

IRSA INVESTMENTS & REPRESENTATIONS INC

Form 6-K

September 22, 2006

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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, 2006

Irsa Inversiones y Representaciones Sociedad Anónima

(Exact name of Registrant as specified in its charter)

Irsa Investments and Representations Inc.

(Translation of registrant's name into English)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Bolívar 108

(C1066AAB)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F Form 40-F

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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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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA

(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, 2006 and 2005.

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Inversiones y Representaciones

Sociedad Anónima

Business Overview and Financial Statements

Years ended June 30, 2006 and 2005.

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CORPORATE PROFILE

Incorporated under the laws of Argentina in 1943, IRSA Inversiones y Representaciones Sociedad Anónima (IRSA or The Company) is the biggest real estate company in Argentina and the only one whose shares are listed and traded on the *Bolsa de Comercio de Buenos Aires* (BCBA) and New York Stock Exchange.

IRSA is the best vehicle to gain access to the Argentine real estate market due to its achievements, its large and diversified portfolio of properties that place it in a leading position in almost all sectors in which it has operated, and its management's ability and strength to make use of opportunities and maximize the value of the Company.

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LETTER TO SHAREHOLDERS

To Shareholders:

Having passed fiscal year 2006, we have a great satisfaction to announce our operations results, since we can show again an improvement in all our business lines profitability as a result of the decisions made in the last few years and the positive trend of the Argentine economy.

The outstanding level of activity during the period represented a major driver for construction and for an increase in consumption, both of which are key variables to our business. This outstanding recovery rests on the growth of individual loans and the increase in consumers' purchasing power, the boom of tourism and investment. As regards consumption, there was a year-on-year 8.7% increase whilst construction grew by 21.2%, which represents its highest level as from 1993, according to statistical indexes prepared by Instituto Nacional de Estadística y Censos (INDEC). In turn, arrivals of tourists at the International Ezeiza Airport for the last 6 months of fiscal 2006 were 20% higher than in the same period of the prior fiscal year, which positions Buenos Aires amongst the ten most visited cities in the world, and all these variables contributed to an 8.2% increase in GDP compared to the prior fiscal year. Moreover, for the calendar year the accumulated growth is expected to reach 7.8%.

The significant growth of our Company is reflected in all our business lines, which led to a 43.5% increase in our operating income, from Ps. 141.1 million to Ps. 202.4 million for the fiscal year ended June 30, 2006. Additionally, the Company's net income for the period amounted to Ps. 96.6 million. Given this improvement, and as part of our investment strategy, we have consummated acquisitions and developments of various projects for all of the Company's activities.

The Shopping Centers' line of business showed the most significant growth. This line, together with tourism and the exporting sectors, were the first to recover after the crisis of late 2001. Driven by the present favorable conditions the level of tenants' sales of our subsidiary Alto Palermo S.A. (APSA) (APSA) grew by 34% in nominal values and occupancy was close to 100%.

As a result of the promising scenario prevailing in the sector, APSA has recently entered into a purchase agreement subject to a due diligence to acquire Córdoba Shopping, the Company's tenth shopping center. Located in the Villa Cabrera neighborhood in Córdoba City, Córdoba Shopping has a total surface area of 35,000 sqm with 160 retail stores, 12 movie theaters and parking space for 1,500 vehicles. Through this transaction Alto Palermo S.A. continues with the implementation of its plan of expansion within the region and to strengthen its selling leading position establishing a presence in the Province of Córdoba, the fourth city in terms of purchasing power in Argentina. Additionally, APSA acquired an undeveloped parcel of land to build a shopping center in the Saavedra neighborhood in Buenos Aires City, an area of major commercial relevance as it is the nexus between Buenos Aires City and North Greater Buenos Aires. In addition, APSA has implemented major improvements in Shopping Mendoza Plaza, which APSA started to manage in the course of the prior fiscal year.

Another segment that showed a significant recovery was the office segment. Given the scarcity in the supply of offices for lease, with occupancy levels close to 94% in the AAA and A segments and insufficient stock for the future due to the lack of investments during the years following the 2001 crisis, the favorable conditions in the sector are expected to continue in the medium term. The future of this sector is highly promising as the new agreements are expected to reach values close to 30 US\$/sqm for 2008. It should be noted that as most lease agreements are executed for a 36-month term, the effect of this recovery will be shown in the results for the successive years.

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As regards the Hotels segment, the increased inflow of tourists and the stepwise recovery in the corporate segment had a positive impact on the EBIDTA of our two hotels in Buenos Aires City. The improvement was shown in occupancy and especially in the rates. The good performance of this segment drove us to start with the plans to refurbish the two Buenos Aires hotels and to enlarge the Llao Llao Hotel located in Argentine Patagonia, where we continue with the efforts to build 42 en-suite rooms next to the Lago Moreno lake, scheduled to be opened in 2007. The Government's foreign exchange policy and the relevance of tourism in the Government's plans allow us to estimate that there is still margin for growth in this line of business.

Additionally, we continue to expand our real estate sales and developments business. This segment had been adversely and dramatically affected by the lack of mortgage loans. Among the main projects currently under development, we may mention the positive prospects for Torres Renoir, located in the Puerto Madero area, in which the work progress degree is 32%. In turn, as a part of the search for new urban areas for housing unit developments, works started at the Proyecto Caballito a residential complex in which two tower blocks of 34 floors each will be built in order to target a new segment within the demand for housing units. In both cases, the Company closed agreements with major developers and contributed two significant lots of its undeveloped parcel of land in exchange for square meters constructed in such developments.

As a consequence of the lack of mortgage loans, the construction sector targeted mainly the high-income segment of population. Mortgage lending granted to the private sector in Argentina which once accounted for 7% of the GDP and currently accounts for less than 2%, supports the idea that the conditions presently prevailing in the local real estate market are not triggered by excessive leverage, as is said to be the case in several developed countries. However, in order to go back to historical values there is a need to improve the salary/square meter value ratio, which is presently depressed. In this respect, the various production sectors accompanied by the Government introduced adjustments in salaries. Additionally, an ambitious plan was recently announced to finance the acquisition of the first residence which encouraged improvements in the terms and conditions of loans in order to promote access to real estate in those segments of the population that lag behind as a result of the effects of the 2001 crisis.

An analysis of our financial condition shows that during the fiscal year ended June 30, 2006 our indebtedness continued to show a noticeable reduction, especially through the conversion of our Convertible Notes which amounted to US\$ 30.5 million. In addition, in the last fiscal year we received US\$ 14.5 million as a result of the exercise of Warrants, which provides the Company with significant liquidity and solvency so that it may continue to implement its investment plans.

The factors described above had a direct impact on the upgrade of the rating of our debt instruments from BB+ (arg) to BBB (arg), surpassing the Investment Grade rating at the local level. In turn, the rating agency Fitch Argentina Calificadora de Riesgo S.A. upgraded the rating of our shares to the highest grade. In accordance with the rating agency, the upgrade is mainly based on the positive evolution shown by the various businesses in which the Company is involved and the positive prospects for the real estate business in the medium term. The rating considers the low level of indebtedness in relation to the assets held by our Company as well as the increasing cash-flow generation capacity and the soundness of our subsidiary Alto Palermo S.A.

