic market

Our gain (loss) from inventory holding decreased significantly, from a Ps.1.5 million gain in fiscal year 2010 to a Ps.17.8 million loss in fiscal year 2011, mainly as a result of a lower gain from inventory holding in grains and supplies, due to a significant loss from transactions in the Futures and Options Exchange Market (*Mercado a Término*).

Crops – International market

Our gain (loss) from inventory holding increased significantly, from a Ps.0.3 million loss in fiscal year 2010 to a Ps.1.3 million gain in fiscal year 2011, mainly as a result of gains in inventory holding in grains and supplies, due to higher market prices.

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Beef cattle

Our gain (loss) from inventory holding decreased 17.3%, from a Ps.84.3 million gain in fiscal year 2010 to a Ps.69.7 million gain in fiscal year 2011, primarily as a result of an increase in cattle market prices.

Other

Our gain (loss) from inventory holding increased 302.8%, from a Ps.0.1 million loss in fiscal year 2010 to a Ps.0.2 million gain in fiscal year 2011, mostly due to an increase in average prices of minor products.

Feedlot/Slaughtering business

Our gain (loss) from inventory holding from our Feedlot/Slaughtering business was a gain of Ps.0.5 million.

Real estate business

Our gain (loss) from inventory holding of the Real estate business increased slightly by 4.5%, reflecting a gain of approximately Ps.1.1 million in both fiscal years. This was mainly due to a Ps.0.7 million increase in the Offices and other segment, offset by a Ps.0.6 million reduction in the Sales and developments segment, compared to the previous fiscal year.

Gain (loss) from investment in Tarjeta Shopping's trusts

Our gain (loss) from inventory holding of our investment in Tarjeta Shopping trusts decreased 87.4%, from a Ps.37.5 million gain in fiscal year 2010 to a Ps.4.7 million gain in fiscal year 2011, due to the sale of Tarshop S.A. as from September 1, 2010.

Operating income (loss)

As a result of the above mentioned factors, operating income (loss) increased 23.9%, from a Ps.587.0 million gain in fiscal year 2010 to a Ps.727.1 million gain in fiscal year 2011.

Agriculture and cattle raising business

Operating income (loss) from the Agriculture and cattle raising business increased 177.9% from a Ps.60.6 million gain in fiscal year 2010 to a Ps.168.3 million gain in fiscal year 2011.

Crops – Domestic market

Operating income (loss) from this segment increased 185.6% from a Ps.13.1 million loss in fiscal year 2010 to a Ps.11.2 million gain in fiscal year 2011.

Crops – International market

Operating income (loss) from this segment increased 360.6%, from a Ps.9.7 million loss in fiscal year 2010 to a Ps.25.3 million gain in fiscal year 2011.

Beef cattle

Operating income (loss) from this segment increased 10.7%, from a Ps.61.0 million gain in fiscal year 2010 to a Ps.67.6 million gain in fiscal year 2011.

Milk

Operating income (loss) from this segment increased 44.2%, from a Ps.2.9 million gain in fiscal year 2010 to a Ps.4.2 million gain in fiscal year 2011.

Sales of farms

Operating income (loss) from this segment increased 312.2%, from a Ps.12.4 million gain in fiscal year 2010 to a Ps.51.1 million gain in fiscal year 2011.

Other

Operating income (loss) from this segment increased 25.3% from a Ps.7.1 million gain in fiscal year 2010 to a Ps.8.9 million gain in fiscal year 2011.

Feedlot/Slaughtering business

Operating income (loss) from our Feedlot/Slaughtering business was a Ps.8.2 million loss.

Real estate business

Operating income (loss) from the Real estate business increased 7.7%, from Ps.526.4 million in fiscal year 2010 to Ps.567.1 million in fiscal year 2011. This was mainly due to a Ps.120.8 million opearting income increase in the Shopping Centers, Office and Other and Hotels segments, offset by a decrease of Ps.80.2 million in the Sales and developments and Consumer finance segments.

Amortization of goodwill

The amortization of goodwill increased 50.9%, from a Ps.43.7 million gain during fiscal year 2010 to a Ps.65.9 million gain in fiscal year 2011. This was mainly due to an increase of Ps.9.6 million derived from our equity interest in BrasilAgro and a Ps.15.8 million increase from our Real estate business.

Net financial results

We had a net financial loss of Ps.201.3 million in fiscal year 2010, and a Ps.369.0 million loss in fiscal year 2011. This was primarily due to:

• a higher loss of Ps.113.3 million in net financial interest recorded in fiscal year 2011;

• a higher loss of Ps.33.8 million generated by the results from financial and other transactions in fiscal year 2011; and

• a higher loss of Ps.20.5 million generated by net exchange differences in fiscal year 2011.

Our net financial loss in fiscal year 2011 is mainly due to (i) a Ps.271.8 million loss from the negative impact of interest accrued on debt financing, mainly due to increased indebtedness and higher interest rates; (ii) a Ps.66.1 million loss generated by net exchange differences mainly as a result of a higher liability position in US dollars; and (iii) a Ps.31.1 million loss derived from holding results from the placement of funds and other financial transactions.

It should be pointed out that the average exchange rate increased 4.6%, from Ps.3.91 per U.S. Dollar at the end of fiscal 2010 to Ps.4.09 per U.S. Dollar at the end of fiscal 2011.

Gain (loss) on equity investees

Gain on our equity investees increased 1.8%, from Ps.127.1 million in fiscal year 2010 to Ps.129.4 million in fiscal year 2011 primarily due to:

• a reduction of Ps.22.1 million in fiscal year 2011 due to income from related companies in our Real Estate business;

• an increase of Ps.19.0 million in fiscal year 2011 with respect to our investment in BrasilAgro. The result from our investment in BrasilAgro in fiscal year 2010 was a Ps.9.5 million loss compared to a gain of Ps.9.5 million in fiscal year 2011;

• an increase of Ps.8.7 million in fiscal year 2011 with respect to our equity interest in Cactus Argentina S.A.. The result from our investment in Cactus was a Ps.21.1 million loss in fiscal year 2010 compared to a Ps.12.4 million loss for the six-month period of fiscal year 2011 (as a result of such company’s consolidation as from January 1, 2011);

• a higher loss of Ps.4.4 million in fiscal year 2011 as a result of the amortization of higher values generated by the combination of businesses, from a loss of Ps.6.2 million in fiscal year 2010 to a loss of Ps.10.6 million for fiscal year 2011; and

- an increase of Ps.1.0 million in fiscal year 2011, mainly as a result of our equity interest in AgroUranga S.A. The result from our investment in such company was a Ps.3.7 million gain in fiscal year 2010, compared to a Ps.4.7 million gain in fiscal year 2011.

Other income and expenses, net

Other income and expenses, net, represented a net expense of Ps.19.7 million and Ps.22.8 million in fiscal years 2010 and 2011, respectively. These results were mainly due to the negative impact from lawsuit contingencies and non-computable VAT.

Management fee

Under the consulting agreement entered into with Consultores Assets Management S.A., we pay a fee equal to 10% of our net income for agricultural advisory services and other management services. The fees amounted to Ps.20.6 million in fiscal year 2010 and Ps.23.6 million in fiscal year 2011.

Income tax

Our income tax expense was Ps.145.9 million in fiscal year 2010 and Ps.125.4 million in fiscal year 2011. We recognize our 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 and cattle raising business derive from valuation of cattle stock and fixed assets sale and replacement, while those corresponding to the Real estate business derive from the sale and replacement of fixed assets.

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 this annual report (35%), has been applied to the identified temporary differences and tax losses.

Minority interest

Our minority interest was a Ps.184.8 million loss for fiscal year 2010 and a Ps.169.0 million loss in fiscal year 2011.

Net income

Due to the above mentioned factors, our net income increased 14.6%, from Ps.185.4 million for fiscal year 2010 to Ps.212.6 million in fiscal year 2011.

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Fiscal year ended June 30, 2010 compared to fiscal year ended June 30, 2009

Production income

Production income was Ps. 217.7 million for fiscal year 2010, 26.2% higher than the amount recorded for the previous fiscal year. This was primarily attributable to a Ps.36.7 million increase in our Crops segment, a Ps.2.7 million increase in our Beef cattle segment and a Ps.5.8 million increase in our Milk segment.

Crops – Local

Production income from our Crops segment increased 21.2%, from Ps.118.6 million for fiscal year 2009 to Ps.143.8 million for fiscal year 2010, primarily as a result of:

- a 33.9% increase in total production volumes, from Ps.215,857 tons in fiscal year 2009 to 289,141 tons in fiscal year 2010, mainly due to 13.0%, 71.0% and 19.7% increases in production volumes of corn, soybean and sorghum, respectively, partially offset by a decrease of 52.5% in volumes of wheat harvested and of 47.1% of sunflower harvested from year to year; and

- a 7.4% decrease in average prices of grain production.

The 33.9% increase in the production volume from our Crops segment was primarily due to a 64.5% increase in our average yield, from 2.14 tons per hectare in fiscal year 2009 to 3.52 tons per hectare in fiscal year 2010, mainly due to the mix of grain harvested and favorable weather conditions. Our total sown area for fiscal year 2009 was 100,925 hectares (including 8,067 hectares under concession through our subsidiary Agropecuaria Anta S.A.) whereas for fiscal year 2010 it was 82,088 (including 10,816 hectares under concession through our subsidiary Agropecuaria Anta S.A.). As of June 30, 2010, the harvested area was 86.3% of our total sown area, compared to 94.8% as of June 30, 2009.

The following table shows the board prices (1) as of June 30, 2009 and 2010:

	Fiscal year ended June 30,	
	2009	**2010**
	Ps.	Ps.
Wheat	654	632
Sunflower	770	930
Corn	450	480
Soybean	1,010	903

(1)Rosario Commodities Exchange board prices

Crops – International

Production income from our Crops segment increased 73.6%, from Ps.15.6 million in fiscal year 2009 to Ps.27.0 million in fiscal year 2010, mainly as a result of:

• a 58.1% increase in global production volume from 21,174 tons in fiscal year 2009 to 33,475 tons in fiscal year 2010, mainly due to a 39.6% increase in volumes of soybean harvested and a 50.4% increase in volumes of corn harvested, as a result of the increase in our surface area under operation, from 9,950 hectares in fiscal year 2009 to 18,872 hectares in fiscal year 2010; and

• a 9.8% increase in the average price of grain production.

As of June 30, 2010, the harvested area was 96.3% of the total sown area, compared to 100% as of June 30, 2009.

In addition, the increase in production volume of the Crops segment was partially offset by a 16.9% reduction in our average yield, from 2.13 tons per hectare in fiscal year 2009 to 1.77 tons per hectare in fiscal year 2010, mainly due to unfavorable weather conditions.

Beef cattle

Production income for the Beef cattle segment increased 15.0%, from Ps.18.1 million in fiscal year 2009 to Ps.20.8 million in fiscal year 2010, primarily as a result of:

• a 42.3% increase in the average price of kilogram of cattle produced, from Ps.2.6 in fiscal year 2009 to Ps.3.7 million in fiscal year 2010,

• a 20.4% decrease in beef production volume, from 7,112 tons during fiscal year 2009 to 5,659 tons in fiscal year 2010. The beef production volume in farms decreased 22.5% in fiscal year 2010 compared to fiscal year 2009, partially offset by a 14.9% higher production of heads finished in the feedlot compared to the previous year; and

• a 28.7% decrease in births during fiscal year 2010 compared to fiscal year 2009.

The number of hectares dedicated to beef cattle production decreased from 128,859 hectares in fiscal year 2009 to 105,857 in fiscal year 2010. This was mainly due to a smaller number of hectares devoted to cattle production leased from third parties.

Milk

Production income for the Milk segment increased 28.8%, from Ps.20.2 million in fiscal year 2009 to Ps.26.0 million in fiscal year 2010. This increase was mainly due to:

• a 23.7% increase in average prices of milk, from Ps.0.93 per liter in fiscal year 2009 to Ps.1.15 per liter in fiscal year 2010; and

• a 3.8% increase in milk production volumes, from 20.9 million liters in fiscal year 2009 to 21.7 million liters in this fiscal year. This increase in production volume was mainly due to (i) a slight increase in the average number of milking cows (from 3,286 in fiscal year 2009 to 3,297 in fiscal year 2010); and (ii) a slight increase of 3.5% in the efficiency level of average daily milk production per cow, from 17.4 liters in fiscal year 2009 to 18.0 liters in fiscal year 2010.

Cost of production

Cost of production decreased 4.0%, from Ps.210.4 million in fiscal year 2009 to Ps.201.9 million in fiscal year 2010. This decrease was mainly due to a 16.2 million decrease in our Crops segment, partially offset by a Ps. 5.6 million increase in our Beef cattle segment and a Ps.2.1 million increase in our Milk segment.

Crops – Local

Cost of production from our Crops segment decreased 16.8%, from Ps.159.1 million in fiscal year 2009 to Ps.132.3 million in fiscal year 2010, primarily as a consequence of:

• a lower number of hectares exploited in fiscal year 2010 compared to fiscal year 2009; and

• a significant decrease in direct costs of production during fiscal year 2010 compared to fiscal year 2009, primarily as a result of lower prices of leases and supplies used (agrochemicals and seeds).

Total cost of production per ton decreased 38.4%, from Ps.740 in fiscal year 2009 to Ps.456 in fiscal year 2010, primarily as a result of lower direct costs of production and higher yields per hectare during fiscal year 2010 compared to fiscal year 2009 that allowed to dilute costs of production.

Crops – International

Cost of production from our Crops segment increased 63.2% from Ps.16.8 million in fiscal year 2009 to Ps.27.4 million in fiscal year 2010, mainly due to:

• higher production volumes in fiscal year 2010 compared to fiscal year 2009; and

• a larger number of hectares in operation in fiscal year 2010 compared to fiscal year 2009.

The total cost of production per ton increased 3.2% from Ps.794 in fiscal year 2009 to Ps.819 in fiscal year 2010, primarily as a result of higher direct costs of production compared to the previous fiscal year.

Beef cattle

Cost of production from our Beef cattle segment increased 34.5%, from Ps. 16.2 million in fiscal year 2009 to Ps. 21.8 million in fiscal year 2010. The higher cost of production from our Beef cattle segment during fiscal year 2010 is mainly attributable to:

- higher feeding costs due to the increase in the number of heads fattened in feedlot and the increased prices of supplies.

The direct cost per kilogram produced increased 84.3%, from Ps. 0.89 in fiscal year 2009 to Ps. 1.64 in fiscal year 2010.

Milk

Cost of production for the Milk segment increased 11.5%, from Ps.18.3 million in fiscal year 2009 to Ps.20.4 million in fiscal year 2010. This increase was mainly due to:

- a 3.8% increase in milk production volume in fiscal year 2010 compared to the previous fiscal year; and

- the impact of higher indirect costs. As a result of the above, cost of production per liter of milk increased from Ps.0.89 in fiscal year 2009 to Ps.0.94 in fiscal year 2010.

Sales

Total sales increased 32.7%, from Ps.1,254.7 million in fiscal year 2009 to Ps.1,664.6 million in fiscal year 2010. This was primarily due to a 36.8% increase in the agricultural business, from Ps.239.4 million in fiscal year 2009 to Ps.327.4 million in fiscal year 2010 and a 31.7% increase in the real estate business, from Ps.1,015.3 million in fiscal year 2009 to Ps.1,337.2 million in fiscal year 2010.

Agricultural business

Sales increased 36.8% from Ps.239.4 million in fiscal year 2009 to Ps.327.4 million in fiscal year 2010, primarily as a result of a Ps.30.2 million increase in the Crops segment, a Ps.21.6 million increase in the Beef cattle segment, a Ps.5.1 million increase in the Milk segment, a Ps.14.4 million increase in the Other segment, and a Ps.16.6 million increase in our Sales of farms segment.

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Crops – Local

Sales from our Crops segment increased 11.4%, from Ps.147.7 million in fiscal year 2009 to Ps.164.5 million in fiscal year 2010, primarily as a consequence of:

- a 16.5% increase in average prices of grains sold, from Ps.607 per ton in fiscal year 2009 to Ps.707 per ton in fiscal year 2010, partially offset by a slight reduction of 6,406 tons in crops sold in fiscal year 2010 compared to the previous fiscal year; and

- a 33.9% increase in production volume, from 215,857 tons in fiscal year 2009 to 289,141 tons in fiscal year 2010, partially offset by a slight reduction of 6,406 tons in crops sold in fiscal year 2010 compared to the previous fiscal year.

	Crops Inventories (in tons) (1) **Fiscal year ended June 30,**		
	2008	**2009**	**Variation**
Inventories at the beginning of the fiscal year	**112,174**	**77,449**	**(34,725)**
Purchases	8,316	22,845	14,529
Production	222,181	253,051	30,870
Sales	(244,853)	(238,447)	6,406
Transfer of unharvested crops to expenses	(20,369)	(24,599)	(4,230)
Inventories at the end of the fiscal year	**77,449**	**90,299**	**12,850**

(1) Includes silage stocks.

Crops – International

Sales from our Crops segment increased 79.5% from Ps.16.8 million in fiscal year 2009 to Ps.30.1 million in fiscal year 2010, mainly as a result of:

- a 91.1% increase in sales volume, from 18,661 tons in fiscal year 2009 to 35,658 tons in fiscal year 2010, mainly due to a higher production volume of crops in this fiscal year and a larger initial inventory of crops due to the start of production activities during fiscal year 2009;

- partially offset by a 6.3% reduction in the average price per ton sold, from Ps.899 in fiscal year 2009 to Ps.842 in fiscal year 2010.

	Crops Inventory (in tons) **Fiscal Year ended June 30,**		
	2009	**2010**	**Variation**
Inventories at the beginning of the fiscal year	**-**	**2,513**	**2,513**
Purchases	-	-	-

Production	21,174	33,475	12,301
Sales	(18,661)	(35,658)	(16,997)
Transfer of unharvested crops to expenses	-	(326)	(326)
Inventories at the end of the fiscal year	**2,513**	**4**	**(2,509)**

Beef cattle

Sales from our Beef cattle segment increased 122.6%, from Ps.17.6 million in fiscal year 2009 to Ps.39.3 million in fiscal year 2010, primarily as a result of:

- a 40.2% increase in beef sales volume, from 6,348 tons in fiscal year 2009 to 8,898 tons in fiscal year 2010; and

- a 58.6% increase in the average price per kilogram sold, from Ps.2.78 in fiscal year 2009 to Ps.4.41 in fiscal year 2010.

The average cattle stock decreased from 95,437 heads in fiscal year 2009 to 79,488 heads in fiscal year 2010, primarily as a result of the higher volume of sales described above and a reduction of our herd in the “Los Pozos” farm.

Milk

Sales from our Milk segment increased 22.4%, from Ps.19.3 million in fiscal year 2009 to Ps. 24.4 million in fiscal year 2010, primarily as a result of:

- a 23.7% increase in average prices of milk, from Ps. 0.93 per liter in fiscal year 2009 to Ps. 1.15 per liter in fiscal year 2010; and

- a 3.8% increase in production volume mainly due to a higher number of dairy cows being milked and a 3.5% increase in the efficiency level of production.

Sales of farms

Sales from our Sales of farms segment increased 847.3% from Ps.2.0 million in fiscal year 2009 to Ps.18.6 million in fiscal year 2010, mainly as a consequence of:

Fiscal year 2010

• On June 15, 2010, we signed the deed of sale of the "Tali Sumaj" farm (12,701 hectares), located in the Province of Catamarca. The transaction was agreed for a price of Ps.18.6 million (US$ 4.8 million), which was paid in full.

Fiscal year 2009

On July 24, 2008, we signed the deed of sale for two parcels of land in "El Recreo" farm (1,829 hectares) located in the Province of Catamarca. The transaction was agreed for a price of Ps.1.1 million (US$ 0.36 million) paid as follows: US$ 0.12 million upon execution of the deed of sale, and the balance of US$ 0.24 million to be paid in two annual and consecutive installments plus interest equivalent to the Libor rate plus 3%. The result of this transaction was recognized in fiscal year 2008 in accordance with Technical Resolution No. 17; and

On April 7, 2009, we signed the deed of sale for 1,658 hectares of "Los Pozos" farm located in the Province of Salta. The transaction was agreed for a price of Ps.2.0 million (US$ 0.5 million),that was collected in full.

Other

Sales from our Other segment increased 40.1%, from Ps.36.0 million in fiscal year 2009 to Ps.50.5 million in fiscal year 2010, mainly due to:

• a Ps13.1 million increase in commodity brokerage services; and

• a Ps.1.4 million increase for services to third parties, resale of raw materials, and others.

Real estate business

Sales from our Real estate business increased 31.7% from Ps.1,015.3 million to Ps.1,337.2 million in fiscal year 2010. This was caused mainly by a Ps.374.5 million increase in the Offices and other, Shopping centers, Hotels, and Consumer financing segments, partially offset by a Ps.52.5 million reduction in the Sales and developments segment.

Cost of sales

Total cost of sales increased 23.6% from Ps.640.8 million for fiscal year 2009 to Ps.792.2 million in fiscal year 2010. This was mainly due to a 41.4% increase in the agricultural business, from Ps.204.8 million in fiscal year 2009 to Ps.289.7 million in fiscal year 2010 and a 15.3% increase in the real estate business from Ps.435.9 million in fiscal year 2009 to Ps.502.5 million in fiscal year 2010.

Agricultural business

Cost of sales for fiscal year 2010 increased 41.4% from Ps.204.8 million in fiscal year 2009 to Ps.289.7 million in fiscal year 2010, primarily as a result of a Ps.30.7 million increase in the Crops segment, a Ps.30.4 million increase in the Beef cattle segment, a Ps.5.1 million increase in the Milk segment, a Ps.13.9 million increase in the Other segment, and a Ps.4.7 million increase in the Sales of farms segment.

The cost of sales as a percentage of sales was 85.6% in fiscal year 2009 and 88.5% in fiscal year 2010.

Crops – Local

Cost of sales from our Crops segment increased 13.9%, from Ps. 130.1 million in fiscal year 2009 to Ps.148.1 million in fiscal year 2010, primarily as a result of:

- a 16.5% increase in the average market price of grains in fiscal year 2010;

- partially offset by a 2.6% reduction in the volume of tons sold compared to the previous fiscal year.

The average cost per ton sold increased 16.9%, from Ps.531 in fiscal year 2009 to Ps.621 in fiscal year 2010, mainly as a result of the higher average market prices of grains.

Crops – International

Cost of sales from our Crops segment increased 84.7% from Ps.14.9 million in fiscal year 2009 to ps.27.6 million in fiscal year 2010, mainly as a result of:

- a 91.1% increase in the volume of sales of crops in fiscal year 2010 compared to the previous fiscal year;

- partially offset by a 6.3% reduction in the average price per ton of crops, from Ps.899 in fiscal year 2009 to Ps.842 in fiscal year 2010.

The average cost per ton decreased 3.3%, from Ps.799 in fiscal year 2009 to Ps.773 in fiscal year 2010.

Beef cattle

Cost of sales from our Beef cattle segment increased 187.5%, from Ps.16.2 million in fiscal year 2009 to Ps.46.7 million in fiscal year 2010, primarily as a result of:

• a 40.2% increase in the beef sales volume in fiscal year 2010 compared to fiscal year 2009;

• a 58.6% increase in the average price per kilogram, from Ps.2.78 in fiscal year 2009 to Ps.4.41 fiscal year 2010; and

• a reduction in our cattle herd in the “Los Pozos” farm.

Milk

Cost of sales from our Milk segment increased 26.4%, from Ps.19.3 million in fiscal year 2009 to Ps.24.4 million in fiscal year 2010, primarily as a result of:

• a 23.7% increase in the level of prices of milk which had an impact on the cost of sales; and

• a 3.0% increase in the sale volume of milk.

Sales of farms

Cost of sales from our Sales of farms segment increased significantly, from Ps.0.1 million in fiscal year 2009 to Ps.4.8 million in fiscal year 2010, mainly as a consequence of:

Fiscal year 2010

• the cost of sales of 12,701 hectares of our “Tali Sumaj” farm was Ps.4.8 million.

Fiscal year 2009

• the cost of sales of 1,829 hectares of our El Recreo farm was Ps.0.2 million; and

• the cost of sales of 1,658 hectares of our Los Pozos farm was Ps.0.1 million.

Other

Cost of sales from our Other segment increased 57.4%, from Ps.24.2 million in fiscal year 2009 to Ps.38.1 million in fiscal year 2010, primarily as a result of higher costs arising from brokerage activities due to an increase in the number of commodity trading transactions through our subsidiary Futuros y Opciones.com and costs generated by services to third parties, resale of raw materials and others.

Real estate business

Cost of sales from our Real estate business increased 15.3%, from Ps.435.9 million in fiscal year 2009 to Ps.502.5 million in fiscal year 2010. This was mainly due to a Ps.137.2 million increase in the Offices and other, Shopping

Centers, Hotels and Consumer financing segments, partially offset by a Ps.70.6 million reduction in the Sales and developments segment.

Gross profit

As a result of the above mentioned factors, gross profit increased 54.2%, from Ps.576.0 million in fiscal year 2009 to Ps.888.2 million in fiscal year 2010. This was mainly due to a significant increase in our agricultural business, from a Ps.3.4 million loss in fiscal year 2009 to a Ps.53.5 million profit in fiscal year 2010 and a 44.1% increase in the real estate business, from a Ps.579.4 million profit in fiscal year 2009 to a Ps.834.7 million profit in fiscal year 2010.

Agricultural business

As a result of the above mentioned factors, gross profit increased significantly, from Ps.3.4 million loss in fiscal year 2009 to Ps.53.5 million profit in fiscal year 2010. Our gross margin, calculated as our gross profit divided by our production income, was 2.0% negative for fiscal year 2009 and 24.6% positive for fiscal year 2010.

Crops – Local

Gross profit from our Crops segment increased 221.9%, from a Ps.22.9 million loss in fiscal year 2009 to a Ps.27.9 million profit in this fiscal year.

Crops – International

Gross profit from our Crops segment increased 238.9%, from Ps.0.7 million in fiscal year 2009 to Ps.2.2 million during the current fiscal year.

Beef cattle

Gross profit from our Beef cattle segment decreased 356.3%, from a Ps.3.3 million profit in fiscal year 2009 to Ps.8.4 million loss in fiscal year 2010.

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Milk

Gross profit from our Milk segment increased 200.9%, from Ps.1.9 million in fiscal year 2009 to Ps.5.7 million in fiscal year 2010.

Sales of farms

Gross profit from our Sales of farms segment increased 636.3% from Ps.1.9 million in fiscal year 2009 to Ps.13.7 million in fiscal year 2010.

Other

Gross profit from our Other segment increased 4.7%, from Ps.11.8 million in fiscal year 2009 to Ps.12.4 million in fiscal year 2010.

Real estate business

Gross profit from our real estate business increased 44.1% from Ps.579.4 million in fiscal year 2009 to Ps.834.7 million in fiscal year 2010. This was mainly due to a Ps.147.5 million increase in the Shopping centers segment and a Ps.107.8 million increase in the Sales and developments, Offices and other, Hotels and Consumer financing segments.

Selling expenses

Total selling expenses increased 3.3% from Ps.212.5 million in fiscal year 2009 to Ps.219.4 million for fiscal year 2010. Selling expenses for fiscal years 2009 and 2010 include Ps.187.3 million and Ps.185.4 million from the real estate business, respectively.

Agricultural business

Selling expenses of our agricultural business increased 35.1% from Ps.25.2 million in fiscal year 2009 to Ps.34.0 million in fiscal year 2010. Selling expenses of our Crops, Beef cattle and Other segments represented 81.1%, 7.5% and 9.9%, respectively, from the total selling expenses as of June 30, 2010.

Crops – Local

Selling expenses of our Crops segment as a percentage of sales increased from 12.6% in fiscal year 2009 to 14.1% in fiscal year 2010, as a result of the increase in average sales prices of commodities in fiscal year 2010. Selling expenses per ton of grain sold increased 27.6%, from Ps.76 per ton in fiscal year 2009 to Ps.97 per ton in fiscal year 2010, primarily as a result of higher cost of freight, conditioning and storage.

Crops – International

Selling expenses of our Crops segment as a percentage of sales increased, from 14.3% during fiscal year 2009 to 14.9% in fiscal year 2010. Selling expenses per ton of grain sold decreased 2.3%, from Ps.129 per ton during fiscal year 2009 to Ps.126 per ton in fiscal year 2010.

Beef cattle

Selling expenses of our Beef cattle segment as a percentage of sales decreased, from 7.5% in fiscal year 2009 to 6.5% in fiscal year 2010.

Milk

Milk sales did not generate significant selling expenses as all the production was marketed directly to dairy producers.

Other

Selling expenses of our Other segment as a percentage of sales decreased slightly from 6.9% in fiscal year 2009 to 6.6% in fiscal year 2010.

Real estate business

Selling expenses from the real estate business decreased 1.0%, from Ps.187.3 million in fiscal year 2009 to Ps.185.4 million in fiscal year 2010. This was mainly due to a Ps.20.1 million reduction in the Offices and other and Consumer financing segments, partially offset by a Ps.18.2 million increase in the Sales and developments, Shopping centers and Hotels segments.

Administrative expenses

Total administrative expenses increased 78.0%, from Ps.134.7 million in fiscal year 2009 to Ps.239.7 million in fiscal year 2010. Fiscal years 2009 and 2010 include Ps.102.6 million and Ps.195.3 million, respectively, from the Real estate business.

Agricultural business

Administrative expenses from our Agricultural business increased 38.3% from Ps.32.1 million in fiscal year 2009 to Ps.44.4 million in fiscal year 2010.

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Crops – Local

Administrative expenses increased 14.8%, from Ps.16.9 million in fiscal year 2009 to Ps.19.4 million in fiscal year 2010, mainly due to the increase in Salaries and wages and social security contributions resulting from compensation increases, an increase in Office and administration expenses resulting from higher rental expenses of our main offices and higher Bank commissions and expenses.

Crops – International

Administrative expenses increased 138.7%, from Ps.3.0 million in fiscal year 2009 to Ps.7.2 million in fiscal year 2010, mainly due to the addition of our international businesses in Bolivia and Paraguay during this fiscal year.

Beef cattle

Administrative expenses increased 36.4% from Ps.9.0 million in fiscal year 2009 to Ps.12.3 million in fiscal year 2010, mainly as a result of higher Salaries and wages and social security contributions resulting from compensation increases, an increase in Office and administration expenses due to higher rental expenses of our main offices and higher Bank commissions and expenses.

Milk

Administrative expenses increased 37.6% from Ps. 1.6 million in fiscal year 2009 to Ps.2.2 million in fiscal year 2010, primarily as a result of higher Salaries and wages and social security contributions resulting from compensation increases, an increase in Office and administration expenses due to higher rental expenses of our main offices and higher Bank commissions and expenses.

Sales of farms

Administrative expenses increased significantly, from Ps.0.1 million in fiscal year 2009 to Ps.1.3 million in fiscal year 2010, mainly as a result of an increase in the share of this segment.

Other

Administrative expenses increased 36.3% from Ps.1.3 million in fiscal year 2009 to Ps.1.8 million in fiscal year 2010, primarily as a result of higher Salaries and wages and social security contributions resulting from compensation increases, an increase in Office and administration expenses due to higher rental expenses of our main offices and higher Bank commissions and expenses.

Real estate business

Administrative expenses from our real estate business increased 90.4%, from Ps.102.6 million in fiscal year 2009 to Ps.195.3 million in fiscal year 2010. This resulted mainly from a Ps.92.7 million increase in the Sales and developments, Offices and other, Shopping centers, Hotels and Consumer financing segments.

Gain from valuation of other assets at net realization value

Gain from valuation of other assets at net realization value increased 266.3% from a Ps.9.2 million gain during fiscal year 2009 to a Ps.33.8 million gain in fiscal year 2010, derived from our real estate business.

Gain (loss) from inventory holding

Our gain (loss) from inventory holding increased significantly, from a Ps.0.4 million loss in fiscal year 2009 to a Ps.86.6 million gain in fiscal year 2010. Fiscal years 2009 and 2010 include a Ps.0.9 million and Ps.1.1 million gain as a result of our real estate business, respectively.

Agricultural business

Crops – Local

Our gain (loss) from inventory holding increased significantly, from a Ps.0.7 million loss in fiscal year 2009 to a Ps.1.5 million gain in fiscal year 2010, mainly as a result of a higher gain from inventory holding in grains and supplies, due to an increase in market prices, partially offset by a loss from transactions in the Futures and Options Exchange Market (*Mercado a Término*).

Crops – International

Our gain (loss) from inventory holding decreased 46.4%, from a Ps.0.2 million loss in fiscal year 2009 to a Ps.0.3 million loss in fiscal year 2010, mainly as a result of a loss in inventory holding in grains and supplies, due to a decrease in market prices.

