Ameris Bancorp
Form 424B5
March 09, 2017

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee(1)(2)(3)
5.75% Fixed-to-Floating Rate Subordinated Notes due 2027	$75,000,000	100 %	$75,000,000	$ 8,692.50

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

(2) Paid herewith.

(3) This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in Ameris Bancorp s Registration Statement on Form S-3ASR (File No. 333-216254) filed with the Securities and Exchange Commission on February 27, 2017.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-216254

Prospectus Supplement
(To Prospectus dated February 27, 2017)

$75,000,000

5.75% Fixed-to-Floating Rate Subordinated Notes due 2027

We are offering $75,000,000 aggregate principal amount of our 5.75% Fixed-to-Floating Rate Subordinated Notes due 2027 (which we refer to as the Notes). The Notes will mature on March 15, 2027. From and including March 13, 2017 to but excluding March 15, 2022, we will pay interest on the Notes semi-annually in arrears at a fixed annual interest rate equal to 5.75%. From and including March 15, 2022 to but excluding the stated maturity date or the date of earlier redemption, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus a spread of 3.616% payable quarterly in arrears. Notwithstanding the foregoing, in the event that three-month LIBOR is less than zero, three-month LIBOR shall be deemed to be zero. Up to and including March 15, 2022, we will pay interest on the Notes on March 15 and September 15 of each year, commencing on September 15, 2017. From and including June 15, 2022 through the stated maturity date or any earlier redemption date, we will pay interest on the Notes on March 15, June 15, September 15 and December 15 of each year.

We may, beginning with the interest payment date of March 15, 2022 and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to but excluding the date of redemption. The Notes will not otherwise be redeemable by us prior to maturity, unless certain events occur, as described under *Description of the Notes Redemption* in this prospectus supplement. The Notes will not be convertible or exchangeable.

The Notes will be unsecured subordinated obligations of Ameris Bancorp. There is no sinking fund for the Notes. The Notes will be subordinated in right of payment to the payment of our existing and future senior indebtedness, including all of our general creditors, and they will be structurally subordinated to all of our subsidiaries existing and future indebtedness and other obligations. The Notes are obligations of Ameris Bancorp only and are not obligations of, and are not guaranteed by, any of our subsidiaries.

Currently, there is no public trading market for the Notes. We do not intend to list the Notes on any securities exchange or to have the Notes quoted on a quotation system.

Investing in the Notes involves risk. Please carefully consider the risks discussed in the *Risk Factors* section beginning on page S-8 of this prospectus supplement and in the documents incorporated by reference into this prospectus supplement before making a decision to invest in the Notes.

	Per Note	Total

Public offering price[1]	100.00 %	$ 75,000,000
Underwriting discounts and commissions	1.50 %	$ 1,125,000
Proceeds to us, before expenses	98.50 %	$ 73,875,000

(1) Plus accrued interest, if any, from the original issue date. The underwriters will also be reimbursed for certain expenses incurred in this offering. See *Underwriting* for details.

Neither the U.S. Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of the Notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Notes are not savings accounts, deposits or other obligations of our subsidiary bank, Ameris Bank, or any of our nonbank subsidiaries. The Notes are not insured or guaranteed by the Federal Deposit Insurance Corporation, or FDIC, or any other governmental agency.

The underwriters expect to deliver the Notes to purchasers in book-entry form through the facilities of The Depository Trust Company against payment therefor in immediately available funds, on or about March 13, 2017.

Sole Book-running Manager

Stephens Inc.

Co-Manager

Sandler O Neill + Partners, L.P.

The date of this prospectus supplement is March 7, 2017.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to Ameris, the Company, we, our, ours, and us or similar references mean A Bancorp. References to Ameris Bank or the Bank mean Ameris Bank, which is our wholly owned bank subsidiary.

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the Notes and certain other matters relating to us and our financial condition, and it adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated February 27, 2017, which provides more general information about us and the securities that we may offer from time to time, some of which may not apply to this offering. You should read carefully both this prospectus supplement and the accompanying prospectus in their entirety, together with additional information described under the heading *Where You Can Find More Information*, before investing in the Notes. Generally, when we refer to the prospectus, we are referring to both parts of this document combined.

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 (File No. 333-216254) that we filed with the SEC utilizing a shelf registration process for the immediate, continuous or delayed offer and sale of securities pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act). Under the shelf registration process, we may, from time to time, sell an indeterminate amount of the securities described in the accompanying prospectus in one or more offerings.

You should rely only on the information contained in, or incorporated by reference into, this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide any different or inconsistent information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement may be used only for the purpose for which it has been prepared.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement. If the information conflicts with any statement in a document that we have incorporated by reference, then you should consider only the statement in the more recent document. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference into those documents is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

We are offering to sell the Notes only in jurisdictions where offers are permitted. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of the securities and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at *www.sec.gov*. Reports, proxy statements and other information that we file with the SEC can also be found on our website, *www.amerisbank.com*, at the SEC Filings link under the Investor Relations tab. The information on, or that can be accessed through, our website is not a part of this document.

The SEC s rules allow us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and later information that we file with the SEC will automatically update and supersede this information. In all cases, you should rely on the later information incorporated by reference over different information included in this prospectus supplement.

We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) (other than any information contained in such filings that is deemed furnished to, or is otherwise not deemed filed with, the SEC in accordance with SEC rules, including, but not limited to, information furnished under Items 2.02 and 7.01 of any Current Report on Form 8-K, including related exhibits), until the termination of this offering:

Our Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 27, 2017;

The information contained in our Definitive Proxy Statement on Schedule 14A filed on April 1, 2016, and specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016;

Our Current Reports on Form 8-K filed on January 23, 2017, February 8, 2017 and March 2, 2017; and

The description of our common stock contained under the caption Description of Capital Stock found in our Preliminary Prospectus dated as of April 21, 1994, filed as part of our Registration Statement on Form SB-2 (Registration No. 33-77930) on April 21, 1994, and any amendments or reports filed for the purpose of updating such description.

You may request a copy of any of the documents incorporated by reference into this prospectus supplement or the accompanying prospectus (other than a copy of an exhibit to a filing, unless that exhibit is specifically incorporated by reference in the filing), at no cost, by writing or telephoning us at the following address and telephone number:

Ameris Bancorp
310 First St., S.E.
Moultrie, Georgia 31768
Attn: Corporate Secretary
(229) 890-1111

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not authorized anyone else to provide you with additional or different information.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein or therein may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by the use of words such as may, might, will, would, should, could, expect, plan, intend, anticipate, believe, estimate, predict, prob target, continue, look forward, or assume, and words of similar import. Forward-looking statements are not histori facts but instead express only management s beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management s control. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. Forward-looking statements are not guarantees of future performance, and we caution you not to place undue reliance on these statements.

You should understand that important factors, including the following, in addition to those discussed elsewhere in this prospectus supplement or the accompanying prospectus, as well as in the documents which are incorporated by reference into this prospectus supplement and the accompanying prospectus, could cause actual results to differ materially from those expressed in such forward-looking statements:

the risks of any acquisitions, mergers or divestitures which we may undertake in the future, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth, expense savings and/or other results from such transactions;

the effects of future economic, business and market conditions and changes, including seasonality;

legislative and regulatory changes, including changes in banking, securities and tax laws, regulations and policies and their application by our regulators;

changes in accounting rules, practices and interpretations;

the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities and interest-sensitive assets and liabilities;

changes in borrower credit risks and payment behaviors;

changes in the availability and cost of credit and capital in the financial markets;

changes in the prices, values and sales volumes of residential and commercial real estate;

the effects of concentrations in our loan portfolio;

our ability to resolve nonperforming assets;

the failure of assumptions and estimates underlying the establishment of reserves for possible loan losses and other estimates and valuations;

changes in technology or products that may be more difficult, costly or less effective than anticipated; and

the effects of war or other conflicts, acts of terrorism, hurricanes, floods, tornados or other catastrophic events that may affect economic conditions.

Our management believes the forward-looking statements about us are reasonable. However, you should not place undue reliance on them. Any forward-looking statements in the prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein or therein are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results, developments and business decisions may differ from those contemplated by those forward-looking statements, and such differences may be material. Many of the factors that will determine these results are beyond our ability to control or predict. We disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section.

Any investor in our securities should consider all risks and uncertainties disclosed in our SEC filings described above under the heading *Where You Can Find More Information*, all of which are accessible on the SEC s website at *www.sec.gov*.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere in, or incorporated by reference into, this prospectus supplement. Because this is a summary, it may not contain all of the information that is important to you in making your investment decision. You should carefully read this entire prospectus supplement and the accompanying prospectus, as well as the information to which we refer you and the information incorporated by reference herein, before deciding whether to invest in the Notes. You should pay special attention to the information contained under the caption entitled Risk Factors in this prospectus supplement and Item 1A., Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, to determine whether an investment in the Notes is appropriate for you.

Ameris Bancorp

Ameris Bancorp, a Georgia corporation, is a bank holding company whose business is conducted primarily through Ameris Bank, a Georgia state-chartered bank and a wholly owned subsidiary of Ameris.

We are headquartered in Moultrie, Georgia, and provide a full range of banking services to our retail and commercial customers through 97 branches primarily concentrated in select markets in Georgia, Alabama, Northern Florida and South Carolina. These branches serve distinct communities in our business areas with autonomy but do so as one bank, leveraging our favorable geographic footprint in an effort to acquire more customers. Deposits with Ameris Bank are insured, up to applicable limits, by the Federal Deposit Insurance Corporation.

Throughout our history, our strategy has been focused on growing our franchise in our historical markets and in select new markets that we have entered through acquisitions. We believe our strategy has resulted in a consistent record of strong growth over an extended period of time, as we have grown from $2.11 billion in total asset at December 31, 2007 to $6.90 billion in total assets at December 31, 2016. At December 31, 2016, we also had $5.37 billion in total loans, $5.58 billion in total deposits and $646.4 million of shareholders equity.

Our principal executive offices are located at 310 First St., S.E., Moultrie, Georgia 31768. Our telephone number is (229) 890-1111 and website is *www.amerisbank.com*. The information on our website is not a part of this prospectus, and the reference to our website address does not constitute incorporation by reference of any information on that website into this prospectus or any prospectus supplement.

Recent Developments

FDIC Consent Order

On December 16, 2016, Ameris Bank entered into a Stipulation to the Issuance of a Consent Order with its bank regulatory agencies, the FDIC and the Georgia Department of Banking and Finance (the GDBF), consenting to the issuance of a consent order (the Order) relating to the Bank s Bank Secrecy Act (together with its implementing regulations, the BSA) compliance program. In consenting to the issuance of the Order, the Bank did not admit or deny any charges of unsafe or unsound banking practices related to its BSA compliance program.

The Bank began taking corrective actions prior to the entry of the Order after communicating with its regulators and expects that it will be able to undertake and implement all required actions within the time periods specified in the Order. During the fourth quarter of 2016, the Bank recorded a pre-tax charge of $5.75 million for outside consulting services related to remediation activities required under the Order. The Bank will incur additional non-interest expenses associated with the implementation of corrective actions; however, these additional expenses are not expected to have a material impact on the results of operations or financial position of the Bank or the Company.

US Premium Finance

On December 15, 2016, in furtherance of our desire to add new lines of business that complement our existing lines of business to help drive growth, Ameris Bank entered into a Management and License Agreement with William J. Villari and US Premium Financing Holding Company, a Florida corporation (USPF), pursuant to which Mr. Villari will manage a division of the Bank operated under the name

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US Premium Finance and which is engaged in the business of soliciting, originating, servicing, administering and collecting loans made for purposes of funding insurance premiums and other loans made to persons engaged in the insurance business.

Also on December 15, 2016, we entered into a Stock Purchase Agreement with Mr. Villari pursuant to which we agreed to purchase from him 4.99% of the outstanding shares of common stock of USPF, with the further commitment to purchase from him an additional 25.01% of the outstanding shares of USPF common stock by December 31, 2017, subject to the receipt of all necessary regulatory approvals. As consideration for the initial acquisition of 4.99% of the outstanding USPF shares, we agreed to issue to Mr. Villari 128,572 unregistered shares of our common stock in a private placement transaction pursuant to the exemptions from registration provided in Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. Those transactions closed on January 18, 2017, and a registration statement was filed with the SEC on February 13, 2017 to register the resale or other disposition of our shares that were issued to Mr. Villari.

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THE OFFERING

The following summary contains basic information about the Notes and this offering and is not complete. It does not contain all the information that may be important to you. For a more complete understanding of the Notes, you should read the section of this prospectus supplement entitled Description of the Notes.

Issuer:
Ameris Bancorp

Securities Offered:
5.75% Fixed-to-Floating Rate Subordinated Notes due 2027

Aggregate Principal Amount:
$75,000,000

Issue Price:
100%

Maturity Date:
The Notes will mature on March 15, 2027.

Interest Rate:
From and including the issue date to but excluding March 15, 2022, a fixed per annum rate of 5.75%.

From and including March 15, 2022 to but excluding the stated maturity date or the date of earlier redemption, a floating per annum rate equal to the then-current three-month LIBOR rate, determined on the determination date of the applicable interest period, plus a spread of 361.6 basis points (3.616%); provided, however, that in the event that three-month LIBOR is less than zero, three-month LIBOR shall be deemed to be zero. For any determination date, LIBOR means the rate as published by Bloomberg (or any successor service) at approximately 11:00 a.m., London time, two business days prior to the commencement of the relevant quarterly interest period, as the London interbank rate for U.S. dollars. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as provided in the Indenture (as defined in *Description of the Notes* in this prospectus supplement). We have appointed Wilmington Trust, National Association as the calculation agent for purposes of determining three-month LIBOR for each floating rate interest period.

Interest Payment Dates:
Up to and including March 15, 2022, we will pay interest on the Notes on March 15 and September 15 of each year, commencing September 15, 2017.

From and including June 15, 2022 through the stated maturity date or the date of earlier redemption, we will pay interest on the Notes on March 15, June 15, September 15, and December 15 of each year.

Record Dates:
The last day of the month immediately preceding the month of the applicable interest payment date.

Day Count Convention:
Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months to but excluding March 15, 2022 and, thereafter, on the basis of the actual number of days in the relevant interest period divided by 360.

