

## IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS (1) IN THE UNITED STATES, WHO ARE INSTITUTIONAL "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501(A) UNDER REGULATION D UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) (AN "ACCREDITED INVESTOR") OR (2) OUTSIDE OF THE UNITED STATES AND ARGENTINA, WHO ARE NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT).

**IMPORTANT: You must read the following before continuing.** The following applies to the private placement memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the private placement memorandum. In accessing the private placement memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION OTHER THAN ARGENTINA AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE PRIVATE PLACEMENT MEMORANDUM AND THE OFFER OF THE CONVERTIBLE SUBORDINATED NOTES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC, AS AMENDED) AND RELATED IMPLEMENTATION MEASURES IN MEMBER STATES ("QUALIFIED INVESTORS"). IN ADDITION, IN THE UNITED KINGDOM THE PRIVATE PLACEMENT MEMORANDUM IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLES 19(5) AND 19(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA") (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PRIVATE PLACEMENT MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FSMA, RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE CONVERTIBLE SUBORDINATED NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING PRIVATE PLACEMENT MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view this private placement memorandum or make an investment decision with respect to the securities, investors must be either (1) an institutional Accredited Investor or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This private placement memorandum is being sent at your request and by accepting the e-mail and accessing this private placement memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) institutional Accredited Investors or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this private placement memorandum has been delivered is not located in the U.S., and (2) that you consent to delivery of such private placement memorandum by electronic transmission.

You are reminded that this private placement memorandum has been delivered to you on the basis that you are a person into whose possession this private placement memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this private placement memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

This private placement memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the Company, the placement agent, nor any person who controls the Company or the placement agent nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this private placement memorandum distributed to you in electronic format and the hard copy version available to you on request from the Company or the placement agent.

## PRIVATE PLACEMENT MEMORANDUM

## STRICTLY CONFIDENTIAL



Up to US\$150,000,000

**Convertible Subordinated Notes due 2027**

TGLT S.A. (“**TGLT**,” the “**Company**” or the “**Issuer**”), a *sociedad anónima* duly organized and incorporated under the laws of the Argentine Republic (“**Argentina**”), is offering up to US\$150,000,000 aggregate principal amount of its fixed-rate convertible subordinated notes due 2027 (the “**Convertible Subordinated Notes**”). The Convertible Subordinated Notes will bear interest at a rate per annum of (i) 8.000% from, and including, the date they are issued (the “**Issue Date**”), to, but not including, the first anniversary of the Issue Date, (ii) 9.000% from, and including, the first anniversary of the Issue Date to, but not including, the second anniversary of the Issue Date and (iii) 10.000% from, and including, the second anniversary of the Issue Date to, but not including, the tenth anniversary of the Issue Date (the “**Maturity Date**”). Interest on the Convertible Subordinated Notes will be payable semi-annually in arrears in February and August of each year, commencing in February 2018 and ending on the Maturity Date.

The Convertible Subordinated Notes are convertible, at the option of the holders, at any time up to but not including the Maturity Date, in whole or in part, into common shares of TGLT, nominal value of 1.00 Peso per share (the “**Common Shares**”). Holders of the Convertible Subordinated Notes may elect to have all or part of their Common Shares issuable upon a conversion deposited for delivery of American Depositary Shares (“**ADSs**”), each ADS representing 15 Common Shares. The ADSs will be issued under the Amended and Restated Deposit Agreement, dated as of February 7, 2011, among the Company, The Bank of New York Mellon, as ADS Depository, and the owners and holders of ADSs from time to time issued thereunder (the “**Deposit Agreement**”). See “Description of the Convertible Subordinated Notes—Conversion Rights.” In addition, if the Company proceeds with an initial public offering of its Common Shares (or other equity interests) in the United States (a “**U.S. IPO**”), all Convertible Subordinated Notes will be, on the date on which the U.S. IPO is consummated, automatically converted into Common Shares (which, at the option of the holder, may be deposited for delivery of ADSs) at the conversion price described below. See “Description of the Convertible Subordinated Notes—Mandatory Conversion.”

The Convertible Subordinated Notes will be redeemable at the option of the Company only (i) upon certain changes in tax laws as provided under “Description of the Convertible Subordinated Notes—Redemption for Tax Purposes” and (ii) if the Negotiable Obligations Law (as defined below) or the indenture that will govern the Convertible Subordinated Notes (the “**Indenture**”) requires a unanimous vote of holders for any action, decision or resolution and the consent of at least 66-2/3% but less than 100% of holders is obtained, then the Convertible Subordinated Notes of the non-consenting holders may be redeemed as described under “Description of the Convertible Subordinated Notes—Special Redemption.” In addition, if the Common Shares are delisted from the *Bolsas y Mercados Argentinos S.A.* (the Buenos Aires Stock Exchange, or the “**BYMA**”), holders of the Convertible Subordinated Notes that did not consent to such delisting will have the right to require the Company to repurchase their Convertible Subordinated Notes. See “Description of the Convertible Subordinated Notes—Repurchase at the Option of Holders Upon a Delisting.” In the event of any such redemption or repurchase, the Company shall pay the holders of the Convertible Subordinated Notes to be redeemed or repurchased accrued and unpaid interest (including Additional Amounts, if any) to, but not including, such redemption date or repurchase date, plus a redemption price or repurchase price of 100.000% of the outstanding principal amount of the Convertible Subordinated Notes so redeemed or repurchased.

The Convertible Subordinated Notes will be the general unsecured subordinated obligations of the Company under Section 2575 of the Argentine Civil and Commercial Code, and will be subordinate and junior to all of the existing and future unsubordinated indebtedness of the Company, effectively subordinated to all of the existing and future indebtedness of the Company that is secured by the Company’s assets, to the extent of the value of the security interests in such assets, and structurally subordinated to all existing and future indebtedness of the Company’s subsidiaries.

The Convertible Subordinated Notes are a new issue of securities with no established trading market. The Common Shares are listed on the BYMA under the symbol “TGLT.” The ADSs are traded in the over-the-counter market under the symbol “TGLTY.”

The existing shareholders of the Company have preemptive rights (the “**Preemptive Rights**”) to subscribe for Convertible Subordinated Notes in a principal amount sufficient to maintain their proportional ownership of the total share capital of the Company (on an as-converted basis) (such existing shareholders of the Company, the “**Existing Shareholders**”). In addition, the Existing Shareholders have accretion rights (the “**Accretion Rights**”), which will permit them to subscribe for Convertible Subordinated Notes that are not subscribed by other Existing Shareholders in the Local Offering (as defined below) in proportion

to the percentage of Convertible Subordinated Notes for which such subscribing Existing Shareholders have exercised their Preemptive Rights during the first 10 days of the subscription period as set forth in the Subscription Notice (the “**Subscription Notice**”) to be published in the *Autopista de Información Financiera* (the “**AIF**”) of the CNV (as defined below), the *Bolsa de Comercio de Buenos Aires* (the “**BCBA**”) daily bulletin and the *Mercado Abierto Electrónico* (Open Electronic Market, or the “**MAE**”) electronic bulletin, or during any other period of no less than 10 days within the subscription period, as such period is set forth in the Subscription Notice. The Preferential Rights have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and the rules and regulations thereunder (the “**Securities Act**”) and, accordingly, they may not be offered to any shareholders of the Company in the United States and are not being offered to holders of the ADSs. This Private Placement Memorandum is not an offer of the Preferential Rights. The Local Offering (as defined below, including the offering of the Preferential Rights) will be made by way of an Argentine prospectus in the Spanish language.

**THE CONVERTIBLE SUBORDINATED NOTES ARE OBLIGACIONES CONVERTIBLES SUBORDINADAS (CONVERTIBLE SUBORDINATED OBLIGATIONS) OF THE COMPANY UNDER THE TERMS OF SECTION 2575 OF THE ARGENTINE CIVIL AND COMMERCIAL CODE. IN THE EVENT OF THE COMPANY’S INSOLVENCY, BANKRUPTCY, APPOINTMENT OF A TRUSTEE OR RECEIVER, CAPITAL RESTRUCTURING, REORGANIZATION PROCEEDINGS, OUT-OF-COURT ARRANGEMENT WITH CREDITORS OR OTHER SIMILAR PROCEEDINGS, THE CONVERTIBLE SUBORDINATED NOTES WILL RANK JUNIOR IN RIGHT OF PAYMENT TO THE COMPANY’S UNSUBORDINATED DEBT AND WILL RANK PARI PASSU WITH ALL OTHER INDEBTEDNESS HAVING THE SAME PRIORITY IN RIGHT OF PAYMENT. AS OF THE ISSUE DATE, HOLDERS WILL HAVE PRIORITY IN RIGHT OF PAYMENT ONLY WITH RESPECT TO THE COMPANY’S SHAREHOLDERS. ACCORDINGLY, HOLDERS EXPRESSLY WAIVE ANY GENERAL OR SPECIAL PRIVILEGE AND ACKNOWLEDGE THAT, IN THE EVENT OF INSOLVENCY, THE CONVERTIBLE SUBORDINATED NOTES WILL BE FULLY SUBORDINATED TO THE COMPANY’S OTHER INDEBTEDNESS, INCLUDING OTHER SECURED AND UNSECURED DEBT.**

The Convertible Subordinated Notes (a) will be offered to Existing Shareholders in Argentina pursuant to their Preferential Rights and to public investors in Argentina (collectively, the “**Local Offering**”) through Banco Itaú Argentina S.A., as local placement agent, in accordance with the applicable requirements of the Argentine Negotiable Obligations Law No. 23,576, as amended (the “**Negotiable Obligations Law**”), the Argentine Capital Markets Law No. 26,831, as amended (the “**Capital Markets Law**”), Decree No. 1023/2013 implementing the Capital Markets Law and applicable regulations of the Argentine National Securities Commission (the *Comisión Nacional de Valores*, or the “**CNV**”), including General Resolution No. 622/2013 of the CNV, and (b) will be placed without being registered with the U.S. Securities and Exchange Commission (the “**SEC**”) under the Securities Act (i) in the United States, to certain institutional “accredited investors” (as defined in Rule 501(a) under Regulation D (“**Regulation D**”) under the Securities Act) and (ii) outside of the United States and Argentina to non-U.S. persons in reliance upon Regulation S (“**Regulation S**”) under the Securities Act (collectively, the “**International Private Placement**”) and, together with the Local Offering, the “**Offering**”). Itaú BBA USA Securities, Inc. will act as placement agent in the International Private Placement (the “**Placement Agent**”).

The Convertible Subordinated Notes and the Common Shares (including Common Shares represented by ADSs) deliverable upon conversion have not been, and will not be, registered under the Securities Act, or under any other state securities laws and may only be offered and sold in transactions exempt from or not subject to the registration requirements of the Securities Act and the securities laws of other jurisdictions other than Argentina. We do not intend to register the Convertible Subordinated Notes for an exchange offer under the Securities Act. Unless they are registered, the Convertible Subordinated Notes may be offered only in transactions that are exempt from registration under the Securities Act and applicable state securities laws. For further details on certain restrictions on the sale and transfer of the Convertible Subordinated Notes, see “Transfer Restrictions.”

The Convertible Subordinated Notes have not been recommended by the SEC or any federal, state or foreign securities authorities, nor have any such authorities determined that this private placement memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

**THE COMPANY RESERVES THE RIGHT TO WITHDRAW, CANCEL OR MODIFY THE OFFERING AND TO REJECT ANY ORDERS IN WHOLE OR IN PART.**

**POTENTIAL INVESTORS SHOULD TAKE INTO ACCOUNT THAT INVESTING IN THE CONVERTIBLE SUBORDINATED NOTES INVOLVES A HIGH LEVEL OF RISK DUE TO THE NATURE OF THE COMPANY’S BUSINESS, THE TYPE OF INVESTMENTS THE COMPANY SEEKS TO MAKE, AND ITS CAPITAL REQUIREMENTS, AMONG OTHER RELEVANT FACTORS. CONSEQUENTLY, POTENTIAL INVESTORS SHOULD CAREFULLY READ THIS PRIVATE PLACEMENT MEMORANDUM, INCLUDING THE INFORMATION SET FORTH UNDER “RISK FACTORS,” BEFORE INVESTING IN THE CONVERTIBLE SUBORDINATED NOTES. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME, AND THE CONVERTIBLE SUBORDINATED NOTES PURCHASED HEREBY SHOULD BE PURCHASED ONLY BY INVESTORS WHO SATISFY THE SUITABILITY STANDARDS DESCRIBED HEREIN.**

**THE CONVERTIBLE SUBORDINATED NOTES SOLD IN THE INTERNATIONAL PRIVATE PLACEMENT ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.**

The Convertible Subordinated Notes have not been assigned any local or international risk ratings.

**The Local Offering has been authorized by Resolution No. 18.773 dated June 13, 2017 of the CNV. This authorization means only that the reporting requirements of the CNV have been satisfied. The CNV has not rendered any opinion in respect of the information contained in this private placement memorandum. The accuracy of the accounting, financial, economic and all other information contained in this private placement memorandum is the sole responsibility of TGLT's board of directors and, to the extent applicable, its supervisory committee and the auditors whose reports on the financial statements are included herein, as well as the other parties specified in Sections 119 and 120 of the Capital Markets Law.**

This private placement memorandum is not an offer to sell securities and is not soliciting offers to buy Convertible Subordinated Notes in any jurisdiction where the offer or sale is not permitted or with respect to any person except those particular persons who satisfy the suitability standards described herein. Neither the delivery of this private placement memorandum nor any sale completed pursuant to this private placement memorandum shall be deemed, under any circumstance, as a representation that no change has occurred to the Company's information since the date of this private placement memorandum, or that the information herein contained is accurate as of any date subsequent to the date of this private placement memorandum.

We expect that delivery of the Convertible Subordinated Notes will be made to investors in book-entry form through The Depository Trust Company.

**Placement Agent**

**Itau BBA USA Securities, Inc.**

**The date of this private placement memorandum is July 10, 2017.**

**NOTICE REGARDING PERSONS RECEIVING AN ELECTRONIC TRANSMISSION OF THIS PRIVATE PLACEMENT MEMORANDUM**

**DISTRIBUTION OF THIS PRIVATE PLACEMENT MEMORANDUM TO ANY PERSONS (OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE COMPANY OR THE PLACEMENT AGENT AND THEIR RESPECTIVE AGENTS, AND ANY PERSONS RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION WITH RESPECT THERETO) IS UNAUTHORIZED. ANY PHOTOCOPYING, DISCLOSURE OR ALTERATION OF THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM, AND ANY FORWARDING OF A COPY OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR ANY OTHER MEANS TO ANY PERSONS (OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE COMPANY OR THE PLACEMENT AGENT AND THEIR RESPECTIVE AGENTS, AND ANY PERSONS RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION WITH RESPECT THERETO), WITHOUT PRIOR CONSENT FROM THE COMPANY, THE PLACEMENT AGENT OR AN AGENT OF THE COMPANY OR THE PLACEMENT AGENT IS PROHIBITED. BY ACCEPTING DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM, THE RECIPIENT AGREES TO THE FOREGOING.**

**This Memorandum constitutes an offer only if a name appears in the space provided below and is an offer only to such named offeree.**

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**Name of Offeree**

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### IMPORTANT INFORMATION ABOUT THIS PRIVATE PLACEMENT MEMORANDUM

In making your investment decision, you should rely only on the information included in this private placement memorandum. No person (including, but not limited to, any placement agent) has been authorized to disclose information and/or to make representations other than those specifically made herein. If information is disclosed and/or if representations are made, such information and/or representations may not be regarded as authorized by the Company or by any placement agent that may be designated by the Company. The information contained in this private placement memorandum is accurate only as of the date stated on the cover, regardless of the date of delivery of this private placement memorandum or the date of sale of any Convertible Subordinated Notes. Our business, financial position, results of operations and outlook may change after the date specified on the cover hereof.

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The Convertible Subordinated Notes being offered pursuant to this private placement memorandum and the Common Shares (including Common Shares represented by ADSs) deliverable upon conversion are subject to restrictions on sale and transfer and have not been registered under the Securities Act or the securities laws of any jurisdiction other than Argentina. Accordingly, unless registered, the Convertible Subordinated Notes offered hereby may not be sold or transferred except as permitted under the Securities Act and the applicable securities laws of any jurisdiction. See “Transfer Restrictions.” The Convertible Subordinated Notes being offered pursuant to this private placement memorandum will be sold by us in a private placement not involving a public offering in the United States under, and consistent with, Section 4(a)(2) of the Securities Act and will be sold concurrently (a) in the United States to certain “accredited investors” (as such term is defined in Rule 501(a) under Regulation D under the Securities Act) and (b) in offshore transactions outside of the United States and Argentina to non-U.S. persons in reliance upon Regulation S under the Securities Act, in each case, to investors that deliver to us a subscription agreement containing customary investor representations and agreements on status, resales and transfers prior to their purchase of any Convertible Subordinated Notes.

The Company reserves the right to withdraw, cancel or modify the Offering and to reject any orders in whole or in part.

Each original purchaser of the Convertible Subordinated Notes offered pursuant to this private placement memorandum will be required to sign a subscription agreement substantially in the form of *Annex A* to this private placement memorandum certifying whether such person is an “accredited investor” (as such term is defined in Rule 501(a) under Regulation D under the Securities Act), an investment advisor purchasing Convertible Subordinated Notes directly from us on behalf of an “accredited investor,” or a non-U.S. person that is purchasing Convertible Subordinated Notes outside Argentina and the United States in an offshore transaction within the meaning of Regulation S under the Securities Act. Investors that purchase the Convertible Subordinated Notes in the secondary market may be required to deliver an opinion of counsel, certification and/or other information satisfactory to us.

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This private placement memorandum is a confidential document that we are providing only to prospective buyers of the Convertible Subordinated Notes. You should read this private placement memorandum before making a decision whether to purchase any Convertible Subordinated Notes.

You must not:

- use this private placement memorandum for any other purpose;
- make copies of any part of this private placement memorandum or give a copy of it to any other person; or
- disclose any information in this private placement memorandum to any other person.

We have prepared this private placement memorandum and we are solely responsible for its contents. You are responsible for making your own examination of the Company and your own assessment of the merits and risks of investing in the Convertible Subordinated Notes. You may contact us if you need any additional information. By purchasing any Convertible Subordinated Notes, you will be deemed to have represented and acknowledged that:

- you have reviewed this private placement memorandum;
- you have had an opportunity to request and to review, and you have received, any additional information that you deem necessary to verify the accuracy of the information referred to in this private placement memorandum or that you deem relevant to making an investment decision;
- you have not relied upon the Placement Agent or any person affiliated with the Placement Agent in connection with your investigation of the accuracy of such information or your investment decision;

- this private placement memorandum relates to an offering that is exempt from registration under the Securities Act, and may not comply in important respects with the rules of the SEC that would apply to an offering document relating to a public offering of securities registered with the SEC; and
- no person has been authorized to give information or to make any representation concerning the Company, the Offering or the Convertible Subordinated Notes, other than as contained in this private placement memorandum, in connection with your examination of the Company and the terms of this International Private Placement.

**Neither we nor the Placement Agent is offering the Convertible Subordinated Notes for sale in any jurisdiction where such offer or sale is not permitted.**

**Neither we nor the Placement Agent is making any representation to any potential investor of the Convertible Subordinated Notes regarding the legality of an investment in the Convertible Subordinated Notes by such potential investor under any applicable laws or regulations. We are not providing you with any legal, business, tax or other advice in this private placement memorandum and you should not rely on any information included herein as legal, business, tax or other advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Convertible Subordinated Notes. You should contact us or the Placement Agent with any questions about this International Private Placement.**

**You must comply with all laws and regulations that apply to you in any place in which you buy, offer or sell any Convertible Subordinated Notes or possess or distribute this private placement memorandum. You must also obtain any consents, permission or approvals that you need in order to purchase, offer or sell any Convertible Subordinated Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We and the Placement Agent are not responsible for your compliance with these legal requirements. We are not making any representation to you regarding the legality of your investment in the Convertible Subordinated Notes under any law or regulation.**

**We are offering the Convertible Subordinated Notes in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. By purchasing any Convertible Subordinated Notes, you will be deemed to have made certain acknowledgments, representations, warranties, covenants and agreements as described in the “Transfer Restrictions” section of this private placement memorandum. You may be required to bear the financial risks of investing in the Convertible Subordinated Notes for an indefinite period of time.**

**The Convertible Subordinated Notes are subject to restrictions on resale and transfer and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. Please refer to the sections in this private placement memorandum entitled “Transfer Restrictions” and “Plan of Distribution.”**

**The Placement Agent makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this private placement memorandum. Nothing contained in this private placement memorandum is, or shall be relied upon as, a promise or representation by the Placement Agent as to the past or future. The Placement Agent assumes no responsibility for the accuracy or completeness of any such information.**

#### **WHERE YOU CAN FIND MORE INFORMATION**

This private placement memorandum and our financial statements included herein are available upon request during business hours (10:00 a.m. to 5:00 p.m., Buenos Aires time) at: (i) our offices located in Av. Scalabrini Ortiz 3333, 1st Floor, City of Buenos Aires; and (ii) the Local Placement Agent’s offices located in Tucumán 1, 15th Floor (C1049AAA), City of Buenos Aires. We also file financial statements and other periodic reports with the CNV and

the BYMA in Argentina, but such information is not incorporated by reference into or a part of this private placement memorandum. Our common stock is traded under the symbol “TGLT” on the BYMA. Historical sale prices for our common stock as reported by the BYMA are available at [www.byma.com.ar](http://www.byma.com.ar). Our website address is [www.tglt.com](http://www.tglt.com), but the information on, or accessible through, our website is not incorporated by reference into or a part of this private placement memorandum.



## FORWARD-LOOKING STATEMENTS

This private placement memorandum contains estimates and forward-looking statements, principally in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” We have based these forward-looking statements largely on our current assumptions, expectations and projections about future events and operating and financial trends affecting our business. Many events, in addition to those discussed elsewhere in this private placement memorandum, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- changes in general economic, financial, business, political, legal, social or other conditions in Argentina or elsewhere in Latin America or changes in either developed or emerging markets;
- changes in capital markets in general that may affect policies or trends toward lending to or investing in Argentina or Argentine companies, including expected or unexpected volatility or volatility in domestic and international financial markets;
- changes in regional, national and international business and economic conditions, including inflation;
- interest rate fluctuations in Argentina;
- fluctuations in Peso exchange rates;
- foreign exchange controls and restrictions on transfers abroad;
- changes in applicable laws and regulations associated with the business or our activity, as well as new laws and regulations associated with real estate, taxes and zoning;
- our ability to implement our operational strategy and business plan;
- an increase in our costs and expenses;
- our capability to obtain government licenses and approvals, authorizations, and permits for our project developments;
- our ability to obtain funding for our working capital needs and the availability of credit on commercially acceptable conditions for our operations;
- the success of our marketing and sales efforts, and the possibility of successfully implementing our growth strategy;
- changes in real estate market prices, demand and client preference, and our clients’ net worth and financial condition and their capability to obtain credit;
- competition in the real estate business and other related sectors;
- variations in real estate market prices;
- our ability to obtain funding for our operations;
- our ability to obtain labor, commodities, construction materials and services at reasonable prices;
- our ability to find adequate land for developing future projects in accordance with our business plan; and
- the risk factors described in “Risk Factors.”

The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “forecast,” “plan,” and similar words are intended to identify forward-looking statements. Forward-looking statements include information regarding the results of operations, business transactions, strategies, financial plans, competitive position, business environment, opportunities for potential growth, the effect of future regulations, and the effects of competition in the future. Forward-looking statements speak only as of the date they were made, and we do not undertake any obligation to update publicly or to revise any forward-looking statements after we distribute this private placement memorandum because of new information or future events. Moreover, we have based these forward-looking statements on future events, mainly on current expectations and projections about future events and trends that affect

our business. These expectations and projections are subject to material risks and uncertainties and could be inaccurate or change significantly. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this private placement memorandum do not constitute guarantees of the future performance of the Company.

## ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated under the laws of Argentina. Substantially all of our assets are located outside the United States. Our directors, officers and controlling persons reside outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to force against them or against us judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions.

Our Argentine counsel, Nicholson y Cano Abogados, has advised us that judgments of United States courts for civil liabilities based upon the U.S. federal securities laws may be enforced in Argentina, provided that the requirements of Article 517 of the Federal Civil and Commercial Procedure Code of Argentina, without reconsideration of their merits (if enforcement is sought before federal courts) are met as follows: (i) the judgment, which must be final in the jurisdiction where rendered, was issued by a court competent in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an in rem action with respect to personal property if such was transferred to Argentine territory during or after the prosecution of the foreign action, (ii) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action, (iii) the judgment must be valid in the jurisdiction where rendered and meet authenticity requirements under Argentine law, (iv) the judgment does not violate the principles of public policy of Argentine law, and (v) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court.

Subject to compliance with Article 517 of the Federal Civil and Commercial Procedure Code described above, a judgment against us or the persons described above obtained outside Argentina would be enforceable in Argentina without reconsideration of the merits.

We have been further advised by our Argentine counsel, Nicholson y Cano Abogados, that:

- original actions based on the U.S. federal securities laws may be brought in Argentine courts and that, subject to applicable law, Argentine courts may enforce liabilities in such actions against us, our directors, our executive officers and the advisors named in this private placement memorandum; and
- the ability of a judgment creditor or the other persons named above to satisfy a judgment by attaching certain assets of ours is limited by provisions of Argentine law.

A plaintiff (whether Argentine or non-Argentine) residing outside Argentina during the course of litigation in Argentina must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Argentina that could secure such payment. The bond must have a value sufficient to satisfy the payment of court fees and defendant's attorney fees, as determined by the Argentine judge. This requirement does not apply to the enforcement of foreign judgments.

## CERTAIN DEFINED TERMS AND CONVENTIONS

In this private placement memorandum, references to:

- “**TGLT**,” the “**Company**,” “**we**,” “**us**” and “**our**” are to TGLT S.A., a *sociedad anónima* organized and incorporated under the laws of Argentina, and its consolidated subsidiaries, except where the context otherwise requires;
- “**Argentina**” are to the Argentine Republic;
- “**Brazil**” are to the Federative Republic of Brazil;
- “**contracted sales**” are to the total sum of sales resulting from contracts for the sale of units executed during a certain period, including new units and units held in stock. Contracted sales are accounted for at the time of executing the sales contract with a client. Contracted sales are stated at acquisition cost, plus any contractual adjustment to account for changes to the exchange rate or inflation;
- “**Convertible Subordinated Notes**” are to the convertible subordinated notes which are offered in the Offering;
- “**Federal Government**” are to the Federal Government of Argentina;
- “**leasable area**” are to the space available to be leased in a property, including the total area designated for occupation;
- “**marketable area**” are to the area available for sale in a property, including the total area designated for occupation;
- “**PDG**” are to PDG Realty S.A. Empreendimentos e Participações;
- “**pipeline**” are to projects or developments in the process of assessment and/or preparation;
- “**Uruguay**” are to the Oriental Republic of Uruguay; and
- “**United States**” or “**U.S.**” are to the United States of America.

## PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

### General

We prepare our financial statements in accordance with the International Financial Reporting Standards (the “IFRS”) issued by the International Accounting Standards Board (the “IASB”), as provided by CNV regulations (NT 2013) Approved by General Resolution No. 622/2013 of the CNV and its amendments, (the “CNV Rules”).

Our audited financial statements included in this private placement memorandum present our financial position as of December 31, 2016, 2015 and 2014 and our results of operations for each of the years then ended. Our unaudited interim financial statements included in this private placement memorandum present our financial position as of March 31, 2017 and our results of operations for each of the three months ended March 31, 2017 and 2016. The results reported in these interim unaudited financial statements are not necessarily indicative of the results to be expected for the year ended December 31, 2017.

### Currency of Presentation

The Company carries its books and accounting records and publishes its financial statements in Pesos.

Within the framework of this private placement memorandum, all references to “Peso,” “Pesos” or “Ps.” are to the Argentine peso, and all references to “U.S. Dollars” or “US\$” are to United States dollars. This private placement memorandum contains certain translations of certain Peso amounts into U.S. Dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Peso amounts actually represent such U.S. Dollar amounts, or were converted or could be converted into U.S. Dollars at the rate indicated. Unless otherwise indicated, the U.S. Dollar equivalent information for amounts in Pesos is based upon the rate published by *Banco de la Nación Argentina* (the “BNA”) as in effect on March 31, 2017, which was Ps.15.600 per US\$1.00. For a complete description of the exchange rates between the Peso and the U.S. Dollar as represented by the BCRA (as defined below), see “Exchange Rate Information.”

### Rounding

Certain figures included in this private placement memorandum (including percentage figures) have been rounded. Therefore, figures disclosed for the same item under different tables or different sections of this private placement memorandum may have slight variations, and the totals included in certain tables may not add up due to rounding.

### Market Information and Other Statistical Data

This private placement memorandum is based on information furnished by us and other sources we consider reliable. In preparing certain market information, we have included our own estimates, assessments, adjustments and judgments, which have not been verified by third parties. Even though we consider that our estimates, assessments, adjustments and judgments are reasonable and that the market information we have gathered adequately reflects the industry and the market in which we operate, we cannot assure that such estimates, assessments, adjustments and judgments are the most suitable one to make determinations as to the market information or that the market information put together by other sources will not be substantially different from the market information contained in this private placement memorandum.

The market information and statistical data used in this private placement memorandum, including but not limited to the sections “Summary,” “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” has been taken from publicly available information, including industry journals, market research studies, press releases and official data published by certain governmental and international agencies. These sources include the *Cámara Argentina de la Construcción* (Argentine Chamber of Construction), *Cámara de Vivienda y Equipamiento Urbano de la República Argentina* (Argentine Chamber of Housing and Urban Facilities), *ReporteInmobiliario.com*, *Instituto Nacional de Estadísticas y Censo* (Argentine Institute of Statistics and Census, or the “INDEC”), *Instituto Nacional de Estadística de Uruguay* (Uruguayan Institute of Statistics), *Banco Central de la República Argentina* (the Argentine Central Bank, or the “BCRA”), and *Banco Central del Uruguay* (Central Bank of Uruguay). We have relied on the accuracy of such information, without performing any independent verification. Therefore, our liability is limited to the accurate reproduction of such information, assuming no responsibility for any inaccuracy and/or error that such information may contain. To the best of our knowledge and

on the basis of the information published by said sources, no fact has been omitted that could render the information, data and statistics reproduced herein inaccurate or misleading.

## SUMMARY

*This summary highlights information contained elsewhere in this private placement memorandum. It does not contain all of the information that an investor should consider before making a decision to invest in the Convertible Subordinated Notes. For further information on our business and the Offering, this summary must be read together with the detailed information included in the other sections of this private placement memorandum, in particular the information included in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and the financial statements included in this private placement memorandum.*

### Overview

We are one of the fastest growing integrated real estate companies in Argentina in terms of developed area, with substantial focus in Argentina. We have more than 16 years of experience in the industry, and we are a fully integrated developer, focused on the development of residential properties for sale, and are currently expanding our commercial real estate operations, particularly in the development of office properties and premium logistics centers for rent.

Since 2005 we have developed and sold over 262,105 square meters of residential units, and at present we have more than 182,032 square meters (including our Forum Puerto del Buceo project in Montevideo, Uruguay) in different stages of development, across 11 large residential projects comprising 52 buildings.

In developing our residential projects, we have primarily focused on the high income purchasers who can typically afford to purchase properties in cash. However, we have also developed several projects that target the mid-high income segment, which we believe is poised for significant growth, as mortgage financing once again becomes available to Argentine purchasers, which we believe will occur as a result of expected political, regulatory and economic developments in Argentina.

As of March 31, 2017, we had total assets of Ps.4,783 million and total shareholders' equity of Ps.346 million. Our sales for the three months ended March 31, 2017 and the year ended December 31, 2016 were Ps.313 million and Ps.720 million, respectively.

Our integrated business model allows us to control and participate in all aspects of the real estate development process with a management team experienced in all key areas of real estate development and operations, including land identification and acquisition, government licensing and relations, project management, commercialization and sales. During the development process, while we retain the decisions and control of these functions, we entrust the actual execution of certain functions, such as architecture and construction, to specialized companies under our close supervision, being able to focus on the central aspects of our business and reducing number of staff in payroll.

We have a proven track record of implementing our integrated business model to achieve substantial growth, in particular since our initial share offering (the "IPO") on the *Mercado de Valores de Buenos Aires* (the "Merval," which, in April 2017, became the BYMA as a result of a spin-off) and international private offering of ADSs on November 5, 2010, through which we raised approximately Ps.220.0 million to fund our aggressive growth plan in the residential real estate sector. We have also developed mixed use residential and commercial projects for sale. By successfully deploying the capital we raised through our IPO, despite the economic challenges facing Argentina since the crisis in 2001 2002, we have achieved significant growth, with our contracted sales increasing from Ps.161.5 million for the fiscal year ended December 31, 2010 to Ps.1,344.2 million for the fiscal year ended December 31, 2016, at the applicable average exchange rate of each year, achieving a compound growth rate in U.S. Dollars of 42% for this period.

Our integrated business model is composed of two business lines:

- *Residential:* For over 10 years we have successfully developed for sale multifamily residential and mixed use projects in the City of Buenos Aires and the Buenos Aires metropolitan area (together, the "GBA") and Rosario, Argentina, and Montevideo, Uruguay. Through our Forum brand, we have targeted high income segments of the Argentine population that can typically afford to buy real estate in cash, without mortgage credit assistance. Moreover, we have developed several projects targeting mid-high income segments of the population through our Astor brand, which we believe may grow significantly once mortgage lending becomes available again to Argentine purchasers. Our residential projects are in varying stages of development, and include the following:

Project	Location	Segment	Sellable area (sqm)	Buildings	Status <sup>(1) (2)</sup>
Forum Puerto Madero	Puerto Madero, BA	Homes & Retail	34,000	1	100% sold. Delivered in 2008
Forum Puerto Norte	Rosario, Santa Fe	Homes & Offices	52,639	11	100% sold. Ended deliveries as of second quarter 2016.
Forum Alcorta	Bajo Belgrano, BA	Homes	39,763	3	100% sold. 98% of Tower One units, 96% of Tower Two units and 80% Tower Three delivered. We expect to continue with delivery process throughout 2017.
Forum Puerto del Buceo	Montevideo, Uruguay	Homes	48,487	1	74% sold. 58% units delivered of stage 1. Stages 2 and 3 are under construction and we expect to finish deliveries in 2018.
Astor Palermo	Palermo, BA	Homes & Parking	14,763	1	100% sold. 98% of units delivered as of March 31, 2017.
Astor Núñez	Núñez, BA	Homes & Retail	20,368	2	100% sold. 59% of units delivered. Delivery process will continue throughout 2017.
Metra Puerto Norte (Brisario)	Rosario, Santa Fe	Homes & Retail	68,613	11	64% of Stage 1 sold (out of 5 stages). First deliveries expected for the end of 2017.
Metra Devoto	Devoto, BA	Homes	18,288	4	5% sold. Commercial launch to general public expected for the second quarter of 2017.
Venice	Tigre, BA	Mixed uses	53,052	13	67% of stage 1 sold. Deliveries expected from 2017 to 2022. See "Our business lines—Legal Proceedings—Venice Project/ Precautionary measure"
Proa (Brisario)	Rosario, Santa Fe	Mixed uses	65,166	4	Commercial launch expected for the second quarter of 2017.
Astor San Telmo	San Telmo, BA	Homes	28,997	1	36% sold. Commercial launch took place in 2016. We expect to start construction works in the second half of 2017. 156 units sold out of 433.
<b>Total (excluding Forum Puerto Madero)</b>			<b>410,137</b>	<b>51</b>	

Source: TGLT data. Does not include the project provisionally called "AVL" located in Vicente Lopez, Province of Buenos Aires, for which the Company has made provisions for the purchase of land, which as of the date of this private placement memorandum has not been completed (see "Business—Residential Pipeline Opportunities").

(1) Status as of March 31, 2017.

(2) % of total available for sale units.

- Commercial:** Our plan is to identify and invest in opportunities in the for-lease Class A office building and PLC sectors, primarily in the GBA. We believe that a strong and sizable portfolio of office and logistics assets will provide us with stable, long-term cash flows from lease payments, which will help us fund new developments and counterbalance the volatility of the residential sector. Between 2008 and 2011, we developed for-sale office buildings in Rosario, Argentina. We are seeking permits to develop a 6,000 square meter GLA for-lease office building within our Brisario mixed-use project in Rosario. In 2014 we purchased 31% stake in a property due for the development of a 23,000 square meters GLA corporate office building in the City of Buenos Aires, which was then sold for US\$9.2 million, making 2.3x return on equity. Additionally, we have commenced negotiations for the potential acquisition of properties in the City of Buenos Aires and we took part in land auctions organized by the National Government, targeted for office developments. While we have not yet acquired rights to these additional sites, we believe that these and other sites that we have identified represent a strong pipeline of strategically located properties for commercial development. We expect that approximately 72% of the proceeds from the Offering will be used to grow our portfolio of commercial properties.

We believe that our integrated business model (i) allows us to capture value throughout the business cycle, as we are able to focus on different market segments at different points in the cycle, (ii) provides flexibility to take advantage of different opportunities that arise in Argentina's rapidly evolving real estate market, (iii) will give us the ability to match our cash flows and our risk exposure across different business lines with the different cash requirements and return profiles of our business lines, and (iv) will generate critical mass as we combine operations, realize synergies and take advantage of cross selling opportunities through our brokerage business and with our corporate clients.



Through this integrated business model and our experience in developing mixed use projects, we plan to take advantage of current market opportunities to grow more aggressively in two core areas of commercial real estate:

- for lease Class A office buildings—which are buildings with above average rents for the area in which they are located, high quality standard finishes and systems, exceptional locations and a recognized market presence; and
- premium logistics centers (the “PLCs”)—which are integrated warehouses, built with advanced features, including dock levers, high resistance floors, climate control and support offices, in the GBA.

Our senior management team has extensive experience in creating and developing successful real estate companies. Federico Nicolás Weil (“Mr. Weil”), our founder, CEO and Chairman, founded some of the most prominent real estate companies in Argentina, such as Adecoagro (NYSE: AGRO), and Alejandro Belio, our COO, has acted as CEO of Faena Properties S.A. and Creaurban S.A., two large property developers in Argentina. We are also backed by leading institutional investors, including PointArgentum Master Fund LP (“PointArgentum”) and Bienville Argentina Opportunities Fund, LP (“Bienville”), an affiliate of Bienville Capital Management, LLC, two major investment funds that each currently hold an aggregate of 13.6% of our share capital and voting rights. PointArgentum has committed to support the Offering and, upon completion of the Offering, we expect will continue to hold at least 13.6% of our share capital and voting rights and may hold up to 34.9% of our share capital and voting rights on an as-converted basis.

### **Real Estate Market Opportunity in Argentina**

We believe that we are well positioned to seize the market opportunity that we expect will be created by economic improvement in Argentina. We highlight below the key market opportunities that we intend to capture.

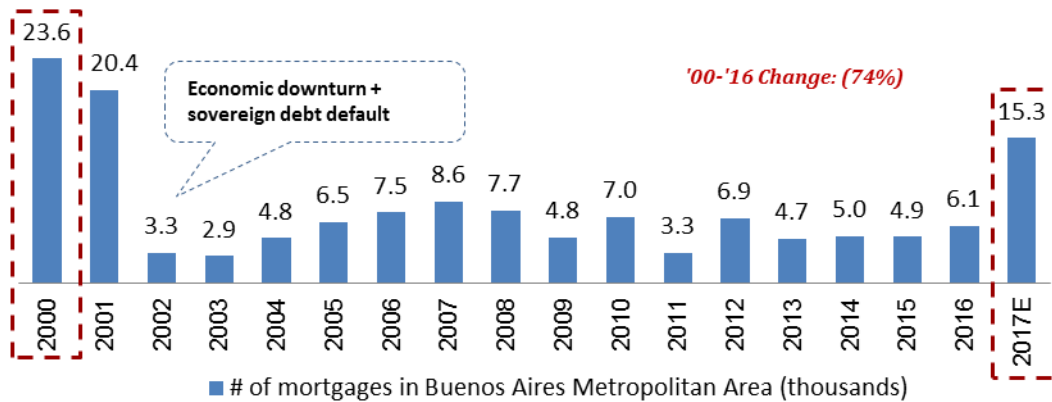
#### **Residential Real Estate Development Opportunity**

We believe that changes in economic policies being implemented by the Macri Administration will result in significant opportunities in the residential real estate industry. In particular, we expect that increases in the availability of credit, greater stability throughout the sector and a lower real exchange rate will result in higher prices and lower costs, which will in turn lead to enhanced margins.

Argentina has one of the highest gross domestic product (“GDP”) per capita in Latin America (as measured on a purchasing power parity basis), but over the last several years, a lack of both available mortgage credit and new construction in the residential real estate sector has led to a collapse of both supply and demand across Argentina, with a particularly acute impact in Buenos Aires. Additionally, since the strengthening of capital controls by the previous administration in 2011, the aggregate number of residential real estate transactions has significantly decreased, with the number of construction permits in 2016 only roughly matching pre-Argentina crisis levels reached in 2001-2002, according to the *Instituto de Estadística y Registro de la Industria de la Construcción* (the Construction Industry Statistics and Registration Institute, or the “IERIC”). Additionally, mortgages have become increasingly scarce since Argentina’s sovereign bond default and the resulting currency devaluation in 2002, and the supply of apartments is currently at its lowest level since 2002. Due to the significant lack of available mortgage credit over the last several years, Argentine homeowners and purchasers are substantially underleveraged when compared to purchasers in other markets. As a result, we believe that the expected increase in mortgage availability will lead to significant increases in demand.

The following charts provide information about the availability of mortgages in Argentina.

**Mortgages have almost disappeared since the 2002 economic downturn**



Source: Building Chamber of Argentina.

**Mortgage loans (as % of GDP)**



Source: Titularizadora Colombiana.

President Macri has stated that reviving the mortgage market is one of his administration’s top priorities. On April 8, 2016, the BCRA issued Communication “A” 5945, which permits banks to take deposits and make new loans adjusted for inflation based on the inflation index reported by the BCRA, the *Coeficiente de Estabilización de Referencia* (the “CER”) and denominated in *Unidades de Vivienda* (the “UVIs”), following successful experiences in Chile, Mexico and Uruguay. This currency had an initial value of Ps.14.05 (equivalent to 0.001% of the average construction cost of one square meter of a residence as of March 31, 2016) and is adjusted daily by the CER. Furthermore, on September 1, 2016, the National Parliament voted in favor to create a new instrument (additionally to BCRA’s decision) with the purpose of saving, granting loans and investing also denominated in UVIs with a value that will be monthly adjusted according to the GBA’s construction cost index of a multifamily property published by INDEC. According to the new text, UVIs initial value in local currency is the equivalent of 0.001% of the average construction cost of one housing square meter also equal to Ps.18.89 as of March 31, 2017 determined by the BCRA. Following this decision, the BCRA renamed its CER adjusted UVIs to *Unidad de Valor Adquisitivo* (the “UVA”), leaving two new indexed currencies available for the banks. Both are introduced as two new savings and investment alternatives. However, due to the nature of both currencies, and given the fact that construction cost index is more volatile than the CER index, it is expected that UVAs will be more popular for mortgage loans and UVIs will be more popular among real estate developers. Banks will be able to impulse long-term financing, protecting their capital, and both families as well as companies will be granted loans with lower interest rates

making installments easier to service than non-adjustable fixed or variable rate loans currently available in Argentina.

Moreover, both public and private banks, including Banco Nación de la República Argentina and Banco de la Provincia de Buenos Aires, two of the biggest credit entities in the country, have announced new mortgage loan programs for longer terms, indexed to UVA or UVI. We believe that better access to longer term financing for national banks after the successful return of Argentina to international capital markets and decreased inflation will help boost the development of the mortgage credit market, increasing demand for homes we sell, to the extent that mortgage credit penetration as a percentage of GDP, reaches levels observed in comparable countries in the region.

On July 22, 2016, Argentine Law No. 27,260 came into force, providing a tax amnesty regime and tax reform, allowing Argentines to repatriate funds held abroad without adverse tax consequences. Official figures showed US\$116,800 million incoming as a result of the amnesty. We believe that one likely effect of the tax amnesty regime will be to enable Argentines to invest a larger portion of their savings in real estate, which could benefit our sales, although the timing and extent of any benefit to our business from this reform are uncertain. According to the Econviews consulting firm, at least 30% of those funds will be deployed to the Argentine bond market and, if a portion of the rest was invested in real estate assets, there would be a rise in demand which the Company could benefit from.

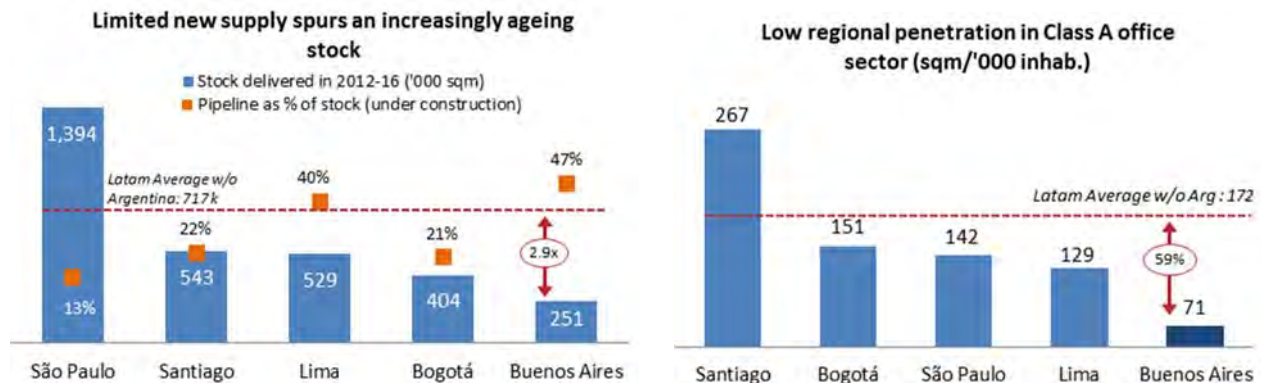
### Commercial Real Estate Development Opportunity

We intend to assemble a prime portfolio of for-lease Class A office buildings for corporate use and PLCs in Argentina, mainly in the City of Buenos Aires.

*Class A Office Sector:* The premium office sector in Argentina, and in particular in Buenos Aires, has experienced very limited growth during the last decade as a result of low foreign investment in Argentina. In particular, a very low level of investment has occurred in Class A offices. According to Colliers International, between 2004 and 2015, the supply of Class A offices grew at a compounded yearly rate of 1.4%, significantly below the compounded yearly growth rate of the Argentine GDP of 3.8% for the same period. Office penetration in Buenos Aires is the lowest among other large capital cities in Latin America, with 71 square meters of gross leasable area (the “GLA”) per thousand residents, 59% below the relevant regional average, which we believe represents a significant opportunity for increases in both supply and demand.

In addition, because new office space development in Buenos Aires in recent years relative to the existing stock has been minimal, the average age of existing stock has increased and continues to age. Compared to large cities in Latin America, Buenos Aires has a smaller pipeline of new projects (47% of current stock), which even if materialized would not even reach expected levels in other comparable cities in Latin America. Further, only a very small portion of office space in Buenos Aires complies with the Leadership in Energy and Environmental Design (the “LEED”) standards that are increasingly desired by multinational corporations.

The following charts set forth information regarding the limited supply, and ageing stock, of Class A office space in Buenos Aires at the end of 2016.



Source: Cushman and Wakefield Q4 2016.

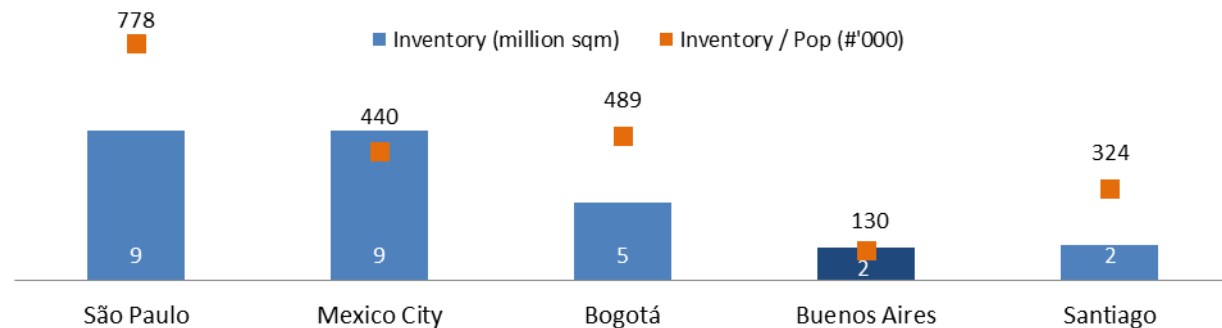
Demand for offices has also lagged in recent years, but we expect demand to increase as the Argentine economy improves. However, even with the weak demand for office space, vacancy rates in Buenos Aires are currently in the lower end in Latin America. We believe that, as a result of economic reforms introduced by the Macri Administration, corporations that already operate in Argentina may launch long- and short-term investment plans and new international companies may commence or relaunch operations in Argentina, increasing headcount and helping drive the recovery in demand for commercial properties. Supply is also expected to increase, but at a slower rate than the increase in demand, given the extended period of time it takes to complete a typical Class A office development project. As a result, we anticipate that office lease rates are likely to increase as demand grows faster than supply.

The auction of State-owned land by the Government during 2016 will give rise to opportunities to acquire properties suitable for premium office developments and serve the unsatisfied demand for such properties in Buenos Aires' main submarkets.

*Premium Logistics Centers:* We believe that the scarce supply, low vacancy rates and growing demand in the PLC market presents a key opportunity for our business. Additionally, to our knowledge, no international industrial real estate developers are currently actively present in Argentina, which we believe increases the significance of our opportunity to capitalize on an early-mover advantage.

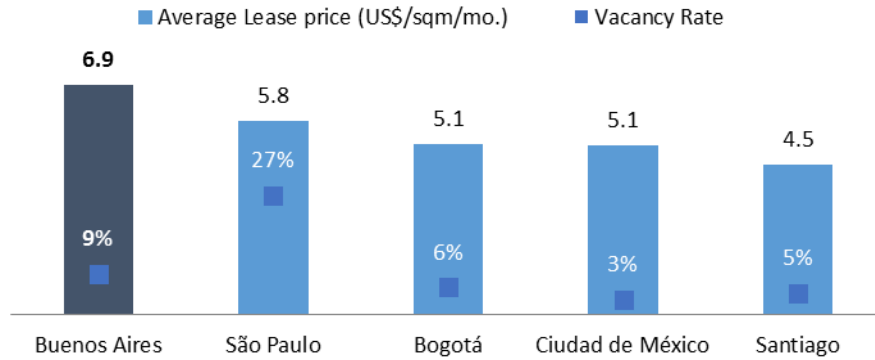
PLCs are particularly needed, as Argentina has the third largest road network in Latin America, and has a freight transportation system that is truck-centered, with 84% of grain and related products being transported by truck in 2012. According to data published by the United Nations Economic Commission for Latin America (the "CEPAL"), compared to other Latin American countries, Argentina has more trucks per thousand inhabitants (47) than Brazil (16), Chile (8) and Mexico (5).

Nevertheless, logistics real estate infrastructure in Argentina is substantially underdeveloped, and is characterized by penetration as compared to other countries in the region, as shown in the following chart.



Source: Newark Grubb, Cushman and Wakefield, United Nations Population Division Q4 2016.

In Latin America, companies are increasingly moving their logistics operations from their own facilities to multi-tenant PLCs owned by third parties. This trend has been seen to a significantly lesser extent in Argentina. With 1.9 million square meters of GLA, Buenos Aires has one of the lowest inventories of PLCs and the lowest penetration among comparable cities in Latin America. As a result, Buenos Aires had one of the lowest vacancy rates and highest lease rates in Latin America in 2016, as shown in the following chart.



Source: Newark Grubb, Cushman and Wakefield.

### Our Competitive Strengths

- *We are the only integrated publicly-listed real estate company focused substantially on Argentina.*

Following the implementation of our commercial real estate strategy, we will be uniquely positioned in the Argentine market as the only integrated and diversified publicly-listed real estate company focused substantially on the development of both residential and office and logistics real estate in Argentina, and the operation of the latter. We believe that the benefits we derive from our leading position in the residential market, including our deep industry knowledge, development expertise and relationships with potential real estate sellers and construction companies, provide us with an advantage in the expansion into the commercial real estate sector through the development, and strategic acquisition, of for-lease prime office buildings and PLCs in the City of Buenos Aires. Our integrated investment plan provides investors with exposure to both Argentina’s residential and commercial real estate sectors.

- *We have one of the largest residential development portfolios in Argentina composed of unique and iconic properties under market leading brands.*

We are one of the largest residential real estate developers in terms of total gross sellable area (the “GSA”) in Argentina and have a prime portfolio of properties, in terms of size and quality of projects, in various stages of development, and have a proven track record of successfully managing the entire value chain of real estate development.

As a result of our leading position, we are able to quickly deploy capital in building our portfolio. We currently have 11 large residential projects under development, consisting of 52 buildings and over 440,000 square meters, which are located in the largest and most affluent urban areas of the country that cover 36% of Argentina’s population and 56% of its GDP, as well as in Montevideo, Uruguay. We expect to deliver these projects over the course of the next 10 years at a total investment of Ps.12.8 billion, of which Ps.4.9 billion has been invested as of March 31, 2017. See “Business—Our Business Lines—Residential Projects Under Development” for a discussion of each project’s anticipated completion date, costs incurred to date and budgeted costs. We have also identified several additional sites that we are in the process of evaluating for development.

Additionally, we believe that our properties stand out for their quality, their unique and iconic design and their ability to define their surroundings. In 2015 and 2016, TGLT was ranked by Clarín ARQ, a prestigious architectural and construction publication in Argentina, as the best and second best developer in Argentina, respectively, across all categories (quality, customer service, integrity and, financial strength, among others). In addition to their design, the premium nature and prices of our projects are enhanced by market leading brands, including Forum, Astor and Metra, which help drive demand for our properties and have allowed us to achieve strong operating profits. We believe that our ability to leverage our brand recognition in the residential space, coupled with our development expertise, industry knowledge and established relationships, will provide us with a distinct advantage as we expand in the premium office and logistics real estate markets.

- *We have a proven track record of acquiring land at attractive prices and successfully developing them.*

Our team has over 13 years of experience in identifying premium properties within each of our targeted sub-markets, successfully negotiating acquisitions and closing transactions in time to avoid significant competition. Our land acquisitions in the residential sector over the last 10 years are a consistent example of our agility and market knowledge, which we believe we can successfully leverage in our expansion into developing and acquiring office and logistics projects. We have already identified a pipeline of residential properties, office buildings and PLC opportunities, combining development and acquisitions, in the most in-demand and premium locations.

In addition, we have developed an extended network of relationships with third-party brokers and land and property owners that has allowed us to build a sizeable pipeline of investment opportunities.

- *We have a strong and actionable pipeline of properties for potential acquisition and development and a flexible platform, with an efficient cost structure, to successfully develop these opportunities*

*Residential:* we are currently focused on three of the numerous land acquisition deals with a GSA of 127,510 square meters.

*Class A office buildings:* we are currently working to close three of our land acquisition deals in our pipeline, with a leasable area of 202,168 square meters and a total estimated investment of US\$332.5 million.

*Premium Logistic Centers:* within the pipeline of opportunities, we are focused on four potential land or building acquisition deals with an estimated sellable area of 618,882 square meters and a total potential investment of US\$314.3 million.

We are planning to finance commercial investments with a capital structure that includes up to 40% debt and, eventually with co-investors.

We strongly believe that we are ready and well-positioned to quickly invest capital in some of these projects seeking an early-movers advantage anticipating to the investment process. We have an established and integrated real estate operating platform which allows us to perform all fundamental real estate functions in-house and achieve important synergies. We believe that our integrated platform will facilitate execution of our pipeline. Additionally, our operating platform has been designed such that, at little incremental cost, it can successfully scale with the number of projects we undertake while allowing us to maintain the level of quality and care demonstrated in existing projects.

The price and other terms of acquisition have not been agreed to with respect to the properties included in the pipeline and none of the pipeline property acquisitions is certain. There are no rights of first refusal, options or exclusivities signed as of the date of this private placement memorandum, only verbal negotiations and terms sheet discussions. There can be no assurance that we will complete any of the acquisitions under negotiation or analysis.

- *We are a publicly-listed company with a robust corporate governance structure, backed by leading institutional investors as strategic shareholders, and led by a highly experienced management team with a proven track record.*

We became a publicly-listed company in Argentina in November 2010 when we listed our shares on the BYMA and have been backed by institutional investors since 2007 (including PointArgentum and Bienville since 2015). The CNV regulates public companies in Argentina and their relationships with their current and previous institutional investors.

We believe that our corporate governance policies, including our audit committee, a code of ethics and an internal code of conduct, provide us with a competitive advantage in dealing with our customers, suppliers, financial institutions and other service providers in the Argentine real estate sector, and we expect that they will allow us to maximize value for our shareholders.

Additionally, we have a highly qualified team across all key areas of real estate development and operations. Our senior management team has an average of over 13 years of experience in the industry and, as of March 31, 2017, was supported by 82 employees. See “Business—Human Resources.” Our founder, CEO and Chairman, Mr. Weil, has proven his strong leadership capabilities by successfully

operating in a variety of business and economic cycles, including through major national and global financial and real estate crises. Mr. Weil also has a proven track record in building successful real estate companies, having co-founded Adecoagro (NYSE: AGRO). We believe that Mr. Weil, as well as our management team, will continue to have a long-term commitment to our business.

In addition, we are backed by leading institutional investors including PointArgentum and Bienville. PointArgentum is an Argentine-focused investment fund managed by a limited liability company formed in the State of Delaware. Bienville is an Argentine-dedicated investment fund managed by Bienville Capital Management LLC in association with Explorador Capital Management LLC. It is a New York-based, SEC-registered investment firm founded in 2008 that manages approximately US\$797 million of assets as of March 1, 2017.

## **Our Business Strategy**

- *Continue consolidating our position as the leading residential real estate developer in Argentina.*

We believe that ongoing economic reforms, in particular the expansion of available mortgage credit and the expected resulting increase in demand, will positively impact the residential real estate sector specifically, and provide us with significant opportunities for growth and increased profitability. We plan to continue our existing strategy in this sector, namely by focusing on premium properties in the mid to high income sectors in the GBA and Rosario, Argentina, as well as Montevideo, Uruguay. We aim to focus our land banking efforts in order to take advantage of expected infrastructure improvements and changes in zoning that can create significant value appreciation of the properties we acquire.

Our residential operations rely on presale deposits for the majority of their financing. As of March 31, 2017, advances from clients amounted to Ps.2,705.7 million, representing 82.6% of our residential inventory, which we believe demonstrates our capacity to develop residential properties with relatively low levels of external capital. Additionally, as of December 31, 2016, 2015 and 2014, advances from clients amounted to Ps.2,881.3 million, Ps.2,200.9 million and Ps.1,592.6 million, respectively, which represented 83.1%, 70.9% and 67.0%, respectively, of our residential inventories. We expect that our increased capitalization following the Offering will reduce our reliance on presale deposits for financing, which we expect in turn will result in increased operating margins due to reduced discounts offered to clients.

Investments in for-lease commercial properties depend to a larger extent on long-term capital (equity or long-term debt) for financing. An additional source of capital could come from advanced lease payments to finance a portion of the initial investment, and we rely on cash flow from operations to finance maintenance capital expenditures.

- *Become a leader in the Argentine commercial real estate market by creating a portfolio of premium assets.*

We plan to position ourselves among market leaders in the offices and logistics business lines, which we believe are likely to benefit from increases in lease rates and occupancy due to market and economic dynamics. We expect to benefit from an early-mover advantage as we have already identified and started negotiations for a sizable number of opportunities that we have identified in these business lines. Our strategy is to continue to identify, evaluate and invest in for-lease Class A office building and PLC sectors, primarily in the City of Buenos Aires. We believe that a strong and sizable portfolio of office and logistics assets will provide us with stable, long-term cash flows, which will help offset the volatility of the residential sector as well as provide additional funding for new developments.

In general, we plan to target the development and opportunistic acquisition of income-producing properties, focusing on areas where supply is constrained and we have identified significant pent-up demand. We believe that we are well-positioned to capitalize on these opportunities through our well-established networks and relationships. We intend to pursue these opportunities, either as sole investors or as co-investors, in this case only as long as we preserve the control of the development process, if any, and the management of the properties. We will also seek to optimize the overall value and performance of our properties by seeking to (i) maintain high retention rates with high credit rating

tenants; (ii) maximize occupancy rate; (iii) control operating expenses; (iv) maintain our properties to high standards; and (v) prudently invest in our buildings.

- *Continue to develop unique and iconic properties.*

We expect to leverage our experience and capabilities to identify attractive development opportunities in order to expand our portfolio of unique and iconic properties. Additionally, we expect that the projects in our pipeline will, as did our prior projects, stand out for their quality, their unique and iconic design and their ability to define their surroundings, which we believe makes them uniquely prestigious properties for our customers. We expect to take advantage of new, high-quality land that will come onto the market as the City of Buenos Aires makes zoning changes and expands its public transport network.

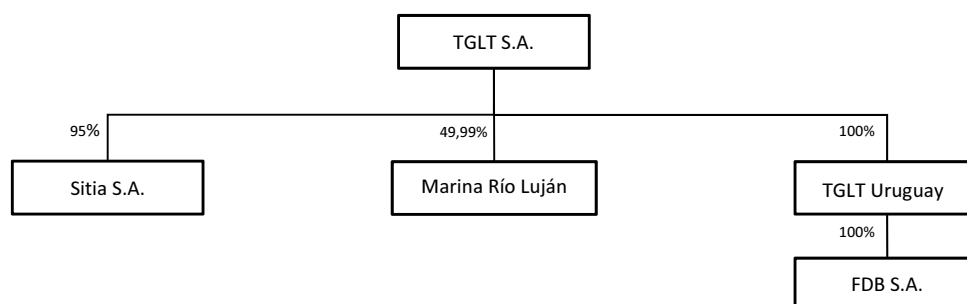
- *Maintain a sound financial structure by favoring operational leverage.*

We plan to continue our conservative approach towards the use of working capital and maintaining leverage levels in line with industry norms. We will continue to seek to secure the land for our projects by locking up as little capital as possible, using purchase options and seller financing structures, in addition to exchanges of land for finished units in the case of residential projects.

In for-lease commercial properties, we intend to partially finance the acquisition or development of the properties with financial instruments, expecting to incur in loan-to-value financing of not more than 40% and interest rates below expected initial cap rates.

### Our Corporate Structure and Shareholders

Our current corporate structure is shown in the following diagram. The percentages indicate our ownership interests in subsidiaries.



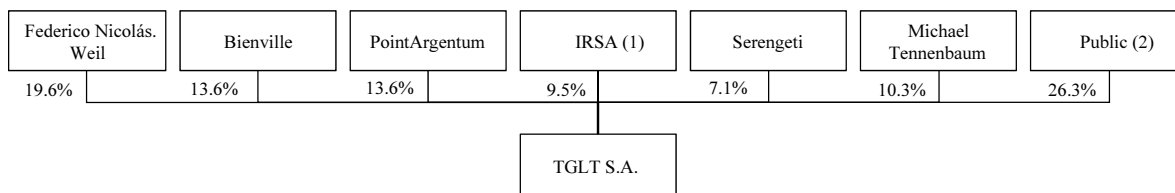
Source: Note 14 to our unaudited financial statements as of March 31, 2017.

(1) TGLT merged with Canfot SA (absorbed company). The merger effective date was on October 1, 2016. The merger registration at the Public Registry of Commerce is still pending.

The Company carries out its real estate projects through TGLT S.A. or its subsidiaries. Marina Río Lujan S.A. is the owner of the land where the Venice project is being developed. TGLT Uruguay S.A. is an investment company in Uruguay, which acts as holding company of our projects in that country. FDB S.A. is a commercial company domiciled in Montevideo, Oriental Republic of Uruguay, which carries out Forum Puerto del Buceo real estate project in Montevideo, Uruguay. The rest of the projects are being managed directly by TGLT S.A.

The following diagram illustrates our current shareholders and ownership structure. Percentages indicate the ownership interest currently held.





Source: Note 21 to our unaudited financial statements as of March 31, 2017.

(1) “IRSA” means Inversiones y Representaciones Sociedad Anónima.

(2) “Public” means the total percentage of our shares that is publicly traded.

### ***Recent Tax Developments***

On June 29, 2016, the Argentine Congress passed a law that eliminated the 10% income tax withholding on dividends distributed to non-Argentine corporate entities and individuals. Argentine Law No. 27,260 became effective on July 22, 2016. As a result, the distinction between payment of dividends to Argentine or non-Argentine corporate entities or individuals under Argentine Law No. 26,893, enacted in 2013, has been eliminated.

Notwithstanding the foregoing repeal of the 10% withholding on dividends, an equalization tax of 35.0% is applied to dividends paid either to residents or non-residents when the dividends payable in cash or in kind exceed taxable profits accumulated at the end of the tax period preceding the distribution.

In addition, Argentine Law No. 26,893 establishes that the sale, exchange or other transfer of shares and other securities is subject to a 15.0% capital gains tax for Argentine resident individuals and foreign beneficiaries. In such cases, the law presumes a 90.0% net income of the Argentine resident individuals and foreign beneficiaries, to which the 15.0% rate must be applied. Thus, an effective withholding rate of 13.5% of the gross purchase price applies to such transactions. However, non-resident individuals or foreign legal entities may opt to pay 15.0% on the difference between the gross amount of the transaction less the costs incurred in the country in order to obtain and maintain the income and the deductions allowed by the Income Tax Law (the “ITL”). When shares, quotas, securities or bonds are transferred to a non-Argentine individual or foreign legal entity, the buyer is responsible for the tax. Capital gains resulting from the sale of publicly traded shares and securities remain exempt. There is an exemption for Argentine resident individuals if certain requirements are met; however, there is no such exemption for non-Argentine residents.

As of the date of this private placement memorandum, many aspects of these new taxes remain unclear. For more information, see “Taxation—Material Argentine Tax Considerations.”

### ***Corporate Information***

Our registered and principal executive offices are located at Av. Raúl Scalabrini Ortiz 3333, 1st floor, City of Buenos Aires, C1425DCB Argentina, our general telephone number is +54 11 5252-5050 and our website is <http://www.tglt.com>. Our website and information contained on or accessible through our website are not part of this private placement memorandum.

Our common shares are listed on the BYMA (under the symbol “TGLT”) and we have a Level 1 ADS program (under the symbol “TGLTY”) traded in the U.S. over-the-counter market.

## THE OFFERING

*The following summary contains basic information about the Convertible Subordinated Notes and is not intended to be exhaustive. For further details about the Convertible Subordinated Notes and important limitations and exceptions, see “Description of the Convertible Subordinated Notes.”*

**Issuer** TGLT S.A., a *sociedad anónima* (corporation) duly organized and existing under the laws of Argentina

**Securities Offered** Up to US\$150,000,000 aggregate principal amount of Convertible Subordinated Notes due 2027.

**Maturity** August 2027.

**Interest** Interest will be payable semi-annually in arrears in February and August of each year, beginning in February 2018.

The Convertible Subordinated Notes will bear interest at the rate per annum equal to: (i) 8.000% from, and including, the Issue Date to, but not including, the first anniversary of the Issue Date; (ii) 9.000% from, and including, the first anniversary of the Issue Date to, but not including, the second anniversary of the Issue Date; and (iii) 10.000% from, and including, the second anniversary of the Issue Date to, but not including, the Maturity Date.

If, at any time, the Company fails to timely pay the principal, interest, Additional Amounts (as defined below) and/or other amounts due under the Convertible Subordinated Notes, the Company shall pay interest on the unpaid amount from, but not including, the date of such failure to, and including, the actual payment date, at a rate per annum equal to (the “**Default Interest Rate**”): (i) 14.000% from, and including, the Issue Date to, but not including, the first anniversary of the Issue Date; (ii) 15.000% from, and including, the first anniversary of the Issue Date to, but not including, the second anniversary of the Issue Date; and (iii) 16.000% from, and including, the second anniversary of the Issue Date to, but not including, the Maturity Date.

Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

**Ranking**

The Convertible Subordinated Notes will:

- be general unsecured subordinated obligations under Section 2575 of the Argentine Civil and Commercial Code;
- rank equal in right of payment to all existing and future unsecured subordinated indebtedness of the Company;
- be subordinate and junior in right of payment to all existing and future Indebtedness for Borrowed Money (as such term is defined under “Description of the Convertible Subordinated Notes—Definitions”);
- be effectively subordinated to all existing and future indebtedness secured by assets of the Company, to the extent of

the security interest in such assets; and

- be structurally subordinated to all existing and future indebtedness of the Company's subsidiaries.

As of March 31, 2017, after giving effect to the Offering, the Company would have had Ps.759,537,423 of Indebtedness for Borrowed Money Outstanding.

See "Description of the Convertible Subordinated Notes—Subordination of the Convertible Subordinated Notes."

#### **Conversion Price**

The price of conversion (the "**Conversion Price**") of Convertible Subordinated Notes into Common Shares will be determined prior to the beginning of the subscription period and announced in a complementary announcement that will be made by the same means as the announcement of the subscription period by the Subscription Notice to be published in the AIF, the BCBA daily bulletin and the MAE electronic bulletin. The Conversion Price will be within the range of US\$0.43 to US\$0.71, as approved by the shareholders at the annual shareholders meeting held on April 20, 2017, and will be adjusted according to the terms of the Deposit Agreement (as defined below). If the Conversion Price is fixed at the mid-point of the range, the holders of Convertible Subordinated Notes will receive 1,754 Common Shares for each US\$1,000 nominal value of Convertible Subordinated Notes.

#### **Voluntary Conversion**

A holder may, at its option and at any time and from time to time prior to the Maturity Date, convert its Convertible Subordinated Notes, in whole or in part, into Common Shares.

Holders may exercise their conversion rights by delivering a conversion notice and the Convertible Subordinated Notes (or interests therein to be converted) to the conversion agent, which date will be deemed to be the Conversion Date.

In such conversion notice, a holder may choose in its sole discretion to have all or part of the Common Shares issuable upon a conversion deposited for delivery of ADSs.

The Company will pay (a) any documentary, stamp, issue, transfer or similar taxes or duties on the issuance or delivery of any ADSs (or the underlying Common Shares) and/or Common Shares upon conversion of the Convertible Subordinated Notes and (b) the fees of the ADS Depository in connection with the creation or delivery of any such ADSs, unless in the case of clause (a) such payment is due because the holder requests any Common Shares and/or ADSs to be issued and delivered in a name other than the holder's name, in which case the holder will make such payment.

See "Description of the Convertible Subordinated Notes—Conversion Rights."

#### **Mandatory Conversion**

If the Company proceeds with a U.S. IPO, all Convertible Subordinated Notes will be, on the date on which the U.S. IPO is consummated, automatically converted into Common Shares (which, at the option of the

holder, would be deposited for delivery of ADSs) at the conversion price, adjusted to, and including, the date of the consummation of the U.S. IPO. See “Description of the Convertible Subordinated Notes—Mandatory Conversion.”

**Special Redemption and Redemption for Tax Purposes**

The Company may not redeem the Convertible Subordinated Notes prior to the Maturity Date except in the following circumstances.

If the Negotiable Obligations Law or the Indenture require the affirmative vote of all holders and/or require a meeting with the attendance of all holders in order to pass a resolution or decision and such required unanimity has not been achieved but holders of at least 66-2/3% of the aggregate principal amount of the then outstanding Convertible Subordinated Notes have given their affirmative vote to such resolution or decision, then the Company may, at its option, redeem the Convertible Subordinated Notes from any holders that did not provide such affirmative vote. In the event of such special redemption, the Company shall pay the holders of the Convertible Subordinated Notes to be redeemed accrued and unpaid interest (including Additional Amounts, if any) to, but not including, such special redemption date, plus the redemption price of 100.000% of the outstanding principal amount of the Convertible Subordinated Notes so redeemed. See “Description of the Convertible Subordinated Notes—Special Redemption.”

The Company may also, at its option, redeem the Convertible Subordinated Notes in the event of certain tax law changes as described under “Description of the Convertible Subordinated Notes—Redemption for Tax Purposes.” In the event of such tax law changes, the Company may, at its option, redeem the Convertible Subordinated Notes in whole but not in part at a redemption price of 100.000% of the outstanding principal amount of the Convertible Subordinated Notes, plus accrued and unpaid interest (including Additional Amounts, if any) to, but not including, the tax redemption date.

In the event of any such special redemption or tax redemption described above, any holder may choose to have its Convertible Subordinated Notes converted as set forth under “Description of the Convertible Subordinated Notes—Conversion Rights.”

**Transfer Restrictions**

The Convertible Subordinated Notes and the Common Shares (including Common Shares represented by ADSs) deliverable upon conversion have not been, and will not be, registered under the Securities Act or under any other state securities laws and may only be offered and sold in transactions exempt from or not subject to the registration requirements of the Securities Act and the securities laws of other jurisdictions. We do not intend to register the Convertible Subordinated Notes for an exchange offer under the Securities Act. Unless they are registered, the Convertible Subordinated Notes may be offered only in transactions that are exempt from or not subject to the registration requirements under the Securities Act and applicable state securities laws. See “Transfer Restrictions.”

**Minimum Denomination**

US\$1,000 and integral multiples of US\$1,000 in excess thereof.

**Minimum Subscription Amount**

US\$150,000 and integral multiples of US\$1,000 in excess thereof.

**Book-entry Form**

The Convertible Subordinated Notes will initially be issued in registered form and will be represented by one or more Global Notes (as defined below) that will be registered in the name of a nominee for The Depository Trust Company (“DTC”). Beneficial interests in any of the Global Notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee, and any such interests may not be exchanged for certificated securities, except in limited circumstances.

See “Description of the Convertible Subordinated Notes-Registration, Settlement and Clearance.”

**No Registration Rights**

The Convertible Subordinated Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. The Company will not be required to, nor does the Company currently intend to, offer to exchange the Convertible Subordinated Notes for Convertible Subordinated Notes registered under the Securities Act or otherwise register the Convertible Subordinated Notes for resale under the Securities Act. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended, or subject to the terms of such Act. Accordingly, the terms of the Convertible Subordinated Notes include only those stated in the Indenture. See “Description of the Convertible Subordinated Notes.”

**Events of Default**

Except as described under “Description of the Convertible Subordinated Notes—Events of Default,” if an Event of Default on the Convertible Subordinated Notes occurs and is continuing, the principal amount of the Convertible Subordinated Notes plus accrued and unpaid interest, if any, may be declared immediately due and payable, subject to certain conditions set forth in the Indenture. These amounts will automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving the Company.

**Withholding Taxes; Additional Amounts**

All payments of principal (including, if applicable, any redemption price or repurchase price), interest and payments upon conversion will be made without withholding or deduction for Taxes (as defined under “Description of the Convertible Subordinated Notes—Additional Amounts”), except as required by law. In the event that any such withholding or deduction is required by law, the Company will, subject to certain exceptions, pay such additional amounts as may be necessary in order that the net amounts received by the holders after any such withholding and/or deduction in respect of such Taxes shall equal the respective amounts which would have been received in respect of the Convertible Subordinated Notes in the absence of such withholding and/or deduction. See “Description of the Convertible Subordinated Notes—Additional Amounts.”

**Use of Proceeds**

The Company will use the net proceeds from the Offering in compliance with the requirements set forth in Article 36 of the Negotiable Obligations Law. Accordingly, such proceeds will be used to make investments in tangible assets located in Argentina, to meet working capital requirements in Argentina and/or to refinance debt. See “Use of Proceeds.”

**Absence of a Public Market**

The Convertible Subordinated Notes are new securities and there is currently no established market for the Convertible Subordinated Notes.

Accordingly, we cannot assure you as to the development or liquidity of any market for the Convertible Subordinated Notes. The Convertible Subordinated Notes will be listed on the BYMA and the MAE. The Company may seek an international listing in the future.

**Listing of Common Shares**

The Company may withdraw the listing of its Common Shares on the BYMA if it obtains the approval of holders of at least a majority of the aggregate principal amount of the Convertible Subordinated Notes. In the case of a withdrawal as described above or if the listing of the Common Shares on the BYMA is cancelled for any other reason, any holders that did not consent to any withdrawal or cancellation of the listing will be entitled to have their Convertible Subordinated Notes repurchased by the Company, at the holder's option, at a repurchase price of 100.000% of the outstanding principal amount of the Convertible Subordinated Notes, plus accrued and unpaid interest (including Additional Amounts, if any) to, but not including, such repurchase date. See "Description of the Convertible Subordinated Notes.—Repurchase at the Option of the Holders Upon a Delisting."

**American Depositary Shares**

Each ADS represents 15 of the Company's Common Shares, as adjusted pursuant to the Deposit Agreement, that are held on deposit with the custodian for The Bank of New York Mellon (the "ADS Depositary"). If a holder chooses to have any of its Convertible Subordinated Notes converted into Common Shares represented by ADSs, the ADS holder will have certain rights pursuant to the Deposit Agreement but will not be treated as a holder of the Company's Common Shares. See "Description of the Convertible Subordinated Notes—Conversion Rights" and "Description of American Depositary Shares."

**Risk Factors**

Before deciding whether to invest in the Convertible Subordinated Notes, potential investors should carefully consider the risks described under "Risk Factors" as well as the other information included in this private placement memorandum.

**Governing Law; Jurisdiction; Waiver of Jury Trial**

Argentine law establishes the legal requirements necessary for the Convertible Subordinated Notes to qualify as *Obligaciones Negociables Convertibles*. The authorization, execution and delivery of the Convertible Subordinated Notes and the approval by the CNV of the offering to the public in Argentina as well as certain matters relating to meetings of holders will be governed by Argentine law.

However, the Indenture and all other matters in respect of the Convertible Subordinated Notes will be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

The Company agrees to submit to the jurisdiction of the ordinary courts of the City of Buenos Aires, Argentina, the courts of New York and the federal courts of the United States located in The City of New York with respect to any action that might be brought in connection with the Indenture or the Convertible Subordinated Notes.

With respect to any action that may be brought in the courts of New York and the federal courts of the United States of America located in The City of New York, the Indenture will provide that the Company, the holders and the Trustee irrevocably waive any and all right to trial by

jury in any legal proceeding arising out of or relating to the Indenture, the Convertible Subordinated Notes or any transaction contemplated thereby.

Notwithstanding the aforementioned, pursuant to Section 46 of the Capital Markets Law, the holders may submit disputes relating to the Convertible Subordinated Notes to the non-exclusive jurisdiction of the General Arbitration Court of the BCBA, pursuant to the exercise of the power delegated by the BYMA pursuant to Resolution No. 17,501 of the CNV.

See “Description of the Convertible Subordinated Notes—Governing Law; Jurisdiction; Waiver of Jury Trial.”

**Summary Action**

Notwithstanding Section 29 of the Negotiable Obligations Law, holders will not have the right to initiate any judicial proceedings or other action in connection with the Indenture or the Convertible Subordinated Notes, or connected to the designation of an administrator or trustee for the Company, except in the limited circumstances set forth under “Description of the Convertible Subordinated Notes—Enforceability.”

**Placement Agent**

Itau BBA USA Securities, Inc.

**Trustee, Principal Paying Agent  
and Co-Registrar**

The Bank of New York Mellon

**Argentine Representative,  
Argentine Paying Agent, Argentine  
Transfer Agent and Registrar**

Banco Santander Rio S.A.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth certain of our financial information, and should be read in conjunction with our consolidated financial statements and the related notes thereto, which are included in the private placement memorandum, as well as the information included in “Presentation of Financial and Certain and Other Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You should read the following selected consolidated financial data in conjunction with our consolidated financial statements and the related notes thereto appearing elsewhere in this private placement memorandum and in the section of this private placement memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The consolidated financial data as of for the fiscal years ended December 31, 2016, 2015 and 2014 have been derived from our audited consolidated financial statements, which have been prepared in accordance with IFRS. The financial information as of March 31, 2017 and for the three months ended March 31, 2017 and 2016 has been derived from our interim unaudited financial statements and related notes, which are included in this private placement memorandum. The results for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for the year ended December 31, 2017. We have prepared the selected consolidated financial information set forth below on the same basis as our audited consolidated financial statements. Our consolidated financial statements are prepared and presented in Pesos, which is our presentation currency. All tables in this private placement memorandum, if not expressly otherwise stated, are in Pesos. Our historical results are not necessarily indicative of the results that may be expected in the future.

### Consolidated Statement of Operations and Other Comprehensive Income Data:

	Year ended December 31,				Three months ended March 31,		
	2016 (US\$) <sup>(1)</sup>	2016 (Ps.)	2015 (Ps.)	2014	2017 (US\$) <sup>(2)</sup>	2017 (Ps.)	2016
	(In thousands)				(In thousands)		
Revenue <sup>(2)</sup> .....	44,741	720,324	829,008	415,422	20,076	313,190	183,502
Costs <sup>(3)</sup> .....	(40,994)	(660,011)	(655,231)	(348,678)	(17,739)	(276,734)	(148,639)
<b>Gross profit</b> .....	<b>3,746</b>	<b>60,314</b>	<b>173,777</b>	<b>66,744</b>	<b>2,337</b>	<b>36,456</b>	<b>34,863</b>
Sales expenses .....	(7,093)	(114,191)	(75,731)	(46,401)	(1,572)	(24,528)	(17,951)
Administrative expenses .....	(6,957)	(112,011)	(84,119)	(60,663)	(2,092)	(32,642)	(29,602)
Other operating expenses .....	(1,906)	(30,693)	—	—	(1,663)	(25,941)	—
<b>Operating profit</b> .....	<b>(12,210)</b>	<b>(196,582)</b>	<b>13,927</b>	<b>(40,321)</b>	<b>(2,991)</b>	<b>(46,655)</b>	<b>(12,690)</b>
Other expenses .....	(36)	(573)	(383)	(451)	(5)	(81)	(122)
Financial results:							
Foreign exchange difference .....	(321)	(5,167)	(34,282)	(39,195)	(460)	(7,178)	(4,935)
Financial income .....	685	11,029	45,117	97,367	100	1,553	3,775
Financial costs .....	(6,749)	(108,655)	(82,579)	(40,155)	(1,824)	(28,456)	(28,775)
Change at fair value of investment properties .....	47,074	757,895	—	—	(2,043)	(31,877)	—
Investment property disposal results .....	—	—	—	—	2,797	43,627	—
Other income and expenses, net .....	51	825	198	8,622	141	2,205	12,275
<b>Gain (loss) for the year/period before Income Tax</b> .....	<b>28,495</b>	<b>458,773</b>	<b>(58,001)</b>	<b>(14,133)</b>	<b>(4,286)</b>	<b>(66,861)</b>	<b>(30,471)</b>
Income Tax .....	(14,439)	(232,471)	10,379	(3,687)	1,019	15,901	6,055
<b>Gain (loss) for the period/year</b> .....	<b>14,056</b>	<b>226,302</b>	<b>(47,623)</b>	<b>(17,820)</b>	<b>(3,267)</b>	<b>(50,960)</b>	<b>(24,416)</b>
<b>Other comprehensive income that will be reclassified in gain or loss</b>							
Difference for the conversion of a net investment abroad .....	(1,031)	(16,596)	(20,824)	(673)	178	2,782	(8,756)
<b>Total of other comprehensive loss</b> .....	<b>(1,031)</b>	<b>(16,596)</b>	<b>(20,824)</b>	<b>(673)</b>	<b>178</b>	<b>2,782</b>	<b>(8,756)</b>
<b>Total comprehensive loss for the year/period</b> .....	<b>13,025</b>	<b>209,705</b>	<b>(68,446)</b>	<b>(18,493)</b>	<b>(3,088)</b>	<b>(48,178)</b>	<b>(33,173)</b>



	Year ended December 31,				Three months ended March 31,		
	2016	2016	2015	2014	2017	2017	2016
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)	
	(In thousands)				(In thousands)		
<b>Total comprehensive loss for the year/period attributable to:</b>							
Equity holders of the parent ..	297	4,777	(45,077)	(18,713)	(2,579)	(40,228)	(24,011)
Non-controlling interests .....	13,759	221,525	(2,546)	893	(665)	(10,371)	(406)
<b>Total for the year/period .....</b>	<b>14,056</b>	<b>226,302</b>	<b>(47,623)</b>	<b>(17,820)</b>	<b>(3,244)</b>	<b>(50,600)</b>	<b>(24,416)</b>
<b>Loss per share attributable to equity holders of the parent</b>							
Basic .....	0.2	0.07	(0.64)	(0.27)	(0.05)	(0.57)	(0.34)
Diluted .....	0.2	0.07	(0.64)	(0.27)	(0.05)	(0.57)	(0.34)
Average estimated number of Common Shares for purposes of earnings per basic share .....	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485
<b>Gain (loss) for the period attributable to:</b>							
Equity holders of the parent ..	(734)	(11,820)	(65,900)	(19,386)	(2,400)	(37,447)	(32,767)
Non-controlling interests .....	13,759	221,525	(2,546)	893	(688)	(10,731)	(406)
<b>Total for the year/period .....</b>	<b>13,025</b>	<b>209,705</b>	<b>(68,446)</b>	<b>(18,493)</b>	<b>(3,088)</b>	<b>(48,178)</b>	<b>(33,173)</b>

- (1) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.16.100 to US\$1.00, which is the rate published by the BNA in effect as of December 31, 2016. See "Exchange Rate Information" for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.
- (2) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.15.600 to US\$1.00, which is the rate published by the BNA in effect as of March 31, 2017. See "Exchange Rate Information" for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.
- (3) Revenue is recognized upon delivery of units on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus, or commercial reduction.
- (4) Includes, among others, land, construction costs, fees for professional services such as architectural and engineering services, licenses and salaries paid to our employees that are dedicated to construction activities. In addition, we finance certain of our projects with debt in Pesos and U.S. Dollars, the interest expenses and foreign exchange related expenses (in the case of debt denominated in U.S. Dollars) of which are recognized as costs upon delivery of our units.

#### Consolidated Balance Sheet Data:

	As of December 31,				As of March 31,	
	2016	2016	2015	2014	2017	2017
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)
	(In thousands)				(In thousands)	
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents .....	5,235	84,278	95,073	56,369	5,628	87,793
Other financial assets .....	—	—	—	4,107	517	8,059
Accounts receivable .....	1,329	21,391	31,119	18,021	1,846	28,385
Other receivables .....	20,320	327,145	265,525	205,277	22,855	356,539
Receivables from related parties .....	397	6,398	7,952	10,636	393	6,551
Other assets .....	1,539	24,780	—	—	1,625	25,343
Inventory .....	215,319	3,466,638	3,105,486	2,376,299	209,975	3,275,616
<b>Total current assets .....</b>	<b>244,138</b>	<b>3,930,629</b>	<b>3,505,156</b>	<b>2,670,710</b>	<b>242,839</b>	<b>3,788,287</b>
<b>Non-current assets</b>						
Other receivables .....	55	887	829	2,091	547	8,530
Investment property .....	54,449	876,631	45,424	33,982	54,134	844,497
Property, plant and equipment .....	514	8,274	9,849	9,428	510	7,962
Intangible assets .....	60	968	1,246	957	56	880
Deferred Tax assets .....	4,705	75,749	78,894	316,203	4,985	77,763
Goodwill .....	5,016	80,752	111,446	111,446	3,514	54,811
<b>Total non-current assets .....</b>	<b>64,799</b>	<b>1,043,260</b>	<b>247,689</b>	<b>474,107</b>	<b>63,746</b>	<b>994,443</b>
<b>Total assets .....</b>	<b>308,937</b>	<b>4,973,890</b>	<b>3,752,844</b>	<b>3,144,817</b>	<b>306,585</b>	<b>4,782,729</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable .....	32,640	525,504	408,191	245,294	32,536	507,561
Short-term financial debt .....	36,930	594,577	392,038	291,379	47,798	745,649
Financial instruments .....	—	—	—	6,246	—	—

	As of December 31,				As of March 31,	
	2016	2016	2015	2014	2017	2017
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)
	(In thousands)			(In thousands)		
Salaries and social security .....	933	15,026	19,789	11,389	919	14,344
Tax liabilities .....	257	4,136	7,412	5,855	235	3,666
Other tax burdens .....	4,653	74,920	38,980	10,110	5,632	87,856
Outstanding sums due to related parties .....	1,592	25,634	332,855	285,031	2,298	35,844
Advanced payments from clients .....	178,964	2,881,316	2,200,959	1,592,640	173,411	2,705,677
Provisions .....	474	7,629	—	—	431	6,725
Other accounts payable .....	2,715	43,719	12,428	6,441	4,955	77,291
<b>Total current liabilities .....</b>	<b>259,159</b>	<b>4,172,461</b>	<b>3,412,653</b>	<b>2,454,385</b>	<b>268,244</b>	<b>4,184,613</b>
<b>Non-current liabilities</b>						
Accounts payable .....	127	2,038	16,290	9,566	155	2,416
Long-term financial debt .....	7,675	123,560	58,718	92,918	890	13,888
Tax liabilities .....	—	—	—	—	86	1,344
Other tax liabilities .....	216	3,481	3,120	104	518	8,086
Other accounts payable .....	2,967	47,768	46,944	36,808	1,214	18,939
Deferred tax liabilities .....	13,860	223,141	—	267,476	13,310	207,633
<b>Total non-current liabilities .....</b>	<b>24,844</b>	<b>399,988</b>	<b>125,073</b>	<b>406,872</b>	<b>16,173</b>	<b>252,306</b>
<b>Total liabilities .....</b>	<b>284,003</b>	<b>4,572,449</b>	<b>3,537,726</b>	<b>2,861,257</b>	<b>284,418</b>	<b>4,436,920</b>
<b>EQUITY</b>						
Share capital .....	4,370	70,340	70,349	70,349	4,509	70,340
Treasury stock .....	1	10	—	—	1	10
Premiums of issuance .....	7,661	123,350	378,209	378,209	7,907	123,350
<b>Irrevocable contribution .....</b>	<b>450</b>	<b>7,238</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Capital contribution .....	—	—	2,571	8,057	—	—
Transactions between shareholders .....	(1,230)	(19,801)	—	(5,486)	(1,269)	(19,801)
Foreign currency translation reserve .....	(2,371)	(38,171)	(21,574)	(751)	(2,260)	(35,389)
Legal reserve .....	—	—	4	4	—	—
Retained earnings .....	297	4,777	(257,434)	(212,357)	(2,287)	(35,667)
Allocated to the equity owners of the parent .....	9,177	147,742	172,125	238,025	6,593	102,842
Allocated to the non-controlling interests .....	15,757	253,698	42,994	45,535	15,575	242,967
<b>Total equity .....</b>	<b>24,934</b>	<b>401,441</b>	<b>215,119</b>	<b>283,560</b>	<b>22,167</b>	<b>345,809</b>
<b>Total liabilities and equity .....</b>	<b>308,937</b>	<b>4,973,890</b>	<b>3,752,844</b>	<b>3,144,817</b>	<b>306,585</b>	<b>4,782,729</b>

(1) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.16.100 to US\$1.00, which is the rate published by the BNA in effect as of December 31, 2016. See “Exchange Rate Information” for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.

(2) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.15.600 to US\$1.00, which is the rate published by the BNA in effect as of March 31, 2017. See “Exchange Rate Information” for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.

Effective as of the end of fiscal year 2015, we reclassified an item included under Accounts Payable in Current Liabilities. The above-mentioned item is related to indebtedness we have incurred for the purchase of land in Rosario where the Brisario project (formerly, the FACA project) is being developed, and is matched with the disclosure of Property, Plant and Equipment under Current Assets. For the sake of consistency of disclosure in the financial statements presented on a comparative basis, we have adjusted the comparative items for fiscal year 2014.

#### Historical ratios (According to IFRS)

Ratio	Formula	As of March 31, 2017	As of March 31, 2016	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
Liquidity .....	Current Assets / Current Liabilities	0.91	1.04	0.94	1.03	1.09
Solvency .....	(Shareholders' Equity + Non-Controlling Interests) / Total Liabilities	0.08	0.04	0.09	0.06	0.10
Fixed Assets .	Non-Current Assets / Total Assets	0.21	0.12	0.21	0.07	0.15
Profitability...	Net income / Average Shareholders' Equity	(0.73)	(0.58)	0.98	(0.25)	(0.06)

#### Operating Data:

The following table presents certain operating unaudited data for the specified years, which we believe, are useful indicators of our operating performance.

Our revenues in any period are substantially driven by the number of contracted sales of our units in prior periods. We present the contracted sales of our real estate inventory, including information related to the number of apartments, area sold and average price per square meter sold as indicators of the revenue to be recognized in future periods. We also present information related to the apartments and their area and average price delivered in each period, operating data that is essential to understanding the revenue recognized in each period. We recognize revenue upon delivery of units on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus, or commercial reduction. See “Management’s Discussion and Analysis of Results of Operations and Financial Condition—Critical Accounting Policies and Estimates—Revenue Recognition” for a discussion of our revenue recognition policy and “Management’s Discussion and Analysis of Results of Operations and Financial Condition—Results of Results of Operations for the Years Ended December 31, 2016, December 31, 2015 and December 31, 2014—Gross Profit—Revenue” for a reconciliation of the area delivered with IFRS revenue.

	For the three months ended		For the year ended December 31,		
	March 31,		2016	2015	2014
	2017	2016	2016	2015	2014
Contracted sales before prior adjustments					
(in millions of Ps.) .....	182.3	255.7	868.6	881.3	611.3
Units sold.....	35	105	245	314	243
Area sold (sqm).....	3,959	6,326	19,080	25,829	20,800
Average price per sqm (Ps./ sqm).....	46,048	40,421	45,523	34,120	29,389
Revenue (in million Ps.).....	313.2	183.5	720.3	829.0	415.4
Units delivered .....	98	17	232	259	214
Area delivered (sqm).....	8,823	3,359	22,646	33,576	32,787
Average price per delivered square meter (Ps./sqm).....	35,498	54,627	31,808	24,690	12,670

## RISK FACTORS

*You should carefully consider the risks described below, as well as the other information in this private placement memorandum before deciding to purchase any Convertible Subordinated Notes. Our business, results of operations, financial condition or prospects could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our Convertible Subordinated Notes could decline and you could lose all or part of your investment. In general, investors take more risk when they invest in the securities of issuers in emerging markets such as Argentina than when they invest in the securities of issuers in the United States and other more developed markets. The risks described below are those known to us and that we currently believe may materially affect us.*

*The information contained in “Risk Factors” includes forecasts that are subject to risks and uncertainties. Actual results may significantly differ from such forecasts due to several factors.*

### **Risks Relating to Argentina**

Substantially all of our operations, property and customers are located in Argentina. As a result, the quality of our assets, our financial condition and the results of our operations are dependent upon the macroeconomic, regulatory, social and political conditions prevailing in Argentina from time to time. These conditions include growth rates, inflation rates, exchange rates, taxes, foreign exchange controls, changes to interest rates, changes to government policies, social instability, and other political, economic or international developments either taking place in, or otherwise affecting, Argentina.

***Economic and political instability in Argentina may adversely and materially affect our business, results of operations and financial condition.***

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation. As a consequence, our business and operations have been, and could in the future be, affected from time to time to varying degrees by economic and political developments and other material events affecting the Argentine economy, such as inflation; banking crises; price controls; foreign exchange controls; fluctuations in foreign currency exchange rates and interest rates; governmental policies regarding spending and investment; national, provincial or municipal tax increases and other initiatives increasing government involvement with economic activity; civil unrest and local security concerns. You should make your own investigation into Argentina’s economy and its prevailing conditions before making an investment in us.

Argentina is facing a significant number of economic, regulatory and political challenges. Following the recovery from the 2001-2002 crisis, the growth rate of the Argentine economy has slowed down, inflation levels have remained high, and the Argentine Peso has considerably devaluated since 2003 through 2016. In June 2016, the INDEC released a revised calculation of the 2004 GDP, which has served as basis for Argentina’s real GDP for each year since then (the “**INDEC Report**”). Among other adjustments, in calculating the 2004 GDP, the INDEC made changes to the GDP composition, resulting in a downward adjustment by approximately 12% for that year. In calculating the real GDP for the years that followed on the basis of the revised 2004 GDP, the INDEC used deflators in line with its revised methodology to calculate inflation. In the past, the INDEC underestimated inflation, resulting in an overstated growth rate in real terms. Following the INDEC’s adjustments, the estimated real GDP growth rate for the period 2004 through 2015 was 48.6%, vis-à-vis 63% in real terms for the same period, as a result of the information used before June 29, 2016. The INDEC reported a 2.3% fall in GDP in 2016, apparently, as a result of limited private consumption, and the impact of the currency devaluation that took place in December 2015, mainly on the construction and industrial sectors. Despite the fact that, in its Economic Outlook report, the International Monetary Fund (the “**IMF**”) has estimated that growth will consolidate at around 2.7% in 2017; the stagnated scenario prevailing in 2016 has had a negative impact on our sales. Therefore, in 2016, we booked 245 apartments sold for approximately Ps.868.6 million (before previous years’ adjustments), accounting for a 1% fall compared to our sales in 2015. In addition, according to the INDEC, Argentina’s inflation rate in 2012, 2013, 2014 and for the 10-month period ended October 31, 2015 was 10.8%, 10.9%, 23.9% and 11.3%, respectively. However, according to estimates from Argentina’s private sector, inflation rates were higher than those released by the INDEC, with reported average inflation rates for 2012, 2013, 2014 and the 10-month period ended October 31, 2015 standing at 25.8%, 28.0%, 38.5% and 18.8%, respectively. On January 8, 2016, the federal government declared a state of administrative emergency on the national statistics system. Consequently, the INDEC ceased publishing certain statistical data until a rearrangement of its technical and administrative structure was finalized and until being able to

produce sufficient and reliable statistics. However, during the first part of the rearrangement period, the INDEC published official CPI figures for the City of Buenos Aires by way of reference, according to which inflation in the City of Buenos Aires was 3.9%, 4.1%, 4.0%, 3.3% and 6.5% in December 2015, January 2016, February 2016, March 2016 and April 2016, respectively. In June 2016, the INDEC began publishing inflation rates again using the new methodology, reporting a 16.9% increase during the April to December 2016 period. Finally, year-to-date, the official inflation rate registered by the INDEC was 1.9%, 2.2% and 2.4% in January, February and March 2017, respectively.

In addition, the federal government put in place tightening monetary policy, and announced inflation targets ranging from 12% to 17% for 2017, 8% to 12% for 2018, and 5% since 2019 onwards, concurrently with the implementation of a floating exchange rate. In this regard, the BCRA's policies have been oriented to prompt a sustained deflation process, mainly by fixing a positive exchange rate in real terms, so as to control the expected inflation rate for the several periods.

### *New political scenario in Argentina*

Presidential and congressional elections in Argentina took place on October 25, 2015, and a runoff election between the two leading presidential candidates was held on November 22, 2015, which resulted in Mr. Mauricio Macri being elected President of Argentina. The Macri Administration assumed office on December 10, 2015. Since then, new regulatory authorities and governmental agencies have been appointed, and further appointments could be made in the future.

Since assuming office on December 10, 2015, the Macri Administration has announced several significant economic and policy reforms, including:

- *Foreign exchange reforms.* The federal government announced certain reforms related to the foreign exchange market that are expected to provide more flexibility and ease of access to such market. The Macri administration lifted a significant portion of the foreign exchange restrictions, including certain currency controls, which were imposed while President Cristina Kirchner was in office. On August 9, 2016, through Communication "A" 6037, the BCRA introduced structural changes to the foreign exchange regulations then in force, eliminating a set of restrictions to access the Argentine foreign exchange market (the "MULC"). Some of the most relevant measures adopted as of the date of this private placement memorandum include: (i) the elimination of the registration requirement of exchange operations under the Exchange Operation Inquiry Program run by *Administración Federal de Ingresos Públicos* (Federal Administration of Public Revenues) (the "AFIP"), (ii) the elimination of the mandatory inflow into the country of proceeds from new financial indebtedness and the settlement of such funds through the MULC, (iii) the increase of the monthly limit to US\$5 million per each resident, for the acquisition of external assets and its subsequent elimination, (iv) the decrease from 30% to 0% of the registered, non-transferable and non-interest bearing deposit applicable to certain foreign currency inflows, (v) the elimination of the mandatory minimum holding period of 365 subsequent days applicable to proceeds from new financial indebtedness borrowed by Argentine residents from foreign creditors, and (vi) the elimination of the minimum holding period of 72 business hours for purchases and subsequent sales of securities. For further details in this regard, see "—The Argentine economy, and the results of our operations and financial condition, may be adversely affected by fluctuations in the local currency" and "Foreign Exchange Controls."
- *Reduced deficit.* A few months after having assumed office, Mauricio Macri's economic staff announced the goal of reducing the primary deficit of around 5.8% of GDP in 2015. As asserted by the federal government, it has achieved a primary deficit of 4.8% of GDP in 2016, though such achievement was made possible due to extraordinary revenues from the tax amnesty law. The current Minister of Economy, Nicolás Dujovne, has recently announced new goals for 2017, 2018 and 2019 (laxer than those that had been announced before). The intended goal is to reach a primary deficit of 4.2% in 2017, 3.2% in 2018, and 2.2% in 2019. Recently, Nicolás Dujovne announced that the Argentine Government had met the goal projected for the first quarter of 2017. The fiscal balance for such period was a deficit of 0.4% of GDP, surpassing the target by 0.6%. Although the results for the first quarter were promising, the targets set still seem challenging.

- *Foreign trade reforms.* The new Administration eliminated export duties on wheat, corn, beef and regional products, and reduced the duty on soybeans from 35% to 30%. Further, the 5% export duty on most industrial exports was eliminated. With respect to payments for imports of goods and services, the new Administration announced the elimination of amount limitations for access to the MULC; therefore, the obligation to enter and settle foreign currency through the MULC does not apply to transactions made on or after December 17, 2015 or debts incurred on or after April 22, 2016.
- *State of emergency of the national electricity system.* The Macri administration declared the state of emergency of the national electricity system through Decree No. 134/2015, effective until December 31, 2017. The state of emergency will allow the Argentine federal government to take actions to ensure the supply of electricity, including a review of the subsidies granted to the sector and the setting of new tariffs for the electricity supply service effective February 1, 2016, with varying increases depending on the geographic area and level of consumption. Additionally, by way of Resolution No. 31/2016 of the Ministry of Energy and Mining, the federal government announced an integral tariff review, the elimination of certain subsidies to the natural gas, and a tariff adjustment. In June 2016, in the face of several claims from consumers and the provincial governments, Resolution No. 99/2016 was laid down, whereby the increases in gas tariffs were limited to 400% for consumers nationwide, and to 500% for retail stores, small-to-medium sized companies, hotels and community clubs. Moreover, Resolution No. 111/2016 doubled the number of free kilowatt/hour the beneficiaries of the social tariff in Formosa, Chaco, Misiones and Corrientes are allowed to use. Early in 2017, the federal government announced further increases, in order for tariffs to be more aligned with production costs and to reduce the subsidies contributed by the federal government. The first and only increase implemented as of the date of this private placement memorandum has been the rise in natural gas rates. On April 1, 2017 through Resolution No. 4369/2017 published in the Official Gazette, the Argentine minister of Energy and Mining, Mr. Juan José Aranguren, announced an average increase of 24% in natural gas rates, net of taxes, for the whole territory, as compared to the former increase dated October 2016. Following this increase, the subsidy on this rate was reduced from 50% to 45% in most of the Argentine territory. The second increase is the rise in water rates, although the date for its public hearing has not been scheduled yet. A rise of 23% is expected, effective as from May (after the public hearing is held), for the rates charged by the water utility company (the “AySA”).
- *Holdout bondholders.* Since assuming office, the Macri administration adopted a different negotiation strategy than the one followed by the previous administration to resolve the litigation with holdout sovereign bondholders, thereby allowing Argentina once again to access international capital market. This has resulted in a number of settlements with holders of Argentine public debt and contributed to vacating a number of court orders that limited Argentina’s ability to service its debt and complete the prior restructurings. For further details, see “—Risks Relating to Argentina—A lack of financing for Argentine companies, whether as a result of market forces or governmental measures, may have a negative impact on the Company’s financial position or cash flows.”
- *Tax reforms.* On June 29, 2016, the Argentine Congress passed Argentine Law No. 27,260, which became effective on July 22, 2016 and provides for a tax amnesty regime and tax reform. This regime will allow individuals and entities to disclose undeclared assets both abroad and in Argentina, without the need to repatriate them to Argentina, under the conditions set forth in the law, within a period extending from its effectiveness until March 31, 2017. The law also provides that there will be no charge on assets worth up to Ps.305,000, and a discounted applicable tax of 5% on property and assets worth up to Ps.800,000. Above that threshold, the applicable tax was 10% until the end of 2016 and 15% until the end of March 2017, when the amnesty window closed. The law also includes provisions related to the following: (i) Personal Assets Tax: reduction of the tax rate from 0.5% to 0.25%, for the personal assets tax corresponding to Argentine and foreign domiciled individuals and foreign domiciled entities related to shareholding; (ii) Dividends: abrogation of the 10% income tax withholding on dividends in respect of both Argentine and non-Argentine resident shareholders; (iii) Minimum Deemed Income Tax: Abrogation of this tax as of January 1, 2019. At the close of 2016, the proceeds of the tax amnesty amounted to US\$97,842 million. These proceeds allowed Argentina to reach a record level of revenues in December and to meet the fiscal deficit target. Moreover, by the end of 2016, Argentine Law No. 27,346 was passed. This law introduced changes in Income Tax and the

Simplified Regime for Small Taxpayers, and created an “Indirect tax on online betting” and an “Extraordinary tax on dollar futures transactions.”

The changes in Income Tax introduced by the new law will affect employees, pensioners and autonomous workers. In the case of employees, the tax will be charged on those employees whose salaries amount to at least Ps.23,185 (net) or Ps.27,934 (gross), provided that they have no family dependents and are not eligible for other deductions (considering monthly average amounts, and including the ratable portion of the annual statutory benefit). For employees with a spouse and two children, the threshold salary is increased to Ps.30,671 (net) or Ps.36,953 (gross). Employees entitled to deductions on account of children but not spouse are subject to the following thresholds: with one child, the threshold salary for Income Tax purposes is Ps.25,065 (net) or Ps.30,199 (gross). In the case of pensioners, the law provides that, always provided that they are not subject to Personal Assets Tax in view of their assets or if they are subject to Personal Assets Tax only on account of their personal dwelling, they are subject to Income Tax if their benefit is higher than six minimum salaries; at present this is equal to Ps.33,966. In the case of autonomous workers, the gap between them and employees previously set by the law is maintained; therefore, they are subject to Income Tax when their average monthly invoicing is higher than Ps.8,661, provided that they have no family dependents eligible for deduction, and Ps.16,770 if they have a spouse and two children.

As concerns the changes to the Simplified Regime for Small Taxpayers, the maximum annual invoicing amount per year for each category was increased from Ps.400,000 to Ps.700,000 for provision of services, from Ps.600,000 to Ps.1,050,000 for sale of goods, and the applicable amounts of the comprehensive tax were also increased. Taxpayers excluded as a matter of law during the 12 months immediately preceding the amendment’s effective date are able to return to the Simplified Regime without having to wait for three years from the exclusion date.

- *Changes to the Ministry of Economy and Public Finance.* Mauricio Macri asked Alfonso Prat-Gay to resign from its position as Minister of Economy and Public Finance, and split such ministry into two. Mr. Prat-Gay was succeeded by Mr. Nicolás Dujovne (as Minister of Economy) and by Mr. Luis Caputo (as Minister of Public Finance). The Macri administration did not disclose the reasons for which it had asked Mr. Prat-Gay to resign. The effect on the market of his departure was not significant.

As of the date of this private placement memorandum, the impact that these measures and any future measures adopted by the Macri Administration will have on the Argentine economy as a whole and the financial sector in particular cannot be predicted. We believe that the effect of the planned liberalization of the economy will be positive for our business by stimulating economic activity, but it is not possible to predict such effect with certainty and such liberalization could also be disruptive to the economy and harm or fail to benefit our business.

On the political side, achieving parliamentary coalition is the most significant challenge faced by the Macri administration. Opposing political parties have majority of seats at both the House of Representatives and the Senate and, despite a fracture in the strongest opposing party, negotiations to pass laws hinder the state reform plans pursued by the Executive Branch, generating uncertainties over its ability to put its intended measures in place.

The effectiveness of the first economic measures that have been adopted cannot yet be analyzed for the Macri administration has only been in office for little more than one and a half year. The manner in which the announced measures will be put in place, or the manner in which the federal government will continue addressing certain political and economic aspects that were key to its electoral campaign, cannot be predicted either at this stage. The Argentine political and economic situation has been volatile in the past, and may continue to be volatile in the future, with the potential adverse impact on the Company’s business, financial position and results of operations, as well as on its outlook and ability to honor its obligations, in general, and in respect of the Convertible Subordinated Notes, in particular.

***Argentina’s economy has undergone a significant slowdown, and any further decline in Argentina’s rate of economic growth could adversely affect our business, financial condition and results of operations.***

After recovering significantly from the 2001-2002 crisis, the pace of growth of Argentina’s economy diminished, suggesting uncertainty as to whether the growth experienced between 2003 and 2011 was sustainable. Economic

growth was initially fueled by a significant devaluation of the Peso, the availability of excess production capacity resulting from a long period of deep recession and high commodity prices. In spite of the growth following the 2001-2002 crisis, the economy has suffered a sustained erosion of direct investment and capital investment. The global financial crisis led to a sudden economic decline in Argentina during 2009, accompanied by inflationary pressures, depreciation of the Peso and a drop in consumer and investor confidence.

Economic conditions in Argentina from 2012 to 2015 included increased inflation, continued demand for wage increases, a rising fiscal deficit and limitations on Argentina's ability to service its restructured debt in accordance with its terms due to its litigation with holdout creditors. In addition, beginning in the second half of 2011, an increase in local demand for foreign currency caused the Argentine government to strengthen its foreign exchange controls. During 2013, 2014 and until the Macri Administration took office, foreign exchange restrictions tightened and the government imposed price controls on certain goods and services to control inflation. The Macri Administration has stated its intention to keep these price controls in effect, although only for necessity products, such as staple foods, certain drinks and the most in demand cleaning amenities and toiletries. On February 10, 2016 the government announced how price controls will be maintained, including mechanisms such as an online system of information on prices through which consumers can access and report in real time which supermarkets do not comply with the requirement to provide information, including sanctions for such retailers. In addition, the government announced the reintroduction of the *Comisión Nacional de Defensa de la Competencia* (the "CNDC"), which is responsible for identifying and preventing anticompetitive behavior and cartelization of markets.

A decline in international demand for Argentine products, a lack of stability and competitiveness of the Peso against other currencies, a decline in confidence among consumers and foreign and domestic investors, a higher rate of inflation, an increase in the government's deficit and future political uncertainties, among other factors, may affect the development of the Argentine economy, which could lead to reduced demand for our properties and services and adversely affect our business, financial condition and results of operations.

***If high levels of inflation persist, the Argentine economy and our financial position and business could be adversely affected.***

Over its history, Argentina experienced periods of high inflation and even hyper-inflation, which had adverse effects on its economy.

The devaluation of the Peso in January 2002, created pressures in local prices and triggered high inflation during that year, until it stabilized substantially in 2003. During 2002, inflation, measured by the Consumer Price Index (the "CPI") recorded a 41.0% increase according to the INDEC. Despite the reduction to 3.7% experienced in 2003, inflation rose again 6.1% in 2004 and 12.3% in 2005, according to the INDEC. In 2006, 2007 and 2008 the inflation rate was 9.8%, 8.5% and 7.2%, respectively, according to the INDEC, partly due to several actions implemented by the government to curb inflation and monitor the prices of several goods and services, including the execution of pricing agreements between the government and private sector companies in several industries and markets. From 2009 to 2014, the CPI increased 7.7%, 10.9%, 9.5%, 10.8%, 10.9%, and 23.9%, respectively, while the wholesale price index rose 10.3%, 14.5%, 12.7%, 13.1%, 14.7%, and 28.3%, respectively.

During the 10 months ended October 31, 2015, the CPI rose 11.8% according to official data, and before the inflation rate as of November 2015 was published, the IPCNu was discontinued. However, according to the inflation rate published by the government of the City of Buenos Aires, the inflation rate in the City of Buenos Aires was 41% in 2016, and for the first months of 2017 the inflation rate was 1.9%, 2.2%, and 2.4% in January, February and March 2017, respectively.

Moreover, according to private analysts the actual inflation rate was significantly higher than the one reflected in the INDEC's reports over the last years.

On June 16, the INDEC resumed the publication of the CPI for the GBA, with the release of May-specific figures, which show a 4.2% increase compared to April. In the months that followed, the index experienced the following changes: 3.1%, 2.0%, 0.2%, 1.1%, 2.4%, 1.6%, 1.2% and 1.3% for June, July, August, September, October, November, December 2016, and January 2017. Moreover, the Argentine Government implemented a contractionary monetary policy and announced a system of inflation targets from 12% to 17% for 2017, from 8% to 12% for 2018, and of 5% as from 2019, and a flexible exchange rate system. The BCRA's policies have attempted to induce a sustained deflation process, mainly implemented by establishing a positive interest rate in real terms, indented to constrain the inflation trend expected for the different periods.



Furthermore, Argentina has been experiencing an inflationary environment for over a decade. Persistently high inflation rates and uncertainty regarding their future development may adversely affect the availability of long-term credit and the real estate market and may also undermine Argentina's competitiveness abroad, thus adversely affecting economic activity, employment, real salaries, consumption and interest rates. Consequently, this could cause an adverse effect on our financial condition and results of our operations. Besides, high and volatile interest rates make it difficult to make plans for the medium and long term, which circumstance could also have an adverse effect on us.

***A lack of financing for Argentine companies and the Argentine government, whether due to market forces or government regulation, may negatively impact our financial condition or cash flows.***

Due to various reasons such as market forces or government regulation, the prospects for Argentine companies accessing the financial markets might be limited in terms of the amount of available capital for financing and the conditions and cost of such financing.

Argentina suffered sovereign debt defaults in 2001 and 2002. In 2005, Argentina successfully completed the restructuring of a substantial portion of its bond indebtedness and settled all of its debt with the IMF. Additionally, in June 2010, Argentina completed the renegotiation of approximately 70% of defaulted bonds that were not swapped in 2005. As a result of the 2005 and 2010 debt swaps, over 91% of the bond indebtedness on which Argentina defaulted has now been restructured. Notwithstanding these restructurings and settlements, the holders of a significant amount of Argentine bonds did not participate in the restructurings and instead sued Argentina for payment in U.S. federal courts. This litigation has been complex, vexatious, has resulted in a variety of decisions, interim remedies, including the freezing of certain Argentine assets, and appeals and remains not fully resolved. The effects of the unresolved defaults and this litigation include a downgrading by Standard & Poor's of Argentina's foreign currency credit rating to "selective default," and Fitch similarly downgraded Argentina's foreign currency issuer default rating to "restricted default," as well as increased difficulty for Argentina to access international capital markets. In addition, the litigation with the "holdout" and other bondholders has interfered with the payments on debt issued in connection with the 2005 restructuring.

Since taking office, the Macri Administration has adopted a different negotiation strategy than the prior administration and adopted a number of changes to Argentine laws aimed at resolving the dispute. This has resulted in a number of settlements with holders of Argentine debt and contributed to the vacating of a number of court orders that limited Argentina's ability to service its debt and complete the prior restructurings.

Nevertheless, negotiations and litigation with the remaining holdout bondholders and other creditors that have not reached settlement agreements with Argentina as of the date of this private placement memorandum are still underway in U.S. courts and other jurisdictions. The consequences of potentially inconsistent rulings from different courts are unclear.

Although Argentina settled all of its outstanding debt with the IMF in 2006 and reached an agreement with the Paris Club in 2014, the default with some of its foreign creditors described above, the global financial crisis that began in the fourth quarter of 2008, the resulting international stock market crash and the insolvency of major financial institutions toward the end of 2008 have generally limited the ability of Argentine companies to access international financial markets as they had in the past or made such access significantly more costly for Argentine issuers. Between June 2009 and 2011, a greater number of Argentine companies gained access to the international capital markets, albeit on more onerous terms than other competitors in the region. However, since 2012, with few exceptions, Argentine companies have had little access to such markets. See "—Government intervention in the Argentine economy could adversely affect our results of operations or financial condition."

***The Argentine economy, and the results of our operations and financial condition, may be adversely affected by fluctuations in the local currency.***

The Argentine Peso has experienced significant fluctuations in the past and may continue to experience fluctuations in the future. The devaluation of the Argentine Peso in 2002, despite its positive effects on the Argentine sectors engaged in exports, had a negative impact on the financial condition of businesses and individuals. Specifically, such devaluation had a negative impact on businesses' and the federal government's ability to honor their foreign currency debts and, initially, resulted in high inflation, with the ensuing effect of reducing the purchasing power of wages and adversely affecting activities which success was tied to local demand.

At first, following the exit of the currency board, the Argentine Peso experienced a strong devaluation, which was then partially reverted. Since then, the Argentine Peso started to show a new trend of slight depreciation, while shifting to the opposite direction for some short periods. During the second half of 2013, the local currency started to depreciate at a faster pace, amidst the fall of the BCRA's reserves which had started a couple of months before and which did not stop despite the progressive appreciation, diving from US\$43,290 million in 2012 to US\$27,731 million in 2013 and US\$26,939 million in March 2014, according to information released by the BCRA. In January 2014, the devaluation pace accelerated even further, with a closing exchange rate of Ps.8.01 to US\$1.00 as of January 31, 2014 and Ps.8.551 to US\$1.00 as of December 31, 2014.

