

## **TGLT S.A. Enters into Agreements with Substantial Majority of Convertible Noteholders Concerning the Company's Recapitalization**

BUENOS AIRES, Argentina, Jan. 25, 2019 -- TGLT S.A., a corporation (*sociedad anónima*) formed under the laws of Argentina (the "**Company**"), today announced that it has entered into agreements with a substantial majority of the holders of its Convertible Subordinated Notes due 2027 issued on August 3, 2017 in the aggregate principal amount of U.S.\$150,000,000 (the "**Notes**").

The economic and financial crisis that unfolded in Argentina in 2018, which included but was not limited to a meaningful devaluation of the Argentine peso, a deep economic recession, a lack of Argentine companies' access to financing and a significant deterioration of the Argentine real estate market, negatively affected the Company's cash flows and net worth. Consequently, the Company has been analyzing different potential alternatives to address these conditions and has been working on a recapitalization plan to reverse the negative net worth situation timely considered by the shareholders of TGLT in the ordinary and extraordinary general shareholders meeting held on November 2, 2018. In that context, TGLT entered into conversations with holders of the Notes that had signed non-disclosure agreements in order jointly to explore alternatives that would allow the reconstitution of the Company's capital stock (an element of utmost importance to obtain competitive financing conditions and essential to participate in bids, offers and projects in which the Company is interested) and, at the same time, reduce the financial liabilities of the Company, allowing TGLT to concentrate its financial resources on activities that would be accretive to stakeholders. As a consequence of those conversations, the Company and certain holders of the Notes (the "**Deferring Noteholders**") entered today into an interest deferral agreement (the "**Interest Deferral Agreement**") that provides for the deferral of the interest payment due to the Deferring Noteholders on February 15, 2019 until May 30, 2019. Additionally, the Company and certain holders of the Notes (the "**Consenting Noteholders**") entered today into a recapitalization support agreement (the "**Recapitalization Support Agreement**") and, together with the Interest Deferral Agreement, the "**Agreements**") that support the recapitalization of the Company by means of a voluntary exchange of the Notes for convertible preferred stock of the Company. The Deferring Noteholders hold 75.6% of outstanding aggregate principal amount of the Notes and the Consenting Noteholders hold 65.6% of the outstanding aggregate principal amount of the Notes. In addition to the support already committed by Consenting Noteholders, the Company will, subject to applicable law, reach out to those noteholders not included in these initial discussions to seek their support of these agreements.

Pursuant to the terms of the Interest Deferral Agreement, the Deferring Noteholders have agreed, subject to certain conditions, to defer until May 30, 2019 the payment of interest which pursuant to the terms of their Notes is payable to the Deferring Noteholders on February 15, 2019. For the avoidance of doubt, the payment deferral will apply only to the interest payable to the Deferring Noteholders that agree to participate in this transaction by signing the Interest Deferral Agreement and, therefore, subject to the conditions to effectiveness contained in the Interest Deferral Agreement, which among other conditions currently requires holders of 95% of the outstanding aggregate principal amount of Notes to agree to defer the payment of interest due on February 15, 2019, the Company would currently expect to pay interest to any holders that on or prior to February 15, 2019 shall not have provided such consent. Furthermore, pursuant to the terms of the Recapitalization Support Agreement, the Company and the Consenting Noteholders have agreed, subject to certain conditions, to the recapitalization of the Company through the exchange of the Notes held by the Consenting Noteholders and any rights to payment of deferred interest pursuant to the Interest Deferral Agreement relating to the Notes held by the Deferring Noteholders for shares of convertible preferred stock in the Company and the amendment of the terms of the indenture pursuant to which the Notes were issued, each pursuant to an exchange offer and consent solicitation to be made by the Company and open to all qualified institutional and non-U.S. holders of the Notes.

The Agreements set forth certain milestones for completing the proposed exchange offer, including obtaining shareholder approval of the exchange offer and the issuance of convertible preferred stock by March 15, 2019. The Agreements call for the proposed exchange offer to be launched by April 29,

2019 and to be consummated by May 30, 2019, which dates the Company will have the ability to extend by 30 days under certain circumstances.

Pursuant to the terms of the exchange offer, in exchange for each US\$1 principal amount of their Notes and each US\$1 in entitlements to deferred interest held by the Deferring Noteholders holders of the Notes will receive, one share of convertible preferred stock. The exchange offer will be conditioned upon, among other things, at least 95% of the aggregate principal amount of the Notes being validly tendered for exchange and not withdrawn (or such other percentage that the Company and the Consenting Holders may agree from time to time). Pursuant to the consent solicitation, consenting holders of the Notes will be asked to approve the amendment of the indenture pursuant to which the Notes were issued to remove substantially all covenants and events of default and certain other provisions of the indenture.

With respect to dividends and liquidation, the Company's convertible preferred stock will be senior to all existing and future classes of common or preferred stock of the Company and junior to the Company's debt. The convertible preferred stock will have one vote per share, provided that no single holder of voting equity securities of the Company (whether in the form of common stock or convertible preferred stock) will be entitled to vote more than 30% of the total voting equity securities of the Company in any vote with respect to the Company's board of directors or the appointment of members of the Company's supervisory committee. Dividends will be calculated at an annual rate of 10%, and, if this amount of dividends is not declared and paid in full in any year, its rate will increase at a rate of 1% per annum until the Company pays off all accumulated dividends in full, at which time dividends will revert to an annual rate of 10%. Additionally, the convertible preferred stock is convertible at any time at the option of the holder and will convert automatically into common stock upon a qualified initial public offering of common stock in the United States or a qualified public offering of common stock in Argentina or a combination of both. The conversion ratio will be equal to the greater of (1) 5.5556 shares of common stock per U.S.\$1 of liquidation preference of the convertible preferred stock or (2) a number of shares of common stock based upon a volume weighted average price for the 10 trading days following the commencement of the exchange offer. Consenting Noteholders that continue to hold all convertible preferred stock issued to them in the exchange offer will also have certain co-investment rights in any real estate project of the Company or its affiliates located in Argentina or Uruguay for which an equity investment of US\$25 million or more is required from persons other than the Company and its wholly-owned affiliates.