No Guarantees:
The Notes are not guaranteed by any of our subsidiaries. As a result, the Notes will be structurally subordinated to the liabilities of our subsidiaries as discussed below under *Ranking*.

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Ranking:

The Notes will be our unsecured, subordinated obligations and:

- will rank junior in right of payment and upon our liquidation to any of our existing and all future Senior Indebtedness (as defined in the Indenture), all as described under *Description of the Notes* in this prospectus supplement;

- will rank junior in right of payment and upon our liquidation to any of our existing and all of our future general creditors;

- will rank equal in right of payment and upon our liquidation with any of our existing and all of our future indebtedness the terms of which provide that such indebtedness ranks equally with the Notes;

- will rank senior in right of payment and upon our liquidation to any of our indebtedness the terms of which provide that such indebtedness ranks junior in right of payment to note indebtedness such as the Notes; and

- will be effectively subordinated to our future secured indebtedness to the extent of the value of the collateral securing such indebtedness, and structurally subordinated to the existing and future indebtedness of our subsidiaries, including without limitation the Bank s depositors, liabilities to general creditors and liabilities arising in the ordinary course of business or otherwise.

As of December 31, 2016, on a consolidated basis, the Company s outstanding indebtedness and other liabilities totaled approximately $6.25 billion, which includes approximately $5.58 billion of deposit liabilities. As of December 31, 2016, total liabilities also include approximately $84.23 million of outstanding trust preferred subordinated indebtedness that ranks junior to the Notes.

The Indenture does not limit the amount of additional indebtedness we or our subsidiaries may incur.

Optional Redemption:

We may, beginning with the interest payment date of March 15, 2022, and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to but excluding the date of redemption.

Special Redemption:

We may also redeem the Notes at any time, including prior to March 15, 2022, at our option, in whole but not in part, if: (a) a change or prospective change in law occurs that could prevent us from deducting interest payable on the Notes for U.S. federal income tax purposes; (b) a subsequent event occurs that could preclude the Notes from being recognized as Tier 2 capital for regulatory capital purposes; or (c) we are required to register as an investment company under the Investment Company Act of 1940, as amended; in each case, at a redemption price equal to 100% of the principal amount of the

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Notes plus any accrued and unpaid interest to but excluding the redemption date. For more information, see *Description of the Notes Redemption* in this prospectus supplement.

Sinking Fund:

There is no sinking fund for the Notes.

Further Issuances:

The Notes will initially be limited to an aggregate principal amount of $75,000,000. We may from time to time, without notice to or consent of the holders, increase the aggregate principal amount of the Notes outstanding by issuing additional notes in the future with the same terms as the Notes, except for the issue date, the offering price and the first interest payment date, and such additional notes may be consolidated with the Notes issued in this offering and form a single series.

Use of Proceeds:

We intend to use the net proceeds of this offering to repay existing indebtedness under our revolving credit agreement and for other general corporate purposes, which may include providing capital to support our growth organically or through strategic acquisitions, financing investments and capital expenditures, and for investments in the Bank as regulatory capital. Advances under our revolving credit agreement bear interest at 90-day LIBOR plus 3.50% (equal to 4.43% at December 31, 2016) and are due September 26, 2017. See *Use of Proceeds* in this prospectus supplement.

Form and Denomination:

The Notes will be offered in book-entry form through the facilities of The Depository Trust Company (which, along with its successors, we refer to as DTC) in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof.

Listing:

The Notes will not be listed on any securities exchange or quoted on any quotation system.

Governing Law:

The Notes and the Indenture will be governed by the laws of the State of New York.

Trustee:

Wilmington Trust, National Association.

Risk Factors:

An investment in the Notes involves risks. You should carefully consider the information contained under *Risk Factors* in this prospectus supplement and Item 1A., Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as well as other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, including our financial statements and the notes thereto, before making an investment decision.

Consolidated Earnings Ratios:

Please refer to the information contained under *Consolidated Ratios of Earnings to Fixed Charges and Preferred Stock Dividends* in this prospectus supplement for a presentation of such ratios for each of the last five years.

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SUMMARY HISTORICAL FINANCIAL DATA

The following tables set forth selected consolidated historical financial and other data for the periods ended and as of the dates indicated. The selected consolidated financial data presented below as of and for the years ended December 31, 2016, 2015 and 2014 is derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference herein. The financial data presented below as of and for the years ended December 31, 2013 and 2012 has been derived from our audited consolidated financial statements for such periods that are not incorporated by reference herein.

This summary historical financial data should be read in conjunction with the information in Item 7., Management s Discussion and Analysis of Financial Condition and Results of Operations, in our Annual Report on Form 10-K for the year ended December 31, 2016, and with our consolidated financial statements and related notes incorporated by reference into this prospectus supplement and accompanying prospectus. Results from past periods are not necessarily indicative of results that may be expected for any future period.

(In thousands, except per share data and ratios)	Years Ended December 31, 2016	2015	2014	2013	2012
Selected Balance Sheet Data:					
Total assets	$6,892,031	$5,588,940	$4,037,511	$3,667,649	$3,019,052
Earning Assets	6,293,670	5,084,658	3,574,561	3,232,769	2,554,551
Mortgage loans held for sale	105,924	111,182	94,759	67,278	48,786
Loans, net of unearned income	3,626,821	2,406,877	1,889,881	1,618,454	1,450,635
Purchased, non-covered loans (excluding loan pools)	1,011,031	771,554	674,239	448,753	
Purchased, non-covered loan pools	568,314	592,963			
Covered loans	58,160	137,529	271,279	390,237	507,712
Investment securities available for sale	822,735	783,185	541,805	486,235	346,909
FDIC loss-share receivable, net of clawback		6,301	31,351	65,441	159,724
Total deposits	5,575,163	4,879,290	3,431,149	2,999,231	2,624,663
FDIC loss-share payable, net of clawback	6,313				
Stockholders equity	646,437	514,759	366,028	316,699	279,017
Selected Income Statement Data:					
Interest income	$239,065	$190,393	$164,566	$126,322	$129,479
Interest expense	19,694	14,856	14,680	10,137	15,074
Net interest income	219,371	175,537	149,886	116,185	114,405
Provision for loan losses	4,091	5,264	5,648	11,486	31,089
Noninterest income	105,801	85,586	62,836	46,549	57,874
Noninterest expenses	215,835	199,115	150,869	121,945	119,470
Income before tax	105,246	56,744	56,205	29,303	21,720
Income tax expense	33,146	15,897	17,482	9,285	7,285
Net income	72,100	40,847	38,723	20,018	14,435
Preferred stock dividends			286	1,738	3,577
	72,100	40,847	38,437	18,280	10,858

Net income available to common stockholders

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(In thousands, except per share data and ratios)	Years Ended December 31, 2016	2015	2014	2013	2012
Per Share Data:					
Earnings per share available to common shareholders:					
Basic	$2.10	$1.29	$1.48	$0.76	$0.46
Diluted	2.08	1.27	1.46	0.75	0.46
Common book value per share (period end)	18.51	15.98	13.67	11.50	10.56
Tangible book value per share	14.42	12.65	10.99	9.87	10.39
Cash Dividends per share	0.30	0.20	0.15		
Profitability Ratios:					
Net income to average total assets	1.17 %	0.85 %	1.08 %	0.70 %	0.49 %
Net income to average stockholders equity	11.75	8.37	12.40	8.06	5.99
Net interest margin (TE)	3.99	4.12	4.59	4.74	4.60
Efficiency ratio	66.68	76.25	70.92	74.94	69.35
Loan Quality Ratios:					
Net charge-offs to average loans*	0.11 %	0.22 %	0.34 %	0.75 %	2.87 %
Allowance for loan losses to total loans*	0.56	0.85	1.12	1.38	1.63
Non performing assets to total loans and OREO**	1.12	1.60	3.35	3.49	5.28
Liquidity Ratios:					
Loans to total deposits	94.42%	80.11 %	82.64 %	81.94 %	74.61 %
Average loans to average earning assets	80.83	75.96	80.22	78.08	77.83
Noninterest-bearing deposits to total deposits	28.22	27.26	24.46	22.29	19.46
Capital Adequacy Ratios:					
Stockholders equity to total assets	9.38 %	9.21 %	9.07 %	8.63 %	9.24 %
Common stock dividend payout ratio	14.29	15.50	10.14	NM	NM

* Excludes purchased non-covered and covered assets

** Excludes covered assets

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RISK FACTORS

An investment in the Notes involves a number of risks. This prospectus supplement does not describe all of those risks. Before you decide whether an investment in the Notes is suitable for you, you should carefully consider the risks described below relating to the offering as well as the risk factors concerning our business included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, in addition to the other information in this prospectus supplement and the accompanying prospectus, including our other filings which are incorporated by reference into this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information in this prospectus supplement and the accompanying prospectus for discussions of these other filings. The prospectus is qualified in its entirety by those risk factors.

Risks Related to Our Company and Industry

Our revenues are highly correlated to market interest rates.

Our assets and liabilities are primarily monetary in nature, and as a result, we are subject to significant risks tied to changes in interest rates. Our ability to operate profitably is largely dependent upon net interest income. In 2016, net interest income made up 67.5% of our recurring revenue. Unexpected movement in interest rates, that may or may not change the slope of the current yield curve, could cause our net interest margins to decrease, subsequently decreasing net interest income. In addition, such changes could materially adversely affect the valuation of our assets and liabilities.

At present our one-year interest rate sensitivity position is mildly liability sensitive, such that a gradual increase in interest rates during the next twelve months should have a slightly negative impact on net interest income during that period. However, as with most financial institutions, our results of operations are affected by changes in interest rates and our ability to manage this risk. The difference between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities may be affected by changes in market interest rates, changes in relationships between interest rate indices, and changes in the relationships between long-term and short-term market interest rates. In addition, the mix of assets and liabilities could change as varying levels of market interest rates might present our customer base with more attractive options.

Certain changes in interest rates, inflation, deflation or the financial markets could affect demand for our products and our ability to deliver products efficiently.

Loan originations, and potentially loan revenues, could be materially adversely impacted by sharply rising interest rates. Conversely, sharply falling rates could increase prepayments within our securities portfolio lowering interest earnings from those investments. An unanticipated increase in inflation could cause our operating costs related to salaries and benefits, technology and supplies to increase at a faster pace than revenues.

The fair market value of our securities portfolio and the investment income from these securities also fluctuate depending on general economic and market conditions. In addition, actual net investment income and/or cash flows from investments that carry prepayment risk, such as mortgage-backed and other asset-backed securities, may differ from those anticipated at the time of investment as a result of interest rate fluctuations.

Our concentration of real estate loans subjects the Company to risks that could materially adversely affect our results of operations and financial condition.

The majority of our loan portfolio is secured by real estate. As the economy deteriorated and depressed real estate values in recent years, the collateral value of the portfolio and the revenue stream from those loans came under stress and required additional provision to the allowance for loan losses. Our ability to dispose of foreclosed real estate and resolve credit quality issues is dependent on real estate activity and real estate prices, both of which have been unpredictable for several years.

The Company and the Bank are operating under enhanced regulatory supervision that could materially and adversely affect our business.

On December 16, 2016, the Bank entered into a Stipulation to the Issuance of a Consent Order with its bank regulatory agencies, the FDIC and the GDBF, consenting to the issuance of the Order relating to

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weaknesses in the Bank s BSA compliance program. In consenting to the issuance of the Order, the Bank did not admit or deny any charges of unsafe or unsound banking practices related to its BSA compliance program.

Under the terms of the Order, the Bank or its board of directors is required to take certain affirmative actions to comply with the Bank s obligations under the BSA. These include, but are not limited to, the following: strengthening the board of directors oversight of BSA activities; enhancing and adopting a revised BSA compliance program; completing a BSA risk assessment; developing a revised system of internal controls designed to ensure full compliance with the BSA; reviewing and revising customer due diligence and risk assessment processes, policies and procedures; developing, adopting and implementing effective BSA training programs; assessing BSA staffing needs and resources and appointing a qualified BSA officer; establishing an independent BSA testing program; ensuring that all reports required by the BSA are accurately and properly filed; and engaging an independent firm to review past account activity to determine whether suspicious activity was properly identified and reported.

The Order is expected to result in additional BSA compliance expenses for the Bank and the Company. It may also have the effect of limiting or delaying the Bank s and the Company s ability to obtain regulatory approval for certain expansionary activities, to the extent desired by the Company.

Our failure to comply with the Order may result in additional regulatory action, including civil money penalties against the Bank and its officers and directors or enforcement of the Order through court proceedings, which could have a material and adverse effect on our business, results of operations, financial condition, cash flows and stock price.

Greater loan losses than expected may materially adversely affect our earnings.

We, as lenders, are exposed to the risk that our customers will be unable to repay their loans in accordance with their terms and that any collateral securing the payment of their loans may not be sufficient to assure repayment. Credit losses are inherent in the business of making loans and could have a material adverse effect on our operating results. Our credit risk with respect to our real estate and construction loan portfolio will relate principally to the creditworthiness of business entities and the value of the real estate serving as security for the repayment of loans. Our credit risk with respect to our commercial and consumer loan portfolio will relate principally to the general creditworthiness of businesses and individuals within our local markets.

We make various assumptions and judgments about the collectability of our loan portfolio and provide an allowance for estimated loan losses based on a number of factors. We believe that our current allowance for loan losses is adequate. However, if our assumptions or judgments prove to be incorrect, the allowance for loan losses may not be sufficient to cover actual loan losses. We may have to increase our allowance in the future in response to the request of one of our primary banking regulators, to adjust for changing conditions and assumptions, or as a result of any deterioration in the quality of our loan portfolio. The actual amount of future provisions for loan losses cannot be determined at this time and may vary from the amounts of past provisions.

Our business is highly correlated to local economic conditions in a geographically concentrated part of the United States.

Unlike larger organizations that are more geographically diversified, our banking offices are primarily concentrated in select markets in Georgia, Alabama, Florida and South Carolina. As a result of this geographic concentration, our financial results depend largely upon economic conditions in these market areas. Deterioration in economic conditions in the markets we serve could result in one or more of the following:

- an increase in loan delinquencies;
- an increase in problem assets and foreclosures;
- a decrease in the demand for our products and services; and
- a decrease in the value of collateral for loans, especially real estate, in turn reducing customers borrowing power, the value of assets associated with problem loans and collateral coverage.