Beef cattle

Our gain (loss) from inventory holding increased significantly, from a Ps.0.9 million loss in fiscal year 2009 to a Ps.84.3 million gain in fiscal year 2010, primarily as a result of an increase in average market prices and changes of cattle category in the current fiscal year.

The increase in prices is due to a significant decrease in beef cattle offer. This was originated as a result of the severe drought that took place in Argentina during 2008, which affected the corporal condition of the breeding cows and caused in a lower ratio of pregnancies and an increasein sales of cattle, mainly of female, to slaughter during last years. Due to the imbalance between offer and demand, there was an increase in prices in all the beef categories.

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Other

Our gain (loss) from inventory holding decreased 126.9% from a Ps.0.4 million gain in fiscal year 2009 to a Ps.0.1 million loss in fiscal year 2010, mostly due to a decrease in average prices of minor products.

Real estate business

Our gain (loss) from inventory holding of our real estate business increased 17.6%, from a Ps.0.9 million gain in fiscal year 2009 to a Ps.1.1 million gain in fiscal year 2010. This was mainly due to a Ps.0.9 million increase in the Sales and developments segment, offset by a Ps.0.7 million reduction in the Offices and other segment compared to the previous fiscal year.

Gain (loss) from investment in Tarjeta Shopping's trusts

Our gain (loss) from inventory holding of our investment in Tarjeta Shopping trusts increased 268.3%, from a Ps.22.3 million loss in fiscal year 2009 to a Ps.37.5 million gain in fiscal year 2010, on account of the following factors: (i) the valuation of the Participation Certificates in various series of Consumer Financing Financial Trusts, (ii) the comparison of these valuations against their recoverable values (fair values) and (iii) the gains/losses on the placement of the notes (at the time of the Public Offering) associated to the various series of Consumer Financing financial trusts."

Operating income (loss)

As a result of the above-mentioned factors, operating income (loss) increased 172.5%, from a Ps.215.4 million gain in fiscal year 2009 to a Ps.587.0 million gain in fiscal year 2010.

Agricultural business

Operating income (loss) from the agricultural business increased 197.6% from a Ps.62.0 million loss in fiscal year 2009 to a Ps.60.6 million gain in fiscal year 2010.

Crops – Local

Operating income (loss) from this segment increased 77.8% from a Ps.59.2 million loss in fiscal year 2009 to a Ps.13.1 million loss in fiscal year 2010.

Crops – International

Operating income (loss) from this segment decreased 96.4%, from a Ps.4.9 million loss in fiscal year 2009 to a Ps.9.7 million loss in fiscal year 2010.

Beef cattle

Operating income (loss) from this segment increased significantly, from a Ps.7.9 million loss in fiscal year 2009 to a Ps.61.0 million gain in fiscal year 2010.

Milk

Operating income (loss) from this segment increased significantly, from a Ps.0.1 million loss in fiscal year 2009 to a Ps.2.9 million gain in fiscal year 2010.

Sales of farms

Operating income (loss) from this segment increased, from a Ps.1.7 million gain in fiscal year 2009 to a Ps.12.4 million gain in fiscal year 2010.

Other

Operating income (loss) from this segment decreased 15.6% from a Ps.8.4 million gain in fiscal year 2009 to a Ps.7.1 million gain in fiscal year 2010.

Real estate business

Operating income (loss) from our real estate business increased 89.8%, from a Ps.277.4 million gain in fiscal year 2009 to a Ps.526.4 million gain in fiscal year 2010. This was mainly due to a Ps.218.0 million increase in the Shopping centers and Consumer financing segments and a Ps.31.0 million increase in the Sales and developments, Offices and other and Hotels segments.

Amortization of goodwill

The amortization of goodwill increased 35.2%, from a Ps.32.3 million gain during fiscal year 2009 to a Ps.43.7 million gain in fiscal year 2010. This was mainly due to a Ps.8.3 million increase in the amortization of negative goodwill from the acquisition of our equity interest in IRSA and a Ps.3.0 million increase from our share in BrasilAgro.

Net financial results

We had a net financial income of Ps.44.7 million in fiscal year 2009 and a Ps.201.3 million loss in fiscal year 2010. This was primarily due to:

- non-recurrent income of Ps.176.6 million in fiscal year 2009 generated by the repurchase of Notes issued by our subsidiaries IRSA and Alto Palermo S.A.;

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- a higher loss of Ps.29.2 million in net financial interest recorded in fiscal year 2010;
- a lower gain of Ps.26.7 million generated by the results from hedging transactions in fiscal year 2010;
- a lower gain of Ps.44.9 million generated by the results from financial and other transactions in fiscal year 2010;
- a lower gain of Ps.4.0 million generated by translation differences in fiscal year 2010; and
- a lower loss Ps.35.3 million generated by net exchange differences in fiscal year 2010.

Our net financial loss in fiscal year 2010 is mainly due to (i) a Ps.158.5 million loss from the negative impact of interest accrued on debt financing, mainly due to increased indebtedness and higher interest rates; (ii) a Ps.45.6 million loss generated by net exchange differences mainly as a result of a higher liability position in US dollars; and (iii) a Ps.4.9 million loss derived from holding results from the placement of funds and other financial transactions.

The above-mentioned losses were partially offset by (i) a Ps.5.4 million gain mostly generated by foreign exchange futures – NDF, and (ii) a Ps.2.3 million gain generated by translation differences during fiscal year 2010 from the consolidation with our subsidiary established in the Republic of Uruguay. It should be pointed out that the average exchange rate increased 3.6%, from $/US$ 3.777 at the end of fiscal year 2009 to $/US$ 3.911 at the end of fiscal year 2010.

Gain (loss) on equity investees

Gain on our equity investees increased 158.4%, from Ps.49.2 million in fiscal year 2009 to Ps.127.1 million in fiscal year 2010. This was primarily due to:

- an increase of Ps.36.5 million in fiscal year 2010 with respect to our investment in IRSA. The result from our investment in IRSA in fiscal year 2010 includes a Ps.6.2 million loss due to the amortization of higher values generated by the business combination. The 42.7 million loss for fiscal year 2009 includes a Ps.33.6 million loss from our investment in IRSA and a Ps.9.1 million loss from the amortization of higher values generated by the business combination;
- an increase of Ps.70.2 million in fiscal year 2010 due to income from related companies in our real estate business;
- a decrease of Ps.11.3 million in fiscal year 2010 with respect to our equity interest in BrasilAgro. The result from our investment in BrasilAgro was a Ps.1.8 million gain for fiscal year 2009, compared to a Ps.9.5 million loss for fiscal year 2010;
- a decrease of Ps.18.5 million in fiscal year 2010 with respect to our equity interest in Cactus The result from our investment in Cactus was a Ps.2.6 million loss for fiscal year 2009, compared to a Ps.21.1 million loss for fiscal year 2010; and
- an increase of Ps.1.1 million in fiscal year 2010 mainly as a result of our equity interest in AgroUranga S.A. The result from our investment in such company was a Ps.2.9 million gain in fiscal year 2009, compared to a Ps.3.7 million gain in fiscal year 2010.

Other income and expenses, net

Other income and expenses, net, represented a net expense of Ps.16.5 million and Ps.19.7 million in fiscal years 2009 and 2010, respectively. These results were mainly due to the negative impact from the tax on personal assets payable by us on behalf of our shareholders as required under Argentine law and to the impact from donations.

Management fee

Under the consulting agreement entered into with Consultores Assets Management S.A., we pay a fee equal to 10% of our net income for agricultural advisory services and other management services. The fees amounted to Ps.13.6 million in fiscal year 2009 and Ps.20.6 million in fiscal year 2010.

Income tax

Our income tax expense was Ps.92.7 million in fiscal year 2009 and Ps.145.9 million in fiscal year 2010. We recognize our 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 fixed assets sale and replacement, while those corresponding to the Real estate business derive from the sale and replacement of fixed assets.

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 this form (35%), has been applied to the identified temporary differences and tax losses.

Minority interest

Our minority interest was a Ps.94.2 million loss for fiscal year 2009 and a Ps.184.8 million loss in fiscal year 2010.

Net income

Due to the above-mentioned issues, our net income increased 48.8%, from Ps.124.6 million for fiscal year 2009 to Ps.185.4 million in fiscal year 2010.

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B. Liquidity and Capital Resources

Liquidity

Our principal sources of liquidity have historically been:

- cash generated by our issuance of common shares and by negotiable obligations;
- cash generated by operations;
- cash from borrowings and financing arrangements (including cash from the exercise of warrants); and
- cash proceeds from the sale of farmlands.

Our principal cash requirements or uses (other than in connection with our operating activities) have historically been:

- acquisition of interests in related companies;
- capital expenditures for property, plant and equipment (including acquisitions or purchases of farmlands);
- interest payments and repayments of short-term and long-term debt; and
- payments of dividends.

Our liquidity and capital resources include our cash and cash equivalents, proceeds from operating activities, sales of real estate investments, bank borrowing, long-term debt and capital financing.

Cash Flows

The table below shows our cash flow for the fiscal years ended indicated,:

	For the fiscal year ended June 30,		
	2011	**2010(*)**	**2009(*)**
	(in millions of Pesos)		
Net cash provided by operating activities	553,2	335.0	362.7
Net cash used in investing activities	(791.5)	(550.4)	(325.5)
Net cash provided by (used in) financing activities	768.2	179.4	(346.6)
Net increase (decrease) in cash and cash equivalents	529.9	(36.0)	(309.4)

(*) See change in accounting policy related to statement of cash flows for the years ended June 30, 2010 and 2009 in Note 2.J to our Audited Consolidated Financial Statements included elsewhere in this Annual report.

As of June 30, 2011, we had cash and cash equivalents Ps. 705.5 million, an increase compared to Ps. 175.7 million as of June 30, 2010. The increase was primarily due to the issuance of negotiable obligations for Ps. 965.5 million, an increase in the short and long term debt Ps. 106.9 million, the proceeds from sale of negotiable notes for Ps. 302.3 million and cash inflows from operating activities for Ps. 553.2 million, partially offset by the increase in related companies for Ps. 701.1 million, the acquisition and improvement of fixed assets for Ps.169.7 million, cash outflows for repurchasing Negotiable Obligations for Ps. 163.3 million, the payment of financial interests for Ps. 186.8 million and the payment of dividends for Ps. 190.4 million.

As of June 30, 2010, we had cash and cash equivalents for Ps. 175.7 million, a decrease compared to Ps. 211.7 million as of June 30, 2009. The decrease was primarily due to the increase in ownership interests in Hersha and other related companies and other non current investments for Ps. 338.3 million, the acquisition and improvement of fixed assets for Ps.199.7 million and the payment of dividends for Ps. 97.3 million, partially offset by cash inflows from operating activities for Ps. 335.0 million, the issuance of negotiable obligations for Ps. 129.2 million and the increase in the short and long term debt for Ps. 376.1 million.

Net Cash Provided by Operating Activities

Fiscal Year ended June 30, 2011 and 2010

Net cash provided by operations increased from a net cash inflow of Ps.335.0 million in the fiscal year ended June 30, 2010 to Ps. 553.2 million for the fiscal year ended June 30, 2011. The increase in net cash provided by operating activities was primarily due to an increase in operating gains for Ps. 213.3 million, the Ps.30.9 million increase in social security contributions payable, taxes payable and customer advances and an increase in other debts for Ps. 24.8 million in the fiscal year ended June 30, 2011 compared to the fiscal year ended June 30, 2010; that was partially offset by a Ps. 13.5 million increase in receivables from sales, leases and services, a Ps. 21.6 million increase in inventories and a Ps. 16.1 million reduction in trade payables. Our operating activities resulted in net cash inflows of Ps.553.2 million for the fiscal year ended on June 30, 2011, mainly due to operating gains of Ps. 853.2 million, partially offset by an increase in receivables from sales, leases and services, other receivables, inventories, taxes payable, customer advances, other debts, trade accounts payable and intangible assets and a decrease in social security contributions for Ps. 299.9 million.

Fiscal Year ended June 30, 2010 and 2009

Net cash provided by operations decreased from a net cash inflow of Ps.362.7 million in the fiscal year ended on June 30, 2009 to Ps. 335.0 million in the fiscal year ended on June 30, 2010. The decrease in net cash provided by operating activities was primarily due to the Ps.147.3 million decrease in social security contributions payable, taxes payable and customer advances, a Ps. 129.9 million increase in inventories, a Ps. 26.0 million reduction in trade payables, a Ps. 20.4 million increase in receivables from sales, leases and services in the fiscal year ended on June 30, 2010 compared to the fiscal year ended on June 30, 2009; that was partially offset by an increase in operating gains for Ps. 143.3 million, a Ps.110.4 million decrease in other receivables, a decrease of Ps. 10.2 million in intangible assets and an increase in other debts Ps. 32.0 million. Our operating activities resulted in net cash inflows of Ps.335.0 million for the fiscal year ended on June 30, 2010, mainly due to operating gains of Ps. 640.1 million, partially offset by an increase in receivables from sales, leases and services, other receivables and intangible assets and inventories and a decrease in social security contributions, taxes payable, customer advances and trade accounts payable for Ps. 298.8 million.

Net Cash Used in Investing Activities

Fiscal Year ended June 30, 2011 and 2010

Net cash used in investing activities increased from Ps. 550.4 million for the fiscal year ended on June 30, 2010 to Ps. 791.5 million in the fiscal year ended on June 30, 2011. Our investing activities resulted in net cash outflows for Ps. 791.5 million in the fiscal year ended on June 30, 2011 mainly due to the increase in ownership interests in controlled companies for Ps. 354.5 million, the acquisition and upgrading of fixed assets and undeveloped parcels of lands for Ps. 169.9 million, down payments on the acquisition of shares for Ps.1.8 million and payments for the acquisition of related companies for Ps. 346.6 million, partially offset by cash inflows related to the decrease of other investments for Ps. 77.7 million and dividends collected for Ps. 14.1 million.

Fiscal Year ended June 30, 2010 and 2009

Net cash used in investing activities increased from Ps. (325.4) million for the fiscal year ended on June 30, 2009 to Ps. 550.4 million in the fiscal year ended on June 30, 2010. Our investing activities resulted in net cash outflows for Ps. 550.4 million in the fiscal year ended on June 30, 2010 mainly due to the increase in ownership interests in controlled companies, Ps. (338.3) million, the acquisition and upgrading of fixed assets for Ps. 199.7 million, down payments on the acquisition of shares for Ps.23.7 million and payments for the acquisition of related companies for Ps. 8.3 million, partially offset by cash inflows related to the down payment on the sale of Tarshop shares for Ps. 20.0 million, dividends collected for Ps. 6.5 million and other fixed assets for Ps. 16.3 million.

Net Cash Provided by (Used in) Financing Activities

Fiscal Year ended June 30, 2011 and 2010

Net cash provided by financing activities increased from Ps.179.4 million for the fiscal year ended June 30, 2010 to Ps. 768.2 million in the fiscal year ended June 30, 2011, mainly due to an increase in the inflow of cash arising from the issuance of Negotiable Obligations for Ps. 836.2 million, an in increase in the inflow of cash arising from the sale of Negotiable Obligations for Ps. 302.3 million and a decrease of payment of seller financing for Ps. 62.1 million; the increase was partially offset by a Ps. 269.1 million decrease in financial loans and a increase in the cash outflows for repurchasing and payment of Negotiable Obligations for Ps. 186.6 million. Our financing activities resulted in net cash inflows of Ps. 768.2 million mainly due to the proceeds of financial loans for Ps. 357.6 million, cash inflows associated with the issuance of Negotiable Obligations for Ps. 965.5 million and the proceeds from sale of Negotiable Obligations for Ps. 302.3 million, partially offset by the repayment of financial loans for Ps. 250.7 million, the payment of dividends for Ps. 190.4 million, cash outflows for repurchasing Negotiable Obligations for Ps. 163.3 million and payment of financial interest for Ps. 186.8 million.

Fiscal Year ended June 30, 2010 and 2009

Net cash used from financing activities amounted to Ps.346.6 million in the fiscal year ended June 30, 2009 compared to net cash provided of Ps. (179.4) million in the fiscal year ended June 30, 2010 mainly due to a Ps. 362.3 million increase in financial loans, an increase in the inflow of cash arising from the issuance of Negotiable Obligations for Ps. 129.2 million and a decrease in the cash outflows for repurchasing Negotiable Obligations for Ps. 128.5 million. Our financing activities resulted in net cash inflows of Ps. 179.4 million mainly due to the proceeds of financial loans for Ps. 697.6 million, cash inflows associated with the issuance of Negotiable Obligations for Ps. 129.2 million and minority shareholders’ contributions for Ps. 46.2 million, partially offset by the repayment of financial loans for Ps.

321.5 million, the payment of financial interest of Ps. 167.4 million, the payment of dividends for Ps. 97.3 million, cash outflows for repurchasing Negotiable Obligations for Ps. 12.0 million, payment of seller financing for Ps. 93.6 million and payment of financial interest for Ps. 167.4 million.

We believe our working capital (calculated by subtracting current liabilities from current assets) and our cash from operating activities are adequate for our present and future requirements. In the event that cash generated from our operations is at any time insufficient to finance our working capital, we would seek to finance such working capital needs through new debt, equity financing or selective asset sales. For more information about liquidity please see "Risk Factors".

Our Indebtedness

As of June 30, 2011, we had total loans in the amount of Ps. 3,595.0 million. The table below sets forth our indebtedness by maturing date:

		Schedule of Maturities or Amortization						
	Currency	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	Total (2)	Annual Average Interest Rate
		(in million Pesos, constant currency as of June 30, 2011)(3)						
Bank and other debt								
Bank loans (4)	Ps. / US$ / Rs.	1,000.4	78.6	-	40.4	64.9	**1,184.3**	variable
Hoteles Argentinos secured loan	Ps.	19.0	-	-	-	-	**19.0**	16.25
Cresud's Series III Non-convertible Notes (5)	Ps.	36.3	-	-	-	-	**36.3**	variable (Badlar plus 400 basis points)
Cresud's Series IV Non-convertible Notes (5)	US$	55.5	18.3	-	-	-	**73.8**	7.75
Cresud's Series V Non-convertible Notes (5)	Ps.	36.2	70.9	-	-	-	**107.1**	variable (Badlar + 375 basis points)
Cresud's Series VI Non-convertible Notes (5)	US$	33.4	99.3	-	-	-	**132.7**	7.50
Cresud's Series VII Non-convertible Notes (5)	US$	-	8.5	-	-	-	**8.5**	variable (4.00% + soybean upside)
APSA's Convertible Notes	US$	-	-	4.6	-	-	**4.6**	10.00
APSA's Series II Notes (5) (6)	Ps.	28.9	-	-	-	-	**28.9**	11.00
APSA's Series I Notes (5) (7)	US$	4.5	-	-	-	421.5	**426.0**	7.88
IRSA's Series I Notes (5) (8)	US$	30.8	(0.7)	(0.7)	(0.7)	601.7	**630.4**	8.50
IRSA's Series II Notes (5)	US$	21.0	(0.9)	(0.9)	(0.9)	600.8	**619.1**	11.50
Debt financed by seller	Ps. / US$	50.2	19.6	19.6	-	42.5	**131.9**	-
	US$	180.3	12.1	-	-	-	**192.4**	Fixed (7.23) / variable

Secured debt for purchase of establishments (10)						
Total bank and other debt	1,496.5	305.7	22.6	38.8	1,731.4	3,595.0

(1) Includes accrued interest.

(2) Figures may not sum due to rounding.

(3) Exchange rate as of June 30, 2011 US$1.00 = Ps. 4.110 and Rs. 1.00 = Ps. 2.510

(4) Includes bank overdrafts.

(5) Includes issuance expenses (under Argentine GAAP, expenses incurred in connection with the issuance of debt are classified as short or long term debt, as applicable).

(6) Includes (0.1) of higher values.

(7) Includes (11.1) of higher values.

(8) Includes (12.9) of higher values.

(9) Included under Other liabilities in the consolidated balance sheet.

(10) Included under Trade account payables in the consolidated balance sheet.

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CRESUD's Outstanding Notes

On July 21 2010, we issued two series of notes under our Global Note Program for a principal amount of up to US$ 50 million for an aggregate amount of Ps. 105.8 million:

Series III, for a principal amount of Ps. 35.6 million, maturing 21 months after the issuance date, accrues interest at a variable interest rate (BADLAR Privada + 400 bps). Payment of principal of Series III is payed quarterly from October 17,2011.

Series IV for a US$ amount equivalent to Ps. 70.2 million, maturing 24 months after the issuance date, accrues interest at a 7.75% interest rate per annum. Principal of Series IV Notes will be payable in 4 equal quarterly installments from October 17, 2011.

On February 18, 2011 was approved an increase in the principal amount of our Global Notes Program up to US$ 150 million.

On March 10, 2011, we issued three new series of Notes for a total amount of Ps. 255.7 million under our Global Note Program:

Series V Notes, for a principal amount of Ps. 106.9 million, maturing 21 months after the issue date, and accruing interest at a variable rate (BADLAR Privada + 375 basis points). Interest is payable quarterly in arrears, and the principal amount is payable quarterly payments due within 15, 18 and 21 months after the issue date.

Series VI Notes, for a principal amount of US$ 34.8 million, maturing 24 months after the issue date, and payable in pesos at an applicable exchange rate in connection with each payment date. The notes accrue interest at a fixed rate of 7.50% per annum, payable quarterly in arrears, and the principal amount is payable in four equal consecutive installments due within 15, 18, 21 and 24 months from their issue date.

Series VII Notes, for a principal amount of US$ 2.1 million, due 24 months from their issue date, and payable in pesos at an applicable exchange rate in connection with each payment date. The notes accrue interest at a fixed minimum nominal rate of 4% per annum plus a bonus factor (40% of the appreciation of soybean over each period), if applicable, payable quarterly in arrears. The principal is payable at maturity.

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Also, subsequent to the end of our fiscal year 2011, on September 7, 2011, we issued Series VIII Notes, for a principal amount of US$ 60 million due 2014, at a fixed rate of 7.5%, repayable semi-annually on September 7 and March 7 of each year. For more information, please see "*Recent Developments*".

Hoteles Argentinos Loan

On March 15, 2010, IRSA's subsidiary Hoteles Argentinos entered into a loan agreement with Standard Bank Argentina S.A., whereby it lent to Hoteles Argentinos the sum of Ps. 19.0 million, which were used to repay the loan with Credit Suisse First Boston International. In addition, on March 15, 2010, the mortgage and swap agreement entered into with Credit Suisse First Boston International were cancelled. The new loan with Standard Bank Argentina S.A. was repayable in a single payment that fell due on the first anniversary of the agreement's execution date, and accrues interest at a fixed rate of 16.25% payable every three months in arrears. On March 15, 2011, such loan was replaced and three loans with Standard Bank Argentina S.A. were agreed upon: one loan for Ps. 15.8 million, due on March 14, 2012 accruing interest at a rate of 16.75%, and two loans in dollars, each for US$ 0.4 million, the first one due on September 12, 2011 and accruing interest at a rate of 3.70% and the second one due on March 14, 2011 accruing interest at a rate of 3.90%. Upon the first expiration on September 12, 2011, interests were paid and capital was renewed for another year accruing interest at a rate of 3.90%.

Alto Palermo 10% convertible notes due 2014

On July 19, 2002, Alto Palermo issued US$ 50.0 million in unsecured Convertible Notes in exchange for cash and the settlement of certain liabilities owed to its shareholders. The proceeds received by Alto Palermo were used to repay short term bank loans for Ps.27.3 million and to redeem secured notes issued by Alto Palermo for Ps.52.8 million. The convertible notes accrue interest (payable semi-annually) at a 10.0% fixed interest rate per annum and are convertible at any time at the holder's option into shares of common stock of Ps. 0.10 par value each. The conversion rate per U.S. dollar is the lower between (i) Ps.3.08642 and (ii) the result from dividing the exchange rate prevailing on the conversion date by Alto Palermo's common shares' par value. The convertible notes' original maturity date was July 19, 2006, but the noteholders' meeting held on May 2, 2006 extended the initial maturity date to July 19, 2014. The rest of the terms and conditions remained unaltered. During fiscal years 2012, 2011, 2007, 2006, 2005, 2004 and 2003, holders of US$ 18.24 million convertible notes of Alto Palermo exercised their conversion rights. Consequently, Alto Palermo issued 277,777, 477,544,197, 101,582, 52,741,373, 22,852,514, and 4,829,745 common shares, respectively. If all the holders of Convertible Notes exercised their conversion rights, Alto Palermo's total amount of outstanding shares would increase from 1,259.6 million to 2,239.7 million.

APSA has expressed its intention to repurchase such Convertible Notes for an amount of US$ 36.1 million, as approved by its Shareholders' Meeting held on May 26, 2011. On May 26, 2011, our Shareholders' Meeting approved, contingent upon the consummation of the Global Offer of New Shares of APSA resolved upon at the Ordinary and Extraordinary Shareholders' Meeting dated May 26, 2011 and the Board of Directors' Meeting dated June 24, 2011 of such company, the sale of the referred Convertible Notes. The price offered for the repurchase of the Convertible Notes was approved by our Shareholders' Meeting dated May 26, 2011. APSA's Audit Committee determined that the terms of its proposed repurchase of Convertible Notes are reasonable, and it obtained favorable opinions by third parties in connection with the offered repurchase price.

Alto Palermo Series I and Series II Notes

On May 11, 2007, Alto Palermo issued two new series of notes under its global program. Series I consists of notes for a principal amount of US$120 million, which accrue interest at a fixed rate of 7.875% per annum, payable semi-annually, and with maturity on May 11, 2017.

Series II consists of notes for a principal amount of Ps.154 million (equivalent to US$50 million), which accrue interest at 11% per annum, payable semi-annually, and are repayable in seven semi-annual installments commencing on June 11, 2009.

Acquisition of Alto Palermo's Series I Notes

During fiscal year 2009, we purchased US$ 39.6 million in principal amount of Alto Palermo's Series I Notes, for a total amount of US$ 19.3 million.

In turn, in the course of fiscal 2009, our subsidiary Alto Palermo repurchased some of its Series I notes for US$ 5.0 million in nominal value. As a weighted average, the price paid was US$ 0.3978 for a total of US$ 1.9 million.

In fiscal year 2011, we sold US$ 39.6 million in principal amount of such notes for an average price of US$ 0.9605, totaling US$ 38.08 million. In addition, during this fiscal year APSA has repurchased US$ 5.0 million in principal amount of its Series I notes. The average weighted price paid was US$ 1.0201 for a total amount of US$ 5.1 million.

Therefore, as of June 30, 2011, our consolidated holdings of Alto Palermo's Series I notes amounted to US$ 10.0 million in nominal value.

Acquisition of Alto Palermo's Series II Notes

During fiscal 2009, we bought US$ 15.1 million in principal amount of Alto Palermo's Series II Notes, for a total of US$ 8.2 million, representing as a weighted average, a price of US$ 0.5513. In turn, in the course of fiscal 2009, our subsidiary Alto Palermo purchased some of its Series II notes for US$ 3.0 million in nominal value, for a total of US$ 2.3 million, representing, as a weighted average, a price of US$ 0.75.

During fiscal year 2011, no purchases were made with respect to these Series II notes.

As of June 30, 2011, IRSA's consolidated holdings of Alto Palermo Series II notes amounted to US$ 19.9 million in nominal value, including previous holdings.

IRSA'S 8.5% Series I Notes due 2017

On February 2, 2007, IRSA issued 2017 fixed-rate notes for a total amount of 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:

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- 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 IRSA'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 IRSA, (c) any kind of reduction in thec'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 unrestricted subsidiary.

IRSA'S 11.5% Series II Notes due 2020

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.

Debt structuring for the acquisition of Edificio República

On April 28, 2008 we executed a loan agreement secured by a mortgage with Banco Macro S.A. pursuant to which Banco Macro S.A. lent us US$ 33.6 million which it applied to the repayment of the debt balance owed to Fideicomiso República, which was incurred with respect to the acquisition of Edificio República. The principal shall be repaid in five annual, equal and consecutive installments maturing on April 28 each year and accruing interest at an annual nominal rate of 12% payable semi-annually on April and October 28, each year. Banco Macro's loan is secured by a mortgage on the property known as "Edificio República".

C. Research and Developments, Patents and Licenses

Investments in technology amounted to Ps.170.8 million, Ps.21.8 million and Ps.18.6 million for the fiscal years 2011, 2010 and 2009 respectively. Our total technology investments aim to increase the productivity of purchased land have amounted to Ps.198.7 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 farms. 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 farms. 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 (GAP) 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

Agricultural Business

Our future operating results may be affected by variations in some factors, such as adverse changes in the price of commodities, the yield of crops, or changes in regulations. Though a recent significant drought has affected the main productive regions of the country, with a negative impact on the agriculture and livestock sectors in the 2008/2009 farm season, historical tendencies may not be representative of our future results. Our past results must not be considered indicative of our future performance. To mitigate certain risks associated with changes in weather and prices, we seek to apply hedging mechanisms through futures and option agreements in the grain market and to diversify our geographic areas of production.

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Production and sales

At present we are engaged in various operations and activities including crops, cattle breeding and fattening, milk production, and certain forestry activities. We complement our operations with the purchase and sale of land to benefit from real estate valuations.

We conduct our business on owned and leased land. As of June 30, 2011, we owned 26 farms with approximately 474,186 hectares. Approximately 47,946 hectares (not including BrasilAgro) of the land we own are used for crop production, approximately 89,644 hectares are for beef cattle production, 100,911 hectares are for sheep production, 2,571 hectares are for milk production and approximately 2,712 hectares are leased from third parties for crop and cattle beef production. The remaining 230,402 hectares of land reserve 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. Also, during fiscal year 2011 we leased 52,205 hectares from third parties for crop production and 12,635 hectares for beef cattle production.

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

	Land Use (11) Fiscal Year ended June 30,				
	2007 (1) (6)	2008 (1) (6) (7)	2009 (1) (6) (7) (8)	2010 (1) (6) (7) (8)	2011 (1) (6) (7) (8) (9) (10) (12)
	(in hectares)				
Crops (2)	53,579	63,900	115,411	104,627	126,178
Beef Cattle (3)	114,097	123,935	128,859	105,857	102,279
Milk	2,609	4,320	4,334	4,900	2,571
Sheep	90,000	90,000	100,911	100,911	100,911
Natural woodlands (4)	393,677	383,573	356,796	343,153	339,744
Owned farmlands leased to others	13,771	8,467	8,317	11,049	14,026
Total (5)	**667,733**	**674,195**	**714,628**	**670,497**	**685,709**

(1) Includes 35.723% of approximately 8,299 hectares owned by Agro-Uranga S.A., an affiliated Argentine company in which we own a non-controlling 35.7% interest.

(2) Includes wheat, corn, sunflower, soybean, sorghum and others.

(3) Breeding and fattening.

(4) We use part of our land reserves to produce charcoal, rods and fence posts.

(5) As of June 30, 2007, 25,307 hectares were leased for agricultural production and 29,208 hectares were leased for beef cattle production. As of June 30, 2008, 30,449 hectares were leased for agricultural production and 32,895 were leased for beef cattle production. As of June 30, 2009, 59,615 hectares were leased for agricultural production and

32,795 were leased for beef cattle production. As of June 30, 2010, 42,696 hectares were leased for agricultural production and 12,635 for beef cattle production. As of June 30, 2011, 52,205 hectares were leased for agricultural production and 12,635 hectares were leased for beef cattle production.

(6) Does not include 20,833 hectares of “Tapenagá” farm, 14,516 hectares of “Los Pozos” farm and 50 hectares of “El Recreo” farm, which were sold in fiscal year 2007.

(7) Does not include 4,974 hectares of “Los Pozos” farm and the 2,430 hectares of “La Esmeralda” farm, which were sold during the fiscal year 2008.

(8) Includes 12,166 hectares of "San Cayetano", "San Rafael", "La Fon Fon" and "Las Londras" farms, which are located in Santa Cruz de la Sierra, Bolivia. Includes 50% of the 45,578 hectares of "Jerovia" farm located in the District of Boquerón, Paraguay, owned by Cresca S.A. through our equity interest in Agrology S.A. Does not include 1,658 hectares of "Los Pozos" farm sold in April 2009. Does not include 30,000 hectares of Agropecuaria Anta S.A. which were returned due to the reduction in the concession scope established by Executive Branch Decree No. 3766 of the Executive Branch of Salta. Includes 48% of the 170 hectares owned by Cactus Argentina S.A. Does not include the income of the 1,829 hectares of El Recreo.

(9) Does not include 12,701 hectares of “Tali Sumaj” farm, sold on December 17, 2009.

(10) Includes 5,000 hectares of “La Primavera” and “4 Vientos” farms, located in Santa Cruz de la Sierra, Bolivia.

(11) Does not include BrasilAgro.

(12) Does not include 4,302 hectares of “La Juanita”, sold in September 3, 2010.

