Earnings Release
IIQ FY 2019

IRSA

IRSA invites you to participate in its conference call for the second quarter of the Fiscal Year 2019

Wednesday, March 06, 2019 10:00 AM US EST (12:00 PM BA)

The call will be hosted by:

Alejandro Elsztain, IIVP

Daniel Elsztain, COO

Matias Gaivironsky, CFO

To participate, please call:

1-844-717-6831 (toll free) or

1-412-317-6388 (international)

54-11-39845677 (Argentina)

Conference ID # IRSA

In addition, you can access through the following webcast:

https://webcastlite.mziq.com/cover.html?webcastId=1b2589ee-d2db-4905-85b8-514acc934cd2

Preferably, 10 minutes before the call is due to begin. The conference will be in English.

PLAYBACK

Available until March 15, 2019

Please call:

1-877-344-7529

1-412-317-0088

Access Code: **10128275**

Main Highlights of the Period

- From this quarter onwards, the Company releases its Financial Statements adjusted for inflation according to the rule IAS 29 and local regulations that set that companies using the Argentine peso as their functional currency must release Financial Statements adjusted for inflation since December 31, 2018. Thus, all non-monetary assets and liabilities, the Equity, as well as all comparative figures for previous quarters or fiscal years, have been adjusted to constant currency as of December 31, 2018.

- Net result for the 6-month period of fiscal year 2019 reached a loss of ARS 5,447.0 million, 144.9% lower than the gain registered in the same period of 2018, mainly explained by lower results from changes in the fair value of investment properties in Argentina Business Center.

- Adjusted EBITDA for the six-month period of FY 2019 was ARS 8,628 million (ARS 2,527 million from Argentina Business Center and ARS 6,101 million from Israel Business Center), decreasing by 13.1% with respect to the same period of FY 2018.

- Adjusted EBITDA of the rental segments in Argentina grew by 6.2% compared to the same period of previous fiscal year, mainly driven by the office and hotel segments, which have income in dollars, partially offset by a decrease of 9.8% in the shopping malls segment.

- We reached 95% occupancy in shopping centers, 90% in offices and 68.5% in our hotels´ portfolio.

- On November 2018, we have distributed a dividend in kind with shares of IRSA Commercial Properties for the sum of ARS 1,412 million (0.0110911403208 shares IRCP/share IRSA and 0.110911403208 IRCP shares/IRSA ADR). Dividend yield 5%.

I. Brief comment on the Company's activities during the period, including references to significant events occurred after the end of the period.

Financial Statements adjusted for inflation

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity whose functional currency is one of a hyperinflationary economy be expressed in terms of the current unit of measurement at the closing date of the reporting period, regardless of whether they are based on the historical cost method or the current cost method. To do so, in general terms, the inflation produced from the date of acquisition or from the revaluation date, as applicable, must be calculated by non-monetary items. This requirement also includes the comparative information of the financial statements.

In order to conclude on whether an economy is categorized as high inflation in the terms of IAS 29, the standard details a series of factors to be considered, including the existence of an accumulated inflation rate in three years that is approximate or exceed 100%. Accumulated inflation in Argentina in three years is over 100%. It is for this reason that, in accordance with IAS 29, Argentina must be considered a country with high inflation economy starting July 1, 2018.

In addition, Law No. 27,468 (published in the Official Gazette on December 4, 2018), amended Section 10 of Law No. 23,928, as amended, and established that the derogation of all the laws or regulations imposing or authorizing price indexation, monetary restatement, cost variation or any other method for strengthening debts, taxes, prices or rates of goods, works or services, does not extend to financial statements, as to which the provisions of Section 62 in fine of the General Companies Law No. 19,550 (1984 revision), as amended, shall continue to apply. Moreover, the referred law repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and delegated to the Argentine Executive Branch the power to establish, through its controlling agencies, the effective date of the referred provisions in connection with the financial statements filed with it. Therefore, under General Resolution 777/2018 (published in the Official Gazette on December 28, 2018) the Argentine Securities Commission (CNV) ordered that issuers subject to its supervision shall apply the inflation adjustment to reflect the financial statements in terms of the current measuring unit set forth in IAS 29 in their annual, interim and special financial statements closed on or after December 31, 2018.

Pursuant to IAS 29, the financial statements of an entity whose functional currency is that of a high inflationary economy should be reported in terms of the measuring unit current as of the date of the financial statements. All the amounts included in the statement of financial position which are not stated in terms of the measuring unit current as of the date of the financial statements should be restated applying the general price index. All items in the statement of income should be stated in terms of the measuring unit current as of the date of the financial statements, applying the changes in the general price index occurred from the date on which the revenues and expenses were originally recognized in the financial statements.

Adjustment for inflation in the initial balances has been calculated considering the indexes reported by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) based on the price indexes published by the Argentine Institute of Statistics and Census (INDEC).

The principal inflation adjustment procedures are the following:

- Monetary assets and liabilities that are recorded in the currency current as of the balance sheet's closing date are not restated because they are already stated in terms of the currency unit current as of the date of the financial statements.
- Non-monetary assets and liabilities are recorded at cost as of the balance sheet date, and equity components are restated applying the relevant adjustment ratios.
- All items in the statement of income are restated applying the relevant conversion factors.
- The effect of inflation on the net monetary position of the Company is included in the statement of comprehensive income, under "Financial results, net", in the item called "Inflation Adjustment".
- Comparative figures have been adjusted for inflation following the procedure explained in the previous paragraphs.

Upon initially applying inflation adjustment, the equity accounts were restated as follows:

- Capital was restated as from the date of subscription or the date of the most recent inflation adjustment for accounting purposes, whichever is later. The resulting amount was included in the “Capital adjustment” account.
- The conversion difference was re expressed in real terms.
- Other comprehensive income / (loss) was restated as from each accounting allocation.
- The other reserves in the statement of income were not restated as of the initial application date, i.e., June 30, 2016.

Consolidated Results

(in millions of ARS)	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues	15,009	12,436	20.7%	27,879	23,732	17.5%
Net gain from fair value adjustment of investment properties	-13,619	8,141	-267.3%	-5,451	10,206	-153.4%
Profit from operations	-10,280	11,297	-191.0%	-171	15,569	-101.1%
Depreciation and amortization	1,511	1,449	4.2%	3,022	2,897	4.3%
EBITDA(1)	**-8,770**	**12,746**	**-168.8%**	**2,851**	**18,466**	**-84.6%**
Adjusted EBITDA(1)	**5,176**	**4,507**	**14.8%**	**8,628**	**9,931**	**-13.1%**
Profit for the period	**-10,821**	**14,005**	**-177.3%**	**-5,447**	**12,120**	**-144.9%**
Attributable to equity holders of the parent	-6,402	2,943	-317.5%	-5,271	9,762	-154.0%
Attributable to non-controlling interest	-4,419	11,062	-139.9%	-176	2,358	-107.5%

(1) See Point XIX: EBITDA Reconciliation

Company's income increased by 17.5% during the first half of fiscal year 2019 as compared to the same period of 2018, while Adjusted EBITDA decreased 13.1% mainly due to "Shopping Malls" and "Sales and Developments" segments in Argentina Business Center, which decreased 9.8% and 158.5%, respectively.

Profit for the period under review reached an ARS 5,447.0 million loss, 144.9% lower than the gain registered in the same period of 2018, mainly explained by a higher change in the fair value of investment properties in Argentina Business Center.

It should be noted that under the adjustment for inflation methodology, the result from the valuation at fair value of the investment properties must be segregated in its two effects: i) adjustment for inflation and ii) loss or gain from adjustment at real fair value. In the current semester, the inflationary effect exceeds the fair value appreciation of the investment properties, for this reason it is necessary to recognize a loss for change in the fair value of the investment property of ARS 5,451.0 million. Likewise, in the previous fiscal year we had recognized a higher value due to changes in the Income Tax Law.

