

CRESUD INC
Form 6-K
September 21, 2009
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15b-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of September, 2009

**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)

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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CRESUD S.A.C.I.F. and A

(THE COMPANY)

REPORT ON FORM 6-K

Attached is an English translation of the Annual Report and Financial Statements corresponding to the fiscal year ended on June 30, 2009 and 2008.

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Cresud Sociedad Anonima

Comercial, Inmobiliaria,

Financiera y Agropecuaria

Annual Report and Free Translation of the Financial Statements

for the fiscal years ended

June 30, 2009 and 2008

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**Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria**

Financial Statements

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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 Companhia Brasileira de Propriedades Agrícolas (BrasilAgro), and in other Latin American countries. We are currently involved in a range of activities including crop production, beef cattle raising and milk production. Our business model, which is in process of expansion abroad, taking into account the specific conditions of each country, focuses on the acquisition, development and exploitation of properties having attractive prospects for agricultural production and/or value appreciation and the selective disposition of such properties where appreciation has been realized. Our shares are listed on the Buenos Aires Stock Exchange and the NASDAQ.

As of June 30, 2009, we owned 25 farms with approximately 484,246 hectares. About 41,740 hectares of the land we own are used for crop production, approximately 96,064 hectares are for beef cattle production, 100,911 hectares are for sheep production, 4,334 hectares are for milk production and approximately 3,185 hectares are leased to third parties for crop and beef cattle production. The remaining 238,012 hectares of land reserve are primarily natural woodlands. In addition, through our subsidiary Agropecuaria Anta S.A. we have the right 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 ended on June 30, 2009, we leased 57,938 hectares from third parties for crop production and 32,795 hectares for beef cattle production.

During the fiscal years ended June 30, 2008 and 2009, we had consolidated sales of Ps. 185.6 million and Ps. 1,254.7 million, production income of Ps. 159.8 million and Ps. 172.5 million, and consolidated net income of Ps. 22.9 million and Ps. 124.6 million, respectively. During the fiscal years ended June 30, 2008 and June 30, 2009, our total consolidated assets increased 188.7% from Ps. 2,069.8 million to Ps. 5,976.1 million, and our consolidated shareholders' equity increased 2.9% from Ps. 1,762.3 million to Ps. 1,812.9 million.

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):

	Uses of land				
	Fiscal Year ended June 30,				
	2005	2006	2007	2008	2009
	(1) (6)	(1) (7)	(1) (7) (8)	(1) (7) (8) (9)	(1) (7) (8) (9) (10)
	<i>(in hectares)</i>				
Crops ⁽²⁾	39,831	41,283	53,579	63,900	115,411
Beef Cattle ⁽³⁾	96,380	129,946	114,097	123,935	128,859
Milk	1,776	1,698	2,609	4,320	4,334
Sheep			90,000	90,000	100,911
Natural woodlands ⁽⁴⁾	263,177	418,477	393,677	385,573	356,796
Owned farmlands leased to others	9,978	14,229	13,771	8,467	8,317
Total ⁽⁵⁾	411,142	605,633	667,733	674,195	714,628

(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.

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- (5) During fiscal year 2005, 16,299 hectares were leased for agricultural production. As of June 30, 2006, farmlands were leased in which 17,004 hectares were assigned to agricultural production and 32,647 to beef cattle production (including the Ñacurutú farm). 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.

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- (6) Includes 977 hectares of San Enrique farm and 30,350 hectares of Ñacurutú farm, sold in fiscal year 2005.
- (7) Includes 6,022 hectares of San Pedro farm purchased on September 1, 2005 and approximately 162,000 hectares through our 99.99% interest in Agropecuaria Anta S.A. which holds, among other assets and rights, the concession for the start-up of production pertaining to a comprehensive development project. Does not include 5,727 hectares of El Gualicho farm sold on July 25, 2005.
- (8) 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. Includes 24% of 170 hectares owned by Cactus Argentina S.A.
- (9) Does not include 4,974 hectares of Los Pozos farm and 2,430 hectares of La Esmeralda farm, which were sold in fiscal year 2008.
- (10) 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 41,931 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 Decree No. 3766 of the Executive Branch of Salta. Includes 48% of the 170 hectares owned by Cactus Argentina S.A. Does not include rental for 1,829 hectares of El Recreo.

We are also directly engaged in the Argentine real estate business through our subsidiary Inversiones y Representaciones S.A. (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 June 30, 2009, Cresud held a 55.64% interest in IRSA.

In September 2005, we, together with certain Brazilian partners, founded BrasilAgro, a startup 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, 2009, we owned 19.14% of the outstanding common shares of BrasilAgro. As of June 30, 2009, our investment in BrasilAgro represented approximately 3.6% of our total consolidated assets.

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LETTER TO SHAREHOLDERS

To our shareholders:

During fiscal year 2009 the world economy has faced one of the most challenging financial crises of the last 80 years, which has cast doubts on the rate of expansion of the world economy that markets took for granted a year ago. This has affected the valuation of physical and financial assets worldwide and, within this context, the prices of agricultural commodities, which bear an impact on the current performance and future growth of our business, have been lower than expected.

In addition, agricultural and livestock activities throughout Argentina have been seriously impaired during the current campaign due to one of the most severe droughts of the last decades, leading to smaller yields of the main crops produced in the country. According to the US Department of Agriculture (USDA), harvests of wheat, corn and soybean for the 2008/2009 campaign would have decreased 49%, 43% and 30% compared to the previous year. The drop in prices and production volumes has affected margins in the agricultural and livestock business in general, and our operations have not been an exception.

Despite the adverse scenario of the last campaign, long-term demand for food remains stable, as evidenced by the sharp upturn in soybean international prices after successive drops during the last quarter of calendar year 2008. The USDA forecasts growth in the demand for agricultural commodities in a 10-year term, which require 45 million hectares to be put into production in a base case. Consequently, we believe that the prospects for agricultural and livestock production and development of agricultural land in the long term are favorable and, accordingly, we will maintain the direction of our strategy. In addition, if we consider that investment in real estate and farmland has historically represented a protection against inflation in times of monetary expansion, the prospects for value appreciation of these assets are even more attractive, given the volume of financial resources that the major governments in the world have injected into the market in recent months in order to promote recovery in the short term.

The current context of unprecedented volatility in the financial markets, has found our Company in an excellent position thanks to its liquidity arising from the placement of shares carried out during March 2008. This liquidity has allowed us to consolidate growth strategies and strengthen Cresud's equity through actions conducted in various areas. Firstly, we have made progress with our regional expansion plan in Latin America by increasing our equity interest in our subsidiary Brasilagro to 19.14%, acquiring over 12,000 hectares of productive land in Bolivia at attractive prices, and launching an agricultural, cattle breeding and forestry project involving the future development of 140,000 hectares with a strategic partner in the Republic of Paraguay. Secondly, we have increased our equity interest in IRSA Inversiones y Representaciones Sociedad Anónima to 57.12% as of the date of this letter. This decision has had a significant impact on annual results.

Regarding other opportunities that emerged in the new context and that we took to strengthen our financial position, in August 2008, as a result of the evident distortion in the price of Cresud's share compared to the quality of the Company's assets, we announced a share repurchase plan. The result of this decision has been successful, as we have repurchased 5.98% of outstanding capital stock at an average price of US\$ 7.18 per ADR, below current market levels, for the benefit of our shareholders. In addition, at year-end Cresud, IRSA and Alto Palermo had acquired, on a consolidated basis, US\$ 102.7 million in nominal value of Notes issued by IRSA and Alto Palermo S.A. in 2007. Through these purchases we have invested our surplus in instruments for which the low prices at the time of acquisition reflected an excessive risk perceived by the market. This has also allowed the Company to reduce its consolidated debt held by third parties. For these reasons, the above mentioned purchases of Notes have clearly contributed to improving Cresud's solvency indicators.

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In prior years, farms sales have allowed us to realize the land value appreciation inherent in the Company's strategy. Global uncertainty prevailing in the market coupled with the conditions for production during the last campaign have affected the volume of transactions on farmlands in the Argentine market. During the current year, however, we have sold a small undeveloped parcel of 1,658 hectares of our Los Pozos farm in Salta at US\$ 320 per hectare, 32 times higher than its acquisition cost, which reveals the value appreciation potential of these hectares when developed.

We continued with our development efforts over Los Pozos, where we have already put into production more than 43,000 hectares for livestock activities and approximately 4,400 hectares for agricultural activities. Hosting about 55,000 heads of cattle, Los Pozos is thus the largest beef cattle farm in Argentina with high efficiency indicators per hectare.

During the current fiscal year, our subsidiary Brasilagro has increased the number of sown hectares by 52% compared to the previous year, with 33,504 hectares being sown from its total portfolio of 165,373 hectares. These hectares are distributed among 8 farms and have been assigned to the production of soybean, corn, rice, sorghum and sugar cane. Brasilagro's liquidity enables it to take any new acquisition or development opportunities that may arise.

As concerns our agricultural, livestock and forestry project in the Republic of Paraguay, we have made progress through our subsidiary Cresca S.A., where we hold a 50% interest. We intend to complete the development of the 41,930 hectares within a term of approximately 5 years, while maintaining about 50% of these hectares in reserve as required by environmental regulations of Paraguay. For such purpose, we have developed 3,000 hectares that will be used for agricultural production during the next campaign, and next year we expect to continue developing another 5,000 hectares.

The farms purchased in the Republic of Bolivia are in an advanced stage of operation. We have harvested approximately 10,000 hectares of summer crops, and have already sown over 11,000 hectares of winter crops. This possibility of annual double harvesting on the same surface area not only provides better yields in terms of adding summer results, but also increases soil productivity through appropriate crop rotation and fertilization techniques.

We aspire to have the best property portfolio in Latin America where low population density and hence larger number of hectares available for production result in a unique capacity for exporting commodities. We will continue to work for Cresud to attain the position as best vehicle for tapping opportunities in the region leading to the consolidation of a regional property portfolio with major appreciation potential. Based on the land available for agricultural production and the excess of food production per capita in Latin America, we believe that Cresud has a unique expertise and regional position that will ensure a successful implementation of its strategy, by anticipating the land appreciation cycle both within and outside Argentina.

These times of major challenges find us involved in projects with demanding objectives. I would hence like to thank our shareholders, investors, customers and suppliers for their trust and unremitting support, and to our directors and employees for their unconditional efforts and unfailing commitment, without which it would be impossible to achieve our goals year after year.

City of Buenos Aires, September 8, 2009.

Saúl Zang
Vice-president I
Acting as President

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OUR 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 held 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 to the final stage of the real estate development cycle by transforming rural properties into urban areas as the boundaries of urban development continue to extend into rural areas. To do so, we generally focus on acquisitions of properties outside of highly developed agricultural regions and/or properties whose value we believe is likely to be enhanced by proximity to existing or expected infrastructure.

Applying modern technologies to enhance operating yields and property values. We believe that an opportunity exists to improve the productivity and long-term value of inexpensive and/or underdeveloped land by investing in modern technologies such as genetically modified and high yield seeds, direct sowing techniques, 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 state-of-the-art milking technologies in our dairy business.

Anticipating market trends. We seek to anticipate market trends in the agribusiness sector by (i) identifying opportunities generated by economic development at local, regional and worldwide levels, (ii) detecting medium- and long-term increases or decreases in supply and demand caused by changes in the world's food consumption patterns and (iii) using land for the production of food 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, 2009, BrasilAgro had 8 properties totaling 165,373 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, Cresud entered into a number of agreements to formalize its positioning in South American countries. At June 30, 2009, the Company owned 12,166 hectares located in the Republic of Bolivia, and 50% of 41,931 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 state-of-the-art 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 (through its controlled subsidiary Provemex Holdings LLC), hereinafter "Tyson Foods", to set up Cactus Argentina S.A. ("Cactus"), a feedlot and slaughterhouse operator.

In connection with our milk production, we plan to continue developing our activities through the use of state-of-the-art technology and advanced feeding and techniques relating to animal health.

Increased production. We seek to increase our crop, beef cattle and milk production in order to achieve economies of scale by:

Increasing our owned land 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 June 30, 2009, we owned 238,012 hectares of land reserves and held approximately 132,000 hectares under concession located in under-utilized areas where agricultural and livestock 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.

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

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differing weather patterns and to continue to seed 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 mitigate further our exposure to regional weather conditions and country-specific risks.

Preservation of long-term value of our investment in IRSA

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

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MACROECONOMIC CONTEXT

The International Context

The global economy has been severely affected by the financial crisis and the slow-down in the level of global activity. According to IMF estimates, the actual GDP of the developed economies shrank by 7.5% in the fourth quarter of 2008 and it is estimated that in the first quarter of 2009 GDP continued to decrease at a similar rate, which would turn this into the most severe global recession in five decades.

Since the beginning of the financial crisis until June 2009, the IMF calculates that GDP per capita at the global level has decreased by 3.68% on a weighted basis, industrial production fell by 6.23%, total imports and exports shrank by 11.75%, the consumption of oil shrank by 1.5%, unemployment (in percentage changes and only in the developed economies) rose by 2.56%, capital flows (as a percentage of GDP) diminished by 6.18%, consumption per capita fell by 1.11% and that there has been an 8.74% decrease in investments.

With the global economic activity cooling fast, inflationary pressures sustained an equally rapid dissipation. The prices of raw materials fell considerably compared to the peaks posted in midst-2008, which brought about a loss of revenues in the economies that export these products, mainly in Latin America and Africa. At present, and despite a recovery, the prices have not yet returned to the peaks reached in the year 2008.

Although this recession is driven by a major drop in the level of activity in the developed economies, emerging economies have sustained its impact as well due to the high degree of contagiousness and synchronicity that prevails in today's world.

Most probably, it is the US economy that has taken the hardest blow from the financial strains and the deceleration in the home sector. However, Western Europe and the developed economies of Asia have been seriously affected by the collapse in global trade and their worsening financial difficulties. The economies in the emerging markets have also encountered problems and in aggregate numbers, they have shrunk by 4% in the fourth quarter of 2008.

The varying policy measures adopted in connection with this situation range from expansive monetary measures, capital injections by some governments and a broad range of liquidity supply services to fiscal stimulus programs. These would seem to be yielding a positive outcome in stabilizing the situation in the medium term, although existing prospects are uncertain.

Even though trust in the financial markets is still scarce, since the G-20 meeting in early April 2009, there have been encouraging signs of economic recovery. Both France and Germany have recently announced that they are no longer in recession as GDP had grown by 0.3% in the second quarter of 2009 whereas China announced that its industrial production had grown by 8.9% in May compared to 7.3% in April.

Subsequent to the close of the fiscal year, signs of recovery such as increases in the level of economic activity started to show in some developed economies, and a decrease in the unemployment rate as well as improvements in the prices of homes in the U.S.

The Argentina's Economy

Within this international context, Argentina's GDP has succeeded in maintaining favorable performance during the year 2008, with 6.8% economic growth according to official sources. In the year 2009 to date, however, a slow-down has been perceived in the level of activity: the EMAE indicator, a monthly estimate of economic activity, has picked up that May 2009 did not show variations compared to May 2008, which is read as a sign of recession. Besides, Estudio Broda & Asoc. forecasts negative growth, at 4%, for the whole calendar 2009.