In 2015, the Argentine Peso experienced further accelerated devaluation, with a closing exchange rate of Ps.8.644 to US\$1.00 as of January 31, 2015 and Ps.9.422 to US\$1.00 as of September 30. In October and November 2015, the devaluation pace remained steady, but on December 17, 2015, as a consequence of the new monetary policy that was put in place by the new administration, the U.S. official exchange rate and the side exchange rate were unified, resulting in Argentine Peso depreciating by around 40%, with a closing exchange rate of Ps.13.40 to US\$1.00 at the close of business. In the days that followed, the Argentine Peso temporarily turned around its depreciating trend, closing at Ps.13.04 to US\$1.00 towards the end of December. In January and February 2016, the U.S. Dollar returned to its upward trend, with the exchange rate exceeding Ps.15 to US\$1.00. In the following months, the Argentine Peso reversed its depreciating trend, closing at Ps.14.14 to US\$1 by the end of June 2016. However, it closed the year at Ps.15.82 to US\$1.00.

We cannot assure whether the Argentine currency will not undergo considerable devaluation or appreciation in the future. The significant depreciation of the Argentine currency may result in, among other things, a rise in the inflation rate and in increased costs of service of foreign-currency denominated sovereign debt. In turn, the appreciation of the local currency may have a negative impact on the competitiveness of the Argentine economy and, consequently, result in an impairment of the balance of trade.

Furthermore, the fall of the BCRA's reserves below a certain level may raise doubts as to the stability of the currency and the country's ability to address the ensuing unstable scenario. In this regard, in recent years, the level of international reserves fell significantly from US\$47.4 billion as of November 1, 2011 to US\$25.6 billion as of December 31, 2015, thus reducing the federal government's ability for intervention in the foreign exchange market, by restricting access to such markets by private sector businesses. The Executive Branch has recently announced a program aimed at increasing the level of international reserves held by the BCRA, through the execution of agreements with several national and foreign entities. As a result of the measures adopted under this program, among other factors, the international reserves increased to US\$38.8 billion as of December 31, 2016.

Therefore, both the appreciation and the depreciation of the Argentine Peso, or a pronounced fall in reserves, may have an adverse impact on the Argentine economy and, consequently, on the Company's operations and businesses.

***The Argentine economy can be adversely affected by economic developments in other markets and by more general contagion effects, which could have a material adverse effect on Argentina's economic growth.***

The Argentine economy and financial markets are influenced, to varying degrees, by the economic and financial conditions prevailing in global markets. Even though such conditions vary from country to country, the perception of the developments taking place in one country may substantially affect the flows of capital into other countries, including Argentina.

During 2008 and 2009, Argentina's economic and credit situation was affected by the banking and financial crisis originated in the United States, as a result of financial entities' holdings of subprime residential mortgage loan portfolio and other events affecting the global financial system and the advanced economies. Since the onset of the crisis, the major financial institutions worldwide sustained considerable losses, with increasing distrust in the financial system and several financial entities having gone out of business or been bailed out by the regulators of their respective countries. The destabilization of the financial sector was soon shifted to the U.S. and the international industrial and business sectors, as a consequence of limited financing and the ensuing effects on consumers' savings, employment and expectations, thus fueling the recession of international trade and industrial production, and causing a fall in consumption. The U.S. government approved of a series of programs to set aside billions of U.S. Dollars to mitigate the aftermath of such crisis. Some programs were intended to purchase banks' and other entities' bad debts in order to restore their balance sheets. In addition, the U.S. Federal Reserve announced other plans, including the acquisition of unsecured short-term corporate bonds, in order for businesses to gain

liquidity and secure investments in infrastructure, education, health, and research and development of new sources of energy.

On the other hand, European governments carried out other bailout plans to put a halt to the financial system instability and the collapse of the markets, for an aggregate amount of approximately US\$1.96 billion. However, certain Eurozone countries are still facing economic constraints due to their stagnated economies and fiscal deficit, particularly, Spain, Greece and Italy. The governments of the central countries and the G-20 designed and approved a set of measures to strengthen the banks' and the major industrial companies' balance sheets, by way of the partial nationalization or the extension of soft loans, in order to maintain the activity level of the local and international economy. In addition, the reforms were addressed to re-engineer the financial architecture of international agencies and at an international level.

On June 23, 2016, the United Kingdom run a referendum to gauge support for the country either remaining a member, or leaving, the European Union (“**Brexit**”) an abbreviated term in English that means Britain's exit from the EU.

Following the public announcement of the Brexit victory in the UK, the UK Prime Minister, Theresa May, appointed David Davis as British Secretary for the exit from the EU. Never before has a member state of the European Union (currently comprising 28 countries) abandoned this political and economic coalition.

Some of the potential expected adverse effects of the Brexit include the onset of an economic crisis in the UK and a drop in investments in utilities and foreign investment. The British Treasury Department analyzed the potential consequences and concluded that a recession may take place in the short term. The strongest impact of the decision would be on the United Kingdom, though the impact might also be substantial on other member states. The United Kingdom is fully divided in this regard, with almost all of Scotland's votes having been in favor of remaining part of the EU, which could result in its exit from the United Kingdom.

As to the impact of the Brexit on Argentina, in principle, the weakening of the British Pound and the Euro has resulted in the considerable appreciation of the U.S. Dollar worldwide and, hence, in Argentina as well. With an appreciated dollar and increasing risk aversion, commodity prices would be negatively affected, which would be reflected in the products exported by Argentina to Europe. Other direct consequences of Great Britain's exit from the EU (a process expected to span for approximately two years) would be a fall in the price of most commodities. Such fall in prices is not expected to remain in the medium-term for it will be the result of initial market uncertainties. However, if it finally happens to remain longer than expected, it could affect Argentina.

Donald Trump ran as candidate for the Republican Party and won the U.S. presidential elections on November 9, 2016. Trump assumed office on January 20, 2017. The effects of his victory on the global economy are still unpredictable. Trump ran a populist and strongly controversial campaign in the economic, political and social arenas. He promised to embrace a more protectionist policy in respect of the U.S. domestic industry, cut corporate taxes, and downsize the government. All this has had a positive effect on Wall Street, which has exhibited a bullish trend since the elections. The effect of Trump's designation on the global economy is still uncertain but, if he finally adopts increasingly protectionist measures, the resulting scenario might not be favorable for emerging markets.

Global developments had and have significant long-term effects on Latin America and Argentina, including, but not limited to, lack of access to international financing, capital flight, impact on consumers' trust, lower demand for the products exported by Argentina worldwide, mainly, agro industrial products, and significant drops in foreign direct investment.

Argentina is also affected by the economic developments of its main trading partners, such as Brazil, with its currency having experienced devaluation since early February 2015, the most remarkable depreciation in the last decade. In February 2016, Standard & Poor's downgraded Brazil's credit rating to BB. Then, the Brazilian rating was also downgraded by Fitch Rating and Moody's to BB+ and Ba2 in December 2015 and February 2016, respectively. On the other hand, Argentina may also be affected by other countries with significant influence on global business cycles, such as the U.S. or China. In China, the Chinese Yuan has significantly depreciated since late 2015, with the ensuing adverse impact on several countries with substantial exposure to the eastern country. The Chinese currency has continued depreciating during 2016 and the growth rate of the Chinese economy has slowed down.

The developments in Argentina's main regional partners, including the member states of Mercosur, and in developed countries may have negative effects on the Argentine economy and, if such effects happened to worsen or

remain over time, they may have a substantially adverse impact on the Argentine economy, financial system, and stock market, with the ensuing potential adverse effect on the Company's financial or other position, results of operations and business.

***Government measures, as well as pressure from labor unions, could require salary increases or added benefits, all of which could increase companies', including TGLT's, operating costs.***

In the past, the Argentine government has passed laws and regulations forcing privately owned companies to maintain certain wage levels and provide added benefits for their employees. Additionally, both public and private employers have been subject to strong pressure from their workforce or the trade unions representing them to grant salary increases and certain worker benefits.

Labor relations in Argentina, such as Argentine Labor Law No. 20,744 and Argentine Collective Bargaining Law No. 14,250, are governed by specific legislation, which, among other things, dictates how salary and other labor negotiations are to be conducted. Every industrial or commercial activity is regulated by a specific collective bargaining agreement that groups together companies according to industry sectors and by trade unions. While the process of negotiation is standardized, each association of industrial or commercial activity negotiates the increases of salaries and labor benefits with the relevant trade union. In construction, salaries are established on an annual basis through negotiations between the associations that represent the construction companies and the construction workers' trade union. The National Labor Ministry mediates between the parties and ultimately approves the annual salary increase to be applied in the construction activity. Parties are bound by the final decision once it is approved by the National Labor Ministry and must observe the established salary increases for all employees that are represented by the construction union and to whom the collective bargaining agreement applies.

In addition, each company is entitled, regardless of union negotiated mandatory salary increases, to give additional merit based raises to its employees and to use variable compensation schemes.

Argentine employers, both in the public and private sectors, have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. Due to the high levels of inflation, employees and labor organizations are demanding significant wage increases. In August 2012, the Argentine government established a 25% increase in minimum monthly salary to Ps.2,875, effective as of February 2013. The Argentine government increased the minimum salary to Ps.3,300, Ps.3,600 and Ps.4,400 in August 2013, January 2014 and September 2014, respectively, and to Ps.5,588 in August 2015. It further increased the minimum salary in January 2017 to Ps.8,060. Due to high levels of inflation, employers in both the public and private sectors are experiencing significant pressure from unions and their employees to further increase salaries.

In the future, the government could take new measures requiring salary increases or additional benefits for workers, and the labor force and labor unions may pressure for such measures. Any such increase in wage or worker benefits could result in added costs and affect the results of operations of Argentine companies, including us.

***Government intervention in the Argentine economy could adversely affect our results of operations or financial condition.***

During recent years, the Kirchner Administration increased its direct intervention in the economy, including through the implementation of expropriation and nationalization measures, price controls and exchange controls.

In 2008, the Kirchner Administration replaced the former private pension system with a public pension system. As a result, all resources administered by the private pension funds, including significant equity interests in a wide range of listed companies, were transferred to a separate fund, the *Fondo de Garantía de Sustentabilidad* (the "FGS"), to be administered by the *Administración Nacional de la Seguridad Social* (National Social Security Administration, or the "ANSES"). The dissolution of the private pension funds and the transfer of their financial assets to the FGS has had important repercussions on the financing of private sector companies. Debt and equity instruments which previously could be placed with pension fund administrators became entirely subject to the discretion of the ANSES. As the holder of equity interests in privately owned companies it obtained when it absorbed the private pension funds, the ANSES is entitled to designate government representatives to the boards of directors of those entities. Pursuant to Decree No. 1,278/12, issued by the Executive Branch on July 25, 2012, the ANSES' representatives must report directly to the Ministry of Economy and are subject to a mandatory information sharing regime, under which, among other obligations, they must immediately inform the Ministry of Economy of the agenda for each board of directors' meeting and provide all related documentation.

In April 2012, the Kirchner Administration ordered the removal of directors and senior officers of YPF S.A., or YPF, the country's largest oil and gas company, which was controlled by the Spanish group Repsol, and submitted a bill to the Argentine Congress to expropriate shares held by Repsol representing 51% of the shares of YPF. The Argentine Congress approved the bill in May 2012 through the passage of Argentine Law No. 26,741, which declared the production, industrialization, transportation and marketing of hydrocarbons to be activities of public interest and fundamental policies of Argentina, and empowered the Argentine government to adopt any measures necessary to achieve self-sufficiency in hydrocarbon supply. In February 2014, the Argentine government and Repsol announced that they had reached an agreement on the terms of the compensation payable to Repsol for the expropriation of the YPF shares. Such compensation totaled US\$5 billion, payable by delivery of Argentine sovereign bonds with various maturities. The agreement, which was ratified by Argentine Law No. 26,932, settled the claim filed by Repsol with the International Centre for Settlement of Investment Disputes.

Argentine Law No. 26,991, or the Supply Law, became effective on September 28, 2014 and applies to all economic processes linked to goods, facilities and services which, either directly or indirectly, satisfy the basic needs of the population, or Basic Needs Goods, and grants broad delegations of power to its enforcing agency to become involved in such processes. It also empowers the enforcing agency to order the sale, production, distribution and/or delivery of Basic Needs Goods throughout the country in case of a supply shortage.

In February 2015, the Kirchner Administration sent a bill to Congress in order to revoke certain train concessions, return the national rail network to state control and provide powers to review all concessions currently in force. The bill was enacted on May 20, 2015 as Argentine Law No. 27,132.

On September 23, 2015, Argentine Law No 27,181 was passed, providing that no sale of the Argentine government's shares in Argentine companies may be made without prior approval of two thirds of the members of the Argentine Congress, with the exception of the Argentine government's shares in YPF, and also placing the *Agencia Nacional de Participaciones Estatales en Empresas* (National Agency for Participation in State Owned Enterprises) in charge of implementing any policies and actions related to the exercise by the Argentine government of rights arising out of holding shares in Argentine companies.

Notwithstanding these interventions, it is expected that measures taken by the new president will generate greater stability in the Argentine economy. For example, the Argentine government eliminated export duties on wheat, corn, beef and regional products, and reduced the duty on soybeans from 35% to 30%. Further, the 5% export duty on most industrial exports was eliminated and the rules establishing maximum rates for domestic air transport of passengers were eliminated by Decree No. 294/2016, in order to offset the effect of a depreciated exchange rate and stimulate the introduction of new airlines in the market, among other reasons.

On July 22, 2016, Congress enacted a law detailing a National Program of Historic Reparation for Retirees and Pensioners which aims, among other purposes, to repay retirees who sued the state over the readjustment of their pensions and to create a universal old age pension plan for everyone over 65 years old, even if they have never made contributions or do not qualify for the standard state pension. The new payments would be covered with the funds that the government hopes to obtain with the new tax amnesty regime and with the sale of assets, including shareholdings of the Sustainability Guarantee Fund of the ANSES.

Previous and new actions taken by the Argentine government concerning the economy, including decisions with respect to interest rates, taxes, price controls, salary increases, provision of additional employee benefits foreign exchange controls and potential changes in the foreign exchange market, have had and could continue to have a material adverse effect on Argentina's economic growth and in turn affect our financial condition and results of operations. Moreover, any additional Argentine government policies established to preempt, or in response to, social unrest could adversely and materially affect the economy, and therefore our business.

It is widely reported by private economists that expropriations, price controls, exchange controls and other direct involvement by the Argentine government in the economy have had an adverse impact on the level of investment in Argentina, the access of Argentine companies to the international capital markets and Argentina's commercial and diplomatic relations with other countries. If the level of government intervention in the economy continues or increases, the Argentine economy and, in turn, our business, results of operations and financial condition, and therefore, the Company's ability to repay the Convertible Subordinated Notes, could be adversely affected.

***High public expenditure could result in long lasting adverse consequences for the Argentine economy.***

During the last few years, public expenditure was substantially increased. In 2015, public sector primary expenditure increased by 34.5% as compared to 2014 and the government reported a primary fiscal deficit of Ps.244.1 billion, equal to 4.2% of GDP. In 2016, primary expenditure increased 38.2% annually and primary fiscal deficit was Ps.359.4 billion, an increase in Ps.115.3 million compared to 2015, according to the consulting firm Econviews, based on information from the Argentine Ministry of Economy. Moreover, Econviews estimates that primary fiscal deficit as percentage of GDP was 4.6%, reaching the fiscal target for 2016 of 4.8%.

In light of increasingly tight public finances, the Kirchner Administration adopted certain measures to finance its public expenditures, such as tapping the local capital markets to obtain new financing and implementing an expansionary monetary policy. These policies led to high inflation affecting consumer purchasing power and economic activity.

The Macri Administration has stated a goal of reducing the fiscal deficit to 4.2% of GDP in 2017, 3.2% in 2018 and 2.2% in 2019, and that such deficit reduction will be gradual up to year 2023.

As of the date of this private placement memorandum, though the new administration has started to take specific action to reduce public expenditure and to ensure adequate funding, there is uncertainty as to what effects this and other futures policies could have in the Argentine economy and our business and therefore, the Company's ability to repay the Convertible Subordinated Notes.

***A continuing decline in international prices for Argentina's main commodity exports could have an adverse effect on Argentina's economic growth.***

Argentina's financial recovery from the 2001-2002 crisis occurred in a context of price increases for Argentina's commodity exports, such as soy. High commodity prices contributed to the increase in Argentine exports since the third quarter of 2002 and to high government tax revenues from export withholdings. However, the reliance on the export of certain commodities has caused the Argentine economy to be more vulnerable to fluctuations in commodity prices. Since the beginning of 2015, international commodity prices for Argentina's primary commodity exports have declined, which has had an adverse effect on Argentina's economic growth.

A continuing decline in the international prices for Argentina's main commodity exports could have a negative impact on the levels of government revenues and the government's ability to service its sovereign debt, and could either generate recessionary or inflationary pressures, depending on the government's reaction. Either of these results would adversely impact Argentina's economy and, therefore, our business, results of operations and financial condition.

***Enforcement of creditors' rights in Argentina may be limited, costly and lengthy.***

In order to protect debtors affected by the economic crisis in 2001-2002, the Argentine government adopted measures in the beginning of 2002 that suspended proceedings to enforce creditors' rights upon debtor default, including mortgage foreclosures and bankruptcy petitions.

Although such measures have been rescinded, in the future they could be reinstated, or the government could take other measures that limit creditors' rights. Any such measures limiting the ability of creditors to bring legal actions to recover unpaid loans, or restricting creditors' rights generally, could have a material adverse effect on the financial system and on the willingness of financial institutions to provide mortgages and credit in general, which could affect our business, results of operations and financial condition.

***Exposure to multiple provincial and municipal legislation and regulations could adversely affect our business or results of operations.***

Argentina has a federal system of government with 23 provinces and one autonomous city (Buenos Aires), each of which, under the Argentine national constitution, has full power to enact legislation concerning taxes and other matters. Likewise, within each province, municipal governments have broad powers to regulate such matters. Due to the fact that our projects are located in multiple provinces, we are also subject to multiple provincial and municipal legislation and regulations. Although we have not experienced any material adverse effects from this, future developments in provincial and municipal legislation concerning taxes, provincial regulations or other matters may adversely affect our business or results of operations.

## **Risks Relating to Our Business**

***Our performance is subject to risks associated with our properties and with the real estate industry.***

Our economic performance and the value of our real estate assets are subject to the risk that our properties may not be able to generate sufficient revenues to meet our operating expenses, including debt service and capital expenditures. Our cash flow and ability to service our debt and to cover other expenses may be adversely affected.

Events or conditions beyond our control that may adversely affect our operations or the value of our properties include:

- downturns in the national, regional and local economic climate;
- volatility and decline in discretionary spending;
- local real estate market conditions;
- decreases in consumption levels;
- changes in interest rates and availability of financing;
- the exercise by our tenants of their legal right to early termination of their leases;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and re lease space;
- increased operating costs, including insurance expense, salary increases, utilities, real estate taxes, state and local taxes and heightened security costs;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses;
- significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property;
- declines in the financial condition of tenants and our ability to collect rents;
- changes in our ability or our tenants' ability to provide for adequate maintenance and insurance, possibly decreasing the useful life of and revenue from property; and
- changes in laws or governmental regulations (such as those governing usage, zoning and real property taxes) or government actions such as expropriation or confiscation.

No assurance can be given that these and other factors will not materially and adversely affect our business, financial condition and results of operations.

***Our business plan is predicated on substantially increased demand for commercial and residential property, which may not occur.***

Our ability to implement our business plan and increase our revenue and operating income depends in part on steady growth in demand for the residential and commercial real estate products we offer. We expect that such growth will be prompted by the policies implemented by the Macri Administration, but it is possible that these policies will not cause the increased demand that we foresee, including because a robust mortgage market does not develop or because businesses do not choose to expand their operations in Argentina. Furthermore, until such time as the policies of the Macri Administration related to increasing the availability of mortgage financing are fully implemented and mortgage financing is more widely provided in Argentina, we may face disruptions in our sales volumes while potential customers evaluate the evolving mortgage market. Additionally, real estate investments are subject to various risks and fluctuations and cycles in demand and value, many of which are beyond our control. If our real estate assets do not generate sufficient income to meet operating expenses, including debt service, management and property administration fees and capital expenditures, then our financial performance will be materially and adversely affected. In addition, there are significant expenditures associated with an investment in real estate assets (such as debt payments, real estate taxes and maintenance costs) that generally do not decline when

adverse business, economic or other circumstances reduce rental income. Any decrease in demand, whether as a result of changes in consumer preferences, reduction of purchasing power or slowdown in the regional, national or global economy could result in a reduction in demand for our real estate products and, consequently, adversely affect our financial performance.

***We have limited experience in commercial real estate and our past success in residential real estate provides no assurance that we will be successful in commercial real estate.***

We plan to expand our existing operations significantly into the commercial real estate sector, in particular in Class A office buildings and PLCs. However, we have limited experience in operating in these new markets and could face considerable challenges in our expansion into such markets. Our past success in residential real estate provides no assurance that we will be successful in commercial real estate.

The risks associated with expanding our existing operations into the commercial real estate sector include the following:

- our lack of familiarity of business and employment practices and conventions in these new markets;
- the cost and difficulty of complying with a wide variety of laws and regulations, including unfamiliar regulatory requirements;
- volatility in the commercial real estate market; and
- failure of the anticipated market demand for our projects to materialize.

Any of the foregoing risks could harm our expansion efforts and materially and adversely affect our business, financial condition and results of operations.

***Property values in Argentina could decline significantly.***

Property values are influenced by multiple factors that are beyond our control, such as a decrease in the demand for real estate properties due to a deterioration of macroeconomic conditions or an increase in supply of real estate properties that could adversely affect our current prices. We cannot assure you that property values will increase or that they will not be reduced. Most of the properties we own are located in Argentina. As a result, a reduction in the value of properties in Argentina could materially affect our business.

***We may be wrong about the prices at which we expect to sell or lease property.***

Cost increases, whether resulting from rising costs of materials, compliance with existing or future regulatory requirements, transportation, services and labor could impact the profit margins we realize on the sale or lease of our projects. Because of market conditions, timing of pricing decisions, and other factors, there can be no assurance that we will be able to offset any of these increased costs by adjusting the prices of our residential or commercial units. Increases in prices of our products and services may not be sustainable, and could result in lower sales. A reduction or interruption in the delivery of completed real estate units, whether resulting from more stringent regulatory requirements, suppliers, disruptions in transportation, labor strikes, lockouts, or otherwise, or a significant increase in the price of one or more supplies, could negatively impact our financial results.

***An adverse economic environment for real estate companies and the credit crisis may adversely impact our results of operations and business prospects significantly.***

The success of our business and profitability of operations are dependent on continued investment in the real estate markets and access to capital and debt financing. A long term crisis of confidence in real estate investments and lack of credit for acquisitions may tend to constrain our business growth. In order to pursue acquisitions, we may need access to equity capital and/or debt financing. Recent disruptions in the financial markets, including the bankruptcy and restructuring of major financial institutions, may adversely impact the availability and cost of credit in the near future. Any consideration of sales of existing properties or portfolio interests may be tempered by decreasing property values. Our ability to make scheduled payments or to refinance our existing debt obligations depends on our operating and financial performance, which in turn is subject to prevailing economic conditions. If past disruptions in the financial markets became recurrent, there can be no assurances that government responses to such disruptions will restore investor confidence, stabilize the markets or increase liquidity and the availability of credit.



***Demand for our premium properties may not be sufficient.***

We have focused on developing projects that cater to affluent individuals. Demand for premium residential units is influenced by multiple factors that are beyond our control and we cannot assure you that such demand will increase or that it will not be reduced. In the event such demand decreases significantly, we would be unable to sell these residential units at the expected prices or within the expected time frame, which could have an adverse effect on our financial condition and results of operations.

***Our level of debt may adversely affect our operations and our ability to pay our debt as it becomes due.***

As of December 31, 2016, our consolidated financial debt amounted to Ps.718.1 million, including accrued and unpaid interest and deferred financing costs. We cannot assure you that we will have sufficient cash flows and adequate financial capacity in the future.

The fact that we are leveraged may affect our ability to refinance existing debt or borrow additional funds to finance working capital, acquisitions and capital expenditures, which would require us to allocate a substantial portion of cash flow to repay principal and interest, thereby reducing the amount of money available to invest in operations, including acquisitions and capital expenditures. Our leverage could also affect our competitiveness and limit our ability to respond to changes in market conditions, changes in the real estate industry and economic downturns.

***Some of our loan agreements and the debt securities we have issued contain financial and other covenants, and the potential breach of any of such covenants may have a material adverse impact on our financial position and cash flows.***

As of December 31, 2016, our total outstanding indebtedness amounted to Ps.718.1 million, of which Ps.594.5 million was short-term debt and Ps.123.6 million was long-term debt. As of December 31, 2015, our total outstanding indebtedness amounted to Ps.450.8 million, of which Ps.392.0 million was short-term debt and Ps.58.7 million was long-term debt. The changes in those amounts reflect the fact that we have paid off the loans borrowed for the construction of Forum Alcorta and Astor Núñez, with no further disbursements for the projects Forum Puerto del Buceo (Ps.190.8 million) and Venice (Ps.16.9 million). In addition, we have repaid Ps.122.6 million in principal amount of notes and issued Series X (Ps.96.9 million) and Series XII (Ps.96.7 million). Our current loan agreements contain, and our future loan agreements may contain, financial and other covenants, and the potential breach of any of such covenants may have a material adverse impact on our financial position and cash flows. For example, we are subject to affirmative and negative covenants that restrict some of our and subsidiaries' activities, including

(i) restrictions on:

- incurring additional indebtedness;
- creating liens;
- selling encumbered real estate assets;
- declaring and paying dividends; and
- reducing our capital stock; and

(ii) obligations to:

- maintain insurance on certain properties on terms reasonably acceptable to our creditors; and
- maintain certain financial ratios, including leverage ratios.

These restrictions may limit our ability to receive cash generated by our investment properties, thereby affecting our flexibility to operate our business, our ability to pursue future business opportunities or implement our property maintenance, expansion and renovation plans. Failure to comply with any of these covenants, including the maintenance of specified financial ratios, may result in the acceleration of some or all of our financial arrangements, which may adversely affect our business and financial condition and our ability to repay the Convertible Subordinated Notes.

***The loss of certain significant tenants could adversely affect both our operating revenues and the value of our properties.***

While we currently operate only one for lease property, we expect to operate more in the future, in which case, if certain important tenants were to experience financial difficulties, including bankruptcy, insolvency or a general downturn of business, or otherwise terminate or choose not to renew their leases, our business could be adversely affected. For example, office buildings are often anchored by significant tenants. A decision by such significant tenants to cease operations at our properties could have a material adverse effect on the revenues and profitability of the affected property and, in turn, on our financial condition and results of operations. The closing of one or more significant tenants may induce other major tenants at an affected property to terminate their leases, to seek rent relief or otherwise adversely affect occupancy at the property. In addition, key tenants at one or more properties might terminate their leases as a result of mergers, acquisitions, consolidations, dispositions or bankruptcies. The bankruptcy and/or closure of one or more significant tenants, if we are not able to successfully re lease the affected space, could have a material adverse effect on both our operating revenues and the underlying value of the properties involved.

***Future acquisitions may be unprofitable.***

We intend to acquire additional properties on advantageous terms and conditions, meeting the approved investment criteria, but such acquisitions entail the general investment risks associated with any real estate investment, including:

- our estimates of the cost of improvements needed to bring acquired properties up to established market standards may prove to be inaccurate;
- properties we acquire may fail to achieve, within the projected time frames, the occupancy or rental rates we expected at the time we decided to acquire them, which may result in the properties' failing to achieve the projected returns;
- pre-acquisition evaluations of the physical condition of new investments may not detect certain defects or identify necessary repairs, which could significantly increase total acquisition costs; and
- our due diligence investigations of a property or building prior to its acquisition, and any representations received from the seller of such building or property, may fail to reveal various liabilities or contingencies, which could reduce the cash flow from the property or increase the acquisition cost.

In addition, acquisitions of, or investments in, companies may cause disruptions in our operations and divert management's attention away from day to day operations, which could impair our relationships with current tenants and employees.

***We may not be able to acquire or develop the properties in our pipeline or may be delayed in doing so.***

Our future success depends on our ability to sustain the growth of our business through the acquisition and development of new properties. Successful execution of our expansion strategy will require considerable expenditures and investments before any significant associated revenues are generated and is dependent upon a number of factors, including our ability to locate and secure prime locations within our budget, the hiring and training of qualified personnel, the level of existing and future competition, the availability of additional capital, our ability to execute our sales strategy successfully in new markets, and favorable financial market and macroeconomic conditions in Argentina and abroad. Our principal short to mid-term plan is to develop our projects under development and pipeline projects. We cannot guarantee that we will be able to identify undeveloped land that meets our investment objectives or succeed in consummating any investment opportunity we identify, or that one or more of the investments we make will generate the expected revenue, income or cash flow. Even if we do, we cannot guarantee that we will successfully manage increased operating activities and satisfy increased demand. Revenues obtained from our investments may be less than expected or result in a loss that may adversely affect our business, financial condition and results from operations.

We intend to use a significant portion of the net proceeds from the Offering for the acquisition, construction and development of all or a portion of the projects under development and pipeline projects, depending on business and

market conditions. See “Use of Proceeds.” We cannot provide any assurance, however, that the use of such proceeds or resources will result in benefits to us. The information related to our projects under development and our pipeline projects included in this private placement memorandum is based on our current plans and estimates. This information is intended to provide a general idea of our projects under development and our pipeline projects, and may be subject to changes and modifications based on feedback from our tenants, clients and the market as a whole. Our ability to complete the development and construction of these projects may be affected by numerous factors, including factors that are beyond our control. In addition, the development stages of these projects vary. In some cases, the land has been acquired, all or some of the permits required have been obtained and construction of the project has commenced; but in other cases, although the land (or type of land) has been identified, we have not acquired the land or obtained any of the permits required to develop the project. We cannot guarantee that we will be able to identify undeveloped land that meets our investment objectives or succeed in consummating any investment opportunity we identify at favorable prices or at all, or that one or more of the investments we make will generate the expected revenue, income or cash flow. The information presented in this private placement memorandum, particularly the expected commencement of construction, expected opening year and expected required investment, could vary significantly. Investors should not place undue reliance on our plans and estimates relating to our projects under development and pipeline projects, as they are inherently uncertain. No assurance can be given that the projects under development and pipeline projects described in this private placement memorandum will be carried on. As of the date of this private placement memorandum, price and other terms of acquisition have not been agreed to with respect to most of the properties included in the pipeline, there are no rights of first refusal, options or exclusivities signed respectively in most of the projects as of the date of this private placement memorandum and we cannot confirm that properties in our pipeline will be acquired.

***Investments in property development, redevelopment and construction activities may be less profitable than anticipated.***

We engage in the development and construction of residential and commercial (office and logistics) real estate assets, frequently through third party contractors. Risks associated with our development, re development and construction activities could adversely affect our business and financial condition and our ability to repay the Convertible Subordinated Notes. These risks include the following, among others:

- abandonment of development opportunities and renovation proposals;
- construction costs of a project may exceed original estimates for reasons including increases in interest rates or in the costs of materials and labor, making a project unprofitable;
- occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, resulting in lower than projected rental rates and a corresponding lower return on our investments;
- the unavailability of favorable financing alternatives in the private and public debt markets;
- construction and lease up may not be completed on schedule, resulting in increased debt service expense and construction costs;
- impossibility to obtain, or delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations;
- significant time lags between the commencement and completion of projects subject us to greater risks due to fluctuations in the general economy;
- construction may not be completed on schedule because of a number of factors, including weather, labor disruptions, construction delays or delays in receipt of zoning or other regulatory approvals, or manmade or natural disasters (such as fires, hurricanes, earthquakes or floods), resulting in increased construction costs and possibly increased debt service expenses; and
- we may incur capital expenditures that could result in considerable time consuming efforts and which may never be completed due to government restrictions.

***We may not be able to efficiently integrate acquired properties.***

We intend to acquire properties, including large properties that would increase our size and potentially alter our capital structure. Although we believe that the acquisitions expected to be undertaken will enhance our future financial performance, the success of such transactions is subject to a number of uncertainties, including the risk that:

- not enough financing for acquisitions will be available on favorable terms;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than estimates; and
- acquired properties may be located in new markets where we may have limited knowledge and understanding of the local economy, absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures.

If we acquire new properties, we may not be able to efficiently integrate such acquired properties, particularly portfolios of properties, into our organization and to manage new properties in a way that allows us to realize cost savings and synergies, which could impair our business, financial condition and results of operations.

***Our ability to grow will be limited if we cannot obtain additional capital.***

We must maintain liquidity to fund our working capital, service our outstanding indebtedness and finance investment opportunities. Without sufficient liquidity, we could be forced to curtail our operations or we may not be able to pursue new business opportunities.

Our growth strategy is focused on the development and acquisition of properties. As a result, we are likely to depend to an important degree on the availability of debt or equity capital, which may or may not be available on favorable terms or at all or otherwise limited by our contractual obligations including those obligations under the Co-Investment Agreement. The capital and credit markets have experienced significant volatility in recent years, and we cannot guarantee that additional financing, refinancing or other capital will be available in the amounts desired or on favorable terms. Our access to debt or equity capital markets depends on a number of factors, including the market's perception of our growth potential and that of the industry generally, ability to pay dividends, financial condition, credit rating and our current and potential future earnings.

***The failure to use our tax losses or tax credits will restrict our ability to offset taxes on future taxable income.***

Unused tax losses or tax credits as of the end of the fiscal year may be offset against taxes on future taxable income and deferred tax liabilities. As of December 31, 2016, we had Ps.222.7 million in tax losses expiring from 2017 through 2021, and Ps.66.8 million in tax credits in connection with Tax on Minimum Presumptive Income, expiring from 2018 through 2026. In general terms, the Argentine law provides a five-year statute of limitations to use tax losses and a 10-year statute of limitations to use tax credits for Tax on Minimum Presumptive Income. If we cannot generate sufficient income to use said tax losses and tax credits before the running of the statute of limitations, they will be forfeited and will not be available to be offset against future taxable income, with the potential material and adverse effect on our net income and cash flows.

***Argentine laws governing leases impose restrictions that limit our flexibility.***

Argentine laws governing leases impose certain restrictions, including the following:

- lease agreements may not contain automatic inflation adjustment clauses based on consumer price indexes or wholesale price indexes. Although we expect to include readjustment clauses in most of our lease agreements, these clauses may not be based on an official index nor reflect the inflation index. In the event of litigation, these provisions may not be enforceable and therefore it may be impossible for us to adjust the amounts owed to us under our lease agreements;
- residential and commercial leases must comply with a mandatory minimum term of two years, except in the case of movable/non-permanent structures (i.e., stands/kiosks, and/or spaces for special exhibitions);

- residential lease terms may not exceed twenty years, and commercial leases may not exceed 50 years; and
- tenants may rescind commercial and office lease agreements after the initial six month period.

As a result, we are exposed to the risk of increases of inflation under our leases and the exercise of rescission rights by our tenants, each of which could materially and adversely affect our business. We cannot assure you that our current and future tenants will not exercise such right, especially if rent values stabilize or decline in the future or if economic conditions deteriorate.

Additionally, the current version of the Argentine Civil and Commercial Code, which has been in effect since August 1, 2015, provides that foreign currency payment obligations in certain consumer agreements may be discharged in Pesos, which could diminish the value of our lease contracts denominated in U.S. Dollars if the applicable exchange rate does not reflect the actual market value of the Peso. While some courts have held that parties to an agreement may override this provision, it is not yet clear whether this view will prevail.

Moreover, in 2016, the Senate of the Argentine Congress approved a bill of law that amends the Civil and Commercial Code and introduced changes in the regulations governing lease agreements. The main reforms include:

- In the case of residential leases, lessees may not be required to: a) pay advance rents for any periods longer than one month; b) make down payments or pay comparable sums for any amounts higher than one month's rent (which down payment must be reimbursed by delivering an amount proportional or equal to the rental price for the last month of the lease as of the moment of restitution of the property, which shall be updated according to an indexation procedure); c) pay goodwill or equivalent amounts; and d) if a third-party broker has participated in the execution of the lease agreement, the fees or commissions payable for its services shall not exceed the maximum amounts set forth in each jurisdiction. In the absence of such maximum amounts, the fees or commissions payable shall not be higher than one month's rent.
- Minimum term: the minimum lease term is extended to three years, irrespective of the intended use of the property and always provided that a longer term has not been agreed.
- Extraordinary condominium expenses: lessees are not required to pay any taxes or contributions levied on the property or any extraordinary condominium expenses.
- Early termination: The six-month term established for lessee to terminate the lease for no cause is eliminated. Moreover, if the termination option is exercised during the first year, the lessee shall pay the lessor an amount equal to one month and a half's rent as compensation, and half a month's rent upon vacating the property. If this option is exercised after the first anniversary of the lease term, the lessee shall pay one month's rent upon termination of the lease.
- Renewal: The parties shall agree upon the renewal of the lease agreement at least 60 days before its termination. Either party may send a notice to such effect to the other party by valid means. In case of disagreement, the lessee may declare the early termination of the lease without being required to pay any compensation. If an agreement is reached, the defaulting party shall pay the other a compensation equal to one month's rent upon termination of the lease.
- Price restatement: The rental price may be adjusted on an annual basis only, according to the index prepared by the INDEC based on the increase in the CPI, or such index as may replace it in the future, computing evenly average figures.

It should be noted that to date, this bill has not been approved by the Lower House of Congress.

***Our business is subject to extensive regulation and additional regulations may be imposed in the future.***

Our activities are subject to federal, state and municipal laws, and to regulations, authorizations and licenses required with respect to construction, zoning, use of soil, environmental protection and historical sites, consumer protection, antitrust and other requirements, all of which affect our ability to acquire land and buildings, develop and build projects and negotiate with customers. In addition, companies in our industry are subject to increasing tax rates, the creation of new taxes and changes in the taxation regime. We are required to obtain licenses and authorizations with different governmental authorities in order to carry out our projects. Maintaining licenses and

authorizations can be costly. In the case of noncompliance with such laws, regulations, licenses and authorizations, we may face fines, project shutdowns, cancellation of licenses and revocation of authorizations.

In addition, public authorities may issue new and stricter standards, or enforce or construe existing laws and regulations in a more restrictive manner, which may force us to make expenditures to comply with such new rules. Development activities are also subject to risks relating to potential delays in obtaining or an inability to obtain all necessary zoning, environmental, land use, development, building, occupancy and other required governmental permits and authorizations. Any such delays or failures to obtain such government approvals may have an adverse effect on our business.

In the past, the Argentine government imposed strict and burdensome regulations regarding leases in response to housing shortages, high rates of inflation and difficulties in accessing credit. Such regulations limited or prohibited increases on rental prices and prohibited eviction of tenants, even for failure to pay rent. We expect our leases to provide that the tenants pay all costs and taxes related to their respective leased areas. In the event of a significant increase in the amount of such costs and taxes, the Argentine government may respond to political pressure to intervene by regulating this practice, thereby negatively affecting our rental income. We cannot assure you that the Argentine government will not impose similar or other regulations in the future. Changes in existing laws or the enactment of new laws governing the ownership, operation or leasing of properties in Argentina could negatively affect the Argentine real estate market and the rental market and materially and adversely affect our operations and profitability.

***As real estate developers, we are responsible for the quality of our work and the work of our contractors (i) for a period of 10 years from delivery of properties to customers, in the case of material defects and/or defects that make the property inappropriate for its intended use and (ii) in the case of hidden defects, for a period of three years from the date the customer takes possession. We have not established reserves against such contingent liabilities.***

Under Argentine law, we are responsible for construction defects in the properties we develop for a period of 10 years after delivery of such properties to our customers, in the case of material defects and/or defects that make the property inappropriate for its intended use. In addition, in the case of hidden defects we can be held responsible for three years from the date the customer takes possession. We have not quantified the potential cost of these obligations and have not established reserves in our balance sheets in connection with them. If we are required to correct any defect in projects that have already been completed and delivered, this could have a material impact on our costs and therefore would have a material adverse effect on our financial condition and results of operation.

***We rely on third party contractors, which subjects us to risks that are beyond our control.***

Substantially all of our project construction and related work is outsourced to third party contractors. We are exposed to risks that the performance of our contractors may not meet our standards or specifications or that a downturn in our contractors' business and resulting weakened financial condition may adversely affect their performance or timely delivery. Negligence or poor quality by any contractor may result in defects in real property, which may in turn cause us to suffer financial losses, harm our reputation or expose us to third party claims. We work with multiple contractors on different projects and we cannot guarantee that we can effectively monitor their work at all times. Although our construction and other contracts contain provisions designed to protect us, we may be unable to successfully enforce these rights and, even if we are able to successfully enforce these rights, the third party contractor may not have sufficient financial resources to compensate us. Moreover, the contractors may undertake projects from other property developers, engage in risky undertakings or encounter financial or other difficulties, such as supply shortages, labor disputes or work accidents, which may affect their performance, cause delays in the completion of our projects or increase our costs.

In addition, we may face contractors' claims for the enforcement of labor laws in Argentina (Sections 31 and 32 of Argentine Law No. 20,744) which provide for joint and several liability. Many companies in Argentina hire personnel from third party contractors to provide certain services. However, in recent years several courts have denied the existence of independence in this type of labor relationship and have declared joint and several liability for both companies. To mitigate these contingencies, companies used to sign indemnity agreements to protect against labor claims by employees of those third party contractors for which they may be held liable. However, there are difficulties enforcing these types of indemnity agreements, especially when the contractor is insolvent.

While our policies with respect to expansion, renovation and development activities are intended to limit some of the risks otherwise associated with such activities, we are nevertheless subject to risks associated with the construction of properties, such as cost overruns, design changes and timing delays arising from a lack of availability of materials and labor, weather conditions and other factors outside of our control, as well as financing costs, may exceed original estimates, possibly making the associated investment unprofitable. Any substantial unanticipated delays or expenses could adversely affect the investment returns from these redevelopment projects and harm our operating results.

***Eviction proceedings in Argentina are difficult and time consuming.***

Although Argentine law permits a summary proceeding to collect unpaid rent and a special proceeding to evict tenants, eviction proceedings in Argentina are difficult and time consuming. Historically, the heavy caseloads of the courts and the numerous procedural steps required have generally delayed landlords' efforts to evict tenants. Eviction proceedings generally take between six months and two years from the date of filing of the suit to the time of actual eviction.

Argentine laws governing leases impose certain restrictions. See “—Argentine laws governing leases impose restrictions that limit our flexibility.” We expect to attempt to negotiate the termination of lease agreements with defaulting tenants after the first few months of non-payment in order to avoid legal proceedings. Delinquency may increase significantly in the future, and such negotiations with tenants may not be as successful as they have been in the past. Moreover, new Argentine laws and regulations may forbid or restrict eviction, and in each such case they would likely have a material adverse effect on our financial condition and results of operation.

***We are subject to risks inherent to the operation of office buildings that may affect our profitability.***

Office buildings are subject to various factors that affect their development, administration and profitability, including:

- a decrease in demand for office space;
- a deterioration in the financial condition of our tenants may result in defaults under leases due to bankruptcy, lack of liquidity or for other reasons;
- difficulties or delays renewing leases or re leasing space;
- decreases in rents as a result of oversupply, particularly of newer buildings;
- competition from developers, owners and operators of office properties and other commercial real estate, including the sublease of space available from our tenants; and
- maintenance, repair and renovation costs incurred to maintain the competitiveness of our office buildings.

***Our dependence on rental income may adversely affect our ability to meet our debt obligations.***

A substantial portion of our income is expected to be derived from rental income from real property. As a result, our performance will depend on our ability to collect rent from tenants. Our income and funds for distribution would be negatively affected if a significant number of tenants, or any of the major tenants:

- delay lease commencements;
- decline to extend or renew leases upon expiration;
- fail to make rental payments when due; or
- close offices or declare bankruptcy.

Any of these actions could result in the termination of the tenant's leases and the loss of rental income attributable to the terminated leases. In addition, we cannot be sure that any tenant whose lease expires will renew that lease or that we will be able to re lease space on economically advantageous terms.

The loss of rental revenues from a number of our tenants and our inability to replace such tenants may adversely affect our business, financial condition and results of operations.

***Some potential losses may not be covered by insurance and certain kinds of insurance coverage may become prohibitively expensive.***

We carry insurance policies in order to cover potential risks such as civil liability, fire, loss profit, floods, including extended coverage and losses from leases on all of our properties. Although we believe the policy specifications and insured limits of these policies are generally customary, there are certain types of losses, such as lease and other contract claims, terrorism and acts of war that generally are not insured under the insurance policies offered in the Argentine national market. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt the operations, delay revenue and result in large expenses to repair or rebuild the property. Moreover, we do not purchase life or disability insurance for any of our key employees. If any of our key employees were to die or become incapacitated, we could experience losses caused by a disruption in our operations, which will not be covered by insurance, and this could have a material adverse effect on our financial condition and results of operations.

In addition, there can be no assurance that we will be able to renew our insurance coverage in an adequate amount or at reasonable prices. Insurance companies may no longer offer coverage against certain types of losses, such as losses due to terrorist acts and mold, or, if offered, these types of insurance may be prohibitively expensive.

***An uninsured loss or a loss that exceeds policies on our properties could subject us to lost capital or revenue on those properties.***

Under the terms and conditions of the leases currently in force on our properties, tenants are required to indemnify and hold us harmless from liabilities resulting from injury to persons, or property, on or off the premises, due to activities conducted on the properties, except for claims arising from our negligence or intentional misconduct or that of our agents.

Tenants are generally required, at the tenant's expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies. We cannot assure the holders that the tenants will properly maintain their insurance policies or have the ability to pay the deductibles.

Should a loss occur that is uninsured or in an amount exceeding the combined aggregate limits for the policies noted above, or in the event of a loss that is subject to a substantial deductible under an insurance policy, we could lose all or part of our capital invested in, and anticipated revenue from, one or more of the properties, which could have a material adverse effect on our operating results and financial condition.

***Acquired properties may subject us and our subsidiaries to unknown liabilities.***

Properties that we or our subsidiaries acquire may be subject to unknown liabilities, and we would have no recourse, or only limited recourse, to the former owners of the properties. As a result, if a liability were asserted against us based upon our ownership (or one of our subsidiaries' ownership) of an acquired property, we may be required to pay significant sums to settle such claim, which could adversely affect our financial results and cash flows. Unknown liabilities relating to acquired properties could include:

- liabilities for cleanup of undisclosed environmental contamination;
- legal reforms and governmental regulations (such as those governing usage, zoning and real property taxes); and
- liabilities incurred in the ordinary course of business.

***Our risk management approach involves numerous judgments and qualitative assessments.***

The application of any risk management approach involves numerous judgments and qualitative assessments. No risk management system is fail safe, and no assurance can be given that our risk control framework will achieve its objectives. From time to time we may modify or change our risk management system and procedures without notice to shareholders.



***The success of our business depends on the availability of land suitable for development at favorable prices and increases in land prices may increase the cost of sales, limiting our revenues.***

The success of our business depends largely on the availability of appropriate land for the construction and development at favorable prices. We may have difficulties in identifying attractive opportunities or we may not be able to make the investments we want on economically favorable terms. The price of land for real estate development has been and is expected to continue to be one of the most important components of our business. The availability of land at favorable prices depends on a number of factors beyond our control, and we may not be able to acquire such land in the future if land prices are such that the developer's earnings are reduced significantly. In this case, revenue and earnings would be reduced (by not launching new projects) and profitability would decrease which would cause a material adverse effect to our business and results of operations.

***It may be difficult to buy and sell real estate quickly and transfer restrictions may apply to part of our portfolio of properties.***

Real estate investments are relatively illiquid and this tends to limit our ability to vary our portfolio in response to changes in the economy or other conditions. In addition, significant expenditures associated with each investment, such as real estate taxes and maintenance costs, are generally not reduced when circumstances cause a decrease in income from an investment. If income from a property declines and the related expenses do not decline, our business would be adversely affected. Further, if it becomes necessary or desirable for us to dispose of one or more of our properties, we may not be able to obtain a release of the liens related to such property without payment of the associated debt. Our inability to sell a property could adversely affect our business.

***Certain government authorizations related to the land that we own or may purchase in the future are required, or may be required, for the development of our projects and we may be unable to obtain, or may face delays in obtaining, the necessary permits and other authorizations.***

We require, or may require, certain government authorizations for the plots of land that we currently own or may purchase in the future, in order to develop our projects. In addition, we may require additional land use, building, occupancy and other required governmental permits and authorizations for these properties. We cannot assure you that we will continue to be successful in our attempts to obtain all necessary permits and authorizations, or that permit requests will not be unreasonably delayed or rejected. Moreover, we may be affected by building moratorium and anti-growth legislation. If we are unable to obtain all of the governmental permits and authorizations we need to develop our present and future projects as planned, we may be forced to make unwanted modifications to such projects or abandon them altogether.

***The development of our projects could be delayed due to conflicts with the communities that surround them.***

Our projects are large and have an impact in the neighborhoods and communities that surround them. For this reason, their development may attract the interest of community groups or associations that may intend to modify, delay or cancel them. For example, in 2011, the commencement of construction of our Astor Palermo project was delayed for 11 months due to an injunction granted in favor of the Asociación Amigos Alto Palermo (see "Business—Legal Proceedings—Astor Palermo Project / Preliminary Injunction"). In 2012, construction was suspended at our Astor Caballito Project due to an injunction granted in favor of two neighborhood associations. As of the date of this private placement memorandum, construction at this project has not yet resumed (see "Business—Legal Proceedings—Astor Caballito Project / Preliminary Injunction"). This may trigger claims from our clients based on delays in the delivery of the units as well as from the counterparties to our barter agreements to whom we are required to deliver certain units in consideration for the land. We cannot assure you that we will not face similar delays or stoppages in current or future projects and such delays or stoppages may have a material adverse effect on our earnings and financial condition.

***We are subject to significant competitive pressure, including competition from large international real estate developers.***

Our real estate activities are highly concentrated in the GBA, where the real estate market is highly competitive due to a scarcity of properties in sought after locations and the increasing number of local and international competitors. In addition, the Argentine real estate industry is generally highly competitive and fragmented and does not have high barriers to entry restricting new competitors from entering the market. The main competitive factors in the real

estate development business include availability and location of land, price, funding, design, quality, reputation and partnerships with developers. A number of residential and commercial developers and real estate services companies compete with us in seeking land for acquisition, financial resources for development and prospective purchasers and tenants. Other companies, including joint ventures of foreign and local companies, have become increasingly active in the real estate business and shopping center business in Argentina, further increasing this competition. To the extent that one or more of our competitors are able to acquire and develop desirable properties, as a result of greater financial resources or otherwise, our business could be materially and adversely affected. If we are not able to respond to such pressures as promptly as our competitors, or the level of competition increases, our financial condition and results of our operations could be adversely affected.

***Our assets are highly concentrated in certain geographic areas and an economic downturn in such areas could have a material adverse effect on our financial condition.***

For the fiscal year ended December 31, 2016, a majority of our sales were derived from properties located in the City of Buenos Aires and the GBA. Although we own properties and may acquire or develop additional properties outside of the City of Buenos Aires and the GBA, we expect to continue to depend to a very large extent on economic conditions affecting those areas and therefore, an economic downturn in those areas could have a material adverse effect on our financial condition and results of operations.

***Property ownership through joint ventures or minority participation may limit our ability to act exclusively in our interest.***

We develop and acquire properties through joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. For example, we currently own 49.99% of Marina Río Luján, while another 49.99% is owned by Mr. Marcelo Gómez Prieto. In addition, in respect of future real estate projects in Argentina and Uruguay, we have entered into the Co-Investment Agreement with PointArgentum

If a dispute arises with one or more of our joint venture partners, it may affect our ability to operate a jointly owned property. Moreover, our joint venture partners (including those that are also our major shareholders) may, at any time, have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the timing and terms of any sale or refinancing of a property. For example, the approval of certain of the other investors is required with respect to operating budgets and refinancing, encumbering, expanding or selling any of these properties. In some instances, our joint venture partners may have competing interests in our markets that could create conflicts of interest. If the objectives of our joint venture partners are inconsistent with our own objectives, we will not be able to act exclusively in our interests.

If one or more of the investors in any of our jointly owned properties were to experience financial difficulties, including bankruptcy, insolvency or a general downturn of business, there could be an adverse effect on the relevant property or properties and in turn, on our financial performance. Should a joint venture partner declare bankruptcy, we could be liable for our partner's share of joint venture liabilities.

***The resignation, termination, permanent incapacity or death of our CEO could adversely affect our business, results of operations, financial condition and prospects.***

Due to Mr. Weil's unique experience and leadership capabilities, it would be difficult to find a suitable successor for him if he were to cease serving as our CEO and Chairman for any reason. A delay in finding a suitable successor could adversely affect our business, results of operations, financial condition and prospects.

***We are dependent on our board of directors.***

Our success, to a significant extent, depends on the continued employment of certain members of our board of directors and senior management, who have significant expertise and knowledge of our business and industry. The loss or interruption in their services for any reason could have a material adverse effect on our business and results of operations. Our future success also depends in part upon our ability to attract and retain other highly qualified personnel. We cannot assure you that we will be successful in hiring or retaining qualified personnel, or that any of our personnel will remain employed by us.

***We may face potential conflicts of interest relating to our principal shareholders.***

Our largest beneficial owners are Mr. Weil, Bienville, PointArgentum, Michael Tennenbaum, IRSA Propiedades Comerciales S.A. (the “**IRPC**”) and Serengeti Asset Management. See “Major Shareholders.” Conflicts of interest between our management, such shareholders and our affiliates may impact the performance of our business activities. Such conflicts of interest, among others, may result from transactions with our principal shareholders and any of their affiliates in connection with the development of new projects from time to time, pursuant to the Co-Investment Agreement entered into with PointArgentum. We cannot assure you that our principal shareholders and their affiliates will not seek to limit or cause us to forego business opportunities that we or our affiliates would otherwise pursue or that the pursuit of other opportunities will be in our interest.

***We currently intend to pay dividends on our common shares and make distributions of earnings to holders of the common shares in certain limited circumstances.***

We currently intend to pay dividends and make distributions only in certain limited circumstances. In respect of residential real estate projects, once a project has been completed, (i.e., the project has been fully constructed, sold and delivered and all taxes related to that project have been paid), we expect our board to recommend the distribution of at least 60% of the net profit attributable to such project. With respect to commercial real estate projects, we expect our board to recommend the distribution of at least 70% of the net income that is attributable to the rental revenue of commercial real estate projects every year. We expect our board to recommend reinvesting the remaining portion of the earnings when there are investment opportunities. The board of directors may also decide to pay anticipated dividends. We may also decide not to pay dividends or make distributions as described above, or at all. The declaration and payment of any future dividends will be at the discretion of our board of directors and will depend upon our results of operations, cash requirements, financial condition, contractual restrictions, restrictions imposed by our indebtedness, any future debt agreements or applicable laws and other factors that our board of directors may deem relevant. This policy may have a material adverse effect on the value of your common shares. See “Dividends and Dividend Policy.”

***The tax consequences of an investment in us are subject to certain risks and will not be the same for all taxpayers.***

The tax consequences of an investment in us are subject to certain risks. Each potential investor should carefully consider the tax effects of his, her or its own investment in us, as the tax consequences of an investment in us can be complex and certain of them will not be the same for all taxpayers. In view of the complexity of the tax aspects of investing in us, and that the tax situation of each investor will differ, each prospective investor should consult his, her or its own tax advisor with specific reference to his, her or its own tax situation prior to making an investment in us. In particular, this private placement memorandum does not address the U.S. federal income tax consequences of an investment in the Convertible Subordinated Notes or the Common Shares or ADSs, and investors subject to U.S. federal income tax should consult their own tax advisors in this regard.

**Risks Relating to the Convertible Subordinated Notes**

***Our Convertible Subordinated Notes will be subordinated to our senior and secured debt.***

The Convertible Subordinated Notes will not be secured by any of our assets and will be subordinated to the Indebtedness for Borrowed Money (as defined below). As of March 31, 2017, the total amount of our Indebtedness for Borrowed Money amounted to Ps.759,537,423 and the total amount of our secured debt amounted to Ps.383,258,157 (see Note 14 to our Financial Statements, “*Financial debt of the corresponding financial statements*”). Total Indebtedness for Borrowed Money will be paid in cash. Holders of our secured debt will have claims which will have priority over claims of holders of Convertible Subordinated Notes, to the extent of the value of the assets that secure the secured debt.

In case of insolvency, the creditors of Indebtedness for Borrowed Money will be entitled to collect all the Indebtedness for Borrowed Money before the holders of the Convertible Subordinated Notes are entitled to receive any payment of principal or interest. See “Description of the Convertible Subordinated Notes—Subordination of the Convertible Subordinated Notes.”

If we become insolvent or are liquidated, or if the maturity date for a payment under any secured debt or the Indebtedness for Borrowed Money is accelerated, lenders would be entitled to pursue any such remedies available to a secured lender. Therefore, the lender will have priority over claims for payment on our Convertible Subordinated Notes to the extent of the assets that constitute their collateral, in the case of secured debt. In any such event, there may not be any remaining assets sufficient to satisfy the claims of holders of our Convertible Subordinated Notes. In addition, if there were any remaining assets after payment to these lenders, the remaining assets would be available to any such creditors who are preferred by law and may be insufficient to satisfy the claims of holders of our Convertible Subordinated Notes and the holders of other unsecured debts, including commercial creditors who rank *pari passu* with holders of our Convertible Subordinated Notes.

***An active trading market for the Convertible Subordinated Notes may not develop.***

The Convertible Subordinated Notes to be issued will be new securities for which there is not an active trading market. If the Convertible Subordinated Notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, the development of the international financial markets, and our financial performance.

Although application to the BCBA has been made for the Convertible Subordinated Notes to be listed on the BYMA and to the MAE for the Convertible Subordinated Notes to be admitted to trading on the MAE, we cannot assure you that an active trading market for the Convertible Subordinated Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Convertible Subordinated Notes does not develop or is not maintained, the market price and liquidity of the Convertible Subordinated Notes may be adversely affected.

***Certain terms and conditions of the Convertible Subordinated Notes may not apply in the event of bankruptcy, insolvency or out-of-court reorganization proceedings.***

In the event that the Company may become subject to bankruptcy, insolvency, out-of-court reorganization proceedings and/or similar proceedings, the laws and regulations applicable to the Convertible Subordinated Notes (including, without limitation, the provisions of the Negotiable Obligations Law) and the terms and conditions of the Convertible Subordinated Notes will be subject to the provisions of the Argentine Bankruptcy Law No. 24,522, as amended (the “**Bankruptcy Law**”) and all other laws and regulations applicable to insolvency proceedings, and therefore, certain terms of the Convertible Subordinated Notes may not apply.

The Bankruptcy Law establishes a voting procedure that differs from such voting procedure applicable to other unsecured creditors in connection with computation of the required majority. Pursuant to the provisions of the Bankruptcy Law, such required majority is a super-majority of creditors accounting for two-thirds of the principal amount of unsecured debt. Based on the foregoing, the holders’ bargaining power may be significantly impaired compared to other creditors of the Company.

Particularly, the Bankruptcy Law establishes that in the case of securities issued in series such as the Convertible Subordinated Notes, holders will participate in the voting intended to obtain the consent required to approve a composition with creditors and/or any debt restructuring subject to a majority computation procedure different from such procedure applicable to other unsecured creditors. Pursuant to such procedure: (1) the trustee or the judge, as applicable, shall convene a meeting of holders; (2) holders present at such meeting shall express their consent to or rejection of the proposed composition, and must state which option they would choose in the event the proposal were approved; (3) the composition will be deemed to be approved or rejected taking into account the aggregate principal amount voting in favor of and the aggregate principal amount voting against the proposed composition, and the agreement of other creditors; (4) the decision shall be stated in writing by the trustee or the person designated for such purposes at the meeting and will be set forth in the minutes of the meeting; (5) a meeting of holders may not be held if a different method is permitted under applicable laws or regulations to secure the creditors’ consent to the satisfaction of the judge; (6) if the trustee were considered to be a creditor for proof of claim purposes, pursuant to Section 32, he may divide his vote, thus voting in favor of the proposal in connection with the principal amount held by the beneficiary holders who are also entitled to participate in the meeting, and have instructed him to accept it pursuant to the provisions of the indenture or the applicable laws, and against it with respect to those who instructed him to reject it, and the proposal will be deemed to be accepted or rejected based on a majority of votes; (7) the foregoing provisions will also apply in case of proxies representing various noteholders duly qualified under Section 32 of the Bankruptcy Law and the provisions of (6) above shall apply as to the voting requirements; (8) in any event, the judge may order specific measures to ensure participation of creditors and the

lawfulness of the voting process; and (9) upon computing the votes related to the proposal submitted to consideration at the meeting of holders, all affirmative votes are deemed to be in favor of the proposal and all negative votes are deemed to be against the proposal.

In addition, the holders who are not present at the meeting in person or by proxy or who may abstain from voting shall not be taken into account for majority computation purposes. As a result of the majority computation method, in the event of our debt restructuring, the bargaining power of holders may be impaired compared to other creditors.

***Holders' ability to transfer the Convertible Subordinated Notes in the United States and other jurisdictions will be limited.***

The Convertible Subordinated Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions." Offers and sales of the Convertible Subordinated Notes may be also subject to transfer restrictions in other jurisdictions. You should consult your legal or financial advisers for advice concerning applicable transfer restrictions in respect of the Convertible Subordinated Notes.

***Future exchange controls and restrictions on transfers abroad may impair your ability to receive payments on the Convertible Subordinated Notes or repatriate your investment in the Convertible Subordinated Notes.***

In 2001 and 2002, Argentina imposed exchange controls and transfer restrictions, substantially limiting the ability of companies to retain foreign currency or make payments abroad. Recently many of these restrictions were eased, including the lifting of the requirement to obtain the BCRA's prior consent to transfer funds abroad for the payment of principal and interest on debt securities. However, in the last quarter of 2011, new regulations were imposed that significantly curtailed access to the exchange market by physical and artificial persons in the private sector, most of which were eliminated by the Macri administration. Therefore, non-resident investors who acquire the Convertible Subordinated Notes in the Argentine primary and secondary markets with U.S. Dollars exchanged for Pesos in the MULC have access to it for transferring abroad the proceeds of the sale of the Convertible Subordinated Notes, irrespective of the amount involved or the term such amounts have been held in Argentina.

However, the Argentine government could impose new stricter exchange controls and transfer restrictions in the future in response to, among other things, capital flight or a significant depreciation of the peso. In such event, our ability to make payments abroad may be affected and therefore your ability to receive payments on the Convertible Subordinated Notes may be impaired.

***We may redeem the Convertible Subordinated Notes prior to maturity.***

The Convertible Subordinated Notes are redeemable at our option under certain circumstances specified in "Description of the Convertible Subordinated Notes—Special Redemption" and "Description of the Convertible Subordinated Notes—Redemption for Tax Purposes."

***Holders may only convert the Convertible Subordinated Notes at the Conversion Price.***

If a holder opts to convert its Convertible Subordinated Notes into Common Shares of the Company, such holder will receive the number of Common Shares equal to the result obtained by applying to the amount of Convertible Subordinated Notes held by such Holder to the Conversion Price set forth in this private placement memorandum. Although we believe the valuation criteria used to determine the Conversion Price fairly reflects the Company's value, holders should rely on their own assessment before adopting an investment decision and making such conversion.

***The Conversion Price of the Convertible Subordinated Notes may not be adjusted upon the occurrence of certain dilution events.***

The Conversion Price of the Convertible Subordinated Notes is subject to adjustment upon the occurrence of certain events, including, but not limited to, the distribution of dividends on the Common Shares, the issue of certain rights or securities, subdivision, combination, distribution of capital, debts or assets, cash dividends and certain exchange offers. An event adversely affecting the value of the Convertible Subordinated Notes may occur that may not be included among the events triggering an adjustment in the conversion ratio.

***The Convertible Subordinated Notes are mandatorily convertible if we consummate an initial public offering in the United States, and subject to mandatory redemption in certain circumstances.***

If the Company proceeds with a U.S. IPO, all Convertible Subordinated Notes will be, on the date on which the U.S. IPO is consummated, automatically converted into Common Shares (which, at the option of the holder, would be deposited for delivery of ADSs) at the Conversion Price, adjusted to, and including, the date of the consummation of the U.S. IPO. See “Description of the Convertible Subordinated Notes—Mandatory Conversion.”

In addition, notwithstanding any provisions of the Negotiable Obligations Law or the Indenture that require the affirmative vote of all holders of the Convertible Subordinated Notes and/or require a meeting with the attendance of all holders to pass a resolution or decision, if such required unanimity has not been reached, but at least one or more holders of at least 66-2/3% of the aggregate principal amount of the then outstanding Convertible Subordinated Notes has voted in favor of such resolution or decision, then the Company may redeem the Convertible Subordinated Notes from any non-consenting holders. See “Description of the Convertible Subordinated Notes—Special Redemption.”

***We may not be able to repurchase the Convertible Subordinated Notes if the Common Shares are delisted.***

If the Common Shares are delisted from the BYMA, holders of the Convertible Subordinated Notes that did not consent to such delisting will have the right to require the Company to repurchase their Convertible Subordinated Notes at a price of 100.000%. See “Description of the Convertible Subordinated Notes—Repurchase at the Option of Holders Upon a Delisting.” However, we may not have sufficient funds at the time of such delisting to repurchase all of the Convertible Subordinated Notes delivered for repurchase and we may not be able to arrange necessary financing on acceptable terms, if at all. In addition, our ability to repurchase the Convertible Subordinated Notes may be limited by law, by regulatory authority, or by the agreements governing our other indebtedness outstanding at the time.

***Holdings of Convertible Subordinate Notes may find it difficult to enforce civil liabilities against us or our directors, officers and controlling persons.***

We are organized under the laws of Argentina and our principal place of business (domicilio social) is in the City of Buenos Aires, Argentina. Our directors, officers and controlling persons reside outside the United States. In addition, all or a substantial portion of our assets and their assets are located outside of the United States. As a result, it may be difficult for holders of Convertible Subordinated Notes to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws. In addition, under Argentine law, enforcement of foreign judgments would be recognized, provided that the requirements of Articles 517 through 519 of the National Code of Civil and Commercial Procedure are complied with, including the requirement that the judgment does not violate principles of public policy of Argentine Law, as determined by the Argentine court. We cannot assure you that an Argentine court would not deem the enforcement of foreign judgments, requiring us to make a payment under the Convertible Subordinated Notes in foreign currency outside of Argentina, to be contrary to Argentine public policy, if at that time there are legal restrictions prohibiting Argentine debtors from transferring foreign currency outside of Argentina to cancel indebtedness. Based on the opinion of our Argentine counsel, there is doubt as to the enforceability against our directors, officers and controlling persons in Argentina, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. Our Argentine counsel has also advised us that the enforcement in an Argentine court of judgments of U.S. courts in respect of liabilities based solely on the U.S. federal securities laws would be subject to compliance with the above described requirements of the National Code of Civil and Commercial Procedure.

***The market prices of the Common Shares and the ADSs, which may fluctuate significantly, may directly affect the market price for the Convertible Subordinated Notes.***

We expect that the market price of the Common Shares and the ADSs will affect the market price of the Convertible Subordinated Notes. This may result in greater volatility in the market price of the Convertible Subordinated Notes than would be expected for non-convertible notes. The market price of the Common Shares and the ADSs will likely fluctuate in response to a number of factors, including our financial condition, operating results and prospects, as well as economic, financial and other factors, reports by industry analysts, investor perceptions or negative announcements by our competitors regarding their own performance, or changes in its industry and competitors and

government regulations, many of which are beyond our control. For more information regarding such factors, see “—Risks Relating to Our Business.” Holders who receive Common Shares represented by ADSs upon conversion of the Convertible Subordinated Notes will therefore be subject to the risk of volatility and depressed prices of ADSs.

In addition, we expect that the market price of the Convertible Subordinated Notes will be influenced by yield and interest rates in the capital markets, our creditworthiness and the occurrence of certain events affecting us that do not require an adjustment to the Conversion Price. Fluctuations in yield rates in particular may give rise to arbitrage opportunities based upon changes in the relative values of the Convertible Subordinated Notes and ADSs. Any such arbitrage could, in turn, affect the market prices of ADSs and the Convertible Subordinated Notes.

The market price of ADSs could also be affected by:

- investors’ anticipation of the potential resale in the market of a substantial number of additional ADSs received upon conversion of the Convertible Subordinated Notes;
- possible sales of ADSs by investors who view the Convertible Subordinated Notes as a more attractive means of equity participation in the Company than owning ADSs; and
- hedging or arbitrage trading activity that may develop involving ADSs by holders of the Convertible Subordinated Notes, which may, in turn, affect the trading prices of the Convertible Subordinated Notes.

### **Risks relating to the Common Shares into which the Convertible Subordinated Notes are Convertible**

#### ***The Common Shares (including Common Shares represented by ADSs) into which the Convertible Subordinated Notes are convertible are not registered under the Securities Act.***

The Common Shares (including Common Shares represented by ADSs) deliverable upon conversion have not been, and will not be, registered under the Securities Act or under any other state securities laws and may only be offered and sold in transactions exempt from the registration requirements of the Securities Act and the securities laws of other jurisdictions. We do not intend to register the Common Shares or ADSs under the Securities Act. Unless they are registered, the Common Shares and ADSs may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. See “Transfer Restrictions.” Offers and sales of the Common Shares and/or ADSs may be also subject to transfer restrictions in other jurisdictions. You should consult your legal or financial advisers for advice concerning applicable transfer restrictions in respect of the Common Shares and ADSs.

#### ***Changes in Argentine tax laws may have a material adverse effect on the results of our operations and the tax treatment of our Common Shares.***

On September 23, 2013, Argentine Law No. 26,893 amending the ITL was enacted. Pursuant to the amendments, the distribution of dividends of an Argentine company is subject to income tax at a rate of 10%, unless they are distributed to Argentine corporate entities. However, on June 29, 2016, Congress enacted a law that became effective on July 22, 2016. This law repealed the 10% income tax rate on dividends and therefore removed the distinction between payments of dividends to Argentine or non-Argentine companies or residents. The law was enacted by the Executive Branch of Power on July 22, 2016.

In addition, the amended law establishes that the sale, exchange or other transfer of shares and other securities are subject to a tax on capital gains at a 15.0% rate for Argentine resident individuals and foreign beneficiaries. An exception applies to Argentine resident individuals if certain requirements are met, but such exception does not apply to Argentine non-residents. However, listed securities (i.e., any such securities traded in a stock exchange or publicly traded pursuant to Executive Order No. 2334/2013) may be exempted, if the requirements established in such Executive Order are met.

In turn, on December 27, 2016 the Income Tax Law Reform enacted by the Argentine Congress was published in the Official Gazette. Among the main amendments, the following are noteworthy: (i) personal deductions were increased; (ii) a new scale of rates was established, with a greater number of ranges starting at a 5% rate; (iii) new deductions were established such as per diem expenses and house rental; (iv) it was established that any overtime paid to employees for working on holidays, non-business days and weekends will be exempt from payment of Income Tax; and (v) adjustment based on the Average Taxable Remuneration of Government Employees (the

“RIPTE”) was established as from the taxable period 2018 for amounts of personal deductions and ranges of the tax scale. For purposes of financing the diminishment of tax resources resulting from such reforms, an indirect tax was levied on online betting and an extraordinary tax was levied on speculative financial transactions. Additionally, the substitute taxpayer was created for the Value Added Tax in relation to transactions involving foreign persons.

As of the date of this private placement memorandum, many aspects of these new taxes remain unclear.

*After the Offering, we are highly likely to continue under control by the Principal Shareholders (as defined below), either together among themselves or with new significant shareholders participating in the Offering and, interests of such Principal Shareholders may differ from those of our other shareholders.*

Assuming the placement of all Convertible Subordinated Notes offered, upon conclusion thereof and on the assumption that all Convertible Subordinated Notes are converted, and that all Existing Shareholders exercise their preferential rights in their entireties, Mr. Weil, Bienville and PointArgentum (together, the “**Principal Shareholders**”) would hold approximately 46.8% of our share capital and voting rights. Moreover, PointArgentum has committed to support the Offering and, upon completion of the Offering, we expect will continue to hold at least 13.6% of our share capital and voting rights and may hold up to 34.9% of our share capital and voting rights on an as-converted basis.

As long as the Principal Shareholders hold the majority of our voting shares, and given the collective action issues to coordinate actions among the other shareholders, these Principal Shareholders abiding by a shareholders’ agreement are highly likely to continue controlling our corporate actions and as such, the direction of our business. As a result, the Principal Shareholders will be entitled, among other rights and powers and irrespective of our other shareholders’ consent, to:

- appoint and allocate positions on our board of directors, our supervisory committee and other committees;
- control our administration;
- determine the results of most of our operations subject to the shareholders’ approval, including mergers with other companies or acquisitions, sales of all or substantially all of our assets, etc.
- approve or disapprove payment of dividends.

The interests of our Principal Shareholders in such decisions may differ from or be inconsistent with the interests of our other shareholders.



## **USE OF PROCEEDS**

We will use the proceeds of the Offering (net of applicable expenses and fees) in accordance with the provisions of Section 36 of the Negotiable Obligations Law.

We estimate that we will receive total estimated net proceeds from the Offering of approximately US\$148,939,000, assuming the placement of all Convertible Subordinated Notes offered, in each case after deducting underwriting discounts and fees and estimated expenses of the Offering payable by us.

The net proceeds from the Convertible Subordinated Notes private placement will be allocated as follows:

- Approximately, 81% to finance residential and commercial development projects (approximately 72% on commercial and 9% on residential projects); and
- Approximately 19% to refinance debt and working capital purposes.

Until the funds are applied as set forth above, we intend to invest these proceeds temporarily into highly liquid short-term investments such as mutual funds (money market, fixed and variable) and Dollar-linked investments, minimizing the risks of exchange rate fluctuation.

## EXCHANGE RATE INFORMATION

*The following is a summary of the most significant foreign exchange rules applicable in Argentina. The following considerations do not purport to be a legal opinion or advice, but rather a brief overview of certain (but not all) aspects of the foreign exchange regulations applicable in Argentina. This summary is based on the Argentine foreign exchange laws and regulations in force as of the date of this private placement memorandum and is subject to any subsequent amendments thereto that may come into force after such date. In spite of the fact that the following overview is based on a reasonable interpretation of the applicable rules and regulations, it cannot be assured that the enforcement authorities or competent courts will agree to each and every comment made herein. Potential buyers of the Convertible Subordinated Notes are encouraged to seek advice from their respective advisors as to the application of the foreign exchange rules to the Convertible Subordinated Notes.*

Since January 1, 1992 until January 6, 2002, Argentine Law No. 23,928 (the “**Convertibility Law**”) established a fixed exchange rate under which the BCRA was obliged to sell U.S. Dollars at a fixed rate of one Peso per U.S. Dollar. On January 6, 2002, the Argentine Congress enacted Argentine Law No. 25,561 (the “**Public Emergency Law**”) whereby it suspended certain provisions of the Convertibility Law, formally left behind the Argentine Peso-U.S. Dollar fixed exchange rate that had been prevailing for over a decade, and eliminated a mandatory requirement pursuant to which the BCRA’s gold and currency reserves had, at all times, be equivalent to 100% of the monetary base. The Public Emergency Law, which was extended until December 2017 (and social emergency, until December 2019), granted the executive branch the power to set the exchange rate between the Peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine federal government established a currency basket, pursuant to the Public Emergency Law, the Peso was permitted to float freely against other currencies since February 2002.

The MULC was established by Decree No. 260/02 and the BCRA was allowed to intervene in the market, by buying or selling foreign currency to avoid excessive fluctuation. During 2002, the BCRA enacted several regulations governing the access to the foreign exchange market for the purchase and sale of foreign currency and for transfers abroad.

Since then, the BCRA has intervened in the market several times, by selling or buying U.S. Dollars in an attempt at reducing the exchange rate volatility. However, the BCRA’s ability to intervene in the foreign exchange market is limited by the level of international reserves. Since 2002, the Argentine Peso has undergone significant depreciation in nominal terms.

The following table shows the annual, maximum, minimum, average and closing exchange rates for the indicated periods, stated in Argentine Pesos per U.S. Dollar, without inflation adjustment. We cannot assure that the Argentine Peso will not experience further depreciation in the future.

	Exchange Rate			
	Max <sup>(1)</sup>	Min <sup>(1)</sup>	Average <sup>(1)(2)</sup>	Period End <sup>(3)</sup>
2005.....	3.052	2.859	2.923	3.032
2006.....	3.107	3.030	3.074	3.070
2007.....	3.179	3.055	3.115	3.151
2008.....	3.453	3.012	3.161	3.453
2009.....	3.854	3.449	3.730	3.797
2010.....	3.985	3.794	3.912	3.976
2011.....	4.303	3.971	4.130	4.304
2012.....	4.918	4.304	4.552	4.917
2013.....	6.518	4.923	5.479	6.518
2014.....	8.556	6.543	8.119	8.552
2015.....	13.763	8.554	9.269	13.005
2016.....	16.039	13.069	14.779	15.850
2017:				
January 2017.....	16.053	15.808	15.906	15.911
February 2017.....	15.835	15.337	15.598	15.455
March 2017.....	15.669	15.382	15.524	15.382
April 2017.....	15.453	15.174	15.360	15.427
May 2017.....	16.142	15.269	15.698	16.142

- (1) Reference exchange rate published by the BCRA.
- (2) Calculated on the basis of daily averages.
- (3) End of period exchange rate.

Furthermore, in June 2005, through Decree No. 616/2005, the Executive Branch provided that (i) any inflow of capital to the domestic exchange market as a result of foreign indebtedness, whether incurred by individuals or legal entities from the private sector, excluding foreign trade loans and primary issues of debt securities for public offering and listed in authorized stock exchanges; and (ii) any inflow of capital from non-residents through the domestic exchange market to be maintained as local currency holdings, or for the acquisition of financial assets or liabilities of whatsoever kind from the financial and non-financial private sector, excluding foreign direct investments and the primary issue of debt securities and shares for public offering and listed in authorized stock exchanges, and investments in government securities acquired in secondary markets, will have to meet the following requirements: (i) the funds may only be transferred out of the local exchange market at the end of a period of 365 subsequent days; (ii) the proceeds from the exchange will have to be credited to an account established with a local bank; (iii) 30% of the amount involved in the transaction should be placed in a nominative, non-transferable and non-interest bearing deposit for a term of 365 subsequent days, pursuant to the conditions set forth in the decree (the “**Deposit**”); and (iv) such Deposit should be denominated in U.S. Dollars and held in an account with a local financial institution, without any accrual of interest, benefit or other use as collateral for any transaction.

On December 18, 2015, Decree No. 616/2005 was amended by way of Resolution No. 3/2015 of the former Ministry of Treasury of Public Finance, by reducing (i) to zero the mandatory deposit, and (ii) from 365 to 120 subsequent days the mandatory term of stay in the country of proceeds from new financial indebtedness incurred by residents, held by foreign creditors and settled through the MULC, as from the date of settlement of the pertinent amount. On January 5, 2017, by way of Resolution No. 1-E/2017 from the Ministry of Treasury, the mandatory term of stay was further reduced from 120 subsequent days to zero.

On August 8, 2016, the BCRA introduced structural changes to the foreign exchange regulations and established a new set of exchange regulations through Communication “A” 6037, providing significant ease of access to the MULC. Below is a detail of the main foreign exchange regulations and provisions on the remittance of foreign currency abroad applicable in Argentina.

## **Financial Indebtedness**

### ***Inflow of Capital.***

Foreign financial indebtedness with the non-financial private sector, the financial sector and local governments is no longer subject to the mandatory inflow and settlement through the MULC.

Regardless of whether the funds flow into the foreign market or not, in transactions involving the private non-financial and the financial sector, indebtedness is required to be registered in the External Liabilities and Issuance of Securities Reporting System (Communication “A” 3602 and its supplementary provisions).

### ***Outflow of Capital***

#### ***Service of Foreign Financial Indebtedness***

Pursuant to Communication “A” 6150 dated January 13, 2017, in the case of access to the MULC for the service of principal of foreign financial indebtedness, including the settlement of financial standby granted by local banking institutions and for the service of local debt securities issued in foreign currency, an affidavit from the debtor is required confirming the submission, where applicable, in the “Private Sector’s Issuance of Debt Securities and External Liabilities Reporting System.”

#### ***Payments for Services and Interest, profits and Dividends***

In order to access the foreign exchange market to transfer funds abroad for the payment of services, interest, profits, and dividends and for the acquisition of non-produced non-financial assets, a previous affidavit confirming compliance, where applicable, with the External Liabilities and Issuance of Securities Reporting System will be required in connection with the obligation being settled abroad and with the “Direct Investments Reporting System” (Communication “A” 4237).

Non-residents are allowed to access the exchange market for services, income and current transfers cashed in the country, according to the specific rules that govern access to the market by non-residents.

### ***Other Issues***

These rules and regulations are not exclusive of such other rules and regulations for the prevention of money laundering, other unlawful activities and terrorist financing that may be applicable.

All activities involving foreign currency in respect of the Convertible Subordinated Notes will be conducted through the MULC, to the extent required by the applicable rules and regulations at each time.

For a complete detail of the applicable foreign exchange regulations and rules in respect of the inflow of capital that are in force to date, investors are encouraged to seek advice from their legal advisors and read the full text of such laws, as amended and supplemented, available at the websites of the Ministry of Treasury ([www.minhacienda.gob.ar](http://www.minhacienda.gob.ar)), Ministry of Finance ([www.minfinanzas.gob.ar](http://www.minfinanzas.gob.ar)) and/or the BCRA ([www.bcra.gob.ar](http://www.bcra.gob.ar)), as applicable.

## CAPITALIZATION

The following table sets forth our total capitalization, cash and cash equivalents and short term investments as of March 31, 2017, without reflecting the issuance of the Convertible Subordinated Notes.

You should read this table together with our consolidated financial statements and the related notes, which we include elsewhere in this private placement memorandum, and with the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	<b>As of March 31, 2017</b>
	(in thousands)
Cash and cash equivalents .....	Ps. 87,793
Current loans:	
Loans .....	Ps. 745,649
Total current loans .....	Ps. 745,649
Non-current loans:	
Loans .....	Ps. 13,888
Total non-current loans .....	Ps. 13,888
Total loans .....	Ps. 759,537
Equity:	
Share capital .....	Ps. 70,339
Treasury stock .....	Ps. 10
Premiums of issuance .....	Ps. 123,350
Capital contribution .....	—
Transactions between shareholders .....	Ps. (19,801)
Foreign currency translation reserve.....	Ps. (35,389)
Retained earnings .....	Ps. (35,667)
Allocated to the equity of owners of the parent.....	Ps. 102,842
Allocated to the non-controlling interests.....	Ps. 242,967
Total equity .....	Ps. 345,809
Total capitalization(1).....	Ps. 1,105,347

(1) Total capitalization is equal to total equity plus total loans.

## DIVIDENDS AND DIVIDEND POLICY

In accordance with Argentine Law No. 19,550, as amended (the “**Corporate Law**”), our bylaws and CNV regulations, we may make one or more declarations of dividends with respect to any year, including anticipated dividends, out of our distributable net income (*ganancias líquidas y realizadas*) as reflected in our consolidated balance sheet, or consolidated special interim balance sheet in case of anticipated dividends.

Declaration and payment of dividends to all holders of our shares, to the extent that funds are legally available, is determined by all of our shareholders with voting rights at the annual common shareholders’ meeting. At such annual common shareholders’ meeting, our common shares will be entitled to one vote each. It is the responsibility of our board of directors to make a recommendation to our shareholders with respect to the amount of dividends to be distributed. The board of directors’ recommendation will depend on a number of factors, including, but not limited to, our operating results, cash flow, financial condition, capital position, legal requirements, contractual and regulatory requirements, and investment and acquisition opportunities. The board of directors will propose to the shareholders’ meeting convened to resolve on the annual dividend payment to vote in favor of the distribution of dividends according to the following general guidelines:

- *Residential Real Estate Projects*: once a residential real estate project has been completed (i.e., the project has been fully constructed, sold and delivered and all taxes related to that project have been paid), we expect the board of directors to recommend the distribution of at least 60% of the net profit attributable to such project; and
- *Commercial Real Estate Projects*: every year, we expect the board of directors to recommend the distribution of at least 70% of the net income that is attributable to the rental revenue of commercial real estate projects.

According to our bylaws, the payment of dividends must be approved by a special majority vote of the board of directors consisting of the affirmative vote of at least six directors, including at least one director appointed by each of the shareholders that have entered into the Amended and Restated Shareholders Agreement (as defined below).

We expect the board of directors to recommend reinvesting the remaining portion of the earnings when there are investment opportunities. However, shareholders are ultimately entitled to overrule the recommendations of the board of directors through the affirmative vote of the absolute majority of the present votes at an ordinary shareholders’ meeting.

The board of directors may also decide to pay anticipated dividends. In such instance, each individual director and member of the supervisory committee will be jointly and severally liable for the payment of such dividends if our retained earnings for the year for which such dividends were paid are insufficient to cover the payment of such dividends.

If approved, dividends are distributed on a pro rata basis according to the number of Common Shares held by the shareholder. Subject to completion of the Offering, and after giving effect thereto, all shares of our capital stock will rank *pari passu* with respect to the payment of dividends. Under CNV regulations, cash dividends must be paid to the shareholders within 30 days of their approval. In the case of stock dividends, shares are required to be delivered within three months of our receipt of notice of authorization by the CNV for the public offering of such shares. The right of shareholders to demand payment of dividends shall expire three years after the date on which we first make them available to shareholders. Any dividends that are not claimed during this period are deemed extraordinary gains by us.

In accordance with Argentine law, our bylaws and CNV regulations, we are required to allocate to our legal reserve 5% of our yearly income, plus or minus the results of prior years, until our legal reserve equals 20% of our adjusted capital stock. Under Argentine Corporate Law and our bylaws, our yearly net income (as adjusted to reflect changes in prior results) is allocated in the following order:

- (i) to comply with the legal reserve requirement;
- (ii) to pay the accrued fees of the members of the board of directors and supervisory committee;
- (iii) to pay dividends on preferred stock, which shall be applied first to pending and unpaid accumulated dividends; and

- (iv) the remainder of the net income for the year may be distributed as additional dividends on preferred stock, if any, or as dividends on common stock, or may be used for voluntary or contingent reserves, or as otherwise decided by our shareholders at the annual common shareholders' meeting.

We and our subsidiaries are subject to contractual, legal and regulatory requirements affecting our ability to pay dividends.

We are required to pay personal assets tax corresponding to Argentine and foreign individuals and foreign entities for the holding of our shares at December 31 of each year. We pay this tax on behalf of our shareholders, whenever applicable, and are entitled, pursuant to the Personal Assets Tax Law, to seek reimbursement of such paid tax from the applicable shareholders in various ways, including by withholding dividends. See "Taxation—Material Argentine Tax Considerations."

## SELECTED FINANCIAL INFORMATION

The following tables set forth certain of our financial information, and should be read in conjunction with our consolidated financial statements and the related notes thereto, which are included in the private placement memorandum, as well as the information included in “Presentation of Financial and Certain and Other Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You should read the following selected consolidated financial data in conjunction with our consolidated financial statements and the related notes thereto appearing elsewhere in this private placement memorandum and in the section of this private placement memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The consolidated financial data as of for the fiscal years ended December 31, 2016, 2015 and 2014 have been derived from our audited consolidated financial statements, which have been prepared in accordance with IFRS. The financial information as of March 31, 2017 and for the three months ended March 31, 2017 and 2016 has been derived from our interim unaudited financial statements and related notes, which are included in this private placement memorandum. The results for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for the year ended December 31, 2017. We have prepared the selected consolidated financial information set forth below on the same basis as our audited consolidated financial statements. Our consolidated financial statements are prepared and presented in Pesos, which is our presentation currency. All tables in this private placement memorandum, if not expressly otherwise stated, are in Pesos. Our historical results are not necessarily indicative of the results that may be expected in the future.

### Consolidated Statement of Operations and Other Comprehensive Income Data:

	Year ended December 31,				Three months ended March 31,		
	2016 (US\$) <sup>(1)</sup>	2016 (Ps.)	2015 (Ps.)	2014	2017 (US\$) <sup>(2)</sup>	2017 (Ps.)	2016
	(In thousands)				(In thousands)		
Revenue <sup>(2)</sup> .....	44,741	720,324	829,008	415,422	20,076	313,190	183,502
Costs <sup>(3)</sup> .....	(40,994)	(660,011)	(655,231)	(348,678)	(17,739)	(276,734)	(148,639)
<b>Gross profit</b> .....	<b>3,746</b>	<b>60,314</b>	<b>173,777</b>	<b>66,744</b>	<b>2,337</b>	<b>36,456</b>	<b>34,863</b>
Sales expenses .....	(7,093)	(114,191)	(75,731)	(46,401)	(1,572)	(24,528)	(17,951)
Administrative expenses .....	(6,957)	(112,011)	(84,119)	(60,663)	(2,092)	(32,642)	(29,602)
Other operating expenses .....	(1,906)	(30,693)	—	—	(1,663)	(25,941)	—
<b>Operating profit</b> .....	<b>(12,210)</b>	<b>(196,582)</b>	<b>13,927</b>	<b>(40,321)</b>	<b>(2,991)</b>	<b>(46,655)</b>	<b>(12,690)</b>
Other expenses .....	(36)	(573)	(383)	(451)	(5)	(81)	(122)
Financial results:							
Foreign exchange difference ..	(321)	(5,167)	(34,282)	(39,195)	(460)	(7,178)	(4,935)
Financial income .....	685	11,029	45,117	97,367	100	1,553	3,775
Financial costs .....	(6,749)	(108,655)	(82,579)	(40,155)	(1,824)	(28,456)	(28,775)
Change at fair value of investment properties .....	47,074	757,895	—	—	(2,043)	(31,877)	—
Investment property disposal results .....	—	—	—	—	2,797	43,627	—
Other income and expenses, net .....	51	825	198	8,622	141	2,205	12,275
<b>Gain (loss) for the year/period before Income Tax</b> .....	<b>28,495</b>	<b>458,773</b>	<b>(58,001)</b>	<b>(14,133)</b>	<b>(4,286)</b>	<b>(66,861)</b>	<b>(30,471)</b>
Income Tax .....	(14,439)	(232,471)	10,379	(3,687)	1,019	15,901	6,055
<b>Gain (loss) for the period/year</b> .....	<b>14,056</b>	<b>226,302</b>	<b>(47,623)</b>	<b>(17,820)</b>	<b>(3,267)</b>	<b>(50,960)</b>	<b>(24,416)</b>
<b>Other comprehensive income that will be reclassified in gain or loss</b>							
Difference for the conversion of a net investment abroad .....	(1,031)	(16,596)	(20,824)	(673)	178	2,782	(8,756)
<b>Total of other comprehensive loss</b> .....	<b>(1,031)</b>	<b>(16,596)</b>	<b>(20,824)</b>	<b>(673)</b>	<b>178</b>	<b>2,782</b>	<b>(8,756)</b>
<b>Total comprehensive loss for the year/period</b> .....	<b>13,025</b>	<b>209,705</b>	<b>(68,446)</b>	<b>(18,493)</b>	<b>(3,088)</b>	<b>(48,178)</b>	<b>(33,173)</b>



	Year ended December 31,				Three months ended March 31,		
	2016	2016	2015	2014	2017	2017	2016
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)	
	(In thousands)				(In thousands)		
<b>Total comprehensive loss for the year/period attributable to:</b>							
Equity holders of the parent ..	297	4,777	(45,077)	(18,713)	(2,579)	(40,228)	(24,011)
Non-controlling interests .....	13,759	221,525	(2,546)	893	(665)	(10,371)	(406)
<b>Total for the year/period .....</b>	<b>14,056</b>	<b>226,302</b>	<b>(47,623)</b>	<b>(17,820)</b>	<b>(3,244)</b>	<b>(50,600)</b>	<b>(24,416)</b>
<b>Loss per share attributable to equity holders of the parent</b>							
Basic .....	0.2	0.07	(0.64)	(0.27)	(0.05)	(0.57)	(0.34)
Diluted .....	0.2	0.07	(0.64)	(0.27)	(0.05)	(0.57)	(0.34)
Average estimated number of Common Shares for purposes of earnings per basic share .....	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485
<b>Gain (loss) for the period attributable to:</b>							
Equity holders of the parent ..	(734)	(11,820)	(65,900)	(19,386)	(2,400)	(37,447)	(32,767)
Non-controlling interests .....	13,759	221,525	(2,546)	893	(688)	(10,731)	(406)
<b>Total for the year/period .....</b>	<b>13,025</b>	<b>209,705</b>	<b>(68,446)</b>	<b>(18,493)</b>	<b>(3,088)</b>	<b>(48,178)</b>	<b>(33,173)</b>

- (1) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.16.100 to US\$1.00, which is the rate published by the BNA in effect as of December 31, 2016. See "Exchange Rate Information" for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.
- (2) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.15.600 to US\$1.00, which is the rate published by the BNA in effect as of March 31, 2017. See "Exchange Rate Information" for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.
- (3) Revenue is recognized upon delivery of units on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus, or commercial reduction.
- (4) Includes, among others, land, construction costs, fees for professional services such as architectural and engineering services, licenses and salaries paid to our employees that are dedicated to construction activities. In addition, we finance certain of our projects with debt in Pesos and U.S. Dollars, the interest expenses and foreign exchange related expenses (in the case of debt denominated in U.S. Dollars) of which are recognized as costs upon delivery of our units.

### Consolidated Balance Sheet Data:

	As of December 31,				As of March 31,	
	2016	2016	2015	2014	2017	2017
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)
	(In thousands)				(In thousands)	
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents .....	5,235	84,278	95,073	56,369	5,628	87,793
Other financial assets .....	—	—	—	4,107	517	8,059
Accounts receivable .....	1,329	21,391	31,119	18,021	1,846	28,385
Other receivables .....	20,320	327,145	265,525	205,277	22,855	356,539
Receivables from related parties .....	397	6,398	7,952	10,636	393	6,551
Other assets .....	1,539	24,780	—	—	1,625	25,343
Inventory .....	215,319	3,466,638	3,105,486	2,376,299	209,975	3,275,616
<b>Total current assets .....</b>	<b>244,138</b>	<b>3,930,629</b>	<b>3,505,156</b>	<b>2,670,710</b>	<b>242,839</b>	<b>3,788,287</b>
<b>Non-current assets</b>						
Other receivables .....	55	887	829	2,091	547	8,530
Investment property .....	54,449	876,631	45,424	33,982	54,134	844,497
Property, plant and equipment .....	514	8,274	9,849	9,428	510	7,962
Intangible assets .....	60	968	1,246	957	56	880
Deferred Tax assets .....	4,705	75,749	78,894	316,203	4,985	77,763
Goodwill .....	5,016	80,752	111,446	111,446	3,514	54,811
<b>Total non-current assets .....</b>	<b>64,799</b>	<b>1,043,260</b>	<b>247,689</b>	<b>474,107</b>	<b>63,746</b>	<b>994,443</b>
<b>Total assets .....</b>	<b>308,937</b>	<b>4,973,890</b>	<b>3,752,844</b>	<b>3,144,817</b>	<b>306,585</b>	<b>4,782,729</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable .....	32,640	525,504	408,191	245,294	32,536	507,561
Short-term financial debt .....	36,930	594,577	392,038	291,379	47,798	745,649
Financial instruments .....	—	—	—	6,246	—	—

	As of December 31,				As of March 31,	
	2016	2016	2015	2014	2017	2017
	(US\$) <sup>(1)</sup>	(Ps.)	(Ps.)		(US\$) <sup>(2)</sup>	(Ps.)
	(In thousands)			(In thousands)		
Salaries and social security .....	933	15,026	19,789	11,389	919	14,344
Tax liabilities .....	257	4,136	7,412	5,855	235	3,666
Other tax burdens .....	4,653	74,920	38,980	10,110	5,632	87,856
Outstanding sums due to related parties .....	1,592	25,634	332,855	285,031	2,298	35,844
Advanced payments from clients .....	178,964	2,881,316	2,200,959	1,592,640	173,411	2,705,677
Provisions .....	474	7,629	—	—	431	6,725
Other accounts payable .....	2,715	43,719	12,428	6,441	4,955	77,291
<b>Total current liabilities .....</b>	<b>259,159</b>	<b>4,172,461</b>	<b>3,412,653</b>	<b>2,454,385</b>	<b>268,244</b>	<b>4,184,613</b>
<b>Non-current liabilities</b>						
Accounts payable .....	127	2,038	16,290	9,566	155	2,416
Long-term financial debt .....	7,675	123,560	58,718	92,918	890	13,888
Tax liabilities .....	—	—	—	—	86	1,344
Other tax liabilities .....	216	3,481	3,120	104	518	8,086
Other accounts payable .....	2,967	47,768	46,944	36,808	1,214	18,939
Deferred tax liabilities .....	13,860	223,141	—	267,476	13,310	207,633
<b>Total non-current liabilities .....</b>	<b>24,844</b>	<b>399,988</b>	<b>125,073</b>	<b>406,872</b>	<b>16,173</b>	<b>252,306</b>
<b>Total liabilities .....</b>	<b>284,003</b>	<b>4,572,449</b>	<b>3,537,726</b>	<b>2,861,257</b>	<b>284,418</b>	<b>4,436,920</b>
<b>EQUITY</b>						
Share capital .....	4,370	70,340	70,349	70,349	4,509	70,340
Treasury stock .....	1	10	—	—	1	10
Premiums of issuance .....	7,661	123,350	378,209	378,209	7,907	123,350
<b>Irrevocable contribution .....</b>	<b>450</b>	<b>7,238</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Capital contribution .....	—	—	2,571	8,057	—	—
Transactions between shareholders .....	(1,230)	(19,801)	—	(5,486)	(1,269)	(19,801)
Foreign currency translation reserve .....	(2,371)	(38,171)	(21,574)	(751)	(2,260)	(35,389)
Legal reserve .....	—	—	4	4	—	—
Retained earnings .....	297	4,777	(257,434)	(212,357)	(2,287)	(35,667)
Allocated to the equity owners of the parent .....	9,177	147,742	172,125	238,025	6,593	102,842
Allocated to the non-controlling interests .....	15,757	253,698	42,994	45,535	15,575	242,967
<b>Total equity .....</b>	<b>24,934</b>	<b>401,441</b>	<b>215,119</b>	<b>283,560</b>	<b>22,167</b>	<b>345,809</b>
<b>Total liabilities and equity .....</b>	<b>308,937</b>	<b>4,973,890</b>	<b>3,752,844</b>	<b>3,144,817</b>	<b>306,585</b>	<b>4,782,729</b>

(1) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.16.100 to US\$1.00, which is the rate published by the BNA in effect as of December 31, 2016. See “Exchange Rate Information” for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.

(2) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.15.600 to US\$1.00, which is the rate published by the BNA in effect as of March 31, 2017. See “Exchange Rate Information” for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.

Effective as of the end of fiscal year 2015, we reclassified an item included under Trade Payables to Current Liabilities. The above-mentioned item is related to indebtedness we have incurred for the purchase of land in Rosario where the Brisario project (formerly, FACA project) is being developed, and is matched with the disclosure of Property, Plant and Equipment under Current Assets. For the sake of consistency of disclosure in the financial statements presented on a comparative basis, we have adjusted the comparative items for fiscal year 2014.

#### Historical ratios (according to IFRS)

Ratio	Formula	As of March 31, 2017	As of March 31, 2016	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
Liquidity .....	Current Assets / Current Liabilities	0.91	1.04	0.94	1.03	1.09
Solvency .....	(Shareholders' Equity + Non-Controlling Interests) / Total Liabilities	0.08	0.04	0.09	0.06	0.10
Fixed Assets .	Non-Current Assets / Total Assets	0.21	0.12	0.21	0.07	0.15
Profitability...	Net income / Average Shareholders' Equity	(0.73)	(0.58)	0.98	(0.25)	(0.06)

## Operating Data:

The following table presents certain operating unaudited data for the specified years, which we believe, are useful indicators of our operating performance.

Our revenues in any period are substantially driven by the number of contracted sales of our units in prior periods. We present the contracted sales of our real estate inventory, including information related to the number of apartments, area sold and average price per square meter sold as indicators of the revenue to be recognized in future periods. We also present information related to the apartments and their area and average price delivered in each period, operating data that is essential to understanding the revenue recognized in each period. We recognize revenue upon delivery of units on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus, or commercial reduction. See “Management’s Discussion and Analysis of Results of Operations and Financial Condition—Critical Accounting Policies and Estimates—Revenue Recognition” for a discussion of our revenue recognition policy and “Management’s Discussion and Analysis of Results of Operations and Financial Condition—Results of Results of Operations for the Years Ended December 31, 2016, December 31, 2015 and December 31, 2014—Gross Profit—Revenue” for a reconciliation of the area delivered with IFRS revenue.

	For the three months ended		For the year ended December 31,		
	March 31,				
	2017	2016	2016	2015	2014
Contracted sales before prior adjustments (in millions of Ps.) .....	182.3	255.7	868.6	881.3	611.3
Units sold.....	35	105	245	314	243
Area sold (sqm).....	3,959	6,326	19,080	25,829	20,800
Average price per sqm (Ps./ sqm) .....	46,048	40,421	45,523	34,120	29,389
Revenue (in million Ps.).....	313.2	183.5	720.3	829.0	415.4
Units delivered .....	98	17	232	259	214
Area delivered (sqm).....	8,823	3,359	22,646	33,576	32,787
Average price per delivered square meter (Ps./ sqm) .....	35,498	54,627	31,808	24,690	12,670

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion contains an analysis of our financial condition and results of operations for the three months ended March 31, 2017 and 2016 and for the years ended December 31, 2016, 2015 and 2014. The following discussion should be read in conjunction with "Risk Factors," "Selected Financial Information" and our audited financial statements, together with the notes thereto, included in this private placement memorandum. Our financial statements have been prepared in accordance with IFRS. See "Presentation of Financial and Certain Other Information" and the notes to our financial statements.*

### Overview

In November 2010, we concluded our IPO in Argentina by placing shares for proceeds of approximately Ps.420 million and completing the Company's restructuring which involved the acquisition of the majority interests in Maltería del Puerto S.A., Canfot S.A. and Marina Río Luján S.A. Following these transactions, the Company's net equity increased to Ps.435.6 million at the end of 2010 from Ps.28.6 million at 2009 year-end, providing the Company with a financial position that allowed to radically accelerate its growth curve.

The first use of these resources was the acquisition of the land where the Company is currently developing the Astor Palermo project, which payment was made through a combination of cash and swap of functional and complementary units to be built as part of the venture. In the same year, the Company obtained its first loan of Ps.30 million to finance the construction work at Forum Alcorta. In 2010, TGLT was able to double the volume of launches to reach approximately Ps.441 million in Potential Sales Value (the "VPV") and sales where the sales contract has already been signed by the customer (the "Assured Sales") of Ps.162 million.

In 2011, the Company increased the size of its operations with respect to 2010. In the year ended December 31, 2011, the Company launched Ps.936 million in VPV and recorded Assured Sales of Ps.431 million, with Astor Palermo, Astor Caballito (see "—Material Contracts—Real Property Purchased Under Barter Agreements—Astor Caballito Property"), Astor Núñez, Venice and Forum Puerto del Buceo to projects initiated in previous years.

During 2012, despite the challenging economic context, with a shrinking industry based on the foreign exchange restrictions imposed throughout the year, TGLT achieved solid growth with record sales: Assured Sales for the year totaled Ps.542 million, an increase of 26% over the previous year. In terms of units, sales for the year grew 8% vs. 2011, and 24% if units sold in exchange for the purchase of land are excluded.

The Company quickly adapted to the environment of volatility and continuous change by altering its price mechanisms to protect against inflation in construction, focusing on operating efficiency, strengthening its team and systems, adjusting its structural expenses with aggressive cuts and striving to protect its franchise in the long term and cash position. The new pricing strategy allowed the Company to achieve significant increases: the average sales price increased by 18% in 2012, driven by inflation and increases in price lists, partially offset by the mix (as the Astor brand products, positioned below Forum, began gaining relevance). Also, cash consumption improved by 23% over the previous year. In addition, during 2012 the Company issued its first Convertible Subordinated Notes in the local market—Classes I and II—for a total of Ps.59 million, expanding its financing sources. Finally, within a conservative strategy regarding launches due to the prevailing market conditions, in 2012, the Company postponed some of the projected launches for that year till 2013; until potential demand indicators became clearer.

In 2013, launches totaled Ps.930.5 million in VPV, representing an increase of 242% over last year. The launches for the year included the last phase of Forum Puerto del Buceo's building (Ps.441.6 million), the four buildings simultaneously launched in Metra Puerto Norte project (Ps.391.7 million), and the extension of the area (through the incorporation of additional floors) of buildings launched in previous years at the Venice project (Ps.97.2 million). The average VPV per square meter grew 52% compared to launches in 2012, due to the impact of inflation and better prices observed in the premium stage of Forum Puerto del Buceo and in the new and higher floors at Venice.

In a year with a better macroeconomic context than 2012, Assured Sales during the year reached Ps.937.7 million, significantly higher than last year's levels and distributed all across of our active projects. A total of 414 units were sold, an increase of 19% over the previous year, and with an average ticket that increased 37%, growing at a faster rate than our construction costs.

In 2014, launches totaled Ps.501 million in VPV. During this year, the Company focused on projects already underway, seeking to optimize processes and speed up with work in progress already committed in order to meet

deadlines. In the context of a less favorable macroeconomic context than 2013, Assured Sales during the year amounted to Ps.749.3 million, amid a depressed real estate market (the number of buy-sell deeds reported by the Buenos Aires City Notary College, these were found at the lowest levels of the last decade). A total of 243 units were sold, with an average ticket that increased 53%, achieving higher price increases than inflation in construction costs. On the other hand, during the year 2014, TGLT launched its first project under the Metra program in Buenos Aires City focused on middle segments near Devoto district.

In 2015, almost all of Astor Palermo's units and Forum Alcorta's towers 1 and 2 were completed, allowing the recognition of revenue from sales of Ps.829.0 million, 99.6% higher than the previous year's indicator, and resulting in a gross profit of Ps.173.8 million, 160.6% higher than 2014, due to a higher gross margin of the projects delivered in relation to the previous year. Assured Sales increased 40.5% to Ps.1,052.4 million, mainly due to a 24.0% increase in the area sold and a 13.0% increase in the average price per square meter sold. The tables below show the evolution of the Company's Assured Sales as well as information regarding the number of units and area sold in the indicated periods.

In 2016, the Company delivered 38 units of Forum Alcorta project (25% of the total project), 46 units of Astor Palermo project (22% of the total project), 104 units of Astor Núñez (35% of the total project) and 44 units of Forum Puerto del Buceo (13% of the total). This involved the delivery of 98% of Astor Palermo including the units owed for the acquisition of the land with the previous owner and the delivery of 96% of the saleable units in Forum Alcorta. These deliveries generated revenue of Ps.720.3 million and a gross result of Ps.60.3 million, below the one recorded in 2015 of Ps.173.8 million. The main explanation for this drop lies in the fall of gross margins of our finished projects, mainly affected by the difficult market situation in the last year that forced us to grant greater discounts than projected, and thus maintaining a level of sales and pre-sales to finance the work in progress. Assured Sales increased 27.7% to Ps.1,344.2 million resulting from a 26.1% drop in the area sold offset by a 72.9% increase in the average price per square meter. The latter rise is explained by the strong devaluation of the peso against the dollar since December 2015, which generated a revaluation in past sales of Forum Puerto del Buceo, our project in Uruguay that records sales in that currency. In fact, the price increase per square meter in Assured Sales before adjustments was 33%, in line with the inflation in construction costs for the period. The tables below show the evolution of the Company's Assured Sales as well as information regarding the number of units and area sold in the indicated periods.

During the first quarter of 2017, we continued with the delivery of units to owners in Astor Núñez, delivering a total of 65 units, reaching 59% of the total, and our project in Uruguay, Forum Puerto del Buceo, which delivered 27 Units, reaching 58% of the total of the first stage of the project. The last units and after-sales services were also delivered to Forum Alcorta, with 96% of the project units being delivered to date, and Astor Palermo, with 98% of the total units already delivered. These deliveries recorded a revenue of Ps.313.2 million in the three months ended March 31, 2017, resulting in a gross profit of Ps.36.5 million, which amounts to Ps.59.1 when adjusting the cost of units sold with the inventories capitalized interests, reaching a margin of 19%. Assured Sales for the three months ended March 31, 2017 (excluding adjustments on previous periods) ended at Ps.182.3, 29% below the same period in 2016, mainly due to the limited stock of projects that have already been completed (Forum Alcorta, Astor Núñez and Astor Palermo), whose sales accounted for 50% of sales in the three months ended March 31, 2016, compared to 12% in the three months ended March 31, 2017. Excluding this effect, sales increased 26% compared to the same period in 2017, boosted by solid performances of Forum Puerto del Buceo, whose sales were four times those of 2016, as well as the performance of Metra Puerto Norte. The average price per square meter (before new adjustments) was Ps.46,048, an increase of 13.92% over the same period in 2016 mainly explained by changes in the sales mix.

	Assured Sales <sup>(1)</sup>			Assured Sales prior to adjustments <sup>(2)</sup>		
	As of	As of	Variance	As of	As of	Variance
	March 31, 2016	March 31, 2017		March 31, 2016	March 31, 2017	
	(in millions of Ps.)			(in millions of Ps.)		
Forum Puerto Norte .....	—	—	—	—	—	—
Forum Alcorta .....	38.5	2.8	(92.5)%	30.8	8.7	(71.7)%
Forum Puerto del Buceo .....	287.9	40.8	(85.8)%	22.1	86.2	289.9%
Astor Palermo.....	3.5	(13.8)	(496.6)%	3.3	—	(100)%
Astor Núñez.....	96.4	19.9	(79.3)%	93.5	12.4	(86.7)%
Venice.....	63.0	31.7	(49.6)%	46.2	5.0	(89.2)%
Other <sup>(3)</sup> .....	98.7	58.6	(40.6)%	59.7	70.0	17.3%
<b>Total.....</b>	<b>589.7</b>	<b>140.1</b>	<b>(76.2)%</b>	<b>255.6</b>	<b>182.3</b>	<b>(28.7)%</b>

Source: TGLT data.

- (1) Includes adjustments in Assured Sales corresponding to previous periods as a result of changes in the CAC index and in the foreign exchange.
- (2) Assured Sales contracts in the period, calculated at the price indicated in the corresponding sales contract.
- (3) Includes Metra Puerto Norte, Metra Devoto and Astor San Telmo.

	Units sold			Area sold		
	As of	As of	Variance	As of	As of	Variance
	March 31, 2016	March 31, 2017		March 31, 2016	March 31, 2017	
	(units)			(sqm)		
Forum Puerto Norte.....	—	—	—	—	—	—
Forum Alcorta .....	3	1	(66.7)%	466	117	(74.9)%
Forum Puerto del Buceo	2	12	(500)%	422	1,808	328.5%
Astor Palermo.....	1	—	(100)%	49	—	(100)%
Astor Núñez.....	36	3	(91.7)%	2,064	502	(75.7)%
Venice.....	25	2	(92.0)%	1,253	123	(90.2)%
Other <sup>(1)</sup> .....	38	17	(55.3)%	2,072	1,409	(32.0)%
<b>Total.....</b>	<b>105</b>	<b>35</b>	<b>(66.7)%</b>	<b>6,326</b>	<b>3,959</b>	<b>(37.4)%</b>

Source: TGLT data.

- (1) Includes Metra Puerto Norte, Metra Devoto and Astor San Telmo.

	Average Price <sup>(1)</sup>			Average Price prior to adjustments <sup>(2)</sup>		
	As of	As of	Variance	As of	As of	Variance
	March 31, 2016	March 31, 2017		March 31, 2016	March 31, 2017	
	(Ps./sqm)			(Ps./sqm)		
Forum Puerto Norte.....	20,000	—	n.a.	—	—	—
Forum Alcorta .....	55,741	78,999	42%	66,135	74,684	13%
Forum Puerto del Buceo	35,976	133,048	270%	52,397	47,672	(9)%
Astor Palermo.....	54,719	65,103	19%	68,293	—	(100)%
Astor Núñez.....	35,323	40,738	15%	45,312	24,712	(46)%
Venice.....	33,592	55,692	66%	36,870	40,625	10%
Other <sup>(1)</sup> .....	45,772	51,419	12%	51,136	50,178	(2)%
<b>Total.....</b>	<b>40,745</b>	<b>70,451</b>	<b>72.9%</b>	<b>40,421</b>	<b>46,048</b>	<b>13.9%</b>

Source: TGLT data.

- (1) Includes adjustments in Assured Sales corresponding to previous periods as a result of changes in the CAC index and in the foreign exchange.
- (2) Assured Sales contracts in the period, calculated at the price indicated in the corresponding sales contract.
- (3) Includes Metra Puerto Norte, Metra Devoto and Astor San Telmo.

## Summary of the Principal Accounting Policies

### *Applicable Accounting Standards*

These consolidated financial statements have been prepared using specific measurements required by IFRS for each type of asset, liability, revenue, and expenses. The consolidated reports attached are presented in pesos (Ps.), the legal tender of Argentina, prepared on the basis of our accounting entries and its controlled subsidiaries. Preparation of this financial report, for which the Company's board of directors is responsible, requires the board to perform certain accounting estimates and use its judgement when applying certain accounting standards.

### *Consolidation Criteria*

TGLT's consolidated financial statements include financial information from the Company and its controlled subsidiaries.

The financial statements of the controlled subsidiaries (except TGLT Uruguay S.A.) were prepared according to other Argentine accounting standards. Based on the foregoing paragraph, and for the purposes of applying accounting regulations standardized with TGLT, the standards used by the exclusive or joint controlled subsidiaries and those resulting from the application of Technical Resolution No. 26 (application of the IFRS) were reconciled for the following items: a) total shareholder's equity and b) net Profit / (Loss) for the year (according to the standard

applied) and net Profit / (Loss) for the year (according to IFRS), and that amount to the total comprehensive Profit / (Loss) for the year.

In the case of TGLT Uruguay S.A. and its subsidiary FDB S.A., the assets and liabilities were converted to Argentine pesos at the exchange rates in effect as of the date of those financial statements. The income accounts were converted to Argentine pesos at the exchange rates in effect as of the date of those transactions.

In all cases, the credit, debt, and transactions among entities of the consolidated group were eliminated during consolidation. The income resulting from transactions among members of the consolidated group that were not distributed to third parties and included in the final asset balances were eliminated completely. The controlled companies whose financial statements have been included in these consolidated financial statements are the following:

Company	Type of Control	31/03/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013	Consolidation method
Canfot S.A. <sup>(3)</sup> .....	—	—	—	91.67 %	91.67 %	90.91 %	Full
Maltería del Puerto S.A. <sup>(1)</sup> .....	—	—	—	—	—	90.00 %	Full
Marina Río Luján S.A. ....	Unique	49.99 %	49.99 %	49.99 %	49.99 %	49.99 %	Full
TGLT Uruguay S.A. ....	Unique	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	Full
SITIA S.A. ....	Unique	95.00 %	95.00 %	95.00 %	95.00 %	95.00 %	Full
GUH S.A. <sup>(2)</sup> .....	Unique	—	—	—	100.00 %	—	Full

Source: TGLT data.

(1) On June 16, 2014, Maltería del Puerto has been merged with Canfot S.A.

(2) On September 25, 2015, TGLT's shareholders approved the acquisition by which Green Urban Homes S.A. was absorbed by TGLT.

(3) On October 13, 2016, TGLT's shareholders approved the merger of Canfot and TGLT, effective as of September 29, 2016.

Non-controlling interest, presented as part of the shareholder's equity, represent the part of profits or losses and net assets of a subsidiary, which are not owned by TGLT. Management ascribes total other comprehensive income or loss of the subsidiaries to the owners of the controlling company and the non-controlling interest based on their respective shares.

### **Comparative Information**

At the time of issuance of its financial statements, management of the Company introduced a few changes in the presentation of certain items. The annual financial statements as of December 31, 2015 and 2014, which are presented with comparative purposes, were modified to incorporate the effect of the aforementioned changes.

### **Functional Currency**

For the purposes of our consolidated financial statements, the income and balances of each entity are expressed in pesos (legal tender of the Argentine Republic), which is the functional currency (currency of the main economic environment in which a company operates) for all companies with a legal domicile in the Argentine Republic, being the currency in which consolidated financial statements are presented. The functional currency of TGLT S.A. Uruguay and its subsidiary FDB S.A., each located in Uruguay, is the U.S. Dollar.

Transactions in currencies other than the entity's functional currency (foreign currency) were entered using the exchange rates on the dates when the transactions were performed. At the end of each fiscal year reported, the monetary items expressed in foreign currencies were converted using the exchange rates in effect on that date.

The non-monetary items entered at their fair value, expressed in foreign currencies, were reconverted using the exchange rates in effect on the date when the fair value was determined. Non-monetary items calculated in terms of historical costs in foreign currency were not reconverted.

The results recorded in Other comprehensive income related to translation differences generated by investments in companies with functional currency other than the Peso and by the conversion of the financial statements to the presentation currency (Pesos) have no effect on Income Tax or Deferred Tax since at the time of their generation these transactions had no impact on the accounting or taxable income.

### ***Loan Costs***

The financial costs incurred through financial debt incurred to directly finance real estate urban projects (undergoing development), are included as part of the cost of such assets, in accordance with the provisions set forth in IAS 23 (the “**Loan Costs**”). Additionally, for generic financial debt (that is, those not assigned specifically to a particular real estate urban project) the assignment criterion provided for in paragraph 14 of IAS 23 was used. The amount of costs for financial debt capitalized during the fiscal years reported does not exceed the total loan costs incurred during that same year and fiscal years, respectively. The remaining Loan Costs are included as profits and losses when they are incurred.