Holder of the Company's common stock will be granted preemptive rights to acquire a number of shares of convertible preferred stock sufficient to maintain their *pro rata* equity ownership in a separate concurrent offering to be conducted in Argentina. Additionally, holders of the Company's common stock will have the opportunity to exchange their common stock for convertible preferred stock in a concurrent exchange offer to be held in Argentina.

The transactions contemplated by the Agreements are subject to a variety of conditions, including the consummation of certain events by specified milestones, the negotiation and execution of definitive documents related to the proposed recapitalization and the satisfaction of certain other conditions pursuant to the Agreements, including the Company, the Consenting Noteholders and the Deferring Noteholders' compliance, as applicable, with certain agreements, covenants, representations and warranties.

In the Interest Deferral Agreement, the Company, among other things, agrees to operate its business in the ordinary course consistent with past practice, and to abide by certain covenants relating to guarantees, liens, sale of assets, transactions with affiliates, dividends and distributions. In turn, the Deferring Noteholders agree to not cause an acceleration of the Notes due to the deferral of interest contemplated by the Interest Deferral Agreement. In the Recapitalization Support Agreement, the Company and the Consenting Noteholders each agree, among other things, to comply with the covenants set forth in the Interest Deferral Agreement and to not take any action that would reasonably be expected to interfere with the consummation of the transactions contemplated by the

Recapitalization Support Agreement. In addition, the Company agrees to promptly consummate the recapitalization and prepare offering documents in accordance with applicable laws. In turn, the Consenting Noteholders have agreed to support the exchange offer.

In each Agreement, the Deferring Noteholders or the Consenting Noteholders, as applicable, agree to not sell the Notes beneficially owned by them unless it is to another Deferring Noteholder or a Consenting Noteholder, as applicable, or an affiliate of such seller and such purchaser has executed a joinder with respect to the applicable Agreement.

The terms and conditions of the Agreements have been deemed reasonably adequate to normal and customary market conditions by the Company's Audit Committee.

### ***Disclosure***

The Company or a holder of Notes on its behalf executed confidentiality agreements with several holders of the Notes. These confidentiality agreements facilitated discussions between the Company and the holders of the Notes concerning the Company's businesses and potential strategic alternatives involving the recapitalization and restructuring of the Notes by requiring the holders to maintain the confidentiality of the information and not to trade in the Company's securities until after the Company's disclosure of such information. Pursuant to these confidentiality agreements, the Company agreed to disclose publicly after a specified period, and if certain conditions were met, confidential information that was provided to the holders of the Notes and their respective advisors. We have posted to our website copies of (i) the Interest Deferral Agreement, (ii) the Recapitalization Support Agreement and (iii) material information provided to holders of the Notes that were subject to the confidentiality agreements (the "**Disclosed Information**").

### **Financial Information**

The inclusion of forecasts and other forward-looking information in the Disclosed Information should not be regarded as an indication that the Company or any other persons considered, or now consider, such forecasts to be necessarily predictive of actual future results or outcomes, and does not constitute an admission or representation by any person that such forecasts are material, or that the expectations, beliefs, opinions and assumptions that underpin such forecasts remain the same as of the date of this press release. Therefore, readers are cautioned not to place undue reliance on any prospective information included in the Disclosed Information.

Neither the independent auditor of the Company nor any other independent accountant has examined, compiled, or performed any procedures with respect to the prospective financial information included in the Disclosed Information or any other information other than that information which has been included in the Company's audited financial statements and, accordingly, neither has expressed any opinion or any other form of assurance on such prospective financial information or its achievability and, consequently does not assume any responsibility with respect thereto.

The prospective information included in the Disclosed Information:

- is speculative by its nature and was based upon numerous expectations, beliefs, opinions and assumptions, which are inherently uncertain and many of which are beyond the control of the Company and may not prove to be accurate;
- does not necessarily reflect current estimates or expectations, beliefs, opinions or assumptions that the management of the Company may have vis à vis prospects for the business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the information was prepared;
- may not reflect current results or future performance, which may be significantly more favorable or less favorable than as set forth in the prospective financial information;
- is not, and should not be regarded as, a representation that any of the expectations contained in, or forming a part of, such forward-looking information will be achieved; and

- is inherently subjective and thus subject to interpretation.

The Company cannot provide assurance that any financial projections included in the Disclosed Information will be realized; rather, actual future financial results may vary materially from such forward-looking information.

Except as required by law, the Company does not intend publicly to update or revise any of the forward-looking information included in the Disclosed Information to reflect circumstances or other events occurring after the date such information was prepared or to reflect the occurrence of future events. These considerations should be taken into account in reviewing such financial projections, all of which were prepared as of an earlier date.

**Exhibits Available on our Website**

Exhibit 1: Interest Deferral Agreement

Exhibit 2: Recapitalization Support Agreement

Exhibit 3: Material information provided to Noteholders subject to confidentiality agreements