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As regards the Aggregate Demand, Total Consumption continues to be its main component. In this respect, during the first 3 months of calendar 2009, the relative weight of Total Consumption was about 70%.

In late 2008, consumption showed to be growing at slower rates, driven mainly by Private Consumption. According to Centro de Economía Regional y Experimental (CERX), in the first quarter of 2009 consumption dropped by 1.4% year-on-year and it is estimated that for calendar year 2009, private consumption would drop by 2.2% as a consequence of the reduction in real wages, the difficulties encountered by borrowers to honor their debts and the existence of uncertainty.

The drop in real wages would be due to an inflation rate that according to private sources would exceed the 16.43% salary raise in the course of fiscal 2009. It is worth noting that a comparison of March 2009 to December 2008 points to a 15% increase in unemployment. However, it is important to note that this increase was due to the rise in the Economically Active Population (EAP) as the level of activity remained constant during the period under consideration.

Gross Domestic Fixed Investment (GDFI) appears to be one of the components of demand that shrank the most during the period (it posted a 14.2% drop in the first quarter of 2009) according to official sources. This decrease is explained by the reduction in investments in construction and the drop in durable production equipment (mainly imported components).

The use of installed capacity in the industrial sector stood at 70.8% in June 2009. This entails a 1.4% reduction compared to the situation a year earlier. The sectors that were most adversely affected were the basic metal industries and the car-making, textile and oil refining sectors. Despite the drop in the general level, there were sectors that performed favorably, including chemical substances and products, rubber and plastics production, tobacco and the food and beverages sectors.

As regards constructions, according to the Summary Indicator of Construction Activities (ISAC, in Spanish), this sector has accumulated a 2% decrease year-on-year during the first six months of the year.

In spite of the international crisis, during the first six months of this year the external sector showed a US\$ 9,861 million surplus in the trade balance, with a 93% positive variation year-on-year, according to official sources, continuing with the trend shown in 2008. Total exports amounted to US\$ 27,250 million compared to the US\$ 17,389 million disbursed in exchange for imports. This means that during the first six months of 2009 exports fell by 19% year-on-year whereas imports fell by 38%.

As regards exports, the decrease in their amount would be explained by a drop in the export prices that could not be offset by the increase in the quantities sold. As regards imports, the decline would be explained by a decrease in the prices and the quantities imported.

As concerns public finances, according to the Ministry of Economy, in the year 2008 the primary result yielded by the Public Sector was Ps. 28,148 million, i.e., 33% above the figure posted for 2007.

In November 2008 and as set forth in Section 1 of Law No. 26245, the Comprehensive Pension and Retirement System was unified into a single government-run social security system that has been named Argentine Integrated Social-Security System (SIPA, in Spanish) to be funded through a solidarity-based pay-as-you-go system that guarantees that the members and beneficiaries of the capitalization system that had been in place until the enactment of Law No. 26245 will receive identical coverage and treatment as that afforded by the government-run social security system. With this reform, the funds accumulated by the pension fund managers in

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the privately-run pension fund management system have been transferred to Argentina's social security authorities (*Administración Nacional de Seguridad Social - ANSeS*), an autarchic government agency that has been entrusted with managing the balances previously held by pension fund managers.

According to Estudio Broda & Asoc., in the year 2009 to date, tax collections have been adversely affected and surpluses have shrunk. From a year-on-year 34.8% growth in the first six-month period of 2008, tax collections only grew by 8% year-on-year in the same period of 2009 without considering the effect of the transfer of pension fund managers; if this effect were considered, the growth in tax revenues would be 14.6%. The growth in tax revenues in this six-month period was driven by the Social Security revenues. During the period, the government has not significantly curbed its Primary Expenditures (they grew by 30.9% year-on-year).

In connection with inflation, it is to be noted that there are discrepancies amongst analysts and pundits as regards the criteria used to measure the Consumer Price Index as published by the Argentine Institute of Statistics and Censuses (INDEC).

According to INDEC, the Consumer Price Index for Greater Buenos Aires would show inflation at approximately 2.17% in the period January through June 2009, whereas the Consumer Price Index for the rest (INDEC's approach to underlying inflation excluding prices that are regulated and prices that vary according to the season, such as food, apparel, tourism and education) showed a 1.5% increase. Likewise, there are discrepancies as regards the set of available indicators, as follows: Wholesale Domestic Price Indices (IPIM) (3.1% since December 2008) and Production Cost Index (ICC) (4.4% since December 2008).

For the year 2008, the Consumer Price Index for Greater Buenos Aires would show a year-on-year variation at December 2008 of 7.23%. Besides, the Consumer Price Index for the rest shows an 8.69% increase for the same period. The other indicators show again major discrepancies, as follows: Wholesale Domestic Price Indices (IPIM) (8.4% for 2008), Production Cost Index (ICC) (20.71% for 2008) and Index of GDP Implied Prices (IPI) (19.1% for 2008).

Finally, it is worth noting that amongst private estimates, the Consumer Price Index for 7 Provinces which had been showing significant correlation to the Consumer Price Index for Greater Buenos Aires until the year 2007, is now at around 20%. Other private consultants estimated prices to have risen by no less than 13% in the year to date and there were some others that calculated inflation to be about 23% for the year 2008 on the basis of their own surveys.

Closely related to monetary decisions is the Country Risk issue. During the period under analysis, Argentina has exhibited the greatest volatility as measured by this indicator compared to the other countries in the region. As a result, access to external financing has been restricted during the past year. Towards the end of 2008 and as a result of the domestic and international contexts, this indicator skyrocketed due to the scarcely favorable expectations for Latin America as a whole. During the last quarter of fiscal 2009, the indicator pointed to a downward trend as a result of expectations that already assumed that the international financial crisis would adversely affect the region.

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As a result of Country Risk volatility in October and November 2008, there was no access to external financing. On top of the heavy restrictions upon liquidity in the domestic market, the situation described had a bearing on the private bank deposit rate at 30 days, which exhibited major peaks in October and November 2008 and hit all-time highs close to 25% thus placing severe limitations on local funding during fiscal 2009. This notwithstanding, the Central Bank's strategy consisted in allowing the rate to fluctuate until it reached the levels fixed by market expectations and by the end of fiscal 2009 the rate was close to 13%.

As concerns the currency and terms of deposits, in the last month of fiscal 2009 a preference was perceived for assets with higher liquidity and for deposits in foreign currency. The latter rose by 77.06% during fiscal 2009.

As a consequence of the symptoms of the international financial crisis, the remittance of foreign currency abroad amounted to US\$ 11,195 million for the first six months of calendar 2009.

Besides, in connection with the nominal foreign exchange rate, the policy that entailed a preventative accumulation of foreign currency, which reached US\$ 46,026 million as of June 30, 2009, dispelled any doubts about the ability of the Central Bank to maintain the value of the currency.

During fiscal 2009 the actual multilateral exchange rate was also affected by the decrease in the level of exports discussed above. However, the index started to recover in December and reached the end of fiscal 2009 with a value that was 2.5% higher than the index at June 30, 2008.

Within this context, the monetary policy implemented by the Central Bank consisted in using the money in circulation plus deposits in checking accounts and savings accounts (which represent the monetary aggregate known as M2) to exert indirect influence on the interest rate. In the year 2009 to date, the Central Bank attained the objectives established in its Monetary Program 2009 exerting influence over the level of money in circulation through purchases and sales of treasury securities, purchases and sales of foreign currency, transactions with the public sector and repo transactions.

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The following table shows the main indicators that summarize the performance of the Argentine economy since the 2001 crisis.

Main Indicators

	2001	2002	2003	2004	2005	2006	2007	2008
Actual GDP Growth (in %)	-4.40%	-10.90%	8.80%	9.00%	9.20%	8.50%	8.50%	7.00%
Inflation (Combined prices) in % *	-1.70%	49.40%	16.00%	5.90%	9.10%	9.80%	8.50%	6.80%
Unemployment Rate ***	20.50%	20.70%	14.50%	13.00%	10.10%	8.70%	7.60%	7.30%
Primary Surplus (w/o privatizations) in % of GDP	0.50%	0.70%	2.30%	3.90%	3.70%	3.50%	3.20%	3.10%
Exports - FOB (US\$ million)	26,610	25,710	29,565	34,550	40,107	46,569	55,779	70,021
Imports - CIF (US\$ million)	20,320	8,991	13,834	22,447	28,688	33,500	44,706	57,423
Trade balance (US\$ million)	6,289	16,719	15,731	12,103	11,419	12,410	11,073	12,598
Balance of Payments Current Account (US\$ billion) **	-3,291	8,673	7,659	3,349	5,705	8,053	7,466	7,034

Source INDEC

(*) **Consumer Price Index Greater Buenos Aires - INDEC**

(**) **On an accrual basis**

(***) **Country average (as a % of Economically Active Population)**

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AGRICULTURE AND CATTLE RAISING SECTORS IN ARGENTINA

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

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

Agriculture Sector

According to estimates of the Argentine Secretary of Agriculture, Cattle Raising, Fisheries and Food Industries (SAGPyA in Spanish), the 2007/2008 farm season represented another record hit for Argentina, with total production estimated at over 96 million tons, 2.7% higher than the previous season. Total production of oilseeds for the 2007/08 campaign reached 51.5 million tons, 0.3% lower than the previous campaign, while total production of cereals during 2007/2008 amounted to 44.5 million tons, 6.5% higher than the previous campaign.

Source: Agricultural Estimates - SAGPyA.

This increase in the total grain production during 2007/2008 compared to the previous season is explained mainly by the increase in sown area, which rose 6.1%, as yields were affected by various weather problems.

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Source: Agricultural Estimates - SAGPyA.

However, in the last months one of the most significant droughts in the last 70 years has affected the main productive regions of the country, with a negative impact on the agriculture and livestock sector in the 2008/2009 farm season as well as on the prospects for the next season in terms of yields and sown areas. According to estimates of the Argentine Secretary of Agriculture, Cattle Raising, Fisheries and Food Industries (SAGPyA in Spanish), the production of sunflower is expected to drop by approximately 48.4% during this season compared to the previous season. In the case of wheat, from the 16.3 million tons produced in the previous season, the output for the 2008/2009 season is expected to be 8.3 million tons. In connection with corn, the output is expected to be between 12.5 and 13.8 million tons, compared to approximately 22.0 million tons for the previous season. As concerns soybean, according to the United States Department of Agriculture (USDA), production in Argentina will reach 32.0 million tons compared to 46.2 million tons in the previous season. Crop prices have improved after the drop caused by the global financial and economic crisis, mostly due to the decrease in the production of crops in South America as a result of the drought.

As regards export taxes, in November 2007 the Argentine government raised the withholding rates applied on exports of soybean and soybean by-products (from 27.5% to 35%), wheat (from 20% to 28%) and corn (from 20 to 25%). Through this scheme, the government withheld a fixed percentage over the FOB price of grains, which meant that any future price increase would have had an impact on both the farmers' and the government's revenues. Given the structure of export taxes, the other side of the significance of the agriculture and livestock sector in terms of exports is the impact it has on the fiscal area. In 2008, exports of agriculture and livestock products (crops and beef without an integrated industrial process) accounted for 32% of total revenues from export taxes, which in turn represented 13.4% of the Argentine State's total revenues.

Since 1994, agricultural production has been growing significantly as a result of changes in production systems with the extension of direct sowing, biotechnology and the larger use of agrochemicals, fertilizers and irrigation. In addition, the increase in sown areas with the incorporation of marginal areas to production and the expansion of agricultural activity into traditionally cattle raising areas, added to higher yields, have been the major drivers of growth.

Along with this production process, exports of crops and by-products have also shown a sustained growth in the last years. From the total of US\$ 70,589 million of foreign sales during 2008, US\$ 24,157 million resulted from sales of beans, soybean oil, flour and pellets, corn and wheat exclusive for sowing and oil, sunflower seeds and pellets, which represents 34.2% of total foreign sales. Argentina is the third worldwide exporter of soybean crops and the largest global supplier of soybean oil and flour, the second worldwide exporter of corn, and is positioned among the five largest exporters of wheat despite the estimated decrease in the number of tons of crops exported during the 2008/09 season.

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According to the report prepared by the United States Department of Agriculture, USDA Agricultural Baseline Projections to 2018, the Argentine agricultural production continues to have very good prospects, and the country is positioned as a strong competitor of the US in the agriculture and cattle raising sector.

According to the USDA's report, as a general framework, a slowdown in worldwide economic growth is anticipated for the first period of the 2009-2018 projections, but with a recovery after 2010, to stay above the historical growth average during the second part of the above mentioned period. This recovery is the basis for growth in global demand for agriculture and livestock products. The average rate of growth of the global economy is expected to be 3.4% per year between 2009 and 2018. The higher growth expected in developing countries is the basis for the strong demand for food anticipated for the coming years, as their populations obtain higher revenues.

In the last eight years the world consumption of cereals and oilseeds has exceeded production, resulting in a substantial reduction of stocks and a strong rise in prices between 2003 and 2008. Consequently, there was an increase in the global sown area during 2008 and, coupled with good weather conditions, world production of cereals and oilseeds grew by 5%.

According to the USDA's report, the main expansion of sown area will occur in countries with available land reserves such as Brazil, other Latin American countries, some countries of Eastern Europe and Ukraine.

According to the USDA, world production of crops (corn, wheat, soybean, sorghum, cotton, barley and rice) is expected to increase by approximately 18% in the period between the 2007/08 and 2018/19 seasons. The increase in the number of tons produced reflects the increase in the harvested area and expected yields. The USDA estimates that, from the approximately 650 million hectares harvested worldwide for the production of crops (corn, wheat, soybean, sorghum, cotton, barley and rice), for the 2018/19 season there will be approximately 695 million harvested hectares. Near two thirds of the growth in world production will result, however, from higher crop yields.

In relation to prices, due to the anticipated strong demand for agricultural products combined with the continuing demand for ethanol and biodiesel in the United States, it is expected that cereal and oilseed prices will stay above the price levels prevailing before 2007.

Traditional exporters of agricultural commodities such as Argentina, Australia, Canada, member states of the European Union and the United States will continue to have a leading role during the next decade. However, a growing presence is expected from countries that are making large investments in their agricultural sectors, such as Brazil, Russia, Ukraine and Kazakhstan.

According to the USDA, the production of biofuels is experiencing a swift expansion in several countries. Projections assume that over the next years the most significant increase in biofuel production will occur in the European Union, Brazil, Argentina and Canada, pushing up the already growing demand for seeds used for the production of oils. Argentina is the first exporter of soybean oil and by-products, showing its large milling capacity, small domestic demand for these products and export tax policy that favors the export of soybean by-products and biodiesel as compared to soybeans. Biodiesel production in Argentina is expected to double during the period under analysis.

In addition, ethanol production in the United States has rapidly increased in the last years. The expansion of this industry will continue, although estimated growth rates will be lower than those of previous years. Biodiesel production in the United States is expected to reach a billion gallons in 2012.