### ***Taxes***

Income Tax expense represents the total current Income Tax, generated by tax losses, and the Deferred Tax, that results from temporary differences between accounting and tax measurements.

### ***Deferred Tax Assets***

Deferred Tax Assets were recognized for the temporary differences between accounting criteria applied to the assets and liabilities included in the financial statements and their respective tax criteria.

The Deferred Tax Liabilities were generally recognized for all future temporary taxable differences. The Deferred Tax Assets were recognized for all the temporary deductible differences to the extent that it was deemed likely that the entity would have future tax earnings from which to charge these temporary deductible differences. These assets and liabilities were not recognized when the temporary differences were the result of capital gain or of the initial recognition (different from the one generated in a joint business) of other assets and liabilities in transactions that did not bear on tax earnings or accounting earnings.

Measurement of the Deferred Tax Assets and Deferred Tax Liabilities at the end of each fiscal year being reported reflect the tax consequences of the way in which the entity intends to recover or liquidate the amount of its assets or liabilities in its books.

Deferred Tax Assets were only offset with the Deferred Tax Liabilities when a) the right to compensate them was legally allowed by tax authorities, and b) the deferred tax assets and liabilities result from the relevant Income Tax paid to the same tax authorities and TGLT had the intention of liquidating its assets and liabilities as net assets and liabilities. Deferred Tax charges were recorded as income or expenses and included in comprehensive income.

### ***Tax on Minimum Presumptive Income***

The tax on Minimum Presumptive Income is complementary to the Income Tax. While the latter taxes the taxable income of each year, the tax on Presumed Minimum Income represents a minimum taxation that levies the potential income of certain productive assets at year end at a rate of 1% and the tax liability of the Company will be the higher of both taxes. However, if the Company’s tax on Presumed Minimum Income in a taxable period exceeds the Income Tax, such excess may be computed as down payment of any excess of the Income Tax over the tax on Minimum Presumptive Income that may occur in any of the following 10 years.

### ***Personal Assets Tax—Substitute Taxpayer***

Individuals and foreign entities, as well as undivided estates, whether domiciled or resident in Argentine or abroad are taxed on their personal assets at a rate of 0.25% on the value of the shares issued by Argentine entities as of December 31 of each year. The tax is levied on the Argentine issuers of such shares, such as TGLT, who act as surrogate taxpayers for the corresponding shareholders, and is based on the value of shares (proportional owner’s equity) or on the accounting value of shares derived from the most recent financial statements as of December 31 of each year. In accordance with the Personal Assets Tax Law, the Company has the right to claim reimbursement for the tax paid from those shareholders to whom the tax was applied, by means of the reimbursement mechanism that the Company deems convenient.



### ***Investment Property***

Investment properties are assets developed and maintained to derive income, capital appreciation or both and are measured at fair value, except for exceptions that are measured at cost value since fair value cannot be reliably measured, but is expected to be measurable when the construction is completed.

### ***Property, Plant and Equipment***

Property, plant and equipment (“PP&E”) are expressed at the net cost of the cumulative depreciation and the cumulative losses due to impairment, when applicable. This cost includes the cost of replacing part of the PP&E as well as Loan Costs incurred due to long-term construction projects, if the requirements for entering them are fulfilled. Any other repair and maintenance costs are entered in the statement of income as they are incurred.

Depreciation is calculated using the straight line method, applying rates that are sufficient to extinguish their values at the end of the estimated useful life. These useful lives are based on criteria and standards that are reasonable according to the experience of management. For more information regarding the useful lives assigned, please refer to Note 4.24 (Judgement, Accounting Estimates and Significant Assumptions).

Property, plant and equipment components or any significant parts of the same recognized initially are written off when they are sold or when no future financial benefits from its use or sale are expected. Any earnings or losses at the time an asset is written off (calculated as the difference between the net incomes obtained from the sale of the asset and its book value) are included in the Consolidated Statement of Income and Other Comprehensive Income.

The residual values, useful lives, and depreciation methods and rates of the assets are checked and adjusted prospectively to the closing date of each fiscal year when necessary.

### ***Intangible Assets***

#### ***Trademarks and Software.***

This includes expenses incurred in software acquisition and brand registry. The intangible assets acquired are initially measured at their cost value. Following the initial recognition, they are measured at their cost value minus any cumulative amortization and any cumulative loss due to impairment.

Amortization is calculated using the straight line method, the rate of which is determined based on the useful life assigned to the assets as from the month they are incorporated inclusive.

The amortization period and method for intangible assets with a defined useful life are checked at least at the close of each period reported. The changes in useful life expected or pattern for consumption of the asset expected are recognized upon changing periods or amortization methods, as the case may be, and they are treated as changes in accounting estimates. The amortization expense in intangible assets with defined useful lives is listed in the statement of income under the expense category that is consistent with the purpose of the intangible asset in question.

Any gain or loss that results from writing off an intangible asset is calculated as the difference between the net income obtained from the sale and the asset book value, included in the statements of income when the asset is written off.

#### ***Software Development.***

Research expenses are entered in the books as expenses as they are incurred. Software development expenses incurred in a specific project are listed as intangible assets when the Company can prove the following:

- The technical feasibility of completing the intangible asset so that it is available for its expected use or sale;
- Its intention of completing the asset and its capacity to use or sell it;
- How the asset will generate future financial benefits;
- The availability of resources for completing the asset; and
- The capacity to perform reliable measurements of disbursements during their development.

After development is initially recognized as an asset, the cost model is applied, which requires that the asset be measured at its cost value minus the cumulative amortization and cumulative losses due to impairment. Amortization of assets begins when development has been completed and the asset is available for use. The asset is amortized throughout the period in which generation of future financial benefits is expected. During the development period, the asset is subject to yearly tests for determining whether there has been impairment.

The board of directors has been able to verify that these assets meet all requirements of IAS 38 for their capitalization.

### ***Impairment Test of Goodwill, Intangible Assets and Property, Plant and Equipment***

As a general rule, IAS 36 establishes that at the closing of each year-end, management must assess whether there is any indication of the impairment of a non-financial asset. If there is any such indication, or when yearly impairment tests for determining the impairment of assets are required, the recoverable value of such asset is estimated. The recoverable value of an asset is the fair value minus the sale cost, whether it is of an asset or of cash-generating unit, and its value in use, whichever is greater, and it is determined for individual assets unless the asset does not generate cash flow substantially independent from other assets or asset groups. When the book value of an asset or of a cash generating unit is greater than its recoverable value, the asset is considered impaired, and its value is reduced to its recoverable value.

When evaluating the value in use, the estimated cash flow is calculated at present value using a before tax discount rate that reflects current market assessment of the temporary value of money and the asset specific risks. To determine the fair value minus the sales cost, recent market transactions, if any, are taken into account. If this type of transaction cannot be identified, the valuation model deemed most appropriate is used.

To determine the decrease in the goodwill resulting from business combinations, such goodwill was distributed among each of the Company's cash generating units (the "CGU") that have benefited from business combination synergies. This forces the Company to conduct impairment tests on the CGUs on each date of issuance of financial statements including such CGUs.

Due to the fact that the remaining assets that must undergo the impairment test set forth in IAS 36 are included in any of the CGUs to which goodwill was assigned, the Company must carry out the impairment test on each date on which financial statements are issued, regardless of whether there are indications of impairment. Consequently, creating a procedure for monitoring indications was not necessary, according to the information set forth in IAS 36.

Management bases its calculation of impairment on detailed estimates and prediction calculations conducted separately for each of the Group's CGUs to which individual assets are assigned.

Losses due to impairment of continued transactions, including the impairment of assets, are included in the statement of income under the expense category for the function of the deteriorated asset, except in the case of properties previously revaluated when the revaluation has been included in other comprehensive income. In this case, the impairment is also included in other comprehensive income until reaching any evaluation previously recognized. A loss due to impairment previously recognized is only reverted if there has been a change in the assumptions used for determining the recoverable value of an asset as from the last time the last loss due to impairment has been recognized.

This reversal is limited in such a way that the asset book value does not exceed its recoverable value or exceed the book value determined, net of the respective depreciation, if no loss due to deterioration for the asset has been recognized in previous periods. This reversal is included in the statement of income unless the asset is recognized based on its newly assigned value, in which case the reversal is treated as a revaluation increase. The loss due to impairment recognized to the aim of determining Goodwill is not reverted in any subsequent fiscal year.

From comparing the book value of goodwill, intangible assets and property, plant and equipment identified with their corresponding recoverable values, no impairment has been identified.

### ***Inventory***

Inventory includes urban real estate under development (work in process) and completed units ready for sale.

### *Projects Under Construction.*

Real estate classified as inventories are valued at the acquisition and/or construction costs, or at their net realizable value, whichever is lower. The value of the land and improvements, direct costs and general construction expenses, Loan Costs (when the requirement set forth in IAS 23 are met), and real estate taxes are included in the costs.

Additionally, and as a result of the restatement of business combinations (for more information on this topic see Note 4.18 “Business Combinations” to our consolidated financial statements) performed by the Company, the greatest value of the differences in measurement of net assets that can be identified when performing the referred business combinations are listed under this account. Therefore, the greatest inventory value is obtained mainly by comparing the book values and the respective fair values of the main assets owned by the companies incorporated at that time (inventories).

The fair value of net assets identified was obtained from the reports issued by independent professional experts when business combinations occurred.

### *Finished Units.*

The units of real estate urban projects are listed as finished units when the construction process has finished and such units can be delivered or sold. If disbursements are made after construction has been completed, they are recognized as expense as long as they are not part of post construction costs required for the units to be ready for conveyance or sale.

The cost of constructing a functional unit is recognized when delivered to the customer, consequently reducing the inventory in the books. Such cost will be recognized as a gain or loss on the sale determined by its normal sale price less a margin, calculated on the basis of a weighted average of the units developed simultaneously during the project.

The aforementioned gross margin is derived from the estimated total revenues and costs for each building calculated at the time when the unit is delivered, considering the buildings already launched and thus minimizing the use of estimates.

### ***Leases***

Pursuant to IAS 17, “Leases,” the financial ownership of an asset in a financial lease is transferred to the lessee if the lessee takes on substantially all the risks and rewards of ownership of such leased asset. The related asset is thus recognized at the beginning of the lease at its fair value, or at the value of the minimum payments for the lease if the latter is a lower amount, established at the beginning of the lease.

As of December 31, 2015 and 2014, the Company had not entered into any financial leases. As of March 31, 2017 and December 31, 2016, the Company has a financial lease for the acquisition of a generator set, which was acquired to be installed in the Astor Núñez project.

All other leases are treated as operating leases. Operating lease payments are expensed on a straight line method based on the lease agreement, and related costs such as maintenance and insurance are expensed when they are incurred.

Leases are classified as operating leases when the lessor does not transfer all risks and benefits inherent to the leased object’s ownership to the lease. Expenses related to operating leases are recognized lineally as expense in each fiscal year under “Lease and Expenses” in the Consolidated Statement of Income and Other Comprehensive Income.

### ***Revenue Recognition***

In accordance with the criteria established by IAS 18, revenue from the sale of units is recognized when each of the following conditions are met.

Revenue is recognized on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus or commercial reduction provided by the entity.

### *Sale of Complete Units (Inventory).*

Regular revenue obtained from the sale of assets was recognized once each and every of the following conditions was met:

- The Company transferred to the buyer significant risks and benefits derived from ownership of the assets.
- The Company did not continue participating in the current management of the assets sold, in matters typically associated with ownership, and it did not maintain actual control over such assets.
- The amount of the regular revenue was calculated reliably.
- It was deemed likely that the Company would receive financial benefits related to the transaction.
- The costs incurred or to be incurred and related to the transaction were calculated reliably.

We consider that the conditions mentioned above are reached when the units sold are delivered, at which time the revenue recognition occurs.

*Services Rendered.*

The revenue in concept of services rendered as per management agreements are recognized in results when the Company has rendered such services, independently of the moment they have been invoiced.

***Classification of Entries into Current and Non-current***

The Company classifies an asset as a current asset when it meets any of the following criteria:

- (a) Its realization is expected, or its sale or consumption is intended within the entity regular operating cycle;
- (b) It is maintained primarily for the purposes of trading;
- (c) Its realization is expected for the 12-month period following the balance sheet date; or
- (d) It is cash or a cash equivalent not applied to restrictions to being exchanged or used to pay a liability, at least within the 12-month period following the balance sheet date.

Any other assets are classified as non-current assets.

Additionally, liabilities are listed as current liabilities when they meet any of the following criteria:

- (a) Its liquidation is expected during the entity's regular business cycle;
- (b) It is maintained primarily for the purposes of trading;
- (c) It must be liquidated within the 12-month period as of the date of the balance sheet; or
- (d) The entity is not entitled to unconditionally extend the timeframe for paying the liability for at least the 12 months that follow the date of the balance sheet.

Any other liabilities are classified as non-current liabilities.

Pursuant to the provisions of IAS 1, an entity normal operating cycle is the period between the acquisitions of material assets incorporated in the production process, and the realization of the products as cash or cash equivalents. In the case of development of real estate projects, which are the Company's main line of business, the normal operating cycle is the period between the launch of sales and construction and the conveyance of functional units.

***Business Combinations***

Business combinations registered took place before 2011 and are accounted for using the acquisition method. The consideration obtained as a result of the acquisition was calculated at the estimated fair value (at the date of exchange) of the assets assigned and liabilities incurred or assumed and the equity instruments, except for the Deferred tax assets or liabilities, or assets related to agreements entailing benefits for employees that were included and calculated pursuant to IAS 12, "Income Taxes," and IAS 19 "Employee benefits," respectively. The costs associated with the acquisitions were expensed upon being incurred.

## ***Goodwill***

These costs result from the restatement of business combinations prior to December 31, 2010. Goodwill is the amount that exceeds the sum of the consideration transferred, the amount of any non-controlling equity interest in the entity acquired, where applicable, and the fair value of the equity interest that the purchaser previously had, where applicable, in the entity in relation to the net amount as of the date of acquisition of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortized, but is assessed to determine whether it is necessary to record any impairment at the date of each report.

Cash flow projections for each project are conducted quarterly and are submitted to the board of directors, which must give final approval. The projection of macroeconomic variables (inflation, exchange rate, interest rate, etc.) is provided by our external advisors in the field. The cash flows are discounted at the weighted average cost of capital of the Company.

Changes in the interest in ownership of a subsidiary are recognized as equity transactions and do not affect the book value of goodwill.

## ***Provisions***

Provisions are recognized when the Company is faced with a current obligation (whether legal or implicit) resulting from a past event and it is probable that the Company will incur costs or expenses to discharge such obligation, and when it was possible to reasonably estimate the amount of the obligation.

The amount listed as a provision is the best estimate of the disbursement required for discharging the current obligation, at the close of the period reported, taking in to account the respective risks and uncertainties. When a provision is calculated using the cash flow estimated for discharging a current obligation, its book value represents the current value of said cash flow.

When recovery of some or all the financial benefits required to cancel an allowance was required, an account receivable was listed as an asset if it was virtually certain that the payment would be received and the amount receivable could be calculated reliably.

## ***Financial Instruments***

### *Financial Assets and Liabilities.*

#### 1. Recognition and Initial Measurement

Financial assets under IAS 39 are classified as financial assets at their fair value through profit or loss, financial debt and accounts receivables, investments held to maturity, financial assets available for sale, or as derivatives assigned as hedge instruments with effective coverage, as applicable. The Company determines how these financial assets are classified when they are initially recognized. All the financial assets are initially listed at their fair value plus, for financial assets not recognized at their fair value through profit or loss, transaction costs that can be directly ascribed. Purchases or sale of financial assets that require delivery of assets within a term established by a regulation or market agreement (conventional sales agreement) are entered on the date of the purchase, that is, the date when the Company commits to purchase or sell the asset. The Company's financial assets include cash and short term investments, trade and other receivables, financial debt, and bank overdrafts and unlisted financial instruments.

#### 2. Subsequent measurement

Financial assets are measured subsequently in the following way, depending on their classification:

##### (a) Financial Assets at fair value with changes through profit or loss

Financial assets at fair value with changes through profit or loss include the assets maintained for the purposes of trading and the financial assets allotted when initially recognized, and at the fair value with changes through profit or loss. Financial assets are classified as available for sale when they are acquired to be sold or repurchased in the near future. Financial assets at their fair values with changes through profit or loss are entered in the financial statement of income at their fair values, and the changes in this fair value are recognized as income or financial costs in the statement of income.

(b) Financial debt, accounts receivables and financial debt accruing interests

Financial debt and accounts receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Following their initial recognition, these financial assets are measured at their amortized costs by means of the effective interest rate method, minus any impairment. Amortized costs are calculated by contemplating any deduction or goodwill for acquisition, and the commissions or costs that are an integral part of the effective interest rate. Amortization of the effective interest rate is recognized as financial income in the statement of income. The losses resulting from impairment are entered in the statement of income as financial costs.

(c) Investments Held to Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity when the Company has the intention and capacity to maintain them until their maturity date. Following their initial recognition, investments held to maturity are measured at their amortized costs by means of the effective interest rate method, minus any impairment.

3. Compensation of financial assets and liabilities

Financial assets and liabilities are offset so their net value is recorded in the financial statements only if the Company (i) has the current right to legally demand compensation of recognized values; and (ii) has the intention of cashing them at their net value, or realizing its assets and settle its liabilities simultaneously.

***Commercial and Other Debts***

Commercial debts are initially recognized at their fair value and are later measured at their amortized cost, applying the effective interest rate method.

***Equity***

Shareholder's equity items were prepared in accordance with the accounting standards in effect as of the date of each transaction. The movements listed under this item were accounted for in accordance with the respective Shareholders' Meeting decisions, legal provisions or regulations although said items would not have existed or would have had different balances had IFRS been applied in the past.

***Share Capital***

Consists of the shareholders' contributions represented by Common Shares at their nominal value.

***Issuance Premium***

Corresponds to the difference (premium) between the amount of the capital contribution and the corresponding nominal value of the shares issued.

***Treasury Stock***

The nominal value of purchased shares will be debited to the Capital Stock account and such value will be disclosed under Treasury Stock. The acquisition cost of treasury stock will be debited to the account Cost of Treasury Shares and will be disclosed in Shareholders' Equity as part of the capital accounts, under Capital Stock, Capital Stock Adjustment, and Additional Paid-In Capital. This entry will be reverted upon the disposal of the shares.

TGLT charged the acquisition cost to the Irrevocable Capital Contributions of September 30, 2016, which had been specifically set aside for the purchase of such shares.

***Legal Reserve***

In accordance with the provisions of the Argentine Corporate Law, the Company has to appropriate to the legal reserve not less than 5% of the sum of net income, prior year adjustments, and transfers from other comprehensive income to retained earnings and accumulated losses from previous years, until reaching 20% of the share capital.

### ***Irrevocable Capital Contributions***

These contributions were made by the shareholders. Shareholders may opt for the total or partial capitalization of such contribution, at the Company's General Shareholders' Meeting held to such end. Contributions in local currency are stated at nominal value. Contributions in foreign currency are converted at the buying exchange rate prevailing as of the close of business of the BNA, on the date the contribution is accepted by the Company, as required by General Resolution No. 622/2013 laid down by the CNV.

### ***Retained Earnings***

Retained earnings includes accumulated gains or losses without a specific appropriation that if positive, could be distributed upon approval at the Shareholders' Meeting, and is not subject to legal restrictions. Retained earnings includes the income from previous fiscal years that was not distributed, amounts transferred from other comprehensive income and adjustments to previous fiscal years as a result of applying new accounting standards.

Additionally, as per the regulations of the CNV, when the net balance of other comprehensive income is positive, it may not be distributed, capitalized or used to absorb accrued losses. If it is negative, there will be a restriction on the distribution of retained earnings for the same amount.

In order to absorb the negative balance of the retained earnings account, when applicable, at the closing of the fiscal year to be considered at the Shareholders' Meeting, the balances must be earmarked in the following order:

- (a) Reserved earnings (voluntary, statutory and legal, in that order);
- (b) Capital Contributions;
- (c) Issuance premiums and own share negotiation (when the balance of this account is positive);
- (d) Other equity instruments (when it is legal and feasible from a corporate standpoint);
- (e) Capital adjustments; and
- (f) Share capital.

### ***Non-controlling Interest***

Non-controlling interest corresponds to the percentage over net assets acquired and the income representative of the rights over the shares that are not owned by Company.

### ***Judgment, Accounting Estimates and Significant Assumptions***

Preparation of the Company's financial statements requires management to apply judgement, accounting estimates and significant assumptions that affect the amounts of income, expenses, assets and liabilities reported and the disclosure of contingent liabilities, as of December 31 of each year reported.

The uncertainty regarding these assumptions and estimates may result in profit and losses that will require a significant adjustment in future periods of the amount of assets or liabilities earmarked and entered into the books.

In the process of applying the Company's accounting policies, management did not make judgments that could have a potentially material effect on the amounts recognized in the consolidated financial statements, except for what was indicated regarding recognition of tax credits.

The main accounting estimates and underlying assumptions included in the Company's consolidated financial statements for the year ended and as of March 31, 2017, are described below. Such estimates and assumptions are periodically reviewed by management. The effects of the reviews of the accounting estimates are recognized in the year in which the estimates are reviewed, whether it is in the current year or in a future year.

- (a) Estimate of Useful Lives

Below is a description of the periods during which management believes that the assets will no longer be usable or will stop benefiting the Company financially: a) 10 years for furniture and fixtures, b) five years for hardware, c) 50 years for real estate properties, d) three years for leasehold improvements in owned properties, e) five years for

leasehold improvement in third party properties, f) five years for installations, g) one year for showrooms, h) 10 years for trademarks, i) three years for software, and j) three years for software development.

Management reviews its estimates upon the useful lives of depreciable or amortizable assets as of the end of each fiscal year, based on the usefulness expected for the assets. The uncertainty of these estimates is related to the technical obsolescence that could change the usefulness of certain assets such as software or technological equipment.

Goodwill has been classified as having an undefined useful life and is subject to impairment analysis.

(b) Estimate of the impairment of non-cash assets

There is impairment when the book value of an asset or cash generating unit exceeds its recoverable amount, which is the fair value minus the sales costs, or its use value, whichever is greater. Calculation of the fair value minus sales costs is based on available information regarding similar sales transactions, performed by independent parties for similar assets, or at observable market prices, minus the incremental costs incurred in transferring ownership of the asset.

Calculation of the use value is based on discounted cash flow model. Cash flow is obtained from the Company's 10 year budget and does not include restructuring activities to which the Company has not yet committed, or significant future investments that could increase the performance of the asset or of the cash generating unit subject to testing. The recoverable amount is very sensitive to the discount rate used for the discounted cash flow model, and to entries of future funds expected at the growth rate used for the purposes of extrapolation, and therefore, the uncertainty is related to said estimate variables.

(c) Taxes

The Company establishes allowances based on reasonable estimates. The amount of said allowances is based on various factors, such as experience with previous tax audits and the different interpretations of tax regulations by the entity subject to the tax and the tax authority in charge. Differences in the interpretation may result in a large number of issues according to the conditions that prevail at the legal address of the financial group entity.

The Deferred Tax Asset that results from tax losses is recognized for all the tax losses not used, provided it is likely that there will be a future tax profit available that can be used to compensate said losses.

Determination of the amount of the Deferred Tax Asset that can be recognized requires a significant level of judgment by the management, based on the timing and level of future tax profit and future tax planning strategies.

***Cash and Cash Equivalents***

Cash and cash equivalents includes cash, bank deposits (including short term time deposits) and highly liquid investments that are easily convertible into cash and are subject to a minimum risk of changing value. Cash and cash equivalents is disclosed in local currency at its par value and in foreign currency converted at the exchange rate in effect at the closing of the applicable year.

Exchange rate differences were recorded as part of the period's profits and losses. Financial assets such as mutual funds and commercial paper were classified as financial assets at fair value with changes through profit or loss, considering the nature and purposed established during the initial recognition of these assets. The net earnings or losses for any income obtained resulting from financial assets were recognized in income and classified as finance income in the consolidated statement of income and other comprehensive income.

Certificates of deposit in foreign currency have not been included in the consolidated cash flow statement as their expiration date extends past 90 days.

***Earnings Per Share***

Net earnings per base share is calculated by dividing the net result for the period attributable to the controlling company shareholders by the average of outstanding Common Shares during the period, net, if any, of repurchases. Diluted net earnings per share is calculated by dividing the net result for the period by the estimated average number of outstanding Common Shares.



When computing the diluted earnings per share, the number of shares is adjusted for any potential conversion of Common Shares. Diluted net earnings per share is based on the conversion rate or period price during the entire term of the instrument. The calculation of diluted earnings per share does not include potential Common Shares that would not cause any dilution.

As of March 31, 2017, TGLT has not issued any instruments which would result in the issuance of new Common Shares and hence the estimation of the diluted earnings per share equals the estimation of the basic earnings per share.

### ***Dividend Distribution***

The Company's payable dividends are accounted for as liabilities for the period in which they are approved at a shareholders' meeting. As per Argentine regulations, dividends may only be paid with cumulative realized profits and with the liquidity (balance of cash and cash equivalents or other short term investments) available in the prior year's audited financial statements, issued in accordance with Argentine accounting regulations and the Regulations of the CNV, and approved at the shareholders' meeting. The board of directors of any Argentine publicly listed company may declare provisional dividends, in which case, the board members and the members of the Supervisory Committee shall be jointly responsible for the payment of such dividend if retained earnings for the period in which the dividend was declared were not enough to cover the payment of such dividend.

As per the Argentine Corporate Law and our bylaws, a legal reserve shall be made of no less than 5% of realized profits and liquidity from the fiscal year's financial statements, up until such reserve is equivalent to 20% of the outstanding share capital. The legal reserve is not available for distribution among the shareholders.

### **Newly Issued Standards and Interpretations-Issued Standards and Interpretations Not Yet Adopted as of the Date Hereof**

The following is a list of IFRS standards issued, but not yet enforced, as of the issuance date of these financial statements. The list includes only those issued standards that the Company deems applicable in the future.

#### ***IFRS 9 Financial Instruments (Applicable to Fiscal Years Beginning On or After January 1, 2018)***

IFRS 9 Financial Instruments was issued in November 2009 and modified in October 2010 and introduces new requirements for the classification and measuring of financial assets and liabilities and for their writing off. IFRS 9 sets forth that all financial assets within IFRS 39 Financial Instruments (recognition and measurement) be measured afterwards at depreciated cost or fair value. Specifically, debt investments kept within the business model whose aim is to cash contractual cash flows, and with contractual cash flows, which are only payments of principal or interest over the current principal, are usually measured at depreciated cost at each subsequent period end. All the remaining debt investments or patrimony are measured at the fair value at the end of subsequent fiscal years.

The most significant effect of IFRS 9 in relation to the classification and measurement of financial liabilities relates to accounting the changes in the fair value of financial liabilities (marked as financial liabilities at fair value with changes in results) attributable to changes in credit risk of such liabilities.

Specifically, as per IFRS 9, for financial liabilities marked as financial liabilities at fair value with changes in results, the amount of the change in the fair value of that financial liability attributable to the changes in the credit risk of such debt is recognized through other comprehensive results, unless the recognition of the changes in the credit risk of that debt in other comprehensive results gives rise to an accounting unbalance. The changes in the fair value attributable to credit risk of a financial liability are not subsequently re classified as results.

Before IFRS 9, as per IAS 39, the total amount of the change in the fair value of the financial liability measured at fair value with changes in results were recognized in losses and profits.

In November 2013, IFRS issued an amendment to IFRS 9 as part of a stage of coverage accounting within the project for financial instruments accounting. The modifications include the withdrawal of the date of enforceability (beginning on January 1, 2015), to provide time to the IASB to finish other aspects of the project. On July 24, 2014, the IASB published the final version of IFRS 9, which includes the classification and measurement, depreciation and coverage accounting of IASB project to replace IAS 39. This version adds a new model of impairment of the expected loss and limited modifications to the classification and measurement of financial assets. The regulation replaces all previous versions of IFRS 9 and is effective for fiscal years beginning on or after January 1, 2018.

Management has stated that said modifications shall be adopted in the Company's financial statements for the fiscal year beginning on January 1, 2018. As of this date, management has not determined the effect of this modification on the Company's financial statements.

***IFRS 15 Revenue from Contracts with Customers (Applicable to Fiscal Years Beginning On or After January 1, 2017)***

IFRS 15 Revenue per agreements with clients was issued in May 2014 and is applicable to fiscal years beginning on or after January 1, 2017. The regulation specifies how and when revenue should be recognized, as well as the additional information the Company must provide in its financial statements. It also provides a unique five step model to be applied to agreements with clients.

Management stated that said modifications shall be adopted in the Company's financial statements for the fiscal year beginning on or after January 1, 2017. Management is currently assessing the potential effects of this modification on the Company's financial statements.

***IFRS 16 Leases (Applicable to Fiscal Years Beginning On or After January 1, 2019)***

IFRS 16 Leases was issued in January 2016 and is applicable to fiscal years beginning on or after January 1, 2019. IFRS 16 removes the twofold accounting model for leases, which makes a distinction between financial lease agreements registered within the income statement, and operating leases for which the recognition of future lease installments is not due. Instead, it adopts a unique model, within the statement, similar to the present financial lease.

**Consolidated Statement of Operations Data:**

	Year ended December 31,				Three months ended March 31,		
	2016 (US\$) <sup>(1)</sup>	2016	2015 (Ps.)	2014	2017 (US\$) <sup>(2)</sup>	2017 (Ps.)	2016
	(In thousands, except number of Common Shares)				(In thousands, except number of Common Shares)		
Revenue <sup>(3)</sup> .....	44,741	720,324	829,008	415,422	20,076	313,190	183,502
Costs <sup>(4)</sup> .....	(40,994)	(660,011)	(655,231)	(348,678)	(17,739)	(276,734)	(148,639)
<b>Gross profit</b> .....	<b>3,746</b>	<b>60,314</b>	<b>173,777</b>	<b>66,744</b>	<b>2,337</b>	<b>36,456</b>	<b>34,863</b>
Sales expenses .....	(7,093)	(114,191)	(75,731)	(46,401)	(1,572)	(24,528)	(17,951)
Administrative expenses .....	(6,957)	(112,011)	(84,119)	(60,663)	(2,092)	(32,642)	(29,602)
Other operating expenses .....	(1,906)	(30,693)	—	—	(1,663)	(25,941)	—
<b>Operating profit</b> .....	<b>(12,210)</b>	<b>(196,582)</b>	<b>13,927</b>	<b>(40,321)</b>	<b>(2,991)</b>	<b>(46,655)</b>	<b>(12,690)</b>
Other expenses .....	(36)	(573)	(383)	(451)	(5)	(81)	(122)
Financial results:							
Foreign exchange difference .....	(321)	(5,167)	(34,282)	(39,195)	(460)	(7,178)	(4,935)
Financial income .....	685	11,029	45,117	97,367	100	1,553	3,775
Financial costs .....	(6,749)	(108,655)	(82,579)	(40,155)	(1,824)	(28,456)	(28,775)
Change at fair value of investment properties .....	47,074	757,895	—	—	(2,043)	(31,877)	—
Investment property disposal results .....	—	—	—	—	2,797	43,627	—
Other income and expenses, net .....	51	825	198	8,622	141	2,205	12,275
<b>Gain (loss) for the year/period before Income Tax</b> .....	<b>28,495</b>	<b>458,773</b>	<b>(58,001)</b>	<b>(14,133)</b>	<b>(4,286)</b>	<b>(66,861)</b>	<b>(30,471)</b>
Income Tax .....	(14,439)	(232,471)	10,379	(3,687)	1,019	15,901	6,055
<b>Gain (loss) for the period/year</b> .....	<b>14,056</b>	<b>226,302</b>	<b>(47,623)</b>	<b>(17,820)</b>	<b>(3,267)</b>	<b>(50,960)</b>	<b>(24,416)</b>
<b>Other comprehensive income that will be reclassified in gain or loss</b>							
Difference for the conversion of a net investment abroad .....	(1,031)	(16,596)	(20,824)	(673)	178	2,782	(8,756)
<b>Total of other comprehensive loss</b> .....	<b>(1,031)</b>	<b>(16,596)</b>	<b>(20,824)</b>	<b>(673)</b>	<b>178</b>	<b>2,782</b>	<b>(8,756)</b>
<b>Total comprehensive loss for the year/period</b> .....	<b>13,025</b>	<b>209,705</b>	<b>(68,446)</b>	<b>(18,493)</b>	<b>(3,088)</b>	<b>(48,178)</b>	<b>(33,173)</b>

	Year ended December 31,				Three months ended March 31,		
	2016	2016	2015	2014	2017	2017	2016
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)	
	(In thousands, except number of Common Shares)				(In thousands, except number of Common Shares)		
<b>Total comprehensive loss for the year/period attributable to:</b>							
Equity holders of the parent..	297	4,777	(45,077)	(18,713)	(2,579)	(40,228)	(24,011)
Non-controlling interests.....	13,759	221,525	(2,546)	893	(665)	(10,371)	(406)
<b>Total for the year/period.....</b>	<b>14,056</b>	<b>226,302</b>	<b>(47,623)</b>	<b>(17,820)</b>	<b>(3,244)</b>	<b>(50,600)</b>	<b>(24,416)</b>
<b>Loss per share attributable to equity holders of the parent</b>							
Basic .....	0.2	0.07	(0.64)	(0.27)	(0.05)	(0.57)	(0.34)
Diluted .....	0.2	0.07	(0.64)	(0.27)	(0.05)	(0.57)	(0.34)
Average estimated number of Common Shares for purposes of earnings per basic share .....	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485	70,349,485
<b>Gain (loss) for the period attributable to:</b>							
Equity holders of the parent..	(734)	(11,820)	(65,900)	(19,386)	(2,400)	(37,447)	(32,767)
Non-controlling interests.....	13,759	221,525	(2,546)	893	(688)	(10,731)	(406)
<b>Total for the year/period.....</b>	<b>13,025</b>	<b>209,705</b>	<b>(68,446)</b>	<b>(18,493)</b>	<b>(3,088)</b>	<b>(48,178)</b>	<b>(33,173)</b>

- (1) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.16.100 to US\$1.00, which is the rate published by the BNA in effect as of December 31, 2016. See "Exchange Rate Information" for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.
- (2) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.15.600 to US\$1.00, which is the rate published by the BNA in effect as of March 31, 2017. See "Exchange Rate Information" for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.
- (3) Revenue is recognized upon delivery of units on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus, or commercial reduction.
- (4) Includes, among others, land, construction costs, fees for professional services such as architectural and engineering services, licenses and salaries paid to our employees that are dedicated to construction activities. In addition, we finance certain of our projects with debt in Pesos and U.S. Dollars, the interest expenses and foreign exchange related expenses (in the case of debt denominated in U.S. Dollars) of which are recognized as costs upon delivery of our units.

### Consolidated Balance Sheet Data:

	As of December 31,				As of March 31,	
	2016	2016	2015	2014	2017	2017
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)
	(In thousands)				(In thousands)	
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents.....	5,235	84,278	95,073	56,369	5,628	87,793
Other financial assets .....	—	—	—	4,107	517	8,059
Accounts receivable .....	1,329	21,391	31,119	18,021	1,846	28,385
Other receivables.....	20,320	327,145	265,525	205,277	22,855	356,539
Receivables from related parties .....	397	6,398	7,952	10,636	393	6,551
Other assets .....	1,539	24,780	—	—	1,625	25,343
Inventory .....	215,319	3,466,638	3,105,486	2,376,299	209,975	3,275,616
<b>Total current assets .....</b>	<b>244,138</b>	<b>3,930,629</b>	<b>3,505,156</b>	<b>2,670,710</b>	<b>242,839</b>	<b>3,788,287</b>
<b>Non-current assets</b>						
Other receivables.....	55	887	829	2,091	547	8,530
Investment property .....	54,449	876,631	45,424	33,982	54,134	844,497
Property, plant and equipment .....	514	8,274	9,849	9,428	510	7,962
Intangible assets .....	60	968	1,246	957	56	880
Deferred Tax assets .....	4,705	75,749	78,894	316,203	4,985	77,763
Goodwill.....	5,016	80,752	111,446	111,446	3,514	54,811
<b>Total non-current assets .....</b>	<b>64,799</b>	<b>1,043,260</b>	<b>247,689</b>	<b>474,107</b>	<b>63,746</b>	<b>994,443</b>
<b>Total assets .....</b>	<b>308,937</b>	<b>4,973,890</b>	<b>3,752,844</b>	<b>3,144,817</b>	<b>306,585</b>	<b>4,782,729</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable .....	32,640	525,504	408,191	245,294	32,536	507,561
Short-term financial debt.....	36,930	594,577	392,038	291,379	47,798	745,649

	As of December 31,				As of March 31,	
	2016	2016	2015	2014	2017	2017
	(US\$) <sup>(1)</sup>	(Ps.)			(US\$) <sup>(2)</sup>	(Ps.)
	(In thousands)				(In thousands)	
Financial instruments .....	—	—	—	6,246	—	—
Salaries and social security .....	933	15,026	19,789	11,389	919	14,344
Tax liabilities .....	257	4,136	7,412	5,855	235	3,666
Other tax burdens .....	4,653	74,920	38,980	10,110	5,632	87,856
Outstanding sums due to related parties .....	1,592	25,634	332,855	285,031	2,298	35,844
Advanced payments from clients .....	178,964	2,881,316	2,200,959	1,592,640	173,411	2,705,677
Provisions .....	474	7,629	—	—	431	6,725
Other accounts payable .....	2,715	43,719	12,428	6,441	4,955	77,291
<b>Total current liabilities .....</b>	<b>259,159</b>	<b>4,172,461</b>	<b>3,412,653</b>	<b>2,454,385</b>	<b>268,244</b>	<b>4,184,613</b>
<b>Non-current liabilities</b>						
Accounts payable .....	127	2,038	16,290	9,566	155	2,416
Long-term financial debt .....	7,675	123,560	58,718	92,918	890	13,888
Tax liabilities .....	—	—	—	—	86	1,344
Other tax liabilities .....	216	3,481	3,120	104	518	8,086
Other accounts payable .....	2,967	47,768	46,944	36,808	1,214	18,939
Deferred tax liabilities .....	13,860	223,141	—	267,476	13,310	207,633
<b>Total non-current liabilities .....</b>	<b>24,844</b>	<b>399,988</b>	<b>125,073</b>	<b>406,872</b>	<b>16,173</b>	<b>252,306</b>
<b>Total liabilities .....</b>	<b>284,003</b>	<b>4,572,449</b>	<b>3,537,726</b>	<b>2,861,257</b>	<b>284,418</b>	<b>4,436,920</b>
<b>EQUITY</b>						
Share capital .....	4,370	70,340	70,349	70,349	4,509	70,340
Treasury stock .....	1	10	—	—	1	10
Premiums of issuance .....	7,661	123,350	378,209	378,209	7,907	123,350
<b>Irrevocable contribution .....</b>	<b>450</b>	<b>7,238</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Capital contribution .....	—	—	2,571	8,057	—	—
Transactions between shareholders .....	(1,230)	(19,801)	—	(5,486)	(1,269)	(19,801)
Foreign currency translation reserve .....	(2,371)	(38,171)	(21,574)	(751)	(2,260)	(35,389)
Legal reserve .....	—	—	4	4	—	—
Retained earnings .....	297	4,777	(257,434)	(212,357)	(2,287)	(35,667)
Allocated to the equity owners of the parent .....	9,177	147,742	172,125	238,025	6,593	102,842
Allocated to the non-controlling interests .....	15,757	253,698	42,994	45,535	15,575	242,967
<b>Total equity .....</b>	<b>24,934</b>	<b>401,441</b>	<b>215,119</b>	<b>283,560</b>	<b>22,167</b>	<b>345,809</b>
<b>Total liabilities and equity .....</b>	<b>308,937</b>	<b>4,973,890</b>	<b>3,752,844</b>	<b>3,144,817</b>	<b>306,585</b>	<b>4,782,729</b>

(1) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.16.100 to US\$1.00, which is the rate published by the BNA in effect as of December 31, 2016. See “Exchange Rate Information” for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.

(2) Amounts stated in U.S. Dollars have been translated from Pesos at the exchange rate of Ps.15.600 to US\$1.00, which is the rate published by the BNA in effect as of March 31, 2017. See “Exchange Rate Information” for additional information regarding U.S. Dollar/Peso exchange rates reported by the BCRA.

Effective as of the end of fiscal year 2015, we have reclassified an item included under Trade Payables to Current Liabilities. The above-mentioned item is related to indebtedness we have incurred for the purchase of land in Rosario where the Brisario project (formerly, FACA project) is being developed, and is matched with the disclosure of Property, Plant and Equipment under Current Assets. For the sake of consistency of disclosure in the financial statements presented on a comparative basis, we have adjusted the comparative items for fiscal year 2014 (according to IFRS standards).

### Changes in the Principal Statement of Operations Line Items

#### *Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016*

##### *Gross profit.*

Under IFRS, the Company recognizes revenue—and the respective costs—only when the units sold are delivered. TGLT is currently undergoing a phase of rapid growth, having delivered during the three months ended March 31, 2017, five units of the Forum Alcorta project (3% of the total project), one unit of the Astor Palermo project (5% of the total project), 64 units of the Astor Núñez project (21% of the total project) and 27 units of the Forum Puerto del Buceo project (8% of the total). These deliveries generated a gross income of Ps.36.5 million. This gross income was slightly higher than that recorded for the three months ended March 31, 2016, which is mainly due to two factors: first of all, the mix of units delivered in 2017, including a higher proportion of premium product, which has

a higher gross margin than the rest, offset by a slight decline in the gross margins of the remaining deliveries in 2017, due to the weak dynamics in the market, which in turn resulted in lower demand, forcing the Company to grant higher discounts than those granted in previous periods. As of March 2017, the total estimated gross margin of our launched projects was 12%.

The costs of usual business activities mainly include land, construction costs, fees for professional services, such as architectural and engineering services, licenses, wages paid to Company employees involved in construction activities, and financial costs, including bank loans in pesos and U.S. Dollars, interest payments and related exchange expenses (in the case of loans denominated in U.S. Dollars), recognized as costs at the time of delivery of our units.

#### *Operating expenses.*

The operating result also includes sales-related taxes (basically gross income tax), as well as all marketing and administrative expenses required to support the Company's growing structure.

Sales expenses increased by 36.6% from Ps.18.0 million in the three months ended March 31, 2016 to Ps.24.5 million in the three months ended March 31, 2017, mainly due to the following factors: the proportion of total property owners' shared expenses for units that have not yet been delivered or sold in ongoing projects increased from Ps.1 million in 2016 to Ps.4.1 million in 2017, due to the fact that in the first quarter of 2016, property owners' shared expenses were only paid for units not delivered in Forum Alcorta, while in the same quarter of 2017, property owners' shared expenses were paid for units not delivered in Forum Alcorta, Forum Palermo, Astor Nunez and Forum Puerto Buceo. In addition, in 2017, a Ps.1.3 million municipal sales tax charge for the Venice project was recorded.

Administrative expenses increased by 10%, in line with inflation for the year, from Ps.29.6 million in 2016 to Ps.32.6 million in 2017, mainly due to salaries and social security charges, which increased by 32%, from Ps.11 million in 2016 to Ps.14.5 million in 2017, due to company-wide inflation-related wage adjustments and employee compensations paid during the period for a total of Ps.2.7 million, offset by the decrease of the equity tax in TGLT Uruguay.

#### *Financial results.*

Income from foreign exchange difference is generated from the net impact of variations in the exchange rate of monetary assets and liabilities denominated in a currency other than the functional currency of the companies that own them. The functional currency of the Company's corporations in Argentina and Uruguay is the peso and the U.S. Dollar, respectively. As a result, fluctuations in the exchange rate of the peso with respect to the U.S. Dollar lead to exchange differences in Argentine companies and fluctuations in the exchange rate of the U.S. Dollar with respect to the Uruguayan peso generate exchange differences in Uruguayan companies. In the process of consolidation of the Uruguayan corporation in the Company's financial statements, additional exchange differences may arise due to the conversion into pesos of the Uruguayan corporation's assets denominated in U.S. Dollars. These exchange differences are presented as other comprehensive income in the financial statements (see "Other Comprehensive Income").

Financial losses on foreign exchange difference increased by 45.5%, as a result of a loss of Ps.4.9 million in 2016, compared to a loss of Ps.7.2 million in 2017. The impact was mostly due to the reduction in financial income and expenses exposed to fluctuations in foreign currency, although that reduction was proportionally lower in income (63% lower) than in expenses (49% lower) generating such loss.

Financial income is generated by temporary investments of cash balance in term deposits, mutual funds and fixed income securities. These investments are part of the Company's liquidity management activities. Financial income declined by 59% from Ps.3.8 million in 2016 to Ps.1.6 million in 2017, primarily as a result of the reduction of the Company's level in temporary investments during the 2017 period.

We incurred in financial costs from interest payments on loans, installments and bank charges, and bank debit and credit tax charges, in each case in relation to expenses incurred after the construction of the project to which they are related. The portion of such costs incurred earlier during the construction phase is reflected in the item Costs of usual business activities. Financial expenses increased by 1% from Ps.28.8 million in 2016 to Ps.28.6 million in 2017.

*Change in fair value of investment property.*

This item was mainly affected by the fact that in December, 2016, the Company's board of directors decided on a strategic change in the use of the property in which the Venice project is being developed, which consists of reducing the building area assigned to the urban development project to 52,772.70 square meters, which is 21% of the total saleable area of the property, thus maintaining the remaining 199,950 square meters in order to increase its value, i.e. 79% of the total sellable area of the property.

This decision was based on the analysis conducted by the Company's management on the characteristics of the property and the prospects of the real estate market in the geographical area in which it is located.

As a result of the abovementioned change, the proportional part of them included in the inventories was transferred to the Investment Property Under Construction item. On March 31, 2017, the Company performed an update of the fair value measurement of this property, based on an appraisal made by an independent expert with a reputable professional capacity and experience in this type of property. The investment property was adjusted to its fair value, recognizing a loss of Ps.30.5 million.

*Investment property disposal result.*

On November 25, 2016, the Company subscribed the sale of 11.66% of its ownership interest in the Monroe property, classified as an investment property, of which it held 31.66% of the ownership interest, for a total amount of US\$3,381,400.

In addition, on December 20, 2016, it was agreed the sale of the remaining balance of the ownership interest for a total amount of US\$5,800,000.

Of the total sale price, 29.84% was conditional on obtaining the final provision of the General Department of Urban Interpretation of the Buenos Aires City Government, which was issued by the competent body on March 1, 2017. Therefore, TGLT recognized an income from the sale of investment property for an amount of Ps.43,627,000 during the period. Lastly, 10.13% of the total sale price is subject to the registration of work plans for the project planned for such property.

*Other income and expenses, net.*

Other income and expenses mainly include the rent from the commercial offices of the Astor San Telmo project. After issuance of the consolidated financial statements for the three months ended March 31, 2016, we identified an immaterial error regarding the recording of the rental agreement for the Astor San Telmo property and its respective payment, considering it as income. Although the amount charged should have been deferred and recognized over the period included in the terms of the contract, which expires in April, 2018, we recognized as income the total amount charged in the first quarter of 2016, thus overstating the other income and expenses, net item by approximately Ps.10 million (before income tax). The error was corrected in these consolidated financial statements as of June 30, 2016. The rent collected in advance under this rental agreement in the first quarter of 2016, for an approximate amount of Ps.10 million, was recorded in our liabilities as deferred rent income in accordance with paragraph 13 of IAS 18, and will be amortized throughout the life of the agreement.

***Year Ended December 31, 2016 Compared to Year Ended December 31, 2015***

*Gross profit.*

Under IFRS, the Company recognizes revenue—and the corresponding cost—only when the units sold are delivered. TGLT is currently undergoing a phase of rapid growth, having delivered during the 2016 fiscal year 38 units of the Forum Alcorta project (25% of the total project), 46 units of the Astor Palermo project (22% of the total project), 104 units of Astor Núñez (35% of the total project) and 44 units of the Forum Puerto del Buceo project (13% of the total). These deliveries generated a gross income of Ps.60.3 million (Ps.117.3 million adjusted for financial interest included in the cost), with a gross margin of 9% (16% adjusted for financial interest included in cost). This gross income was slightly lower than that recorded in the 2015 fiscal year, which is mainly due to two factors: first of all, the mix of units delivered in 2015, including a higher proportion of premium product, which has a higher gross margin than the rest, and secondly, as a result of the decline in the gross margins of delivery in 2016, due to the weak dynamics in the market, which in turn resulted in lower demand, forcing the Company to grant higher discounts than those granted in previous periods. As of December 2016, the total estimated gross margin of our launched projects was 18% (21%, excluding Forum Puerto Norte).

The costs of ordinary activities mainly include land, construction costs, fees for professional services, such as architectural and engineering services, licenses, wages paid to Company employees involved in construction activities, and financial costs, including bank loans in pesos and U.S. Dollars, interest payments and related exchange expenses (in the case of loans denominated in U.S. Dollars), recognized as costs at the time of delivery of our units.

#### *Operating expenses.*

The operating result also includes sales-related taxes (basically gross income tax), as well as all marketing and administrative expenses required to support the Company's growing structure.

Sales expenses increased by 50.8%, from Ps.75.7 million in 2015 to Ps.114.1 million in 2016, mainly due to the following factors: the proportion of total property owners' association expenses for units that have not yet been delivered or sold in ongoing projects increased from Ps.11.5 million in 2015 to Ps.20.7 million in 2016, due to the fact that in 2015, property owners' association expenses were only paid for units not delivered in Forum Puerto Norte throughout the entire year and in Forum Alcorta and Astor Palermo in the last quarter, while in 2016, property owners' association expenses were paid for units not delivered in the three projects throughout the entire fiscal year. Sales-related expenses increased from Ps.9.3 million in 2015 to Ps.23.1 million in 2016, driven by an increase in sales commissions, which includes the payment of a premium of Ps.15.1 million for the exercise of an option that allowed TGLT to change the units included in a package that had already been sold.

Administrative expenses increased by 33.2%, in line with inflation for the year, from Ps.84.1 million in 2015 to Ps.112.0 million in 2016, mainly due to salaries and social security charges, which increased by 23.9%, from Ps.49.2 million in 2015 to Ps.61.0 million in 2016, as a result of inflation-related wage adjustments throughout the Company, offset by a more efficient structure. In addition, in 2016 there were expenses related to the maintenance of investment properties in construction for Ps.3.1 million, which were transferred to income due to the sale of such properties, since they were included in the assets in 2015.

#### *Financial results.*

Results from foreign exchange differences is generated from the net impact of changes in the foreign exchange rate of monetary assets and liabilities denominated in a currency other than the functional currency of the companies that own them. The functional currency of the Company's corporations in Argentina and Uruguay is the peso and the U.S. Dollar, respectively. As a result, fluctuations in the exchange rate of the peso with respect to the U.S. Dollar lead to exchange differences in Argentine companies and fluctuations in the exchange rate of the U.S. Dollar with respect to the Uruguayan peso generate exchange differences in Uruguayan companies. In the process of consolidation of the Uruguayan corporation in the Company's financial statements, additional foreign exchange differences may arise due to the conversion into pesos of the Uruguayan corporation's assets denominated in U.S. Dollars. These exchange differences are presented as other comprehensive income in the financial statements (see "Other Comprehensive Income").

Financial losses on exchange differences dropped by 84.9%, as a result of a loss of Ps.34.3 million in 2015, compared to a loss of Ps.5.2 million in 2016. The most significant impact was due to the income from the sale of short-term financial instruments denominated in U.S. Dollars, issued by the Central Bank of Uruguay, which the Company uses for currency hedging purposes. These instruments were acquired in March, 2015, and sold in September, 2015, resulting in a loss of Ps.24.4 million during 2015. There was also a reduction in exchange losses from collections performed on behalf of TGLT Uruguay, in gains generated by exchange differences in trade receivables and income and losses arising from exchange rate fluctuations that affect investments in foreign currency.

Financial income is generated by temporary investments of the cash balance in term deposits, mutual investment funds and fixed income securities. These investments are part of the Company's liquidity management activities. Financial income dropped by 75.6% from Ps.45.1 million in 2015 to Ps.11.0 million in 2016, primarily as a result of the decline in transitory investment income. During 2015, short-term hedging instruments and government bonds that had been included in the portfolio since December 2014 were sold, generating financial income for an amount of Ps.17.1 million, while in 2016 these transactions were not carried out. These reductions were partially offset by a Ps.5.3 million increase in financial interest income from loans granted and other investments in foreign currencies.

We incurred financial costs from interest payments on loans, installments and bank charges, and bank debit and credit tax charges, in each case in relation to expenses incurred after the construction of the project to which they are

related. The portion of such costs incurred earlier during the construction phase is reflected in the item Costs of ordinary activities. Financial expenses rose by 31.6%, from Ps.82.6 million in 2015 to Ps.108.7 million in 2016, mainly due to a Ps.19.9 million increase in interest payments on debts contracted for corporate purposes, as well as debts contracted to finance construction. In relation to the latter, a significant part of our loans in pesos is linked to the fluctuation of the BADLAR benchmark interest rate. The average of this rate for fiscal years 2014 and 2015 was 22.54% and 21.49%, respectively. In 2016, the new BCRA administration tightened its monetary policy in an effort to reduce inflationary pressures, which led to a significant increase in the private BADLAR, resulting in an average of 25.84% in 2016, reaching peaks of 38%.

*Change in fair value of investment property.*

This item was mainly affected by the fact that in December, 2016, the Company's board of directors decided on a strategic change in the use of the property in which the Venice project is being developed, which consists of reducing the building area assigned to the urban development project to 52,772.70 square meters, which is 21% of the total saleable area of the property, thus maintaining the remaining 199,950 square meters in order to increase its value, i.e. 79% of the total sellable area of the property.

This decision was based on the analysis conducted by the Company's management on the characteristics of the property and the prospects of the real estate market in the geographical area in which it is located.

As a result of the abovementioned change, the proportional part of them included in the inventories was transferred to the Investment Properties item. On December 26, 2016, the Company performed a reliable measurement of the net realizable value of this property, based on an appraisal by an independent expert with reputable professional capacity and experience in this type of property. The investment property was adjusted to its fair value, and the resulting income was recognized for an amount of Ps.735.2 million.

***Year Ended December 31, 2015 Compared to Year Ended December 31, 2014***

*Gross profit.*

Gross profit was Ps.173.8 million in 2015, an increase of 160.6% compared to Ps.66.7 million in 2014. The gross margin increased by five percentage points, from 16% in 2014 to 21% in 2015, due to the increase in our interest in projects with higher margins in 2015 compared to 2014, such as Forum Alcorta and Astor Palermo, which had a higher gross margin of Forum Puerto Norte, which accounted for most of the costs in 2014.

In 2014, income was Ps.415.4 million, generated from the delivery of 32,787 square meters at an average price per square meter of Ps.12,671. In 2015, income was Ps.829.0 million, generated from the delivery of 33,577 square meters at an average price per square meter of Ps.24,690. This 99.6% increase in income in 2015 compared to 2014 was driven mainly by the 94.9% increase in the average price of functional units, as a result of the delivery of a greater number of units in the projects with higher average prices, such as Forum Alcorta and Astor Palermo. The increase in income was also the result of a 2.4% increase in the area delivered, in particular in the Astor Palermo project.

Costs increased by 87.9%, from Ps.348.7 million in 2014 to Ps.655.2 million in 2015, mainly due to the increase in the number of deliveries in Forum Alcorta and Astor Palermo.

*Operating expenses.*

The operating result also includes sales-related taxes (basically gross income tax), as well as all marketing and administrative expenses required to support the Company's growing structure.

Sales expenses increased by 63.2%, from Ps.46.4 million in 2014 to Ps.75.7 million in 2015, mainly due to factors such as (i) salaries and social security charges, which increased by 100.6% due to the effect of inflation applied to salaries and increases related to employee performance, (ii) taxes, fees and contributions, which increased by 50.1%, mainly due to an increase in the Gross Income Tax resulting from a 117.1% increase in our collections and an increase in the tax rates applied by the City of Buenos Aires, (iii) property owners' association expenses, or the proportion of total property owners' association expenses for units that have not yet been delivered or sold in ongoing projects, due to expenses related to completed units that have not yet been delivered (iv) advertising expenses, which increased by 34.6%, mainly due to the tenth anniversary campaign, and the campaigns launched for Metra Puerto Norte and Forum Puerto del Buceo and (v) sales expenses, which rose by 78.8%, due to increases in sales commissions resulting from a corresponding increase in contracted sales.



Administrative expenses increased by 38.7%, from Ps.60.7 million in 2014 to Ps.84.1 million in 2015, mainly due to (i) salaries and social security charges, which increased by 34.3% due to the effect of inflation applied to salaries and increases related to employee performance (ii) taxes, fees and contributions, which increased by 392.5%, mainly as a result of a Ps.7.2 million increase in the Uruguayan Equity Tax and (iii) directors' fees, which increased from Ps.0.5 million in 2014 to Ps.2.3 million in 2015, as a result of a 30.5% increase in the fees of independent directors and the payment of fees to non-independent directors as of March, 2015.

#### *Financial results.*

Results from foreign exchange differences dropped by 12.5%, from a loss of Ps.39.2 million in 2014 to a loss of Ps.34.2 million in 2015, mainly due to income from exchange differences generated by collections on behalf of third parties, expenses arising from exchange differences generated by third parties on behalf of the Company, income from exchange differences generated by unit sale debtors, income or expenses due to the impact of exchange rate variations on short-term investments in foreign currency.

Financial income is generated from the investment of cash balances in bank deposits, term deposits, mutual funds and government bonds and securities. Financial income dropped by 53.7% from Ps.97.4 million in 2014 to Ps.45.1 million in 2015, mainly as a result of the recovery of the provision of client advances in foreign currency for an amount of Ps.38.9 million in 2014, with no recovery in 2015 and a Ps.27.6 million reduction in income from temporary investment holdings in 2015 compared to 2014. These reductions were partially offset by a Ps.14.5 million increase in income from the sale of temporary investments in 2015.

Financial costs are the result of interest paid on loans, bank charges and bank debit and credit tax charges. Financial costs increased by 53.7%, from Ps.40.2 million in 2014 to Ps.82.6 million in 2015, mainly due to a Ps.34.7 million increase in interest generated by loans obtained for corporate purposes, as well as loans obtained to finance project construction. Interest on certain loans obtained to finance construction was recorded in 2015, while the interest was capitalized in 2014, as the loan in 2014 was related to the projects that were under construction.

#### **Liquidity and Capital Resources**

The Company's activities require a high level of working capital that must be financed. The Company uses the following sources of capital for the performance of its projects:

- (i) **Equity:** The capital provided by the shareholders and the one generated by the Company's business operations.
- (ii) **Advances from clients:** As is customary in Argentina and in order to reduce its financial exposure, the Company pre-sells the units it develops during its construction, or even before their construction begins. Although the terms of payment of the sales made vary, in general, buyers make an initial payment of approximately 30% of the property sale value upon execution of the sales agreement, then pay monthly installments from the execution of the agreement until possession for 60% of the sale value, and 10% upon acquiring possession. The proceeds from this advances is used to finance the construction of our projects and the payment of debts associated with the purchase of land.
- (iii) **Land swapping for departments:** Occasionally, as in the case of Astor Palermo, Astor Caballito and Proa (formerly known as FACA Foster) projects, TGLT agrees with landowners on the total or partial swap of the plot for finished units. This allows to defer land payments.
- (iv) **Seller financing:** Alternatively, it's common practice for the land owners to finance a part of or the total purchase value of the land, allowing TGLT to defer payments of the land until it has exceeding funds from pre-sale collections. The purchase of the land where Forum Puerto Norte, Forum Alcorta, Metra Devoto and Astor Núñez projects are conducted were financed by this type of financing.
- (v) **Exchange of materials and/or construction services:** Under this system, the supplier agrees to receive units at the end of the project as part of or for the total payment of the services rendered, effectively deferring construction payments.
- (vi) **Debt with suppliers:** It is common practice to pay suppliers on the due date or with deferred payment checks.

(vii) **Financial debt:** See “—Indebtedness.”

The Company also seeks to mitigate the adverse effect that foreign exchange rate variations may have on the projects’ cash flows by continuously reviewing and adapting its commercial policies and implementing hedging strategies such as the swaps described above or the use of financial instruments such as currency futures.

As a result, TGLT has efficient working capital financing sources that provide a cash flow hedge and allows it to carry out large-scale projects without relying heavily on external borrowing. In the Company’s opinion, its working capital is sufficient for current requirements.

**Indebtedness**

Below is a list of the principal loans of the Company and its subsidiaries:

**1. Loans**

The main characteristics of the loans obtained from banks and third parties by TGLT and/or its subsidiaries are summarized below:

**1.1. Bank Loans with Mortgage Guarantees**

Lender	Loan Amount	Maturity	Proceeds	Payments	Outstanding Amount					
					As of March 31, 2017		As of December 31, 2016		As of December 31, 2015	
					Non-current	Current	Current	Non-current	Current	Non-current
Banco Hipotecario (a) ...	30,000,000	(a)	26,124,600	(26,124,600)	—	—	—	—	26,909,465	—
Banco Hipotecario (a) ... Ciudad de Buenos Aires (b) .....	30,000,000	(a)	30,000,000	(30,000,000)	—	—	—	—	30,901,295	—
Santander Río y Ciudad de Buenos Aires (c) .....	71,000,000	(b)	50,844,255	(50,844,235)	—	—	7,800,564	—	42,503,882	—
<b>Total in local currency</b>					<b>130,238,735</b>	<b>—</b>	<b>97,617,323</b>	<b>—</b>	<b>100,314,642</b>	<b>105,417,887</b>
Banco Hipotecario (a) .....	12,000,000		9,906,007	(9,906,007)	—	—	—	—	25,729,155	—
BBVA (d) .....	6,937,542		6,937,542	(6,937,542)	—	—	—	—	—	—
BBVA (d) .....	4,556,900		4,556,900	(4,556,900)	—	—	—	—	—	—
BBVA (d) .....	1,152,914		1,152,914	(1,152,914)	—	—	—	—	—	—
BBVA (d) .....	1,207,562		1,207,562	(1,207,562)	—	—	—	—	—	—
BBVA (d) .....	8,000,000		23,258,500	(14,100,000)	142,279,173	—	122,110,654	—	—	—
Itaú (d) .....	8,000,000		11,216,000	(4,163,552)	110,740,249	—	112,398,492	—	—	—
<b>Total in foreign currency .....</b>					<b>253,019,422</b>	<b>—</b>	<b>234,509,146</b>	<b>—</b>	<b>25,729,155</b>	<b>—</b>

(a) On August 14, 2015, Banco Hipotecario accepted the proposal for the repayment of the loan in foreign currency owed to it by Canfot S.A., with its respective refinancing, establishing the payment of the principal due for an amount of US\$7,492,997 in five monthly, consecutive installments due as of August 30, 2015. As of December 31, 2016, the entire balance had been paid off.

For loans in pesos, during the year ended December 31, 2016, payments were made for an amount of Ps.56,124,600 and the loan was paid off as of that date.

(b) On May 23, 2013, a loan was obtained from Banco Ciudad de Buenos Aires for an amount of up to Ps.71,000,000, expiring on May 23, 2016. All amounts disbursed by the bank accrue a compensatory interest due on balances payable for monthly periods, which is calculated at the Annual Nominal Rate of 23% equal to the Annual Effective Rate of 25.59%. As of December 31, 2016, an amount of Ps.43,043,691 was paid as principal. Subsequent to the end of this fiscal year, all of the capital plus interest has been paid off. The release of the mortgage on the Astor Núñez property remains pending.

(c) On June 3, 2016, Marina Río Lujan S.A. entered into a syndicated loan agreement with Banco Santander Río S.A. and Banco Ciudad de Buenos Aires S.A. for an amount of Ps.260,000,000, which shall be used exclusively to finance the construction of the first six buildings of the Las Rías phase of the Venice project. The loan is divided into two tranches. The first tranche is for an amount of Ps.182,000,000 and the second tranche is for an amount of Ps.78,000,000. Principal repayment shall be performed in tranche I, in six consecutive months starting on May 3, 2017 and ending on October 3, 2017, for a total amount payable of Ps.22,000,000 for the first two periods, Ps.32,000,000 for the following three and Ps.42,000,000 for the last. For tranche II, the principal repayment dates shall be September 3, 2018, October 3, 2018 and October 31, 2018, for Ps.10,000,000, Ps.30,000,000 and Ps.38,000,000, respectively. However, if not all of the funds are received for each of the tranches, they shall be repaid on a pro rata basis with respect to the specified repayment installments.

The loan accrues a variable interest rate equal to the private BADLAR, a benchmark rate published by the BCRA, in addition to a fixed component of 450 basis points.

(d) On December 18, 2015, FDB S.A. entered into a line of credit agreement with Banco Bilbao Vizcaya Argentaria Uruguay S.A. (“BBVA”) and Banco Itaú Uruguay S.A., for the construction of Stages I and III of Forum Puerto del Buceo for up to an amount of US\$16,000,000 (maximum amount), under the following conditions:

- Allocation: partial disbursements by each bank in equal parts (US\$8,000,000 each).

- Commission: equal to 1% of the maximum amount of the loan.
- Effective Term: until April 30, 2017 for disbursement requests.
- Interest Rate: It shall accrue compensatory interest calculated according to the 90-day variable Libor rate prevailing at the end of the bank business day prior to the starting date of the period of each payment, plus three percentage points, effective annually, plus any taxes applied and/or their amendments and/or taxes to be applied, at a minimum annual effective rate of 5%.
- Disbursements: depending on the progress of construction.
- Repayment of principal and interest: through partial payments according to the effective delivery of units to the committed buyers, and for the amount necessary for the repayment (or novation) of the mortgage on a unit sold.
- Guarantees: Prior to any disbursements, FDB S.A. must grant a first mortgage guarantee in favor of the banks, for up to an amount of US\$16,000,000, on all the units comprising Stages I and III of the Forum Puerto del Buceo project.
- Assignment of credits: credits must be assigned as collateral for the participation of each bank in the credit, for the outstanding price payments on the committed sales of all the mortgaged units.

Prior to the granting of the mortgage guarantee, on December 18, 2015, a bridge loan agreement maturing on May 2, 2016 was entered into with BBVA.

On May 17, 2016, a first-grade mortgage guarantee became effective and the syndicated loan was set up, beginning with the disbursements committed by both banks.

According to the TGLT's Board of Directors' Minutes dated December 15, 2015, the board of directors approved the provision of a guarantee of US\$3,000,000 in favor of BBVA to secure the loans to FDB S.A.

On January 24, 2017, a new loan was signed with both banks to finance Stage II of the project, under the following conditions:

- I. Allocation: partial disbursements by each Bank in equal parts (US\$7,000,000 each).
- II. Commission: equal to 0.6% of the maximum amount of the loan.
- III. Effective Term: until April 1, 2018 for disbursement requests.
- IV. Interest Rate: It shall accrue compensatory interest calculated according to the 90-day variable Libor rate prevailing at the end of the bank business day prior to the starting date of the period of each payment, plus three percentage points, effective annually, plus any taxes applied and/or their amendments and/or taxes to be applied, at a minimum annual effective rate of 5%.
- V. Disbursements: depending on the progress of construction.
- VI. Repayment of principal and interest: through partial payments according to the effective delivery of units to the committed buyers, and for the amount necessary for the repayment (or novation) of the Mortgage on a unit sold.
- VII. Guarantees: Prior to any disbursements, FDB S.A. must grant a first mortgage guarantee in favor of the Banks, for up to an amount of US\$14,000,000, on all the units comprising Stage II of the Forum Puerto del Buceo project.
- VIII. Assignment of credits: Credits must be assigned as collateral for the participation of each bank in the credit, for the outstanding price payments on the committed sales of all the mortgaged units.

## 1.2. Other Financial Assets and Liabilities

In TGLT Uruguay S.A., investments are made in different banks that guarantee the disbursements of loans granted to FDB S.A., for exposure purposes in the financial statements such operations are offset by exposing their net position. As of March 31, 2017, the net position was a financial asset for Ps.8,059,127, and is composed as follows:

Bank	Type	Maturity date	Rate	Principal plus interest in US\$	As of March 31, 2017
BBVA .....	U.S. Treasury bonds	12/07/2017	0.73%	6,415,483	98,413,509
BBVA .....	Promissory Note	12/05/2017	5.00%	(5,768,928)	(88,495,356)
Itaú .....	Itaú London CD	12/11/2017	2.37%	8,000,982	122,375,064
Itaú .....	Promissory Note	12/11/2017	5.00%	(8,049,315)	(123,476,492)
Itaú .....	Itaú London CD	02/09/2017	0.44%	199,141	3,054,823
Itaú .....	Promissory Note	02/09/2017	5.00%	(202,548)	(3,107,086)
Santander .....	Term deposit	12/15/2017	0.01%	9,647,443	147,991,776
Santander .....	Promissory Note	07/05/2017	1.96%	(9,694,046)	(148,706,666)
Itaú .....	Itaú London CD	01/25/2018	2.47%	653,850	10,030,059
Itaú .....	Promissory Note	01/25/2018	5.00%	(675,874)	(10,367,907)

Bank	Type	Maturity date	Rate	Principal plus interest in US\$	As of March 31, 2017
Itaú .....	Itaú London CD	01/25/2018	2.44%	150,372	2,306,706
Itaú .....	Promissory Note	01/25/2018	5.00%	(151,192)	(2,319,303)
<b>Total Other Financial Assets</b>					<b>8,059,127</b>

### 1.3. Other Loans

Institution	Loans	Maturity date	Proceeds	Payment	Annual rate	Outstanding Amount			
						As of March 31, 2017	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
Itaú (a).....	3,000,000	10/06/2016	3,000,000	—	1.64%	46,332,235	47,650,249	—	—
Santander (a).....	500,000	12/08/2016	500,000	(486,346)	15.20%	1,202,451	851,259	—	—
BBVA .....	2,000,000	05/02/2016	2,000,000	(2,000,000)	1.00%	—	—	25,997,177	—
BBVA .....	3,990,000	12/07/2016	3,990,000	(3,990,000)	1.00%	—	—	51,864,368	—
Itaú .....	387,000	05/06/2016	387,000	(387,000)	5.00%	—	—	5,076,784	—
Santander .....	687,500	12/12/2016	687,500	(687,500)	—	—	—	9,244,530	—
Natural person (b)...	2,000,000	12/31/2017	2,000,000	—	15.00%	48,844,911	36,923,196	17,682,838	8,624,200
Total in foreign currency – current.....			12,564,500	(7,550,846)		96,379,597	85,424,704	109,865,697	8,624,200

(a) Correspond to loans obtained by FDB S.A.

(1) Loans obtained by FDB S.A. that are secured by deposits made by TGLT Uruguay S.A. in the banking institutions. Correspond to bank loans with renewal upon agreement between parties.

(b) Pertains to a loan requested by Marina Rio Lujan S.A. from its shareholder Marcelo Gomez Prieto.

## 2. Non-Convertible Bonds

On December 20, 2011, the Shareholders' Meeting of TGLT approved the establishment of a global program for the issue of ordinary, non-convertible, short, medium and long-term negotiable bonds, subordinated or not, with or without a guarantee, pursuant to Argentine Law No. 23,576 and its amendments (the "NBs") for a maximum amount of up to US\$50,000,000 or its equivalent in other currencies in circulation at any time (the "Program"). Different classes and/or series denominated in U.S. Dollars or other currencies may be issued and the successive classes and/or series that are repaid may be reissued. The effective term of the Program shall expire on July 12, 2017, within which term all of the issues and reissues must be performed under this Program.

The main characteristics of the Company's issued bonds, which have been effective from the approval of the Program until March 31, 2017, are summarized below.

Class	IX	X	XII
Issue Date	05/12/2015	02/23/2016	07/22/2016
Issued Amount	Ps.57,229,975	Ps.96,828,323	Ps.96,666,666
Outstanding principal amount	Ps.57,229,975	Ps.96,828,323	Ps.96,666,666
Payment currency	Pesos	Pesos	Pesos
Outstanding amount - Current (principal and interest)	Ps.45,498,654	Ps.99,603,228	Ps.105,526,473
Outstanding amount - Non-Current (principal and interest)	Ps.13,295,199	—	—
Interest Rate	The greater of: a) A factor of 0.90 multiplied by the variation of the CAC Index; and b) the Badlar Rate + 600 bps.	Private Badlar + 550 bps.	Badlar Rate + 600 bps, with the exception that for the first three months, the NB accrues a minimum rate of 32% APR
Maturity	05/14/2018	08/23/2017	01/23/2018
Repayment	4 equal consecutive payments, from 08/14/2017, on months 27, 30, 33 and 36	2 equal consecutive payments, from 05/23/2017, on months 15 and 18	A single payment at 18 months, as of the date of issue and payment
Interest payment		Quarterly coupon	
Principal payment		At par	
Rating		BBB by FIX SCR S.A. Credit Rating Agency	

On May 12, 2015 and February 23, 2016, and as a result of the last issues of Class VII, IX and X Negotiable Bonds, holders of other classes opted to conduct an exchange among the series. The main characteristics of the exchange are summarized below:

Exchanged issue	Amount exchanged	New issue		
		ClassVII	ClassIX	ClassX
Class III	Ps. 3,000,000	Ps. —	Ps. 3,000,000	—
Class IV	US\$ 4,609,642	US\$ 1,279,642	US\$ 3,330,000	—
Class V	Ps. 23,041,880	Ps. 17,691,880	Ps. 5,350,000	—
Class VI	Ps. 15,842,677	Ps. 9,668,535	Ps. 6,174,142	—
Class VII	Ps. 24,391,758	—	—	Ps. 24,391,758

Below are the amounts outstanding for each Class of NBs, classified as current and non-current, and in domestic currency and foreign currency as of March 31, 2017 and December 31, 2016 and 2015:

Class	As of March 31, 2017		As of December 31, 2016		As of December 31, 2015	
	Current	Non—Current	Current	Non-Current	Current	Non-Current
III .....	—	—	—	—	15,146,401	—
VI .....	—	—	—	—	7,730,292	2,500,000
VII.....	—	—	—	—	80,414,888	—
IX .....	45,498,654	13,295,199	31,146,221	27,602,693	2,176,317	56,217,680
X .....	99,603,288	—	99,495,447	—	—	—
XII.....	101,526,473	—	6,176,958	95,218,904	—	—
<b>Total in local currency..</b>	<b>246,628,415</b>	<b>13,295,199</b>	<b>136,818,626</b>	<b>122,821,597</b>	<b>105,467,898</b>	<b>58,717,680</b>
IV .....	—	—	—	—	27,311,236	—
<b>Total in foreign currency .....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>27,311,236</b>	<b>—</b>

### 3. Finance Lease

The Company has a finance lease agreement for the purchase of a generator, which was purchased for installation in the Astor Núñez project.

The purchase was performed under an agreement with Banco Supervielle. The value of the purchased item was Ps.1,131,705. Its effective term is five years, in 60 monthly consecutive payments. The rate established for calculation is the Badlar rate for 30 to 35-day fixed-term deposits of over one million pesos paid by private banks corrected by three points, with a minimum annual base rate of 27.19%. Under the terms of this agreement, no contingent rent is due.

The future minimum payments to be made are indicated below:

	As of March 31, 2017	As of December 31, 2016
Up to 1 year .....	496,173	458,006
Over 1 year and no more than 5 years .....	1,621,438	1,774,106
	2,117,610	2,232,112
Future financial charges .....	(984,930)	(1,109,379)
<b>Current value of finance lease liabilities.....</b>	<b>1,132,680</b>	<b>1,122,733</b>

The fair value of the finance lease liabilities is the following:

	As of March 31, 2017	As of December 31, 2016
Up to 1 year .....	539,777	384,570
Over 1 year and no more than 5 years .....	592,899	738,163
<b>Fair value of finance lease liabilities.....</b>	<b>1,132,676</b>	<b>1,122,733</b>

### 4. Advances in Current Account

The Company has signed the following overdraft agreements with the following Banks: a) HSBC Bank Argentina S.A. for an amount of Ps.8 million; b) Banco Industrial de Azul for Ps.2 million; c) Banco Galicia for Ps.2 million; d) Banco Supervielle for Ps.8 million; e) Banco Santander Río for Ps.18 million; and f) Banco Patagonia for Ps.5 million.

## *Guarantees*

1. As a result of the financing obtained by Canfot S.A. through the Constructive Project Financing Contracts with a mortgage guarantee entered into with Banco Hipotecario S.A., Canfot S.A. placed a first mortgage on the real property belonging to it on which the Forum Alcorta project is being developed.

On September 22, 2016, the parties signed the cancellation of the lien on the entire property and on October 11, 2016, it was registered with the Real Property Registry.

2. In order to secure the obligations assumed by the Company as a result of the purchase of the property where the Astor Caballito project is being developed, the Company placed a first mortgage in favor of IRSA Inversiones y Representaciones S.A. (the “**IRSA**”), on the abovementioned property for an amount of up to US\$12,750,000 in principal, plus interest and any applicable costs and expenses. In addition, and to secure the same transaction, the Company placed a first lien in favor of IRSA on its shares of Maltería del Puerto S.A. (which merged with Canfot S.A., the latter of which merged with TGLT).

As a result of the merger and exchange of TGLT’s shares in Maltería del Puerto S.A., a first ranking lien of 3,571,397 shares of Canfot S.A. was registered in favor of IRSA.

As of the date of the financial statements, the merger of Canfot S.A. with TGLT having been previously approved, this situation is under analysis by the parties.

3. In order to guarantee the obligations assumed by the Company as a result of the purchase of the real property where the Astor Palermo project is being developed, the Company placed a first mortgage in favor of Alto Palermo S.A. (the “**APSA**”), on the abovementioned property. The amount of the mortgage is US\$8,143,231.

4. As a result of the financing obtained by TGLT under the Constructive Project Financing Contract with a mortgage guarantee entered into with Banco de la Ciudad de Buenos Aires and as explained in Note 14, the Company placed a first mortgage on the property belonging to it on which the Astor Núñez project is being developed. The release of such mortgage remains pending, since as of the date of the Financial Statements, the liability has been entirely paid off.

5. As guarantee for the obligations assumed by the Company as a result of the purchase of the property where the project named Brisario is being developed, which is composed of Proa and Metra Puerto Norte, the Company placed a first mortgage in favor of Servicios Portuarios S.A. on the abovementioned property. The amount of the mortgage is US\$24,000,000.

6. As mentioned in Note 34.1 and in order to secure the obligations assumed by the Company as a result of the purchase of the Company Green Urban Homes S.A. where the project named Metra Devoto is being developed, a first mortgage was placed on the Property in favor of the previous owners of the Company. The amount of the mortgage is US\$4,800,000 and it was subsequently placed in favor of other clients.

7. On December 27, 2007, Marinas Río de la Plata SL and Marcelo Gómez Prieto entered into two Share Pledge Agreements, one in favor of Marcelo Gómez Prieto and the other in favor of Marinas Río de la Plata SL. Under such contracts, each of them granted in favor of the other, as a guarantee for compliance with the financing obligations assumed by both in relation to Marina Río Luján SA, a first-ranking right of pledge, under the terms of Section No. 580 and subsequent sections of the Commercial Code of the Argentine Republic, on all the shares issued by Marina Río Luján S.A. owned by the pledgor of each of the Pledge Agreements. The characteristics of the financing obligations guaranteed by the Pledge Agreements are described below:

- I. The financing policy of Marina Río Luján S.A. shall be established by the board of directors, which shall seek the most efficient system from the financial and tax perspective for the development of its real estate project. Such policies must be implemented under conditions substantially similar to the final conditions that would have been obtained in the market by unrelated third parties.

- II. In a first instance, Marcelo Gómez Prieto and Marinas Río de la Plata SL, through Marina Río Luján S.A., shall attempt to obtain financing from independent third parties for the development of the real estate project of such company. For such purpose, Marina Río Luján S.A. shall accept the

third-party financing offered to it under market conditions. If such third-party financing is not granted, each party shall provide financing for up to US\$4,000,000.

On February 22, 2010, Marcelo Gómez Prieto agreed and the Company accepted to assume all of the rights and obligations of Marinas Río de la Plata SL and replace it under the Pledge Agreements.

8. As a result of certain demolition work carried out in September, 2006 at the site where the Astor Núñez project is currently being conducted, TGLT was notified of a claim against it for damages and losses resulting from proximity in 2009. The legal proceedings were filed before Ordinary Civil Court No. 89 and the amount of the claim is approximately Ps.440,000. On August 24, 2012, the judge admitted the defense on grounds of limitation submitted by the Company. Such resolution has been appealed by the plaintiff. The case was submitted to the Chamber. The proceedings are currently in the evidentiary stage.  
  
As a result of the purchase of the shares of the company Pico and Cabildo S.A. by TGLT, and as a guarantee for the resolution of the abovementioned contingency, the previous shareholders established a term deposit in the Company's name, which shall be exclusively allocated to the payment of obligations that may arise from the resolution of the claim filed against the Company. By virtue of the above, the Company has included in its current assets as of March 31, 2017 and December 31, 2016 and 2015, the amount of Ps.3,079,641, Ps.3,179,694 and Ps.2,584,383, respectively, under Cash and cash equivalents, and the amount of Ps.3,079,641, Ps.3,179,694 and Ps.2,584,383, respectively, in current liabilities under Other accounts payable.
9. The disposal of the Monroe Property is restricted by an option to purchase the Monroe Property granted to a client as a guarantee for the payment of the client's option to resell to the Company a set of purchased functional units. On November 21, 2016, TGLT requested and the client agreed to the sale and transfer of the Monroe Property to third parties. On the same date, the parties agreed to replace the payment guarantee with the disposal of the building where the Metra Devoto project is being developed. The Company Management renegotiated the terms and conditions of the amendment of the original agreement signed with the buyer.
10. As a result of the financing obtained by Maria Río Luján S.A. under the syndicated loan agreement with a mortgage guarantee entered into with Banco Santander Río S.A. and Banco Ciudad de Buenos Aires S.A. and as explained in Note 14, Marina Río Luján S.A. placed a mortgage on the property on which the project is being developed, with the exception of Anguilera, and assigned the economic rights (including the collection rights) and all other rights of any other nature corresponding to it in relation to or resulting from (i) existing sales agreements and, (ii) future sales agreements. The amount of the mortgage is Ps.527,500,000.
11. As a result of the financing obtained by FDB S.A. under the Constructive Project Financing Contract with a mortgage guarantee entered into with Banco Bilbao Vizcaya Argentaria Uruguay S.A. (BBVA) and Banco Itaú Uruguay S.A. and as explained in Note 14, the Company placed a first mortgage on its property.
12. On August 8, 2016 and as guarantee for the obligations assumed by the Company as a result of the purchase of the real property where the Astor San Telmo project is being developed, the Company placed a first mortgage in favor of H.C. & Asociados Sociedad Anónima on the part of the property purchased from the latter. The amount of the mortgage is US\$10,500,000.

## ARGENTINE ECONOMY AND MARKET OVERVIEW

### Introduction

With a population of 40.1 million, Argentina is the third largest housing market in Latin America. It has the second largest land area in Latin America, with 2,780,400 square kilometers in South America. Its nominal GDP, estimated at US\$541.75 billion for 2016, ranks twenty-first in the world and third in Latin America, behind Brazil and Mexico. The country's GDP per capita at current prices is US\$12,425, one of the highest in Latin America, surpassed only by Chile and Uruguay, according to the estimates by the International Monetary Fund as of March 2017.

As far as population is concerned, Argentina has low population density (14.4 inhabitants/km<sup>2</sup>). Over 90% of the population lives in the cities, and nearly 50% live in cities with a population in excess of 500,000. Population is unevenly distributed in Argentina, highly concentrated in the GBA, where 31.9% of the population lives.

The GBA is the country's main economic and political hub. Its 25 districts (the City of Buenos Aires plus 24 districts in the Buenos Aires metropolitan area) stretch over 3,833 square kilometers, with a population of 12.8 million, according to the latest census conducted in 2010. It is the tenth largest city in the world and the third largest city in Latin America. It has a population almost nine times as high as the country's second largest city.

### Argentina Macroeconomic Overview

#### Introduction

Beginning in December 2001 and for a large part of 2002, Argentina experienced one of the most severe crises in its history, which nearly left its economy at a standstill. Between 2004 and 2009, the Argentine economy recovered considerably. Since 2009, the Argentine economy has shown increased volatility, with years of practically no growth (2009, 2012 and 2014), and years of strong (2010 and 2011) or slow (2013) growth. In 2015, there was a slight recovery in the economy; followed by signs of downturn during 2016 which have started to revert in 2017.

The table below includes certain economic indicators in Argentina for the years indicated:

	As of December 31,												
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real GDP growth (%) <sup>(1)</sup> .....	8.9	8.9	8.1	9.0	4.1	(5.9)	10.4	6.1	(1.1)	2.3	(2.6)	2.4	(2.3)
Primary surplus (excl. income, % GDP) .....	3.2	3.0	3.2	2.9	2.8	1.4	1.5	(0.8)	(1.2)	(2.4)	(3.7)	(4.2)	(4.6)
Gross foreign debt, public and private (% GDP).....	106.4	54.7	45.4	40.1	31.5	32.3	28.2	24.1	22.2	21.8	25.6	22.8	28.8
Trade balance (billions of US\$)	12.130	12.7	13.3	15.4	20.3	16.4	17.8	9.0	12.0	1.5	3.2	(3.0)	2.1
Unemployment rate end of period— (%).....	12.1	10.1	8.7	7.5	7.3	8.4	7.3	6.7	6.9	6.4	6.9	5.9	7.6
Inflation in Consumer Prices— Dec./Dec.— INDEC CPI (%).....	6.1	12.3	9.8	8.5	7.2	7.7	10.9	9.5	10.8	10.9	23.9	26.9	36.8
Average Exchange Rate (Ps. per US\$) .....	2.9	2.9	3.1	3.1	3.2	3.7	3.9	4.1	4.6	5.5	8.1	9.1	14.96

Source: Econviews, the INDEC and BCRA as of December 31, 2016.

(1) Revised data, as published by the INDEC on June 29, 2016.

### The Argentine Economy

In 2003, the Argentine economy began showing signs of recovery. GDP grew 8.9%, 8.9%, 8.1% and 9.0% in 2004, 2005, 2006 and 2007, respectively, according to the INDEC reports (as revised in June 2016). The reported rate of inflation was 6.1%, 12.3%, 9.8% and 8.5% in 2004, 2005, 2006 and 2007, respectively.

After growing at an average annual rate of 8.7% from 2003 to 2007, during 2008 and 2009, external and internal factors contributed to a decrease in the rate of Argentina's economic growth. According to the INDEC, in 2008 GDP grew by 4.1% in real terms, although the last quarter of 2008 showed a strong deterioration in the level of activity. Influenced by the aftermath of the global economic downturn, the economy contracted in 2009, with GDP falling by 5.9%, the first year of negative growth since 2002. According to the INDEC, the rate of inflation was 7.2% and 7.7% in 2008 and 2009, respectively. Certain estimates of inflation prepared by provincial governments significantly



exceeded the rates published by the INDEC. Average inflation in the eleven provinces that publish independent inflation data for that period was 19.1% and 14.2% for 2008 and 2009, respectively.

In 2010, Argentina's economy indirectly benefited from the measures adopted by industrialized countries to address the global financial crisis. Real GDP grew at a 10.4% annual rate, according to the INDEC. This was largely attributable to increases in private consumption and exports and the performance of the farming and manufacturing industries. While the economy improved, price levels, mainly of staples, also increased. According to the INDEC, the rate of inflation was 10.9% in 2010. Average inflation reported by the eleven provinces that published independent inflation data was 23.8% for the same period.

In 2011, Argentina's GDP increased 6.1% compared to 2010, primarily as a result of an increase in private consumption. Strong growth in domestic demand continued putting pressure on inflation. According to the INDEC, Argentina recorded 9.5% inflation in 2011, which was slightly lower than 2010. Eleven provinces in Argentina, however, recorded much higher levels of inflation than that calculated by the INDEC, on average reporting inflation in 2011 at 20%.

In 2012, the Argentine economy contracted 1.1% according to the INDEC, as domestic investment contracted primarily as a result of a decrease in construction and capital goods imports. In 2013, the Argentine economy grew by 2.3% according to the INDEC. Argentina's GDP decreased 2.6% in 2014, resuming growth in 2015 with an increase of 2.4% in real GDP.

Finally, the INDEC reported GDP contraction of 2.3% in 2016. On the other hand, the IMF in its World Economic Outlook report expects a GDP growth of 2.7% in 2017.

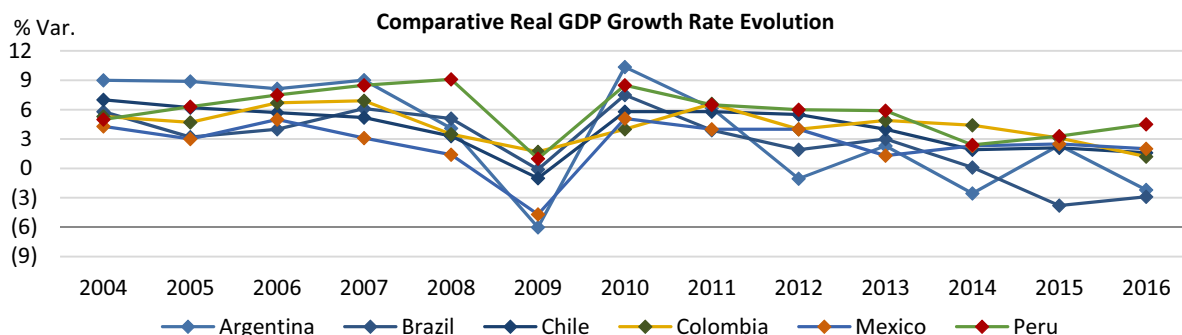
In December 2015, after President Macri assumed office, the BCRA issued Communication "A" 5850, which along with Communication "A" 6037, lifted most foreign exchange controls. Due to these reforms, as of December 31, 2015, the Peso fell to Ps.13.05 per US\$1.00, a devaluation of approximately 53% compared to the rate as of December 31, 2014 and an approximately 32% devaluation from the official exchange rate as of December 16, 2015 of Ps.9.79 per US\$1.00. The official exchange rate of the Peso to the U.S. Dollar as of December 31, 2014 was Ps.8.55 per US\$1.00, a devaluation of approximately 31.1% compared to Ps.6.52 per US\$1.00 as of December 31, 2013. As of December 31, 2016, the exchange rate closed at Ps.15.85 per US\$1.00, a devaluation of 22% compared to the rate as of December 31, 2015. A small portion of our sale contracts in Argentina and all of our sale contracts in Uruguay are denominated in U.S. Dollars and the revenue related to those contracts is therefore subject to variations in the exchange rate of the Peso relative to the U.S. Dollar. See "Risk Factors—Risks Relating to Argentina—Fluctuations in the value of the Peso could adversely affect the Argentine economy, and consequently our results of operations or financial condition," "Risk Factors—Risks Relating to the Convertible Subordinated Notes—Future exchange controls and restrictions on transfers abroad may impair your ability to receive payments on the Convertible Subordinated Notes or repatriate your investment in the Convertible Subordinated Notes" and "Exchange Controls" for further descriptions of these reforms.

In February 2014, the INDEC released a new CPI index called IPCnu that measures prices on goods across the country and replaced the previous index that only measured inflation in the greater urban area in and around the City of Buenos Aires. Even though the change in the covered area should not have significantly altered inflation figures, it represented an attempt to include a more reliable statistic, as the previous index had been suspected of being tampered with since 2007. The IPCnu increased 23.9% in 2014 and increased 11.3% in the 10-month period ended October 31, 2015. Even though the new methodology brought inflation statistics closer to those estimated by private sources, there were still differences between official inflation data and private estimates. Additionally, before the inflation index for November 2015 was published, the IPCnu was discontinued.

According to the most recently available inflation data published by the INDEC, the CPI grew by 10.9%, 9.5%, 10.8%, 10.9% and 23.9% in 2010, 2011, 2012, 2013 and 2014, respectively, and 11.3% in the 10-month period ended October 31, 2015. The WPI increased by 14.6%, 12.7%, 13.1%, 14.8% and 28.3% in 2010, 2011, 2012, 2013 and 2014, respectively, and 9.6% in the nine month period ended September 30, 2015, the most recent whole sale inflation figure published by the INDEC. From October 2015 until May 2016, the INDEC did not published official inflation figures. According to a price index published by the government of the City of Buenos Aires, inflation in the city was 26.6%, 38.0% and 26.9% in 2013, 2014 and 2015, respectively. The latest available monthly inflation in the city was 4.1%, 4.0%, 3.3% and 6.5% in January 2016, February 2016, March 2016 and April 2016 respectively. The "**Congress CPI**", which considers, among others, official inflation data from the Autonomous City of Buenos Aires and the province of San Luis, reported a CPI increase of 3.6%, 4.8%, 3.2% and 6.7% in January, February,

March and April 2016, respectively. In June 2016, the INDEC resumed the publication of official inflation figures under a new methodology, reporting monthly CPI increases of 4.2% and 3.1% in May and June 2016, respectively. Finally, during 2017 first quarter, the official inflation registered by the INDEC was 6.1%.

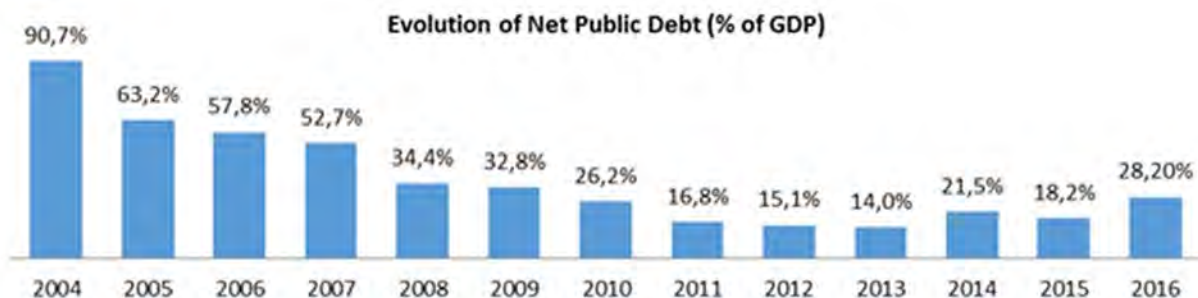
The following graph compares Argentine GDP growth to other Latin American countries:



Source: The INDEC, International Monetary Fund, The World Bank.

Since 2004, Argentina’s external public indebtedness has decreased significantly as a percentage of GDP, from 62.1% in 2004 to 11.9% in September 2015. In recent years, external public indebtedness as a percentage of GDP has increased from 15% in 2012 to 28% in 2016.

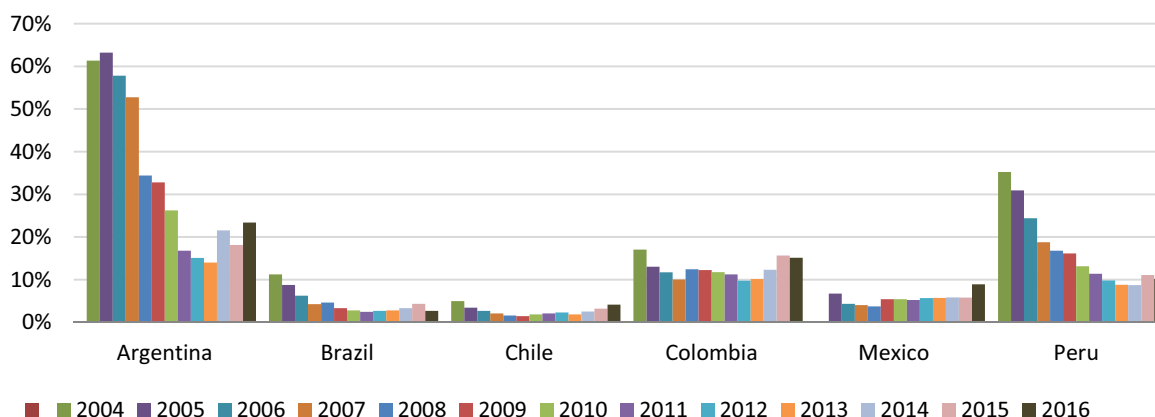
The following chart shows the fluctuation of external public indebtedness as a percentage of GDP:



Source: Ministry of Economy and Public Finance, Econviews.

The following chart shows the fluctuation of external public indebtedness as a percentage of GDP, compared to that of other Latin American countries:

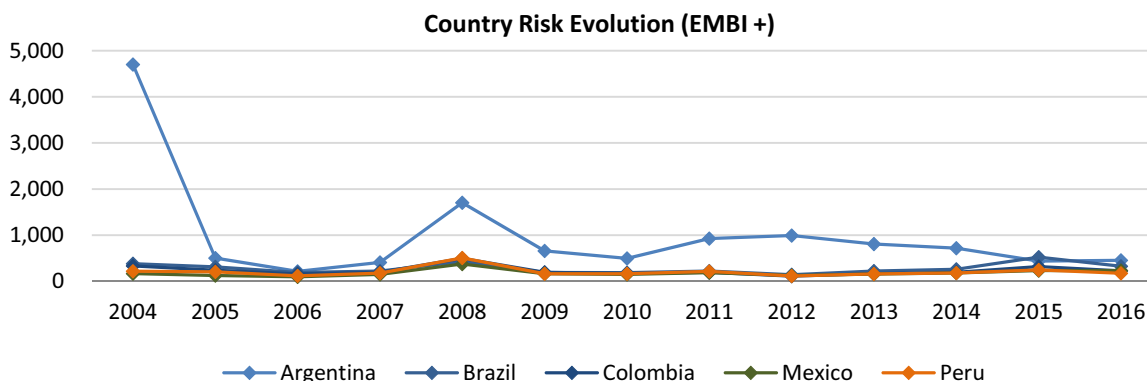
### Comparative External Debt as % of GDP (main Latin American countries)



Source: IDB, Ministry of Economy and Public Finance.

Based on the Emerging Bond Index plus (EMBI+) benchmark index, Argentina’s country risk profile has improved significantly since 2004, from 4,703 in 2004 to 452 in 2017. However, compared to other Latin American countries, Argentina’s risk profile remains relatively high.

The following graph shows the country risk fluctuation in terms of EMBI+ for Argentina and several comparable Latin American countries:

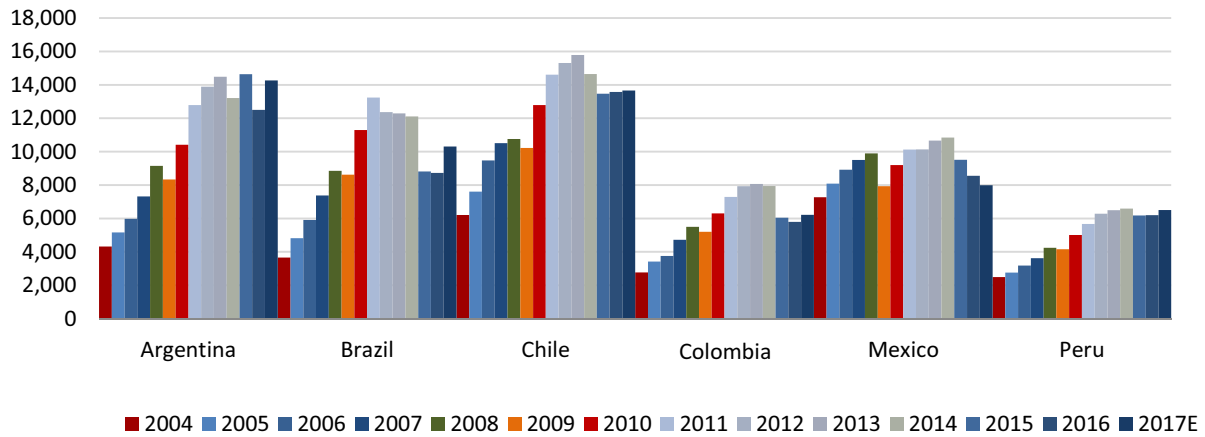


Source: J.P. Morgan.

Argentina’s GDP per capita measured in U.S. Dollars increased practically threefold between 2004 (US\$4,760) and 2013 (US\$14,546). However, since 2013 GDP per capita decreased to US\$13,558 in 2015.

The following graph compares GDP per capita in terms of U.S. Dollars to that of other Latin American countries:

### GDP per capita (US\$)

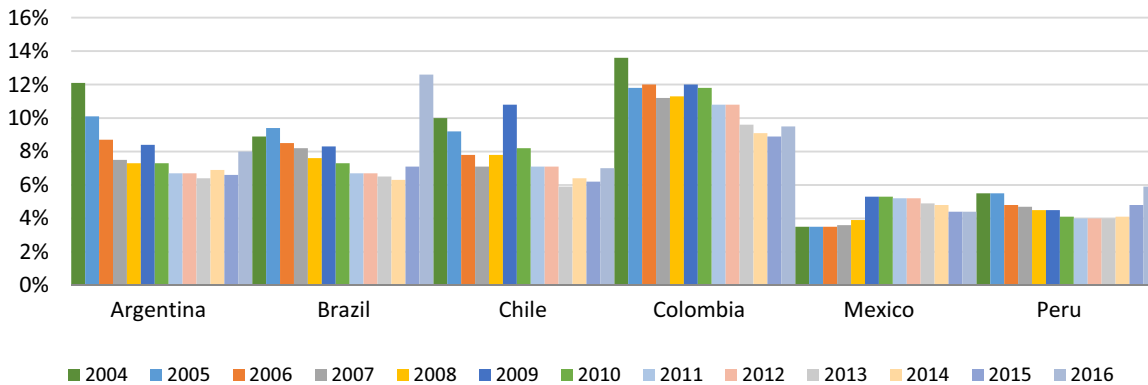


Source: Euromonitor.

The unemployment rate has also improved significantly since 2004, decreasing from 12.1% in 2004 to 8.0% in 2016, although it has remained relatively constant in the period 2012-2015, increasing 1% in 2016.

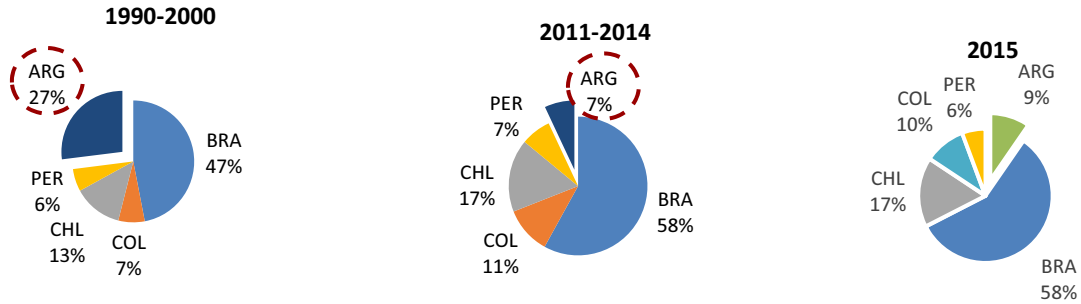
The following chart compares the Argentine unemployment rate to that of other Latin American countries:

### Unemployment rate



Source: Euromonitor, the INDEC.

Foreign direct investment in Argentina has steadily and gradually decreased from its highest point in the 1990s, when the country attracted 27% of total foreign investment in South America, to a low of 7% in the past four years, as shown in the comparative figures of foreign direct investment described in the charts below.



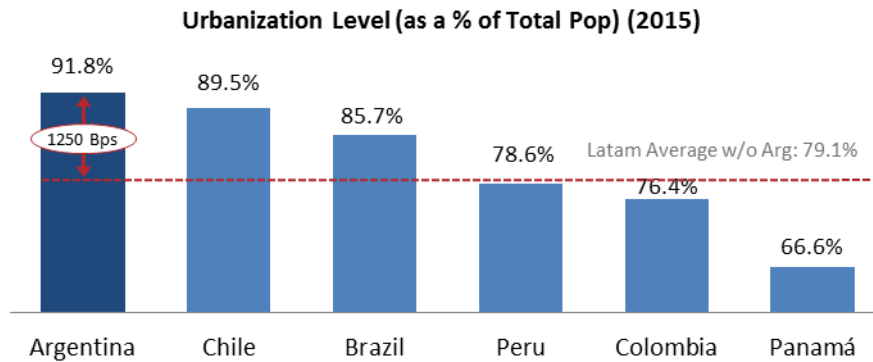
Source: The World Bank, CEPAL.

### ***Residential Market in Argentina***

#### *Regional Comparison.*

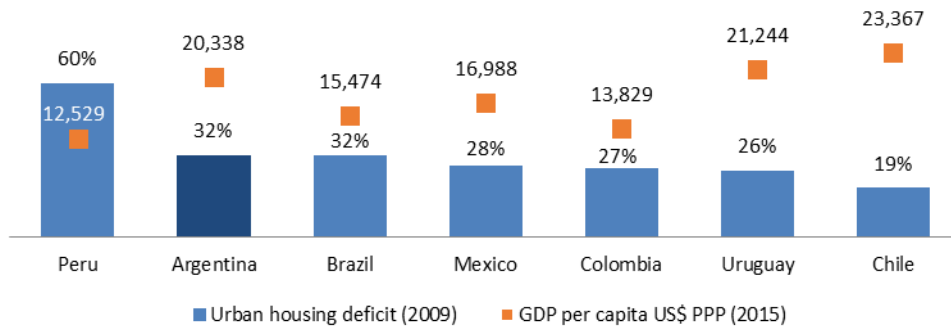
Argentina has an estimated housing deficit of approximately 3.5 million homes, which is estimated to increase by 36,000 homes per year. However, the scarcity of credit for the middle and lower income segments and the government’s limited intervention in promoting housing through subsidies has resulted in an insufficient supply for a large portion of this demand.

According to information gathered by the Inter-American Development Bank (the “IDB”), compared to the rest of Latin America, Argentina has the largest proportion of urban population in the region, the second highest GDP per capita, and yet has one of the largest housing deficits (measured by the percentage of the population in housing conditions that are inadequate, insecure, overcrowded, uninhabitable and/or without running water) as shown in the charts below:



Source: IMF, IDB.

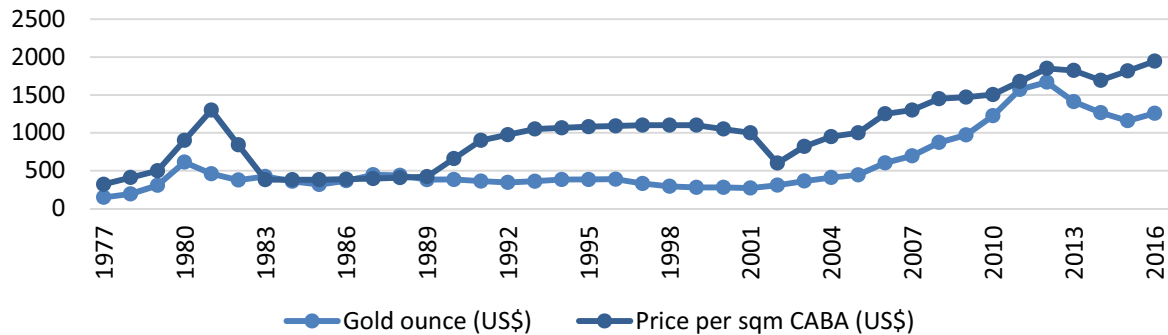
### Latin America Urban Housing Deficit



Source: IMF, IDB.

In Argentina, private savings is an important driver of real estate investment and private housing construction. We believe that real estate is perceived to be a higher quality instrument for preserving value and/or income than bank deposits or fixed income securities. It also represents coverage against inflation and currency devaluation, as real estate has historically preserved its U.S. Dollar value, as shown in the chart below, except for brief periods of time following crises. Consequently, we also believe that real estate is one of the most popular investments among Argentines.

### Buenos Aires - Historical Price per square meter vs Gold Ounce



Source: Kitco, Real Estate Report.

### Competition in the Residential Market.

The Argentine housing development market is a highly fragmented market, comprised of small and medium sized businesses. Most of these businesses are small companies focused on specific geographical markets and products, with limited access to capital and management models that are strongly focused on their owners. There are few companies established for the purpose of real estate development. Most real estate developments are carried out by companies or professionals linked to the development activity, such as architects, real estate brokers, notary's offices, or construction companies. Many of these companies carry out their core business and their real estate development activities simultaneously.

There are relatively few companies that participate in markets in which we are present with large multifamily development projects of over 20,000 sellable square meters, such as Consultatio, Grupo Monarca, Raghsa and Vizora. Only a small number of these companies have access to institutional investors, such as Consultatio and Raghsa. There are other large housing project development companies whose owners have a significant track record

and reputation in the market, but whose recent activity has been reduced, including Chacofi, Dypsa, Kineret and Obras Civiles in Buenos Aires.

In the 10,000 to 20,000 square meter segment, there are approximately 30 companies on a national level that operate with a continuous structure and constant activity. The number of market players is much higher in the segment under 10,000 square meters.

Over the last 10 years, there has been rapid growth in development projects that use a real property trust system, or *fideicomiso al costo*. Some project development companies, such as Argencons, have specialized in this business model, in which financing comes from a small pool of investors that act both as settlors and beneficiaries of a special purpose trust at the same time, with the sole purpose being the development of the project.

*Historical Trends and Perspectives.*

Changes in macroeconomic variables such as inflation, exchange rates, GDP fluctuations, actual purchasing power, and interest rates have a strong impact on real estate market performance. Mortgage availability is an essential condition for suitably meeting housing demand.

Accelerated increases in prices and dramatic exchange rate variations distort relative prices and generate uncertainty, causing slowdowns in economic activity, especially where investments are concerned. Additionally, aside from causing a loss in actual purchasing power, they generate upward stress on sales prices due to costs and pressure on interest rates. In this context, there has been a decrease in the launch of new products and demand for existing stock. However, between 2003 and 2008, Argentina’s GDP grew at an average annual rate of over 8% and the real estate market experienced a construction boom in spite of two digit inflation rates.

After a recovery in the wake of the 2001 2002 crisis, however, two major factors operated to deteriorate the performance of the residential real estate market, namely a shallow mortgage loan market, estimated at 1.2% of Argentina’s GDP and foreign exchange rate controls.

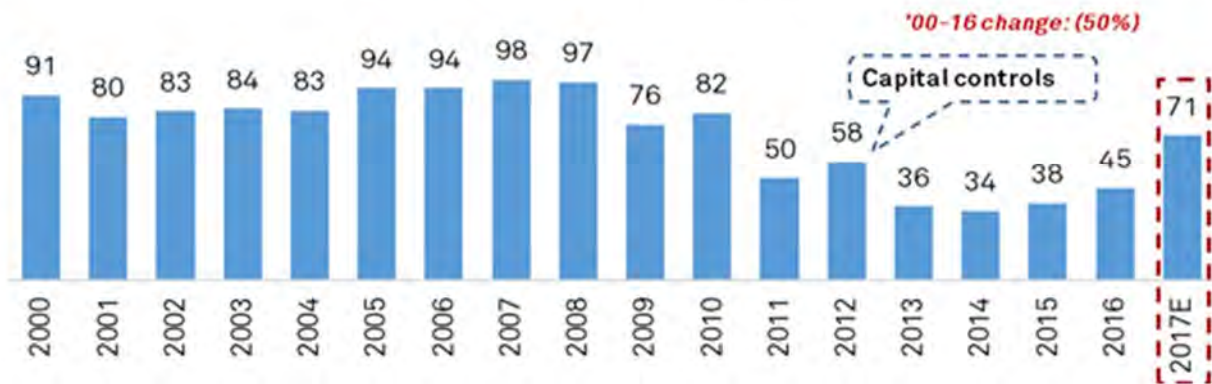
First, the scarcity of mortgage loans over the last few years (as discussed below) slowed down the market. This phenomenon is due to a lack of attention from the Argentine government to guarantee the macroeconomic conditions necessary for long-term credit to be viable for banks, mainly by creating a long-term economic plan that guarantees inflation at single-digit levels. The chart below shows how, in one of the periods of the fastest economic growth in the history of Argentina, 2003 through 2008, the number of construction permits barely surpassed the number recorded in the year 2000.



Source: The INDEC.

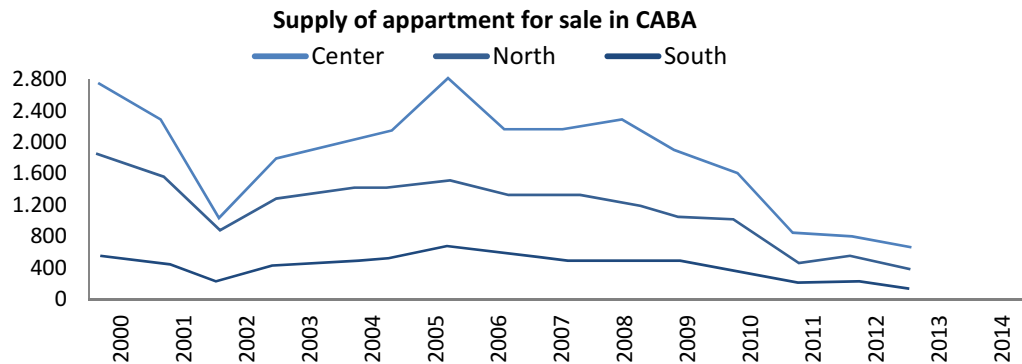
This is illustrated by the following chart, which shows how the number of real estate transactions has collapsed since 2008, and particularly, since the implementation of capital controls in Argentina.

### Transactions in the City of BA (thousands)



Source: Real Estate Chamber Argentina, Real Estate Report. 2017E Data (annualized): calculated using growth in the first quarter of 2017.

Additionally, the chart below shows how the number of apartments for sale in the City of Buenos Aires has dropped since 2006. As the market is almost completely debt free, sellers can wait for the right time to sell. Starting in 2011, in the wake of the global financial crisis, it was unclear whether the Argentine economic model was sustainable, and expectations started to become lower.



Source: Real Estate Report.

Second, the foreign exchange restrictions imposed in and after 2012, operated to limit companies' and individuals' ability to buy foreign currency for any purpose, from buying a home to saving. As a result, the real estate market was seriously affected, as it has historically been a dollar denominated market where payment was made in U.S. Dollars. These restrictions and poor expectations generated further dislocations in the market and drastically reduced activity, a trend that is expected to reverse as the Macri Administration has lifted the majority of foreign exchange restrictions that were imposed by the prior administration (see "Exchange Controls") and is making efforts to reduce inflation and generate the conditions for the resurgence of mortgage credit.

#### *Trends in Demand.*

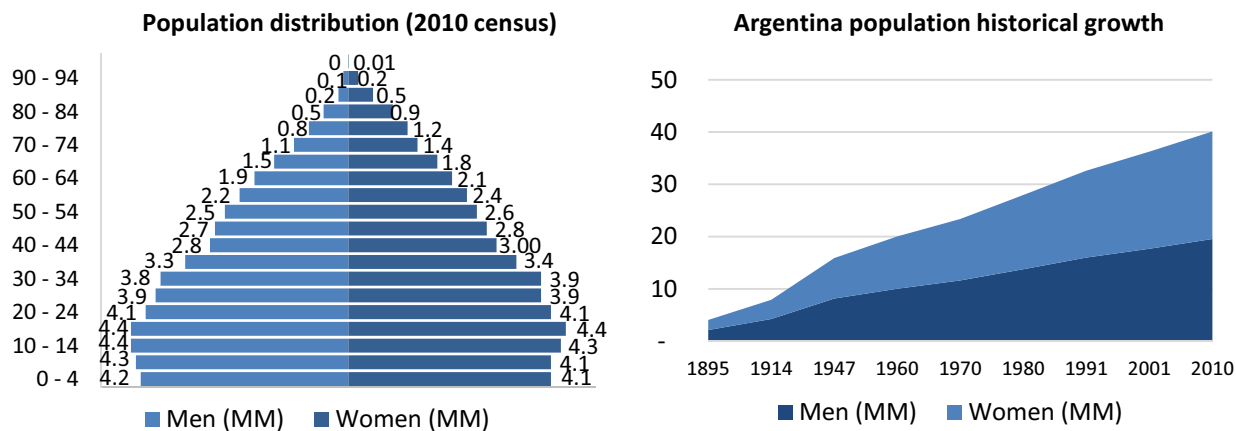
The growth in the Argentine population, the high percentage of the young population as compared to the total population, the drop in the number of inhabitants per home, and Argentines' preference for purchasing real estate as an investment, are expected to help sustain the Argentine real estate market's potential in the future.

While the population growth rate has declined in line with most countries with intermediate development, the Argentine population experienced a 1.0% annual growth rate over the last decade, which is expected to remain unchanged over the next few years, according to the INDEC. Also, Argentines' average age is 31, far below that of developed countries (Italy: 43.3, Spain: 41.1; France: 39.4; Australia: 37.3; United States: 36.7), and 60% of the



country's inhabitants are under 35 years of age, according to the census conducted by the INDEC in 2010. This young population represents a sound source of housing demand in the future.

The charts below show the population pyramid taken from the most recent nationwide census conducted by the INDEC (2010):



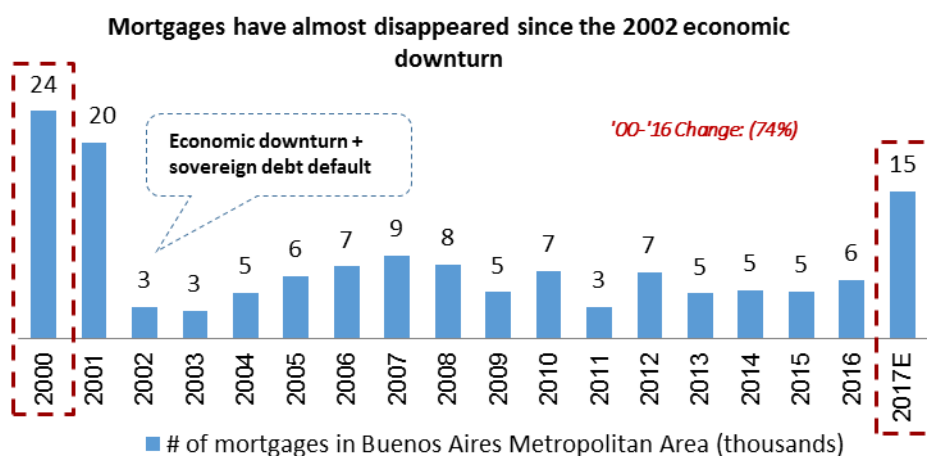
Source: The INDEC.