The privilege of being the largest and most diversified company within our industry poses to us the challenge of being at the forefront in terms of new commercial proposals. Our position represents a commitment and makes us plan for the future. The sound favorable context and attainment of goals encourage us to surpass our own accomplishments, faced with a suitable scenario for planning and materializing new projects.

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Undoubtedly, the Company's unquestionable potential will only be attained with the joint effort of our shareholders, creditors, directors, tenants, clients, suppliers and employees who are the pioneers of our incredible current progress. I would like to express my gratitude to all of them for their continuing effort and compromise with the organization.

Saul Zang

Vicepresident acting as President

Buenos Aires, September 8, 2006.

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MACROECONOMIC CONTEXT

The Argentine economy

At the end of 2005, the GDP growth rate was 9.2%, which consolidated the third consecutive year of economic expansion and exceeded the prior year growth rate (9%). This period was characterized by a greater stability of domestic and foreign accounts, along with the sustained growth in the fiscal and trade surplus.

In this first six-month period of 2006, the GDP reached 8.6% and it is expected to grow to 8.8% by the end of this year.

The high level of activity achieved in 2005, mainly driven by the domestic demand, gave rise to a 12.3% inflation for the Consumer Price Index (CPI) prepared by the National Institute of Statistics and Census (INDEC). This increase includes the rise in the prices set by the food and beverage and education sectors.

In order to curb inflation, the government intervened through trade agreements, among which the negotiations within the food and textile sector stand out. Thus, the CPI accumulated increase for the first six-month period of 2006 was 4.9% and 5.1% for the Wholesale Price Index (WPI), showing deceleration signs in the price escalation for the rest of 2006.

Economic indicators continue showing a positive trend. According to the Industrial Monthly Estimate (EMI) of the INDEC, there was a 2.7% growth in the industrial activity with respect to the prior quarter. In addition, the accumulated variation for this period is 7.4% higher compared to the same period of 2005.

Based on the use of the installed capacity, the industry still has considerable potential for the rest of the year. The percentage of the capacity used in June was 71.9%, very similar to the 71.1% obtained in the same period of 2005.

In the fiscal year 2006, the monetary policy remained stable without causing a huge impact on the inflationary index. The nominal exchange rate remained competitive, through the Argentine Central Bank (BCRA) accumulation of international reserves. Such reserves grew steadily throughout the period, particularly in February 2006 after the payment of US\$ 9,530 million to settle the full debt held with the International Monetary Fund (IMF). Moreover, the BCRA continued implementing a policy aimed at issuing BCRA bills (LEBAC) and BCRA notes (NOBAC), which offered greater flexibility to soften the impact of the intervention in the exchange market and to promote domestic credit without distorting nominal variables.

Public sector accounts had a positive performance, the fiscal surplus stood at US\$ 5,400 million due to the rise in fiscal revenues, derived mainly from the drop in informal employment and a higher VAT collection as a result of the increase in consumption. As regards foreign accounts, in 2005 there was also a trade surplus due to the annual growth of 13% in exports, which reached US\$ 21,541 million in comparison with the US\$ 15,606 million reached by imports. This factor had a very significant role in determining the government's fiscal balance (through export withholdings) and in the accumulation of reserves by the Central Bank (owing to the large foreign exchange settlement by exporters at the Argentine Foreign Exchange Market (MULC)).

During fiscal 2006, the economic led to a reduction of the unemployment from 13% in the first quarter to 11.4% in the last quarter.

The following macroeconomic indicators summarize the development of the Argentine economy in the last seven years:

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	2000	2001	2002	2003	2004	2005	2006 (p)
GDP Actual growth (in %)	-0.8%	-4.4%	-10.9%	8.8%	9.0%	9.2%	7.8%
Inflation (Combined Prices) in % *	1.5%	-1.7%	49.4%	16.0%	5.9%	9.1%	10.9%
Unemployment rate ***	17.0%	20.5%	20.7%	14.5%	13.0%	10.1%	9.3%
Primary result (no privatizations) as % of the GDP	1.0%	0.5%	0.7%	2.3%	3.9%	3.7%	3.4%
Exportations FOB (Million US\$)	26,409	26,610	25,710	29,565	34,550	40,107	44,300
Importations CIF (Million US\$)	25,244	20,320	8,991	13,834	22,447	28,688	33,500
Commercial Balance (Million US\$)	1,165	6,289	16,719	15,731	12,103	11,419	10,800
Payment Balance - Account (Million US\$)**	-8,981	-3,291	8,673	7,659	3,349	5,705	6,000

(P) Projected*

Annual average **

Accrual criterion***

Country average (as percentage of E.A.P)

Source: Estudio M.A. Broda y Asoc.

The Argentinian economy basis are shown strong. The fiscal and foreign accounts present percentages with an important surplus in relation to the GNP and the government shows its dedication towards the inflation control in order to complete the stability and growth frame which are characteristic in the expansive cycles of our country.

Nevertheless, these variables show slowing down signs until this part of the year in comparison with the surprising results of the calendar year 2005. Imports had a higher growth than exports (15% against 13%) and the public sector expenditure seems to slightly increase, after the great control provided to the Executive to have the funds of the National Treasury. On the contrary, the price fixing agreements could finally generate a sudden increase in the inflation.

Apart from all this, there are no doubts that the country has greatly recovered the lost confidence after the suffered crisis at the end of 2001 and its position towards the goods market and international capital has significantly improved.

The Construction Industry

According to data elaborated by INDEC (National Institute of Statistics and Censuses) on the Synthetic Indicator for the Construction Activity (ISAC), the variation accumulated for the first semester of calendar year 2006 compared to the same period of the previous year is positive in 21.2 %.

The indicator average for the period covering the last three months with respect to the first quarter, also exhibits a 9.4% increase. Moreover, the construction index compared to the same quarter of calendar year 2005 is 21.8% higher.

The level attained corresponding to June is at the highest value since 1993. This fact becomes more important due to the current lower access and lower demand for credit for the acquisition of real estate property.

Perspectives for subsequent periods are, once again, favorable. Observing the opinion of both, analysts and entrepreneurs, who have answered the Qualitative Survey conducted by INDEC, it seems likely that construction shall keep up its gradual increase during the next months. Construction shall be supported by both, public works and higher investments in private undertakings, within different sectors such as housing, commerce, tourism and industry.

The construction surface as recorded by the building authorizations for private undertakings in a list of residential centers countrywide exhibited a 6.4% annual increase during June. The acumulated value during the first six months of the year as a whole has also gone up, showing a 19.7%

increase with respect to the same period in 2005.

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The data of the last month of the first semester of 2006 consolidate the increasing trend of the sector, ruling out the possibilities of a real estate bubble and thus anticipating good development perspectives. This ongoing expansion is owed partly to the shifting of the activity towards new residential epicenters. In this way, once again, our sector bears one the best prospects within the market for the rest of the year and early 2007.

OPERATIONS AND PRINCIPAL ACTIVITIES

We are one of Argentina's leading real estate companies. We are engaged directly or indirectly through subsidiaries, joint ventures and strategic alliances in a range of real estate activities in Argentina. Our principal activities consist of: (i) the acquisition, development and operation of office and other properties primarily for rental purposes; (ii) the acquisition, development and operation of shopping centers properties; (iii) the acquisition and development of residential properties primarily for sale; (iv) the acquisition and operation of luxury hotels; and (v) the acquisition of undeveloped parcels of land in strategic areas for future developments or sale. We hold an interest of 11.76% in Banco Hipotecario, one of the main financial organizations of the country. We are the only real state company in Argentina whose shares are listed and traded in the Bolsa de Comercio de Buenos Aires (BCBA) and New York Stock Exchange. (NYSE).