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Due to the increase in the production of ethanol from corn in the United States, the USDA expects an increase in the production and export of corn for countries such as Argentina, Brazil, Ukraine and European Union countries. Argentina is expected to maintain its leadership position as second worldwide exporter of corn.

Beef Cattle Sector

In the past years, the worldwide beef market has experienced sweeping changes and great dynamism due to international supply and demand conditions.

On the side of demand, in a context of more restrictive commercial policies, deteriorating economic conditions at international level and changing market conditions, there was a decrease in beef consumption worldwide during 2008.

On the other hand, according to Food and Agriculture Organization of the United Nations (FAO) estimates, the world production of cattle beef decreased by 0.3% in 2008 as a result of the reduction of stocks, higher costs of supplies and lower yields.

Argentina, with a stock near 55 million cattle heads, is one of the main worldwide producers and exporters of beef. Approximately 85% of the country's production is sold in the domestic market where Argentines lead the list of beef consumers with 68.7kg per capita per year in 2008.

As a result of the strong demand in recent years -both domestic and foreign- and stagnated supply, an exponential increase in consumer prices was generated. To counteract this effect a minimum weight of slaughtered animals was established, and a number of quantity and administrative restrictions were applied to foreign sales of cattle beef. The number of slaughtered animals in 2008 reached 14.5 million head compared to 14.9 million head recorded in 2007. Production in 2008 went down by 3.3% compared to the previous year, reaching 3.1 million tons of dressed carcasses. The decrease in the slaughtering and production of beef was partially prompted by the scarce rainfall in Argentina's producing areas, which has had an impact on beef cattle, causing their death and affecting the production of beef and by-products. In addition, the levels of slaughtered animals and beef production were prompted by the liquidation of stocks, which will result in higher constraints in the medium term.

Source: SAGPyA

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According to data from the SAGPyA, during 2008, 429 thousand tons of cattle beef were exported (in terms of dressed carcasses). This meant a 20.3% drop compared to export volumes in 2007. In monetary terms, foreign sales generated revenues of US\$ 1,486 million, 16.0% higher than in 2007, due to the increase in prices of dressed carcass tons, which represented 45%. In 2008, the principal destinations of Argentine cattle beef exports were Russia, Germany, Chile, Israel and the Netherlands, which together purchased nearly 60% of total beef exports. For the first five months of 2009, cattle beef exports reached 223,972 tons (in terms of dressed carcasses), 43.8% higher than the volume exported in the period from January to May 2008.

The development of the livestock sector in Argentina has always been closely linked to the control of foot-and-mouth disease (FMD). Having been declared free of the disease with vaccination in 2002, in February 2006 there was an outbreak that affected this status. The outbreak was quickly brought under control and the country regained the status of FMD-free country in early 2007.

BSE still affects livestock at the worldwide level. Argentina is one of the world producers, together with Australia, Finland, Iceland, Norway, New Zealand, Paraguay, Singapore, Sweden and Uruguay, that has been recognized as a BSE-free country. The SENASA (Argentine Sanitation and Quality Service Agency) has played a major role in this issue, as it soon imposed sanitation control measures to isolate the country and prevent the disease.

Milk Sector

According to the FAO, the world production of milk rose 1.7% in 2008, reaching 687.7 million tons. Total milk production has remained relatively constant, whereas a deceleration in the growth of major milk producers and exporters has been observed. In Oceania, the adverse weather conditions affected the performance of Australia and New Zealand where a 3.2% decrease in the production of milk was observed during the period 2007-2008. In Asia, production was affected by the detection of melamine in dairy products from China. This situation, however, has led to the improvement of the regulatory framework for the sector and, according to estimates, Asian production of dairy products will increase by 3.5% in 2009. This is one of the largest producing regions in the world and is also a substantial importer of milk products and absorbs a considerable portion of world production. In Latin America and the Caribbean many countries have emerged as exporters or have started to replace imports with domestic production in recent years, and a strong growth of supply is forecast for this region.

In 2008, total milk production in Argentina was 10,010.0 million liters, 4.8% above the total recorded in 2007. Despite this increase, production was impacted by drought and higher production costs.

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Source: SAGPyA

In regard to exports, the principal destinations of Argentine milk exports in 2008 were Venezuela, Brazil and Argelia. According to official data, in 2008, 280,374 tons of milk products were exported, representing revenues of US\$ 1,068,910. These figures represented drops of 11.2% in volume and of almost 42.2% in value compared to the previous year. It should be noted that milk product prices experienced a significant decrease in the international market.

Appreciation of Land Value

From 2002 to 2008, Argentine land values accounted for a very significant rise mainly as a consequence of the attractive international prices of grains. Besides, the technological package consisting of direct sowing, the application of fertilizers, soil humidity handling and agrochemicals have helped extend agricultural borders in many areas. The increase in productivity has driven prices in many regions that were formerly regarded as marginal areas for agriculture purposes.

The chart below shows the changes in average prices for nucleus, mixed and breeding farm areas since 1990, as per the survey conducted by *Márgenes Agropecuarios* magazine:

Source: Márgenes Agropecuarios magazine

During 2008, the value of land appreciated approximately 29.0% as concerns corn fields, 25.3% as concerns winter grazing pastures, and approximately 41.8% as concerns cattle breeding fields. However, during the first semester of 2009, the value of land decreased by 13.7% for fields in core areas, 16.2% for winter grazing pastures and 17.9% for cattle breeding fields.

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Product Prospects ⁽¹⁾

The sources of the following information are the SAGPyA, the USDA, the Instituto Interamericano de Cooperación para la Agricultura, Márgenes Agropecuarios, the Food and Agriculture Organization of the United Nations and internal data.

Wheat

USDA projections for the 2009/2010 campaign at global level estimate a production of approximately 656.48 million tons of wheat, 3.8% lower than the previous campaign, that is 25.8 million tons less than in the 2008/2009 campaign when crop growing conditions were excellent in most producing countries. Most of the reduction is expected among the largest producers, particularly the European Union, the Russian Federation and the United States. Recovery is expected in other countries such as the Islamic Republic of Iran, Argentina and Syria; however, this recovery will not be sufficient to offset the reduction at global level.

As regards Argentina, the USDA projects a 9.5 million ton production for the 2009/2010 season, 13.1% higher than the prior year campaign, but 47.2% lower than the amount harvested in the 2007/2008 campaign. The rising prices of supplies required for wheat implantation, coupled with the effect of taxes on grain exports, have had an impact on the incentive to grow this crop. In addition, the FAO forecasts that in the event that normal weather conditions return for the rest of the season, improved yields could lead to a larger harvest in 2009 compared to that of the previous year, which was affected by adverse weather conditions.

Corn

Globally, the USDA estimates a 0.15% rise in corn production for the 2009/2010 campaign, totaling 789.83 million tons compared to 788.64 million tons in the previous cycle. The sown area is estimated in 157.25 million hectares, which remained relatively unchanged compared to the previous campaign.

For Argentina, the USDA estimates that corn production would reach approximately 15.0 million tons, 15.4% higher than in the 2008/09 campaign.

Soybean

In the case of soybean, for the 2009/2010 campaign, the USDA projects a world production of 243.73 million tons, 15.7% more than the previous year. Most of this increase arises from the estimation that a recovery will take place in Argentina and Brazil, which are undergoing a severe drought in the major productive regions.

For Argentina, the USDA estimates project a production of 51.0 million tons for the 2009/10 campaign, 59.4% higher than that of 2008/09, and 10.4% higher than the 2007/08 campaign.

Sunflower

Globally, sunflower production for the 2009/2010 campaign is projected at approximately 31.88 million tons compared to 32.78 million tons in the previous year.

In Argentina, the interest in sunflower has increased, resulting in a larger sown area totaling approximately 2.30 million hectares. According to the USDA's report, the Argentine production of sunflower is forecast to be 4.0 million tons, 37.9% higher than the 2008/09 campaign.

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Beef Cattle

Since 2008, beef price increases have provided a certain relief to producers, who had experienced decreasing margins during recent years. However, according to FAO estimates for 2009, profitability prospects are decreasing, after a constant decline of beef prices from their maximum levels in October 2008. The drop of beef prices largely reflects the weakening demand due to the deterioration of the global economic environment, which impacts the growth of consumption, especially in developed countries.

As concerns world beef cattle production, for 2009 the FAO estimates that it will stay virtually unchanged, reaching 65.1 million tons. The decrease in cattle stocks in Oceania, Europe, North and South America would tend to limit the number of slaughtered animals, and also affect production in these regions. However, these deficiencies at worldwide level are expected to be offset by increases in Asia and Africa.

On the other hand, Argentina has been affected by a longstanding drought which has impacted cattle stocks. In addition, this sector has been affected by the high prices of supplies and cumbersome access to credit. Consequently, according to FAO estimates, there will be a decrease in the supply of cattle beef in Argentina during 2009.

Milk

During 2009, the world production of milk is expected to increase by a percentage similar to last year, that is 1.6%. This increase is below the average rate of growth of world milk production of 2.0% prevailing during the previous decade. Production will grow more in developing countries than in developed countries and, accordingly, the former will have a 48% share in total production compared to 40% ten years ago. The production prospects for the five largest milk producers have deteriorated and production is expected to fall in North America and Europe as a result of higher costs of feeding cattle. In addition, a slowdown in the rate of growth in South America is anticipated due to adverse weather conditions.

In Argentina production is expected to reach 10.6 million liters during 2009, that is 2.9% higher than that of 2008. This increase is lower than that of the period 2007/2008 as a consequence of adverse weather conditions and net revenues from milk sales, which have had an impact on producers' profitability. Investments made in the milk producing sector are enabling Argentina to focus on global export markets, especially in the powdered milk and cheese sectors. However, growth may be adversely affected by high prices of grains and oilseeds that reduce available pastures, increase feeding prices and affect the profitability of dairy products.

(1) Sources: SAGPyA, USDA, Instituto Interamericano de Cooperación para la Agricultura, Márgenes Agropecuarios, Food and Agriculture Organization of the United Nations and internal data.

Table of Contents**BUSINESS DESCRIPTION****Our Company**

We are a leading Argentine agricultural company engaged in the production of basic agricultural commodities with a growing presence in the agricultural sector of Brazil, through our investment in BrasilAgro Companhia Brasileira de Propriedades Agrícolas (BrasilAgro), as well as in other Latin American countries. We are currently involved in a range of activities including crop production, beef cattle raising and milk production. Our business model, which is in process of expansion abroad, taking into account the specific conditions of each country, focuses on the acquisition, development and exploitation of properties having attractive prospects for agricultural production and/or value appreciation and the selective disposition of such properties where appreciation has been realized. Our shares are listed on the Buenos Aires Stock Exchange and the NASDAQ.

As of June 30, 2009, we owned 25 farms with approximately 484,246 hectares. Approximately 41,740 hectares of the land we own are used for crop production, approximately 96,064 hectares are for beef cattle production, 100,911 hectares are for sheep production, 4,334 hectares are for milk production and approximately 3,185 hectares are leased to third parties for crop and cattle beef production. The remaining 238,012 hectares of land reserve are primarily natural woodlands. In addition, through our subsidiary Agropecuaria Anta S.A. 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 2009 ended on June 30, 2009, we leased 57,938 hectares from third parties for crop production and 32,795 hectares for beef cattle production.

During the fiscal years ended June 30, 2008 and 2009, we had consolidated sales of Ps. 185.6 million and Ps. 1,254.7 million, production income of Ps. 159.8 million and Ps. 172.5 million, and consolidated net income of Ps. 22.9 million and Ps. 124.6 million, respectively. During the fiscal years ended June 30, 2008 and June 30, 2009, our total consolidated assets increased 188.7% from Ps. 2,069.8 million to Ps. 5,976.1 million, and our consolidated shareholders' equity increased 2.9% from Ps. 1,762.3 million to Ps. 1,812.9 million.

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):

	Uses of land				
	Fiscal Year ended June 30,				
	2005	2006	2007	2008	2009
	(1) (6)	(1) (7)	(1) (7) (8)	(1) (7) (8) (9)	(1) (7) (8) (9) (10)
	<i>(in hectares)</i>				
Crops ⁽²⁾	39,831	41,283	53,579	63,900	115,411
Beef Cattle ⁽³⁾	96,380	129,946	114,097	123,935	128,859
Milk	1,776	1,698	2,609	4,320	4,334
Sheep			90,000	90,000	100,911
Natural woodlands ⁽⁴⁾	263,177	418,477	393,677	385,573	356,796
Owned farmlands leased to others	9,978	14,229	13,771	8,467	8,317
Total ⁽⁵⁾	411,142	605,633	667,733	674,195	714,628

(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.

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

- (5) During fiscal year 2005, 16,299 hectares were leased for agricultural production. As of June 30, 2006, farmlands were leased in which 17,004 hectares were assigned to agricultural production and 32,647 to beef cattle production (including the Ñacurutú

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farm). 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.

- (6) Includes 977 hectares of San Enrique farm and 30,350 hectares of Ñacurutú farm, sold in fiscal year 2005.
- (7) Includes 6,022 hectares of San Pedro farm purchased on September 1, 2005 and approximately 162,000 hectares through our 99.99% interest in Agropecuaria Anta S.A. which holds, among other assets and rights, the concession for the start-up of production pertaining to a comprehensive development project. Does not include 5,727 hectares of El Gualicho farm sold on July 25, 2005.
- (8) 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. Includes 24% of 170 hectares owned by Cactus Argentina S.A.
- (9) Does not include 4,974 hectares of Los Pozos farm and 2,430 hectares of La Esmeralda farm, which were sold in fiscal year 2008.
- (10) 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 41,931 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 Decree No. 3766 of the Executive Branch of Salta. Includes 48% of the 170 hectares owned by Cactus Argentina S.A. Does not include rental for 1,829 hectares of El Recreo.

We are also directly engaged in the Argentine real estate business through our subsidiary Inversiones y Representaciones S.A., 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.

In September 2005, we, together with other Brazilian partners, founded BrasilAgro, a startup 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, 2009, we owned 19.14% of the outstanding common shares of BrasilAgro. As of June 30, 2009, our investment in BrasilAgro represented approximately 3.6% of our total consolidated assets.

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.

As of June 30, 2009, we had invested approximately Ps.789.0 million to acquire 55.64% of the outstanding common shares of IRSA. Between September and November, 2007, we acquired an additional 82.5 million common shares of IRSA by (i) converting US\$ 12.0 million of IRSA's 8.0% convertible notes due in November 2007 into 22.0 million common shares and (ii) exercising all of our IRSA warrants to acquire 60.5 million common shares for an aggregate purchase price of US\$ 39.6 million. After such operations, we have no further warrants or convertible notes of IRSA. Subsequently, between December 2007 until June 30, 2009, we acquired 122,625,854 shares of IRSA, increasing our

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interest to 55.64% at the closing of fiscal year 2009. As from October 1, 2008, Cresud presents its financial statements in consolidated form with IRSA s.