Argentina Business Center

II. Shopping Malls (through our subsidiary IRSA Propiedades Comerciales S.A.)

Shopping malls operated by us comprise 332,119 square meters of GLA, decreasing by approximately 13,000 sqm due to the end of concession of Buenos Aires Design in November 2018. Total tenant sales in our shopping malls, as reported by retailers, were ARS 29,620.3 million for the first semester of FY 2019, which implies a decrease, in real terms, of 12.5% when compared to the same period in FY 2018.

The occupancy rate stood at very high levels, reaching 94.9%.

Shopping Malls' Financial Indicators

(in millions of ARS)	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues from sales, leases and services	1,397.7	1,507.8	-7.3%	2,740.5	2,939.2	-6.8%
Net gain from fair value adjustment on investment properties	-6,603.1	7,550.6	-187.5%	-8,897.7	8,443.4	-205.4%
Profit from operations	**-5,533.0**	**2,046.5**	**-370.4%**	**-6,876.4**	**10,691.4**	**-164.3%**
Depreciation and amortization	20.2	18.7	8.0%	40.4	37.4	8.0%
EBITDA (1)	**-5,512.8**	**2,065.2**	**-366.9%**	**-6,836.1**	**10,728.8**	**-163.7%**
Adjusted EBITDA (1)	**1,090.3**	**1,172.4**	**-7.0%**	**2,061.7**	**2,285.4**	**-9.8%**

(1) See Point XIX: EBITDA Reconciliation

Shopping Malls' Operating Indicators

(in ARS million, except indicated)	IIQ 19	IQ 19	IVQ 18	IIIQ 18	IIQ 18
Gross leasable area (sqm)	332,119	345,929	344,025	343,023	340,111
Tenants' sales (3 month cumulative)	15,314	14,306	15,741	13,282	18,246
Occupancy	94.9%	98.7%	98.5%	98.6%	99.1%

Revenues from this segment decreased 6.8% during the first semester of fiscal year 2019, compared with same period of previous fiscal year, recording extraordinary income for ARS 88.4 million as compensation for the termination of Walmart's contract in Dot Baires Shopping, mentioned above. Our costs, administrative and marketing expenses (SG&A) grew by approximately 4.4%. Adjusted EBITDA reached ARS 2,061.7 million, 9.8% lower than the first semester of fiscal year 2018, and EBITDA margin, excluding income from expenses and collective promotion fund, was 75.2%.

Operating data of our Shopping Malls

	Date of opening	Location	Gross Leasable Area sqm (1)	Stores	Occupancy Rate (2)	IRSA CP's Interest (3)
Alto Palermo	Dec-97	City of Buenos Aires	18,636	136	99.5%	100%
Abasto Shopping(4)	Nov-99	City of Buenos Aires	36,796	171	99.8%	100%
Alto Avellaneda	Dec-97	Province of Buenos Aires	38,032	131	99.2%	100%
Alcorta Shopping	Jun-97	City of Buenos Aires	15,725	114	98.4%	100%
Patio Bullrich	Oct-98	City of Buenos Aires	11,397	86	93.4%	100%
Buenos Aires Design	Nov-97	City of Buenos Aires	-	-	-	-
Dot Baires Shopping	May-09	City of Buenos Aires	49,407	157	74.5%	80%
Soleil	Jul-10	Province of Buenos Aires	15,213	79	97.8%	100%
Distrito Arcos (5)	Dec-14	City of Buenos Aires	14,169	68	94.7%	90.00%
Alto Noa Shopping	Mar-95	Salta	19,045	87	99.2%	100%
Alto Rosario Shopping(5)	Nov-04	Santa Fe	33,358	140	99.5%	100%
Mendoza Plaza Shopping	Dec-94	Mendoza	42,867	141	99.9%	100%
Córdoba Shopping	Dec-06	Córdoba	15,278	104	97.6%	100%
La Ribera Shopping	Aug-11	Santa Fe	10,530	68	95.5%	50%
Alto Comahue (6)	Mar-15	Neuquén	11,666	100	95.7%	99.95%
Patio Olmos(7)	Sep-15	Córdoba				
Total			**332,119**	**1,582**	**94.9%**	

(1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.
(2) Calculated dividing occupied square meters by leasable area as of the last day of the fiscal period.
(3) Company's effective interest in each of its business units.
(4) Excludes Museo de los Niños (3,732 square meters in Abasto and 1,261 square meters in Alto Rosario).
(5) Opening December 18, 2014.
(6) Opening March 17, 2015.
(7) IRSA CP owns the historic building of the Patio Olmos shopping mall in the Province of Córdoba, operated by a third party.
(8) End of concession November 17, 2018

Cumulative tenants' sales as of December 31

(per Shopping Mall, in ARS. million)	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Alto Palermo	1,908.5	2,194.3	-13.0%	3,619.2	3,998.8	-9.5%
Abasto Shopping	2,001.9	2,386.6	-16.1%	3,940.8	4,490.6	-12.2%
Alto Avellaneda	1,819.4	2,307.3	-21.1%	3,532.5	4,248.4	-16.8%
Alcorta Shopping	1,130.9	1,233.4	-8.3%	2,073.4	2,196.1	-5.6%
Patio Bullrich	759.5	678.4	12.0%	1,329.7	1,214.3	9.5%
Buenos Aires Design	110.2	261.5	-57.8%	322.2	533.4	-39.6%
Dot Baires Shopping	1,547.0	2,073.0	-25.4%	3,026.2	3,700.5	-18.2%
Soleil	784.9	925.9	-15.2%	1,526.9	1,774.2	-13.9%
Distrito Arcos	765.5	800.0	-4.3%	1,434.0	1,502.2	-4.5%
Alto Noa Shopping	634.2	793.0	-20.0%	1,264.2	1,504.0	-15.9%
Alto Rosario Shopping	1,441.1	1,652.1	-12.8%	2,820.8	3,119.0	-9.6%
Mendoza Plaza Shopping	1,098.3	1,356.1	-19.0%	2,214.7	2,628.2	-15.7%
Córdoba Shopping	514.9	629.4	-18.2%	961.9	1,143.0	-15.8%
La Ribera Shopping(1)	325.1	415.7	-21.8%	655.2	808.6	-19.0%
Alto Comahue	472.2	539.3	-12.4%	898.6	1,000.0	-10.1%
Total	**15,313.5**	**18,245.9**	**-16.1%**	**29,620.3**	**33,861.4**	**-12.5%**

(1) Through our joint venture Nuevo Puerto Santa Fe S.A.

Cumulative tenants' sales as of December 31

(per Type of Business, in ARS. million)	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Anchor Store	835.6	1,056.9	-20.9%	1,595.0	1,920.4	-16.9%
Clothes and Footwear	9,058.5	10,120.5	-10.5%	16,633.4	18,082.6	-8.0%
Entertainment	312.3	357.9	-12.7%	876.2	1,021.8	-14.3%
Home	323.4	472.7	-31.6%	706.6	915.9	-22.8%
Restaurant	1,483.0	1,726.6	-14.1%	3,218.8	3,648.8	-11.8%
Miscellaneous	1,950.4	2,245.6	-13.1%	3,735.7	4,012.7	-6.9%
Services	153.0	169.4	-9.7%	348.0	348.4	-0.1%
Electronic appliances	1,197.2	2,096.3	-42.9%	2,506.4	3,910.8	-35.9%
Total	**15,313.5**	**18,245.9**	**-16.1%**	**29,620.3**	**33,861.4**	**-12.5%**