Our principal executive office is located in Bolívar 108, Buenos Aires (C1066AAB), Argentina. Our headquarters are located in the Intercontinental Plaza Tower, Moreno 877, Buenos Aires (C1091AAQ). Our telephone is +54 (11) 4323-7400, our fax is +54 (11) 4323-7480 and our website is www.irsa.com.

Commercial strategy

As one of the few companies in Argentina owning, developing and administrating real estate, we consider that we possess certain competitive advantages that we hope will allow us to continue gaining an increasing share of the real estate market in Argentina. Such advantages include:

The experience of the Company and our managers in the acquisition, development, sale, rental and administration of top-quality properties.

Our reputation and positioning as developers of comprehensive real-estate services in Argentina and other Latin American real estate markets;

The quality of our portfolio of existing properties and undeveloped parcels of land.

Our access to sources of long-term capital;

Our strategy for maintaining a high level of liquidity, enabling better advantage to be taken of real estate opportunities when they arise in favorable terms, and

The quality of our existing tenants and the high occupancy levels of our rental property portfolio, which allows us to rely on a major, stable source of liquidity for our cash flows.

Our strategy consists in increasing our flow of funds, our income and the value of our assets by means of the purchase, development and administration of real estate, individually or with partners, in all the segments of our business activity.

Offices. We seek to purchase, develop and operate A category buildings in the main office building districts in the Buenos Aires City and other strategically-located areas with attractive yields and potential for capital gains. We have been able to create a top-rank tenant base.

Shopping centers. Through our subsidiary APSA, we aim to become the leading player in the shopping center industry in Argentina, through the consolidation of our operations and new developments at strategic points in the Buenos Aires City and other important locations in Argentina. The main growth drivers in the shopping centers industry are: (i) the increase in the consumption of goods able to be sold in shopping malls; (ii)

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changes in purchasing habits, with an abandoning of purchases from high-street stores; and (iii) the relatively low level of penetration in the market by shopping malls in Argentina, which has a large potential for long-term growth compared to many developed countries. APSA has succeeded in improving the operating margins of its shopping malls, consolidating their administration, enabling it to capitalize on operating synergies, economies of scale and opportunities for commercialization and promotion.

Residential property. In previous years we have benefited from the increased availability of credit for house purchases and the improvements made to transport infrastructure between city centers and urban areas. In urban areas we have attempted to purchase undeveloped properties in strategic densely-populated areas in order to build apartment complexes offering green spaces for recreational activities, sports facilities and security services. In suburban districts, we try to purchase undeveloped properties close to the Buenos Aires City, with the aim of building residential neighborhoods for the subsequent sale of plots for house-building, once our basic infrastructure is in place.

Hotels. We aim to purchase leading hotels as the opportunities arise, delegating their management to top-rank hotel operators, to be able to capitalize on their operating experience, international networks and sales agreements, taking advantage of the benefits derived from the growing tourist and commercial business levels.

Undeveloped parcels of land. We will continue to acquire undeveloped parcels of land and properties at strategic locations inside and outside the city. In all cases, the intention is to purchase land with development or appreciation potential for subsequent sale. We consider that by holding undeveloped parcels of land we will be able to count on a wide supply of sites for the development of new projects, creating a barrier for potential competitors.

Rental properties overview

As of June 30, 2006 we either directly or through our subsidiaries and joint ventures, owned significant interests in a portfolio of 56 properties in Argentina, located principally in Buenos Aires City. The following table sets forth certain information concerning our operation and property portfolio.

Consolidated Operating Income

	Years ended		
	2006 (1)	June 30,	
		2005	2004
	(in thousands of Pesos)		
Offices and other rental properties	12,453	13,768	30,229
Shopping centers	130,419	95,184	64,538
Development and sale of properties (2)	44,944	21,132	799
Hotels	14,552	11,066	10,138
Financial operations and others	56	(39)	61
Total	202,424	141,111	105,765

- (1) At June 30, 2006 includes Ps. 12.6 million gain from operations and holdings of real estate assets, net distributed as follows: Offices and other non-shopping center rental properties Ps. 2.6 million, Shopping centers Ps. 9.5 million, Developments and Sales Ps. 0.05 million and Hotels Ps. 0.4 million.
- (2) Also, in the current 2006 year, Results for valuation of inventories are included at the net realizable value for Ps. 9.1 fully allocated to the business unit Sales and Development.

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	Annual Income for fiscal years ended		
	June 30, (1)		
	2006	2005	2004
	(in thousands of Pesos)		
Offices and other rental properties			
Buenos Aires City	29,918	19,402	15,144
Buenos Aires Province	647	29	
Shopping Centers			
Buenos Aires City	281,119	192,400	125,747
Buenos Aires Province	25,151	19,149	14,734
Salta Province	5,243	3,829	2,769
Santa Fe Province	11,823	5,497	
Mendoza Province	14,636	9,212	
Sales and Developments			
Buenos Aires City	99,949	27,278	11,035
Buenos Aires Province	3,942	5,033	19,222
Mendoza Province	75		
Hotels			
Buenos Aires City	64,607	53,784	41,729
Rio Negro Province	39,156	33,336	29,566
Mendoza Province			
Total Buenos Aires city	475,593	292,864	193,655
Total Buenos Aires Province	29,740	24,211	33,956
Total Rio Negro Province	39,156	33,336	29,566
Total Santa Fe Province	11,823	5,497	
Total Salta Province	5,243	3,829	2,769
Total Córdoba Province	75		
Total Mendoza Province	14,636	9,212	
TOTAL	576,266	368,949	259,946

(1) Shopping centers do not include incomes for sales and developments.

Offices and other rental properties

We are engaged in the acquisition, development and management of offices and other rental properties in Argentina. As of June 30, 2006, we, directly and indirectly, owned interests in 21 office and other rental properties in Argentina which comprised 193,075 square meters of gross leasable area. Of these properties, 15 were office properties which comprised 97,070 square meters of gross leasable area. For the fiscal year 2006, we had revenues from office and other rental properties of Ps. 30,565 million.

All our office rental property in Argentina are located in Buenos Aires City. All of these properties are rented to various different premium tenants. For the year ended June 30, 2006 the average occupancy rate for all our properties in the Offices and other rental property segment was approximately 96.87%. Seven different tenants accounted for approximately 32.90% of our monthly office rental and 29.50% of our total revenues for the fiscal year 2006 for the same concept. Our seven main office rental tenant are: Grupo Total Austral, Finterbusch Pickenhayn Sibille S.C. (KPMG), Microsoft Argentina S.A., Grupo Danone, Vintage Oil Argentina , Allende Brea Sociedad Civil and Cisco Systems Argentina S.A.

Administration and Management. We generally act as the managing agent of the office properties in which we own an interest. These interests consist primarily of the ownership of entire buildings or a substantial number of floors in a building. The buildings in which we own floors are generally managed pursuant to the terms of a condominium agreement that typically provides for control by a simple majority of the interests

(based on the area owned) in the building. As the managing agent of operations, we are responsible for handling

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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 our unrented units, in which case we absorb the cost. Our leasable space is marketed through commissioned brokers, the media and directly by us.