Crops – Local

Production income from our Crops segment increased 80.3%, from Ps.143.8 million for fiscal year 2010 to Ps.259.2 million for fiscal year 2011, primarily as a result of a 41.2% increase in total production volumes, from 289,141 tons in fiscal year 2010 to 408,404 tons in fiscal year 2011, mainly due to an increase in volumes of sunflower 83.5%, wheat 47.0%, corn 32.0%, and soybean 11.8% harvested, partially offset by a decrease of 23.4% in volumes of sorghum harvested from year to year; and a 27.6% increase in average prices of grain production.

The 41.2% increase in the production volume from our Crops segment was mainly due to a 27.8% increase in our average yield, from 3.52 tons per hectare in fiscal year 2010 to 4.50 tons per hectare in fiscal year 2011, mainly due to the mix of grain harvested and favorable weather conditions. The surface area in operation for fiscal year 2010 was 82,088 hectares (including 10,816 hectares under concession) whereas for fiscal year 2011 it was 90,750 (including 10,401 hectares under concession).

As of June 30, 2011, the harvested area was 81.4% of our total sown area, compared to 86.3% as of June 30, 2010.

Cost of production from our Crops segment increased 43.9%, from Ps.132.3 million in fiscal year 2010 to Ps.190.4 million in fiscal year 2011, primarily as a consequence of higher production volumes in fiscal year 2011 compared to fiscal year 2010; a larger number of hectares in operation in farms leased from third parties in fiscal year 2011 compared to fiscal year 2010; and a 48.9% increase in direct costs of production during fiscal year 2011 compared to fiscal year 2010, primarily as a result of higher prices of leases and supplies used (agrochemicals and seeds).

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Total cost of production per ton increased 0.9%, from Ps.456 in fiscal year 2010 to Ps.460 in fiscal year 2011, primarily as a result of higher direct costs of production, partially offset by higher yields per hectare during fiscal year 2011 compared to fiscal year 2010 that allowed to dilute the higher direct costs of production.

Sales from our Crops segment increased 64.7%, from Ps.164.5 million in fiscal year 2010 to Ps.271.0 million in fiscal year 2011, primarily as a consequence of a 25.6% increase in average prices of grains sold, from Ps.707 per ton in fiscal year 2010 to Ps.889 per ton in fiscal year 2011; a 41.2% increase in production volume, from 289,141 tons in fiscal year 2010 to 408,404 tons in fiscal year 2011, generating a higher volume of crops as of the closing of this fiscal year; and a 66,525 ton increase in crops sold in fiscal year 2011 compared to the previous fiscal year, due to larger stocks at the beginning of the year and higher production volumes.

Cost of sales from our Crops segment increased 62.8%, from Ps.148.1 million in fiscal year 2010 to Ps.241.1 million in fiscal year 2011, primarily as a result of a 27.9% increase in the volume of tons sold compared to the previous fiscal year; and a 25.6% increase in the average market price of grains in fiscal year 2011.

The average cost per ton sold increased 27.3%, from Ps.621 in fiscal year 2010 to Ps.791 in fiscal year 2011, mainly as a result of the higher average market prices of grains.

Crops – International

Production income from our Crops segment increased 156.4%, from Ps.27.1 million in fiscal year 2010 to Ps.69.4 million in fiscal year 2011, mainly as a result of a 74.8% increase in global production volume from 33,475 tons in fiscal year 2010 to 58,506 tons in fiscal year 2011, mainly due to a 72.4% increase in soybean volumes harvested, a 70.0% increase in corn volumes harvested and a 15.0% increase in sunflower volumes harvested, partially offset by a slight reduction of 1.4% in wheat volumes harvested from year to year; and a 46.7% increase in the average price of grain production.

The 74.8% increase in production volume of our Crops segment resulted mainly from a larger surface area under operation, from 18,872 hectares in fiscal year 2010 to 30,978 hectares in fiscal year 2011, and a 6.5% increase in our average yield from 1.77 tons per hectare in fiscal year 2010 to 1.89 tons per hectare in fiscal year 2011.

As of June 30, 2011, the harvested area was 79.6% of the total sown area, compared to 95.6% as of June 30, 2010.

Cost of production from our Crops segment increased 48.4% from Ps.27.4 million in fiscal year 2010 to Ps.40.7 million in fiscal year 2011, mainly due to higher production volumes in fiscal year 2011 compared to fiscal year 2010; a larger number of hectares in operation in fiscal year 2011 compared to fiscal year 2010; and a 46.1% increase in direct costs of production during fiscal year 2011 compared to fiscal year 2010, primarily as a result of higher prices of supplies used (agrochemicals and seeds).

The total cost of production per ton decreased 15.1% from Ps.819 in fiscal year 2010 to Ps.696 in fiscal year 2011, mainly due to higher yields, that showed a higher production volume, compared to the previous fiscal year.

Sales from our Crops segment increased 139.1% from Ps.30.1 million in fiscal year 2010 to Ps.72.0 million in fiscal year 2011, mainly as a result of a 46.3% increase in sales volume, from 35,658 tons in fiscal year 2010 to 52,179 tons in fiscal year 2011, mainly due to a higher production volume of crops in this fiscal year; slightly offset by a 25.9% reduction in the average price per ton sold, from Ps.842 in fiscal year 2010 to Ps.624 in fiscal year 2011.

Cost of sales from our Crops segment increased 133.8% from Ps.27.6 million in fiscal year 2010 to Ps.64.4 million in fiscal year 2011, mainly as a result of a 46.3% increase in the volume of sales of crops in fiscal year 2011 compared to the previous fiscal year; offset by a 25.9% reduction in the average price per ton of crops, from Ps.842 in fiscal year 2010 to Ps.624 in fiscal year 2011.

The average cost per ton sold increased 59.8%, from Ps.773 in fiscal year 2010 to Ps.1,234 in fiscal year 2011.

Beef cattle

Production income from the Beef cattle segment increased 123.6%, from Ps.20.8 million in fiscal year 2010 to Ps.46.6 million in fiscal year 2011, primarily as a result of a 8.1% increase in the average price of kilogram of cattle produced, from Ps.6.6 in fiscal year 2010 to Ps.7.1 million in fiscal year 2011, a 106.8% increase in beef production volume, from 3,153 tons during fiscal year 2010 to 6,519 tons in fiscal year 2011. The beef production volume in farms and feedlot increased 117.0% and 44.4% in fiscal year 2011 compared to fiscal year 2010, respectively; and a 16.8% increase in births during fiscal year 2011 compared to fiscal year 2010.

The number of hectares dedicated to beef cattle production decreased from 105,857 hectares in fiscal year 2010 to 102,279 hectares in fiscal year 2011. This was mainly due to a smaller number of own hectares devoted to cattle production.

Production cost of the Beef Cattle segment increased 14.4% from Ps.21.8 million in fiscal year 2010 to Ps.25.0 million in fiscal year 2011. The increase in production costs of the Beef Cattle segment during fiscal year 2011 was mainly due to higher production volumes in fiscal year 2011 compared to fiscal year 2010; and higher feed costs due to the increase of animals fattened in feedlots and higher prices of supplies.

The increase in production volumes exceeded the rise in costs; therefore, the direct cost per kilogram produced decreased by 35.1% from Ps.2.95 in fiscal year 2010 to Ps.1.91 in fiscal year 2011.

Sales from our Crops segment increased 139.1% from Ps.30.1 million in fiscal year 2010 to Ps.72.0 million in fiscal year 2011, mainly as a result of a 46.3% increase in sales volume, from 35,658 tons in fiscal year 2010 to 52,179 tons in fiscal year 2011, mainly due to a higher production volume of crops in this fiscal year; slightly offset by a 25.9% reduction in the average price per ton sold, from Ps.842 in fiscal year 2010 to Ps.624 in fiscal year 2011.

The average cattle stock remained unchanged at approximately 80,000 heads in fiscal year 2011 compared to fiscal year 2010.

Cost of sales from our Beef cattle segment increased 24.3%, from Ps.46.7 million in fiscal year 2010 to Ps.58.0 million in fiscal year 2011, primarily as a result of a 35.9% increase in the average price per kilogram sold, from Ps.4.41 in fiscal year 2010 to Ps.6.0 fiscal year 2011; partially offset by a 4.6% reduction in beef sales volumes in fiscal year 2011 compared to fiscal year 2010.

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Milk

Production income from the Milk segment increased 20.1%, from Ps.26.0 million in fiscal year 2010 to Ps.31.3 million in fiscal year 2011. This increase was mainly due to a 28.6% increase in average prices of milk, from Ps.1.13 per liter in fiscal year 2010 to Ps.1.45 per liter in fiscal year 2011; and a 9.6% reduction in milk production volumes, from 21.7 million liters in fiscal year 2010 to 19.6 million liters in this fiscal year. This decrease in production volume was mainly due to a reduction in the average number of milking cows (from 3,297 in fiscal 2010 to 2,816 in fiscal 2011 as a result of the sale of “La Juanita” dairy farm), partially offset by a 5.8% increase in the efficiency level of average daily milk production per cow, from 18.0 liters in fiscal year 2010 to 19.1 liters in fiscal year 2011.

Cost of production of the Milk segment increased 17.6%, from Ps.20.4 million in fiscal year 2010 to Ps.24.0 million in fiscal year 2011. This increase was mainly due to the impact of higher direct costs. As a result of the above, cost of production per liter of milk increased from Ps.0.94 in fiscal year 2010 to Ps.1.22 in fiscal year 2011.

Sales from the Milk segment increased 16.2% from Ps.24.4 million in fiscal year 2010 to Ps.28.4 million in fiscal year 2011, mainly as a result of a 28.9% increase in the average price of milk, from Ps.1.13 per liter in fiscal year 2010 to Ps.1.45 per liter in fiscal year 2011; a 5.8% increase in production efficiency levels; slightly offset by a 9.6% reduction in milk production volumes, mainly due to a lower average number of milking cows.

Cost of sales from our Milk segment increased 16.2%, from Ps.24.4 million in fiscal year 2010 to Ps.28.4 million in fiscal year 2011, primarily as a result of a 28.9% increase in the level of prices of milk which had an impact on the cost of sales; partially offset by a 9.4% reduction in the sale volume of milk.

Sales of farms

Sales from our Sales of farms segment increased 355.4% from Ps.18.6 million in fiscal year 2010 to Ps.84.5 million in fiscal year 2011. During fiscal year 2011, we signed the title deed of sale of the “La Juanita” farm (4,302 hectares), located in the District of Trenque Lauquen, Province of Buenos Aires. The transaction was agreed for a total price of Ps.71.1 million (US$ 18.0 million), which have been fully collected. Additionally, we agreed upon the sale of 910 hectares of “La Fon Fon” farm located in the Province of Obispo Santiesteban, Republic of Bolivia. The purchase price was US$ 3.6 million. US$ 1.0 million has been already collected, while the balance is payable in five semi-annual consecutive installments maturing from December 2011 to December 2013. During fiscal year 2010 we signed the deed of sale of the “Tali Sumaj” farm (12,701 hectares), located in the Province of Catamarca. The transaction was agreed for a price of Ps.18.6 million (US$ 4.8 million), which were fully collected.

Cost of sales from our Sales of farms segment increased significantly, from Ps.4.8 million in fiscal year 2010 to Ps.29.9 million in fiscal year 2011. During fiscal year ended June 30, 2011 the cost of sale of 4,302 hectares of “La Juanita” farm was Ps.21.6 million and the cost of sale of 910 hectares of “La Fon Fon” farm was Ps.8.3 million. During fiscal year ended June 30, 2010 the cost of sale of 12,701 hectares of our “Tali Sumaj” farm was Ps.4.8 million.

Product Prospects

The sources of the following information are the Ministerio de Agricultura, Pesca y Alimentación de la República Argentina, the United States Department of Agriculture (“USDA”).

Wheat

USDA projections for the 2011/2012 campaign at global level estimate a production of 683.3 million tons of wheat, one million tons lower than the all-time high in the 2009/2010 marketing year. While world harvested area is left almost unchanged, the already record-high world average wheat yield inched up 0.01 tons per hectare due to increased yields in Kazakhstan and EU-27. The wheat production forecast for Argentina is 13.0 million tons while wheat area is projected to be 4.6 million hectares.

Corn

Globally, the USDA estimates a 3.8% increase in corn production for the 2011/2012 campaign, totaling 859.0 million tons vis-à-vis 827.6 million tons in the previous cycle. This is mainly due to an estimated increase in the cultivated area.

For Argentina, the USDA estimates an increase of 28.9% increase in corn production for the 2011/2012 campaign reaching approximately 29.0 million tons.

Soybean

In the case of soybean, for the 2011/2012 campaign, the USDA projects a world production of 258.9 million tons, 2% less than the previous year. Most of this decrease comes from a lower production forecast for the United States.

According to USDA strong corn prices may limit gains for argentine soybean area, despite favorable weather conditions. Estimates project a production of 52.0 million tons for the 2011/2012 campaign, 6.1% higher than the preliminary estimates for 2010/2011.

Sunflower

Globally, sunflower production for the 2011/2012 campaign is projected by USDA at approximately 36.5 million tons compared to the preliminary estimate of 31.4 million tons in the previous year.

According to the source, the Argentine production of sunflower is forecast to be 3.2 million tons during 2011/12 campaign, 10.1% lower than the 2011/12 campaign.

Beef Cattle

In connection with world beef cattle production, for 2011 the FAO estimates a 0.5% decrease, reaching 64.6 million tons.

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Milk

According to the FAO, during 2009, the world production of milk is expected to reach 727.6 million tons, 2.0% higher than the previous year. Most of the increase will come from developing countries, in particular Argentina, China and India. Output of milk will also increase in a number of developed countries, including in the EU, New Zealand and the United States. The continuing effects of drought may reduce output in some parts of Africa.

Economic growth and a desire for a more diversified diet in many developing countries are expected to sustain import demand in 2011 to 49.5 million tons of milk equivalent, an increase of 5.4 percent. Overall, most of the main trading countries are likely to record an increase in sales, especially Argentina, Belarus, the EU, New Zealand and the United States.

Real Estate Business

After the economic crisis suffered during fiscal year 2009, the global economy is moving forward to an expansion track together with better financial conditions. During 2010 world output returned to its growth track, pulled mainly by emerging and developing economies, reaching a 5.1% growth during that year. According to IMF “World Economic Outlook” released in September 2011, world total output will increase 4.0% in 2011, while it is projected that it will grow around 4.0% in 2012; which represent (0.4%) and (0.5%) variations from the expenses expectations released by IMF on April 2011.

It must be highlighted that, during fiscal year ended June 30, 2011, economic activity in developing countries was higher than in the developed world. In this sense, performance at the local market levels also picked up the trend (in local currency). During this fiscal year, whereas the Eurostoxx 50, by 10.74% and the Nikkei by 6.79%, the Santiago stock exchange rose by 19.13% and Argentina’s Merval rose by 52.11%.

Given this international context, the Argentine GDP has resumed the strong growth path that was interrupted in 2009, showing an increase of 9.2% in 2010, according to the Argentine Institute of Statistics and Censuses (“INDEC”). In the year to date, the same positive trend in the level of activity is noted. For the first 6 months of 2011, the Monthly Economic Activity Estimator” EMAE”, usually used to predict the GDP, rose 8.9% compared to the same month in the previous fiscal year, with an upward trend. As concerns to inflation, the INDEC’s measurements show that accumulated inflation for the first 6 months is in the whereabouts of 5.5%.

During the first six months of 2011, Total Consumption has been the most significant component in the Aggregate Demand, with a 68.6% share.

Sales in the shopping center sector have grown significantly in the first half of 2010; primarily due to the decline experienced in 2009 due to the international financial crisis that had had considerable bearing on shopping centers’ revenues, but mainly in the recovery in consumption compared to the previous fiscal year, against a backdrop of high inflation in which salaries went hand in hand with retail price raises. Based on INDEC’s most recently released figures, when measured year-on-year, the sales for the first nine months of 2011 rose by 22.0% compared to the same period a year earlier.

When it comes to retailer activity, according to CAME, the Confederation of Argentine Medium-Sized Enterprises, retail sales volumes grew by 6.1% in September 2011 compared to June 2010, driven by consumers’ good mood and the tangible improvements in household nominal income. Most of the items offered by retailers performed with outstanding dynamism in June. With the end-of-month results for June included, the first nine month of the year came to a close with a 6.7% increase in the volumes sold compared to the same period a year earlier.

As regards the office market, according to Colliers Argentina, the stock of A+ and A office buildings on the market for the first semester of calendar 2011 grew by 16,000 square meters. Furthermore, during fiscal year 2011, the market had an expansion in occupied surface area of 40,780 square meters,. Thus, the difference between the occupied surface area and the space demand determined a decrease in the vacancy rate, which was 7.5% in A+ and A office buildings. On the other hand, the general level of market rental prices, measured in US dollars, was stabilized after a downward subsequent to the global financial crisis of 2008.

As regards the residential market, in the first half of calendar 2011, the number of deeds filed with the Registry of Real Property of the Autonomous City of Buenos Aires for title conveyance totaled 28,507, representative of a 4.56% increase compared to the deeds filed during the first half of 2010. This totaled deeds for Ps. 11,619.4 million, a 19.6% increase compared to the same period of last year.

When it comes to the hotel sector, the foreign exchange rate, favorable to foreign tourists, continues to give Argentina a competitive edge as a tourist destination. For the first six months of 2011, the tourist inflow increased 7.3% compared to the same period of the previous year. In turn, the corporate market has been showing significant growth, with Argentina being the venue of major events, congresses and conventions that generate large investments and favor hotel profitability.

E. Off-Balance Sheet Arrangements

Agricultural Business

In the ordinary course of business, FyO.com guarantees certain brokerage transactions. Under the agreement, FyO.com 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, 2011, the value of transacted merchandise for which guarantees were granted amounted to Ps. 20.5 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. 7.3 million.

Real Estate Business

At June 30, 2011, 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.

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F. Tabular Disclosure of Contractual Obligations

The following table shows our contractual obligations as of June 30, 2011:

	Payments due by period (In million of Pesos) (1)				
Detail	Total	Less than 1 year	More than 1 year and up to 3 years	More than 3 years and up to 5 years	More than 5 years
Long-term debt obligations	3,847.8	513.2	653.7	468.8	2,212.1
Purchase obligations	-	-	-	-	-
Other long-term obligations	233.5	189.2	24.9	19.4	-
Total	4,081.3	702.4	678.6	488.2	2,212.1

(1) Includes accrued and prospecting interest.

G. Safe Harbor

See the discussion at the beginning of this Item 5 and "Forward Looking Statements" in the introduction of this annual report, for forward-looking statement safe harbor provisions.

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 29, 2009, October 29, 2010, and October 31, 2011 for terms expiring in the years 2011, 2012 and 2013 as the case may be. Our current directors are as follows:

Directors(1)	Date of Birth	Position in Cresud	Term Expires(2)	Date of Current Appointment	Current Position Held Since
Eduardo S. Elsztain	01/26/1960	Chairman	06/30/14	10/31/08	1994
Saúl Zang	12/30/1945	First vice- chairman	06/30/14	10/31/08	1994
Alejandro G. Elsztain	03/31/1966	Second vice- chairman and CEO	06/30/13	10/29/10	1994
Gabriel A.G. Reznik	11/18/1958	Director	06/30/12	10/29/09	2003
Jorge Oscar Fernández	01/08/1939	Director	06/30/12	10/29/09	2003

Fernando A. Elsztain	01/04/1961	Director	06/30/13	10/29/10	2004
David A. Perednik	11/15/1957	Director and chief administrative officer	06/30/13	10/29/10	2004
Pedro Damaso Labaqui Palacio	02/22/1943	Director	06/30/12	10/29/09	2006
Daniel E. Mellicovsky	01/17/1948	Director	06/30/14	10/31/08	2008
Alejandro Gustavo Casaretto	10/15/1952	Director	06/30/14	10/31/08	2008
Salvador D. Bergel	04/17/1932	Alternate director	06/30/14	10/31/08	1996
Gastón A. Lernoud	06/04/1968	Alternate director	06/30/14	10/31/08	1999
Enrique Antonini	03/16/1950	Alternate director	06/30/13	10/29/10	2007
Eduardo Kalpakian	03/03/1964	Alternate director	06/30/13	10/29/10	2007

(1) The business address of our management is Cresud S.A.C.I.F.I. y A., Moreno 877, 23rd Floor, (C1091AAQ) Buenos Aires, Argentina.

(2) Term expires at the annual ordinary shareholders meeting.

Jorge Oscar Fernandez, Pedro Dalmaso Labaqui Palacio, Daniel Elias Mellicovsky, Enrique Antonini and Eduardo Kalpakian, qualify as independent, in accordance with *Comisión Nacional de Valores' Resolution* N° 400/2002.

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

Eduardo S. Elsztain. Mr. Elsztain studied Economic Sciences at University of Buenos Aires (*Universidad de Buenos Aires*). He has been engaged in the real estate business for more than twenty years. He is the also chairman of the board of directors of Alto Palermo, IRSA, Consultores Asset Management, Banco Hipotecario, Tarshop,BACS Banco de Crédito & Securitización, and BrasilAgro, among other companies. He is Fernando A. Elsztain's cousin and Alejandro G. Elsztain's.

Saúl Zang. Mr. Zang obtained a law degree from University of Buenos Aires (*Universidad de Buenos Aires*). He is a member of the International Bar Association (Asociación Internacional de Abogados) and the Interamerican Federation of Lawyers (Federación Interamericana de Abogados). He is a founding member of the law firm Zang, Bergel & Viñes. He is the chairman of Puerto Retiro S.A., and the I vice-chairman of IRSA, and vice-chairman of, Alto Palermo ,Tarshop and Fibesa, among others, he is also director of Banco Hipotecario, Nuevas Fronteras S.A., Palermo Invest S.A. and BrasilAgro, among other companies.

Alejandro G. Elsztain. Mr. Elsztain obtained a degree in agricultural engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. Currently he is chairman ofFibesa S.A., Agrology S.A., II vice-chairman of IRSA and executive vice-chairman of Alto Palermo. He is also vice-chairman of Nuevas Fronteras S.A., Inversora Bolivar S.A., and Hoteles Argentinos, he is also director of BrasilAgro, among other companies. Alejandro G. Elszrain is brother of our Chairman Eduardo S. Elsztain and our Director Fernando A. Elsztain cousin.

Gabriel A. G. Reznik. Mr. Reznik obtained a degree in Civil Engineering from University of Buenos Aires (*Universidad de Buenos Aires)*. He worked for IRSA since 1992 until May 2005 at which time he resigned. He formerly worked for an independent construction company in Argentina. He is an alternate director of Puerto Retiro S.A. and Fibesa, as well as member of the board of Banco Hipotecario, among other companies.

Jorge Oscar Fernández. Mr. Fernández obtained a degree in Economic Sciences from University of Buenos Aires (*Universidad de Buenos Aires)*. He has performed professional activities at several banks, financial corporations, brokerage and insurance firms and other companies related to financial services. He is also involved in many industrial, commercial and professional institutions and associations.

Fernando A. Elsztain. Mr. Elsztain studied architecture at University of Buenos Aires (*Universidad de Buenos Aires)*. He has been engaged in the real estate business as a consultant and as managing officer of a real estate company. He is chairman of the board of directors of Llao Llao Resorts S.A., Palermo Invest S.A. and Nuevas Fronteras S.A. He is also a director of IRSA, Alto Palermo and Hoteles Argentinos and an alternate director of Puerto Retiro, among other companies. He is Eduardo S. Elsztain's, Alejandro Elsztain's cousin.

David A. Perednik. Mr. Perednik obtained a degree in accounting from University of Buenos Aires (*Universidad de Buenos Aires)*. He has worked for several companies such as Marifran Internacional S.A., a subsidiary of Louis Dreyfus Amateurs where he worked as Financial Manager from 1986 to 1997. He also worked as a Senior Consultant in the administration and systems department of Deloitte & Touche from 1983 to 1986. He is also chief administrative officer of IRSA and Alto Palermo.

Pedro Damaso Labaqui Palacio. Mr. Labaqui obtained a law degree from University of Buenos Aires (Universidad de Buenos Aires). He is also director of Bapro Medios de Pago S.A., Permanent Syndic of Bayfe S.A. Fondos Comunes de Inversión, director and member of the Supervisory Committee of J. Minetti S.A.; and Director of REM Sociedad de Bolsa S.A.

Daniel E. Mellicovsky. Mr. Mellicovsky obtained a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires*). He has served as director of several companies of the agricultural, food supplies, financial and hotel development sectors.

Alejandro G. Casaretto. Mr. Casaretto obtained a degree in agriculture from University of Buenos Aires (*Universidad de Buenos Aires)*. He has served as our technical manager, farm manager, and technical coordinator since 1975.

Salvador D. Bergel. Mr. Bergel obtained a law degree and a PhD from Litoral University (*Universidad Nacional del Litoral)*. He is a founding partner of Zang, Bergel & Viñes and a consultant at Repsol YPF S.A. He is also an alternate director of Alto Palermo.

Gastón Armando Lernoud. Mr. Lernoud obtained a law degree from El Salvador University (*Universidad de El Salvador)* in 1992. He obtained a Masters degree in Corporate Law in 1996 from Palermo University (*Universidad de Palermo)*. He was a senior associated member of Zang, Bergel & Viñes law firm until June 2002, when he joined our lawyers team.

Enrique Antonini. Mr. Antonini holds a degree in law from the University of Buenos Aires. He is currently a member of the board of directors of Banco Mariva S.A. (since 1992), Mariva Bursátil S.A. (since 1997). He has also served as a director of Inversiones y Representaciones S.A. from 1993 to 2002. He is a member of the Banking Lawyers Committee and the International Bar Association.

Eduardo Kalpakian. Mr. Kalpakian holds a degree in business from the University of Belgrano. He has also an MBA from the CEMA University of Argentina. He has been a director for 25 years of Kalpakian Hnos. S.A.C.I., a leading carpet manufacturer and flooring distributor in Argentina, as a director and is currently is vice chairman of the board and CEO. He is also vice chairman of the board of La Dormida S.A.A.C.E I.

Employment contracts with our directors

We do not have written contracts with our directors. However, Messrs. Eduardo Elsztain, Saúl Zang, Alejandro Elsztain, Fernando Elsztain, David Perednik and Alejandro Casaretto are employed by us under the Labor Contract Law No. 20744. Gabriel Blasi and Carlos Blousson, our senior managers, are also subject to the above mentioned Law.

Law No. 20744 governs certain conditions of the labor relationship, including remuneration, protection of wages, hours of work, holidays, paid leave, maternity protection, minimum age requirements, protection of young workers and suspension and termination of the contract.

Management

Our board of directors appoints and removes the senior management. Senior management performs its duties in accordance with the instructions of our board of directors. There are no arrangements by which a person is selected as a member of our senior management.

The following table shows information about our current senior management designated by the board of directors meeting:

Name	Date of Birth	Position	Current Position Held Since
Alejandro G. Elsztain	03/31/1966	Chief Executive Officer	1994
Gabriel Blasi (1)	11/22/1960	Chief Financial Officer	2004
David A. Perednik	11/15/1957	Chief Administrative Officer	1997
Alejandro Casaretto	10/15/1952	Regional Manager of Agricultural Real Estate	2008
Carlos Blousson	09/21/1963	General Manager of the International Operation (Paraguay/ Bolivia/ Uruguay)	2008

(1) Effective December 7, 2011, Mr. Matias Gaivironsky became our new Chief Financial Officer replacing Mr. Gabriel Blasi. Mr. Gaivironsky was formerly our Head of Capital Markets and Investor Relations. Mr. Blasi has been appointed as CFO of Banco Hipotecario S.A.

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The following is a biographical description of each of our senior managers who are not directors:

Gabriel Blasi. Mr. Blasi obtained a business administration degree and carried out post graduate studies in Finance at CEMA University (*Universidad del* CEMA, *Centro de Estudios Macroeconómicos Argentinos*) and at Austral University (*IAE, Universidad Austral).* He formerly worked as a senior securities trader at Citibank. He also performed several management positions related to investment banking and capital markets at Banco Río (BSCH) and was a financial director of Carrefour Group and Goyaique SACIFIA (Grupo Perez Companc). Currently, he also serves as chief financial officer of IRSA and Alto Palermo. Currently Mr. Blasi also serves as director of BrasilAgro and alternate director of Banco Hipotecario.

Effective December 7, 2011, Mr. Matias Gaivironsky became our new Chief Financial Officer replacing Mr. Gabriel Blasi. Mr. Gaivironsky was formerly our Head of Capital Markets and Investor Relations. Mr. Blasi has been appointed as Chief Financial Officer of Banco Hipotecario S.A.

Carlos Blousson. Mr. Blousson obtained a degree in agriculture from University of Buenos Aires (*Universidad de Buenos Aires).* He has been working as our Sales Officer since 1996. Prior to joining us, he worked as a futures and options operator at Vanexva Bursátil –Sociedad de Bolsa-. Previously, he worked as a farm manager and a technical advisor at Leucon S.A.

Executive Committee

Pursuant to our by-laws, our day-to-day business is managed by an executive committee consisting of a minimum of four and a maximum of seven directors and one alternate member, among which there should be the chairman, first vice-chairman and second vice-chairman of the board of directors. The current members of the Executive Committee are Messrs. Eduardo S. Elsztain, Saúl Zang, Alejandro Elsztain. The executive committee meets as needed by our business, or at the request of one or more of its members.

The executive committee is responsible for the management of the day-to-day business pursuant to authority delegated by our board of directors in accordance with applicable law and our by-laws. Our by-laws authorize the executive committee to:

- designate the managers and establish the duties and compensation of such managers;
- grant and revoke powers of attorney on behalf of us;
- hire, discipline and fire personnel and determine wages, salaries and compensation of personnel;
- enter into contracts related to our business;
- manage our assets;
- enter into loan agreements for our business and set up liens to secure our obligations; and
- perform any other acts necessary to manage our day-to-day business.

Supervisory Committee

Our Supervisory Committee is responsible for reviewing and supervising our administration and affairs, and verifying compliance with the bylaws and the decisions adopted at shareholders' meetings. The members of the Supervisory Committee are appointed at the annual general ordinary shareholders' meeting for a term of one year. The Supervisory Committee is composed of three members and three alternate members.

The following table shows information about the members of our Supervisory Committee, who were elected in the annual general ordinary shareholders' meeting which was held on October 31, 2011:

Member	**Date of Birth (m/d/y)**	**Position**
José Daniel Abelovich	07/20/1956	Member
Marcelo Héctor Fuxman	11/30/1955	Member
Noemi Cohn	05/20/1959	Member
Roberto Murmis	04/07/1959	Alternate Member
Alicia Rigueira	12/02/1951	Alternate member
Sergio L. Kolaczyk	11/28/1964	Alternate member

All members of the supervisory committee qualify as independent, in accordance with *Comisión Nacional de Valores'*Resolution No. 400/2002.

Set forth below is a brief biographical description of each member of our Supervisory Committee:

José D. Abelovich. Mr. Abelovich obtained a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires*). He is a founding member and partner of Abelovich, Polano & Asociados S.R.L. / Nexia International, a public accounting firm in Argentina. Formerly, he had been a manager of Harteneck, López y Cía/Coopers & Lybrand and has served as a senior advisor in Argentina for the United Nations and the World Bank. He is a member of the Supervisory Committees of Alto Palermo, Shopping Alto Palermo, Hoteles Argentinos, Inversora Bolívar, IRSA and Banco Hipotecario S.A.

Marcelo H. Fuxman. Mr. Fuxman obtained a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires*). He is a partner of Abelovich, Polano & Asociados S.R.L. / Nexia International, a public accounting firm in Argentina. He is also a member of the Supervisory Committee of Alto Palermo, Shopping Alto Palermo, Inversora Bolívar, IRSA and Banco Hipotecario S.A.

Noemí Cohn. Mrs. Cohn obtained a degree in accounting from the University of Buenos Aires. Mrs. Cohn is a partner at Abelovich, Polano & Asociados S.R.L. / Nexia International a public accounting firm in Argentina, and works in the audit area. Mrs. Cohn worked in the audit area in Harteneck, Lopez and Company, Coopers & Lybrand in Argentina and in Los Angeles, California.

Roberto Murmis. Mr. Murmis holds a degree in accounting from the University of Buenos Aires (*Universidad de Buenos Aires*). Mr. Murmis is a partner at Abelovich, Polano & Asociados S.R.L / Nexia International. Mr. Murmis worked as an advisor to the Secretaría de Ingresos Públicos. Furthermore, he is a member of the Supervisory Committee of Shopping Alto Palermo, Futuros y Opciones S.A., Llao Llao Resorts S.A. and IRSA.