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We face additional risks due to our increased mortgage banking activities that could negatively impact net income and profitability.

We sell substantially all of the mortgage loans that we originate. The sale of these loans generates noninterest income and can be a source of liquidity for the Bank. Disruption in the secondary market for residential mortgage loans as well as declines in real estate values could result in one or more of the following:

- our inability to sell mortgage loans on the secondary market, which could negatively impact our liquidity position;
- declines in real estate values could decrease the potential of mortgage originations, which could negatively impact our earnings;
- if it is determined that loans were made in breach of our representations and warranties to the secondary market, we could incur losses associated with the loans;
- increased compliance requirements could result in higher compliance costs, higher foreclosure proceedings or lower loan origination volume, all which could negatively impact future earnings; and
- a rise in interest rates could cause a decline in mortgage originations, which could negatively impact our earnings.

Legislation and regulatory proposals enacted in response to market and economic conditions may materially adversely affect our business and results of operations.

The banking industry is heavily regulated. We are subject to examinations, supervision and comprehensive regulation by various federal and state agencies. Our compliance with these regulations is costly and restricts certain of our activities. Banking regulations are primarily intended to protect the federal deposit insurance fund and depositors, not shareholders. The burden imposed by federal and state regulations puts banks at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies and leasing companies. Changes in the laws, regulations and regulatory practices affecting the banking industry may increase our costs of doing business or otherwise adversely affect us and create competitive advantages for others. Federal economic and monetary policies may also affect our ability to attract deposits and other funding sources, make loans and investments and achieve satisfactory interest spreads.

The Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial-services industry, including new or revised regulation of such things as systemic risk, capital adequacy, deposit insurance assessments and consumer financial protection. In addition, the federal banking regulators have issued joint guidance on incentive compensation and the Treasury and the federal banking regulators have issued statements calling for higher capital and liquidity requirements for banking organizations. Complying with these and other new legislative or regulatory requirements, and any programs established thereunder, could have a material adverse impact on our results of operations, our financial condition and our ability to fill positions with the most qualified candidates available.

Our growth and financial performance may be negatively impacted if we are unable to successfully execute our growth plans.

Economic conditions and other factors, such as our ability to identify appropriate markets for expansion, our ability to recruit and retain qualified personnel, our ability to fund earning asset growth at a reasonable and profitable level, sufficient capital to support our growth initiatives, competitive factors and banking laws, will impact our success.

We may seek to supplement our internal growth through acquisitions. We cannot predict with certainty the number, size or timing of acquisitions, or whether any such acquisitions will occur at all. Our acquisition efforts have traditionally focused on targeted banking entities in markets in which we currently operate and markets in which we believe we can compete effectively. However, as consolidation of the financial services industry continues, the competition for suitable acquisition candidates may increase. We may compete with

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other financial services companies for acquisition opportunities, and many of these competitors have greater financial resources than we do and may be able to pay more for an acquisition than we are able or willing to pay. We also may need additional debt or equity financing in the future to fund acquisitions. We may not be able to obtain additional financing or, if available, it may not be in amounts and on terms acceptable to us. If we are unable to locate suitable acquisition candidates willing to sell on terms acceptable to us, or we are otherwise unable to obtain additional debt or equity financing necessary for us to continue making acquisitions, we would be required to find other methods to grow our business and we may not grow at the same rate we have in the past, or at all.

Generally, we must receive federal regulatory approval before we can acquire a bank or bank holding company. In determining whether to approve a proposed bank acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on the competition, financial condition and future prospects. The regulators also review current and projected capital ratios and levels, the competence, experience and integrity of management and its record of compliance with laws and regulations, the convenience and needs of the communities to be served (including the acquiring institution s record of compliance under the Community Reinvestment Act) and the effectiveness of the acquiring institution in combating money laundering activities. We cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. We may also be required to sell banks or branches as a condition to receiving regulatory approval, which condition may not be acceptable to us or, if acceptable to us, may reduce the benefit of any acquisition.

In the past, we have utilized de novo branching in new and existing markets as a way to supplement our growth. De novo branching and any acquisition carry with it numerous risks, including the following:

- the inability to obtain all required regulatory approvals;
- significant costs and anticipated operating losses associated with establishing a de novo branch or a new bank;
- the inability to secure the services of qualified senior management;
- the local market may not accept the services of a new bank owned and managed by a bank holding company headquartered outside of the market area of the new bank;
- economic downturns in the new market;
- the inability to obtain attractive locations within a new market at a reasonable cost; and
- the additional strain on management resources and internal systems and controls.

We have experienced to some extent many of these risks with our de novo branching to date.

We rely on dividends from the Bank for most of our revenue.

Ameris is a separate and distinct legal entity from its subsidiaries. It receives substantially all of its revenue from dividends from the Bank. These dividends are the principal source of funds to pay dividends on the common stock and interest and principal on the Company s debt. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay to the Company. Also, the Company s right to participate in a distribution of assets upon a subsidiary s liquidation or reorganization is subject to the prior claims of the subsidiary s creditors. In the event the Bank is unable to pay dividends to the Company, the Company may not be able to service debt, pay obligations or pay dividends on the common stock and its business, financial condition and results of operations may be materially adversely affected. Consequently, cash-based activities, including further investments in the Bank or in support of the Bank, could require borrowings or additional issuances of common or preferred stock.

We are subject to regulation by various federal and state entities.

We are subject to the regulations of the SEC, the Board of Governors of the Federal Reserve System (the Federal Reserve), the FDIC and the GDBF. New regulations issued by these agencies may adversely affect our ability to carry on our business activities. We are subject to various federal and state laws and certain changes in these laws and regulations may adversely affect our operations. Noncompliance with certain of

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these regulations may impact our business plans, including our ability to branch, offer certain products or execute existing or planned business strategies.

We are also subject to the accounting rules and regulations of the SEC and the Financial Accounting Standards Board. Changes in accounting rules could materially adversely affect the reported financial statements or our results of operations and may also require extraordinary efforts or additional costs to implement. Any of these laws or regulations may be modified or changed from time to time, and we cannot be assured that such modifications or changes will not adversely affect us.

We are subject to industry competition which may have an impact upon our success.

Our profitability depends on our ability to compete successfully. We operate in a highly competitive financial services environment. Certain competitors are larger and may have more resources than we do. We face competition in our regional market areas from other commercial banks, savings and loan associations, credit unions, internet banks, mortgage companies, finance companies, mutual funds, insurance companies, brokerage and investment banking firms, and other financial intermediaries that offer similar services. Some of our nonbank competitors are not subject to the same extensive regulations that govern us or our bank subsidiary and may have greater flexibility in competing for business.

Another competitive factor is that the financial services market, including banking services, is undergoing rapid changes with frequent introductions of new technology-driven products and services. Our future success may depend, in part, on our ability to use technology competitively to provide products and services that provide convenience to customers and create additional efficiencies in our operations.

Changes in the policies of monetary authorities and other government action could materially adversely affect our profitability.

The results of our operations are affected by credit policies of monetary authorities, particularly the Federal Reserve. The instruments of monetary policy employed by the Federal Reserve include open market operations in U.S. government securities, changes in the discount rate or the federal funds rate on bank borrowings and changes in reserve requirements against bank deposits. In view of uncertain conditions in the national economy and in the money markets, we cannot predict with certainty possible future changes in interest rates, deposit levels, loan demand or our business and earnings.

We may need to rely on the financial markets to provide needed capital.

Our common stock is listed and traded on NASDAQ. If the liquidity of the NASDAQ market should fail to operate at a time when we may seek to raise equity capital, or if conditions in the capital markets are adverse, we may be constrained in raising capital. Downgrades in the opinions of the analysts that follow our Company may cause our stock price to fall and significantly limit our ability to access the markets for additional capital. Should these risks materialize, our ability to further expand our operations through internal growth or acquisition may be limited.

We face risks related to our operational, technological and organizational infrastructure.

Our ability to grow and compete is dependent on our ability to build or acquire the necessary operational and technological infrastructure and to manage the cost of that infrastructure while we expand. Similar to other large corporations, in our case, operational risk can manifest itself in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees or persons outside of our Company and exposure to external events. We are dependent on our operational infrastructure to help manage these risks. In addition, we are heavily dependent on the strength and capability of our technology systems which we use both to interface with our customers and to manage our internal financial and other systems. Our ability to develop and deliver new products that meet the needs of our existing customers and attract new customers depends in part on the functionality of our technology systems. Additionally, our ability to run our business in compliance with applicable laws and regulations is dependent on these infrastructures.

We continuously monitor our operational and technological capabilities and make modifications and improvements when we believe it will be cost effective to do so. In some instances, we may build and

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maintain these capabilities ourselves. We also outsource some of these functions to third parties. These third parties may experience errors or disruptions that could adversely impact us and over which we may have limited control. We also face risk from the integration of new infrastructure platforms and/or new third party providers of such platforms into our existing businesses.

A security breach, cyber-attack or interruption of our technology systems may impact our financial results and customer retention.

We rely on data processing systems on a variety of computing platforms and networks. While we believe we have implemented appropriate measures to mitigate potential risks to our operations and technology functions, we cannot be certain that a security breach, cyber-attack or interruption will not occur. Such an interruption or security breach could disrupt our operations or result in the disclosure of sensitive, personal customer information. This could have a negative impact on our financial results through damage to our reputation, costs to remediate the situation, potential civil litigation, additional regulatory scrutiny, loss of customers and potential financial liability.

Financial services companies depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions, the Company may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. The Company may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports or other financial information could have a material adverse impact on the Company s business and, in turn, the Company s financial condition and results of operations.

Reputational risk and social factors may impact our results.

Our ability to originate and maintain accounts is highly dependent upon customer and other external perceptions of our business practices and our financial health. Adverse perceptions regarding our business practices or our financial health could damage our reputation in both the customer and funding markets, leading to difficulties in generating and maintaining accounts as well as in financing them. Adverse developments with respect to the consumer or other external perceptions regarding the practices of our competitors, or our industry as a whole, may also adversely impact our reputation. In addition, adverse reputational impacts on third parties with whom we have important relationships may also adversely impact our reputation. Adverse impacts on our reputation, or the reputation of our industry, may also result in greater regulatory or legislative scrutiny, which may lead to laws, regulations or regulatory actions that may change or constrain the manner in which we engage with our customers and the products we offer. Adverse reputational impacts or events may also increase our litigation risk. We carefully monitor internal and external developments for areas of potential reputational risk and have established governance structures to assist in evaluating such risks in our business practices and decisions.

We may not be able to attract and retain skilled people.

The Company s success depends, in large part, on its ability to attract and retain key people. Competition for the best people in most activities engaged in by the Company can be intense and the Company may not be able to hire people or to retain them. The unexpected loss of services of one or more of the Company s key personnel could have a material adverse impact on the Company s business because of their skills, knowledge of the Company s market, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

We engage in acquisitions of other businesses from time to time. These acquisitions may not produce revenue or earnings enhancements or cost savings at levels or within timeframes originally anticipated and may result in unforeseen integration difficulties.

When appropriate opportunities arise, we will engage in acquisitions of other businesses. Difficulty in integrating an acquired business or company may cause us not to realize expected revenue increases, cost savings, increases in geographic or product presence or other anticipated benefits from any acquisition. The

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integration could result in higher than expected deposit attrition (run-off), loss of key employees, disruption of our business or the business of the acquired company, or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. We will likely need to make additional investments in equipment and personnel to manage higher asset levels and loan balances as a result of any significant acquisition, which may materially adversely impact our earnings. Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected.

Depending on the condition of any institution that we may acquire, any acquisition may, at least in the near term, materially adversely affect our capital and earnings and, if not successfully integrated following the acquisition, may continue to have such effects.

Changes in national and local economic conditions could lead to higher loan charge-offs in connection with past FDIC-assisted transactions, all of which may not be supported by loss-sharing agreements with the FDIC.

Although loan portfolios acquired in past FDIC-assisted transactions have initially been accounted for at fair value, we do not yet know whether many of the loans we acquired will become impaired, and impairment may result in additional charge-offs to the portfolio. The fluctuations in national, regional and local economic conditions, including those related to local residential, commercial real estate and construction markets, may increase the level of charge-offs that we make to our loan portfolio, and, consequently, reduce our net income, and may also increase the level of charge-offs on the loan portfolios that we have acquired such acquisitions and correspondingly reduce our net income. These fluctuations are not predictable, cannot be controlled and may have a material adverse impact on our operations and financial condition even if other favorable events occur.

Although we have entered into loss-sharing agreements with the FDIC which provide that a significant portion of losses related to specified loan portfolios that we have acquired in connection with the FDIC-assisted transactions will be borne by the FDIC, we are not protected for all losses resulting from charge-offs with respect to those specified loan portfolios. Additionally, the loss-sharing agreements have limited terms, some of which have already expired; therefore, any charge-off of related losses that we experience after the term of the loss-sharing agreements will not be reimbursable by the FDIC and will negatively impact our net income. The loss-sharing agreements also impose standard requirements on us which must be satisfied in order to retain loss share protections.

Hurricanes or other adverse weather events could disrupt our operations or negatively affect economic conditions in the markets we serve, which could have an adverse effect on our business or results of operations.

Our market areas, located in the southeastern United States, are susceptible to natural disasters, such as hurricanes, tropical storms, other severe weather events and related flooding and wind damage. These natural disasters could negatively impact regional economic conditions, cause a decline in the value of mortgage properties or the destruction of mortgaged properties, cause an increase in the risk of delinquencies, foreclosures or losses on loans originated by us, damage our banking facilities and offices and negatively impact our growth strategy. We cannot predict with certainty whether or to what extent damage that may be caused by severe weather events will affect our operations or assets or the economies in our current or future market areas.

The value of the Company s deferred tax assets could be reduced if corporate income tax rates are reduced or as a result of other changes in the United States corporate tax system.

Governmental officials have recently made public statements regarding potential reductions in United States federal corporate income tax rates. While the Company s income tax expense may benefit from a reduction in applicable income tax rates, such a reduction could negatively impact the value of the Company s deferred tax assets and result in a reduction in the Company s net income for the period in which the change is enacted. Statements have also been made publicly by governmental officials regarding possible

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other, more sweeping changes to the United States tax system generally. We cannot predict with certainty whether any such tax rate reductions or other tax reform proposals will be enacted into law or whether or how they may affect the Company.