Leases. In general we rent our office and other properties on the basis of lease contracts running for terms of three years, and exceptionally, four years renewable for two or three additional years at the tenant's option. Contracts for the rental of property are generally stated in U.S. dollars, and in accordance with Argentine law they are not subject to inflation adjustment. Rental corresponding to the period renewed is negotiated at market value.

The following table sets forth certain information regarding our direct and indirect ownership interest in offices and other rental properties.

Offices and other rental properties

	Date of Acquisition	Leaseable Area sqm (1)	Occupancy Rate (2)	IRSA'S Effective Interest	Monthly Rental Income Ps./000 (3)	Accumulated Annual Rental Income for fiscal years Ps./000 (4)			Book Value Ps. /000 (5)
						2005	2004	Acquisition	
Offices									
Intercontinental Plaza (6)	18/11/97	22,535	100%	67%	634	5,436	5,289	4,108	66,277
Libertador 498	20/12/95	10,533	100%	100%	405	3,872	3,061	2,524	42,490
Maipú 1300	28/09/95	10,280	95%	100%	434	3,515	2,797	2,040	43,726
Laminar Plaza	25/03/99	6,521	100%	100%	366	3,059	2,346	2,288	30,032
Reconquista 823/41	12/11/93	5,016	N/A	100%					19,560
Suipacha 652/64	22/11/91	11,453	100%	100%	125	1,055	621	530	11,808
Edificios Costeros	20/03/97	6,389	95%	100%	180	1,760	1,242	820	19,020
Costeros Dique IV	29/08/01	5,437	100%	100%	157	1,736	1,378	744	21,463
Bouchard 710	01/06/05	15,014	100%	100%	521	5,813	412		70,786
Madero 1020	21/12/95	215	100%	100%	8	78	47	104	1,818
Others (7)	N/A	3,677	100%	N/A	90	1,041	804	628	10,617
Subtotal		97,070	94%		2,920	27,364	17,997	13,786	337,597
Other rental properties									
Commercial properties (8)	N/A	642	75%	N/A	21	175	139	153	2,168
Thames (6)	1/11/97	33,191	100%	67%	51	607	N/A	N/A	3,033
Santa María del Plata	10/7/97	60,100	100%	100%	68	1,234	N/A	N/A	10,513
Other properties (9)	N/A	2,072	100%	N/A	5	106	761	623	2,519
Subtotal		96,005	100%	N/A	144	2,123	900	776	18,233
Related fees	N/A	N/A	N/A	N/A	N/A	1,079	534	582	N/A
TOTAL OFFICES AND OTHER (10)	N/A	193,075	96.87%	N/A	3,064	30,565	19,431	15,144	355,830

Notes:

- (1) Total leaseable area for each property. Excludes common areas and parking.
- (2) Calculated dividing occupied square meters by leaseable area.

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- (3) Agreements in force as of 30/06/06 for each property were computed.
 - (4) Total consolidated leases, according to the RT21 method.
 - (5) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation.
 - (6) Through Inversora Bolivar S.A.
 - (7) Includes the following properties: Madero 942, Av. de Mayo 595, Av. Libertador 602, Rivadavia 2768, Dock 5 Puerto Madero and Sarmiento 517 (through IRSA)
 - (8) Includes the following properties: Constitución 1111, Alsina 934/44 (fully sold), Crucero I; Retail stores in Abril and Casona in Abril (through IRSA and IBSA)
 - (9) Includes the following properties: one unit in Alto Palermo Park (through Inversora Bolivar S.A) and Constitución 1159 (through IRSA)
 - (10) Corresponds to the Offices and Other Rental Properties business unit mentioned in Note 4 to the Consolidated Financial Statements.
- The following table shows a schedule of the lease expirations of our office and other properties for leases outstanding as of June 30, 2006, assuming that none of the tenants exercise renewal options or terminate their lease early. Most tenants have renewal clauses in their leases.

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Fiscal year of lease expiration	Number of leases expiring	Square meters subject to expiring leases (sqm)	Percentage of total square meters subject to expiration (%)	Annual rental income under expiring leases (Ps.)	Percentage of total rental income under expiring leases (%)
2007	57	99,951.24	54%	9,116,989.11	25%
2008	40	56,720.58	30%	12,464,27.99	34%
2009	42	22,638.20	12%	12,807,760.05	35%
2010+	6	7,225.79	4%	2,003,220.00	6%
Total	145	186,535.81	100%	36,392,497.16	100%

Includes Offices which contract has not been renewed and vacant stores as of June 30, 2006.

Does not include vacant lease square meters.

The following table shows our offices occupancy percentage during fiscal years ended June 30, 2006, 2005 and 2004:

Offices	Occupancy Percentage		
	Fiscal year ended June 30, (1)		
	2006 (%)	2005 (%)	2004 (%)
Intercontinental Plaza	100	96	84
Bouchard 710 (2)	100	100	N/A
Libertador 498	100	94	88
Maipu 1300	95	96	92
Laminar Plaza	100	95	95
Madero 1020	100	100	16
Reconquista 823/41	N/A	0	0
Suipacha 652/64	100	80	45
Edificios Costeros	95	100	98
Costeros Dock IV	100	100	87
Other (3)	100	100	100

(1) Leased square meters in accordance with lease agreements in effect as of June 30, 2006, 2005 and 2004 considering the total leassable office area for each year.

(2) Lease agreement beginning in the forth quarter of fiscal year 2005.

(3) Includes the following buildings: Madero 942, Av. De Mayo 595, Av. Libertador 602, Sarmiento 517 and Rivadavia 2768

The following table sets forth the annual average income per square meter for our offices during fiscal years ended June 30, 2006, 2005 and 2004:

Offices	Annual average income per square meter		
	Fiscal year ended June 30, (1)		
	2006 (Ps/sqm)	2005 (Ps/sqm)	2004 (Ps/sqm)
Intercontinental Plaza	299	293	262
Bouchard 710 (2)	387	27	N/A
Libertador 498	374	330	323

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Maipu 1300	373	286	235
Laminar Plaza	479	379	381
Madero 1020	362	219	281
Suipacha 652/64	119	95	104
Reconquista 823/41			
Edificios Costeros	278	196	154
Costeros Dock IV	259	265	226
Other (3)	285	219	307

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- (1) Calculated considering Annual Leases to total leassable office area, in accordance with our percentage of ownership in each building
 - (2) Lease agreement beginning in the forth quarter of fiscal year 2005.
 - (3) Includes the following buildings: Madero 942, Av. De Mayo 595, Av. Libertador 602, Sarmiento 517 and Rivadavia 2768

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Set forth below you will find information regarding our principal currently owned office properties, including the names of the tenants occupying 5% or more of the gross leasable area of each property.

Intercontinental Plaza, Buenos Aires City. Intercontinental Plaza is a modern 24-storey building located next to the Intercontinental Hotel in the historic neighborhood of Monserrat in downtown Buenos Aires City. We own the entire building which has floor plates averaging 900 square meters and 324 parking spaces. The principal tenants currently include Total Austral S.A., Danone Argentina S.A., Vintage Oil Argentina Inc, Sucursal Argentina, IRSA, APSA (APSA's subsidiary Tarshop S.A.) and Cresud.