Alicia Graciela Rigueira. Mrs. Rigueira holds a degree in accounting from the Universidad de Buenos Aires. Since 1998 she has been a manager at Estudio Abelovich, Polano & Asociados / Nexia International. From 1974 to 1998, Mrs. Rigueira performed several functions in Harteneck, Lopez y Cia. affiliated with Coopers & Lybrand. Mrs. Rigueira lectured at the Facultad de Ciencias Económicas de la Universidad de Lomas de Zamora.

Sergio L. Kolaczyk. Mr. Kolaczyk obtained a degree in accounting from the Universidad de Buenos Aires. He is a professional of Abelovich, Polano & Asociados S.R.L. / Nexia International. He is also an alternate member of Alto Palermo's and our Supervisory Committee.

KEY EMPLOYEES

There are no key employees.

B. Compensation

Compensation of directors

Under Argentine law, if the compensation of the members of the board of directors is not established in the by-laws of the company, it should be determined by the shareholders' meeting. The maximum amount of total compensation to the members of the board of directors, including compensation for technical or administrative permanent activities, cannot exceed 25% of the earnings of the company. That amount should be limited to 5% when there is no distribution of dividends to shareholders, and will be increased proportionally to the distribution. When one or more directors perform special commissions or technical or administrative activities, and there are no earnings to distribute, or they are reduced, the shareholders' meeting may approve compensation in excess of the above-mentioned limits.

The compensation of our directors for each fiscal year is determined pursuant to Argentine law, and taking into consideration whether the directors performed technical or administrative activities and our fiscal year's results. Once the amount is determined, they are considered at the shareholders' meeting.

At our shareholders meeting held on October 31, 2011 the shareholders approved an aggregate remuneration of Ps.7.4 million for all of our directors for the fiscal year ended June 30, 2011. At the end of the current fiscal year, the above mentioned remuneration was paid in full.

Compensation of Supervisory Committee

The shareholders meeting held on October 31, 2011 further approved by majority vote not to pay a compensation to our Supervisory Committee.

Compensation of Senior Management

Our senior management is paid a fixed amount established by taking into consideration their background, capacity and experience and an annual bonus which varies according to their individual performance and our results.

The total and aggregate compensation of our senior management for the fiscal year ended June 30, 2011 was Ps.6.8 million.

Capitalization Plan

We have a defined contribution plan covering our key managers in Argentina. The Plan became effective on January 1, 2006. Employees may begin participation voluntarily on monthly enrollment dates. Participants may make pre-tax contributions to the Plan of up to 2.5% of their monthly salary (Base Contributions) and pre-tax contributions of up to 15% of their annual bonuses (Extraordinary Contributions). Under the Plan, we match employee contributions to the plan at a rate of 200% for Base Contributions and 300% for Extraordinary Contributions. Contribution expense was Ps. 0.2 million, Ps. 0.4 million and Ps. 2.2 million for the years ended June 30, 2011, June 30, 2010 and June 30, 2009, respectively. Participant contributions are held in trust as required by law. Individual participants may direct the trustee to invest their accounts in authorized investment alternatives. Our contributions are also held in trust. Participants or their assignees, as the case may be, may have access to the 100% of our contributions under the following circumstances:

- ordinary retirement in accordance with applicable labor regulations;
- total or permanent incapacity or disability; and
- death.

In case of resignation or unjustified termination, the manager may redeem the amounts contributed by us only if he or she has participated in the Plan for at least 5 years.

Incentive Plan for Managers

On October, 31, 2011, the Shareholders' Meeting ratified the duly approved Shareholder' resolutions in connection with the implementation of the allocation of an amount equal to 1% of our outstanding shareholders equity, that shall be equal to Ps. 22,135,370, through an incentive plan addressed to certain of our employees, and the delegation of powers into the Board of Directors for the formation of an special purpose vehicle and to implement such plan, and the power to establish timing, pricing, allocation, amounts, and other, subject to applicable law.

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C. Board Practices

Benefits upon Termination of Employment

There are no contracts providing for benefits to directors upon termination of employment, other than those described under the following sections: (i) ITEM 6: Directors, Senior Management and Employees – B. Compensation – Capitalization Plan and (ii) ITEM 6: Directors, Senior Management and Employees – B. Compensation – Incentive Plan for Managers.

Audit Committee

In accordance with the Regime of Transparency in Public Offerings provided by Executive Branch Decree No. 677/01, the regulations of the *Comisión Nacional de Valores* and Resolutions No. 400 and 402 of the *Comisión Nacional de Valores*, our board of directors established an audit committee which would focus on assisting the board in exercising its duty of care, compliance with disclosure requirements, the enforcement of accounting policies, management of our business risks, the management of our internal control systems, ethical conduct of our businesses, monitoring the sufficiency of our financial statements, our compliance with the laws, independence and capacity of independent auditors and performance of our internal audit duties both by our internal and our external auditors.

On November 3, 2008, our board of directors officially appointed Jorge Oscar Fernández, Daniel Mellicovsky and Pedro Damaso Labaqui Palacio, all of them independent members, as members of the audit committee. Jorge Oscar Fernández is the financial expert in accordance with the relevant SEC rules. We have a fully independent audit committee as per the standard provided in Rule 10(A)-3(b) (1).

Remuneration Committee

There is no remuneration committee.

D. Employees

As of June 30, 2011, we had 820 employees in our Agricultural Business, including our employees and the employees of Agropecuaria Anta S.A. (merged with us on July 1, 2010) and Futuros y Opciones.Com, but not those of Agro-Uranga S.A. Approximately 25% are under collective labor agreements. We believe we have good relations with the union and our employees. We have never experienced a work stoppage.

IRSA's employees in our real estate operations had 1,571 employees. Our employees from Property Sales and Development and Other Business not related with Shopping Centers had 88 employees, from which 27 are represented by the Commerce Labor Union (*Sindicato de Empleados de Comercio,* or SEC) and 6 by the Horizontal Property Union (SUTERH). The Shopping Center and Financing sector had 811 employees including 472 under collective labor agreements. Our Hotels segment had 678 employees with 549 represented by the Tourism, Hotels and Gastronomy Union from the Argentine Republic (*Unión de Trabajadores del Turismo, Hoteleros y Gastronómicos de la República Argentina)* (UTHGRA).

The following table shows our employees for the fiscal year ended June 30, 2011, 2010 and 2009.

	Agricultural Business[1]	Real Estate Business

	Permanent salaried	Temporary	Argentine Real Estate(2)	Shopping Centers	Hotels(3)	Credit Card(4)	Total
As of June 30, 2009	479	11	209	1,001	694	689	3,083
As of June 30, 2010	770	19	88	774	682	719	3,052
As of June 30, 2011	772	48	82	811	678	-	2,391

(1) Agricultural Business includes our employees and the employees of Inversiones Ganaderas S.A., Agropecuaria Anta S.A. (merged with us on July 1, 2010) and Futuros y Opciones.Com, but not those of Agro-Uranga S.A.

(2) Argentine Real Estate includes IRSA, Libertador 498.

(3) Hotels include Intercontinental, Sheraton Libertador and Llao Llao.

(4) Credit cards include Tarshop until 2010.

E. Share Ownership

Share ownership of directors, members of the supervisory committee, and senior management as of September 30, 2011.

The following table sets forth the amount and percentage (expressed on a fully diluted basis) of our shares beneficially owned by our directors, Supervisory Committee and senior management as of September 30, 2011:

Name	Position	Number of Shares	Percentage	Number of Warrants (2)
Directors				
Eduardo S. Elsztain (1)	Chairman	186,053,240	38.26%	84,580,543
Saúl Zang	First vice-chairman	1,560,811	0.33%	817,480
Alejandro G. Elsztain	Second vice- chairman / Chief Executive Officer	1,664,100	0.38%	1,314,289
Gabriel A. G. Reznik	Director	-	-	-
Jorge Oscar Fernández	Director	3,000,000	0.53%	-
Fernando A. Elsztain	Director	-	-	-
David A. Perednik	Director / Chief Administrative Officer	22,016	0.01%	29,727
Pedro Damaso Labaqui Palacio	Director	-	-	-
Daniel E. Mellicovsky	Director	-	-	-
Alejandro Gustavo Casaretto	Director/Regional manager of Agricultural real Estate	61,438	0.01%	23,790
Salvador D. Bergel	Alternate director	-	-	-
Gastón A. Lernoud	Alternate director	-	-	-
Enrique Antonini	Alternate Director	-	-	-
Eduardo Kalpakian	Alternate Director	-	-	-
Senior Management				
Gabriel Blasi (3)	Chief Financial Officer	-	-	-
Carlos Blousson		15,900	< 0.01%	16,538

	Chief Executive Officer of the International Operation			
Supervisory Committee				
José D. Abelovich	Member	-	-	-
Marcelo H. Fuxman	Member	-	-	-
Noemí Cohn	Member	-	-	-
Roberto Murmis	Alternate member	-	-	-
Alicia Rigueira	Alternate member	-	-	-
Sergio Kolaczyk	Alternate member	-	-	-
Executive Committee				
Eduardo S. Elsztain	Member	186,053,240	38.26%	84,580,543
Saúl Zang	Member	1,560,811	0.33%	817,480
Alejandro G. Elsztain	Member	1,664,100	0.38%	1,314,289

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(1) Includes (i) 186,051,574 shares beneficially owned by Inversiones Financieras del Sur S.A., for which Mr. Eduardo S. Elsztain may be deemed beneficial owner, (ii) 873 common shares beneficially owned by Consultores Venture Capital Uruguay S.A. and (iv) 793 common shares owned directly by Eduardo S. Elsztain. In addition, Mr. Eduardo Elsztain may be deemed beneficial owner of 84,580,543 of our warrants which entitles him to acquire 29,688,276 new common shares through the exercise of those warrants.

(2) Pursuant to a prospectus, dated March 11, 2008 (the "Prospectus") contained in our Registration Statement on Form F-3 No. 333-146011, filed with the Securities and Exchange Commission on September 12, 2007, we offered (the "Rights Offering") to our common shareholders rights to subscribe for 180,000,000 new common shares, together with the right to receive 180,000,000 warrants (the "New Warrants") to acquire additional common shares. Each common share entitled its holder to one right to subscribe for common shares. Each common share right entitled its holder to subscribe for 0.561141 new common shares, to subscribe at the same price for additional common shares remaining unsubscribed after the preemptive rights offering pursuant to its exercise of accretion rights, and to receive free of charge, for each new common share that it purchased pursuant to the Rights Offering, one New Warrant to purchase 0.33333333 additional common shares (this fraction was adjusted to 0.35100598 after an allotment of treasury shares stock to shareholders that took place on November 23, 2009). The Bank of New York, as our ADS rights agent, made available to holders of our ADSs (each of which represents 10 common shares), rights to subscribe for new ADSs, together with the right to receive New Warrants to acquire additional common shares. Each ADS entitled its holder to one ADS right. Each ADS right entitled its holder to subscribe for 0.561141 new ADSs, to subscribe at the same price for additional common shares in the form of ADSs remaining unsubscribed after the preemptive rights offering pursuant to its exercise of accretion rights, and to receive free of charge, for each new ADS that it purchased pursuant to this offering, 10 New Warrants, each of which entitles such holder to purchase 0.33333333 additional common shares (this fraction was adjusted to 0.35100598 after an allotment of treasury shares stock to shareholders that took place on November 23, 2009).

Prior to their expiration on May 22, 2015, the New Warrants are exercisable during the six-day period from and including the 17th through the 22nd day of each February, May, September and November (to the extent such dates are business days in New York City and in the City of Buenos Aires). We accept the exercise of New Warrants to purchase whole new common shares. The exercise price for new common shares to be purchased pursuant to the exercise of New Warrants is of US$ 1.68 and are payable in U.S. dollars (this price was adjusted to US$ 1.5954 after an allotment of treasury shares stock to shareholders that took place on November 23, 2009). ADS holders wishing to obtain additional ADSs upon exercise of their New Warrants must deposit the common shares acquired under the New Warrants with The Bank of New York, as our depositary, to obtain ADSs in accordance with the terms of the deposit agreement.

(3) Effective December 7, 2011, Mr. Matias Gaivironsky became our new Chief Financial Officer replacing Mr. Gabriel Blasi. Mr. Gaivironsky was formerly our Head of Capital Markets and Investor Relations. Mr. Blasi has been appointed as Chief Financial Officer of Banco Hipotecario S.A.

Option Ownership:

No options to purchase shares have been granted to our Directors, Senior Managers, members of the Supervisory Committee, or Audit Committee.

Employees' Participation in our Capital Stock.

There are no arrangements for involving our employees in our capital stock or related to the issuance of options, shares or securities other than those described under the following sections: (i) ITEM 6: Directors, Senior Management and Employees – B. Compensation – Capitalization Plan and (ii) ITEM 6: Directors, Senior Management and Employees – B. Compensation – Incentive Plan for Managers.

Employees' Participation in our Capital Stock.

There are no arrangements for involving our employees in our capital stock or related to the issuance of options, shares or securities other than those described under the following sections: (i) ITEM 6: Directors, Senior Management and Employees – B. Compensation – Capitalization Plan and (ii) ITEM 6: Directors, Senior Management and Employees – B. Compensation – Incentive Plan for Managers.

Item 7. Major shareholders and related party transactions

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A. Major Shareholders

Information about Major Shareholders

Share Ownership

The following table sets forth information regarding ownership of our capital stock by each person known to us to own beneficially at least 5% of our common shares, ANSES and all our directors and officers as a group. Percentages are expressed on a fully diluted basis.

Shareholder	Share Ownership as of September 30, 2011 Number of Shares	Percentage [5]
IFISA[1][2]	186,053,240	38.26%
D.E. Shaw & Co L.P. [3]	41,715,130	8.09%
Directors and officers[4]	6,324,265	1.26%
National Social Security Agency (ANSES)	17,660,713	3.13%
Total	251,753,348	50.7%

(1) Mr. Eduardo S. Elsztain is the president of (i) IFIS Limited (IFIS), a company incorporated under the laws of Bermuda and registered in Argentina under article 123 of the Argentine Corporations Law No. 19,550, located at Mintflower Place 4th floor, 8 Par-La-Ville Road, Hamilton HM 08, Bermuda, and (ii) IFISA, a company incorporated under the laws of Uruguay and registered in Argentina under article 123 of the Argentine Corporations Law No. 19,550, located at Road 8, km 17,500, Zonamérica Building1, store 106, Montevideo, Uruguay, which is 100% owned by IFIS. Mr. Elsztain is the beneficial owner of 30.90% of IFIS capital stock, which owns 100% of IFISA.

(2) As a result, Mr. Elsztain may be deemed beneficial owner of 38.26% of our total shares, which includes (i) 186,051,574 shares beneficially owned by Inversiones Financieras del Sur S.A., for which Mr. Eduardo S. Elsztain may be deemed beneficial owner, (ii) 873 common shares beneficially owned by Consultores Venture Capital Uruguay S.A. and (iv) 793 common shares owned directly by Eduardo S. Elsztain. In addition, Mr. Eduardo Elsztain may be deemed beneficial owner of 84,580,543 our warrants which entitles him to acquire 29,688,276 new common shares through the exercise of those warrants.

(3) According to the Form filed with the SEC as of September 30, 2011.

(4) Includes only direct ownership of our Directors and Senior Management, other than Eduardo S. Elsztain.

(5) On a fully diluted basis.

As of June 30, 2007, 2008, 2009, 2010 and 2011, IFISA owned 32.8%, 32.5%, 34.7%, 37.5% and 38.3% respectively, of our total shares.

Change in Capital Stock Ownership

	As of September 30, 2011	As of June 30, 2011	As of June 30, 2010	As of June 30, 2009	As of June 30, 2008	As of June 30, 2007

	%	%	%	%	%	%
IFISA[(1)(2)]	38.3%	38.2%	37.5%	34.7%	32.5%	32.8%
D.E. Shaw & Co L.P. [(3)]	8.1%	8.1%	9.4%	8.1%	7.2%	-
Directors and officers[(4)]	1.3%	1.3%	1.4%	1.2%	1.0%	1.0%
National Social Security Agency (ANSES)	3.1%	3.1%	3.5%	2.9%	3.2%	3.7%

(1) Mr. Eduardo S. Elsztain is the president of (i) IFIS Limited (IFIS), a company incorporated under the laws of Bermuda and registered in Argentina under article 123 of the Argentine Corporations Law No. 19,550, located at Mintflower Place 4th floor, 8 Par-La-Ville Road, Hamilton HM 08, Bermuda, and (ii) IFISA, a company incorporated under the laws of Uruguay and registered in Argentina under article 123 of the Argentine Corporations Law No. 19,550, located at Road 8, km 17,500, Zonamérica Building1, store 106, Montevideo, Uruguay, which is 100% owned by IFIS. Mr. Elsztain is the beneficial owner of 30.90% of IFIS capital stock, which owns 100% of IFISA.

(2) As a result, Mr. Elsztain may be deemed beneficial owner of 38.26% of our total shares, which includes (i) 186,051,574 shares beneficially owned by Inversiones Financieras del Sur S.A., for which Mr. Eduardo S. Elsztain may be deemed beneficial owner, (ii) 873 common shares beneficially owned by Consultores Venture Capital Uruguay S.A. and (iv) 793 common shares owned directly by Eduardo S. Elsztain. In addition, Mr. Eduardo Elsztain may be deemed beneficial owner of 84,580,543 our warrants which entitles him to acquire 29,688,276 new common shares through the exercise of those warrants.

(3) According to the Form filed with the SEC as of September 30, 2011.

(4) Includes only direct ownership of our Directors and Senior Management, other than Eduardo S. Elsztain.

Difference in Voting Rights

Our major shareholders do not have different voting rights.

Arrangements for change in control

There are no arrangements that may at a subsequent date in a change in control.

Securities held in the host country

As of September 30, 2011, our total issued and outstanding capital stock outstanding consisted of 501.562.534 common shares. As of September 30, 2011, there were approximately 46,532,758 Global Depositary Shares (representing 465,327,580 of our common shares, or 92.8% of all of our outstanding shares held) in the United States by approximately 49 registered holders of global Depositary Shares.

As of September 30, 2011 our directors and senior officers controlled, directly or indirectly, approximately 39.52% of our common shares. As a result, these shareholders have, and will continue to have, significant influence on the election of our directors and the outcome of any action requiring shareholder approval.

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B. Related Party Transactions

We enter into transactions with related parties on an arm's-length basis. A related party transaction means any transaction entered into directly or indirectly by us or any of our subsidiaries that is material based on the value of the transaction to (a) any director, officer or member of our management or shareholders; (b) any entity in which any such person described in clause (a) is interested; or (c) any person who is connected or related to any such person described in clause (a).

Headquarters

In March, 2004 we entered into a lease agreement with Alto Palermo, IRSA and Isaac Elsztain e Hijos S.C.A. for the lease of our executive offices located in Bolívar 108, City of Buenos Aires. This lease has a term of 120 months and rent of Ps.8,490 payable monthly. We, Alto Palermo and IRSA each pay one-third of such rent in an amount of Ps.2,830 each.

Our headquarters are located on the 23rd floor of the Intercontinental Plaza tower, located at Moreno 877, in the City of Buenos Aires. We lease our headquarters and thirteen parking lot spaces from Inversora Bolívar, a subsidiary of IRSA, pursuant to a lease agreement with an initial term of 60 months and an extension option for 36 additional months.

In June 2009, we leased one third of the 24th floor of the Intercontinental Plaza Tower from Inversora Bolivar pursuant to a lease agreement related to such floor and to eight parking lot spaces. This agreement, effective from September 1, 2008, and has duration of 36 months. We paid a monthly rent of US$7,745. In November 2009, the 24th floor was transferred to IRSA as a result of the execution of the Final Merger and Spin off Agreement.

As of April 2011, we entered into a lease agreement with IRSA to lease one third of the 2nd floor of the Intercontinental Plaza Tower. The agreement expires on January 4, 2014, and we pay a monthly rent of US$6,732 for the agreement.

Eduardo S. Elsztain, our chairman is also the chairman of the board of directors of Alto Palermo. Saúl Zang, our first vice-president is also director of Inversora Bolívar and Alejandro Gustavo Elsztain, our second vice-chairman is the vice chairman of Inversora Bolívar. In addition, Fernando Adrián Elsztain who is the chairman of Inversora Bolívar is also our director.

Lease Agreement

We lease a farm located in the Province of Córdoba, from Isaac Elsztain e Hijos S.C.A., pursuant to a lease agreement executed in July, 2008. This lease agreement has a term of three years and an option to extend the lease for three additional years. The leased farm has an extension of 12,227 hectares.

The rent to be paid is the equivalent in Pesos of 1 Kg. of beef per hectare. The beef price will be set, taking into account the price per kilo of beef quoted on *La Nación* newspaper, the previous Saturday of the payment date.

We pay a rent of Ps.1.17 million during the fiscal year ended June 30, 2011. Fernando Adrián Elsztain, our director is also president of Isaac Elsztain e Hijos S.C.A. In addition, Alejandro G. Elsztain who is alternate director of Isaac Elsztain e Hijos S.C.A. is also our second vice-chairman and CEO.

Consulting Agreement

Pursuant to the terms of the Consulting Agreement with Consultores Asset Management effective as of November 7, 1994, Consultores Asset Management provides us advisory services on matters related to capital investments in all aspects of the agriculture business. One of our shareholders and the Chairman of our board of directors is the owner of 85% of the capital stock of Consultores Asset Management and our First Vice Chairman of the board of directors holds the remaining 15% of its capital stock.

Pursuant to the terms of the Consulting Agreement, Consultores Asset Management provides us with the following services:

- advises with respect to the investment of our capital in all aspects of agricultural operations, including, among others, sales, marketing, distribution, financing, investments, technology and business proposals;

- acts on our behalf in such transactions, negotiating the prices, conditions, and other terms of each operation; and

- gives advice regarding securities investments with respect to such operations.

The Consulting Agreement expressly provides that Consultores Asset Management may not advise us with respect to transactions that are entirely related to real estate.

Under the Consulting Agreement, we pay Consultores Asset Management for its services, an annual fee equal to 10% of our annual after-tax net income. We also reimburse Consultores Asset Management the administrative expenses incurred by it in performing its duties under the Consulting Agreement and: (i) remuneration to the directors and certifying accountants; (ii) remuneration of legal consultants; (iii) remuneration of auditors; (iv) representation costs; and (v) all other costs incurred by it in performing its services.

Fees totaled Ps. 23.6 million, Ps.20.6 million and Ps.13.6 million for the years ended June 30, 2011, 2010 and 2009, respectively.

The Consulting Agreement is subject to termination by either party upon not less than 60 days prior written notice. If we terminate the Consulting Agreement without cause, we will be liable to Consultores Asset Management S.A for twice the average of the amounts of the management fee paid to Consultores Asset Management for the two fiscal years prior to such termination.

Donations to Fundación IRSA

Fundación IRSA is a charitable, non-profit organization whose Chairman is Eduardo S. Elsztain and whose Secretary, is Mariana Carmona de Elsztain, Mr. Elsztain’s wife. Our Chairman Eduardo S. Elsztain is also the Chairman of IRSA. Fundación IRSA has used the available area to house a museum called “Museo de los Niños, Abasto,” an interactive learning center for both children and adults which was opened to the public in April 1999. On September 27, 1999 Fundación IRSA assigned and transferred at no cost, the Museo de los Niños, Abasto’s total rights and obligations to Fundación Museo de los Niños.

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Fundación Museo de los Niños is a charitable non-profit organization created by the same founders of Fundación IRSA and has the same members of the administration committee as Fundación IRSA. Fundación Museo de los Niños acts as special vehicle for the developments of “Museo de los Niños, Abasto” and “Museo de los Niños, Rosario.” On October 29, 1999, our shareholders approved the assignment of “Museo de los Niños, Abasto” agreement to Fundación Museo de los Niños. In addition, on December 12, 2005, an agreement granting the right to use of the space designated for Museo de los Niños, Rosario, at no cost, was signed.

During the fiscal years ended June 30, 2011, 2010 and 2009, we made donations to Fundación IRSA and Fundación Museo los Niños for a total amount of Ps. 3.1 million, Ps. 5.6 million and Ps. 1.7 million, respectively.

Agreement for the Exchange of Corporate Services between us, IRSA and Alto Palermo

Considering that each of us, Alto Palermo and IRSA have operating areas which are somewhat similar, the Board of Directors deemed it advisable to implement alternatives aimed at reducing certain fixed costs of its activities and to lessen their impact on operating results while seizing and optimizing the individual efficiencies of each of them in the different areas comprising the management of operations.

In this regard, on June 30, 2004, we, Alto Palermo and IRSA entered into an agreement for the exchange of corporate services, which was amended on August 23, 2007, August 14, 2008, and November 27, 2009.

The agreement for the exchange of corporate services among Alto Palermo, IRSA and us, currently provides for the exchange of services among the following areas: human resources, finance, institutional relationships, management and control, systems and technology, insurance, errands, running service, contracts, technical, infrastructure and services, purchases, architecture and design and development and works department, internal audit, real estate, hotels and tourism and risks and processes.

The exchange of services consists in the provision of services for value in relation to any of the aforementioned areas by one or more of the parties to the agreement for the benefit of the other party or parties, which are invoiced and paid primarily by an offset against the services provided by any of the areas and, secondarily, in case of a difference between the value of the services rendered, in cash.

Under said agreement the companies have entrusted to an external consultant the review and evaluation, on a semiannual basis, of the criteria applied in the corporate service settlement process and of the distribution bases and supporting documentation used in such process, through the issuance of a semiannual report.

On March 12, 2010, an amendment to the agreement for the exchange of corporate services was entered into to simplify issues originating from the consolidation of financial statements as a result of the increase in our equity interest in IRSA. It was deemed convenient and advisable for this simplification to transfer the employment agreements of Alto Palermo’s and IRSA’s corporate employees to us. Effective January 1, 2010, the labor costs of those employees will be transferred to our payroll, and we will render services to IRSA and Alto Palermo, which services will continue to be distributed in accordance with the terms of the agreement for the exchange of corporate services, as amended.

In the future and in order to continue with the policy of generating the most efficient distribution of corporate resources among the different areas, this agreement may be extended to other areas shared by us with Alto Palermo and IRSA.

On July 11 th, 2011we entered into the Fourth Agreement for Implementation of Amendments to the Master Agreement of Corporate Services with APSA and IRSA. The purpose of the new amendments is to generate a more efficient allocation of the corporate resources between the parties, to ensure the most equitable allocation of costs while maintaining the efficiency of the group, and also to continue with the reduction of certain fixed costs of the parties activities, in order to decrease its impact on the operating results.

In spite of the above, we, IRSA and Alto Palermo continue to be independent as regards the execution of each of our business and strategic decisions. Costs and benefits are allocated on the basis of operating efficiency and fairness without pursuing economic benefits for the companies. The implementation of this project does not impair the identification of the economic transactions or services involved, nor does it affect the efficiency of the internal control systems or the internal and external auditors' tasks of each of the companies or the possibility of presenting the transactions related to the agreement in the manner provided in FACPCE Technical Resolution No. 12. Mr. Alejandro Gustavo Elsztain is acting as General Coordinator while Mr. Cedric Bridger has been appointed as individual responsible person on our behalf , a member of the Audit Committee.

The Agreement for the exchange of Corporate Service was filed with the SEC in a report on Form 6-K dated July 1, 2004 and amendments to this agreement were filed in reports on Form 6-K dated September 19, 2007, the Second Agreement for Shared Corporate Services was filed on Form 6-K dated August 19, 2008, the Third Agreement was filed on Form 6-K dated December 15, 2009 and the Addendum to Corporate Services Master Agreement, was filed on Form 6-K dated March 17, 2010. The Forth Agreement for the implementation of amendments was filed on Form 6-K dated July 13, 2011.

Legal Services

During the years ended June 30, 2011, 2010 and 2009, the law firm Zang, Bergel & Viñes Abogados provided us with legal services amounting Ps.9.2 million, Ps. 4.9 million and Ps.5.5 million, respectively. Certain of our directors are partners of the law firm.

Sale of Tarshop Shares

During fiscal year 2010, Alto Palermo executed an agreement for the sale of an 80% of interest in Tarshop to Banco Hipotecario. On December 29, 2009, APSA entered into an agreement with Banco Hipotecario to sell a 80 % interest in Tarshop for U$S 26.8 million. The transaction was subject to the approval of the *Banco Central de la Republica Argentina* and certain other customary closing conditions which were obtained on August 30, 2010. As a result, subsequent to the closing of fiscal year 2010, on September 13, 2010 APSA transferred 107,037,152 common shares of Tarshop to Banco Hipotecario. Immediately after the sale, APSA's interest in Tarshop was 20% of its capital stock.

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Consolidation with IRSA

Our equity interest in IRSA is 63.22% as of September 30, 2011; this percentage includes 43,401,932 shares owned by our subsidiary Agrology. We started consolidated the accounts and results of operations of IRSA as from October 1, 2008. Our consolidated financial information for periods prior to October 1, 2008 does not include the accounts of IRSA on a consolidated basis. Therefore, the income statement, balance sheet and cash flow data as of June 30, 2009 and for the year then ended is not comparable to prior periods.

Purchase of IRSA's shares

On September 21, 2011 we announced that under a private transaction we had agreed to purchase 2,960,302 ADRs of IRSA equivalent to 5.1% of its outstanding stock capital, for a total amount of US$ 30.1 million. In this way, as of such date our interest in IRSA reached 63.22%. For more information, please see "*Recent Developments*".

Purchase of shares of BrasilAgro

In September 2005, along with other Brazilian partners, we incorporated BrasilAgro, a company dedicated to exploring opportunities in the Brazilian agricultural sector. In April 2006, BrasilAgro increased its capital through a global and local common stock offering, and on June 30, 2009 were holders of 19.14% of outstanding common shares of BrasilAgro. At June 30, 2009, our investment in BrasilAgro represented 3.8% of our total consolidated assets.

During the year 2009, we acquired in the São Paulo Stock Exchange 1,925,600 shares of BrasilAgro, for a weighted average price of US$4.4955 per share and a total price of US$12.5 million.

On October 20, 2010, and on December 23, 2010 we and Tarpon executed two addenda to the Share Purchase Agreement dated as of April 28, 2010, under which we either directly and/or indirectly acquired 9,581,750 shares of common stock of BrasilAgro, representing 16.40% of the outstanding stock for a purchase price of R$130.5 million. Consequently, on October 20, 2010 we paid R$25.2 million and on December 23, 2010 we paid R$50.8 million, the price remainder equivalent to R$52.6 million was paid on April 27, 2011.

As a consequence of the purchase above mentioned, the we now own, directly and indirectly, 20,883,916 common shares representative of a 35.75% of BrasilAgro's outstanding common shares. 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 regimen in Brazil; and that BrasilAgro's shareholders' agreement will remain effective with the amendments that may be required for the sale of the shares owned by Tarpon and its affiliates to us. Additionally, we own 168,902 BrasilAgro's first issuance warrants and 168,902 BrasilAgro's second issuance warrants.

Also during the last quarter of calendar year 2010, we executed an agreement by 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 BM&FBOVESPA's shares or the transfer of shares on its behalf. In consideration for granting such rights, 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 pay US$7.15 per share sold or transferred.

Purchase of Alto Palermo Series I Notes by IRSA.

During the fiscal year ended on June 30, 2009, IRSA acquired US$39.6 million nominal value Series I fixed-rate Alto Palermo notes due June 2017 issued under this Program. The average weighted price was US$0.4628, totaling

US$19.3 million. In October 12, 2010 IRSA reported that it has sold in the secondary market, its Class I Notes of Alto Palermo S.A. (APSA), due 2017, for a nominal value of US$39.6 million. As a result of such sale, IRSA received a total income of US$38.1.

Purchase of Alto Palermo Series I Notes by Cresud.

During the fiscal year ended on June 30, 2009, we acquired US$5.0 million nominal value Series I fixed-rate Alto Palermo Notes due June 2017 under this Program. The average weighted price was US$0.3800, totaling US$1.9 million. On April 18, 2011, we sold to Alto Palermo, treasury held Class I Notes issued by Alto Palermo, for a nominal value of US$5.0 million. As a result of such sale, we received US$5.1 million in principal and accrued interest.

Purchase of IRSA Notes by Cresud.

During the fiscal year ended on June 30, 2009, we acquired US$28.2 million in principal amount of IRSA's Fixed Rate Notes due 2017. The average weighted price was US$0.3830, totaling US$10.8 million.

On December 3, 2010, we sold in the secondary market, Class I Notes issued by IRSA, for a nominal value of US$33,152,000. As a result of such sale, we received, in principal and accrued interest, of US$34,097,674.

Purchase of an interest in Alto Palermo by IRSA.

On October 15, 2010, IRSA reported that on such date, it finally executed the acquisition of Parque Arauco S.A.'s direct and indirect stake in Alto Palermo. The execution occurred after the settlement of US$126.0 million, of which US$6.0 million were paid by IRSA at the time the option was granted.