Detailed Revenues as of December 31

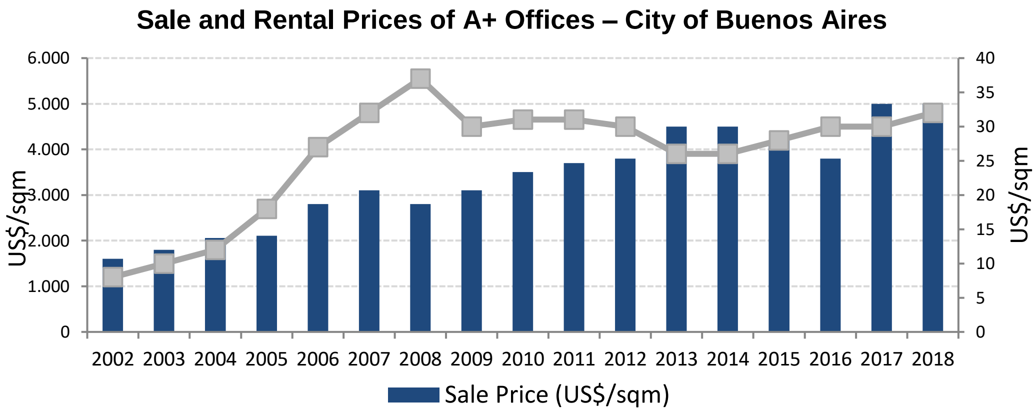
(in ARS million)	6M 19	6M 18	YoY Var
Base Rent(1)	1,376.3	1,559.0	-11.7%
Percentage Rent	593.6	650.4	-8.7%
Total Rent	1,969.9	2,209.4	-10.8%
Revenues from non-traditional advertising	72.0	68.8	4.7%
Admission rights	314.5	319.3	-1.5%
Fees	37.4	44.1	-15.2%
Parking	156.1	185.9	-16.0%
Commissions	79.3	102.1	-22.3%
Others(2)	111.3	9.6	1,059.4%
Total(3)	**2,740.5**	**2,939.2**	**-6.8%**

(1) Includes Revenues from stands for ARS 187.4 million.
(2) Includes ARS 88.4 million for the early termination of Walmart's contract in Dot Baires Shopping.
(3) Does not include Patio Olmos.

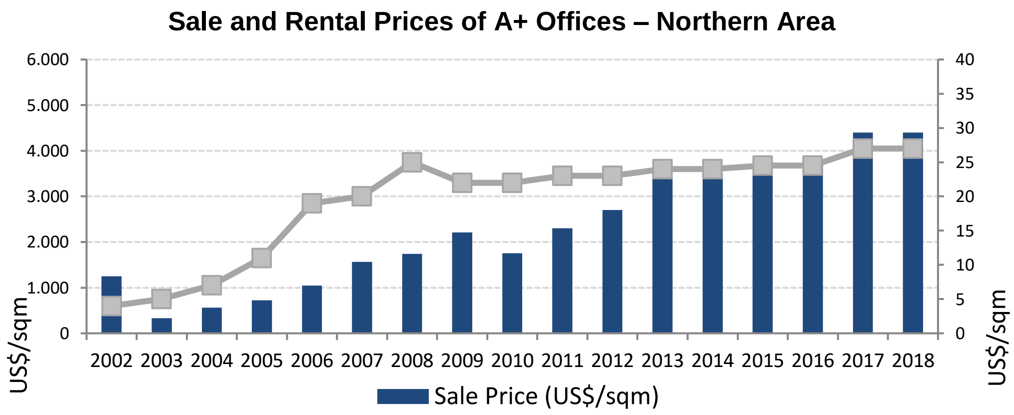
III. Offices

The A+ office market in the City of Buenos Aires remains robust even after the period of highest exchange volatility in recent years. The price of Premium commercial spaces stood at USD 5,000 per square meter while rental prices increased slightly as compared to the previous year, averaging USD 32 per square meter for the A+ segment, and vacancy increased slightly to 5.56% as of December 2018.

As concerns the A+ office market in the Northern Area of Buenos Aires, we have noted a significant improvement in the price of units during the last 10 years, and we believe in its potential during the next years. Rental prices have remained at USD 27 per square meter.



Source: LJ Ramos



Source: LJ Ramos

Gross leasable area was 83,213 sqm as of the second three-month period of fiscal year 2019, slightly below to the same period of the previous year due to the sale of a floor of the Intercontinental tower.

Portfolio average occupancy diminished at 90.0% regarding the same period of previous fiscal year, mainly due to the two floors vacancy in República Tower and another two floors in Dot Building. The average rental price raised to USD 27.0 per sqm because of the floors vacancy mentioned above, that had a lower average rent per square meter.

(In millions of ARS)	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues from sales, leases and services	309.4	191.5	61.6%	546.0	382.0	42.9%
Net gain from fair value adjustment on investment properties	6,919.7	-181.1	-	2,516.0	-19.0	-
Profit from operations	2,744.6	126.2	2,075.1%	2,919.0	255.0	1,044.7%
Depreciation and amortization	3.0	4.5	-33.3%	6.0	7.0	-14.3%
EBITDA (1)	**2,747.6**	**130.7**	**2,002.5%**	**2,925.0**	**262.0**	**1,016.4%**
Adjusted EBITDA (1)	**231.6**	**149.7**	**54.7%**	**409.0**	**281.0**	**45.6%**

(1) See Point XIX: EBITDA Reconciliation

	IIQ 19	IQ 19	IVQ 18	IIIQ 18	IIQ 18
Gross leasable area	83,213	83,213	83,213	84,110	84,110
Occupancy	90.0%	93.4%	92.3%	91.0%	93.6%
Rent (USD/sqm)	27.0	25.7	26.1	26.5	26.5

In real terms, during the first semester of fiscal year 2019, revenues from the offices segment increased by 42.9% compared to the same period of 2018. Although the effect of the exchange rate depreciation in Argentina in our dollar-denominated contracts would have been almost 100%, the effect is reduced when adjusting comparative information by inflation.

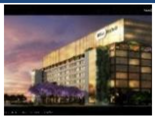
Adjusted EBITDA from this segment grew 45.6% in real terms compared to the same period of the previous year. EBITDA margin was 74.9% in line with the first semester of fiscal year 2018.

Below is information on our Office segment and other rental properties as of December 31, 2018.

	Date of Acquisition	Gross Leasable Area (sqm) (1)	Occupancy (2)	IRSA's Effective Interest
Offices				
Edificio República (3)	04/28/08	19,885	90.3%	100%
Torre Bankboston (3)	08/27/07	14,873	100.0%	100%
Intercontinental Plaza (3)	11/18/97	2,979	100.0%	100%
Bouchard 710 (3)	06/01/05	15,014	100.0%	100%
Suipacha 652/64 (3)	11/22/91	11,465	86.2%	100%
Dot Building (3)	11/28/06	11,242	78.1%	80%
Philips Building (3)	06/05/17	7,755	69.8%	100%
Subtotal Offices		**83,213**	**90.0%**	**N/A**
Other Properties				
Santa María del Plata	10/17/97	116,100	91.4%	100%
Nobleza Piccardo (4)	05/31/11	109,610	78.4%	50.0%
Other Properties (5)	N/A	12,928	39.2%	N/A
Subtotal Other Properties		**238,638**	**82.6%**	**N/A**
Total Offices and Others		**321,851**	**84.5%**	**N/A**

(1) Corresponds to the total leasable surface area of each property as of December 31, 2018. Excludes common areas and parking spaces.
(2) Calculated by dividing occupied square meters by leasable area as of December 31, 2018.
(3) Through IRSA CP.
(4) Through Quality Invest S.A.
(5) Includes the following properties: Dot Adjoining Plot, Intercontinental plot of land, Anchorena 665, Anchorena 545 (Chanta IV), Ferro, Puerto Retiro, Casona Abril, Constitución 1111 and Rivadavia 2774.

IV. CAPEX (through our subsidiary IRSA Propiedades Comerciales S.A.)

	Developments				
	Shopping Malls: Expansions			***Offices: New***	
	Alto Palermo	Alto Rosario	Mendoza Plaza (Sodimac & Falabella)	Polo Dot (1st stage)	Catalinas[2]
					
Start of works	FY2019	FY2018	FY2018	FY2017	FY2017
Estimated opening date	FY2020	FY2019	FY2019/20	FY2019	FY2020
GLA (sqm)	3,900	2,000	12,800	32,000	30,000
% held by IRSA Propiedades Comerciales	100%	100%	100%	80%	87%
Investment amount (in millions)	USD 28	USD 3.0	USD 13.7	~ARS 1,425	~ARS 2,510
Work progress (%)	6%	38%	0% - 100%[1]	98%	35%
Estimated stabilized EBITDA (USD million)	USD 4.5	USD 0.4	USD 1.3	USD 8-10	USD 10-12

(1) Falabella's work progress.