Bouchard 710, Buenos Aires City. Bouchard 710 is an office building acquired by the Company in June, 2005, located in the Retiro area close to the intersection of avenues Leandro Alem and Córdoba. The building is a 12-storey tower, with an average surface per plant of 1,251 meters, with 180 units for car parking. Tenants are Unilever de Argentina S.A., Finterbusch Pickenhayn Sibille S.C. (KPMG), FST S.A. and Microsoft de Argentina S.A, which in addition rents the building poster for an annual amount of US\$ 0.12 millions.

Libertador 498, Buenos Aires City. Libertador 498 is a 27-storey office tower located at the intersection of Avenida 9 de Julio, Avenida del Libertador and Autopista Illia, three of the most important thoroughfares of Buenos Aires City, making it accessible from the north, west and south of the city. We own 17 floors with floor plates averaging 620 square meters and 281 parking spaces. The building has a singular cylindrical design and a highly visible circular neon billboard that makes it a landmark in the Buenos Aires skyline. The principal tenants in this building currently include Voridiam Argentina S.R.L., MTV Networks Argentina S.R.L., Epson Argentina S.A., Cervecería y Maltería Quilmes, Yara Argentina S.A., Farmanet S.A., Alfaro Abogados S.C. and CTI PCS S.A. leases the billboard for an annual rent of US\$ 0.12 millions through February 13, 2009.

Maipú 1300, Buenos Aires City. Maipú 1300 is a 23-storey office tower located on the San Martín Plaza, a prime office zone, on Avenida del Libertador, a major north-south thoroughfare. 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 transit. We own the entire building which has floor plates measuring 440 square meters on most floors and 53 parking spaces. The building's principal tenants currently include Allende & Brea, Carlson Wagonlnt Travel Argentina S.A., and PPD Argentina S.A.

Laminar Plaza, Buenos Aires City. Laminar Plaza is a 20-storey office building located in Catalinas, Buenos Aires City's most exclusive office district. The floors plates each measures 1,453 square meters, including common areas. We own the last 5 floors and 66 parking spaces. The main tenants, among others, are as follows: Cisco Systems, CRM Movicom, Chubb Argentina de Seguros S.A. and Bank Hapoalim B.M.

Madero 1020, Buenos Aires City. Madero 1020 is a 25-storey office tower located in the center of Catalinas, an important office area, with spectacular views of the Buenos Aires Port, the River Plate and the city's downtown area. As of June 20, 2006, we own a 215-square meter lockup.

Suipacha 652/64, Buenos Aires City. Suipacha 652/64 is a 7-storey office building located in the office district of the Buenos Aires City. We own the entire building and 70 parking spaces. The building has floor plates unusually large, measuring 1,580 square meters on most floors. This property underwent substantial renovations shortly after we acquired the deed in 1991 to prepare the building for rental. The building's principal tenants currently include Procter & Gamble Interaméricas Inc., Monitor de Medios Publicitarios S.A, Organización de Servicios Director Empresarios (OSDE) and APSA's subsidiary, Tarshop S.A.

Reconquista 823/41, Buenos Aires City. Reconquista 823/41 is a 15-storey office tower located in the Catalinas area. We own the entire building which is made up of three basements, space for 52 cars in the car parks, ground floor and 15 floors of office space. The building has floor plates averaging 540 square meters. All the building is available having rental possibilities.

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Edificios Costeros, Dock II, Buenos Aires City. Costeros A and B are two four-storey buildings developed by us and located in the Puerto Madero area. We own the two buildings which have a gross leasable area of 6,389 square meters. In September 1999 we 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., Reckitt Benckiser Argentina S.A., Martina Di Trento S.A., Loyalty Marketing Group S.A., Italcred S.A., Olga Cosentini 1545 S.A. and Somos Tres S.R.L.

Edificios Costeros, Dock IV, Buenos Aires City. On August 29, 2001 we signed for 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 Pierina Daelessi street No. 340, over the East Side of Dock 4 of Puerto Madero and has approximately 5,500 square meters of gross leasable area and 50 parking spaces. The building's principal tenants currently include Nextel Argentina S.A., Consultora de Estudios Bonaerense S.R.L., LG Electronics Argentina S.A., London Suply S.A.C.I.F., Deportes Peña S.A. and Trafigura Argentina S.A.

Other office properties. We also have interests in three other office properties, all of which are located in Buenos Aires City. 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 2005. Among these properties are Madero 942, Libertador 602, Av. De Mayo 595, Rivadavia 2768 and Sarmiento 517.

Retail and other properties. Our portfolio of rental properties includes nine rental properties that are leased as street retail, a warehouse, two leased undeveloped parcels of land and various other uses. Most of these properties are located in the Buenos Aires City, although some are located in other cities in Argentina. These properties include Constitución 1111 and Edificio Crucero I and Abril commercial stores.

Shopping centers

We are also engaged in purchasing, developing and managing shopping centers, through our subsidiary Alto Palermo Sociedad Anónima (APSA). As of June 30, 2006, APSA operated and owned majority interests in nine shopping centers, five of which are located in Buenos Aires City. One shopping center is located in greater Buenos Aires and the rest inside the country in the cities of Salta, Rosario and Mendoza. During year 2005, APSA acquired a 68.8% of Mendoza Plaza Shopping; controlling interest in it is 85.4%.

After the end of the fiscal year, the Company has entered into an agreement with Grupo Roggio by which a process started that subject to a previous due diligence- will finalize with the transference to APSA of the totality of Empalme S.A. shares, the latter being the owner of Córdoba Shopping Villa Cabrera.

We would also mention that Córdoba Shopping Villa Cabrera is a shopping centre covering 35,000 square meters of surface area, having 160 commercial stores, 12 movie theatres and parking lot for 1,500 vehicles, located in the Villa Cabrera neighborhood of Córdoba City.

In addition to purchasing, developing and managing shopping centers, APSA owns an 80% interest in Tarshop S.A., a limited purpose credit card company which originates credit card accounts to promote sales from APSA's tenants and other selected retailers.

APSA's shopping centers comprised a total of 212,709 square meters of gross leasable area (excluding certain space occupied by hypermarkets which are not APSA's tenants) approximately the 62.2% of Ciudad de Buenos Aires gross leasable area and the 27.5% of Gran Buenos Aires gross leasable area. For the year ended June 30, 2006, the average occupancy rate of the shopping center portfolio was approximately 99.1%. For the fiscal year 2006, we had revenues from shopping centers of Ps. 238.3 million.

Management and administration. As a result of the acquisition of several shopping centers and of the corporate reorganization of APSA, we were able to reduce expenses by centralizing management of the shopping centers in APSA. APSA is responsible for providing common area electrical power, a main telephone switchboard, central air conditioning and other basic common area services.

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As of June 30, 2006 we owned 61.5% of APSA and Parque Arauco S.A. (Parque Arauco) owned 29.6%. The remaining shares are held by the public and traded on the Bolsa de Comercio de Buenos Aires and on the Nasdaq Stock Market (USA).