### Mortgage Credit.

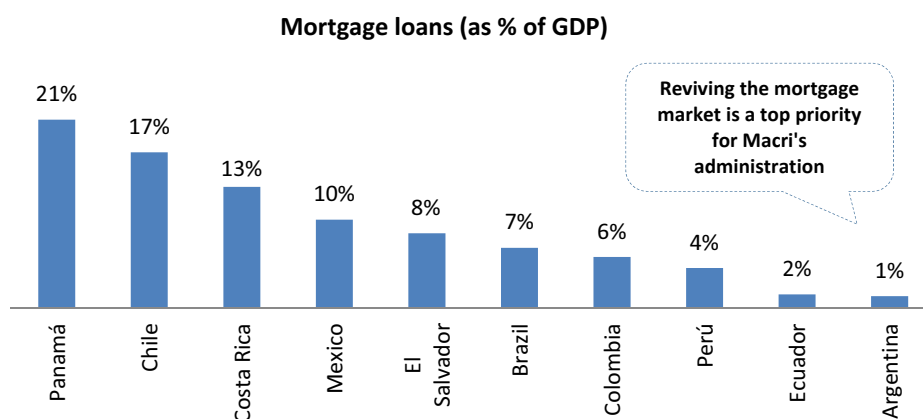
Until the 2001-2002 crisis, Argentina was a pioneer in Latin America in developing a dynamic primary and secondary mortgage market. The first mortgage securitizations in Latin America were conducted in Argentina, and toward the end of the 1990s various investment groups actively participated in this mortgage bond market, including pension funds, insurance companies, professional associations, financial institutions, and retail investors. According to the BCRA, in December 2000 the mortgage market share amounted to 6% of GDP, which is higher than current mortgage market share levels in other countries such as Brazil. After the crisis, however, banks drastically cut down on mortgages and favored other more profitable, short term products such as credit cards or consumer loans. We estimate that if mortgage market share levels as a percentage of GDP were to go back to early 2000 levels, and assuming an average mortgage of US\$75,000 per home, nearly 500,000 homes could be financed, and if they were to reach the levels now prevailing in Mexico or Chile, it would be possible to finance nearly 750,000 or 1,300,000 homes, respectively. This would significantly contribute to reducing the deficit of over three and a half million homes in Argentina.

President Macri has stated that reviving the mortgage market is one of his administration's top priorities and, among other measures, the BCRA has recently implemented an inflation adjusted currency for mortgage credit called UVI following successful experiences in Chile, Mexico and Uruguay. The UVI had an initial value of Ps.14.05 (equivalent to 0.001% of the average construction cost of one square meter of a residence as of March 31, 2016) and will be adjusted daily by the CER. Furthermore, in April 2016, a bill aiming to give legislative force to the BCRA's initiative was sent to Congress and as of the date of this private placement memorandum, it has been approved by the committees in the upper chambers of Congress. This bill provides that the deposits denominated in UVIs will be subject to the general terms and conditions of the BCRA rules and that the BCRA will have the authority to apply the law. The creation of the UVI is expected to help fuel the recovery of the mortgage credit market. Banks can lend long term protecting their capital through the application of the indexing mechanism implicit in the UVI, and families can borrow at rates at which installments become more affordable than they are today in a context of very high nominal rates. The UVI also generates a competitive savings alternative that will likely allow banks to attract larger amounts of long term deposits. Additionally, the National Bank of Argentina and the Bank of the Province of Buenos Aires, the largest and second largest state owned credit institutions in Argentina, have made public announcements regarding their intent to prioritize mortgage lending. These factors, coupled with the fact that banks are expected to gain further access to long term funding following the recent successful return of Argentina to the international capital markets and particularly if inflation in the country begins to subside to levels around or below

10%, which is an objective of the Macri Administration for 2017 and onwards, is expected to help the development of the mortgage credit market, supporting the demand for the homes we produce, as the penetration of mortgage loans as a percentage of GDP reaches the levels seen in other countries in the region.



Source: Real Estate Chamber Argentina, Real Estate Report. 2017E Data (annualized): calculated using growth in the first quarter of 2017.



Source: Argentina Real Estate Chamber

#### *Main Demand Trends in the Residential Market.*

1. **Minimizing commuting time.** The sudden growth in gated community development over the last 15 years has not been met by a road network or public transportation system designed to alleviate the increase in traffic. As a result, commuting time to and from work has substantially increased, causing a dilemma for those who have moved to the suburbs: space and nature versus commute time.
2. **Security as a key factor when making the decision to buy a home.** Since the early 1990s, the segment with the highest purchase power has preferred housing that offers security features. Over the last few years, this trend has also spread to cities, where housing compounds that offer perimeter security and permanent guard patrol are more costly than similar products lacking security services.
3. **Services have become an essential part of high end housing products.** Multifamily development projects are increasingly offering amenities that typically include areas for sports, recreation, and hotel like services. Amenities offered by new high end buildings usually include the following: gym with locker rooms, sauna, rec room, swimming pool, private gardens, and around the clock security services.

4. **Argentine riverfront cities no longer turn their back on the river.** In the past, Argentine cities allotted coastal strips to nonresidential city use, mostly port terminals and industrial uses. Since the early 1990s, riverfront cities in Argentina have recovered and integrated coastal areas for residential and recreational use, once again valuing riverfronts higher than land locked areas. Cities such as Buenos Aires (Puerto Madero, the Olivos coastal area and the Tigre coastal area), Rosario (Puerto Norte) and Neuquén have witnessed new urban strips flourish with great success in terms of real estate development.

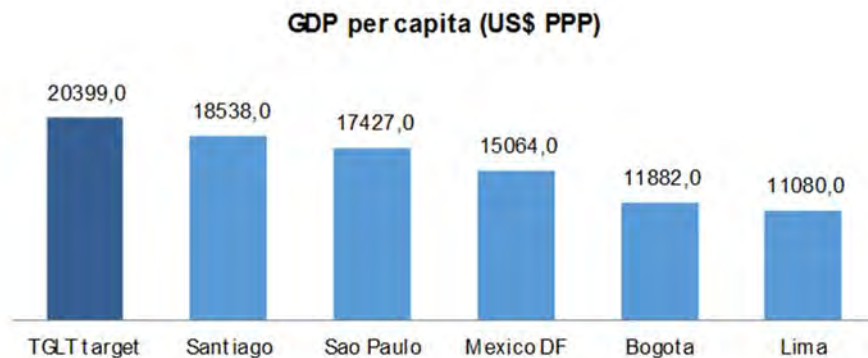
We believe that our current portfolio and land bank meet the characteristics required to take advantage of future demand by residential consumers in Argentina in terms of the trends mentioned above.

*Our View.*

Over the last 15 years, housing development in the main Latin American markets has grown exponentially due to government programs for financing housing, the professionalization of real estate development companies, and access by those companies to the capital markets. According to data reported by the IDB and other multinational agencies, Brazil, Mexico and Chile have experienced a boom in real estate over the last 15 years. These countries have created the conditions for parties from the private sector to respond to their housing deficit. Mexico has an estimated deficit of 7.5 million homes, while in Brazil the deficit reaches 18.9 million. These figures have gradually decreased over the last few years, mostly due to the creation and growth of large real estate development companies.

This transformation has been driven by access to financing by real estate development companies and real estate buyers. In these markets, the government has been successful in boosting the real estate business by creating housing loan programs that are accessible at all levels, managed by governmental agencies (Infonavit in Mexico or Caixa Econômica Federal in Brazil). Additionally, private sector companies which have had access to the capital markets have been able to capitalize on this new demand.

The second chart below demonstrates low demand due to a diminished home affordability, as evidenced by the Purchasing Effort Index (an indicator of home affordability based on home prices, average wages and interest rates). The result has been decreased housing prices.

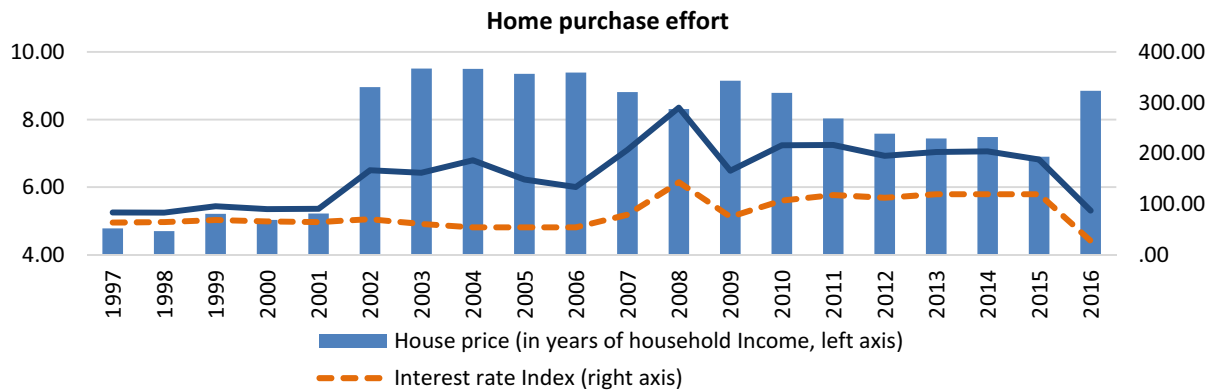


Source: World Bank, TGLT.

(\*) PPP means purchasing power parity.



Source: Building Council, as converted to US\$ by TGLT.



Source: CDI consultora.

The following chart, based on our internal estimates, indicates the possible consequences for TGLT of certain changes and policies to be implemented by the federal government. For more information, see “Risk Factors—Risks Relating to Argentina—New political scenario in Argentina.”

		Policy reforms	Impact on real estate market
Political	Business environment	Pro-business agenda aims at reducing bureaucracy at all government levels	Improved environment attracting investments, boosting activity and increasing demand for real estate
	Visibility	Be a pro-active member in the G-20 group and maintain strong relations with G-7	Higher visibility likely to attract foreign investors , for which real estate is an obvious target
	Institutions	Government modernization at all levels and strong emphasis on transparency	Increased institutionalization of real estate market Reducing red tape allows more dynamic investment cycles
Economic	Inflation	Targeting inflation monetary policy and increase long-term credit availability	Improving development margins Significant increase in the availability of mortgage financing
	Country risk	Recover EMBI+/MSCI EM status and aim for investment grade in the medium-term	Potential cap rates compression as sovereign spreads drop EM funds allocating capital to Argentine stocks
	Global standing	Re-open and expand credit lines with multilateral credit agencies	Potential support for housing programs by IDB, WB, CAF
	Economic growth	Create an environment for a sustainable GDP growth rate between 3.5% to 4%	Increase in activity likely to boost demand for commercial real estate
Real Estate	Construction and consumer loans	Increase long-term savings and credits in the system with the creation of new inflation-adjusted currencies (UVA-UVI)	Demand for housing expanding exponentially, as middle class buyers can access mortgages
	Taxes	Reduction of distortionary taxes that produce burden for corporations	High impact tax reforms for the real estate sector already under implementation
	Excessive bureaucracy	Speed up approval process of projects and privatization of idle/unused land	Increase the supply of projects and land availability that will boost the offer for businesses space and homes

#### *Land Auction and Increase of Real Estate Offer*

The National Government, in agreement with the Buenos Aires City Government, has announced the intention to auction state-owned lands, with the objective of raising funds to finance infrastructure works, while promoting real estate development by the private sector. This new land sales policy will be fundamental in the coming years for the commercial and residential real estate industry, since it will provide large land located in strategic areas, ideal for the type of development that TGLT aims to do. Many of the lands to be auctioned are located in the City of Buenos Aires, and also it's an opportunity when the amount of land available in interesting locations is increasingly scarce. Another great advantage associated with the development of these lands is that since their prices are defined at public auction, development times are much faster, since not only the price of land is defined in a single day, but construction indicators are endorsed by the Government in the same act of sale.

We expect the Government to auction lands equivalent to almost one million square meters of salable area for residential use in the GBA.

Submarket	Sqm Auctioned
Libertador - CABA	55,405
Centro Sur - CABA	32,000
North CABA	212,520
Retiro - CABA	10,000
Other - CABA	649,739
<b>Total</b>	<b>959,664</b>

The main land to be auctioned that could be used for residential purposes is located in:

- Av. Cramer, Colegiales, City of Buenos Aires
- Av. Dorrego, Palermo, City of Buenos Aires

- Av. Bullrich Int., Palermo, City of Buenos Aires
- Av. Santa Fé, Palermo, City of Buenos Aires
- Soldado de la Independencia, Palermo, City of Buenos Aires
- Juncal and Basalvilbaso, Retiro, City of Buenos Aires
- Av. Castillo, Retiro, City of Buenos Aires
- Av. De los Italianos, Puerto Madero, City of Buenos Aires
- Tiro Federal, Nuñez, City of Buenos Aires
- Av. Brasil, San Telmo, City of Buenos Aires
- City Park, Province of Buenos Aires

## Uruguay

### Macroeconomic Overview of Uruguay.

With a population of 3.4 million, Uruguay is known as a strong democracy with a highly educated workforce and high levels of social expenditures. Its political stability and traditional commitment to the rule of law, as well as its free market policies, make the country an attractive option for real estate investment. Additionally, Uruguay provides equal and fair treatment to foreign and local investors, as well as free inflow and repatriation of capital and dividends. Foreigners may acquire land and other real property in Uruguay in their own names, for the full value of the property.

The Uruguayan economy is small and open, and is increasingly focusing on the regional and international markets. Exports play a significant role in the domestic economy. As a result of the favorable external situation and the application of a cautious domestic economic policy, Uruguay has achieved consistent economic growth with an annual cumulative growth of 9.3% from 2010 to 2014. Uruguay's GDP measured in 2014 current dollars was US\$57.6 million, with a GDP per capita of US\$15,574, one of the highest in Latin America. Macroeconomic stability and a solid institutional framework with clear rules for investors and respect for contractual obligations, in addition to an attractive business promotion regime, have played an important role in driving production activities in recent years.

According to the 2015 Corruption Perception Index drafted by Transparency International, Uruguay ranks twenty first among 168 countries, the top position for Latin America.

### Residential Market in Uruguay.

The Uruguayan real estate market stands out for the prevalence of single family homes in comparison with the total number of housing units. In urban areas, 76% of residential dwellings are single family homes, while 17% are apartments in multifamily buildings. Multifamily construction is concentrated in the city of Montevideo, where it amounts to 42%.

Type of Housing	Montevideo	Urban Interior(*)	Urban Interior(**)	Urban Total
House.....	58%	90%	95%	76%
Apartment or house within a compound.....	10%	5%	4%	7%
Apartment in high-rise building.....	22%	2%	0%	11%
Apartment in single-story building.....	10%	2%	0%	6%
Not built for housing purposes.....	0%	0%	0%	0%
<b>Total.....</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Casacuberta (2006), Federal Bureau of Statistics of Uruguay.

(\*) Towns with a population in excess of 5,000.

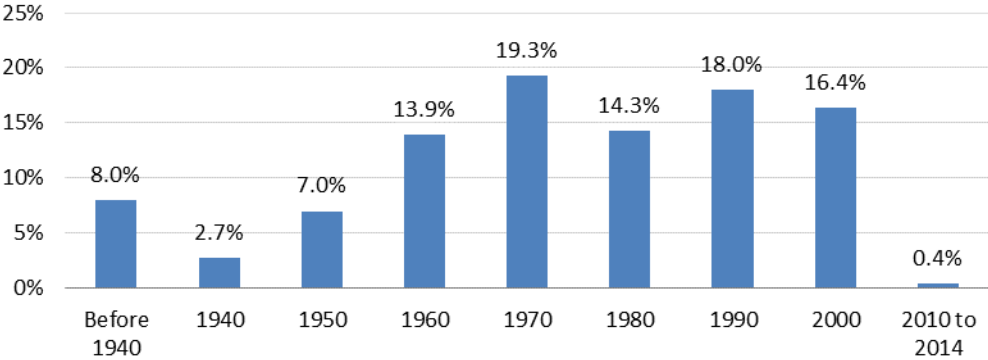
(\*\*) Towns with a population under 5,000.

Housing stock is characterized by the high percentage of vacant dwellings, with 16% of them not being used as permanent homes. Also, contrary to what typically occurs in underdeveloped countries, the 2011 National Census results show that there are more housing units than households (1,389,740 vs. 1,166,292). This is mainly due to the high number of tourists who own vacation homes in Uruguay. Also, this is increasingly due to the trend among

foreigners to purchase non-permanent homes in order to obtain Uruguayan residence and take advantage of the attractive tax conditions prevailing in the country.

Additionally, with a low birth rate, the main drivers of housing demand in Uruguay are family fragmentation and the obsolescence rate. Uruguay has the highest percentage of single person households in Latin America. In Montevideo, according to the 2011 Census, 23% of homes added to the stock were single person households. Also, as shown by the following graph, the housing stock is very old. Houses are on average over 40 years old, while offices are around 30 years old.

**Housing Stock distribution by decade when built**

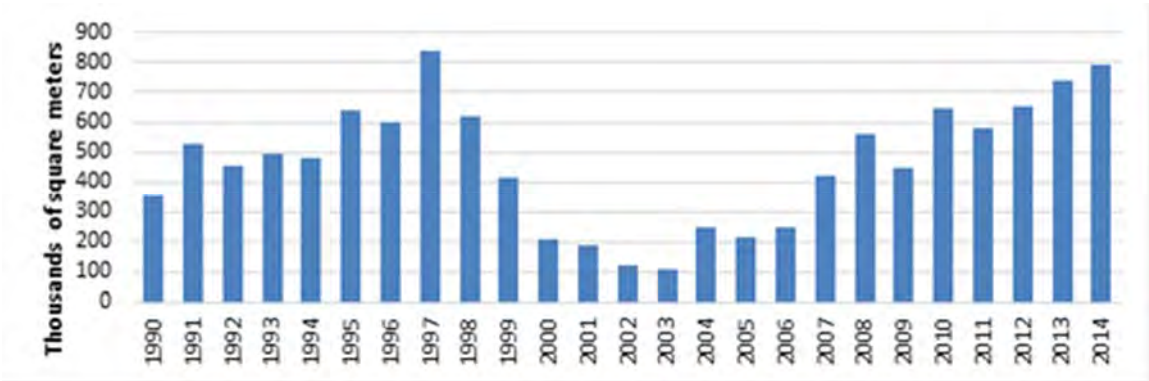


Source: INE.

*Montevideo.*

The district of Montevideo is the wealthiest state in the country, with a GDP per capita of US\$17,741 in 2015 according to America Economia. This makes it the most important real estate market in the country, with 40% of Uruguay’s housing units and population, followed by the district of Canelones with 15%, and Maldonado with 7%. This market suffered the consequences of the 2001 2002 crisis and has shown a solid recovery since 2004, as can be seen in the graph below. Uruguay’s economy is characterized by a strong participation of the agribusiness exports sector, which benefited from the increase in the prices of farming commodities in recent years, and generated surpluses that were partly channeled towards the purchase of real estate.

**Building permits granted by the Municipality of Montevideo**

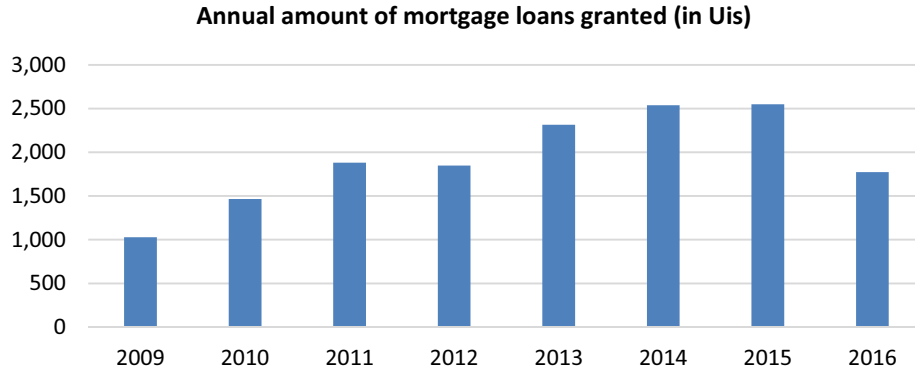


Source: Federal Bureau of Statistics and information supplied by the Municipality of Montevideo.  
 (\*) Note: Social welfare housing is not included.

### Mortgage Loans.

Most families in Uruguay are able to obtain mortgage loans which are for the most part denominated in Index Units (the “UI”), that are directly related to inflation rates, which have averaged 7.8% annually for the past 11 years. The credit market is mainly dominated by state owned banks, especially Banco Hipotecario del Uruguay.

Additionally, the Ministry of Housing, Territorial Planning and the Environment (the “MVOTMA”), among other government agencies, offers various housing subsidy programs.



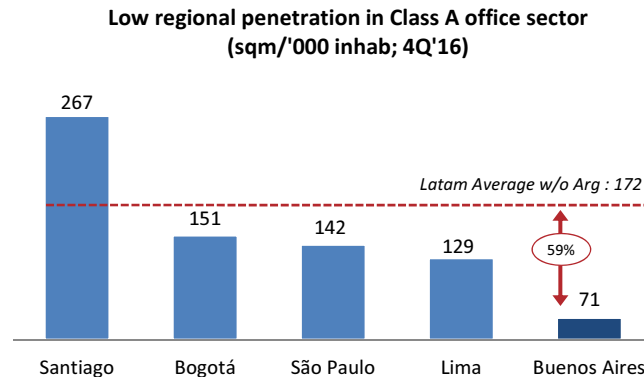
Source: Central Bank of Uruguay.

### Class A Office Market in Argentina

#### Regional Comparison.

In recent years, very low levels of investment have been directed to the Class A office sector in Argentina. According to Colliers International, in the period between 2004 and 2015, the supply of Class A offices grew at a compounded annual rate of 1.4%, significantly lower than the compounded annual growth rate of Argentina’s GDP of 3.8% for the same period. We believe such low levels of investment are explained mainly by insufficient financing from financial institutions and reduced foreign direct investment into Argentina.

According to statistics compiled by Cushman and Wakefield, one of the world’s leading commercial real estate advisory firms, office penetration in Buenos Aires is the lowest among the other relevant capital cities in Latin America, with 71 square meters of GLA per thousand residents, 59% below the regional average.



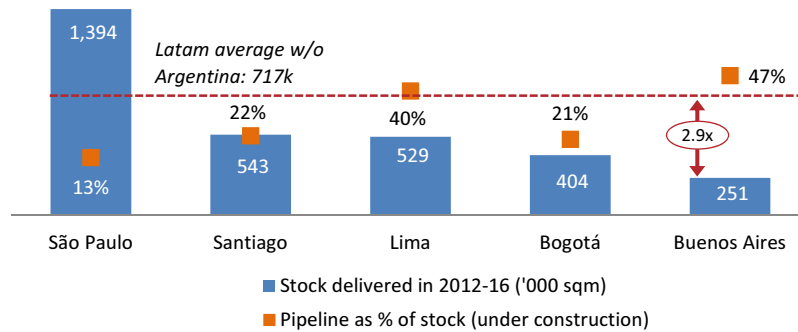
Source: Cushman and Wakefield.

As a consequence, despite the weak demand for office space due to the stagnant economy experienced in Argentina in recent years, vacancy rates in Buenos Aires are currently among the lowest in Latin America. In addition, because



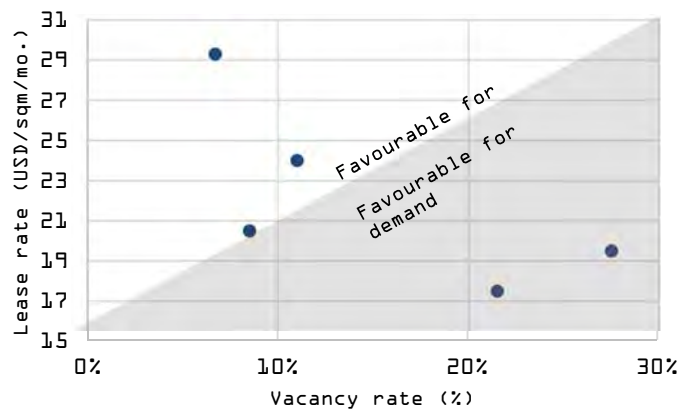
the production of new office space has remained sluggish in recent years (251,000 square meters of GLA delivered in the period 2012-2016 vs. an average of 717,000 in the rest of Latin America, according to brokers), it is expected that the supply of office space will continue to deteriorate, affecting net absorption figures (37,000 square meters vs. 216,000 square meters as the average in the rest of Latin America). Despite the fact that the stock has suffered a strong deterioration in the last years, Buenos Aires currently shows one of the smallest office pipelines in the region equal to 47% of the current stock; which proportionately seems to be high but in absolute terms Buenos Aires would still be behind.

Limited new supply spurs an increasingly ageing stock



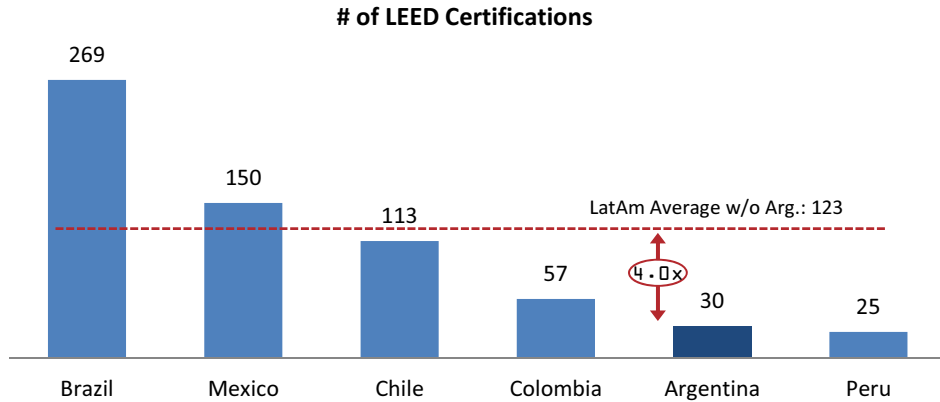
Source: Cushman and Wakefield.

Buenos Aires faces excess demand for office space, as demonstrated in lower vacancy rates and higher rents in the region.



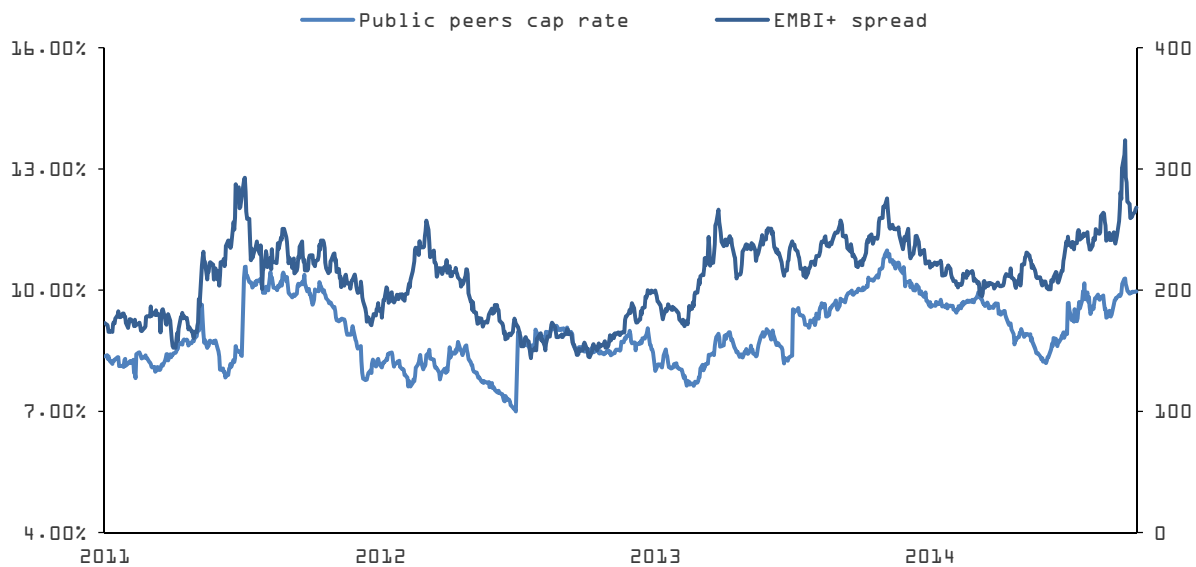
Source: Chamber of Construction.

Additionally, Argentina lags behind other countries in Latin America in terms of energy efficiency and the environmental design of buildings. As seen in the chart below, Argentina currently holds well below the average number of LEED certifications for office buildings.



Source: U.S. Green Building Council.

On the other hand, commercial real estate capitalization rates are strongly related to country risk (EMBI +), as shown in the evolution of these variables recently in Brazil. It's to be expected then that a systematic fall in Argentine country risk, following the agreement for sovereign bonds in default, is accompanied by a boost in valuations of commercial real estate.



*Historical capitalization rates of comparable Brazilian public information, including: Aliansce, BR Malls, Iguatemi, Multiplan, and Sonae Sierra. Based on the expected Operating Net Income for the following 12 months, according to real estate estimates.*

#### *Submarkets.*

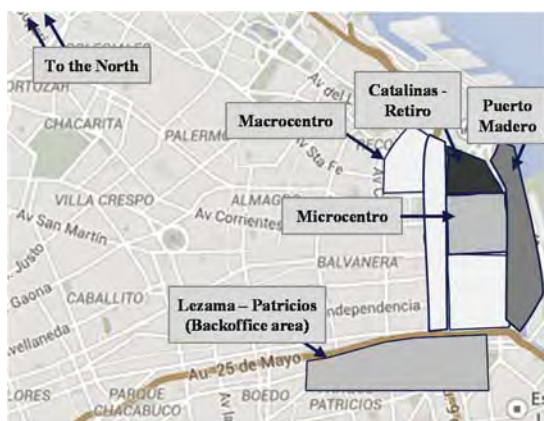
According to Colliers International, Buenos Aires has an inventory of Class A offices amounting to 1.1 million square meters, of which 61,445 square meters are available for rent; where 72% are located in the Financial District (the “CBD”) of Buenos Aires Capital City and the remaining 28% in the North Corridor area comprised mainly of Libertador Avenue, Philips Zone and Panamericana Avenue. The following tables provide a description of these two areas and their submarkets as of December 31, 2016:

Submarkets in Buenos Aires	Inventory (sqm)	Available Area (sqm)	Vacancy rate	Rent (US\$/sqm/month)	Under construction (sqm)	Under project (sqm)(*)
North GBA	298,555	13,955	8.8%	26.9	114,180	231,974
North CABA	12,385	—	—	27.5	50,000	80,000
<b>Total North Corridor</b>	<b>310,940</b>	<b>13,955</b>	<b>8.5%</b>	<b>26.9</b>	<b>164,180</b>	<b>311,974</b>
Macrocentro	98,150	7,500	7.6%	20.0	48,800	19,500
Microcentro	68,910	710	1.0%	24.5	—	—
Puerto Madero	243,170	23,550	9.7%	30.5	—	30,300
Catalinas – Retiro	380,695	15,730	4.1%	33.9	76,000	39,900
<b>Total CBD</b>	<b>790,925</b>	<b>47,490</b>	<b>6.0%</b>	<b>30.3</b>	<b>124,800</b>	<b>89,700</b>
<b>Total</b>	<b>1,101,865</b>	<b>61,445</b>	<b>5.6%</b>	<b>29.3</b>	<b>288,980</b>	<b>401,674</b>

Source: Cushman and Wakefield.

(\*) Planned, approved but not yet under construction.

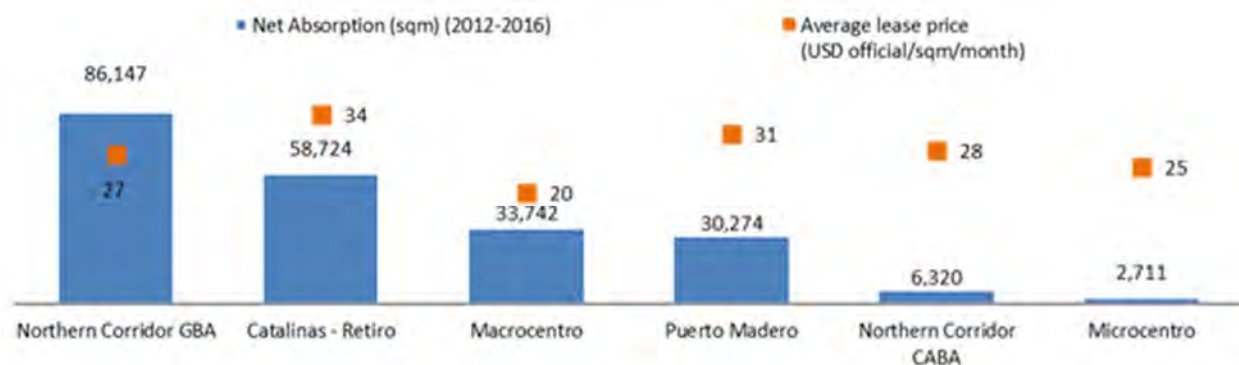
### Buenos Aires Central Business District



### Buenos Aires Northern Corridor



In recent years, net absorption in the Northern Corridor has been larger than that in the CBD. In particular, during the period from 2012 through 2015, more than 100,000 square meters were absorbed in the Northern Corridor versus less than 60,000 square meters in the CBD.



Source: Colliers International.

Some of the largest corporations in Argentina, including both multinational and domestic corporations, have recently moved their local headquarters to the Northern Corridor from their traditional locations in the CBD. Brokers expect that the Northern Corridor will receive approximately 63% of the upcoming stock in the next three to four years, according to data compiled by Cushman and Wakefield, a privately held global commercial real estate services firm. This migration to the north is the result of factors such as (i) traffic (the CBD has progressively become more congested); (ii) the desire for lower commute times (many company executives live in the wealthier Northern Corridor where suburban gated communities have experienced very fast growth); and (iii) the availability of land to develop new large, modern office complexes which are largely sought by corporations.

#### *Land Auction and Increase of Real Estate Offer*

The National Government, in agreement with the Buenos Aires City Government, has announced the intention to auction state-owned lands, with the objective of raising funds to finance infrastructure works, while promoting real estate development by the private sector. This new land sales policy will be fundamental in the coming years for the commercial and residential real estate industry, since it will provide large land located in strategic areas, ideal for the type of development that TGLT aims to do. Many of the lands to be auctioned are located in the City of Buenos Aires, and also it's an opportunity when the amount of land available in interesting locations is increasingly scarce. Another great advantage associated with the development of these lands is that since their prices are defined at public auction, development times are much faster, since not only the price of land is defined in a single day, but construction indicators are endorsed by the Government in the same act of sale.

Below are the principal lands expected to be auctioned by the Government in the upcoming years.

Submarket	Sqm									Estimated Investment (USD M)		
	Inventory	Vacancy space [a]	Vacancy rate [b]	Under construction [c]	Planned launches [a+b+c]	Total Auctions	Total New Supply(*)	Inventory Expansion	Land Incidence	Land	Const.	Total
Libertador - CABA	12,385	—	—	50,000	80,000	59,418	189,418	1,529%	1,600	95.1	142.6	237.7
Catalinas - CABA	303,250	11,790	3.9%	76,000	39,900	180,000	295,900	98%	1,600	288.0	432.0	720.0
Puerto Madero - CABA	243,170	23,550	9.7%	—	30,300	—	30,300	12%	—	—	—	—
Microcentro - CABA	68,910	710	1.0%	—	—	—	—	0%	—	—	—	—
9 de Julio - CABA	73,990	7,500	10.1%	13,800	—	—	13,800	19%	—	—	—	—
Retiro - CABA	77,445	3,940	5.1%	—	—	50,000	50,000	65%	1,600	80.0	120.0	200.0
Centro Sur - CABA	24,160	—	—	35,000	19,500	40,000	94,500	391%	1,000	40.0	96.0	136.0
Other - CABA	nm	nm	nm	nm	nm	52,000	52,000	0%	1,000	52.0	124.8	176.8
Panamericana - GBA	222,680	10,555	4.7%	57,410	149,304	—	206,714	93%	—	—	—	—
Libertador - GBA	75,875	3,400	4.5%	56,770	82,670	—	139,440	184%	—	—	—	—
<b>Total</b>	<b>1,101,865</b>	<b>61,445</b>	<b>5.6%</b>	<b>288,980</b>	<b>401,674</b>	<b>381,418</b>	<b>1,072,072</b>			<b>555.1</b>	<b>915.4</b>	<b>1,470.5</b>

Sources: Government of the City of Buenos Aires, Federal Government, *Agencia de Administración de Bienes del Estado* (the “AABE”). Investment amounts are TGLT estimates.

(\*) Total new supply is the sum of inventory (sqm), vacancy space (sqm), under construction (sqm) and planned launches (sqm).

The main land to be auctioned that could be used for commercial purposes is located in:

- Catalinas Norte, Retiro, Ciudad de Buenos Aires
- Av. Del Libertador, Retiro, Ciudad de Buenos Aires
- Huergo, Monserrat, Ciudad de Buenos Aires
- Catalinas Sur, Ciudad de Buenos Aires
- Tiro Federal, Nuñez, Ciudad de Buenos Aires

#### *Competition in the Office Market.*

Competition from institutional players in the office sector is limited. Based on information compiled by Cushman & Wakefield, Buenos Aires has approximately 1.6 million square meters of leasable area in the office market, of which 327,000 square meters of leasable area are owned by institutional players: IRSA (113,000 square meters), Raghsa (119,000 square meters), Pegasus (50,000 square meters), and Consultatio (93,000 square meters).

- *IRSA*: company listed on the BYMA with an approximate market capitalization of US\$1.3 billion (as of March 17, 2017). IRSA is the largest commercial real estate company in Argentina. It owns 32 properties in Argentina and investments in the United States and Israel. Through its subsidiary IRSA Propiedades Comerciales S.A., or IRPC, IRSA has been traditionally focused on shopping malls, a segment in which it is a market leader. IRSA also owns 13 properties in the office segment.
- *Raghsa*: private company with a presence in premium residential real estate through its brand Le Parc. Raghsa is currently developing and operating offices for lease, with a portfolio of five operating properties.
- *Consultatio*: publicly listed company with an approximate market capitalization of US\$1.1 billion (as of March 17, 2017). Consultatio is a residential and office development company, mostly focused on sales of units. Nordelta and Puertos del Lago, large suburban residential development owned by Consultatio, anchor its portfolio. Consultatio has recently expanded to Miami and Uruguay with new large residential developments.
- *Pegasus Real Estate*: private equity group owning a closed end real estate fund. Pegasus is the owner of the second largest shopping mall in Argentina and a 50,000 square meters office complex. Pegasus also has a presence in Colombia.

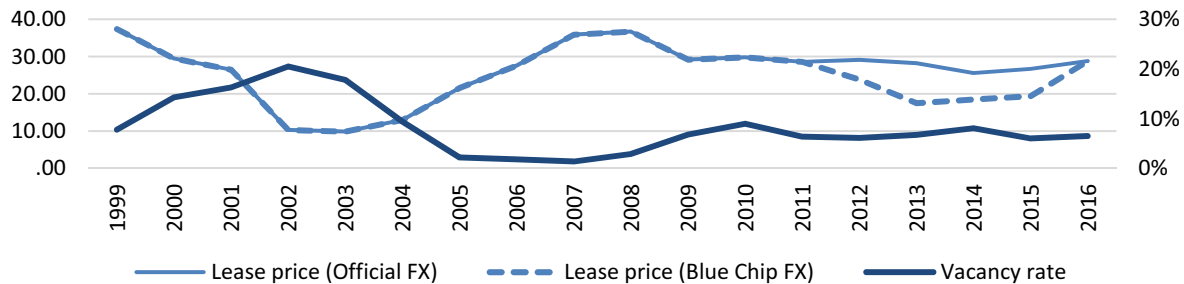
#### *Historical Trends and Perspectives.*

Our compilation of data included in reports by Colliers International and Cushman and Wakefield shows that in the midst of the 2001 2002 Argentine crisis, demand and new production plummeted and lease rates fell sharply from the levels of approximately US\$35 to US\$40 per square meters of GLA seen in the 1990s. Immediately after the crisis, the strong devaluation was followed by a recovery period when office supply was unable to meet incoming demand. For example, in 2004 the market absorbed more than 150,000 square meters of GLA with only 42,000 square meters of GLA entering the market. Prior to 2008, supply could not keep up with increasing demand, which resulted in a sharp increase in rental prices and occupancy rates, with lease rates peaking at US\$37 per square meters and vacancy rates as low as 2%. As new stock became available in the market and the country's growth rates decreased, lease rates were gradually set at the US\$25 to US\$30 per square meter level.

In 2012, the Argentine government implemented capital controls that restricted buying foreign currency at the exchange rate at which the BCRA buys and sells dollars (the “**Official Exchange Rate**”). See “Exchange Controls.” U.S. Dollars could nevertheless be obtained with Pesos by means of financial transactions that resulted in an unofficial exchange rate (the “**Blue Chip Rate**”), which used to be approximately 30% to 40% more expensive than the Official Exchange Rate. The Blue Chip Rate was, at that time, the rate typically considered by financial investors when making investment considerations in Argentina.

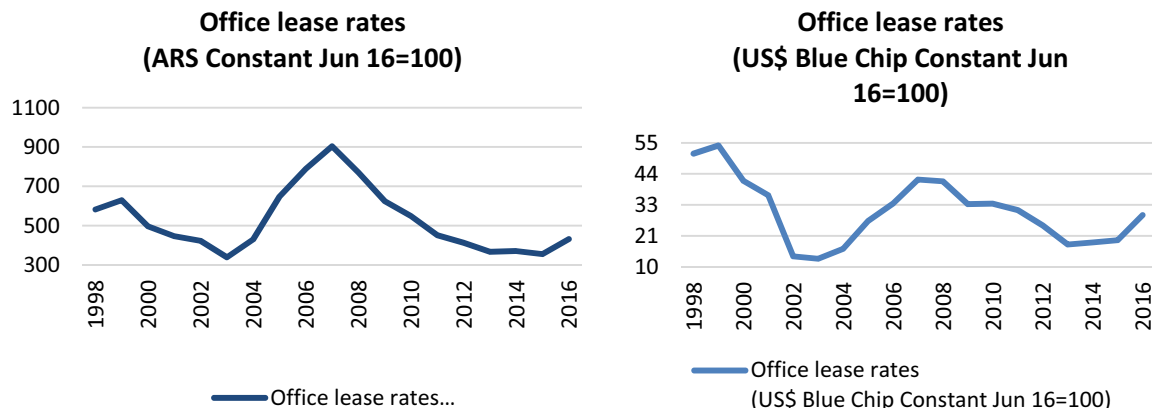
Rental contracts are denominated in U.S. Dollars but payable in Pesos at the Official Exchange Rate. Under the foreign exchange restrictions described, lease rates in U.S. Dollars, reported at an average of US\$26.8 per square meters according to Colliers International's fourth quarter of 2015 report, plummeted to near US\$20 per square meters when converted to the Blue Chip Exchange Rate.

However, upon President Macri assuming office in December 2015, the Macri Administration's economic team, led by Minister Prat Gay, adopted as one of their first measures the liberalization of the exchange rate market, unwinding almost all of the exchange rate controls that were implemented in previous years. As a consequence, the commercial real estate market began 2016 with a lease rate increase of approximately 40% in the first quarter of 2016 as compared to the latest reported value of 2015.



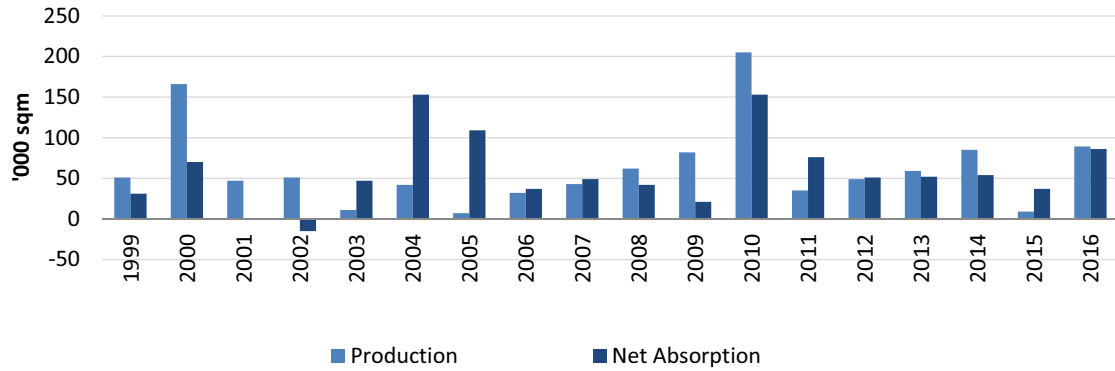
Source: Colliers International, Cushman and Wakefield.

At constant currency, the effect on lease rates is more prominent, showing that current lease rate levels are still well below the historical high levels registered before 2001 or in the period from 2006 to 2011.



Source: Colliers International, Econviews, U.S. Inflation Calculator.

We believe that due to President Macri’s ongoing economic reforms, companies in the commercial real estate industry that were already operating in Argentina will launch investment plans and new international companies will commence or relaunch operations in the country. These plans are expected to be accompanied by increases in headcount and sophistication of requirements that will drive new demand for office space, particularly Class A office space. Supply is also expected to increase, but not enough to properly meet demand, which we believe reacts faster to economic growth. As a result, we expect that upward pressure on lease rates could increase, as expected new supply may not be sufficient to meet the strong demand that is expected to stabilize from 2017 to 2019. Despite a forecast of a slight increase in 2019-2020, when new supply related to buildings that began construction in 2016-2017 enters the market, we anticipate vacancy will remain below equilibrium level estimates (i.e., 8% to 12% equilibrium vacancy rate for Latin American markets, including Argentina) in order to maintain lease prices, based on reports prepared and data collected by industry specialized consultants.

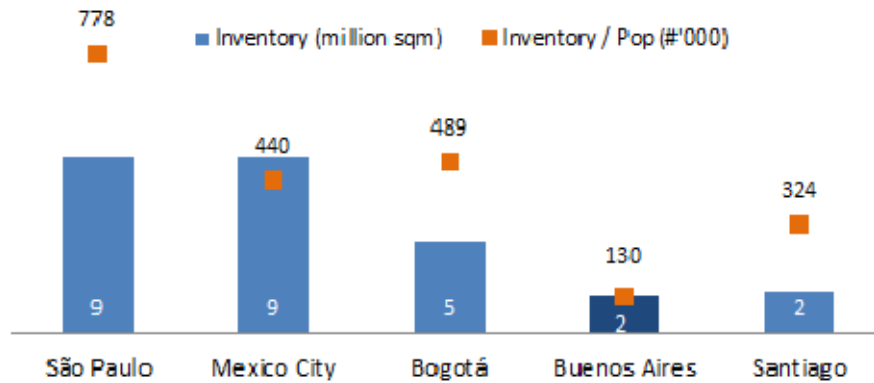


Source: Colliers International, Cushman & Wakefield.

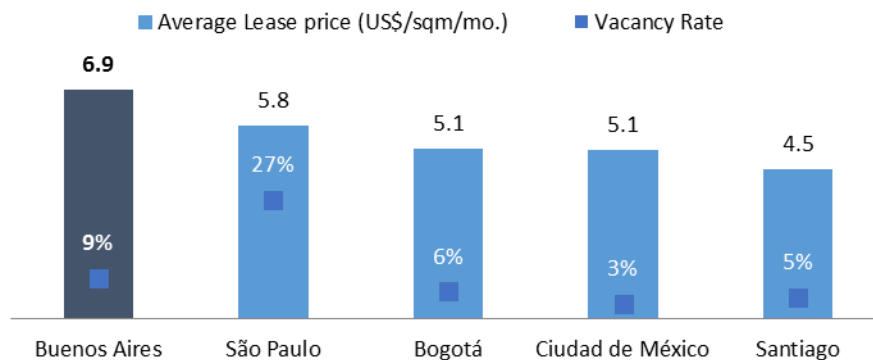
### Logistics Market in Argentina

#### Regional Comparison.

In Latin America, companies are increasingly moving their logistics operations from their own facilities to multi-tenant PLCs owned by third parties. This trend has been seen to a significantly lesser extent in Argentina. With 1.4 million square meters of GLA, Buenos Aires has one of the lowest inventories of PLCs and the lowest penetration among comparable cities in Latin America, and as a result, has one of the lowest vacancy and highest lease rates in Latin America, as shown in the charts below.



Source: Newark Grubb, Cushman and Wakefield, United Nations Population Division.



Source: Newark Grubb, Cushman & Wakefield.

*Buenos Aires Market Description.*

According to Cushman & Wakefield, there is currently 1.4 million square meters of leasable premium logistics space in Buenos Aires, of which 117,090 sqm are available for rent. Amongst the available area, 75% is located in the northern area and 30% in the southern area. A description of each submarket as of December 31, 2016 is set forth below:

<b>BA Submarkets</b>	<b>Inventory (sqm)</b>	<b>Available area (sqm)</b>	<b>Vacancy rate</b>	<b>Lease rate (US\$/ sqm)(*)</b>	<b>Under const. (sqm)</b>	<b>Planned (sqm) (*)</b>
San Eduardo Triangle .....	799,300	57,700	7.2%	7.8	129,450	578,910
Route 8.....	104,075	4,400	4.2%	7.5	52,420	125,000
Route 9.....	161,995	19,790	12.2%	6.1	—	55,000
Subtotal North Zone .....	1,065,370	81,890	7.7%	7.1	181,870	758,910
South Zone.....	326,840	35,200	10.8%	6.3	57,557	13,420
West Zone.....	26,000	—	—	6.5	—	15,000
Total.....	1,418,210	117,090	8.3%	6.6	239,430	787,330

Source: Cushman and Wakefield.

(\*) Expected, approved but not yet under construction.

*Submarkets.*

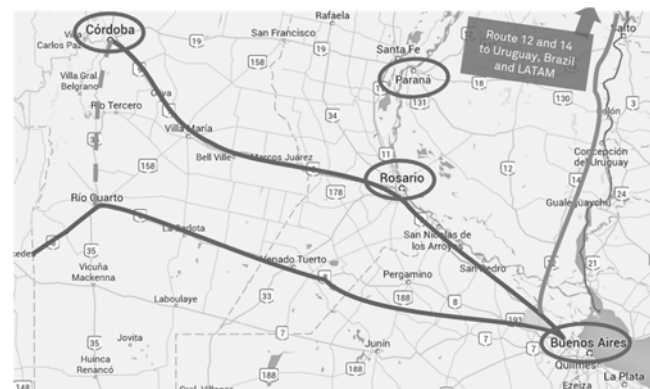
As described above, most demand and most premium supply are concentrated in the Northern Corridor, with the San Eduardo Triangle being the most sought after area due to its strategic location at the junction of two highways leading to the largest industrial ports (Rosario, Campana Zárate and Buenos Aires), the largest cities (Buenos Aires, Rosario, Córdoba) and the Mercosur Corridor that connects Argentina with Brazil, Paraguay and Uruguay. Many corporations, including multinational corporations, have chosen this area to base their logistics operations.

Logistics submarkets in Buenos Aires

Downtown



Buenos Aires Northern Corridor



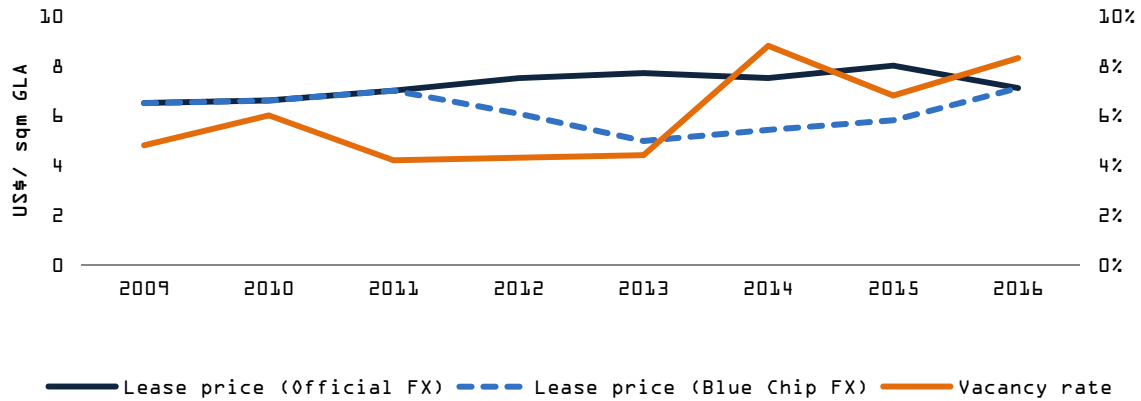
*Competition in the logistics market.*

Few players compete in the logistics market, which is characterized by private, mostly family owned companies. The most important companies in the logistics market are Exo Logistica (three properties, 250,000 square meters), Plaza Logistica (three properties, 158,000 square meters), Pacheco Trade Center (seven properties, 215,500 square meters), Tasa Logistica (five properties, 130,000 square meters), Grupo Posadas (two properties, 88,840 square meters) and Boguer (six properties, 289,000 square meters).

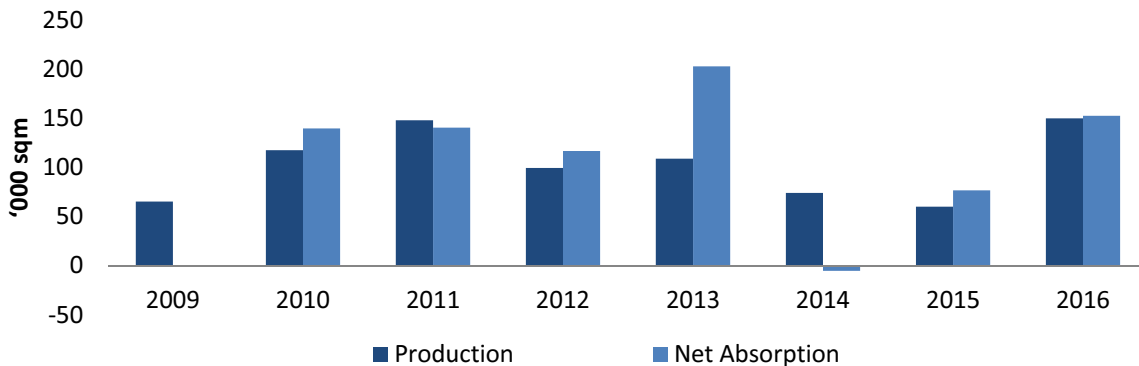


*Historical Trends and Perspectives.*

Since 2009, the logistics market has incorporated, on average, around 100,000 square meters per year, according to Colliers International. Net absorption has kept pace with or exceeded new production (in 2013, 203,000 square meters were absorbed). Meanwhile, vacancy rates have fluctuated between 4% and 9% since 2009 and lease rates have fluctuated between US\$8 and US\$9 per square meter (at the Official Exchange Rate). Lease rate prices are expected to rise as companies' activity grows after 2015, and demand for modern PLCs is expected to rise. Supply is expected to grow at a slower pace due to the long production cycles of the industry, supporting the expected convergence of lease rates.



Source: Colliers International, Cushman and Wakefield and TGLT data.



Source: Colliers International, Cushman and Wakefield and TGLT data.

## BUSINESS

*This section contain forward looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward looking statements as a result of various factors, including, without limitation, those set forth in “Forward looking Statements,” “Risk Factors,” and the matters set forth in this private placement memorandum generally.*

### Overview

We are one of the fastest growing integrated real estate development companies in Argentina in terms of developed area, with substantial focus in Argentina. We have more than 16 years of experience in the industry, and we are a fully integrated developer, we have focused on the development of residential properties for sale, and are currently expanding our commercial real estate operations, particularly in the development of office properties and premium logistics centers for rent.

Since 2005 we have developed and sold over 262,105 square meters of residential units, and at present we have more than 182,032 square meters (including our Forum Puerto del Buceo project in Montevideo, Uruguay) in different stages of development, across 11 large residential projects comprising 52 buildings.

In developing our residential projects, we have primarily focused on the high income purchasers who can typically afford to purchase properties in cash. However, we have also developed several projects that target the mid-high income segment, which we believe is poised for significant growth, as mortgage financing once again becomes available to Argentine purchasers, which we believe will occur as a result of expected political, regulatory and economic developments in Argentina.

As of March 31, 2017, we had total assets of Ps.4,783 million and total shareholders’ equity of Ps.346 million. Our sales for the three months ended March 31, 2017 and the year ended December 31, 2016 were Ps.313 million and 720 million, respectively.

Our integrated business model allows us to control and participate in all aspects of the real estate development process with a management team experienced in all key areas of real estate development and operations, including land identification and acquisition, government licensing and relations, project management, commercialization and sales. During the development process, while we retain the decisions and control of these functions, we entrust the actual execution of certain functions, such as architecture and construction, to specialized companies under our close supervision, being able to focus on the central aspects of our business and reducing number of staff in payroll.

We have a proven track record of implementing our integrated business model to achieve substantial growth, in particular since our IPO in Argentina and international private offering of ADSs on November 5, 2010, through which we raised approximately Ps.220.0 million to fund our aggressive growth plan in the residential real estate sector. We have also developed mixed use residential and commercial projects for sale. By successfully deploying the capital we raised through our IPO, despite the economic challenges facing Argentina since the crisis in 2001 2002, we have achieved significant growth, with our contracted sales increasing from Ps.161.5 million for the fiscal year ended December 31, 2010 to Ps.1,344.2 million for the fiscal year ended December 31, 2016 at the applicable average exchange rate of each year, achieving a compound growth rate in U.S. Dollars of 42% for this period.

Our integrated business model is composed of two business lines:

- **Residential:** For over 10 years we have successfully developed for sale multifamily residential and mixed use projects in the GBA and Rosario, Argentina, and Montevideo, Uruguay. Through our Forum brand, we have targeted high income segments of the Argentine population that can typically afford to buy real estate in cash, without mortgage credit assistance. Moreover, we have developed several projects targeted at mid-high income segments of the population through our Astor brand, which we believe may grow significantly once mortgage lending becomes available again to Argentine purchasers. Our residential projects are in varying stages of development, and include the following:

Project	Location	Segment	Sellable area (sqm)	Buildings	Status <sup>(1)(2)</sup>
Forum Puerto Madero .....	Puerto Madero, BA	Homes & Retail	34,000	1	100% sold. Delivered in 2008
Forum Puerto Norte.....	Rosario, Santa Fe	Homes & Offices	52,639	11	100% sold. Ended deliveries as of second quarter 2016.

Project	Location	Segment	Sellable area (sqm)	Buildings	Status <sup>(1) (2)</sup>
Forum Alcorta .....	Bajo Belgrano, BA	Homes	39,763	3	100% sold. 98% of Tower One units, 96% of Tower Two units and 80% Tower Three delivered. We expect to continue with delivery process throughout 2017.
Forum Puerto del Buceo.....	Montevideo, Uruguay	Homes	48,487	1	74% sold. 58% units delivered of stage 1. Stages 2 and 3 are under construction and we expect to finish deliveries in 2018.
Astor Palermo.....	Palermo, BA	Homes & Parking	14,763	1	100% sold. 98% of units delivered as of March 31, 2017.
Astor Núñez.....	Núñez, BA	Homes & Retail	20,368	2	100% sold. 59% of units delivered. Delivery process will continue throughout 2017.
Metra Puerto Norte (Brisario)	Rosario, Santa Fe	Homes & Retail	68,613	11	64% of Stage 1 sold (out of 5 stages). First deliveries expected for March 2017.
Metra Devoto.....	Devoto, BA	Homes	18,288	4	5% sold. Commercial launch to general public expected for March 2017.
Venice.....	Tigre, BA	Mixed uses	53,052	13	67% of stage 1 sold. Deliveries expected from 2017 to 2022. See “Our business lines – Legal Proceedings – Venice Project/ Precautionary measure”
Proa (Brisario).....	Rosario, Santa Fe	Mixed uses	65,166	4	Commercial launch expected for March 2017.
Astor San Telmo.....	San Telmo, BA	Homes	28,997	1	36% sold. Commercial launch took place in 2016. We expect to start construction works in the second half of 2017. 156 units sold out of 433.
<b>Total (excluding Forum Puerto Madero).....</b>			<b>410,137</b>	<b>51</b>	

Source: TGLT data. Does not include the project provisionally called “AVL” located en Vicente Lopez, Province of Buenos Aires, for which the Company has made provisions for the purchase of land, which as of the date of this private placement memorandum has not been completed (see “Business—Residential Pipeline Opportunities”).

(1) Status as of March 31, 2017.

(2) % of total available for sale units.

- Commercial:** Our plan is to identify and invest in opportunities in the for-lease Class A office building and PLC sectors, primarily in the GBA. We believe that a strong and sizable portfolio of office and logistics assets will provide us with stable, long-term cash flows from lease payments which will help us fund new developments and counterbalance the volatility of the residential sector. Between 2008 and 2011, we developed for-sale office buildings in Rosario, Argentina. We are seeking permits to develop a 6,000 square meter GLA for-lease office building within our Brisario mixed-use project in Rosario. In 2014 we purchased 31% stake in a property due for the development of a 23,000 square meters GLA corporate office building in the City of Buenos Aires, which was then sold for US\$9.2 million, making 2.3x return on equity. Additionally, we have commenced negotiations for the potential acquisition of properties in the GBA and we took part in land auctions organized by the National Government, targeted for office developments. While we have not yet acquired rights to these additional sites, we believe that these and other sites that we have identified represent a strong pipeline of strategically located properties for commercial development. Approximately 72% of the proceeds from the Offering will be used to grow our portfolio of commercial properties.

We believe that our integrated business model (i) allows us to capture value throughout the business cycle, as we are able to focus on different market segments at different points in the cycle, (ii) provides flexibility to take advantage of different opportunities that arise in Argentina’s rapidly evolving real estate market, (iii) will give us the ability to match our cash flows and our risk exposure across different business lines with the different cash requirements and return profiles of our business lines, and (iv) will generate critical mass as we combine operations, realize synergies and take advantage of cross selling opportunities through our brokerage business and with our corporate clients.

Through this integrated business model and our experience in developing mixed use projects, we plan to take advantage of current market opportunities to grow more aggressively in two core areas of commercial real estate:

- for lease Class A office buildings—which are buildings with above average rents for the area in which they are located, high quality standard finishes and systems, exceptional locations and a recognized market presence; and
- PLCs—which are integrated warehouses, built with advanced features, including dock levers, high resistance floors, climate control and support offices, in the GBA.

Our senior management team has extensive experience in creating and developing successful real estate companies. Mr. Weil, our founder, CEO and Chairman, founded some of the most prominent real estate companies in Argentina, such as Adecoagro (NYSE: AGRO), and Alejandro Belio, our COO, has acted as CEO of Faena Properties S.A. and Creaurban S.A., two large property developers in Argentina. We are also backed by leading institutional investors, including PointArgentum and Bienville, two major investment funds that each currently hold an aggregate of 13.6% of our share capital and voting rights. PointArgentum has committed to support the Offering and, upon completion of the Offering, we expect will continue to hold at least 13.6% of our share capital and voting rights and may hold up to 34.9% of our share capital and voting rights on an as-converted basis.

### **Our Competitive Strengths**

- *We are the only integrated publicly-listed real estate company focused substantially on Argentina.*

Following the implementation of our commercial real estate strategy, we will be uniquely positioned in the Argentine market as the only integrated and diversified publicly-listed real estate company focused substantially on the development of both residential and office and logistics real estate in Argentina, and the operation of the latter. We believe that the benefits we derive from our leading position in the residential market, including our deep industry knowledge, development expertise and relationships with potential real estate sellers and construction companies, provide us with an advantage in the expansion into the commercial real estate sector through the development, and strategic acquisition, of for-lease prime office buildings and PLCs in the GBA. Our integrated investment plan provides investors with exposure to both Argentina’s residential and commercial real estate sectors.

- *We have one of the largest residential development portfolios in Argentina composed of unique and iconic properties under market leading brands.*

We are one of the largest residential real estate developers in terms of total GSA in Argentina and have a prime portfolio of properties, in terms of size and quality of projects, in various stages of development, and have a proven track record of successfully managing the entire value chain of real estate development.

As a result of our leading position, we are able to quickly deploy capital in building our portfolio. We currently have 11 large residential projects under development, consisting of 52 buildings and over 440,000 square meters, which are located in the largest and most affluent urban areas of the country that cover 36% of Argentina’s population and 56% of its GDP, as well as in Montevideo, Uruguay. We expect to deliver these projects over the course of the next 10 years at a total investment of Ps.12.4 billion, of which Ps.4.8 billion has been invested as of March 31, 2017. See “Business—Our Business Lines—Residential Projects Under Development” for a discussion of each project’s anticipated completion date, costs incurred to date and budgeted costs. We have also identified several additional sites that we are in the process of evaluating for development.

Additionally, we believe that our properties stand out for their quality, their unique and iconic design and their ability to define their surroundings. In 2015 and 2016, TGLT was ranked by Clarín ARQ, a prestigious architectural and construction publication in Argentina, as the best and second best developer in Argentina, respectively, across all categories (quality, customer service, integrity and, financial strength, among others). In addition to their design, the premium nature and prices of our projects are enhanced by market leading brands, including Forum, Astor and Metra, which help drive demand for our properties and have allowed us to achieve strong operating profits. We believe that our ability to leverage our brand recognition in the residential space, coupled with our development expertise, industry knowledge and established relationships, will provide us with a distinct advantage as we expand in the premium office and logistics real estate markets.

- *Our company has a proven track record of acquiring land at attractive prices and successfully developing them.*

Our team has over 10 years of experience in identifying premium properties within each of our targeted sub-markets, successfully negotiating acquisitions and closing transactions in time to avoid significant competition. Our land acquisitions in the residential sector over the last 10 years are a consistent example of our agility and market knowledge, which we believe we can successfully leverage in our expansion into developing and acquiring office and logistics projects. We have already identified a pipeline of residential properties, office buildings and PLC opportunities, combining development and acquisitions, in the most in-demand and premium locations.

In addition, we have developed an extended network of relationships with third-party brokers and land and property owners that has allowed us to build a sizeable pipeline of investment opportunities.

- *We have a strong and actionable pipeline of properties for potential acquisition and development and a flexible platform, with an efficient cost structure, to successfully execute on these opportunities*

Residential: we are currently focused on three of the numerous land acquisition deals with a GSA of 127,510 square meters.

Class A office buildings: we are currently working to close three of our land acquisition deals in our pipeline, with a leasable area of 202,168 square meters and a total estimated investment of US\$332.5 million.

Premium Logistic Centers: within the pipeline of opportunities, we are focused on four potential land or building acquisition deals with an estimated sellable area of 618,882 square meters and a total potential investment of US\$314.3 million.

We are planning to finance commercial investments with a capital structure that includes up to 40% debt and, eventually with co-investors.

We strongly believe that we are ready and well-positioned to quickly invest capital in some of these projects seeking an early-movers advantage anticipating to the investment process. We have an established and integrated real estate operating platform, which allows us to perform all fundamental real estate functions in-house and achieve important synergies. We believe that our integrated platform will facilitate execution of our pipeline. Additionally, our operating platform has been designed such that, at little incremental cost, it can successfully scale with the number of projects we undertake while allowing us to maintain the level of quality and care demonstrated in existing projects.

The price and other terms of acquisition have not been agreed to with respect to the properties included in the pipeline and none of the pipeline property acquisitions is probable. There are no rights of first refusal, options or exclusivities signed as of the date of this private placement memorandum, only verbal negotiations and terms sheet discussions. There can be no assurance that we will complete any of the acquisitions under negotiation or analysis.

- *We are a publicly-listed company with a robust corporate governance structure, backed by leading institutional investors as strategic shareholders, and led by a highly experienced management team with a proven track record.*

We became a publicly-listed company in Argentina in November 2010 when we listed our shares on the BYMA and have been backed by institutional investors since 2007 (including PointArgentum and Bienville since 2015). Our market visibility is, among others, the result of our commitments under CNV rules for public companies in Argentina and our relationships with our current and previous institutional investors.

We believe that our corporate governance policies, including our audit committee, a code of ethics and an internal code of conduct, provide us with a competitive advantage in dealing with our customers, suppliers, financial institutions and other service providers in the Argentine real estate sector, and we expect that they will allow us to maximize value for our shareholders.

Additionally, we have a highly qualified team across all key areas of real estate development and operations. Our senior management team has an average of over 13 years of experience in the industry

and, as of March 31, 2017, was supported by 82 employees. See “Business—Human Resources.” Our founder, CEO and Chairman, Mr. Weil, has proven his strong leadership capabilities by successfully operating in a variety of business and economic cycles, including through major national and global financial and real estate crises. Mr. Weil also has a proven track record in building successful real estate companies, having co-founded Adecoagro (NYSE: AGRO). We believe that Mr. Weil, as well as our management team, will continue to have a long-term commitment to our business.

In addition, we are backed by leading institutional investors including PointArgentum and Bienville. PointArgentum is an Argentine-focused investment fund managed by a Limited Liability Company (LLC) governed under the law of the State of Delaware. Bienville is an Argentine-dedicated investment fund managed by Bienville Capital Management LLC in association with Explorador Capital Management LLC. It is a New York-based, SEC-registered investment firm founded in 2008 that manages approximately US\$797 million of assets as of March 1, 2017.

## **Our Business Strategy**

- *Continue consolidating our position as the leading residential real estate developer in Argentina.*

We believe that ongoing economic reforms, in particular the expansion of available mortgage credit and the expected resulting increase in demand, will positively impact the residential real estate sector specifically, and provide us with significant opportunities for growth and increased profitability. We plan to continue our existing strategy in this sector, namely by focusing on premium properties in the mid to high income sectors in the GBA and Rosario, Argentina, as well as Montevideo, Uruguay. We aim to focus our land banking efforts in order to take advantage of expected infrastructure improvements and changes in zoning that can create significant value appreciation of the properties we acquire.

Our residential operations rely on presale deposits for the majority of their financing. As of March 31, 2017, advances from clients amounted to Ps.2,705.7 million, representing 82.6% of our residential inventory, which we believe demonstrates our capacity to develop residential properties with relatively low levels of external capital. Additionally, as of December 31, 2016, 2015 and 2014, advances from clients amounted to Ps.2,881.3 million, Ps.2,200.9 million and Ps.1,592.6 million, respectively, which represented 83.1%, 70.9% and 67.0%, respectively, of our residential inventories. We expect that our increased capitalization following the Offering will reduce our reliance on presale deposits for financing, which we expect in turn will result in increased operating margins due to reduced discounts offered to clients.

Investments in for-lease commercial properties depend to a larger extent on long-term capital (equity or long-term debt) for financing. An additional source of capital could come from advanced lease payments to finance a portion of the initial investment, and we rely on cash flow from operations to finance maintenance capital expenditures.

- *Become a leader in the Argentine commercial real estate market by creating a portfolio of premium assets.*

We plan to position ourselves among market leaders in the offices and logistics business lines, which we believe are likely to benefit from increases in lease rates and occupancy due to market and economic dynamics. We expect to benefit from an early-mover advantage as we have already identified and started negotiations for a sizable number of opportunities that we have identified in these business lines. Our strategy is to continue to identify, evaluate and invest in for-lease Class A office building and PLC sectors, primarily in the GBA. We believe that a strong and sizable portfolio of office and logistics assets will provide us with stable, long-term cash flows, which will help offset the volatility of the residential sector as well as provide additional funding for new developments.

In general, we plan to target the development and opportunistic acquisition of income-producing properties, focusing on areas where supply is constrained and we have identified significant pent-up demand. We believe that we are well-positioned to capitalize on these opportunities through our well-established networks and relationships. We intend to pursue these opportunities, either as sole investors or as co-investors, in this case only as long as we preserve the control of the development process, if any, and the management of the properties. We will also seek to optimize the overall value

and performance of our properties by seeking to (i) maintain high retention rates with high credit rating tenants; (ii) maximize occupancy rate; (iii) control operating expenses; (iv) maintain our properties to high standards; and (v) prudently invest in our buildings.

- *Continue to develop unique and iconic properties.*

We expect to leverage our experience and capabilities to identify attractive development opportunities in order to expand our portfolio of unique and iconic properties. Additionally, we expect that the projects in our pipeline will, as did our prior projects, stand out for their quality, their unique and iconic design and their ability to define their surroundings, which we believe makes them uniquely prestigious properties for our customers. We expect to take advantage of new, high-quality land that will come onto the market as the City of Buenos Aires makes zoning changes and expands its public transport network.

- *Maintain a sound financial structure by favoring operational leverage.*

We plan to continue our conservative approach towards the use of working capital and maintaining leverage levels in line with industry norms. We will continue to seek to secure the land for our projects by locking up as little capital as possible, using purchase options and seller financing structures, in addition to exchanges of land for finished units in the case of residential projects.

In for-lease commercial properties, we intend to partially finance the acquisition or development of the properties with financial instruments, expecting to incur in loan-to-value financing of not more than 40% and interest rates below expected initial cap rates.

## **Our History**

### ***Early Years***

We were founded by Mr. Weil in 2005 with the goal of becoming the first fully integrated real estate company in Argentina, and actively participating in the institutionalization of the Argentine real estate development industry, taking advantage of the market opportunities at that time. Over the past few decades, most of the largest real estate developers in other Latin American countries have consolidated, which in turn has resulted in a more institutionalized real estate industry, gaining access to international capital markets and experiencing substantial growth. At the same time, the real estate development industry in Argentina continued to be highly fragmented and comprised mainly of small companies with little or no access to the capital markets. We have sought to be the leading company in transforming our industry and bringing it in line with the prevailing trends in more developed markets. From 2007 to 2015, we partnered with PDG to give shape to this vision.

Since our establishment, we have focused on large projects in premier urban locations in Argentina. Our first development project was Forum Puerto Madero, a 47,000 square meter development project on Dock IV in the neighborhood of Puerto Madero in Buenos Aires, with 34,000 sellable square meters fully delivered in 2008. This project was followed by others, including Forum Puerto Norte, Metra Puerto Norte and Proa, which is expected to be launched in 2017, each in Rosario, Province of Santa Fe. Our additional developments in Buenos Aires include Forum Alcorta, Astor Palermo, Astor Caballito, Astor Núñez, Astor San Telmo and Metra Devoto, the latter of which is expected to be launched in 2017. We also continued to grow with developments outside of Buenos Aires and Rosario, with the launch of Venice in Tigre, Province of Buenos Aires and Forum Puerto del Buceo in Montevideo, Uruguay. Our projects to date have been primarily residential developments, though certain projects have included a for sale retail and/or office component. These projects add a total of 410,137 square meters of sellable area excluding Forum Puerto Madero), that are now at various development stages and are evidence of our expertise and know how in the real estate industry.

### ***Offering of Common Shares in Argentina***

Our IPO on the Merval (which, in April 2017, became the BYMA as a result of a spin-off) in November 2010 provided us with nearly Ps.220 million (US\$56 million) in cash to launch an aggressive growth plan, which in turn enabled us to consolidate all our projects and resources, thereby improving our efficiency, agility and economies of scale. Our IPO was the first in the Argentine market in a period of over two and a half years following the

nationalization of the Argentine pension funds system, and the first made by a company engaged exclusively in residential real estate development.

Our IPO consisted of 47,999,485 new ordinary, book entry shares, with a par global value of Ps.1.00 each and the right to one vote, which were issued at a price of Ps.9.034 per share. Of the total number of shares sold, 31,984,275 shares were sold locally in Argentina, while 16,015,210 shares were sold internationally in the form of ADSs. Payment for the new shares was made in cash and through the capitalization of certain claims arising from liabilities assumed in connection with our acquisition of interests in other companies. In February 2011, our ADS program was upgraded to a Level I sponsored ADS program.

In November 2011, we obtained registration as an open end company and foreign issuer in Brazil, as well as registration for the BDR Level II (the Brazilian Depositary Receipts, or the “BDR”) program, from the *Comissão de Valores Mobiliários* (Brazilian Securities and Exchange Commission, or the “CVM”). BDRs are tradable on the general board of the Sao Paulo Stock Exchange (the “BM&F BOVESPA”), in Brazil, the largest stock market in Latin America and one of the largest in the world. All of our common shares and ADSs were convertible into BDRs at a ratio of five shares per BDR and one ADS per BDR. However, in September 2015, following an evaluation of the liquidity of our BDRs and the level of Brazilian investors’ interest in our BDRs, our board of directors approved the termination of our BDR Level II program and our de registration in Brazil. On January 26, 2017, BM&F BOVESPA informed there were no more BDRs listed in their deposit accounts and, on February 2, 2017, CVM unlisted TGLT as a public company and foreign issuer in Brazil.

On December 29, 2016, the CNV approved the organization of the BYMA as a new market, resulting from the spin-off of certain assets owned by the Merval related to its securities transactions and capital contributions in the BCBA. Following such authorization, effective April 17, 2017, the listing of all negotiable securities that were listed in the Merval was automatically transferred to the BYMA, as successor to the Merval’s business. Moreover, the delegation of powers conferred by the Merval to the BCBA will now apply to BYMA; therefore, the BCBA will continue to conduct the businesses set forth in paragraphs b), f) and g) of Section 32 of the Capital Markets Law on behalf of BYMA, including the authorization, suspension and cancellation of the listing or trading of negotiable securities and the establishment of such market as arbitration tribunal for all matters concerning the relationship among listed companies and their shareholders and investors.

### Past Strategic Alliances

In August 2007, we entered into a strategic alliance with PDG, a real estate investment company based in Rio de Janeiro, Brazil. PDG purchased 30% of our equity through a transaction consisting of a total contribution of US\$22,330,000. In October 2010, this participation was reduced to 27.20% after our IPO and a corporate restructuring that took place around that time. PDG is one of the largest real estate companies in Brazil. Since January 2007, PDG has been listed on the Novo Mercado segment of BM&FBOVESPA under the symbol “PDGR3.” In April 2015, we were informed by PDG that it had transferred its 27.20% interest in TGLT to Bienville and PointArgentum in equal parts, in two separate and independent transactions.

### Timeline

The following timeline highlights certain milestones we have reached in our history:

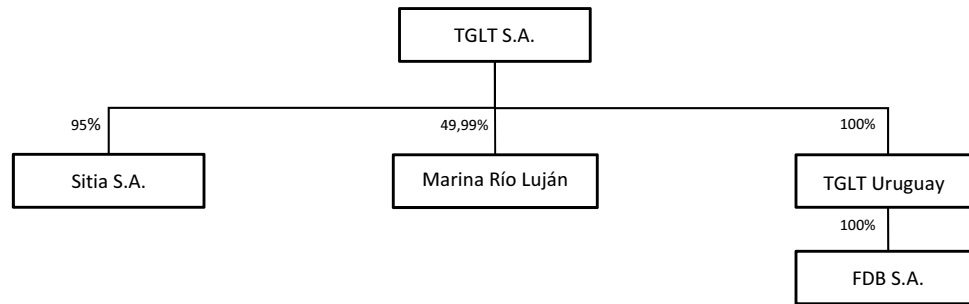




(\*) Cumulative GSA, includes sellable area not yet launched but comprising sellable area of the project/s under development. In other words, their commercial launch was already determined by management.

## Our Corporate Structure

The following diagram illustrates our current organizational structure. Percentages indicate the ownership interest held.



Source: Note 14 to our unaudited financial statements as of March 31, 2017.

- (1) TGLT merged with Canfot S.A. (company absorbed). The effective date of the merger was October 1, 2016. Registration of the merger with the Registry of Commerce is still pending.

The Company carries out the development of its real estate projects through TGLT S.A. or its subsidiaries. Marina Río Luján S.A. is the owner of the land where the Venice project is being carried out. TGLT Uruguay S.A. is an investment company in Uruguay, which acts as a holding company for our projects in that country. FDB S.A. is a trading company domiciled in Montevideo, Eastern Republic of Uruguay, which carries out the real estate project Forum Puerto del Buceo in the town of Montevideo, Uruguay. The rest of the projects are carried out directly by TGLT S.A.

## Our Business Lines

### *Residential Real Estate*

Since our establishment in 2005, we have developed for sale multifamily residential and mixed use projects in Buenos Aires and Rosario, Argentina, and Montevideo, Uruguay, targeting the mid to high income segments. We currently have 11 large residential projects under development, consisting of 52 buildings and over 440,000 square meters of gross sellable area, and have identified several prime and actionable additional sites that we are in the process of evaluating for acquisition and development.

Our residential business model is based on our proven track record of identifying and developing prime land and building high quality housing projects. We have a highly qualified team whose skills and knowledge span all key areas of real estate development and operations including, among others, land identification and acquisition, government licensing and relations, project management and commercialization and sales. Our experienced team, together with the standardization of our processes and our sophisticated management tools enable us to consistently launch new projects, as well as successfully undertake a large number of projects at the same time.

We participate in our projects either independently or with strategic partners, and in all cases are fully committed to each project, in line with our shareholders' goals. When investing jointly, we select our co investment partners on the basis of their experience in the investment, administration and development of similar properties, and retain control of the properties.

We manage and participate in every aspect of our real estate developments, from search and acquisition of the land, to product design, marketing, sales, construction management, purchase of supplies, post-sale services, and financial planning, with the assistance of specialized firms at each development stage. While the decisions and control of these functions remain with us, actual execution of certain functions, such as architecture and construction, is

entrusted to specialized companies under our close supervision. This business model enables us to achieve excellence in production for each location and segment, ensure effective working capital management, and choose the best possible partner for each aspect of the work, all while keeping an organizational structure that can adapt to changes in business volume. For further details on the process for selecting land sites and for selecting architectural and construction firms, see “—Design and Construction.”

Once a plot of land is acquired we intend to launch the project, or the first phase of that project, within three to nine months following the transfer of the land. Our strategy is to acquire land where we believe we can comfortably develop the type and size of project suitable for that specific plot of land and, in most cases, we seek to obtain a pre clearance permit from the planning authorities, before executing the transfer of the land. We are not in the business of speculative landbanking, nor do we intend to obtain special permits to develop our projects, except with respect to mixed use developments, which would typically require exceptional approvals, so as to accelerate the turnover of our capital in our residential business. Typically, construction begins within the first six months to one year of the commercial launch and it takes between 20 and 30 months to finish construction of a building, depending on its size and complexity. Delivery of a building typically takes between three and six months, again, depending on its size and complexity.

The following chart outlines these various phases of development of our residential projects, and our strategy with respect to each.



#### *Residential Projects Under Development.*

We have 11 residential projects under development, with over 440,000 square meters of sellable area. We expect that our residential projects under development will require a total investment of approximately Ps.7,625.9 million, of which approximately Ps.3,229.4 million correspond to projects already launched that we expect to finance primarily with Ps.800.0 million of amounts due on signed contracts and future contracted sales with total value of Ps.4,991.6.

In the table below, we present the anticipated completion date, costs incurred to date, total costs budget and Costs to be incurred for each project, as estimated as of December 31, 2016:

<b>(in million Ps.)</b>	<b>Total Budget</b>	<b>Inventory</b>	<b>Costs incurred<sup>(1)</sup></b>	<b>Costs to be incurred<sup>(2)</sup></b>	<b>Expected end of construction dates<sup>(2)</sup></b>
Forum Puerto Norte ..	523.9	1.8	522.1	—	After market
Forum Alcorta.....	921.0	102.4	798.6	20.0	After market
Forum Puerto Buceo .	2,011.5	1,276.1	119.2	616.3	Stages 2 and 3 under and Stage 1 delivered
Astor Palermo .....	356.4	27.1	329.2	—	After market
Astor Nunez.....	533.7	356.4	145.8	31.5	Delivered
Venice.....	1,646.2	383.6	66.9	1,195.7	2021
Metra Puerto Norte ...	2,243.2	92.3	141.8	2,009.1	2026
Proa.....	2,402.0	193.2	—	2,208.8	2022
Metra Devoto .....	711.5	70.4	—	641.1	2023
Astor San Telmo .....	1,055.1	151.9	—	903.3	2021
<b>Total.....</b>	<b>12,404.5</b>	<b>2,655.2</b>	<b>2,123.6</b>	<b>7,625.8</b>	

Source: TGLT data.

(1) Costs net of land swap adjustments at fair value.

(2) For projects with more than one building, we show the end of construction date for the last building.

In the table below, we show the total potential GSA in our current landbank (i.e., land we currently own). In those cases in which a portion of the land is under construction, the corresponding GSA under construction is reduced from total GSA, in order to show GSA to be built. Our current landbank has a potential GSA of 410,137 square meters. As of December 31, 2016, 221,587 sqm GSA were under construction, ending with a total GSA to be built of 188,549 square meters.

<b>Projects</b>	<b>Total GSA (sqm)</b>	<b>GSA under construction</b>	<b>GSA to be built (sqm)<sup>(1)</sup></b>
Forum Puerto Norte .....	52,639	52,639	—
Forum Alcorta.....	39,763	39,763	—
Forum Puerto Buceo .....	48,487	48,487	—
Astor Palermo .....	14,763	14,763	—
Astor Nuñez.....	20,368	20,368	—
Astor San Telmo.....	28,997	—	28,997
Metra Devoto.....	18,288	—	18,288
Metra Puerto Norte .....	68,613	22,575	46,038
Proa.....	65,166	—	65,166
Venice.....	53,052	22,993	30,060
<b>Total.....</b>	<b>410,137</b>	<b>221,588</b>	<b>188,549</b>

Source: TGLT data.

(1) GSA to be built equals Total GSA minus GSA under construction as of December 31, 2016.

## **Forum**

Set forth below is a description of each of our residential projects under our Forum brand.

<b>Project</b>	<b>Forum Puerto Norte</b>	<b>Forum Alcorta</b>	<b>Forum Puerto del Buceo</b>
Location.....	Rosario, Santa Fe, Argentina	Bajo Belgrano, Buenos Aires City, Argentina	Montevideo, Uruguay
Segment .....	High / Mid-high	High	High
Type.....	Urban complex	Urban complex	Urban complex
Character.....	Coastal	Park	Coastal
Site acquisition year.....	2008	2008	2011
Land size (sqm) .....	43,000	13,000	10,765
Sellable area (sqm) .....	52,639	39,763	48,487
Sellable units.....	452	154	340
Other sellable units .....	Parking Slots: 526 Moorings 88	Parking Slots: 380	Parking Slots: 346
Total PSV estimate (M).....	Ps.426.5	Ps.1,121.6	US\$153.9
Total PSV launched as of March 31, 2017 (M) .....	Ps.426.5	Ps.1,121.6	US\$153.9
Area sold as of March 31, 2017 (sqm).....	52,639	39,763	37,174
As % of total launched.....	100%	100%	77%
Units sold as of March 31, 2017 .....	452	154	250
As % of total launched.....	100%	100%	74%
Other units sold as of March 31, 2017 .....	Parking Slots: 524	Parking Slots: 360	Parking Slots: 210

<b>Project</b>	<b>Forum Puerto Norte</b>	<b>Forum Alcorta</b>	<b>Forum Puerto del Buceo</b>
	Moorings 87		
Contracted sales as of March 31, 2017 (M) .....	Ps.426.5	Ps.1,107.0	US\$96.4
<i>As % of total launched</i> .....	100%	99%	63%
Contracted sales during 2017 (M).....	—	Ps.8.7	US\$5.6
Construction progress as of March 31, 2017 .....	100%	99%	72%
(% exec. of monetary budget, excl. land)			
Construction progress as of March 31, 2017 .....	100%	99%	72%
(% exec. of monetary budget, including land)			
<b>Stage</b> .....	<b>After—sales services</b>	<b>After—sales services</b>	<b>Phases 2 &amp; 3 under construction – Phase 1 at delivery stage</b>

Source: TGLT data.

Forum Puerto Madero

Completed in 2008, Forum Puerto Madero is one of the premier residential developments in the Puerto Madero neighborhood of the City of Buenos Aires. Forum Puerto Madero benefits from a unique location at the northernmost end of the neighborhood, and is surrounded by the Fortabat Museum, Puerto Madero boulevards, the ecological reserve and the river. The sides of the development have river views.

The project features high-end finishes and materials, sizable apartments and layouts with exterior views for all apartments, most of which look out to an 1,800 square meter central courtyard. The development includes a wide variety of amenities, including a 25-meter indoor swimming pool, an outdoor rooftop swimming pool, a professional squash court and a club room.

As of the date of this private placement memorandum, there are no buyer claims in connection with deeds, construction defects and provisional administration in connection with this property.

With a total construction gross area of 47,993 square meters and expected sellable area of 34,000 square meters, Forum Puerto Madero is a luxury development that includes 184 residential units, each with an average area of 185 square meters, and a total of 368 parking spaces. This project has been completed and all units in the project have been delivered. Photographs of this project are presented below.



### Forum Puerto Norte

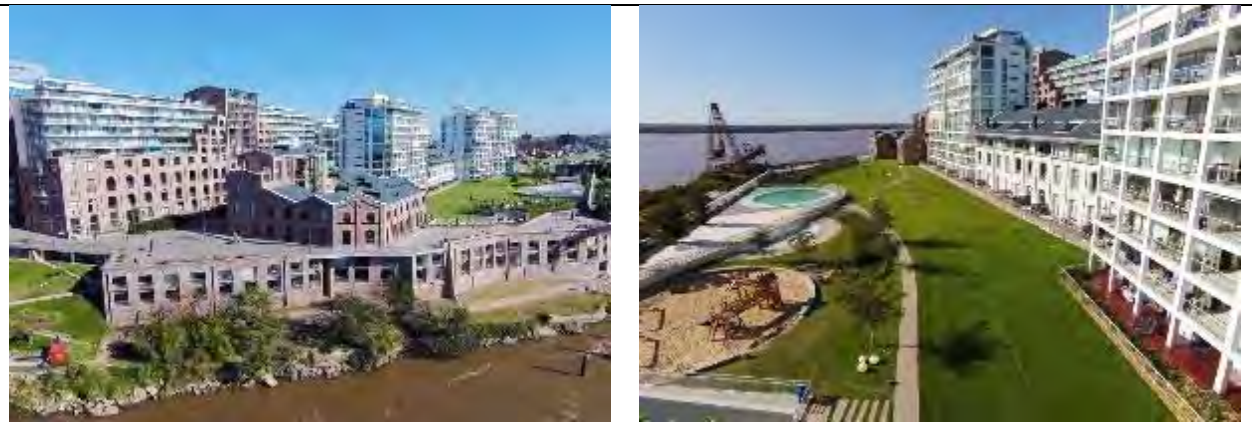
Forum Puerto Norte is strategically located on the coastal strip of Paraná River, Forum Puerto Norte is a short drive away from the center of the City of Rosario, in the province of Santa Fe, Argentina.

With a total construction gross area of 74,105 square meters, and expected sellable area of 52,639 square meters, Forum Puerto Norte is a luxury development comprised of 11 buildings, including nine residential buildings, two modern office buildings and a dry dock with the capacity for 87 vessels, on a 4.5 hectare plot of land. The nine residential buildings comprise 353 residential units, with an average area of 116 square meters. The two office buildings include 75 office units, with an average area of 75 square meters and 24 retail units, including six stores. The development has a total of 526 parking spaces located in two underground levels. The project has a variety of amenities including outdoor and indoor swimming pools, tennis courts, a gym, a ballroom, a business center and 10,300 square meters of gardens.

The project involves refurbishing a significant part of the historic Maltería SAFAC building, which was designed by the architectural firm of Manteola, Sánchez Gómez, Santos, Solsona, Sallaberry, Vinsón Arquitectos (the “MSGSSS”). MSGSSS was awarded the contract as a result of a bidding process we conducted with a view to restoring the old brewery’s architectural beauty. With both aesthetic and functional criteria in mind, MSGSSS architects set out to recover the architectural value of a compound that dates back to 1890, when the first working class neighborhood of Rosario developed around the building of Refinería Argentina, which was founded by Ernesto Tornquist.

Forum Puerto Norte was granted the *Rescatando Patrimonio* (Rescuing Patrimony) by the Municipality of Rosario, in recognition of the revitalization of a neighborhood that had been largely overlooked for the sake of port and industrial development.

We have a 100% interest in the project. As of the date of this private placement memorandum, all units in the project have been delivered. Photographs of this project are presented below.



### Forum Alcorta

Forum Alcorta is a project located on one of the premier blocks in the City of Buenos Aires, in the Bajo Belgrano area, with panoramic views of the city and the river. The concept behind Forum Alcorta is to provide a luxury lifestyle in the midst of the city.

The project was designed by the architectural firm of MSGSSS, which was selected through of an international bidding process, in which seven prestigious Argentine and foreign architectural firms participated.

The project includes two glass and concrete high-rise buildings on a 13,000 square meter block, plus another low-rise building comprised of large, loft style units. The buildings feature triple height lobbies with park views. All units have floor to ceiling windows with double panel insulating glass on the facade, for increased temperature and acoustic comfort.

The project's total construction gross area is 74,986 square meters, with an expected sellable area of 39,763 square meters. The project includes 154 residential units, with an average area of 258 square meters, and 380 parking spaces.

In addition, the project includes a central courtyard, two underground levels of parking spaces, and over 1,500 square meters of amenities, including outdoor and indoor swimming pools and tennis courts, a fitness center, a ballroom, BBQ areas and kids' areas. The largest units in this project have an area of 700 square meters. The project includes separate access for cars and pedestrians, perimeter security, and 24-hour security services.

We launched Forum Alcorta in 2009, and finished construction in 2016. We delivered to the owners 98% of Tower ONE, 93% of Tower TWO and 75% of building THREE.



### *Forum Puerto del Buceo*

Located on what is considered by many to be one of the best plots in Montevideo, Uruguay, Forum Puerto del Buceo occupies approximately 11,000 square meters. All residential units are designed to have an ocean drive view in addition to a view of the central garden of the development.

Designed by the architectural firm Carlos Ott Arquitectos in association with Carlos Ponce de León Arquitectos, the building design features nautical, organic shapes, with curvy, boat like facades, and a cloister shaped plan that includes a central courtyard, surrounded by parks that are part of the area's recreational, commercial and tourist attractions.

The project includes one to four bedroom apartments, plus exclusive rooftop penthouses, each with its own terrace and garden. It also includes premium indoor and outdoor amenities and a 3,500 square meter private central courtyard.

Forum Puerto del Buceo was launched in 2013. Deliveries started in November 2016, with 44 units of the first phase already delivered to the owners (13% of total units). The rest of the project is expected to be delivered between 2017 and 2018. As of March 31, 2017, 250 units have been sold. We have a 100% interest in the project, which we hold through our subsidiary TGLT Uruguay S.A. Computer generated images or renderings of this project are presented below.



## Astor

Set forth below is a description of each of our residential projects under our Astor brand.

Project	Astor Palermo	Astor Núñez	Astor San Telmo
Location.....	Palermo, Buenos Aires City	Núñez, Buenos Aires City	San Telmo, Buenos Aires City
Segment.....	Mid - high	Mid - high	Mid - high
Type.....	Multifamily	Multifamily	Multifamily
Character .....	Urban	Urban	Urban
Site acquisition year .....	2010	2011	2016
Land size (sqm).....	3,208	4,759	6,110
Sellable area (sqm).....	14,763	20,368	28,997
Sellable units .....	210	298	433
Other sellable unit .....	Residential parking slots: 188 Commercial parking slots: 171	Residential parking slots: 261 Commercial parking: 20	Parking slots: 338
Total PSV estimate (Ps.M).....	391.2	588.4	1,373
Total PSV launched as of March 31, 2017 (Ps.M) .....	391.2	588.4	1,373
Area sold as of March 31, 2017 (sqm).....	14,578	20,158	9,910
As % of total launched .....	99%	99%	34%
Units sold as of March 31, 2017 .....	210	297	156
As % of total launched .....	100%	100%	36%
Other units sold as of March 31, 2017 .....	Residential parking slots: 188 Commercial parking slots: 171	Residential parking slots: 241 Commercial parking slots: 20	Parking slots: 154
Contracted sales as of March 31, 2017 (Ps.M) .....	369.8	558.3	361.4
As % of total launched .....	95%	95%	38%
Contracted sales during 2017 (Ps.M).....	—	12.4	42.8
Construction progress as of March 31, 2017 .....	100%	99%	—
(% exec. of monetary budget, excl. land) .....			
Construction progress as of March 31, 2017 .....	100%	99%	—
(% exec. of monetary budget, including land) .....			
Stage.....	After-sales services	Delivery stage	Pre-sales

Source: TGLT data.

### Astor Palermo

Astor Palermo is a 26-story building with wide city views, in a prime location in the center of Palermo, a neighborhood in the City of Buenos Aires surrounded by parks, restaurants and shopping malls.

With a double height lobby, the building features one, two and three bedroom units, including two duplex units with their own rooftop terraces. Amenities include children's recreational areas, guest parking and a power generator for the building's common areas.

The project's total construction gross area is 30,075 square meters, and expected sellable area is 14,763 square meters. The project includes 210 residential units, with an average area of 70 square meters and 188 parking spaces as well as a commercial parking lot for 171 vehicles with a separate entrance (which we do not own).

Astor Palermo was launched initially in 2011 and relaunched in 2013 after an injunction that had suspended construction for one year was lifted. We finished construction in 2015. We have a 100% interest in the project. Photographs of this project are presented below.



### Astor Núñez

Astor Núñez is a 30 story residential building located in Núñez, City of Buenos Aires, on the busy Cabildo Avenue. The building has a triple height lobby, open views of the city and river, and 4,220 square meters of common areas, including a park, swimming pools and club rooms. The building also features two levels of underground parking.

With a total construction gross area of 37,526 square meters, and expected sellable area of 20,368 square meters, the project includes 298 residential units, with an average area of 66 square meters, and 12 retail units. The project includes amenities such as adult and children's swimming pools, a gym, a kids' area, a BBQ area and large gardens.

Astor Nuñez is currently on delivery stage, started in November 2016, having already delivered 36% of total units. We expect to end the process in 2017. We have a 100% interest in the project. A photograph and a computer generated image or rendering of this project are presented below.





### *Astor San Telmo*

The property is currently comprised of a set of industrial warehouses located in the San Telmo neighborhood, in the southern part of the City of Buenos Aires, Argentina.

The design of the project is being undertaken by Estudio Aisenson, a prestigious architectural firm selected through a competitive bidding process in which four firms participated. There was a strong emphasis put by designers to insert the building with its traditional surroundings. The project contemplates a nine story “L”-shaped building that is expected to be built in three phases. The project’s modern architecture will contrast with the classical facades that are predominantly present in the neighborhood. The plan includes large internal courtyards, which will emulate the traditional buildings of Buenos Aires.

The three phases of the project together comprise a total construction gross area of 37,526 square meters and a projected sellable area of 28,997 square meters. Currently, project plans include 433 residential units, with an average area of 63 square meters, and 21 retail units, as well as a rooftop terrace with adult and children’s swimming pools, internal gardens, an outdoor grilling area and a gymnasium.

A presale was launched in December 2015, while the commercial launch took place in the last quarter of 2016, with a sales office located in the project site. Deliveries of this project are expected to be made during the period from 2019 through 2021.

We have a 100% interest in the project. A Computer generated image of this project is presented below.



### *Metra and Urban Complexes (Masterplans)*

Set forth below is a description of each of our residential projects under our Metra brand, as well as our urban complexes.

Project	Brisario			
	Metra Devoto	Metra Puerto Norte	Proa	Venice
Location.....	Monte Castro, Buenos Aires City	Rosario, Santa Fe	Rosario, Santa Fe	Tigre, Buenos Aires
Segment.....	Mid-income segment	Mid-income segment	High / Mid-high	High / Mid-high
Type.....	Multifamily	Urban complex	Urban complex	Urbanization
Character .....	Urban	Coastal	Coastal	Coastal
Site acquisition year .....	2014	2011	2011	2007
Land size (sqm).....	6,228	46,173	37,827	320,000
Sellable area (sqm).....	18,288	68,613	65,166	53,052
Sellable units .....	338	1299	510	639
Other sellable units.....	Parking slots: 217	Parking slots: 881	Parking slots: 691	Parking slots: 750 Moorings: 76
Total PSV estimate (Ps.M).....	966.8	2,986.3	3,184.6	2,497.1
Total PSV launched as of March 31, 2017 (Ps.M).....	966.8	1,270.7	—	1,270.7
Area sold as of March 31, 2017 (sqm) .....	1,122	13,832	—	21,382
As % of total launched .....	6%	61%	—	62%
Units sold as of March 31, 2017 .....	18	272	—	314
As % of total launched .....	5%	64%	—	67%
Other units sold as of March 31, 2017 .....	Parking slots: 12	Parking slots: 179	—	Parking slots: 288 Moorings: 18
Contracted sales as of March 31, 2017 (Ps.M) .....	43.9	423.3	—	591.9
As % of total launched .....	5%	57%	—	47%
Contracted sales during 2017 (Ps.M) .....	—	27.1	—	5.0
Construction progress as of March 31, 2017.....	—	11%	—	44%
(% exec. of monetary budget, excl. land) .....				
Construction progress as of March 31, 2017.....	—	11%	—	45%
(% exec. of monetary budget, including land).....				
Stage.....	<b>Design and obtaining permits</b>	<b>Phase 1 under construction</b>	<b>Design and obtaining permits</b>	<b>Phase 1 under construction</b>

Source: TGLT data.

### Metra Devoto

We retained the services of Dujovne Hirsch & Asociados, one of the most reputable architectural firms in Argentina, to design a project that will include the original Húser factory building and three new, modern buildings. The result is an innovative residential project that satisfies the need to preserve the city’s architectural heritage, protect the environment and use resources efficiently.

Metra Devoto is located in Villa Devoto, one of the most traditional neighborhoods of the City of Buenos Aires, usually referred to as “the city’s garden” because of its tree lined streets. The friendly scale of the neighborhood, the family oriented nature of this community, plus easy access to the city center and General Paz Avenue, make this a strategic location in Buenos Aires.

With a total construction gross area of 35,520 square meters, and expected sellable area of 18,288 square meters, the project includes three buildings. Currently, project plans include 338 residential units, with an average area of 54 square meters and will have an outdoor pool, gym, kids’ plaza and other amenities.

Currently, we are working on the timing of the most suitable commercial strategy to launch the project to the general public during 2017.



### Metra Puerto Norte

Metra Puerto Norte is part of an 8.4 hectare master plan on the old site of the *Federación Argentina de Cooperativas Agrícolas* (Federation of Argentine Farm Cooperatives, or “FACA”), in the Puerto Norte area of Rosario, Province of Santa Fe in Argentina. The first phase of the project includes four buildings covering two full blocks. The project’s modern architecture and river views, as well as the ability of buyers to make payments in installments over a ten-year term, make Metra Puerto Norte an innovative project that we expect will help revitalize this neighborhood. Delivery of the units will be staggered over time, which will enable buyers to choose payment plans in line with their specific needs.

The whole project has an approximate buildable area of 106,980 buildable square meters (68,613 saleable square meters) divided into three stages. The first stage was commercially launched in 2013 and will be delivered in four phases starting in 2017 and ending in 2023. Total construction area is 35,032 square meters, and the projected saleable area is 22,575 square meters. It consists of 416 residential units, with an approximate average area of 50 square meters and 12 retail stores, including a rooftop terrace with swimming pools for adults and children, internal gardens and multipurpose room.

We have a 100% interest in the project. Computer generated images or renderings of this project are presented below.



### Proa

We retained the services of the international architectural firm of Foster+Partners to design the master plan for a project strategically located in one of the most attractive plots in Puerto Norte, on the Paraná River coastline, Province of Santa Fe, Argentina. The project contemplates a new area for urban interaction, comprised of two main plans: (i) the site’s general master plan, with a surface area of 84,000 square meters and (ii) high end residential and office buildings next to the river.

The master plan took into account not only design and aesthetic factors, but also the project's seamless interaction with the rest of the city, by factoring in fundamental considerations such as the environment, sustainability, preservation of natural resources and space. The development is designed to be seen as a paradigm of a new standard of living in the most avant-garde neighborhood of Rosario, as well as a legacy to the city and its people.

The masterplan, Brisario, contemplates staggered construction and marketing of some 120,000 sellable square meters, including Metra Puerto Norte and Proa as well as a strip of land for public spaces. The project includes a pedestrian street as a focal point for culture and business, as well as recreational spaces open to the community. The residential buildings include a wide variety of amenities, including indoor and outdoor swimming pools, ballroom, gourmet room, gym, spa and laundry room.

We are currently working on laying down the business strategy to launch the project to the public during 2017. Proa has a potential for a total gross construction area of 102,473 square meters, and a saleable area of 65,166 square meters.

We have a 100% interest in the project. Computer generated images or renderings of this project are presented below.



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### Venice

Located on a 32 hectare private plot, with a coastline on the Luján River, in the county of Tigre, in the Province of Buenos Aires, Venice is designed to be a “navigable city.” The project’s urban planning, by the architectural firms Duany Plater Zyberk & Company (USA) and BMA (Argentina), includes an extensive residential facility, with stores and a marina. Common areas include canals, green areas, plus an ample network of services and amenities associated with a sustainable lifestyle. This project is being developed jointly with Metro 21 developers.

The draft project was designed by Estudio McCormack & Asociados and is being performed by Obras y Sistemas S.R.L. The plan includes construction over 8 hectares of a 13-building complex with 639 apartments (with areas ranging from 48 square meters to 244 square meters), 750 parking spaces, 76 moorings and 149 storage spaces. In addition, it will have an outdoor leisure area, consisting of a central park, channels, pedestrian walks and *deck*, and an indoor area of 2.270 square meters.

The first stage currently under construction was commercially launched in 2012 and includes 302 units in five buildings. In addition, roadworks and infrastructure works required by the Municipal Government are being performed. We expect to begin the stage of deliveries by the end of 2017.

We have secured all permits required from the authorities of the Municipal Government of Tigre, and the Province of Buenos Aires. However, the construction was recently suspended as a result of an injunction, which as of the date of this private placement memorandum is vacated. While construction works were resumed on September 27, 2016, the action in respect of which such injunction was issued is still pending. See “Our Business Lines—Legal Proceedings—Venice.”

We have a 49.99% interest in the project, which we hold through our subsidiary MRL, and Marcelo Gómez Prieto, an Argentine individual, owns a 49.99% interest in the project with the remaining interest being held by a trust. Computer generated images or renderings of this project are presented below.



### ***Residential Pipeline Opportunities***

We intend to use a significant portion of the net proceeds from the Offering for the acquisition, construction and development of all or a portion of our projects under development and pipeline projects, in each case depending on business and market conditions. See “Use of Proceeds.” Regarding pipeline projects, investors should not place undue reliance on our plans and estimates as these projects are inherently uncertain and may be affected by numerous factors, including factors that are beyond our control. The price and other terms of acquisition have not been agreed to with respect to the properties included in the pipeline, there are no rights of first refusal, options or exclusivities signed as of the date of this private placement memorandum and none of the pipeline property acquisitions is probable. There can be no assurance that we will complete any of the acquisitions under negotiation or analysis.

#### *Residential Investment Criteria.*

TGLT has established clear criteria to analyze potential projects and select the best opportunities available in each vertical. Our investment criteria in the residential real estate development sectors are the following:

- |                          |  |
|--------------------------|--|
| <b>Financial metrics</b> | <ul style="list-style-type: none"><li>• Our investments usually have a target investment period of three years with a maximum of six years, the ability to break ground within six months from our first significant disbursement and delivery of units within 24 months of breaking ground.</li><li>• We target projects with an average of 20,000 square meters, never below 8,000 square meters.</li></ul>  |
| <b>Markets</b>           | <ul style="list-style-type: none"><li>• Our target markets will continue to be mainly Buenos Aires, considering also relevant opportunities in Rosario and Montevideo.</li><li>• In Buenos Aires, we intend to focus on high income areas and acquire land where infrastructure improvements (Metrobus or subway extensions) are expected to reduce commute times or where changes in zoning are expected to stimulate urban development.</li><li>• We expect to continue benefitting from the development of the Tigre area, in which we currently own 200,000 square meters of sellable area.</li><li>• Outside of Buenos Aires, our focus will remain on what we believe are the top available areas, such as Puerto Norte in Rosario and the Artigas and Italia corridors in Montevideo.</li><li>• We will avoid projects in areas where infrastructure (sewage, electricity, water, roads) is deficient or nonexistent.</li></ul> |
| <b>Product</b>           | <ul style="list-style-type: none"><li>• We look to develop multifamily projects aimed at middle to high-income segments, with a sellable area ranging from 10,000 40,000 square meters. On occasion, we may engage in larger projects in cases where we anticipate (i) consistent sales of at least</li></ul>  |

10,000 square meters per year, (ii) low land carrying costs and (iii) that the project will not require significant investment in its initial phases.

- Our strategy is to focus on projects that do not require significant retrofitting.
- We plan to target projects that do not require significant retrofitting and to avoid projects in areas in which infrastructure (sewage, electricity, water, roads) is deficient or nonexistent.

**Construction**

We have developed a scoring methodology to ensure a thorough and objective evaluation is given to every project in the pipeline against our investment criteria. Using a detailed and quantitative rating mechanism, we evaluate the quality of each project in terms of its fit within our areas of expertise, i.e., the type of product, geography and resources required for development. We determine the feasibility of projects based on the investment period and expected time to complete development or achieve cash flow stabilization. Each market opportunity is ranked on its strategic potential, in terms of proximity to our target market segments and geographic location. In terms of financing, we assign a score to potential projects depending on the need to obtain debt or additional equity financing. For every project we analyze potential internal rate of return (the “IRR”), margin, cap rates, and size. Additionally, we further evaluate other possible external factors beyond our control, such as zoning and partners.

*Identified Residential Pipeline Opportunities.*

As of the date of this private placement memorandum, we have identified residential pipeline opportunities. Currently, we have signed two purchase options and the last project is under evaluation.

The following table sets forth selected data for our main residential pipeline opportunities based on our estimates and expectations:

<u>Project</u>	<u>Brand</u>	<u>Location</u>	<u>Expected GSA</u>	<u>Estimated Total Investment<sup>(1)</sup></u>	<u>Estimated Initial investment<sup>(2)</sup></u>	<u>Status<sup>(3)</sup></u>
			<u>(sqm)</u>	<u>(US\$ millions)</u>	<u>(US\$ millions)</u>	
RAVL .....	Astor	Northern Corridor GBA	21,118	66.3	8.1	Purchase option signed
RABV .....	New brand	Northern Corridor GBA	60,400	149.1	5.4	Purchase option signed
RDTF .....	Astor	CABA	55,405	209.2	75.1	Ongoing evaluation
<b>Total .....</b>			<b><u>136,923</u></b>	<b><u>424.7</u></b>	<b><u>88.6</u></b>	

Source: TGLT data.

- (1) The estimated total investment includes the estimated land price (based on the asking prices of the owners of the respective land, or comparable transactions in the area) and all construction costs, professional fees, and other costs to be incurred by TGLT.
- (2) Estimated initial investment includes the estimated investment that TGLT could carry out with the proceeds from the Offering.
- (3) Ongoing negotiations have been active for the last three months.

*Residential Real Estate Branding.*

We have developed high quality and well recognized brands, which drive demand for our properties and have allowed us to increase the profitability of our projects. In the residential sector, our brands include:

- *Forum:* Forum is our premium brand, through which we market our luxury projects. Suitable sites that we brand as Forum are typically in excess of 30,000 square meters and have selling prices ranging from US\$3,000 to US\$9,000 per square meter. We have developed all of our Forum projects at waterfront locations and aim to continue to develop these types of projects in locations with exceptional views. Units typically have two to five rooms and range in size from 120 to 400 square meters, which are suitably large to accommodate families. Prices per unit typically range from US\$500,000 to US\$5,000,000. Our Forum branded developments are iconic projects, including Forum Puerto Madero, Forum Puerto Norte, Forum Alcorta and Forum Puerto del Buceo.
- *Astor:* Through our Astor brand, we focus on premium projects in the mid to high income segment, including projects ranging in size from approximately 14,000 to 31,000 square meters. Selling prices for our Astor branded projects typically range from US\$2,500 to US\$5,000 per square meter and units typically have one to three rooms and range in size from 50 to 120 square meters. Astor units are

typically sought after by small families, couples and property investors. Prices per unit typically range from US\$200,000 to US\$500,000. Astor projects include Astor Palermo, Astor Núñez and Astor San Telmo.

- *Metra*: Our Metra brand is focused on the mid income segment of the market, with selling prices of between US\$1,700 and US\$3,800 per square meter and units ranging in size from approximately 30 to 180 square meters, with up to two rooms and a large proportion of studio apartments. Purchasers of property at our Metra developments generally participate in a cooperative financing scheme that allows them to pay TGLT for their units in installments over periods of up to 10 years, including post-delivery financing. Prices per unit typically range from US\$100,000 to US\$200,000. Metra projects include Metra Puerto Norte and Metra Devoto.

In addition to our projects under the Forum, Astor and Metra brands, we are also currently developing mixed use projects, which include our Venice and Brisario developments, with 53,052 square meters and 133,799 square meters of total potential sellable area, respectively, and that include residential, office and retail space targeted to different market segments.

### ***Commercial Real Estate***

We intend to be a leading commercial real estate investment company in Argentina by assembling a prime portfolio of for lease premium office buildings for corporate use and PLCs in the country, mainly in the GBA. For that purpose, we will use the proceeds from the Offering in the acquisition and development of office and logistics properties and seek to manage a balanced portfolio of cash producing and capital appreciating assets.

We expect demand for commercial properties to increase if the new Argentine political regime continues to implement market friendly policies. The Macri Administration has introduced a series of institutional changes and reforms aiming to increase the country's productivity within different sectors of the economy. We believe that many companies and economic actors, despite growth in activities over the last decade, have postponed investments due to lack of confidence in the economy and then existing capital controls. Additionally, supply for new real estate has been extremely limited, and we believe the current reaction capacity of the market is low due to the scarcity of focused and well capitalized players.

Current rental rates for commercial properties are depressed relative to historical and regional levels, and we expect them to increase sharply following the implementation of anticipated economic reforms. For example, upon President Macri assuming office in December 2015, the new administration's economic team led by Minister Prat Gay (later replaced by Nicolás Dujovne), adopted as one of their first measures the liberalization of the exchange rate market, unwinding almost all of the exchange rate controls that that were implemented in previous years. As a consequence, the commercial real estate market started 2016 with a lease rate increase of approximately 35% as compared to the previous year.

We believe a lack of long term capital investments and limited focus from international investors have created opportunities across most commercial real estate sectors:

- *Offices*: Limited new production and growing stock obsolescence is creating a supply constraint; and
- *Logistics*: Most industrial sectors are working close to full capacity and are expected to invest in expansion, while continuing to outsource their logistics.

### ***Projects Under Development.***

#### ***Brisario Office***

As part of the Brisario master plan described under “—Residential Real Estate-Residential Projects Under Development,” we intend to develop a Class A office building with total GLA of 6,266 square meters on a build to suit basis. The building is expected to have six levels of 1,000 square meters of GLA each and two underground floors with parking spaces. As designed, the project will feature a curtain wall façade, surrounded by green areas, retail stores and coffee shops on the ground floor, facing the Paraná River. Below we present a computer generated image or rendering of the project.



*Commercial Pipeline Opportunities.*

We have identified an actionable and attractive pipeline in the commercial and logistics sectors, which include opportunities both for the development of new, and the acquisition of existing, office buildings and PLCs. We are in ongoing negotiations for the acquisition of certain potential target properties and expect to be in a position to deploy capital rapidly and effectively. The price and other terms of acquisition have not been agreed to with respect to the properties included in the pipeline, there are no rights of first refusal, options or exclusivities signed as of the date of this private placement memorandum and none of the pipeline property acquisitions is certain. There can be no assurance that we will complete any of the acquisitions under negotiation or analysis.

We will continually evaluate opportunities in the commercial real estate sector, sourced from our own direct relationships with property owners or from external brokers. We may assess real estate investment opportunities in Latin American jurisdictions other than Argentina and, with the approval of our board of directors, make, hold and manage real estate investments in such other countries.

We intend to use a significant portion of the net proceeds from the Offering for the acquisition, construction and development of all or a portion of our projects under development and pipeline projects, in each case depending on business and market conditions. See “Use of Proceeds.” Regarding pipeline projects, investors should not place undue reliance on our plans and estimates as these projects are inherently uncertain and may be affected by numerous factors, including factors that are beyond our control.