Risks Related to the Notes and this Offering

Our obligations under the Notes will be unsecured and subordinated to any Senior Indebtedness.

The Notes will be unsecured subordinated obligations of Ameris Bancorp. Accordingly, they will be junior in right of payment to any of our existing and future Senior Indebtedness. The Notes will rank equally with all of our other unsecured subordinated indebtedness issued in the future under the Indenture. In addition, the Notes will be structurally subordinated to all existing and future indebtedness, liabilities and other obligations, including deposits, of our current and future subsidiaries, including the Bank. As of December 31, 2016, on a consolidated basis, we had outstanding indebtedness and other liabilities totaling approximately $6.16 billion, which includes approximately $5.58 billion of deposit liabilities. At December 31, 2016, total liabilities also included approximately $84.23 million of outstanding trust preferred subordinated indebtedness that ranks junior to the Notes.

In addition, the Notes will not be secured by any of our assets. As a result, the Notes will be effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing such indebtedness. The Indenture does not limit the amount of Senior Indebtedness and other financial obligations or secured obligations that we or our subsidiaries may incur.

As a result of the subordination provisions described above and in the following paragraph, holders of Notes may not be fully repaid in the event of our bankruptcy, liquidation or reorganization.

The Notes are not obligations of, or guaranteed by, our subsidiaries and are structurally subordinated to all liabilities of our subsidiaries.

The Notes will be obligations of Ameris Bancorp only and will not be guaranteed by any of our subsidiaries, including the Bank. The Notes will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries, which means that creditors of our subsidiaries (including, in the case of the Bank, its depositors) generally will be paid from those subsidiaries assets before holders of the Notes would have any claims to those assets. Even if we become a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of that subsidiary and any debt of that subsidiary senior to that held by us, and our rights could otherwise be subordinated to the rights of other creditors and depositors of that subsidiary. Furthermore, none of our subsidiaries is under any obligation to make payments to us, and any payments to us would depend on the earnings or financial condition of our subsidiaries and various business considerations. Statutory, contractual or other restrictions also limit our subsidiaries ability to pay dividends or make distributions, loans or advances to us. For these reasons, we may not have access to any assets or cash flows of our subsidiaries to make interest and principal payments on the Notes.

We may incur a substantial level of debt that could materially adversely affect our ability to generate sufficient cash to fulfill our obligations under the Notes.

Neither we, nor any of our subsidiaries, are subject to any limitations under the terms of the Indenture from issuing, accepting or incurring any amount of additional debt, deposits or other liabilities, including Senior Indebtedness or other obligations ranking senior to or equally with the Notes. We and our subsidiaries are expected to incur additional debt and other liabilities from time to time, and our level of debt and the risks related thereto could increase.

A substantial level of debt could have important consequences to holders of the Notes, including the following:

- making it more difficult for us to satisfy our obligations with respect to our debt, including the Notes;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for other purposes;

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- increasing our vulnerability to adverse economic and industry conditions, which could place us at a disadvantage compared to our competitors that have relatively less debt;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; and
- limiting our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions and other corporate purposes.

In addition, a breach of any of the restrictions or covenants in our debt agreements could cause a cross-default under other debt agreements. A significant portion of our debt then may become immediately due and payable. We are not certain whether we would then have, or be able to obtain, sufficient funds to make these accelerated payments. If any of our debt is accelerated, our assets may not be sufficient to repay such debt in full.

The Indenture has limited covenants and does not contain any limitations on our ability to grant or incur a lien on our assets, sell or otherwise dispose of assets, pay dividends or repurchase our capital stock, which may not protect your investment.

In addition to the absence of any restrictions on us or our subsidiaries on incurring any additional debt or other liabilities, we are not restricted under the Indenture from granting security interests over our assets, or from paying dividends or issuing or repurchasing our securities. Also, there are no covenants in the Indenture requiring us to achieve or maintain any minimum financial results relating to our financial position or results of operations. You are not protected under the Indenture in the event of a highly leveraged transaction, reorganization, a default under our existing indebtedness, restructuring, merger or similar transaction that may adversely affect our ability to make payments on the Notes when due.

Our access to funds from Ameris Bank may become limited, thereby restricting our ability to make payments on our obligations.

Ameris Bancorp is a separate and distinct legal entity from the Bank and our other subsidiaries. Our principal source of funds to make payments on the Notes and our other obligations is dividends, distributions and other payments from the Bank. The Bank is subject to laws that authorize regulatory bodies to block or reduce the flow of funds from the Bank to us, which could impede access to funds we need to make payments on our obligations, including interest and principal payments on the Notes. For example, under Georgia law, the prior approval of the Georgia Department of Banking and Finance is required before any cash dividends may be paid by a state bank if: (i) total classified assets at the most recent examination of such bank exceed 80% of the equity capital (as defined, which includes the reserve for loan losses) of such bank; (ii) the aggregate amount of dividends declared or anticipated to be declared in the calendar year exceeds 50% of the net profits (as defined) for the previous calendar year; or (iii) the ratio of equity capital to adjusted total assets is less than 6%.

In addition, effective January 1, 2016, banks and bank holding companies are required to maintain a capital conservation buffer on top of minimum risk-weighted asset ratios. This buffer is designed to absorb losses during periods of economic stress. When fully phased-in on January 1, 2019, the capital conservation buffer will be 2.5%. Banking institutions that do not maintain capital in excess of the capital conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. Accordingly, if the Bank does not maintain capital in excess of the buffer, distributions to the Company may be prohibited or limited and we may not have funds to make principal and interest payments on the Notes.

For more information about these restrictions, see the information under the heading *Payment of Dividends and Other Restrictions* in Item 1., Business, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

We may not be able to generate sufficient cash to service all of our debt, including the Notes.

Our ability to make scheduled payments of principal and interest, or to satisfy our obligations in respect of our debt or to refinance our debt, will depend on our future performance of our operating subsidiaries. Prevailing economic conditions (including interest rates), regulatory constraints, including, among other things,

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limiting distributions to us from the Bank and required capital levels with respect to the Bank and certain of our nonbank subsidiaries, and financial, business and other factors, many of which are beyond our control, will also affect our ability to meet these needs. Our subsidiaries may not be able to generate sufficient cash flows from operations, or we may be unable to obtain future borrowings in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity. We may not be able to refinance any of our debt when needed on commercially reasonable terms or at all.

Regulatory guidelines may restrict our ability to pay the principal of, and accrued and unpaid interest on, the Notes, regardless of whether we are the subject of an insolvency proceeding.

As a bank holding company, our ability to pay the principal of, and interest on, the Notes is subject to the rules and guidelines of the Board of Governors of the Federal Reserve System (the Federal Reserve) regarding capital adequacy. We intend to treat the Notes as Tier 2 capital under these rules and guidelines. The Federal Reserve guidelines generally require us to review the effects of the cash payment of Tier 2 capital instruments, such as the Notes, on our overall financial condition. The guidelines also require that we review our net income for the current and past four quarters, and the amounts we have paid on Tier 2 capital instruments for those periods, as well as our projected rate of earnings retention. Moreover, pursuant to federal law and the Federal Reserve regulations, as a bank holding company, we are required to act as a source of financial and managerial strength to the Bank and commit resources to its support, including the guarantee of capital plans of an undercapitalized bank subsidiary. Such support may be required at times when we may not otherwise be inclined or able to provide it. As a result of the foregoing, we may be unable to pay accrued interest on the Notes on one or more of the scheduled interest payment dates, or at any other time, or the principal of the Notes at the maturity of the Notes.

If we were to be the subject of a bankruptcy proceeding under Chapter 11 of the U.S. Bankruptcy Code, the bankruptcy trustee would be deemed to have assumed, and would be required to cure, immediately any deficit under any commitment we have to any of the federal banking agencies to maintain the capital of the Bank, and any other insured depository institution for which we have such a responsibility, and any claim for breach of such obligation would generally have priority over most other unsecured claims.

Holders of the Notes will have limited rights, including limited rights of acceleration, if there is an event of default.

Payment of principal on the Notes may be accelerated only in the case of certain events of bankruptcy or insolvency involving us or Ameris Bank. There is no automatic acceleration, or right of acceleration, in the case of default in the payment of principal of or interest on the Notes, or in the performance of any of our other obligations under the Notes or the Indenture. Our regulators can, in the event we become subject to an enforcement action, require our subsidiary bank to not pay dividends to us, and to prevent payment of interest or principal on the Notes and any dividends on our capital stock, but such limits will not permit acceleration of the Notes.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is no established trading market, and we do not intend to apply for listing of the Notes on any securities exchange or for quotation of the Notes on a quotation system. The underwriters have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, the underwriters are not obligated to make a market in the Notes and may discontinue their market-making activities at any time without notice. In addition, the liquidity of the trading market for the Notes, if any, will depend upon, among other things, the number of holders of the Notes, our performance and prospects, the market for similar securities, the interest of securities dealers in making a market in the Notes and other factors. As a result, we cannot provide you with any assurance regarding whether a trading market for the Notes will develop or the ability of holders of the Notes to sell their Notes.

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The market value of the Notes may be less than the principal amount of the Notes.

If a market develops for the Notes, the prices at which holders may be able to sell their Notes may be affected, potentially adversely, by a number of factors. These factors include: the method of calculating the principal, premium, if any, interest or other amounts payable, if any, on the Notes; the time remaining to maturity of the Notes; the aggregate amount outstanding of the Notes; any redemption or repayment features of the Notes; the level, direction, and volatility of market interest rates generally; general economic conditions of the capital markets in the United States; geopolitical conditions and other financial, political, regulatory, and judicial events that affect the capital markets generally; the extent of any market-making activities with respect to the Notes; and the operating performance of the Bank. Often, the only way to liquidate your investment in the Notes prior to maturity will be to sell the Notes. At that time, there mayFONT FACE="Times New Roman" SIZE="1">**Ps. (2)**

Accumulated sales as of June 30,

(Ps. 000) (5)

Book value as of June 30, 2003 (6)

(Ps. 000)

2003

2002

2001

Llao Llao

6/97 158 64 424 23,000 18,398 18,998 13,387

Total (7)

670 55 270 57,160 57,193 78,484 110,454

Notes:

(1) Accumulated average in the Fiscal Year.
(2) Accumulated average in the Fiscal Year.
(3) Corresponds to our total sales consolidated under the traditional method adjusted by inflation as of 02/28/03.
(4) The Piscis Hotel was sold on March 19, 2003. See table Sales and Developments .
(5) Although Llao Llao Hotel s sales are no longer consolidated, we consider it is relevant to include them. It does not represent IRSA s effective participation.
(6) The book value represents the value of our investment.
(7) It includes the total consolidated hotels plus Llao Llao, which is no longer consolidated.

Hotel Llao Llao, San Carlos de Bariloche, Province of Río Negro. Hotel Llao Llao is located on the Llao Llao península, 25 kilometers from the city of San Carlos de Bariloche, and is one of the most important tourist hotels in Argentina. Surrounded by mountains and lakes, this hotel was designed and built by the famous architect Bustillo in a traditional alpine style and first opened in 1938. The hotel was renovated between 1990 and 1993. The building has a total constructed surface area of 15,000 square meters, 147 rooms and 14 suites. The hotel-resort also includes an 18-hole golf course, tennis courts, health club, spa, game room and swimming pool. The hotel is a member of The Leading Hotels of the World and is currently being managed by Compañía de Servicios Hoteleros S.A. which manages the Hotel Alvear, a luxury hotel located in the Recoleta neighborhood of the city of Buenos Aires.

Hotel Inter-Continental, city of Buenos Aires. Hotel Inter-Continental is located in the downtown city of Buenos Aires neighborhood of Monserrat, adjacent to the Inter-Continental Plaza office building. This property was also a part of the acquisition of Old Alto Palermo from Pérez Companc. The hotel s meeting facilities include eight meeting rooms, a convention center and a divisible 569 square meter ballroom. Other amenities include a restaurant, a business center, a spa and a fitness facilities with swimming pool. The hotel was completed in December 1994 and has 314 rooms. The hotel is managed by the Inter-Continental Hotels Corporation, a United States Corporation.

Hotel Sheraton Libertador, city of Buenos Aires. Hotel Sheraton Libertador is located in downtown city of Buenos Aires at the corner of the streets Córdoba and Maipú, one block from Galerías Pacífico. The hotel contains 193 rooms and 7 suites, eight meeting rooms, a restaurant, a business center, a spa and fitness facilities with a swimming pool. In March 1999, we sold 20% of our interest in the Sheraton Libertador Hotel for US$ 4.7 million to Hoteles Sheraton de Argentina. The hotel is managed by Sheraton Overseas Management Corporation.

Hotel Piscis and Valle de Las Leñas. On 18 March 2003 we sold Hotel Piscis and 31% of the share capital and convertible negotiable bonds of Valle de Las Leñas S.A., which had been purchased eight months previously. Valle de Las Leñas is the operator of one of the leading Argentine ski resorts and Hotel Piscis is a five-star hotel located in this tourist resort. The stock was sold for US$ 6.5 million and the hotel was sold for US$ 3.2 million. This transaction represents an extraordinary profit of US$ 5.9 million.

Technology investments in Latin America

Latin American Econetworks N.V.

In July 2000, together with Divine InterVentures, Inc., Dolphin Fund Plc (formerly Quantum Dolphin Plc) and Catanzaro Holding B.V., we formed Latin American Econetworks N.V., a holding company organized in the Netherlands Antilles (LAE). LAE was conceived as a developer of software, technology and Internet-related information network for the technology service suppliers. In connection with the formation, an 11.2% interest in the holding company was issued to us in exchange for US$ 5.3 million in cash.

On November 7, 2001, we sold our ownership in Latin American Econetworks for US$ 5.2 million.

IRSA Telecomunicaciones N.V.