Leases. APSA enters into lease contracts for terms between three to ten years, with most leases having terms of no more than five years. The typical contracting modality, in the majority of contracts, includes a monthly value assured generally stated in Argentine pesos, a review clause of such value every six-months, and a 7% increase annual and accumulative that in general has an effect as from month 13 of initiating the contract relationship. Generally, these contracts do not include renewal clauses. Tenants are generally charged a rent which consists of a base rent plus a percentage rent which generally ranges between 4% and 12% of tenant's gross sales. Tenants are also required to pay for the direct expenses of their units, such as electricity, water, telephone and air conditioning, as well as their proportion of the common area expenses.

In addition to rent, tenants are generally charged with an admission right paid upon entering into a lease and upon lease renewal. Admission right can be paid in a lump sum or in a small number of monthly installments. If the tenant pays 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 date.

The following table shows certain information concerning our shopping centers.

Shopping center properties

	Date of Acquisition	Leaseable Area sqm (1)	APSA's Effective Interest (8)	Occupancy Rate (2)	Accumulated Annual Rental Income for the fiscal years Ps./000 (3)			Book Value Ps. /000 (4)
					2006 (9)	2005	2004	
Shopping Centers (5)								
Alto Palermo	23/12/97	18,077	100.0%	100.0%	47,730	37,888	28,341	193,513
Abasto	17/7/94	39,473	100.0%	99.9%	44,739	34,583	26,478	194,892
Alto Avellaneda	23/12/97	27,251	100.0%	97.0%	25,151	19,149	14,734	86,289
Paseo Alcorta	06/06/97	14,704	100.0%	99.2%	24,562	19,734	15,434	62,260
Patio Bullrich	01/10/98	10,749	98.6%	100.0%	21,425	17,819	12,744	109,409
Nuevo NOA Shopping	29/03/95	18,779	100.0%	100.0%	5,243	3,829	2,769	29,016
Buenos Aires Design	18/11/97	14,598	51.0%	100.0%	8,619	7,082	5,936	18,517
Alto Rosario	9/11/04	30,013	100.0%	100.0%	11,823	5,497	N/A	85,516
Mendoza Plaza	2/12/04	39,065	85.4%	97.8%	14,636	9,212	N/A	88,601
Fibesa and others (6)			100.0%		34,459	10,734	6,780	
Income from Tarjeta Shopping			80.0%		122,969	64,558	30,034	
Neuquén (10)	6/7/99	52,286	100.0%	N/A	N/A	N/A	N/A	10,012
TOTAL (7)		264,995	N/A	99.14%	361,356	230,087	143,250	878,025

Notes:

- (1) Total leaseable area in each property. Excludes common areas and parking spaces.
- (2) Calculated dividing occupied square meters by leaseable area.
- (3) Total consolidated rents according to RT21 method.
- (4) Cost of acquisition plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment in value, plus recovery of allowances if applicable.
- (5) Through Alto Palermo S.A.
- (6) Includes revenues from Fibesa S.A. and Alto Invest S.A.
- (7) Corresponds to the Shopping Centers business unit mentioned in Note 4 to the Consolidated Financial Statements.
- (8) APSA's effective interest in each of its business units. IRSA has a 61.5% interest in APSA.
- (9) Includes Ps. 23.0 million resulting from the sale of the Alcorta Plaza lot and other revenues for 0.3 million as disclosed in Note 4 to IRSA's Consolidated Financial Statements, within the Sales and Developments segment.

(10) Fixed asset to be used as a Shopping Center.

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The following table shows a schedule of lease expirations for our shopping center properties in place as of June 30, 2006, assuming that none of the tenants exercise renewal options or terminate their lease early.

Lease Expiration as of June 30,	Number of Leases Expiring	Square Meters Subject to Expiring Leases (<i>sqm</i>)	Percentage of Total Square Meters Subject to Expiration (%)	Annual Base Rent Under Expiring Leases (1) (<i>Ps.</i>)	Percentage of Total Base Rent Under Expiring Leases (%)
2007 ⁽²⁾	540	90,529	43%	30,028,553	17%
2008	381	68,524	32%	80,954,958	46%
2009	153	23,264	11%	46,315,932	26%
2010+	30	30,392	14%	20,305,510	11%
Total	1.104	212,709	100%	177,604,953	100%

Notes:

- (1) Includes only the basic rental income amount. Does not give effect to our ownership interest.
(2) Includes stores which contracts have not been renewed yet and vacant stores at June 30, 2006.

The following table shows the average occupancy rate of each shopping center during fiscal years ended June 30, 2006, 2005 and 2004:

	Occupancy Rate		
	Fiscal year ended June 30,		
	2006	2005	2004
	(%)	(%)	(%)
Abasto de Buenos Aires	99.9	100.0	98.9
Alto Palermo Shopping	100.0	100.0	100.0
Alto Avellaneda	97.0	99.1	99.2
Paseo Alcorta	99.2	99.7	99.4
Patio Bullrich	98.6	98.6	99.6
Alto Noa	100.0	99.5	96.8
Buenos Aires Design	100.0	96.8	97.9
Alto Rosario	100.0	98.0	N/A
Mendoza Plaza Shopping	97.8	95.5	96.3
Total Average	99.1	99.1	98.3

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The next schedule shows the annual average income per square meter by shopping center during fiscal years ended June 30, 2006, 2005 and 2004:

	Annual average income per square meter		
	Fiscal year ended June 30,		
	2006	2005	2004
	(Ps./	(Ps./	(Ps./
	sqm)	sqm)	sqm)
Abasto de Buenos Aires	903	706	591
Alto Palermo Shopping	2,029	1,667	1,456
Alto Avellaneda	1,014	788	516
Buenos Aires Design	541	425	340
Paseo Alcorta	1,533	1,196	1,023
Patio Bullrich	1,546	1,309	1,009
Alto Noa	468	334	141
Mendoza Plaza	626	463	N/A
Alto Rosario	418	329	N/A

Set forth below is information regarding our principal shopping centers,

Alto Palermo Shopping, Buenos Aires City. Alto Palermo Shopping is a 150-store shopping center that opened in 1990 and is located in the densely populated neighborhood of Palermo in Buenos Aires City. Alto Palermo Shopping is located at the intersection of Santa Fe and Coronel Díaz avenues, only a few minutes from downtown Buenos Aires City and has nearby access from the Bulnes subway station. Alto Palermo Shopping has a total constructed area of 64,672 square meters that consists of 18,077 square meters of gross leasable area. The shopping center has a food court with 22 restaurants. Alto Palermo Shopping Center is spread out over four levels and has a 647-car parking lot. Tenants in this shopping center generated average estimated monthly retail sales of approximately Ps. 2,029 per square meter for the fiscal year ended June 30, 2006. Principal tenants currently include Zara, Frávega, Garbarino, Just For Sport and Musimundo.

Alto Avellaneda, Avellaneda, Greater Buenos Aires. Alto Avellaneda is a 148-store shopping center that opened in October 1995 and is located in the highly populated neighborhood known as Avellaneda, on the southern border of Buenos Aires City. Alto Avellaneda has a total constructed area of 97,062 square meters that includes 27,251 square meters of gross leasable area. Alto Avellaneda includes several anchor stores, a six-screen multiplex movie theatre, a Wal-Mart superstore, an entertainment area, a bowling alley, a 16-restaurant food court and an outdoor parking lot. Wal-Mart purchased the space it now occupies. Tenants in this shopping center generated average estimated monthly retail sales of Ps. 1,014 per square meter for the fiscal year ended June 30, 2006. Principal tenants currently include Frávega, Rodo, Bingo, Musimundo, Red Megatone and Compumundo.