*Commercial Investment Criteria.*

Our investment criteria in the offices and logistics sectors are summarized in the following table:

	<b>Office Buildings</b>	<b>Premium Logistics Centers</b>
<b>Financial metrics</b>	<ul style="list-style-type: none"> <li>• Our plan is to target projects with a target investment period of three years for developments and one year for acquisitions, with a maximum of six years for both.</li> <li>• For our development projects, we will look to break ground within six months from making the first significant disbursements and expect to begin collecting rent within 20 months of breaking ground for office buildings and 12 months for PLCs.</li> <li>• For acquisitions, we plan to target assets with the potential to stabilize leases within the first 12 months, and in which we believe there is potential to grow rents over market averages during the first five years.</li> <li>• Objective size: 20,000 and 50,000 square meters for offices and 50,000 to 120,000 square meters for logistics centers.</li> </ul>	
<b>Markets</b>	<ul style="list-style-type: none"> <li>• We will focus our office and PLC projects in Buenos Aires, as we believe there is sufficient pent up demand to support significant investments. However, on an opportunistic basis we intend to develop office projects in Rosario using our existing land bank and logistics projects in cities where corporate clients can guarantee long</li> </ul>	



	<b>Office Buildings</b>	<b>Premium Logistics Centers</b>
	<p>term contracts and a high occupancy rate.</p> <ul style="list-style-type: none"> <li>• More specifically, in Buenos Aires, our strategy centers around submarkets in which we foresee the ability to absorb new capacity, low vacancy rates and growth in lease rates above the market average during the next five years.</li> <li>• We plan to avoid areas in which infrastructure (sewage, electricity, water, roads) is deficient or nonexistent.</li> </ul>	
<b>Submarkets</b>	<p>For our office projects we will target the following submarkets:</p> <ul style="list-style-type: none"> <li>• <u>Northern corridor Panamericana</u>: since the 1990s there has been a shift in the epicenter of the Class A office market away from downtown Buenos Aires towards the area north of downtown.</li> <li>• <u>Libertador corridor</u>: this area exhibits similar dynamics to Panamericana, with strong expected growth in the Nunez area owing to state owned land coming onto the market.</li> <li>• <u>Catalinas</u>: we believe this is the strongest submarket in the central business district, or CBD, of Buenos Aires, with public and privately owned land coming to the market.</li> </ul>	<p>For our PLC projects:</p> <ul style="list-style-type: none"> <li>• <u>San Eduardo triangle</u>: this is the leading submarket for logistics in Argentina, and is characterized by relatively easy accessibility and connections to the principal cities in the country, the MERCOSUR corridor and the river port of Zarate. Currently 56% of PLCs in Buenos Aires are located in this area, which has the highest lease rates in the market.</li> <li>• <u>Southern corridor</u>: this area is considered a leading area in the logistics sector primarily as a result of its connection with the south of the country and its proximity to the ports of Buenos Aires and La Plata.</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>• We seek to develop or acquire Class A properties with strong accessibility, certain walls, extensive plans, preferably with leadership in energy and environmental design, or LEED, certified or certifiable and parking rates greater than one place per 100 square meters of leasable surface. In addition, we seek to acquire or develop office buildings and office parks in sizes ranging from 20,000 to 100,000 square meters of leasable area.</li> <li>• In regards to logistics, we plan to focus on warehouse with loading docks, high resistance floors, sprinkler networks, high-rise ceilings, 24-hour security, CCTV systems, and support offices, ranging in size from 30,000 to 300,000 square meters of leasable area. In each case, we will try to secure land to expand the area by at least 50% of the initial capacity in order to meet the demands of customer growth.</li> <li>• For offices and premium logistics centers, we intend to target projects that do significant refurbishing.</li> </ul>	
<b>Construction</b>	<ul style="list-style-type: none"> <li>• We plan to focus on projects that do not require significant refurbishing and avoid projects in areas where infrastructure (sewerage, electricity, water roads) is poor or non-existent.</li> </ul>	

### Identified Office Pipeline Opportunities.

The following table sets forth selected data our main office pipeline opportunities based on our estimates and expectations:

Project	Type	Location	Estimated GLA (sqm)	Estimated Total Investment <sup>(1)</sup> (US\$ millions)	Estimated Initial Investment <sup>(2)</sup> (US\$ millions)	Status <sup>(3)</sup>
ODWP .....	Development	CABA	27,868	66.9	18.5	Ongoing negotiation
ODCC .....	Development	Northern Corridor GBA	100,000	259.1	92.6	Ongoing negotiation
ODTF .....	Development	CABA	59,418	213.1	86.7	Ongoing evaluation
<b>Total.....</b>			<b>187,286</b>	<b>539.1</b>	<b>197.8</b>	

Source: TGLT data.

- (1) The estimated total investment includes the estimated land price (based on the asking prices of the owners of the respective land, or comparable transactions in the area) and all construction costs, professional fees, and other costs to be incurred by TGLT.
- (2) Estimated initial investment includes the estimated investment that TGLT could carry out with the proceeds from the Offering.
- (3) Ongoing negotiations have been active for the last three months.

### Logistics Pipeline.

The following table sets forth selected data for our main logistics pipeline opportunities based on our estimates and expectations:

Project	Type	Location	Estimated GLA (sqm)	Estimated Total Investment (1) (US\$ millions)	Estimated Initial Investment (2) (US\$ millions)	Status (3)
LDNL .....	Development	Northern Corridor GBA	120,000	107.8	31.4	Ongoing negotiation
LDCZ .....	Development	Northern Corridor GBA	97,500	76.7	5.1	Ongoing negotiation
LACA .....	Acquisition	Northern Corridor GBA	273,782	273.8	13.2	Ongoing negotiation
<b>Total.....</b>			<b>491,282</b>	<b>458.3</b>	<b>49.7</b>	

Source: TGLT data.

- (1) The estimated total investment includes the estimated land price (based on the asking prices of the owners of the respective land, or comparable transactions in the area) and all construction costs, professional fees, and other costs to be incurred by TGLT.
- (2) Estimated initial investment includes the estimated investment that TGLT could carry out with the proceeds from the Offering.
- (3) Ongoing negotiations have been active for the last three months.

### Commercial Real Estate Branding.

Our commercial real estate projects will be marketed under the TGLT brand itself. Our TGLT commercial brand focuses on the operation of prime and environmentally sustainable corporate space, such as Class A office buildings and PLCs that we plan to acquire, develop or retrofit.

### Process of Identification and Acquisition of Land and Properties

Approximately 15 investment opportunities are received monthly by our team in charge of reviewing new developments. New investment opportunities come from our team of scouts who search within target geographies or are directly referred to us by property owners and brokers. We believe that because we have been an active player and one of the largest acquirers of urban land for development over the past 10 years we receive relatively better property opportunities and are seen by sellers as an attractive counterparty. Our team analyzes each investment opportunity based on technical, economic, legal and commercial aspects. On a monthly basis, two or three opportunities that match our investment criteria are selected for further analysis by an interdisciplinary team

consisting of members of our design, construction, commercial, legal and financial departments. We assess the feasibility of an opportunity with a basic outline of the project generated with a preliminary analysis on potential market, socioeconomic and demographic trends, regulations, zoning, construction parameters and financial economic viability. At this stage, we typically open preliminary negotiations with the seller of the property as part of the price discovery process, including possible payment terms.

If an opportunity is considered feasible as a result of this process, the feasibility analysis is presented to our management team which, in turn, may decide to continue exploring the investment opportunity by conducting a due diligence process which consist of:

- *Planning*: Confirming zoning parameters of the site (zoning, density, neighbors, etc.); reviewing potential project phasing and necessary infrastructure (site access and utilities); confirming the project concept; estimating project costs based on market values; and assessing site risk (environmental, security, neighbor belligerence, etc.).
- *Marketing*: Providing preliminary market intelligence; validating commercial assumptions: price/rent values, contract terms, commissions, sale/lease up speed, product mix, etc.; and recommending finishes/amenities.
- *Legal & Tax*: Supporting the determination of the most efficient transaction structure; leading negotiations with the counterparty; and execution of memorandum of understanding documentation.
- *Business development and finance*: Providing pro forma inputs: general and administrative costs, financing costs, marketing and taxes, etc.; assessing financial feasibility; determining external financing possibilities and costs; and developing investment strategy.

Based on the results of this analysis, our management prepares a financial model and an investment memorandum with detailed description of the investment opportunity, which is submitted to our board for review. The investment memorandum includes the following information: a detailed project description, investment thesis and rationale, strategic fit, project schedule, technical feasibility, business case (including key assumptions, comps, financing, etc.), returns and sensibilities, projected financial statements and next steps. If our board elects to proceed with the particular investment opportunity, the project continues to the stage of financing structuring and site acquisition, which includes the negotiation and execution of final documentation with the seller.

## **Design and Construction**

We rely on external contracts for the design, engineering and construction of our projects. Based on the marketing analysis described above, our marketing and design teams agree on a design plan that sets the basis for architectural design, including unit sizes, finishes, amenities, etc. For projects larger than 20,000 square meters, we call an architectural contest to select a conceptual design. For smaller projects, we typically select an architectural firm that we deem appropriate based on their experience with such projects. Our design team supervises the design process and the subsequent versions of plans prepared by the selected architectural firms. In addition, our design team is responsible for obtaining the relevant permits.

Once advanced versions of the plans and engineering documentation are available, our construction team begins the bidding process for a general contractor, inviting at least five construction companies that we believe have the capabilities to build the project. Depending on various technical factors and the complexity of the project, the construction team may choose to engage more than one contractor, each of which is responsible for different aspects of construction. Usually large provisions are contracted directly by us and not included in the general contract, such as façade window systems, air conditioning and elevators. Our construction team is responsible for contracting and overseeing the works related to such individual contracts and, in general, for making sure construction is executed in line with the budgeted time, cost and quality.

## **Marketing**

Our marketing team is responsible for the commercialization of our projects, which includes:

- *Marketing strategy and pricing*: market analysis, including evaluation of comps; design of the appropriate strategy for marketing the project, including depth and breadth of the marketing campaign and the extent to which relying on external brokers is required; and pricing of the individual units.

- Marketing campaigns: preparation and execution of marketing campaigns (website, brochures, renders, showrooms, etc.) in coordination with public relationships and advertising firms, as required.
- Sale coordination and oversight: supply of appropriate marketing material to sale teams, including external brokers if applicable; control of stock; approval of discounts (depending on each individual project, different approval levels are required for a certain discount); etc.

### **Patents, Trademarks, Licenses and Agreements**

We own all of the trademarks and trade names that are used in our business, which are duly registered with *the Instituto Nacional de la Propiedad Intelectual* (National Institute of Intellectual Property, or the “INPI”). Our principal trademarks are TGLT, TGLT Proyectos de Vida, TCP, TGLT Commercial Properties, Forum, Astor, Metra and Venice. We have filed such trademarks, together with the corresponding designs, in several classes of services related to our business.

### **Insurance**

We believe that the insurance policies we have contracted are adequate for our industry and the size of our business in Argentina and Uruguay. We analyze the adequacy of the coverage under our insurance policies with respect to the magnitude of and the risks associated with each of our projects, analyzing such policies in relation to each specific operation. However, no assurance can be given that the insurance we carry will sufficiently cover us against substantial losses. See “Risk Factors—Risks Relating to Our Business—Some potential losses may not be covered by insurance and certain kinds of insurance coverage may become prohibitively expensive.”

For our residential properties, we maintain insurance policies with leading insurance companies that cover our properties during all phases of development. These insurance policies typically cover a wide range of potential risks related to physical damage, liability and contract execution. For our commercial properties, we expect to apply similar insurance standards to both the development and operational phases. Our property insurance policies cover certain accidental and unforeseen risks that cause loss or physical damage and consequential loss, including those caused by fire, earthquakes and volcanic eruption, cyclones and storms, floods and other water damage and machinery breakdown. Additionally, we have commercial general liability insurance, which provides coverage for certain risks associated with activities performed in our facilities, including fire, lightning, explosion, electric shock, gas leakage, food supply, effects from water, elevators, cars storage, minor constructions or repairs, contamination and pollution. We do not maintain insurance policies on our residential properties after units are delivered to customers.

In the fiscal years ended December 31, 2015 and 2016, our cost of insurance premiums was approximately Ps.3.3 million and Ps.4.4 million, respectively. Ps.1.8 million and Ps.2.3 million in 2015 and 2016, respectively, have been capitalized under “Inventory” and Ps.1.5 million and Ps.2.1 million in 2015 and 2016, were recognized as expenses in the financial statements. In 2014, we spent approximately Ps.3.3 million in insurance premiums, out of which Ps.1.8 million were capitalized and Ps.1.2 million were recognized as expenses.

### **Human Resources**

As of December 31, 2016, we had 89 employees, 61 of whom were located in our offices and projects in Buenos Aires and the other 28 employees were located in our regional offices in Rosario, Tigre and Montevideo, Uruguay. As of March 31, 2017, we had 82 employees, none of whom are subject to collective bargaining agreements.

The number of employees as of March 31, 2017 does not include 155 construction personnel who are included in the headcount of FDB, our subsidiary in Uruguay. Those employees are selected, supervised, administered and paid by Norte Construcciones S.A., our main contractor for the construction of our project Forum Puerto del Buceo, in accordance with the construction contract. We do not record personnel expenses with respect to these employees in our consolidated financial statements.

The table below shows the number of employees per location and area as of March 31, 2017:

Location	Area					Total
	Marketing & Sales	Operations	Finance	Processes, IT and HR	Other	
Buenos Aires .....	7	17	18	12	2	56
Montevideo.....	1	6	1	—	1	9
Rosario.....	1	6	2	—	—	9
Tigre .....	—	2	2	3	1	8
<b>Total .....</b>	<b>9</b>	<b>31</b>	<b>23</b>	<b>15</b>	<b>4</b>	<b>82</b>

We believe that our employees in the above functions are well equipped to cope with most of the growth in activities that is expected to accompany the use of the proceeds from the Offering. We plan to create an asset management team to handle the management of the commercial properties, including their marketing, operations, maintenance and sale of these properties. This team would be comprised of a director of asset management and two senior managers for the marketing and operations functions. In the rest of the functions, we consider that most of new hires will be concentrated at the junior levels to support the existing teams. Considering all these factors, we believe that our general and administrative expenses relative to our revenue will likely decrease as the Company grows.

Whenever possible, we try to fill new positions with existing personnel in an effort to offer growth and development opportunities to our employees. In addition, we intend to continue to facilitate the professional development of our employees through specific academic training activities. For example, we currently offer to partially finance educational programs for our employees, including postgraduate degrees, technical and executive programs, among others, subject to certain conditions.

The benefits we offer to our permanent employees include life insurance, medical plans, fitness programs and an incentive bonus plan. In addition, subject to certain conditions, our employees may acquire units in our residential projects at favorable terms and conditions.

See “Management” for more detail about the management of the Company.

### Environmental Matters

Our activities are subject to federal, state and municipal laws and regulations, authorizations and licenses required with respect to construction, zoning, land use, environmental protection, preservation of historical patrimony and other requirements, all of which are considered at the time of evaluating land acquisitions and the development of buildings. We are required to obtain licenses and authorizations from different governmental authorities in order to carry out our projects. See “Regulatory—Environmental Regulations.”

At the time of developing new projects, we often consider maintaining existing historical buildings on acquired land and combining these structures with new modern buildings, resulting in innovative projects that preserve the city’s architectural heritage, protect the environment and use resources efficiently. Forum Puerto Norte and Metra Devoto are projects that highlight the importance we give to these principles. Our designs take into account design and aesthetic factors in addition to each project’s seamless interaction with the neighborhood and city where it is located, by considering fundamental factors such as the environment, sustainability, preservation of natural resources and space. In mixed use projects such as Venice and Brisario, these considerations are particularly important.

In order to reduce the carbon footprint of our projects and optimize sellable meters, our residential projects maximize the use of electric power and the use of low consumption lighting. In addition, for the commercial business line, we seek to develop or acquire properties that, among other requirements, are LEED certified or certifiable.

A preliminary report on the soil characterization of the land where Venice will be developed has revealed that certain areas of the soil and ground water contain elements (heavy minerals and/or hydrocarbons) that exceed those permitted by law. These areas exclude the land where Phase 1 of the project is being built. We have estimated the cost to extract, transport and dispose such elements at approximately Ps.56.3 million. We believe we have included in the budget for the project a sufficient allocation for infrastructure investment, which includes such environmental cleanup.

The Company has not been adversely affected as of the date of this private placement memorandum by the existence or potential existence of such substances or by failure to have regulatory approvals. There are currently no pending legal actions or administrative proceedings in relation to environmental matters against the Company.

## **Legal Proceedings**

### ***Industrial Health & Safety***

During the last quarter of fiscal year 2013, Maltería del Puerto S.A. (now merged with Canfot S.A.) (“**Maltería**”), was summoned three times in its capacity as joint and several guarantor of Constructora Sudamericana S.A. for a subcontractor’s alleged violation of safety and health standards. The Company submitted the respective replies. As of the date of this private placement memorandum, the Ministry of Labor and Social Security for the Province of Santa Fe has not issued any resolution regarding these proceedings.

As to the date of this private placement memorandum, we cannot determine whether the parties will be held responsible, or if an adverse resolution of the case will be made with respect to Maltería. If monetary penalties are imposed, they must be paid even if an appeal is filed with the Labor Court of Appeals in the Province of Santa Fe, under penalty of collection by way of coercion and shutdown of the construction works.

Our board of directors and our legal counsel estimate that the resolution of said claims will not generate significant material losses for us. As a result, as of March 31, 2017 no charges have been recognized in relation to this matter in our financial statements.

### ***Proceedings with Contractor IGM***

In February 2012, IGM (a company hired for the provision of concrete and masonry services for Forum Puerto Norte and Astor Caballito urban projects) filed an insolvency petition before the Civil and Commercial Trial Court No. 1 in and for the City of Olavarría, in the case “Ingeniero Guillermo Milia S.A. s/Concurso Preventivo.”

Maltería del Puerto and TGLT appeared in court as unsecured creditors, claiming credits for the amount of Ps.9,085,156 and Ps.1,293,689, respectively. On September 12, 2012 and December 17, 2014, the Court declared the credits admissible and a proposal with a write-off for 60% was approved. As of March 31, 2017, the recorded amount of this credit amounts to Ps.1,901,601 and Ps.3,584,435, respectively.

## **Legal Claims**

### ***Worksite Advertising and Fencing***

On July 8, 2011, the *Dirección General de Rentas* (the General Revenue Bureau, dependent of the Governmental Administration of Public Revenue of the City of Buenos Aires) drafted a resolution for the works where the Forum Alcorta urban project is being developed, due to an alleged failure to pay advertising fees regarding the fencing surrounding the site and alleged failure to pay the fee for occupying the street right of way with the fence, arguing that the same had been placed on the street right of way (at a distance of approximately 35 centimeters from the municipal line). On November 3, 2011, Canfot agreed to a payment plan for the total amount of Ps.601,800 (including principal and interest), to be paid in 60 monthly installments. As of the date of this private placement memorandum, the liability was fully paid.

### ***Astor Caballito Project***

On August 14, 2012, the Court of Appeals on Administrative and Tax Matters of the City of Buenos Aires enforced injunctions in two related proceedings involving the Astor Caballito Project brought by certain neighbors associations against us, questioning the validity of the construction plans. Such injunctions ordered the suspension of construction on the premises of Astor Caballito. We brought actions seeking the revocation of these decisions, which were further denied by the Supreme Court of the City of Buenos Aires.

On November 30, 2015, we were notified that the judge had decided in favor of our counterparties in the underlying cases against us. We appealed this decision on December 3, 2015 and in May 2016, the Court of Appeals ruled in favor of the counterparties. Accordingly, on June 16, 2016, we appealed the ruling to seek a final judgment from the Superior Court of the City of Buenos Aires. On June 16, 2016, a motion for unconstitutionality was filed requesting

that the matter be adjudicated by the Superior Court of the City of Buenos Aires. The motion was denied on November 10, 2016 by the Court of Appeals in Contentious Administrative and Tax Matters of the City of Buenos Aires. On November 24, 2016, a motion was filed for the court to reverse its previous decision denying the motion of unconstitutionality. As of the date of this private placement memorandum, the motion has not yet been resolved. Should the latter (and, eventually, the Federal Supreme Court of Justice) decide in favor of the counterparties, we will have to redesign the project to adapt it to the guidelines established by the current building code of the City of Buenos Aires which limits the height of new buildings in the area to seven floors plus ground floor, with an estimated total sellable area of 15,000 square meters. Our agreements IRSA, entered into in connection with the barter acquisition of the property, provide that if the potential size of the project is reduced due to a conflict with the plans, IRSA's right to future units in the project is proportionally reduced. See “—Material Contracts—Real Property Purchased under Barter Agreements—Astor Palermo Property” for a description of the barter agreements with IRSA.

On November 24, 2016 TGLT was served with notice of a complaint filed by Orlievsky Julieta and Guido, claiming execution of the title deed for Functional Units No. 433 and 427, and storage unit of Torre Colpayo, Astor Caballito, or, failing that, the return of the amounts paid Ps.704,944 plus interest, along with compensation for damages. It should be noted that in both cases, plaintiffs have entered into a purchase and sale agreement with TGLT to purchase the abovementioned units in the Astor Caballito project. As of the date of this private placement memorandum, there is no specific amount to be paid by TGLT, and the claim is likely to be settled.

In the case of “Sanchez Francisco and another c / TGLT S.A. S / deed” filed before the National First Instance Civil Court No. 48, TGLT is being claimed for the deed of the property acquired by the actors through a sale ticket in relation to the Astor Caballito Project, or in its absence the refund of the sums paid (Ps.928,832) plus interest and costs. On December 7, 2016, a hearing was held without reaching an agreement. As of the date of this private placement memorandum, there is no specific amount to be paid by TGLT, and the claim is likely to be settled.

In addition, on July 14, 2016, the Governmental Administration of Public Revenue (the “AGIP”), filed a five-day deadline for the filing of the affidavit corresponding to the Generation of Aggregate, Waste and Similar Tax and payment of such tax, in regards to the Astor Caballito project. The amount claimed amounts to Ps.4,289,382. On July 21, 2016, a notice was presented to the Directorate of Other Resources, claiming the nullity of the AGIP notice, as well as the inadmissibility of the summons to the filing of the affidavit and the collection, based, among other reasons, in the non-retroactivity of the tax law since, by virtue of the precautionary measure relapsed in the case “Civil and Neighborhood Association SOS Caballito for a Better Quality of Life with GCBA s / Amparo” (Expte No. 42.929), previously related, the work was suspended. Subsequently, on August 4, 2016, the AGIP executed the Act whereby it was informed that the tax claimed was unenforceable until a judgment was rendered in the judicial case previously indicated. In view of this, on August 16, 2016, a presentation was made requesting clarification regarding the scope of the allocation of the item, filing a revocation appeal in the alternative. As of today, the AGIP has not issued a formal resolution regarding the clarification requested.

### ***Venice Project / Preliminary Injunction***

On July 1, 2016, the Federal Criminal and Correctional Court of San Isidro, which we refer to as the Federal Court, decided to suspend the construction of our project Venice until such time as we have proved that we have obtained an environmental impact authorization from the Agency for Sustainable Development of the Province of Buenos Aires, (the “OPDS”). The Federal Court made this decision in the context of a general complaint made against all real estate developments in the area for various infractions, including alleged damages to the environment.

On July 6, 2016, Marina Río Luján lodged an appeal claiming revocation of the effective injunction. On September 8, 2016, the Federal Court of Appeals of San Martín resolved to vacate suspension as from September 27, 2016. The Court of Appeals further ruled that the Federal Court lacked jurisdiction to hear the case and ordered referral of the case to the Criminal Court in San Isidro. The litigation will continue to be heard in the provincial Court hearing criminal matters and no assurance can be given that the injunction will not be reinstated by such court. On September 21, the OPDS issued an environmental impact certificate. On September 28, we have resumed construction works in the project. Finally, on December 26, 2016, the Federal Court of Criminal Cassation decided not to admit the federal extraordinary appeal lodged by the criminal complainant from the decision dated September 27, 2016 issued by the Federal Court of Appeals of San Martín declaring that the federal court lacked jurisdiction to hear the case.

### *Other Claims*

On June 25, 2013, TGLT and Maltería initiated an extrajudicial mediation against Aseguradora de Cauciones Compañía de Seguros to claim for the collection of insurance policies. On August 13, 2013, the agreement on mediation process initiated by Maltería was closed. The claim was initiated as a consequence of the bankruptcy proceedings of Ingeniero Guillermo Milia S.A. (the “IGM”). IGM did not return the total amounts corresponding to financial advances granted by Maltería, which were covered by these insurance policies. On March 12, 2014, a demand was made for the amount of Ps.1,769,634 and Ps.1,154,880 in connection with these claims. These claims are based on IGM’s failure to repay the financial advances that were granted, which were covered by insurance policies. Both the demand and the mediation are in the discovery period. In addition, such amounts were subject to proof of claims in the reorganization proceedings of IGM pending before the Trial Court in Civil and Commercial Matters No. 1 of Olavarría, Province of Buenos Aires, having been admitted by the intervening judge. In March 2016, the Company agreed with Aseguradora de Cauciones regarding the claim of Maltería so as to receive a total amount of US\$1,200,000 in five consecutive monthly payments, four of US\$250,000 and the last one of US\$200,000. At the date of this private placement memorandum, the Company has collected all payments.

On November 14, 2013, Maltería was summoned before the General Arbitration Tribunal of the Rosario Stock Exchange per the claim “Inversora Araberta v. Malteria S.A. for Breach of Contract File 3/2013,” and the amount claimed is US\$500,000. The reason for this claim is the intrinsic denaturalization of a functional unit sold by Malteria. On August 10, 2015, the Company reached a transactional agreement, which could not be fulfilled due to opposition by the other owners of Forum Puerto Norte. The claim is being heard by the General Arbitration Tribunal of the Rosario Stock Exchange.

On August 10, 2015, TGLT reached an agreement, which could not be fulfilled due to opposition by the other owners of Forum Puerto Norte. As of the date of this private placement memorandum, the parties are seeking other alternative solutions.

On December 2, 2013, Maltería was notified about a claim by Mr. Victor Cammarata before the General Arbitration Tribunal of the Rosario Stock Exchange for breach of contract. The claim relates to an alleged delay in the delivery of the functional unit and lack of under floor heating in the unit. On June 9, 2016, an agreement between the parties established a payment by Canfot of Ps.982,491, finalizing the claim. As a consequence, the Company has used the allowance of Ps.587,250 and the difference of Ps.395,241 was expensed to Other income and expenses, net.

In February 2014, Maltería was served a judicial order related to the claim of Abelrik Edgardo Elias, before the Fourth Civil and Commercial Trial Court by which the claimant alleged that Forum Puerto Norte did not meet the conditions to fulfill delivery of his unit. We replied in March 2014. In December 2015, the unit was delivered to the claimant and the claimant agreed to pay US\$150,000, and cease the litigation.

In August 2014, mediation hearings in relation to Blegger David a/ Maltería came to an end without the parties reaching an agreement. The reason for the claim is the presence of leakages and breakages in certain units. The amount of the claim is Ps.150,000. To date, the claimant is preparing to file a complaint. The claimant has sought an injunction, which we have appealed and substituted for a bond. The proceeding is currently in discovery.

In the suit relating to “Creciente Marcela Araceli”, the claimants sought an injunction against us related to the construction works of the Venice project, on a preliminary injunction pending before Administrative Court 2 of San Isidro. The claimants argue that neighbors of El Garrote neighborhood will be affected by our construction works called Venice, due to the displacement of rainwater. There is no amount to the claim. We appealed on November 25, 2014, arguing that the property covered by the claim was not owned by us and therefore we should not be covered by any decision taken in this transaction of such real estate property (lack of passive legitimation).

On March 12, 2015, we filed a claim against Escalum Investment S.A. for damages related to the delivery of a damaged container. The claim is for approximately US\$71,753. A judgment was rendered in November 2016 upholding the claim. As of the date of this private placement memorandum, such judgement has been appealed by the defendant.

On December 10, 2015, Canfot notified Chubb S.A. of a claim in connection with the insurance policies covering the financial advance and performance bond related to the breach of the contractor NEMA TECNICA S.R.L. On February 4, 2015, Chubb S.A. replied. On November 10, 2016, the parties reached an agreement under which Chubb S.A. undertook to pay Ps.1,100,000 to Canfot S.A. As of December 31, 2016, such amount was paid off. On July 6, 2016, Canfot S.A. (merged with TGLT) was served notice of a claim for a loss having occurred in a functional unit



of Forum Puerto Norte. The case entitled *Garofalo Sierra Sabrina v. Canfot S.A.* is pending before the 17th District Court in Civil and Commercial Matters of the city of Rosario, and is concerned with a loss sustained in late 2015 at functional unit 3A, Building No. Three of Forum Puerto Norte. To date, the intervening judge has ordered that the expert evidence requested by Canfot be produced. Concurrently, the plaintiff filed a motion to make Canfot S.A. accountable for the payment of the rental agreement, until a judgment is rendered on the primary claim for damages. The court upheld such motion and TGLT paid the required amount. On the other hand, no decision has been made yet as to the third parties to be summoned: the construction company and the insurance company.

In October 2016, notice was served of a claim entitled “*Tevez Frutoso Ariel v. Consagas S.A. and other.*” As stated by Mr. Frutoso Tevez, he started to work as plumber in the Astor Nuñez project on May 13, 2014. Following his direct dismissal by Consagas S.A., the plaintiff sought damages for inaccurate registration and failure to deliver the unemployment fund card, as required by Law 22,250, as well as for the failure by its former employer (Consagas) to pay salaries and wages, fines under Section 80 of the Employment Contract Law and overtime. TGLT answered to the complaint on October 26, 2016. As of the date of this private placement memorandum, the proceedings are in the discovery period.

In November 2016, notice of a claim entitled “*Bacigalupo Alejandro v. Maltería Del Puerto S.A. over damages*” was served. The plaintiff was seeking damages in the amount of Ps.123,800 due to damages to the unit cause by water leakage, plus moral damages for an undetermined amount. An answer to this complaint was filed on November 9, 2016. As of the date of this private placement memorandum, the proceedings are in the discovery period.

In November 2016, notice of a claim entitled “*Basualdo Marcos Nicolas v. Mareco Mario and others*” was served. Basualdo sought damages for constructive dismissal, due to the alleged failure by his former employer to pay salaries and wages and ill-treatment. The sum involved in these proceedings amounted to Ps.305,000. In a hearing held on December 12, 2016, the parties agreed upon a settlement agreement in the amount of Ps.110,000. As of December 31, 2016, a provision was accounted for that amount, which was fully paid off as of the date of the financial statements.

In the lawsuit of “*Commoditis S.A. C / Maltería del Puerto S.A. and others preventive action of damages,*” in process before Civil and Commercial Court No. 11 of the City of Rosario, Malteria is being claimed to continue with the maintenance of the property’s ravine on which Commoditis SA, has construction rights. The court granted them the preliminary precautionary measure in the amount of Ps.3,000,000, which upon notification, Malteria appealed.

Moreover, in the claim entitled “*Equistica Defensa Del Medio Ambiente Asoc. Civil v. Ingeconser and others, declaratory action, Federal Court No. 2 of the City of Rosario*” the plaintiff contends that the ordinance that authorized Forum Puerto Norte, among other developments, was unconstitutional, specifically arguing that the project did not respect the tow path. Notice of process was served on our represented parties, and the complaint was answered on March 3, 2016. The Federal Government and/or the Undersecretary of Navigable Rivers and the Province of Santa Fe or the Secretary of Environmental Matters are named co-defendants to this action.

## **Material Contracts**

### ***Shareholders Agreement***

In May 2015, the Principal Shareholders entered into an agreement that governs their relationships as shareholders of TGLT (the “**Shareholders Agreement**”). As of the date of this private placement memorandum, these shareholders jointly own 46.8% of our share capital and voting rights. In connection with the Offering, the Principal Shareholders will amend and restate the Shareholders Agreement (as so amended and restated, the “**Amended and Restated Shareholders Agreement**”) to include, among other things, additional minority rights. For more information, see “*Related Party Transactions—Shareholders Agreement.*”

### ***Marina Río Luján S.A. Shareholders’ Agreement***

On December 27, 2007, we entered into the MRL Agreement with Marcelo Gómez Prieto, its shareholder, to govern our relationship as a shareholder of MRL. Among others, the MRL Agreement establishes rules for the election of directors and the operation of the board of directors of MRL, including the approvals required for the approval of certain decisions, both at the board of directors and the shareholders’ level. In addition, the MRL Agreement sets investment policies, acquisition guidelines and rules for financing, providing certain events when each of Mr.

Gómez and TGLT are required to provide financing for up to US\$2,000,000, each, at an interest rate per annum equal to 15%.

The MRL Agreement establishes exit rules for Mr. Gómez and us to leave MRL, including mutual rights of first refusal and first offer. In addition, we agreed that Mr. Weil will remain as our CEO and, together with certain other investors, maintain joint control of TGLT.

To secure performance of our respective obligations under the MRL Agreement, TGLT and Mr. Gómez Prieto transferred our respective shares of stock in favor of Carlos Marcelo D'Alessio, as trustee under the trust guarantee agreement entered into on December 27, 2007 and has granted reciprocal pledges over the remaining equity. Currently the equity in MRL held by TGLT has been pledged in favor of Mr. Gómez and the equity in MRL held by Mr. Gómez has been pledged in favor of TGLT, each pursuant to share pledge agreements executed on December 27, 2007.

#### ***Division Agreement between Marcelo Gómez Prieto and TGLT***

On December 27, 2007 we entered into an agreement with Mr. Gómez setting forth the terms by which the division and partition of the property owned by MRL is to take place in the event of a company reorganization.

Pursuant to this agreement, once the property owned by MRL is legally permitted to be partitioned, two separate entities to be formed will be assigned separate units, each one of approximately 20% of the total area of the property, with plots designated for combined activities including residential or commercial use.

Other plots designated for single family housing, common areas and a club house will be assigned to MRL, or to the purchasers of such properties as a result of the commercialization of the project.

The remaining plots shall be assigned to MRL. We expect these plots, in conjunction with the plots designated for single family housing, to comprise approximately 60% of the total area of the property currently owned by MRL.

#### ***Real Property Purchased under Barter Agreements***

On occasion, we purchase land under barter agreements whereby the owner of a land plot transfers the deed of property to us in exchange for a promise by us to deliver finished units in the project to be developed on that plot. The price in a barter agreement is negotiated between the parties and established on the basis of (a) the market value of the land acquired and (b) the expected price of the units to be delivered in exchange for it. The price of the land acquired is recorded as inventory in our assets with a corresponding liability in accounts payable. When the construction of the units (or the building that shall contain them) begin, the corresponding balance in Accounts Payable is reclassified into Advances from Clients. According to paragraph 12 of IAS 18, when assets are sold, or services provided, receiving as payment other assets or services from a different nature, the exchange is considered as a transaction that produces revenue that should be measured at the fair value of the consideration received or receivable. Hence, during the construction period, the liability (and the corresponding asset, inventory) is adjusted at the end of each accounting period to its fair value, which is obtained based on the price list which is current at the measurement day.

#### ***Astor Palermo Property.***

On October 13, 2010, we entered into an agreement with IRPC to buy a plot of land in Buenos Aires on Beruti St. between Bulnes St. and Coronel Díaz Ave. We are currently building an apartment building with residential and commercial parking spaces.

In consideration for such plot, we agreed to transfer to IRPC: (i) a certain number (to be determined) of residential units that in the aggregate account for 17.33% of the sellable area of apartments in the building; (ii) a certain number (to be determined) of parking spaces that in the aggregate account for 15.82% of the square meters of parking spaces in the building; (iii) all commercial parking spaces; and (iv) an amount of US\$10,700,000, which we paid on November 5, 2010.

The deed of title to the property was executed by IRPC as seller and us as purchaser on December 16, 2010.

As a result of purchase of this property, and as security for performance of our obligations owing to IRPC thereunder, we created a first priority mortgage on the property in favor of IRPC. The amount of the mortgage is US\$8,143,231.

Additionally, the property is subject to three free of charge, perpetual, continuing and non-apparent easements as the servient estate in favor of the property where Alto Palermo Shopping is located, as the dominant estate, regarding construction made on the servient estate and the intended use of any units built on the land of the servient estate.

Possession of the units was initially agreed for 36 months following December 6, 2010, the date of the execution of the deed of transfer. The delivery of possession of the units to IRPC was delayed, among other reasons, due to the temporary injunction granted on June 9, 2011, by Court No. 9 in Administrative and Tax Matters of the City of Buenos Aires, Clerk of Court No. 18, in case No. 41,544, captioned “Asociación Amigos Alto Palermo c/Gobierno de la Ciudad Autónoma de Buenos Aires on Amparo,” as the court had ordered suspension of construction work on part of the Astor Palermo project property.

On April 26, 2012, the Court of Appeals reversed the decision of the lower court and lifted the injunction. As a result, we resumed construction and marketing of the Astor Palermo project. On June 30, 2015, the judge dismissed the proceedings. As of the date of this private placement memorandum, we have delivered the units to IRPC for possession.

#### *Brisario Property.*

On March 15, 2011, we reached an understanding with Servicios Portuarios S.A. (“SP”), to buy a certain plot of land located in the City of Rosario, Province of Santa Fe, adjacent to the land where Forum Puerto Norte is being built, which belongs to Malteria, one of our subsidiaries. This understanding was embodied in a barter agreement between the parties dated December 10, 2013. Two projects will be developed on this property: Proa and Metra Puerto Norte.

As a result of the purchase of such property, and as security for performance of our obligations, we created a first priority mortgage on the property in favor of SP. The amount of the mortgage is US\$24,000,000.

This property is subject to an aqueduct easement in favor of the Federal Water Authority and an appurtenant, continuing aqueduct easement as the servient estate in favor of a water purification plant owned by the Provincial Water Authority as the dominant estate; the latter has not been recorded with the Real Estate Registrar.

In consideration for the land, we are required to deliver to SP, on a barter basis, (i) under phase I (Proa), 9,540 exclusive square meters of units designed to be used as apartments and/or stores (and the related storage units) or 18% of the surface area designed to be used as aforesaid, whichever is higher, 96 parking spaces or 18% of all parking spaces or 18% of the total surface area designed to be used as parking spaces, whichever is higher, and 18% of the docks, mooring points and wintering facilities, and (ii) under phase II (Metra Puerto Norte), 12,240 exclusive square meters of units designed to be used as apartments and/or stores (and the related storage units) or 18% of the surface area designed to be used as aforesaid, whichever is higher, 153 parking spaces or 18% of all parking spaces or 18% of the total surface area designed to be used as parking spaces, whichever is higher, and 18% of the docks, mooring points and wintering facilities.

The following will be deducted from the products to be delivered: (i) under stage I, 864.30 exclusive square meters comprised of five units in Forum Puerto Norte, and the related parking spaces and storage units and (ii) under stage II, 462.5 exclusive square meters comprised of six units in Forum Puerto Norte, which are documented in the respective sales contracts dated March 31, 2011.

Additionally, on December 10, 2013, we entered into an offer letter with SP whereby we, in order to reimburse SP for the amounts invested by SP in a building located at Cándido Carballo Avenue, granted SP the right to acquire seven units located in Forum Puerto Norte; five of those units were documented in the respective sales contracts dated March 31, 2011, while the remaining two units were documented in sales contracts signed on December 10, 2013. As a result, we, with the consent of Malteria, agreed to pay in full the respective purchase price. As of this date, payment has been made for five of the units involved.

#### *Astor Caballito Property*

On June 29, 2011, we entered into a barter agreement to acquire a certain plot of land located in Buenos Aires from IRSA, identified as Division: 7; Section 45; Land Register File: 179.579 02.

In consideration for this property, we agreed to transfer to IRSA (i) a certain number (to be determined) of residential units that in the aggregate account for 23.10% of the sellable area of apartments in the building; (ii) a certain number (to be determined) of parking spaces that in the aggregate account for 21.10% of the square meters of parking spaces located in the two underground levels of the building to be constructed by us on the property; (iii)

if storage units are built by us, a certain number (to be determined) of storage units that account for 21.10% of the square meters of storage units in the building to be constructed by us; and (iv) an amount of US\$159,375 payable within 48 hours after the documentation for the transaction is executed and delivered. The percentages referred to in (i) above would be reduced to 21% of the saleable area of residential units in the event that possession to the apartments subject matter of the barter agreement is granted before the dates set forth in the relevant contractual documentation. As security for performance of our obligation under the barter agreement, we created a first-priority mortgage on the property in favor of IRSA, in a principal amount of up to US\$12,750,000, plus interest thereon and any applicable costs and expenses. See “—Astor Caballito Project/Preliminary Injunction” for a summary of injunctions regarding Astor Caballito.

Furthermore, on December 30, 2016, IRSA and TGLT entered into an agreement whereby the parties agreed to execute a deed of mutual rescission of the barter agreement, subject to compliance with certain conditions. If such conditions are met, IRSA will pay to the Company a compensation of US\$3,300,000, as follows:

- (a) US\$300,000 concurrently with the execution of the deed of mutual rescission,
- (b) US\$2,000,000 within 18 months from the date of execution of the mutual rescission deed; and
- (c) US\$1,000,000 within 18 months from the date of execution of the mutual rescission deed, or upon TGLT’s performance of the obligations undertaken under the barter agreement dated December 16, 2010.

In addition, upon the execution of the mutual rescission deed of the barter agreement, TGLT will return the possession of, and IRSA will receive, the property free from liens or encumbrances thereon. TGLT will be entitled to the registration of the amounts described above.

The deed of mutual rescission has not been signed as of the date of these financial statements. Such deed will be granted within 90 business days from TGLT’s notice of termination of the commitments that are still pending. Such condition should take place within 12 months from the delivery of the agreement.

The costs incurred in the property to date Ps.76,527,162 were reclassified to Other assets, including the acquisition cost of land, plus other costs incurred in the construction until the suspension. Such assets have been netted against the in-kind liability with IRSA, in the amount of Ps.51,747,468. As of the date of these financial statements, there is no other monetary obligation payable by TGLT. The net amount is Ps.24,779,680.

#### ***Stock Purchase Agreement Related to Metra Devoto Property***

On December 2, 2014, TGLT purchased 100% of the shares of the company Green Urban Homes S.A., which held as its main asset, a property built on a lot of 6,227 square meters, located in Ciudad Autónoma de Buenos Aires. The agreed purchase price totaled US\$4,800,000 to be cancelled with the following plan: (a) US\$500,000 on January 6, 2015; (b) US\$700,000 on January 5, 2016; (c) US\$1,200,000 on January 5, 2017 (on December 23, 2016 we amended the contract to postpone the due date to March 31, 2017); (d) US\$1,200,000 on January 5, 2018; and (e) US\$1,200,000 on January 5, 2019. As of the date of this private placement memorandum, TGLT had cancelled US\$1,200,000. As of the date of this private placement memorandum, the parties have renegotiated an extension of payment date of installment as June 30, 2017.

#### ***Astor San Telmo Property.***

On November 30, 2015, Ms. Marta Eugenia Ortiz Fissore and H.C & Asociados issued in our favor an irrevocable offer to sell a property with a gross sellable area of approximately 23,300 square meters, located between the streets Peru and Caseros, in the neighborhood of San Telmo, Buenos Aires. We accepted the offer on December 1, 2015, and on December 28, 2015, we agreed with the sellers on the final terms and conditions for the purchase of the property. The deed of title to the property was transferred to the Company on August 8, 2016.

In consideration for this property, we agreed to pay the sellers US\$1.5 million in cash and agreed to transfer to them (i) 52 residential units that in the aggregate account for 3,173.72 square meters and their storage rooms if applicable; (ii) one commercial property with a total area of 494.47 square meters, integrated by four functional units; and (iii) 60 parking spaces.

In the event that the project is modified and its total gross sellable area, as modified, is greater than 23,158 square meters, the sellers shall have the right to receive real estate units representing 15% of the area in excess of 23,158 square meters *pari passu* with TGLT.

As security for the performance of our obligation under this agreement, we created a first priority mortgage on the property in favor of the sellers, for up to US\$10,500,000, which could be replaced by a first degree mortgage for a sum equal or higher (following a third party valuation) on other TGLT lots or other guarantee chosen by the sellers, with all taxes, expenses and fees in charge of TGLT.

Furthermore, the Company has incurred indebtedness under various loan agreements. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

## REGULATORY

### Introduction

The Argentine Civil and Commercial Code regulates various matters associated with real estate projects, as well as the acquisition and transfer of real estate. There are also several federal laws, such as Argentine Law No. 24,240 (Consumer Advocacy, as amended by Argentine Law No. 26,361), Argentine Law No. 14,005 (Sale of Land by Lots and at Fixed Terms), and Argentine Law No. 24,441 (Housing and Construction Financing), among others, which regulate matters associated with real estate projects.

There are also local regulations that specifically regulate construction, zoning, and use of real estate, as well as municipal ordinances that govern real estate project development and operation.

### ***Civil and Commercial Code, Federal Laws and Regulations: Main Figures Inherent to Structuring and Commercialization of Real Estate Developments***

#### *Condominium (Propiedad Horizontal).*

Chapter I of Title V of Book Four of the Civil and Commercial Code governs the legal framework of those properties categorized as Condominiums. Condominium is defined as the property right exercised over an owned property which gives the holder the right of use, enjoyment and physical and legal disposition exerted over the private and common parts of a building.

Each owner has the exclusive ownership of (i) the owned property and (ii) a percentage of the common area.

For purposes of the legal division of the building, the owner of the property or the condominium owners must draft, by deed, the condominium regulations, which must be registered with the property registry.

Chapter X of the same book of the Code regulates the condominium, providing that in order to enter into contracts on built or planned units under the condominium property regime, the owner of the property must obtain insurance in favor of the purchaser, for risk of failure of the transaction, covering reimbursement of fees paid and an interest or, where appropriate, the release of all liens which the acquirer did not assume in the preliminary contract.

#### *Act on the Sale of property subdivided into lots with payment in installments.*

Act No. 14,005, regarding the Sale of Property Subdivided into Lots with Payment in Installments, as amended by Act No. 23,266 and Decree No. 2,015/1985, establishes a series of requirements which must be fulfilled regarding the price stipulated in agreements for the sale of property subdivided into lots when said price is payable in installments, and regarding the title deed, which may not be executed until all of the installments have been paid. The provisions set forth in this Act establish the following requirements, among others:

- (i) The obligation to register the intention to sell the property subdivided into lots with the Real Estate Registrar for the jurisdiction where the property is located. Only properties that are not mortgaged may be registered. Consequently, mortgaged properties may only be registered where the creditor agrees to divide the debt based on the subdivided lots. In some cases, creditors may be legally bound to agree to that division.
- (ii) Preliminary registration of the sales instrument with the Real Estate Registrar, within 30 days after the sale agreement is entered into.

Once the property has been registered, the sale of units in installments must be conducted in accordance with the provisions set forth in the Act on the Sale of Property Subdivided into Lots, unless the seller registers its decision not to sell in installments with the Real Estate Registrar. In accordance with the provisions of the Act, as far as title to the property is concerned, the buyer may demand that title be conveyed to him upon payment of over 25% of the price. In turn, the seller may take certain measures in respect of the property in order to secure collection of the remaining balance.

In the event of any disputes regarding ownership of the property between the buyer and third party creditors of the seller, if the sale agreement that stipulates payment in installments has been duly registered by the buyer, the deed for the relevant lot shall be delivered to the buyer. Moreover, in the event that the buyer has paid 25% of the price or has made improvements on the property, the value of which exceeds 50% of the property's value, the law forbids the

seller from terminating the sale agreement by claiming breach by the buyer in failing to pay the remaining balance. However, the seller may take certain measures in respect of the property in order to secure full payment of the price.

#### *Real Estate Complex.*

Chapter I of Title VI of Book Four of the Civil and Commercial Code defines property complexes as country clubs, closed or gated communities, industrial, business or water parks, or any other urban development regardless of its location, whether permanent or temporary housing, labor, commercial or business, including also those contemplating mixed use, in accordance with local administrative rules.

The Code states that those complexes are governed by the administrative rules of each jurisdiction, the provisions of the Civil and Commercial Code and the regulations issued accordingly for each property complex in particular. It also provides that they will be considered as special condominium property rights and therefore they will be subject to the provisions of the Civil and Commercial Code governing condominiums.

#### *Consumer Protection Act.*

Act No. 24,240 on Consumer Protection (as amended by Act No. 26,361 and Act No. 26,994), (the “**Consumer Protection Act**”), regulates various matters concerning consumer protection when entering into agreements, thus protecting consumers from abuse derived from product vendors and service providers being in a stronger position to negotiate in a market economy where boilerplate contracts abound.

In this regard, the Consumer Protection Act considers certain provisions included in agreements entered into with consumers as void and unenforceable, including any provisions that (i) limit warranties and liability for damages, (ii) entail a waiver of or limitation to consumer rights, (iii) broaden the rights of vendors more than permitted by law, and (iv) reverse the burden of proof to the detriment of consumers.

In addition to defining consumer as anyone who acquires or uses goods or services as an end user for personal benefit or for the benefit of his/her family or social group, and supplier as anyone who professionally manufactures, assembles, designs, builds, and markets goods and services aimed at consumers or users, the Consumer Protection Act establishes certain penalties for suppliers, which range from fines to closure of the business and the loss of any applicable concessions, privileges or special credit and taxation regimes.

A recent reform to the Consumer Protection Act also regulates the acquisition of rights over shared time units, country clubs, private cemeteries, and similar products. Suppliers are bound by the information included in offers aimed at potential undetermined consumers for the period during which the offer is valid and until the moment it is publicly revoked. Likewise, the specifications included in the offer and/or publicity will be deemed to make part of the agreement entered into with a consumer.

#### *Acquisition of Real Estate.*

Chapter 1 of Title IV of Book Three of the Civil and Commercial Code regulates the sales contract, under which one party agrees to transfer ownership of certain property and the other to pay a price in cash.

The price must be determined or determinable, according to the following: (i) when the parties fix an amount that the buyer must pay, (ii) when the amount is left to a designated third party, or (iii) when it is referenced to anything that is certain or determinable other than money by a process where the parties agree to determine.

If the main object is the sale of a piece of land, even if there is something built on it, if the price per unit of measurement of surface and ground surface has not been agreed upon and there is a difference greater than 5% with the agreed proportion, the seller or the buyer, as the case may be, is entitled to request an adjustment of the difference. The buyer, if by application of this rule would be required to pay a higher price, can terminate the purchase.

If the price is agreed upon per unit of surface measure, the total price is the one that is resulted based on the actual surface of the property. If what is sold is a specified extension and the total surface exceeds by more than 5% of what the contract expresses, the buyer is entitled to terminate the contract.

The buyer is obligated to transfer the property to the owner and unless otherwise agreed in writing, he or she must pay delivery charges (in case of a property sale, he or she must also bear the costs of title search and background, and if applicable, the measurement and taxes levied on the sale). Also, the buyer is responsible for eviction and hidden defects. The seller must pay the price at the agreed place and time, receive the property and pay for receipt charges.

### *Leases.*

The Civil and Commercial Code generally regulates leases, and imposes certain restrictions on lessors including a minimum lease period of two years for any destination and a maximum lease period of 20 years for housing units, and 50 years for commercial units (except for leases governed by Chapter 5, Title IV, Book 3, which regulates leasing agreements and establishes that real estate leases with an option to buy (real estate leasing) are not subject to any restrictions as to their duration). In addition, the general prohibition on indexation clauses applies to leases.

The Civil and Commercial Code also establishes that lessees are authorized to terminate a commercial lease agreement after the first six months, by sending written notice of termination to the lessor. The penalties for terminating a lease of the agreement before the stipulated term are the following: (i) if termination of the agreement takes place during the first year of the lease, the lessee must pay the lessor an amount equal to one and a one half months' rent; and (ii) if termination occurs after the first year of the lease, the lessee must pay a penalty in an amount equal to one month's rent.

The Code of Civil and Commercial Procedures allows the lessor to file expedited legal proceedings, or *acción ejecutiva*, in the event that the lessee fails to pay rent. These proceedings are quicker and shorter than ordinary civil proceedings, as debtors may only file certain specific defenses and cannot question the source of the debt claimed in this type of action.

The Code of Civil and Commercial Procedures also provides for certain special procedures such as eviction, which is carried out in a manner similar to that of ordinary proceedings. Although the Civil and Commercial Code grants judges the power to order eviction from a leased property for housing units within 11 days after notice is served on a lessee that has defaulted payment of rent for two months, judges usually refrain from exercising that power, and consequently, eviction procedures may take anywhere from six months to two years (or more) from the date the lawsuit is filed.

### *Riverside Projects.*

Permits: A decree dated March 31, 1909 authorizes the Executive Branch of the federal government as control authority on acts performed on riversides, beaches, navigable rivers or on the seafront. This authority was delegated to the Ministry of Public Works, which in turn, by Resolution No. 535/67, empowered the National Board for Port Constructions and Navigable Waterways (currently the National Board of Navigable Waterways) to grant the necessary authorizations to execute works on the coastline and beaches of navigable rivers.

Tow path: The Civil and Commercial Code provides that the owner of property adjoining a river or stream suitable for water transportation must refrain from undertaking any activity that undermines water transportation in a strip of land 15 meters wide across the length of the course of such river or stream.

## ***Provincial and Municipal Laws and Regulations***

### *Province of Buenos Aires.*

In the Province of Buenos Aires, gated communities are regulated by Decree No. 8,912/77 (as supplemented by Decrees No. 9,404/86 and No. 27/98) in matters regarding land use and land management.

Decree No. 8,912/77 regulates land management and use in the Province and sets out guidelines for (i) land occupancy processes, (ii) land use, subdivision, occupancy, and outfitting, (iii) infrastructure, services, and community facilities, among others. The Decree law also classifies areas into Urban Areas, Complementary Areas, and Rural Areas, according to the use given to them.

Decree No. 9,404/86 regulates the organization of country clubs and establishes a specific legal framework for this type of property. Its provisions require the establishment of a legal entity comprised of all land owners that, in turn, owns the recreational areas and will be responsible for providing general services. Additionally, Decree No. 9,404/86 regulates the procedure and requirements for obtaining country club feasibility permits.

Finally, Decree No. 27/1998 regulates the implementation of gated communities. Among the requirements established by Decree No. 27/1998, projects must allow for a fence to be built around their perimeters. Additionally, construction requires municipal authorization and provincial validation, for which purpose, the location of the gated community must be compatible with the prevailing use of the land in the area (established by Decree No. 8,912/77) and must be inhabitable. An impact assessment study must also be submitted, which must include urban, socio economic, physical and environmental factors.



In the Province of Buenos Aires, the Bureau of Municipal Affairs is the agency responsible for approving pre-feasibility (preliminary technical validation) and feasibility (final technical validation) of gated communities and country clubs.

The Geodesic Board of the Province of Buenos Aires is the authority that reviews and approves new gated community programs and projects that are in accordance with the plan drafted by the relevant real estate developers.

Provincial Act No. 12,257 created the Provincial Water Authority, an agency in charge of setting and marking the riverside lines for projects built on river banks, as well as approving any changes proposed by private sector parties.

Finally, Act No. 14,449, enacted on March 13, 2013, is designed to foster the right to fair, sustainable housing. The Act's specific objects are to (a) promote generation and facilitate management of housing projects, social welfare housing and regularization of slums; (b) take into account and handle the diversity and complexity of urban housing demand; and (c) generate new resources by means of instruments that also help limit speculation regarding value of the land.

Act No. 14,449 outlines the Province's housing policies, and also regulates actions designed to gradually solve the urban housing deficit problem, by giving priority to poor families and families with special needs.

The enforcement authority under the Act is the Provincial Government and the Municipalities, which act jointly with civil society organizations and private sector players in order to implement and use the tools provided by the Act and the related policies.

The enforcement authority has several execution and funding tools that should be used in order to achieve the purposes of the Act: (i) Mandatory Assignment of Land for Social Welfare Housing: The developers of country clubs, gated communities and other forms of private urbanization, the developers of private cemeteries, and the developers of major commercial surfaces that make part of a marketing chain are under an obligation to assign 10% of the net surface area of the land to the relevant Municipalities, so that the land may be used solely for social welfare housing purposes. This assignment is in addition to the assignments mandated by Section 56 of Decree No. 8,912/77. The land that is the subject matter of the assignment may be located elsewhere, as long as it is accessible from public roads and selected in the manner to be agreed upon with the relevant Municipality. As an exception, in cases duly justified and previously approved by a Municipal Ordinance, the assignment of land may be replaced by payment in cash to the Municipality; (ii) Expropriation: The following assets are declared to be in the Public Interest and accordingly subject to expropriation: any real property required to carry out the housing plans of the *Instituto de la Vivienda de la Provincia de Buenos Aires* (the "**Provincial Housing Authority**") designed to achieve the general goals provided for in the Act. In this regard, the Act has delegated the power to expropriate to the Provincial Housing Authority, which may enter into agreements with land owners or start expropriation proceedings acting through the Provincial Attorney General; and (iii) Municipalities' Participation in the Increased Value of Urban Real Estate: The Act empowers Municipalities to assess taxes on the increased value of urban real estate arising from urban planning decisions and actions, so that the Municipality can benefit from such increased value.

#### *Province of Santa Fe.*

The Tax Code of the Province of Santa Fe regulates all matters associated with taxes, fees, and other governmental charges.

As far as real estate projects are concerned, the Tax Code establishes a land tax exemption for works under construction in urban and suburban areas.

The Provincial Tax Administration is the enforcement authority of the Tax Code and is responsible for determining, inspecting, collecting, and returning taxes, duties and other government charges, and suing for collection of any of the above, as well as applying the penalties established in the Tax Code.

Act No. 2,996 establishes that real estate assessment shall be conducted for tax and statistic purposes, and makes it mandatory to report the existence of any properties located in the Province.

The Act entrusts the Real Estate Cadaster Office with conducting geometric plot registration. The Office's powers include opening the relevant new survey registries, registering plans for legal, administrative, and private surveys, conducting topographic surveys, and inspecting and controlling legal and administrative surveys.

Act No. 2,996 in turn provides that real property is to be classified as urban, suburban, or rural, and sets forth the applicable guidelines for that purpose. It should be noted that, for taxation purposes, one estate is regarded as a unit, which in urban areas includes the joint value of all the lots owned by the same owner and located in the same block.

Act No. 2,996 also provides that the Real Estate Registrar is responsible for recording and keeping ownership transfer certificates in connection with donation or assignment of land for the purpose of building channels or public roads.

Finally, the provisions of Act No. 2,996 have been implemented by Decree No. 4972/1991, which governs all matters associated with issuance of real estate registration certificates, among other things.

Decree No. 1919/1995 implemented real estate registration certificates in accordance with the provisions of Section 49 of Act No. 2,996 and Provincial Decree No. 4,972/1991. Certain amendments regarding issuance and expiration of those certificates were made by Decree No. 3,151/2001.

Thus, the Land Registration and Territorial Information Office is responsible for issuing those certificates when requested to do so by administrative note. Any such certificate will remain in force for 90 days, solely in respect of the specific activity for which it was requested.

The Land Registration and Territorial Information Office for the Province of Santa Fe has established guidelines for preparing and filing blueprints. All the requisite documentation for that purpose has been specified, along with its formal and substantial requirements.

Decree No. 1,732/08 regulates all matters concerning signs at construction worksites. In this regard, considering that work signs are the only method of communication between those in charge of the works and the workers, certain requirements have been established as to the contents of the signs. That is, the regulation addresses requirements that help clarify roles of those involved in construction work, for the purposes of understanding what their responsibilities in the workplace are.

The obligation to meet all the requirements set forth by the abovementioned regulation rests mostly on builders. The applicable enforcement authority is the Ministry of Employment and Social Security, which may impose penalties in the event of breach, in accordance with the provisions of Provincial Act No. 10,468 (Organization and Functions of the Secretary of Employment).

#### *Municipal Regulations—City of Buenos Aires.*

Construction in the city of Buenos Aires is governed by the Buenos Aires Urban Planning Code, which generally limits land density and use, and regulates the physical features of construction improvements, such as height, design, setbacks and projections, in accordance with the city's urban construction policy. The enforcement authority in charge of the Urban Planning Code is the Department of Urban Planning of the City of Buenos Aires.

The Buenos Aires Urban Building Code complements the Buenos Aires Urban Planning Code and regulates structural use and real estate development in Buenos Aires. The Buenos Aires Urban Building Code makes it mandatory for construction and real estate development companies to request building permits, including by submitting the project to the Department of Public Works and Utilities for their review.

#### *Municipal Regulations—City of Rosario.*

As far as urban development is concerned, the Rosario City Urban Code regulates land use and division, areas where construction is allowed, and building heights and use.

The Urban Code requires the filing of an application for a permit for the use and approval of land prior to using or changing the plot of land, building, facility, or any part thereof. The permit must be requested from the Board of Registration and Inspection's Use Permits Department. Once the permit has been obtained, the General Inspector is in charge of granting final approval and checking fulfillment of the requirements established by the Code.

Additionally, the Board of Registration and Inspection conducts periodic inspections in order to ensure that all buildings and premises are used in accordance with the conditions established in the permit granted.

Additionally, the Code establishes general regulations regarding minimum and maximum surface areas for construction, and allows the General Board of Private Works to authorize a 10% margin of leeway. Section 5.2 of the Code contains the guidelines for determining the surface area for construction.

For reasons associated with natural lighting and urban density, the Code regulates the maximum and minimum heights of any buildings facing public roads and block centers. Ordinance No. 8692/1020 establishes certain Special Building Project Regulations that govern construction of high rise buildings. Two major categories are (i) building projects on large plots, and (ii) articulation building projects, each subject to different requirements as to maximum height and separation in the event that two or more high rise buildings are constructed on the same plot of land. A Special Building Project Permit must be obtained in order to develop any such project. The permit will remain in force for 12 months after it is issued. An Initial Feasibility Certificate must be obtained after that, which must be ratified by the Municipal Council of Rosario. After these two documents are obtained, a Building Permit may be requested.

Finally, the Urban Code also contains specific urban regulations for areas such as parks, riverfronts and private districts.

The Construction Regulations for the City of Rosario govern aspects associated solely with construction, alteration, demolition, removal and maintenance of buildings and facilities. In this regard, it regulates the procedures for requesting a work permit or giving notice of construction, the obligations of professionals and companies, and the works project and execution, and establishes the specifications for each type of use.

Additionally, the Construction Regulations govern all matters associated with project conditions and execution of the works.

A work permit must be requested for construction works involving new buildings, extension or refurbishment of existing buildings, and demolition, while a work notice must be requested in the following areas only: (i) painting, in general; (ii) carpentry and locksmith repairs, plastering, glasswork and sanitary repairs; and (iii) nonstructural roof repairs.

Regarding the work permit application, the Construction Regulations include a description of all the necessary documentation and essential technical requirements for submitting building plans.

Additionally, the Construction Regulations contemplate a temporary permit for preliminary construction stages in projects that need a lot of time in order to put together the technical file. This temporary permit will be valid for 15 to 90 days, depending on the size of the work to be done.

The Regulations also govern all matters concerning project conditions and execution of the works.

Finally, as far as high rise buildings are concerned, the Regulations repeat the provisions established in the Urban Code.

#### *Municipal Regulations—City of Tigre.*

The regulation establishes general land management principles, mostly taking into account environmental preservation and improvement, preservation of historical or natural or tourism related areas of interest for the purposes of their rational and educational use, and implementation of mechanisms which provide methods for the municipal government to eliminate excessive speculation and ensure that urban management and refurbishment is conducted in such a way so as to protect general community interests.

The above mentioned regulation specifically governs land management, and establishes how it is actually classified, depending on its construction and use characteristics. This regulation established the following categories: (i) Urban Area, (ii) Complementary Area, and (iii) Rural Area.

Chapter Two of the Code regulates land subdivision, and sets forth certain specific regulations regarding the measurements and surface areas for plots in each area, which are strictly in line with the provisions set forth in provincial regulations.

Regarding country clubs, the Tigre Zoning Code refers to Decree No. 8,912/77, as amended by Decree No. 9404/86 and No. 26/98, which regulates all matters concerning country clubs.

The Zoning Code also sets forth general regulations regarding occupancy, for the purposes of establishing clear, specific rules so that real estate owners may execute civil works projects.

## *Environmental Regulations*

Real estate development is mainly governed by local regulations that govern the environmental impact assessment procedure that must be followed so that governmental authorities can certify that projects or activities carried out in their jurisdiction are in line with current environmental regulations. The following is a brief summary of these regulations.

### *City of Buenos Aires.*

Article 30 of the Constitution of the City of Buenos Aires makes it mandatory to conduct a preliminary environmental impact assessment of any public or private sector projects that may have a material effect, and to discuss any such projects at a public hearing.

Act No. 123, as amended by Act No. 452, regulates the Environmental Impact Assessment procedure in the City of Buenos Aires, defining it as a technical administrative procedure aimed at identifying, interpreting, preventing, or remedying any short, medium, and long term effects that activities, projects, programs, or public or private projects may have on the environment.

The Environmental Impact Assessment procedure involves various stages, including classification of the activities and/or projects, drafting a technical assessment, holding a public hearing, and finally, issuance of the Environmental Aptitude Certificate, or CAA.

Act No. 123 divides the activities executed in the city into two categories: (i) those with material effects and (ii) those that are not material. In the first case, all stages of the Environmental Impact Assessment must be completed; in the second case, only two stages are required (the request for classification and categorization).

The regulations establish different ways of categorizing a project. The first is a nonrestrictive list of projects presumed to have material effects. The second is established in Regulatory Decree No. 1,352/2002, which states that the enforcement authority must apply Usage Tables 5.2.1 included in Exhibit VI, entitled "Standardization Guidelines."

Pursuant to the provisions of Regulatory Decree No. 1,352/2002, projects associated with construction of residential buildings are classified as having an Environmental Impact without Material Effects and are included under that category without the need for the Enforcement Authority to state it expressly, except when the total surface area of the project exceeds 10,000 square meters, in which case the Enforcement Authority must expressly declare it as such.

Resolution APRA 326/13 (amended by Resolution APRA 566/15) must be observed. This Resolution regulates the procedures for environmental assessment of potentially contaminated sites and their restructuring; the Contingency Management Task Plan; removal of underground hydrocarbons storage system (tanks, pipes and accessories) ("SASH"); and removal of the air hydrocarbon storage system (tanks, pipes and accessories) ("SAAH").

While Act No. 123 lists certain activities that require completion of the entire procedure in order to obtain a CAA, the list is not restrictive, and it can include activities deemed to have material effects based on specific factors such as classification of line of business, location, potential risk to resources and size.

In this regard, it should be noted that the following activities are listed among those which Act No. 123 considers as having material effects: "f) works conducted on plots of land which exceed 2,500 square meters and require that specific urban regulations be established" and "p) large projects which exceed the capacity of existing road infrastructure or services due to their magnitude" (Article 13).

In short, the requirement to complete all the stages of the Environmental Impact Assessment procedure will depend on the characteristics of the project executed on real estate located in the City of Buenos Aires.

### *Province of Santa Fe.*

Act No. 11,717 of the Province of Santa Fe states that individuals or legal entities responsible for projects, works, or actions that have or may have an impact on the environment must submit an environmental impact assessment study and report for each stage.

The provisions of the Act have been implemented by Provincial Decree No. 101/2003, which establishes that no project with an impact on the environment may be started without an Environmental Impact Assessment for the relevant stages first being duly authorized by the Enforcement Authority.

The Decree defines the Environmental Impact Assessment procedure as a technical administrative procedure conducted by the Enforcement Authority based on the Environmental Impact Assessment, technical studies collected, and proposals submitted at Public Hearings, if they are called, for the purposes of evaluating the identification, prediction, and interpretation of environmental impacts caused by a project, as well as prevention, management, mitigation, and correction mechanisms proposed, for the purposes of approving or rejecting the Environmental Impact Assessment.

The procedure includes several stages, including classification of the project or activity based on environmental factors, taking into account, among other things, the quality and quantity of waste released into the environment, the location and features of the operation, facilities, and environmental risk, presentation of the Environmental Impact Assessment, and finally, the possibility of obtaining the Environmental Aptitude Certificate, an instrument which attests exclusively to the fulfillment of Provincial environmental regulations upon verifying that the relevant standards have been met and current environmental regulations have been complied with.

The Enforcement Authority may request the opinion of governmental and nongovernmental entities in connection with a project, and may call a Public Hearing if deemed necessary.

Projects or activities must be included in one of the three categories provided for in the regulation, according to their degree of environmental impact:

- (i) **Class 1:** Little or No Environmental Impact, where there are no negative effects, or if there are any, they are minimal and as permitted by applicable law; also, where their operation entails minimal risk or discomfort for the population and the environment. These activities are exempted from completing the Environmental Impact Assessment procedure.
- (ii) **Class 2:** Medium Environmental Impact, where they could have slightly negative effects, bearing on portions of the environment, and their effects may be eliminated or minimized through known and easily applicable measures; also, where their operation is a potential risk and could result in moderate harm to the population, environment, or assets. Any such projects must complete all the stages of the Environmental Impact Assessment procedure.
- (iii) **Class 3:** High Environmental Impact, where they may have a material adverse qualitative or quantitative impact, whether or not preventive or mitigation measures are contemplated by the project; also, where their operation entails a potentially high risk and could result in serious harm to the population, environment or assets in the event of an uncontrolled emergency. Any such projects must complete all the stages of the Environmental Impact Assessment procedure.

For the purposes of classifying projects or activities, the Enforcement Authority must apply the environmental impact standards established in Exhibit II of the Decree.

Projects or activities listed as Standard 3 are considered as Class 3, and projects or activities listed as Standard 1 are considered as Class 1. Projects included in Standard 2 must be analyzed by the Enforcement Authority based on the information submitted at the beginning the procedure, and may be classified under any of the three categories.

The activities assigned Standard 1 by the Decree include the “construction, refurbishment, and repair of residential buildings.” Standard 2 is assigned to the following activities: “construction, refurbishment, and repair of nonresidential buildings,” “Building facilities and civil engineering works,” and “Country Club Management Services, Gated Communities, Private Plots, Residential/Sports/Educational Facilities, etc.”

The Enforcement Authority may assign any activities that are not provided for in the Decree the standard which results from its analysis based on the materials used, processes, and products and byproducts created. The Enforcement Authority also has the power to modify the Standard assigned to an activity when it is proven that the classification assigned by the Decree is not in line with the activity’s characteristics or features.

Regarding a change in ownership of a development, the competent authority must be notified, and the documentation proving the change in ownership must be attached, within 30 days of the signing of the respective instrument.

If changes in activity occur, prior to granting the Certificate of Environmental Aptitude, such event must be reported in writing immediately to the competent authority who will determine whether or not there will be a remission of the presented information. If changes or modifications occur after the granting of the Certificate of Environmental Aptitude, either by changes in any of its emissions or by significant changes in the requirements of raw materials,

supplies or process, the holder shall immediately notify the competent authority in writing. The competent authority may revalidate the authorization granted, modify or re categorize the activity.

Operating activities in Categories 2 and 3 shall within a maximum period of six months from the notification of the categorization, submit an Environmental Compliance Report in accordance with Annex VI, which must be signed by the owner of the business. The report shall be an affidavit and shall be prepared and signed by a professional who is duly registered with the Registry of consultants and experts.

It is also worth mentioning that after having performed the Environmental Compliance Report, if its results do not conform to the provisions contained in the legislation, the owner might be required to present an Environmental Management Plan in order to adopt corrective or protective measures leading to permissible levels of contamination. Once the Environmental Management Plan is approved, the Enforcement Authority will issue the corresponding Restricted Environmental Certificate with a validity of up to one year; and which must be renewed prior approval of the Environmental Compliance Report P.G.A.

Whether or not a project will have to go through all the stages of the Environmental Impact Assessment procedure will depend on the category determined by the Enforcement Authority in accordance with the provisions summarized above.

#### *Province of Buenos Aires.*

Act No. 11,723 establishes an obligation to obtain an environmental impact statement issued by the provincial or municipal environmental authority for any projects in which works are executed or activities conducted that have or may have a negative effect on the environment in the province and/or on its natural resources. In order to obtain that statement, the regulation requires that the person carrying out the activity submit an Environmental Impact Assessment together with the project.

Resolution 95/2014 of the Provincial Agency for Sustainable Development seeks to regulate the initiation, implementation and completion of remediation work at contaminated sites located in the territory of the province of Buenos Aires. This rule stipulates the circumstances that must be present in order for a particular property to be considered a contaminated site.

In accordance with the provisions set forth in the Act, projects that entail building new gated communities or extending those already in place shall be subject to a municipal Environmental Impact Assessment.

On the other hand, provincial Decree No. 27/98 (whereby the provisions of Decree No. 8,912/1977 were implemented), which governs the establishment of gated communities in the Province of Buenos Aires, provides that the implementation of gated communities is conditional on fulfillment of certain requirements that are subject to municipal authorization and provincial validation, including submitting an environmental impact study which must include the urban, socioeconomic, and physical environmental aspects of the project.

Moreover, provincial Decree No. 27/98 creates an obligation to transfer green and free public use areas and reserved areas to the Provincial State, free of charge, for community facilities.

If a project developed by us on a property located in the Province of Buenos Aires has the features of a gated community, it will be governed by the above-mentioned regulations.

#### ***Regulatory Framework in Uruguay***

##### *Land Use Planning.*

Act No. 18,308 established the regulatory framework for Land Use Planning and sustainable development, and defined land planning authority and instruments, participation and acts germane to this matter.

Section 35 (Chapter II) of Act No. 18,308, which discusses the General Structure of Land Rights and Duties, provides that “the exercise of the right to build, by any person, whether public or private sector, individual or body corporate, in any part of the territory, is contingent upon obtaining the applicable administrative permit, with the exception provided in respect of rural productive land.” The right to use property for urban development purposes is contingent on fulfillment of the land use planning duties provided by law. The administrative consent to be obtained in order to start construction work is known as a “**construction permit.**”

The Act also vests the Municipal Governments with land use and construction policing authority, and they must prevent any construction works that would imply violations of land use legislation or land use planning regulations,

in relation to private properties where development, subdivision and construction works for residential use cannot be authorized or in areas where this authorization may be issued but the relevant permit has not been obtained.

Within the authority of the *Intendencia Municipal de Montevideo* (the Montevideo Municipal Government, or the “**IMM**”), the Construction Oversight Bureau is in charge of supervising construction activity in the district of Montevideo. Its duties are divided into three basic areas, namely, the Building Area, Urban Area and Building Safety. The Building Area is chiefly in charge of processing construction permits from the perspective of urban placement and aspects related to health and safety, as well as final approval of the work done. Also, after the requisite construction permits have been approved, the Technical Audit Unit steps in to oversee compliance with the Representations made by the professional responsible for statistical sampling. The Urban Area processes applications for non-residential use projects through the Use Feasibility procedure, and health and safety conditions through Commercial Approval. Finally, the Building Safety Area monitors the status of the structures from a stability perspective in terms of potential risks to occupants, boundaries and the public domain, thereby policing construction compliance.

#### *Construction Permit.*

The construction permit and its regulations are defined in Resolution No. 3095/2001 of the IMM as the administrative proceeding whereby the IMM authorizes an applicant to build in the terms set out in the application and on the basis of the documentation submitted.

The permit process is comprised of four main stages, which include three structural stages and a technical audit: (i) certification of urban development conditions; (ii) authorization to build, including the permit for internal waterworks; (iii) approval of the works for their intended use; and (iv) oversight of compliance with the approval conditions for each step (Technical Audit).

To the extent that any one of the buildings to be erected is intended to be used in the hotel industry and new works are contemplated in the construction permit, the provisions of Act No. 18,585 will apply. Act No. 18,585 states that, starting six months after it was enacted (September 10, 2009), construction permits for hotels that project their hot water use as exceeding 20% of their total energy consumption will only be cleared when they are fitted to include equipment to heat water using solar energy at some point in the future, notwithstanding the exceptions that the Executive Branch is authorized to make through the relevant regulations.

#### *Condominium Property Regulations (Buildings).*

*Propiedad Horizontal* (the “**condominium property**”) is the statute that allows for the construction and/or division of a building into several condominium property units that are either legally independent freehold estates (individual units) or are subject to joint ownership (common assets).

Uruguayan law contemplates two ways to enter the condominium property system: (i) by constructing a building of this type or (ii) by having an existing building admitted into this system.

The system applicable to a real estate investment plan that involves construction of new buildings is regulated by Act No. 10,751, Act No. 14,261 (Chapter III-financing provided by Banco Hipotecario del Uruguay) and Act No. 16,760.

In order to be admitted into the condominium property system regulated by Act No. 10,751, the property must meet certain structural conditions set out in Section 1 of the Act to be deemed eligible for that system. The various floors on the building and the apartments into which each floor is subdivided must be independent and have an exit unto the public road either directly or via a common aisle, in which case they may belong to various owners.

Section 30 provides that the Municipal Government is in charge of determining, on a case by case basis, compliance with structural conditions, statutory requirements and related municipal ordinances. For that purpose, Municipal Admission to condominium property must be obtained, which proves that these requirements have been met.

It should be noted that, pursuant to Section 30 of the Act, the essential requirements for this authorization and its recordation in the respective registries are express evidence of that admission and of fire insurance (discussed below) in any notarized deed of title transfer or mortgage taken on an apartment or floor of the building.

Nevertheless, this admission falls short of fulfilling the independence requirement required by law. Each floor or apartment must be measured by preparing the Survey and Horizontal Subdivision Plan, which will be studied by the

IMM and registered with the National Land Survey Archives in order to conduct the individual recordation of each unit and allocation of its tax value.

Finally, in order for a building to be admitted into the condominium property system, fire and elevator insurance must be in place. In relation to the insurance premiums, they are considered by law as condominium expenses, and therefore each owner must contribute ratably in proportion to the value of their floor or apartment, except as otherwise expressly agreed by the parties, and will also collect ratably under any insurance proceeds in case of loss or damage (Sections 5 and 20).

Since each unit is independent, it is identified for legal purposes and owners have a freehold estate on their floor or apartment, and are co-owners of the common assets.

Common assets are defined in Section 3 of the Act as the assets needed for the existence, safety and preservation of the building, which allow each owner to use and enjoy the apartment or floor that they own as freehold estates. These assets will under no circumstances cease to be commonly owned.

Section 4 regulates the right of owners to common assets, which will exist in proportion to the value of the apartment or floor owned by each. Owners will also contribute ratably toward the expenses needed for the management, preservation and repair of the common assets and toward payment of insurance premiums.

It also provides that the right of each owner over the common assets is inseparable from the possession, use and enjoyment of his or her respective apartment or floor. Consequently, the rights over those assets will be deemed to be included in any transfer of, mortgage or attachment on an apartment or floor.

Section 16 of the Act states that those rights and obligations may be regulated by the Condominium Regulations, and therefore the drafting of these regulations is discretionary, not mandatory. Nevertheless, if any such regulations are prepared, the law says that they will be binding even on any successors in title to those who prepared them, provided that these regulations are evidenced in a notarized instrument of public record and recorded in the Real Estate Property Registry.

In the absence of those regulations, the relations among the owners of the various floors or apartments in any given building will be governed by the provisions of Sections 18 and 19 of the Act. These provisions entrust a building manager and the condominium association with administration of the building and establish their duties. They also regulate notices of condominium association meetings and the requisite quorum for validly adopting any resolutions at such meetings.

Act No. 16,760 authorizes financial institutions to grant mortgage loans in order to finance the construction of buildings admitted to the condominium property system under Act No. 10,751. Exclusively in relation with those loans, condominium property will be deemed to exist and the relevant regulations will be deemed to apply once the following requirements have been met: (a) that the respective Municipal Government shall have issued the construction permit for the building and approved the condominium subdivision plan according to which the structures are to be built and separate title to the units is to be attributed; (b) that the subdivision plan shall have been registered with the National Land Survey Archives and that the units to be built shall have been registered for tax purposes and subjected to an interim tax value assessment; and (c) that the condominium regulations of the building shall have been issued. Once these requirements are met, the building and its constituent units are legally deemed to be condominium property, whereupon the Bank will be able to grant mortgage loans for the units so determined.

#### *Final Approval.*

Argentine Law No. 15,896, which regulates the authority of the National Firefighters' Association and fire prevention and firefighting, provides in Section 4 that no structures except for single household units may be approved for use without the prior approval of the National Firefighters' Association, in accordance with the applicable regulations.

Section 1 of Decree No. 201/001 in turn provides that prior to opening for business, hotels must be authorized by and registered with the Ministry of Tourism and must meet the requirements set out in the decree. The requirements for registration are: (i) a certified true copy of the current municipal approval in respect of the establishment's line of business, or pending municipal approval as provided in Section 238 of Act No. 17,296; and (ii) an affidavit containing the name, address, telephone and fax number of the Company, corporate name, Tax Registration Number granted by the Uruguayan Internal Revenue Service and identification of the owners, director, manager, representative or agent.



### ***Environmental Matters***

We are subject to national, provincial and municipal Argentine and Uruguayan laws, ordinances, rules and regulations regarding environmental protection. Environmental laws vary according to the location of the project, the environmental conditions of the location, and the location's current and previous uses. The steps required in order to ensure compliance with environmental laws may result in delays, causing us to incur significant costs, and may ban or seriously limit our activities. Prior to purchasing the land we, as the entity in charge of managing the relevant projects, hire independent consultants to evaluate whether any hazardous or toxic materials, waste or substances exist on the land. In the case of the Forum Puerto Norte project, the environmental studies were conducted by HSE Salud Seguridad y Medio Ambiente consultants. The environmental impact study for Forum Alcorta was conducted by Estudio Masal. For MRL, the studies were conducted by Environmental Resource Management consultants (environmental auditing), Geodata (ground specification and underground water study), and Architect Encarnación Torrente (urban environmental study). To date, we have neither been adversely affected by the existence or potential existence of hazardous or toxic materials, waste or substances nor by a lack of regulatory authorizations. Currently there are no legal actions or material administrative proceedings against us associated with environmental matters.

### ***Insurance***

Our policy is to maintain insurance policies with first-tier Argentine insurance companies covering all our real property during the development stage. These insurance policies often cover a broad variety of risks existing from the commencement of the construction project, including property damages, fire, lightning, gas explosion, and design or calculation errors. Said insurance policies contain the specifications, limits and deductibles that are customary in the jurisdiction where the property is located. We do not maintain insurance policies following the completion of the construction project. Our management reviews the coverage of the insurance policies that we buy to ensure their suitability in the light of the level of risks involved in our operations, on a case-by-case basis. However, we cannot assure that insured amounts will be sufficient to provide coverage against substantial losses.

### ***Industrial Property Rights***

We own several brands in Argentina that have significant value to our business. The most valuable brands are Forum, Astor, Metra, Cubo and Venice. We believe that protecting our brands is important, given the solid reputation we have been able to build since our origin. The brands have solid reputations, high credibility, and are increasingly recognized by clients and development companies, owners, real estate agents, and authorities.

### ***Anti-Money Laundering and Terrorist Financing***

The concept of money laundering is generally used to denote transactions intended to introduce criminal proceeds into the institutional financial system and thus to transform profits from illegal activities into assets of a seemingly legitimate origin.

On April 13, 2000, the Argentine Congress passed the Law Against Asset Concealment and Laundering No. 25,246, as amended by Law Nos. 26,087, 26,119, 26,268, 26,683, and 26,734 (the "**Anti-Money Laundering Law**"). The Anti-Money Laundering Law is currently regulated by Decree No. 290/2007 (as amended by Decree No. 1936/2010).

The Anti-Money Laundering Law created the Financial Information Unit (the "**FIU**"), an entity depending on the Argentine Ministry of Justice and Human Rights, and was entrusted with the review, treatment and delivery of information in order to prevent money laundering and terrorist financing activities. Since the recent enactment of Argentine Law No. 27,260 and its implementing Decree No. 895/2016, the FIU now depends on the Ministry of Economy and Public Finance, currently, the Ministry of Economy

In February 2016, the National Coordination Program for the Prevention of Asset Laundering and the Financing of Terrorism was created by Executive Decree No. 360/2016 as an instrument of the Ministry of Justice and Human Rights. This Program was assigned the duty to reorganize, coordinate and strengthen the national system for the prevention of money laundering and the financing of terrorism, taking in consideration the specific risks that might have an impact on Argentine territory and the global demand for a more effective compliance with international obligations and recommendations established under United Nations Conventions and the standards of the Financial Action Task Force (the "**FATF**"). These duties will be performed and implemented through a National Coordinator

appointed for this purpose. Also, applicable statutory rules were amended, and it was established that the Ministry of Justice and Human Rights will be the Argentine federal government's central authority in charge of the inter-institutional coordination among all public and private agencies and entities with competent jurisdiction on this matter, while the FIU will retain the ability to perform operating coordination activities at the national, provincial and municipal levels in relation to matters strictly inherent in its jurisdiction as a financial intelligence agency.

One of the key aspects of the regime for the prevention and punishment of, and fight against, such crimes established by the Anti-Money Laundering Law consists of a reporting obligation to the FIU that was imposed on certain parties which, due to the profession, activity or sector they are engaged in are in a key position to detect suspicious money laundering and/or terrorist financing activities. Such parties (the “**Reporting Parties**”) are those exhaustively listed in Section 20 of the Anti-Money Laundering Law. The list includes, among others, the “financial entities subject to Argentine Law No. 21,526, as amended” and “broker-dealers, companies managing investment funds, over-the-counter market agents, and all such intermediaries engaged in the purchase, lease, or borrowing of securities operating under a stock exchange with or without affiliated markets, and agents registered with futures or options markets, whichever their purpose.”

Money laundering is defined as a crime by the Anti-Money Laundering Law, under Section 303 of the Argentine Criminal Code. Such code defines money laundering as a crime committed by any person who exchanges, transfers, manages, sells, levies, disguises or in any other way commercializes goods obtained through a crime, with the possible consequence of making the original assets or the substitute thereof appear to come from a lawful source, provided that their value exceeds Ps.300,000, whether in a single or in a series of repeated and related events.

The penalties established for such activity are the following: (i) imprisonment for three to 10 years and fines of two to 10 times the amount of the transaction; (ii) the penalty provided in section (i) shall be increased by one third of the maximum and a half of the minimum, when: 1) the person carries out the act on a regular basis or as a member of an association or gang organized with the aim of continuously committing acts of a similar nature, and (2) the person is a governmental officer who carries out the act in the course of his duties, in which case such officer will be also punished with disqualification from three to 10 years. The same penalty will be applied to any person who has acted in exercise of a profession or trade for which special qualification is required; (iii) if the value of the assets does not exceed Ps.300,000, the offender will be punished with imprisonment for six months to three years; and (iv) to any person who receives money or other assets from a criminal source with the purpose of applying them to a transaction thereby, making them appear to be from a lawful source. This person will be punished in the manner established in Section 303 of the Argentine Criminal Code (imprisonment for six months to three years).

In addition, if the criminal activities have been perpetrated on behalf of, or otherwise with the involvement, or for the benefit of a legal entity, such legal entity will be jointly or alternatively punishable with: (i) a fine of two to 10 times the value of the assets involved in the crime; (ii) total or partial suspension of activities which, in any case, may exceed a maximum term of 10 years; (iii) suspension to participate in public tenders or bidding processes for public works or utilities or in any other government-related activity which, in any case, may exceed a maximum term of 10 years; (iv) legal status revocation where the entity has been incorporated for the sole purpose of perpetrating the crime, or where such acts are the entity's main activities; (v) loss or suspension of governmental benefits, if any; (vi) publication of an extract from the final judgment, at the expense of the legal entity. In order to gauge these penalties, judges will take into consideration certain elements, including but not limited to: breach of internal rules and procedures, failure to oversee the activities' of the perpetrator and other participants, scope of the resulting damages, amount of money involved in perpetrating the crime, and nature and financial capacity of the legal entity. The penalties set forth in (ii) and (iv) above will not apply whether the operating continuity of the entity, works, or a service in particular is essential.

Individuals and entities subject to the Anti-Money Laundering Law must comply with some duties that include: (a) obtaining documentation from their customers that irrefutably evidences their identity, legal status, domicile, and other data stipulated in each case; (b) reporting any suspicious event or transaction which, according to the customary practices of the sector involved, as well as to the experience and competence of the parties who have the duty to inform, seem unusual, have no economic or legal justification or are unusually or unjustifiably complex, whether performed on a single occasion or repeatedly (regardless of its amount); and (c) abstaining from disclosing to customers or third parties any act performed in compliance with the Anti-Money Laundering Law. Within the framework of analysis of a suspicious transaction report, the aforementioned individuals and entities cannot refrain from disclosing to the FIU any information required from it by claiming that such information is subject to bank, stock market or professional secrecy, or legal or contractual confidentiality agreements. The AFIP shall only

disclose to FIU the information in its possession when the suspicious transaction report has been made by such entity and refers to the individuals or entities involved directly with the reported transaction. In all other cases, the FIU shall request that the federal judge holding authority in a criminal matter order the AFIP to disclose the information in its possession.

Pursuant to the Anti-Money Laundering Law, if the completed review of the reported transaction by the FIU reveals sufficiently convincing elements to confirm the money laundering suspicion pursuant to such law, such circumstances will be reported to the Prosecutor's Office in order to establish whether to bring a criminal action.

On the other hand, Argentine Law No. 26,733, which incorporates sections 306 and 307 of the Criminal Code, provides for the protection of privileged information (the "**Information**"). According to Section 306, any person who, by virtue of a job, profession or function within an issuer (director, member of the supervisory committee, shareholder, etc.) discloses or otherwise uses the Information, directly or through third parties, for the trading, listing, purchase, sale or settlement of securities will be punishable with imprisonment, fines or disqualification. On the other hand, items a) b) c) and d) of Section 307 establish the related aggravating factors, depending on the manner in which the crime is perpetrated, its effects, and persons involved, imposing the increased penalty of imprisonment for eight (8) years where the alleged use of the Information causes serious damages to the stock market and, where the crime is perpetrated by a director, member of the supervisory committee, officer, employee of a self-regulated agency, credit agency or public officer, among others, the penalty of special disqualification for up to eight (8) years will also apply.

Argentine Law No. 26,733 supplements the consistent application of the applicable laws by incorporating Sections 308, 309 and 310, punishing the indiscriminate use of the Information with the same penalties referred to above. Section 308 punishes any such person who manipulates, gives the appearance of or disguises increased liquidity in respect of notes, or otherwise asserts false circumstances as true, in order to get a better price for the negotiation thereof. Section 309 exclusively punishes any person who engages in financial intermediation activities, in whichever of their forms, without authorization. Finally, according to Section 310, criminal liability is also specifically attributed to employees and officers of financial institutions and entities operating in the stock market who may insert false date, make reference to inexistent events, or register a lending or borrowing operation or a trade with securities in the accounting records in order to gain a benefit for, or otherwise cause damage to, themselves or third parties.

Argentine Law No. 26,733 also incorporates Sections 311 and 312 to the Argentine Criminal Code. Section 311 punishes with imprisonment and disqualification for up to six (6) years to employees and officers of financial institutions and institutions operating in the stock market which, either directly or indirectly, and regardless of the fees and interest charged by the institution, unlawfully receive money or other economic benefit, as a condition to carry out credit, financial or stock trade operations. Section 311 provides as follows: "If the crimes specified in the preceding sections had been perpetrated on behalf, with the involvement, or for the benefit, of a legal entity, the provisions of Section 304 of the Criminal Code will apply. If such legal entities are engaged in the public offering of securities, the respective penalties shall be applied in a manner so as not to damage shareholders or holders of securities who are not liable for the crime. To such end, the opinion of the entity's supervisory committee will be heard. If the legal entity is subject to reorganization proceedings, the penalties may not be applied in detriment of creditors' rights and privileges prior to the perpetrated crime. To such end, the opinion of the trustee involved in the reorganization proceedings is to be heard."

On August 19, 2011, Resolution No. 121/2011 laid down by the FIU came into force, derogating the former Resolution No. 37/2011, in order to conform to the amendments to the Anti-Money Laundering Law. Therefore, financial and foreign exchange entities, in their capacity as reporting parties, have the duty to prevent, detect and report all such events, acts, operations or omissions which may purport to money laundering and terrorist financing crimes. Such resolution also provides that financial institutions are required to embrace an anti-money laundering and terrorist financing policy primarily consisting of a detailed analysis and registration of the entity's operations.

Accordingly, pursuant to Resolution No. 121/2011 laid down by the FIU, the guidelines on unusual or suspicious money laundering or terrorist financing transactions within the financial and foreign exchange system impose the obligation to report all such unusual transactions which, pursuant to the competence the reporting parties are expected to have due to their roles and on the basis of the analysis performed, raise suspicions of money laundering or terrorist financing.

Furthermore, Resolution No. 3/2014 laid down by the FIU introduced certain provisions to conform to the anti-money laundering laws, in tune with the international guidelines established in FATF's Recommendations 1 and 20. These recommendations are about the reporting and registration obligations of the reporting entities referred to in Section 20 of the Anti-Money Laundering Law.

In this regard, Resolution No. 3/2014 provides the term to report suspicious money laundering activities, notwithstanding the maximum reporting term of 150 subsequent days, established in Section 21 bis of the Anti-Money Laundering Law; accordingly, reporting persons should notify the FIU of suspicious money laundering events or activities within 30 subsequent days from the time such events or activities has been qualified as such and, within 48 hours, in case of suspected terrorist financing activities.

Moreover, Resolution No. 3/2014 sets forth the requirements reporting persons should comply with when doing business among them. Reporting persons, in doing business among them, pursuant to the FIU's resolutions applicable to each of them, shall obtain an affidavit from their counterparts as to the compliance with the applicable Anti-Money Laundering and Terrorist Financing provisions, along with their respective certificate of registration with the FIU.

Resolutions No. 229/2011 and 140/2012 laid down by the FIU establish certain measures and procedures to be observed in the capital market in respect of the perpetration of money laundering and terrorist financing activities, introducing certain clarifications and amendments to the applicable laws. The applicable laws and regulations in force basically include the same provisions as to the information that should be requested and the client's identification procedures that should be performed by the reporting parties (that is, broker-dealers, companies managing investment funds, over-the-counter market agents, and all such intermediaries engaged in the purchase, lease, or borrowing of securities operating under a stock exchange with or without affiliated markets, and agents registered with futures or options markets, whichever their purpose), document retention requirements, precautions and terms to report suspicious transactions, and anti-money laundering and terrorist financing policies and procedures. Such applicable laws and regulations also describe certain operations and conducts which, despite the fact that by themselves or by the mere actual or attempted perpetration thereof, do not purport to suspicious activities, they might be used for money laundering or terrorist financing purposes. Therefore, the existence of one or several of the factors therein described should be considered as an indication that the transaction should be further reviewed.

In August 2016, the FIU passed Resolution No. 94/2016. According to such resolution, the reporting parties which are bound to Resolution No. 121/2011 may apply simplified due diligence procedures at the time of establishing savings accounts (that is, ID presentation, PEP declaration and account holders verification against the lists of terrorist and/or terrorist organizations), to the extent the account holders meet certain requirements set forth in said resolution. The resolution further clarifies that the simplified identification procedures do not release reporting parties from their duty to monitor the client's transactions. If any of the conditions set forth in the resolution is not met, then the reporting parties will be required to apply the identification procedures set forth in Resolution No. 121/2011.

In addition, through Resolution No. 92/2016 laid down by the FIU, reporting parties were further required to deploy a risk management system similar to the Voluntary and Exceptional Reporting System of National and Foreign Currency Holdings and Other Assets in the Country and Abroad established by Argentine Law No. 27,260, in order to report suspicious transactions carried out by their clients until March 31, 2017 as a result of the tax amnesty law. In August 2016, the FIU passed Resolution No. 104/16 whereby it adjusted the amounts triggering the duty of reporting parties under Argentine Law No. 25,246 to notify the FIU of the transactions carried out or to take certain actions to have them examined as suspicions of money laundering. In particular, Resolution No. 104/16 amends Resolution No. 121/11, which is applicable to financial and foreign exchange entities, raising the minimum annual volume of operations to consider that a client is a usual client from Ps.60,000 to Ps.260,000, or its equivalent in other currencies. Furthermore, concerning cash deposits, the threshold that triggers the obligation to submit certain documents was raised from Ps.40,000 to Ps.200,000.

In addition, Resolution No. 4/2017 enacted by the FIU introduces the special investment accounts. Reporting Agents may apply special due diligence measures to indemnify foreign investors (in Argentina) and nationals when requesting the opening of special investment accounts from abroad. The aforementioned resolution defines the special investment accounts as such accounts specifically limited to financial investments, opened with a banking/financial entity or with a liquidation and compensation agent, negotiation agent or agent of investment products in Argentina. Such accounts may be (i) special investment checking accounts (financial entities), and (ii)

checking accounts/shared accounts with custody accounts (financial entities or agents of liquidation and compensation, negotiation agents and agents of collective investment products).

Under such resolutions, financial institutions, broker-dealers, companies managing investment funds, over-the-counter market agents, and all such intermediaries engaged in the purchase, lease, or borrowing of securities operating under a stock exchange with or without affiliated markets, and agents registered with futures or options markets, whichever their purpose, all of them, Reporting Parties, are required to notify the FIU, pursuant to the provisions of the Anti-Money Laundering Law, such unusual transactions which, pursuant to the competence the reporting parties are expected to have due to their roles and on the basis of the analysis performed, raise suspicions of money laundering or terrorist financing. Generally, unusual transactions are those transactions or attempted transactions carried out on an isolated basis or repeatedly, without an economic and/or legal justification, whether by reason of not bearing relationship with the client's economic, financial or tax profile, or because of their not being in line with market customary practices due to their frequency, regularity, amounts involved, complexity, nature and/or other specific features. Suspicious transactions are those transactions or attempted transactions which, after having been previously identified as unusual, following a review and an assessment by the Reporting Party, are not found to bear relationship to the client's profile or the lawful activities reported by the client, or where there are actual doubts as to the authenticity, veracity or consistency of the documents submitted by the client, thus raising suspicions of money laundering, or otherwise when, even though the transactions involved are lawful, the proceeds therefrom are suspected to be related to, or to be used in, terrorist financing activities.

Article 1, Section I, Title XI of the CNV's Rules and Regulations on Anti-Money Laundering and Terrorist Financing provides that Trading Agents, Settlement and Clearing Agents, Distribution and Placement Agents, and Collective Investment Product Management Agents are included in the list of Reporting Agents.

In this context, Reporting Agents shall abide by the provisions of the Anti-Money Laundering Law, the implementing regulations laid down by the FIU and the CNV's Rules and Regulations, including the decrees enacted by the Argentine Executive Branch in connection with the decisions made by the United Nations Security Council to counter terrorism, and the resolutions of the Ministry of Foreign Affairs, International Trade and Cult (and the appendixes thereto). Finally, Section 5 establishes certain requirements for transactions carried out by clients that are from, or operate within, domains, jurisdictions, territories or associated states that are not listed in the list of cooperative countries for fiscal transparency purposes (as per the list of Decree No. 589/2013).

If the transaction is carried out or ordered by persons incorporated, domiciled or with residence in jurisdiction or territories not considered as cooperative countries, but which are registered agents in a self-regulated market under the oversight of an authority with similar functions as the CNV, such transaction may only be performed if the CNV has entered into a memorandum of understanding, cooperation or information exchange with such foreign regulatory authority.

The CNV's Rules and Regulations require the mandatory use of stock exchanges' IT systems for the primary placement of securities through public offering. Accordingly, agents operating through stock markets will participate in any public tender of securities and, hence, will be liable for abiding by the applicable laws in such tenders, including the applicable anti-money laundering laws, as required by Article 6, Section I, Chapter IV, Title VI of the CNV's Rules and Regulations.

Potential investors may be required to deliver to the Company and the Placement Agents, if any, all such information and documentation such investors may be required to submit, or that might be requested for by the Company and the Placement Agents, if any, in order to comply with anti-money laundering laws and regulations, including the capital market's anti-money laundering rules laid down by the FIU and similar rules and regulations of the CNV and/or the BCRA. The Company and the Placement Agents, if any, reserve the right to reject orders from investors if they consider that the applicable rules and regulations were not fully observed.

In addition, the aforementioned Reporting Parties must comply with the provisions of Decree No. 918/2012 on terrorist financing prevention in relation to the individuals or legal entities designated by the United Nations Security Council, pursuant to Resolution No. 1267 (1999), et. seq.

On July 10, 2014, the Resolution No. 300/2014 laid down by the FIU was published in the Official Gazette. Such resolution provides for enhanced follow-up on transactions carried out with virtual currency and further requires that these transactions be included in the systematic reports established by FIU Resolution No. 70/2011.

The BCRA's Communication "A" 5612 (as amended by Communication "A" 5736) came into force in early 2015. This communication provides that the relationship with a client should be discontinued where the client's identification and knowledge requirements established by the applicable rules and regulations cannot be met. This action is to be taken within 150 subsequent days from the notice about the reasons for such action. When the relationship with a client is to be discontinued, entities should observe the specific procedures and terms set forth in the BCRA's rules applicable to the product/s the client would have had. For products and/or services with discontinuing procedures and/or terms not specifically set forth by the BCRA in its rules and regulations, the account closure or discontinuity of activities, as the case may be, should take place within 30 subsequent days from the time at which need for initiating such discontinuity process was determined.

In addition, the communication provides that all foreign exchange trades are required to be performed through the MULC.

Finally, it should be noted that the Argentine Criminal Code typifies terrorism and terrorist financing as crimes under Sections 41 quinquies, 303 through 304, and 306. Below is a brief summary of the applicable criminal laws in this regard:

A. Where any of the crimes set forth in the Argentine Criminal Code was perpetrated in order to instill terror among people, or force national public authorities, foreign governments or agents of international organizations to take, or refrain from taking, any given action, the minimum and maximum range of criminal penalties will be doubled. These aggravating factors will not apply if the events involved took place while exercising human and/or social and/or any other constitutional right (Section 41 quinquies).

B. The penalty of imprisonment from five to 15 years and a fine of two to 10 times the amount involved in the transaction will be imposed on any person who, directly or indirectly, gathers or delivers goods or sums of money with the intent, or knowingly that they will be used to, financing the perpetration of a crime, in whole or in part, with the intent established in A above, by an organization that perpetrates or seeks to perpetrate crimes with the intent established in A above, or by an individual who perpetrates, attempts at perpetrating or otherwise participates in the perpetration of crimes with the intent established in A above. These penalties will be applied, regardless of the perpetration of the crime sought to be financed and, if such crime was finally perpetrated, even if the goods or the money were not finally used. If the range of penalties provided for the crime being or sought to be financed is lower than that established in this section B, the range of penalties applicable to the crime involved will be applied to the case. The provisions of its section B will govern even if the crime sought to be financed was perpetrated out of the enforcement scope of the Argentine Criminal Code, or where the organizations or individuals perpetrating or seeking to perpetrate crimes with the intent specified in A above were outside the national territory, to the extent the crime is also punishable in the applicable competent jurisdiction (Section 306).

In September 2016, the BCRA's Communication "A" 6060 came into force, which provides that in the case of existing clients in respect of which the applicable identification and knowledge policies cannot be fulfilled, a risk-based analysis should be made in order to assess whether the relationship with such client should continue or not. The criteria and procedures to be applied in this process should be outlined by the financial institutions in their risk management manuals concerning the prevention of money laundering and terrorist financing. When the relationship with a client is to be discontinued, entities should observe the specific procedures and terms set forth in the BCRA's rules applicable to the product/s the client would have had. Reporting parties should keep, for at least 10 years, written evidence of the procedure applied in each case for the operating discontinuity of the client.

Failure to meet the requirements set forth by the BCRA to access the local foreign exchange market for the trading of securities of any kind is a violation subject to the criminal foreign exchange laws.

Finally, through the enactment of Argentine Law No. 27,260 and its implementing Decree No. 895/2016, the FIU was vested with the authority to provide information to other public entities with intelligence or investigation powers, provided, however, that such authority may only be exercised in response to a previous well-grounded resolution by the FIU Chairman and to the extent there are concurring serious, precise and consistent indications of the perpetration of any of the crimes established by the Anti-Money Laundering Law. The FIU will cause the confidentiality duty set forth in Section 22 of the Anti-Money Laundering Law to be complied with in connection with the delivered information, and officers of the receiving entity disclosing confidential information may be punishable with the penalties set forth therein. The FIU will not exercise such authority in cases of voluntary and exceptional reporting under Argentine Law No. 27,260.

In order to subscribe Convertible Subordinated Notes, potential investors will have to deliver all such information and documentation they might be required, or that might be requested for by the Placement Agents and/or the Company, in compliance with anti-money laundering rules and regulations laid down by the FIU, the CNV or the BCRA.

*For a more detailed discussion of the applicable laws and regulations for the prevention and punishment of, and fight against, money laundering and terrorist financing that are in force as of the date of this private placement memorandum, potential investors are encouraged to seek advice from their legal advisors, and interested parties may visit the web sites of the Ministry of Economy, [www.minhacienda.gov.ar](http://www.minhacienda.gov.ar), and/or the Ministry of Public Finance, [www.minfinanzas.gov.ar](http://www.minfinanzas.gov.ar), and/or the FIU <https://www.argentina.gob.ar/uif> and/or the CNV [www.cnv.gov.ar](http://www.cnv.gov.ar) for the text of such applicable laws and regulations, as amended. Information included in or otherwise accessible through the above-mentioned websites is not a part of, and is not incorporated by reference into, this private placement memorandum.*

## MANAGEMENT

### Board of Directors

#### *Members and Background*

Pursuant to our bylaws, our board of directors is currently comprised of eight regular directors and eight alternate directors. Each director and alternate director serves a three year term and may be reelected an indefinite number of times. Certain shareholders have entered into the Amended and Restated Shareholders Agreement pursuant to which each of them has the right to appoint a certain number of directors. See “Related Party Transactions—Shareholders Agreement.”

The following table describes the current composition of the board of directors, pursuant to the resolutions adopted at the general ordinary and extraordinary shareholders’ meeting held on April 20, 2017 and the board of directors’ meeting for allocation of offices of even date, and at the general ordinary and extraordinary shareholders’ meeting held on April 14, 2016 and the board of directors’ meeting for allocation of offices of even date:

<b>Director</b>	<b>Position in TGLT</b>	<b>Date of first appointment to the board</b>	<b>Type</b>	<b>Date of Birth</b>
Federico Nicolás Weil	Chairman; Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Non-independent	January 9, 1973
Darío Ezequiel Lizzano	Vice Chairman; Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Non-independent	April 25, 1967
Mariano Sebastián Weil	Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Non-independent	November 7, 1975
Fernando Iván Jasnís	Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Non-independent	October 17, 1974
Ralph Faden Reynolds	Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Non-independent	March 10, 1962
Carlos Alberto Palazón	Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Non-independent	November 27, 1970
Alejandro Emilio Marchionna Faré	Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Independent	February 1, 1957
Mauricio Wior	Regular Director	Ordinary and Extraordinary Shareholders’ Meeting dated April 14, 2016	Independent	November 23, 1956
Alejandro Belio	Alternate Director	Ordinary and Extraordinary Shareholders’ Meeting	Non-independent	April 28, 1956



Director	Position in TGLT	Date of first appointment to the board	Type	Date of Birth
		dated April 14, 2016		
Rodrigo Lores Arnaiz	Alternate Director	Ordinary and Extraordinary Shareholders' Meeting dated April 20, 2017	Non-independent	April 29, 1971
Andrew Hall Cummins	Alternate Director	Ordinary and Extraordinary Shareholders' Meeting dated April 14, 2016	Non-independent	July 3, 1966
Donald Stoltz III	Alternate Director	Ordinary and Extraordinary Shareholders' Meeting dated April 14, 2016	Non-independent	September 9, 1977
Fernando Saúl Zoppi	Alternate Director	Ordinary and Extraordinary Shareholders' Meeting dated April 14, 2016	Non-independent	October 10, 1975
Pedro Eugenio Aramburu	Alternate Director	Ordinary and Extraordinary Shareholders' Meeting dated April 14, 2016	Non-independent	September 23, 1971
Daniel Alfredo Vicien	Alternate Director	Ordinary and Extraordinary Shareholders' Meeting dated April 14, 2016	Independent	December 5, 1956
Luis Armando Rodrigues Villasuso	Alternate Director	Ordinary and Extraordinary Shareholders' Meeting dated April 14, 2016	Independent	January 5, 1958

The appointment of all directors will end on the date of the ordinary shareholders' meeting that approves our consolidated and individual financial statements for the fiscal year ending December 31, 2018, at which time directors will be appointed or reappointed, as the case may be.

The following are academic and professional backgrounds of the members of the board. The business address of each of the members of the board is Av. Scalabrini Ortiz 3333, 1st floor, City of Buenos Aires, Argentina.

**Federico Nicolás Weil.** Mr. Weil is our founder and Chairman of the board of directors since 2005. In addition, he is the chairman of CAP Ventures Compañía Argentina de Participaciones S.A., a venture capital fund based in Buenos Aires, and a regular board member of AGL Capital S.A., a consumer finance company. Prior to 2005, Mr. Weil was a co-founder of Adecoagro (NYSE: AGRO) and a managing partner at SLI Ventures, a venture capital fund based in Miami, FL. Mr. Weil is an Industrial Engineer with a degree in Industrial Engineering from the Universidad de Buenos Aires. He also obtained a Master's Degree in Business Administration from The Wharton School of the University of Pennsylvania.

**Darío Ezequiel Lizzano.** Mr. Lizzano is Vice Chairman and a regular member of our board. He serves as co-head of Private Equity at Vinci Partners Inverimentos. He has been a Managing Director at PointState Capital LP since December 2014, working as Senior Portfolio Manager. Previously, he was a Managing Director at Morgan Stanley from July 2007 through 2014, occupying the position of Head of Equities and Research Director for the Latin America division and as Head of Distribution of Emerging Markets. In addition, he worked as Managing Director and as Head of Equities and Research for Latin America at Santander Investment. Mr. Lizzano received a degree in Business Administration from the Universidad Católica Argentina.

**Mariano Sebastián Weil.** Mr. Weil is a regular member of our board. Mr. Weil began his professional career at the Financial Leadership Program of General Electric Company in 1998. He was then transferred to GE headquarters where he worked in the Corporate Treasury and Financial Planning Department. In 2004, he joined GE Capital Solutions, a GE financial services division in Stamford, Connecticut, until he was transferred to Mexico City in 2006 to fill the position of Finance Manager for Latin America. Mr. Weil was also a board member of Banco HNS Chile, a GE Capital joint venture with Banco Edwards shareholding group. He is the founder of AGL Capital S.A. Mr. Weil has a degree in Economics from the Universidad de San Andrés. Mariano is the brother of Federico Nicolás Weil, our Chairman.

**Fernando Iván Jasnís.** Mr. Jasnís is a regular member of our board and is a Senior Portfolio Manager at Explorador Capital Management, LLC, and an investment management firm based in Sao Paulo, Brazil. He joined Explorador in 2004 as a Research Analyst, and became Portfolio Manager in 2006. Before joining Explorador, Fernando worked for Citigroup in Buenos Aires as a Financial Analyst and as Project Manager. Fernando holds an MBA from University of California at Berkeley, and an Industrial Engineering degree from the Instituto Tecnológico de Buenos Aires (ITBA). He is a member of the CFA Institute.

**Ralph Faden Reynolds.** Mr. Reynolds is a regular member of our board and a co-founder of Bienville Capital Management, LLC, where he serves as Chairman. He is focused on strategic planning, investment idea generation, implementation, and risk management for the firm's funds and businesses. Prior to Bienville Capital Management, LLC, Mr. Reynolds was a co-founder and Chief Investment Officer of Carlyle Blue Wave, Global Head of equities and proprietary trading at Deutsche Bank, president and Chief Executive Officer at NatWest Securities, Managing Director at Morgan Stanley, and Principal at O'Connor & Associates. Over his career, Mr. Reynolds has worked in New York, Chicago, Tokyo and London. His board experience includes the International Securities Exchange, the University of Pennsylvania School of Nursing, Presbytery of Southern New England and Greenwich Academy. Mr. Reynolds earned an MBA from the University of Chicago and a BS in economics from the University of Pennsylvania.

**Carlos Alberto Palazón.** Mr. Palazón is a regular member of our board and a Partner at LP Advisors, Argentine advisors of PointArgentum. Previously he worked as a portfolio manager at CIMA Investments, a Senior Research Analyst at BGN and as a Portfolio Manager at Consultatio Asset Management. He has vast experience in emerging markets, on which he has focused since the beginning of the 1990s. Mr. Palazón is a Licentiate in Economics from Pontificia Universidad Católica Argentina (UCA) in Buenos Aires and he is also a CFA Charterholder.

**Alejandro Emilio Marchionna Faré.** Mr. Marchionna Faré has served as an independent regular member of our board since April 16, 2013. He has been on our board since February 19, 2010. Mr. Marchionna Faré is Chairman of our audit committee. He also serves as Chairman of the boards of directors of Integra Negocios S.A. and Fundación Andes. He has worked as a Strategy Consultant for 30 years and is currently a part time Professor at IAE Business School. He has previously worked at Serra Consulting, The Fare Partners (London), Fenlane (London), Towers Perrin (London) and Tesis (Paris). He holds Bachelor's Degrees in Operations Research and Industrial Engineering from the Pontifical Catholic University of Argentina, a Master's in Business Administration from Harvard University and a doctoral degree in Management from CEMA University (Buenos Aires).

**Mauricio Wior.** Mr. Wior is an independent regular member of our board, and also serves as a Director of Banco Hipotecario. He held several positions at Bellsouth where he became Vice President of Latin America from 1995 to 2005. Mr. Wior was also Chief Executive Officer at Movicom Bellsouth from 1991 to 2005. In addition, he led the operations of various cell phone companies in Uruguay, Chile, Peru, Ecuador and Venezuela. He was the President of the American Association of Telecoms (ALCACEL), the Chamber of Commerce of the United States in Argentina and the Chamber of Commerce Israel Argentina. He was director of the Institute for Business Development of Argentina (IDEA), Foundation for Latin American Economic Research (FIEL) and Tzedaka. Mr. Wior obtained a Master's Degree in finance and a BA in economics and accounting from the University of Tel Aviv in Israel.

**Alejandro Belio.** Mr. Belio is an alternate member of our board and has served as our Chief Operating Officer since January 2010. Previously, he was the Chief Executive Officer of Faena Properties S.A. He was also the Chief Executive Officer of Creaurban S.A., Project Manager for Fundación Malecón 2000 (Guayaquil, Ecuador), Head of the Lain/OHL construction works group (Barcelona, Spain), and Project Manager at Graziani S.A. He received his degree in architecture from Universidad de Buenos Aires in 1979, obtained an MBA from Universidad del CEMA and completed the IAE Executive Management Program.

**Donald Stoltz III.** Mr. Stoltz is an alternate member of our board. He joined Bienville Capital Management, LLC in 2009 and is a Partner of the firm. He serves as the firm's Chief Operating Officer and head of trading. Mr. Stoltz has over a decade of experience in trading, operations and portfolio risk management. Prior to Bienville Capital Management, LLC, he was a proprietary trader at First New York Securities LLC and also served as vice president at J.P. Morgan, where he worked in diverse roles, including equity derivatives trading, institutional sales, interest rate swaps and foreign exchange trading. Mr. Stoltz has over a decade of experience in trading, operations and portfolio risk management. He is co-chair of the investment committee at Temple B'nai Jeshurun in Short Hills, NJ. He graduated with a BS in management with a minor in economics from Pennsylvania State University. A native of Mississauga, Ontario, Don resides in Livingston, NJ.

**Rodrigo Lores Arnaiz.** Mr. Lores Arnaiz is an alternate member of our board and our Processes and Business Support Officer. Before he joined TGLT, Mr. Lores Arnaiz was Senior Manager of Accenture on the strategic consultancy team for clients from the mass consumer sector in Argentina and Chile. He also worked as an accountant for five years at Arthur Andersen's Auditing and Business Advisory Department. Mr. Lores Arnaiz received his MBA in Strategic Management and Finance from Wharton School of Business. He has a Certified Public Accountant degree from Universidad de Buenos Aires, where he graduated with honors.

**Andrew Hall Cummins.** Mr. Cummins is an alternate member of our board and is the founder and Chief Investment Officer of Explorador Capital Management, LLC, and an investment management firm based in Sao Paulo, Brazil. Andrew formed Explorador in 1996 and has since been focused on equity investments in Latin America. The firm manages capital for institutions and high net worth families from the United States, Europe and South America. Andrew has served on the board of directors of several publicly listed companies in Brazil and Chile. From 1992 through 1995, Andrew worked at the predecessor to Ashmore EMM, an emerging market equity focused asset manager, based in the Washington, DC area. From 1988 to 1990, Andrew worked for JMB Realty Corporation as an associate focused on real estate private equity. Andrew earned a B.S. from the University of California at Berkeley and obtained a Master's in Business Administration from Harvard Business School.

**Fernando Saúl Zoppi.** Mr. Zoppi is an alternate member of our board. He has focused mainly on areas of corporate law such as mergers and acquisitions, corporate investments and risk capital, project finance and infrastructure and corporate finance. He represents investment funds, multinational companies, multilateral organizations and banking corporations in various local, regional and international transactions. His experience includes advising on matters involving corporate, contractual and commercial law. Mr. Zoppi graduated in Law from the University of Buenos Aires (with honors) in 1999, and obtained a Master's Degree (LLM) from Columbia University School of Law in May 2004. Mr. Zoppi joined the law firm of Pérez Alati, Grondona, Benites, Arntsen & Martínez de Hoz ("PAGBAM"), in 1998. During 2005 and 2006, he was an associate at O'Melveny & Myers, LLP (New York, USA). In 2007, he was an associate at Latham & Watkins, LLP (New York, USA). He became partner of PAGBAM in 2012. He has been a class assistant at the University of Buenos Aires (International Law and Civil Rights). He is currently a professor at the Instituto Universitario ESEADE, where he teaches Capital Markets in the Postgraduate Program in Financial Assets Administration.

**Pedro Eugenio Aramburu.** Mr. Aramburu is an alternate member of our board. He has focused mainly on mergers and acquisitions, corporate investments and risk capital as well as corporate law and corporate governance. He has significant experience in local and international mergers and acquisitions and joint ventures, the structuring of private equity investments, counseling large local and multinational companies, and working with investment funds and strategic investors. Mr. Aramburu has been a partner in PAGBAM since 2007. Previously, he had been an associate in Dewey Ballantine LLP (NY, USA) between September 1997 and October 1998, and from 2002 to 2003 he worked as an associate in at the law firm of Cuatrecasas (Madrid, Spain) as a member of the office for Latin America assisting the largest European Companies that invest in Argentina. He graduated in Law from Universidad Católica Argentina in 1996 and obtained a Master's of Law (LLM) from Columbia University School of Law in 1997. He has written several articles related to corporate and commercial law in matters such as project finance and illicit interference in contractual matters.