Table of Contents**Our Principal Business Activities**

During the fiscal year ended June 30, 2009, we conducted our operations on 25 owned farms and 74 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				
	Fiscal Year ended June 30,				
	2005⁽¹⁾	2006⁽¹⁾	2007⁽¹⁾	2008⁽¹⁾	2009⁽¹⁾
Crops ⁽²⁾	149,785	106,867	175,455	198,146	237,031
Beef Cattle ⁽³⁾	10,657	9,803	9,913	8,786	7,112
Milk ⁽⁴⁾	7,312	14,588	16,663	20,825	20,898

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

The following chart shows the surface area in operation in 2009 for each line of business:

Does not include Agro-Uranga S.A. (35.72% over 8,299 hectares) or Cactus.

Includes 883, 2,969, 3,748 and 4,566 hectares of the San Cayetano, San Rafael, La Fon Fon and Las Londras farms, respectively, located in Santa Cruz, Bolivia.

The farms under a concession scheme reflect the surface area in proportion to our 99.99% interest in Agropecuaria Anta S.A.

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The following chart illustrates, for the fiscal year ended on June 30, 2009, the surface area in operation and the hectares held as land reserves, classified into own, under lease or under concession:

Includes 883, 2,969, 3,748 and 4,566 hectares of the San Cayetano, San Rafael, La Fon Fon and Las Londras farms, respectively, located in Santa Cruz, Bolivia.

The farms under concession reflect the surface area in proportion to our 99.99% interest in Agropecuaria Anta S.A.

Does not include hectares owned or under concession that were assigned to third parties under lease agreements.

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.

The following table shows, for the periods indicated, our crop production volumes:

	Crop Production				
	Fiscal Year ended June 30,				
	2005⁽¹⁾	2006⁽¹⁾	2007⁽¹⁾	2008⁽¹⁾	2009⁽¹⁾
	<i>(in tons)</i>				
Wheat	23,719	21,788	16,651	21,583	21,375
Corn	65,777	31,558	80,728	94,021	110,149
Sunflower	5,024	7,300	6,797	9,283	13,030
Soybean	48,730	42,797	61,283	59,479	76,893
Other	6,535	3,424	9,996	13,780	15,584
Total	149,785	106,867	175,455	198,146	237,031

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

The following table shows the sown surface area assigned to crop production, classified into owned, under lease and under concession for the periods indicated below:

	Sown Land for Crop Production ⁽¹⁾				
	Fiscal Year ended June 30,				
	2005⁽²⁾	2006⁽²⁾	2007^{(2) (3)}	2008^{(2) (3)}	2009^{(2) (3)}
	<i>(in hectares)</i>				
Owned	24,423	24,279	27,047	29,640	47,729
Leased	16,299	17,004	25,307	30,449	59,615
Under concession			1,225	3,811	8,067
Total	40,722	41,283	53,579	63,900	115,411

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

(2) Includes hectares from Agro-Uranga S.A.

- (3) Includes hectares from Agropecuaria Anta.

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

	Fiscal year ended on June 30			
	2008 ⁽¹⁾		2009 ⁽¹⁾	
	Hectares sown	Production ⁽²⁾	Hectares sown	Production ⁽²⁾
Wheat	6,114	21,583	8,611	21,375
Corn	18,294	94,021	26,992	110,149
Sunflower	6,317	9,283	9,722	13,030
Soybean	22,051	59,479	57,933	76,893
Others	5,931	13,780	7,610	15,584
Total	58,706	198,146	110,875	237,031

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

(2) Production measured in tons.

As of June 30, 2009, our crop stocks consisted in 4,002 tons of wheat, 36,517 tons of corn, 25,561 tons of soybean, 3,486 tons of sorghum and 8,648 tons of sunflower; whereas as of June 30, 2008 such stocks consisted in 14,017 tons of wheat, 43,678 tons of corn, 44,566 tons of soybean, 4,839 tons of sorghum and 4,162 tons of sunflower. As of June 30, 2009, the surface of leased land was 52% of the total sown land.

At June 30, 2009, 100% of wheat, 100% of soybean, 84% of corn and 100% of sunflower were harvested, while at June 30, 2008, 100% of wheat, 97% of soybean, 80% of corn and 100% of sunflower were harvested.

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 lands for crops are 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.

Wheat seeding takes place from June to September, 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 campaign. 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.

Table of Contents**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 part of our strategy to expand our activities within the beef cattle production chain, during 2003 we started to slaughter our own cattle after obtaining the needed licenses. As of June 2009, our beef cattle aggregated 87,803 heads, and we had a total surface area of 95,982 hectares dedicated to this business activity.

During the fiscal year ended June 30, 2009, our beef cattle activities generated sales of Ps. 17.7 million, representing 7.4% of our consolidated sales, and our production was 7,112 tons, a decrease of 19.1% compared to the previous fiscal year. The decrease in production and sales volume was primarily due to the fact that less heads of cattle were sent to the feedlot, which delayed the fattening process. In addition, it should be noted that the scarce rainfall in certain producing areas forced us to relocate livestock in some cases, which resulted in alterations in the cattle fattening process.

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

	Fiscal Year ended June 30,				
	2005 ⁽¹⁾	2006 ⁽¹⁾	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾
	(in tons)				
Beef cattle production ⁽²⁾	10,657	9,803	9,913	8,786	7,112

(1) Does not include production from Agro-Uranga 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 thanks to the implementation of technologies, which have included handling techniques and females artificial insemination with cattle genetics especially selected for the stock which is purchased from specialized companies in quality semen elaboration for meat production. We use veterinarian products manufactured by leading national and international laboratories. It is important to emphasize the work of a veterinarian advising committee, who are external to us and visit each establishment monthly to control and agree tasks.

Currently, the cattle raising 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.

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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:

	Head of Beef Cattle ⁽¹⁾				
	Fiscal Year ended June 30,				
	2005 ⁽²⁾	2006 ⁽²⁾	2007 ⁽²⁾	2008 ⁽²⁾	2009 ⁽²⁾
Breeding	57,775	63,015	62,181	57,999	59,283
Fattening	25,816	17,654	21,546	22,359	28,520
Total	83,591	80,669	83,727	80,358	87,803

(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 Agro-Uranga 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, gaton panic, oats and barley) and crops for feeding and dietary supplementation purposes and animal health costs, among others.

Milk Production

We conduct our milk business in three dairy facilities located in two farms, La Juanita and El Tigre. We have a total capacity of 3,800 cows in milking per day and seek to increase total production 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 farms.

Within the process of de-commoditization and technological innovation, we implemented an identification and tracing system in compliance with European and SENASA standards, with the purpose of distinguishing our production and obtaining higher prices in production sales.

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

Our dairy herd is milked mechanically twice a day. The milk obtained is cooled to less than five degrees centigrade to preserve quality and is then stored in a tank for delivery once a day to trucks sent by buyers. Dairy cows are fed mainly with grass, supplemented as needed with grains, hay and silage. For winter grazing, corn stubbles are also used.

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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,				
	2005^{(1) (2)}	2006^{(1) (2)}	2007^{(1) (2)}	2008^{(1) (2)}	2009^{(1) (2)}
Average dairy cows	1,212	2,410	2,677	3,174	3,286
Dairy production (daily liters per cow)	16.5	16.5	17.1	18.0	17.4
Total production (thousands of liters)	7,312	14,588	16,663	20,825	20,898

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

(2) Includes production of El Tigre dairy farm as from March 1, 2005.

At the closing of fiscal year 2008, we had 7,866 heads of cattle on 4,092 hectares involved in the production of milk. As of June 30, 2009, we applied 7,634 heads of cattle on 4,106 hectares to milk production.

Farms*Land Acquisitions*

We intend to increase our farmland portfolio by acquiring large surfaces of land with high appreciation potential. We also intend to transform the land acquired from non-productive to cattle breeding, from cattle breeding to farming, or applying state-of-the-art technology to improve farming yields so as to generate higher 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.

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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 Inversiones y Representaciones Sociedad Anónima 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, the Company was formally recognized as principal of the transaction; the balance of US\$ 1.8 million will be paid by the Company 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, of which US\$ 1.1 million were paid on the date of execution of the bill of purchase, and US\$ 3.8 million were paid on January 22, 2009, the date on which the bill of purchase was cast into public deed. The balance, as of the date of these financial statements, will be paid without interest within 24 months of the above mentioned date. A mortgage was set up on behalf of the sellers to guarantee the payment of the purchase price balance, effective until the date of the last payment.

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, of which US\$ 0.9 million were paid on the date of execution of the bill of purchase, and US\$ 2.9 million were paid on November 19, 2008, the date on which the bill of purchase was cast into public deed. The balance, as of the date of these financial statements, will be paid without interest within 24 months of the above mentioned date. A mortgage was set up on behalf of the sellers to guarantee the payment of the purchase price balance, effective until the date of the last payment.

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, of which US\$ 1.4 million were paid on the date of execution of the bill of purchase, and US\$ 2.3 million were paid on November 19, 2008, the date on which the bill of purchase was cast into public deed. The balance, as of the date of these financial statements, will be paid without interest within 24 months of the above mentioned date. A mortgage was set up on behalf of the sellers to guarantee the payment of the purchase price balance, effective until the date of the last payment.

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 Félix Estigarribia, District 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.

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The following chart shows, for the fiscal years indicated below, certain information concerning our land acquisitions for each of the last twelve 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

(1) Includes the acquisition of Ñacurutú, Tapenagá, Santa Bárbara and La Gramilla, La Sofia, La Suiza, La Esmeralda and Tourné 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 Jerovia farm, of 10,911, 115, 4,566, 883, 2,969, 3,748 and 20,966 hectares, respectively.

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 twelve fiscal years ended on June 30:

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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

(1) Includes the difference between the gross proceeds from sales (net of all taxes and commissions) and the book value of the assets sold.

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- (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.
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 previous 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 as of the date of these financial statements.

Farmland Portfolio

As of June 30, 2009, we owned, together with our subsidiaries, 25 farms, with a total surface area of 484,246 hectares.

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The following table sets forth our farm portfolio as of June 30, 2009:

	Farms Owned as of June 30, 2009			
	Province	Gross Size (in hectares)	Date of Acquisition	Primary Current Use
La Adela	Buenos Aires	1,054	Original	Crops
La Juanita	Buenos Aires	4,302	Jan. 96	Crops/Milk
San Pedro	Entre Ríos	6,022	Sep. 05	Crops/Beef Cattle
Las Vertientes	Córdoba	4		Storage Facilities
La Esmeralda	Santa Fe	9,370	Jun. 98	Crops/Beef Cattle
La Suiza	Chaco	41,993	Jun. 98	Beef Cattle
Santa Bárbara / Gramilla	San Luis	7,052	Nov. 97	Crops under irrigation
Cactus ⁽¹⁾	San Luis	82	Dec. 97	Feedlot
Tali Sumaj / El Recreo ⁽²⁾	Catamarca	25,095	May 95	Beef Cattle/Natural Woodlands
Los Pozos	Salta	240,858	May 95	Beef Cattle/Crops/Natural Woodlands
El Invierno	La Pampa	1,946	Jun. 05	Crops
San Nicolás / Las Playas ⁽³⁾	Sta.Fe/Cba.	2,965	May 97	Crops/Beef Cattle/Milk
El Tigre	La Pampa	8,365	Apr. 03	Crops/Milk
8 de Julio / Ea. Carmen	Santa Cruz	100,911	May 07 / Sep. 08	Sheep
La Esperanza	La Pampa	980	Mar. 08	Crops
Puertas de Luján	Buenos Aires	115	Dec. 08	Other
Las Londras / San Rafael / San Cayetano / La Fon Fon	Bolivia	12,166	Jan. 09 / Nov. 08	Crops
Jerovia ⁽⁴⁾	Paraguay	20,966	Feb. 09	Natural woodlands
Total		484,246		

(1) Hectares in proportion to our 48.0% interest in Cactus Argentina S.A.

(2) Hectares in proportion to our 99.99% interest in Inversiones Ganaderas S.A.

(3) Hectares in proportion to our 35.723% interest in Agro-Uranga S.A.

(4) Hectares in proportion to our 50.0% interest in Cresca S.A. through Agrology S.A.

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 its total surface area is now used for crop production. During the fiscal year ended June 30, 2009, 1,092 hectares were used for wheat, corn and soybean crops for high-yielding grain production. Between March 2005 and December 2007 we bought an additional 72 hectares which were added to the existing 982 hectares.

La Juanita. The La Juanita farm, located 440 kilometers southwest of Buenos Aires, was acquired in January 1996. As of June 30, 2009, 3,739 heads of cattle were grazing in 1,864 hectares of sown and natural pastures, and 1,820 hectares were used for crop production. This farm produced 10.0 million liters of milk during the fiscal year ended June 30, 2009, with an average of 1,664 dairy cows being milked and 16.3 liters per cow per day.

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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 signed a bill of sale for 1,800 hectares of El Recreo farm in the amount of US\$ 0.15 million. As advance payment we have received US\$ 0.05 million. This sale has not been recorded in our financial statements as title to the land has not yet been transferred.

On January 19, 2007, we signed a bill of sale for 50 hectares of El Recreo farm owned by us and Arcor Sociedad Anónima Industrial y Comercial in the amount of Ps.0.7 million. The purchase price has been fully paid to us.

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 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%.

Tali Sumaj. The Tali Sumaj farm, located 1,000 kilometers northwest of Buenos Aires, in the Province of Catamarca, was acquired in May 1995 and is located in a semi-arid area. As of June 30, 2009, Tali Sumaj had 3,739 cattle head in approximately 10,280 hectares of natural pastures. The farm is divided into 16 lots with peripheral fencing and watering troughs with a reserve of 1,000,000 liters of water.

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 to 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, 2009, we used 4,395 hectares in agricultural production. We completed the development of tropical pastures in approximately 43,000 hectares. As of June 30, 2009, there were 55,899 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 392 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 sales price was US\$ 1.1 million, which has been fully collected. 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 these financial statements.

San Nicolás. San Nicolás is a 4,005 hectares farm owned by Agro-Uranga S.A., and is located in the Province of Santa Fe, approximately 45 kilometers from the Port of Rosario. As of June 30, 2009, approximately 6,212 hectares were in use for agricultural production, including double crops. The farm has two plants of silos with storage capacity of 14,950 tons.

Las Playas. The Las Playas farm has a surface area of 4,294 hectares and is owned by Agro-Uranga S.A. Located in the Province of Córdoba, it is used primarily for agricultural and milk production purposes. As of June 30, 2009, the farm had 638 hectares of pasture used for milk production and a sown surface area, including double crops, of 5,716 hectares for grain production.

La Gramilla and Santa Bárbara. These farms have a surface area 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

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course of the 2008/2009 farm season, a total of 2,455 hectares were sown, 822 hectares of which sown under contractual arrangement with seed producers, and we leased, in turn, 1,950 hectares to third parties. The remaining hectares are used as land reserves.

La Suiza. The La Suiza farm has a surface area 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, 2009, La Suiza had a stock of approximately 13,515 heads of cattle.