In the fourth quarter of fiscal year 2000, we had invested US$ 3.0 million, -in the form of irrevocable capital contributions-, into two unrelated companies, namely, Red Alternativa, a provider of satellite capacity to Internet service providers, and Alternativa Gratis, an Internet service provider (the Companies). At that date, the Companies were development stage companies with no significant operations. Between July 2000 and August 2000, we, together with Dolphin Fund Plc (formerly Quantum Dolphin Plc), increased our respective investments in the Companies, in exchange for shares of common stock. In a series of transactions, which occurred between August 2000 and December 2000, (i) we formed IRSA Telecomunicaciones N.V. (ITNV), a holding company organized under the laws of the Netherlands Antilles, for the purposes of completing a reorganization of the Companies and (ii) Dolphin Fund Plc (formerly Quantum Dolphin Plc), the previous majority shareholder of the Companies and us contributed our respective ownership interest in the Companies into ITNV in exchange for shares of common stock of

ITNV. As a result of the reorganization, the Companies are now wholly owned subsidiaries of ITNV. Following the reorganization, we held a 49.36% interest in ITNV and Dolphin Fund Plc. held a 20,13% interest.

On December 27, 2000, the shareholders of ITNV entered into a shareholders agreement with new investors in ITNV, namely Quantum Industrial Partners LDC and SFM Domestic Investment LLC, under which such new investors contributed US$ 4.0 million in cash in exchange for 1,751,453 shares of Series A redeemable convertible preferred stock and an option to purchase 2,627,179 additional shares of mandatorily redeemable convertible preferred stock. Pursuant to the terms of the shareholders agreement, options were granted for a period up to five years and at an exercise price equal to the quotient of US$ 6.0 million by 2,627,179 preferred shares. On or after December 27, 2005, ITNV might be required, at the written request of holders of the then outstanding Series A preferred stock to redeem such holders outstanding shares of series A preferred stock for cash at the greater of (i) 200% of the original issue price multiplied by the number of preferred stock to be redeemed, and (ii) the fair market value of the common shares each holder of Series A preferred stock would have been entitled to receive if such holder had converted the number of Series A preferred stock to be redeemed into common stock at the redemption date; in both cases plus any accrued or declared but unpaid dividends.

Altocity.Com

Altocity.Com, is a company engaged in delivering e-commerce services providing customers with the information necessary to make personalized online buying decisions and giving retailers the ability to reach a large customer base. Altocity.Com, is a wholly owned subsidiary of E-Commerce Latina S.A., (E-Commerce Latina), an Internet venture between APSA and Telefónica de Argentina S.A. (Telefónica), where each of them have a 50% interest. Previously, APSA s partner in the venture was Telinver S.A., a wholly owned subsidiary of Telefónica; but on April 27, 2001, Telinver notified APSA that it had transferred its holdings in E-commerce Latina to Telefónica.

Altocity.Com s goal is to make the shopping experience informed, quick, interactive and personalized. Altocity.Com primarily derives its revenues from sales of products on its website and to a lesser extent from sales of advertising and sponsorships and a fixed amount charged to retailers.

Altocity.Com began operating its web site on June 1, 2000, and by June 30, 2002, had more than 30,000 registered users. The site offers a product supply of approximately 320,000 items from over 66 retailers that are classified into 16 categories such as apparel, books, music and home appliances. The site s url address www.altocity.com, is visited monthly by approximately 139.809 visitors on average.

In connection with the formation of E-Commerce Latina, on December 15, 1999, APSA entered into a shareholders agreement with Telinver. On April 27, 2001, Telinver notified APSA that it had assigned that agreement to Telefónica. Pursuant to the shareholders agreement, Telinver contributed to E-Commerce Latina US$ 5 million upon execution, and an additional US$ 5.0 million on June 15, 2000 in return for its 50% ownership position. APSA contributed intellectual property rights in exchange for its 50% ownership interest. APSA and Telinver made additional capital contributions of US$ 5 million each, during April 2001, and agreed to make optional capital contributions to be approved by E-Commerce Latina s board of directors of up to US$ 12.0 million to develop new lines of business, of which 75% is to be contributed by Telinver and 25% is to be contributed by APSA.

The shareholders agreement also sets forth the rights and obligations of each party over the operation of E-commerce Latina. The significant provisions of the shareholders agreement include:

- our obligation to remain as APSA s controlling shareholder and of Grupo Telefónica to control Telinver or any successor;

- the determination of the election of the members of the board of directors;

- terms for notices of the shareholders meetings; and

- certain restrictions on transfers of shares for the first two years, and thereafter reciprocal first refusal and tag along rights.

Policies with respect to certain activities

The following is a discussion of our investment objectives and policies, financing policies and policies with respect to certain other activities. These policies may be amended or revised from time to time at the discretion of our board of directors without the approval of our stockholders.

Investment objectives and policies

We intend to achieve our objectives by means of:

the acquisition and development of residential property, mainly for sale ;

the purchase, development and exploitation of office buildings and retailing premises not constituting shopping centers, mainly for rental purposes;

the purchase, development and exploitation of shopping centers;

the purchase and exploitation of luxury hotels; and

the purchase of undeveloped land stocks for their future development or sale.

Our strategy consists of increasing the flow of funds and revenue and the value of the Company s assets by constantly expanding our diversified property and asset portfolio through the purchase, development and operation of property, alone or with partners, in all segments of our commercial activity.

We are able to alter our current policy in any of these areas without requiring shareholder approval.

Over the course of the last three years, office and retail store rental have been our main activities, with the acquisition and development of residential properties for sale and the exploitation of luxury hotels being secondary activities, in view of the economic recession. We have not acquired undeveloped land reserves during this period.

In future we expect to continue to concentrate on office and retail store rental as our main activities, while we estimate that we will not continue with the development of residential property for sale until there are clear signs of a recovery in the Argentine economy.

Historically, the purchase of undeveloped land reserves has been the only activity in which the principal objective was to obtain capital gains, while the remaining segments of our Company have been income-generating activities. However, in the past we have sold, and expect to continue to sell, properties belonging to other segments of the Company, with the aim of realizing capital gains.

We grant mortgage loans to stimulate the sale of units belonging to our development. Most of this mortgage portfolio was sold in December 2001, but we have granted a small number of new loans subsequent to that date.

We are able to purchase rental property as long-term investments, or sell such property, in part or in full, when the circumstances advise it.. We are also able to purchase property for development or sell such property, in part or in full, when the circumstances advise it. We do not have a specific policy regarding the terms for holding our properties, and may dispose of them entirely or in part at the most appropriate moment. We have participated -and may continue to do so- in the real estate business through subsidiaries or with other Argentine or foreign entities in the ownership of properties, through strategic alliances or other shared ownership companies that we may or may not control. At present we are contemplating the possibility of acquiring additional properties within Argentina.

In the past we have not invested in mortgage portfolios or sold or transferred to third parties the mortgage loans under the financing programs for purchasers of units in our developments. However, as a result of the recent development of the legal framework for the secondary mortgage market in Argentina, we cannot assure that we will not participate in such operations in future.

We have in the past, and may in future, securitize loans to third parties in relation to their real estate transactions.

Financing Policies

In the past we have obtained financing by means of share offerings, the use of fixed and variable rate debt instruments and short-term credit lines. We may in future incur additional indebtedness whenever the Board considers it appropriate. Management expects that additional financing could be necessary, and will be obtained through a combination of the methods listed above or through other types of financing, such as mortgages and the issue of debt instruments backed by assets. See Operating and Financial Review and Outlook - Liquidity and Capital Resources .

Other Policies

We have issued and may issue in future senior debt securities. See Operating and Financial Review and Outlook - Liquidity and Capital Resources . We may also invest in debt securities or shares in other entities not involved in real estate. In the last four years we have not issued securities in exchange for property. Between the months of January and March 1999, we purchased 2,432,932 of the Company s outstanding shares, and between May and October 2000 we acquired 20,729,472 of our own shares. Shareholders meetings held on October 28, 199 and October 30, 2000 approved the distribution of these shares. On addition, between November 2000 and January 2001 we acquired 4,587,285 Company shares, which were distributed as decided by the shareholders meeting held on November 5, 2002. Currently we have no plans to repurchase own shares, unless it is determined to be beneficial to our shareholders, and as long as the market conditions guarantee such an action in the context of that allowed by by-laws, legislation and applicable regulations.

Dividend Policy

Under Argentine legislation, the distribution and payment of dividends to shareholders is valid only if they arise from liquid realized results of the company as determined from annual financial statements approved by the shareholders. The Board of Directors may declare interim dividends, in which case each Board member and member of the Surveillance Committee will be severally responsible for the return of such dividends if at the end of the fiscal year in which such interim dividends were paid the realized liquid profits were to be insufficient to allow the payment of such dividends. The approval, amount and payment of dividends are subject to the approval of our shareholders at our annual general meeting. Dividend approval requires the affirmative vote of most of the shares with voting rights at the annual general meeting. In view of their ability to exercise significant influence over the selection of Board members, our principal shareholders have the power to control the declaration, amount and payment of dividends, subject to Argentine legislation and Company by-laws.

The Board submits the annual report and balance sheet of the Company for the previous fiscal year together with the reports from the Surveillance Committee for the approval of the annual general meeting of shareholders. The annual ordinary shareholders meeting called to approve the annual report and financial statements and to determine the distribution of the Company s net income for the year must be held prior to October 30 each year. In accordance with Argentine law and our bylaws, liquidated and realized profits for

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each fiscal year are distributed as follows:

- 5% of such net profits are allocated to our legal reserve, until such reserve amounts to 20% of our capital stock;

- a certain amount determined at a shareholders meeting is allocated to the compensation of our directors and the members of our supervisory committee; and

- dividends, additional dividends to preferred shares if any, or to optional reserve funds or contingency reserves or to a new account, or for whatever purpose the shareholders meeting determines are distributed.

According rules issued by the Argentine *Comisión Nacional de Valores*, cash dividends must be paid to shareholders within 30 days of the resolution approving their distribution. In the case of stock dividends, the shares must be delivered within three months of the holding of the annual general meeting that were to have approved them.

If and when our Company declares and pays dividends on its ordinary shares, the holders of global share certificates in the Company, each representing the right to receive 10 ordinary shares (the GDS) at the corresponding registration date shall have the right to receive the dividends due on the ordinary shares underlying the GDS subject to the term of the Modified and Ordered Deposit Contract dated December 12, 1994 signed between our Company, The Bank of New York and the eventual holders of the GDSs. Cash dividends are to be paid in pesos, and except in certain circumstances they will be converted by the Depository into dollars at the rate of exchange in force at the date of conversion and shall be paid to the holders of the GDSs net of any commission on the distribution of dividends, costs and conversion charges, taxes and official dues.

In the past, we paid dividends in cash and stock that averaged Ps. 0.11 per share. At our shareholders meeting which was held on October 30, 2000, our shareholders approved the distribution of 20,729,472 treasury shares to be distributed pro rata among our shareholders.

During the fiscal year ended June 30, 2001, we suffered a loss of Ps. 59.9 millions. Consequently, in order to maintain adequate liquidity levels, to reduce our outstanding debt and our financial burden, we did not pay any cash dividends.

The following table sets forth the dividend payout ratio and the amounts of total dividends paid on each fully paid share common stock in respect of the year indicated. Amounts in Pesos are presented in historical Pesos of the respective payment dates. See Exchange Rates .

During fiscal year 2002 the Company reported a loss of Ps. 539.1 million. Consequently, we maintain our policy not to distribute cash dividends. However, the shareholders meeting held on 5 November 2002 resolved the distribution of a total of 4,587,285 treasury shares (purchased at an average approximate price of Ps. 2.15 per share) prorated and in proportion to the corresponding shareholdings.

During fiscal year 2003 the Company reported a profit of Ps. 286.4 million, although owing to the restrictions arising from our debt instruments we are prevented from distributing dividends.

The table that follows presents the dividend payment ratio and the total amount of dividends paid for each fully paid-in common share during the year under review. Figures in Pesos are stated in historical Pesos at the corresponding. See Exchange Rate .

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	Payments (1)		
Year declared	Cash dividends	Stock dividends	Total per share
	(Pesos)	*(Pesos)*	*(Pesos)*
1995	0.094	0.06	0.154
1996	0.092		0.092
1997	0.110		0.110
1998	0.060	0.05	0.110
1999	0.076	0.04	0.116
2000		0.20	0.204
2001			
2002			

(1) Corresponds to per share payments. To calculate the dividends paid per GDS, the payment per share should be multiplied by ten.

In accordance with certain obligations assumed by our Company, there are limitations on the dividends that we can distribute. Under the syndicated loan contract for US$51 million, neither our Company nor its subsidiaries shall be able to pay dividends or make any distribution or repurchase of debt or shares except for restricted payments from our subsidiaries to our Company. Restricted payments shall be able to be made as long as no event of default were to have taken place and none were to take place as a consequence thereof, and as long as no financial covenants were to have been violated in the immediately preceding calculation period.

The supplementary Fourth Trust Fund Agreement that governs the terms of the issue of the Negotiable Bonds for US$ 37.4 million contains the same restrictions on the payment of dividends, although limited to the existence of outstanding negotiable bonds.

All though we expect to distribute cash dividends in future, we cannot assure that we will be in a position to do so.

SUBSEQUENT EVENTS

The following events have taken place subsequent to June 30, 2003, the year-end closing date:

Sale of 3 floors at Madero 1020. The deed of sale of the three floors in the office building at Madero 1020 was signed on 22 August 2003. This sale involved a total surface area of 2,018 m2 and fetched US$ 1,650,000, at an average price of US$ 818 per m2.

Substitution of Real Estate Guarantee. In August 2003 the mortgage that had been provided as security for the Secured Negotiable Bonds worth US$ 37.4 million at a floating rate and maturing in 2009 was replaced with other mortgages. These Negotiable Bonds are secured by a first mortgage equivalent to 50% of the debt initially backed with some of our real estate, and in August 2003 it was replaced by first mortgages drawn out on the following properties: Puerto del Centro (Cossentini 340), Prourban (Avda. Del Libertador 450, 18th floor) and Laminar Plaza;

Prepayment of US$ 16 million on debt held. On 23 July 2003 we prepaid US$ 16 million of our Syndicated Loan from HSBC Bank Argentina S.A. (Loan Agreement US$ 51,000,000) expiring in November 2009. This transaction involved a total of US$ 10.9 million, which represents 68% of the nominal value of the debt, and the granting of a discount of US$ 5.1 million. This buy-back was carried out in accordance with the procedure established in the Syndicated Loan Agreement.