Shopping Mall Expansions

During fiscal year 2019, we will add approximately 15,000 sqm from current malls' expansions. We will soon add an approximately 12,800 sqm Sodimac store in Mendoza Plaza Shopping while expanding its Falabella store and 2,000 sqm of expansion in Alto Rosario, where we have recently opened a big Zara store.

In September 2018, we launched the works of expansion of Alto Palermo shopping mall, the shopping mall with the highest sales per square meter in our portfolio, that will add a gross leasable area of approximately 4,000 square meters and will consist in moving the food court to a third level by using the area of an adjacent building acquired in 2015.

First Stage of Polo Dot – Zetta Building

The project called "Polo Dot", located in the commercial complex adjacent to our shopping mall Dot Baires, has experienced significant growth since our first investments in the area. The total project will consist in four office buildings (one of them could include a hotel) in land reserves owned by the Company and the expansion of the shopping mall by approximately 15,000 square meters of GLA. At a first stage, we developed an 11-floor office building with an area of approximately 32,000 square meters on an existing building, in respect of which we have already executed lease agreements for the total surface and whose units have already been delivered to their tenants "Mercado Libre" and "Falabella" for its conditioning prior to the inauguration. The total estimated investment amounts to ARS 1,425 million and as of December 31, 2018, degree of progress was 98%.

Catalinas building – 200 Della Paolera

The building to be constructed will have 35,000 sqm of GLA consisting of 30 office floors and 316 parking spaces, and will be located in the "Catalinas" area in the City of Buenos Aires, one of the most sought-after spots for Premium office development in Argentina. The total estimated investment under IRSA Commercial Properties as of December 31, 2018 amounts to ARS 2,510 million and, work progress was 35%. IRSA Propiedades Comerciales owns 87% of the building's surface while the remaining 13% is owned by Globant.

V. Sales and Developments

(in millions of ARS)	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues	33.2	31.9	4.1%	61.0	86.0	-29.1%
Net gain from fair value adjustment on investment properties	-2,017.6	157.5	-1,380.8%	128.0	93.0	37.6%
Profit from operations	-14.9	43.0	-134.7%	-41.0	15.0	-373.3%
Depreciation and amortization	1.5	0.5	200.0%	3.0	1.0	200.0%
EBITDA[(1)]	**-13.4**	**43.5**	**-130.8%**	**-38.0**	**16.0**	**-337.5%**
Adjusted EBITDA[(1)]	**-141.4**	**-95.1**	**48.6%**	**-166.0**	**284.0**	**-158.5%**

(1) See Point XIX: EBITDA Reconciliation

Revenues from the "Sales and Development" segment decreased 29.1% during the first semester of fiscal year 2019 compared to the same period of previous year, due to lower sales of Astor Beruti units by our subsidiary IRSA Commercial Properties. Adjusted EBITDA of the segment was ARS 166.0 million loss mainly due to the provision of ARS 102.0 million that adjusts the accounting value of "Puerto Retiro" plot of land originated in the litigation that exists over it (see Note 7 to the Financial Statements).

VI. Hotels

In the first semester of fiscal year 2018, the Hotels segment recorded an increase in revenues of 30.6% mainly due to the positive impact of the depreciation of the exchange rate in Argentina in dollarized rates. The segment's EBITDA reached ARS 305 million during the period under review highlighting the performance in the second quarter because of the impact of the G-20 in Intercontinental as well as the event of the Emir of Qatar in Llao Llao.

(in millions of ARS)	IIQ 19	IIQ 18	Var a/a	6M 19	6M 18	YoY Var
Revenues	553.8	389.0	42.4%	947.0	725.0	30.6%
Profit / (loss) from operations	183.4	9.6	1,814.9%	259.0	-6.0	-
Depreciation and amortization	23.0	34.5	-33.3%	46.0	52.0	-11.5%
EBITDA	**206.4**	**44.1**	**368.0%**	**305.0**	**46.0**	**563.0%**

	IIQ 19	IQ 19	IVQ 18	IIIQ 18	IIQ 18
Average Occupancy	68.5%	64.5%	70.1%	71.9%	71.5%
Average Rate per Room (USD/night)	205	189	191	198	195

The following is information on our hotels segment as of December 31, 2018:

Hotels	Date of Acquisition	IRSA's Interest	Number of rooms	Occupancy[(1)]	Average Price per Room USD. [(2)]
Intercontinental [(3)]	11/01/1997	76.34%	313	75.1%	156
Sheraton Libertador [(4)]	03/01/1998	80.00%	200	74.3%	161
Llao Llao [(5)]	06/01/1997	50.00%	205	53.1%	372
Total	**-**	**-**	**718**	**68.5%**	**205**

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

The hotels in our portfolio in Argentina, categorized as Property, Plant and Equipment, are valued at historical cost and have been adjusted for inflation as of December 31, 2018, reaching ARS 956 million, which represents an increase of 366%.

VII. International

Lipstick Building, New York, United States

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

As of December 31, 2018, the building's occupancy rate was 96.9%, thus generating an average rent of USD 76.7 per sqm.

Lipstick	Dec-18	Dec-17	YoY Var
Gross Leasable Area (sqm)	58,092	58,092	-
Occupancy	96.9%	94.7%	2.2 p,p
Rental price (USD/sqm)	76.7	71.6	7.1%

Investment in Condor Hospitality Inc.

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

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

As of December 31, 2018, the Group held 2,245,100 common shares of Condor's capital stock, accounting for approximately 18.9% of that company's capital stock and votes. The Group also held 325,752 Series E preferred shares, and a promissory note convertible into 64,964 common shares (at a price of USD 10.4 each).

VIII. Corporate

(in millions of ARS)	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues	-	-	-	-	-	-
Loss from operations	-167.0	-62.4	167.4%	-212.0	-106.0	100.0%
Depreciation and amortization	0.5	-	-	1.0	-	-
EBITDA	**-166.5**	**-62.4**	**166.8%**	**-211.0**	**-106.0**	**99.1%**

IX. Financial Operations and Others

Interest in Banco Hipotecario S.A. ("BHSA") through IRSA

BHSA is a leading bank in the mortgage lending industry, in which IRSA held an equity interest of 29.91% as of December 31, 2018. During the six-month period of 2019, the investment in Banco Hipotecario generated a loss of ARS 79 million compared to a ARS 309 million gain on the same period of 2018. For further information, visit http://www.cnv.gob.ar or http://www.hipotecario.com.ar.

Israel Business Center

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

As of December 31, 2018, IRSA's indirect equity interest in IDB Development Corp. was 100% of its stock capital and in Discount Corporation Ltd. ("DIC") was 77.92% of its stock capital.

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

- The **"Real Estate"** segment mainly includes the assets and profit from operations derived from the business related to the DIC subsidiary, Property & Building ("PBC"). Through PBC, the Group operates rental and residential properties in Israel, United States and other locations in the world, and executes commercial projects in Las Vegas, United States of America.
- The **"Telecommunications"** segment includes the assets and profit from operations derived from the business related to the subsidiary Cellcom. Cellcom is supplier of telecommunication services and its main businesses include the provision of cellular and fixed telephone, data and Internet services, among others.
- The **"Insurance"** segment includes the investment in Clal. This company is one of the largest insurance groups in Israel, whose businesses mainly comprise pension and social security insurance and other insurance lines. As stated in Note 12, the Group does not hold a controlling interest in Clal; therefore, it is not consolidated on a line-by-line basis, but presented under a single line as a financial instrument at fair value, as required under IFRS for the current circumstances in which no control is exercised.
- The **"Others"** segment includes the assets and profit from other miscellaneous businesses, such as technological developments, tourism, oil and gas assets, electronics, and other sundry activities.