La Esmeralda. The La Esmeralda farm has a surface area of 9,370 hectares and is located in Ceres in the Province of Santa Fe. This farm, acquired in June 1998, has potential for both agricultural production and cattle raising. During the 2008/2009 farm season, we used a total area of 4,798 hectares, including double crops, for production of corn, sunflower and sorghum. As of June 30, 2009, La Esmeralda had 4,713 heads of cattle on 4,236 hectares. Our objective is to enhance its cattle raising efficiency, maintaining the bull breeding business, and increase its surface area assigned to agriculture. On December 27, 2007, we agreed to sell to Estancias San Bruno S.A. and Estancias El Algarrobo S.A. a 2,430-hectare parcel of this farm. The aggregate sales price was US\$ 6.2 million that has been collected in full. The sale generated a gain of approximately US\$ 5.3 million.

El Tigre. The El Tigre farm was acquired on April 30, 2003 and has a surface area of 8,365 hectares. It is located in Trenel in the Province of La Pampa. As of June 30, 2009, 6,160 hectares were assigned to crop production. This farm produced 10.9 million liters of milk in the fiscal year ended June 30, 2009, with an average of 1,623 cows being milked and an average daily production of 18.4 liters per cow.

El Invierno. The El Invierno farm was acquired on June 24, 2005 and has a surface area of 1,946 hectares. It is located in Rancul in the Province of La Pampa, 621 kilometers to the west of Buenos Aires. During the fiscal year ended June 30, 2009, we used the land exclusively for crop production.

San Pedro. The San Pedro farm was purchased on September 1, 2005. It has a surface area of 6,022 hectares and is located in Concepción del Uruguay, Province of Entre Ríos, which is 305 kilometers north of Buenos Aires. In the course of the 2008/2009 farm season, 5,471 hectares were used for agricultural production, including double crops, and 1,235 hectares were leased to third parties for livestock activities.

8 de Julio and Estancia Carmen. The 8 de Julio farm was acquired on May 15, 2007 and has a surface area of 90,000 hectares. It is located in the department of Deseado in the Province of Santa Cruz. Due to its large surface area, this farm offers excellent potential for sheep production. In addition, we believe the land has potential for future tourism and recreational activities, as the southeast border of the farm stretches over 20 kilometers of coast. Estancia Carmen was acquired on September 5, 2008 and has a surface area of 10,911 hectares. It is located in the Province of Santa Cruz, next to our 8 de Julio farm, and as the latter, it has excellent potential for sheep production. As of June 30, 2009, these farms had a stock of 15,826 sheep.

Cactus. The feedlot has a surface area of 170 hectares and is owned by Cactus Argentina S.A. It is located in Villa Mercedes, Province of San Luis. Cactus was 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 Argentina S.A.

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

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La Esperanza. On April 22 and 23, 2008, we signed deeds for the purchase of 80% of the 980 hectares of La Esperanza farm located in the Province of La Pampa. The transaction was agreed for a price of US\$ 1.3 million that has been paid in full. During the year ended June 30, 2009, we used this farm solely for crop production.

Puertas de Luján. On May 30, 2008, IRSA Inversiones y Representaciones Sociedad Anónima 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. On December 13, 2008, the Company was formally recognized as principal of the transaction.

Las Londras. On January 22, 2009, the bill of purchase for Las Londras farm was cast into public deed; it has a surface area of 4,566 hectares, and is located in the Province of Guarayos, Republic of Bolivia. During the 2008/2009 farm season it was used for crop production.

San Cayetano. On November 19, 2008, the bill of purchase for San Cayetano farm was cast into public deed. This farm is located in the Province of Guarayos, Republic of Bolivia, and has a surface area of 883 hectares, which were used for crop production during the 2008/2009 farm season.

San Rafael. On November 19, 2008, the bill of purchase for San Rafael farm was cast into public deed. This farm is located in the Province of Guarayos, Republic of Bolivia, and has a surface area of 2,969 hectares, which were used for crop production during the 2008/2009 farm season.

La Fon Fon. On November 19, 2008, the bill of purchase for La Fon Fon farm was cast into public deed; it has a surface area of 3,748 hectares, and is located in the Province of Obispo Santiesteban, Republic of Bolivia. During the 2008/2009 farm season it was used for crop production.

Jerovia. Agrology owns 50% of Jerovia farm, located in Mariscal José Félix Estigarribia, District of Boquerón, Chaco Paraguayo, Republic of Paraguay, with a surface area of 41,931 hectares.

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 campaign. 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 2009, we leased from third parties a total of 74 fields, covering 90,410 hectares, of which 59,615 hectares were assigned to farming production, including double crops, and 32,795 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.

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

	Fiscal Year ended June 30,					
	2007 ⁽¹⁾⁽²⁾		2008 ⁽¹⁾⁽²⁾		2009 ⁽¹⁾⁽²⁾	
	Owned ⁽³⁾	Leased	Owned ⁽³⁾	Leased	Owned ⁽³⁾	Leased
Crops	22,712	25,307	25,379	30,449	43,193	59,615
Beef cattle	84,848	29,208	90,999	32,895	96,064	32,795
Milk	2,376		4,092		4,106	

(1) Does not include the hectares of Agro-Uranga S.A.

(2) Does not include the hectares of Agropecuaria Anta.

(3) The land assigned to crops may differ from sown land, as some hectares are sown twice and therefore are counted twice as sown land. 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.

Silos

As of June 30, 2009, we had storage capacity of approximately 15,341 tons (including 35.723% over 14,950 tons available at Agro-Uranga S.A.).

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

	Storage capacity				
	Fiscal year ended on June 30,				
	2005	2006	2007	2008	2009
	(in tons)				
San Enrique		660			
El Gualicho		2,000			
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	18,001	15,341	15,341	15,341	15,341

(1) Owned by us through Agro-Uranga 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.

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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.

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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 2008 and 2009 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 2009 our sales were Ps. 189.9 million and were made to approximately 134 customers. Sales to our ten largest customers represented approximately 61% of our net sales during the fiscal year 2008 and approximately 74% for the fiscal year ended June 30, 2009. Of these customers, our biggest three customers, Cargill S.A., Mastellone Hnos. S.A. and Bunge Argentina S.A., represented, in the aggregate, approximately 46% of our net sales, while the remaining seven customers in the aggregate represented approximately 28% of our net sales in fiscal year 2009. 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 for protection against a drop in prices. Approximately 70% of the futures and options contracts are closed through the *Bolsa de Cereales de Buenos Aires* (Buenos Aires Grains Exchange) and 30% in the Chicago Board of Trade.

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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 sell directly to local meat processors and supermarkets, such as Arre Beef S.A., Quickfood S.A., Finexcor S.A., Frigorífico La Pellegrinense S.A., Friar S.A., Madelan S.A., Exportaciones Agroindustriales S.A., Jumbo Retail Argentina S.A., Frigorífico Bermejo S.A. and Frigorífico Amancaes 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-campaign sales.

Competition

The agricultural and livestock sector is highly competitive with a huge number of producers. Cresud is one of Argentina's leading producers. However, if we compare the percentage of Cresud's production to the country's total figures, Cresud's production would appear as extremely low. 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.

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DEVELOPMENT OF MARGINAL AREAS

We consider that there is great potential in the development of marginal areas where, through the use of current technology, we may achieve similar yields with higher profitability than in core areas.

During fiscal year 2009, we continued with the development of our Los Pozos farm located in the Province of Salta. As of June 30, 2009, the number of hectares of sown pastures totaled approximately 62,000, 43,000 of which were available for beef cattle production. During fiscal year 2009, 4,395 hectares were used for agricultural production. By the beginning of next fiscal year, we anticipate that our production surface area will be of 57,000 hectares.

Furthermore, during fiscal year 2009 we continued with the development of Agropecuaria Anta S.A. (formerly named Agropecuaria Cervera S.A.), reaching 8,067 hectares devoted to our own production and 5,132 hectares leased to third parties. For the next fiscal year, we will maintain approximately the same number of hectares devoted to our own production and leased to third parties.

As regards the development of marginal areas, during fiscal year 2009 we started to develop our farms located in the Republic of Paraguay, with approximately 2,700 hectares developed from the 3,000 hectares allowed during the first stage. For the next fiscal year, it is expected that sorghum, soybean, corn and beans will start to be sown, and we plan to continue to develop new hectares for crop production and intensive cattle breeding in the farms located in Paraguay.

As of June 30, 2009, Cresud held own land reserves amounting to over 238,012 hectares that were purchased at very attractive prices. In addition, we have a concession over 118,788 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 woodland not to be used for production purposes.

INTERNATIONAL EXPANSION

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.

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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.

We entered into a shareholder agreement with Tarpon Investimentos S.A. and Tarpon Agro Llc stipulating, among other things, that both parties will have a joint vote at shareholders' meetings and that both parties will have a preemptive right to acquire shares of the other party.

BrasilAgro's board of directors is composed of nine members. We, as founder of BrasilAgro, appointed three members. Tarpon and Cape Town appointed three more members and, in addition, BrasilAgro has three independent directors.

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 Reais 532 million, equivalent to 532,000 book-entry common shares at a price of Reais 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 Reais 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 Reais 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.

During fiscal years 2008 and 2009, the Company acquired, respectively, 4,136,800 and 2,776,000 shares of BrasilAgro. Due to this acquisition, we owned a 19.14% interest as of June 30, 2009.

When we founded BrasilAgro, we contributed Ps. 63.1 million in cash in exchange for shares and 10,490,200 warrants to purchase additional BrasilAgro shares for 15 years and at the same price as was established in the initial public offering, Reais 10, adjusted by the Consumer Price Index Amplified, or IPCA. Should we decide to exercise such warrants, we might acquire, following the share split, 5,984,987 additional shares, thereby holding 23.5% of BrasilAgro's diluted capital stock. All of these warrants may already be exercised.

In addition, we received, at no cost, a second series of warrants for a total of 10,490,200, which may only be exercised at our discretion in the event of a tender offer. The exercise price of these warrants shall be the same price as the price offered in any such tender offer by the acquirer of BrasilAgro. The second series of warrants matures in the year 2021.

As of June 30, 2009, BrasilAgro had 8 properties, with an aggregate surface area of 165,373 hectares, acquired at highly attractive prices as compared to the average in the respective regions, all of which offering high appreciation potential.

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Property	Province	Date of acquisition	Surface area (in hectares)	Main activity (Project)	Value R\$ / Ha. (thousands of R\$)
Sao Pedro	Chapado do Céu (GO)	Sep-06	2,443	Sugar cane	R\$ 4.1
Cremaq	Baixa Grande do Ribeiro (PI)	Oct-06	32,375	Grains	R\$ 1.3
Jatobá ⁽¹⁾	Jaborandi (BA)	Mar-07	31,602	Grains and cotton	R\$ 1.1
Alto Taquari	Alto Taquari (MT)	Aug-07/Under analysis ⁽²⁾	5,266	Sugar cane	R\$ 6.5
Araucária ⁽³⁾	Mineiros (GO)	Apr-07	15,543	Sugar cane	R\$ 5.8
Chaparral	Correntina (BA)	Nov-07	37,129	Livestock/Grains	R\$ 1.2
Nova Buriti	Januária (MG)	Dec-07	24,185	Forestry	R\$ 0.9
Preferencia	Barreiras (BA)	Sep-08/Under analysis ⁽²⁾	16,830	Livestock/Grains	R\$ 0.6
Total			165,373		
Total owned by BrasilAgro ^{(1) (3)}			158,327		

(1) The Jatobá farm is owned by Jaborandi S.A., in which BrasilAgro holds a 90% interest.

(2) Subject to the sellers' agreement in respect of certain conditions precedent.

(3) Corresponds to the entire surface area of the Araucária farm, which was acquired by BrasilAgro and Brenco. All rights and obligations acquired upon the purchase of the farm are divided between BrasilAgro and Brenco in 75% and 25%, respectively.

Sao Pedro is a farm in Chapadao do Sul (MS). With a surface area of 2,443 hectares, Sao Pedro was bought for R\$ 9.9 million. Its potential production area is 1,700 hectares. In this farm, BrasilAgro has harvested soybean and corn crops in a surface area of 1,106 and 402 hectares, respectively. The company has sown 785 hectares with corn and 225 hectares with sorghum for the winter harvest, which will commence approximately in July. There are also 30 hectares previously sown with sugar cane. 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.

Cremaq is a farm in Baixa Grande do Ribeiro (Piaui). Acquired for R\$ 42.2 million and with a surface area of 32,375 hectares, it is estimated that the total production area will be 23,000 hectares. At present, there are approximately 1,500 hectares leased to third parties. BrasilAgro has harvested 7,075, 1,441 and 1,000 hectares of soybean, corn and rice crops in this property. The company has sown 1,233 hectares with sorghum for the winter harvest. 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.

Jatobá is a farm in the Jaborandi district, in the State of Bahia. The acquisition price was R\$ 35.4 million and it has 31,603 hectares. It is estimated that the total production area will be 24,600 hectares. BrasilAgro has harvested soybean crops in an area of 4,000 hectares.

Alto Taquari is an estancia with a total area of 5,266 hectares and it is located in the municipality of Alto Taquari, Mato Grosso. This property was purchased for R\$ 34 million, payable in two installments. The first installment of R\$ 6.8 million was paid on August 3, 2007, and a portion of the second installment of R\$ 12.3 million was paid in April 2008. In September 2008, R\$ 2.6 million were paid for the second installment. The payment of the balance due is subject to the fulfillment of certain conditions by the seller. This property has an estimated production area of 3,720 hectares, and soybean crops have been harvested in an area of 1,252 hectares while 666 hectares have been sown with corn for the winter harvest. In respect of the expansion of the surface area devoted to sugar cane, 2,672 hectares were sown with sugar cane.

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On April 20, 2007, BrasilAgro acquired 75% of the estancia *Araucaria*, which has a total area of 15,543 hectares, 11,657 of which are owned by BrasilAgro, and is located in the municipality of Mineiros, Goiás. The production area is estimated at 8,435 hectares and BrasilAgro has harvested soybean crops in an area of 3,030 hectares while 1,428 and 270 hectares have been sown with corn and sorghum for the winter harvest and 3,720 hectares with sugar cane, according to the expansion strategy in respect of the surface area devoted to this crop.

Chaparral is a farm located in Correntina, Bahía. This farm has a surface area of 37,799 hectares and was purchased for R\$ 47.1 million. Its potential production area is 28,000 hectares. BrasilAgro has harvested 3,169 hectares of soybean.

Nova Buriti is an estancia with a total surface area of 24,185 hectares and it is located in the municipality of Januaria, Minas Gerais. With a production area estimated at 19,935 hectares, it will be used for forestry activities.

In September 2008, BrasilAgro purchased 16,830 hectares from the *Preferencia* farm, located in the municipality of Barreiras, Bahía. The transaction was agreed for a price of R\$ 600.0 per hectare. This property has good conditions for cattle breeding and crops growing.

During fiscal year 2009, BrasilAgro expanded its sown area (summer and winter campaign and sugar cane) by 52% compared to the previous period. BrasilAgro used a total surface area of 33,504 hectares for sowing, from which 17,918 hectares represented new areas.