According to the option granted on January 13, 2010, the dividends corresponding to the fiscal year closed on June 30, 2010 were deducted from the acquisition price.

In this way, IRSA's successful relationship developed with Parque Arauco S.A., a strategic partner of excellence has reached a satisfactory conclusion, envisioning a future where we might join forces again to face new challenges.

Finally, as from October 15, 2010, IRSA held a 94.89% stake in Alto Palermo, thus increasing its leadership position in the Shopping Center Business, while consolidating its growth strategy, for the benefit of its Shareholders.

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Sale of Class I Notes of IRSA

By December 3, 2010, we sold in the secondary market, treasury held Class I Notes issued by IRSA, for a nominal value of US$ 33,152,000 to an average price of 100.09%. As a result of such sale, we received a total income, in principal and accrued interest, of US$ 34,097,674.

It is important to clarify that as the Notes were issued pursuant to the Regulation S of the U.S. Securities Act, the transaction was made in accordance with the requirements specified in the above regulation

Security Loans

On August 6, 2008, Agrology entered into a securities loan agreement with IFISA which granted 1,275,022 Global Depositary Shares, representing 10 common shares with a face value of Ps.1.0 per share of IRSA.

This loan does not imply the transfer of any voting or economic rights related to the GDRs which will be held by Agrology. With regards to the voting rights, the parties agreed that we will grant a power of attorney to IFISA with the respective voting instructions. With regards to dividends, IFISA will transfer the funds to Agrology.

This loan will accrue interest at a monthly rate equivalent to 3-month LIBOR, plus 150 basis points. It will be effective for 30 days and may be renewed for up to a maximum of 360 days.

Later, IFISA returned 21,080 Global Depositary Shares to Agrology S.A., representing 10 common shares, with a face value of Ps.1.0 per share.

On July 30, 2009, Agrology S.A. made an offer to IFISA, which was accepted, to extend the agreed due date of the loan for 360 days, modifying the amount of GDRS of IRSA granted in loan from 1,275,022 to 1,253,942 million which are free of encumbrances and are freely available to Agrology S.A.

On July 25, 2010, Agrology made a new offer, which was also accepted by IFISA, to extend the agreed due date of the loan for an additional 360 days.

On September 8, 2010, Agrology S.A. entered into a new loan agreement with IFISA which granted 800,000 additional GDRs of IRSA, under the same terms and conditions as the previous loan.

IRSA increased its investment in Banco Hipotecario

In 1999, IRSA acquired 2.9% of Banco Hipotecario for Ps.30.2 million in connection with its privatization. Over the years, it has gradually increased its ownership interest in Banco Hipotecario. In fiscal year 2002, it increased our ownership interest to 5.7%. During 2003 and 2004, it increased its investment in Banco Hipotecario to 11.8% by acquiring additional shares, and by acquiring and exercising warrants, for an aggregate purchase price of Ps.33.4 million. In May 2004, it sold Class D shares representing 1.9% of Banco Hipotecario to IFISA, one of its controlling shareholders, for Ps.6.0 million. In 2009, IRSA acquired additional shares of Banco Hipotecario for an aggregate purchase price of US$107.6 million, bringing its ownership interest to 21.34%. In fiscal year 2010, IRSA acquired additional shares of Banco Hipotecario for an aggregate purchase price of Ps.118.7 million, bringing its ownership interest in Banco Hipotecario to 28.03%. As of June 30, 2011, IRSA held a 29.77% equity interest in Banco Hipotecario and IRSA's voting rights represented 46.46%.

Dolphin Fund

Since 1996, IRSA has invested in Dolphin Fund Plc, an open-ended investment fund which is related to our director Eduardo Elsztain. These investments are carried at market value as of year-end. Unrealized gains and losses relating to investment funds are included in financial results, net, in the consolidated statements of income. The amounts relating to its net (loss) gain on holding Dolphin Fund Plc. for fiscal years 2011, 2010 and 2009, respectively, were a Ps.(4.2) million, a Ps.3.2 million gain, and a Ps.12.1 million loss, respectively.

Loan agreements with Banco Hipotecario

Related Companies

As of June 30, 2011 some of our related companies had loans from Banco Hipotecario for a total amount of approximately Ps. 30.4 million with an average interest rate of 11.5%. We believe that each of these loans was made by Banco Hipotecario in the ordinary course of its consumer credit business, is of a type generally made available by Banco Hipotecario to the public and was made on market terms.

Members of the Senior Management

As of June 30, 2011 several members of the senior management of Banco Hipotecario had loans from Banco Hipotecario for a total amount of approximately Ps. 1.4 million with an average interest rate of 16%. We believe that each of these loans was made by Banco Hipotecario in the ordinary course of its consumer credit business, is of a type generally made available by Banco Hipotecario to the public and was made on market terms.

C. Interests of Experts and Counsel

This section is not applicable.

Item 8. Financial information

A. Consolidated Statements and Other Financial Information

See Item 18 for our consolidated financial statements.

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Legal or arbitration proceedings

We are not engaged in any material litigation or arbitration and no material litigation or claim is known to us to be pending or threatened against us, other than those described below.

Cactus Argentina S.A.

The Judge of the Petty Offenses Court of the City of Villa Mercedes issued decision No. 2980/08 related to the situation of Cactus in that city whereby it ordered the company to discontinue its activities and move its premises located in provincial highway 2B" within a term of 36 months.

Cactus should have not more than 18,500 head of cattle within such 36-month term.

An appeal against the said decision was filed before the Municipality but such appeal was dismissed on April 7, 2009 by Executive Branch Decree No. 0662/09, thus confirming the decision of the Petty Offenses Court. According to the procedures followed by the administrative courts of the City of Villa Mercedes, Cactus should discontinue its activities and move its premises by April 7, 2012.

Cactus has filed an appeal before the Supreme Court of Justice of the Province of San Luis challenging the legality of the decisions rendered by the Petty Offenses Court of the City of Villa Mercedes. Such appeal is currently pending and no decision has been rendered by such court so far.

Inversiones Ganaderas

Exagrind S.A. has filed a lawsuit against our subsidiary IGSA to recover damages and losses produced by a fire in Estancia San Rafael which is close to "Tali Sumaj," Province of Catamarca. The fire took place on September 6, 2000. The estimated amount of the legal action is Ps.2.9 million at the date the claim was filed.

IGSA argued that Exagrind's claim was incorrectly processed and requested that the first instance judge order a new notice of processed, which request was granted by the judge. Exagrind successfully appealed such decision. IGSA filed subsequent appeals requesting to be given the remainder of the legal term to answer the lawsuit, since at the time of Exagrind's appeal the legal term, had not yet expired; such appeals were rejected by both first and second instance courts, ending with an appeal to the Supreme Court of the Province of Catamarca. To date, a decision from the appellate court is still pending.

Additionally, in March 2007, under the request of Exagrind S.A., the court in charge of the case ordered a general inhibition of IGSA's assets. In June 2007, that measure was revoked and replaced by an attachment on the real estate.

Regarding the provisions set forth by the Court in its final decision No. 01/08 suspending the terms to answer demand, on April 1, 2008, IGSA contest the application which was provided on April 16, 2008, except to the presentation of lack of standing there is transfer to the plaintiff and for providing from 6 May 2008, is moving to answer your chance. To date the cause of this leaflet is to request the opening of the case to trial.

Exportaciones Agroindustriales Argentinas

On January 11, 2007 our affiliate Cactus and we (solely nominee Argentine legal purposes) acquired 100% of the capital stock of EAASA. On September 13, 2007, EAASA received an information request from theArgentine

Central Bank relating to its obligation to repatriate foreign currency proceeds for an aggregate amount of US$0.9 million from certain exports of agricultural products prior to our acquisition. Information requests often are a first step by the Argentine Central Bank in its initiation of administrative proceedings relating to possible breaches of foreign exchange regulations.

On October 8, 2007, EAASA requested an extension of the time to answer the Argentine Central Bank's information request in order to analyze the relevant accounts and operations. The Central Bank granted EAASA an extension of 30 business days from October 30, 2007 to answer the information request. EAASA answered the Argentine Central Bank's information request on time. Breach of exporters' obligations to repatriate export proceeds is subject to fines of up to ten times the amount involved and other penalties imposed pursuant to Argentine Criminal laws. We cannot assure you that the Argentine Central Bank will not initiate an administrative proceeding against EAASA, and that as a result of any such proceeding Argentine Central Bank will not impose fines and penalties that adversely affect the financial condition and results of operations of EAASA.

IRSA's and Alto Palermo's legal or arbitration proceedings

Set forth below is a description of certain material legal proceedings to which IRSA is a party. IRSA is not engaged in any other material litigation or arbitration and no other material litigation or claim is known to IRSA to be pending or threatened against it or its subsidiaries. Nevertheless, IRSA may be involved in other litigation from time to time in the ordinary course of business.

Puerto Retiro

On November 18, 1997, in connection with IRSA's acquisition of IRSA's subsidiary Inversora Bolívar S.A. ("Inversora Bolívar"), IRSA indirectly acquired 35.2% of the capital stock of Puerto Retiro. Inversora Bolívar had purchased such shares of Puerto Retiro from Redona Investments Ltd. N.V. in 1996. In 1999, IRSA, through Inversora Bolívar, increased IRSA's 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, in any manner, the real property it had purchased in 1993 from Tandanor S.A. ("Tandanor"). Puerto Retiro appealed the restraining order which was confirmed by the Court on December 14, 2000.

In 1991, Indarsa had purchased 90% of Tandanor, a former government-owned company, which owned a piece of land near Puerto Madero of approximately 8 hectares, divided into two parcels: 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 price for its purchase of the stock of Tandanor, and 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 other companies or individuals which, according to its view, acted as a single economic group. In particular, the Argentine government has requested the extension of Indarsa's bankruptcy to Puerto Retiro which acquired Planta 1 from Tandanor.

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The deadline for producing evidence in relation to these legal proceedings 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. IRSA cannot give you any assurance that IRSA will prevail in this proceeding, and if the plaintiff's claim is upheld by the courts, all of the assets of Puerto Retiro would likely be used to pay Indarsa's debts and IRSA's investment in Puerto Retiro, valued at Ps.54.38 million, as of June 30, 2009, would be lost. As of June 30, 2009, IRSA had not established any reserve with respect of this contingency.

Llao Llao Holding

Llao Llao Holding S.A. purchased Hotel Llao Llao in November 1997, from the Argentine National Parks Administration. Llao Llao Holding S.A., the predecessor of Llao Llao Resorts S.A., was sued in 1997 by the National Parks Administration to collect the unpaid balance of the purchase price in Argentine sovereign debt securities amounting to US$2.9 million. The trial court ruled in favor of the plaintiff. The ruling was appealed, and the court of appeals confirmed the judgment ordering the payment of US$2.9 million in Argentine sovereign debt securities available at the date of the ruling, plus compensatory and punitive interest and attorneys' fees. On March, 2004, Llao Llao Resorts S.A. paid an amount of Ps.9.2 million.

On June 30, 2004, the plaintiff filed a brief rejecting Llao Llao Resorts S. A. payment on the grounds that it was a partial payment and requesting the court to determine the term for the deposit of funds amounting to final payment of the total debt. The trial court pesified the outstanding amount of plaintiff's ruling against Llao Llao Resorts S.A., as well as the unpaid fee of the plaintiff's attorneys. The plaintiff appealed this decision. The court of appeals ruled in favor of the plaintiff maintaining the unpaid amounts were payable in U.S. Dollars. Llao Llao Resorts S.A. filed an appeal, which was rejected. Llao Llao Resorts S.A. subsequently filed with the National Supreme Court an additional appeal in response to the refusal to allow the appeal.

The plaintiff requested the court of original jurisdiction to initiate an incidental proceeding for the execution of the judgment. Llao Llao Resorts S.A. contested this settlement and requested to the plaintiff to provide additional information in order to evaluate the amount of the settlement. Also Llao Llao Resorts S.A. requested that the execution be suspended until there is a final judgement in the appeal filed with the Supreme Court.

Llao Llao Resorts S.A.'s request was denied and on July 14, 2008, the court of appeals announced by means of a Executive Branch Decree dated June 18, 2008, that it had confirmed the settlement approved by the court of original jurisdiction. On March 17, 2009, the National Supreme Court admitted the appeal against the Executive Branch Decree and decided to suspend the enforcement of the judgment. On March 9, 2010, by means of an order dated February 28, 2010, the National Supreme Court announced the rejection of the extraordinary appeal.

In accordance with the information provided by the attorneys in respect of this lawsuit, the amount to be recorded by virtue of the Court sentence amounts to Ps.10.2 million as of June 30, 2010, which as of the date of this annual report such payment was fulfilled.

Legal issues with the City Hall of Neuquén

In June 2001, Shopping Neuquén requested that the City Hall of Neuquén allow it to transfer certain parcels of land to third parties so that each participant in the commercial development to be constructed would be able to build on its own land. The City Hall Executive Branch previously rejected this request under Executive Branch Decree No. 1437/2002 which also established the expiration of the rights arising from Ordinance 5178, including the loss of any improvement and expenses incurred. As a result, Shopping Neuquén had no right to claim indemnity charges and annulled its buy-sell land contracts.

Shopping Neuquén submitted a written appeal to this decision on January 21, 2003. It also sought permission to submit a revised schedule of time terms, taking account of the current situation and including reasonable short and medium term projections. The City Hall Executive Branch rejected this request in Executive Branch Decree 585/2003. Consequently, on June 25, 2003, Shopping Neuquén filed an "Administrative Procedural Action" with the High Court of Neuquén requesting, among other things, the annulment of Executive Branch Decrees 1,437/2002 and 585/2003 issued by the City Hall Executive Branch. On December 21, 2004, the High Court of Neuquén communicated its decision that the administrative procedural action that Shopping Neuquén had filed against the City Hall of Neuquén had expired. Shopping Neuquén filed an extraordinary appeal for the case to be sent to the Argentine Supreme Court.

On December 13, 2006, Shopping Neuquén signed an agreement with both the City Hall and the Province of Neuquén stipulating a new timetable for construction of the commercial and housing enterprises (the "Agreement"). Also, Shopping Neuquén was permitted to transfer certain parcels to third parties so that each participant in the commercial development to be constructed would be able to build on its own land, with the exception of the land in which the shopping center will be constructed. The Legislative Council of the City Hall of Neuquén duly ratified the Agreement. The City Hall Executive Branch promulgated the ordinance issued on February 12, 2007.

The Agreement also provides that Shopping Neuquén will submit, within 120 days after the Agreement is signed, a new urban project draft with an adjustment of the environmental impact survey, together with a map of the property subdivision, which the City Hall of Neuquén will approve or disapprove within 30 days after its presentation. If the project is approved, Shopping Neuquén will submit the final maps of the works to the City Hall within 150 days of this decision.

The Agreement put an end to the lawsuit of Shopping Neuquén against the City Hall of Neuquén before the High Court of Neuquén, in which the only pending issue is the determination of fees of the attorneys of the City Hall that are in charge of Shopping Neuquén.

On March 28, 2007, Shopping Neuquén submitted the new project draft and revised environmental impact survey to the City Hall of Neuquén. On May 10, 2007, the City Hall of Neuquén, requested certain explanations and made recommendations for our consideration before issuing an opinion on the feasibility of the draft project. On July 17, 2007, Shopping Neuquén answered the City Hall's requests and on September 20, 2007, the City Hall approved the feasibility of the project. Shopping Neuquén submitted the final maps of the project to the City Hall.

On June 12, 2009 a new agreement with the City Hall of Neuquén was signed which requires Shopping Neuquén to submit the plans of the new road project (with the agreed inclusions to the project) and the amendments to the general project.

On October 19, 2009, Shopping Neuquén submitted the new road project and the amendments to the general project. The City Hall of Neuquén made certain comments that were answered on November 17, 2009.

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The first stage of construction (including minimum construction of the shopping center and the hypermarket) is expected to be completed within a maximum period of 22 months since the beginning of the construction.

On January 18, 2010, the City Hall of Neuquén requested changes to the plans filed, granting a 30-day term to file the necessary amendments. Shopping Neuquén submitted the working plans related to the first stage of the work (contemplating the construction of the shopping mall and the hypermarket), it obtained the authorizations to start such works and on July 5, 2010, construction began.

The first work stage should be completed at a maximum of 22 month from beginning construction. In the case of failing to comply with the conditions established in the agreement, the City Hall of Neuquén is entitled to terminate the agreement and may request the return of Shopping Neuquén's acquired to the City Hall of Neuquén, among other actions.

On November 8, 2010, Shopping Neuquén was served notice of a resolution issued by the High Court of Neuquén, by which certain pending fees to be borne by Shopping Neuquén were established. Such decision is not final and Shopping Neuquén is currently evaluating the procedural alternatives available.

Other Litigation

As of July 5, 2006, the Administración Federal de Ingresos Públicos or AFIP filed a preliminary injunction with the Federal Court for Administrative Proceedings against Alto Palermo for an aggregate amount of Ps.37 million, plus an added amount, provisionally estimated, of Ps.0.9 million for legal fees and interest. The main dispute is about the income tax due for admission rights. In the first instance, AFIP pleaded for a general restraining order. On November 29, 2006, the Federal Court issued an order substituting such restraining order for an attachment on the parcel of land located in Caballito neighborhood, City of Buenos Aires, where Alto Palermo is planning to develop a shopping center.

After IRSA sold the Edificio Costeros, dique II, on November 20, 2009 IRSA requested an opinion to the Antitrust Authority as to whether it was necessary to report the transaction.

After sold Reconquista 823/41 on April 27, 2009, IRSA asked the Antitrust Authority if it was necessary to notify the operation. On August 14, 2009, the Antitrust Authority informed IRSA that it was not necessary to report the sale. The Antitrust Authority advised that IRSA was in fact required to notify it. IRSA challenged this opinion in the local courts.

After the acquisition of Bouchard 557, IRSA asked the Argentine Antitrust Authority whether it was necessary to notify it of such acquisition. The Antitrust Authority advised IRSA that IRSA was in fact required to notify it, and the competent court ratified such decision. Consequently, on April 22, 2008, the notice of the operation was filed with the Antitrust Authority. On June 10, 2009, the Antitrust Authority authorized the acquisition of Bouchard 557.

After IRSA sold the 29.85% interest in Bouchard 557, to Techint Compañía Técnica Internacional Sociedad Anónima Comercial e Industrial, IRSA asked the Antitrust Authority whether it was necessary to notify the transaction. On July 4, 2008, the Antitrust Authority informed IRSA that it was not necessary to report this sale.

IRSA filed a new request for the Antitrust Authority's opinion regarding IRSA's acquisition of Bank Boston Tower on August 30, 2007. The Antitrust Authority advised IRSA that IRSA was in fact required to report the transaction and the competent court ratified such decision. On November 15, 2011, the transaction was filed with the Antitrust

Authority.

On May 6, 2008, IRSA filed with the Antitrust Authority a request for its opinion as to the need to notify the Antitrust Authority the acquisition of Edificio República. The Antitrust Authority advised IRSA that IRSA was in fact required to report the transaction and the competent court ratified such decision. On November 3, 2010 the Antitrust Authority authorized the acquisition of Edificio Republica. On January 15, 2007 IRSA was notified of two claims filed before the Antitrust Authority, one by a private individual and the other one by the licensee of the shopping center, both opposing the acquisition from the province of Córdoba of a property known as Ex-Escuela Gobernador Vicente de Olmos. On February 1, 2007 IRSA responded the claims. On June 26, 2007, the Antitrust Authority notified IRSA that it has initiated a summary proceeding to determine whether the completion of the transaction breaches the Antitrust Law. As of the date of this annual report the result of this proceeding has not been determined.

On January 22, 2008, Alto Palermo requested the Antitrust Authority's clearance for the transfer of the Soleil Factory shopping center. On April 12, 2011, the Antitrust Authority authorized the transaction.

On December 3, 2009, Alto Palermo filed a request for the Antitrust Authority's opinion regarding Alto Palermo's acquisition of shares of Arcos del Gourmet S.A. The Antitrust Authority advised the parties that the transaction has to be notified. On December 16, 2011 the transaction was filed with the Antitrust Authority.

On September 21, 2010, after Alto Palermo sold 80% of its shares of Tarshop, Alto Palermo requested the Antitrust Authority's clearance for such transfer.

On November 19, 2010 IRSA was notified of the claim "CUATRO PAMPEANOS S.A. c/ EXPORTACIONES AGROINDUSTRIALES ARGENTINAS S.A. s/ DAÑOS Y PERJUICIOS" handled before the "*Juzgado de 1º instancia en lo Civil, Comercial, laboral y de Minería Nº 1, Secret. Única*", located in Santa Rosa, La Pampa. The plaintiff claims damages resulting from alleged fraud caused by a partner of the plaintiff acting in collusion with an employee of EAASA. The claim is for up to Ps. 1.3 million. IRSA answered the claim in a timely manner.

On August 23, 2011, Alto Palermo notified the Antitrust Authority the direct and indirect acquisition of shares of Nuevo Puerto Santa Fe S.A.; the transaction involved the direct acquisition of 33.33% of Nuevo Puerto Santa Fe S.A., and 16.66% through our controlled vehicle Torodur S.A. As of the date of this Annual Report the transaction is being analyzed by the Antitrust Authority.

For more information see Item 4 "Regulation and Government Supervision of our Real Estate Business" and Item 3 d. "Risk Factors- Risk related to IRSA's Business- IRSA's business is subject to extensive regulation and additional regulations may be imposed in the future.

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Dividends and dividend policy

Pursuant to Argentine law, the distribution and payment of dividends to shareholders is valid only if they result from net and realized earnings of the company pursuant to annual audited financial statements approved by the shareholders. The approval, amount and payment of dividends are subject to the approval by our shareholders at our annual ordinary shareholders meeting. The approval of dividends requires the affirmative vote of a majority of the shares entitled to vote at the meeting.

In accordance with Argentine law and our by-laws, net and realized profits for each fiscal year are allocated as follows:

- 5% of such net profits is allocated to our legal reserve, until such reserve amounts to 20% of our capital stock;
- a certain amount determined at a shareholders' meeting is allocated to compensation of our directors and the members of our supervisory committee; and
- additional amounts are allocated for the payment of dividends or to optional reserve funds, or to establish reserves for whatever other purpose our shareholders determine.

The following table shows the dividend payout ratio and the amount of dividends paid on each fully paid common share for the mentioned years. Amounts in Pesos are presented in historical, non-inflation adjusted Pesos as of the respective payment dates and refers to our unconsolidated dividends. See "Exchange Controls".

Year	**Total Dividend**	**Dividend per Common Share(1)**
	(millions of Pesos)	*(Pesos)*
1996	—	—
1997	—	—
1998	3.8	0.099
1999	11.0	0.092
2000	1.3	0.011
2001	8.0	0.030
2002	—	—
2003	1.5	0.012
2004	3.0	0.020
2005	10.0	0.059
2006	5.5	0.024
2007	8.3	0.026
2008	20.0	0.040
2009	60.0	0.121
2010	-	-
2011 (2)	69.0	0.139
2011 (3)	63.8	0.128

(1) Corresponds to per share payments. To calculate the dividend paid per ADS, the payment per share should be multiplied by ten. Amounts in Pesos are presented in historical Pesos as of the respective payment date. See "Exchange Controls".

(2) Corresponds to dividend paid on January 7, 2011.

(3) Corresponds to dividend paid on November 21,2011.

The shareholders' meeting dated December 9, 2010 approved the distribution of Ps.69,000,000 as interim dividends for the fiscal year ended June 30, 2011.

Future dividends with respect to our common shares, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that our shareholders at a general shareholders' meeting may deem relevant. As a result, we cannot give you any assurance that we will pay any dividends at any time in the future.

On November 13, 2009, the Board of Directors resolved to start the process of ratable attribution and allocation among the our shareholders, of 25,000,000 (twenty-five million) treasury shares of $1 par value each and entitled to one vote per share, issued by us and purchased by us, too, in the midst of the disruptions faced by the domestic and international markets during fiscal year 2008-2009.

On December 29, 2009, the we reported that as a result of the ratable attribution and allocation of treasury shares among our shareholders, the terms and conditions of the outstanding warrants were amended as set forth below:

Number of shares issuable per warrant:

- Before attribution: 0.33333333
- After attribution: 0.35100598

Price of shares issuable upon exercise of warrants:

- Before attribution: US$ 1.6800
- After attribution: US$ 1.5954

In addition, it also resolved to pay a cash dividend of Ps.60,000,000.- as from December 1, 2009, equivalent to an amount per share of approximately Ps. 0.12 and an amount per ADR of approximately Ps.1.21.

B. Significant Changes

Please see “Recent Developments” section.

Item 9. The offer and listing.

A. Offer and Listing Details

The following summary provides information concerning our share capital and briefly describes all material provisions of our by-laws and the Argentine Corporation Law 19,550.

Stock Exchanges in which our securities are listed

Our common shares are listed on the Buenos Aires Stock Exchange under the trading symbol “CRES” and on NASDAQ under the trading symbol “CRESY.” As of September 30, 2011 our outstanding capital stock consisted of 501,562,534 common shares, Ps.1.00 par value per share ; assuming full exercise of all outstanding warrants our capital stock would be increased to 563,915,285 common shares. As of that date of this Annual Report: (1) we had no other shares of any class or series issued and outstanding and (2) there are no outstanding convertible notes to acquire our shares. Our common shares have one vote per share. All outstanding shares are validly issued, fully paid and non assessable. As of September30, 2011, there were approximately 1,752 holders of our common shares.

In March 2008 we concluded our capital increase of 180 million common shares. Thus, 180 million shares offered at the subscription price of US$ 1.60 or Ps.5.0528 per share were fully subscribed, both locally and internationally, increasing our outstanding capital to 500,774,772 common shares.

In addition, each shareholder received, without additional cost, one warrant for each share subscribed, entitling the holder thereof to acquire 0.33333333 new shares at US$ 1.68 each, i.e. 180 million warrants were granted entitling the holders thereof to purchase an aggregate of 60 million additional shares at the above mentioned price. The warrants expire on May 22, 2015 and are listed on the Buenos Aires Stock Exchange with the symbol “CREW2”, and they are also listed on NASDAQ with the symbol “CRESW”. Funds obtained from increasing capital, net of issuance expenses, amount to Ps.881.1 million, while the tax effect of issuance expenses amounted to Ps.9.9 million. Funds obtained were assigned to shares and options issued based on the current value estimated upon subscription.

On December 29, 2009, we reported that due to the pro rata allotment of our shares among our shareholders, made on November 23, 2009, the terms and conditions of the outstanding warrants for our common shares, have been modified as follows:

Amount of shares to be issued per warrant:

- Ratio previous to the allotment: 0.33333333;
- Ratio after the allotment (current): 0.35100598.

Warrant exercise price per new share to be issued:

- Price previous to the allotment: US$ 1.6800;
- Current price after the allotment: US$1.5954.

The other terms and conditions of the warrants remain the same.

As of September 30, 2011, 2,359,862 warrants had been exercised, which resulted in, 787,762 shares of common stock being issued. As of September 30, 2011, there were 177,640,138 warrants outstanding.

Price history of our stock on the Buenos Aires Stock Exchange and NASDAQ

Our common shares are traded in Argentina on the Buenos Aires Stock Exchange, under the trading symbol "CRES." Since March 1997, our ADSs, each presenting 10 common shares, have been listed on the NASDAQ under the trading symbol "CRESY." The Bank of New York is the depositary with respect to the ADSs.

The table below shows the high and low daily closing prices of our common shares in Pesos and the quarterly trading volume of our common shares on the Buenos Aires Stock Exchange for the first quarter of 2006 through December 2011. The table also shows the high and low daily closing prices of our ADSs in U.S. dollars and the quarterly trading volume of our ADSs on the NASDAQ for the first quarter of 2006 through December 2011. Each ADS represents ten common shares.

	Buenos Aires Stock Exchange			**NASDAQ**		
	Share	**Price Per Share (Ps.)**		**ADS**	**US$ per ADS**	
	Volume	**High**	**Low**	**Volume**	**High**	**Low**
Fiscal Year 2006						
1st Quarter	3,968,113	4.03	3.19	5,448,497	13.97	11.10
2nd Quarter	4,915,037	3.93	3.10	5,316,532	13.71	10.12
3rd Quarter	4,582,691	4.38	3.22	8,431,362	14.44	10.42
4th Quarter	4,003,720	5.73	3.73	17,830,919	19.45	12.10
Annual	17,469,361	5.73	3.10	37,027,310	19.45	10.12
Fiscal Year 2007						
1st Quarter	1,812,774	4.68	3.90	5,288,618	15.43	12.42
2nd Quarter	1,793,537	5.30	4.35	9,816,001	17.53	14.23
3rd Quarter	3,439,865	6.73	5.06	9,712,198	22.08	16.58
4th Quarter	13,792,055	7.37	6.12	7,522,056	24.28	19.81
Annual	20,838,231	7.37	3.90	32,338,873	24.28	12.42
Fiscal Year 2008						
1st Quarter	3,129,519	6.87	5.43	8,713,926	21.71	16.25
2nd Quarter	4,255,009	7.45	5.43	8,618,274	23.76	17.14
3rd Quarter	11,565,947	5.84	4.53	12,236,895	18.84	13.99
4th Quarter	8,008,908	5.43	4.71	11,790,596	16.98	14.48
Annual	26,959,383	7.45	4.53	41,359,691	23.76	13.99
Fiscal Year 2009						
1st Quarter	3,832,884	4.66	3.25	9,269,938	14.8	10.50
2nd Quarter	4,532,498	3.41	1.73	16,198,697	10.69	4.67
3rd Quarter	1,378,325	3.25	2.40	8,122,339	9.11	6.38
4th Quarter	3,117,046	4.30	2.68	8,690,362	11.03	7.16
Annual	12,890,753	4.66	1.73	42,281,336	14.80	4.67
Fiscal Year 2010						

1st Quarter	2,369,556	5.12	3.41	6,259,694	13.49	8.82
2nd Quarter	1,481,509	5.54	4.65	5,371,047	14.80	12.02
3rd Quarter	3,059,016	6.00	4.42	6,839,050	15.89	11.17
4th Quarter	1,621,468	5.64	4.44	3,741,122	14.50	11.28
Annual	8,531,549	6.00	3.41	22,210,913	15.89	8.82
Fiscal Year 2011						
1st Quarter	2,851,146	6.55	4.85	4.731.907	16.58	12.19
2nd Quarter	3,070,201	7.87	6.85	8.922.026	19.93	16.47
3rd Quarter	1,534,934	7.90	7.00	5.729.814	19.17	16.83
4th Quarter	827,430	7.69	6.45	4.243.179	18.28	14.68
Annual	8,283,711	7.90	4.85	23,626,926	19.93	12.19
June 2011	414,573	7.34	6.45	1,489,878	16.90	14.68
July 2011	172,746	7.03	6.45	1,078,322	16.68	15.19
August 2011	440,162	6.50	5.80	1,997,159	15.30	13.50
September 2011	199,727	6.40	5.30	1,961,918	14.35	10.82
October 2011	241,135	5.95	4.68	1,870,824	12.32	10.27
November 2011	187,948	5.75	5.00	1,725,339	12.21	10.68
As of December 6, 2011	26,136	5.35	5.15	430,698	11.54	11.00

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Source: Bloomberg

B. Plan of Distribution

This item is not applicable.

C. Markets

Argentine Securities Markets

Comisión Nacional de Valores

The *Comisión Nacional de Valores* is a separate governmental entity with jurisdiction covering the territory of Argentina. Its main purpose is to ensure transparency of Argentina's securities markets, to watch over the market price formation process and to protect investors. The *Comisión Nacional de Valores* supervises corporations authorized to issue securities to the public, the secondary markets where these securities are traded, and all persons and corporations involved in any capacity in the public offering and trading of these securities. The Argentine markets are governed generally by Law No. 17,811, as amended, which created the *Comisión Nacional de Valores* and regulates stock exchanges, stockbrokers, market operations and the public offerings of securities. There is a relatively low level of regulation of the market for Argentine securities and of investors' activities in such market, and enforcement of existing regulatory provisions has been extremely limited. Furthermore, there may be less publicly available information about Argentine companies than is regularly published by or about companies in the United States and certain other countries. However, the Argentine government and the *Comisión Nacional de Valores*, taking into consideration the deeper global awareness of the importance of having adequate corporate governance practices and a legal framework to enforce principles such as "full information", and "transparency", have issued Executive Branch Decree No. 677/2001. This Executive Branch Decree has the objective of determining the rights of the "financial consumer", increasing market transparency and an adequate legal framework to increase the investor's protection within the capital market. Most of its reforms are in line with world trends pertaining to corporate governance practices that have already been adopted by many emerging markets.

In order to offer securities to the public in Argentina, an issuer must meet certain requirements of the *Comisión Nacional de Valores* regarding assets, operating history, management and other matters, and only securities for which an application for a public offering has been approved by the *Comisión Nacional de Valores* may be listed on the Buenos Aires Stock Exchange. This approval does not imply any kind of certification or assurance related to the merits or the quality of the securities, or the issuer's solvency. Issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements, as well as various other periodic reports, with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange.