Selected Consolidated Financial and Operating Information

The following selected consolidated financial data has been derived from our consolidated financial statements as of the dates and for each of the years indicated below. This information should be read in conjunction with and is qualified in its entirety by reference to our consolidated financial statements.

	As of and for the year ended June 30, (1)	
	2003	2002
	$	$
Sales	212,935	137,640
Costs	(142,950)	(84,093)
Gross profit	69,985	53,547
Selling expenses	(25,583)	(11,281)
Administrative expenses	(41,725)	(32,057)
Loss on purchasers rescissions of sales contracts	9	
(Loss) in credit card trust	(4,077)	
(Loss) gain from operations and holdings of real estate assets, net	11,053	(46,840)
Operating income	9,662	(36,631)
Goodwill depreciation	(6,631)	
Financial results, net	325,899	(497,560)
Net loss in equity investments	(12,877)	102
Other income (expenses), net	2,875	(4,857)
Minority interest	(33,889)	4,931
Income tax and asset tax	1,406	(5,099)
Net (loss) income	286,445	(539,114)
Net (loss) income per share	1,37	(2,60)
Net (loss) income per GDS	0,137	(0,26)
Net (loss) income per share diluted	0,57	(2,60)
Net (loss) income per GDS diluted	0,057	(0,26)
BALANCE SHEET DATA		
Cash and current investments	226,287	69,251
Inventories	23,342	79,432
Mortgages and leases receivable, net	38,371	17,012
Total current assets	288,603	153,170
Non-current investments	433,760	594,865
Fixed assets, net	1,197,521	380,703
Total assets	2,052,964	1,292,704
Short-term debt (2)	96,159	635,533
Total current liabilities	172,458	681,029
Long-term debt (3)	592,104	975
Total non-current liabilities	629,988	4,061
Shareholders equity	809,186	522,720
OTHER FINANCIAL DATA		
EBITDA(4)	93,006	62,801
Depreciation and amortization	78,784	23,635
Capital expenditures(5)	52,329	86,077
Net cash provided by (used in):		
Operating activities	87,058	53,178
Investing activities	(37,479)	(19,637)
Financing activities	109,386	(42,551)

(1) In thousands of constant Argentine Pesos of June 30, 2003, except for ratios and weighted average number of shares outstanding. Sums may not total due to rounding.
(2) Includes short-term loans, the current mortgages payable and the current portion of the seller financing.
(3) Includes long-term loans, non-current mortgages payable and the non-current portion of the seller financing.
(4) EBITDA is net income plus, when previously deducted, expenses for consolidated interest, consolidated income tax, consolidated depreciation, consolidated amortization of intangibles and losses derived from operations and holdings of real estate and other non-monetary items that reduce or increase net income, plus cash dividends received from non-consolidated subsidiaries less any income derived from the valuation of investments in affiliated companies using the equity method of accounting and minority interests. EBITDA should not be considered as an alternative to (i) net income as an indicator of the Company s operating return, or (ii) the flow of funds of the operating activities of our Company, as an indicator of liquidity. Does not include income from subsidiaries.
(5) Includes the purchase of inventories, fixed assets and long-term investments.

Management s Discussion and Analysis

of Financial Condition and Results of Operations

The following analysis should be read together with the Company s consolidated financial statements and their notes. For the purposes of the following analysis we have considered Audited Consolidated Financial statements to be our audited consolidated financial statements and notes corresponding to the fiscal years ended June 30, 2003 and 2002.

Fluctuation of results

Income from the rental of offices and retail stores and the sale of development property constitute our two main sources of income. Past results from the operations of our Company have varied in different periods as a result of the opportunities existing at the time for the sale of property. It cannot be assured that our results will not continue to be influenced by the occasional sale of property.

Consolidation

The consolidated financial statements were prepared in accordance with the procedure established in Technical Resolution No. 4 of the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.), which calls for the consolidation of every line in the Balance Sheet as at 30 June 2003 and 2002 of IRSA Inversiones y Representaciones Sociedad Anónima, the Statement of Income and Statement of Changes in Financial Position for the twelve-month periods ending on those dates, with the financial statements of the companies in which it possesses direct or indirect decisive voting power.

Balances and significant transactions with controlled companies have been eliminated in the consolidation.

As a result of the consolidation with the related company Alto Palermo S.A. referred to earlier, as from the beginning of the present financial year the Company has ceased to apply the proportional consolidation method in the preparation of its financial statements. Consequently, the pertinent modifications have been made to the figures originally presented as at 30 June 2002, in order to present them comparatively with the figures as at June 30 2003.

The financial statements have been stated in constant currency, taking into account the full impact of inflation up until 31 August 1995. As from that date and in accordance with prevailing professional accounting standards and the requirements of the pertinent control bodies, financial statements are no longer restated up until 31 December 2001. As from 1 January 2002 and in accordance with professional accounting standards, inflation adjustments have been resumed, taking into account that accounting measurements restated considering the changes in currency purchasing power up until 31 August 1995, and those originating between that date and 31 December 2001, have been restated in the currency prevailing at this last date.

On 25 March 2003, the National Executive issued Decree N° 664 which establishes that financial statements corresponding to financial years ending after that date must be stated in nominal currency. As a result, and pursuant to Resolution N° 441 issued by the National Securities Commission, the Company ceased to restate its financial statements as from 1 March 2003. This criterion is not in line with prevailing professional accounting standards. However, at 30 June 2003, this deviation has not had a significant impact on the financial statements.

Accounting items contained in the current financial statements have been restated according to the Domestic Wholesale Price Index published by the National Statistics and Census Institute (INDEC).

Revenue recognition

We primarily derive our revenues from domestic and international office and shopping center leases and services operations, the development and sale of properties, hotel operations and to a lesser extent, from e-commerce activities. The proportionate consolidation method has not been used for balance sheet and cash flows purposes. This section reflects our revenue recognition policies and those of our controlled and jointly-

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controlled subsidiaries. All revenues are stated net of taxes levied on sales.

Development and sale of properties. We generally enter into purchase and sale agreements with purchasers of units in our residential development properties prior to the commencement of construction. Pursuant to this practice, we initiate our marketing and sales efforts on the basis of already-commissioned architectural designs and model units. As a general rule, purchasers pay a booking charge for the units and subsequently enter into fixed price purchase and sale agreements by advancing us approximately 5% of the purchase price and agreeing to advance an additional 20% of the purchase price in equal installments over an agreed upon construction period. The balance of the purchase price is due upon delivery of the constructed and completed unit.

Construction of such residential development properties is done pursuant to turn-key contracts with major Argentine and South American construction companies that provide for construction to be completed within a prescribed period and budget, subject to customary exceptions.

We record revenue from the sale of properties when all of the following criteria are met:

- the sale has been consummated;

- we have determined that the buyer s initial and continuing investments are adequate to demonstrate a commitment to pay for the property;

- our receivable is not subject to future subordination; and

- we have transferred to the buyer the risk of ownership, and do not have a continuing involvement in the property.

We use the percentage-of-completion method of accounting with respect to sales of development properties under construction effected under fixed-priced contracts. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs applied to the total contract price. We do not commence revenue and cost recognition until such time as the decision to proceed with the project is made and construction activities have begun.

The percentage-of-completion method of accounting requires management to prepare budgeted costs (i.e., the estimated costs of completion) in connection with sales of properties / units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

Under this method of accounting, revenues for work completed may be recognized in the statement of income prior to the period in which actual cash proceeds from the sale are received. In this situation, a deferred asset is recorded. Alternatively, and as is more common for us, where property unit purchasers pay us an advance down-payment and monthly cash installments prior to the commencement of construction, a liability is recorded. This is recorded as a customer advance in the financial statements.

Leases and services from office and other buildings. Leases with tenants are accounted for as operating leases. Tenants are charged a base rent on a monthly basis. Rental income is recognized on a straight-line basis over the term of the lease and unpaid rents are included in accounts receivable in the consolidated balance sheets.

Leases and services from shopping center operations. Leases with tenants are accounted for as operating leases. Tenants are generally charged a rent which consists of the higher of (i) a monthly base rent and (ii) a specified percentage of the tenant s monthly gross retail sales which generally ranges between 4% and 8% of tenant s gross sales. Furthermore, pursuant to the rent escalation clause in most leases, a tenant s base rent generally increases between 4% and 7% each year during the term of the lease. Minimum rental income is recognized on a straight-line basis over the term of the lease and unpaid rents are included in accounts receivable in the consolidated balance sheets.

Certain lease agreements contain provisions which provide for rents based on a percentage of sales or based on a percentage of sales volume above a specified threshold. We determine the compliance with specific targets and calculate the additional rent on a monthly basis as provided for in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

Generally, our lease agreements vary from 36 to 120 months. Law No. 24,808 provides that tenants may rescind commercial lease agreements after the initial six months, upon not less than 60 days written notice, subject to penalties which vary from one to one and a half months rent if the tenant rescinds during the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease.

We also charge our tenants a monthly administration fee, prorated among the tenants according to their leases, which varies from shopping center to shopping center, relating to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers operations. Administration fees are recognized monthly when earned. In addition to rent, tenants are generally charged admission rights , a non-refundable admission fee that tenants may be required to pay upon entering into a lease and upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized using the straight-line method over the life of the respective lease agreements. Furthermore, the lease agreements generally provide for the reimbursement of real estate taxes, insurance, advertising and certain common area maintenance costs. These additional rents and tenant reimbursements are accounted for on the accrual basis.

Credit card operations. Revenues derived from credit card transactions consist of commissions and financing income. Commissions are recognized at the time the merchants transactions are processed, while financing income is recognized when earned.

Hotel operations. We recognize revenues from our rooms, catering, and restaurant facilities as earned on the close of business each day.

International operations. On February 28, 2002, we sold all of our 49.3% interest in Brazil Realty, a company operating in Brazil, whose business primarily comprises the same type of operations conducted by us in Argentina.

All revenues are state net of taxes levied on sales.

Rental property depreciation

We compute depreciation using the straight-line method over an estimated useful life of 50 years for buildings, ten years for facilities and five years for furniture and other equipment, all of which are judgmental determinations. These determinations may prove to be different than the actual life of the properties.

Effect on Us of Recent Devaluation and Economic Crisis

All of our assets are located and our operations are performed in Argentina. Accordingly, our financial condition and results of operations depend substantially upon economic conditions prevailing in Argentina. Due to a four-year-old recession, the Argentine economy has deteriorated sharply.

The rate of gross domestic product growth of Argentina dropped to a negative 5.0% during the first two quarters of 2001 and dropped to a negative 16% during the first quarter of 2001. In May 2002, unemployment rate rose to 22.0%. Other relevant economic indicators have not been showing signs of recovery. In conclusion, the economic crisis, the lower level of activity in the Argentine economy and the increase in the unemployment rate during all the fiscal year have detrimentally affected our profitability.

On December 23, 2001, President Adolfo Rodríguez Saá declared the suspension of the payment of foreign debt and later Eduardo Duhalde ratified this decision. On January 7, 2002, the National Congress enacted the Public Emergency Law which repeals several provisions of the Convertibility Law which prevailed in Argentina for 10 years, and the executive branch announced the devaluation of the Peso with the establishment of a dual exchange rate system in which certain limited transactions will occur at a fixed rate of Ps. 1.4 to US$ 1.0 and all other transactions will be settled at a floating market rate depending on supply and demand. This new legislation is expected to have a material adverse impact on our financial position and the results of our operations. Our board of directors is currently analyzing the impact of the new legislation and has begun conversations with our creditors for renegotiations of existing agreements. Additionally, we will initiate negotiations with tenants regarding the terms of our lease agreements as called for in the new legislation.

As described above, the economic and political factors affecting Argentina, together with the changes in interest rates and the rate of exchange have a significant impact on our financial performance. We have been adversely affected by the continued deterioration of the Argentine economy, the adoption by the Government of economic measures as indicated above and the devaluation of the Argentine peso. In the fiscal year ended June 30, 2002, we have recorded a net loss of Ps. 539.1 million and at June 30, 2002 we show a working capital shortfall of Ps. 527.9 million. In addition, we are not in compliance with certain restrictive commitments derived from our syndicated loan contract and our floating rate negotiable obligations, a situation that represents an event of default and enables the holders of such negotiable obligations to accelerate their maturity. In view of the continued effect of the economic recession, the lack of availability of financial loans and the succession of recent economic measures that adversely affect the normal operation of the banking system and payment mechanisms, we have not been able to make the payments at July 15, 2002 and July 31, 2002 corresponding to the maturity of our floating rate negotiable obligations and our syndicated loan contract. Our Board has successfully negotiated agreements with the holders of the negotiable obligations and creditor banks under the syndicated loan agreement that set new due dates for compliance with such obligations on September 9 and September 30 of 2002, respectively.

The successful re-negotiation of our debt referred to above, combined with the stabilization of the macroeconomic variables, have generated a new scenario, enabling us to fulfill all the requirements contained in our debt contracts, achieving a considerable reduction of the financial costs.

Effects of inflation

From 1997 until the end of year 2001, policies adopted by Argentine government have substantially reduced the level of inflation. Therefore, inflation has not affected our financial condition and results of operations. The following are annual inflation rates figures published by the Ministry of Economy of Argentina:

Year ended June 30,	Consumer Price Index	Wholesale Price Index
1997	0.9%	0.1%
1998	1.1%	-1.9%
1999	-1.4%	-5.3%
2000	-1.2%	4.4%
2001	-0.3%	-1.6%
2002	30,5%	95,6%
2003	10,2%	8,3%

The Public Emergency Law authorizes the executive branch to establish the system which will determine the new exchange ratio between the Peso and foreign currencies, and to approve the corresponding monetary regulations. The devaluation of the Peso by the executive branch creates a significant risk that inflation will increase materially, and we have no means of hedging and protecting ourselves from the risks of inflation.

Effects of interest rate fluctuations

We are highly leveraged and are materially affected by interest rate fluctuations. An increase in interest rates may significantly increase our financial costs and materially affect our financial condition and our results of operations.

Effects of foreign currency fluctuations

From April 1, 1991, until the beginning of 2002, the Convertibility Law No. 23,928 was applicable in Argentina. This law established a fixed exchange rate, under which the Argentine Central Bank was obliged to sell U.S. dollars to any person at a fixed rate of one Peso per U.S. dollar. Accordingly, the foreign currency fluctuations were reduced to a minimum level during the fiscal year 2001 and the subsequent interim period.