Paseo Alcorta, Buenos Aires City. Paseo Alcorta is a 113-store shopping center that opened in 1992 and is located in the residential neighborhood of Palermo Chico, one of the most exclusive areas in Buenos Aires City, within a short drive from downtown Buenos Aires City. Paseo Alcorta has a total constructed area of approximately 54,670 square meters that consists of 14,704 square meters of gross leasable area. The three-level shopping center includes a four-screen multiplex movie theatre, a 16 restaurant food court, a Carrefour hypermarket, and a free parking lot with approximately 1,500 spaces. Carrefour purchased the space it now occupies but it pays proportional expenses of the shopping center. Tenants in this shopping center generated average estimated monthly retail sales of Ps. 1,533 per square meter for the fiscal year ended June 30, 2006. Principal tenants currently include Zara, Frávega, Rapsodia, Musimundo, Kartun and Prüne.

Abasto Shopping, Buenos Aires City. Abasto Shopping is a 172-store shopping center located in Buenos Aires City. Abasto Shopping is directly accessible from the Carlos Gardel subway station and is located six blocks from the Once railway terminal and a few blocks from the highway to Ezeiza International Airport. Abasto Shopping opened in November 1998. The principal building is a landmark building which during the

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period 1889 to 1984 operated as the primary fresh produce market for Buenos Aires City. The property was converted into a 116,808 square meter shopping center, with approximately 39,473 square meters of gross leasable area, Abasto Shopping is located across from Torres de Abasto residential apartment development. The shopping center includes a food court with 26 restaurants covering an area of 5,600 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 2,500-car parking lot. Tenants in Abasto have generated estimated average monthly sales of Ps. 903 per square meter for the fiscal year ended June 30, 2006. Principal tenants currently include Rodo, Zara, Hoyts Cinemas, Frávega and Musimundo.

Patio Bullrich, Buenos Aires City, Patio Bullrich is a 85-store shopping center located in Recoleta, a popular tourist zone in Buenos Aires City a short distance from the Caesar Park and Four Seasons hotels. Patio Bullrich has a total constructed area of 29,106 square meters that consists of 10,749 square meters of gross leasable area. The four-storey shopping center includes a 15 restaurant food court, an entertainment area, a six-screen multiplex movie theatre and a parking lot with 228 spaces. Patio Bullrich is one of the highest income shopping center in Argentina, with estimated average monthly sales of Ps. 1,546 per square meter for the fiscal year ended June 30, 2006. Principal tenants currently include Etiqueta Negra, Rapsodia, Chirstian Dior, La Martina, Casa López and Prüne.

Alto Noa, Salta, Province of Salta, Alto Noa is a 85 store shopping center located in Salta City, the capital of the province of Salta. The shopping center consists of 40,248 square meters of total constructed area that consists of 18,779 square meters of gross leasable area and includes a 13-restaurant food court, a large entertainment center, a supermarket, an eight-screen movie theatre and parking facilities for 551 cars. Tenants have generated estimated average monthly sales of Ps. 468 per square meter for the fiscal year ended June 30, 2006. Principal tenants currently include Supermercado Norte, Garbarino, Frávega, Slots, Y.P.F., Musimundo, and Hoyts General Cinema.

Buenos Aires Design, Buenos Aires City. Buenos Aires Design Center is a 59-store shopping center intended for specialty interior, home decorating and restaurants that opened in 1993. APSA owns Buenos Aires Design through a 51% interest in Emprendimientos Recoleta, 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 31,672 square meters that consists of 14,598 square meters of gross leasable area. The shopping center has 10 restaurants, is divided into two floors and has a 178-car parking lot. Tenants in this shopping have generated estimated average monthly sales of Ps. 541 per square meter for the fiscal year ended June 30, 2006. Principal tenants currently include Morph, Barugel Azulay, Garbarino, Hard Rock Café, Kalpakian and OKKO.

Alto Rosario, Santa Fé, Rosario City. Alto Rosario is a shopping center of 145 stores, located in Rosario City, Province of Santa Fe. The center has 53,928 Sqm of fully covered surface, and 30,013 Sqm of gross leasable area. It is a modern shopping inaugurated in November 2004, its influence area being the metropolitan scale. This center is devoted to clothing and entertainments. Includes a food patio with 20 stores, a children entertainment area, a 14 cinema complex and parking lot for almost 1,800 vehicles. Monthly average sales by tenants is estimated in Ps. 418 by square meter, for fiscal year ended June 30, 2006. Principal tenants are Frávega, C&A, Sport 78, Compumundo and Red Megatone.

Mendoza Plaza, Mendoza, Province of Mendoza, Mendoza Plaza is a 146-store shopping center located in Mendoza City in the Province of Mendoza. It consists of 39,065 square meters of gross leasable area. Mendoza Plaza has a multiplex movie theatre covering an area of approximately 3,515 square meters, the Chilean department store Falabella, a food court, an entertainment center and a supermarket which is also a tenant. Tenants in this shopping have generated estimated average monthly sales of Ps. 626 per square meter for the fiscal year 2006. During the year a 68,8% interest was acquired to Pérez Cuesta, increasing up to 85,4%. Principal tenants currently include Falabella, Super Vea Plaza, Frávega, Garbarino and Village Cinemas.

Tarjeta Shopping, Our subsidiary, Centros Comerciales APSA has a participation of 80% on Tarjeta Shopping SA, a non banking credit card issued by Tarshop, which is a limited purpose credit card company

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engaged in credit card operations and is not affiliated to any bank. Tarshop originates credit card accounts to encourage customers to purchase goods and services inside and outside our shopping centers. Tarjeta Shopping is currently accepted at all shopping malls and an extensive network of supermarkets and stores.

At June 30, 2006 Tarshop recorded total current assets of approximately Ps. 69.4 million and a net worth of Ps. 28.8 million. During the year ended June 30, 2006 total net revenues of Tarshop amounted to Ps. 121.3 million, representing approximately 34% of APSA's revenues for the period and recorded a net income of Ps. 14.6 million. At June 30, 2006 Tarshop had approximately Ps. 311.3 million in credit card accounts receivable, including the securitized portfolio, compared to Ps. 202.8 million at June 30, 2005.

Competitors analysis

Offices and Other Real Estate Property for Lease

With respect to the office unit and other real estate property for lease, a vast number of our properties in Argentina are located in developed areas. There are great number of offices, shopping malls, retail and residential premises in the areas where each of our properties are located. The number of properties in a specific area may cause an adverse effect on our ability to rent or sell units and on the selling and leasing price of our real estate. Historically, only a few companies have competed with us in the purchase of offices or properties for development. This is a pulverized market which, given the absence of major participants, we do not account for a challenging competitor. We own Santa María del Plata and Puerto Retiro, the only two undeveloped parcels of land overlooking the River Plate close to Buenos Aires City which have not been developed and where we do not have any competitors whatsoever. Likewise, in future, other companies, both national and foreign, shall be able to actively take part in the real estate purchase and development market of Argentina, as well as in the international markets wherein we may participate.