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Securities Exchanges in Argentina

There are 12 securities exchanges in Argentina. The principal exchange for the Argentine securities market is the Buenos Aires Stock Exchange, which handles approximately 99% of all equity trading in the country.

Buenos Aires Stock Exchange

The Buenos Aires Stock Exchange is a complex, non-profit, and self-regulated organization. The various markets require different self-organizations of brokers within the Buenos Aires Stock Exchange, which is one of its particular characteristics. The most important and traditional of such markets is Mercado de Valores S.A. ("MERVAL").

The securities that may be listed on the Buenos Aires Stock Exchange are: Stocks, Corporate Bonds, Convertible Corporate Bonds, Close-ended Investment Funds, Financial Trust, Indexes, Derivatives and Public Bonds. The Buenos Aires Stock Exchange is legally qualified for admission, suspension, and delisting of securities according to its own rules approved by the *Comisión Nacional de Valores*. Furthermore, the Buenos Aires Stock Exchange works very closely with the *Comisión Nacional de Valores* in surveillance activities. Also under a special agreement, registration and listing applications are directly filed with the Buenos Aires Stock Exchange for simultaneous processing.

MERVAL

The MERVAL is a corporation whose 134 shareholder members are the only individuals and entities authorized to trade, either as principal or as agent, in the securities listed on the Buenos Aires Stock Exchange. Trading on the Buenos Aires Stock Exchange is conducted by continuous open outcry, or the traditional auction system, from 11:00 a.m. to 5:00 p.m. each business trading day of the year. Trading on the Buenos Aires Stock Exchange is also conducted through a *Sistema Integrado de Negociación Asistida por Computación* ("SINAC"). SINAC is a computer trading system that permits trading in debt securities and equity securities. SINAC is accessed by brokers directly from workstations located at their offices. Currently, all transactions relating to listed notes and listed government securities can be effected through SINAC.

Over the Counter Market

The Electronic Open Market (*Mercado Abierto Electrónico or "*MAE*"*) is an exchange organized under the laws of Argentina, which operates as a self-regulatory organization under the supervision of the *Comisión Nacional de Valores*.

The MAE works as an electronic platform to process Over the Counter Transactions. It is an electronic exchange where both government securities and corporate bonds are traded through spot and forward contracts.

The MAE has 90 brokers/dealers members, which include national banks, provincial banks, municipal banks, private national banks, foreign banks, cooperative banks, financial institutions, foreign exchange entities and pure brokers/dealers (exclusively engaged in brokerage activities). Both Argentine or foreign capital banks and financial institutions may be the MAE's brokers/dealers.

Securities to be traded must be registered with the pertinent supervising authorities and may be traded in the Mercado Abierto Electrónico, in other exchanges or in both of them concurrently.

Securities Central Depositary

Caja de Valores S.A. is a corporation organized under the laws of Argentina, totally private, which acts as central depositary of public bonds and private securities. It was established in 1974 by Act 20,643, and it is supervised by the *Comisión Nacional de Valores*.

Those authorized to make deposits of securities with the *Caja de Valores* are stockbrokers, banking financial institutions, and mutual funds.

The majority shareholders of the *Caja de Valores S.A*. are the Buenos Aires Stock Exchange and the MERVAL (49.98% each).

Information regarding the Buenos Aires Stock Exchange

	As of June 30,	
	2010	**2011**
Market capitalization (Ps.billion)	1,607.88	1,593.19
Average daily trading volume (Ps.million)	45.59	52.83
Number of listed companies	105	106

Although companies may list all of their capital stock on the Buenos Aires Stock Exchange, in many cases a controlling block is retained by the principal shareholders resulting in only a relatively small percentage of many companies' stock being available for active trading by the public on the Buenos Aires Stock Exchange.

As of June 30, 2011, approximately 106 companies had equity securities listed on the Buenos Aires Stock Exchange. As of June 30, 2011, approximately 8.44% of the total market capitalization of the Buenos Aires Stock Exchange was represented by the securities of the ten largest national companies.

The Argentine securities markets are substantially more volatile than the securities markets in the United States and certain other developed countries. The MERVAL experienced a 34% increase in 2006, a 2.93% increase in 2007, a 0.59% increase in 2008, a 102.98 % increase in 2009, a 47.77 % increase in 2010 and a 4.62% decrease in the first six months of 2011. In order to control price volatility, the MERVAL operates a system pursuant to which the negotiation of a particular stock or debt security is suspended for a 15 minute period when the price of the security registers a variation on its price between 10% and 15% and between 15% and 20%. Any additional 5% variation on the price of the security after that results in additional 10 minute successive suspension periods.

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Nasdaq Stock Market

Our ADSs are listed and traded in the Nasdaq Stock Market under the trading symbol "CRESY".

D. Selling Shareholders

This section is not applicable.

E. Dilution

This section is not applicable.

F. Expenses of the Issue

This section is not applicable.

Item 10. Additional information

A. Share Capital

This section is not applicable.

B. Memorandum and Articles of Association

Our Corporate Purpose

Our legal name is Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria. We were incorporated under the laws of Argentina on December 31, 1936 as a sociedad anónima (Stock Corporation) and were registered with *Public Registry of Commerce* on February 19, 1937 under number 26, on page 2, book 45 of National by-laws Volume. Pursuant to our by-laws, our term of duration expires on June 6, 2082.

Pursuant to article 4 of our by-laws our purpose is to perform the following activities:

- Commercial activities with respect to cattle and products pertaining to farming and animal husbandry;
- Real estate activities with respect to urban and rural properties;
- Financial activities, except for those regulated by Law No. 21,526 of financial entities;
- Farming and animal husbandry activities, for properties owned by us or by third parties; and
- Agency and advice activities for which there is not required a specific qualifying title.

Limited Liability

Shareholders' liability for losses is limited to their equity interes in us. Notwithstanding the foregoing, under the Argentine Corporation Law No. 19,550, shareholders who voted in favor of a resolution that is subsequently declared void by a court as contrary to Argentine law or a company's by-laws (or regulation, if any) my be held jointly and severally liable for damages to such company, other shareholders or third parties resulting from such resolution. In addition, a shareholder who votes on a business transaction in which the shareholder's interest conflicts with that of the company may be liable for damages under the Argentine companies' law, but only if the transaction would not have been validly approved without such shareholder's vote.

Capitalization

We may increase our share capital upon authorization by our shareholders at an ordinary shareholders' meeting. Capital increases must be registered with the public registry of commerce referred to as the *Registro Publico de Comercio*, and published in the Boletín Oficial. Capital reductions may be voluntary or mandatory and must be approved by the shareholders at an extraordinary shareholders' meeting (*asamblea extraordinaria*). Reductions in capital are mandatory when losses have depleted reserves and exceed 50% of capital. At September 30, 2011 our share capital consisted of 501,562,534 common shares.

Our bylaws provide that preferred stock may be issued when authorized by the shareholders at an extraordinary shareholders' meeting (*asamblea extraordinaria*) and in accordance with applicable regulations. Such preferred stock may have a fixed cumulative dividend, with or without additional participation in our profits, resolved by the shareholders' meetings. We currently do not have outstanding preferred stock.

Preemptive Rights and Increases of Share Capital

Pursuant to our by-laws and Argentine Corporation Law No. 19,550, in the event of an increase in our share capital, each of our existing holders of our common shares has a preemptive right to subscribe for new common shares in proportion to such holder's share ownership pursuant to our by-laws and the Argentine Corporation Law No. 19,550. For any shares of a class not preempted by any holder of that class, the remaining holders of the class will be entitled to accretion rights based on the number of shares they purchased when they exercised their own preemptive rights. Rights and accretion rights must be exercised simultaneously within 30 days following the time in which notices to the shareholders of a capital increase and of the rights to subscribe thereto are published for three days in the Boletín Oficial and a widely circulated newspaper in Argentina. Pursuant to the Argentine Companies Law, such 30-day period may be reduced to 10 days by a decision of our shareholders adopted at an extraordinary shareholders' meeting (*asamblea extraordinaria*).

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Additionally, the Argentine Companies Law permits shareholders at an extraordinary shareholders' meeting (*asamblea extraordinaria*) to suspend or limit the preemptive rights relating to the issuance of new shares in specific and exceptional cases in which the interest of we require such action and, additionally, under the following specific conditions:

- the issuance is expressly included in the list of matters to be addressed at the shareholders' meeting; and
- the shares to be issued are to be paid in-kind or in exchange for payment under pre-existing obligations.

Furthermore, Article 12 of the Negotiable Obligations Law permits shareholders at an extraordinary shareholders' meeting (*asamblea extraordinaria*) to suspend preemptive subscription rights for the subscription of convertible bonds under the above-mentioned conditions. Preemptive rights may also be eliminated, so long as a resolution providing so has been approved by at least 50% of the outstanding capital stock with a right to decide such matters and so long as the opposition to such resolution does not surpass 5% of the share capital.

Shareholders' Meetings and Voting Rights

Our bylaws provide that shareholders' meetings may be called by our board of directors or by our Supervisory Committee or at the request of the holders of shares representing no less than 5% of the common shares. Any meetings called at the request of shareholders must be held within 30 days after the request is made. Any shareholder may appoint any person as its duly authorized representative at a shareholders meeting, by granting a proxy. Co-owners of shares must have single representation.

In general, the following matters can be considered only at an extraordinary shareholders' meeting (*asamblea extraordinaria*):

- matters that may not be approved at an ordinary shareholders' meeting;
- the amendment of our bylaws;
- reductions in our share capital;
- redemption, reimbursement and amortization of our shares;
- mergers, and other corporate changes, including dissolution and winding-up;
- limitations or suspensions to preemptive rights to the subscription of the new shares; and
- issuance of debentures, convertible negotiable obligations and bonds that not qualify as notes (obligaciones negociables).

In accordance with our by-laws, ordinary and special shareholders' meetings (*asamblea extraordinaria*) are subject to a first and second quorum call, the second to occur upon the failure of the first. The first and second notice of ordinary shareholders' meetings may be made simultaneously. In the event that both are made on the same day, the second must occur at least one hour after the first. If simultaneous notice was not given, the second notice must be given within 30 days after the failure to reach quorum at the first. Such notices must be given in compliance with applicable regulations.

A quorum for an ordinary shareholders' meeting on the first call requires the presence of a number of shareholders holding a majority of the shares entitled to vote and, on the second call, the quorum consists of the number of shareholders present, whatever that number. Decisions at ordinary shareholders' meetings must be approved by a majority of the votes validly exercised by the shareholders.

A quorum for an special shareholders' meeting (*asamblea extraordinaria*) on the first call requires the presence of persons holding 60% of the shares entitled to vote and, on the second call, the quorum consists of the number of shareholders present, whatever that number. Decisions at special shareholders' meeting (*asamblea extraordinaria*) generally must be approved by a majority of the votes validly exercised.

However, pursuant to the Argentine Companies Law, all shareholders' meetings, whether convened on a first or second quorum call, require the affirmative vote of the majority of shares with right to vote in order to approve the following decisions:

- advanced winding-up of the company;
- transfer of the domicile of the company outside of Argentina;
- fundamental change to the purpose of the company;
- total or partial mandatory repayment by the shareholders of the paid-in capital; and
- a merger or a spin-off, when our company will not be the surviving company.

Holders of common shares are entitled to one vote per share. Owners of common shares represented by ADRs exercise their voting rights through the ADR Depositary, who acts upon instructions received from such shareholders and, in the absence of instructions, votes in the same manner as our majority of the shareholders present in the shareholders' meeting.

The holders of preferred stock may not be entitled to voting rights. However, in the event that no dividends are paid to such holders for their preferred stock, the holders of preferred stock are entitled to voting rights. Holders of preferred stock are also entitled to vote on certain special matters, such as a transformation of the corporate type, early dissolution, change to a foreign domicile, fundamental change in the corporate purposes, total or partial replacement of capital losses, mergers in which our company is not the surviving entity, and spin-offs. The same exemption will apply in the event the preferred stock is traded on any stock exchange and such trading is suspended or canceled.

Dividends and Liquidation Rights

The Argentine Companies Law establishes that the distribution and payment of dividends to shareholders is valid only if they result from realized and net earnings of the company pursuant to an annual balance sheet approved by the shareholders. Our board of directors submits our financial statements for the previous financial year, together with the reports of our Supervisory Committee, to the Annual Ordinary Shareholders' Meeting. This meeting must be held by October 30 of each year to approve the financial statements and decide on the allocation of our net income for the year under review. The distribution, amount and payment of dividends, if any, must be approved by the affirmative vote of the majority of the present votes with right to vote at the meeting.

The shareholders' meeting may authorize payment of dividends on a quarterly basis provided no applicable regulations are violated. In that case, all and each of the members of the board of directors and the supervisory committee will be jointly and severally unlimitedly liable for the refund of those dividends if, as of the end of the respective fiscal year, the realized and net earnings of the company are not sufficient to allow the payment of dividends.

When we declare and pay dividends on the common shares, the holders of our ADRs, each representing the right to receive ten ordinary shares, outstanding on the corresponding registration date, are entitled to receive the dividends due on the common shares underlying the ADRs, subject to the terms of the Deposit Agreement dated March 18, 1997 executed by and between us, The Bank of New York, as depositary and the eventual holders of ADRs. The cash dividends are to be paid in Pesos and, except under certain circumstances, are to be converted by the Depositary into U.S. dollars at the exchange rate prevailing at the conversion date and are to be paid to the holders of the ADRs net of any applicable fee on the dividend distribution, costs and conversion expenses, taxes and public charges. Since January 2002 and due to the devaluation of the Peso, the exchange rate for the dividends will occur at a floating market rate.

Our dividend policy is proposed from time to time by our board of directors and is subject to shareholders' approval at an ordinary shareholders' meeting. Declarations of dividends are based upon our results of operations, financial condition, cash requirements and future prospects, as well as restrictions under debt obligations and other factors deemed relevant by our board of directors and our shareholders.

Dividends may be lawfully paid only out of our retained earnings determined by reference to the financial statements prepared in accordance with Argentine GAAP. In accordance with the Argentine Companies Law, net income is allocated in the following order: (i) 5% is retained in a legal reserve until the amount of such reserve equals 20% of the company's outstanding capital; (ii) dividends on preferred stock or common shares or other amounts may be retained as a voluntary reserve, contingency reserve or new account, or (iii) for any other purpose as determined by the company's shareholders at an ordinary shareholders' meeting.

Our legal reserve is not available for distribution. Under the applicable regulations of the *Comisión Nacional de Valores*, dividends are distributed pro rata in accordance with the number of shares held by each holder within 30 days of being declared by the shareholders for cash dividends and within 90 days of approval in the case of dividends distributed as shares. The right to receive payment of dividends expires three years after the date on which they were made available to shareholders. The shareholders' meeting may authorize payment of dividends on a quarterly basis provided no applicable regulations are violated. In such case, all and each of the members of the board of directors and the supervisory committee will be jointly and severally liable for the refund of those dividends if, at the end of the respective fiscal year, the realized and net earnings of the company are not sufficient to allow for the payment of dividends.

- In the event of liquidation, dissolution or winding-up of our company, our assets are
- to be applied to satisfy its liabilities; and
- to be proportionally distributed among holders of preferred stock in accordance with the terms of the preferred stock. If any surplus remains, our shareholders are entitled to receive and share proportionally in all net assets available for distribution to our shareholders, subject to the order of preference established by our bylaws.

Approval of Financial Statements

Our fiscal year ends on June 30 of each year, after which we prepare an annual report which is presented to our board of directors and Supervisory Committee. The board of directors submits our financial statements for the previous financial year, together with the reports of our Supervisory Committee, to the annual ordinary shareholders' meeting, which must be held within 120 days of the close of our fiscal year, in order to approve our financial statements and determine our allocation of net income for such year. At least 20 days before the ordinary shareholders' meeting, our annual report must be available for inspection at our principal office.

Right of Dissenting Shareholders to Exercise Their Appraisal Right

Whenever certain actions are approved at an extraordinary shareholders' meeting *(asamblea extraordinaria*) (such as the approval of a merger, a spin-off (except when the shares of the acquired company are publicly traded), a fundamental change of corporate purpose, a transformation from one type of corporation to another, a transfer of the domicile of our company outside of Argentina or, as a result of the action approved, the shares cease to be publicly traded) any shareholder dissenting from the adoption of any such resolution may withdraw from our company and receive the book value per share determined on the basis of our latest financial statements, whether completed or to be completed, provided that the shareholder exercises its appraisal rights within ten days following the shareholders' meeting at which the resolution was adopted.

In addition, to have appraisal rights, a shareholder must have voted against such resolution or act within 15 days following the shareholders' meeting if the shareholder was absent and can prove that he was a shareholder of record on the day of the shareholders meeting. Appraisal rights are extinguished with respect to a given resolution if such resolution is subsequently overturned at another shareholders' meeting held within 75 days of the previous meeting at which the original resolution was adopted. Payment on the appraisal rights must be made within one year of the date of the shareholders' meeting at which the resolution was adopted, except where the resolution involved a decision that our stock ceases to be publicly traded, in which case the payment period is reduced to 60 days from the date of the resolution.

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Ownership Restrictions

The *Comisión Nacional de Valores* regulations require that transactions that cause a person's holdings of capital stock of a registered Argentine company, to hold 5% or more of the voting power, should be immediately notified to the *Comisión Nacional de Valores*. Thereafter, every change in the holdings that represents a multiple of 5% of the voting power should also be notified.

Directors, senior managers, executive officers, members of the supervisory committee, and controlling shareholders of an Argentine company whose securities are publicly listed, should notify the *Comisión Nacional de Valores* on a monthly basis, of their beneficial ownership of shares, debt securities, and call and put options related to securities of such companies and their controlling, controlled or affiliated companies.

Holders of more than 50% of the common shares of a company or who otherwise have voting control of a company, as well as directors, officers and members of the supervisory committee, must provide the *Comisión Nacional de Valores* with annual reports setting forth their holdings in the capital stock of such companies and monthly reports of any change in their holdings.

Tender Offers

Tender offers under Argentine law may be voluntary or mandatory. In either case, the offer must be made addressed to all shareholders. In the case of a mandatory tender offer, the offer must also be made to the holders of subscription rights, stock options or convertible debt securities that directly or indirectly may grant a subscription, acquisition or conversion right on voting shares.

Executive Branch Decree No. 677/2001 establishes that a person or entity wishing to acquire a "significant holding" ("*participaciones significativas*") shall be required to launch a mandatory tender offer.

A mandatory tender offer will not be required in those cases in which the purpose of the acquisition of the "significant holding" is not to acquire the control of a company.

The *Comisión Nacional de Valores* defines a "significant holding" as holdings that represent an equal or a higher percentage than 35% and 51% of the voting shares as the case may be.

When a person or an entity intends to acquire more than 35% of the shares of a company, a mandatory tender offer to purchase 50% of the corporate voting capital is required by law.

If a person or an entity owns between 35% and 51% of the shares of a company, and wishes to increase its holdings by at least 6% within a 12 month period, a mandatory tender offer to acquire shares representing at least 10% of the voting capital will be legally required.

When a person or an entity wishes to acquire more than 51% of the shares of a company, a mandatory tender offer to acquire 100% of the voting capital will be legally required.

Finally, when a shareholder controls 95% or more of the outstanding shares of a company, (i) any minority shareholder may, at any time, demand that the controlling party make an offer to purchase all of the remaining shares of the minority shareholders and (ii) the controlling party can issue a unilateral statement of intention to acquire all of the remaining shares owned by the other stockholders.

Pursuant to the Argentine Companies Law we may redeem our outstanding common shares only under the following circumstances:

• to cancel such shares and only after a decision to reduce our capital stock (with shareholder approval at an extraordinary shareholders' meeting (asamblea extraordinaria);

• to avoid significant damage to our company under exceptional circumstances, and then only using retained earnings or free reserves that have been fully paid, which action must be ratified at the following ordinary shareholders' meeting; or

• in the case of the acquisition by a third-party of our common shares.

The Public Offering of Securities Law provides for other circumstances under which our company, as a corporation whose shares are publicly listed, can repurchase our shares. The following are necessary conditions for the acquisition of our shares:

• the shares to be acquired shall be fully paid,

• there shall be a board of directors' resolution containing a report of our supervisory committee or audit committee. Our board of director's resolution must provide the purpose of the acquisition, the maximum amount to be invested, the maximum number of shares or the maximum percentage of capital that may be acquired and the maximum price to be paid for our shares. Our board of directors must give complete and detailed information to both shareholders and investors,

• the purchase shall be carried out with net profits or with free or optional reserves, and we must prove to the Comisión Nacional de Valores that we have the necessary liquidity and that the acquisition will not affect our solvency,

• under no circumstances may the shares acquired by our company, including those that may have been acquired before and held by us as treasury stock, be more than 10% of our capital stock or such lower percentage established by the Comisión Nacional de Valores after taking into account the trading volume of our shares.

Any shares acquired by us that exceed 10% of our capital stock must be disposed of within 90 days from the date of acquisition originating the excess without prejudice of the liability corresponding to our board of directors.

Transactions relating to the acquisition of our own shares may be carried out through open market transactions or through a public offering:

- in the case of acquisitions in the open market, the amount of shares purchased daily cannot exceed 25% of the mean daily traded volume of our shares during the previous 90 days.

- in either case, the Comisión Nacional de Valores can require that the acquisition be carried out through a public offering if the shares to be purchased represent a significant percentage in relation to the mean traded volume.

- General Resolution No. 368/2001 of the *Comisión Nacional de Valores* as amended, provides general requirements that any company must comply with in the case of the acquisition of its shares under the Corporations Law or under the Public Offering of Securities Law. The acquisition of its shares by a company must be:

- approved by a resolution of the board of directors with a report of its supervisory committee,

- notice must be given to the Comisión Nacional de Valores and the Buenos Aires Stock Exchange, and notice must be published in the Boletín of the Buenos Aires Stock Exchange or in a widely circulated newspaper in Argentina,

- be carried out with net profits or free reserves from the last financial statements and approved by the board of directors,

- the board of directors has to prove to the Comisión Nacional de Valores, that the company has the necessary liquidity and that the acquisition does not affect its solvency,

- all shares acquired by the company, including those that may have been acquired before and held by it as treasury stock, may not exceed 10% of its capital stock.

The General Resolution No. 535/08 of the *Comisión Nacional de Valores* establishes that the acquisition limit of up to 10% of the company's own shares will be suspended up to December 31, 2008.

There are no legal limitations to ownership of our securities or to the exercise of voting rights pursuant to the ownership of our securities, by non-resident or foreign shareholders.

Registrations and Transfers

Our common shares are held in registered, book-entry form. The registry for our shares is maintained by *Caja de Valores* S.A. at its executive offices located at 25 de mayo 362, (C1002ABH) Buenos Aires, Argentina. Only those persons whose names appear on such share registry are recognized as owners of our common shares. Transfers, encumbrances and liens on our shares must be registered in our share registry and are only enforceable against us and third parties from the moment registration takes place.

Amendment to the by-laws.

On the shareholders' meeting held on October 10, 2007, our shareholders decided to amend the following sections of the by-laws: (i) Section Thirteen in order to adapt the performance bonds granted by directors to current rules and regulations, and (ii) Section Sixteen in order to incorporate the possibility of holding remote board meetings pursuant the provisions of section 65 of Executive Branch Decree 677/01.

C. Material Contracts

We do not have any material contract entered into outside the ordinary course of business other than some of the operations previously described under the Related Party Transactions, the Recent Developments and Our Indebtedness sections.

D. Exchange controls

Foreign Currency Regulation

All transactions involving the purchase of foreign currency must be settled through the single free exchange market (M*ercado Único Libre de Cambios,* or "MULC") where the Central Bank supervises the purchase and sale of foreign currency. Under Executive Branch Decree No. 260/2002, the Argentine government set up an exchange market through which all foreign currency exchange transactions are made. Such transactions are subject to the regulations and requirements imposed by the Central Bank. Under Communication "A" 3471, as amended, the Central Bank established certain restrictions and requirements applicable to foreign currency exchange transactions. If such restrictions and requirements are not met, criminal penalties shall be applied.

Outflow and Inflow of Capital

*Inflow of capital.*Under Argentine Foreign Investment Law No. 21,382, as amended, and the wording restated under Executive Branch Decree No. 1853/1993, the purchase of stock of an Argentine company by an individual or legal entity domiciled abroad or by an Argentine "foreign capital" company (as defined under the Foreign Investment Law) represents a foreign investment.

Under Executive Branch Decree No. 616/2005, as amended, the Argentine government imposed certain restrictions on the inflow and outflow of foreign currency into and from the Argentine exchange market, including that inflowing new indebtedness and debt renewals by persons domiciled abroad must be agreed and cancelled within periods not shorter than 365 calendar days, irrespective of the method of payment. Additionally, such debt may not be prepaid before the lapse of such period. Such restrictions do not apply to (i) foreign trade financing, or (ii) primary public offering of equity or debt instruments issued under the public offering procedure and listed on self-regulated markets.

A registered, non-transferable and non-interest bearing deposit must be kept in Argentina for a period of 365 calendar days, in an amount equal to 30% of any inflow of funds into the domestic exchange market arising from (i) foreign debt (excluding foreign trade); and (ii) purchase of interests in Argentine companies that are not listed on self-regulated markets, except for direct investments and other transactions that may result in the inflow of foreign currency, or in indebtedness of a resident towards a nonresident. However, primary debt offerings by means of public offerings which are listed on a self-regulated market are exempted from such requirements.

Communication "A" 4901, dated February 5, 2009, exempts from the obligation to keep such mandatory deposit in the case of inflows into the exchange market made by nonresidents, when the Pesos resulting from the settlement of the foreign currency are applied within the following ten business days to any of the purposes set forth by the classification of current transactions in international accounts, namely: a) discharge of advance payments or liabilities for income and personal asset taxes payable by individuals who are regarded as residents from a tax standpoint; b) payment by nonresidents of contributions to the social security system or payments to employee-owned or prepaid healthcare systems; c) payment of other taxes which, given their nature, are borne by nonresidents in their capacity as taxpayers, and always provided that such payment does not entitle the nonresident to claims vis-à-vis the tax authorities or third parties; and d) other rates and services supplied by residents. In addition, such exemption on mandatory deposits, subject to certain additional requirements, is also applicable to funds remitted from abroad by nonresident companies on behalf of employees from international corporate groups who are temporarily abroad, to local companies responsible for the settlement of taxes and for making the relevant payments.

Outflow of capital, including the availability of cash or cash equivalents.

Exchange Transactions Inquiry Program.

On October 28, 2011, the Federal Administration of Public Revenues (Administración Federal de Ingresos Públicos, "AFIP") established an Exchange Transactions Inquiry Program ("Inquiry Program") through which the entities authorized by the Central Bank to deal in foreign exchange must inquire and register through an IT system the total peso amount of each exchange transaction at the moment it is closed.

All foreign exchange sale transactions, whether involving foreign currency or banknotes, irrespective of their purpose or allocation, are subject to this inquiry and registration system, which determines whether transactions are "Validated" or "Inconsistent".

In the case of sales of foreign exchange (foreign currency or banknotes) for the formation of off-shore assets by residents without the obligation of subsequently allocating it to specific purpose, entities authorized to deal in foreign exchange may only allow transactions through the MULC by those clients who have obtained the validation and who comply with the rest of the requirements set forth in the applicable foreign exchange regulations. The following are exempted from the Inquiry Program, among others: a) international agencies and institutions that act as official export credit agencies, diplomatic and consular offices, bilateral agencies established under International Treaties; and b) local governments.

Sales of foreign exchange other than for the formation of off-shore assets by residents without a specific purpose are also exempted from the Inquiry Program.

Other regulations applicable to outflow of capital

Purchase of foreign currency for the formation of off-shore assets for their subsequent allocation to specific purposes

• Individuals and legal entities domiciled in Argentina are authorized to purchase foreign currency without any limitation for the purpose of making direct investments abroad involving the production of non-financial goods and services, always provided that certain conditions are met (Communication “A” 5236, item 4.1).

• Individuals who are Argentine residents, legal entities organized in Argentina and trusts set up with contributions from the national public sector are authorized to purchase up to US$ 2,000,000 per month and to transfer those funds abroad (for the following purposes: real estate investments abroad, loans to nonresidents, contributions by residents of direct investments abroad, off-shore portfolio investments by individuals, other off-shore investments by residents, off-shore portfolio investments by legal entities, purchase of foreign banknotes to be held in Argentina and purchases of traveler checks, and donations) always provided that the following requirements (Communication 2A” 5236, item 4.1) are met:

A. The entities authorized to deal in foreign exchange previously inquire and register the transaction through the Inquiry program and the transaction is “Validated”.

B. The foreign currency purchased is not allocated to the purchase in the over-the-counter market of securities issued by residents or representing them, or issued by nonresidents and traded in Argentina. The previous consent is required when such allocation is effected by settling the purchase within twenty (20) business days following the date of access to the MULC.

C. Annual purchases in excess of US$ 250,000:

A. Individuals: the broker entity must verify that the funds applied to the amounts purchased do not exceed the sum of:

i. the assets reported as investments in local financial assets and cash holdings in local currency as reflected in the most recent personal asset return that has become due;

ii. the proceeds from the realization in Argentina, in local currency, of the actual recordable assets and foreign banknotes consistent with the tax return and income for the period;

iii. income accrued during the calendar year that has been subject to income tax withholdings,

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iv. gains accrued during the year from financial assets not subject to income tax; and

v. inheritance amounts received during the year.

B. Legal Entities: the broker entity must verify that the sum of the funds allocated to foreign currency purchases for these purposes does not exceed:

i. The amount of the accounting shareholders' equity as of the closing of the last fiscal year previously ended,

ii. less investments made as of such date in off-shore assets, local deposits in foreign currency, interests in other local companies, distributions of profits and dividends approved before the balance sheet's closing date,

iii. plus income accrued after the fiscal year's closing date and sales in the local market of foreign banknotes.

Purchase of foreign currency for the formation of off-shore assets for subsequent allocation to specific purposes

1. The US$ 2,000,000 monthly limit for making transfers abroad may also be exceeded to the extent that:

A. The proceeds and income derived therefrom are allocated within thirty (30) calendar days as from the date of access to the MULC to the payment of:

a. principal and interest payments of foreign financial indebtedness;

b. debts for Argentine imports of goods;

c. profits and dividends;

d. Argentine direct investments abroad.

B. The maximum amount of off-shore assets that may be held is as follows:

a. imports of goods: no limit;

b. repayment of financial indebtedness: principal and interest payments to be made abroad that fall due over the next 365 days;

c. profits and dividends: the higher of

- the amount paid under this item to nonresidents and ADRs during the previous year, or

- the cumulative outstanding amount of income recorded in fiscal years for which audited closed annual or quarterly financial statements are available, that should be allocated to payments to nonresidents and ADRs.

d. Argentine direct investments abroad: the U.S. dollar equivalent to 30% of the Shareholders' Equity after deducting the book value of equity interests in Argentine and foreign companies and other off-shore portfolio investments, as reflected in the most recent annual financial statements.

C. The funds used for accessing the exchange market for forming off-shore assets to be allocated to the payment of profits and dividends and direct investments abroad must not have as funding sources foreign financial indebtedness.

2. Sales of foreign exchange to nonresidents (tourism and travel) are subject to the Central Bank's previous consent, unless the following conditions are met:

A. evidence is given that a smaller amount of foreign currency than the one intended to be purchased previously entered through the MULC during the nonresident's period of stay in Argentina;

B. the original foreign exchange certificate through which the foreign currency entered is produced;

C. an equivalent to US$ 5,000 per client and per period of stay in Argentina is not exceeded.

Payment of principal for foreign financial indebtedness

Access to the exchange market is allowed for payments of principal amounts due, with the exception of the financial institutions subject to rediscounts granted by the Central Bank and which have restructured their debt with foreign creditors (Executive Branch Decree No. 739/2003 and Communication "A" 3940 of the Central Bank).

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Payment of profits and dividends abroad

As of January 8, 2003, Argentine companies may transfer abroad profits and dividends related to closed financial statements certified by independent accountants without being required to obtain the prior authorization of the Central Bank (Communication "A" 3859, Item 3 d.).

Direct Investment Reporting System

Direct Investments made in Argentina by nonresidents

Under Communication "A" 4237, the Central Bank established a reporting system in connection with direct investments and real estate investments made by nonresidents in Argentina and by residents abroad.

Nonresidents must comply with the above mentioned reporting system if the amount of the investment in Argentina reaches or exceeds US$ 500,000 million. If no such amount is reached, the reporting system is optional.