**Daniel Alfredo Vicien.** Mr. Vicien is an independent alternate member of our board, and is a business consultant specialized in strategy and finance. He has directed consulting projects in reengineering and process optimization, business development, strategic use of internal and external information, and organizational change to implement new strategies. Mr. Vicien has taught several entrepreneurship workshops both in company and at seminars for Universidad Austral. He is a Finance Professor at the University of San Andrés. Previously, he worked as Professor of Strategic Planning, Business Management and Control, Data Processing and Research at Universidad Nacional de

Buenos Aires (UNBA) and Pontificia Universidad Católica Argentina (UCA). In addition, he has 26 years of experience as a manager for several national and multinational companies in different sectors, including in the areas of commercial and strategic planning, systems planning, financial planning, operations and administration among others. Currently, Mr. Vicien is the President of Andes SA Cabernet (organic vineyard and winery) and Executive Director of Pehuén Ruca (real estate broker), both local companies. He graduated in Industrial Engineering and Operations Research from the Universidad Católica Argentina and obtained an MIB at the *École Nationales des Ponts et Chaussées*. In addition, he has a postgraduate degree at IAE Business School and is a Certified Company Director at the Association of Company Directors.

**Luis Armando Rodríguez Villasuso.** Mr. Rodríguez Villasuso is an independent alternate member of our board. Mr. Rodríguez Villasuso is currently a board member at Bodegas Valentín Bianchi S.A. (Argentina), Hábitat AFP (Chile) and Nedken Solutions (Spain). He previously worked at Citigroup, where he was Retirement Services Latam Regional Manager and at Banco Río where he was Principal Manager for Pensions and Insurance. He was also a senior consultant for Deloitte. Mr. Rodríguez Villasuso obtained a naval and mechanical engineering degree from the University of Buenos Aires and obtained a Master's in Business Administration from the IAE/Austral University. He has also obtained a Certified Board Member diploma from IGEP.

### ***Duties and Liabilities of Directors***

Directors have the obligation to perform their duties with the loyalty and diligence of a prudent businessman. Under Section 274 of the Argentine Corporate Law, our directors are jointly and severally liable to us, our shareholders and third parties for any negligence in the performance of their duties, any breach of law or of our bylaws, and any other damages caused by fraud, abuse of authority or gross negligence.

In general, a director will not be held liable for a decision of the board of directors, even if that director participated in the decision or had knowledge of the decision, if (i) there is written evidence of the director's opposition to the decision and (ii) the director notifies the supervisory committee of that opposition. However, both conditions must be satisfied before the liability of the director is claimed before the board of directors, the supervisory committee or the shareholders or relevant authority or the commercial courts.

Section 271 of the Argentine Corporate Law allows directors to enter into agreements with the Company that relate to the Company's ordinary course of business and under arm's length conditions. Agreements that do not satisfy any of the foregoing conditions must have prior approval of the board of directors (or the supervisory committee in the absence of board quorum), and must be notified to the shareholders at a shareholders' meeting. If the shareholders reject the agreement, the directors or the members of the supervisory committee, as the case may be, shall be jointly and severally liable for any damages to the Company that may result from such agreement. Agreements that do not satisfy the conditions described above and are rejected by the shareholders are null and void, without prejudice to the liability of the directors or members of the supervisory committee for any damages to the Company.

The acts or agreements that a company enters into with a related party involving a relevant amount are required to meet the requirements set forth in Sections 72 and 73 of the Capital Markets Act. Under Section 72, the directors, syndics, or members of the surveillance committee, as well as the chief executive officer or special managers of public companies appointed under Section 270 of the Argentine Corporate Law (as well as their ascendants, descendants, spouses, brothers or sisters and the companies in which any of such persons may have a direct or indirect ownership interest) are deemed to be a related party. Relevant amount is considered to be an amount that exceeds 1% of the net worth of the Company as set forth on the latest balance sheet approved by the shareholders of the Company. The board of directors or any of its members are required to obtain from the audit committee a report stating whether the terms of the transaction are reasonably adequate when compared to normal market conditions. The Company may rely on the report of two independent evaluating firms that have opined on the terms of the transaction. The board of directors shall make available to the shareholders the report of the audit committee or of the independent evaluating firms, as the case may be, at the Company's main office on the business day after the board's resolution was adopted and shall communicate such fact to the shareholders of the Company in the applicable market bulletin. The vote of each director shall be stated in the minutes of the board of directors approving the transaction. The transaction requires the prior approval of the shareholders of the Company when the audit committee or both evaluating firms have not considered the terms of the transaction to be reasonably adequate when compared to normal market conditions. Where a shareholder demands compensation for damages caused by a violation of Section 73, the burden of proof is on the defendant to prove that the act or agreement was either made in accordance with market conditions or that the transaction did not cause any damage to the Company. The transfer of

the burden of proof is not be applicable when the transaction has been approved by the board of directors with the favorable opinion of the audit committee or the two evaluating firms, or by an ordinary shareholders' meeting where the interested shareholders do not participate.

We may initiate causes of action against directors if so decided at a meeting of the shareholders. If a cause of action has not been initiated within three months of a shareholders' resolution approving its initiation, any shareholder may initiate such cause of action on behalf of the Company. A cause of action against the directors may be also initiated by shareholders who object to the approval of the performance of such directors if such shareholders represent, individually or in the aggregate, at least 5% of the Company's capital stock.

Except in the event of our mandatory liquidation or bankruptcy, shareholder approval of a director's performance, or express waiver or settlement approved by the shareholders' meeting, terminates any liability of a director vis à vis the Company, provided that shareholders representing at least 5% of the Company's capital stock do not object and provided further that such liability does not result from a violation of law or the Company's bylaws.

Under Argentine law, the board of directors is in charge of the Company's management and administration and, therefore, makes any and all decisions in connection therewith, as well as those decisions expressly provided for in the Argentine Corporate Law, the Company's bylaws and other applicable regulations. Further, the board is generally responsible for the execution of the resolutions passed in shareholders' meetings and for the performance of any particular task expressly delegated by the shareholders.

### *Meetings, Quorum, Majorities*

Pursuant to the Company's bylaws, the board of directors must meet at least once a month. Additionally, board meetings must be called at the request of any director or the members of the supervisory committee.

The quorum required for board meetings is the majority of board members. Pursuant to our bylaws, directors may participate in board meetings by using communication systems that allow simultaneous audio, image, or text transmission. Attendance at a meeting by any such means will count for quorum purposes. Board resolutions shall be adopted by the vote of the majority of members attending a meeting as described above. In the event of a tie, each of the Chairman and the First Vice-Chairman (and the Second Vice-Chairman once the Amended and Restated Shareholders Agreement becomes effective, since currently there is only one Vice-Chairman) will have a second or casting vote.

Notwithstanding the above, according to our bylaws and the Amended and Restated Shareholders Agreement (as amended by the agreement of the Principal Shareholders, which will enter into force once a series of conditions related to the Offering have been met) a quorum of at least six directors is required, including at least the vote of one director appointed by each of the shareholders party to the Amended and Restated Shareholders Agreement that, as of the date of the vote, holds at least 13.5% of our share capital and voting rights, to approve any of the following resolutions:

- calling a meeting of shareholders in order to approve a capital increase, public offering of shares, merger, split-off, dissolution or winding up of the Company, or an amendment to the bylaws, except insofar as such actions are related to the exercise of the rights set forth in the Registration Rights Agreement (as defined below);
- approving the final terms and conditions (including, without limitation, premium on share issue) of any capital increase, the determination of which has been delegated by the shareholders to the board and the method for subscription of the relevant shares, except insofar as such capital increase is related to the exercise of the rights set forth in the Registration Rights Agreement (as defined below);
- acquisition of real estate for development or investment purposes, or purchase options in respect thereof, for an amount or accumulated premiums in excess of US\$1,000,000;
- sale or barter of assets for more than US\$500,000, except for the sale of property in the ordinary course of business in accordance with the terms of the project as approved by the board of directors or sale of shares;
- creating, granting, modifying or approving any compensation or benefit plan, program or policy, based on options or stakes in our capital stock or make any significant change in the compensation of our directors or front line managers, pursuant to the recommendations of our compensation committee;

- carrying out new projects or extending existing projects, approving the financial feasibility study for any project or extension, launching any project to the public or lowering the sale price by more than 5% of the sale price arising from our existing business policies as approved by our board of directors, except where the aggregate amount discounted, per project and per year, does not exceed the Peso equivalent of US\$500,000;
- approving our annual budget and annual business plan and any update or any deviations in excess of 20% thereof;
- carrying out any acts that operate to increase our indebtedness by an amount in excess of 50% of our net worth;
- approving any investments that are not related to real estate or mortgage transactions in Argentina;
- any decision regarding merger, split-off, capital reduction and/or withdrawal from public offering or from the listing or trading of our securities on a stock exchange;
- any matters in connection with our dividend policy or decisions regarding distribution of profits;
- any amendments to our exclusivity agreements with Mr. Weil in connection with real estate projects and the exercise of rights under any such agreements in the event of default;
- approving or ratifying requests for our bankruptcy or bankruptcy reorganization proceedings, or entering into out-of-court arrangements with creditors;
- granting loans, advances or guarantees, except for reasonable advances to suppliers and employees;
- acquiring or selling holdings in other companies; participation in companies other than wholly-owned subsidiaries of the Company and/or its affiliates; participation in consortiums, joint ventures, strategic alliances; and, in general, any agreement with third parties;
- encumbering the assets of the Company;
- establishing the policy of the Company on insurance matters;
- granting powers of attorneys with broad faculties of management and disposal;
- approving transactions between Company and any of its directors, shareholders or managers, or any related person or affiliate of such shareholder, director or manager, even if the transaction is related to Company's usual activity and by the characteristics of such transaction it must be treated as a transaction between related parties in terms set forth in Sections 72 and 73 of the Capital Markets Act;
- any significant change in our policies, practices, methods or accounting principles;
- any transaction or aggregate transactions that have a significant tax impact and/or foreign exchange controls;
- approving the cancelation, termination and/or any modification in any way of the Deposit Agreement, as well as any other agreement or policy of the Company in relation to the ADS program;
- creating or dissolving any committee of the board of directors and modifying the duties, powers, quorum and voting thresholds of such committee;
- initiating, negotiating, compromising, withdrawing from or performing any unusual termination of any administrative, judicial or arbitral proceeding that, individually or in the aggregate (in the case of two or more proceedings on the same matter), reach an amount equal to or in excess of US\$1,000,000;
- implementing any change in the Company's policies, manuals, codes or other documents related to ethics, anti-corruption and regulatory compliance;
- making any significant change in management compensation and compensation policies;

- suspending and/or limiting the preemptive and/or accretion rights of the shareholders, if the shareholders have delegated such authority to the board of directors; and
- approving or making any of the decisions listed above in connection with any company controlled by or related to us.

The minutes of any such meeting shall be transcribed on our books and signed by the directors present at the meeting and the members of the supervisory committee, who must verify and certify any decisions approved.

Finally, our bylaws provide that attendance by all directors and their unanimous vote will be required in order to implement, modify, or invalidate the annual variable compensation scheme established by us for directors, executives, and employees.

### ***Independence Criteria of Directors***

In accordance with the provisions of Section 4, Chapter I, Title XII “*Transparencia en el Ámbito de la Oferta Pública*” and Section 11, Chapter III, Title II “*Órganos de Administración y Fiscalización, Auditoría Externa*” of the CNV Rules, we are required to report to the shareholders’ meeting, prior to voting the appointment of any director, the status of such director as either “independent” or “non-independent.” See “—Audit Committee” for further details about independence requirements of the members of our audit committee at the time of the Offering.

### ***Board of Directors’ Compensation***

Our shareholders determine the compensation payable to directors, including their salaries and any additional amounts arising from permanent performance of any administrative or technical roles. Compensation of our directors is regulated by the Argentine Corporate Law and the CNV regulations. Any compensation paid to our directors must have been previously approved at an ordinary shareholders’ meeting. Article 261 of the Argentine Corporate Law provides that the compensation paid to all directors and syndics in a year may not exceed 5.0% of net income for such year, if the Company is not paying dividends in respect of such net income. The Argentine Corporate Law increases the annual limitation on director compensation to up to 25.0% of net income based on the amount of dividends, if any, that are paid. In the case of directors that perform duties at special commissions or perform administrative or technical tasks, the aforesaid limits may be exceeded if a shareholders’ meeting so approves, such issue is included in the agenda, and is in accordance with the regulations of the CNV. In any case, the compensation of all directors and members of the supervisory committee requires shareholders’ ratification at an ordinary shareholders’ meeting.

We do not pay or set aside any amounts for pension, retirement or other similar benefits for our directors. As of the date of this private placement memorandum, neither we, nor any of our affiliates, have entered into any agreement that provides for any benefit or compensation to any director after expiration of his or her term.

Compensation for our board members is approved annually at the Annual Ordinary Shareholders’ Meeting. Board compensation for the fiscal year ended December 31, 2016, was Ps.7,306,773, of which Ps.4,351,653 belong to Mr. Weil salary as CEO of the Company in the exercise of his permanent administrative tasks, and Ps.2,955,120 correspond to the compensation of regular board members (excluding Mr. Weil). Compensation for our board members for fiscal year 2016 was approved at the Ordinary Shareholders’ Meeting held on April 20, 2017.

### **Audit Committee**

Pursuant to the Capital Markets Act and its implementing regulations, we are required to have an audit committee consisting of at least three members of our board of directors. Under CNV regulations, at least a majority of the members of the audit committee must be independent directors.

Our audit committee is composed of three members designated by our board of directors, two of whom are independent under CNV rules. Pursuant to the Amended and Restated Shareholders Agreement, the third member is appointed by PointArgentum.

Our audit committee members are financially literate, and Alejandro Marchionna is a financial expert.

We will take the necessary measures to ensure that independent alternate members are available in order to fill possible vacancies. A quorum for a decision by the audit committee will require the presence of a majority of its members and matters will be decided by the vote of a majority of those present at the meeting. Alejandro

Marchionna is currently the chairman of the audit committee. The chairman or vice chairman of the committee may cast two votes in the case of a tie. Pursuant to our bylaws, audit committee members may participate in a meeting of the committee by means of a communication system that provides for a simultaneous transmission of sound, images and words, and members participating by such means count for quorum purposes and the committee will pass resolutions by the affirmative vote of the majority of members present either physically or by means of such communication system. If the committee holds meetings by means of such communication system, it must comply with the same requirements applicable to board of directors' meetings held in such way. Decisions of the audit committee will be recorded in a special corporate book and will be signed by all members of the committee who were present at the meeting.

Pursuant to Section 17 Chapter III Title II of the CNV Rules, the audit committee must hold at least one regularly scheduled meeting every three months and with a frequency at least equal to our board of directors.

Pursuant to the Capital Markets Act, the audit committee, among other things:

- advises on the board of directors' proposal for the designation of external independent accountants and ensures their independence;
- oversees our internal control mechanisms and administrative and accounting procedures and assesses the reliability of all financial and other relevant information filed with the CNV and other entities to which we report;
- oversees our information policies concerning risk management;
- provides the market with complete information on transactions in which there may be a conflict of interest with members of our various corporate bodies or controlling shareholders;
- advises on the reasonableness of fees or stock option plans for our directors and managers proposed by the board of directors;
- advises on our fulfillment of legal requirements and the reasonableness of the terms of the issuance of shares or other instruments that are convertible into shares in cases of capital increase in which preemptive rights are excluded or limited;
- verifies the fulfillment of any applicable rules of conduct; and
- issues grounded opinions on related party transactions under certain circumstances and file such opinions with regulatory agencies as required by the CNV in the case of possible conflicts of interest.

Additionally, the audit committee is required to prepare an annual working plan and present it to the board of directors and the supervisory committee. Members of the board, members of the supervisory committee and external independent accountants are required to attend the meetings of the audit committee, with the right to speak but not to vote. The audit committee is entitled to hire experts and counsel to assist it in its tasks and has full access to all of our information and documentation.

The following chart shows the members of our Audit Committee according to the resolution passed at the board of directors' meeting held on April 14, 2016:

<b>Director</b>	<b>Position</b>	<b>Type</b>
Alejandro Marchionna Faré	Chairman	Independent
Fernando Iván Jasnís	Regular member	Non-Independent
Mauricio Wior	Regular member	Independent
Daniel Alfredo Vicien	Alternate member	Non-Independent
Luis Rodríguez Villasuso	Alternate member	Independent

### **Supervisory Committee**

Our supervisory committee, responsible for monitoring our operations, consists of three regular members and three alternate members, appointed by our Principal Shareholders holding at least the Minimum Participation (as defined below). The regular members and their alternates are elected for a period of three years, and any compensation paid to them must be previously approved at an ordinary shareholders' meeting. The members of the supervisory



committee set the date for the shareholder meeting at which the financial statements for the fiscal year ended December 31, 2017 will be approved.

Pursuant to the Argentine Corporate Law, only lawyers and accountants admitted to practice in Argentina and domiciled in Argentina or civil partnerships composed of such persons may serve as members of this committee in an Argentine sociedad anónima.

The primary responsibilities of the supervisory committee include (i) monitoring management's compliance with Argentine Corporate Law, the bylaws, its regulations, if any, and the shareholders' resolutions, (ii) attending shareholders' and board of directors' meetings, (iii) calling special shareholders' meetings when deemed necessary and ordinary and other shareholders' meetings when not called by the board of directors, (iii) monitoring our corporate records and other documents, and (v) investigating written complaints of shareholders. In performing these functions, the supervisory committee does not control our operations or assess the merits of the decisions made by the board of directors.

The following chart shows the members of our supervisory committee according to the resolution passed at the annual common shareholders' meetings held on April 20, 2017 and April 14, 2016, respectively. Appointments last for three fiscal years. According to Technical Resolution No. 15 of the Argentine Federation of Professional Counsel of Economic Sciences and Section III, Chapter III of Title II of the CNV Rules, all of our regular members and alternate members are independent.

<b>Name</b>	<b>Type</b>	<b>Profession</b>
Ignacio Fabián Gajst	Regular member	Certified Public Accountant
Mariano González	Regular member	Lawyer
Ignacio Arrieta	Regular member	Lawyer
Silvana Elisa Celso	Alternate member	Certified Public Accountant
Pablo Di Iorio	Alternate member	Lawyer
Fernando G. Sasiain	Alternate member	Lawyer

The following are academic and professional backgrounds of the supervisory committee members:

**Ignacio Fabián Gajst.** Mr. Gajst is a permanent shareholder appointed examiner on our supervisory committee. In addition, he is a member of the MRL supervisory committee. Since before he graduated he has worked at the Pistrelli, Díaz y Asociados law firm (which is associated with Arthur Andersen & Co.). He is a professor at the following educational institutions: Faculty of Economics at the Universidad de Buenos Aires, Faculty of Economics at the Universidad del Nordeste, Faculty of Economics at the Universidad de Salta, Faculty of Economics at the Universidad de Misiones, Faculty of Economics at the Universidad de Formosa, Faculty of Economics at the Universidad de Comahue, Faculty of Economics at the Universidad de General Sarmiento, and Faculty of Administration at the Universidad de la Empresa (UADE). Mr. Gajst is a public accountant who graduated from the Universidad de Buenos Aires.

**Mariano González.** Mr. Gonzalez is an attorney and Partner of the law boutique Gonzalez & Ferraro Mila. His primary focus is in capital markets, mergers and acquisitions, project finance and financial restructurings in the mining, oil & gas and utilities industries. He was a Junior Partner at Estudio Béccar Varela (Buenos Aires, Argentina) from 1998 to 2005. Previously, he worked at Marval, O'Farrell & Mairal as a Senior Associate from 1997 to 1998, and worked at Linklaters and Milbank, Tweed, Hadley & McCloy in New York as a Foreign Associate. Mr. Gonzalez graduated in Law from the Universidad de Belgrano in 1993 and obtained a Masters in Law (LLM) from Columbia University School of Law in 1996. In addition, he obtained a degree in International Commerce from the Bank of Boston foundation in 1992.

**Ignacio Arrieta.** Mr. Arrieta is an attorney specializing in corporate law, with a focus on mergers and acquisitions, corporate finance and negotiable securities issuance, private equity transactions and venture capital. His work covers several industries; he has experience in the utilities and agribusiness sectors. Among his clients, he has industrial companies, investment funds and banks. Before founding Insausti & Arrieta, Mr. Arrieta worked at Hope, Duggan & Silva in Buenos Aires and Covington & Burling in Washington DC. Mr. Arrieta has been a regular member of the board of directors in several public companies, including Petrobras Energía y Participaciones from 2007 to 2010. He is currently a regular director and member of the audit committee of Quickfood S.A., a company controlled by Brasil Foods (BRF).

**Silvana Elisa Celso.** Ms. Celso was born on December 8, 1973. She is a regular member of our supervisory committee. She is currently a partner at Gajst & Asociados SC. She graduated in 1997 as a Certified Public Accountant from Universidad de Morón.

**Pablo Di Iorio.** Mr. Di Iorio is an attorney and partner of the law firm Gonzalez & Ferraro Mila-Casir-Di Iorio-Melhem. His primary focus is in mergers and acquisitions, international contracts and high profile litigation. Prior to joining Gonzalez & Ferraro Mila-Casir-Di Iorio-Melhem, he was a Partner at Quattrini, Laprida & Asociados (Buenos Aires, Argentina) from 2001 to 2011. He previously worked at Simpson Thacher & Bartlett LLP (New York) as Foreign Associate (2000), at Quattrini, Laprida & Asociados as Associate (1993 to 1999) and at Gunster, Yoakley, Vadez Fauli & Stewart (1997). Mr. Di Iorio acted as legal advisor to the Minister of Health (1991). Mr. Di Iorio has a law degree from Universidad de Buenos Aires (1990).

**Fernando G. Sasiain.** Mr. Sasiain is the Head of the Corporate & Commercial Law team at Fargosi, Klein & Sasiain. His expertise encompasses mergers and acquisitions of both public and private companies, corporate finance, private equity, joint ventures and general commercial work. Sasiain is regularly involved in complex cross-border transactions. He holds a law degree from Universidad de Buenos Aires (1996), a Master in Business Law from Universidad Austral (2004) and a majoring in Corporate Finance from Centro de Estudios de Derecho Profundizado (2005). He worked for more than 15 years in Beccar Varela and Bruchou, Fernandez Madero y Lombardi. He has advised the boards and supervisory committees of investment high level companies and represented important international companies.

### ***Supervisory Committee's Compensation***

The full amount of compensation paid to supervisory committee members in the fiscal year ended on December 31, 2016 was Ps.988,800. Compensation for 2016 fiscal year was approved by the annual shareholders' meeting held on April 20, 2017.

### **Compensation Committee**

Our bylaws and the Amended and Restated Shareholders Agreement established a compensation committee composed of three members, appointed by our Principal Shareholders holding at least the Minimum Participation (as defined below). The current members of our compensation committee are Mr. Weil, Darío Lizzano and Ralph Faden Reynolds. The unanimous vote of the Compensation Committee is required for the determination, implementation, modification of any compensation plans, programs or policies, benefits of the Company and the validation of the annual variable compensation scheme established by us for directors, executives, and employees, without prejudice to the right of the shareholders to approve such matters at annual shareholders' meeting of the Company. Compensation Committee meetings include all Compensation Committee members, either in person or by using video teleconferencing systems. The board of directors may approve policies that govern the functioning of the Compensation Committee. Additionally, the Amended and Restated Shareholders Agreement establishes that the Compensation Committee shall adopt its decisions by an absolute majority of its members; however, the member appointed by Bienville holds a veto right with respect to the creation, granting, amendment or approval of any plan, schedule or policy of compensation and our benefits.

### **Officers**

Our management is comprised of our CEO, Mr. Weil, who reports to the board of directors, our processes and business support officer, Rodrigo Lores Arnaiz, our chief financial and administration officer, or CFO, Alberto López Gaffney, who is in charge of the financial and accounting division, and our chief operations officer, or COO, Alejandro Belio. Each of our officers reports to the CEO.

<b>Name</b>	<b>Position</b>	<b>Date appointed</b>
Federico Nicolás Weil	Chief Executive Officer	September 20, 2005
Rodrigo Lores Arnaiz	Processes and Business Support Officer	July 17, 2006
Alberto López Gaffney	Chief Financial and Administration Officer	June 21, 2017
Alejandro Belio	Chief Operations Officer	January 18, 2010

The academic and professional backgrounds of Mr. Weil, Mr. Arnaiz and Mr. Belio are listed above. The following is the academic and professional background of Mr. Gaffney. The business address of each member of our management is Av. Scalabrini Ortiz 3333, 1st floor, City of Buenos Aires, Argentina.

**Alberto López Gaffney.** Mr. Gaffney is our Chief Financial and Administration Officer. Before he joined TGLT, Alberto ran Itau BBA's Investment Banking Department operations in Latin America Ex-Brazil. He joined Itau in 2012, and was responsible for setting up and launching the bank's Capital Markets Origination and M&A efforts, across the region. During his tenure, Alberto identified, recruited and developed a team of 20+ investment banking professionals located in four offices (Bogota, Lima, Santiago de Chile and Buenos Aires), taking Itau to a leading position in Investment Banking in the region. Alberto kicked-off his Investment Banking experience at Morgan Stanley in 2000, in New York in the M&A Department. He later became a Managing Director and Head of Investment Banking's LatAm Southern Cone, with responsibilities over Chile and Argentina, and other neighboring countries in such region. Previously, Alberto was a Business Analyst with McKinsey & Co. in the Buenos Aires and Santiago de Chile offices, for over 2 years. Alberto earned a Masters in Industrial Engineering from the Catholic University in Argentina in 1996, and an MBA from Harvard Business School in 2000.

### ***CEO***

Our CEO is responsible for (i) establishing our business strategy with a long term view and making sure it is effectively implemented in every area of our organization and (ii) defining priorities and ensuring that required resources are available to us. Our CEO's duties include the following:

- Leading and guiding the senior management team;
- Analyzing, generating and/or approving new businesses/projects;
- Identifying risks and implementing strategies to mitigate them;
- Generating and developing business relations with other companies to boost and strengthen our business growth;
- Supervising the status and progress of ongoing projects;
- Facilitating cooperation across our company and strengthening internal communication with employees;
- Promoting a work culture that is in line with our business strategy;
- Supervising our financial condition, including short and long term financial planning;
- Monitoring our budget and its execution, as well as implementing adequate budget controls;
- Ensuring that we have in place the human and technological resources necessary to implement our business strategy; and
- Attending board meetings and developing a close working relationship with board members, by means of open communication about our business.

### ***CFO***

Our CFO directs and oversees the finance, administrative and accounting, tax and investor relations divisions. His main responsibilities are: (i) obtaining external financing (equity and debt) to carry out our business plan; (ii) implementing strategies for the adequate course of our business, performance of tax obligations, and adequate recordation of transactions; (iii) managing our cash flows efficiently; (iv) generating timely and reliable information that enables us and our directors to make informed decisions; (v) assisting other areas of the Company in defining budgetary goals and in analyzing and checking compliance with such goals; and (vi) assessing and taking action with regard to business risks generally, and financial and credit risks specifically. Our CFO's duties include the following:

- Developing and maintaining relations with shareholders and investors, banks, the board of directors and committees, capital markets regulatory authorities, and credit risk and equity analysts;
- Obtaining external financing;

- Optimizing cash flow management and enabling the timely performance of our operations;
- Establishing guidelines to prepare, follow up on, and monitor our budgets and cost models;
- Providing management with value added analysis and information that will facilitate their decision making process, including the assessment of new business opportunities;
- Establishing policies and procedures associated with processes that have an economic, financial and tax impact;
- Establishing our financial and credit risk management policy; and
- Supervising the presentation of our quarterly and annual financial statements, in order to meet the requirements of local and international regulatory agencies and investors.

### ***COO***

Our COO is responsible for planning, directing and monitoring all of the policies and practices of the following areas: (i) construction; (ii) commercial; (iii) marketing; (iv) post sales and (v) products. In addition, our COO is responsible for compliance by our different divisions with the business strategies defined by our CEO. Our COO's main duties include the following:

- Planning and supervising the implementation of policies that will enable us to research, identify, propose and develop real estate products in line with market demand, our budget and business strategy;
- Supervising the implementation of marketing and communications strategies designed to foster our reputation, brand awareness and generation of business contacts, in line with the goals defined by our CEO;
- Planning and implementing the most appropriate business strategy to reach the sales targets defined by our CEO;
- Implementing policies that lead to the construction of our projects when and as planned, within the budgets defined, and monitoring their adequate implementation;
- Defining and supervising the implementation of unit delivery policies that meet the quality standards established in our sales contracts and the applicable terms of delivery; and
- Supervising the commissioning of our buildings.

### ***Processes and Business Support Officer***

Our Processes and Business Support Officer is responsible for planning, directing and monitoring an adequate level of internal support in terms of services, processes and controls, through the areas under his responsibility: IT, HR, Internal Auditing, and Legal. The main duties of the Processes and Business Support Officer are the following:

- Providing IT support to meet the needs of our business in an effective and secure manner;
- Providing timely and adequate legal support and advice;
- Defining and optimizing internal control processes and mechanisms, and ensuring compliance with the requirements defined by our audit committee and board of directors; and
- Selecting, training and retaining the personnel necessary to develop our business strategy.

### ***Officers' Compensation***

Our senior management members are paid a fixed amount, calculated on the basis of their credentials, skills and expertise, plus an annual bonus that will vary depending on their respective individual performance and our profits.

Annual cash bonuses are designed to incentivize our key managers and employees at a variable level of compensation based on such individual's performance and our performance relative to budgeted metrics for the year such as sales, construction progress, profitability and other financial indicators. Annual cash bonuses are impacted by seniority and individual performance based on the achievement of individual objectives and by evaluating employee's proficiency in competencies such as: innovation, communication skills, teamwork, results and client

orientation, negotiation skills, leadership, planning and control capacities and strategic and business vision. In the past, actual bonus amounts have been determined shortly after fiscal year end. Our Chief Executive Officer presents the final calculation of the annual cash bonuses for our employees to the compensation committee of the board of directors. The compensation committee then reviews our performance and individual employee performances, and determines the amount payable consistent with the above criteria.

We do not pay or set aside any amounts for pension, retirement or other similar benefits for our officers.

The full amount of compensation paid to senior management members in the fiscal year ended on December 31, 2016 was Ps.10,309,159, excluding compensation paid to Mr. Weil and referred to above (see “—Directors’ Compensation”). We expect to adjust this compensation to reflect variations in the purchasing power of the Peso.

### **Stock Options**

a) At the shareholders’ meetings held on October 30, 2009, December 20, 2011, April 30, 2014 and April 16, 2016, a plan to establish options to purchase stock was approved as compensation for certain of our current and future officers and senior employees. As approved by the shareholders, such options carry the right to subscribe for up to a pre-determined number of shares equal to 7% of our issued capital stock (i.e., 70,349,485 shares), considering and including the shares issued under these options, subject to any adjustments and to the terms and conditions determined by the board of directors.

On November 10, 2011 and December 11, 2012, the board of directors approved an incentive plan based on stock options for the benefit of our executives and employees in accordance with the resolutions adopted by the shareholders. The main features and conditions of this plan are, among others:

- (i) Purpose: attract and retain the services of exceptionally competent executives and employees, and provide them with an incentive to boost their efforts on our behalf;
- (ii) Plan Management: the plan will be managed by the compensation committee, with ample powers to establish the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder;
- (iii) Beneficiaries: senior employees;
- (iv) Shares subject to the plan: shares subject to the plan may not exceed in the aggregate 7% of our common shares after giving effect to the issuance of shares subject to the plan (on a post dilution basis);
- (v) Vesting and collection of benefits: every option may be exercised on the date to be determined by the compensation committee, as stated in the respective stock option agreement, and in any case, not later than 10 years after the date granted. Unless otherwise expressly stated, an option will vest and may be exercised in respect of shares subject to the option at a rate of one fourth per year until the fourth anniversary of the date when granted;
- (vi) Form of payment of the price: the price of the shares shall be paid in cash, in Pesos. Issuance of shares subject to the plan will be conditional upon payment to us of the full price of the option by the beneficiary under the plan; and
- (vii) Lock up: shares subscribed under the plan may not be sold, transferred or disposed of by the holders thereof until 180 days after the date of subscription.

The plan will be managed by the compensation committee whose members are Mr. Weil, Darío Ezequiel Lizzano and Ralph Faden Reynolds, responsible for establishing the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder.

As of the date of this private placement memorandum, the compensation committee has not granted any stock options under this plan. On May 26, 2017, the Company withdrew its pending request before the CNV to grant stock options (File No. 2074/13).

b) On April 14, 2016, the issuance of additional stock options for up to 5% of the number of shares to be issued as a result of the Offering, to be granted to officers and employees of our company was approved at our Shareholders’ Meeting. At such shareholders’ meeting, the shareholders delegated the determination of the terms and conditions

for the issuance of such stock options to the board of directors. As of the date of this private placement memorandum, the relevant authorization proceeding before the CNV has not been started yet.

The board of directors will determine the form of implementation of this incentive and the setting of terms and conditions, implementation of issuance of shares corresponding to the capital increase relative to the exercise of the stock options; the request for the public offering of the shares to be issued pursuant to, and subject to, the exercise of stock options to the CNV, BCBA and/or any other similar organism abroad; and the designation of the executives that will have the right to receive the stock options. As of the date of this private placement memorandum, the relevant authorization proceeding before the CNV has not been started yet.

c) The Principal Shareholders are currently in the process of negotiating a new stock option plan, to be granted to management and employees of the Company as compensation.

### **Corporate Governance**

We report each year our corporate governance practices following the CNV Rules, which are based on strict standards regarding transparency, efficiency, ethics, investor protection and equal treatment of investors. We have also adopted a code of ethics and an internal code of conduct, each designed to establish guidelines with respect to professional conduct, morals and employee performance.

Our annual corporate governance report includes a series of principles and recommendations for corporate issuers. Annex I to the Annual Report associated with the Financial Statements as of December 31, 2016 includes a description of those principles and recommendations, as well as the degree of implementation of and compliance with each such principle and recommendation.

Additionally, we implement corporate governance practices that are in line with the CNV Rules and standards, such as the following:

- A single type of share, carrying the right to one vote per share;
- Public offering in the event of withdrawal from listing;
- Arbitration Panel of the Stock Exchange of Buenos Aires in connection with any claims regarding shares or shareholders;
- Tag along rights for the benefit of non-controlling shareholders; and
- Public offering in the event of acquisition of 35% of the shares by a person or group of companies.

## PRINCIPAL SHAREHOLDERS

As of March 31, 2017, we had 70,349,485 common shares with a nominal value of Ps.1.00 each, carrying the right to one vote each, which represent 100% of our capital and voting equity.

The following table sets forth information with respect to the beneficial ownership of our shares, assuming the issuance of all and the conversion of all Convertible Subordinated Notes issued, as of March 31, 2017 and after the Offering of:

- each of our directors, executive officers and members of the supervisory committee individually;
- all of our directors, executive officers and members of the supervisory committee as a group; and
- each person or entity known by us to own beneficially more than 5% of our outstanding shares.

There are no shares subject to options that are currently exercisable or exercisable within 60 days of the date of this private placement memorandum.

All of our shareholders, including the shareholders listed below, have the same voting rights attached to their common shares. See “Description of Capital Stock.” Neither our principal shareholders nor our directors and executive officers have different or special voting rights, except for that stated under “Related Party Transactions—Shareholders’ Agreement.”

A description of any material relationship that our principal shareholders have had with us or any of our predecessors or affiliates within the past three years is included under “Related Party Transactions.”

Unless otherwise noted below, each shareholder’s address is c/o TGLT S.A. Av. Raúl Scalabrini Ortiz 3333, Ciudad Autónoma de Buenos Aires, Argentina.

<b>Name of Beneficial Owner</b>	<b>Shares Held</b>	
	<b>Number</b>	<b>Percentage</b>
<b><i>Directors and Alternates and Executive Officers</i></b>		
Federico Nicolás Weil .....	13,806,745	19.63%
Mariano Sebastián Weil .....	142,089	0.21%
<b><i>Principal Shareholders</i></b>		
Bienville Argentina Opportunities Master Fund LP .....	9,560,830	13.59%
PointArgentum Master Fund LP .....	9,560,830	13.59%
IRSA Propiedades Comerciales S.A. <sup>(1)</sup> .....	6,671,712	9.48%
Michael Tennenbaum .....	7,270,318	10.30%
Serengeti Asset Management .....	5,008,883	7.10%

The acquisition of our common shares by Bienville Argentina Opportunities Master Fund, LP and PointArgentum Master Fund LP was approved by the *Comisión Nacional de Defensa de la Competencia*, the Argentine antitrust authority, as of December 19, 2016.

The table below sets forth information concerning the evolution of our capital stock and the material changes in equity participation of our shareholders, in both cases, since December 31, 2012. As of March 31, 2017, 41,462,575 of our shares were held in the United States and there were four record holders of our shares in the United States.

Shareholders	Nationality	As of March 31, 2017		As of December 31, 2016		As of December 31, 2015		As of December 31, 2014		As of December 31, 2013		As of December 31, 2012	
		Shares	%	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Federico Nicolás Weil <sup>(1)</sup>	Argentina	13,806,745	19.6%	13,806,745	19.6%	13,804,445	19.6%	13,796,432	19.6%	13,549,889	19.3%	13,549,889	19.3%
PDG Realty S.A. Empreendimentos e Participações <sup>(2)</sup>	Brazil	—	—	—	—	—	—	19,121,667	27.2%	19,121,667	27.2%	19,121,667	27.2%
Bienville Argentina Opportunities Master Fund LP <sup>(3)</sup> ADS	Cayman Islands	9,560,830	13.6%	9,560,830	13.6%	9,560,830	13.6%	—	—	—	—	—	—
PointArgentum Master Fund LP <sup>(4)</sup> ADS	Cayman Islands	9,560,830	13.6%	9,560,830	13.6%	9,560,830	13.6%	—	—	—	—	—	—
IRSA Propiedades Comerciales S.A. <sup>(5)</sup>	Argentina United States	6,671,712	9.5%	6,671,712	9.5%	6,671,712	9.5%	6,679,423	9.5%	6,679,423	9.5%	6,679,423	9.5%
Michael Tennenbaum <sup>(6)</sup>	United States	7,270,318	10.3%	7,270,318	10.3%	7,270,318	10.3%	7,270,318	10.3%	4,645,048	6.6%	4,645,048	6.6%
Serengeti Asset Management <sup>(7)</sup> ADS	United States	5,008,883	7.1%	5,008,883	7.1%	5,008,883	7.1%	—	—	—	—	—	—
Other holders of American Depository Shares (ADSS) representing common shares <sup>(8)</sup>	United States	14,706,762	20.9%	15,035,907	21.4%	14,842,587	21.1%	18,091,690	25.7%	18,808,000	19.6%	14,550,435	20.7%
Other holders of common shares	Others	3,753,405	5.3%	3,424,260	4.9%	3,294,640	4.7%	5,054,715	7.2%	9,584,948	13.6%	8,842,513	12.6%
Holders of Brazilian certificates of deposit representing Common Shares or BDRs	Others	—	—	—	—	335,240	0.5%	335,240	0.5%	2,960,510	4.2%	2,960,510	4.2%
TGLT S.A.	Argentina	10,000	0.0%	10,000	0.0%	—	—	—	—	—	—	—	—
<b>Total Share Capital</b>		<b>70,349,485</b>	<b>100.0</b>	<b>70,349,485</b>	<b>100.0</b>	<b>70,349,485</b>	<b>100.0</b>	<b>70,349,485</b>	<b>100.0</b>	<b>70,349,485</b>	<b>100.0</b>	<b>70,349,485</b>	<b>100.0</b>

- (1) Federico Nicolás Weil is an Argentine citizen.
- (2) PDG is a Brazilian company whose shares are listed on the Brazilian stock market. In April 2015, we were informed by PDG that it had transferred its 27.20% interest in TGLT to Bienville, and PointArgentum in equal parts in two separate and independent transactions.
- (3) Bienville is an investment fund managed by Bienville Capital Management LLC, established in 2008 by Ralph Reynolds, Billy Stimpson and Cullen Thompson.
- (4) PointArgentum Master Fund L.P. is an investment fund administered by a limited liability corporation incorporated in Delaware.
- (5) IRPC is a subsidiary of IRSA. Both firms are registered with the CNV and are based in Buenos Aires. Mr. Eduardo S. Elsztain, chairman of IRPC's board of directors, is the beneficial owner of 187,772,805 common shares of Cresud S.A.C.I.F.y A. ("Cresud") representing 37.4% of its total share capital. Although Mr. Elsztain does not own a majority of the common shares of Cresud, he is its largest shareholder and exercises substantial influence over Cresud. Cresud, as of June 30, 2015, owned 63.8% of IRSA's common shares. If Mr. Elsztain were considered to control Cresud due to his significant influence over it, he would be considered to be the beneficial owner of 63.8% of IRSA's common shares. IRSA currently owns 95.8% of IRPC's common shares. Therefore, if Mr. Elsztain were deemed to indirectly control IRSA, he could be deemed to be the indirect beneficial owner of 95.8% of IRPC.
- (6) Mr. Michael Tennenbaum is a U.S. citizen. His share ownership includes 2,625,270 ADSs.
- (7) In June 2015, we were informed by Serengeti Asset Management, a company established in the United States under the Laws of the State of Delaware, about the acquisition of 876,424 ADSs, equivalent to 4,382,120 Common Shares.
- (8) The ADSs representing our common shares are traded on the over the counter market in the United States. The depository for the ADSs is The Bank of New York Mellon, with a registered office in New York City, USA. We do not have the ability to identify the owners of these ADSs.

To the extent known, none of the principal shareholders described above is directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person severally or jointly, except where indicated.

#### Shareholders by country (\*)

Country	As % of total	Number of shareholders (1)
USA	58.94%	2 <sup>(2)</sup>
Argentina	33.79%	420
Belgium	6.60%	1
Uruguay	0.62%	1
Mexico	0.04%	1

- (1) As of March 31, 2017, based on Caja de Valores database.
- (2) Includes The Bank of New York Mellon, as depository of the ADSs, which informed the Company that at least there are four holders of record of our ADSs in the United States.



## RELATED PARTY TRANSACTIONS

Other than as set forth below and the potential stock option plans to be issued by the Company for certain executive and senior employees of the Company, either present or future, as resolved upon by the Company's shareholders' meetings dated October 30, 2009, December 20, 2011, April 30, 2014 and April 14, 2016, we are not a party to any material transactions with, and have not made any loans to any (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by us; (ii) associates (i.e., an unconsolidated enterprise in which we have a significant influence or which has significant influence over us); (iii) individuals owning, directly or indirectly, an interest in our voting power that gives them significant influence over us, as applicable, and close members of any such individual's family (i.e., those family members that may be expected to influence, or be influenced by, that person in their dealings with us, as applicable); (iv) key management personnel (i.e., persons that have authority and responsibility for planning, directing and controlling our activities, including directors and senior management of companies and close members of such individual's family); or (v) enterprises in which a substantial interest is owned, directly or indirectly, by any person described in (i) to (iv), over which such a person is able to exercise significant influence nor are there any proposed transactions with such persons. For purposes of this paragraph, this includes enterprises owned by our directors or principal shareholders that have a member of key management in common with us, as applicable. Significant influence means the power to participate in the financial and operating policy decisions of the enterprise, but means less than control. Shareholders beneficially owning a 15% interest in our voting power, or a lesser amount when they are entitled to elect one or more directors by class of shares, or have entered into agreements with other shareholders regarding the governance and management of the Company or its parent company, are presumed to have a significant influence on us.

- a) As of March 31, 2017 and December 31, 2016 and 2015, balances with companies according to art. No. 33 of the Argentine Corporate Law and other related parties, classified by the nature of the transaction, are as follows:

	<b>As of March 31, 2017</b>	<b>As of December 31, 2016</b>	<b>As of December 31, 2015</b>
<b>ACCOUNTS RECEIVABLES</b>			
AGL Capital S.A. ....	—	258,986	2,308,410
AGL Capital S.A. in foreign currency.....	414,597	—	—
Shareholders (individuals).....	87,505	90,367	74,056
	<u>502,102</u>	<u>349,353</u>	<u>2,382,466</u>
<b>OTHER RECEIVABLES</b>			
Shareholders (individuals).....	2,505,432	2,505,432	2,130,741
Other shareholders .....	3,543,512	3,543,512	3,439,061
	<u>6,048,944</u>	<u>6,048,944</u>	<u>5,569,802</u>
<b>Total receivables with related parties.....</b>	<b><u>6,551,046</u></b>	<b><u>6,398,297</u></b>	<b><u>7,952,268</u></b>
<b>OUTSTANDING SUMS DUE TO RELATED PARTIES</b>			
<b>LOANS</b>			
Shareholders (individuals).....	7,543,617	—	—
	<u>7,543,617</u>	<u>—</u>	<u>—</u>
<b>ADVANCED PAYMENTS FROM CLIENTS</b>			
Alto Palermo S.A. ....	—	—	236,645,106
IRSA Inversiones y Representaciones S.A.....	—	—	60,287,590
Directors.....	—	3,129,739	504,152
Comisiones y Corretaje S.A. ....	28,300,620	22,504,620	—
	<u>28,300,620</u>	<u>25,634,359</u>	<u>297,436,848</u>
<b>Total Outstanding sums due to related parties.....</b>	<b><u>35,844,237</u></b>	<b><u>25,634,359</u></b>	<b><u>297,436,848</u></b>

- b) As of March 31, 2017 and December 31, 2015 and 2014, the most significant transactions with Companies according to art. No. 33 of the Argentine Corporate Law and other related parties were as follows:

### Transactions impacting cashflows

<u>Company name</u>	<u>Transaction</u>	<u>As of March 31, 2017</u>	<u>As of December 31, 2016</u>	<u>As of December 31, 2015</u>
AGL Capital S.A. ....	Collection of services rendered	166,761	500,000	757,996
Directors	Collection of functional units sold	1,978,430	—	3,315,339
Shareholders (individuals).....	Payments made on behalf of third parties	—	—	117,696
Other shareholders.....	Payments made on behalf of third parties	—	—	125,153
Comisiones y Corretajes S.A.....	Collection of functional units sold	5,796,000	—	—
Directors.....	Loans received	7,452,900	—	—
<b>Total.....</b>		<b>15,395,091</b>	<b>500,000</b>	<b>4,316,184</b>

#### Transactions impacting statement of operations

<u>Company name</u>	<u>Transaction</u>	<u>As of March 31, 2017</u>	<u>Gain/ (Loss)</u>	
			<u>As of December 31, 2016</u>	<u>As of December 31, 2015</u>
AGL Capital S.A. ....	Services rendered	243,562	—	—
AGL Capital S.A. ....	Financial results	(9,762)	—	—
Shareholders (individuals).....	Revenue for units delivered	—	—	541,837
Shareholders (individuals).....	Financial results	—	—	26,552
Directors and Key Management.	Revenue for units delivered	5,162,436	—	3,312,687
Directors.....	Financial results	(93,575)	(394,900)	—
Directors.....	Fees	(960,414)	(741,780)	(2,255,820)
<b>Total .....</b>		<b>4,342,157</b>	<b>(1,136,680)</b>	<b>1,625,256</b>

#### Transacciones impacting balance sheet

<u>Company name</u>	<u>Transaction</u>	<u>Mar 31, 2017</u>	<u>Dec 31, 2016</u>	<u>Dec 31, 2015</u>
Alto Palermo S.A. ....	Fair value	—	204,275,762	—
IRSA Inversiones y Representaciones .....	Fair value reduction	—	95,705,944	—
<b>Total .....</b>		<b>—</b>	<b>299,981,706</b>	<b>—</b>

c) As of December 31, 2016 and 2015, transactions with key personnel are detailed as follows:

	<u>As of March 31, 2017</u>	<u>As of December 31, 2016</u>	<u>As of December 31, 2015</u>
Salaries and social security .....	1,490,015	12,156,960	13,133,481
Social security .....	264,308	2,066,880	2,106,005
<b>Total.....</b>	<b>1,754,323</b>	<b>14,223,840</b>	<b>15,239,486</b>

#### Real Estate Transactions

##### Purchases.

On December 30, 2013, the board of directors approved, in accordance with the report issued by the Audit Committee, certain real estate purchase transactions whereby we were to acquire the units to be built in the context of our Venice project under development by MRL, a related party, on a plot of land located in the County of Tigre, Province of Buenos Aires, identified as follows: BAL1 P2 406, BAL1 P3 407, BAL1 P3 508, BAL1 P2 504, CRU1 P1 302, CRU1 P3 407, CRU1 P3 508, FAL2 03, FAL2 09 and FAL2 10. Such purchases were to be implemented by means of the relevant sale contracts in an aggregate amount of Ps.22,049,085, to be allocated to the relevant units on a pro rata basis, in accordance with the terms of each such sale contract. The purchase price of such units, in accordance with the terms of the relevant sale contracts, was to be paid by us to MRL as follows: 1.50% of the price on December 31, 2013, 3.50% of the price on February 15, 2014, 25% of the price on April 30, 2015, 30% of the price on July 31, 2015, 20% of the price on October 31, 2015, and the remaining portion of the price on the date of delivery of possession of the relevant units. As of the date of this private placement memorandum, delivery of possession is pending.

We believe, based on the corresponding report issued by the audit committee, that real estate purchases to related parties were negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third party suppliers or real estate developers.

#### *Sales.*

On May 11, 2015, Rodrigo Lores Arnaiz and his wife purchased a residential unit in the Astor Palermo project, for Ps.2,730,600. The unit was fully paid and delivered on October 28, 2015. On September 19, 2016, they purchased another unit in the Astor Núñez project, for Ps.2,927,570. The unit was fully paid and delivered on February 16, 2017. As of December 31, 2016, Ps.1,171,028 have been cancelled.

On July 31, 2014, Alejandro Belio purchased a residential unit in the Astor Palermo project, for Ps.1,793,044. The payment was fully paid and delivered on January 17, 2017.

On September 6, 2012, Mariano Weil purchased a residential unit in the Astor Palermo project, for Ps.584,132. The unit was fully paid and delivered on August 18, 2015. On June 30, 2011, Mariano Weil purchased a residential unit in the Forum Puerto Norte project for US\$86,769. The unit was fully paid and delivered on June 14, 2013.

On September 30, 2011, Mr. Weil purchased two residential units in the Astor Palermo project for US\$98,983 and US\$236,258, respectively. Both units were delivered on June 30, 2014. Mr. Weil subsequently transferred one of the units to a third party. On June 30, 2011, Mr. Weil purchased a residential unit in the Forum Puerto Norte project for US\$85,329. This unit was fully paid and delivered on June 4, 2015.

The transactions described in this section were conducted as independent arms' length transactions.

#### ***Shareholders Agreement***

In May 2015, the Principal Shareholders entered into the Shareholders Agreement, which established the rules that govern their relationships as shareholders of TGLT. As of the date of this private placement memorandum, the Principal Shareholders jointly own 46.8% of our outstanding share capital and voting rights. In connection with the Offering, the Principal Shareholders will amend and restate the Shareholders Agreement to include, among other things, additional minority rights. The main provisions of the Amended and Restated Shareholders Agreement will include:

- (i) The Principal Shareholders have a preferential right, including contractual or *first refusal rights*, to subscribe to our capital increase resulting from the Offering.
- (ii) Except for transfers to affiliates and sales in the stock market, any future transfer of shares that the Principal Shareholders make is subject to, among others, rights of first offer and tag-along rights.
- (iii) For so long as each of the Principal Shareholders holds at least 13.5% of our share capital and voting rights (the "**Minimum Participation**"), each of them shall vote in order for our board of directors to be composed of eight regular members and eight alternate members, appointed as follows: (i) two regular members and two alternate members shall be appointed by Mr. Weil; (ii) two regular members and two alternate members shall be appointed by Bienville; (iii) two regular members and two alternate members shall be appointed by PointArgentum; provided, however, that once the Convertible Subordinated Notes owned by PointArgentum are converted into common shares, PointArgentum shall be entitled to appoint members of the board of directors in proportion to its direct or indirect ownership of our share capital, but in any case at least two members; and (iv) two regular members and two alternate members shall be independent members, in accordance with the standards set forth by the CNV and shall be appointed by common agreement of the Principal Shareholders holding at least the Minimum Participation.
- (iv) To the extent necessary to accommodate Point Argentum's right under (iii) as well as the rights of Mr. Weil and Bienville to appoint two directors as set forth above, the Principal Shareholders shall increase the size of the board.
- (v) The same rules shall apply to the appointment of board members for our subsidiaries.
- (vi) For as long as Mr. Weil holds at least the Minimum Participation, Mr. Weil shall be appointed as the Chairman of our board of directors, and the First Vice-Chairman and Second Vice-Chairman

shall be appointed by PointArgentum. If Mr. Weil's share ownership decreases below the Minimum Participation, a new Chairman will be appointed by those Principal Shareholders holding at least the Minimum Participation.

- (vii) In the event of any vacancy on our board of directors for any reason, the vacancy will be filled by one of the alternate directors appointed by the same shareholder that appointed his or her predecessor.
- (viii) Certain matters may be approved only by a special majority vote of the board of directors, which consists of the affirmative vote of at least six directors, including at least one director appointed by each of the Principal Shareholders holding at least the Minimum Participation. See "Management—Board of Directors—Meetings, Quorum, Majorities."
- (ix) Certain matters contained in our bylaws may be approved only by a unanimous vote of the Principal Shareholders holding at least the Minimum Participation on both first and second call.
- (x) Each of the Principal Shareholders shall vote in order for our supervisory committee to be composed of three regular members and three alternate members, and each of Principal Shareholders holding at least the Minimum Participation is granted the right to appoint one regular member and one alternate. If any vacancy remains still after such designation, the Principal Shareholders holding at least the Minimum Participation shall appoint the missing members by consensus. The chairmanship of the supervisory committee will be rotated among its members.
- (xi) Two of the members of the audit committee shall be independent board members and the third member shall be designated by PointArgentum.
- (xii) Our board of directors shall create a compensation committee composed of three members, and each Controlling Shareholder holding at least the Minimum Participation shall appoint one member. If any vacancy remains still after such designation, the Principal Shareholders holding at least the Minimum Participation shall appoint the missing members by consensus. The compensation committee shall adopt its decisions with the absolute majority of its members; however, the member appointed by Bienville is granted a veto right regarding the creation, granting, amendment and/or approval of any plan, schedule and/or policy of compensation and/or our benefits.
- (xiii) The CEO, the CFO and the COO of the Company will be appointed by consensus among PointArgentum, Mr. Weil (but only to the extent that Mr. Weil owns, directly or indirectly, at least the Minimum Participation) and Bienville (but only to the extent that Bienville owns, directly or indirectly, at least the Minimum Participation). In the event that such consensus is not reached following thirty (30) days of continual negotiation, the CEO, CFO and COO will be appointed by Point Argentum. Removal of the CEO, CFO or COO requires the affirmative vote of at least five members of the board of directors. Each of the removed CEO, CFO and/or COO is entitled to certain indemnification rights. Bienville is entitled appoint and/or remove a comptroller, who shall have unrestricted access to financial, accounting and operative information of the Company and shall report directly to the non-independent member of the audit committee.
- (xiv) The Company's external auditors shall be nominated by PointArgentum and each of the Principal Shareholders shall vote in favor of PointArgentum's nomination at the shareholders' meetings.
- (xv) The board of directors shall approve any appointment of front line managers, managers and key individuals, either for the Company or for any of our subsidiaries.
- (xvi) The agreement includes exclusivity and non-compete clauses applicable to Mr. Weil.
- (xvii) Any party will cease to be a party to the Amended and Restated Shareholders Agreement when its shareholding decreases below 5.0%

### ***Registration Rights***

The Principal Shareholders and the Company will enter into a Registration Rights Agreement (the "**Registration Rights Agreement**"). Pursuant to the Registration Rights Agreement, PointArgentum shall have the right to require the Company to carry out an initial public offering of shares or instruments that are convertible into, or that give

right to the subscription for, shares of the Company (the “**Registrable Securities**”) in the United States or to require the Company to carry out one or more follow-on equity offerings, in each case as set forth in the Registration Rights Agreement. Such registration rights will extend to all Registrable Securities held by PointArgentum at the time of the initial public offering or subsequently acquired. The holders of Registrable Securities will have certain pro-rata piggy-back rights in an initial or follow-on offering of shares of the Company.

Likewise, the Principal Shareholders have agreed to amend the Bylaws in such a way that the final version of the Bylaws reflects the changes agreed upon in the Amended and Restated Shareholders Agreement; committing, to this end, to convene an extraordinary meeting of the Company’s shareholders with the purpose of approving the final version of the Bylaws.

#### ***Co-Investment Agreement***

PointArgentum and the Company entered into a framework agreement which contains the general guidelines for co-investing in real estate projects in Uruguay and Argentina (the “**Co-Investment Agreement**”). The Co-Investment Agreement will become effective on the date upon which PointArgentum (directly or through its affiliates) subscribes for a minimum amount of the Convertible Subordinated Notes (the “**Effective Date**”), and will remain in effect until the earlier of the fifth anniversary of the Effective Date or the date the Company consummates a registered initial public offering of its common shares in the United States of America for an aggregate value of at least US\$400,000,000 (provided that, if this is consummated in more than one offering, such date shall be the date of the last offering that completes such aggregate value). Pursuant to this agreement, and only in those cases in which the Company has a need or considers it appropriate to have a co-investor in a new real estate project in Argentina or Uruguay (each of such projects, an “**RE Project**”), (a) PointArgentum will have a right of first refusal to discuss, negotiate and participate as co-investor in such RE Project; (b) in the event that PointArgentum exercises such right, PointArgentum and the Company will subscribe to the particular agreements related to the RE Project and will form a special purpose vehicle for the development and operation of such project; and (c) the Company shall have the right to provide development and operational services to such RE Project in exchange for payment of compensation to be agreed upon by the parties to each particular RE Project, for which general guidelines are established in the Co-Investment Agreement. In general terms, the compensation of the Company for the developmental services will be equal to a fixed percentage of the budgeted costs for each RE Project and will be payable on a single occasion, while the compensation for the operational services will be equal to a fixed percentage of the income of such RE Project and will be paid annually. Under the Co-Investment Agreement, the Company will have a right of first refusal to acquire PointArgentum’s share in each RE Project for a term to be determined.

#### ***Employment Agreement***

In April 2016, Mr. Weil entered into an employment agreement with us. The employment agreement provides that Mr. Weil shall be the chief executive officer of TGLT, and will be responsible for the management and administrative direction of TGLT. In case of his termination without cause, Mr. Weil will be entitled to a special indemnification payment equal to twice the severance payment owed to him under Argentine labor law that establishes that the severance payment shall be equal to the monthly salary multiplied by the number of years of service. The agreement includes exclusivity, non-compete and non-solicitation clauses applicable to Mr. Weil.

## DESCRIPTION OF THE CONVERTIBLE SUBORDINATED NOTES

The Convertible Subordinated Notes will meet the requirements of Argentine Law No. 23,576, as amended from time to time (the “**Negotiable Obligations Law**”), and will be issued and placed in accordance with the Negotiable Obligations Law, Argentine Law No. 26,831 (the “**Capital Markets Law**”), Argentine Decree No. 1023/2013 implementing the Capital Markets Law, as amended and supplemented, the rules issued by the Argentine Securities and Exchange Commission (*Comisión Nacional de Valores*) or any successor thereto (the “**CNV**”) pursuant to General Resolution No. 622/2013, as amended and supplemented, and any other applicable Argentine law and/or regulation, including Argentine Law No. 19,550, as amended from time to time (the “**Corporate Law**”), and will have the benefits provided thereby and will be subject to the procedural requirements set forth therein. The Convertible Subordinated Notes will be issued under and governed by an indenture (the “**Indenture**”) to be dated as of the date the Convertible Subordinated Notes are issued (the “**Issue Date**”) among the Company, The Bank of New York Mellon, as trustee (including any successor pursuant to the terms of the indenture, the “**Trustee**”), principal paying agent (the “**Principal Paying Agent**”), co-registrar (the “**Co-Registrar**”) and transfer agent, and Banco Santander Rio S.A., as Argentine paying agent, Argentine transfer agent, representative of the Trustee in Argentina (the “**Argentine Representative**”) and registrar (the “**Registrar**”).

The issuance of the Convertible Subordinated Notes has been authorized by a resolution of the ordinary and extraordinary meeting of shareholders of the Company dated April 20, 2017, by a resolution of the board of directors of the Company dated May 11, 2017.

The following summary of certain provisions of the Indenture does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to investors. Investors should read the Indenture in its entirety because it, and not this description, defines your rights as a Holder of the Convertible Subordinated Notes. Wherever particular sections or defined terms of the Indenture are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available at the offices of the Company, the Trustee and the Argentine Representative. The Holders will be bound by, and will be deemed to have notice of and time to review, analyze and obtain counsel on, all the legal, commercial, financial and other aspects of the Indenture and the other documents referred to herein and therein in connection with the Convertible Subordinated Notes.

References in this private placement memorandum to a “**Holder**” or “**Holders**” of the Convertible Subordinated Notes that are held through The Depository Trust Company (“**DTC**”) are references to owners of beneficial interests in such Convertible Subordinated Notes, unless the context otherwise requires. However, the Company and the Trustee will treat the Person in whose name the Convertible Subordinated Notes are registered, which will be Cede & Co. in the case of Convertible Subordinated Notes held through DTC, as the Holder of such Convertible Subordinated Notes for all purposes.

The Convertible Subordinated Notes will be issued in a private transaction that is exempt from, or not subject to, the registration requirements of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities laws. The Company will not be required to, nor does the Company currently intend to, offer to exchange the Convertible Subordinated Notes for Convertible Subordinated Notes registered under the Securities Act or otherwise register the Convertible Subordinated Notes for resale under the Securities Act. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended, or subject to the terms of such Act. Accordingly, the terms of the Convertible Subordinated Notes include only those stated in the Indenture.

### General

The Convertible Subordinated Notes will:

- initially be issued in the aggregate principal amount of up to US\$150,000,000;
- be general unsecured subordinated obligations under Section 2575 of Argentine Civil and Commercial Code (as set forth under “—Subordination of the Convertible Subordinated Notes”);
- mature and be repaid in full in August 2027 (the “**Maturity Date**”) unless earlier converted pursuant to the terms and conditions described under “—Conversion Rights,” redeemed pursuant to the terms and conditions described under “—Special Redemption” or “—Redemption for Tax Purposes” or

- repurchased at the option of the Holders pursuant to the terms and conditions described under “—Repurchase at the Option of the Holders Upon a Delisting”;
- rank equal in right of payment to all of the existing and future unsecured subordinated indebtedness of the Company (as set forth under “—Subordination of the Convertible Subordinated Notes”);
  - be subordinate and junior in right of payment to all existing and future Indebtedness for Borrowed Money of the Company (as set forth under “—Subordination of the Convertible Subordinated Notes”);
  - be effectively subordinated to all of the existing and future indebtedness that is secured by the Company’s assets, to the extent of the value of the security interests in such assets;
  - be structurally subordinated to all existing and future indebtedness and other liabilities and obligations of the Company’s subsidiaries (as set forth under “—Subordination of the Convertible Subordinated Notes”);
  - not be subject to redemption at the Company’s option, other than as described under “—*Special Redemption*” or “—Redemption for Tax Purposes”;
  - not be subject to repurchase at the Holder’s option, other than as described under “—Repurchase at the Option of the Holders Upon a Delisting”;
  - initially be represented by one or more registered notes in global form, but in limited circumstances may be issued in certificated form as described below under “—Registration, Settlement and Clearance”; and
  - not be subject to defeasance.

By acquisition of a beneficial interest in a Global Note, the purchaser thereof will be deemed to represent, among other things, that, it understands that (a) the Convertible Subordinated Notes have not been and will not be registered under the Securities Act or any applicable state securities laws, and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons unless (i) the transfer is registered pursuant to an effective registration statement under the Securities Act, or (ii) the transfer qualifies for an exemption from registration afforded by the Securities Act and applicable state securities laws, and (b) neither the Company nor any other Person is under any obligation to register any Convertible Subordinated Notes under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder.

## Interest

The Convertible Subordinated Notes will bear interest at the rate per annum of (i) 8.000% from (and including) the Issue Date to (but not including) the first anniversary of the Issue Date; (ii) 9.000% from (and including) the first anniversary of the Issue Date to (but not including) the second anniversary of the Issue Date; and (iii) 10.000% from (and including) the second anniversary of the Issue Date to (but not including) the Maturity Date (the “**Interest Rate**”).

Interest on the Convertible Subordinated Notes will be payable semi-annually, in arrears in February and August of each year, commencing in February 2018 (each of the dates of payment of interest, an “**Interest Payment Date**”) through the Maturity Date, to the Person in whose name the Convertible Subordinated Notes are registered in the Register (as defined below) at the close of business on the 15<sup>th</sup> day immediately preceding each Interest Payment Date (each such date, a “**Regular Record Date**”).

If, at any time, the Company fails to timely pay the principal (including any redemption price or repurchase price), premium (if any), interest, Additional Amounts (as defined below) and/or other amounts due under the Convertible Subordinated Notes, in place of the aforementioned rates, the Company shall pay interest on the unpaid amount from (and including) the date of such failure to (but not including) the actual payment date, at a rate per annum of (i) 14.000% from (and including) the Issue Date to (but not including) the first anniversary of the Issue Date; (ii) 15.000% from (and including) the first anniversary of the Issue Date to (but not including) the second anniversary of the Issue Date; and (iii) 16.000% from (and including) the second anniversary of the Issue Date to (but not including) the Maturity Date (the “**Default Interest Rate**”). For the avoidance of doubt, the Default Interest Rate shall replace and supersede the Interest Rate from (and including) the date of such failure and shall not impair in any way the Company’s obligation to pay any principal (including any redemption price or repurchase price), premium

(if any), interest, Additional Amounts (as defined below) and/or other amounts due under the Convertible Subordinated Notes through the date of such failure.

Interest shall be calculated on the basis of a 360-day year of twelve 30-day months. Payment of the principal and interest of the Convertible Subordinated Notes will be made as set forth under “—*Payment.*”

### **Minimum Denomination**

The Convertible Subordinated Notes will be issued without interest coupons, in denominations of US\$1,000 (the “**Minimum Denomination**”) and in integral multiples of US\$1,000 in excess thereof. For purposes of Argentine law, each Convertible Subordinated Note shall have a nominal value of US\$1.00 and, accordingly, each US\$1,000 in principal amount of Convertible Subordinated Notes will, for the purposes of Argentine law, comprise 1,000 Convertible Subordinated Notes.

### **Minimum Subscription Amount**

The minimum subscription amount will be US\$150,000 and integral multiples of US\$1,000 in excess thereof.

### **Registration, Settlement and Clearance**

The Co-Registrar will maintain the register (the “**Register**”), pursuant to the terms of the Indenture, in which names and addresses of Holders of the Convertible Subordinated Notes and other details with respect to the issuance, transfer and conversion of the Convertible Subordinated Notes will be recorded. No service charge will be made for any registration of transfer or conversion of the Convertible Subordinated Notes, but the Trustee, Registrar, Co-Registrar or any transfer agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

### ***The Global Notes***

The Convertible Subordinated Notes will be issued in the form of one or more registered notes in global form, without interest coupons (the “**Global Notes**”), as follows:

- Convertible Subordinated Notes sold to accredited investors under Section 4(a)(2) of the Securities Act will be represented by the Rule 144A Global Note or the IAI Global Note; and
- Convertible Subordinated Notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S (including Argentine investors) will be represented by the Regulation S Global Note.

Upon issuance, each of the Global Notes will be deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each Global Note will be limited to persons who have accounts with DTC (“**DTC participants**”) or persons who hold interests through DTC participants. The Company expects that under procedures established by DTC:

- upon deposit of each Global Note with DTC’s custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of the DTC participants designated by the Company; and
- ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note).

Beneficial interests in the Regulation S Global Note will initially be credited within DTC to Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”), on behalf of the owners of such interests.

Investors may hold their interests in the Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in those systems, or indirectly through organizations that are participants in those systems. Investors may also hold their interests in the Regulation S Global Note through organizations other than Euroclear or Clearstream that are DTC participants. Each of Euroclear and Clearstream will appoint a DTC participant to act as



its depository for the interests in the Regulation S Global Note that are held within DTC for the account of each settlement system on behalf of its participants.

Beneficial interests in the Global Notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each Global Note and beneficial interests in each Global Note will be subject to restrictions on transfer as set forth under “Transfer Restrictions.”

#### ***Exchanges Among the Global Notes***

The distribution compliance period will begin on the Issue Date and end 40 days after the Issue Date (the “**Distribution Compliance Period**”). During the Distribution Compliance Period, beneficial interests in the Regulation S Global Note may be transferred only to non-U.S. persons under Regulation S, qualified institutional buyers under Rule 144A or institutional accredited investors.

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the Distribution Compliance Period, and to which Global Note the transfer is being made, the Trustee may require the seller to provide certain written certifications in the form provided in the Indenture. In addition, in the case of a transfer of interests to the IAI Global Note, the Trustee may require the buyer to deliver a representation letter in the form provided in the Indenture that states, among other things, that the buyer is not acquiring the Convertible Subordinated Notes with a view to distributing them in violation of the Securities Act.

A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

#### ***Book-entry Procedures for the Global Notes***

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. The Company is providing the following summaries of those operations and procedures solely for the convenience of potential investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Company or the Trustee are responsible for those operations or procedures.

DTC has advised the Company that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a “banking organization” within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC’s participants include securities brokers and dealers, including the placement agent; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC’s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC’s nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or Holder of the Convertible Subordinated Notes represented by that Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have Convertible Subordinated Notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the owners or Holders of the Convertible Subordinated Notes under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the Indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a Holder of Convertible Subordinated Notes under the Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium (if any) and interest with respect to the Convertible Subordinated Notes represented by a Global Note will be made by the Trustee to DTC's nominee as the registered holder of the Global Note. Neither the Company nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depository to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither the Company nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

### ***Certificated Notes***

Convertible Subordinated Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Convertible Subordinated Notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depository for the Global Notes and a successor depository is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depository is not appointed within 90 days;

- the Company, at its option, notifies the Trustee that it elects to cause the issuance of certificated notes and any participant requests a certificated note in accordance with DTC procedures; or
- certain other events provided in the Indenture should occur.

In all cases, certificated notes delivered in exchange for the Global Note will be registered in the names, and issued in any approved denominations, requested by the depository and will bear a legend indicating the transfer restrictions of that Global Note.

### **Payment**

Payment of principal (including any redemption price or repurchase price), premium (if any), interest, Additional Amounts (as defined below) and/or other amounts due on the Convertible Subordinated Notes shall be made by the Company in U.S. dollars, by transfer of the corresponding amounts to the Trustee for credit in the accounts of those Holders whose ownership was registered in the Register on the Regular Record Date immediately preceding the date of such payment.

If any Interest Payment Date, the Maturity Date and/or any earlier required redemption date or repurchase date is not a Business Day, the corresponding payment shall be made on the immediately following Business Day. Any payment due on a date that is not a Business Day which is made on the immediately following Business Day shall have the same validity as if made on the date it became due and no interest shall accrue between that due date and the date of actual payment. Likewise, if the Company defaults in payment on the immediately following Business Day, such default shall be deemed to have occurred on the Interest Payment Date and/or Maturity Date, as applicable, for all purposes.

The Company's payment obligations on the Convertible Subordinated Notes and in the Indenture shall be fulfilled in U.S. dollars and shall not be considered paid or fulfilled if paid in another currency. The Company acknowledges and agrees that no provision in this private placement memorandum, the Indenture or the Convertible Subordinated Notes shall be interpreted so as to grant validity and effect to any payment made in currency other than the U.S. dollar.

If, on any payment date in respect of Convertible Subordinated Notes, any restriction (including *de facto* restrictions) or prohibition to access the foreign exchange market (*Mercado Único y Libre de Cambios*) in Argentina exists, the Company will seek to pay all amounts payable under the Convertible Subordinated Notes in U.S. dollars either (i) by purchasing at market price securities of any series of U.S. dollar-denominated Argentine sovereign bonds or any other securities or private or public bonds issued in Argentina, and transferring and selling such instruments outside Argentina for U.S. dollars, to the extent permitted by applicable law, or (ii) by any other reasonable means permitted by law in Argentina, in each case, on such payment date. All costs and taxes payable in connection with the procedures referred to in (i) and (ii) above shall be borne by the Company.

The Company waives, with respect to any changes in the exchange rate and/or the cost of converting any currency to U.S. dollars and/or any regulation issued by any Authority concerning access to the foreign exchange market and/or delivery, remittance and transfer of U.S. dollars, defenses such as the unforeseeable events, subsequent onerosity, payment impossibility and/or hardship theory (Section 1091 of the Argentine Civil and Commercial Code (the "CCC")); frustration of purpose (Section 1090 of the CCC); fulfilment by payment with a different legal tender (Section 765 of the CCC); unforeseen event or force majeure (Section 955 of the CCC); legal, equitable and/or shared principles and/or any other theory or mechanism, created or to be created in the future, based on case law or scholars, that may release the Company of full, total and timely fulfilment of its payment obligations in U.S. dollars on the Convertible Subordinated Notes.

### **Additional Amounts**

All payments under or in respect of the Convertible Subordinated Notes, including, but not limited to, payments of principal (including, if applicable, any redemption price or repurchase price), payments of interest and payments upon conversion, will be made by the Company free and clear of, and without withholding and/or deduction for or on account of, any present or future taxes, duties, levies, or other governmental charges of whatever nature (including, without limitation, fines, penalties and interest) imposed by or on behalf of Argentina or any other jurisdiction in which the Company or any successor is, for tax purposes, organized or resident or doing business or through which payment is made (or any political subdivision and/or taxing authority thereof or therein) (each such

jurisdiction, as applicable, a “**Relevant Taxing Jurisdiction**,” and any such taxes, “**Taxes**”), except if the Company is obliged by law (or official interpretation or administration thereof) to make such withholdings and/or deductions.

If the Company is so required to withhold or deduct any amount for, or on account of, such Taxes from any payment made under or with respect to the Convertible Subordinated Notes, the Company will (a) make or cause to be made such withholdings and/or deductions and pay the amounts withheld and/or deducted to the corresponding tax Authority; and (b) pay such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after any such withholding and/or deduction in respect of such Taxes shall equal the respective amounts which would have been received in respect of the Convertible Subordinated Notes in the absence of such withholding and/or deduction; provided, however, that the Company will not pay such Additional Amounts: (i) when the withholding and/or deduction is applicable by reason of the connection between the Holder and a Relevant Taxing Jurisdiction, other than the purchase, ownership or holding of the Convertible Subordinated Notes, the enforcement of rights with respect to the Convertible Subordinated Notes and the receipt of payments in respect of the Convertible Subordinated Notes; (ii) in respect of any personal asset, inheritance, estate, gift, sales, transfer and/or other similar Taxes in respect of the Convertible Subordinated Notes; (iii) when the withholding and/or deduction has been applied due to the Holder’s failure to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with a Relevant Taxing Jurisdiction of the Holder if compliance is required by the applicable law of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of, Taxes and the Company has given the Holders at least 30 days’ prior written notice that Holders will be required to comply with such requirement and such compliance is not more onerous to the Holder than would be comparable certification, information, documentation or other reporting requirements imposed under U.S. tax law, regulation and administrative practice; (iv) in connection with Taxes payable otherwise than by withholding and/or deducting from payments of principal, interest and/or other amounts due on the Convertible Subordinated Notes; and/or (v) any combination of the foregoing.

The Company will timely pay any stamp, excise, issue, registration, documentary or other similar taxes and duties, including interest and penalties, payable in a Relevant Taxing Jurisdiction in respect of the creation, issue and offering of the Convertible Subordinated Notes. The Company will also timely pay and indemnify the Holders from and against all court taxes or other taxes and duties, including interest and penalties, paid by any of them in any jurisdiction in connection with any action permitted to be taken by the Holders to enforce the obligations of the Company under the Convertible Subordinated Notes.

All references in this “Description of the Convertible Subordinated Notes” section to principal, premium (if any), interest or other amounts payable hereunder will be deemed to include references to any Additional Amounts payable with respect to such amounts. The Company shall furnish to the Principal Paying Agent and Trustee the official receipts (or a certified copy of the official receipts) or other documentation evidencing payment of any Taxes. Copies of such receipts shall be made available to Holders of the Convertible Subordinated Notes upon request.

The foregoing obligation to pay Additional Amounts will survive any termination or discharge of the Indenture and any transfer or conversion by an investor of its Convertible Subordinated Notes (or beneficial interest therein).

### **Conversion Rights**

The Holders shall have the right to convert, at any time from the Issue Date to (but not including) the Maturity Date, in an amount not less than the Minimum Denomination, in whole or in part, their Convertible Subordinated Notes to common shares of the Company, Ps.1.00 nominal value per share, and conferring one vote each (the “**Common Shares**” and each, a “**Common Share**”); provided that, in the event any principal, interest, Additional Amounts and/or other amounts due under the Convertible Subordinated Notes remains outstanding after the Maturity Date, such conversion right shall be extended until all such amounts are fully paid.

The price of conversion (the “**Conversion Price**”) of Convertible Subordinated Notes into Common Shares will be determined prior to the beginning of the subscription period and announced in a complementary announcement that will be made by the same means as the announcement of the subscription period by the subscription notice (the “**Subscription Notice**”) to be published in the AIF, the BCBA daily bulletin and the MAE electronic bulletin. The Conversion Price will be within the range of US\$0.43 to US\$0.71, as approved by the shareholders at the annual shareholders meeting held on April 20, 2017, and will be adjusted according to the terms of the Deposit Agreement.

If the Conversion Price is fixed at the mid-point of the range, the holders of Convertible Subordinated Notes will receive 1,754 Common Shares for each US\$1,000 nominal value of Convertible Subordinated Notes.

If, pursuant to applicable law, the Conversion Price needs to be restated in the currency accepted as legal tender in Argentina, the Conversion Price shall be multiplied by the Exchange Rate. For such purposes, the “**Exchange Rate**” shall be (i) the seller exchange rate offered by J.P. Morgan Chase & Co (New York) to exchange U.S. dollars for the legal tender in Argentina at the close of business on the Business Day immediately preceding the date when the restatement of the Conversion Price must be calculated; or (ii) should the exchange rate referred to in clause (i) be unavailable, the exchange rate determined by the Company based on the exchange rates listed by one or more reputable commercial banks in The City of New York, New York chosen by the Company in its sole discretion, at the close of business on the Business Day immediately preceding the date when the restatement of the Conversion Price can or shall be calculated. Neither the Trustee nor the Paying Agent shall have any responsibility to obtain exchange rates or effect currency conversions.

The right of conversion described above may be exercised (which exercise will be irrevocable) by a Holder of Convertible Subordinated Notes (or beneficial ownership interests therein) by delivering a notice of conversion (the “**Conversion Notice**”) to the conversion agent; provided that if a Holder holds a beneficial interest in a Global Note such Holder must comply with the applicable procedures of DTC. If a Holder holds Convertible Subordinated Notes in physical, certificated form, such Holder must complete and manually sign the Conversion Notice on the back of such Convertible Subordinated Note (or a facsimile of the Conversion Notice), deliver the Conversion Notice to the conversion agent and, if required, furnish appropriate endorsements and transfer documents. A Holder may be required to pay funds (the “**Overpaid Interest**”) equal to the interest payable on the next Interest Payment Date to which such Holder is not entitled (provided that, for the avoidance of doubt, such Holder shall be entitled to the payment of accrued and unpaid interest (including Additional Amounts, if any) to (but not including) the Conversion Date (as defined below)). Upon receipt of any Conversion Notice, the conversion agent shall promptly forward any such Conversion Notice to the Company. As provided in Section 20 of the Negotiable Obligations Law, each Holder that delivers Convertible Subordinated Notes and a Conversion Notice to the conversion agent shall immediately prior to the close of business on such date be deemed a shareholder of the Company with respect to the Common Shares (or ADSs (as defined below)) that it is entitled to receive as a result of such conversion. The Trustee will initially act as the conversion agent.

If a Holder of Convertible Subordinated Notes has submitted Convertible Subordinated Notes for repurchase upon a Delisting (as defined below), the Holder may convert those Convertible Subordinated Notes only if that Holder first withdraws its repurchase notice.

The conversion date (the “**Conversion Date**”) shall be the date on which the Convertible Subordinated Note (or beneficial interests therein) and the Conversion Notice shall have been delivered in accordance with the terms of the Indenture. A Holder may elect in its Conversion Notice to convert its Convertible Subordinated Notes (or beneficial ownership interests therein) to Common Shares to be deposited for delivery of American Depositary Shares (the “**ADSs**”) issued under the Amended and Restated Deposit Agreement (the “**Deposit Agreement**”) dated as of February 7, 2011, among the Company, The Bank of New York Mellon, as depositary (the “**ADS Depositary**”), and the owners and holders from time to time of ADSs issued thereunder, in an amount equivalent to the Common Shares the Holder would be entitled to receive upon such conversion. The Company will pay (a) any documentary, stamp, excise, issue, transfer or similar taxes or duties on the issuance or delivery of any ADSs (or the underlying Common Shares) and/or Common Shares upon conversion of the Convertible Subordinated Notes and (b) fees of the ADS Depositary in connection with the creation or delivery of such ADSs in satisfaction of such conversion, unless in the case of clause (a) above such payment is due because the Holder requests any Common Shares and/or ADSs to be issued and delivered in a name other than the Holder’s name, in which case the Holder will make such payment.

Upon receipt of a Conversion Notice from the conversion agent, the Company shall promptly, but in no event later than the third Business Day following the Conversion Date, cause (i) Caja de Valores S.A. to issue and deliver to the Holder, by means of a book-entry transfer to the account designated by such Holder in the Conversion Notice, the number of Common Shares issuable upon conversion and/or (ii) the ADS Depositary to deliver to the Holder in accordance with the ADS Depositary’s procedures the number of ADSs issuable upon conversion. A Holder that converts Convertible Subordinated Notes shall be entitled to receive, within 10 Business Days following the Conversion Date, the payment of all accrued and unpaid interest on the Convertible Subordinated Notes (or beneficial ownership interests therein) that are so converted to the Conversion Date, such date of payment being

deemed an Interest Payment Date for all purposes. If the Interest Payment Date immediately following a Conversion Date falls within such 10-Business Day period, the payment of the interest to the Holder shall be made on such Interest Payment Date.

The Conversion Price shall be subject to adjustment, as provided in the Indenture, upon certain events, including: (i) the declaration of dividends (or other distributions) payable in any class of capital stock of the Company; (ii) the issuance (including, without limitation, issuances under the incentive plan referred to under “*Management—Stock Options*” in this private placement memorandum (and any replacement thereof or substitute therefor)) to holders of any class of capital stock of the Company of rights, options and/or warrants, and/or negotiable obligations, debentures or other securities convertible into any class of capital stock of the Company or exercisable or exchangeable therefor entitling the holders of any class of capital stock of the Company to subscribe for or purchase or convert into or exchange for shares of any class of capital stock of the Company at less than the Conversion Price or the current market price per share (as determined pursuant to the Indenture), whichever is lower; (iii) subdivisions, combinations and reclassifications of Common Shares by change of their nominal value or otherwise; (iv) distributions to holders of any class of capital stock of the Company of debt instruments of the Company or assets (including cash and securities, but excluding those dividends, rights, options, warrants and distributions referred to above); (v) distributions consisting exclusively of cash (excluding any cash distributions referred to in clause (iv) above) to holders of any class of capital stock of the Company in an aggregate amount that, together with (A) other all-cash distributions made to holders of any class of capital stock of the Company within the preceding 12 months and (B) any cash and the fair market value of other consideration payable in respect of any tender offer by the Company or a Subsidiary for all or any portion of any class of capital stock of the Company concluded within the preceding 12 months, exceeds 10% of the Company’s “market capitalization” (calculated as the product of the current market price per Common Share (determined pursuant to the Indenture) times the number of shares of any class of capital stock of the Company then outstanding) on the date fixed for determination of shareholders entitled to receive such distribution; (vi) the successful completion of a tender offer made by the Company or any Subsidiary for all or any portion of any class of capital stock of the Company which involves an aggregate consideration that, together with (A) any cash and other consideration payable in respect of any tender offer by the Company or a Subsidiary for all or any portion of the Common Shares consummated within the 12 months preceding the expiration of such tender offer and (B) the aggregate amount of any all-cash distributions to holders of any class of capital stock of the Company within the 12 months preceding the expiration of such tender offer, exceeds 10% of the Company’s market capitalization on the expiration date of such tender offer; (vii) any mandatory or voluntary reduction of capital; and (viii) mergers, consolidations, reorganizations or spin-offs, solely to the extent permitted by Holders pursuant to a waiver of the covenant described in clause (j) under “*Negative Covenants.*” Adjustments to the Conversion Price will be determined in accordance with the terms of the Indenture so as to entitle any Holder to receive upon conversion of its Convertible Subordinated Notes (or beneficial ownership interests therein) the same proportion of Common Shares which would have been receivable in respect of its Convertible Subordinated Notes (or beneficial ownership interests therein) in the absence of the events described above. No adjustments to the Conversion Price will be required to be made until cumulative adjustments amount to 0.200% or more of the Conversion Price as last adjusted.

If the Company distributes rights, options or warrants (other than those referred to in clause (ii) of the preceding paragraph) (the “**Rights**”) pro rata to holders of Common Shares, so long as any such Rights have not expired or been redeemed, the Holder of any Convertible Subordinated Note (or beneficial ownership interests therein) surrendered for conversion will be entitled to receive, upon such conversion, in addition to the Common Shares issuable upon such conversion (the “**Underlying Shares**”), a number of Rights to be determined as follows: (i) if such conversion occurs on or prior to the date for the distribution to the holders of Rights of separate certificates evidencing such Rights (the “**Distribution Date**”), the same number of Rights to which a holder of a number of Common Shares equal to the number of Underlying Shares is entitled at the time of such conversion in accordance with the terms and provisions applicable to the Rights, and (ii) if such conversion occurs after such Distribution Date, the same number of Rights to which a holder of the number of Common Shares into which such Convertible Subordinated Notes (or beneficial ownership interests therein) was convertible immediately prior to such Distribution Date would have been entitled on such Distribution Date in accordance with the terms and provisions applicable to the Rights. The Conversion Price of the Convertible Subordinated Notes will not be subject to adjustment on account of any declaration, distribution or exercise of any such Rights.

Fractional Common Shares shall not be issued upon conversion but, in lieu thereof, the Company will pay a cash adjustment for the part of the Convertible Subordinated Notes that had not been converted to Common Shares due to this restriction.

Upon conversion of a Convertible Subordinated Note, a Holder will not receive any cash payment representing an accrued discount or premium payment. The Company's delivery to such Holder of the fixed number of Common Shares (including Common Shares represented by ADSs) (and/or a cash adjustment, as described above and to the extent applicable) into which the Convertible Subordinated Note is convertible will be deemed to satisfy the Company's obligation to pay the principal amount and any accrued discount or premium attributable to the period from the Issue Date to the Conversion Date.

The Company waives its right to suspend the exercise of conversion rights by Holders granted in Section 18 of the Negotiable Obligations Law.

The approval of one or more Holders of at least a majority of the aggregate principal amount of the then outstanding Convertible Subordinated Notes will be required for the withdrawal of the Company's Common Shares from listing on the *Bolsas y Mercados Argentinos S.A.* (Buenos Aires Stock Exchange, or the "BYMA"). If such approval is obtained or if the listing of the Common Shares on the BYMA is otherwise withdrawn for any reason, then any Holders that did not participate in the vote or consent with respect to such withdrawal shall be entitled to have the Company repurchase any or all of their Convertible Subordinated Notes as described under "—Repurchase at the Option of the Holders Upon a Delisting."

The transformation of the Company into a different type of company under Argentine law, the transfer of its domicile outside Argentina and/or a Delisting will entitle the Holders of Convertible Subordinated Notes to convert their Convertible Subordinated Notes into Common Shares and exercise appraisal rights pursuant to Section 15 of the Negotiable Obligations Law.

At the ordinary and extraordinary meeting of shareholders of the Company held on April 20, 2017, the Company obtained shareholders' authorization for the issuance of Common Shares to have available to comply with the Company's initial conversion obligations under the Indenture. As a result, the Company expects to have sufficient Common Shares available to comply with its obligation to deliver the initial number of Common Shares upon conversion under the Indenture.

### **Mandatory Conversion**

If the Company proceeds with an initial public offering for its Common Shares (or other equity interests) in the United States (a "U.S. IPO"), all Convertible Subordinated Notes shall be, on the date on which the U.S. IPO is consummated, automatically converted into publicly-traded Common Shares registered with the SEC (which, at the option of the Holder, would be deposited for delivery of publicly-traded ADSs registered with the SEC) at the Conversion Price, adjusted to (but not including) the date of the consummation of the U.S. IPO.

### **Subordination of the Convertible Subordinated Notes**

The Indebtedness of the Company evidenced by the Convertible Subordinated Notes, including principal, interest and Additional Amounts, if applicable, will be subordinate and junior in right of payment to all Indebtedness for Borrowed Money in the events described below, under the terms of Section 2575 of the CCC. As of March 31, 2017, the Company had Ps.759,537,423 in Indebtedness for Borrowed Money outstanding.

The Company has an absolute and unconditional obligation to pay the principal of, and interest and Additional Amounts, if any, on the Convertible Subordinated Notes in accordance with their terms. However, in the event of insolvency, bankruptcy, intervention, court administration, capital restructuring, reorganization or similar proceedings of the Company, either voluntary or at any third party's request, all Indebtedness for Borrowed Money shall be entitled to be paid in full before any payment shall be made on account of the principal, interest and Additional Amounts, if any, on the Convertible Subordinated Notes. In the event of any such proceedings, after payment in full of all sums owing on Indebtedness for Borrowed Money, the Holders of Convertible Subordinated Notes, together with the holders of any obligations of the Company ranking on a parity with the Convertible Subordinated Notes duly admitted in such proceedings, will be entitled to be paid pro rata from the remaining assets of the Company the unpaid principal of, and interest and Additional Amounts, if any, on the Convertible Subordinated Notes, before any payment or other distribution is made as a distribution in respect of the Company's share capital, in cash, in kind or in any other way. In addition, so long as any default in the payment of principal

(including any redemption price or repurchase price), interest or any other amount exists with respect to any Indebtedness for Borrowed Money, no payment shall be made by the Company on account of principal of, or interest (whether accrued at the Interest Rate or the Default Interest Rate) and Additional Amounts, if any, on the Convertible Subordinated Notes.

The Company will undertake and agree, and each Holder by the acceptance of the Convertible Subordinated Notes will also undertake and agree, to the extent set forth in the Indenture, that the Indebtedness represented by the Convertible Subordinated Notes and the payment of principal of, and interest and Additional Amounts, if any, on the Convertible Subordinated Notes is expressly subordinated and subject to the full and prior payment of all Indebtedness for Borrowed Money.

### **Repurchase at the Option of the Holders Upon A Delisting**

If a Delisting occurs at any time, Holders that did not affirmatively vote to approve such Delisting will have the right, at their option, to require the Company to repurchase for cash any or all of their Convertible Subordinated Notes or any portion thereof equal to US\$1,000 or a multiple thereof, at a price equal to 100.000% of the principal amount of the Convertible Subordinated Notes to be repurchased, plus accrued and unpaid interest to (but not including) a date (the “**Delisting Repurchase Date**”) specified by the Company that is not less than 20 or more than 30 Business Days following the date of the Delisting notice as described below (and will be subject to postponement by a number of days by which the notice of the Delisting is delivered to Holders beyond the deadline set forth in the third immediately succeeding paragraph).

A “**Delisting**” shall be deemed to have occurred if the Common Shares cease to be listed or quoted on the BYMA (or any successor market) for a period of 20 consecutive trading days; provided that such delisting from the BYMA shall not constitute a Delisting with respect to any Holders or beneficial owners, if any, that affirmatively voted to approve such delisting (and such Holders or beneficial owners shall not be entitled to have their Convertible Subordinated Notes repurchased).

On or before the 20th day after the date the Delisting occurred, the Company will provide to all Holders of the Convertible Subordinated Notes, the Trustee and the Argentine Representative a notice of the occurrence of the Delisting and of the resulting repurchase right.

Simultaneously with providing such notice, the Company will publish a notice containing this information in a newspaper of general circulation in The City of New York and in the City of Buenos Aires or publish the information on the Company’s website or through such other public medium as the Company may use at that time. To exercise the Delisting repurchase right, Holders must follow the procedures set forth under “—*Registration, Settlement and Clearance.*”

No Convertible Subordinated Notes may be repurchased on any date at the option of Holders upon a Delisting if the principal amount of the Convertible Subordinated Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a default by the Company in the payment of the Delisting repurchase price with respect to such Convertible Subordinated Notes).

If a Delisting were to occur, the Company may not have enough funds to pay the Delisting repurchase price. The ability of the Company to repurchase the Convertible Subordinated Notes for cash may be limited by restrictions on the ability of the Company to obtain funds for such repurchase through dividends from the Company’s Subsidiaries, the terms of the Company’s then existing borrowing arrangements or otherwise. See “Risk Factors—Risks Relating to the Convertible Subordinated Notes—We may not have, or have the ability to raise, the funds necessary to repurchase the Convertible Subordinated Notes upon a delisting, and the Company’s debt may contain limitations on the ability of the Company to pay cash upon repurchase of the Convertible Subordinated Notes.”

If the Company fails to repurchase the Convertible Subordinated Notes when required following a Delisting, the Company will be in default under the Indenture. In addition, the Company has, and may in the future incur, other Indebtedness with similar delisting provisions permitting those holders to accelerate or to require the Company to repurchase the Company’s Indebtedness upon the occurrence of similar events or on some specific dates.



## Special Redemption

The Convertible Subordinated Notes may not be redeemed by the Company prior to the Maturity Date except as set forth below.

Notwithstanding any provisions of the Negotiable Obligations Law or the Indenture that require the affirmative vote of all Holders and/or require a meeting with the attendance of all Holders to pass a resolution or decision, if such required unanimity has not been reached, but at least one or more Holders of at least 66-2/3% of the aggregate principal amount of the then outstanding Convertible Subordinated Notes has given its/their affirmative vote to such resolution or decision, then the Company shall be entitled to redeem the Convertible Subordinated Notes from any Holders that do not provide such affirmative vote (“**non-consenting Holders**”).

If the Company elects to redeem the Convertible Subordinated Notes held by any non-consenting Holders, it shall consummate such special redemption on a date falling within the 12 months after such resolution or decision (the “**Special Redemption Date**”) after giving not less than 30 nor more than 60 days’ written notice (which will be irrevocable) to the Holders. On the Special Redemption Date, the Company shall pay the Holders of the Convertible Subordinated Notes to be redeemed (i) accumulated and unpaid interest to the Special Redemption Date (such Special Redemption Date to be deemed an Interest Payment Date for all purposes), plus (ii) the corresponding Additional Amounts, if any, plus (iii) the redemption price (as a percentage of the aggregate principal amount at maturity) of 100.000% of the outstanding principal amount of the Convertible Subordinated Notes so redeemed.

The Convertible Subordinated Notes to be redeemed pursuant to the foregoing provision may be converted by a Holder of such Convertible Subordinated Notes at the Conversion Price set forth under “—*Conversion Rights*,” adjusted as set forth in the Indenture, if applicable, if the conversion agent receives a Conversion Notice from such Holder no later than 20 Business Days following the date such special redemption notice was delivered to the Holders.

## Redemption for Tax Purposes

Subject to applicable Argentine and other laws, the Convertible Subordinated Notes may be redeemed at the election of the Company, on giving not less than 30 nor more than 60 days’ written notice (which will be irrevocable) to the Holders, in whole but not in part, at a redemption price of 100.000% of the outstanding principal amount of the Convertible Subordinated Notes, plus accrued and unpaid interest (including Additional Amounts, if any) to (but not including) the redemption date (the “**Tax Redemption Date**”), if (i) the Company is required or would be required to pay Additional Amounts on the Convertible Subordinated Notes as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction or the application, administration or official interpretation of such laws; (ii) such change or amendment takes place on or after the date of the Indenture; and (iii) such obligation cannot be avoided by the Company in the good faith exercise of its business judgment taking reasonable measures available to it; provided that the redemption notice referred to herein cannot be sent more than 60 days prior to the first date on which the Company is required to pay Additional Amounts; and provided, further, that reasonable measures shall not include any change in the place of incorporation or organization, in the headquarters or in the legal address of the Company.

Prior to the giving of such notice of redemption of the Convertible Subordinated Notes pursuant to the Indenture, the Company will deliver to the Trustee a legal opinion by counsel to the Company in the applicable Relevant Taxing Jurisdiction stating that the Company will be required to pay Additional Amounts as a result of a change or amendment as described above.

The Convertible Subordinated Notes to be redeemed pursuant to the foregoing provision may be converted by a Holder of such Convertible Subordinated Notes at the Conversion Price set forth under “—*Conversion Rights*,” adjusted as set forth in the Indenture, if applicable, if the conversion agent receives a Conversion Notice from such Holder no later than 20 Business Days following the date such tax redemption notice was delivered to the Holders.

## Affirmative Covenants

So long as the Convertible Subordinated Notes are outstanding, the Company will undertake and agree to:

(a) timely and duly pay the principal (including any redemption price or repurchase price), premium (if any), interest, Additional Amounts and/or other amounts owed in respect of the Convertible Subordinated Notes, in accordance with the terms of the Indenture and the Convertible Subordinated Notes;

(b) maintain its legal status (*personería jurídica*) and corporate existence, and comply with all the registrations necessary to maintain its corporate existence and carry out all acts necessary to keep its privileges, property and other rights, franchises and similar rights that necessary or convenient for it to continue operating in the ordinary course of its business;

(c) maintain insurance policies with reputable and economically sound insurance companies, in the amounts and against the risks typically covered by other companies in a similar business;

(d) comply with all the applicable laws, regulations, resolutions and instructions issued by any competent Authority applicable to the Company and/or its business, as well as all commitments and other obligations set forth in any contract to which the Company is a party, except to the extent that such non-compliance does not, and would not, materially adversely affect the Company's financial position, earnings, operations, business or prospects; provided that, notwithstanding the foregoing, the Company shall be entitled to commence legally valid proceedings to challenge any law, regulation, resolution or instruction, so long as such challenge does not materially adversely affect the Company's financial position, earnings, operations, business or prospects;

(e) keep accounting books and other appropriate records that correctly and precisely reflect the Company's financial position and its results of operations in accordance with IFRS applied on a consistent basis;

(f) as soon as possible, but no later than 54 days following the end of each fiscal quarter, but not before its release in the *Autopista de Información Financiera* (the "AIF") of the CNV, if such release is required, furnish to the Trustee in English the Financial Statements and the Consolidated Financial Statements as of and for the end of such fiscal quarter certified by the chief financial officer of the Company, along with a certification of the chief financial officer of the Company that the Company is in compliance with all of its obligations under the Indenture;

(g) as soon as possible, but no later than 82 days following the end of each Fiscal Year, but not before its release in the AIF, if such release is required, furnish to the Trustee in English: (i) the Financial Statements and the Consolidated Financial Statements as of and for the end of such Fiscal Year certified by the chief financial officer of the Company, along with a certification of the chief financial officer of the Company that the Company is in compliance with all of its obligations under the Indenture, and (ii) a management's discussion and analysis of financial condition and results of operations covering such Fiscal Year as compared to the preceding Fiscal Year in substantially similar form and addressing substantially similar matters as set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this private placement memorandum;

(h) notify the Trustee in writing promptly, and in any event within five days, after the Company becomes aware of (x) the occurrence of any Event of Default or Event of Acceleration, and provide to the Trustee a certificate of the chief executive officer and chief financial officer of the Company setting forth the circumstances of such Event of Default and the actions the Company proposes to take with respect thereto, or (y) any event that with any proposed amendment to the nature or extent of the Company's business or operations, as well as of any fact or circumstance that may substantially adversely alter the development of the Company's business or operations;

(i) obtain and keep in force (or to immediately renew, if applicable) all authorizations necessary for the operation of the business and operations of the Company in general; and comply with and observe all the restrictions and limitations contained in, or imposed on, the Company, by any of such authorizations;

(j) maintain in effect, at the cost of the Company (including obtaining or giving approvals and consents and paying fees), (x) the listing of the Company's Common Shares on the BYMA and take all actions reasonably necessary to ensure that each Common Share delivered on conversion of a Convertible Subordinated Note will, upon such delivery, be so listed and (y) the ADS program under the Deposit Agreement (including the effectiveness of any registration statements in respect thereof);

(k) take all actions reasonably necessary to ensure that, upon every conversion of a Convertible Subordinated Note, Common Shares (including Common Shares represented by ADSs) will be available for delivery and will be delivered upon such conversion promptly and as provided in the Indenture and under the Negotiable

Obligations Law. The Company agrees that all Common Shares (including Common Shares represented by ADSs) which may be issued upon conversion of Convertible Subordinated Notes shall be duly authorized and validly issued and that upon such issuance and delivery, the Holder thereof will receive good and valid title to such Common Shares and/or ADSs, free and clear of all liens, encumbrances and claims; and

(l) maintain or cause to be maintained at all times an office or agency in the United States to serve as the Trustee, Paying Agent and Co-Registrar for the Convertible Subordinated Notes.

The Financial Statements, Consolidated Financial Statements and any notices or other information delivered to the Trustee pursuant to clauses (f), (g) and (h) above will be provided by the Trustee to the Holders of the Convertible Subordinated Notes at the Company's cost.

The delivery to the Trustee of the foregoing financial statements, notices and other information shall not constitute notice of the contents thereof, including the Company's compliance with any of its covenants under the Indenture (as to which the Trustee will be entitled to rely on such information provided in an officers' certificate).

### **Negative Covenants**

So long as any Convertible Subordinated Notes are outstanding, the Company will undertake and agree not to, and will cause its Subsidiaries not to:

(a) approve or pay dividends or distributions on shares of any class of the Company's or any Subsidiary's capital stock (except when any such payment or distribution is to be made in kind with shares of any class of the Company's or any Subsidiary's capital stock), or buy, redeem or in any other way acquire shares of any class of the Company's or any Subsidiary's capital stock or options in connection therewith, in each case, other than dividends, distributions or payments solely by a Subsidiary of the Company to the Company, and in each case, if an Event of Default (as defined below) has occurred and is continuing at the time of approval or payment of such dividends, distributions or payments;

(b) declare or pay dividends or make any extraordinary distribution on shares of any class of the Company's or any Subsidiary's capital stock ("**Extraordinary Distributions**") (except when any such payment or distribution is to be made in kind with shares of any class of the Company's or any Subsidiary's capital stock), or buy, redeem or in any other way acquire shares of any class of the Company's or any Subsidiary's capital stock or options to purchase such shares (except for acquisitions of shares or participating interests in a Subsidiary made to increase the Company's participating interest in such Subsidiary), except out of retained earnings or profits realized in the relevant Fiscal Years;

(c) incur, assume or permit to exist any Indebtedness of the Company or its Subsidiaries other than Permitted Indebtedness;

(d) execute or allow to be executed by its Subsidiaries any agreement or covenant with the purpose of guaranteeing or by virtue of which in any way or under any conditions the Company or any Subsidiary would become responsible for the financial obligations of a third party, in whole or in part, for a total amount in excess of US\$10,000,000 (or its equivalent in other currencies), except for any such guarantees existing on the Issue Date and any guarantees by the Company of Indebtedness of its Subsidiaries;

(e) create or allow the existence of, or allow any of its Subsidiaries to create or suffer to exist any Lien over any property, revenue or other asset, current or future, of the Company or any of its Subsidiaries, except: (i) Liens existing on the Issue Date; (ii) Liens created after the Issue Date on assets or properties that secure Indebtedness incurred or assumed only for the purpose of financing, in whole or in part, the cost of developing, building or acquiring such asset or property, to the extent such Lien was created (a) in the case of an acquisition, simultaneously with the granting of the financing for such acquisition or (b) in the case of any construction, simultaneously with the granting of the financing for such construction; provided that the principal amount of the Indebtedness secured by the Lien does not exceed the cost of such development, building or acquisition of such asset or property; (iii) any Liens securing an extension, renewal or refinancing of the Indebtedness set forth in clause (i) or

(ii) above; provided that (x) such Lien does not extend to any property, revenues or other assets other than the property, revenues or other assets (plus improvements on or additions to such property or assets) securing the Indebtedness being extended, renewed or refinanced and (y) the aggregate principal amount of such new Indebtedness (as of the date of such proposed extension, renewal or refinancing) does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being extended, renewed or refinanced; and (iv) Permitted Liens;

(f) enter into, or allow any of its Subsidiaries to enter into, any transaction including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate of the Company involving aggregate payments or consideration in excess of US\$1,000,000 (or its equivalent in other currencies) unless such transaction is (i) upon terms that are no less favorable to the Company or its Subsidiary, as the case may be, than the Company or such Subsidiary would obtain in a comparable arm's-length transaction with a Person who is not an Affiliate of the Company or (ii) related to a RE Project (as defined in the Co-Investment Agreement) and pursuant to the Co-Investment Agreement;

(g) execute, or allow any of its Subsidiaries to execute, any management or similar agreements pursuant to which the Company or any Subsidiary or the business or operations of any of them are to be managed by another Person except for (i) any such agreement involving aggregate payments or consideration not in excess of US\$1,000,000 (or its equivalent in other currencies) or (ii) any Particular Agreements (as defined in the Co-Investment Agreement) entered into pursuant to the Co-Investment Agreement;

(h) modify its by-laws in any way that may be incompatible with the provisions of the Indenture or the Convertible Subordinated Notes or detrimental to the rights of the Holders of Convertible Subordinated Notes;

(i) modify the nature of its current operations or business or its future operations or business except as set forth under "Use of Proceeds" in this private placement memorandum;

(j) undertake or allow any merger, consolidation, reorganization or spin-off or the sale, transfer, lease or other disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole (in a single transaction or a series of transactions, related or otherwise), to any Person other than the Company and/or its Subsidiaries; provided, however, that the sale, transfer, lease or other disposition of real estate within the ordinary course of business of the Company or any of its Subsidiaries shall not be considered a breach of this clause (j);

(k) modify and grant any waiver of any provision of the Indenture or the Convertible Subordinated Notes, except as approved by the Holders as described under "—Modification and Waiver"; or

(l) create or allow the existence of any circumstance that requires an adjustment of the Conversion Price of the Convertible Subordinated Notes if as a result of any such circumstance the adjusted Conversion Price is less than the nominal value per share of the Common Shares.

## **Events of Default**

Each of the following will constitute an "**Event of Default**" (regardless of the cause, whether or not voluntary or produced by law or originated in a judgment, decree or judicial resolution of any court or in a resolution, or regulation of any administrative or governmental Authority):

(a) the Company fails to pay when due (i) any principal or premium due in respect of the Convertible Subordinated Notes or (ii) any interest, Additional Amounts, if any, fees or any other amount due in respect of the Convertible Subordinated Notes and such default continues for a period of five Business Days;

(b) the Company breaches or fails to observe any of its obligations under the Indenture or Convertible Subordinated Notes (except as set forth in clause (a) above) and such breach or failure continues for a period of 30 days after one or more Holders of 25% of the aggregate principle amount of the outstanding Convertible Subordinated Notes or the Trustee has notified the Company of such breach or failure;

- (c) any representation or warranty made in the Indenture was incorrect in a material way;
- (d) any Authority seizes, nationalizes, freezes or in any other way expropriates the whole or a substantial part of the property or other assets of the Company or a Material Subsidiary or its corresponding share capital, or assumes the custody or control of such property or other assets or the business or operations of the Company or a Material Subsidiary or its corresponding share capital, or carries out any other act aimed at the dissolution or separation of the Company or a Material Subsidiary or any other act that may prevent the Company or a Material Subsidiary or any of their officers from developing or carrying out the Company's business or operations or a substantial part thereof;
- (e) a court or tribunal issues, upon request by a Person other than the Company and/or its Material Subsidiaries, a decree or resolutions against the Company or any Material Subsidiary (i) declaring its bankruptcy, (ii) designating a receiver, liquidator, assignor, trustee, administrator (or similar officer) of, as the case may be, the Company or any Material Subsidiary or of a substantial part of their respective properties or other assets, or (iii) ordering its dissolution or liquidation; or if a request has been submitted for any of clauses (i), (ii) or (iii) and such request had not been dismissed within the following 30 days;
- (f) the Company or any Material Subsidiary: (i) requests, before any tribunal or court, the restructuring, acquittal or stay of debt, or any adjustments concerning the liabilities of the Company or any of its Material Subsidiaries under applicable law (including, without limitation, the request to start a preventive bankruptcy or to approve any extrajudicial preventive agreement), or files a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors pursuant to a *concurso preventivo de acreedores*; (ii) commences proceedings or carries out any other corporate act aimed at its liquidation, bankruptcy or declaration of insolvency; (iii) accepts the filing of its bankruptcy request or any other proceeding that directly or indirectly may imply the declaration of a non-payment situation; (iv) requests or accepts the designation of a receiver, liquidator, assignor, trustee, administrator (or similar officer) of the Company or any Material Subsidiary or a substantial part of their respective property; (v) carries out a general assignment for the benefit of its creditors; (vi) admits in writing its impossibility to pay its Indebtedness in general when due or in any other way declares itself insolvent or (vii) seeks approval of its creditors for an *acuerdo preventivo extrajudicial* through any means or files for court endorsement of an *acuerdo preventivo extrajudicial*;
- (g) any administrative or judicial Authority imposes or executes a general embargo or similar proceedings against the Company's assets for an amount in excess of US\$10,000,000 (or its equivalent in other currencies) (except those seized as a preventive embargo and only to the extent that, if not suspended before, the final decision concerning the claim on which the seizure was granted does not come into place) and it is not rendered ineffective during the following 30 days;
- (h) any other event that, under applicable law, has a similar effect to any of those referred in clauses (e), (f) and (g) above;
- (i) failure by the Company to comply with the Company's obligation to convert the Convertible Subordinated Notes in accordance with the Indenture upon exercise of a Holder's conversion right and such failure continues for a period of five days or more;
- (j) the Company or any of its Subsidiaries fails to pay any Indebtedness or breaches any of its obligations under any agreement pursuant to which any of the Company's or any Subsidiary's outstanding Indebtedness was incurred for an amount in excess of US\$10,000,000 (or its equivalent in other currencies);
- (k) any necessary Authorization for the Company to comply with its obligations under the Convertible Subordinated Notes or the Indenture is not obtained or is revoked or terminated, or expires or in any other way ceases to be in force, and is not restored or renewed within 30 days following notice by one or more Holders of 25% of the aggregate principle amount of the outstanding Convertible Subordinated Notes or the Trustee (at the direction of the Holders) to the Company requesting the restitution or reestablishment of the Authorization;
- (l) failure by the Company to give a Delisting notice as described under "—Repurchase at the Option of the Holders Upon a Delisting" and such failure is not cured within 10 days after the due date for such notice; or

(m) any provision of the Indenture or the Convertible Subordinated Notes is revoked, extinguished or ceases to be in force or the fulfilment of the obligations as set forth in any such document becomes illegal or any such document is declared null and void or repudiated or any Person opposes their validity and enforceability at any time and the applicable provision is not amended or replaced by a provision acceptable to one or more Holders representing at least a majority of the aggregate principal amount of the outstanding Convertible Subordinated Notes or such repudiation or opposition is not withdrawn within 30 days following the notice by one or more Holders of 25% of the aggregate principle amount of the outstanding Convertible Subordinated Notes or the Trustee (at the direction of the Holders) to the Company requesting such restitution, replacement or withdrawal.

If an Event of Default (other than those of the type identified under clauses (d), (e), (f), (g) or (h) above) is not cured within the timeframe set forth above for such Event of Default, and if so requested in writing by one or more Holders of at least 25% of the aggregate principal amount of the Convertible Subordinated Notes outstanding, the Trustee shall declare (an “**Event of Acceleration**”) the principal amount of all the Convertible Subordinated Notes due and payable immediately, together with any accrued and unpaid interest to the date of payment, by written notice to the Company (the “**Acceleration Notice**”). If an Event of Default of the type identified under clauses (d), (e), (f), (g) or (h) above occurs and is not cured within the timeframe set forth above, if any, to cure such Event of Default, the principal amount of all the Convertible Subordinated Notes, together with any accrued and unpaid interest to the date of payment, shall become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. Upon receipt of the Acceleration Notice by the Company or if an Event of Default described under clauses (d), (e), (f), (g) or (h) above occurs and is not cured within the timeframe set forth above, if any, to cure such Event of Default, the Company shall immediately pay without further formalities or notices of any kind all amounts due and payable with respect to the Convertible Subordinated Notes, except if, prior to the receipt of the Acceleration Notice or the occurrence of any Event of Default described under clauses (d), (e), (f), (g) or (h) above, each existing Event of Default has been cured.

The Company shall notify the CNV and the Trustee of the existence of any Event of Default promptly after the Company becomes aware thereof.

In the event of acceleration, but prior to the Trustee obtaining a judgment or judicial order requesting the payment of all amounts due in respect of the Convertible Subordinated Notes, one or more Holders of more than 50% of the outstanding principal amount of the Convertible Subordinated Notes may annul such declaration by written notice to the Company and the Trustee if (a) the Company has delivered or deposited with the Trustee a sufficient amount to cancel (i) all the amounts paid or advanced by the Trustee to fulfil the Indenture, together with any other reasonable amount as remuneration, expenses, disbursements or advances of the Trustee, its representatives and counsel, (ii) the due and unpaid principal and interest payable with respect to the Convertible Subordinated Notes and (iii) any interest on interest payable, calculated at the Default Interest Rate; and (b) all the Events of Default have been waived as set forth in the Indenture or cured, excluding the breach by non-payment of the principal (including any premium) of the Convertible Subordinated Notes that is due only due to the expiration of the term. Such annulment will not affect the effects of any prior breach nor undermine any right originated therefrom.

### **Enforceability**

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Convertible Subordinated Notes or to enforce the performance of any provisions of the Convertible Subordinated Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Convertible Subordinated Notes or does not produce any of them in the proceeding.

Notwithstanding Section 29 of the Argentine Negotiable Obligations Law, Holders of Convertible Subordinated Notes shall not have the right to initiate any judicial proceedings or other action in connection with the Indenture or the Convertible Subordinated Notes, or connected to the designation of an administrator or trustee for the Company, unless:

- (a) the Holder had previously given a written notice to the Trustee of the existence of an unresolved Event of Default;
- (b) one or more Holders of at least 25% of the aggregate principal amount of the outstanding

Convertible Subordinated Notes gave a written request to the Trustee to initiate actions on behalf of such Holders in connection with any Event of Default under the Indenture;

(c) the Holders have offered to the Trustee security for and indemnification satisfactory to it against all costs, expenses and liabilities that may be incurred in complying with the request;

(d) the Trustee has failed to initiate any action thereon within 60 calendar days after receipt of such notice, request and offer of security for and indemnification satisfactory to it from the Holders; and

(e) one or more Holders of more than 50% of the aggregate principal amount of the outstanding Convertible Subordinated Notes have not given the Trustee a written order contrary to the above-stated request during the 60 calendar day period referred to in (d) above; it being understood, however, that none of the Holders shall be entitled in any way under any of the provisions of the Indenture, or in using any of the above-mentioned provisions, to affect, alter or impair the rights of any other Holder, and shall not obtain or seek to obtain priority or preference over any other Holder, nor shall any Holder assert any right under the Indenture except as provided in the Indenture and for the equal benefit of all Holders in proportion to the ownership of each of them.

Notwithstanding other provisions of the Indenture, each Holder of any Convertible Subordinated Notes shall have the unconditional and absolute right to receive payments in respect of principal, interest and Additional Amounts, if any, with respect to such Convertible Subordinated Notes on the respective Interest Payment Date and/or Maturity Date established in the Convertible Subordinated Notes (or, in the case of redemption, on the Special Redemption Date or Tax Redemption Date, as applicable) and to initiate legal proceedings to enforce any payments in respect thereof, and such rights cannot be modified without the consent of such Holder, including the individual right of such Holder to initiate a trial for the payment of overdue amounts in the form of principal and interest in accordance with the provisions of Section 29 of the Negotiable Obligations Law.

#### **The Trustee**

The Trustee (including in its capacities as Paying Agent and Co-Registrar) assumes no responsibility for the accuracy or completeness of the information concerning the Company or its Affiliates or any other party contained in this private placement memorandum or the related documents or for any failure by the Company or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information. The Trustee (including in its capacities as Paying Agent and Co-Registrar) shall have no responsibility to determine the sale price, the trading price, any settlement amount or whether any adjustments to the Conversion Price are required. The Company may from time to time maintain banking relationships and carry out other commercial activities in the ordinary course of business with the Trustee and its Affiliates.

#### **Indemnity of the Trustee**

The Indenture contains provisions for the indemnity of the Trustee (including in its capacities as Paying Agent and Co-Registrar). The Trustee may hold Convertible Subordinated Notes for its own account and may otherwise be engaged in transactions with the Company with the same rights as if it were not acting as Trustee.

The Trustee shall not be required to exercise any of the rights or powers conferred by the Indenture at the request or instruction of any of the Holders under the Indenture unless such Holders have offered to such Trustee a guarantee of compensation and indemnity satisfactory to it for all the costs, expenses and obligations, including, without limitation, the fees and expenses of its agents and representatives, that could be incurred in the fulfillment of said request or instruction.