During the period ended June 30, 2009, BrasilAgro's revenues from the sale of crops were R\$ 36.0 million, 80% higher than those of the same period of the previous year. It recorded a net profit of R\$ 0.9 million compared to a profit of R\$ 5.5 million during the same period of the previous year, in which it recorded the gain from the sale of a property for R\$ 21.8.

At the end of fiscal year 2009, BrasilAgro presented consolidated assets for R\$ 679.0 million, of which R\$ 279.0 million 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.

Paraguay

In the context of operations that represent a new expansion of Cresud's agriculture and cattle raising business in South America, in September 2008, the Company 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 S.A., in which Cresud holds a 50% interest and acts in a capacity of advisor for the agricultural, livestock and forestry development of a rural property, and of a potential area of up to 100,000 hectares located in Paraguay derived from the exercise of an option.

In connection with the above mentioned rural property, Cresud executed a bill of purchase for a 50% interest in 41,931 hectares located in Mariscal José Félix Estigarribia, District 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. Therefore, jointly with the contribution made by Carlos Casado S.A., the total value of the contributions made in Cresca S.A. is US\$ 10.5 million. In addition, as indicated in the previous paragraph, Cresca has an option granted by Carlos Casado S.A. for the purchase of 100,000 additional hectares located in Paraguay.

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In relation to the development of marginal areas, during fiscal year 2009 we started to develop our farms located in the Republic of Paraguay, with approximately 2,700 hectares developed from the 3,000 hectares allowed during the first stage. For the next fiscal year, it is expected that sorghum, soybean, corn and beans will start to be sown, and we plan to continue to develop new hectares for crop production and intensive cattle breeding in the farms located in Paraguay.

Bolivia

In line with its international expansion strategy, Cresud has entered into a number of agreements to formalize its position in various South American countries. In July 2008, the Company, acting through various companies, executed several bills of purchase 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 will be paid in two annual installments.

As concerns the remaining hectares, 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.

During fiscal year 2009, corn and soybean have been sown in approximately 10,000 hectares of the farms located in Bolivia. Those farms allow double harvesting of soybean, which means that better results can be obtained per hectare during a single season. In addition, soybean, corn, wheat, sunflower and sorghum have started to be sown in approximately 11,200 hectares for the winter harvest. The wheat harvest will commence by the first quarter of fiscal year 2010.

EQUITY INVESTEES

Futuros y Opciones.Com S.A.

In May 2000, we acquired 70% of the shares of Futuros y Opciones.Com S.A. (Futuros y Opciones.Com) for Ps. 3.5 million. The site was launched in November 1999 and is aimed at becoming the most important agriculture 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 the 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 year 2008, Futuros y Opciones.Com continued trading futures and options with a 7.67% growth 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.

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As of June 30, 2009, Futuros y Opciones.Com total revenues increased by 23.8% compared to the previous fiscal year, with 40.4% growth in the revenues yielded by its main business, the grains brokerage. In addition, the business consisting in sales of inputs grew by 16.5%, while revenues from commissions and technology services increased by 5.5% and 42.6%, respectively.

The portal keeps consolidating as the leading site for the agricultural and beef cattle sector and various private polls have agreed that it is the most visited site by farmers engaged in both agricultural and beef cattle activities. The portal presently has an average of 800,000 sites accessed per month, with 3,000 single visits per day, and a base of almost 50,000 registered users. It has positioned itself as a point of reference for agriculture and livestock commercialization.

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.

At June 30, 2009, the Company held a 66.20% interest in Futuros y Opciones.Com.

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, Inc, a leading meat processing company, pursuant to which Tyson, through Provemex Holdings LLC, acquired a 52% equity interest in Cactus to establish the first integrated cattle operation in Argentina. Consequently, the stock holdings of Cactus Feeders, Inc. and Cresud in Cactus were 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, Cactus and us (solely as nominee for Argentine legal purposes) 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. The idea of Cactus is to expand in the future the slaughter capacity to 15,000 heads per month. Cactus has been a pioneer in feedlot services with a 25,000 heads of cattle capacity, depending on the size of the cattle. Cactus' customer 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.

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

During fiscal year 2009, Cactus recorded income as a result of the services supplied to farmers and investors and the profits generated by its own fattened cattle.

Agropecuaria Anta S.A. (formerly named Agropecuaria Cervera S.A.)

On December 27, 2005, we and Inversiones Ganaderas S.A. (solely as nominee for Argentine legal purposes) acquired 100% of the shares of Agropecuaria Anta S.A. (Agropecuaria Anta), whose main asset is the concession for the start-up of production pertaining to a comprehensive biological, economic and social development project over various properties located in Anta, Province of Salta, and which is duly authorized to implement a large-scale project covering agricultural, cattle breeding and forestry activities. The concession agreement covers 162,000 hectares for a 35-year period with an option to extend it for an additional 29-year period. In the framework of the concession, there is a development project aimed at applying 35,000 hectares to agricultural use, and 55,000 hectares to livestock activities, which has been approved by the Secretariat of Environment and Sustainable Development of the Province of Salta. We surrendered 3.6 million convertible notes of IRSA and paid Ps. 3.17 million in cash for the acquisition of the concession. During fiscal year 2008, Agropecuaria Anta S.A. commenced its land development activities, and as of June 30, 2009, it had 8,067 hectares devoted to its own production and 5,132 hectares leased to third parties.

On July 2, 2008, a memorandum of agreement was entered into under which the concession agreement for the northern region and the southern region of the properties of Salta Forestal S.A. was renegotiated. Under the above mentioned memorandum of agreement, the Company agreed to reduce the area under concession by returning 30,000 hectares, the location of which will be defined in a sketch to be mutually agreed between the parties. Under the same contract the annual concession fee was renegotiated in an amount in US\$ equivalent to one soybean quintal per harvested hectare of any crops, to be paid up to July 1 each year as from 2009. On August 29, 2008, the Executive Branch of Salta approved the memorandum of agreement through decree No. 3,766. Consequently, the provisions of the memorandum of agreement are effective as from that date.

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Description		12 months ended June 30, 2009	12 months ended June 30, 2008	%
Sales				
Wheat		29,674	12,978	128.6%
Corn		108,230	78,495	37.9%
Sunflower		8,520	8,673	(1.8%)
Soybean		96,406	44,430	117.0%
Other		20,685	12,142	70.4%
Total Sales - Crops (tons)		263,515	156,718	68.1%
Sales - Cattle beef (tons)		6,348	11,677	(45.6%)
Sales - Milk (thousands of liters)		20,658	20,662	(0.0%)
Production				
Wheat		21,375	21,583	(1.0%)
Corn		110,149	94,021	17.2%
Sunflower		13,030	9,283	40.4%
Soybean		76,893	59,479	29.3%
Other		15,584	13,780	13.1%
Total Production - Crops (tons)		237,031	198,146	19.6%
Production - Beef cattle (tons)		7,112	8,786	(19.1%)
Production - Milk (thousands of liters)		20,898	20,825	0.3%
Exploited surface (in hectares)				
Crops	Own farms ²	43,193	25,379	70.2%
	Leased farms	59,615	30,449	95.8%
	Farms under concession ³	8,067	3,811	111.7%
Cattle beef	Own farms	96,064	90,999	5.6%
	Leased farms	32,795	32,895	(0.3%)
Dairy farm	Own farms	4,106	4,092	0.3%
Sheep	Own farms	100,911	90,000	12.1%
Land reserves (in hectares)				
	Own farms	238,012	230,532	3.2%
	Farms under concession ³	118,788	153,041	(22.4%)
Surface under irrigation (in hectares)				
	Own farms	3,762	3,748	0.4%
	Leased farms	933	862	8.2%
Storage capacity (tons)				
	Own plants	10,000	10,000	0.0%
Stock of cattle heads				
Breeding stock		59,283	57,999	2.2%
Winter grazing stock		28,520	22,359	27.6%
Dairy farm stock		7,634	7,866	(2.9%)
Total cattle heads		95,437	88,224	8.2%

Daily average milking cows (heads)	3,286	3,174	3.5%
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Note:

1 - Does not include Agro-Uranga S.A. (35.72% of 8,299 hectares).

2 - Includes San Cayetano , San Rafael , La Fon Fon and Las Londras farms, respectively, located in Santa Cruz, Bolivia.

3 - Farms under concession represent surface in proportion to our 99.99% interest in Agropecuaria Anta S.A.

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IRSA s SEGMENTS

During fiscal year 2009, Cresud purchased 78,181,444 shares of IRSA. As a consequence of such purchase, our investment in IRSA s common shares amounts to 55.64% as of June 30, 2009.

As from October 1, 2008, Cresud presents its financial statements in consolidated form with IRSA s in accordance with the provisions of Technical Resolution No. 21. Consequently, the Company s consolidated results as of June 30, 2009 include IRSA s results between October 1, 2008 and June 30, 2009. The Company s consolidated financial statements as of June 30, 2008, 2007 and 2006 do not include information in consolidated form with IRSA s.

The following information corresponds to data of the segments extracted from our subsidiary IRSA Inversiones y Representaciones S.A. s Annual Report and financial statements as of June 30, 2009.

The revenue figures for fiscal year 2009 described in the different tables correspond to the twelfth-month period reported in IRSA s financial statements.

Offices and other non-shopping center rental properties

Our subsidiary IRSA is engaged in the acquisition, development and management of Offices and other non-shopping center rental properties in Argentina. As of June 30, 2009, our subsidiary IRSA directly and indirectly owned interests in 24 office and other rental properties in Argentina which comprised 252,949 square meters of gross leaseable area. Of these properties, 17 were office properties which comprised 156,000 square meters of gross leaseable area. For fiscal year 2009, our subsidiary IRSA had revenues from Offices and other non-shopping center rental properties of Ps. 147.7 million.

All IRSA s office rental property in Argentina is located in Buenos Aires City. For the year ended June 30, 2009 the average occupancy rate for all the properties in the Offices and other non-shopping center rental properties segment was approximately 94.0%. Eight different tenants accounted for approximately 38.0% of the total revenues from office rentals of our subsidiary IRSA for fiscal year 2009: Exxon Mobile Business, Price Waterhouse, Unilever Argentina, Grupo Total Austral, Apache Energía Argentina, Microsoft de Argentina S.A., Sibille S.C. (KPMG), and Grupo Danone Argentina.

Management. Our subsidiary IRSA generally acts as the managing agent of the office properties in which it 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 our subsidiary 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 the units not rented, in which case our subsidiary IRSA absorbs the cost. The leaseable space is marketed through commissioned brokers, the media and directly by our subsidiary IRSA.

Leases. In general, our subsidiary IRSA leases offices and other properties pursuant to 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 additional 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.

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Properties. The following table sets forth certain information regarding our subsidiary IRSA's direct and indirect ownership interest in offices and other non-shopping center rental properties.

	Date of Acquisition	Leasable Area Sqm (1)	Occupancy rate (2)	IRSA's effective interest	Monthly rental income Ps./000 (3)	Accumulated Annual Rental Income for the fiscal periods (in Ps./000) (4)			Book value Ps./000 (5)
						2009	2008	2007	
Edificio República	04/28/08	19,884	64%	100.0%	1,686	17,114	203		224,478
Torre Bankboston (6)	08/27/07	15,891	100%	100.0%	1,522	19,670	15,688		157,894
Bouchard 551	03/15/07	23,378	96%	100.0%	1,803	20,342	12,678	3,925	152,898
Intercontinental Plaza (7)	11/18/97	22,535	100%	100.0%	1,994	18,372	12,496	10,977	86,517
Dique IV (8)	12/02/97	11,298	89%	100.0%	1,151	1,743			66,984
Bouchard 710	06/01/05	15,014	100%	100.0%	1,628	17,379	12,931	8,900	66,283
Maipú 1300	09/28/95	10,280	100%	100.0%	998	9,890	8,107	6,006	39,670
Libertador 498 (9)	12/20/95	7,433	100%	100.0%	748	9,285	8,551	6,307	27,199
Costeros Dique IV	08/29/01	5,437	90%	100.0%	449	5,056	4,603	1,987	19,699
Edificios Costeros	03/20/97	6,389	59%	100.0%	303	4,082	3,896	3,124	17,373
Dock Del Plata (10)	11/15/06	3,985	80%	100.0%	320	6,083	6,945	3,103	12,691
Suipacha 652/64	11/22/91	11,453	100%	100.0%	531	3,820	2,480	1,398	11,388
Madero 1020 (11)	12/21/95	114	100%	100.0%	2	32	89	97	269
Laminar Plaza (12)	03/25/99		N/A	100.0%		5,327	5,607	4,631	
Reconquista 823/41 (12)	11/12/93		N/A	100.0%		2,087	2,256	1,139	
Offices - other (13)	N/A	2,909	89%	N/A	89	1,189	1,385	1,289	7,954
Subtotal Offices		156,000	91%	N/A	13,224	141,471	97,915	52,883	891,297
Other Non-Shopping Center Rental Properties									
Commercial Properties (14)	N/A	312		N/A		209	188	242	3,626
Museo Renault	12/06/07	1,275	100%	100.0%	30	356	204		4,877
Santa María del Plata	07/10/97	60,100	100%	90.0%	84	959	958	1,043	12,496
Thames (7)	11/01/97	33,191	100%	100.0%	51	607	607	607	3,899
Other properties (15)	N/A	2,072	100%	N/A	6	2,207	220	168	5,721
Subtotal Other Rental Properties		96,950	100%	N/A	171	4,338	2,177	2,060	30,619
Related fees (16)		N/A	N/A	N/A		1,940	2,067	740	N/A
TOTAL OFFICES AND OTHER NON-SHOPPING CENTER RENTAL PROPERTIES (17)									
		252,950	94%	N/A	13,395	147,749	102,159	55,683	921,916

Notes:

(1) Total leaseable area for each property as of June 30, 2009. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of June 30, 2009.

(3) Agreements in force as of 06/30/09 for each property were computed.

(4) Total leases consolidated by application of the method under Technical Resolution RT21.

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- (5) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment.

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- (6) 472 leasable square meters were sold in December 2008.
- (7) Through Inversora Bolivar S.A.
- (8) The building was occupied on May 15, 2009.
- (9) In the period January through March 2009, the square meters sold amounted to 3,099.
- (10) In the period December 2008 through April 2009, 3,937 leasable square meters were sold.
- (11) In the period February through April 2009 26 parking spaces were sold.
- (12) The property was completely sold in April 2009.
- (13) Includes the following properties: Madero 942 (fully sold as of June 30, 2009), Av. de Mayo 595, Av. Libertador 602, Rivadavia 2768 and Sarmiento 517 (through IRSA).
- (14) Includes the following properties: Constitución 1111, Crucero I (fully sold as of June 30, 2009); Retail stores in Abril (wholly assigned) and Casona in Abril (through IRSA and IBSA).
- (15) Includes the following properties: one unit in Alto Palermo Park (through IBSA), Constitución 1159 and Torre Renoir I (through IRSA) and others.
- (16) Revenues from building management fees.
- (17) Corresponds to the Offices and other non-shopping center rental properties business unit mentioned in Note 4 to the Consolidated Financial Statements.