Direct investments made outside Argentina by Argentine residents

Argentine residents are required to meet the reporting system set forth in Communication "A" 4237 every year if the value of their investments abroad reaches or exceeds US$1.0 million, and every semester if it reaches or exceeds US$ 5.0 million. If the value of such investments abroad does not reach US$1.0 million, compliance with the reporting system is optional.

Foreign indebtedness and portfolio investments

The following sets out some of the current regulations imposed by the Central Bank with respect to registration, disbursement, payment of principal and interest and prepayments, among other measures:

• *Reporting system.* The Central Bank must be informed by a debtor of any foreign indebtedness it incurs and must validate it in accordance with Communication "A" 3602 in order to enable such debtor to purchase foreign currency in the local foreign exchange market for the purpose of making the principal and interest payments under such foreign indebtedness.

• *Disbursements.* Proceeds received from foreign indebtedness must be settled in the Argentine foreign exchange market within 365 days of the date of disbursement of the funds. The free disposition of these funds is currently subject to certain restrictions pursuant to Executive Branch Decree No. 616/2005.

• *Interest Payments.* Foreign currency necessary to pay interest on foreign indebtedness can be purchased:

• a. up to 15 days in advance of the relevant payment date;

• b. to pay interest accrued within the current interest period; or

• c. to pay interest accrued during the period between the date of disbursement of the funds and the date of settlement of the foreign currency in the MULC; provided that the amount of foreign currency so purchased through the MULC is equal to the amount resulting from the difference between the interest accrued on the relevant foreign indebtedness and the earnings derived from the placement of the funds abroad, proof of which must be presented to the Central Bank by the debtor.

- *Principal Repayments.* Foreign currency necessary to pay principal on foreign indebtedness owed by the private non-financial sector may be acquired:

- a. within 30 calendar days prior to the stated maturity of the applicable obligation; *provided* that the funds disbursed under such obligation have remained in Argentina for at least 365 days; or

- b. with the anticipation required from an operating standpoint in order to pay to the creditor at maturity, in case of principal installments the payment of which depends on the satisfaction of specific conditions expressly contemplated in foreign refinancing agreements executed and implemented with foreign creditors as from February 11, 2002, the date the MULC became effective.

- *Principal Prepayments.* The foreign currency required to prepay principal on foreign indebtedness may be acquired to make partial or full payments more than 30 days prior to the stated maturity of the relevant obligation, provided that (x) the funds disbursed under the debt facility have remained in Argentina for at least 365 days; (y) the amount in foreign currency to be prepaid does not exceed the current value of the portion of the debt being prepaid or the prepayment shall be fully offset with new external financing, the present value of which shall not exceed the value of the debt being prepaid and (z) if the prepayment is made as part of a restructuring process with foreign creditors, the terms and conditions of the new financing and the corresponding prepayment must not result in an increase in the present value of the debt being refinanced.

For further details regarding the exchange regulations applicable in Argentina, investors should consult their professional advisers and read the full text of Executive Branch Decree 616/2005, Resolution No. 365/2005 of the Ministry of Economy and Production and Criminal Exchange Law No. 19,359, as well as the relevant regulations and supplementary provisions. Interested parties may consult such regulations through the website of the Ministry of Economy and Public Finance (http://www.infoleg.gob.ar) or the Central Bank (http://www.bcra.gob.ar).

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Money Laundering

Argentine Law No. 25,246, as amended, categorizes money laundering as a crime, which is defined as the exchange, transfer, management, sale or any other use of money or other assets obtained through a crime, by a person who did not take part in such original crime, with the potential result that such original assets (or new assets resulting from such original assets) have the appearance of having been obtained through legitimate means, provided that the aggregate value of the assets involved exceeded in the aggregate (through one or more related transactions) $50,000.

The money laundering legal framework in Argentina also assigns information and control duties to certain private sector entities, such as banks, agents, stock exchanges, insurance companies, according to the regulations of the Financial Information Unit, and for financial entities, the Central Bank. These regulations apply to many Argentine companies, including us. These obligations consist mainly of maintaining internal policies and procedures aimed at money laundering prevention and financing of terrorism, especially through the application of the policy "know your client".

On May 8, 2005, the CNV enacted Resolution No. 554 which establishes that broker-dealers and other intermediaries that are subject to its supervision can only take part in securities transactions if they are ordered or executed by parties that are registered or domiciled in jurisdictions that are not included in the list of tax heavens included in Executive Branch Decree No 1344/98. Furthermore, the Resolution provides that securities transactions made by parties registered or domiciled in jurisdictions that are not included in such list, but that act as intermediaries of securities' markets under the supervision of an agency similar to the CNV, are allowed only if such agency has signed a memorandum of mutual understanding with the CNV. Regarding the listed companies under the supervision of the CNV, the Resolution No. 554 states that they shall identify any entity or individual (whether or not a shareholder at that time), that makes a capital contribution or a significant loan, and comply with the same obligations established in the previous paragraph for the brokers-dealers and other intermediaries.

In connection with Resolution No. 554, the Central Bank issued Comunicación "A" 4940, as amended, which rules that non-residents of Argentina must obtain the prior approval of the Central Bank in order to purchase foreign currency in the exchange market to repatriate investments when the beneficiary of such repatriation is an individual or an entity registered or domiciled in a jurisdiction listed as a tax heaven in Executive Branch Decree No 1344/98.

E. Taxation

United States Taxation

The following summary describes the material United States federal income tax consequences of the ownership of our common shares and ADSs as of the date hereof. The discussion set forth below is applicable to U.S. Holders (as defined below). Except where noted, this discussion deals only with U.S. Holders that hold our common shares or ADSs as capital assets. This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a bank;
- a dealer in securities or currencies;
- a financial institution;

- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax exempt organization;
- a person holding our common shares or ADSs as part of a hedging, integrated or conversion transaction, constructive sale or straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of the voting stock of our company;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose "functional currency" is not the U.S. Dollar.

Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon representations made by the depositary (the "Depositary") to us and assumes that the deposit agreement governing the ADSs, and all other related agreements, will be performed in accordance with their terms.

If you are considering the purchase, ownership or disposition of COMMON shares or ADSS you should consult your own tax advisor concerning the United States federal income tax consequences to you as well as any consequences arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of common shares or ADSs that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership holds our common shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common shares or ADSs, you should consult your tax advisors.

ADSs

In general, for United States federal income tax purposes, U.S. Holders of ADSs will be treated as the owners of the underlying common shares that are represented by the ADSs. Accordingly, deposits or withdrawals of our common shares by U.S. Holders for ADSs will not be subject to United States federal income tax.

Distributions on Common Shares or ADSs

Subject to the discussion under "Passive Foreign Investment Company Rules" below, the gross amount of distributions on our common shares or ADSs (including amounts withheld to reflect Argentine withholding taxes, if any) will be taxable as dividends to the extent paid out of our current and accumulated earnings and profits (as determined under United States federal income tax principles). Such income (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of common shares, or by the Depositary, in the case of ADSs. Such dividends will not be eligible for the dividends-received deduction allowed to corporations under the Code.

With respect to non-corporate United States investors, certain dividends received before January 1, 2013 from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the NASDAQ), but not our common shares, are readily tradable on an established securities market in the United States. Thus, we do not believe that dividends that we pay on our common shares that are not backed by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met.

The amount of any dividend paid in Pesos will equal the U.S. Dollar value of the Pesos received calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by you in the case of common shares, or by the Depositary, in the case of ADSs, regardless of whether the Pesos are converted into U.S. Dollars. If the Pesos received are not converted into U.S. Dollars on the day of receipt, you will have a basis in the Pesos equal to their U.S. Dollar value on the date of receipt. Any gain or loss you realize on a subsequent conversion or other disposition of the Pesos will be treated as United States source ordinary income or loss.

Subject to certain significant conditions and limitations, Argentine tax withheld from dividends, if any, may be treated as foreign income tax eligible for credit or deduction against your United States federal income tax liability. For purposes of the foreign tax credit, dividends paid on the common shares or ADSs will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if you have held ADSs or common shares for less than a specified minimum period during which you are not protected from risk of loss, or are obligated to make payments related to the dividends, you will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on ADSs or common shares. The rules governing the foreign tax credit are complex. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

To the extent that the amount of any distribution (including amounts withheld to reflect Argentine withholding taxes, if any) exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs or common shares, and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Taxation of Capital Gains

Subject to the discussion under “Passive Foreign Investment Company Rules” below, upon the sale, exchange or other disposition of common shares or ADSs, you generally will recognize capital gain or loss equal to the difference between the U.S. Dollar value of the amount realized upon the sale, exchange or other disposition and the adjusted tax basis of the common shares or ADSs, determined in U.S. Dollars. The capital gain or loss will be long-term capital gain or loss if at the time of sale, exchange or other disposition you have held the common shares or ADSs for more than one year. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize will generally be treated as United States source gain or loss. Consequently, you may not be able to use the foreign tax credit arising from any Argentine tax imposed on the disposition of an ADS or share unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

Passive Foreign Investment Company Rules

Based on the current composition of our income and the 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 taxable year ending June 30, 2011, 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. 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.

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In general, we will be a PFIC for any taxable year in which, either (i) at least 75% of the gross income of our company for the taxable year is passive income or (ii) at least 50% of the value (determined on the basis of a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income generally includes dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business and not derived from a related person), annuities and gains from assets that produce passive income. If we own at least 25% by value of the stock of another corporation, we will be treated for purposes of the PFIC tests as owning a proportionate share of the assets of the other corporation, and as receiving directly a proportionate share of the other corporation's income.

If we are a PFIC for any taxable year during which you hold common shares or ADSs in our company, unless you make the mark-to-market election discussed below, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our common shares or ADSs, you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of such common shares or ADSs. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the common shares or ADSs will be treated as excess distributions. Under these special tax rules (i) the excess distribution or gain will be allocated ratably over your holding period for the common shares or ADSs, (ii) the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

If we are a PFIC for any taxable year during which you hold our common shares or ADSs and any of our non-United States subsidiaries is also a PFIC, a U.S. Holder would be treated as owning a proportionate amount (by value) of the common shares of the lower tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

In addition, non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us before January 1, 2013, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, you may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method provided that such stock is regularly traded on a qualified exchange. Under current law, the mark-to-market election is only available for stock traded on certain designated United States exchanges and foreign exchanges which meet certain trading, listing, financial disclosure and other requirements to be treated as a qualified exchange under applicable United States Treasury regulations. Consequently, the mark-to-market election may be available to you with respect to the ADSs because the ADSs are listed on the NASDAQ, which constitutes a qualified exchange under the regulations, although there can be no assurance that the ADSs will be regularly traded. You should note that only the ADSs and not the common shares are listed on the NASDAQ. The common shares are listed on the Buenos Aires Stock Exchange. Consequently, the Buenos Aires Stock Exchange would also need to meet the trading, listing, financial disclosure and other requirements of the United States Treasury regulations. The ADSs or common shares would also need to be regularly traded on such exchanges in order for the ADSs or common shares to be potentially eligible for the mark-to-market election.

If we are a PFIC in any taxable year in which you hold our common shares or ADSs, but you do not make a mark-to-market election until a subsequent taxable year, you will be subject to special rules in the taxable year of the election. You should consult your own tax advisors regarding the application of the mark-to-market election in your particular situation.

If you make an effective mark-to-market election, you will include in income each year that we are a PFIC as ordinary income, rather than capital gain, the excess, if any, of the fair market value of your common shares or ADSs at the end of the taxable year over your adjusted tax basis in the common shares or ADSs and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of such common shares or ADSs over their fair market value at the end of each such taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Your basis in the common shares or ADSs will be adjusted to reflect any such income or loss amounts. Any gain or loss on the sale of the common shares or ADSs will be ordinary income or loss, except that such loss will be ordinary loss only to the extent of the previously included net mark-to-market gain.

If you make a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the common shares or ADSs are no longer regularly traded on a qualified exchange or the Internal Revenue Service consents to the revocation of the election. Under proposed Treasury regulations, mark-to-market inclusions and deductions will be suspended during taxable years in which we are not a PFIC, but would resume if we subsequently become a PFIC. You are urged to consult your own tax advisor about the availability of making such a mark-to-market election.

Alternatively, a United States Holder of common shares or ADSs in a PFIC can sometimes avoid the rules described above by electing to treat the company as a "qualified electing fund" under Section 1295 of the Code. This option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

A United States Holder who owns common shares or ADSs during any year that we are a PFIC must file IRS Form 8621.

You should consult your own tax advisors concerning the United States federal income tax consequences of holding the common shares or ADSs if we are considered a PFIC in any taxable year.

Argentine Personal Assets Taxes

Amounts paid on account of the Argentine Personal Assets Taxes, if any, will not be eligible as a credit against your United States federal income tax liability, but may be deductible subject to applicable limitations in the Code.

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Information Reporting and Backup Withholding

In general, information reporting requirements will apply to distributions on common shares or ADSs and to the proceeds of sale of a common share or ADS paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a correct taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided you furnish the required information to the Internal Revenue Service.

Argentine Taxation

The following discussion is a summary of certain Argentine tax considerations associated with an investment in, ownership or disposition of, the common share rights, the ADS rights, the common shares, or the ADSs by (i) an individual holder that is resident in Argentina, (ii) an individual holder that is neither domiciled nor resident in Argentina, (iii) a legal entity organized under the laws of Argentina, (iv) a permanent establishment in Argentina of a foreign entity and (v) a legal entity that is not organized under the laws of Argentina that does not have a permanent establishment in Argentina and is not otherwise doing business in Argentina on a regular basis. The discussion is for general information only and is based on current Argentine tax laws. Moreover, while this summary is considered to be a correct interpretation of existing laws in force as of the date of this filing, no assurance can be given that the courts or administrative authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws or interpretations will not occur.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES ARISING UNDER ANY TAXING JURISDICTION.

Taxation of Dividends

Dividends, either in cash, common shares, or kind approved by our shareholders are currently exempt from Argentine withholding or other taxes.

Notwithstanding the foregoing, according to Argentine law, income tax will be applied to the amount of dividends distributed in excess of a company’s net taxable income determined in accordance with general income tax regulations for the fiscal years preceding the date of the distribution of such dividends. The legislation requires that companies withhold 35% of the amount of distributed dividends in excess of the net taxable income of such distribution, as determined in accordance with the income tax law. The withholding would not be applied to the payment of future dividends derived out of retained earnings obtained in the fiscal years ended prior to December 30, 1998. Dividends distributed by an Argentine company are not subject to this tax to the extent that those dividends arise from dividend income or other distributions received by such company from other Argentine companies.

Taxation of Capital Gains

Due to certain amendments made to the Argentine Income Tax Law, it is not entirely clear whether certain amendments concerning payment of income tax on capital gains arising from the sale, exchange, or other disposition of common shares are in effect or not. Although Opinion No. 351 of the National Treasury General Attorney Office clarified the legal status of certain matters affecting the tax treatment of capital gains certain issues still remain unclear.

Resident individuals

Under what we believe to be a reasonable interpretation of existing applicable tax laws and regulations: (i) income derived from the sale, exchange or other disposition of common share rights, ADS rights, common shares, or ADSs by resident individuals who do not sell or dispose of Argentine common shares on a regular basis would not be subject to Argentine income tax, and (ii) although there still exists uncertainty regarding this issue, income derived from the sale, exchange or other disposition of common share rights, ADS rights, common shares, or ADSs by resident individuals who sell or disposes of Argentine common shares on a regular basis should be exempt from Argentine Income Tax.

Foreign beneficiaries

Capital gains obtained by non residents or foreign entities from the sale, exchange or other disposition of common share rights, ADS rights, common shares or ADSs are exempt from income tax. Pursuant to a reasonable interpretation of existing applicable laws and regulations, and although the matter is not completely free from doubt, such treatment should also apply to those foreign beneficiaries that qualify as "offshore entities" for Argentine tax law purposes. For this purpose, an offshore entity is any foreign legal entity which pursuant to its by-laws or to the applicable regulatory framework: (i) its principal activity is to invest outside the jurisdiction of its incorporation and/or (ii) cannot perform in such jurisdiction certain transactions.

Local entities

Capital gains obtained by Argentine entities (generally entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina) derived from the sale, exchange or other disposition of common share rights, ADS rights, common shares or ADSs are subject to income tax at the rate of 35%. Losses arising from the sale of common share rights, ADS rights, common shares, or ADSs can be applied only to offset such capital gains arising from sales of common share rights, ADS rights, common shares or ADSs.

WE RECOMMEND PROSPECTIVE INVESTORS TO CONSULT THEIR OWN TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES CONCERNING THE SALE OR OTHER DISPOSITIONS OF THE COMMON SHARES OR ADSs.

Value Added Tax

The sale, exchange, disposition, or transfer of common share rights, ADS rights, common shares, or ADSs is not subject to Value Added Tax.

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Personal Assets Tax

Law No. 25,585 issued on April 24, 2002 and published in the Official Gazette on May 15, 2002 (and applicable to personal assets held as of December 31, 2002) introduces amendments to Law No. 23,966 and imposes the personal assets tax on common shares and ADSs held by individuals and undivided estates domiciled or located in Argentina or abroad and legal entities not domiciled in Argentina, separately from other assets.

This amendment imposes the obligation to pay the personal assets tax on the Argentine private issuer of the common shares and ADSs, and authorizes it to seek recovery of the amount so paid, without limitation, by way of withholding or by foreclosing on the assets that gave rise to such payment. The tax is levied on the proportional equity value of the common shares as reflected in the most recent balance sheet closed as of December 31 of the taxable year, at the rate of 0.5% without any non-taxable minimum being applicable.

Our shareholders approved the absorption of personal asset tax by us for the years 2002 to 2010. There can be no assurance that in the future this tax will be absorbed by us.

Tax on Minimum Notional Income (Impuesto a la Ganancia Mínima Presunta, "IGMP")

Companies domiciled in Argentina, partnerships, foundations, sole proprietorships, trusts, certain mutual funds organized in Argentina, and permanent business establishments owned by foreign persons, among other taxpayers, shall apply a 1% rate to the total value of assets held by such persons, above an aggregate nominal amount of Ps.200,000. Nevertheless, common shares and ADSs issued by entities subject to such tax are exempt from paying the IGMP.

Gross Income Tax

The gross income tax is a local tax; therefore, the rules of the relevant provincial jurisdiction should be considered, which may levy this tax on the purchase and sale, exchange or other disposition of common share rights, ADS rights, common shares, or ADSs, and/or the collection of dividends at an average rate of 3%, unless an exemption is applicable. In the particular case of the City of Buenos Aires, any transaction involving common shares and/or the collection of dividends and revaluations is exempt from this tax.

There is no gross profit tax withholding system applicable to the payments made to foreign beneficiaries.

Stamp Tax

The stamp tax is a local tax that is generally levied on the instrumentation of onerous acts executed within a certain provincial jurisdiction or outside a certain provincial jurisdiction but with effects in such jurisdiction; therefor, the rules of the relevant provincial jurisdiction should be considered for the issuance of instruments which implement onerous transactions (including issuance, subscription, placement and transfer) involving the common share rights, ADS rights, common shares or ADSs, executed in those jurisdictions, or with effects in those jurisdictions.

Notwithstanding, for the City of Buenos Aires, any instrument related to the transfer of shares which public offering is authorized by Comision Nacional de Valores is exempt from this tax.

Tax on Credits and Debits in Bank Accounts

This tax is levied upon debits and credits in bank accounts and upon other transactions which, due to their special nature and characteristics, are similar or could be used in substitution for a checking account, such as payments on behalf of or in the name of third parties, procedures for the collection of securities or documents, drafts and transfers of funds made by any means, when these transactions are performed by local banks.

The tax law and its regulations provide several exemptions to this tax. For example, it does not apply to entities recognized as exempt from income tax, to debits and credits relating to salaries, to retirement and pension emoluments credited directly by banking means and withdrawals made in connection with such credits and to credits in checking accounts originating from bank loans.

The general rate of the tax is 0.6%. An increased rate of 1.2% applies in cases in which there has been a substitution for the use of a checking account.

Pursuant to Argentine Regulatory Executive Branch Decree 380/2001, as amended, 34% of the tax paid on credits levied at the 0.6% rate and 17% of the tax paid on transactions levied at the 1.2% rate can be used, to its exhaustion, as a credit against income tax, tax on minimum notional income and/or the special contribution on cooperative capital.

Court and Other Taxes

In the event that it becomes necessary to institute legal actions in relation to the common shares or ADSs in Argentina, a court tax (currently at a rate of 3.0%) will be imposed on the amount of any claim brought before the Argentine courts sitting in the City of Buenos Aires.

Argentina imposes neither an estate nor gift tax on a decedent, donor, legatee or donee. Notwithstanding the foregoing, Law No. 14.044 of Buenos Aires Province, issued on September 23, 2209 and published in the Official Gazette on October 16, 2009, imposes an estate and gift tax on a legatee or donee domiciled in Buenos Aires Province or over rights and goods located in this jurisdiction. This tax will be applicable since January 1, 2010 and has not been regulated by any fiscal authority yet.

No Argentine tax is imposed on the deposit or withdrawal of common shares in exchange for ADSs. Other than the taxes discussed above, no other Argentine taxes are applicable to an investment in common shares or ADSs. At present, there is no national tax specifically applicable to the transfer of securities.

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Tax Treaties

Argentina has entered into tax treaties with several countries. There is currently no tax treaty or convention in effect between Argentina and the United States.

F. Dividends and Paying Agents

This section is not applicable

G. Statement by Experts

This section is not applicable.

H. Documents on Display

We file annual, quarterly and other information with the SEC. You may read and copy any document that we file at the public reference rooms of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. Our Internet address is http://www.cresud.com.ar. It should be noted that nothing on our website should be considered part of this annual report on Form 20-F. You may request a copy of these filings at no cost, by writing or calling the office at +54 (11)-4814-7800.

I. Subsidiary Information

This section is not applicable.

Item 11. Quantitative and qualitative disclosures about market risk

In the normal course of business, we are exposed to commodity price, interest rate and exchange rate risks, primarily related to our integrated crop production activities and changes in exchanges and interest rates. We manage our exposure to these risks through the use of various financial instruments, none of which are entered into for trading purposes. We have established policies and procedures governing the use of financial instruments, specifically as it relates to the type and volume of them. The use of financial derivative instruments is oriented to our core business and is supervised by internal control policies.

The following discusses our exposure to these risks. This discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results could vary materially as a result of a number of factors including those set forth in the risk factors section of this Annual Report. Uncertainties that are either non financial or unable to be quantified, such as political, economic, tax, other regulatory, or credit risks, are not included in the following assessment of our market risks.

Interest Rate Risk

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including both government and corporate obligations and money market funds.

Investments in both fixed rate and floating rate instruments carry varying degrees of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates. In general, longer dated securities are subject to greater interest rate risk than shorter dated securities. While floating rate securities are generally subject to less interest rate risk than fixed rate securities, floating rate securities may produce less income than expected if interest rates decrease. Due in part to these factors, our investment income may fall short of expectations or we may suffer losses in principal if securities that have declined in market value due to changes in interest rates are sold. To date, we have not utilized derivative financial instruments to hedge interest rate risk; however, there can be no assurance as to the employment of hedging strategies in the future.

As of June 30, 2011 we had current investments of Ps. 575 million. In view of the nature of our total portfolio, an immediate 100 BPs parallel shift change in the interest rate curve would not have a significant impact on the value of our investment portfolio.

Foreign Exchange Risk

Foreign currency exchange rate fluctuations could impact our cash flow in Pesos, since some of our products and inputs are payable in U.S. dollars. Although most of our liabilities are denominated in Pesos, a small percentage is in U.S. dollars, and fluctuations in the foreign currency exchange rate may affect us.

Foreign currency exchange restrictions imposed by the Argentine government in the future could prevent or restrict our access to U.S. dollars, thus affecting our ability to service our U.S. dollar-denominated liabilities. Also, fluctuations in the exchange rate between the Peso and the U.S. dollar may adversely affect the U.S. dollar equivalent of the Peso price of our common shares on the Buenos Aires Stock Exchange, and as a result would likely affect the market price of our ADSs in the United States.

We use derivative instruments from time to time to minimize our financing costs. However, we cannot assure you that we will be able to manage these risks in the future through a variety of strategies, including the use of hedging transactions. We do not use derivative instruments for speculative purposes.

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	As of June 30, 2011					
	Expected contractual maturity date					
	Less than a year (13)	1-2 years	2-3 years	3-4 years	More than 4 years	Total
	(Ps. million equivalent) (1)(2)					
Fixed rate debt :						
Principal payment (3)	56.1	18.3	—	—	—	74.5
Principal payment (4)	36.5	107.4	—	—	—	143.9
Principal payment (5)	28.9	12.1	—	—	—	41.0
Principal payment (6)	151.4	—	—	—	—	151.4
Floating rate debt:						
Principal Payment (7)	36.7	—	—	—	—	36.7
Principal Payment (8)	36.6	71.3	—	—	—	107.8
Principal Payment (9)	0.0	8.5	—	—	—	8.6
Bank Loans (10)	285.5	—	—	—	—	285.5
Bank Loans (11)	177.4	51.0	—	—	—	228.4
Bank Loans (12)	8.0	—	—	40.4	64.9	113.3

(1) Dollar-denominated loans were converted to Pesos at an exchange rate of Ps.4.11 per U.S. Dollar.

(2) Real-denominated loans were converted to Pesos at an exchange rate of Ps. 2,51 per Brazilian Real.
(3) Corresponds to the Cresud note Class IV, denominated in U.S. Dollars.
(4) Corresponds to the Cresud note Class VI, denominated in U.S. Dollars.
(5) Real denominated loan for property purchase.
(6) Peso-denominated debt for property purchase
(7) Corresponds to the Cresud note Class III, denominated in Argentine Pesos.
(8) Corresponds to the Cresud note Class V, denominated in Argentine Pesos.
(9) Corresponds to the Cresud note Class VII, denominated in Argentine Pesos.
(10) Peso-denominated bank loan.

(11) Dollar-denominated bank loan.

(12) Real-denominated bank loan.

(13) Includes accrued interest.

Sensitivity to Exchange Rates and Interest Rates

We estimate, based on the composition of our balance sheet as of June 30, 2011, that every variation in the exchange rate of Ps.0.10 against the U.S. dollars, plus or minus, would result in a variation of approximately Ps. 49.5 million of our consolidated financial indebtedness.

We estimate, based on the composition of our balance sheet as of June 30, 2011, that every variation in the interest rate of 100 basis points, plus or minus, to our current floating-rate consolidated debt denominated in Pesos would result in a variation of approximately Ps. 42.8 million of interest expense on an annual basis, assuming no change in the principal amount of this indebtedness, on the other hand, every variation in the interest rate of 100 basis points, plus or minus, to our current floating-rate consolidated debt denominated in Dollars would result in a variation of approximately US$ 5.6 million of interest expense on an annual basis, assuming no change in the principal amount of this indebtedness.

This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of our financial instruments. The actual impact of our market foreign exchange rate and/or interest rate changes on our financial instruments may differ significantly from the impact shown in the sensitivity analysis.

Commodity Price Risk and Derivative Financial Instruments

We use derivative instruments to hedge risks arising out of our core agribusiness operations. We use a variety of commodity-based derivative instruments to manage our exposure to price volatility stemming from its integrated crop production activities. These instruments consist mainly of crop forwards, future contracts and put and call option contracts. Contract positions are designed to ensure that we will receive a defined minimum price for certain quantities of our production. The counterparties to the forwards generally are major financial institutions. In entering into these contracts, we have assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts.

We usually cover up to 40% of our crop production in order to finance our operating costs. The hedge consists of taking positions on purchased puts or sold futures and calls that assure a fixed exit price. In the past, we have never kept a short position greater than our crop inventories. From time to time we may keep an additional long position in derivatives to improve the use of land and capital allocation (i.e., the use of land for rent). It is not our current intention to be exposed in a long derivative position in excess of 50% of our real production.

Derivative financial instruments involve, to a varying degree, elements of market and credit risk not recognized in our financial statements. The market risk associated with these instruments resulting from price movements is expected to offset the market risk of the underlying transactions, assets and liabilities, being hedged. The counterparties to the agreements relating to our forwards contracts generally are large institutions with credit ratings equal to or higher than ours. We continually monitor the credit rating of such counterparties and seek to limit our financial exposure to any one financial institution. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of our exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties’ obligations under the contracts exceed our obligations to the counterparties.

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Futures and Options

As of June 30, 2011 we had arranged futures and options on the Futures Market and SWAP operations as follows:

Crops/SWAP	Tons	Margins	Premium paid or (collected)	Premium at fair value	Gain (loss) for valuation at year-end at fair value
Futures					
Purchase					
Rice	720	-	-	-	125
Sell					
Corn	1,000	32	-	-	92
Soybean	10,800	601	-	-	129
Options					
Sell Put					
Corn	27,940	-	(723)	(672)	51
Purchase Put					
Corn	29,591	-	2,303	2,919	616
Swap					
Interest rate	-	-	-	-	(a) 1,867
Total	70,051	633	1,580	2,247	2,880

(a)Corresponds to: an interest rate swap for a notional amount of Ps. 106.9 million structured as follows: (i) Ps. 30 million entered into with Standard Bank due on December 10, 2012 whereby we agreed to pay a fixed rate of 14% and the counterparty the Badlar variable rate; (ii) Ps. 20 million entered into with Standard Bank due on December 10, 2012 whereby we agreed to pay a fixed rate of 14.1% and the counterparty the Badlar variable rate; (iii) Ps. 30 million entered into with Banco Santander Río due on December 10, 2012 whereby we agree to pay a fixed rate of 14.25% and the counterparty the Badlar variable rate and (iv) Ps. 26.9 million entered into with Banco Itaú due on December 10, 2012 whereby we agreed to pay a fixed rate of 14.45% and the counterparty the Badlar variable rate.

The deposits/costs on open futures and options as of June 30, 2011, were Ps.0.6 million, and futures generated an unrealized profit of Ps.0.3 million. The premiums paid/collected for open options as of June 30, 2011, were Ps.1.6 million; the market value of such options was of Ps. 2.2 million. The options resulted in an unrealized profit of Ps.0.7 million. The total unrealized profit on open futures, swaps and options was Ps.2.9 million as of June 30, 2011.

The fair value of our futures and options contracts is determined by calculating the market value of futures contracts, the market value of options acquired and sold and the margin deposits of these contracts. We use valuation models only for internal analysis. Therefore, figures set forth in our tables reflect real market prices used for pricing portfolio.

We combine our options operations with our futures operations, only as a means of reducing the exposure towards the decrease of the prices of our products, as being a producer means that the price is uncertain until the time our products are harvested and sold.

In its capacity as broker under secured agreements, Futuros y Opciones.Com S.A. assumes before the purchaser the obligation to perform the contract in the event the seller fails to deliver the goods. Such performance is implemented by returning any undelivered amounts agreed under the transaction as well as any price differences that may arise between the price for which the contract was closed and the price of the goods as of the date of its termination.

As of June 30, 2011, the balance of brokerage transactions carried out under secured agreements that were pending delivery within the agreed contractual terms, amounted to Ps.20,469.

As of June 30, 2011, there are no unfulfilled contracts in which futures and Opciones.Com SA has been claimed in its capacity as guarantor.

Quantitative and qualitative disclosures about our subsidiary IRSA's market risk

Interest Rate Risk

The primary objective of our investment activities is to preserve capital while maximizing yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including both government and corporate obligations and money market funds.

Investments in both fixed rate and floating rate instruments carry varying degrees of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates. In general, longer dated securities are subject to greater interest rate risk than shorter dated securities. While floating rate securities are generally subject to less interest rate risk than fixed rate securities, floating rate securities may produce less income than expected if interest rates decrease. Due in part to these factors, our investment income may fall short of expectations or we may suffer losses in principal if securities that have declined in market value due to changes in interest rates are sold. To date, we have not utilized derivative financial instruments to hedge interest rate risk; however, there can be no assurance as to the employment of hedging strategies in the future.

As of June 30, 2011 we had current investments of Ps.210.2 million. In view of the nature of our total portfolio, an immediate 100 BPs parallel shift change in the interest rate curve would not have a significant impact on the value of our investment portfolio.

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We are also exposed to changes in interest rates primarily as a result of our borrowing activities, which include short-term borrowings, and other floating-rate long-term debt used to maintain liquidity and fund our business operations.

Foreign Exchange Risk

Foreign currency exchange rate fluctuations could impact our cash flow in Pesos, since some of our products and inputs are payable in U.S. Dollars.

Foreign currency exchange restrictions imposed by the Argentine government in the future could prevent or restrict our access to U.S. Dollars, thus affecting our ability to service our U.S. Dollar-denominated liabilities. Also, fluctuations in the exchange rate between the Peso and the U.S. Dollar may adversely affect the U.S. Dollar equivalent of the Peso price of our common shares on the Buenos Aires Stock Exchange, and as a result would likely affect the market price of our GDSs in the United States.