Segment Results

Following is the comparative information by segments of our Israel Business Center for the period between July 1 and December 31, 2018.

Real Estate (Property & Building - PBC) - ARS MM	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues	3,180	1,405	126.3%	6,020	3,723	61.7%
Net (loss) / gain from fair value adjustment of investment properties	766	228	236.0%	780	1.747	-55.4%
Profit from operations	2,354	1,063	121.4%	3,750	4,068	-7.8%
Depreciation and amortization	8	5	60.0%	16	21	-23.8%
EBITDA	**2,362**	**1,068**	**121.2%**	**3,766**	**4,089**	**-7.9%**
Adjusted EBITDA	**1,913**	**900**	**112.6%**	**3,312**	**2,431**	**36.2%**

Revenues and operating income of the **Real Estate** segment through the subsidiary PBC reached in the 6-month period ended December 31, 2018 an amount of ARS 6,020 million and ARS 3,750 million, respectively, and for the same period ended on December 31, 2017, reached ARS 3,723 million and ARS 4,068 million respectively. This is mainly due to an average real depreciation of 17% of the Argentine peso against the Israeli shekel, an increase of approximately 25,000 sqm compared to September 2017 and an increase in the value of the rent.

Additionally, as explained in note 2.2. to the financial statements, the group adopted IFRS 15 in the current fiscal year, which allows it to recognize the sales of properties under development according to the degree of progress of the work. Said standard was not in effect for the comparative period and it has not been restated. With respect to the variation in operating income, in the six-month period ended December 31, 2018, the impact of the result from fair value adjustment of investment properties was a gain of ARS 780 million, while for the same period of the previous year was a gain of ARS 1,747 million, this is due to the fact that property valuations in Israel were advanced by May 2018, so they are included in the year ended June 30, 2018, while for the comparative period were not advanced yet, so the effect of these valuations was recorded in December 2017.

Telecommunications (Cellcom) ARS MM	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues	8,095	4,839	67.3%	15,641	14,088	11.0%
(Loss) / Profit from operations	61	26	134.6%	-91	314	-129.0%
Depreciation and amortization	1,532	932	64.4%	2,881	2,699	6.7%
EBITDA	**1,593**	**958**	**66.3%**	**2,790**	**3,013**	**-7.4%**

The **Telecommunications** segment carried out by "Cellcom" reached ARS 15,641 million of revenue and an operating loss of ARS 314 million in the six-month period ended December 31, 2018. For the period ended December 31, 2017, revenues were ARS 14,088 million and operating loss was ARS 314 million. This is mainly due to an average real depreciation of 17% of the Argentine peso against the Israeli shekel and to the constant erosion in revenues from mobile services, which was partially offset by an increase in revenues related to landlines, television and the internet. In addition, content costs for television and internet increased more than the revenues generated, as well as an increase in marketing expenses, in order to attract more customers. During the six-month period ended December 31, 2017, Cellcom sold its interest in the subsidiary Rimon, for which it recorded a gain in "other operating results, net" of approximately ARS 217 million adjusted for inflation.

Others (other subsidiaries) ARS MM	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues	255	120	112.4%	488	501	-2.6%
Profit / (Loss) from operations	-230	87	-363.3%	-19	83	-122.9%
Depreciation and amortization	10	10	0.0%	24	35	-31.4%
EBITDA	**-220**	**97**	**-326.0%**	**5**	**118**	**-95.8%**

The "**Others**" segment reached revenues of ARS 488 million and an operating loss of ARS 19 million in the six-month period ended December 31, 2018. During the same period ended December 31, 2017, it reached revenues of ARS 501 million and an operating gain of ARS 83 million. This is mainly due to an average real depreciation of 17% of the Argentine peso against the Israeli shekel, a decrease in Epsilon's revenues and the result of the sale of Cyber Secdo by Elron as of December 31, 2018, which generated an approximate gain of ARS 252 million, while as of December 31, 2017 it has sold Cludyn for an amount of ARS 390 million adjusted for inflation.

Corporate (DIC, IDBD and Dolphin) ARS MM	IIQ 19	IIQ 18	YoY Var	6M 19	6M 18	YoY Var
Revenues	-	-	-	-	-	-
Loss from operations	129	320	-59.7%	-6	370	-101.6%
Depreciation and amortization	-	-	-	-	-	-
EBITDA	**129**	**320**	**-59.7%**	**-6**	**370**	**-101.6%**

The "**Corporate**" segment reached in the six-month period ended December 31, 2018 an operating loss of ARS 6 million and for the same period ended December 31, 2017, an operating gain of ARS 370 million mainly originated in the gain for Ma'ariv trial on December 2017.

In relation to "Clal", the Group values its holding in said **insurance** company as a financial asset at market value. The valuation of Clal's shares as of December 31, 2018 raised to $ 16,133 million.

XI. EBITDA by Operations Center (ARS million)

Operations Center in Argentina

IIQ FY 19	Shopping Malls	Offices	Sales and Developments	Hotels	International	Corporate	Others	Total
Profit / (loss) from operations	-6,876	2,919	-41	259	234	-212	-143	-3,860
Depreciation and amortization	40	6	3	46	1	1	-1	96
EBITDA	**-6,836**	**2,925**	**-38**	**305**	**235**	**-211**	**-144**	**-3,764**

IIQ FY 18	Shopping Malls	Offices	Sales and Developments	Hotels	International	Corporate	Others	Total
Profit / (loss) from operations	10,692	255	15	-6	-54	-106	-9	10,787
Depreciation and amortization	37	7	1	52	0	0	0	97
EBITDA	**10,729**	**262**	**16**	**46**	**-54**	**-106**	**-9**	**10,884**
EBITDA Var	**-163.7%**	**1,016.4%**	**-337.5%**	**563.0%**	**-**	**99.1%**	**1,500.0%**	**-134.6%**

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IIQ FY 19	Real Estate	Tele-communications	Others	Corporate	Total
Profit / (loss) from operations	**3,750**	**-91**	**-19**	**-6**	**3,634**
Depreciations and amortizations	16	2,881	24	-	2,921
EBITDA	**3,766**	**2,790**	**5**	**-6**	**6,555**
Net unrealized gain from fair value adjustment of investment properties	-454	-	-	-	-454
Adjusted EBITDA	**3,312**	**2,790**	**5**	**-6**	**6,101**

IIQ FY 18	Real Estate	Tele-communications	Other	Corporate	Total
Profit / (loss) from operations	**4,068**	**314**	**83**	**370**	**4,835**
Depreciations and amortizations	21	2,699	35	-	2,755
EBITDA	**4,089**	**3,013**	**118**	**370**	**7,590**
Net unrealized gain from fair value adjustment of investment properties	-1,658	-	-	-	-1,658
Adjusted EBITDA	**2,431**	**3,013**	**118**	**370**	**5,932**
EBITDA Var	**-7.9%**	**-7.4%**	**-95.8%**	**-101.6%**	**-13.6%**
Adjusted EBITDA Var	**36.2%**	**-7.4%**	**-95.8%**	**-101.6%**	**2.8%**

XII. Reconciliation with Consolidated Statements of Income (ARS million)

Below is an explanation of the reconciliation of the company's profit by segment with its Consolidated Statements of Income. The difference lies in the presence of joint ventures included in the segment but not in the Statements of Income.

	Total as per segment	Joint ventures*	Expenses and CPF	Elimination of inter-segment transactions	Total as per Statements of Income
Revenues	26,773	-29	1,142	-7	27,879
Costs	-15,108	18	-1,193	-	-16,283
Gross profit	**11,665**	**-11**	**-51**	**-7**	**11,596**
Net gain from fair value adjustment of investment properties	-5,452	1	-	-	-5,451
General and administrative expenses	-3,206	7	-	10	-3,189
Selling expenses	-3,475	1	-	-	-3,474
Other operating results, net	242	108	-	-3	347
Profit from operations	**-226**	**106**	**-51**	**-**	**-171**
Share of (loss) / profit of associates and joint ventures	-580	-125	-	-	-705
Profit before financial results and income tax	**-806**	**-19**	**-51**	**-**	**-876**

*Includes Puerto Retiro, CYRSA, Nuevo Puerto Santa Fe and Quality (San Martín plot).