#### **Modification and Waiver**

The Indenture may be modified, amended or supplemented by the Company and the Trustee without the consent of the Holders of Convertible Subordinated Notes in order to: (i) add any provisions for the benefit of the Holders or revoke any right or benefit conferred on the Company; (ii) remedy any ambiguity or to correct or supplement any defective provision in the Indenture or the Convertible Subordinated Notes in a manner that is not materially adverse to the interests of the Holders; (iii) surrender any right or power of the Company; (iv) secure the Convertible Subordinated Notes; (v) correct a manifest error of a formal, minor or technical nature, provided that such

modification shall not be materially adverse to the Holders; (vi) conform the text of the Indenture or the Convertible Subordinated Notes to any provision in this “Description of the Convertible Subordinated Notes” section to the extent that such provision of this “Description of the Convertible Subordinated Notes” section was intended to be a verbatim recitation of a provision of the Indenture or the Convertible Subordinated Notes; (vii) provide for any guarantees of the Convertible Subordinated Notes; (viii) make provisions with respect to the conversion rights of Holders in the event of a merger, consolidation, reorganization, spin-off or sale of all or substantially all assets solely to the extent permitted by Holders pursuant to a waiver of the covenant described in clause (j) under “—*Negative Covenants*”; (ix) amend the Indenture or the Convertible Subordinated Notes in any manner that does not materially adversely affect the rights or interests of any Holder of the Convertible Subordinated Notes; or (x) provide for a successor trustee, representative of the trustee in Argentina or other agent in accordance with the provisions of the Indenture.

The parties to the Indenture may, with the consent of one or more Holders representing at least a majority of the aggregate principal amount of the outstanding Convertible Subordinated Notes, modify, amend or supplement the Indenture; provided that no such modification, amendment or supplement may change or affect any one or more of the following terms (the “**Essential Terms**”): (i) modify the Interest Payment Dates and/or the Maturity Date of any Convertible Subordinated Note; (ii) reduce the principal (including any premium) amount of, or interest and/or Additional Amounts payable on any Convertible Subordinated Note; (iii) change the place or currency of payment of principal of, or premium, Additional Amounts or interest on any Convertible Subordinated Note; (iv) impair the right to institute suit for the enforcement of any payment on or with respect to any Convertible Subordinated Note on or after the date such payment is due; (v) adversely affect the right to convert Convertible Subordinated Notes; (vi) modify the subordination provisions in a manner adverse to the Holders of the Convertible Subordinated Notes; (vii) reduce the above-stated percentage of outstanding Convertible Subordinated Notes required to modify or amend the Indenture; (viii) reduce the percentage of the outstanding aggregate principal amount of outstanding Convertible Subordinated Notes necessary for waiver of compliance with certain provisions of the Indenture or for waivers of Events of Default; or (ix) modify any provision of the Convertible Subordinated Notes or the Indenture that could reasonably constitute a “fundamental change” under the terms of Section 354 of Argentine Law No. 19,550 as amended (referred to in Section 14 of the Negotiable Obligations Law). The Essential Terms may only be modified with the consent of each Holder of the outstanding Convertible Subordinated Notes.

### **Notices**

So long as the Convertible Subordinated Notes are in global form deposited with DTC, notices to Holders will be in English and will be given in accordance with the rules and procedures of DTC. Notices to Holders of Convertible Subordinated Notes in physical, certificated form will be mailed to them, by first class mail, postage prepaid, at their registered addresses and will be deemed to have been validly given (i) on the fourth Business Day after the date of such mailing in the case of Holders of Convertible Subordinated Notes located outside of Argentina, (ii) upon receipt in the case of Holders of Convertible Subordinated Notes located in Argentina, and for notices mailed to Holders of Convertible Subordinated Notes located in Argentina, and (iii) published in a general newspaper having general circulation in Argentina and in the cases required by Argentine law in the *Official Gazette of Argentina* and any notice so published shall be deemed to have been given on the day immediately after the day of the latest publication.

In addition, the Company will also be required to cause all such other publications of such notices as may be required from time to time by applicable Argentine law. Any and all notices required to be delivered to the CNV will be the responsibility of the Company.

### **Meeting of Holders of Convertible Subordinated Notes**

The Company shall, upon the request of the Trustee or one or more Holders of 5% or more in aggregate principal amount of the Convertible Subordinated Notes at the time outstanding, or the Trustee shall in its sole discretion or upon request of one or more Holders of 5% or more in aggregate principal amount of the Convertible Subordinated Notes at the time outstanding, call a meeting of the Holders for the purpose of presenting, granting or obtaining applications, demands, authorizations, instructions, notifications, consents, dispensations or taking any other action on behalf of the Holders in accordance with the Indenture. The Company may also, at its discretion, call a meeting of the Holders at any time or from time to time. The meetings will be held in the City of Buenos Aires; provided, however, that the Company may determine to hold any such meetings simultaneously in the City of Buenos Aires and in The City of New York (United States of America) by any means of telecommunication which permits the



participants to hear and speak to each other. In any case, meetings shall be held at such time and at such place in any such city as the Company or the Trustee determines. If a meeting is being held pursuant to a request of Holders, the agenda for such meeting shall be as determined in the request and such meeting shall be convened within 40 days from the date such request is received by the Trustee or the Company, as the case may be. Notice of any meeting of Holders (which shall include the date, place and time of the meeting, the agenda thereof and the requirements to attend and/or vote at such meeting) shall be given not less than 10 days nor more than 30 days prior to the date fixed for the meeting in the *Official Gazette of Argentina* and a general newspaper having circulation in Argentina, and any publication thereof shall be for five consecutive Business Days in each place of publication, notwithstanding other publications required by the regulations and standards of stock exchanges and/or stock markets in which the Convertible Subordinated Notes are listed at any time. For purposes of any meeting of Holders, each US\$1,000 of principal amount of the outstanding Convertible Subordinated Notes will entitle the Holder to one vote.

For the foregoing purpose, a Convertible Subordinated Note will be considered “outstanding,” except for (i) Convertible Subordinated Notes cancelled by the Trustee; (ii) Convertible Subordinated Notes that have been called for redemption in accordance with their terms or have expired and are payable at maturity or otherwise and in respect of which sufficient funds have been deposited with the Trustee to pay the principal (including any premium), interest, Additional Amounts or other amounts payable thereon; (iii) Convertible Subordinated Notes directly or indirectly held or beneficially owned by the Company or any Subsidiary; and (iv) Convertible Subordinated Notes in the place of which other securities (including Common Shares following conversion) have been delivered in accordance with the Indenture.

Resolutions shall be adopted by the affirmative vote of one or more Holders of at least a majority of the total principal amount of the outstanding Convertible Subordinated Notes that were present at the meeting in person or by a proxy or duly authorized representative; taking into account, however, that those matters that have as their object the Essential Terms may only be approved with the consent of each Holder of the outstanding Convertible Subordinated Notes.

The quorum at any meeting called to adopt a resolution will be one or more Holders representing at least a majority in aggregate principal amount of the outstanding Convertible Subordinated Notes and at any reconvened adjourned meetings will be the person(s) present at such reconvened meeting. Any document delivered by or on behalf of any Holder in connection with any consent to any waiver or amendment shall be irrevocable once it has been granted, and shall be conclusive and binding upon any subsequent Holders of such Convertible Subordinated Notes. Except as otherwise provided above, any amendment or waiver related to the terms and conditions of the Indenture and the Convertible Subordinated Notes will be conclusive and will bind all Holders, whether or not they gave their consent or were present at the meeting, whether or not such modifications, reforms or waivers have been recorded in the Indenture and the Convertible Subordinated Notes, provided that they have been (i) approved by the requisite Holders or their representatives as set forth under “—Modification and Waiver” and (ii) duly adopted at an assembly convened in accordance with the provisions of Section 14 of the Negotiable Obligations Law.

Any meeting of Holders shall be governed by the Negotiable Obligations Law of Argentina with respect to all matters not covered by the Indenture. Any action set forth under this “—Meeting of Holders of Convertible Subordinated Notes” section may be taken by the written consent of Holders if permitted under Argentine law then in effect (as determined by the Company).

#### **Calculations in Respect of the Convertible Subordinated Notes**

Except as otherwise set forth above, the Company will be responsible for making all calculations required pursuant to the Indenture and with respect to the Convertible Subordinated Notes. These calculations may include, but are not limited to, the Conversion Price and adjustments thereto; the number of Common Shares (including Common Shares represented by ADSs) to be delivered upon conversion of the Convertible Subordinated Notes; the amount of accrued interest payable on the Convertible Subordinated Notes; the amount of Overpaid Interest, if any; the amount of any fees, costs and expenses payable pursuant to the Deposit Agreement; and the amount of any other applicable fees, transfer taxes or similar taxes. The Company will make all such calculations in good faith and, absent manifest error, such calculations will be final and binding on the Holders. The Company will provide a schedule of its calculations to the Trustee and the Co-Registrar, and each of the Trustee and the Co-Registrar will be entitled to rely conclusively upon the accuracy of the Company’s calculations without independent verification. The Trustee will forward the Company’s calculations to any Holder upon request.

## **Governing Law; Jurisdiction; Waiver of Jury Trial**

The Indenture will be governed by the laws of New York. However, the Negotiable Obligations Law establishes the legal requirements necessary for the Convertible Subordinated Notes to qualify as *Obligaciones Negociables Convertibles*. The corporate authorization, execution and delivery of the Convertible Subordinated Notes and the approval by the CNV of the offering to the public in Argentina as well as certain matters relating to meetings of Holders will be governed by Argentine law. All other matters in respect of the Convertible Subordinated Notes, including, without limitation, the duties, rights and protections of the Trustee, Co-Registrar, Principal Paying Agent and Transfer Agent, are governed by, and construed in accordance with, the laws of the State of New York, United States of America.

The Company will submit to the personal jurisdiction of the ordinary commercial courts of the City of Buenos Aires, Argentina, the courts of New York and the federal courts of the United States of America located in The City of New York with respect to any action that may be brought in connection with the Indenture or the Convertible Subordinated Notes. With respect to any action that may be brought in the courts of New York and the federal courts of the United States of America located in The City of New York, the Indenture will provide that the Company, the Holders and the Trustee irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to the Indenture, the Convertible Subordinated Notes or any transaction contemplated thereby.

The Company has irrevocably appointed Cogency Global Inc., with offices at 10 East 40<sup>th</sup> Street, 10<sup>th</sup> floor, New York, New York, United States of America, as its authorized representative to receive notice of any action arising under the Indenture or the Convertible Subordinated Notes or in connection therewith that may be commenced in any state or federal court in The City of New York or the State of New York, and will agree that such appointment shall be irrevocable as long as there are outstanding Convertible Subordinated Notes or until the Company's irrevocable appointment of a successor in The City of New York as its authorized representative for such purpose and the acceptance of such appointment by that successor.

Notwithstanding the foregoing, in accordance with Section 46 of the Capital Markets Law, Holders of Convertible Subordinated Notes may submit disputes relating to the Convertible Subordinated Notes to the institutional law arbitration panel process under the non-exclusive jurisdiction of the General Arbitration Court of the Buenos Aires Stock Exchange, pursuant to the rules of the CNV and Section 46 of the Capital Markets Law.

## **Purchase and Cancellation**

All Convertible Subordinated Notes surrendered for payment, registration of transfer or exchange or conversion shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee. All Convertible Subordinated Notes delivered to the Trustee shall be cancelled promptly by the Trustee. No Convertible Subordinated Notes shall be authenticated in exchange for any Convertible Subordinated Notes cancelled as provided in the Indenture.

The Company may (directly or indirectly), to the extent permitted by applicable law, purchase Convertible Subordinated Notes in the open market or by tender offer at any price or by private agreement. Any Convertible Subordinated Notes purchased by the Company may, to the extent permitted by applicable law, be reissued or resold or may, at the Company's option, be surrendered to the Trustee for cancellation. Any Convertible Subordinated Notes surrendered for cancellation may not be reissued or resold and will be promptly cancelled. Any Convertible Subordinated Notes held by the Company or any Subsidiary shall be disregarded for voting purposes in connection with any notice, waiver, consent or direction requiring the vote or concurrence of Holders.

## **Currency Indemnity**

The U.S. dollar is the sole currency of account and payment for all sums payable by the Company in connection with the Convertible Subordinated Notes, including damages.

If, for the purpose of obtaining a ruling from any court, judicial or arbitral body, it is necessary to convert amounts due in U.S. dollars into any other currency, no waiver by the Holders of their right to receive payments in U.S. dollars shall be implied thereby.

Any amount received or recovered in currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of jurisdiction, in the winding up or dissolution of the Company or otherwise) by any Holder in respect of any sum expressed to be due to it from the Company shall only constitute discharge of the

Company to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Convertible Subordinated Note, the Company shall indemnify such recipient against any loss sustained by it as a result. In any event, the Company shall indemnify the recipient against the documented cost of making such purchase. For the purposes of this paragraph, it will be sufficient for the Holder to certify in satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of U.S. dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if the purchase of U.S. dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above).

The foregoing indemnity constitutes a separate and independent obligation from the Company's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any other judgment, order, claim or proof for liquidated amount in respect of any sum due under any Convertible Subordinated Note.

### **Restricted Securities and Limitations on Transferability**

The Convertible Subordinated Notes offered pursuant to the U.S. Offering will be "restricted securities" (as defined in Rule 144 under the Securities Act) and, therefore, may be transferred only pursuant to registration or qualification under U.S. federal and state securities laws or under exemptions therefrom.

### **Investor Suitability for the Offering in the United States**

An investment in the Convertible Subordinated Notes involves substantial risks and is suitable only for persons of adequate financial means who can bear the economic risk of an investment in the Convertible Subordinated Notes for an indefinite period of time. The Convertible Subordinated Notes have not been and will not be registered under the Securities Act or under applicable state securities laws. The Convertible Subordinated Notes are being offered in reliance upon exemptions from the registration requirements of the Securities Act and applicable state securities laws, including but not limited to the exemptions provided under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D thereunder relating to private offerings. Each purchaser of the Convertible Subordinated Notes participating in the U.S. Offering must qualify as an "accredited investor" (as defined in Rule 501(a) of Regulation D) and must verify its status as an accredited investor in accordance with Rule 506 before investing in the Convertible Subordinated Notes. See "Plan of Distribution—Qualifications of Investors." And "—Limitation of Offering."

### **Definitions**

The following is a summary of certain defined terms that appear in the Indenture and in the Convertible Subordinated Notes. The Indenture contains the complete definition of all the terms mentioned herein, as well as any other capitalized term that appears in this "Description of the Convertible Subordinated Notes" section without being expressly defined. Certain terms used herein without being defined elsewhere will have the meaning given to them in accordance with IFRS applied on a consistent basis.

**"Additional Capitalization"** means, since the Issue Date, the aggregate of (x) the net cash proceeds received by the Company or any of its Subsidiaries from any capital increase or capital contribution through the issuance of any class of capital stock (or any security exercisable or exchangeable therefor) of the Company or any of its Subsidiaries, (y) plus the total amount of cumulative consolidated net income of the Company and its Subsidiaries or, if such cumulative consolidated net income is a loss, minus the loss accrued during the period (treated as one accounting period) from the Issue Date to the end of the most recent fiscal quarter for which Consolidated Financial Statements are available, plus (z) the aggregate net cash proceeds received by the Company or any of its Subsidiaries from the issuance of any Indebtedness for Borrowed Money that has subsequently been converted into or exchanged for capital stock of the Company or any of its Subsidiaries.

**"Affiliate"** means, with respect to any Person, a person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Person. For the purposes of this definition, "control," when used with respect to any specified Person means the power to direct (and without the concurrence of any other Person, except an Affiliate or Subsidiary of the controlling Person) the management and

policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have the meanings correlative to the foregoing.

“**Authority**” means any public office, tribunal, authority, commission, department or entity or any governmental, public, administrative, taxing or judicial authority belonging to the national, federal, state, provincial or municipal government.

“**Authorization**” means any consent, registration, filing, agreement, notarization, license, certificate, approval, permit, power or exemption expressly granted or retained by any Authority or that is deemed to be granted or retained by omission of an act within any specific term, as well as all corporate approvals and consents from creditors and from shareholders.

“**Business Day**” means any day other than a Saturday and Sunday that is neither a legal holiday nor a day on which commercial banks are authorized or required to close by law, regulation or executive order in The City of New York, United States of America or the City of Buenos Aires, Argentina.

“**Co-Investment Agreement**” means the Framework Co-Investment Agreement, dated on or about the date hereof, by and between the Company and PointArgentum Master Fund LP, an Argentine-focused investment fund managed by a limited liability company formed in the State of Delaware.

“**Consolidated Financial Statements**” means the financial statements of the Company and its consolidated Subsidiaries, prepared in accordance with IFRS applied on a consistent basis.

“**Consolidated Total Assets**” means, as of any date of determination, the total assets of the Company and its consolidated Subsidiaries, as shown on the Consolidated Financial Statements as of the end of the most recently ended fiscal quarter immediately prior to the applicable date of determination for which Consolidated Financial Statements are available.

“**Contest**” means, with respect to any tax, Lien or claim, a contest pursued in good faith and by appropriate proceedings diligently conducted, so long as (a) adequate reserves have been established with respect thereto to the extent required by and in accordance with IFRS consistently applied throughout the period involved, and (b) any Lien (other than a Lien for taxes that are not yet delinquent) filed in connection therewith shall have been removed from the record by the bonding of such Lien by a reputable surety company, or other security is otherwise provided to assure the discharge of the obligation thereunder and of any additional charge, penalty or expense arising from or incurred as a result of such contest.

“**Financial Statements**” means the financial statements of the Company on an unconsolidated basis which present fairly the financial position, results of operations and changes in the financial position prepared in accordance with IFRS applied on a consistent basis.

“**Fiscal Year**” means the fiscal year of the Company that starts on January 1 of each year and ends on December 31 of that year, or any other period that the Company may determine to be its fiscal year.

“**Hedging Agreement**” means (a) any and all interest rate protection agreements, interest rate future agreements, interest rate option agreements, interest rate swap agreements, interest rate cap agreements, interest rate collar agreements, interest rate hedge agreements, foreign exchange contracts, currency swap agreements, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts or any other similar transactions or any combination of the foregoing (including any option to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, traded at the over-the-counter or standardized markets and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or are governed by any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement (including such master agreement, together with any related schedules, a “**Master Agreement**”) including any such obligations or liabilities under any Master Agreement.

“**Hedging Obligation**” of a Person means any and all obligations of such Person, whether absolute or contingent and however and whenever created, arising, evidenced or acquired (including all renewals, extensions and

modifications thereof and substitutions therefor), under: (a) any and all Hedging Agreements and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Agreement transaction.

“**IAI**” means an institution that is an “accredited investor” as defined and of the type specified in Rule 501(a)(1), (2), (3) or (7) under the Securities Act and is not a QIB.

“**IAI Global Note**” means a Global Note bearing a global note legend and private placement legend and deposited with or on behalf of, and registered in the name of, the depositary of the Global Notes or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Convertible Subordinated Notes sold to IAIs.

“**IFRS**” means International Financial Reporting Standards issued by the International Accounting Standards Board as in effect from time to time. For the avoidance of doubt, all financial information of the Company calculated under the Indenture shall be prepared on the basis of its Consolidated Financial Statements.

“**Indebtedness**” means, without limitation, the total debts and obligations of the Company and/or its Subsidiaries for payment or reimbursement of money with respect to: (i) Indebtedness for Borrowed Money; (ii) the credit granted by suppliers or derived from installment purchases and similar arrangements for goods and services, other than credit obtained on commercial terms in the ordinary course of the Company’s business; (iii) the total of all the debts and obligations of third parties outstanding and guaranteed by the Company and/or any of its Subsidiaries; (iv) any conditional sale or transfer with an option or obligation to repurchase, including, without limitation, through discount or factoring or accounting debts; (v) all letters of credit, banker’s acceptances or similar credit transactions, including reimbursement obligations in respect thereof (except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 90 days of the incurrence thereof); (vi) all net obligations under Hedging Obligations (such amount being equal to the termination value thereof) of the Company and/or its Subsidiaries to the extent such Hedging Obligations appear as a liability on the balance sheet of the Company and/or its Subsidiaries, prepared in accordance with IFRS; and (vii) all Indebtedness of any other Person which is secured by any Lien on any property or asset of the Company and/or any of its Subsidiaries, the amount of such Indebtedness being deemed to be the lesser of the fair market value of such property or asset or the amount of the Indebtedness so secured.

“**Indebtedness for Borrowed Money**” means all outstanding obligations (whether actual or contingent) to pay or repay money borrowed by the Company and/or its Subsidiaries, including, without limitation: (i) loans of money; (ii) the principal amount of any bonds, notes, vouchers, commercial paper, debentures and bills or promissory notes drawn, accepted, endorsed or issued, as the case may be; (iii) the deferred purchase price of assets, property, goods or services other than assets, property, goods or services obtained on commercial terms in the ordinary course of business; (iv) the non-contingent obligations of the Company or a Subsidiary for the reimbursement of any amount paid to third parties pursuant a letter of credit or similar instrument (excluding any such letter of credit or similar instrument issued for the benefit of the Company or a Subsidiary concerning their trade accounts in the ordinary course of business); (v) the amounts obtained in a transaction with the commercial effect of a loan and that should be recorded as a loan in accordance with IFRS applied on a consistent basis, including, without limitation, under leases or similar arrangements entered into primarily as a means of financing the leased asset; and (vi) any premium or minimum amount that has to be paid over to extend, refinance or replace of any of the foregoing, in each case, other than obligations owed to the Company or any of its Subsidiaries.

“**Issue Date**” means the first date of issuance of Convertible Subordinated Notes under the Indenture.

“**Lien**” means any mortgage, pledge (with or without physical delivery), charge, assignment, collateral right, retention of title, preference right, trust agreement, fiduciary assignment, compensation right, retention right, privilege or priority of any kind for guarantee or collateral purposes, including, without limitation, any designation of beneficiaries of a policy or any other kind of similar agreement by virtue of an insurance policy.

“**Material Subsidiary**” means any Subsidiary representing at least 5% of the Consolidated Total Assets; provided that, at any date of determination, the Subsidiaries that do not constitute Material Subsidiaries pursuant to the foregoing clause shall not, in the aggregate, represent more than 20% of the Consolidated Total Assets (it being understood and agreed that in the event such limit would otherwise be exceeded, the Company shall designate one or more Subsidiaries as Material Subsidiaries, such that the total assets of the remaining Subsidiaries that are not Material Subsidiaries do not, in the aggregate, exceed such limit).

“**Permitted Indebtedness**” means:

- (1) Indebtedness of the Company or any of its Subsidiaries existing as of the Issue Date;
- (2) trade and operational Indebtedness, accrued expenses and deferred tax and other credits incurred by the Company or any of its Subsidiaries in accordance with customary practices and in the Company's and/or such Subsidiary's ordinary course of business, provided such Indebtedness is (a) unsecured, (b) not evidenced by a note, bond or debenture and (c) due not more than 180 days past the date incurred and paid on or prior to such date;
- (3) financing leases and purchase money Indebtedness incurred in the ordinary course of business relating to movable property of the Company or any of its Subsidiaries on commercially reasonable terms and conditions;
- (4) deposits by customers, advances, reservation payments or any other kind of payment made with the purpose of securing a final purchase, lease or rental agreement regarding real estate property in the ordinary course of business, including banker's acceptances issued in respect of loans to customers and letters of credit issued with customers as account parties, in each case, in the ordinary course of business of the Company and its Subsidiaries and not having the effect of the incurrence of Indebtedness for Borrowed Money;
- (5) non-recourse Indebtedness arising under any transaction in which the Company or any of its Subsidiaries acts solely in a fiduciary or agency capacity;
- (6) Indebtedness arising under Hedging Agreements entered into for bona fide non-speculative purposes;
- (7) intercompany Indebtedness between the Company and any Subsidiary or between any Subsidiaries;
- (8) Indebtedness of the Company or any of its Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (including daylight overdrafts paid in full by the close of business on the day such overdraft was incurred) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is cancelled and paid in full within 30 days of incurrence;
- (9) Indebtedness of the Company or any of its Subsidiaries represented by letters of credit for the account of the Company or any Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;
- (10) Indebtedness incurred by the Company or any of its Subsidiaries in connection with the financing of all or any part of the purchase price or cost of the construction, development or improvement of any property of the Company or any of its Material Subsidiaries, including stock shares, *cuotas*, or units of a trust representing a special purpose vehicle for such assets (including the purchase price of and acquisition costs relating to materials, equipment and other assets required to complete such construction, development or improvement and any costs, expenses, interest and fees incurred in relation thereto); provided that the sole source of recourse for the holder of such Indebtedness shall be the property so acquired, constructed, developed or improved with the proceeds therefrom;
- (11) Indebtedness the proceeds of which are applied within 45 days following incurrence thereof to the redemption or repurchase of, or repayment of principal (including premium, if any) of, and interest and Additional Amounts on, Permitted Indebtedness; and
- (12) Indebtedness not otherwise permitted by the foregoing clauses (1) through (11) in an aggregate principal amount not to exceed (since the Issue Date) the sum of (a) US\$20,000,000 (or its equivalent in other currencies) and (b) the Additional Capitalization multiplied by 1.5.

**“Permitted Liens”** means:

- (1) Liens in existence on the Issue Date;
- (2) Liens granted to the Holders of the Convertible Subordinated Notes;
- (3) Liens imposed by law for taxes not yet delinquent or which are subject to a Contest by the Company or any of its Subsidiaries;
- (4) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen and similar Liens arising by operation of law in the ordinary course of business for amounts not yet due or which are subject to a Contest by the Company or any of its Subsidiaries;
- (5) pledges and deposits made in the ordinary course of business of the Company or any of its Subsidiaries in compliance with workers’ compensation, unemployment insurance and other social security laws or regulations;
- (6) deposits by the Company or any of its Subsidiaries to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;
- (7) judgment and attachment Liens not giving rise to an Event of Default or Liens created by or existing from any litigation or legal proceeding that are subject to a Contest by the Company or any of its Subsidiaries;
- (8) customary or common law rights of set-off, revocation, refund or chargeback under deposit agreements or other agreements with banks and other financial institutions with which the Company or any of its Subsidiaries maintains deposits (other than deposits intended as cash collateral or escrow accounts) in the ordinary course of business;
- (9) easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations in any property of the Company or any of its Subsidiaries for the purpose of land services, roads, pipelines, transmission lines, transportation lines, distribution lines for the removal of gas, oil, coal or other minerals or timber and other like purposes, or for the joint or common use of real estate, rights of way, facilities and equipment, that in each case do not secure any monetary obligations and which in the aggregate do not materially impair the use of or value of such property;
- (10) contractual Liens which arise in the ordinary course of business under operating agreements, sale agreements, barter agreements, building rental agreements and other agreements which are usual and customary in the real estate business in connection with the kind of operations contemplated by the Company or any of its Subsidiaries in this private placement memorandum; provided that any such Lien referred to in this clause (10) does not materially impair the use of or the value of the property covered by such Lien;
- (11) minor irregularities in title to real property that do not secure any monetary obligations and which do not materially interfere with the occupation, use or enjoyment by the Company of any of its properties or assets;
- (12) easements, zoning restrictions, rights-of-way, encroachments and other similar encumbrances on real property and statutory liens imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any of its Subsidiaries;
- (13) purchase money Liens created or arising over any property or assets which is acquired or constructed by the Company or any of its Subsidiaries but only if (a) such Lien secures only principal

amounts (not in excess of the cost of such acquisition or construction) raised for the purposes of such acquisition or construction, together with any costs, expenses, interest and fees incurred in relation thereto, (b) such Lien is created or arises on or before 120 days after the completion of such acquisition or construction and (c) such Lien is confined solely to the property so acquired or constructed;

(14) customary Liens securing Indebtedness of the Company or any of its Subsidiaries under Hedging Agreements (to the extent permitted hereunder) and any extension, renewal or replacement of any such Liens; and

(15) indemnity obligations in respect of the sale, transfer, lease or other disposition of any property of the Company or any of its Subsidiaries (to the extent permitted hereunder); provided that such indemnity obligations do not exceed the proceeds actually received by the Company or any of its Subsidiaries in connection with any such sale, transfer, lease or other disposition.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Authority or other entity.

“**Ps.**” means the legal tender of Argentina.

“**Regulation S**” means Regulation S under the Securities Act.

“**Regulation S Global Note**” means a Global Note bearing a global note legend and private placement legend and deposited with or on behalf of, and registered in the name of, the depositary for the Global Notes or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Convertible Subordinated Notes sold in reliance on Regulation S.

“**Rule 144A**” means Rule 144A under the Securities Act.

“**Rule 144A Global Note**” means a Global Note bearing a global note legend and private placement legend and deposited with or on behalf of, and registered in the name of, the depositary for the Global Notes or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Convertible Subordinated Notes sold in reliance on Rule 144A.

“**Subsidiary**” means (a) with respect to the Company, a corporation, association or another commercial entity (except for a joint venture, a trust or similar entity) from which more than 50% of the outstanding shares with voting rights are owned or controlled, directly or indirectly, by the Company and/or one or more of the Company’s Subsidiaries (or a combination thereof) or, in the case of a business partnership, in which the only joint and several partner or managing partner or the only joint and several partners are the Company and one or more of the Company’s Subsidiaries (or a combination thereof), (b) with respect to a joint venture or trust, an entity in which more than 50% of the distribution rights or participation certificates, as the case may be, are owned or controlled by the Company and/or one or more Subsidiaries of the Company, either directly or indirectly, or (c) any other Person that is consolidated by the Company in its Consolidated Financial Statements. For the purposes of this definition, “control,” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have the meanings correlative to the foregoing. Unless otherwise indicated, “Subsidiary” means a Subsidiary of the Company.

“**U.S. dollars**” and “**US\$**” means the legal tender of the United States of America.



## DESCRIPTION OF CAPITAL STOCK

This section must be read together with information included in sections “Principal Shareholders” and “Related Party Transactions” and it is a summary of the Company’s capital stock, meaningful rules set in the Bylaws and certain requisites of the Argentinean legislation applicable to shares and their tenure.

The Company was established in the City of Buenos Aires, Argentina, as TGLT S.A. It was registered in the Public Registry of Commerce of the City of Buenos Aires, managed by the Inspección General de Justicia on June 13, 2005 under No. 6967, Book 28, Section “-” de “*Sociedades Anónimas*.” The contract term of the Company ends on June 13, 2104. The legal domicile and main address of the Company’s business is located in Scalabrini Ortiz Avenue 3333, 1st floor, City of Buenos Aires, Argentina (tel: +54-11-5252-5050). The website is [www.tglt.com](http://www.tglt.com) and the contact email is [inversores@tglt.com](mailto:inversores@tglt.com). Information on, or accessible through, our website is not incorporated by reference into or a part of this private placement memorandum.

TGLT currently has 70,349,485 Common Shares outstanding of Ps.1.00 nominal value each and with right to one vote per share of only one type.

### Evolution of TGLT’s Share Capital

On August 15, 2007, it was resolved to increase the capital from Ps.20,000 to Ps.28,571. The capital increase was made through a contribution made by PDG Realty and Participações in the amount of Ps.22,330,000, which was incorporated to the Company as follows: (i) Ps.8,571 at the subscription and integration of the nominal value of the actions; and (ii) Ps.22,321,429 to the integration of the share premium corresponding to such shares.

<u>Shareholders</u>	<u>Shares</u>	<u>Votes</u>	<u>Class</u>	<u>Type</u>	<u>Percentage of total shares</u>	<u>Percentage of total votes</u>
Federico Nicolás Weil .....	20,000	20,000	A	Nominative	70.01%	70.01%
PDG Realty Empreendimentos e Participações .....	8,571	8,571	B	Nominative	29.99%	29.99%
<b>TOTAL</b> .....	<b><u>28,571</u></b>	<b><u>28,571</u></b>			<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

On October 30, 2009, management decided to capitalize the Company by increasing the issuance premium account in Ps.22,321,429 which went from Ps.28,571 to Ps.22,350,000. On the same date, shares were converted to *escriturales* (“book-entry”).

<u>Shareholders</u>	<u>Shares</u>	<u>Votes</u>	<u>Class</u>	<u>Type</u>	<u>Percentage of total shares</u>	<u>Percentage of total votes</u>
Federico Nicolás Weil .....	15,645,000	15,645,000	A	Book-Entry	70.00%	70.00%
PDG Realty Empreendimentos e Participações.....	6,705,000	6,705,000	B	Book-Entry	30.00%	30.00%
<b>TOTAL</b> .....	<b><u>22,350,000</u></b>	<b><u>22,350,000</u></b>			<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

On October 30, 2009, it was resolved to increase the capital up to Ps.61,800,000, to be placed by public offering and eliminate the distinction of classes after our IPO in Argentina. As a result of our IPO, 47,999,485 new shares were issued, of which 31,984,275 shares were placed in the local offering in Argentina and 16,015,210 shares were placed in the international offering in the form of GDRs that later became ADSs. The new shares were merged into cash and through the capitalization of credits resulting from the obligations committed by the Company in connection with the acquisition of shares in Maltería, Canfot and MRL. As a result, share capital was increased to Ps.70,349,485, as shown in the table below:

<u>Shares</u>	<u>Issued, subscribed and paid</u>	<u>Subscribed</u>
Ordinary, book-entry, with right to one vote of Ps.1 nominal value.....	70,349,485	70,349,485
	<u>70,349,485</u>	<u>70,349,485</u>

At our ordinary and extraordinary shareholders’ meeting held on April 14, 2016, our shareholders approved a capital increase by issuing up to 345,000,000 common shares underlying the Convertible Subordinated Notes to be offered by public subscription, as ratified by the ordinary and extraordinary shareholders' meeting held on April 20, 2017.

As of the date of this private placement memorandum, such offering and capital increase have not yet been consummated.

At the ordinary and extraordinary shareholders' meeting held on April 20, 2017, our shareholders decided to approve a capital increase in such proportion as necessary to fulfill future requests for conversion of the Convertible Subordinated Notes pursuant to Section 17 of the Negotiable Obligations Law, with such increase being equal to the amount resulting from dividing the aggregate principal amount of the Convertible Subordinated Notes submitted for conversion by the Conversion Price, plus applicable adjustments. The capital stock will be increased as the Convertible Subordinated Notes are converted. The Company's board of directors will notify the CNV and the other applicable authorities and agencies, pursuant to the applicable laws and regulations in force, the amount of shares issued as a result of the conversion and the ensuing capital increase, information which will be included in the board of directors' minutes.

As of March 31, 2017, the book value of the Company's common stock amounted to Ps.4.92.

After consummation of the Offering, assuming the conversion of all Convertible Subordinated Notes at the mid-point of the range of US\$0.43 to US\$0.71, as approved by the shareholders at the annual shareholders meeting held on April 20, 2017, our authorized and issued share capital may be increased to Ps.333,507,380.

The following table sets forth the Company's share capital before the Offering and after the Offering, assuming the conversion of all Convertible Subordinated Notes at the mid-point of the range of US\$0.43 to US\$0.71, as approved by the shareholders at the annual shareholders meeting held on April 20, 2017.

<u>Share capital before the Offering</u>	<u>Share capital after the Offering</u>	<u>Percentage of our share capital after the Offering over our total share capital before the Offering</u>
70,349,485 shares	333,507,380 shares	474%

### **Corporate Purpose**

Our common shares are entitled to one vote each. Our bylaws provide that our corporate purpose is to carry out the following activities, on our own behalf, or as trustee on behalf of third parties, or in conjunction with third parties, in Argentina or abroad, on our own property or on third party property: management of real estate projects, urban development projects; planning, assessment, scheduling, formulation, development, implementation, administration, coordination, supervision, management, organization, direction and execution of real estate related businesses; exploitation of brands, patents, methods, formulas, licenses, technologies, know how, models and designs; marketing in any manner, whether through purchase, sale, barter, consignment, agency, storage, fractioning, subdivision, division into plots, administration, distribution, lease or brokerage of real and personal property and related services; establishing and accepting all kinds of security interests on real property; granting guaranties and/or securities in favor of controlled and related companies; surveying, planning, projecting, giving advice in connection with and/or executing any and all private and/or public works, whether national and/or provincial, on rural property, urban residential property, offices, stores, neighborhoods, urbanizations, roads, engineering and/or architectural work generally, administering them, making drawings and plans, participating in bidding processes for public and private works, and taking over works already under construction; importing and exporting machinery, tools and construction materials, and any activities, whether now or hereafter existing, specifically related to the construction industry. We may: (i) hold interests and/or make investments in any kind of companies, consortia, joint ventures and any other form of association or partnership contracts fully or partially related to the Company's purpose, (ii) act as manager and/or provide administration services, as well as operator, sponsor and/or developer, on behalf of other companies that have a real estate corporate purpose and/or of real estate funds, real estate trusts and other collective investment vehicles which have as their purpose to invest in real estate projects or business in any of their sectors and/or segments; (iii) act as financial trustee; (iv) accept and hold mandates, commissions, agencies and/or *negotiorum gestio*; and (v) set up agencies, branches or other types of representation in Argentina or abroad. Additionally, in order to be able to achieve our corporate purpose, we have the express power to secure performance of the obligations of controlled and related companies, including by means of security interests on property. We may generally engage in administration and development of businesses, trusts and companies related to our purpose,

expressly excluding the ability to give advice in connection with any matters and/or activities that must be conducted by licensed professionals in accordance with applicable law.

### **Shareholders**

Only the persons recorded as shareholders in our stock record book will be able to exercise their shareholder rights. We will not acknowledge, except where required by law, any contingent, future or partial interest in any common share or other rights in or to common shares, except by the holder of record of any such common shares or the person whose name has been recorded in the stock record book in connection with any such common shares.

In accordance with CNV regulations, the names of the holders of shares carrying in excess of 5% of our votes must be reported to the CNV.

Caja de Valores S.A. acts as the registrar of our common shares.

### **Liability of Shareholders**

Shareholders' liability for the losses of a company is limited to the value of the shareholder's shareholdings in the Company. According to the Argentine Corporate Law, however, shareholders who have a conflict of interest with the Company with respect to certain matters and who do not abstain from voting on such matters may be held liable for damages to the Company, provided that their votes were necessary for the adoption of the relevant decision. In addition, shareholders who voted in favor of a resolution that is subsequently declared void by a court as contrary to Argentine laws or a company's bylaws (or regulations, if any) may be held jointly and severally liable for damages to such company, other shareholders or third parties resulting from such resolution. See also "Risk Factors—Risks Relating to the Convertible Subordinated Notes and the Offering—Our shareholders may be subject to liability for certain votes of their securities."

### **Appraisal Rights**

Whenever our shareholders approve:

- A merger or break up where we are not the surviving entity, except where the purchaser's shares are authorized for public offering or are listed on any stock exchange;
- A change of our corporate legal status;
- Any fundamental change in our corporate purpose;
- A change of our registered office outside of Argentina;
- A voluntary termination of the public offering or listing authorization;
- A decision in favor of our continuation upon delisting or cancellation of our public offering authorization; or
- A total or partial recapitalization following a mandatory reduction of our capital or liquidation.

Any shareholder who voted against any such action or failed to attend the relevant meeting will be entitled to exercise his right of appraisal, that is, the right to withdraw and have his shares cancelled at their book value, determined on the basis of the latest balance sheet prepared or that should have been prepared as of that date, in accordance with Argentine laws and regulations, provided that such shareholder exercises its appraisal rights within the time frame set forth below.

Appraisal rights must be exercised within five days after the date of the meeting where the relevant resolution was made, in the case of a dissenting shareholder who voted against the resolution, or within 15 days after the date of the meeting, in the case of a dissenting shareholder who failed to attend the meeting and can prove that he was a shareholder as of the date of the meeting. In the case of a merger or break up involving a public company, no appraisal rights may be exercised if the shares to be received as a result of the transaction are listed on a stock exchange. Appraisal rights will be terminated if the resolution giving rise to them is revoked at another meeting of shareholders held within 60 days after the date of the meeting where the resolution was adopted.

Appraisal rights must be paid within one year from the date of the shareholders' meeting when the resolution was adopted, except when the resolution that created those rights was to withdraw the listing on the stock exchange of the Company's shares or to reject a proposal for a public offering or listing, in which case the payment period is reduced to 60 days after the expiration of the term that a shareholder who did not attend the meeting where the resolution was adopted has to exercise such rights or the publishing of the notification informing the withdrawal of the authorization of listing or rejection of the public offer or negotiation of capital.

### **Transfer of Shares**

There are no restrictions on the transfer of paid up shares, other than as provided in the Amended and Restated Shareholders Agreement among the Principal Shareholders (see "Related Party Transactions—Shareholders Agreement").

### **Registration Requirements of Foreign Companies that Hold Shares Directly**

Under the Argentine Corporate Law, foreign companies that hold shares directly (and in the form of ADSs) in an Argentine company must register with the Public Registry of Commerce which in the City of Buenos Aires is in charge of IGJ in order to exercise certain shareholder rights, including voting rights. The registration in the IGJ requires the filing of corporate and accounting documents in order to demonstrate that the foreign shareholder's principal activity is performed outside Argentina. Therefore, it will have to prove that it is entitled to conduct business in its place of incorporation and meets certain foreign assets requirements.

### **Liquidation Rights**

In the case of our liquidation or dissolution, our assets will be applied to satisfy our outstanding liabilities and reimburse capital. Any remaining balance will be proportionally distributed among holders of our common stock. Our liquidation will be carried out by the board of directors or by the liquidator or liquidators appointed by a shareholders' meeting, under the surveillance of the supervisory committee.

### **Preemptive and Accretion Rights**

In the case of a new issuance of shares, shareholders will have a right to subscribe for a number of shares in proportion to the amount of their shareholding before any such issuance of shares. In addition, shareholders have Accretion Rights, which permit them to subscribe for common shares that are not subscribed for other existing shareholders in proportion to the percentage of shares for which subscribing existing shareholders have exercised their Preemptive Rights.

### **Shareholders' Meetings; Voting Rights**

#### *Notice of Meetings*

Notice of shareholders' meetings is governed by the provisions of our bylaws, the Argentine Corporate Law and the Capital Markets Act. Notice of shareholders' meetings must be published for five days in the Official Gazette, in an Argentine newspaper of wide circulation and in the publications of Argentine authorized markets in which the shares are listed and traded, at least 20 days but not more than 45 days prior to the date on which the meeting is to be held and must include information regarding the type of meeting to be held, the date, time and place of such meeting, the agenda and special requirements established by our bylaws. If a quorum is not available for such meeting, a notice for a second meeting, which must be held within 30 days from the date on which the first meeting was called, must be published for three days, at least eight days before the date of the second meeting. The above described notices of shareholders' meetings may be effected simultaneously, in the case of ordinary meetings, in order for the second meeting to be held on the same day as the first meeting, one hour after, except in certain circumstances.

In accordance with the provisions of Article 11 of our bylaws, shareholders' meetings are to be called in accordance with applicable law, on first or second call, without prejudice to the provisions of Section 237 of Act No. 19,550 in connection with unanimous meetings. Quorum requirements in connection with first and second call meetings are governed by the provisions of Section 243 of Act No. 19,550. Quorum requirements for special first call meetings are governed by the provisions of Section 244 of Act No. 19,550. A special meeting of shareholders on second call may be held only with the presence of the holders of at least 40% of the shares entitled to vote thereat. In the case of

first call general meetings and first and second call special meetings, decisions shall be adopted by the absolute majority of votes present that may be cast in connection with the relevant decision, and in any case, at least 40% of the shares entitled to vote. In the case of a second call general meeting, majority requirements are governed by the provisions of Section 243 of Act No. 19,550. Pursuant to the Amended and Restated Shareholders Agreement, certain decisions need to be approved by the unanimous vote of the Principal Shareholders on both first and second call, see “Related Party Transactions—Shareholders Agreement.”

Our directors, statutory auditors, members of the supervisory committee, managers and employees cannot act as proxies for the shareholders. If no quorum is obtained, a shareholders’ meeting may be held on second call, and the applicable quorum requirements will be lower, as described above.

### ***Election of Directors***

The board is made up of eight regular board members and eight alternate members. Board members are appointed at the annual common shareholders’ meeting. Directors are elected for a term of three years.

Pursuant to section 257 of the Argentine Corporate Law, the directors maintain their positions until the following annual common shareholders’ meeting where directors are appointed.

Argentine Corporate Law grants shareholders the right to choose cumulative voting in order to elect up to one third of the directors to fill vacancies of the board of directors.

Cumulative voting is a system designed to protect minority interests, as it allows, but does not ensure, that minority interests will be able to elect some of their candidates to the board of directors.

Shareholders that use cumulative voting will have the amount of votes resulting from multiplying the number of votes corresponding to them by the number of contemplated vacancies, (which in the case of the Company, will be eight vacancies). Such shareholders can distribute the votes between two candidates or consolidate them all to vote for one candidate. Shareholders voting using the ordinary system will assign the total amount of their votes to each of the eight candidates.

The shareholders that decide to vote using the ordinary system will compete with the shareholders using the cumulative system over one third of the vacancies to fill (which in the case of the Company, will be two vacancies). The other two thirds of the vacancies will be voted exclusively by shareholders that have chosen the ordinary system. The results are calculated per person. Under the ordinary system, the candidates that obtain a majority of the votes present will be elected. Under the cumulative system, the candidates that obtain the highest number of votes (exceeding the votes obtained by the ordinary system) will be elected.

The larger the number of vacancies, the greater the possibility that minority groups or shareholders will obtain positions in the board of directors.

### **Mandatory Acquisition Public Offer**

#### ***Mandatory Public Offer in the Case of Significant Acquisition of Our Capital Stock and Votes.***

Pursuant to the Capital Markets Act and the CNV Rules, any person who directly or indirectly intends to acquire for value, acting individually or in conjunction with others, in a single transaction or a series of transactions over a term of 90 calendar days, a number of voting shares, stock warrants or stock options, convertible securities or other similar instruments issued by us, that directly or indirectly (considering for that purpose that person’s existing shareholding) may give the right to subscribe for, acquire or convert into our voting shares, irrespective of how the transaction is implemented, that carry the right, or if exercised will carry the right, to a significant interest in our voting capital stock and/or votes, shall previously promote, within 10 days after a firm decision to acquire any such instruments is made, a public offering to acquire and/or swap securities in accordance with the procedure and scope established in Chapter II, Title III of the CNV Rules. According to the CNV Rules, significant interest means an interest equal to or greater than 35% and up to 50% of the voting capital stock and or the votes of the Company. When trying to achieve an interest equal to or greater than 35% voting capital stock and or the votes of the Company, the offer shall be made on a number of securities that allows the purchaser to achieve, at least the 50% of the voting capital stock of the Company. When trying to reach a stake equal to or greater to 50% of the voting capital stock and or the votes of the Company, the offer shall be made on a number of shares that allows the purchaser to reach 100% of the voting capital stock of the Company.

For purposes of calculation of the shareholding interests, we will take into account the shares and other securities held, as well as any voting rights exercised under a usufruct, pledge or other contractual or legal rights in and to the shares. The offer will be addressed to the holders of all voting shares, stock warrants or stock options, convertible securities and other similar instruments issued by us in the proportion that any such instruments bear to our voting capital stock.

This obligation will not be applicable in cases where the acquisition does not cause a takeover of the Company. Nor would it be applicable in cases where there is a change of control as a result of a corporate reorganization or as a consequence of mere redistribution of shares between companies of the same group.

The price to be offered will be an equitable price established by the offeror, with the following exceptions:

- If the buyer has purchased other securities related to the offer within 90 days prior to the announcement, the price may not be less than the higher price paid by the buyer in such transactions.
- If the buyer has obtained firm sales commitments from the controlling shareholder or other shareholders entitled to participate in the public offer, the price may not be lower than the price provided in such commitments.

When determining the price of a mandatory public offer, the following shall be considered:

- The book value of the shares.
- The Company's value, in accordance with discounted cash flows and/or coefficients applicable to comparable companies or enterprises.
- Average trading prices in the stock market where the shares were listed over the six months immediately preceding the offer. The CNV could object to the price, as well as any shareholder purchasing in the offer.

When the securities are acquired in breach of the obligation to make a public offer as stated herein, the CNV will declare it illegal and ineffective for administrative purposes and will carry out the auction of the shares acquired in breach, without prejudice of other applicable penalties. Likewise, any person who purchases shares of a company in violation of such program, will not be able to exercise the political rights that derive from the shares bought in that manner.

#### ***Public Offer in the Case of Voluntary Withdrawal from the Public Offer and Listing System in Argentina***

The Capital Markets Act and the CNV Rules also provide that, where a company whose shares are publicly offered voluntarily agrees to withdraw from the public offer and listing system, the Company must follow the procedures contemplated in CNV rules and must also launch a mandatory public offer to acquire the full amount of its shares and/or stock warrants or securities convertible into shares or stock options, in accordance with the provisions of the CNV Rules. The public offer need not be addressed to any shareholders who voted for withdrawal at the relevant shareholders' meeting. The public offer may be made solely as a sale transaction, and payment thereunder must be made in cash.

The Company's own shares may be bought solely by using earned and net profits or freely available reserves, provided that they are fully paid up, and for amortization or disposition thereof, within the term established in Section 221 of the Companies Act, and the Company must provide the CNV with proof of the Company's financial capacity to buy those shares and proof of the fact that the Company's financial soundness will not be adversely affected by payment of the shares.

The price offered in the case of voluntary withdrawal from the public offer and listing system in Argentina must be fair; the following criteria must be taken into account for that purpose:

- The book value of the shares, taking into account a special balance sheet for withdrawal from the public offer and/or listing system.
- The Company's value, in accordance with discounted cash flows and/or coefficients applicable to comparable companies or enterprises.
- The Company's liquidation value.

- Average trading prices in the stock market where the shares were listed over the six months immediately preceding the request for withdrawal, irrespective of the number of sessions required for such trading.
- The amount of consideration previously offered, or price of placement of the new shares, if a public offer has been made in connection with the same shares or any new shares have been issued, as the case may be, in the last year before the date when an agreement is reached to submit a request for withdrawal.

The price offered shall not be lower than the average trading price referred to above. The criteria for calculation of the price per share in the event of withdrawal from public offer and listing in Argentina are established in the Capital Markets Act and the CNV Rules and may differ from the price that might arise from application of the Companies Act in the event of a shareholder exercising his appraisal right.

***Mandatory or Voluntary Acquisition Public Offer in the Event of Almost Total Control (Squeeze Out)***

If one person directly or indirectly owns 95% or more of the outstanding shares of a public company in Argentina, any minority shareholder may require the controlling shareholder to launch a mandatory public offer for all the outstanding shares of the Company. Additionally, a person who directly or indirectly owns 95% or more of the outstanding shares of a public company in Argentina may unilaterally make the decision to buy all of the outstanding shares of the Company within six months after the date when that person obtains ownership of such 95% of the Company, and withdraw us from public offer and listing of shares. The price offered must be fair, in accordance with the criteria established in the Capital Markets Act and the CNV Rules.

**Claims by Shareholders**

Pursuant to the provisions of Section 46 of Argentine Law No. 26,831, companies whose shares are listed and admitted for trading on BYMA, as our shares are, are subject to the jurisdiction of BYMA arbitration tribunal in connection with any matters regarding the relationship between any such companies and their shareholders and investors, without prejudice to the right of shareholders and investors to file their claims with the courts of law of the City of Buenos Aires.

## DESCRIPTION OF AMERICAN DEPOSITARY SHARES

### American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent 15 shares (or a right to receive 15 shares) deposited with the principal Buenos Aires office of Banco Santander Rio S.A., as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at 225 Liberty Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the Direct Registration System, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The Direct Registration System, also referred to as DRS, is a system administered by DTC, under which the depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Argentine law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. Directions on how to obtain copies of those documents are provided on page 275. See "Where You Can Find More Information."

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on the shares?*

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. Dollars, if it can do so on a reasonable basis and can transfer the U.S. Dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation." It will distribute only whole U.S. Dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares sufficient to pay its fees and expenses in connection with that distribution (or ADSs representing those shares).



Rights to purchase additional shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to ADS holders. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If the depositary makes rights available to ADS holders, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to the persons entitled to them. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

## **Deposit, Withdrawal and Cancellation**

### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

### ***How can ADS holders withdraw the deposited securities?***

You may surrender your ADSs at the depositary's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible.

### ***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

You may surrender your ADSs to the depositary for the purpose of exchanging your ADSs for uncertificated ADSs. The depositary will cancel that ADS and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an American depositary receipt (an "ADR") evidencing those ADSs.

## Voting Rights

### *How do you vote?*

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. Otherwise, you won't be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.

The depositary will notify ADS holders of shareholders' meetings and arrange to deliver our voting materials to them if we ask it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

The depositary will try, as far as practical, subject to the laws of Argentina and of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. The depositary will only vote or attempt to vote as instructed or as described in the following sentence. If we asked the depositary to solicit your instructions at least 30 days before the meeting date but the depositary does not receive voting instructions from you by the specified date, it will consider you to have authorized and directed it to vote or to give a proxy to a person designated by the depositary to vote, and the depositary shall endeavor, insofar as practicable and permitted under applicable Argentine law and our articles of association or similar document, to vote or to give a proxy to a person designated by the depositary to vote, that amount of deposited securities as to that resolution in the manner voted by the majority of all other shares voted at that meeting as to that resolution.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the Depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

## Fees and Expenses

Persons depositing or withdrawing shares or ADS holders  
**must pay:**

US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

US\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

US\$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

**For:**

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property  
Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

Any cash distribution to ADS holders

Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders

Depositary services

Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares

Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)

Converting foreign currency to U.S. Dollars

As necessary

As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse and / or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your American Depositary Shares to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

### **Reclassifications, Recapitalizations and Mergers**

<u>If we:</u>	<u>Then:</u>
Change the nominal or par value of our shares	The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.
Reclassify, split up or consolidate any of the deposited securities	The depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADSs in exchange for new ADSs identifying the new deposited securities.
Distribute securities on the shares that are not distributed to you	
Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	

### **Amendment and Termination**

#### ***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by

continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

### ***How may the deposit agreement be terminated?***

The depositary will terminate the deposit agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the date fixed in such notice for such termination. The depositary may also terminate the deposit agreement by mailing notice of termination to us and the ADS holders if 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver shares and other deposited securities upon cancellation of ADSs. Four months after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary's only obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

### **Limitations on Obligations and Liability**

#### ***Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

### **Requirements for Depositary Actions**

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

### **Your Right to Receive the Shares Underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### **Pre-release of ADSs**

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; and (3) the depositary must be able to close out the pre-release on not more than five business days' notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time if it thinks it is appropriate to do so.

### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC under which the depositary may register the ownership of uncertificated ADSs, which ownership will be confirmed by statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile System and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

### **Shareholder communications; inspection of register of holders of ADSs**

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs

## TAXATION

### Material Argentine Tax Considerations

The following summary is a description of the material Argentine tax considerations that may be relevant to a holder of the Convertible Subordinated Notes or our common shares or ADSs. This summary is based upon the tax laws of Argentina and regulations thereunder as of the date of this private placement memorandum, and is subject to any subsequent change in Argentine laws and regulations which may come into effect after such date. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a holder of such securities and is not applicable to all categories of investors, some of which may be subject to special rules. No assurance can be given that the courts or tax authorities responsible for the administration of the laws and regulations described in this private placement memorandum will agree with this summary. Holders should consult their tax advisors regarding the particular Argentine tax consequences, and any consequences in any other jurisdiction, with respect to our Convertible Subordinated Notes and our Common Shares and ADSs.

#### *Tax considerations relating to the Convertible Subordinated Notes.*

##### *Income tax and tax withholdings.*

##### Interest

Interest payments on the Convertible Subordinated Notes will be exempt from income tax to the extent the Convertible Subordinated Notes are issued in accordance with the Convertible Subordinated Notes Law and to the extent they meet the exemption requirements, under Section 36 of the Convertible Subordinated Notes Law. Accordingly, interest on the Convertible Subordinated Notes will be exempt, to the extent the following conditions are met (the “**Conditions of Section 36**”):

- The Convertible Subordinated Notes will be placed by public offering, with the CNV having granted the respective authorization;
- The proceeds from the Offering will be used by the Company for the following purposes: (i) payment of working capital in Argentina, (ii) investments in tangible assets located in Argentina, (iii) debt refinancing, or (iv) payment of capital contributions in the Company’s subsidiaries or affiliates, to the extent such subsidiaries or affiliates use the proceeds only for the purposes detailed in (i), (ii) or (iii) above. To the extent the Company is a financial entity governed by Argentine Law No. 21,526, it may use the proceeds from the placement to grant loans and borrowers of such loans shall use the proceeds for any of the purposes specified in (i), (ii), (iii) and (iv); and
- The Company shall be able to show to the CNV, in due time and form and according to the conditions provided for in the applicable regulations, that the proceeds from the placement have been used according to the approved plan.

If the Company fails to meet the Conditions of Section 36, it will be liable to pay such Argentine taxes that should have been paid by the holders on interest earned in respect of the Convertible Subordinated Notes, pursuant to Section 38 of the Negotiable Obligations Law, at the maximum tax rate of 35% set forth in Section 90 of the ITL. The income tax liability will be paid, plus the applicable adjustments and interest thereon, as a single and final payment. In that case, the holders of the Convertible Subordinated Notes will receive the total amount of interest stated in the respective note as if income tax had not been levied thereon.

The Argentine revenue administration issued General Ruling No. 1516/2003, as amended by General Ruling No. 1578/2003, providing for the manner in which income tax should be paid if the Company failed to meet any of the Conditions of Section 36.

According to Decree No. 1076/92, which was ratified by Argentine Law No. 24,307, the exemption referred to in the first paragraph of this section is not applicable to holders of Convertible Subordinated Notes contemplated under the assumptions of Title VI of the ITL. Consequently, interest paid to holders subject to the rules on inflation adjustment for tax purposes under Title VI of the ITL (generally, companies incorporated under the Argentine laws, local branches of foreign companies, sole proprietorships and individuals engaged in certain business activities) will be subject to the withholdings set forth in General Ruling No. 830/2000, and those withholdings will be regarded as advance payments against such holder’s income tax liability.

According to the terms of the Convertible Subordinated Notes, if interest payable in respect of the Convertible Subordinated Notes is subject to withholdings on account of Argentine taxes, the issuer will be responsible for the payment of such withholdings and Additional Amounts as necessary for such holders to receive the full amount of interest stated in the Convertible Subordinated Notes, free of withholdings. See “Description of the Convertible Subordinated Notes—Additional Amounts.” However, this provision is not applicable to the exceptions from the payment of Additional Amounts also referred to in such section.

#### *Capital gains.*

If the Conditions of Section 36 are met, resident and non-resident individuals and foreign companies without permanent establishments in Argentina will not be liable to tax on capital gains from the sale, exchange or disposal of Convertible Subordinated Notes.

According to Decree No. 1,076/92, taxpayers that are subject to the rules on inflation adjustment for tax purposes included in the ITL (generally) are subject to capital gains tax on the sale or other disposal of Convertible Subordinated Notes, as established by the tax laws applicable in Argentina, at the 35% tax rate.

#### *Value added tax (“VAT”).*

As long as the Convertible Subordinated Notes satisfy the Conditions of Section 36, all financial operations and services in respect of the issue, subscription, placement, transfer, repayment, payment of interest and settlement of the Convertible Subordinated Notes, and the redemption of Convertible Subordinated Notes, are exempt from Value Added Tax, pursuant to Section 36 bis of the Negotiable Obligations Law. The sale or transfer of Convertible Subordinated Notes will also be exempt from VAT pursuant to Section 7(b) of the Value Added Tax Law.

#### *Tax on minimum presumptive income (“TMPI”).*

According to the law governing TMPI, companies domiciled in Argentina, civil associations and foundations, sole proprietorships, trusts (other than the financial trusts set forth in Sections 19 and 20 of Argentine Law No. 24,441), certain mutual funds established in the country and permanent establishments of foreign persons, among other taxpayers, should include their holdings of Convertible Subordinated Notes in the calculation of their taxable assets subject to TMPI, at the 1% tax rate, except for financial entities, in which case such taxes would be subject to the effective 0.20% rate, to the extent the value thereof exceeds the total amount of Ps.200.000.

In the case of Convertible Subordinated Notes listed in stock exchanges or markets, the taxable base will be determined on the basis of the latest listed price as of the respective year-end. Unlisted Convertible Subordinated Notes are considered at cost increased, where applicable, by the interest and exchange gains or losses accrued thereon as of year-end.

The income tax liability assessed for any given fiscal year will be considered as a payment creditable against the TMPI payable in that same year. If, following the deduction, there is still an excess of income tax, such excess will not constitute a tax credit for the taxpayer, nor may such taxpayer apply for a refund of, or offset against, TMPI. Conversely, if the income tax deductible against TMPI was not sufficient and the taxpayer was required to pay TMPI in any given fiscal year, then the TMPI so paid may be taken as a tax credit against income tax over the following 10 years.

In general terms, individuals and undivided estates in Argentina and foreign individuals or legal entities without permanent establishment in Argentina are exempt from TMPI.

With the enactment of Argentine Law No. 27,260, TMPI was abolished for fiscal years beginning on January 1, 2019.

#### *Tax on personal assets.*

Individuals and undivided estates domiciled in Argentina or abroad deemed as direct holders of Convertible Subordinated Notes will be liable for the Tax on Personal Assets where the amount thereof, on the aggregate, exceeds (i) Ps.800,000 for fiscal year 2016, (ii) Ps.950,000 for fiscal year 2017, and (iii) Ps.1,050,000 for fiscal year 2018 and thereafter. Tax on Personal Assets will be levied on the fair market value (or acquisition cost plus accrued and unpaid interest, for unlisted notes) of the taxpayer’s holdings as of December 31 each year.

Below is a detail of the tax rates applicable to individuals and undivided estates domiciled in Argentina with assets subject to tax, for an amount exceeding the exempt threshold:

- (a) 0.75% for fiscal year 2016;
- (b) 0.50% for fiscal year 2017; and
- (c) 0.25% for fiscal year 2018 and subsequent years.

The tax rates in the preceding paragraph will be applicable also to individuals and undivided estates domiciled or based abroad in respect of their assets located in Argentina; provided, however, that such assets will not attract tax where the value thereof is equal to or less than Ps. 255.75 . In spite of the fact that securities, such as the Convertible Subordinated Notes, owned by individuals or undivided interests domiciled in a country other than Argentina would technically be subject to Tax on Personal Assets, according to Decree No. 127/96, as amended, the procedure for the collection of such tax in respect of securities has not been provided for, except in the case that the Convertible Subordinated Notes are under joint ownership of Argentine residents, or otherwise deposited under the custody of, held by, deposited with, or managed by Argentine residents jointly, in which case such Argentine residents will be liable to tax.

Even though tax on personal assets is only imposed on securities held by individuals or undivided estates domiciled in Argentina or abroad, the Tax on Personal Assets Law provides for an irrefutable legal presumption in respect of securities issued by Argentine private issuers and directly owned by foreign legal entities which (i) are domiciled in a jurisdiction where the shares or privately-issued securities are not required to be held in nominative form, and which (ii) (a) according to their by-laws or applicable regulatory framework, are only allowed to develop investing activities out of their place of incorporation, or (b) may not develop certain operations authorized by their by-laws or applicable regulatory framework in their place of incorporation, whereby such securities are deemed owned by individuals or undivided estates domiciled in Argentina and, hence, subject to Tax on Personal Assets.

In such cases, the Company (the “**Substitute Taxpayer**”) is liable to pay Tax on Personal Assets at the following tax rates: (i) 1.5% for fiscal year 2016; (ii) 1% for fiscal year 2017; and (iii) 0.5% for fiscal year 2018 and thereafter. Under the Tax on Personal Assets Law, the Substitute Taxpayer may seek a refund of the amount paid, either by retaining, or through the direct foreclosure of, the assets that gave rise to the payment.

The aforementioned legal presumption is not applicable where the securities, such as the Convertible Subordinated Notes, are directly owned by the following foreign companies: (i) insurance companies, (ii) open mutual funds, (iii) retirement and pension funds, and (iv) banks or financial institutions with parent companies domiciled in countries where central banks or equivalent authorities have embraced the international standards of the Basel Committee on Banking Supervision.

In addition, Decree No. 812/96 dated July 24, 1996 sets forth that the aforementioned legal presumption will not be applicable to shares and privately-issued debt securities, such as the Convertible Subordinated Notes, with public offering authorized by the CNV and listed in Argentine or foreign stock exchanges. In order to avoid the application of the legal presumption and, therefore, in order for the Company to be released from its obligation as Substitute Taxpayer in respect of the Convertible Subordinated Notes, the Company shall keep a duly certified copy of the CNV’s resolution whereby the public offering of the Convertible Subordinated Notes was authorized and evidence that such authorization was effective as of December 31 of the year in which the tax liability was triggered, as required by Resolution No 4,203 laid down by the AFIP on July 30, 1996, as amended by Resolution No. 2151 laid down by the AFIP on December 31, 2006. If the Argentine tax authorities were to consider that the existing documentation is not sufficient evidence of the CNV’s authorization and/or the authorization to have the debt securities listed in Argentine stock exchanges, the Company will be liable to pay the applicable Tax on Personal Assets as Substitute Taxpayer.

#### *Tax on banking transactions.*

The Argentine Competitiveness Law No. 25,413 (published in the Official Gazette on March 26, 2001), as amended and regulated by Argentine Law No. 25,453 (published in the Official Gazette on July 31, 2001), imposed a tax on bank debits and credits of whatsoever nature, to all accounts held with banks, except for such debits and credits that are specifically excluded from the law and its implementing regulations. Debits and credits to checking accounts are subject to a general tax rate of 0.6%, respectively. Payments deposited to savings accounts are exempt. The tax is withheld by the banking institution.

If the amounts payable in respect of the Convertible Subordinated Notes (as principal, interest or other items) are credited to the accounts of holders of the Convertible Subordinated Notes, not subject to specific treatment, held at local financial entities, such credit will be subject to tax at the general rate of 0.6%.



According to Decree No. 380/01, as amended, the following events will be deemed as taxable events subject to tax at the rate of 1.2%, in respect of the tax on banking transactions: (i) certain operations in which no checking accounts are involved and (ii) any movement or delivery of funds, even in cash, by any person, on its own account or on account and behalf of a third party, by way of organized payment systems that are used in lieu of bank checking accounts (Section 2 (b) of Exhibit I to Decree No. 380/01). By way of Resolution No. 2111/06, the AFIP clarified that the law specifically refers to such movements or deliveries of funds made on a person's own account or on behalf of a third party, through organized payment systems - existing or not at the time this tax was established - that replace the use of a bank account, and which involve the exercise of business activities.

Decree No. 534/04 provided that, effective May 1, 2004, 34% of the payments made in connection with the taxable events specified in Section 1 (a) of Argentine Law No. 25,413 at the general tax rate of 0.6%, and 17% of the payments made in connection with the taxable events subject to the 1.2% tax rate pursuant to sections (b) and (c) of the aforementioned rule, may be creditable against income tax or tax on minimum presumptive income - or their respective advance payments - by the bank account holders.

#### *Turnover tax.*

Turnover tax is a local tax imposed on an independent basis by the City of Buenos Aires and by each province of Argentina. The taxable base is the total gross receipts from the development of any business activity on a regular basis in each jurisdiction.

In this context, investors regularly developing activities in any jurisdiction where they derive income from the holding, disposal or transfer of corporate notes are subject to turnover tax, at rates that vary according to the specific laws of each jurisdiction, unless an exemption applies.

In the City of Buenos Aires and in the Province of Buenos Aires, income from any obligation emerging from corporate notes issued under the Negotiable Obligations Law will be exempt from turnover tax, to the extent such exemption also applies in respect of income tax.

#### *Stamp tax.*

Stamp tax is a local tax imposed on an independent basis by the City of Buenos Aires and by each province of Argentina.

Both in the provinces of the Argentine Republic and in the City of Buenos Aires, potential buyers should consider the potential effects of stamp tax, under the applicable local laws, on the issue, subscription, placement and transfer of Convertible Subordinated Notes.

In the City of Buenos Aires, all such acts, contracts and operations, including cash delivered or received, in respect of the issue, subscription, placement and transfer of corporate notes issued pursuant to the terms of the Negotiable Obligations Law, are exempt from stamp tax. This exemption is applicable to capital increases made in connection with the issue of shares to be delivered as a result of the conversion of the notes, as well as to the delivery of any kind of personal guarantee or collateral in favor of investors or third parties backing the issue, whether before, concurrently or subsequently thereto.

All such instruments, acts and operations related to debt securities and other securities for public offering issued by companies admitted to public offering by the CNV are exempt from stamp tax. This exemption is also applicable to the collateral associated to such issues. However, the exemption does not apply if, within a term of 90 (ninety) subsequent days, the issuer fails to apply for the CNV's approval of the public offering of the securities, or if the placement thereof does not take place within 180 (one hundred and eighty) subsequent days from the date on which the authorization was granted.

All such acts and/or instruments related to the trading of shares and other securities duly admitted to public offering by the CNV will also be exempted.

In the province of Buenos Aires, all such instruments, acts and operations related to debt securities and other securities for public offering issued by companies duly admitted to public offering by the CNV are exempt from stamp tax. This exemption is also applicable to the delivery of any kind of personal guarantees or collateral in favor of investors or third parties backing the issue, whether before, concurrently or subsequently thereto. All such acts related to the trading of securities duly admitted to public offering by the CNV are also exempted.

### *Gift tax.*

Gift tax is imposed on any increase in wealth as a consequence of a gratuitous act or conveyance. At present, the scope of this tax is local, for it is not imposed at a federal level, and is only being levied in the provinces of Buenos Aires and Entre Rios.

Gift tax is imposed on any enrichment derived from the gratuitous conveyance of wealth, including by inheritance, legacy, gift, advancement and by any other act or conveyance constituting a gratuitous increase in wealth.

The gift tax is levied on beneficiaries of a gratuitous conveyance of property, both individuals and legal entities.

For taxpayers domiciled in the provinces of Buenos Aires and Entre Rios, gift tax is imposed on the total amount of the gratuitous enrichment, both in respect of assets located in or out of these provinces. Conversely, for persons domiciled outside said provinces, gift tax is only levied on any enrichment resulting from the gratuitous conveyance of property located in the provinces, respectively.

The following assets, among other assumptions, are deemed located in the provinces: (i) securities, shares of stock, equity interests and other equity securities issued by public or private entities and by companies, to the extent they are domiciled in the respective provinces; (ii) securities, shares of stock and other marketable securities located in the respective provinces, at the time of the conveyance, issued by private entities or companies domiciled in other jurisdictions; and (iii) securities, shares of stock and other equity securities - or their equivalent - which, at the time of conveyance, were situated in other jurisdictions, issued by entities or companies also domiciled in other jurisdictions, on a proportional basis to the issuers' assets located in the respective provinces.

In both provinces, gifts are also exempted from tax where the amount of such gifts, on the aggregate - without including deductions, exemptions, or exclusions - is less than Ps.60,000, or Ps.250,000 in the case of parents, offspring and spouses.

In both provinces, gift tax rates are progressive, from 4% to 21.925%, according to the kin and taxable base involved.

The gratuitous conveyance of Convertible Subordinated Notes might attract gift tax, to the extent the value of the assets involved, on the aggregate, without including deductions, exemptions or exclusions, is higher than Ps.60,000, or Ps.250,000 in the case of parents, offspring and spouses.

If gift tax was to be levied in the other provinces of Argentina, then its potential effects should be discussed in the light of the laws of such other provinces in particular.

### *Restriction as to non-cooperative countries for fiscal transparency purposes.*

Any inflow of capital from countries considered as non-cooperative for fiscal transparency purposes, regardless of the nature, detail or type of operation involved, will be deemed as an unjustified increase in equity for the local borrower or beneficiary.

The unjustified increases in equity referred to above, plus an additional 10% as income set aside for or used in non-deductible expenses, are considered for income tax purposes as net income for the year in which such increases have occurred, and, where applicable, serve as basis to calculate omitted taxable operations for the respective fiscal year in respect of value added tax and internal taxes.

Accordingly, the Convertible Subordinated Notes may not be originally (i) acquired by any individual or legal entity domiciled, incorporated or based in a country considered as non-cooperative for fiscal transparency purposes, or (ii) acquired by any individual or legal entity which, for the purposes of the acquisition of the Convertible Subordinated Notes, is using an account established in a country considered as non-cooperative for fiscal transparency purposes.

Notwithstanding the provisions in the above paragraphs, the AFIP will consider as duly justified such capital inflows in respect to which the interested party may irrefutably prove that were originated from activities actually developed by the taxpayer or by third parties in such countries, or that are otherwise derived from timely reported placements of funds.

Countries, domains, jurisdictions, territories, associated states or special tax systems will be deemed cooperative for fiscal transparency purposes where they have entered into an agreement with the government for the exchange of tax information or a double tax treaty including a broad information exchange clause, to the extent such information exchange is actually fulfilled.

Such condition will be null and void if the agreement or treaty is repudiated or rendered unenforceable for whatsoever cause of termination or declaration of nullity applicable to international agreements, or where the actual information exchange is found not to have taken place.

A country may also be recognized as cooperative for fiscal transparency to the extent the respective government has engaged in negotiations with the government to enter into a tax information exchange agreement, or a double tax treaty including a broad information exchange clause.

Such agreements and treaties should comply, if possible, with the international transparency standards embraced by the Global Forum on Tax Information Transparency and Exchange, such that the countries, domains, jurisdictions, territories, associated states or special tax systems with which such agreements or treaties are entered into may not claim, by operation of their respective internal laws, that the information Argentina may from time to time request is subject to bank, stock exchange or any other kind of secrecy.

The AFIP will establish the assumptions to be considered in determining whether an actual exchange of information has occurred or not and the necessary conditions for the commencement of negotiations to enter into the aforementioned agreements and treaties.

This private placement memorandum will not constitute an offer for sale and/or a solicitation to buy Convertible Subordinated Notes: (i) in such jurisdictions where such an offer and/or solicitation would not be permitted by the applicable laws; (ii) to such person/s or entity/ies domiciled or incorporated in, or resident of, a country considered non-cooperative for fiscal transparency purposes, or to such person/s or entity/ies using an account established or held in a country considered as non-cooperative for fiscal transparency purposes, in order to buy Convertible Subordinated Notes. Countries, domains, jurisdictions, territories, associated states or special tax systems deemed cooperative for fiscal transparency purposes are those listed in General Ruling No. 3576 laid down by the AFIP (published in the Official Gazette on December 31, 2013), with the implementing regulations thereto introduced by Decree No. 589/2013 (published in the Official Gazette on May 30, 2013), as effective at the beginning of the fiscal year in which the profits or losses from the respective operations are to be accounted for. Investors will be required to comply with all applicable rules and regulations in force in any country in which such investors may buy, offer and/or sell Convertible Subordinated Notes and/or which the private placement memorandum is held and/or distributed, being also required to secure all such consents, approvals and/or permits for the purchase, offer and/or sale of Convertible Subordinated Notes as required by the applicable rules and regulations of any country such investors may be subject to and/or where such purchases, offers and/or sales are made. Neither the Company nor the placement agents appointed by the Company will be liable for any breach of such applicable laws and regulations. Investors will assume that the information included in this private placement memorandum is accurate only as of the date stated on the cover (that is, not as of any other date).

#### *Court taxes.*

If enforcement proceedings are to be initiated in Argentina in respect of the Convertible Subordinated Notes, a court tax will be charged (at present, 3.0%) on the amount of the claim brought before Argentine courts with seat in Buenos Aires.

#### ***Tax considerations related to our common shares.***

##### *Taxation of dividends.*

As a general rule, the distribution of dividends made by an Argentine company is not subject to withholding income tax. However, dividends paid in excess of the Taxable Accumulated Income, as defined below, at the previous fiscal period will be subject to a withholding tax, or the "Equalization Tax," at the rate of 35% applicable to such excess and regarding both Argentine and non-Argentine resident shareholders.

Equalization Tax is applicable when dividends distributed are greater than the income determined according to the application of the Argentine Income Tax Law, accumulated at the fiscal year immediately before the year on which the distribution is made, referred to as "Taxable Accumulated Income."

##### *Capital gains.*

The results derived from the transfer of shares, quotas and other equity interests, titles, bonds and other securities of Argentine companies are subject to Argentine income tax, regardless of the type of beneficiary who obtains the income.

Capital gains obtained by Argentine corporate entities (in general, entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non-Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina) derived from the sale, exchange or other disposition of shares are subject to income tax at the rate of 35% on net income.

Due to the recent amendments made to the Argentine Income Tax Law, income derived by Argentine resident individuals from the sale of shares and other securities is subject to income tax at a 15% rate on net income, unless such securities were traded in stock markets and/or have public offering authorization, in which case an exemption applies. The implementing Decree No. 2,334/2013 introduced a provision stating that the exemption includes income derived from the sale of shares and other securities made through a stock exchange market duly authorized by the CNV.

It is not clear whether the term “includes” (as used in the implementing Decree No. 2,334/2013) means that the exemption only refers to sales of securities made through a stock exchange market duly authorized by the CNV or whether the implementing Decree No. 2,334/2013 intended to clarify that such sales were just one of the possibilities that may be covered by the exemption (in addition to publicly offered authorized securities, as provided in the Argentine Income Tax Law). Certain qualified tax authorities have publicly opined that the exemption exclusively refers to sales of securities made through a stock exchange market duly authorized by the CNV.

Capital gains obtained by non-Argentine resident individuals or non-Argentine entities from the sale, exchange or other disposition of shares would be subject to income tax, as the abovementioned exemption for shares is not applicable to non-Argentine beneficiaries. Therefore, the gain derived from the disposition of shares by non-Argentine resident individuals or non-Argentine entities is subject to Argentine income tax at a rate of 15% either (i) on the net amount resulting from deducting from the sale price the acquisition cost and the expenses incurred in Argentina necessary for obtaining, maintaining and conserving the shares, as well as the deductions admitted by the Argentine Income Tax Law or (ii) on the net presumed income provided by the Income Tax Law for this type of transaction (i.e., 90%), which results in an effective rate of 13.5% of the sales price. There is currently no regulation under Argentine law with respect to how this election is made. When both the seller and the buyer are nonresidents, the person liable to pay the tax is the buyer of the shares. However, as of the date of this private placement memorandum, no regulations have been issued stipulating the withholding and payment mechanism that the nonresident buyer should follow.

The income tax treatment of income derived from the sale of ADSs may not be uniform under the Argentine Income Tax Law. The possibly varying treatment of source of income could impact both Argentine resident holders as well as non-Argentine resident holders. In addition, should a sale of ADSs be deemed to give rise to Argentine source income, and, because of that, subject to tax in Argentina at a tax rate that would vary depending on the holder’s condition, as explained above, as of the date of this private placement memorandum no regulations have been issued regarding the mechanism for paying the Argentine capital gains tax when the sale exclusively involves non-Argentine parties.

#### *Personal assets tax.*

Argentine entities, such as us, have to pay the personal assets tax corresponding to Argentine and foreign domiciled individuals and foreign domiciled entities for the holding of their shares. The applicable tax rate is 0.25% and is levied on the book value of the shares arising from the last balance sheet of the Argentine entity calculated under Argentine generally accepted accounting principles.

Pursuant to the Personal Assets Tax Law, an Argentine company is entitled to seek reimbursement of such paid tax from the applicable Argentine domiciled individuals and/or foreign domiciled shareholders.

#### *Value added tax.*

The sale, exchange or other disposition of our shares and ADSs, and the distribution of dividends in connection therewith, are exempted from the value added tax.

#### *Tax on banking transactions.*

The Argentine Competitiveness Law No. 25,413 (published in the Official Gazette on March 26, 2001), as amended and regulated by Argentine Law No. 25,453 (published in the Official Gazette on July 31, 2001), imposed a tax on bank debits and credits of whatsoever nature, to all accounts held with banks, except for such debits and credits that are specifically excluded from the law and its implementing regulations. Debits and credits to checking accounts are

subject to a general tax rate of 0.6%, respectively. Payments deposited to savings accounts are exempt. The tax is withheld by the banking institution.

If the amounts payable in respect of the shares or ADSs (as dividends or other items) are credited to the accounts of holders of the shares or ADSs, not subject to specific treatment, held at local financial entities, such credit will be subject to tax at the general rate of 0.6%.

According to Decree No. 380/01, as amended, the following events will be deemed as taxable events subject to tax at the rate of 1.2%, in respect of the tax on banking transactions: (i) certain operations in which no checking accounts are involved and (ii) any movement or delivery of funds, even in cash, by any person, on its own account or on account and behalf of a third party, by way of organized payment systems that are used in lieu of bank checking accounts (Section 2 (b) of Exhibit I to Decree No. 380/01). By way of Resolution No. 2111/06, the AFIP clarified that the law specifically refers to such movements or deliveries of funds made on a person's own account or on behalf of a third party, through organized payment systems - existing or not at the time this tax was established - that replace the use of a bank account, and which involve the exercise of business activities.

Decree No. 534/04 provided that, effective May 1, 2004, 34% of the payments made in connection with the taxable events specified in Section 1 (a) of Argentine Law No. 25,413 at the general tax rate of 0.6%, and 17% of the payments made in connection with the taxable events subject to the 1.2% tax rate pursuant to sections (b) and (c) of the aforementioned rule, may be creditable against income tax or tax on minimum presumptive income - or their respective advance payments - by the bank account holders.

When financial entities regulated by Argentine Law 21,526 make payments acting on their behalf and on their own account, the application of this tax is limited to certain specific transactions only. Such specific transactions include, among others, distribution of dividends or profits.

#### *Tax on minimum presumptive income.*

According to the law governing TMPI, companies domiciled in Argentina, civil associations and foundations, sole proprietorships, trusts (other than the financial trusts set forth in Sections 19 and 20 of Argentine Law No. 24,441), certain mutual funds established in the country and permanent establishments of foreign persons, among other taxpayers, should include their holdings of shares or ADSs in the calculation of their taxable assets subject to TMPI, at the 1% tax rate, except for financial entities, in which case such taxes would be subject to the effective 0.20% rate, to the extent the value thereof exceeds the total amount of Ps.200.000.

Equity participations in entities subject to tax on minimum presumptive income are exempt from this tax.

The income tax liability assessed for any given fiscal year will be considered as a payment creditable against the TMPI payable in that same year. If, following the deduction, there is still an excess of income tax, such excess will not constitute a tax credit for the taxpayer, nor may such taxpayer apply for a refund of, or offset against, TMPI. Conversely, if the income tax deductible against TMPI was not sufficient and the taxpayer was required to pay TMPI in any given fiscal year, then the TMPI so paid may be taken as a tax credit against income tax over the following 10 years.

In general terms, individuals and undivided estates in Argentina and foreign individuals or legal entities without permanent establishment in Argentina are exempt from TMPI.

With the enactment of Argentine Law No. 27,260, TMPI was abolished for fiscal years beginning on January 1, 2019.

#### *Turnover tax.*

Turnover tax is a local tax imposed on an independent basis by the City of Buenos Aires and by each province of Argentina. The taxable base is the total gross receipts from the development of any business activity on a regular basis in each jurisdiction.

In this context, investors developing activities on a regular basis, in any jurisdiction where they derive income from the transfer of shares or ADSs and on the payment of dividends, are subject to turnover tax, at rates that vary according to the specific laws of each jurisdiction, unless an exemption applies.

In the City of Buenos Aires, any transactions with shares, as well as the payment of dividends, are exempt from gross turnover tax.

Holders of our common shares or ADSs are encouraged to consult a tax advisor as to the particular Argentine gross turnover tax consequences derived from holding and disposing of our common shares.

#### *Stamp tax*

Stamp tax is a local tax imposed on an independent basis by the City of Buenos Aires and by each province of Argentina.

Both in the provinces of the Argentine Republic and in the City of Buenos Aires, potential buyers should consider the potential effects of stamp tax, under the applicable local laws, on the issue and transfer of common shares or ADSs.

The Tax Code of City of Buenos Aires and the Tax Code of the province of Buenos Aires have an exemption for agreements related to the negotiation (i.e., transfer) of shares and other securities that are authorized by the CNV.

#### *Gift tax*

Gift tax is imposed on any increase in wealth as a consequence of a gratuitous act or conveyance. At present, the scope of this tax is local, for it is not imposed at a federal level, and is only being levied in the provinces of Buenos Aires and Entre Rios.

Gift tax is imposed on any enrichment derived from the gratuitous conveyance of wealth, including by inheritance, legacy, gift, advancement and by any other act or conveyance constituting a gratuitous increase in wealth.

The gift tax is levied on beneficiaries of a gratuitous conveyance of property, both individuals and legal entities.

For taxpayers domiciled in the provinces of Buenos Aires and Entre Rios, gift tax is imposed on the total amount of the gratuitous enrichment, both in respect of assets located in or out of these provinces. Conversely, for persons domiciled outside said provinces, gift tax is only levied on any enrichment resulting from the gratuitous conveyance of property located in the provinces, respectively.

The following assets, among other assumptions, are deemed located in the provinces: (i) securities, shares of stock, equity interests and other equity securities issued by public or private entities and by companies, to the extent they are domiciled in the respective provinces; (ii) securities, shares of stock and other marketable securities located in the respective provinces, at the time of the conveyance, issued by private entities or companies domiciled in other jurisdictions; and (iii) securities, shares of stock and other equity securities - or their equivalent - which, at the time of conveyance, were situated in other jurisdictions, issued by entities or companies also domiciled in other jurisdictions, on a proportional basis to the issuers' assets located in the respective provinces.

In both provinces, gifts are also exempted from tax where the amount of such gifts, on the aggregate - without including deductions, exemptions, or exclusions - is less than Ps.60,000, or Ps.250,000 in the case of parents, offspring and spouses.

In both provinces, gift tax rates are progressive, from 4% to 21.925%, according to the kin and taxable base involved.

The gratuitous conveyance of shares or ADSs might attract gift tax, to the extent the value of the assets involved, on the aggregate, without including deductions, exemptions or exclusions, is higher than Ps.60,000, or Ps.250,000 in the case of parents, offspring and spouses.

If gift tax was to be levied in the other provinces of Argentina, then its potential effects should be discussed in the light of the laws of such other provinces in particular.

#### *Restriction as to non-cooperative countries for fiscal transparency purposes.*

Any inflow of capital from countries considered as non-cooperative for fiscal transparency purposes, regardless of the nature, detail or type of operation involved, will be deemed as an unjustified increase in equity for the local borrower or beneficiary.

The unjustified increases in equity referred to above, plus an additional 10% as income set aside for or used in non-deductible expenses, are considered for income tax purposes as net income for the year in which such increases have occurred, and, where applicable, serve as basis to calculate omitted taxable operations for the respective fiscal year in respect of value added tax and internal taxes.

Accordingly, the common shares or ADSs may not be originally (i) acquired by any individual or legal entity domiciled, incorporated or based in a country considered as non-cooperative for fiscal transparency purposes, or (ii) acquired by any individual or legal entity which, for the purposes of the acquisition of the common shares or ADSs, is using an account established in a country considered as non-cooperative for fiscal transparency purposes.

Notwithstanding the provisions in the above paragraphs, the AFIP will consider as duly justified such capital inflows in respect to which the interested party may irrefutably prove that were originated from activities actually developed by the taxpayer or by third parties in such countries, or that are otherwise derived from timely reported placements of funds.

Countries, domains, jurisdictions, territories, associated states or special tax systems will be deemed cooperative for fiscal transparency purposes where they have entered into an agreement with the government for the exchange of tax information or a double tax treaty including a broad information exchange clause, to the extent such information exchange is actually fulfilled.

Such condition will be null and void if the agreement or treaty is repudiated or rendered unenforceable for whatsoever cause of termination or declaration of nullity applicable to international agreements, or where the actual information exchange is found not to have taken place.

A country may also be recognized as cooperative for fiscal transparency to the extent the respective government has engaged in negotiations with the government to enter into a tax information exchange agreement, or a double tax treaty including a broad information exchange clause.

Such agreements and treaties should comply, if possible, with the international transparency standards embraced by the Global Forum on Tax Information Transparency and Exchange, such that the countries, domains, jurisdictions, territories, associated states or special tax systems with which such agreements or treaties are entered into may not claim, by operation of their respective internal laws, that the information Argentina may from time to time request is subject to bank, stock exchange or any other kind of secrecy.

The AFIP will establish the assumptions to be considered in determining whether an actual exchange of information has occurred or not and the necessary conditions for the commencement of negotiations to enter into the aforementioned agreements and treaties.

This private placement memorandum will not constitute an offer for sale and/or a solicitation to buy shares or ADSs: (i) in such jurisdictions where such an offer and/or solicitation would not be permitted by the applicable laws; (ii) to such person/s or entity/ies domiciled or incorporated in, or resident of, a country considered non-cooperative for fiscal transparency purposes, or to such person/s or entity/ies using an account established or held in a country considered as non-cooperative for fiscal transparency purposes, in order to buy shares or ADSs. Countries, domains, jurisdictions, territories, associated states or special tax systems deemed cooperative for fiscal transparency purposes are those listed in General Ruling No. 3576 laid down by the AFIP (published in the Official Gazette on December 31, 2013), with the implementing regulations thereto introduced by Decree No. 589/2013 (published in the Official Gazette on May 30, 2013), as effective at the beginning of the fiscal year in which the profits or losses from the respective operations are to be accounted for. Investors will be required to comply with all applicable rules and regulations in force in any country in which such investors may buy, offer and/or sell shares or ADSs and/or which the private placement memorandum is held and/or distributed, being also required to secure all such consents, approvals and/or permits for the purchase, offer and/or sale of shares or ADSs as required by the applicable rules and regulations of any country such investors may be subject to and/or where such purchases, offers and/or sales are made. Neither the Company nor the placement agents appointed by the Company will be liable for any breach of such applicable laws and regulations. Investors will assume that the information included in this private placement memorandum is accurate only as of the date stated on the cover (that is, not as of any other date).

#### *Court taxes.*

If enforcement proceedings are to be initiated in Argentina in respect of the common shares, a court tax will be charged (at present, 3.0%) on the amount of the claim brought before Argentine courts with seat in Buenos Aires.

**THE ABOVE SUMMARY IS NOT INTENDED TO BE A COMPLETE ANALYSIS OF ALL ARGENTINE TAX CONSEQUENCES RELATING TO THE OWNERSHIP OR DISPOSITION OF CONVERTIBLE SUBORDINATED NOTES, COMMON SHARES OR ADSS. HOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS CONCERNING THE ARGENTINE TAX CONSEQUENCES ARISING IN EACH PARTICULAR CASE.**

## PLAN OF DISTRIBUTION

The Convertible Subordinated Notes (a) will be offered to Existing Shareholders in Argentina pursuant to their Preferential Rights and to public investors in Argentina through Banco Itaú Argentina S.A., as local placement agent, in accordance with the applicable requirements of the Negotiable Obligations Law, the Capital Markets Law, Decree No. 1023/2013 implementing the Capital Markets Law and applicable regulations of the CNV, including General Resolution No. 622/2013, and (b) will be placed in the International Private Placement without being registered with the SEC under the Securities Act (i) in the United States, to certain institutional “accredited investors” (as defined in Rule 501(a) under Regulation D under the Securities Act) and (ii) outside of the United States and Argentina to non-U.S. persons in reliance upon Regulation S under the Securities Act. Itau BBA USA Securities, Inc. will act as placement agent in the International Private Placement.

The Convertible Subordinated Notes being offered pursuant to this private placement memorandum and the Common Shares (including Common Shares represented by ADSs) deliverable upon conversion have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except institutional “accredited investors” (as such term is defined in Rule 501(a) under Regulation D under the Securities Act) in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D of the Securities Act, and outside the United States and Argentina only to non-U.S. persons pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act. The Convertible Subordinated Notes sold to accredited investors under Regulation D will be represented by one or more Global Notes and the Convertible Subordinated Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more Global Notes. The Convertible Subordinated Notes will be subject to restrictions on transfer and will bear restrictive legends. See “Transfer Restrictions.”

You should be aware that you may be required to bear the financial risk of an investment in the Convertible Subordinated Notes for an indefinite period of time.

There is currently no secondary market for the Convertible Subordinated Notes. We cannot assure you that a secondary market for the Convertible Subordinated Notes will develop or, if it does develop, that it will continue. See “Risk Factors—Risks Relating to the Convertible Subordinated Notes—An active trading market for the Convertible Subordinated Notes may not develop.”

Application to the BCBA has been made for the Convertible Subordinated Notes to be listed on the Merval and to the MAE for the Convertible Subordinated Notes to be admitted to trading on the MAE. However, there can be no assurance that any of those applications will be approved.

We have agreed to indemnify the Placement Agent and its affiliates against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Placement Agent and its affiliates may be required to make in respect of those liabilities.

Each purchaser of Convertible Subordinated Notes in the International Private Placement pursuant to this private placement memorandum will be required to sign a subscription agreement substantially in the form of *Annex A* to this private placement memorandum, certifying whether such purchaser is an “accredited investor” (as such term is defined in Rule 501(a) under Regulation D under the Securities Act), an investment advisor purchasing directly from us on behalf of an “accredited investor,” or a non-U.S. person that is purchasing in an offshore transaction within the meaning of Regulation S under the Securities Act.

The Company reserves the right to withdraw, cancel or modify the Offering and to reject any orders in whole or in part.

### **Qualifications of Investors**

The Convertible Subordinated Notes may be purchased only by investors who satisfy certain investor suitability requirements established by us. See “—How to Purchase Convertible Subordinated Notes in the International Private Placement.”



## **Limitation of Offering**

The offer and sale of the Convertible Subordinated Notes offered hereby are made in reliance upon an exemption from or in transactions not subject to the Securities Act. Accordingly, distribution of this private placement memorandum has been strictly limited to persons satisfying the investor suitability requirements described herein, and this private placement memorandum does not constitute an offer to sell or a solicitation of an offer to buy with respect to any person not satisfying those qualifications.

## **How to Purchase Convertible Subordinated Notes in the International Private Placement**

The Convertible Subordinated Notes sold in the International Private Placement will be made available by our management and board of directors directly to investors. To purchase the Convertible Subordinated Notes we are offering pursuant to this private placement memorandum, you should carefully read this private placement memorandum and then proceed as follows:

- review the form of subscription agreement found under *Annex A* to this private placement memorandum. Complete the information requested, including the aggregate principal amount of Convertible Subordinated Notes to be purchased, and execute and deliver such subscription agreement to us as specified in the instructions set forth in the subscription agreement;
- by signing the subscription agreement, investors will be acknowledging that they have received and reviewed this private placement memorandum and that they agree to be bound by the terms of such subscription agreement and this private placement memorandum; and
- upon our confirmation of the allocation of Convertible Subordinated Notes to such investor, pay the purchase price of the Convertible Subordinated Notes actually allocated to such investor in accordance with the terms of the subscription agreement and our instructions as set forth therein.

We reserve the right to withdraw, cancel or modify this offer and to accept or reject orders in whole or in part.

## **Sales Materials**

The International Private Placement is made only by means of this private placement memorandum and any Annexes hereto. Except as described herein, neither us, the Placement Agent nor any other party has authorized the use of other sales materials in connection with the International Private Placement. We may respond to specific questions from broker-dealers, prospective investors and their advisors. No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this private placement memorandum and any Annexes hereto, and, if given or made, such information or representations must not be relied upon.

## **New Issue of Convertible Subordinated Notes**

The Convertible Subordinated Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Convertible Subordinated Notes on any U.S. securities exchange or for quotation of the Convertible Subordinated Notes on any automated dealer quotation system outside of Argentina.

Although application to the BCBA has been made for the Convertible Subordinated Notes to be listed on the MERVAL and to the MAE for the Convertible Subordinated Notes to be admitted to trading on the MAE, we cannot ensure that a liquid or active public trading market for the Convertible Subordinated Notes will develop in Argentina, or, if developed, that it will continue to exist. If an active trading market for the Convertible Subordinated Notes does not develop or persist, the market price and liquidity of the Convertible Subordinated Notes may be adversely affected. If the Convertible Subordinated Notes are traded, they may trade at a discount from their offering price, depending on prevailing interest rates, the market for similar securities, our performance, general economic conditions and other factors.

## **Settlement**

We expect that delivery of the Convertible Subordinated Notes will be made against payment therefor on or about the fifth business day following the date of pricing of the Convertible Subordinated Notes (this settlement cycle being referred to as “T+5”) but may be longer. Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Convertible Subordinated Notes prior to the delivery of the Convertible Subordinated Notes hereunder will be required, by virtue of the fact that the Convertible Subordinated Notes initially will settle in or after T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement and should consult their own advisors.

## **Other Relationships**

Itau BBA USA Securities, Inc., Banco Itaú Argentina S.A. (collectively the “agents” for purposes of this section) and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us and/or our affiliates. Consequently, they have received, or may in the future receive, customary fees, interest and commissions for these transactions.

In addition, in the ordinary course of their business activities, the agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the agents or their affiliates has a lending relationship with us, certain of those agents or their affiliates routinely hedge, and certain other of those agents or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the agents and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Convertible Subordinated Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Convertible Subordinated Notes offered hereby. The agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, the agents and/or their affiliates are or may be lenders, and in some cases agents or managers for the lenders, under credit facilities made to us.

## **International Private Placement**

We are offering and selling Convertible Subordinated Notes in a concurrent private placement (i) in the United States directly to certain institutional “accredited investors” (as such term is defined in Rule 501(a) under Regulation D under the Securities Act) and (ii) outside of the United States and Argentina to non-U.S. persons in reliance upon Regulation S under the Securities Act. In each case, purchasers will be required to deliver to us a subscription agreement (substantially in the form of *Annex A* to this private placement memorandum, certifying whether such purchaser is an “accredited investor,” an investment advisor purchasing directly from us on behalf of an “accredited investor,” or a non-U.S. person that is purchasing Convertible Subordinated Notes in an offshore transaction within the meaning of Regulation S under the Securities Act) containing various representations and agreements on status, resales and transfers prior to their purchase of any Convertible Subordinated Notes and setting forth the purchaser’s agreement to purchase the Convertible Subordinated Notes to which it is subscribing.

## **Local Offering**

The Convertible Subordinated Notes are being placed in Argentina by means of an offering that will qualify as a public offering conducted in accordance with the Capital Markets Law, the CNV Rules and other applicable Argentine laws. The Local Offering will be made by way of an Argentine prospectus in the Spanish language with information substantially similar to that included in this private placement memorandum.

Banco Itaú Argentina S.A. (the “**Argentine Placement Agent**”) may only solicit or receive Expressions of Interest (as defined further below) from investors that are Argentine residents and the ultimate beneficiaries of the Convertible Subordinated Notes purchased through the Local Offering must be Argentine residents.

## **Placement and Allocation**

### *Placement Efforts in Argentina*

We and the Argentine Placement Agent will conduct marketing efforts and will offer the Convertible Subordinated Notes by means of a public offering in Argentina to “qualified investors” (as defined in Article 12 of Section II of Chapter VI of Title II of the CNV Rules) pursuant to the Argentine Capital Markets Law, the CNV Rules and other applicable Argentine laws, including, without limitation, Chapter IV, Title VI of the CNV Rules.

The placement efforts will consist of a variety of marketing methods and activities customarily undertaken in transactions of this type. Such marketing efforts may include: (i) international and/or local road shows with institutional investors; (ii) calls with institutional investors, where such investors will have the opportunity to ask questions regarding our business and the Convertible Subordinated Notes; (iii) electronic road shows; (iv) the publication of a summary of the Argentine prospectus (containing information substantially similar to that included in this private placement memorandum) in the AIF, the BCBA daily bulletin, the MAE electronic bulletin and the publication of other notices in newspapers and bulletins; (v) the distribution (electronically or in hard copy) of this private placement memorandum outside Argentina and the Argentine prospectus in Argentina; and (vi) the availability to investors of hard copies of this private placement memorandum at the principal offices of the Company and/or the Argentine Placement Agent.

### *International Private Offering*

In addition, we and the Placement Agent will undertake marketing efforts for the placement of the Convertible Subordinated Notes to investors outside Argentina through an offer in accordance with the laws of the applicable jurisdictions, upon exemptions from registration or public offering requirements. The Convertible Subordinated Notes will be placed in the International Private Placement without being registered with the SEC under the Securities Act (a) in the United States, to certain institutional “accredited investors” (as defined in Rule 501(a) under Regulation D under the Securities Act) and (b) outside of the United States and Argentina to non-U.S. persons in reliance upon Regulation S under the Securities Act.

Each investor interested in participating in the International Private Placement must make an Expression of Interest (as defined below) in the form of a subscription agreement substantially in the form of *Annex A*.

## **Primary Allocation Mechanism**

### *Book-Building*

Pursuant to Article 27 of Chapter V of Title II of the CNV Rules, the placement of negotiable instruments in Argentina must be conducted pursuant to the mechanisms under Chapter IV of Title VI of the CNV Rules. Further, Article 1 of Section I of Chapter IV of Title VI of the CNV Rules establishes that issuers must place negotiable instruments through (i) book-building procedures or (ii) a public bid. The placement of the Convertible Subordinated Notes will be conducted through book-building procedures undertaken by the Company.

### *Offering Period*

The Offering will have a period of 10 consecutive days (which may be modified, suspended or extended as described below under “—Amendment, Suspension and/or Extension” and, as so modified, suspended or extended, the “**Offering Period**”), which will commence and end on the date and time stated in the Subscription Notice to be published in the AIF, the BCBA daily bulletin and the MAE electronic bulletin. The Register Closing Time (as defined below) and the allocation of the Convertible Subordinated Notes will occur on the last day of the Offering Period (the “**Allocation Date**”) at the time of expiration of the Offering Period.

### *Expressions of Interest*

Investors interested in purchasing the Convertible Subordinated Notes must make expressions of interest during the Offering Period (the “**Expressions of Interest**”) specifying the requested principal amount of the Convertible Subordinated Notes which they seek to purchase. The Expressions of Interest in the International Private Placement must be delivered to the Company (with copy to the Placement Agent) in the form of subscription agreements. Once the Offering Period expires, no new Expressions of Interest will be accepted.

The Expressions of Interest (other than those provided in the International Private Placement, which may only be withdrawn and/or modified pursuant to the terms of the subscription agreements) will not be binding and may be withdrawn or modified until the Register Closing Time. All Expressions of Interest not withdrawn or modified as of the Register Closing Time shall constitute firm, binding and definitive offers based on the terms presented (as amended as of such time) with effect as of the Register Closing Time, without need for any further action by the investor (assuming to that end that pursuant to Article 7, Section I, Chapter IV, Title VI of the CNV Rules, such investors shall have waived their right to expressly ratify their Expressions of Interest with effect as of the Register Closing Time). After the Register Closing Time, the Expressions of Interest received may not be withdrawn and/or modified.

As of the date of this private placement memorandum, the following shareholders have informed the Company of their intention to subscribe Convertible Subordinated Notes as follows:

- Mr. Weil: for an aggregate principal amount of US\$2,700,000.
- PointArgentum: for up to, but not to exceed, an aggregate principal amount that (a) in the event that it decides to convert its Convertible Subordinated Notes into Common Shares of the Company and (b) that such Common Shares issued upon conversion were added to its current share ownership in the Company (represented by ADSs), would result in PointArgentum owning an aggregate of 34.9% of our share capital and voting rights on an as-converted basis. For that purpose, PointArgentum will enter into Preferential Rights assignment agreements with Mr. Weil and Bienville, according to which they would assign to PointArgentum some or all of the coupons representing their Preemptive Rights and Accretion Rights.

### *Register*

The Expressions of Interest received by the Argentine Placement Agent and/or the Company and the Preferential Subscription Forms received by the Subscription Agent, shall be recorded in an electronic registry book with respect to the Offering in The City of New York, which will be prepared in accordance with customary practices and applicable regulations for this type of international placement, pursuant to Article 1 of Section I of Chapter IV of Title VI of the CNV Rules (such register, the “**Register**”). On the Allocation Date, following the completion of the Offering Period, the Placement Agent will perform the closing of the Register in coordination with the Company (the “**Register Closing Time**”).

### *Allocation*

On the Allocation Date, once the Register Closing Time has occurred, the Company, in accordance with book building procedures and with applicable regulations, will determine the nominal value of the Convertible Subordinated Notes that will be issued and will allocate them to those who have presented Expressions of Interest or Preferential Subscription Forms, in the following manner:

- (i) first, allocate to Bearers of Preferential Rights who presented Preferential Subscription Forms, 100% of the Convertible Subordinated Notes that such Bearers of Preferential Rights have subscribed through the exercise of their Preemptive Rights and Accretion Rights; and
- (ii) second, allocate among potential investors who presented Expressions of Interest, the remaining amount of Convertible Subordinated Notes not subscribed through Preemptive Rights and Accretion Rights. Such allocation will be made by giving priority to Expressions of Interest received from investors who, in general,

maintain long-term positions in securities of the same type as that of the Convertible Subordinated Notes, thereby making it more likely that the secondary market for the Convertible Subordinated Notes benefits from a stable and diversified investor base that is able to understand credit risk and which intends to maintain a long-term position in the Convertible Subordinated Notes. This, in turn, helps to create a benchmark for the Convertible Subordinated Notes which we expect will facilitate our future access to the international capital markets. Specifically, Expressions of Interest received from institutional investors, regulated investors or international financial institutions will be granted preference. The criteria for allocating the Convertible Subordinated Notes among the investors to be applied by us shall be based on, among others, the investor's previous international transactions involving issuers in emerging markets and the investor's creditworthiness. With respect to these Expressions of Interest, the Company may limit the size of any potential investor's order in order to achieve sufficiently diversified demand and to prioritize the liquidity of the Convertible Subordinated Notes.

Expressions of Interest may be totally or partially allocated. None of the Company, the Argentine Placement Agent or the Placement Agent shall have any obligation to inform any investors whose Expression of Interest have been totally or partially excluded, that such Expressions of Interest have been totally or partially excluded.

Neither the Company, nor the Argentine Placement Agent nor the Placement Agent can assure investors that their Expressions of Interest will be allocated nor that, if allocated, they will be allocated the full amount of the Convertible Subordinated Notes requested or that the proportion of the allocation of the aggregate amount of Convertible Subordinated Notes requested between two equal Expressions of Interest will be the same.

In addition, following the final allocation of the Convertible Subordinated Notes on the Allocation Date, the Company will publish a notice in the AIF, the BCBA daily bulletin and the MAE electronic bulletin (the "**Results Notice**") announcing the total amount of Convertible Subordinated Notes offered, the nominal amount of Convertible Subordinated Notes that will be issued, and the Issue Date of the Convertible Subordinated Notes. It is expected that such Issue Date will be, or will be around, the fifth business day immediately following the Allocation Date.

#### *Amendment, Suspension and/or Extension*

The Offering Period may be modified, suspended or extended prior to expiration of the original 10-day term by public announcement in Argentina. None of the Company, the Argentine Placement Agent or the Placement Agent shall be responsible in the event of a modification, suspension or extension of the original 10-day offering period or of the Allocation Date, and those investors who have submitted an Expression of Interest and/or Preferential Subscription Forms (including those who acquired Coupons in the secondary market) shall not be entitled to any compensation as a result thereof. In the event the Allocation Date is terminated or revoked or a decision is made not to issue the Convertible Subordinated Notes or proceed with the Offering, all Expressions of Interest and/or Preferential Subscription Forms received shall automatically expire, and those investors who have submitted an Expression of Interest and/or Preferential Subscription Forms shall not be entitled to any compensation as a result thereof.

In the event the original 10-day offering period is suspended or extended, investors that have submitted Expressions of Interest and/or Preferential Subscription Forms during that period may in their sole discretion and without penalty withdraw such Expressions of Interest and/or Preferential Subscription Forms at any time during the period of the suspension or the new extended Offering Period.

Expressions of Interest and/or Preferential Subscription Forms may be rejected if they contain mistakes or omissions that make their processing unduly burdensome or impede their processing in the system, or for non-compliance with laws as further described below.

Those investors who have submitted Expressions of Interest and/or Preferential Subscription Forms must provide to the Company, the Argentine Placement Agent, the Placement Agent and/or the Subscription Agent all information and documentation they may require in order to comply with applicable laws and regulations related to the prevention of money laundering and the financing of terrorism, the CNV Rules and the BCRA rules. In cases where the information provided is inadequate, incomplete and/or untimely, the Company, the Argentine Placement Agent, the Placement Agent and/or the Subscription Agent may, without liability, reject such Expressions of Interest

(including in the form of subscription agreements under the International Private Placement) and/or Preferential Subscription Forms.

The Company, the Argentine Placement Agent and the Placement Agent reserve the right to reject an Expression of Interest and/or Preferential Subscription Form if any of us considers that applicable laws or regulations have not been satisfied. Such applicable laws and regulations include those related to prevention of money laundering and the financing of terrorism, the CNV Rules and the BCRA rules. Any decision to reject an Expression of Interest and/or a Preferential Subscription Form will take into account the principle of fair treatment among investors.

The Company may terminate the placement of Convertible Subordinated Notes during or immediately following the completion of the Offering Period if: (i) no Expressions of Interest or Preferential Subscription Forms have been received or all of the Expressions of Interest and Preferential Subscription Forms have been rejected; (ii) the Expressions of Interest and Preferential Subscription Forms represent a principal amount of the Convertible Subordinated Notes that, being reasonably considered, would not justify the issuance of the Convertible Subordinated Notes; (iii) taking into account the resulting economic circumstances, the issuance of the Convertible Subordinated Notes is unprofitable for the Company; (iv) there were material adverse changes in the international financial markets and/or the local or international capital markets, or in the general condition of the Company and/or that of Argentina, including, for example, political, economic, financial conditions or our credit, such that the issuance of Convertible Subordinated Notes described within this private placement memorandum would not be advisable; or (v) investors have not complied with laws and regulations related to the prevention of anti-money laundering and the financing of terrorism, the CNV Rules and the BCRA rules.

#### *Settlement*

The Convertible Subordinated Notes will be issued on the Issue date specified in the Results Notice.

Investors with allocated Expressions of Interest through the International Private Placement shall pay for the Convertible Subordinated Notes on the date specified by the Company, which shall be, at the election of the Company, any business day between the business day immediately following the Allocation Date, inclusive, and the Issue Date, inclusive. Such payment shall be made by wire transfer to an account specified by the Company in the subscription agreement.

On the Issue Date, The Bank of New York Mellon, as settlement agent, will deliver to the investors the Convertible Subordinated Notes through DTC.

Purchasers intending to sell, pledge or otherwise transfer the Convertible Subordinated Notes before the delivery date should consult their advisors.

#### **Subscription and Sale Restrictions**

The distribution of this private placement memorandum and the offer of the Convertible Subordinated Notes in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those set forth in “Transfer Restrictions.” Any failure to comply with these restrictions may constitute a violation of the securities laws of any of such jurisdiction.

#### **Notice to Prospective Investors in the United Kingdom**

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**relevant persons**”). The Convertible Subordinated Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Convertible Subordinated Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this private placement memorandum or any of its contents.

#### **Notice to Prospective Investors in the European Economic Area**

In relation to each member state of the European Economic Area (each, a “**Relevant Member State**”), no Convertible Subordinated Notes have been offered or will be offered to the public in that Relevant Member State at any time other than in accordance with the following exemptions under the Prospectus Directive:

- (1) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Convertible Subordinated Notes shall result in a requirement for the publication of a Prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Convertible Subordinated Notes will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Convertible Subordinated Notes in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Convertible Subordinated Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Convertible Subordinated Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

## TRANSFER RESTRICTIONS

The Convertible Subordinated Notes being offered pursuant to this private placement memorandum and the Common Shares (including Common Shares represented by ADSs) deliverable upon conversion have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except certain institutional “accredited investors” (as such term is defined in Rule 501(a) under Regulation D under the Securities Act) in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D of the Securities Act, and outside the United States and Argentina only to non-U.S. persons pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act. The Convertible Subordinated Notes sold to accredited investors under Regulation D will be represented by one or more Global Notes and the Convertible Subordinated Notes sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more Global Notes. The Convertible Subordinated Notes will be subject to restrictions on transfer and will bear restrictive legends. By purchasing the Convertible Subordinated Notes being offered hereby, you will be deemed to have made the following acknowledgements, representations and agreements with us (in addition to the acknowledgements, representations and agreements made in your subscription agreement):

- (1) You acknowledge that:
  - the Convertible Subordinated Notes being offered pursuant to this private placement memorandum have not been registered under the Securities Act or the securities laws of any jurisdiction other than Argentina; and
  - until registered, the Convertible Subordinated Notes may not be resold or transferred, except as permitted under the Securities Act and the applicable securities laws of any jurisdiction.
- (2) You acknowledge that this private placement memorandum relates to a private placement that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.
- (3) You acknowledge that neither we nor the Placement Agent nor any person representing us or the Placement Agent has made any representation to you with respect to us or the private placement of the Convertible Subordinated Notes, other than the information contained in this private placement memorandum. Accordingly, you acknowledge that no representation or warranty is made by the Placement Agent as to the accuracy or completeness of such materials. You represent that you are relying only on this private placement memorandum in making your investment decision with respect to the Convertible Subordinated Notes. You agree that you have had access to such financial and other information concerning us and the Convertible Subordinated Notes as you have deemed necessary in connection with your decision to purchase Convertible Subordinated Notes, including an opportunity to ask questions of and request information from us.
- (4) You represent that you are purchasing Convertible Subordinated Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Convertible Subordinated Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Convertible Subordinated Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Convertible Subordinated Notes, and each subsequent holder of the Convertible Subordinated Notes by its acceptance of the Convertible Subordinated Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Convertible Subordinated Notes may be offered, sold or otherwise transferred only:
  - (a) to us or any subsidiary of ours;



- (b) pursuant to an effective registration statement under the Securities Act;
- (c) for so long as the Convertible Subordinated Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person that such holder reasonably believes is a “qualified institutional buyer” (as defined in Rule 144A) that purchases such Convertible Subordinated Notes for its own account or for the account of a qualified institutional buyer to whom notice is given that the offer, sale, pledge or other transfer is being made in reliance upon Rule 144A;
- (d) to an institutional “accredited investor” (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Convertible Subordinated Notes of \$250,000;
- (e) pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act; or
- (f) to other investors with respect to which another exemption from the registration requirements of the Securities Act is available,

in each case, in accordance with any applicable federal securities laws and the securities laws of any state of the United States or other applicable jurisdiction.

- (5) You acknowledge that to the extent that you hold the Convertible Subordinated Notes through an interest in a Global Note, the Resale Restriction Period (as defined below) may continue until one year after the Company, or any affiliate of the Company, was the owner of such Convertible Subordinated Notes or an interest in such Global Note, and so may continue indefinitely.
- (6) You also acknowledge that:
  - the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Convertible Subordinated Notes offered in reliance on Rule 144A or to institutional accredited investors) after the later of the closing date and the last date that we or any of our affiliates was the owner of such Convertible Subordinated Note or any predecessor of such Convertible Subordinated Note or 40 days (in the case of Convertible Subordinated Note offered in reliance on Regulation S) after the later of the closing date and when such Convertible Subordinated Note or any predecessor of such Convertible Subordinated Notes was first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the “**Resale Restriction Period**”), and will not apply after the applicable Resale Restriction Period ends;
  - if a holder of Convertible Subordinated Notes proposes to resell or transfer Convertible Subordinated Notes under clause (4)(d) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the Indenture that will govern the Convertible Subordinated Notes which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Convertible Subordinated Notes not for distribution in violation of the Securities Act;
  - we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Convertible Subordinated Notes outside of Argentina under clauses (4)(d), (e) and (f) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee;
  - each Global Note (or any such Convertible Subordinated Notes issued in certificated form) will contain a legend substantially to the following effect:

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS SECURITY CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), OF A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (“SIMILAR LAWS”), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE “PLAN ASSETS” OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

- each 144A Global Note and IAI Global Note (or any such Convertible Subordinated Notes issued in certificated form) will contain a legend substantially to the following effect:

THIS SECURITY AND THE COMMON SHARES (INCLUDING COMMON SHARES REPRESENTED BY AMERICAN DEPOSITARY SHARES) DELIVERABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY JURISDICTION OTHER THAN ARGENTINA. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL, ASSIGN, TRANSFER, PLEDGE, ENCUMBER OR OTHERWISE DISPOSE OF SUCH SECURITY ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE, ASSIGNMENT, TRANSFER, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE DATE THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), AS CONFIRMED BY AN OPINION OF COUNSEL THAT IS SATISFACTORY TO THE COMPANY AND THE TRUSTEE.

- each Regulation S Global Note (or any such Convertible Subordinated Note issued in certificated form) will contain a legend substantially to the following effect:

THIS SECURITY AND THE COMMON SHARES (INCLUDING COMMON SHARES REPRESENTED BY AMERICAN DEPOSITARY SHARES) DELIVERABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE

“SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY JURISDICTION OTHER THAN ARGENTINA. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL, ASSIGN, TRANSFER, PLEDGE, ENCUMBER OR OTHERWISE DISPOSE OF SUCH SECURITY ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE, ASSIGNMENT, TRANSFER, PLEDGE, ENCUMBRANCE OR OTHER DISPOSITION PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, AS CONFIRMED BY AN OPINION OF COUNSEL THAT IS SATISFACTORY TO THE COMPANY AND THE TRUSTEE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

- (7) You represent and warrant that either (i) no portion of the assets used by you to acquire or hold the Convertible Subordinated Notes or any interest therein constitutes assets of (a) an employee benefit plan that is subject to Title I of ERISA, (b) a plan, individual retirement account, or other arrangement that is subject to Section 4975 of the Code or any Similar Laws, or (ii) the purchase and holding of the Convertible Subordinated Notes by you or such transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any Similar Laws.
- (8) You acknowledge that we, the Placement Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Convertible Subordinated Notes is no longer accurate, you will promptly notify us and the Placement Agent. If you are purchasing any Convertible Subordinated Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

As a result of the foregoing restrictions, an investor that purchases Convertible Subordinated Notes in the International Private Placement may not be able to readily resell such Convertible Subordinated Notes. Further, an accredited investor that purchases Convertible Subordinated Notes in the International Private Placement and subsequently sells such Convertible Subordinated Notes may not be able to repurchase Convertible Subordinated Notes. Hedging transactions involving the Convertible Subordinated Notes sold in this Offering may not be

conducted unless in compliance with the Securities Act. Therefore, purchasers are advised to consult with their own legal counsel prior to making any offer, resale, pledge or transfer of any Convertible Subordinated Notes.