The following table shows a schedule of the lease expirations of the office and other properties for leases outstanding as of June 30, 2009, 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 ⁽¹⁾	Square meters subject to expiring leases ⁽²⁾ (m2)	Percentage of total square meters subject to expiration (%)	Annual rental income under expiring leases (Ps.)	Percentage of total rental income under expiring leases (%)
2010	55	61,995	61%	52,856,655	33%
2011	51	52,510	22%	51,100,596	32%
2012	42	37,159	16%	51,857,814	32%
2013+	4	3,155	1%	4,005,146	3%
Total	152	154,819	100%	159,820,211	100%

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Includes Offices which contract has not been renewed as of June 30, 2009.

Does not include vacant leased square meters.

Does not include square meters or revenues from parking spaces.

The following table shows the occupancy percentage of our subsidiary IRSA s offices during fiscal years ended June 30, 2009, 2008 and 2007:

Offices	Occupancy Percentage		
	Fiscal year ended June 30,⁽¹⁾		
	2009	2008	2007
	(%)	(%)	(%)
Intercontinental Plaza	100	100	100
Bouchard 710	100	100	100
Bouchard 551	96	100	100
Dock del Plata	80	100	100
Libertador 498	100	100	100
Maipú 1300	100	100	100
Laminar Plaza (3)	N/A	100	100
Madero 1020	100	100	100
Reconquista 823/41 (3)	N/A	100	100
Suipacha 652/64	100	100	100
Edificios Costeros	59	89	96
Costeros Dique IV	90	100	96
Torre Bankboston	100	100	N/A
República	64	19	N/A
Dique IV	89	N/A	N/A
Other (2)	89	100	100

(1) Leased square meters in accordance with lease agreements in effect as of June 30, 2009, 2008 and 2007 considering the total leaseable office area for each year.

(2) Includes the following properties: Madero 942 (sold in October 2008) , Av. de Mayo 595, Av. Libertador 602, Sarmiento 517 and Rivadavia 2768.

(3) This property was fully sold in April 2009.

The following table sets forth the annual average income per square meter for our subsidiary IRSA s offices during fiscal years ended June 30, 2009, 2008 and 2007:

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	Annual average income per square meter		
	Fiscal year ended June 30, ⁽¹⁾		
	2009 (Ps/sqm)	2008 (Ps/sqm)	2007 (Ps/sqm)
Offices			
Intercontinental Plaza	717	555	487
Bouchard 710	1,158	861	623
Bouchard 551 (2)	870	458	118
Dock del Plata (3)	908	877	392
Libertador 498 (4)	1,005	812	634
Maipú 1300	962	789	597
Laminar Plaza (5)	817	860	710
Madero 1020	281	414	450
Suipacha 652/64	416	217	123
Reconquista 823/41 (5)	334	450	236
Edificios Costeros	639	610	504
Costeros Dock IV	930	847	387
Torre Bankboston (6)	1.238	992	N/A
República (7)	861	55	N/A
Dique IV (8)	154	N/A	N/A
Other (9)	326	448	429

- (1) Calculated considering annual leases to total leaseable office area, in accordance with IRSA's percentage of ownership in each building.
- (2) Lease agreement beginning in the third quarter of fiscal year ended June 30, 2007, consequently income is for only three months of that fiscal year. In the third quarter of fiscal year 2008, 9,946 sqm were sold.
- (3) 3,937 leaseable square meters were sold in the period December 2008 through April 2009.
- (4) 3,099 leaseable square meters were sold in the period January through March 2009.
- (5) The property was fully sold in April 2009.
- (6) The property was acquired on 08/27/07, consequently income is for only ten months of fiscal year ended June 30, 2008.
- (8) The property was acquired on 04/28/08 and construction works were in progress, consequently income is for only 1 month of the fiscal year ended June 30, 2008.
- (9) Includes the following properties: Madero 942 (sold in October 2008), Av. de Mayo 595, Av. Libertador 602, Sarmiento 517 and Rivadavia 2768.

Below is information regarding our subsidiary 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. 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 IRSA's portfolio distributed in 20 floors. The main tenants include Apache Energía, Deutsche Bank, Estudio Beccar Varela, Federalia S.A. de Finanzas, Enap Siptrol Argentina S.A., Infomedia and Banco Itaú.

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Torre BankBoston. 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. IRSA has a 50% 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 our subsidiary IRSA acquired in March 2007, located in the Retiro area close to the intersection of the Leandro N. Alem and Córdoba avenues and opposite Plaza Roma. The building is a 23-story tower covering a surface area of 2,900 square meters in the low floors that becomes smaller as it goes higher up to 900 square meters approximately, and parking for 177 units. IRSA has approximately 23,000 leasable square meters in the building and its 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. Our subsidiary IRSA owns 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 and Cognizant Technology Solutions de Arg. S.A.

Dique IV, Puerto Madero. About mid-May 2009 our subsidiary IRSA completed an office building located in Puerto Madero's Dock IV. It is a luxury building with a leasable area of approximately 11,298 square meters composed of large and versatile spaces. Its lay-out is optimum both for companies that require smaller office space at an average 200 square meters and for corporations that need the entire floor. The building has nine office stories and retail stores in the first story. The main tenant in the building is Exxon Mobile.

Bouchard 710, City of Buenos Aires. Bouchard 710 is an office building acquired by our subsidiary IRSA in June 2005, located in the Retiro area. The building is a 12-story tower, with an average area per floor of 1,251 square meters, with 180 units for car parking. Tenants are Unilever de Argentina S.A., Sibille S.C. (KPMG), and Microsoft de Argentina 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, Buenos Aires' most important public transportation hub, connecting rail, subway and bus transportation. Our subsidiary IRSA owns the entire building which has an average area per floor of 440 square meters. The building's principal tenants currently include Allende & Brea, Carlson Wagonlit Travel Argentina S.A. and PPD Argentina S.A.

Libertador 498, Ciudad de 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 of Buenos Aires. This location allows for easy access to the building from northern, western and southern Buenos Aires. Our subsidiary IRSA is the owner of 12 stories with an average area per floor of 620 square meters and of 209 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 Alfaro Abogados S.C., Sideco Americana 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, our subsidiary IRSA 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

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principal tenants currently include Nextel Argentina S.A., Consultora de Estudios Bonaerense S.R.L., London Supply S.A.C.I.F.I., Techint Cía. Técnica Internacional S.A.C.I. and Trafigura Argentina S.A.

Edificios Costeros, Dique II, City of Buenos Aires. Costeros A and B are two four-story buildings developed by our subsidiary IRSA and located in the Puerto Madero area. IRSA owns the two buildings which have a gross leaseable area of 6,389 square meters. In September 1999 our subsidiary IRSA completed their construction and in April 2000 began to market the office spaces and 147 parking spaces. The main tenants of these properties are as follows: Leo Burnett Worldwide Invest. Inc., Italcred S.A., Coty Argentina S.A., Olga Cossetini 1545 S.A. and Somos Tres S.R.L.

Dock del Plata, City of Buenos Aires. Dock del Plata is an office building located at Alicia Moreau de Justo 400 in the Puerto Madero area acquired by our subsidiary IRSA in November 2006. It is a 4-story building with an average surface per floor of 1,500 square meters and with 309 units of parking space. In the fiscal period ended June 30, 2009 the retail stores and 4 functional units were sold, with the office leaseable area now being 3,985 square meters. At present, the main tenants include AT & T Communications Serv. S.R.L., MCO LEX S.R.L and CA 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 of Buenos Aires. Our subsidiary IRSA owns 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 IRSA 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 APSA's subsidiary, Tarshop S.A.

Other office properties. Our subsidiary 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. 0.8 million in annual rental income for fiscal year 2009. Among these properties are Madero 942 (sold in October 2008), Libertador 602, Av. de Mayo 595, Rivadavia 2768 and Sarmiento 517.

Retail and other properties. The portfolio of rental properties of our subsidiary IRSA as of June 30, 2009 includes 10 non-shopping center leased properties that are leased as shops on streets, a lot in industrial premises, two leased 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.

During fiscal 2009 our subsidiary IRSA executed and delivered title deeds for the sale of 19,371 sqm of gross leaseable area corresponding to non-strategic office assets in several transactions totaling approximately US\$ 52 million. These transactions include, though are not limited to, 7 functional units at Edificio Dock del Plata representative of 3,937 sqm of gross leaseable area; a commercial property in Puerto Madero designated as Crucero I representative of 192 sqm of gross leaseable area; 5 functional units at Edificio Libertador 498 representative of 3,099 sqm of gross leaseable area; one functional unit at the property located in Av. Madero 942 representative of 768 sqm of gross leaseable area; 5 floors at Edificio Laminar Plaza, representative of 6,520 sqm of gross leaseable area and a block building along Reconquista street representative of 5,016 sqm of gross leaseable area. This decision allows IRSA to reinforce its financial robustness and to re-focus on consummating the potential business opportunities that are being added to its portfolio such as the incorporation into its portfolio of the Dique IV office building in May 2009 and the completion and start-up of the office building adjacent to the Dot Baires Shopping Center scheduled to be operational in the year 2010.

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IRSA is engaged in purchasing, developing and managing shopping centers through its subsidiary APSA. As of June 30, 2009, APSA operated and owned majority interests in eleven shopping centers, six of which are located in the City of Buenos Aires, one of which is located in the greater Buenos Aires metropolitan area and the other four of which are located in the Argentine provinces, in the cities of Salta, Rosario, Mendoza and Córdoba.

As of June 30, 2009, IRSA owned 63.3% of APSA and Parque Arauco S.A. owned 29.6%. The remaining shares are held by the investor public and traded on the *Bolsa de Comercio de Buenos Aires* and the related ADSs are listed and traded on the Nasdaq National Market (USA) under the symbol APSA. In addition, as of June 30, 2009, IRSA owned US\$ 31.7 million of APSA's convertible notes due July 2014. If our subsidiary, and all the other holders of such convertible Notes were to exercise their options to convert the convertible notes into shares of APSA's common stock, IRSA's shareholding in APSA would increase to 65.9% of its fully diluted capital.

As of June 30, 2009, APSA's shopping centers comprised a total of 292,536 square meters of gross leaseable area (excluding certain space occupied by hypermarkets which are not APSA's tenants). For the period ended June 30, 2009, the average occupancy rate of APSA's shopping center portfolio was approximately 98.5%.

As a result of the acquisition of several shopping centers, IRSA centralized the management of the shopping centers in APSA, 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 subsidiary APSA's shopping centers as of June 30, 2009:

	Date of Acquisition	Leaseable Area sqm (1)	APSA's Effective Interest (3)	Occupancy rate (2)	Annual Rental Income For the fiscal years (in thousands of Ps.) (4)			Book Value (in thousands of Ps.) (5)
					2009	2008	2007 (12)	
Shopping Centers (6)								
Panamerican Mall (7)	12/01/06	49,731	80.0%	99.9%	8,499			557,852
Abasto (8)	07/17/94	37,604	100.0%	99.8%	77,773	69,639	56,380	172,586
Alto Palermo	12/23/97	18,635	100.0%	100.0%	82,450	69,847	57,345	156,665
Patio Bullrich	10/01/98	11,741	100.0%	99.6%	31,537	28,864	25,368	96,903
Mendoza Plaza Shopping	12/02/04	41,118	100.0%	96.8%	25,478	24,232	18,779	85,294
Alto Avellaneda	12/23/97	37,298	100.0%	100.0%	47,488	39,958	31,249	84,624
Alto Rosario Shopping (8)	11/09/04	28,640	100.0%	95.0%	24,141	20,040	15,464	79,436
Paseo Alcorta	06/06/97	14,385	100.0%	97.9%	39,067	37,293	31,241	74,020
Córdoba Shopping Villa Cabrera	12/31/06	15,789	100.0%	96.4%	11,262	10,577	3,810	69,195
Alto Noa	03/29/95	18,851	100.0%	99.9%	10,838	9,598	6,635	23,081
Proyecto Neuquén (9)	07/06/99	N/A	94.6%	N/A				12,127
Buenos Aires Design	11/18/97	13,750	53.7%	98.8%	12,965	12,020	10,359	11,306
Fibesa and others (10)		N/A	100.0%	N/A	16,431	21,402	13,636	
Comercializadora Los Altos S.A.		N/A	100.0%	N/A	8,804	1,925		
TOTAL SHOPPING CENTERS		287,542	94.9%	98.5%	396,733	345,395	270,266	1,423,089

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Notes:

- (1) Total leaseable area in each property. Excludes common areas and parking spaces.
- (2) Calculated dividing occupied square meters by leaseable area.
- (3) Effective interest of APSA in each business unit. IRSA has a 63.34% in APSA.
- (4) Represents the total leases consolidated by application of the RT21 method.
- (5) Cost of acquisition plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment in value, plus recovery of allowances if applicable.
- (6) Owned through APSA.
- (7) On May 13, 2009, a shopping center, a hypermarket and a movie theater complex were opened. Still pending is the completion of an office and/or residential building.
- (8) Excludes Museo de los Niños. (Abasto 3,732m²; Rosario 1,261m²)
- (9) Land for the development of a Shopping Center.
- (9) Includes revenues from Fibesa S.A. and others.

Tenants Retail Sales

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

	Fiscal year ended June 30, (1)		
	2007 Ps.	2008 Ps.	2009 Ps.
Abasto	573,814,588	720,398,373	774,496,092
Alto Palermo	502,220,444	631,821,667	745,008,569
Alto Avellaneda	418,349,117	560,693,754	696,502,305
Paseo Alcorta	321,948,304	385,515,939	374,756,633
Patio Bullrich	226,200,714	271,411,516	274,923,406
Alto Noa	130,318,508	173,998,891	211,353,264
Buenos Aires Design	110,722,931	132,952,563	129,072,350
Mendoza Plaza	337,757,597	433,394,266	436,599,085
Alto Rosario	204,430,069	271,331,827	318,443,541

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Cordoba	N/A	120,827,838	133,526,649
Dot Baires Shopping	N/A	N/A	99,478,084
Total retail sales (2)	2,825,762,272	3,702,346,634	4,194,159,978

Notes:

(1) Retail sales based upon information provided to by retailers and past owners. The amounts shown reflect 100% of the retail sales of each shopping center, although in certain cases IRSA owns 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 lease expirations for the shopping center properties in place as of June 30, 2009, assuming that none of the tenants exercise renewal options or terminate their lease early.

Lease Expirations as of June 30,	Number of Leases Expiring	Square Meters Subject to Expiring Leases (sqm)	Percentage of Total Square Meters Subject to Expiration (%)	Annual Base Rent Under Expiring Leases(1) (Ps.)	Percentage of Total Base Rent Under Expiring Leases (%)
2010	543	91,548	32%	73,730,303	32%
2011	331	42,251	15%	54,185,002	23%
2012	294	37,483	13%	52,686,545	23%
2013+	196	116,260	40%	52,314,176	22%
Total (2)	1,364	287,542	100%	232,916,026	100%

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(1) Includes only the basic rental income amount. Does not give effect to APSA's ownership interest.

(2) Includes stores which contracts have not been renewed yet and vacant stores at June 30, 2009.