XIII. Financial Debt and Other Indebtedness

Operations Center in Argentina

The following table contains a breakdown of our indebtedness as of December 31, 2018:

Description	Currency	Amount (1)	Interest Rate	Maturity
Bank overdrafts	ARS	0.0	Floating	< 360 days
IRSA 2020 Series II Non-Convertible Notes.	USD	71.4	11.50%	Jul-20
Series VII Non-Convertible Notes	ARS	10.2	Badlar + 299	Sep-19
Series VIII Non-Convertible Notes (2)	USD	183.5	7.00%	Sep-19
Other debt	USD	38.2	-	Feb-22
IRSA's Total Debt		**303.4**		
IRSA's Cash + Cash Equivalents + Investments (3)	USD	9.2		
IRSA's Net Debt	**USD**	**294.2**		
Bank overdrafts	ARS	3.0	-	< 360 d
PAMSA loan	USD	35.0	Fixed	Feb-23
IRCP NCN Class IV	USD	139.0	5.0%	Sep-20
IRSA CP NCN Class II	USD	360.0	8.75%	Mar-23
IRSA CP's Total Debt		**537.0**		
Cash & Cash Equivalents + Investments (4)		202.4		
Consolidated Net Debt		**334.6**		

(1) Principal amount in USD (million) at an exchange rate of Ps. 37.70 Ps. /USD, without considering accrued interest or eliminations of balances with subsidiaries.
(2) Net of repurchase.
(3) "IRSA's Cash & Cash Equivalents plus Investments" includes IRSA's Cash & Cash Equivalents.
(4) "IRSA CP's Cash & Cash Equivalents plus Investments" includes IRSA CP's Cash and cash equivalents and Investments in Current Financial Assets and our holding in TGLT's convertible Notes.

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Financial debt as of September 30, 2018:

Indebtedness(1)	Total	Net
IDBD's Total Debt	598	551
DIC's Total Debt	687	462

(1) Principal amount in USD (million) at an exchange rate of 3.7458 NIS/USD, without considering accrued interest or elimination of balances with subsidiaries. Includes bonds and loans.

XIV. Material and Subsequent Events

Operations Center in Argentina

October 2018: General Ordinary and Extraordinary Shareholders' Meeting

At the General Ordinary and Extraordinary Shareholders' Meeting held on October 29, 2018, the following matters, inter alia, were resolved:

- Distribution of a dividend in kind for ARS 1,412 million in shares of IRSA Propiedades Comerciales, subsidiary of IRSA.
- Fees payable to the Board of Directors and Supervisory Committee for fiscal year 2018 ended as of June 30, 2018.
- Renewal of regular and alternate Directors due to expiration of their terms and appointment of new alternate director.
- Renewal of the Global Note Program for up to USD 350 million.

November 2018: Payment of cash dividend

At the General Ordinary and Extraordinary Shareholders' Meeting held on October 29, 2018, it was approved the payment of a dividend in kind in shares of IRSA Propiedades Comerciales S.A. (IRSA PC), a subsidiary of the Company, for up to the amount of ARS 1,412,000,000.

The dividend in kind corresponds to a gross dividend of 0.0110911403208 IRSA Propiedades Comerciales S.A.'s shares per each IRSA Inversiones y Representaciones Sociedad Anónima's share (0.110911403208 IRSA Propiedades Comerciales S.A.'s shares per IRSA Inversiones y Representaciones Sociedad Anónima's GDS) and was paid on November 12, 2018.

February 2019: HASA shares acquisition

On February 28, 2019, the company acquired from a non related third party 20% of the shares of Hoteles Argentinos S.A. ("HASA"), owner of the hotel known as "Sheraton Libertador". The amount of the transaction was USD 1,152,415, which have been fully paid. After this acquisition, IRSA stake in HASA increased to 100%.

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November 2018: Shufersal shares sale

On November 27, 2018, DIC sold 7.5% of the total shares of Shufersal to institutional investors for NIS 416 million (approximately ARS 4,166 million). After this transaction, DIC ownership in Shufersal decreased to 26.0%.

December 2018: DIC – Own shares repurchase

DIC's Board of Directors approved a plan for the acquisition of its own shares, for a period of one year, until December 2019, for a maximum amount of NIS 120 million (approximately ARS 1,203 million).

During December 2018, DIC acquired 2.1 million shares for a total amount of NIS 19 million (approximately ARS 200 million).

December 2018: Increase in participation in subsidiaries of DIC

PBC: DIC acquired in the market an additional 3% of its stake in PBC for NIS 55 million (equivalent to ARS 554 million) increasing its ownership to 67.5% of the company.

Cellcom: DIC exercised 1.5 million Cellcom's options (Series 1) that it had in its possession for an amount of NIS 31 million (approximately ARS 302 million). In addition, it purchased approximately 0.6 million Cellcom shares for NIS 15 million (approximately ARS 151 million). As a result of the exercise of the option and the acquisition, DIC's stake in Cellcom increased by 0.7% to 43.9%.

Elron: DIC acquired in the market an additional 9.2% of Elron shares for NIS 31 million (equivalent to ARS 311 million). As a result of this transaction, DIC's participation in Elron increased to 59.5%.

January 2019: Clal shares sale

On January 2, 2019, following instructions imparted by Israel's Capital Market, Insurance and Savings Commission to the Trustee, IDBD sold 4.5% of its equity interest in Clal through a swap transaction, in accordance with the same principles as applied to swap transactions that were made and reported to the market in the preceding months of May and August of 2017; and January, May and August 2018. The consideration for the transaction was of an approximate amount of NIS 127 million (equivalent to approximately ARS 1,270 million). After the aforementioned transaction was completed, the holding of IDBD in Clal was reduced to 25.3% of its share capital.

XV. Summarized Comparative Consolidated Balance Sheet

(in ARS million)	12.31.2018	06.30.2018
Non-current assets	298,433	309,254
Current assets	129,188	122,438
Total assets	**427,621**	**431,692**
Capital and reserves attributable to the equity holders of the parent	42,324	50,259
Non-controlling interest	48,871	47,671
Total shareholders' equity	**91,195**	**97,930**
Non-current liabilities	269,983	274,008
Current liabilities	66,443	59,754
Total liabilities	**336,426**	**333,762**
Total liabilities and shareholders' equity	**427,621**	**431,692**

XVI. Summarized Comparative Consolidated Income Statement

(in ARS million)	12.31.2018	12.31.2017
Profit from operations	**-171**	**15,569**
Share of profit of associates and joint ventures	-705	101
Profit from operations before financing and taxation	**-876**	**15,670**
Financial income	1,037	618
Financial cost	-9,031	-9,663
Other financial results	1,213	1,024
Inflation adjustment	-387	-186
Financial results, net	**-7,168**	**-8,207**
Profit before income tax	**-8,044**	**7,463**
Income tax	1,880	3,366
Profit / (loss) for the period from continued operations	**-6,164**	**10,829**
(Loss) / Profit from discontinued operations after taxes	717	1,291
Profit for the period	**-5,447**	**12,120**
Other comprehensive income / (loss) for the period	244	-4,415
Total comprehensive income / (loss) for the period	**-5,203**	**7,705**
Attributable to:		
Equity holders of the parent	**-5,458**	**8,110**
Non-controlling interest	**255**	**-405**