The primarily economic change announced by the current Argentine government in January 2002 was the devaluation of the Peso. Most of our lease contracts and a significant portion of our liabilities are denominated in U.S. dollars. Foreign currency exchange rate fluctuations significantly increase the risk of default on our mortgage receivables, leases and services and other receivables, because many of our customers have Peso-denominated revenue streams and will therefore experience a relative increase in their U.S. dollar-denominated liabilities compared to their Peso-denominated revenues. Foreign currency exchange restrictions hereafter imposed by the Argentine government could prevent or restrict our access to U.S. dollars, affecting our ability to service our U.S. dollar- denominated liabilities. Also, fluctuations in the exchange rate between the Peso and the U.S. dollar may adversely affect the U.S. dollar equivalent of the Peso price of our common shares on the Bolsa de Comercio de Buenos Aires, and as a result, are likely to affect the market price of our GDSs in the United States.

Suspension of the application of section 206 of the Commercial Companies Law

At June 30, 2002, the negative results recorded by our Company absorbed more than 50% of capital and reserves. Section 206 of the Commercial Companies Law establishes mandatory capital reduction when such a situation exists. However, in view of the crisis that Argentina is undergoing, Executive Branch Decree 1269 suspended the application of this section until December 10, 2003.

Operating costs and expenses

Allocation of Selling Expenses to Business Segments

Selling expenses related to the shopping centers, hotels and international segments are directly allocated to such segments because such segments are individually managed and clearly identifiable. The remaining selling expenses are allocated among the development and sale of properties and offices and other non-shopping center rental properties segments, excluding those located in shopping centers, based on the cost center which incurred the selling expense.

Allocation of Administrative Expenses to Business Segments

Administrative expenses (other than those expenses we incurred for the benefit of all the business segments) related to our shopping centers, hotels and International business segments are directly attributable to such segments because such segments are individually managed and are clearly identifiable. Administrative expenses include management fees paid, if any, to the managers of such segments. The remaining administrative expenses are allocated to the different segments, based on the cost center in which they are incurred, as follows:

administrative expenses related to all business segments, as those corresponding to the board of directors, are allocated among each segment pro rata on the basis of their respective assets;

administrative expenses incurred by certain departments associated with specific segments are allocated to such segments; and

70% of the remaining administrative expenses are allocated to the development and sale of properties segment, and 30% to the offices and other non-shopping center rental properties segment.

Allocation of results from the rescinding of towers.

These results derive from the rescinding of purchase agreements for units in Torres de Abasto in APSA and are allocated to Sales and Developments .

Allocation of profits from our interest in the Tarjeta Shopping trust funds.

This allocation of profits stems from the partnership interest of Alto Palermo in the Tarjeta Shopping trust funds. These profits have been allocated to the Shopping Centers segment.

Allocation of results from operations and the holding of real estate assets.

These results are allocated to the segment that generates them.

Allocation of the goodwill depreciation.

This includes mainly the depreciation of goodwill stemming from the acquisition of the Alto Palermo subsidiaries and of our own goodwill as a result of the purchase of stock in Alto Palermo, and is allocated to the Shopping Centers segments.

Allocation of other Expenses and Net Income to Business Segments

Financial Results, Net. Includes interest income, gain (loss) on financial operations, financing expenses, gain (loss) on exposure to inflation, exchange differences and miscellaneous income (expense) allocable to each segment, as described below:

Income from financial operations. Only income related to Shopping Malls and Hotels were segregated by segment, as in these cases each of them manages the financial surplus recorded. The remaining amounts are recognized under Financial Operations and Others as they are not directly related to any specific segment.

Interest income, interest on discount of assets and liabilities and financing expenses. Only the results generated by APSA and Hotels are recorded in the Shopping Malls and Hotels segments. The remaining results are prorated among Sales and Development, Offices and Others, Hotels, Shopping Malls and in the column Financial Operations and Others in proportion to the corresponding assets.

REI and exchange differences, discounts and sundry. In the case of Shopping Malls and Hotels, they are charged to the segments giving rise to them. The remaining items are recorded in the column Financial and Other operations as they are not directly related to any segment.

Result of corporations under sect. 33 of Law No. 19550. Applicable to the corresponding segments. Results generated by investments in corporations carrying out activities not falling under any of our segments of activity are recorded under Financial and Other operations .

Other income and expenses, net. Only those associated to Shopping Malls and Hotels are segregated by segment. The remaining items are recorded in the column Financial and Other operations as they are not directly related to any segment.

Minority interest. This result is applied to the segment of the company that generates it.

Income tax and minimum notional income tax. The corresponding income tax is applied to each segment.

Business Segment Reporting

We have determined that our reportable segments are those that are based on our method of internal reporting. Accordingly, we have six reportable segments. These segments are development and sales of properties, office and other non-shopping center rental properties, shopping centers, hotel operations, international, financial operations and others. The consolidated financial statements were prepared in accordance with the procedure established by Technical Resolution No. 4 of the F.A.C.P.C.E., which requires the consolidation of every line of the Balance Sheet as at 30 June 2003 and 2002 of IRSA Inversiones y Representaciones Sociedad Anónima, the Financial Statements and Statements of Financial Position for the twelve-month periods ending on those dates, with the financial statement of those companies in which the Company has direct or indirect decisive voting power.

A general description of each segment follows:

Development and sale of properties. This segment includes the operating results of our construction and ultimate sale of residential buildings business.

Offices and other non-shopping center rental properties. This segment includes the operating results of our lease and service revenues of office space and other non-retail building properties from tenants.

Shopping centers. This segment includes the operating results of our shopping centers principally comprised of lease and service revenues from tenants. This segment also includes revenues derived from credit card transactions which consist of commissions and financing income.

Hotel operations. This segment includes the operating results of our hotels principally comprised of room, catering and restaurant revenues.

International. This segment includes the results of operations of our equity investments in:

Brazil (which we sold in February 2002) for all periods presented; and

Others. This segment primarily includes revenues and associated costs generated from the sale of equity securities, other securities-related transactions and other non-core activities. For the fiscal year 2001 and the year ended June 30, 2002, this segment also includes the loss in our equity investees relating to Internet, telecommunications and other technology-related activities.

We measure our reportable segments based on net income. Inter-segment transactions, if any, are accounted for at current market prices. We evaluate performance and allocate our resources to each segment based on net segment income. We are not dependent on any single customer.

The following tables show certain operating data by business activity:

	For the fiscal year 2003 (in millions of Pesos)						
	Development and sale of properties	Offices and other non-shopping center rental properties	International	Shopping Centers	Hotel operations	Others	Total
Sales	47,2	17.8		113.8	34.2		212.9
Costs	(47.1)	(9.1)		(67.1)	(19.7)		(143.0)
Gross profit	0.1	8.7		46.7	14.5		69.9
Selling expenses	(4.1)			(17.6)	(3.9)		(25.6)
Administrative expenses	(6.1)	(4.4)		(21.4)	(9.8)		(41.7)
Loss on purchasers rescissions of sale contracts							
Net (loss) in credit card trust				(4.1)			(4.1)
(Loss) gain from operations and holdings of real estate assets, net	12.9	(1.9)					11.1
Operating income (loss)	2.9	2.3		3.6	0.9		9.6
Goodwill depreciation				(6.6)			(6.6)
Financial results, net		(0.2)		96.7	11.9	217.5	325.9
Net loss in equity investments	(0.3)			(12.1)	1.8	(2.3)	(12.9)
Other income (expenses), net				13.3		(10.4)	2.9
(Loss) income before taxes	2.6	2.1		94.9	14.6	204.8	318.9
Minority interest	5.1	(1.4)		(35.2)	(2.4)		(33.9)
Income tax	0.5	(1.0)		(47.0)	(0.7)	49.6	1.4
Net (loss) income ordinary for the year	8.3	(0.3)		12.6	11.4	254.4	286.4
Extraordinary loss							
Net (loss) income for the year	8.3	(0.3)		12.6	11.4	254.4	286.4
Total assets	343.2	293.4		1.048.9	115.2	252.3	2.053,0

	For the fiscal year 2002 (in millions of Pesos)						
	Development and sale of properties	Offices and other non-shopping center rental properties	International	Shopping Centers	Hotel operations	Others	Total
Sales	54.4	45.5			38.8		137.6
Costs	(43.5)	(13.2)			(27.4)		(84.1)
Gross profit	10.9	33.3			11.4		53.5
Selling expenses	(6.8)	(0.6)			(3.9)		(11.3)
Administrative expenses	(11.2)	(6.1)	(1.3)	(1.4)	(12.1)		(32.1)
Loss on purchasers rescissions of sale contracts							
(Loss) from operations and holdings of real estate assets, net	(26.8)	(49.3)	35.9		(6.6)		(46.8)
Operating income	(33.8)	(24.7)	34.6	(1.4)	(11.3)		(36.6)
Financial results, net	(20.8)	(16.7)			(21.7)	(438.3)	(497.6)
Net loss in equity investments	1.6		(3.4)	(4.6)	4.7	1.8	0.1
Other income (expenses), net						(4.9)	(4.9)
(Loss) income before taxes	(53.1)	(41.3)	31.2	(6.0)	(28.4)	(441.4)	(538.9)
Minority interest	(4.7)				9.6		4.9
Income tax	1.7	(5.2)	(1.3)	(0.8)	0.6	(0.2)	(5.1)
Net (loss) income ordinary for the year	(56.0)	(46.7)	29.9	(6.8)	(18.2)	(441.6)	(539.1)
Extraordinary loss							
Net (loss) income for the year	(56.0)	(46.7)	29.9	(6.8)	(18.2)	(441.6)	(539.1)
Total assets	399.7	307.2	29.4	339.7	129.8	86.9	1.292,7

Results of Operations for the fiscal years ended June 30, 2003 and 2002.

Total Income

Total income grew 54.7%, from Ps. 137.6 million for the financial year ended 30 June 2002, to Ps. 212.9 million for the financial year ended 30 June 2003. This increase reflects the net impact of (i) the incorporation of income from the Shopping Center segment as a result of the consolidation with Alto Palermo S.A. as from the present financial year, and (ii) the decrease in income from the remaining segments as a result of the continuing recession affecting the economy of our country.

Sales and Development. Income from property sales and development dropped 13.1%, from Ps. 54.4 million during the financial year ended June 30, 2002, to Ps. 47.2 million for the financial year ended 30 June 2003, despite the higher sales volume achieved in the present financial year. This drop in income from the Sales and Development segment is mainly attributed to: (i) a Ps. 10.5 million drop in sales of housing units principally of Alto Palermo Park owing to the completion of the sale of this project during the year under review; (ii) a Ps. 1.0 million reduction principally in sales of the Abril residential community; (iii) a Ps. 4.3 million increase in sales of other real estate stemming mainly from (a) the sale during the year under review of the Hotel Piscis for Ps. 9.9 million, (b) the sale of office space in the buildings located at Madero 1020, Madero 940 and Libertador 498, for Ps. 9.6 million and (c) a drop in sales of other real estate, amounting to Ps. 15.2 million, among which it is worth highlighting the property at Rivadavia 2243 and Santa Fé 1588.

Offices and Others. Income from Offices and Others dropped 60.0%, from Ps. 44.5 million during the financial year ended 30 June 2002, to Ps. 17.8 million during the year ended 30 June 2003. This reduction is mainly owed to a 58.2% drop in income from the lease of office space, from Ps. 38.8 million during the year ended 30 June 2002, to Ps. 16.2 million during the year ended 30 June 2003. This drop in income is attributed to (i) a lower average occupancy rate during 2003 as compared with the previous year; (ii) the fact that adjustments to contracts do not reflect fluctuations in the wholesale price index used to restate the income from the previous year; and (iii) a 78.6% drop in income from the lease of commercial real estate and other properties, from Ps. 4.4 million in the year ended 30 June 2002 to Ps. 0.9 million in the year ended 30 June 2003, mainly owing to the sale of the real estate at Rivadavia 2243, Santa Fe 1588 and Constitución 1111.

Shopping Centers. As from the year under review we began consolidating Alto Palermo S.A., whose financial statements are allocated under this segment. Income generated during the financial year ended 30 June 2003 amounts to Ps. 113.8 million, representing 53.4% of total income. The general occupancy rate of our shopping centers increased during the year under review from 92% at 30 June 2002 to 96% at 30 June 2003.

Hotels. Income stemming from the hotel business dropped 11.9%, from Ps. 38.8 million for the year ended 30 June 2002 to Ps. 34.2 million for the year ended 30 June 2003, owing to a reduction in average rates that was partially offset by an increase in average occupancy levels, from 44% in 2002 to 53% in 2003. The income from Hotel Sheraton Libertador dropped by Ps. 3.7 million and the income from the Hotel Intercontinental fell by Ps. 1.3 million. Furthermore, during the year under review we recognized income stemming from the Hotel Piscis for Ps. 0.3 million.

International. Following the sale of the interest in Brazil Realty and FVI, no new investments were made in this segment.

Total Costs

Total costs grew 70.0%, from Ps. 84.1 million during the year ended 30 June 2002 to Ps. 143.0 million for the year ended 30 June 2003. This increase is attributed to the net impact of (i) the consolidation of profits/losses from the Shopping Center segment as a result of the consolidation with Alto Palermo S.A. as from the year under review; (ii) an increase in costs in the Sales and Development segment; and (iii) a decrease in costs in the segment Hotels and Offices. Total costs as a percentage of income grew from 61.1% for the year ended 30 June 2002 to 67.1% for the year ended 30 June 2003.

Sales and Development. Costs related to Sales and Development increased 8.4%, from Ps. 43.5 million in the year ended 30 June 2002 to Ps. 47.1 million for the year ended 30 June 2003. Costs relating to Sales and

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Development as a percentage of income from the segment increased from 79.9% during the year ended 30 June 2002 to 99.7% during the year ended 30 June 2003.

Offices and Others. Costs relating to Offices and Others decreased 31.1%, from Ps 13.2 million during the year ended 30 June 2002 to Ps. 9.1 million during the year ended 30 June 2003. Costs relating to Offices and Others as a percentage of income from the segment increased from 29.7% for the year ended 30 June 2002 to 51.2% for the year ended 30 June 2003 owing to a drop in the average occupancy rate.