	As of June 30, 2011 Expected contractual maturity date						
	Less than a year	**1-2 years**	**2-3 years**	**3-4 years**	**More than 4 years**	**Total**	**Market Value (10)**
	(US$ million equivalent) (1) (9)						
Fixed rate debt (US$):							
Principal payment and accrued interest (2)	5.24	—	—	—	—	150	155.62
Average interest rate	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	
Principal payment and accrued interest (3)	7.71	—	—	—	—	150	176.84
Average interest rate	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	
Principal payment and accrued interest (4)	14.12	—	—	—	—	—	14.12
Average interest rate	12%	12%	12%	12%	12%	12%	
Principal payment and accrued interest (5)	1.43	—	—	—	31.76	—	
Average interest rate	10%	10%	10%	10%	10%	—	
Principal payment and accrued interest (6)	1.3	—	—	—	—	120	117.75
Average interest rate	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	
Floating rate debt (Pesos):							
Principal payment (7)	108.38	—	—	—	—	—	108.38
Average interest rate	—	—	—	—	—	—	
Principal payment (7)	13.46	—	—	—	—	—	13.46
Average interest rate	—	—	—	—	—	—	
Principal payment (8)	10.08	—	—	—	—	—	10.08
Average interest rate	11.00%	—	—	—	—	—	

(1) Peso-denominated loans were converted to Dollars at an exchange rate of Ps.4.11 per U.S. Dollar.
(2) Corresponds to the IRSA note due 2017.
(3) Corresponds to the IRSA note due 2017.

(4) Dollar-denominated bank loan.
(5) Corresponds to APSA convertible notes.
(6) Corresponds to the series I note due 2017. Debt issuance cost not included.
(7) Corresponds to short term bank loans.
(8) Corresponds to the series II note due 2012.
(9) Seller financing not included.
(10) Includes accrued interest.

Sensitivity to Exchange Rates and Interest rates

We are also exposed to changes in interest rates primarily as a result of our borrowing activities, which include short-term borrowings, and other floating-rate long-term debt used to maintain liquidity and fund our business operations.

As of the date of this annual report, we have short term floating rate debt and an upward shift of 100 Bps in the general interest rate level would imply an increase of US$1.1 in our interest expense. In addition, an upward shift of 100 Bps in the general interest rate level would imply an increase of US$0.1 in Alto Palermo's interest expense from short term floating debt and an increase of US$0.15 in Alto Palermo's interest expense from its floating rate note.

On the other hand, our outstanding fixed rate indebtedness is represented mainly by our notes due 2017 and 2020 which accrues interest at a fixed rate of 8.5% per year and 11.5% per year, respectively. As of June 30, 2011, the fair market value in Pesos equivalent of the 2017 notes was Ps.639.6 million and fair market value in Pesos equivalent of the 2020 notes was Ps. 726.8 million (includes accrued interest). As a measure of sensitivity, an upward shift of 100 Bps in the general interest rate level would imply a decrease of 3.9% in 2017 notes fair market value and a decrese of 5.1% in 2020 notes fair market value.

In addition, Alto Palermo's Series I fair market value tends to drop 4.2% and Series II 0.5% per 100 Bps of increase in interest rate levels.

A change of 1% in Ps. / US$ exchange rate would imply a Ps.12.3 million change in the Peso equivalent of our debt face value and increases our interest expenses in Ps.1.2 million annually. In addition, a change of 1% in Ps. / US$ exchange rate would imply a ps.4.9 million change in the Peso equivalent of Alto Palermo's debt face value and increases their interest expenses in ps.0.4 million annually.year. As of June 30, 2010, the fair market value in Pesos equivalent of these notes was Ps.571.8 million (includes accrued interest). As a measure of sensitivity, an upward shift of 100 Bps in the general interest rate level would imply a decrease of 4.4% in its fair market value. In addition, Alto Palermo's Series I fair market value tends to drop 4.7% and Series II 0.7% per 100 Bps of increase in interest rate levels.

Besides, a change of 1% in Ps. / US$ exchange rate would imply a Ps.5.9 million change in the Peso equivalent of our debt face value and would increase our interest expenses in Ps.0.5 million annually. In addition, a change of 1% in Ps. / US$ exchange rate would imply a Ps.4.7 million change in the Peso equivalent of Alto Palermo's debt face value and would increase its interest expense in Ps.0.4 million annually.

We are also exposed to changes in interest rates as a result of Tarshop´s retained interests in securitized credit receivables, whose fair value depends, among other factors, on the TDFs interest rate. Under securitization programs, TDFs pay the variable interest rate published by the Argentine Central Bank, known as “BADLAR”, plus a fixed rate spread. This spread level is set according to the general market conditions at the time of issuance.

Both TDFs “A” and “B” have different cap floor settings in order to mitigate interest rate exposure. Regarding to the fair value calculation, revolving series have less interest rate risk than non revolving series.

This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of our financial instruments. The actual impact of our market foreign exchange rate and/or interest rate changes on our financial instruments may differ significantly from the impact shown in the sensitivity analysis.

Item 12. Description of securities other than equity securities

A. Debt Securities

This item is not applicable

B. Warrants and Rights

This item is not applicable

C. Other Securities

This item is not applicable

D. American Depositary Shares

The Bank of New York Mellon, as depositary for the ADSs (the “Depositary”) collects its fees for delivery directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal. The Depositary also collects taxes and governmental charges from the holders of ADSs. The Depositary collects these fees and charges by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees (after attempting by reasonable means to notify the holder prior to such sale).

The Depositary has agreed to reimburse or pay on our behalf, certain reasonable expenses related to our ADS program and incurred by us in connection with the program (such as NASDAQ listing fees, legal and accounting fees incurred with preparation of Form 20-F and ongoing SEC compliance and listing requirements, distribution of proxy materials, investor relations expenses, etc). The Depositary has covered all such expenses incurred by us during 2011 for an amount of US$340,750.

The amounts the Depositary reimbursed or paid are not perforce related to the fees collected by the depositary from ADS holders.

The following charges shall be incurred by any party depositing or withdrawing shares or by any party surrendering receipts or to whom receipts are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the receipts or deposited securities or distribution, whichever applicable: (1) taxes and other governmental charges, (2) such registration fees as from time to time be in effect for the registration of transfers of shares generally on our share register and applicable to transfers of shares to the name of the Depository or its nominee or the custodian or its nominee on the making of deposits or withdrawals, (3) such cable, telex and fax transmission expense, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency, (5) a fee of not in excess of US$5.00, per 100 ADS (or portion) for the execution and delivery of receipts under certain sections of the depositary agreement, (6) a fee not in excess of US$0.20 per ADS (or portion) for any cash distribution.

Part II

Item 13. Defaults, dividend arrearages and delinquencies

This section is not applicable.

Item 14. Material modifications to the rights of security holders and use of proceeds

A. This section is not applicable.

B. This section is not applicable.

C. This section is not applicable.

D. This section is not applicable.

E. This section is not applicable.

Item 15. Controls and procedures

A. Disclosure, Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate, to allow timely decisions regarding required disclosure. In connection with the preparation of this Annual Report on Form 20-F, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2011. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of fiscal year 2011.

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B. Management's Annual Report on Internal Control over Financial Reporting.

The management of CRESUD S.A.C.I.F y A. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a–15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles.

Management assessed the effectiveness of the our internal control over financial reporting as of June 30, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control–Integrated Framework. Based on this assessment and the criteria set forth in Internal Control–Integrated Framework, management concluded that, as of the end of fiscal year 2011, our internal control over the financial reporting was effective. However, the management has excluded Brasilagro and Cactus from its assessment of internal control over financial reporting as of June 30, 2011 because those were acquired by us in purchases business combinations during the fiscal year 2011. Brasilagro and Cactus are subsidiaries whose total assets and total revenues represent 22.6% and 6.0%, respectively, of our consolidated financial statement amounts as of and for the year ended June 30, 2011.

C. Attestation Report of the Registered Public Accounting Firm.

Our independent registered public accounting firm, Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina -member firm of PricewaterhouseCoopers-, has issued an attestation report on the effectiveness of the our internal control over financial reporting, as stated in their report included herein. See "Report of Independent Registered Public Accounting Firm".

D. Changes in Internal Control over Financial Reporting.

During the period covered by this report, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16.

A. Audit Committee Financial Expert

In our annual ordinary shareholders' meeting held on October 31, 2003, the audit committee was unanimously approved. Pursuant to this plan, the board of directors had to appoint the members of the audit committee who hold expertise in corporate administration, finance and accounting.

Our board of directors established an audit committee which would assist the Board in exercising its duty of care on disclosure requirements, the enforcement of accounting policies, management of our business risks, the management of our internal control systems, ethical conduct of our businesses, monitoring the sufficiency of our financial statements, our compliance with laws, independence and capacity of independent auditors and performance of our internal audit duties both by our internal and our external auditors.

On November 3, 2008, our board of directors officially appointed Jorge Oscar Fernández, Daniel Mellicovsky, and Pedro Damaso Labaqui Palacio, all of them independent members, as members of the audit committee. Jorge Oscar Fernández is the financial expert in accordance with the relevant SEC rules. We have a fully independent audit committee as per the standard provided in Rule 10(A)-3(b)(1).

B. Code of Ethics

We have adopted a code of ethics that applies to our directors, officers and employees. On July 25, 2005, our Code of Ethics was amended by our board of directors. The reformed Code was filed in a Form 6K filing on August 1, 2005 and is available on our web site http://www.cresud.com.ar.

If we make any substantive amendment to the code of ethics or if we grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver in a Form 6-K or in our next Forms 20-F to be filed with the SEC.

C. Principal Accountant Fees and Services

Audit Fees

During fiscal years ended June 30, 2011 and 2010, we were billed a total amount of Ps. 5.62 million and Ps. 6.03 million respectively, for professional services rendered by our principal accountants for the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements.

Audit-Related Fees

During the fiscal year ended June 30, 2011, we were not billed for Audit-related fees for professional services rendered by our principal accountants for other services related to the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements. And during the fiscal year ended June 30, 2010 we were billed a total amount of Ps.0.01 million for professional services rendered by our principal accountants for other services related to the audit of our financial statements and other services normally provided in connection with regulatory filings or engagements.

Tax Fees

During the fiscal year ended June 30, 2011 we were billed a total amount of Ps.0.02 million for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning. And during the fiscal year ended June 30, 2010, we were not billed for other fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All Other Fees

During fiscal year ended June 30, 2011 and 2010, we were billed a total amount of Ps.1.0 million and Ps. 0.34 million, respectively, for other fees for professional services rendered by our principal accountants including fees mainly related to special assignments and courses.

Audit Committee Pre-Approval Policies and Procedures

Our audit committee approves, in advance, the engagement of auditors and their fees for audit and non-audit services pursuant to paragraph (c)(7)(i)(c) of Rule 2-01 of Regulation S-X.

Our Audit Committee pre-approves all services, fees and services provided by the external auditors to ensure auditors' independence. One of the main tasks of the Audit Committee is to give it opinion in relation to the appointment of the external auditors, proposed by the Board of Directors to the General Shareholder's Meeting. In order to accomplish such task, the Audit Committee shall:

• Require any additional and complementary documentation related to this analysis;

• Verify the independence of the external auditors;

• Analyze different kinds of services that the external auditor would provide to the company. This description must also include an estimate of the fees payable for such services, specifically in order to maintain the principle of independence;

• Inform the fees billed by the external auditor, separating the services related to the Audit Committee and other special services that could be not included as fees related to the Audit Committee;

• Take notice of any strategy proposed by of the external auditors and review it in accordance with the reality other business and the risks involved;

• Analyze and supervise the working plan of the external auditors considering the business' reality and the estimated risks;

• Propose adjustments (if necessary) to such working plan;

• Hold meetings with the external auditors in order to: (a) analyze the difficulties, results and conclusions of the proposed working plan; (b) analyze eventual possible conflicts of interests, related party transactions, compliance with the legal framework and information transparency;

• Evaluate the performance of external auditors and their opinion regarding the Financial Statements.

D. Exemption from the Listing Standards for Audit Committees

This section is not applicable.

E. Purchasers of Equity Securities by the Issuer and Affiliated Purchasers

Issuer Purchases of Equity Securities

On August 26, 2008, our Board of Directors decided to establish the terms of the share repurchase plan under the provisions of Section 68 of Law 17,811 (added by Executive Branch Decree number 677/2001) and the Rules of the *Comisión Nacional de Valores*, in order to help reduce the decline and fluctuations of quotation prices and strengthen its shares in the market. There have been signs of distortion in the price of shares when considering our financial strength based on the quality of its assets, including the lands of great productive value and appreciation potential, and the productive business developed by us in Argentina and other Latin American countries.

During fiscal year 2009, purchases of own shares amounted to 30,000,000 common shares, for which we paid US$ 21.0 million and Ps.1.7 million, thus fulfilling the terms and conditions of the share repurchase plan. As a result, by the end of Fiscal Year 2009 our investment in our own shares amounted to 5.98% of total capital stock.

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Period	Total Number of Shares Purchased	Average Price Paid per Share (Ps.)	Total Number of Shares Purchased as Part of the Publicly Announced Plan	Maximum Number of Shares that may be yet in Purchased under the plan
08/29/08 – 08/31/08	31,000	3.38	31,000	9,969,000
09/01/08 – 09/30/08	2,122,886	3.36	2,153,886	7,846,114
10/01/08 – 10/31/08	9,650,493	2.03	11,804,379	18,195,621
11/01/08 – 11/30/08	5,756,140	2.02	17,560,519	12,439,481
12/01/08 – 12/31/08	4,382,783	2.63	21,943,302	8,056,698
01/01/09 – 01/31/09	2,047,461	2.94	23,990,763	6,009,237
02/01/09 – 02/28/09	2,173,860	2.70	26,164,623	3,835,377
03/01/09 – 03/31/09	563,692	2.61	26,728,315	3,271,685
04/01/09 – 04/30/09	428,052	2.91	27,156,367	2,843,633
05/01/09 – 05/31/09	2,843,633	3.45	30,000,000	-
Total	**30,000,000**			

On November 13, 2009, our Board of Directors, in accordance with the resolutions of the Shareholders' Meeting dated October 29, 2009, decided to initiate the process of distribution among the shareholders, on a pro rata basis, of 25,000,000 of our own ordinary shares, acquired by us during the fiscal period 2008-2009. The allotment of shares was calculated over the outstanding capital stock up to October 29, 2009 of Ps-471,538,610 (0.05301792784 shares per ADR). The treasury shares were duly distributed and allotted. As a result of the calculation of the allotment, the fractions were settled in cash. 754 shares were not distributed, which are held as treasury shares.

As a result, as of June 30, 2011 our investment in own shares amounted to 1.0% of our total capital stock.

F. Change in Registrant's Certifying Accountant

This section is not applicable.

G. Corporate Governance.

Compliance with NASDAQ listing standards on corporate governance

Our corporate governance practices are governed by the applicable Argentine law; particularly, the Argentine Corporation Law No. 19,550, Executive Branch Decree No. 677/2001 and the Standards of the *Comisión Nacional de Valores*, as well as by its corporate by-laws.

We have securities that are registered with the Securities and Exchange Commission and are listed on the NASDAQ, and are therefore subject to corporate governance requirements applicable to NASDAQ-listed non-US companies (a "NASDAQ-listed" company).

Pursuant to NASDAQ Rule 5615(a)(3), NASDAQ -listed non-US companies that are categorized as "Foreign Private Issuers" and may follow home country corporate governance practice in lieu of the requirements of Rule 5615(a)(3), provided that the foreign private issuer complies with certain mandatory sections of Rule 5615(a)(3), discloses each requirement of Rule 5615(a)(3)that it does not follow and describes the home country practice followed in lieu of such requirement.

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NASDAQ Standards for US companies	CRESUD'S CORPORATE PRACTICES
Rule 5250(d) - Distribution of Annual and Interim Reports.	In lieu of the requirements of Rule **5250(d)**, we follow Argentine law, which requires that companies issue publicly a Spanish language annual report, including annual Audited Consolidated Financial Statements prepared in accordance with generally accepted accounting principles in Argentina, by filing such annual report with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange, within 70 calendar days following the close of our fiscal year. Interim reports must be filed with the *Comisión Nacional de Valores* and the Buenos Aires Stock Exchange within 42 calendar days following the close of each fiscal quarter. The Buenos Aires Stock Exchange publishes the annual reports and interim reports in the Buenos Aires Stock Market Bulletin and makes the bulletin available for inspection at its offices. In addition, we provide our shareholders annual and interim financial reports upon request. English language translations of our annual reports and interim reports are filed with the SEC on Form 20-F and Form 6K, respectively. We also send the English language translation of our annual report and quarterly press releases related to the interim financial and operating results to the *Comisión Nacional de Valores* which posts them on its website. Furthermore, under the terms of the Deposit Agreement, dated as of March 18, 1997, among us, The Bank of New York, as depositary, and owners of ADSs issued thereunder, we are required to furnish The Bank of New York with, among other things, English language translations of our annual reports. Annual reports are available for inspection by ADR holders at the offices of The Bank of New York located at, 101 Barclay Street, 22nd Floor, New York, New York. Finally, Argentine law requires that 20 calendar days before the date of a shareholders' meeting, the board of directors must provide to our shareholders, at our executive office or through electronic means, all information relevant to the shareholders' meeting, including copies of any documents to be considered by the shareholders (which includes the annual report).
Rule 5605(b)(1) - Majority of Independent Directors.	In lieu of the requirements of Rule 5605(b)(1),, we follow Argentine law which does not require that a majority of the board of directors be comprised of independent directors. Argentine law instead requires that public companies in Argentina must have a sufficient number of independent directors to be able to form an audit committee of at least three members, the majority of which must be independent pursuant to the criteria established by the *Comisión Nacional de Valores*.

Rule 5605(b)(2) - Executive Sessions of the Board of Directors.	In lieu of the requirements of Rule 5605(b)(2), we follow Argentine law which does not require independent directors to hold regularly scheduled meetings at which only such independent directors are present (i.e., executive sessions). Our board of directors as a whole is responsible for monitoring our affairs. In addition, under Argentine law, the board of directors may approve the delegation of specific responsibilities to designated directors or non-director managers. Also, it is mandatory for public companies to form a supervisory committee (composed of "syndics") which is responsible for monitoring our legal compliance under Argentine law and compliance with our by-laws. Finally, our audit committee has regularly scheduled meetings and, as such, such meetings will serve a substantially similar purpose as executive sessions.
Rule 5605(d)(B) - Compensation of Officers.	In lieu of the requirements of Rule 5605(d)(B), we follow Argentine law which does not require companies to form a compensation committee comprised solely of independent directors. For the determination of the compensation of the chief executive officer and all other executive officers no decision of a majority of independent directors or a compensation committee comprised solely of independent directors is required under Argentine law. Under Argentine law, the board of directors is the corporate body responsible for determining the compensation of the chief executive officer and all other executive officers, so long as they are not directors. In addition, under Argentine law, the audit committee shall give its opinion about the reasonableness of management's proposals on fees and option plans for our directors or managers.
Rule 5605(e) - Nomination of Directors.	In lieu of the requirements of Rule 5605(e), we follow Argentine law which requires that directors be nominated directly by the shareholders at the shareholders' meeting and that they be selected and recommended by the shareholders themselves. Under Argentine law, it is the responsibility of the ordinary shareholders' meeting to appoint and remove directors and to set their compensation.
Rule 5605(c)(1) - Audit Committee Charter.	In lieu of the requirements of Rule 5605(c)(1), we follow Argentine law which requires that audit committees have a charter but does not require that companies certify as to the adoption of the charter nor does it require an annual review and assessment thereof. Argentine law instead requires that companies prepare a proposed plan or course of action with respect to those matters which are the responsibility of our audit committee. Such plan or course of action could, at the discretion of our audit committee, include a review and assessment of the audit committee charter. We believe that we are in compliance with the requirements for

audit committee charters provided for in the Sarbanes Oxley Act.

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NASDAQ Standards for US companies	CRESUD'S CORPORATE PRACTICES
Rule 5605(c)(2) - Audit Committee Composition.	Argentine law does not require that companies have an audit committee comprised solely of independent directors and it is equally not customary business practice in Argentina to have such a committee. Argentine law instead requires that companies establish an audit committee with at least three members comprised of a majority of independent directors as defined by Argentine law. Nonetheless, although not required by Argentine law, hawse have a three member audit committee comprised of entirely independent directors in accordance with Rule 10(A)-3(b)(1) of the General rules and regulations promulgated under the Securities Exchange Act of 1934, as independence is defined in Rule 10(A)-3(b)(1). Further, Argentine law does not require companies to identify or designate a financial expert. As such, Although all the members of the audit committee have large corporate experience, as of the date of this annual report, the Board of Directors have not named designated a financial expert in accordance with the relevant SEC ruleson the audit committee. Although it is noted that all members of the audit committee have had significant corporate experience. In addition, hawse have a supervisory committee ("comisión fiscalizadora") composed of three 'syndics' which are in charge of monitoring the legality, under Argentine law, of the actions of our board of directors and the conformity of such actions with our by-laws.
Rule 5620(c) - Quorum.	In lieu of the requirements of Rule 4350(f), we follow Argentine law and our bylaws, which distinguish between ordinary meetings and extraordinary meetings and require, in connection with ordinary meetings, that a quorum consist of a majority of stocks entitled to vote. If no quorum is present at the first meeting, a second meeting may be called, in which the shareholders present, regardless of their number, constitute a quorum. Resolutions may be adopted by an absolute majority of the votes present. Argentine law, and our bylaws, requires in connection with extraordinary meetings, that a quorum consist of 60% of the stock entitled to vote. However, if such quorum is not present at the first meeting, our bylaws provide that a second meeting may be called and may be held with the number of shareholders present. In both ordinary and extraordinary meetings, decisions are adopted by an absolute majority of votes present at the meeting, except for certain fundamental matters (such as mergers and spin-offs (when we are not the surviving entity and the surviving entity is not listed on any stock exchange), anticipated liquidation, change in its domicile outside of Argentina, total or partial recapitalization of its statutory capital following a loss, any transformation in our corporate legal form or a substantial change in our corporate purpose, or the issue of bonds) which require an approval by vote of the majority of all the stock entitled to vote (all stock being

	entitled to only one vote.
Rule 5620(b) -- Solicitation of Proxies.	In lieu of the requirements of Rule 5620(b), we follow Argentine law which requires that notices of shareholders' meetings be published, for five consecutive days, in the Official Gazette and in a widely published newspaper in Argentina no earlier than 45 calendar days prior to the meeting and at least 20 calendar days prior to such meeting. In order to attend a meeting and be listed on the meeting registry, shareholders are required to submit evidence of their book-entry share account held at Caja de Valores up to three business days prior to the scheduled meeting date. If entitled to attend the meeting, a shareholder may be represented by proxy (properly executed and delivered with a certified signature) granted to any other person, with the exception of a director, syndic, member of the Comisión fiscalizadora, manager or employee of the issuer, which are prohibited by Argentine law from acting as proxies. In addition, our ADS holders receive, prior to the shareholders' meeting, a notice listing the matters on the agenda, a copy of the annual report and a voting card.
Rule 5630(s) -- Conflicts of Interest	In lieu of the requirements of Rule 5630(a), we follow Argentine law which requires that related party transactions be approved by the audit committee when the transaction exceeds one percent (1%) of the corporation's net worth, measured pursuant to the last audited balance sheet, so long as the relevant transaction exceeds the equivalent of three hundred thousand Argentine Pesos (Ps. 300,000). Directors can contract with the corporation only on an arm's length basis. If the contract is not in accordance with prevailing market terms, such transaction must be pre-approved by the board of directors (excluding the interested director). In addition, under Argentine law, a shareholder is required to abstain from voting on a business transaction in which its interests may be in conflict with the interests of the company. In the event such shareholder votes on such business transaction and such business transaction would not have been approved without such shareholder's vote, such shareholder may be liable to the company for damages and the resolution may be declared void.

Part III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

Reference is made to pages F-1 through F-256.

Index to Financial Statements (see page F-1).

Item 19. Exhibits

Exhibit No.	**Description of Exhibit**
1.1*	By-laws (*Estatutos)* of the registrant, which serve as the registrant's articles of incorporation and by-laws, and an English translation thereof.
1.2****	English translation of the amendment to the bylaws.
2.1	Indenture dated September 7, 2011, among us, as issuer, the Bank of New York Mellon, as trustee, co-registrar, principal paying agent and transfer agent, Banco Santander Rio, S.A., as registrar, paying agent, transfer agent and representative of the trustee in Argentina, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying and Transfer Agent, for the issuance of the U.S.$ 60,000,000, 7.50% Fourth Series, Class VIII Senior Notes Due 2014.
4.1*	Consulting Agreement among Cresud S.A.C.I.F. y A. and Dolphin Fund Management S.A. dated October 25, 1994.
4.2**	Agreement for the exchange of Corporate Service between we, IRSA and Alto Palermo, dated June 30, 2004.
4.3****	English translation of the Amendment to the Agreement for the exchange of Corporate Service among, IRSA and Alto Palermo and us, dated August 23, 2007.
4.4*****	English translation of the Third Agreement for the Implementation of the Amendment to the Corporate Services Master Agreement, dated November 27, 2009.
4.5	Amendment to the Agreement for the exchange of Corporate Service between we, IRSA and Alto Palermo, dated March 12, 2010.
8.1	List of Subsidiaries.
11.1***	Code of Ethics of we.
12.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Chief Executive Officer.
12.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Chief Financial Officer.
13.1	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Executive Officer.
13.2	Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Financial Officer .

*Incorporated herein by reference to the exhibit to the registrant's registration statement on Form F-1 (File No. 333-06548) filed with the SEC on March 3, 1997.

** Incorporated herein by reference to the report statement on Form 6-K (File No. 333-06548) filed with the SEC on July 1, 2004.

******* Incorporated herein by reference to the registrant's report on Form 6-K (File No. 333-06548) filed with the SEC on August 1, 2005.

**** Incorporated herein by reference to the annual report on Form 20-F (File No. 333-06548) filed with the SEC on December 27, 2007.
***** Incorporated herein reference to the annual report on Form 20-F (File No. 333-06548) filed with the SEC on December 30, 2010.

Exhibit No.	Description of Exhibit

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Form 20-F on its behalf.

CRESUD SOCIEDAD ANÓNIMA COMERCIAL INMOBILIARIA FINANCIERA Y AGROPECUARIA

/s/ Alejandro G. Elsztain

Alejandro G. Elsztain

Chief Executive Officer

Date: December 28, 2011

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in shareholders´ equity and of cash flows present fairly, in all material respects, the financial position of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its subsidiaries at June 30, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2011 in conformity with accounting principles generally accepted in Argentina. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Accounting principles generally accepted in Argentina vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 28 to the consolidated financial statements.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in "Management's Annual Report on Internal Control over Financial Reporting", management has excluded Brasilagro and Cactus from its assessment of internal control over financial reporting as of June 30, 2011 because those entities were acquired by the Company in purchases business combinations during fiscal year 2011. Brasilagro and Cactus are subsidiaries whose total assets and total revenues represent 22.6% and 6.0%, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2011.

PRICE WATERHOUSE & Co. S.R.L.

By /s/ Norberto Fabián Montero (Partner)

Norberto Fabián Montero

Buenos Aires, Argentina

December 28, 2011

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Balance Sheets

as of June 30, 2011 and 2010

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

		2011		2010
ASSETS				
Current Assets				
Cash and banks (Notes 4.a) and 29.f	Ps.	193,949	Ps.	80,919
Investments (Notes 4.b), 7, and 29.f))		575,061		278,968
Trade accounts receivable, net (Notes 4.c), 7 and 29.f))		452,771		441,065
Other receivables (Notes 4.d), 7 and 29.f))		291,846		251,908
Inventories (Note 4.e))		751,961		400,521
		2,265,588		1,453,381
Non-Current Assets				
Trade accounts receivables, net (Notes 4.c) and 7)		32,699		42,123
Other receivables (Notes 4.d), 7 and 29.f))		326,625		248,315
Inventories (Note 4.e))		357,607		204,218
Investments (Notes 4.b), 7 and 29.f))		2,078,901		1,900,070
Property and equipment, net (Note 29.a))		5,333,109		3,290,221
Intangible assets, net (Note 29.b))		79,945		88,585
		8,208,886		5,773,532
Negative goodwill, net (Note 4.f))		(741,056)		(389,025)
		7,467,830		5,384,507
Total assets	Ps.	9,733,418	Ps.	6,837,888
LIABILITIES				
Current Liabilities				
Trade accounts payable (Notes 4.g), 7 and 29.f))	Ps.	473,229	Ps.	403,743
Short-term debt (Notes 4.h), 7 and 29.f))		1,316,232		1,059,736
Salaries and social security payable (Note 4.i))		82,877		61,484
Taxes payable (Note 4.j))		135,804		108,558
Advances from customers (Notes 4.k) and 7)		269,555		216,464
Other liabilities (Notes 4.l) and 7)		81,880		75,842
Provisions for lawsuits and contingencies (Note 29.c))		4,615		2,890
		2,364,192		1,928,717
Non-Current Liabilities				
Trade accounts payable (Notes 4.g), 7 and 29.f))		12,145		23,368
Advances from customers (Notes 4.k) and 7)		94,244		90,393

Long-term debt (Notes 4.h), 7 and 29.f))		2,086,305		853,166
Salaries and social security payable (Note 4.i))		635		-
Taxes payable (Note 4.j))		579,336		273,963
Other liabilities (Notes 4.l) and 7)		21,624		65,372
Provision for lawsuits and contingencies (Note 29.c))		14,952		9,708
		2,809,241		1,315,970
Total liabilities		5,173,433		3,244,687
Minority interest		2,346,448		1,625,008
SHAREHOLDERS' EQUITY		2,213,537		1,968,193
Total liabilities and shareholders' equity	Ps.	9,733,418	Ps.	6,837,888

The accompanying notes are an integral part of these Consolidated Financial Statements.

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Cresud Sociedad Anónima Comercial, Inmobiliaria,

Financiera y Agropecuaria and Subsidiaries

Consolidated Statements of Income

for the years ended June 30, 2011, 2010 and 2009

(Amounts in thousands of Argentine Pesos, except as otherwise indicated)

		2011		2010		2009
Agricultural production income (Note 10)	Ps.	406,481	Ps.	217,721	Ps.	172,512
Cost of agricultural production (Notes 10 and 29.e))		(280,078)		(201,957)		(210,443)
Subtotal - Gross Income (loss) from agricultural production		**126,403**		**15,764**		**(37,931)**
Sales – crops, beef cattle, milk, and others (Note 10)	Ps.	480,347	Ps.	308,837	Ps.	237,424
Sales of farmland (Note 10)		84,507		18,557		1,959
Cost of sales – crops, beef cattle, milk and others (Notes 10 and 29.d))		(433,300)		(284,828)		(204,732)
Cost of farmland sales (Note 10 and 29.d))		(29,906)		(4,825)		(94)
Subtotal - Gross income from sales – Agricultural business		**101,648**		**37,741**		**34,557**
Sales of slaughtering and feed lot (Note 10)	Ps.	127,086	Ps.	-	Ps.	-
Cost of slaughtering and feed lot (Note 10)		(123,271)		-		-
Subtotal - Sales profit – Slaughtering and feed lot business		**3,815**		**-**		**-**
Sales and development of properties (Note 10)	Ps.	341,074	Ps.	225,567	Ps.	278,107
Income from lease and service of offices, shopping centers, hotels, consumer financing and others (Note 10)		1,100,813		1,111,673		737,173
Cost of sales and development of properties (Note 10 and 29.d))		(252,894)		(99,893)		(170,529)
Cost of lease and service offices, shopping centers, hotels, consumer financing and others (Note 10 and 29.d))		(366,845)		(402,631)		(265,394)
Subtotal - Gross income from sales – Real Estate business		**822,148**		**834,716**		**579,357**
Gross profit (loss) – Agricultural business		228,051		53,505		(3,374)
Gross profit - Slaughtering and Feed lot Business		3,815		-		-
Gross profit – Real Estate business		822,148		834,716		579,357
Total - Gross profit		**1,054,014**		**888,221**		**575,983**
Selling expenses (Notes 10 and 29.g))		(176,207)		(219,454)		(212,482)
Administrative expenses (Notes 10 and 29.g))		(256,016)		(239,678)		(134,664)
Gain from recognition of inventories at net realizable value (Note 10)		45,442		33,831		9,237
Unrealized gain (loss) on inventories (Notes 4.m) and 10)		55,188		86,580		(408)

Net gain (loss) from retained interest in securitized receivables of Tarjeta Shopping (Note 10)	4,707	37,470	(22,263)
Operating income	**727,128**	**586,970**	**215,403**
Amortization of negative goodwill	65,954	43,721	32,344
Financial results generated by assets	27,741	39,396	173,531
Financial results generated by liabilities	(396,733)		