XVII. Summary Comparative Consolidated Cash Flow

(in ARS million)	12.31.2018	12.31.2017
Net cash generated from operating activities	6,892	11,715
Net cash generated from / (used in) investing activities	166	-14,395
Net cash generated from financing activities	824	14,491
Net increase in cash and cash equivalents	**7,882**	**11,811**
Cash and cash equivalents at beginning of year	47,569	41,017
Cash and cash equivalents reclassified to held for sale	-634	-104
Foreign exchange gain on cash and changes in fair value of cash equivalents	-1,582	-5,724
Inflation adjustment	-19	0
Cash and cash equivalents at period-end	**53,216**	**47,000**

XVIII. Comparative Ratios

(in ARS million)	12.31.2018		12.31.2017	
Liquidity				
CURRENT ASSETS	129,188	1.94	118,349	1.66
CURRENT LIABILITIES	66,443		71,318	
Indebtedness				
TOTAL LIABILITIES	336,426	7.95	300,954	6.32
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	42,324		47,591	
Solvency				
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	42,324	0.13	47,591	0.16
TOTAL LIABILITIES	336,426		300,954	
Capital Assets				
NON-CURRENT ASSETS	298,433	0.70	270,784	0.70
TOTAL ASSETS	427,621		389,133	

XIX. EBITDA Reconciliation

In this summary report we present EBITDA and Adjusted EBITDA. We define EBITDA as profit for the period excluding: (i) interest income, (ii) interest expense, (iii) income tax expense, and (iv) depreciation and amortization. We define Adjusted EBITDA as EBITDA minus (i) total financial results, net excluding interest expense, net (mainly foreign exchange differences, net gains/losses from derivative financial instruments; gains/losses of financial assets and liabilities at fair value through profit or loss; and other financial results, net) and minus (ii) share of profit of associates and joint ventures and minus (iii) net unrealized gains from fair value adjustment of investment properties.

EBITDA and Adjusted EBITDA are non-IFRS financial measures that do not have standardized meanings prescribed by IFRS. We present EBITDA and adjusted EBITDA because we believe they provide investors supplemental measures of our financial performance that may facilitate period-to-period comparisons on a consistent basis. Our management also uses EBITDA and Adjusted EBITDA from time to time, among other measures, for internal planning and performance measurement purposes. EBITDA and Adjusted EBITDA should not be construed as an alternative to profit from operations, as an indicator of operating performance or as an alternative to cash flow provided by operating activities, in each case, as determined in accordance with IFRS. EBITDA and Adjusted EBITDA, as calculated by us, may not be comparable to similarly titled measures reported by other companies. The table below presents a reconciliation of profit from operations to EBITDA and Adjusted EBITDA for the periods indicated:

For the six-month period ended December 31 (in ARS million)		
	2018	**2017**
Profit for the period	-5,447	12,120
(Loss) / Profit from discontinued operations	-717	-1,291
Interest income	-570	-459
Interest expense	7,221	9,428
Income tax	-1,880	-3,366
Depreciation and amortization	3,022	2,897
EBITDA (unaudited)	**1,629**	**19,329**
Unrealized net gain from fair value adjustment of investment properties	5,777	-8,535
Share of profit of associates and joint ventures	705	-101
Dividends earned	-43	-67
Foreign exchange differences net	1,375	-25
(Gain) / loss from derivative financial instruments	-342	-94
Fair value gains of financial assets and liabilities at fair value through profit or loss	-871	-930
Inflation adjustment	387	186
Other financial costs/income	11	168
Adjusted EBITDA (unaudited)	**8,628**	**9,931**
Adjusted EBITDA Margin (unaudited)[(1)]	**30.95%**	**35.62%**

(1) Adjusted EBITDA margin is calculated as Adjusted EBITDA, divided by revenue from sales, rents and services.

XX. Brief comment on future prospects for the Fiscal Year

Our businesses in Argentina and Israel have posted sound results for the first 6 months of fiscal year 2019. We believe that the diversification of our business, with real estate assets in Argentina and abroad, favorably positions us to face all the challenges and opportunities that may arise in the coming years.

As concerns our Argentina Business Center, our subsidiary IRSA Propiedades Comerciales S.A. has showm a deceleration in consumption in its shopping malls, whose sales dropped in real terms by 16%. The rest of fiscal year 2019 will be a challenge for the consumption in shopping malls given the context of economic recession and high inflation. The office business continues solid with dollar tied revenues that allows IRCP to partially offset the effect of the recession.

Regarding investments, during the current fiscal year, IRSA CP plans to incorporate approximately 15.000 sqm of the expansion works in progress of some of its shopping malls highlighting the work of Alto Palermo's third level, which foresees to add 4,000 sqm of GLA in FY 2020 to the most profitable shopping mall in the portfolio. Also, it will put into operation the "Zetta Building", of 32,000 sqm of GLA, located in the commercial complex adjacent to Dot Baires shopping mall, whose units have already been delivered to the tenants "Mercado Libre" and "Falabella" for its conditioning prior to the inauguration. Additionally, IRSA CP will advance in the development of 35,468 sqm of GLA of the "Catalinas" building located in one of the most premium areas for the development of offices in Argentina.

In addition to the projects in progress, the company has a large reserve of land for future developments of shopping malls and offices in Argentina in a context of a high potential industry. We hope to have the economic, financial and governmental conditions to be able to execute the growth plan of our subsidiary IRSA Propiedades Comerciales.

In relation to the investment in the Israeli IDBD and DIC companies, we will keep working in 2019 to continue reducing the company's debt levels, sell the non-strategic assets of the portfolio and improve the operating margins of each of the operating subsidiaries. Likewise, we will work on the fulfilment of the second stage of requirement of the Concentration Law, which requires eliminating one more of public company level before December 2019 and on the sale or control permits of the insurance company, Clal.

Taking into account the quality of the real estate assets in our portfolio, the Company's financial position and low indebtedness level and its franchise for accessing the capital markets, we remain confident that we will continue consolidating the best real estate portfolio in Argentina and Israel. Moreover, in line with our continuous pursuit of business opportunities and having in mind the general and specific conditions of the national and international markets, we keep evaluating different actions to optimize our capital structure.

Alejandro G. Elsztain

Second Vice-Chairman in exercise
of the presidency

Unaudited Condensed Interim Consolidated Statements of Financial Position as of December 31, 2018 and June 30, 2018

(All amounts in millions, except otherwise indicated)

	Note	12.31.18	06.30.18
ASSETS			
Non-current assets			
Investment properties	8	205,674	207,497
Property, plant and equipment	9	18,322	18,111
Trading properties	10, 21	4,483	8,477
Intangible assets	11	15,375	15,805
Other assets		50	241
Investments in associates and joint ventures	7	28,268	33,039
Deferred income tax assets	18	350	456
Income tax and MPIT credit		437	529
Restricted assets	12	3,824	2,606
Trade and other receivables	13	10,634	10,379
Investments in financial assets	12	2,089	2,186
Financial assets held for sale	12	8,927	9,928
Total non-current assets		**298,433**	**309,254**
Current assets			
Trading properties	10, 21	2,871	4,175
Inventories	21	757	803
Restricted assets	12	3,966	5,411
Income tax and MPIT credit		404	507
Group of assets held for sale	27	7,800	6,618
Trade and other receivables	13	18,878	19,057
Investments in financial assets	12	34,005	32,494
Financial assets held for sale	12	7,206	5,693
Derivative financial instruments	12	85	111
Cash and cash equivalents	12	53,216	47,569
Total current assets		**129,188**	**122,438**
TOTAL ASSETS		**427,621**	**431,692**
SHAREHOLDERS' EQUITY			
Shareholders' equity attributable to equity holders of the parent (according to corresponding statement)		42,324	50,259
Non-controlling interest		48,871	47,671
TOTAL SHAREHOLDERS' EQUITY		**91,195**	**97,930**
LIABILITIES			
Non-current liabilities			
Borrowings	16	230,686	230,784
Deferred income tax liabilities	18	31,504	33,836
Trade and other payables	15	2,164	4,608
Income tax and MPIT liabilities		1	-
Provisions	17	5,047	4,524
Employee benefits		131	140
Derivative financial instruments	12	367	31
Salaries and social security liabilities		83	85
Total non-current liabilities		**269,983**	**274,008**
Current liabilities			
Trade and other payables	15	14,188	18,786
Borrowings	16	43,892	32,616
Provisions	17	1,346	1,342
Group of liabilities held for sale	27	4,589	4,134
Salaries and social security liabilities		1,761	1,978
Income tax and MPIT liabilities		484	667
Derivative financial instruments	12	183	231
Total current liabilities		**66,443**	**59,754**
TOTAL LIABILITIES		**336,426**	**333,762**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**427,621**	**431,692**