The main component of office-related costs comprises the depreciation of leased real estate and expenses related to available units.

Shopping Centers. As from the year under review, we have begun to consolidate Alto Palermo S.A., whose costs have been allocated to this segment. Costs generated during the year under review amount to Ps. 67.1 million, and account for 46.9% of the total costs. The main cost component of shopping centers comprises depreciation and amortization of leased real estate, including goodwill paid upon their acquisition.

Hotels. Costs stemming from the hotel business dropped 28.4%, from Ps. 27.4 million during the year ended 30 June 2002 to Ps. 19.7 million during the year ended 30 June 2003, mainly owing to the reduction at constant prices of Hotel cost components, such as wages, fees and services. The cost of hotel operations as a percentage of income from hotels dropped from 70.7% for the year ended 30 June 2002 to 57.5% for the year ended 30 June 2003. Hotel costs are mainly made up by room-related costs, depreciation, food and beverages, wages and social burden.

International. Following the sale of the interest in Brazil Realty and FVI, no further investments were made in this segment.

Total Gross Profits

As a result of the factors analyzed above, total gross profits increased 30.7%, from Ps. 53.6 million during the year ended 30 June 2002 to Ps 70.0 million during the year ended 30 June 2003.

Marketing Expense

Marketing expenses increased 126.5%, from Ps. 11.3 million during the year ended 30 June 2002 to Ps. 25.6 million during the year ended 30 June 2003, mainly as a result of the increase in marketing expenses related to Shopping Centers stemming from the consolidation of Alto Palermo S.A. and partially offset by a 29.2% reduction in the marketing expenses of the other segments. Marketing expense as a percentage of total income increased from 8.2% during the year ended 30 June 2002, to 12% during the year ended 30 June 2003.

Sales and Development. Marketing expense from Sales and Development dropped 40.4%, from Ps. 6.8 million during the year ended 30 June 2002 to Ps. 4.0 million during the year ended 30 June 2003, as a result of the drop in income from sales transactions during the year under review, which generated lower direct marketing expenses. Marketing expenses related to Sales and Development as a percentage of income from this segment dropped from 12.4% during the year ended 30 June 2002 to 8.5% for the year ended 30 June 2003. The main components of Sales and Development marketing expenses comprise sales commissions and expenses, advertising and publicity.

Offices and Others. Marketing expenses relating to Offices and Others dropped 86.4%, from Ps. 0.6 million during the year ended 30 June 2002 to Ps. 0.1 million during the year ended 30 June 2003.

Shopping Centers. As from the year under review we began consolidating Alto Palermo S.A. whose marketing expenses are allocated under this segment. Expenses generated during the year ended 30 June 2003 amount to Ps. 17.6 million, which account for 68.8% of total marketing expenses. The main cost component of Shopping Centers comprises allowance for bad debts and advertising.

Hotels. Marketing expenses did not change with regard to the previous year and remained stable at Ps. 3.9 million. The main components of marketing expenses are advertising and wages.

International. Following the sale of the interest in Brazil Realty and FVI, no further investments were made in this segment.

Administrative Expenses

Administrative expenses increased 30.2%, from Ps. 32.1 million during the year ended 30 June 2002 to Ps. 41.7 million during the year ended 30 June 2003, owing to an increase in administrative expenses relating to Shopping Centers stemming from the consolidation with Alto Palermo S.A., which was partially offset by a 36.6% reduction in the administrative expenses in the remaining segments. The main components of administrative expenses are wages and social burden, fees, service fees, depreciation and amortization.

Sales and Development. Administrative expenses relating to Sales and Development dropped 45.2%, from Ps. 11.2 million during the year ended 30 June 2002 to Ps. 6.1 million for the year ended 30 June 2003, mainly as a result of the reduction at constant prices of expenses such as wages, fees and services. Administrative expenses relating to Sales and Development as a percentage of income from this segment dropped from 20.6% during the year ended 30 June 2002 to 13.0% during the year ended 30 June 2003.

Offices and Others. Administrative expenses related to Offices and Others dropped 26.8%, from Ps. 6.1 million during the year ended 30 June 2002 to Ps. 4.4 million during the year ended 30 June 2003, mainly owing to the reduction in constant prices in expenses such as wages, fees and services. Administrative expenses relating to Offices and Others as a percentage of the income for this segment increased from 13.6% during the year ended 30 June 2002 to 25.0% during the year ended 30 June 2003 as a result of the sharp reduction in the income from the segment.

Shopping Centers. The fluctuation in administrative expenses under this segment is mainly attributed to the consolidation with the results of Alto Palermo S.A. The expenses generated during the year under review amount to Ps. 21.4 million, accounting for 51.3% of overall administrative expenses.

Hotels. Hotel related administrative expenses dropped 19.7%, from Ps. 12.1 million during the year ended 30 June 2002 to Ps. 9.8 million during the year ended 30 June 2003, basically owing to the reduction during the year under review of total administrative expenses for the Intercontinental and Sheraton Libertador hotels. Hotel related administrative expenses as a percentage of income from hotel operations dropped from 31.3% during the year ended 30 June 2002 to 28.5% during the year ended 30 June 2003. The main components of administrative expenses related to hotel operations are wages, fees for services and depreciation and amortization.

International. Subsequent to the sale of the interest in Brazil Realty and FVI, no further investments were made in this segment, consequently, no charge has been recorded during the year under review.

Profit/loss from the Annulment of Real Estate Sale Contracts

This result stems from Alto Palermo as a result of the consolidation with this company as from the year under review and arises from the annulment of sales contracts involving units in the Torres de Abasto building, generating a profit for the year of Ps. 0.009 million.

Profit/loss from interest in Tarjeta Shopping Trust Funds

The loss reported under this heading amounting to Ps. 4.1 million during the year under review stems from interest held by Alto Palermo in the Tarjeta Shopping Trust Funds and is incorporated to our profit/loss owing to the consolidation with Alto Palermo as from the year under review.

Profit/loss from Holding of and Transactions with Real Estate Assets

Net profits/losses from the holding of and transactions with real estate varied from one year to another, showing a gain of Ps. 57.9 million, having recovered from a loss of Ps. 46.8 million for the year ended 30 June 2002 to a gain of Ps. 11.1 million for the year ended 30 June 2003. The gain generated during the year under review is mainly attributed to (i) the gain of Ps. 10.9 million stemming from the sale of stock in Valle de las Leñas; and (ii) a gain of Ps. 1.0 million attributed to the net recoupment of the allowance for the devaluation of real estate. Furthermore, the loss reported the previous year is mainly attributed to (i) the setting up of the allowance for the devaluation of real estate for Ps. 82.6 million; and (ii) a gain of Ps. 35,8 million from the sale of our interest in Brazil Realty.

Operating Profit

As a result of the factors analyzed above, the total operating profit/loss recovered from a loss of Ps. 36.6 million during the year ended 30 June 2002 to a profit of Ps. 9.7 million during the year under review.

Sales and Development. Operating profits from Sales and Development increased from a loss of Ps. 33.8 million during the year ended 30 June 2002 to a gain of Ps. 2.8 million for the year ended 30 June 2003.

Offices and Others. Operating profits from Offices and Others recovered from a loss of Ps. 24.7 million during the year ended 30 June 2002 to a gain of Ps. 2.3 million for the year under review.

Shopping Centers. Operating profits from Shopping Centers reported an increase of Ps. 5.0 million during the current year as a result of the consolidation with the results of Alto Palermo S.A.

Hotels. Operating profits from hotels recovered from a loss of Ps. 11.3 million during the year ended 30 June 2002 to a gain of Ps. 0.9 million for the year ended 30 June 2003.

International. As explained above, during the year under review no profits/losses were recorded under this segment. The previous financial year closed with a gain of Ps. 34.6 million.

Goodwill Amortization

The loss of Ps. 6.6 million recorded as at 30 June 2003 mainly includes (i) the amortization of the goodwill stemming from the acquisition of Alto Palermo subsidiaries: Shopping Alto Palermo, Fibesa and Tarshop S.A.; and (ii) the amortization of our own goodwill stemming from the purchase of stock in Alto Palermo during the year under review.

Financial Result

Total net gains/losses on the financing of assets showed a recovery of Ps. 823.5 million, from a loss of Ps. 497.6 million during the year ended 30 June 2002 to a gain of Ps. 325.9 million during the year ended 30 June 2003. The main reasons for this recovery were: (i) the exchange difference gain with regard to the previous year amounting to Ps. 507.9 million, owing to the appreciation of the Peso to the U.S. dollar from 3.80 in 2002 to 2.80 in 2003; (ii) the Ps. 252.1 million gain on the financing of assets as compared with the previous year, among which it is worth highlighting the gain reported by Alto Palermo during the year under review owing to the recoupment of the allowance for the devaluation of its fixed assets and the recognition of lower losses related to our equity interest mainly in Banco Hipotecario and Quantum; (iii) the discounts obtained during the year under review amounting to Ps. 36.9 million through the prepayment of the debt with GSEM for approximately Ps. 26.0 million and from the accounting measurement as at 30 June 2003 of the debt with HSBC as compared with the amount settled subsequent to the financial closing date, which generated a discount of Ps. 10.7 million; (iv) the Ps. 32.1 million gain obtained during the year under review in terms of lower interest expense as a result of the reduction of liabilities, mainly attributed to the difference between the amount of debt paid-off at the established 8% annual market rate and the book value of these debts at the rate in force at the time of refinancing; and (v) a reduction of Ps. 10.1 million with regard to the gains obtained in the previous year owing to the exposure to inflation of our currency liabilities.

Profit/loss from Related Companies

Net profits/losses from related companies showed a reduction of Ps. 13.0 million, from a gain of Ps. 0.1 million during the year ended 30 June 2002 to a loss of Ps. 12.9 million during the year ended 30 June 2003. This drop is mainly attributed to: (i) the absence during the year under review of the year 2002 loss of Ps. 4.6 million from our investment in Alto Palermo owing to the consolidation as from this year of this company s results; (ii) the absence during the year under review of the 2002 loss of Ps. 3.6 from our investment in Brazil Realty owing to the sale of our equity investment in this company; (iii) the absence during the year under review of the 2002 gain of approximately Ps. 2.1 million from our investment in Buenos Aires Trade & Finance Center owing to the consolidation as from this year of this company s results; (iv) the reduction during the year under review of the Ps. 2.9 million gain from Llao Llao Resorts; (v) the net loss for the year of Ps. 12.1 million stemming from the subsidiaries of Alto Palermo, Perez Cuesta and E-Commerce Latina; and (vi) the reduction during the year under review of the Ps. 3.4 million gain from IRSA Telecomunicaciones.

Other Income (Expenditure), Net

The heading other income (expenditure) net showed a recovery of Ps. 7.7 million, from a loss of Ps. 4.9 million during the year ended 30 June 2002 to a gain of Ps. 2.9 million during the year ended 30 June 2003, basically owing to the net fluctuation generated by (i) the gain of Ps. 13.0 million obtained from the buy-back of Negotiable Bonds of Alto Palermo on the open market; (ii) the loss stemming from lawsuit contingencies amounting to Ps. 3.9 million; (iii) the higher charge for donations with regard to the previous year amounting to Ps. 5.6 million; and lastly (iv) the Ps. 4.2 million gain stemming from the sale of fixed assets.

Ordinary Gain/(Loss) before Minority Interest and Taxes

As a result of the above, the net profit/loss before the minority interest and taxes reflected an improvement with regard to the loss of Ps. 538.9 million during the year ended 30 June 2002, recording a gain of Ps. 318.9 million during the year under review.

Minority Interest

The minority interest dropped by Ps. 38.8 million, from a gain of Ps. 4.9 million during fiscal year 2002 to a loss of Ps. 33.9 million during fiscal year 2003, mainly attributed to the minority interest we recorded during the year under review as a result of the consolidation of Alto Palermo, and stemming from our Ps. 35.2 million investment in the latter company recorded as a loss.

Income Tax and Minimum Notional Income Tax

Income tax dropped 127.6%, from a loss of Ps. 5.1 million during the year ended 30 June 2002, to a gain of Ps. 1.4 million during the year ended 30 June 2003. The deferred tax allocation method was used to calculate the income tax corresponding to the two financial years, thus recognizing the temporary differences in the accounting and tax assets and liabilities. The gain of Ps. 6.5 million is mainly owed to the net impact of (i) the difference in the income tax charge corresponding to IRSA which represented a gain of Ps. 52.2 million, having moved from a loss of Ps. 3.3 million corresponding to the minimum notional income for the year 2002 to a gain of Ps. 48.9 million during the year under review, which includes a gain of Ps. 49.9 million from deferred taxes and a loss of Ps. 1.0 million from the minimum notional income tax; and (ii) the income tax charge for Alto Palermo, which represented a loss of Ps. 46.7 million at 30 June 2003, when there had been no charge in the previous year because the Company began consolidating its financial statements with this company this year.

Profit / (Loss) for the Year

As a result of the factors referred to above, the net profit/loss for the year showed an improvement from a loss of Ps. 539.1 million during the year ended 30 June 2002 to a profit of Ps. 286.4 million during the year ended 30 June 2003.

Our debt

Our total outstanding debt at 30 June 2003 amounted to Ps. 679.5 million, compared with the Ps. 634.8 million at 30 June 2002. Although this shows an increase of 7%, it is attributed to the consolidation as from the year under review of 100% of APSA and the issue of Convertible Negotiable Bonds for US$ 100 million and US$ 50 million on behalf of IRSA and APSA, respectively. Furthermore, it is worth noting that at the financial closing date, 87% of the total financial debt was long term, whereas in the previous year 100% of it was short term.

Debt restructuring. On 15 November 2002 we signed the Framework Refinancing Agreement and on November 21 that year we completed the transaction with the six creditor banks (Banca Nazionale del Lavoro, BankBoston, Banco Ciudad, HSBC, Banco Itaú and Banco Nación) to refinance the Syndicated Loan of US$ 80.0 million and the floating rate Negotiable Bonds amounting to US$ 37.0 million through the following schedule:

I. US$ 13.6 million in cash, reducing the principal;

II. US$ 15.0 million in Convertible Negotiable Bonds at a rate of 8% and maturing in the year 2007, subscribed by Bank Boston in a swap for the old debt;

III. US$ 37.4 mill