Occupancy Rate

The following table shows the average occupancy rate of each shopping center during fiscal years ended June 30, 2009, 2008 and 2007:

	Occupancy Rate Fiscal year ended June 30,		
	2009 (%)	2008 (%)	2007 (%)
Abasto de Buenos Aires	99.8	99.6	97.0
Alto Palermo Shopping	100.0	100.0	99.6
Alto Avellaneda	100.0	99.8	95.0
Paseo Alcorta	97.9	99.5	99.0
Patio Bullrich	99.6	100.0	100.0
Alto Noa	99.9	100.0	100.0
Buenos Aires Design	98.8	100.0	100.0
Alto Rosario	95.0	99.2	93.4
Mendoza Plaza Shopping	96.8	97.7	95.9
Córdoba Shopping Villa Cabrera	96.4	97.2	
Dot Baires Shopping	99.9		
Total average	98.5	99.3	97.8

Rental Price

The following table shows the annual/period average rental price per square meter for the fiscal years ended June 30, 2009, 2008 and 2007:

	Annual Average Revenue per square meter Fiscal year ended June 30, (1):		
	2009 (Ps./m2)	2008 (Ps./m2)	2007 (Ps./m2)
Abasto de Buenos Aires	1,711	1,437	1,273
Alto Palermo Shopping	3,581	3,058	2,925
Alto Avellaneda (2)	1,156	972	1,100
Paseo Alcorta	2,409	2,314	2,074
Patio Bullrich	2,255	2,096	2,051
Alto Noa	503	461	344
Buenos Aires Design	731	673	634
Alto Rosario	747	609	484
Mendoza Plaza Shopping	547	537	456
Córdoba Shopping Villa Cabrera (3)	591	558	N/A
Dot Baires Shopping (4)	1,162	N/A	N/A

Notes:

(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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- (2) The decrease in revenues per square meter in fiscal 2008 at Alto Avellaneda is due to the inclusion of 11,600 sqm belonging to Falabella.

- (3) The values for 2008 were modified on the basis of the movie theaters' surface areas.

- (4) The values corresponding to Dot have been adjusted and annualized as the actual figures reflect only one month and a half.

Principal Terms of the Leases

Under Argentine Law, terms of commercial leases must be between three to ten years, with most leases in the shopping center business having terms of no more than five years. The lease agreements are generally denominated in Pesos.

Leaseable space in the shopping centers is marketed through an exclusive arrangement with APSA's real estate broker, Fibesa S.A. There is a standard lease agreement, the terms and conditions of which are described below, which it uses for most tenants. However, the 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.

Tenants are 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 sales in the store (the *Percentage Rent*) (which generally ranges between 4% and 10% of tenant's gross sales). Furthermore, pursuant to the rent escalation clause in most leases, a tenant's *Base Rent* generally increases between 7% and 12% each year during the term of the lease. Although many of the 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, there can be no assurance that APSA may be able to enforce such clauses contained in its lease agreements.

In addition to rent, most of the tenants are charged an admission fee, which is required to be paid upon entering into a lease agreement and upon a lease agreement renewal. 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 consent.

APSA 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. APSA 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. This percentage is determined based on the tenant's gross leaseable area and the location of its store. The common area expenses include, among others, administration, security, operations, maintenance, cleaning and taxes.

APSA carries out promotional and marketing activities to increase attendance to the shopping centers. These activities are paid for with the tenants' contributions to the Common Promotional Fund (*CPF*), which is administered by APSA. Every month tenants contribute to the *CPF* an amount equal to approximately 15% of their rent (*Base Rent* plus *Percentage Rent*), in addition to rent and expense payments. APSA 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*. It may also require tenants to

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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. APSA 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 APSA. Tenants are responsible for all costs incurred in remodeling the rental units and 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 the shopping center revenues for the fiscal years ended June 30, 2007, 2008 and 2009:

	Fiscal Year ended June 30,		
	2009 (Ps.)	2008 (Ps.)	2007 (Ps.)
Fixed monthly minimum rent	196,039,212	159,140,526	129,594,156
Variable rent dependent on prices	70,883,545	73,298,452	51,872,357
Booth and kiosk rentals	31,774,087	27,144,073	21,303,064
Admission fees	47,690,439	40,275,442	34,477,499
Miscellaneous	33,275,688	31,959,152	23,012,445
Parking	17,070,274	13,577,014	9,872,453
Total rentals and services	396,733,245	345,394,659	270,131,974

Description of each Shopping Center

Set forth below is information regarding APSA's principal shopping centers.

Alto Palermo Shopping, City of Buenos Aires. Alto Palermo Shopping is a 145-store shopping center that opened in 1990 and is located in the densely populated 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 18,635 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, 2009, the public visiting the shopping center generated nominal retail sales totaling approximately Ps. 745 million, which represents annual sales for approximately Ps. 39,979.0 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 in this shopping center) accounted for approximately 17.3% of its gross leaseable area at June 30, 2009 and approximately 9.5% of its annual base rent for the fiscal year ended on such date.

Alto Avellaneda, Avellaneda, Greater Buenos Aires. Alto Avellaneda is a 144-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 square meters that includes 37,298 square meters of gross leaseable area. Alto Avellaneda has a six-screen multiplex movie theatre, a Wal-Mart megastore, a bowling alley, an entertainment center a bowling alley, an 18-restaurant food court and starting in April 28, 2008, it also hosts a Falabella department store. Wal-Mart (not included in the

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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, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 696.5 million, which represents annual revenues for approximately Ps. 18,674.0 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 34.4% of its gross leaseable area at June 30, 2009 and approximately 21.3% of its annual base rent for the fiscal year ended on such date

Paseo Alcorta, City of Buenos Aires. Paseo Alcorta is a 111-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 14,485 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, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 374.8 million, which represents annual sales for approximately Ps. 26,051.9 per square meter. Principal tenants currently include Zara, Frávega, Rapsodia, Kartun and Etiqueta Negra. Paseo Alcorta's five largest tenants (in terms of sales in this shopping center) accounted for approximately 14.2% of Paseo Alcorta's gross leaseable area at June 30, 2009 and approximately 8.9% of its annual base rent for the fiscal year ended on such date.

Abasto Shopping, City of Buenos Aires. Abasto Shopping is a 173-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 37,604 square meters of gross leaseable area (41,336 sqm if we consider also Museo de los Niños). The shopping center includes a food court with 27 stores covering an area of 8,021 square meters, a 12-screen multiplex movie theatre, entertainment facilities and the Museo de los Niños Abasto, a museum for children. Abasto Shopping is spread out over five levels and has a 1,200-car parking lot. In the fiscal year ended June 30, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 774.5 million, which represents annual sales for approximately Ps. 20,596.1 per square meter. Total revenues from rentals went up from approximately Ps. 70.3 million for the fiscal year ended on June 30, 2008 to Ps. 78.1 million for the fiscal year ended on June 30, 2009 which in turn represents monthly revenues per square meter of gross leaseable area equivalent to Ps. 147.8 in 2008 and Ps. 173.1 in 2009. Principal tenants currently include Garbarino, Zara, Frávega, Mc Donald's and Compumundo. Abasto Shopping Center's five largest tenants (in terms of sales in this shopping center) accounted for approximately 7.2% of the accumulated annual base rent for the fiscal year ended on June 30, 2009.

Patio Bullrich, City of Buenos Aires. Patio Bullrich is an 85-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, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 274.9 million, which represents sales for approximately Ps. 23,415.7 per square meter. Principal tenants currently include Zara, Etiqueta Negra, Rouge International La Martina and Rapsodia.

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Patio Bullrich's five largest tenants (in terms of sales in the shopping center) accounted for approximately 20.0% of Patio Bullrich's gross leaseable area at June 30, 2009, and approximately 15.7% of its annual base rent for the fiscal year ended on such date.

Alto Noa, Salta, Province of Salta. Alto Noa is an 88-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 18,851 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, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 211.3 million, which represents annual sales for approximately Ps. 11,211.8 per square meter. Principal tenants currently include Supermercado Norte, Garbarino, Boulevard Casino, Y.P.F., and Frávega. Alto Noa's five largest tenants (in terms of sales in this shopping center) represented approximately 33.0% of Alto Noa's gross leaseable area as of June 30, 2009 and approximately 16.4% 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 64-store shopping center intended for specialty interior, home decorating and restaurants that opened in 1993. APSA owns Buenos Aires Design through a 53.64% interest in Emprendimientos 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 13,750 square meters of gross leaseable area and 7 restaurants. It is divided into two floors and has a 174-car parking lot. In the fiscal year ended June 30, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 129.1 million, which represents annual sales for approximately Ps. 9,387.1 per square meter. Principal tenants currently include Morph, Hard Rock Café, Barugel Azulay, Bazar Geo and Kalpakian. Buenos Aires Design's five largest tenants (in terms of sales in this shopping center) accounted for approximately 21.7% of Buenos Aires Design's gross leaseable area as of June 30, 2009 and 18.9% 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 28,640 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, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 318.4 million, which represents annual sales for approximately Ps. 11,118.8 per square meter. 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 37.3% of Alto Rosario's gross leaseable area as of June 30, 2008 and 10.7% of its annual base rent for the fiscal year ended on such date.

Mendoza Plaza, Mendoza, Province of Mendoza. Mendoza Plaza is a 150-store shopping center located in the City Mendoza in the Province of Mendoza. It consists of 41,118 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 20 stores, an entertainment center and a supermarket which is also a tenant. In the fiscal year ended June 30, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 436.6 million, which represents annual sales for approximately Ps. 10,618.2 per square meter. Principal tenants currently include Falabella, Super Plaza Veá, Garbarino, Frávega and Cines MP. Mendoza Plaza's five largest tenants (in terms of sales in this shopping center) accounted for approximately 43.7% of Mendoza Plaza's gross leaseable area at June 30, 2009, and approximately 23.0% of its accumulated annual base rent for the fiscal year ended on such date.

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Córdoba Shopping, Villa Cabrera, Córdoba. Córdoba Shopping is a 106-store commercial center located in Villa Cabrera, Province of Córdoba. It covers 15,789 square meters of gross leaseable area. Córdoba Shopping has a 12-screen movie theatre complex, a food court an entertainment area and a parking lot for 1,500 vehicles. In the fiscal year ended June 30, 2009, the public visiting the shopping center generated nominal retail sales that totaled approximately Ps. 133.5 million, which represents annual sales for approximately Ps. 8,456.9 per square meter. Principal tenants are Cines Córdoba, Mc Donald s, New Sport, Dexter and Canotier. Córdoba Shopping s five largest tenants (in terms of sales in this shopping center) accounted for approximately 40.8% of Córdoba Shopping s gross leaseable area and approximately 10.6% of its accumulated annual base rent for the fiscal year ended on June 30, 2009.

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 49,731 constitute Gross Leasable Area, 153 retail stores, a hypermarket, a 10-screen multiplex movie theater and parking space for 2,200 vehicles. At June 30, 2009, APSA had an 80% ownership interest in Panamerican Mall S.A. For the fiscal year ended on June 30, 2009, the public visiting Dot Baires generated, as from its opening, nominal retail sales that totaled approximately Ps. 99.5 million, which represents annualized sales (i.e., averaging the months since the opening) for approximately Ps. 16,002.6 per square meter. The main tenants include Falabella, Wall Mart, Zara, Garbarino and Frávega. Dot Baires Shopping s five largest tenants (in terms of sales in this shopping center) accounted for approximately 46.4% of Dot Baires Shopping s gross leasable area and approximately 2.8% of its accumulated annual base rent for the fiscal year ended on June 30, 2009.

Acquisition of Soleil Factory, San Isidro, Province of Buenos Aires. On December 28, 2007, APSA entered into a preliminary agreement with INC S.A. concerning a partial conveyance of goodwill whereby APSA agreed to buy a shopping center located in San Isidro, in northern Greater Buenos Aires, called Soleil Factory . The closing of this transaction is subject to certain conditions precedent. The total price was US\$ 20.7 million, of which APSA paid US\$ 8.1 million as down payment. The balance of US\$ 12.6 million is payable in 2014. At that time, APSA signed a letter of offer for the acquisition, construction and operation of a Shopping Center in the premises owned by INC S.A. in the City of San Miguel de Tucumán, Province of Tucumán. This transaction is subordinated to certain conditions precedent, including, but not limited to, the partial acquisition from INC S.A. of the going concern formed by the Shopping Center operating in Soleil Factory.

Consumer financing

Tarshop. Through our subsidiary Tarshop, in which APSA owns a 93.4% interest, IRSA is engaged in consumer financing operations.

Basically, two major instruments represent the Argentine consumer financing market: credit cards and unsecured loans, both in cash and through consumption financing at retail stores. These two modalities entail the involvement of two types of entities: those regulated by the Law of Financial Institutions (Law No. 21,526) that include banks and financial institutions and unregulated institutions, such as Tarshop.

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In turn, Tarshop's business structure includes (i) Credit Cards, (ii) Unsecured Loans, (iii) Consumer financing at Retail Stores and (iv) Peripherals. As regards the Credit Card segment that does business as Tarjeta Shopping, Tarshop is responsible for issuance, processing and sales which in turn affords the company the advantage of being flexible in the design of plans that meet the needs of both target customers and the retail stores that operate with the company.

As of June 30, 2009, Tarshop had 855,000 customer accounts, 422,000 of which posted balances, with an average outstanding amount of Ps. 1,438 per account. The total portfolio amounted to Ps. 819 million, with 59.3% being securitized through the Tarjeta Shopping Financial Trust Program.

Tarshop's current business network is made up by 22 points of sale scattered throughout the City of Buenos Aires, Greater Buenos Aires, Córdoba, Tucumán, Salta and Jujuy. As of June 30, 2009, the retail stores that accept payments through the Tarshop credit card were more than 40,000, 41% of which post transactions on a regular basis. On the whole, more than 6.6 million transactions have been posted during the year mentioned.

In addition, Tarshop owns a 50% stake in Metroshop S.A., with the remaining 50% being owned by Metronec S.A. Metroshop S.A. is a company engaged in the commercialization of credit cards with an embedded chip that allows automatic access to the main means of transportation and unsecured loans through an independent distribution network. Tarshop's involvement consists in processing the products commercialized by Metroshop.

In the course of fiscal 2009 and as a result of the international financial context, the need arose for us to review the general and particular economic prospects of the Company's activities, and to take certain measures, all of them aimed at strengthening the business in the face of the prevailing economic conditions.

To face the increasing volatility in the international financial context and to provide Tarshop with a capital base in consonance with the current market conditions, in the first quarter of fiscal 2009 APSA decided to take part in a capital increase for up to the amount of Ps. 60 million, thereby increasing its ownership interest in the company from 80% to 93.4%.

The following are some of the decisions made during fiscal 2009:

Readjustment of the operational structure to align it to the new business scenario.

Adjustments in plans involving both cash and Consumer financing at retail stores.

Changes in Loan Origination Policies.

Reinforcement of Collection Management.

Analysis and implementation of new funding tools.

Adjustment of the uncollectibility provisioning policies through the establishment of a criterion stricter than that suggested by the Central Bank.