Commercial Centers

Also, among our main activities, are the purchase, development and administration of commercial centers, through our subsidiary company APSA. The number of commercial centers within a specific area may affect our ability to rent the gross locative area of our commercial centers as well as its price. We are convinced that, due to the limited availability of large pieces of real estate and the real estate restrictions in Buenos Aires City, it will not be easy for companies to compete with us for the commercial centers development areas. Our main competitor is Cencosud S.A., owner and operator of Unicenter Shopping Center and Jumbo Hypermarkets chain among others.

The following chart shows certain information relative to the most important owners and operators of commercial centers in Argentina:

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Company	Shopping Center	Location (1)	Leasable gross area	Shops	% Over national leaseable area (2)	% Shop (2)
APSA						
	Alto Avellaneda (5)	GBA	58,266	148	4.60%	3.38%
	Abasto de Buenos Aires	CBA	39,329	172	3.10%	3.89%
	Mendoza Plaza Shopping (3)(5)	Mendoza	40,133	146	3.17%	3.35%
	Paseo Alcorta (5)	CBA	53,471	113	4.22%	2.58%
	Alto Palermo Shopping	CBA	18,055	150	1.43%	3.33%
	Buenos Aires Design (4)	CBA	14,598	59	1.15%	1.31%
	Patio Bullrich	CBA	10,780	85	0.85%	1.93%
	Alto Noa (5)	Salta	18,880	85	1.49%	1.87%
	Alto Rosario (5)	Rosario	40,320	145	3.18%	3.18%
Subtotal			293,832	1,103	23.20%	24.81%
Cencosud						
	Unicenter Shopping (5)	GBA	90,869	287	7.17%	6.37%
	Plaza Oeste Shopping (5)	GBA	38,720	138	3.06%	3.06%
	Quilmes Factory (5)	GBA	31,373	47	2.48%	1.04%
	Lomas center Shopping (5)	GBA	24,271	50	1.92%	1.11%
	San Martin Factory (5)	GBA	24,388	31	1.93%	0.71%
	Parque Brown Factory (5)	GBA	23,553	41	1.86%	0.91%
	Las Palmas del Pilar Shopping (5)	GBA	37,662	102	2.97%	2.27%
	Jumbo Palermo Centro Comercial (5)	CBA	22,763	46	1.80%	1.02%
	El Portal de la Patagonia (5)	Neuquén	21,700	45	1.71%	1.00%
	El Portal de Escobar (5)	GBA	18,886	24	1.49%	0.53%
	El Portal de los Andes (5)	Mendoza	22,962	40	1.81%	0.89%
	El Portal de Rosario (5)	Rosario	57,419	182	4.53%	4.04%
Subtotal			414,566	1,033	32.73%	22.94%
Other Operators						
Subtotal			558,334	2,353	44.08%	52.25%
Total			1,266,732	4,489	100%	100%

(1) GBA means Gran Buenos Aires and CBA means Ciudad de Buenos Aires.

(2) Percentage over total shopping centers in Argentina. Figures may not sum due to rounding

(3) The effective interest of APSA in Mendoza Plaza Shopping is 85.4%

(4) APSA has an effective interest of 51% in ERSA, company that operates the concession of this building.

(5) Includes total leasable area occupied by supermarkets and hypermarkets.

Source: Cámara Argentina de Shoppings Centers y APSA.

Sales and development properties; Undeveloped parcels of land**Residential development properties**

The acquisition and development of residential apartment complexes and residential communities for sale is one of our core activities. Our developments of residential apartment complexes is related to construction of new high-rise towers or the conversion and renovation of existing structures such as factories and warehouses. In residential communities, we acquire vacant land, develop the infrastructure such as roads, utilities and common areas, and sell plots of land for construction of single-family homes. We may also develop or sell portions of land for others to develop complementary facilities such as areas for shopping in the area of the residential developments. In fiscal year 2006 revenues from the sales and developments segment reach de sum of Ps. 104 million, compared to Ps. 32.3 million in fiscal 2005. The local currency remained stable throughout the 2006 fiscal year; there was a slight appraisal if we take as a reference the opening and closing thereof; the real estate

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market was promoted by the increase in the demand for all types of properties, whether office buildings, housings, retail premises or other. Likewise, the current framework provides incentives for the development of projects linked to our real estate activity. Therefore, for 2007 fiscal year we expect not only the completion of projects already underway but also an analysis of new undertakings.

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

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

Prior to the commencement of construction of a residential project, we conduct an advertising program that continues after the launching of the sales of the units. In addition, we have showcased some of our renovation projects through Casa FOA, a highly visited fundraising exhibition where architects and designers display their work. This exhibition has wide public appeal and has been a successful marketing tool for us.

The following table shows certain information and gives an overview regarding our sales and development properties:

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Sales and Development Properties

Date of acquisition	Estimated Cost /Real Cost (Ps.000) (1)	Area intended for sale (sqm) (2)	Total Units or Lots (3)	IRSA s Effective Interest	Percentage constructed	Percentage sold (4)	Accumulated Sales (Ps. 000) (5)	Accumulated Sales as of June, 30 for fiscal years (6) (Ps. 000)		
								06 (Ps. 000)	05 (Ps. 000)	04 (Ps. 000)
18/7/96	56,579	32,339	490	100%	100%	97.4%	70,049		21	
17/7/94	74,810	35,630	545	62%	100%	100.0%	109,266		21	
22/7/03	5,740	3,633	40	100%	100%	49.8%	10,031	10,031		
03/2003	12,171	2,891	1	100%	99%	0.0%				
20/12/96	15,069	6,913	70	100%	100%	98.9%	11,626			
18/11/97	35,956	10,488	72	67%	100%	100.0%	47,530	63		
3/11/97	22,815	6,833	118	100%	0%	0.0%				
09/09/99	22,861	5,511	28	100%	32%	0.0%				
3/11/97	41,808	6,294	37	100%	0%	0.0%				
	31,245	18,151	163	N/A	N/A	100.0%	36,222			3
	319,055	128,683	1,564	N/A	N/A	N/A	284,724	10,094	42	3
3/1/95	130,955	1,408,905	1,273	83%	100%	95.5%	217,316	3,942	3,820	7.3
18/11/97	20,544	989,423	110	67%	50%	100.0%	11,830			11.8
26/5/92	4,742	75,970	219	100%	100%	98.9%	13,952			
17/12/97	2,450	58,373	181	100%	100%	100.0%	9,505			
				N/A		0.0%				
	158,691	2,532,671	1,783	N/A	N/A	N/A	252,603	3,942	3,820	19.2
18/5/97		82,051		33%	0%	0.0%				
3/11/97		20,968		100%	0%	40.1%	22,815	22,815		
10/7/97		675,952		100%	0%	0.0%				
16/12/96		1,299,630		83%	0%	0.0%				
2/12/97		4,653		100%	0%	50.0%	12,310			
29/6/06		28,741		100%	0%	0.0%				
27/7/05		4,320,000		43%	0%	0.0%	75	75		
7/7/98		1,925		62%	0%	100.0%	22,969	22,969		

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	3,545,418			N/A		0,0%				
	9,979,338			N/A	N/A	N/A	58,169	45,859		
20/8/92	705	3,750	1	100%	100%	100.0%	11,745	1,833		
21/12/95	16,008	5,056	8	100%	100%	100.0%	16,471		3,543	4,7
9/9/99	25,836	10,474	3	100%	18%	68.1%	65,432	41,808 &nb		