The accompanying notes are an integral part of the consolidated financial statements,

Unaudited Condensed Interim Consolidated Statements of Income and Other Comprehensive Income for the six and three-month period ended December 31, 2018 and 2017

(All amounts in millions, except otherwise indicated)

		Six month		Three month	
	Note	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Revenues	19	27,879	23,732	15,009	12,436
Costs	20, 21	(16,283)	(13,421)	(8,404)	(7,081)
Gross profit		**11,596**	**10,311**	**6,605**	**5,355**
Net (loss) / gain from fair value adjustment of investment properties	8	(5,451)	10,206	(13,619)	8,141
General and administrative expenses	20	(3,189)	(2,739)	(1,659)	(1,432)
Selling expenses	20	(3,474)	(3,288)	(1,704)	(1,681)
Other operating results, net	22	347	1,079	97	914
(Loss) / profit from operations		**(171)**	**15,569**	**(10,280)**	**11,297**
Share of loss of associates and joint ventures	7	(705)	101	(475)	(561)
(Loss) / profit before financial results and income tax		**(876)**	**15,670**	**(10,755)**	**10,736**
Finance income	23	1,037	618	(466)	286
Finance costs	23	(9,031)	(9,663)	2,682	(3,471)
Other financial results	23	1,213	1,024	(7,109)	550
Inflation adjustment		(387)	(186)	15	142
Financial results, net		**(7,168)**	**(8,207)**	**(4,878)**	**(2,493)**
(Loss) / profit before income tax		**(8,044)**	**7,463**	**(15,633)**	**8,243**
Income tax expense	18	1,880	3,366	4,040	5,031
(Loss) / profit for the period from continuing operations		**(6,164)**	**10,829**	**(11,593)**	**13,274**
Profit for the period from discontinued operations	28	717	1,291	772	731
(Loss) / profit for the period		**(5,447)**	**12,120**	**(10,821)**	**14,005**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustment		200	(4,742)	(10,347)	(1,077)
Change in the fair value of hedging instruments net of income taxes		28	-	27	-
Items that may not be reclassified subsequently to profit or loss, net of income tax:					
Actuarial profit from defined contribution plans		-	(72)	-	(50)
Other comprehensive loss for the period from continuing operations		**228**	**(4,814)**	**(10,320)**	**(1,127)**
Other comprehensive (loss) / income for the period from discontinued operations		16	399	(420)	115
Total other comprehensive loss for the period		**244**	**(4,415)**	**(10,740)**	**(1,012)**
Total comprehensive (loss) / income for the period		**(5,203)**	**7,705**	**(21,561)**	**12,993**
Total comprehensive (loss) / income from continuing operations		(5,936)	6,015	(21,913)	12,147
Total comprehensive income from discontinued operations		733	1,690	352	846
Total comprehensive (loss) / income for the period		**(5,203)**	**7,705**	**(21,561)**	**12,993**
(Loss) / profit for the period attributable to:					
Equity holders of the parent		(5,271)	9,762	(6,402)	2,943
Non-controlling interest		(176)	2,358	(4,419)	11,062
(Loss) / profit from continuing operations attributable to:					
Equity holders of the parent		(6,005)	9,088	(5,612)	3,325
Non-controlling interest		(159)	1,741	(5,981)	9,949
Total comprehensive (Loss) / income attributable to:					
Equity holders of the parent		(5,458)	8,110	(8,765)	2,928
Non-controlling interest		255	(405)	(12,796)	10,065
Total comprehensive (Loss) / income from continuing operations attributable to:					
Equity holders of the parent		(6,208)	7,168	(8,955)	2,471
Non-controlling interest		272	(1,153)	(12,958)	9,676
(Loss) / profit per share attributable to equity holders of the parent:					
Basic		(9.17)	16.98	(11.13)	5.12
Diluted		(9.17)	16.86	(11.13)	5.08
(Loss) / profit per share from continuing operations attributable to equity holders of the parent:					
Basic		(10.44)	15.81	(9.76)	5.78
Diluted		(10.44)	15.70	(9.76)	5.74

The accompanying notes are an integral part of the consolidated financial statements.

Unaudited Condensed Interim Consolidated Statements of Cash Flows for the six-month periods ended December 31, 2018 and 2017

(All amounts in millions, except otherwise indicated)

	Note	12.31.2018	12.31.2017
Operating activities:			
Net cash generated from continuing operating activities before income tax paid	14	6,712	7,750
Income tax and MPIT paid		(498)	(265)
Net cash generated from continuing operating activities		**6,214**	**7,485**
Net cash generated from discontinued operating activities		678	4,230
Net cash generated from operating activities		**6,892**	**11,715**
Investing activities:			
(Increase) Decrease of interest in associates and joint ventures		(12)	46
Acquisition, improvements and advance payments for the development of investment properties		(2,571)	(1,901)
Decrease in cash due to deconsolidation of subsidiary		(6)	-
Proceeds from sales of investment properties		17	390
Acquisitions and improvements of property, plant and equipment		(1,521)	(1,450)
Advanced payments		-	(229)
Acquisitions of intangible assets		(1,064)	(540)
Proceeds from sales of property, plant and equipment		9	-
Acquisitions of subsidiaries, net of cash acquired		(39)	-
Net increase of restricted deposits		(414)	(964)
Dividends collected from associates and joint ventures		160	-
Proceeds from sales of interest held in associates and joint ventures		4,746	-
Proceeds from loans granted		68	846
Payment of acquisition of non-controlling interest		(227)	-
Acquisitions of investments in financial assets		(14,892)	(20,415)
Proceeds from disposal of investments in financial assets		15,451	11,484
Interest received from financial assets		448	246
Dividends received		43	117
Loans granted to related parties		(8)	(541)
Loans granted		-	(141)
Net cash generated from / (used in) continuing investing activities		**188**	**(13,052)**
Net cash used in discontinued investing activities		(22)	(1,343)
Net cash generated from / (used in) in investing activities		**166**	**(14,395)**
Financing activities:			
Borrowings and issuance of non-convertible notes		24,561	20,560
Payment of borrowings and non-convertible notes		(14,800)	(9,489)
Obtention (payment) of short term loans, net		(706)	30
Interests paid		(5,604)	(4,124)
Repurchase of non-convertible notes		(1,441)	-
Capital contributions from non-controlling interest in subsidiaries		94	247
Acquisition of non-controlling interest in subsidiaries		(1,120)	-
Proceeds from sales of non-controlling interest in subsidiaries		5	5,010
Loans received from associates and joint ventures, net		50	-
Payment of borrowings to related parties		(1)	-
Dividends paid			-
Dividends paid to non-controlling interest in subsidiaries		(299)	(141)
Proceeds from derivative financial instruments, net		192	167
Net cash generated from continuing financing activities		**852**	**12,260**
Net cash used in discontinued financing activities		(28)	2,231
Net cash generated from financing activities		**824**	**14,491**
Net increase in cash and cash equivalents from continuing activities		7,254	6,693
Net increase in cash and cash equivalents from discontinued activities		628	5,118
Net increase in cash and cash equivalents		**7,882**	**11,811**
Cash and cash equivalents at beginning of period	13	47,569	41,017
Cash and cash equivalents reclassified to held for sale		(634)	(104)
Foreign exchange gain on cash and changes in fair value of cash equivalents		(1,582)	(5,724)
Inflation adjustment		(19)	-
Cash and cash equivalents at end of period	13	**53,216**	**47,000**

The accompanying notes are an integral part of the consolidated financial statements,

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