## **LEGAL MATTERS**

Certain legal matters related to the issuance of the Convertible Subordinated Notes will be passed upon by Nicholson y Cano Abogados, Argentine legal advisors of the Company, and Simpson Thacher & Bartlett LLP. Certain legal matters related to the issuance of the Convertible Subordinated Notes will be passed upon by Skadden, Arps, Slate Meagher & Flom LLP, U.S. legal advisors of the Placement Agent and Errecondo, Gonzalez & Funes Abogados, Argentine legal advisors of the Placement Agent.

## **EXTERNAL AUDITORS**

The financial statements as of and for the years ended December 31, 2016 and 2015 included in this private placement memorandum have been audited by Adler, Hasenclever & Asociados SRL, a member firm of Grant Thornton International, with offices located at Av. Corrientes 327, 3rd Floor, Buenos Aires. Mr. Gabriel Righini (CPCECABA Vol. 245 Fol. 74) was the firm's partner in charge of the audit of our audited financial statements as of December 31, 2016, and Mr. Leonardo Fraga (CPCECABA Vol. 166 Fol. 183) was the firm's partner in charge of the audit of our audited financial statements as of December 31, 2015 and 2014.

At the general ordinary and extraordinary shareholders' meeting held on April 20, 2017, Adler, Hasenclever & Asociados SRL, a member firm of Grant Thornton International, were appointed auditors for the fiscal year ending December 31, 2017, with Mr. Christian Martin acting as regular auditor and Mr. Gabriel Righini as alternate auditor. Mr. Christian Martin is registered with the CPCECABA under Vol. 1, Fol. 68.

## FORM OF SUBSCRIPTION AGREEMENT

TGLT S.A.  
Av. Raúl Scalabrini Ortiz 3333, 1st floor  
Ciudad Autónoma de Buenos Aires  
C1425DCB Argentina

Itau BBA USA Securities, Inc.  
767 Fifth Avenue, 50th floor  
New York, NY 10153  
United States of America

Ladies and Gentlemen:

In connection with the proposed placement by TGLT S.A., a company (*sociedad anónima*) organized and existing under the laws of the Republic of Argentina (the “**Company**”), of up to U.S.\$150,000,000 subordinated convertible securities due 2027 (the “**Convertible Securities**”), to be issued under and governed by an indenture to be dated as of the date the Convertible Securities are issued (the “**Indenture**”), among the Company, The Bank of New York Mellon, as trustee (the “**Trustee**”), principal paying agent, co-registrar and transfer agent, and Banco Santander Río S.A., as Argentine paying agent, Argentine transfer agent, representative of the Trustee in Argentina and registrar, the undersigned investor (the “**undersigned**”) hereby confirms, agrees and certifies that:

1. By executing and delivering to the Company this subscription agreement (this “**Subscription Agreement**”) on or before the time and date specified in the signature page hereto, the undersigned, on its own behalf and on behalf of each Account (as defined below), if any, agrees and gives a binding commitment to purchase from the Company the aggregate principal amount of Convertible Securities specified on the signature page hereto (and as further broken down for each Account, if any, on Schedule A) at a purchase price of 100% of the principal amount thereof on the terms provided for herein and in the Memorandum (as defined below). The purchase price for the Convertible Securities so subscribed by the undersigned will be paid in accordance with paragraph 2 below. The undersigned, on the undersigned’s own behalf and on behalf of each Account, if any, understands and agrees that the Company reserves the right to accept or reject the undersigned’s (and/or any Account’s) subscription for the Convertible Securities for any reason or for no reason, in whole or in part, at any time prior to its acceptance by the Company, and the same shall be deemed to be accepted by the Company only when this Subscription Agreement is signed by a duly authorized person by or on behalf of the Company (the Company may do so in counterpart form, including by e-mail or other electronic imaging means). To the extent that the aggregate principal amount of Convertible Securities actually allocated to the undersigned (and/or any Account) by the Company is less than the aggregate principal amount subscribed for, the Company may amend this Subscription Agreement to reflect the actual principal amount of Convertible Securities actually allocated to the undersigned (and/or any Account) and the undersigned (and/or any Account) shall be bound to purchase the aggregate principal amount of Convertible Securities actually allocated thereto by the Company. In the event of rejection of the entire subscription by the Company, this Subscription Agreement shall have no force or effect.

2. Convertible Securities will be allocated by the Company on the Allocation Date (as such term is defined in the Memorandum) as described in the Memorandum under “Plan of Distribution—Primary Allocation Mechanism—Offering Period.” On the Allocation Date the Company will publish a notice in the *Autopista de Información Financiera* of the Argentine Securities Commission (*Comision Nacional de Valores*), the *Bolsa de Comercio de Buenos Aires* daily bulletin and the *Mercado Abierto Electrónico* electronic bulletin confirming the aggregate principal amount of Convertible Securities that will be issued and the final terms and conditions thereof. Only prospective investors to which the Company actually allocates Convertible Securities shall receive, no later than on the business day immediately following the Allocation Date, (i) a counterpart of this Subscription Agreement duly executed by the Company confirming final allocation of Convertible Securities to the undersigned (and/or any Account) and (ii) a final pricing term sheet in the form annexed hereto as Schedule B (the “**Pricing Term Sheet**”) describing the final terms of the Convertible Securities. Following receipt thereof by the undersigned,

the undersigned, on its own behalf and on behalf of each Account, if any, shall deliver no later than the time specified on the signature page hereto on the Closing Date (as defined in the signature page hereto) the purchase price for the Convertible Securities actually allocated by the Company to the undersigned or any such Account, by wire transfer of United States dollars in immediately available funds to the account specified by the Company in Schedule C hereto (or as otherwise indicated by the Company), and agrees that The Bank of New York Mellon, as settlement agent, shall deliver on the Closing Date the Convertible Securities actually allocated by the Company to the undersigned or any such Account.

3. The undersigned (check applicable box):

- is purchasing Convertible Securities only on its own behalf and not for the account of any other person or entity (*provide the requested information on Schedule A on behalf of itself*), or
- is acting and purchasing Convertible Securities on behalf of itself and/or the other persons, entities or accounts (each, an “**Account**,” and collectively, “**Accounts**”) set forth on Schedule A hereto (*provide the requested information on Schedule A for itself and/or each Account*).

4. The undersigned, on its own behalf and on behalf of each Account, if any, represents and warrants that (check all applicable boxes):

- (i) it is both (a) an institutional “accredited investor” (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the “**Securities Act**”) (an “**Institutional Accredited Investor**”) (*provide the requested information on Attachment A*); and (b) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act (a “**QIB**”).
- (ii) it is not a “U.S. person” (as defined in Rule 902(k) under the Securities Act) (a “**Non-U.S. Person**”) and (a) if it is purchasing any Convertible Securities on its own behalf, (x) has its principal address outside the United States, and (y) was located outside the United States at the time any offer to buy the Convertible Securities was made to the undersigned and at the time that this Subscription Agreement is executed by the undersigned, and/or (b) if it is purchasing Convertible Securities solely on behalf of Accounts, each Account is a Non-U.S. Person and was located outside the United States at the time any offer to buy Convertible Securities was made and at the time this Subscription Agreement is executed by the undersigned or any such Account (*entities checking this box (ii) must also check box (i)*) (*provide the requested information on Attachment B*).
- (iii) it is an entity (not a natural person) registered as an “investment adviser” under the Investment Advisers Act of 1940, as amended (an “**Investment Adviser**”) registered with the U.S. Securities and Exchange Commission, that owns and invests on a discretionary basis, for its own account and the accounts of others, an amount of securities equal to at least U.S.\$50 million (calculated in accordance with the provisions of Rule 144A (“**Rule 144A**”) under the Securities Act) (*entities checking this box (iii) must also check either box (i) or (ii)*).

5. The undersigned, on the undersigned’s own behalf and on behalf of each Account, if any, represents, warrants and agrees that the undersigned and each such Account (check applicable box):

- is:
- is not and, for so long as the undersigned or each such Account owns Convertible Securities, will not be:

acting on behalf of: (a) an “employee benefit plan” (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)), which is subject to Title I of ERISA, (b) a plan described in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), (c) an entity whose underlying assets include “plan assets” by reason of a plan’s investment in such entity (including but not limited to an insurance company general account), or (d) an entity that otherwise constitutes a “benefit plan investor” within the meaning of the Department of Labor Regulation Section 2510.3-101 (29 C.F.R. Sections 2510.3-101), as modified by Section 3(42) of ERISA (each of categories (a) through (d), a “**Covered Plan**”).

6. The undersigned, on the undersigned’s own behalf and on behalf of each Account, if any, represents, warrants and agrees that the undersigned and each such Account (check applicable box):

is:

is not and, for so long as the undersigned or each such Account owns Convertible Securities, will not be:

using the assets of a Covered Plan to acquire or hold Convertible Securities.

7. If the undersigned checked the first box under paragraph 5 above that it is a Covered Plan or otherwise is subject to any other federal, state, local or non-U.S. or other laws or regulations that contain one or more provisions that are similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (a “**Similar Law**”), the undersigned, on the undersigned’s own behalf and on behalf of each Account, if any, represents, warrants and agrees that the acquisition and holding of the Convertible Securities by the undersigned and each such Account: (a) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law; and (b) is prudent and complies with the fiduciary standards under Title I of ERISA or any Similar Law, as applicable, for investments by the undersigned or such Account.

8. The undersigned, on the undersigned’s own behalf and on behalf of each Account, if any, represents, warrants and agrees that the undersigned and each such Account (check applicable box):

is:

is not and, for so long as the undersigned or each such Account owns Convertible Securities, will not be:

a person who has discretionary authority or control with respect to the assets of the Company or a person who provides investment advice for a fee (direct or indirect) with respect to such assets or an affiliate of such person (a “**Controlling Person**”).

9. The undersigned, on the undersigned’s own behalf and on behalf of each Account, if any, represents and warrants that the undersigned and each such Account (check applicable box):

is:

is not:

an “affiliate” (as defined in Rule 144 under the Securities Act) of the Company or acting on behalf of an affiliate of the Company.

10. The undersigned, on its own behalf and on behalf of each Account, if any, acknowledges that it has received and carefully read a copy of the private placement memorandum, dated July 10, 2017, and any supplements (including the Pricing Term Sheet) or amendments thereto at the Applicable Time (as defined in the Company’s signature page hereto), relating to this offering of the Convertible Securities (collectively, the “**Memorandum**”), and the undersigned, on its own behalf and on behalf of each Account, if any, understands and



agrees that the Memorandum speaks only as of its date (and as of the Applicable Time) and that the information contained in the Memorandum may not be correct or complete as of any time subsequent to that date.

11. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, understands and agrees that the Convertible Securities (i) are not being offered in a manner involving a public offering in the United States within the meaning of the Securities Act, (ii) are not being offered in a distribution in violation of the Securities Act, and (iii) have not been registered under the Securities Act or the securities laws of any jurisdiction other than Argentina and, unless so registered, may not be offered, sold, pledged or otherwise transferred except in accordance with the restrictions and procedures described in the Memorandum under the section entitled "Transfer Restrictions" and in the Indenture.

12. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, hereby makes the representations, warranties, acknowledgements, covenants and agreements deemed to have been made by each investor under the sections of the Memorandum entitled "Important Information About this Private Placement Memorandum," "Description of the Convertible Subordinated Notes," "Plan of Distribution" and "Transfer Restrictions," and agrees to be bound by the restrictions set forth in each such section.

13. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges and confirms to the Company and the Placement Agent that it has complied with the matters set forth under the section in the Memorandum entitled "Important Information About this Private Placement Memorandum."

**14. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, represents, warrants and agrees that:**

- (a) the undersigned and each Account, if any, is a sophisticated institutional investor and has sufficient knowledge, experience and expertise in financial, business and tax matters and in assessing securities (in particular illiquid investments and the related risks) and market, tax and all other relevant risks, including the specific risks of investing in Argentina and in the industry in which the Company conducts its business,
- (b) the undersigned and each Account, if any, became aware of this offering of the Convertible Securities, and the Convertible Securities were offered to the undersigned and each Account, solely by means of the Memorandum and/or by direct contact between the undersigned and/or each such Account and the Company or the Placement Agent, and not by any other means, including, but not limited to, by any form of general solicitation or general advertising,
- (c) the undersigned and each Account, if any, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits, risks and suitability of investing in the Convertible Securities (and has sought such accounting, legal and tax advice as the undersigned and each Account, if any, has considered necessary to make an informed investment decision) and is aware that there are substantial risks incident to the purchase of the Convertible Securities, including, but not limited to, those summarized under "Risk Factors" in the Memorandum,
- (d) the undersigned, any such Account and any of the undersigned's or such Account's professional advisor(s) (it being understood and agreed that the Placement Agent has not acted as advisor of the undersigned and/or any Account), if any, have asked such questions, received such answers and obtained such other information from the Company and its officers and directors (to the extent that the Company or such officers and directors possessed the same or could acquire it without unreasonable effort or expense) as the undersigned, such Accounts and any of the undersigned's or such Account's professional advisor(s), if any, (i) deem necessary to verify the accuracy of the information referred to in the Memorandum and (ii) deem relevant or necessary in order to make an investment decision with respect to the Convertible Securities,
- (e) alone, or together with any professional advisor(s) (it being understood and agreed that the Placement Agent has not acted as advisor of the undersigned and/or any Account), the

undersigned and each Account has (i) adequately analyzed and assessed (including by conducting its own independent review and due diligence of the Company) the merits and risks of an investment in the Convertible Securities, (ii) determined that the Convertible Securities are a suitable investment for the undersigned and/or each such Account, and (iii) performed its own legal, accounting and tax analysis and received such investment, financial, tax, legal and other advice as it deems appropriate under the circumstances, and has concluded that the investment in the Convertible Securities: (x) is fully consistent with the undersigned's and/or such Account's financial requirements and financial condition, investment objectives and risk tolerance; (y) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to the undersigned and/or such Account; and (z) is a fit, proper and suitable investment for the undersigned and/or such Account,

- (f) (i) the undersigned is acquiring the Convertible Securities on its own behalf or on behalf of each Account (and not for the account of others) for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act, (ii) the undersigned, on the undersigned's own behalf and on behalf of each Account, if any, has not solicited offers for, or offered or sold, and will not solicit offers for, or offer to sell, the Convertible Securities by means of any form of general solicitation or general advertising (as those terms are used under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act, (iii) neither the undersigned nor any Account was formed for the specific purpose of acquiring the Convertible Securities, and (iv) the undersigned and each Account, if any, understands that no federal or state agency of any jurisdiction has passed upon the Convertible Securities or the adequacy or accuracy of the Memorandum, or made any findings or determination as to the fairness of an investment in the Convertible Securities,
- (g) the undersigned and each Account, if any, understands and agrees that the Convertible Securities are illiquid and that (i) the undersigned and each such Account is able at this time and in the foreseeable future to bear the economic risk of a total loss of the undersigned's and/or such Account's investment in the Convertible Securities and is voluntarily assuming all risks associated with the purchase and holding of the Convertible Securities, (ii) the undersigned and each such Account may be required to hold the Convertible Securities indefinitely, (iii) neither the undersigned nor any such Account has need for liquidity with respect to the Convertible Securities, (iv) neither the undersigned nor any such Account has need to dispose of the Convertible Securities to satisfy any existing or contemplated undertaking or indebtedness, (v) the undersigned and each such Account acknowledges specifically that a possibility of total loss exists, and (vi) there is no established market for the Convertible Securities and that no public market for the Convertible Securities may develop,
- (h) the undersigned, on the undersigned's own behalf and on behalf of each Account, if any, agrees not to engage in hedging transactions with regard to the Convertible Securities unless in compliance with the Securities Act, and
- (i) the undersigned and each Account, if any, acknowledges, understands and agrees that (i) in making the decision to purchase the Convertible Securities, the undersigned and each such Account, if any, has relied solely upon the Memorandum and independent investigation made by the undersigned and its independent assessment of the merits and risks of an investment in the Convertible Securities, and (ii) such decision to purchase Convertible Securities was formed based on such independent investigation of the Company and the Convertible Securities, and such independent assessment of the merits and risks of an investment in the Convertible Securities.

In this paragraph 14, references to Convertible Securities shall be deemed to include the common shares of the Company, nominal value of 1.00 Argentine peso per share (the "**Common Shares**"), issuable upon conversion of the Convertible Securities pursuant to the terms of the Indenture, including Common Shares represented by American depositary shares ("**ADSs**") (each ADS representing 15 Common Shares) issued under the Amended and

Restated Deposit Agreement, dated as of February 7, 2011, among the Company, The Bank of New York Mellon, as ADS depository, and the owners and holders of ADSs from time to time issued thereunder.

15. The undersigned represents and warrants that: (a) if the undersigned is a fund or other collective investment vehicle, then the undersigned (i) has assets of U.S.\$100,000,000 or more, and (ii) is managed on a discretionary basis by an Investment Adviser registered with the U.S. Securities and Exchange Commission, licensed by the U.K. Financial Conduct Authority, or registered with or licensed by the equivalent authority in its jurisdiction of incorporation, as applicable, in each case, which has under management total assets in excess of U.S.\$1,000,000,000; or (b) if the undersigned is an investment manager, then the undersigned (i) is registered with the U.S. Securities and Exchange Commission, licensed by the U.K. Financial Conduct Authority, or registered with or licensed by the equivalent authority in its jurisdiction of incorporation, and (ii) has under management total assets in excess of U.S.\$1,000,000,000.

16. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, represents and warrants that none of the undersigned, any Account or any person or entity controlling, controlled by or under common control with the undersigned or such Account, or any person or entity having a beneficial interest in the undersigned, in such Account, or any other person or entity on whose behalf the undersigned is acting: (a) is a person or entity listed in the annex to Executive Order No. 13224 (2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), (b) is included on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Assets Control within the United States Department of the Treasury ("OFAC"), (c) is a Designated National as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515, (d) is otherwise subject to U.S. economic or trade sanctions, (e) is a non-U.S. shell bank or will make payment from or receive payment to a non-U.S. shell bank, (f) is a senior non-U.S. political figure or an immediate family member or close associate of such figure, or an entity owned or controlled by such a figure, or (g) is prohibited from investing in the Company pursuant to applicable U.S. anti-money laundering, antiterrorist, economic sanctions and asset control laws, regulations, rules or orders (each of categories (a) through (g), a "**Prohibited Investor**"). The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, agrees to provide the Company, promptly upon request, all information that the Company reasonably deems necessary or appropriate to comply with applicable U.S. anti-money laundering, antiterrorist, economic sanctions and asset control laws, regulations, rules and orders. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, consents to the disclosure to U.S. regulators and law enforcement authorities by the Company and its affiliates and agents of such information about the undersigned and each such account as the Company reasonably deems necessary or appropriate to comply with applicable U.S. anti-money laundering, antiterrorist, economic sanctions and asset control laws, regulations, rules and orders. If the undersigned or any Account is a financial institution that is subject to the U.S. Bank Secrecy Act, as amended (31 U.S.C. Section 5311, et. seq.), and its implementing regulations (collectively, the "**Bank Secrecy Act**"), the undersigned, on the undersigned's own behalf and on behalf of each Account, if any, represents that the undersigned and each such Account has met and will continue to meet all of its respective obligations under the Bank Secrecy Act. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, further represents and warrants that the funds used to purchase the Convertible Securities were legally derived under U.S. and any applicable foreign law, and were not derived from any activities in any geographic area subject to U.S. economic or trade sanctions, or with any entity or person subject to such sanctions. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges that if, following the investment in the Convertible Securities by the undersigned and/or any Account, the Company reasonably believes that the undersigned or any Account is a Prohibited Investor or has invested with funds derived illegally or will use the proceeds of the investment to further illegal activity or refuses to provide promptly information that the Company requests, the Company has the right or may be obligated to prohibit additional investments, segregate the assets constituting, and/or withhold or suspend distributions to the undersigned in respect of, the investment in accordance with applicable regulations or immediately require the undersigned or any such Account to transfer the Convertible Securities. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, further acknowledges that neither the undersigned nor any person or entity controlling, controlled by or under common control with the undersigned nor any Account will have any claim against the Company or any of its affiliates or agents for any form of damages as a result of any of the foregoing actions.

17. Neither the undersigned nor any Account is a "disqualified organization." "Disqualified organization" means (a) the federal government of the United States, (b) any state or political subdivision of the

United States, (c) any foreign government, (d) any international organization, (e) any agency or instrumentality of any of the organizations listed in clause (a), clause (b), clause (c), or clause (d) above, (f) any other tax exempt organization, other than a farmer's cooperative described in Section 521 of the Code, that is exempt from both income taxation and from taxation under the unrelated business taxable income provisions of the Code, or (g) any rural electrical or telephone cooperative.

18. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges that the Placement Agent has acted as agent for the Company in connection with the placement of the Convertible Securities outside of Argentina and consents to the Placement Agent's actions in this regard and hereby waives (to the extent permitted by applicable law) any and all claims, actions, liabilities, damages or demands the undersigned or any Account may have against the Placement Agent or any affiliate thereof in connection with, or arising from, the Placement Agent's engagement as an agent of the Company with respect to the offer and sale by the Company of the Convertible Securities to the undersigned and/or any Account (including, without limitation, any such claims, actions, liabilities, damages or demands in connection with any alleged conflict of interest of the Placement Agent).

19. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, agrees to indemnify and hold harmless each of the Company, the Placement Agent, their respective directors and executive officers, and any other person who controls or is controlled by the Company or the Placement Agent, within the meaning of Section 15 of the Securities Act or Section 20 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), from and against any and all loss, liability, claim, damage and expense whatsoever (including, without limitation, any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon (a) any false or misleading representation, declaration or warranty or breach or failure by the undersigned or any such Account to comply with any covenant or agreement made by the undersigned, on the undersigned's own behalf and on behalf of each Account, if any, in this Subscription Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction or (b) any action for securities law violations by the undersigned or any such Account.

20. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, understands and agrees that the undersigned or any such Account is purchasing Convertible Securities directly from the Company and not from the Placement Agent. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, is aware and agrees that neither the Placement Agent nor any of its subsidiaries or affiliates (i) is acting as the broker or adviser of the undersigned and/or any Account, (ii) is making or has made any representations, declarations or warranties to the undersigned or any Account regarding the Convertible Securities, the Company, or the Company's offering of the Convertible Securities, (iii) has any fiduciary or other duty to the undersigned and/or any Account, or (iv) is making or has made any independent investment recommendation, decision or analysis on the undersigned's and/or any Account's behalf in respect thereof. Further, the undersigned, on the undersigned's own behalf and on behalf of each Account, if any, understands and agrees that (x) the Placement Agent does not make any assurance that all or any portion of the information that has been or will be provided to the undersigned or any such Account regarding the Company and the terms and other matters relating to the Convertible Securities is true, complete or accurate, (y) the Placement Agent has not independently verified the accuracy or completeness of the information provided to the undersigned or any such Account, and (z) the Memorandum and all information therein is the sole product and responsibility of the Company and the Placement Agent shall have no liability for any untrue statement of a material fact or omission of a material fact necessary in order to make the statements made in the Memorandum, in the light of the circumstances under which they were made, not misleading. In this paragraph 20, references to Convertible Securities shall be deemed to include the Common Shares, including Common Shares represented by ADSs.

21. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges and agrees that the Placement Agent may have, and may in the future receive, material nonpublic information (which may be either favorable or adverse) concerning the Company and the terms and other matters relating to the investment in the Convertible Securities that has not been disclosed to the undersigned, including but not limited to information received in connection with this placement of Convertible Securities or due to the Placement Agent acting or serving in any other capacity with respect to the Company, including, without limitation, as an investment banker, research provider, investment adviser, financier, adviser, market maker, prime broker,

derivatives dealer, lender, counterparty, agent or principal to the Company. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges and agrees that the Placement Agent is not obligated to, and does not expect to, disclose any material nonpublic information it may have or may in the future receive, and shall not have any liability with respect to such non-disclosure. In addition, the Placement Agent, the Company or other third parties may, in their discretion, make available information regarding the Company and the terms and other matters relating to the Convertible Securities that is not generally being made available to prospective investors to certain prospective investors excluding the undersigned, and such information may be deemed by the undersigned to be material to a decision to purchase and/or hold Convertible Securities.

22. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges and agrees that the Company and/or the Placement Agent may request from the undersigned and/or any Account such additional information as the Company and/or the Placement Agent may deem necessary to evaluate the eligibility of the undersigned to acquire the Convertible Securities, and may request from time to time such information as the Company and/or the Placement Agent may deem necessary to determine the eligibility of the undersigned or any such Account to hold the Convertible Securities or to enable the Company to determine the Company's compliance with applicable regulatory requirements or the undersigned's or such Account's tax status, and the undersigned or any such Account shall provide such information as may reasonably be requested.

23. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges that the Placement Agent, the Company and others will rely on the acknowledgments, understandings, agreements, representations and warranties contained in this Subscription Agreement and that the Placement Agent, the Company and others are relying on the exemptions from the provisions of Section 5 of the Securities Act. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, agrees to promptly notify the Placement Agent and the Company if any of the acknowledgments, understandings, agreements, representations and warranties set forth herein are no longer accurate.

24. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, represents and warrants that the execution, delivery and performance of this Subscription Agreement by the undersigned, on the undersigned's own behalf and on behalf of each Account, if any, are within the powers of the undersigned, have been duly authorized and will not constitute or result in a breach or default under or conflict with any order, ruling or regulation of any court or other tribunal or of any governmental commission or agency, or any agreement or other undertaking, to which the undersigned or any Account is a party or by which the undersigned or any Account is bound, and will not violate any provisions of such entity's organizational documents, including, without limitation, its incorporation or formation papers, bylaws, indenture of trust or partnership or operating agreement, as may be applicable. The signature on this Subscription Agreement is genuine, and the signatory has been duly authorized to execute the same, and this Subscription Agreement constitutes a legal, valid and binding obligation of the undersigned and each Account, if any, enforceable in accordance with its terms.

25. If the undersigned is acting on behalf of an Account, the undersigned represents and warrants that: (a) the undersigned is acting as the authorized agent on behalf of each Account and has full discretionary authority to make investment decisions on behalf of each Account, (b) the undersigned has direct knowledge of the identity of each Account and has made reasonable, recent (within six months prior to the date hereof) inquiry as to the eligibility of each Account to purchase the Convertible Securities pursuant to the terms set forth in the Memorandum and herein, and based thereon each Account is eligible to purchase the number of Convertible Securities set forth opposite such Account's name on Schedule A, (c) the undersigned is duly authorized and empowered by each Account to act for and legally bind such Account and to execute this Subscription Agreement and make and enter into the acknowledgments, understandings, agreements, representations and warranties contained herein, including, without limitation, the binding commitment to purchase the Convertible Securities, on behalf of such Account, and such acknowledgments, understandings, agreements, representations and warranties constitute legal, valid and binding obligations of each such Account, enforceable against each such Account in accordance with the terms hereof, to the same extent as if made and entered into directly by each such Account, and (d) each Account is a QIB and/or an Institutional Accredited Investor, as noted on Schedule A.

26. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, hereby acknowledges and agrees that this Subscription Agreement is an agreement solely between the undersigned and the

Company, and that this Subscription Agreement is independent of any other subscription or similar agreement between the Company, on the one hand, and any other purchaser of the Convertible Securities, on the other hand.

27. Neither this Subscription Agreement nor any rights that may accrue to the undersigned or any Account hereunder may be transferred or assigned.

28. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, acknowledges and agrees that the Placement Agent will receive a fee from the Company in respect of Convertible Securities sold to certain investors, including, if this Subscription Agreement is accepted by the Company, the undersigned and/or each Account.

29. In addition to, and without limitation of, any specific conflicts of interest described in this Subscription Agreement, there are numerous perceived and actual potential conflicts of interest between the undersigned and/or any Account, on the one hand, and the Placement Agent and the Company and the Company's affiliates, on the other hand. The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, hereby acknowledges that none of the Placement Agent, the Company or any of the Company's affiliates is acting as an adviser or fiduciary to the undersigned and/or any Account with respect to the undersigned's or any such Account's potential acquisition of the Convertible Securities. Certain affiliates of the Company will have the opportunity to subscribe for Convertible Securities in this offering. To ensure that the undersigned and each Account is properly represented, the Placement Agent and the Company strongly recommend that the undersigned and each Account seek independent advice before making an investment in the Convertible Securities and, in particular, consider any conflicts of interest arising in connection therewith.

30. The Placement Agent (which is a third party beneficiary of this Subscription Agreement) and the Company are entitled to rely upon this Subscription Agreement and are irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

31. The acknowledgments, representations, warranties and agreements of this Subscription Agreement shall be deemed to have been confirmed and repeated as of the Closing Date.

**THIS SUBSCRIPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, CONSISTENT WITH SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER STATE.**

IN WITNESS WHEREOF, the undersigned has caused this Subscription Agreement to be executed as of the date set forth below. By signing this Subscription Agreement, the undersigned, on the undersigned's own behalf and on behalf of each Account, if any, represents that (and the Company and the Placement Agent will be entitled to assume that) the undersigned and/or each such Account: (i) has read this Subscription Agreement carefully, and (ii) has considered the implications of the contents of this Subscription Agreement with its legal, tax, accounting and other professional advisors (it being understood and agreed that the Placement Agent has not acted as advisor of the undersigned and/or any Account).

\_\_\_\_\_  
Signature of purchaser

\_\_\_\_\_  
Name and capacity of purchaser

\_\_\_\_\_  
Name in which Convertible Securities are to be registered (if different)

Date: \_\_\_\_\_, 2017

Provide the following information with respect to the investor:

- is the following type of organization: \_\_\_\_\_
- is organized under the laws of: \_\_\_\_\_
- has its principal place of business in: \_\_\_\_\_; and
- was formed for the purpose of: \_\_\_\_\_

\_\_\_\_\_  
Business address – Street

\_\_\_\_\_  
Mailing address – Street (if different)

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
City State Zip

Attn.: \_\_\_\_\_

Attn.: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

**Aggregate principal amount of Convertible Securities subscribed for on the undersigned's own behalf and on behalf of the Accounts set forth in Schedule A, if any (must be (a) in multiples of U.S.\$1,000 and (b) in the aggregate, not less than U.S.\$150,000)..... U.S.\$ \_\_\_\_\_**

To the extent that the aggregate principal amount of Convertible Securities actually allocated to the undersigned (and/or any Account) by the Company is less than the aggregate principal amount subscribed for, the Company may amend this Subscription Agreement to reflect the actual principal amount of Convertible Securities actually allocated to the undersigned (and/or any Account) and the undersigned (and/or any Account) shall be bound to purchase the aggregate principal amount of Convertible Securities actually allocated thereto by the Company.

**This Subscription Agreement, including all required attachments and schedules, must be filled out, signed and delivered no later than the last day of the Offering Period (as such term is defined in the Memorandum), which will commence and end on the date and time stated in the Subscription Notice to be published in the AIF, the BCBA daily bulletin and the MAE electronic bulletin, and as will be informed by the Company to the undersigned:**

TGLT S.A.  
Av. Raúl Scalabrini Ortiz 3333, 1st floor  
Ciudad Autónoma de Buenos Aires  
C1425DCB Argentina  
Attention: Alberto Lopez Gaffney  
Email: [Inversores@tgt.com](mailto:Inversores@tgt.com) with C/C to [alopezgaffney@tgt.com](mailto:alopezgaffney@tgt.com)

with a copy to:

Itau BBA USA Securities, Inc.  
767 Fifth Avenue, 50th floor  
New York, NY 10153  
United States of America  
Attention: Syndicate Desk  
Email: mark.pinto@itaubba.com

Payment of the purchase price for the Convertible Securities actually allocated by the Company to the undersigned must be made by wire transfer in United States dollars in immediately available funds in accordance with the wire transfer instructions set forth at Schedule C hereto no later than 10:00 a.m. (New York time) on the Issue Date (as such term is defined in the Memorandum) (such time and date, the “**Closing Date**”).

**Aggregate principal amount of Convertible Securities actually allocated by the Company to the undersigned ..... U.S.\$ \_\_\_\_\_**

The first time when sales of the Convertible Securities are made on the Allocation Date is [• ] p.m. (New York time) (the “**Applicable Time**”).

TGLT S.A.

By: \_\_\_\_\_  
Name:  
Title:

By executing and delivering this Subscription Agreement, TGLT S.A. hereby confirms that as of the date of the Memorandum, the Memorandum did not, and as of the Applicable Time and on the Closing Date, will not (and together with any amendment or supplement thereto (including, without limitation, the Pricing Term Sheet), at the date thereof and at the Closing Date, will not) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.



## ATTACHMENT A

### INSTITUTIONAL ACCREDITED INVESTORS

Indicate below the category of “accredited investor” within the meaning of Rule 501(a) under the Securities Act, under which the undersigned and each Account identified on Schedule A is qualified to purchase Convertible Securities. In the space provided on Schedule A under the heading “Eligibility,” indicate “Institutional Accredited Investor.”

(Please check the applicable subparagraphs):

1.  We are either: (a) a bank as defined in Section 3(a)(2) of the Securities Act acting in its individual or fiduciary capacity, (b) a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act acting in its individual or fiduciary capacity, (c) a broker or dealer registered pursuant to Section 15 of the Exchange Act, (d) an insurance company as defined in Section 2(a)(13) of the Securities Act, (e) an investment company registered under the Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of the Securities Act, (f) a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended, (g) an employee benefit plan within the meaning of Title I of ERISA and (i) the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or (ii) the employee benefit plan has total assets over U.S.\$5,000,000, or (iii) the employee benefit plan is self-directed and its investment decisions are made solely by persons that are accredited investors (within the meaning of Rule 501(a) under the Securities Act), or (h) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, and such plan has assets in excess of U.S.\$5,000,000.
2.  We are a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended.
3.  We are an organization described in Section 501(c)(3) of the Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring Convertible Securities, with total assets in excess of U.S.\$5,000,000.
4.  We are a trust with total assets in excess of U.S.\$5,000,000, that was not formed for the specific purpose of purchasing Convertible Securities and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of investing in the Company.
5.  We are an entity in which all of the equity owners are Institutional Accredited Investors.

## ATTACHMENT B

### NON-U.S. PERSONS

In respect of Convertible Securities to be purchased by Non-U.S. Persons in reliance upon Regulation S under the Securities Act, (i) review the statements below and (ii) acknowledge the undersigned's understanding of such statements (on the undersigned's own behalf and on behalf of each Account) by indicating "Non-U.S. Person" in the space provided on Schedule A under the heading "Eligibility."

The undersigned, on the undersigned's own behalf and on behalf of each Account, if any, understands, certifies and agrees that:

1. the undersigned and/or each such Account is a Non-U.S. Person and is not acquiring the Convertible Securities for the account or benefit of any U.S. Person,
2. the undersigned and/or each such Account is acquiring the Convertible Securities in an "offshore transaction" (within the meaning of Rule 902 under the Securities Act) and in accordance with Regulation S,
3. the undersigned and/or each such Account is not acquiring, and has not entered into any discussions regarding the undersigned's or such Account's acquisition of, the Convertible Securities while the undersigned or such Account was in the United States or any of its territories or possessions,
4. the Convertible Securities are being sold without registration under the Securities Act by reason of an exemption that depends, in part, on the accuracy of the representations made by the undersigned and each such Account,
5. the undersigned and/or each such Account is familiar with the rules and restrictions set forth in Regulation S and has not undertaken and will not undertake any activity for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Convertible Securities,
6. if the undersigned is within a member state of the European Economic Area, that it is a "Qualified Investor" as defined in the Prospectus Directive (Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each member state), and
7. if the undersigned is within the United Kingdom, that it is a person (i) who has professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) who falls within Article 49(2)(a) to (d) of the Order ("high net worth companies, unincorporated associations, etc."), or (iii) to whom it may otherwise lawfully be communicated.

**SCHEDULE A**

**INVESTOR AND/OR ACCOUNTS**

<b>Purchaser's Legal Name, Address (and Principal Place of Business, if Different), Taxpayer Identification Number, and Type of Entity (Entities)</b>	<b>Eligibility (1)</b>	<b>Covered Plan(2)</b>	<b>Controlling Person(3)</b>	<b>Name of DTC Participant and Participant's DTC Account Number</b>	<b>Name, Phone Number and Email Address of Contact at DTC Participant</b>	<b>Account Number with DTC Participant</b>	<b>Principal Amount of Convertible Securities Subscribed For(4)</b>	<b><u>Company to provide:</u>  Principal Amount of Convertible Securities Accepted by the Company(4)</b>
	<input type="checkbox"/> Institutional Accredited Investor and QIB <input type="checkbox"/> Non-U.S. Person	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No					
	<input type="checkbox"/> Institutional Accredited Investor and QIB <input type="checkbox"/> Non-U.S. Person	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No					
	<input type="checkbox"/> Institutional Accredited Investor and QIB <input type="checkbox"/> Non-U.S. Person	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No					

(1) See paragraph 4 above. Entities checking the "Non-U.S. Person" box will receive their investment in the Convertible Securities through a beneficial interest in the Regulation S Global Note (as defined in the Memorandum). Entities checking the "Institutional Accredited Investor and QIB" box will receive their investment through a beneficial interest in the Rule 144A Global Note (as defined in the Memorandum) unless (i) such entity checked the "Non-U.S. Person" box (in which case it will receive its investment through the Regulation S Global Note) or (ii) such entity checks this box  to receive its investment through a beneficial interest in the IAI Global Note (as defined in the Memorandum).

(2) See paragraph 5 above.

(3) See paragraph 8 above.

(4) To the extent that the principal amount of Convertible Securities actually allocated to the purchaser (and/or any Account) is less than the aggregate principal amount subscribed for, the Company may amend this letter to reflect the actual principal amount of Convertible Securities allocated to, purchased and received by the purchaser (and/or any Account).

**SCHEDULE B**

**FORM OF PRICING TERM SHEET**

Pricing Term Sheet, dated [•], 2017  
to Private Placement Memorandum dated July 10, 2017

**Strictly Confidential**



**U.S.\$[150,000,000] aggregate principal amount of  
Convertible Subordinated Notes due 2027**

<b>Issuer</b>	TGLT S.A. (the “Issuer”)
<b>Security Description</b>	Convertible Subordinated Notes due 2027
<b>Principal Amount</b>	U.S.\$[150,000,000]
<b>Distribution</b>	Regulation D / Regulation S
<b>Placement Agent</b>	Itau BBA USA Securities, Inc.
<b>CUSIP and ISIN</b>	144A: CUSIP [____]; ISIN [____] Regulation S: CUSIP [____]; ISIN [____] IAI: CUSIP [____]; ISIN [____]
<b>Trade Date</b>	[•], 2017
<b>Issue Date</b>	August [•], 2017
<b>Maturity Date</b>	August [•], 2027
<b>Interest Rate</b>	Interest at the rate per annum equal to: (i) 8.000% from, and including, the Issue Date to, but not including, the first anniversary of the Issue Date; (ii) 9.000% from, and including, the first anniversary of the Issue Date to, but not including, the second anniversary of the Issue Date; and (iii) 10.000% from, and including, the second anniversary of the Issue Date to, but not including, the Maturity Date
<b>Default Interest Rate</b>	(i) 14.000% from, and including, the Issue Date to, but not including, the first anniversary of the Issue Date; (ii) 15.000% from, and including, the first anniversary of the Issue Date to, but not including, the second anniversary of the Issue Date; and (iii) 16.000% from, and including, the second anniversary of the Issue Date to, but not including, the Maturity Date
<b>Interest Payment Dates</b>	August [•] and February [•], beginning on February [•], 2018

<b>Regular Record Dates</b>	The [• ] or [• ] (whether or not a business day), as the case may be, next preceding such Interest Payment Date
<b>Day Count Convention</b>	360-day year consisting of twelve 30-day months
<b>Offering Price</b>	100%
<b>Conversion Price</b>	Initially U.S.\$[• ] per Common Share
<b>Conversion Rate</b>	[• ] Common Shares per U.S.\$1,000 principal amount of Convertible Subordinated Notes
<b>Form / Denomination / Multiples</b>	Registered form in minimum denominations of U.S.\$1,000 and integral multiples of U.S.\$1,000 in excess thereof
<b>Expected Listing</b>	Buenos Aires Stock Exchange ( <i>Bolsas y Mercados Argentinos S.A</i> ) and Argentine Open Electronic Market ( <i>Mercado Abierto Electrónico S.A.</i> )
<b>Symbol for the Issuer’s ADSs in the U.S. Over-the-Counter Market</b>	TGLTY
<b>Governing Law</b>	New York
<b>Clearing</b>	The Depository Trust Company
<b>Additional Information</b>	[• ]

**This pricing term sheet is confidential and is intended for the sole use of the person to whom it is provided by the sender. The information in this pricing term sheet supplements the Private Placement Memorandum, dated July 10, 2017 (the “Private Placement Memorandum”) and updates and supersedes the information in the Private Placement Memorandum to the extent it is inconsistent with the information in the Private Placement Memorandum. The information in this pricing term sheet is not and does not purport to be a complete description of these securities or the offering; therefore, it is qualified in its entirety by reference to the Private Placement Memorandum, except for information in the Private Placement Memorandum superseded by information included herein. Terms used but not defined herein shall have the meanings assigned to them in the Private Placement Memorandum.**

**These securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction. Unless they are registered, these securities may be offered only in transactions that are exempt from or not subject to registration under the Securities Act or the securities laws of any other jurisdiction. Accordingly, these securities are being (a) offered to Existing Shareholders in Argentina pursuant to their Preferential Rights and to public investors in Argentina through Banco Itaú Argentina S.A., as local placement agent, in accordance with the applicable requirements of the Argentine Negotiable Obligations Law No. 23,576, as amended, the Argentine Capital Markets Law No. 26,831, as amended, Decree No. 1023/2013 implementing the Capital Markets Law and applicable regulations of the Argentine National Securities Commission (the *Comisión Nacional de Valores*, or the “CNV”), including General Resolution No. 622/2013 of the CNV, and (b) placed without being registered with the U.S. Securities and Exchange Commission under the Securities Act (i) in the United States, to certain institutional “accredited investors” (as defined in Rule 501(a) under Regulation D under the Securities Act) and (ii) outside of the United States and Argentina to non-U.S. persons in reliance upon Regulation S under the Securities Act. Itaú BBA USA Securities, Inc. acted as placement agent in the International Private Placement (the “Placement Agent”). The Issuer will not be registered under the U.S. Investment Company Act of 1940, as amended.**

**This pricing term sheet is being distributed in the United States solely to certain institutional “accredited investors” (as defined in Rule 501(a) under Regulation D under the Securities Act) and does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.**

**Delivery of these securities is expected on or about August [• ], 2017, which will be the fifth business day following the date of pricing of these securities, against payment of these securities. Under Rule 15c6-1 of the U.S. Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade these securities prior to the delivery of these securities will be required, by virtue of the fact that these securities will initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of these securities who wish to trade these securities prior to their date of delivery should consult their advisors.**

**This document is only addressed to and directed, in member states of the European Economic Area which have implemented the Prospectus Directive (Directive 2003/71/EC), at persons who are “qualified investors” within the meaning of article 2(1)(e) of the Prospectus Directive (“Qualified Investors”). Each person who initially acquires any securities or to whom any offer of securities may be made will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor. in addition, in the United Kingdom, this document is being distributed only to, and is directed only at, sophisticated investors (i) who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and qualified investors falling within article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “Relevant Persons”). This document must not be acted on or relied on (i) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors, and (ii) in the United Kingdom, by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Qualified Investors in the European Economic Area (other than the United Kingdom) and Relevant Persons in the United Kingdom and will be engaged in only with Relevant Persons.**

**SCHEDULE C**

**WIRE INSTRUCTIONS**

Bank: Citibank N.A.  
111 Wall Street  
New York, New York, 10005  
United States

ABA #: 021000089

Swift: CITIUS33

For benefit of: Morgan Stanley Smith Barney LLC

Beneficiary account #: 40611172

For further credit to: TGLT S.A.

Account #: 806-012313

Address: Av. Raúl Scalabrini Ortiz 3333, 1st floor  
Ciudad Autónoma de Buenos Aires  
C1425DCB Argentina

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TGLT S.A.

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2017 AND DECEMBER 31, 2016

(figures expressed in Argentine pesos -\$)

	Notes	Mar 31, 2017	Dec 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	87,793,365	84,278,114
Other financial assets	14	8,059,127	-
Accounts receivables	6	28,384,887	21,390,833
Other receivables	7	356,538,772	327,144,574
Other assets	39	25,343,162	24,779,680
Receivables from related parties	30	6,551,046	6,398,297
Inventory	8	3,275,616,260	3,466,637,999
<b>Total current assets</b>		<b>3,788,286,619</b>	<b>3,930,629,497</b>
<b>Non-current assets</b>			
Other receivables	7	8,529,618	886,520
Investment property	41	844,497,339	876,630,575
Property, plant and equipment	9	7,961,537	8,273,916
Intangible assets	10	879,736	967,785
Tax assets	11	77,763,063	75,749,069
Goodwill	12	54,811,467	80,752,236
<b>Total non-current assets</b>		<b>994,442,760</b>	<b>1,043,260,101</b>
<b>Total assets</b>		<b>4,782,729,379</b>	<b>4,973,889,598</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	13	507,560,516	525,504,434
Short-term financial debt	14	745,649,325	594,576,664
Salaries and social security	15	14,343,957	15,026,370
Current tax liabilities	16	3,666,023	4,135,987
Other tax burden	17	87,855,780	74,919,680
Outstanding sums due to related parties	30	35,844,237	25,634,359
Advanced payments of clients	18	2,705,677,188	2,881,315,654
Provisions	19	6,725,270	7,628,507
Other accounts payables	20	77,291,115	43,718,889
<b>Total current Liabilities</b>		<b>4,184,613,411</b>	<b>4,172,460,544</b>
<b>Non-current liabilities</b>			
Accounts payable	13	2,415,539	2,037,683
Long-term financial debt	14	13,888,098	123,559,760
Non-current tax liabilities	16	1,344,240	-
Deferred tax liabilities	29	207,633,068	223,141,466
Other tax burden	17	8,085,902	3,481,221
Other accounts payable	20	18,939,396	47,768,321
<b>Total non-current liabilities</b>		<b>252,306,243</b>	<b>399,988,451</b>
<b>Total liabilities</b>		<b>4,436,919,654</b>	<b>4,572,448,995</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent		102,842,499	147,742,168
Equity allocated to the non-controlling interest		242,967,226	253,698,435
<b>Total equity</b>		<b>345,809,725</b>	<b>401,440,603</b>
<b>Total liabilities and equity</b>		<b>4,782,729,379</b>	<b>4,973,889,598</b>

Notes 1 to 53 are an integral part of these financial statements.

TGLT S.A.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

(figures expressed in Argentine pesos - \$)

	Notes	Mar 31, 2017	Mar 31, 2016
Revenue from ordinary activities	23	313,189,601	183,502,154
Cost of ordinary activities	24	(276,734,055)	(148,639,269)
<b>Gross profit</b>		<b>36,455,546</b>	<b>34,862,885</b>
Sales expenses	25	(24,527,801)	(17,950,823)
Administrative expenses	26	(32,641,696)	(29,602,468)
Other operational expenses	12	(25,940,769)	-
<b>Operating loss</b>		<b>(46,654,720)</b>	<b>(12,690,406)</b>
Other expenses	10	(80,500)	(121,643)
Financial results			
Foreign exchange difference	27	(7,178,019)	(4,934,603)
Financial income	27	1,553,140	3,775,466
Financial costs	27	(28,456,159)	(28,775,490)
Change at fair value of investment properties	41	(31,876,548)	-
Investment property disposal results	41.1.b	43,627,000	-
Other income and expenses, net	28	2,204,908	12,275,461
<b>Loss before tax</b>		<b>(66,860,898)</b>	<b>(30,471,215)</b>
Income tax benefit	29	15,901,361	6,054,741
<b>Loss for the period</b>		<b>(50,959,537)</b>	<b>(24,416,474)</b>
<b>Other comprehensive income that will be reclassified as gain or loss</b>			
Difference for the conversion of a net investment abroad		2,781,559	(8,756,271)
<b>Total of other comprehensive income (loss)</b>		<b>2,781,559</b>	<b>(8,756,271)</b>
<b>Total comprehensive loss for the period</b>		<b>(48,177,978)</b>	<b>(33,172,745)</b>
<b>Loss for the period attributable to:</b>			
Equity holders of the parent		(40,228,328)	(24,010,826)
Non-controlling interest		(10,731,209)	(405,648)
<b>Total loss for the period</b>		<b>(50,959,537)</b>	<b>(24,416,474)</b>
<b>Attributable to Equity holders of the parent</b>			
Base	38	(0,57)	(0,34)
Diluted	38	(0,57)	(0,34)
<b>Total comprehensive loss for the period attributable to:</b>			
Equity holders of the parent		(37,446,769)	(32,767,097)
Non-controlling interest		(10,731,209)	(405,648)
<b>Total loss for the period</b>		<b>(48,177,978)</b>	<b>(33,172,745)</b>

Notes 1 to 53 are an integral part of these financial statements.

TGLT S.A.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2017

(figures expressed in Argentine pesos - \$)

Concept	Shareholder's contribution					Reserves		Results	Shareholders' equity allocated to:		Total
	Share capital	Treasury shares	Premiums of issuance	Capital contribution	Total	Transactions between shareholders	Foreign currency translation reserve	Retained earnings	Equity holders of the parent	Non-controlling interest	
Balance as of January 1, 2017	70,339,485	10,000	123,349,809	7,237,915	200,937,209	(19,800,843)	(38,170,765)	4,776,567	147,742,168	253,698,435	401,440,603
Write-off of irrevocable contribution (1)	-	-	-	(7,452,900)	(7,452,900)	-	-	-	(7,452,900)	-	(7,452,900)
Loss for the period	-	-	-	-	-	-	-	(40,228,328)	(40,228,328)	(10,731,209)	(50,959,537)
Treasury Shares (2)	-	-	-	214,985	214,985	-	-	(214,985)	-	-	-
Other comprehensive loss, net of tax	-	-	-	-	-	-	2,781,559	-	2,781,559	-	2,781,559
Total comprehensive loss for the period	-	-	-	-	-	-	2,781,559	(40,228,328)	(37,446,769)	(10,731,209)	(48,177,978)
<b>Balances as of March 31, 2017</b>	<b>70,339,485</b>	<b>10,000</b>	<b>123,349,809</b>	<b>-</b>	<b>193,699,294</b>	<b>(19,800,843)</b>	<b>(35,389,206)</b>	<b>(35,666,746)</b>	<b>102,842,499</b>	<b>242,967,226</b>	<b>345,809,725</b>

(1) See Note 44.

(2) Cancellation of the BDR Level II program. See Note 47.

(3) On April 20, 2017, the Ordinary General Shareholders' Meeting was held and discussed the 2016 fiscal year-end result. See Note 53.

Notes 1 to 53 are an integral part of these financial statements.

TGLT S.A.

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2016

(figures expressed in Argentine pesos - \$)

Concept	Shareholders' contribution				Reserves		Results	Shareholders' equity allocated to:		Total
	Share capital	Premiums of issuance	Capital Contribution	Total	Foreign currency translation reserve	Legal reserve	Retained earnings	Equity holders of the parent	Non-controlling interest	
Balances as of January 1, 2016	70,349,485	378,208,774	2,571,110	451,129,369	(21,574,400)	4,000	(257,434,075)	172,124,894	42,993,641	215,118,535
Loss for the period	-	-	-	-	-	-	(24,010,826)	(24,010,826)	(405,648)	(24,416,474)
Other comprehensive loss, net of tax	-	-	-	-	(8,756,271)	-	-	(8,756,271)	-	(8,756,271)
Total comprehensive loss for the period	-	-	-	-	(8,756,271)	-	(24,010,826)	(32,767,097)	(405,648)	(33,172,745)
<b>Balances as of March 31, 2016</b>	<b>70,349,485</b>	<b>378,208,774</b>	<b>2,571,110</b>	<b>451,129,369</b>	<b>(30,330,671)</b>	<b>4,000</b>	<b>(281,444,901)</b>	<b>139,357,797</b>	<b>42,587,993</b>	<b>181,945,790</b>

Notes 1 to 53 are an integral part of these financial statements.

TGLT S.A.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE THREE – MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

(figures expressed in Argentine pesos - \$)

	31 Mar, 2017	31 Mar, 2016
<b>Operating activities</b>		
Loss for the period	(50,959,537)	(24,416,474)
<b>Adjustments to obtain the cash flow provided by operating activities</b>		
Deferred income tax expense (benefit)	(15,901,361)	(6,054,741)
Depreciation of property, plant and equipment	511,201	681,803
Impairment of goodwill	25,940,769	-
Amortization of intangible assets	80,500	121,643
Valuation results at fair value investment properties	31,876,548	-
Result from the sale of investment properties	(43,627,000)	-
Effect of financial statements conversion	2,781,559	(8,996,529)
Effect of cash flows conversion	33,567	-
<b>Changes in operating assets and liabilities</b>		
Accounts receivables	(6,994,054)	2,744,619
Other financial assets	(8,059,127)	-
Other receivables	(57,892,525)	(17,935,586)
Receivables from related parties	(152,749)	490,499
Other assets	(563,482)	-
Inventory	191,278,426	(179,510,889)
Tax assets and deferred tax liabilities	(71,724)	(3,549,172)
Accounts payable	(17,566,061)	31,035,938
Accrued salaries and social security	(682,413)	(800,056)
Other tax burdens	17,540,781	8,282,928
Outstanding sums with related parties	2,756,978	404,400
Advanced payments of clients	(175,638,466)	330,118,303
Provisions	(903,237)	-
Other payables	4,743,301	(2,804,277)
Minimum Presumed Income tax	(675,031)	(3,554,899)
<b>Net cash flows (used in) provided by operating activities</b>	<b>(102,143,137)</b>	<b>126,257,510</b>
<b>Investment activities</b>		
Investments not considered as cash	100,053	(347,728)
Payments for the purchase of investment property	-	(79,266)
Charges for sale of investment properties	64,482,229	-
Payments for the purchase of property, plant and equipment	(224,840)	(1,020,262)
Payments for the purchase of intangible assets	-	(35,401)
<b>Net cash flows provided by (used in) investing activities</b>	<b>64,357,442</b>	<b>(1,482,657)</b>
<b>Financing activities</b>		
Financial debt (Note 14)	41,400,999	34,517,428
Financial instruments	-	(2,107,071)
<b>Net cash flows provided by financing activities</b>	<b>41,400,999</b>	<b>32,410,357</b>
Net increase in cash and cash equivalents	3,615,304	157,185,210
Cash and cash equivalents at the beginning of the period	81,098,420	92,488,940
<b>Cash and cash equivalents, at period end (See Note 5)</b>	<b>84,713,724</b>	<b>249,674,150</b>

Notes 1 to 53 are an integral part of these financial statements.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 1. Information about the Company

### 1.1. Introduction

TGLT S.A. (hereinafter “the Company”, “TGLT” or “the Corporation”) is a corporation incorporated in Argentina, dedicated to the development of residential real estate. TGLT operates in the main urban centers of Argentina and Uruguay. TGLT was founded in 2005 by Federico Weil, and in 2007 entered into a strategic alliance with PDG Realty S.A. Empreendimentos e Participações (hereinafter “PDG”), one of the main real estate developers in Latin America. In April 2015, PDG sold its shares of TGLT to Bienville Argentina Opportunities Master Fund and PointArgentum Master Fund LP. TGLT initially focused on projects for high income segments of society, and is now gradually extending its offering of products to medium income segments and commercial offices.

TGLT is a developer in the Argentine residential market with a presence in Uruguay. It is currently developing ten projects in high in-demand urban areas in Argentina and Uruguay, each of which are in different phases of the development process, from product design and permissioning to pre-construction, construction, delivery and aftersales.

In November 2010, the Company conducted an Initial Public Offering (“IPO”) of its shares in Argentina and abroad. Currently, the shares of the Company are listed on the Buenos Aires Stock Exchange. Also, the American Depositary Receipts (ADRs) Level I program, which represents the shares of the Company, are traded on the Over the Counter market, or Pink Sheets. The Company’s ordinary shares can be converted into ADRs at a ratio 5:1.

### 1.2. Business Model

TGLT is focused on the development of residential real estate and commercial offices in Argentina and Uruguay.

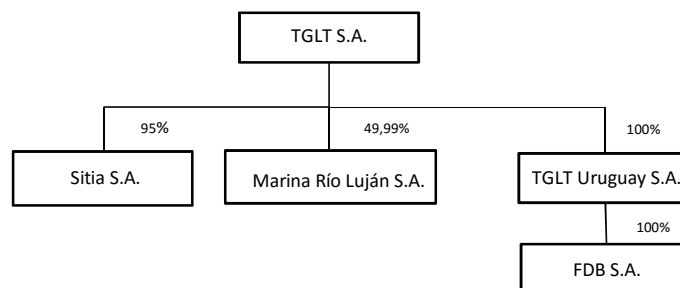
TGLT’s business model is based on its ability to identify the best plots of land and to build high-quality residential projects. With the support of a team of professionals, the standardization of processes, and the support of management, TGLT believes it has the tools that allow it to continuously launch new projects and to operate a large number of projects simultaneously.

TGLT participates exclusively or substantially in each of the projects it develops, and it is committed to each project aligning with the interests of its shareholders.

TGLT’s management team controls and is part of every function performed in connection with real estate development, from the search and acquisition of land, product design, marketing, sales, construction management, purchase of supplies, post-sale services and financial planning, with the advice of businesses specialized in each development stage. Although the control of these functions and related decisions are made by TGLT, the performance of some tasks, such as architecture and construction, are delegated to specialized companies, which are supervised by TGLT. This business model allows the company to ensure production excellence for each location and segment, ensuring efficient working capital management at all times and allowing the best partner to be chosen for each aspect of development, while maintaining an organizational size that is adaptable to changes in the volume of business.

### 1.3. Company structure

The structure of TGLT and its subsidiaries (hereinafter “the Group”) is shown in the following chart:



The Group carries out the development of its real estate projects by TGLT S.A. or its subsidiaries. TGLT Uruguay S.A., is an investment company in Uruguay, which is a holding company for our projects in Uruguay. FDB S.A. is a company domiciled in Montevideo, Uruguay.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 2. Statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## Note 3. Criteria for Presenting the Consolidated Financial Statements

The Consolidated Balance Sheets as of March 31, 2017 and December 31, 2016, and related Consolidated Statements of loss and Other Comprehensive loss, Changes in Equity, and Cash Flow as of and for the periods ended March 31, 2017 and 2016 have been presented pursuant to the provisions of IFRS as issued by the IASB.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and in accordance with Technical Resolution (RT) 26, of the Argentine Federation of Professional Accounting Councils (FACPCE), as adopted by the City of Buenos Aires Accounting Council (CPCECABA), and as required by the Comisión Nacional de Valores (CNV) Argentine Securities Exchange Commission, in Argentina for most of public companies. Also, a few additional items required by the General Law of Corporations and /or regulations of the CNV were included. Such information is included in the Notes to these consolidated financial statements only for the purpose of complying with regulatory requirements.

These consolidated financial statements correspond to the three-month period that began on January 1, 2017 and ended on March 31, 2017. According to IFRS, the Company presents financial information comparatively with the prior fiscal year ended December 31, 2016 and presents the Statement of Operations and Other Comprehensive Income (Loss), Changes in Equity, and Cash Flows for the period ended March 31, 2017, comparatively with the same period of the prior fiscal year.

These condensed consolidated financial statements as of March 31, 2017 have been prepared by the Company's Management in order to comply with the requirements of the CNV and the Bolsa de Comercio de Buenos Aires (BCBA) within the framework of the authorization of the public offering of its shares process. For the preparation of these financial statements, the Company made use of the option provided for in IAS 34, and has prepared them in its condensed form. Therefore, these financial statements do not include all the information required for a set of annual financial statements and, accordingly, are recommended to be read in conjunction with the annual financial statements as of December 31, 2016, which may be consulted at the web page [www.tglt.com.ar](http://www.tglt.com.ar).

The International Accounting Standard 29 (IAS 29) "Financial reporting in hyperinflationary economies" requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy, regardless of whether they are based on the historical cost method or the current cost method, are expressed in terms of the unit of measurement current to date at the end of the reporting period.

Controlling bodies have not been issued on this issue, as of the date of issuance of these financial statements. However, in the reading and analysis of these financial statements, the existence of fluctuations in relevant variables of the economy that occurred in recent years should be considered.

## Note 4. Summary of the Main Accounting Policies Applied

### 4.1. Applicable accounting standards

These consolidated financial statements have been prepared using the specific IFRS measurements for each type of asset, liability, income and expense. The accompanying consolidated and individual information is presented in pesos, legal tender in the Argentine Republic, prepared from the accounting records of TGLT S.A. and its controlled companies. The preparation of the financial information, which is the responsibility of the Board of Directors of the Company, requires to make certain accounting estimates and use its judgment in applying certain accounting standards.

### 4.2. Consolidation Criteria

TGLT's consolidated financial statements include financial information from the Company and its controlled subsidiaries.

The financial statements of the controlled subsidiaries (except TGLT Uruguay S.A.) used to prepare the consolidated financial statements were prepared according to other Argentine accounting standards. Based on the foregoing paragraph, and for the purposes of applying accounting regulations standardized with TGLT S.A., the standards used by the exclusive or joint controlled subsidiaries and those resulting from the application of Technical Resolution No. 26 (application of the IFRS) were reconciled for the following items: a) total shareholder's equity and b) net Profit / (Loss) for the year (according to the standard applied) and net Profit / (Loss) for the year (according to IFRS), and that amount to the total comprehensive Profit / (Loss) for the year.

The Board of Directors that approved the referred financial statements of the controlled companies were subject to the application of monitoring and confirmation mechanisms at managerial level, which include all significant items with different treatment between the standards used and IFRS, according to the established by the General Resolution No. 611 of the CNV. Therefore, the amounts reported in the individual financial statements of the subsidiaries have been adjusted where a consistent measurement with the accounting policies adopted by TGLT was required.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.2. Consolidation Criteria (continued)

In the case of TGLT Uruguay S.A. and its subsidiary FDB S.A., the assets and liabilities were converted to Argentine pesos at the exchange rates in effect as of the date of those financial statements. The income statement accounts were converted to Argentine pesos at the exchange rates in effect as of the date of those transactions.

In all cases, the credit and debt and transactions among entities of the consolidated group were eliminated during consolidation. The net income resulting from transactions among members of the consolidated group that were not distributed to third parties and included in the final asset balances were eliminated completely. The controlled companies whose financial statements have been included in these consolidated financial statements are the following:

Entity	Control type	03/31/2017	12/31/2016
Marina Río Luján S.A.	Exclusive	49.99%	49.99%
TGLT Uruguay S.A.	Exclusive	100.00%	100.00%
Sitia S.A.	Exclusive	95.00%	95.00%

Non-controlling interest, presented as part of the shareholder's equity, represent the part of profits or losses and net assets of a subsidiary, which are not owned by TGLT. Management attributes total other comprehensive income or loss of the subsidiaries to the owners of the controlling company and the non-controlling interest based on their respective shares.

## Note 5. Cash and cash equivalents

	Notes	Mar 31, 2017	Dec 31, 2016
Cash in local currency		158,868	140,912
Cash in foreign currency	40	912,844	3,174,284
Banks in local currency		3,551,425	3,276,990
Banks in foreign currency	40	20,060,041	14,294,416
Funds to be deposited		299,882	690,446
Time deposits in foreign currency	32.8 / 40	12,531,382	3,179,694
Mutual funds in local currency		-	7,603,561
Mutual funds in foreign currency	40	3,822,493	3,947,492
Commercial papers in foreign currency	40	46,456,430	47,970,319
<b>Total cash and cash equivalents</b>		<b>87,793,365</b>	<b>84,278,114</b>

In the statement of cash flow, cash and cash equivalents comprise the following:

		Mar 31, 2017	Mar 31, 2016
Total cash and cash equivalents		87,793,365	252,606,261
Certificate of deposits in foreign currency expiring over 90 days	32.8	(3,079,641)	(2,932,111)
<b>Total cash and cash equivalents</b>		<b>84,713,724</b>	<b>249,674,150</b>

## Note 6. Accounts receivables

	Notes	Mar 31, 2017	Dec 31, 2016
Accounts receivables from sales of units in local currency		1,477,337	1,758,599
Accounts receivables from sales of units in foreign currency	40	28,165,867	21,156,283
Accounts receivables from sales of services in local currency		219,141	324,050
Accounts receivables from sales of services in foreign currency	40	376,752	6,111
Allowance for doubtful accounts in foreign currency	40	(1,854,210)	(1,854,210)
<b>Total accounts receivables</b>		<b>28,384,887</b>	<b>21,390,833</b>

The maturity of accounts receivable is as follows:

	Mar 31, 2017	Dec 31, 2016
Due within		
0 to 90 days	28,384,887	21,390,833
<b>Total</b>	<b>28,384,887</b>	<b>21,390,833</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 7. Other receivables

Current	Notes	Mar 31, 2017	Dec 31, 2016
Value added tax in local currency		60,280,803	46,842,382
Value added tax in foreign currency	40	113,676,979	118,129,001
Gross income tax		1,215,474	816,992
Net worth tax in foreign currency	40	-	1,832,450
Advance payments to work suppliers in local currency		37,063,949	42,106,269
Advance payments to work suppliers in foreign currency	40	75,785,260	29,050,654
Security Deposits in local currency		267,238	267,238
Security Deposits in foreign currency	40	147,264	152,064
Prepaid insurance policies in local currency		163,365	66,851
Prepaid insurance policy in foreign currency	40	1,675,792	1,562,612
Loan granted (1)		720,979	967,414
Prepayments - in local currency		1,981,413	265,633
Prepayments - in foreign currency	40	484,790	183,031
Refund		16,637,891	14,710,075
Refund from maintenance fees		19,495,062	15,029,020
Rejected checks		18,200	18,200
Credit receivable for repetition of the Minimum Presumed Income Tax	43	17,116,073	16,896,855
Credit receivable from sale of investment properties	40 / 41	-	29,541,402
Credit receivable from judicial settlement	33.3	1,931,965	1,901,601
Collectable fund for equipment acquisition in local currency		177,681	140,322
Collectable fund for equipment acquisition in foreign currency	40	2,794,851	6,373,618
Collectable operating fund		294,917	268,382
Advance payments for the purchase of real estate properties (2)	40	4,587,000	-
Sundry receivables in local currency		902	902
Sundry receivables in foreign currency	40	20,924	21,606
<b>Sub total other receivables – current</b>		<b>356,538,772</b>	<b>327,144,574</b>
<b>Non-current</b>			
Security deposits in foreign currency	40	698,297	720,957
Insurance policies to be accrued in foreign currency	40	-	165,563
Credit receivable from sale of investment properties	40 /41	7,831,321	-
<b>Sub total other receivables – non-current</b>		<b>8,529,618</b>	<b>886,520</b>
<b>Total other receivables</b>		<b>365,068,390</b>	<b>328,031,094</b>

### (1) Loan granted by Canfot S.A. to Edenor:

On July 29, 2013 Edenor S.A. requested and Canfot SA (absorbed company on September 30, 2016, see note 34.2) granted a loan for an amount of \$ 3,072,378 for financing works on the Forum Alcorta Project. These sums will accrue a compensatory interest to be calculated at the passive rate for 30 day certificates of deposit of the Argentinean National Bank, as of the last day of the month prior to the issuance of each payment. As of the date of issuance of these financial statements, Edenor S.A. has repaid thirty-nine out of the forty-eight monthly installments agreed.

### (2) Advance payments for the purchase of real estate properties in foreign currency

On January 11, 2017, the Company booked the purchase of a building located in the Vicente Lopez district, in the Province of Buenos Aires. As a form of acceptance of the reservation, TGLT paid the equivalent of US\$ 300,000 million or \$ 4,587,000.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 8. Inventory

	Notes	Mar 31, 2017	Dec 31, 2016
<b>Units under construction</b>			
Astor Núñez	32.4	298,521,903	420,531,324
Astor San Telmo	32.12	171,959,433	176,138,018
Forum Puerto del Buceo	32.11	1,484,056,604	1,582,428,531
Metra Devoto	32.6/9	70,954,848	70,370,938
Metra Puerto Norte	32.5	391,085,714	380,839,015
Proa	32.5	189,691,122	193,185,787
Venice	32.10	576,392,177	504,942,256
Other projects		28,000	28,000
<b>Finish Units</b>			
Astor Palermo	32.3	33,386,508	35,323,088
Forum Alcorta	32.1	67,532,369	120,201,535
Forum Puerto Norte		12,393,769	10,851,658
<b>Impairment of Finish Units</b>			
Astor Palermo		(8,201,137)	(8,201,137)
Forum Alcorta		(5,120,993)	(12,936,957)
Forum Puerto Norte		(7,064,057)	(7,064,057)
<b>Total Inventory</b>		<b>3,275,616,260</b>	<b>3,466,637,999</b>

## Note 9. Property, plant and equipment

	Furniture and		Improvements in owned		Showrooms	Total
	Fixtures	Hardware	property	Installations		
<b>Original value</b>						
Balance as of January 1, 2017	1,529,892	2,318,934	2,105,399	6,174	20,055,669	26,016,068
Acquisitions	-	-	224,840	-	-	224,840
Conversion adjustment	(9,730)	(12,800)	(32,654)		(102,287)	(157,471)
<b>Total</b>	<b>1,520,162</b>	<b>2,306,134</b>	<b>2,297,585</b>	<b>6,174</b>	<b>19,953,382</b>	<b>26,083,437</b>
<b>Depreciation and impairment</b>						
Balance as of January 1, 2017	(798,388)	(1,739,787)	(1,981,845)	(6,174)	(13,215,958)	(17,742,152)
Depreciations	(45,981)	(77,745)	(30,598)		(356,877)	(511,201)
Conversion adjustment	7,056	8,959	32,654		82,784	131,453
<b>Total</b>	<b>(837,313)</b>	<b>(1,808,573)</b>	<b>(1,979,789)</b>	<b>(6,174)</b>	<b>(13,490,051)</b>	<b>(18,121,900)</b>
<b>Net carrying value as of Mar 31, 2017</b>						
	<b>682,849</b>	<b>497,561</b>	<b>317,796</b>	<b>-</b>	<b>6,463,331</b>	<b>7,961,537</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 9. Property, plant and equipment (continued)

	Furniture and Fixtures	Hardware	Improvements in owned property	Improvements in third-party properties	Installations	Showrooms	Property	Total
Original value								
Balance as of January 1, 2016	1,251,489	1,979,400	353,478	1,919,274	6,174	16,427,233	2,732,142	24,669,190
Acquisitions	233,317	278,381	-	-	-	3,046,392	-	3,558,090
Conversion adjustment	45,086	67,477	-	186,125	-	582,044	-	880,732
Disposal	-	(6,324)	(353,478)	-	-	-	(2,732,142)	(3,091,944)
<b>Total</b>	<b>1,529,892</b>	<b>2,318,934</b>	<b>-</b>	<b>2,105,399</b>	<b>6,174</b>	<b>20,055,669</b>	<b>-</b>	<b>26,016,068</b>
Depreciation and impairment								
Balance as of January 1, 2016	(594,382)	(1,358,521)	(206,261)	(1,521,156)	(6,174)	(11,036,425)	(96,916)	(14,819,835)
Depreciations	(171,391)	(347,103)	(58,913)	(297,685)	-	(1,806,410)	(21,845)	(2,703,347)
Conversion adjustment	(32,615)	(40,487)	-	(163,004)	-	(373,123)	-	(609,229)
Disposal	-	6,324	265,174	-	-	-	118,761	390,259
<b>Total</b>	<b>(798,388)</b>	<b>(1,739,787)</b>	<b>-</b>	<b>(1,981,845)</b>	<b>(6,174)</b>	<b>(13,215,958)</b>	<b>-</b>	<b>(17,742,152)</b>
<b>Net carrying value as of Dec 31, 2016</b>	<b>731,504</b>	<b>579,147</b>	<b>-</b>	<b>123,554</b>	<b>-</b>	<b>6,839,711</b>	<b>-</b>	<b>8,273,916</b>

## Note 10. Intangible assets

	Software	Software development	Trademarks	Total
Original value				
Balance as of January 1, 2017	810,405	2,793,152	35,505	3,639,062
Acquisitions	-	-	-	-
Conversion adjustment	(16,733)	-	(645)	(17,378)
<b>Total</b>	<b>793,672</b>	<b>2,793,152</b>	<b>34,860</b>	<b>3,621,684</b>
Amortization and impairment				
Balance as of January 1, 2017	(516,991)	(2,128,241)	(26,045)	(2,671,277)
Amortization	(29,688)	(49,466)	(1,346)	(80,500)
Conversion adjustment	9,285	-	544	9,829
<b>Total</b>	<b>(537,394)</b>	<b>(2,177,707)</b>	<b>(26,847)</b>	<b>(2,741,948)</b>
<b>Net carrying value as of March 31, 2017</b>	<b>256,278</b>	<b>615,445</b>	<b>8,013</b>	<b>879,736</b>

	Software	Software development	Trademarks	Total
Original value				
Balance as of January 1, 2016	715,029	2,555,894	31,828	3,302,751
Acquisitions	-	237,258	-	237,258
Conversion adjustment	95,376	-	3,677	99,053
<b>Total</b>	<b>810,405</b>	<b>2,793,152</b>	<b>35,505</b>	<b>3,639,062</b>
Amortization and impairment				
Balance as of January 1, 2016	(363,987)	(1,674,931)	(18,324)	(2,057,242)
Amortization	(114,554)	(453,310)	(5,223)	(573,087)
Conversion adjustment	(38,450)	-	(2,498)	(40,948)
<b>Total</b>	<b>(516,991)</b>	<b>(2,128,241)</b>	<b>(26,045)</b>	<b>(2,671,277)</b>
<b>Net carrying value as of Dec 31, 2016</b>	<b>293,414</b>	<b>664,911</b>	<b>9,460</b>	<b>967,785</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 11. Deferred tax assets

	Notes	Mar 31, 2017	Dec 31, 2016
Tax on minimum presumed income	43	68,810,903	66,790,043
Tax on income		8,935,133	8,959,026
Tax on income – foreign source	40	17,027	-
<b>Total tax assets</b>		<b>77,763,063</b>	<b>75,749,069</b>

## Note 12. Goodwill

	Marina Río Lujan S.A.	Maltería del Puerto S.A	Pico y Cabildo S.A.	Canfot S.A.	Total
Original value					
Balance as of January 1, 2017	21,487,412	32,095,394	10,558,985	79,399,207	143,540,998
Total	21,487,412	32,095,394	10,558,985	79,399,207	143,540,998
Impairment					
Balance as of January 1, 2017	-	(32,095,394)	(1,092,468)	(29,600,900)	(62,788,762)
Loss due to impairment	-	-	-	(25,940,769)	(25,940,769)
Total	-	(32,095,394)	(1,092,468)	(55,541,669)	(88,729,531)
<b>Net carrying value as of Mar 31, 2017</b>	<b>21,487,412</b>	<b>-</b>	<b>9,466,517</b>	<b>23,857,538</b>	<b>54,811,467</b>

	Marina Río Lujan S.A.	Maltería del Puerto S.A	Pico y Cabildo S.A.	Canfot S.A.	Total
Original value					
Balance as of January 1, 2016	21,487,412	32,095,394	10,558,985	79,399,207	143,540,998
Total	21,487,412	32,095,394	10,558,985	79,399,207	143,540,998
Impairment					
Balance as of January 1, 2016	-	(32,095,394)	-	-	(32,095,394)
Loss due to impairment	-	-	(1,092,468)	(29,600,900)	(30,693,368)
Total	-	(32,095,394)	(1,092,468)	(29,600,900)	(62,788,762)
<b>Net carrying value as of Dec 31, 2016</b>	<b>21,487,412</b>	<b>-</b>	<b>9,466,517</b>	<b>49,798,307</b>	<b>80,752,236</b>

## Note 13. Accounts payable

	Notes	Mar 31, 2017	Dec 31, 2016
<b>Current</b>			
Suppliers in local currency		41,401,076	26,822,024
Suppliers in foreign currency	40	83,267,645	61,790,867
Deferred checks in local currency		25,494,758	36,118,890
Deferred checks in foreign currency	40	35,069,495	55,378,050
Provision for expenditure in local currency		4,202,238	5,797,762
Provision for expenditure in foreign currency	40	1,317,246	1,035,302
Accrued construction expense in local currency		18,075,964	32,354,511
Provision for works in foreign currency	40	25,444,267	17,354,083
Insurance policies payable in national currency		16,226	6,257
Insurance policies payable in foreign currency	40	671,875	2,280,467
Repair fund in local currency		16,388,162	16,518,564
Repair fund in foreign currency	40	252,036	260,225
Building permit payable in foreign currency	40	17,494,702	23,575,211
Real estate property purchase payable in foreign currency	40	238,464,826	246,212,221
<b>Subtotal current accounts payable - current</b>		<b>507,560,516</b>	<b>525,504,434</b>
<b>Non-current</b>			
Repair fund in local currency		2,415,539	2,037,683
<b>Total accounts payable – non-current</b>		<b>2,415,539</b>	<b>2,037,683</b>
<b>Total accounts payable</b>		<b>509,976,055</b>	<b>527,542,117</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

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## Note 14. Financial debt

Current	Notes	Mar 31, 2017	Dec 31, 2016
Mortgage-backed bank short-term financial debt in local currency	14.1.1	130,238,735	105,417,887
Mortgage-backed bank short-term financial debt in foreign currency	14.1.1 / 40	253,019,422	234,509,146
Short-term financial debt taken in foreign currency	14.1.3 / 40	96,379,597	85,424,704
Corporate notes in foreign currency	14.2	246,628,415	136,818,626
Finance lease	14.3	539,777	384,570
Bank overdrafts in local currency	14.4	18,843,379	32,021,731
<b>Subtotal current short-term financial debt</b>		<b>745,649,325</b>	<b>594,576,664</b>
<b>Non-current</b>			
Corporate notes in local currency	14.2	13,295,199	122,821,597
Finance lease	14.3	592,899	738,163
<b>Subtotal non-current long-term financial debt</b>		<b>13,888,098</b>	<b>123,559,760</b>
<b>Total financial debt</b>		<b>759,537,423</b>	<b>718,136,424</b>

The following is a breakdown of activity in financial debt:

AS OF THE PERIOD/YEAR	3 MONTHS Mar 31, 2017	12 MONTHS Dec 31, 2016
Opening balance	718,136,424	450,755,422
New financial debt and financing arrangements	88,898,880	1,431,516,888
Accrued interests	23,432,031	122,725,001
Effects of exchange rate variation	(1,259,732)	13,398,481
(Decrease) Increase bank overdrafts	(13,178,352)	8,672,617
Payment of principal	(29,811,492)	(1,220,894,183)
Payment of interests	(18,216,808)	(108,575,695)
Corporate Notes swap net of issuance costs	-	313,023
Effect of the conversion of financial statements	(8,463,528)	20,224,870
<b>Closing balance</b>	<b>759,537,423</b>	<b>718,136,424</b>

### 1. Loans received

The main features of the loans entered into with banks and third parties by TGLT and / or its subsidiaries are summarized below:

#### 1.1 Mortgage-backed bank loans

Bank	Loan Amount	Maturity	Disbursemnt received	Payment	Amounts payable			
					Mar 31, 2017		Dec 31, 2016	
					Current	Non-current	Current	Non-current
Ciudad de Buenos Aires	71.000.000	(a)	50,844,235	(50,844,235)	-	-	7,800,564	-
Santander Río y Ciudad de Buenos Aires	260.000.000	(b)	127,210,000	-	130,238,735	-	97,617,323	-
<b>Total in local currency</b>					<b>130,238,735</b>	<b>-</b>	<b>105,417,887</b>	<b>-</b>
BBVA	8.000.000	(c)	23,258,500	(14,100,000)	142,279,173	-	122,110,654	-
Itaú	8.000.000	(c)	11,216,000	(4,163,552)	110,740,249	-	112,398,492	-
<b>Total in foreign currency</b>					<b>253,019,422</b>	<b>-</b>	<b>234,509,146</b>	<b>-</b>

- a) On May 23, 2013, TGLT entered into a loan agreement with Banco de la Ciudad de Buenos Aires for the amount of \$ 71,000,000. All sums disbursed by the bank shall accrue, upon cancellation, interest payable in monthly installments at the rate of 23% per annum, which is equivalent to an effective rate of 25.59% per annum. At December 31, 2016, the amount of \$ 43,043,691 was paid in capital. During the first quarter of 2017, all the capital plus interest was paid. The cancellation of the mortgage on the property of Astor Nuñez was still pending.
- b) On June 3, 2016, Marina Río Lujan S.A. signed jointly with Banco Santander Río S.A. and Banco Ciudad de Buenos Aires S.A. a Syndicated Loan contract for an amount of \$ 260,000,000, which will be used exclusively to finance the construction of the first six buildings of the Las Rías phase of the Venice project. The loan is divided into two tranches. The first tranche is for an amount of \$ 182,000,000 and the second tranche for an amount of \$ 78,000,000. Capital amortizations will operate for tranche I, in six consecutive months beginning May 3, 2017 and ending October 3, 2017,

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 14. Financial debt (continued)

### 1. Loans received (continued)

#### 1.1 Mortgage-backed bank loans (continued)

with the totals payable being \$ 22,000,000 for the first two periods, \$ 32,000,000 for the next three and \$ 42,000,000 for the latter. For the second tranche, the principal amortization dates will be September 3, 2018, October 3, 2018 and October 31, 2018, for amounts of \$ 10,000,000, \$ 30,000,000 and \$ 38,000,000, respectively. However, in case of not receiving all the funds for each of the tranches, they will be amortized pro rata of the detailed amortization installments.

The loan will bear a variable interest rate equal to the private BADLAR, a reference rate published by the Central Bank of Argentina, in addition to a fixed component of 450 basis points

- c) On December 18, 2015, FDB SA entered into a credit facility of up to USD 16,000,000 with Banco Bilbao Viscaya Argentina Uruguay S.A. (BBVA) and Banco ITAU Uruguay S.A. (ITAU) related to Stages I and III of Forum Puerto del Buceo, under the following conditions:

- I. Bank participation: BBVA and ITAU in equal portions (USD 8,000,000 each).
- II. Bank commission fees: equivalent to 1% of the loan maximum amount.
- III. Requested Term: up to April 30, 2017 for the disbursements request.
- IV. Interest rate: interest shall accrue at a variable rate equivalent to LIBOR of 90 days plus 3 points, per annum, plus taxes thereon, with a minimum rate of 5% per annum.
- V. Disbursements: proportional to building construction progress.
- VI. Amortization of principal and interests: by partial payments as per delivery of units to future purchases, for the amount necessary for cancellation (or novation) of the mortgage of a unit sold.
- VII. Collateral: Before any disbursement, FDB S.A. shall grant a first-degree mortgage in favor of the BBVA and ITAU of up to USD 16,000,000 over the total of units comprising Stages I and III of Forum Puerto del Buceo project.
- VIII. Assignment of credits: Assignment of credits as collateral of the Participation of each Bank in the Credit, of the outstanding prices of the promises of sale of all the mortgaged units.

On December 18, 2015, prior to granting the mortgage guarantee, a bridge loan agreement maturing on May 2, 2016 was concluded with BBVA, with no outstanding balances remaining on this loan in both periods.

On May 17, 2016, the first-grade mortgage guarantee became effective. A syndicated loan was therefore established commencing the disbursements committed by both banks.

According to TGLT's Board of Directors' Minutes dated December 15, 2015, the Board of Directors approved the creation of a guarantee of U \$ 3,000,000 in favor of BBVA in guarantee of the granting of loans to FDB S.A.

On January 24, 2017, a new loan was signed with both banks to finance Stage II of the project, with the following conditions:

- I. Participation of the Banks: partial disbursements by each Bank in equal parts (US\$ 7,000,000 each).
- II. Commission: equivalent to 0.6% of the maximum amount of the loan.
- III. Maturity: until April 1, 2018 for the request for disbursements.
- IV. Interest rate: it will accrue compensatory interest calculated at the 90-day Libor variable rate in effect at the close of the bank business day prior to the start date of the period corresponding to each payment, plus 3 percentage points, effective annually, plus taxes created and/or modifications and/or taxes to be created, with a minimum annual effective rate of 5%.
- V. Disbursements: depending on the construction progress.
- VI. Amortization of principal and interest: through partial payments according to the effective delivery of units to the promising buyers, and for the amount necessary for the cancellation (or novation) of the mortgage of a unit sold.
- VII. Guarantees: FDB S.A. Must grant prior to any disbursement, first mortgage mortgage guarantee in favor of the Banks, up to the sum of US \$ 14,000,000, on all the units that make up the Stages II of the Forum Puerto del Buceo project.
- VIII. Assignment of credits: Assignment of credits as collateral of the Participation of each Bank in the Credit, of the outstanding prices of the promises of Sale of all the mortgaged units.

On January 24, 2017, the first-grade mortgage guarantee became effective, and the syndicated loan was set up. As of March 31, 2017, no disbursements had been received from this loan.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 14. Financial debt (continued)

### 1.2 Other financial assets and liabilities

In TGLT Uruguay S.A. investments are made in different banks that guarantee disbursements of loans granted in FDB S.A., for purposes of exposure in the financial statements these operations are offset by exposing their net position. As of March 31, 2017, the net position was a financial asset for \$ 8,059,127, and is composed as follows:

Bank	Type	Maturity	Interest rate	Capital + interest in US\$	Mar 31, 2017
BBVA	Bonos del tesoro de Estados Unidos	12/07/2017	0.73%	6,415,483	98,413,509
BBVA	Vale	12/05/2017	5.00%	(5,768,928)	(88,495,356)
Itaú	CD Itaú Londres	12/11/2017	2.37%	8,000,982	122,735,064
Itaú	Vale	12/11/2017	5.00%	(8,049,315)	(123,476,492)
Itaú	CD Itaú Londres	02/09/2017	0.44%	199,141	3,054,823
Itaú	Vale	09/02/2017	5.00%	(202,548)	(3,107,086)
Santander	Depósito a plazo	12/15/2017	0.01%	9,647,443	147,991,776
Santander	Vale	07/05/2017	1.96%	(9,694,046)	(148,706,666)
Itaú	CD Itaú Londres	01/25/2018	2.47%	653,850	10,030,059
Itaú	Vale	01/25/2018	5.00%	(675,874)	(10,367,907)
Itaú	CD Itaú Londres	01/25/2018	2.44%	150,372	2,306,706
Itaú	Vale	01/25/2018	5.00%	(151,192)	(2,319,303)
<b>Total other financial assets</b>					<b>8,059,127</b>

### 1.3 Short-term financial debt in foreign currency

Saldos en moneda extranjera						Amount payable			
						Mar 31, 2017		Dec 31, 2016	
Entity	Loans	Maturity	Disbursement received	Partial cancellation	Annual Rate	Current	Non-current	Current	Non-current
Itaú (a)	3.000.000	04/30/2016	3,000,000	-	1.64%	46,332,235	-	47,650,249	-
Santander (a)	500.000	04/30/2016	500,000	(486,346)	15.20%	1,202,451	-	851,259	-
Persona física (b)	2.770.000	12/31/2017	2,770,000	-	15.00%	48,844,911	-	36,923,196	-
<b>Total in foreign currency</b>						<b>96,379,597</b>	<b>-</b>	<b>85,424,704</b>	<b>-</b>

a) Corresponds to loans acquired by FDB S.A.

b) It belongs to a loan requested by Marina Rio Lujan S.A. to its shareholder Marcelo Gomez Prieto.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

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## Note 14. Financial debt (continued)

### 2. Corporate Bonds

On December 20, 2011, the creation of a global program for the issuance of negotiable corporate notes, non-convertible to shares, with short, middle and/or long term maturities, subordinated or unsubordinated, secured or unsecured, as per Law 23576 and amendments (the "CNs") for a maximum amount of up to US 50,000,000 or its equivalent in other currencies was approved at the Annual Shareholders' Meeting.

Different classes or series denominated in United States Dollars or other currencies may be issued and the successive classes and/or series that are amortized may be reissued (the "Program"). The Program will expire on July 12, 2017. Within this term, all the issuances and re-issuances under this Program must be carried out. The Program was extended for 5 years through the approval of the Ordinary and Extraordinary General Shareholders' Meeting held on April 20, 2017.

This is a summary of the main characteristics of each of the Company issuances as from the Program approval up to March 31, 2017.

Class	IX	X	XII
Issuance date	05/12/2015	02/23/2016	07/22/2016
Amount issued	\$ 57,229,975	\$ 96,828,323	\$ 96,666,666
Amount payable	\$ 57,229,975	\$ 96,828,323	\$ 96,666,666
Currency	Pesos	Pesos	Pesos
Amount payable – current (capital and interest)	\$ 45,498,654	\$ 99,603,288	\$ 105,526,473
Amount payable – non-current (capital and interest)	\$ 13,295,199	-	-
Interest rate	The greater of: a) A factor of 0,90 multiplied by the variation of the CAC Index b) Badlar rate + 600 bps.	Private Badlar + 550 bps.	Badlar rate + 600 bps., except for the first 3 month. In those the con la salvedad de que para los primeros tres meses, la CP accruce a minimum ratio of 32% TNA
Maturity	14/05/2018	23/08/2017	23/01/2018
Amortization	4 consecutives and equal payments, from August 14, 2017, months 27, 30, 33 and 36	2 consecutives and equal payments, from May 23, 2017, months 15 and 18	Unique payment 18 months since the issuance and liquidation date
Payment of interest	Quarterly coupon		
Payment of capital	At par		
Qualification	BB by FIX SCR S.A. Risk Rating Agent		

On May 12, 2015 and on February 23, 2016, as a consequence of the last issuance of corporate notes Classes VII, IX and X, holders of other classes have decided to exchange corporate notes among the different series. Following is a summary of the main characteristics of such exchange:

Exchanged issuance	Exchanged amount	New Issuance		
		Class VII	Class IX	Class X
Class III	\$ 3,000,000	\$ -	\$ 3,000,000	-
Class IV	US\$ 4,609,642	US\$ 1,279,642	US\$ 3,330,000	-
Class V	\$ 23,041,880	\$ 17,691,880	\$ 5,350,000	-
Class VI	\$ 15,842,677	\$ 9,668,535	\$ 6,174,142	-
Class VII	\$ 24,391,758	-	-	\$ 24,391,758

Class	Mar 31, 2017		Dec 31, 2016	
	Current	Non-current	Current	Non-current
IX	45,498,654	13,295,199	31,146,221	27,602,693
X	99,603,288	-	99,495,447	-
XII	101,526,473	-	6,176,958	95,218,904
<b>Total in local currency</b>	<b>246,628,415</b>	<b>13,295,199</b>	<b>136,818,626</b>	<b>122,821,597</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

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## Note 14. Financial debt (continued)

### 3. Financial Lease

The Company maintains a finance lease for the acquisition of a generator set, which was acquired to be installed in the Astor Núñez project,

The acquisition was through a contract with Banco Supervielle, The value of the acquired good was \$ 1,131,705, It has a term of 5 years, in 60 monthly and consecutive installments. The calculated rate set is the Badlar rate for fixed-term deposits of 30 to 35 days of more than one million pesos paid by private banks corrected in 3 points, with a minimum annual base rate of 27.19%, Under the terms of this agreement, it is not appropriate to pay contingent income.

The following are the minimum future payments to be canceled:

	Mar 31, 2017	Dec 31, 2016
Up to 1 year	496,173	458,006
Between 1 year and 5 years	1,621,437	1,774,106
	2,117,610	2,232,112
Future financial charges	(984,930)	(1,109,379)
<b>Current value of finance lease liabilities</b>	<b>1,132,680</b>	<b>1,122,733</b>

The fair value of financial lease liabilities is as follows:

	Mar 31, 2017	Dec 31, 2016
Up to 1 year	539,777	384,570
Between 1 year and 5 years	592,899	738,163
<b>Current value of finance lease liabilities</b>	<b>1,132,676</b>	<b>1,122,733</b>

### 4. Bank overdraft agreements

The companies of the Group have subscribed the following agreements to operate overdraft with the following Banks: a) HSBC Bank Argentina SA for an amount of \$ 8 million, b) Banco Industrial de Azul for \$ 2 million, c) Banco Galicia for \$ 2 million, d) Banco Supervielle for \$ 8 million, e) Banco Santander for \$ 18 million and f) Banco Patagonia for \$ 5 million.

## Note 15. Salaries and social security

	Notes	Mar 31, 2017	Dec 31, 2016
Wages payable in the local currency		4,310,622	4,355,730
Wages payable in foreign currency	40	1,172,145	1,259,423
Social security contributions payable in local currency		2,850,594	3,631,014
Social security contributions payable in foreign currency	40	144,257	213,000
Provision for Annual Complementary Salary and holidays in local currency		3,890,833	4,189,967
Provision for Annual Complementary Salary and holidays in foreign currency	40	889,750	671,237
Provision for Board of Directors' fees		1,090,757	735,999
Staff advances		(5,001)	(30,000)
<b>Total salaries and social security</b>		<b>14,343,957</b>	<b>15,026,370</b>

## Note 16. Tax liabilities

	Notes	Mar 31, 2017	Dec 31, 2016
<b>Current</b>			
Tax on minimum presumed income		2,180,476	2,910,290
Income Tax payable in local currency		1,049,247	1,153,387
Net Income Tax in foreign currency	40	436,300	72,310
<b>Total current tax liabilities</b>		<b>3,666,023</b>	<b>4,135,987</b>
<b>Non-current</b>			
Tax on minimum presumed income		1,344,240	-
Income Tax payable		-	-
<b>Total non-current tax liabilities</b>		<b>1,344,240</b>	<b>-</b>
<b>Total tax liabilities</b>		<b>5,010,263</b>	<b>4,135,987</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 17. Other tax burden

Current	Notes	Mar 31, 2017	Dec 31, 2016
Gross Income Tax		12,407,389	9,977,111
Value added tax		11,263	100,528
Provincial Tax Payable		62,514	3,303,798
Municipal Tax Payable		2,235,966	4,302,128
Provincial Tax Payment Plan		3,330,516	2,011,366
Municipal Tax Payment plan in local currency		9,170,894	2,374,852
Municipal Tax Payment plan in foreign currency (1)	40	5,606,114	10,129,436
National Tax Payment Plan		16,054,440	-
National Tax Provision		-	4,797,864
Net worth Tax Provision in foreign currency	40	3,598,013	-
Stamp Tax		33,001,241	32,954,149
Withholdings and earnings to be deposited in local currency	40	1,721,843	4,091,688
Withholdings and earnings to be deposited in foreign currency	40	655,587	876,760
<b>Subtotal other tax burden - current</b>		<b>87,855,780</b>	<b>74,919,680</b>
<b>Non-current</b>			
Provincial Tax Payment Plan		4,982,456	2,240,102
Municipal Tax Payment Plan		3,103,446	1,241,119
<b>Subtotal other tax burden - non-current</b>		<b>8,085,902</b>	<b>3,481,221</b>
<b>Total other tax burden</b>		<b>95,941,682</b>	<b>78,400,901</b>

(1) On April 21, 2016, the Company signed an agreement with the municipality of Rosario to provide economic compensation in exchange for donating land to green spaces, to be paid in 15 monthly and consecutive installments for a total of US \$ 1,366,012, with the first installment expiring in May 2016, At the date of the issuance of the present financial statements, 11 installments have been paid.

## Note 18. Advanced payments of clients

	Notes	Mar 31, 2017	Dec 31, 2016
Advanced collections		2,733,115,331	2,913,570,926
Advanced collections from shares sold		22,805,276	22,470,953
Equipment funds received		40,556,382	40,150,869
Operating funds		12,568,271	9,838,205
Value added tax		(103,368,072)	(104,715,299)
<b>Total advanced payments of clients</b>		<b>2,705,677,188</b>	<b>2,881,315,654</b>

## Note 19. Provisions

Current	Notes	Legal Claims (I)	Onerous contracts (II)	Mar 31, 2017	Dec 31, 2016
<b>In local currency</b>					
Balance as of January 1, 2017		2,766,961	3,749,246	6,516,207	-
Increments (III)		-	-	-	6,516,207
Recoveries (III)		-	(117,975)	(117,975)	-
Charge-offs		(596,362)	-	(596,362)	-
<b>Subtotal of provisions in local currency</b>		<b>2,170,599</b>	<b>3,631,271</b>	<b>5,801,870</b>	<b>6,516,207</b>
<b>In foreign currency</b>					
Saldos al 1° de enero de 2017		-	1,112,300	1,112,300	-
Increments (III)		-	-	-	1,112,300
Recoveries (III)		-	(30,000)	(30,000)	-
Charge-offs		-	(158,900)	(158,900)	-
<b>Subtotal of provisions in foreign currency</b>	40	<b>-</b>	<b>923,400</b>	<b>923,400</b>	<b>1,112,300</b>
<b>Total provisions</b>		<b>2,170,599</b>	<b>4,554,671</b>	<b>6,725,270</b>	<b>7,628,507</b>

(I) Correspond to provisions for legal claims.

(II) Correspond to provisions from liabilities of contractual obligations.

(III) The additions and recoveries are exposed in the financial statement section "other income and expenses, net".

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 20. Other accounts payables

	Notes	Mar 31, 2017	Dec 31, 2016
<b>Current</b>			
Sundry creditors in foreign currency	32,8 and 40	8,674,361	8,642,100
Debt for purchase of shares in foreign currency	34 and 40	60,021,008	34,958,009
Deferred income		8,556,456	-
Provision for other claims		10,769	10,769
Other liabilities		28,521	108,011
<b>Total other accounts payables – current</b>		<b>77,291,115</b>	<b>43,718,889</b>
<b>Non-current</b>			
Other creditors in foreign currency	40	471,396	1,687,321
Debt per the purchase of shares in foreign currency	34 / 40	18,468,000	46,081,000
<b>Total other accounts payable – non current</b>		<b>18,939,396</b>	<b>47,768,321</b>
<b>Total other accounts payable</b>		<b>96,230,511</b>	<b>91,487,210</b>

## Note 21. Share Capital

The Company's capital is distributed as follows:

	Mar 31, 2017		Dec 31, 2016	
	Shares	%	Shares	%
Shareholders				
Federico Nicolás Weil	13,806,745	19.60%	13,806,745	19.60%
Bienville Argentina Opportunities Master Fund LP	9,560,830	13.60%	9,560,830	13.60%
PointArgentum Master Fund LP	9,560,830	13.60%	9,560,830	13.60%
Michael Tennenbaum	7,270,318	10.30%	7,270,318	10.30%
IRSA Propiedades Comerciales S.A.	6,671,712	9.50%	6,671,712	9.50%
Serengeti Asset Management	5,008,883	7.10%	5,008,883	7.10%
Other holders of US certificates of deposit representing ordinary shares (ADRs)	14,706,762	20.90%	15,035,907	21.40%
Holder of Brazilian certificates of deposit representing ordinary shares (BDRs)	-	-	-	-
TGLT S.A. (1)	10,000	0,01%	10,000	0,01%
Other holders of ordinary shares	3,753,405	5,30%	3,424,260	4.89%
<b>Total Capital social</b>	<b>70,349,485</b>	<b>100 %</b>	<b>70,349,485</b>	<b>100 %</b>

(1) See Note 48,

## Note 22. Reserves, retained earnings and dividends

### Dividends policy

To protect the interests of TGLT's financial creditors, TGLT shall not make or agree to make any kind of dividend payment, whether directly or indirectly, before any scheduled payment of principal, amortization, or other amounts due on the corporate notes or any of its debt subordinated to its corporate notes have been paid.

### Restriction to distribute Retained Earnings

As stipulated in CNV's rules, in Article 8, when the net balance of other accumulated comprehensive income (difference in net investment conversion abroad) at year or period end is negative, there will be a restriction on the distribution of retained earnings by the same amount.

## Note 23. Revenue from ordinary activities

	Mar 31, 2017	Mar 31, 2016
Revenue from delivery of Inventory	310,250,873	174,486,144
Revenue from services rendered	2,938,728	9,016,010
<b>Total Revenue for ordinary activity</b>	<b>313,189,601</b>	<b>183,502,154</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 24. Cost of ordinary activities

	Mar 31, 2017	Mar 31, 2016
Inventory at start of year	494,621,219	719,449,070
<b>Plus:</b>		
Cost capitalized during the period	126,913,011	25,816,413
Costs of services rendered	624,663	1,917,959
<b>Minus:</b>		
Inventory at end of period	(345,424,838)	(598,544,173)
<b>Total cost of ordinary activity</b>	<b>276,734,055</b>	<b>148,639,269</b>

## Note 25. Sales expenses

	Mar 31, 2017	Mar 31, 2016
Wages and social security contributions	3,619,507	1,193,192
Other payroll expenses	113,648	135,343
Rent and maintenance fees	232,003	274,091
Professional fees	454,000	350,823
Taxes, duties and assessments	8,019,665	5,268,925
Transport and per diem	87,370	97,879
IT and service expenses	251,353	259,070
Depreciation of fixed assets	356,877	619,514
Office expenses	108,391	157,057
Insurance	-	90,220
Advertising expenses	2,998,835	2,765,117
Costs per sales	3,522,002	5,645,018
Consortium expenses	4,100,077	1,031,563
Post sales costs	664,073	63,011
<b>Total sales expenses</b>	<b>24,527,801</b>	<b>17,950,823</b>

## Note 26. Administrative expenses

	Mar 31, 2017	Mar 31, 2016
Wages and social security contributions	16,821,842	10,927,911
Other payroll expenses	479,198	453,485
Rent and utility bills	1,250,367	1,016,361
Professional fees	2,512,007	2,510,017
Directors' fees	1,183,539	741,780
Statutory auditing committee fees	335,241	352,991
Public offering expenses	115,901	247,007
Taxes, duties and assessments	7,670,704	11,027,751
Transport and per diem	262,230	167,914
IT and services expenses	943,387	893,493
Depreciation of fixed assets	154,324	62,289
Office expenses	628,622	745,011
Insurance	94,100	456,458
Investment property maintenance expenses	32,777	-
Contractual agreements	157,457	-
<b>Total administrative expenses</b>	<b>32,641,696</b>	<b>29,602,468</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 27. Financial results

	Profit/ (Loss)	
	Mar 31, 2017	Mar 31, 2016
<b>Foreign exchange difference</b>		
Inflows from foreign exchange differences	12,402,386	33,317,743
Outflows from foreign exchange differences	(19,580,405)	(38,252,346)
<b>Total foreign exchange difference</b>	<b>(7,178,019)</b>	<b>(4,934,603)</b>
<b>Financial income</b>		
Interest	1,405,781	3,279,348
(Loss) income from short-term investments	(44,056)	2,622
Income from short-term investments sales	191,415	363,496
Income from financial instruments	-	130,000
<b>Total financial income</b>	<b>1,553,140</b>	<b>3,775,466</b>
<b>Financial costs</b>		
Interests	(22,360,479)	(22,944,794)
<b>Subtotal Interests</b>	<b>(22,360,479)</b>	<b>(22,944,794)</b>
<b>Other financial costs</b>		
Banking expenses	(604,723)	(1,073,015)
Results from short-term investments	(1,591,590)	(17,952)
Results from discounted trade documents	(132,551)	-
Bank debits and credits tax	(3,760,738)	(4,739,729)
Discounted credits	30,364	-
Other bad credits	(36,442)	-
<b>Subtotal other financial costs</b>	<b>(6,095,680)</b>	<b>(5,830,696)</b>
<b>Total financial costs</b>	<b>(28,456,159)</b>	<b>(28,775,490)</b>

## Note 28. Other income and expenses, net

	Profit/(loss)	
	Mar 31, 2017	Mar 31, 2016
Rental income (1)	1,177,201	11,501,371
Debt write-off	(88,327)	-
Results from terminated contracts	834,016	83,380
Expense refund	-	174,642
Damage repairs	352,500	-
Sundry	(70,482)	516,068
<b>Total Other income and expenses, net</b>	<b>2,204,908</b>	<b>12,275,461</b>

- (1) Subsequent to the issuance of the consolidated financial statements for the period ended March 31, 2016, an immaterial error was detected regarding the registration of the Astor San Telmo rental contract for the property of Astor and its corresponding payment, considering it as earned rent. Although the amount charged should have been deferred and recognized over the period included in the terms of the contract, which expires in April 2018, it was recognized as income the total amount charged in the first quarter of 2016, thus overestimating other income and expenses line item in the amount of \$ 10,283,579 (before income tax). The error was corrected in the consolidated financial statements as of June 30, 2016. The rent collected in advance under this lease in the first quarter of 2016, in the amount of \$ 10,283,579, was recorded in our liabilities as a deferred rental income in accordance with paragraph 13 of IAS 18, and will be amortized during the extension of the contract.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 29. Income tax and deferred tax expense

The structure of "Income tax" determined in accordance with IAS 12, which is shown in the statement of income as of March 31, 2017 and 2016, is as follows:

	Mar 31, 2017	Mar 31, 2016
Income tax expense	13,452,228	32,729,430
Deferred tax expense	2,449,133	(26,631,567)
Tax loss carryforward	-	(43,122)
<b>Total Income Tax</b>	<b>15,901,361</b>	<b>6,054,741</b>

Deferred tax at the close of the period or year has been determined on the basis of the temporary difference between accounting and tax-related calculations. The structure of assets and liabilities for Deferred Tax at the close of each period is as follows:

Assets from Deferred Tax	Mar 31, 2017	Dec 31, 2016
Carryforward in local currency	223,697,007	210,353,887
Carryforward in foreign currency	10,390,119	12,377,044
Property, plant and equipment	3,124,046	2,997,829
Deferred income	54,941,803	52,346,472
<b>Subtotal assets from Deferred Tax</b>	<b>292,152,975</b>	<b>278,075,232</b>
<b>Deferred Tax liabilities</b>		
Bad credits	(402,307)	(402,307)
Short-term investments	(641,882)	(701,052)
Inventory valuation	(135,962,554)	(141,835,724)
Foreign currency valuation	(71,613,844)	(58,113,443)
Financial costs	(255,042,204)	(34,884,377)
Investment property	(36,115,241)	(265,263,412)
Intangible assets	(8,011)	(16,383)
<b>Subtotal liabilities from Deferred Tax</b>	<b>(499,786,043)</b>	<b>(501,216,698)</b>
<b>Net position of assets/(liabilities) from Deferred Tax</b>	<b>(207,633,068)</b>	<b>(223,141,466)</b>

The Company produces projected estimates of its taxable income to determine the extent to which it will be able to use its deferred tax assets within the term of five years in accordance with the Income Tax laws in Argentina and Uruguay, which represents the basis for the recognition of our Deferred tax assets. The assumptions, among other factors, that the Company's Management considered in the preparation of these projections include the finalization of the marketing of Forum Alcorta, Astor Nuñez, Astor Palermo and Forum Puerto del Buceo units, concluding during this period with the all the unit deliveries of these projects and starting with the deliveries of the Metra Puerto Norte project. On the other hand, the recoverability of the remaining losses will depend on the timely and proper performance of the unit deliveries of the remaining projects. TGLT performs its recognition in accordance with paragraph 34 of IAS 12, which indicates that the tax losses generated by tax returns that are expected to be offset by future taxable income are presented as the amount of taxes expected to be recovered with the loss of taxes for the period, in accordance with paragraph 54 (n) of IAS 1, classified in accordance with IAS 12.

The tax carryforward of domestic and foreign source accumulated as of March 31, 2017 may be used up to the dates described below:

Year	Pesos
	2016
2018	6,089,008
2019	87,455,563
2020	87,754,485
2021	36,714,321
2022	16,073,749
<b>Total</b>	<b>234,087,126</b>

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(figures expressed in Argentine pesos - \$)

## Note 29. Income tax and deferred tax expense (continued)

The following is a detailed description of the reconciliation between Income tax charged to results and the expected result from applying the relevant tax rate to the accounting result before taxes:

	Mar 31, 2017	Mar 31, 2016
Income Tax calculated at the current rate for each country	16,017,142	17,047,859
Non-deductible expenses	(169,559)	(435,219)
Assumed interests	(129,897)	(875,859)
Directors' Fees	(387,989)	(232,323)
Intangible assets	(123)	(123)
Effect of conversion – financial statements	(309,257)	(9,406,472)
Inventory	3,502,566	-
Effect for fiscal inflation adjustment of losses	(2,621,522)	-
Sundry	-	(43,122)
<b>Income tax expense</b>	<b>15,901,361</b>	<b>6,054,741</b>

## Note 30. Related Parties

a) As of March 31, 2017 and December 31, 2016, the amounts outstanding with companies and other related parties, classified as per the nature of the transaction, are as follows:

	Notes	Mar 31, 2017	Dec 31, 2016
<b>RECEIVABLES FROM RELATED PARTIES</b>			
<b>ACCOUNTS AND OTHER RECEIVABLE</b>			
AGL Capital S.A.		-	258,986
AGL Capital S.A. in foreign currency	40	414,597	-
Individual shareholders	40	87,505	90,367
		<b>502,102</b>	<b>349,353</b>
<b>OTHER RECEIVABLE</b>			
Individual shareholders		2,505,432	2,505,432
Other shareholders		3,543,512	3,543,512
		6,048,944	6,048,944
<b>Total receivables from related parties</b>		<b>6,551,046</b>	<b>6,398,297</b>
<b>LIABILITIES WITH RELATED PARTIES</b>			
<b>LOANS</b>			
Individual shareholders	40	7,543,617	-
		7,543,617	-
<b>ADVANCED PAYMENTS OF CLIENTS</b>			
Directors		-	3,129,739
Comisiones y Corretaje S.A.		28,300,620	22,504,620
		28,300,620	25,634,359
<b>Total Outstanding sums due to related parties</b>		<b>35,844,237</b>	<b>25,634,359</b>

b) As of March 31, 2017 and 2016, the most significant operations with companies and other related parties were as follows:

- Transactions and its effects on cash flows

Related Company	Transaction	Mar 31, 2017	Mar 31, 2016
AGL Capital S.A.	Collections for services rendered	167,761	500,000
Directors	Collections for Units Sales	1,978,430	-
Comisiones y Corretaje S.A.	Collections for Units Sales	5,796,000	-
Directors	Loans received	7,452,900	-
<b>Total</b>		<b>15,395,091</b>	<b>500,000</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 30. Related Parties (continued)

- Transactions and its effects on profit & loss

Related Company	Transaction	Mar 31, 2017	Mar 31, 2016
AGL Capital S.A.	Revenue from ordinary activities	243,562	-
AGL Capital S.A.	Financial income	(9,762)	-
Directors	Financial income	(93,575)	(394,900)
Directors and executive managers	Revenue for delivered Units	5,162,346	-
Directors	Fees	(960,414)	(741,780)
<b>Totals</b>		<b>4,342,157</b>	<b>(1,136,680)</b>

c) As of March 31, 2017 and 2016, transactions with key personnel were as detailed below:

	Mar 31, 2017	Mar 31, 2016
Salaries and social security	1,490,015	1,963,492
Social Security	264,308	346,259
<b>Total</b>	<b>1,754,323</b>	<b>2,309,751</b>

On December 13, 2011, the Board of Directors defined that its Senior Management departments, pursuant to Section 270 of the Argentine Corporate Law, are as follows:

- General Management
- Financial Management
- Operations Management
- Human Resources, Technology and Process Management
- 

Thus, TGLT key personnel consist of the persons in charge of these Management Departments (four people). In April 2016, Federico Weil signed an employment contract with the Company. This agreement establishes that Federico Weil will assume the position of CEO (Chief Executive Officer) of TGLT, and will be responsible for the management of TGLT. In the event that the contract terminates without cause, Federico Weil will be entitled to a special payment in the form of compensation equal to twice the indemnity that should be paid under the Labor Contract Law. The agreement includes the following clauses: exclusivity, non-competition and confidentiality by Federico Weil.

## Note 31. Breakdown by maturity of and interests rates on credits, tax assets and debts

a. Classification of credits, tax assets and debt balances according to maturity:

Credits/Tax assets	Mar 31, 2017	Dec 31, 2016
Due within		
Up to 3 months	100,507,421	127,803,190
From 3 to 6 months	31,529,012	6,185,884
From 6 to 9 months	28,508,138	8,087,129
From 9 to 12 months	27,794,978	24,603,586
Over 12 months	86,292,681	76,635,589
No specific due date	203,114,232	188,214,109
Past-due		
Up to 3 months	20,924	21,606
Over 12 months	-	18,200
<b>Totals</b>	<b>477,767,386</b>	<b>431,569,293</b>



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 31. Breakdown by maturity of and interests rates on credits, tax assets and debts (continued)

	Mar 31, 2017	Dec 31, 2016
<b>Debts (except advanced payments of clients)</b>		
Due within		
Up to 3 months	673,834,624	416,616,890
From 3 to 6 months	228,263,586	168,120,984
From 6 to 9 months	140,963,671	182,818,626
From 9 to 12 months	170,475,526	83,042,492
Over 12 months	252,306,243	399,988,451
No specific due date	265,398,816	270,958,482
Past-due		
Up to 3 months	-	150,225,598
From 3 to 6 months	-	11,733,311
From 9 to 12 months	-	-
	<b>1,731,242,466</b>	<b>1,683,504,834</b>

b. Credit, tax asset and debt balances accruing interest and otherwise are shown below:

	Mar 31, 2017	Dec 31, 2016
<b>Credits / Tax assets</b>		
Accruing interests	170,200,410	179,354,568
Non accruing interests	307,566,976	252,214,725
	<b>477,767,386</b>	<b>431,569,293</b>
<b>Average nominal annual rate:</b>	<b>15%</b>	<b>15%</b>

	Mar 31, 2017	Dec 31, 2016
<b>Debts (except advanced payments of clients)</b>		
Accruing interests	921,464,641	886,688,498
Non accruing interests	792,538,309	796,816,336
	<b>1,714,002,950</b>	<b>1,683,504,834</b>
<b>Average nominal annual rate:</b>	<b>29%</b>	<b>29%</b>

## Note 32. Restricted assets

1. As a result of the funding obtained by Canfot S.A. by means of mortgage-backed Construction Project Facility Agreements, entered into with Banco Hipotecario S.A., Canfot S.A. attached a first-priority mortgage to the real estate on which it is building the "Forum Alcorta" project.

On September 22, 2016, the parties signed the cancellation of the lien on the entire property and on October 11, 2016, it was registered in the Real Estate Registry.

2. To secure the obligations assumed by the Company as a result of its purchase of the property where the "Astor Caballito" project is being developed, the Company provided a first-priority mortgage in favor of IRSA Inversiones y Representaciones S.A. (hereinafter "IRSA") over said property up to the amount of US\$ 12,750,000 principal, plus corresponding interests, costs and expenses. Additionally, and to secure that operation, the Company provided a first-priority pledge in favor of IRSA over the shares it holds in Maltería del Puerto S,A (now merged with Canfot SA, which merged with TGLT S.A.).

Due to the merger and exchange of shares of TGLT in Maltería del Puerto S.A., a pledge was granted at first-degree privilege of 3,571,397 shares of Canfot S.A. in favor of IRSA.

At the date of the financial statements, and having the prior merger commitment between Canfot SA and TGLT S.A. approved, this situation is under analysis by the parties.

3. To secure the obligations assumed by the Company as a result of its purchase of the property where the "Astor Palermo" project is being developed, the Company provided a first-priority mortgage in favor of Alto Palermo S.A. (hereinafter "APSA") over said property. The mortgaged amount is US\$ 8,143,231.

4. As a consequence of financing obtained by TGLT SA pursuant to the Financing Agreement for the financing of the construction of Astor Núñez with Banco de la Ciudad de Buenos Aires and as explained in Note 14, the Company provided a first-priority mortgage on the property where the Astor Núñez project is being developed. The cancellation of such mortgage is in process since at the date of the Financial Statements the liability has been totally canceled.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 32. Restricted assets (continued)

5. To secure the obligations assumed by the Company as a result of its purchase of the property where the Brisario project created by Proa and Metra Puerto Norte will be developed, the Company provided a first-priority mortgage in favor of Servicios Portuarios S.A over said property, The mortgaged amount is US\$ 24,000,000.

6. As mentioned in Note 34.1 and to secure obligations assumed by the Company as a result of the acquisition of Green Urban Homes SA where Metra Devoto Project will be developed, the Company provided a first-priority mortgage on the real estate property purchased in favor of the previous owners of the Company, The mortgaged amount is US\$ 4,800,000 and subsequently in favor of other clients (note 32.9).

7. On December 27, 2007, Marinas Río de la Plata SL and Marcelo Gomez Prieto entered into two Stock Pledge Agreements, one in favor of Marcelo Gómez Prieto and the other in favor of Marinas Río de la Plata SL (hereinafter, the "Stock Pledge Agreements"). Pursuant to said agreements, each party granted the other, as security for the fulfilment of the financing obligations by both in connection with Marina Río Luján S.A., a first-priority security interest pursuant to Section No, 580 et seq, of the Code of Commerce of the Argentine Republic, on all the shares issued by Marina Río Lujan S.A. owned by the party who ultimately becomes the Pledger under each of the Stock Pledge Agreements.

The following is a description of the financing obligations secured under the Stock Pledge Agreements:

I. The financing policy of Marina Río Luján S.A. will be established by the Board of Directors with a view to attaining the most efficient financial and tax structure for the development of this real estate project. These policies will be implemented substantially in the same condition as would have been obtained in the open market by unrelated third parties.

II. In first instance, Marcelo Gomez Prieto and Marinas Río de la Plata SL, through Marina Río Luján S.A., will try to obtain financing from independent third parties to develop the real estate project of that company. For these purposes, Marina Río Luján S.A. will accept third-party financing on arm's length terms. In the event that such third party financing is not disbursed, each party will provide financing to the other for up to US\$ 4,000,000.

On February 22, 2010, Marcelo Gómez Prieto consented, and the Company agreed, to assume all of the rights and obligations of Marinas Río de la Plata SL and replace it under the Stock Pledge Agreements.

8. As a result of certain demolition activities conducted in September 2006 on the premises of the "Astor Nuñez" urban project, Pico y Cabildo S.A. was served with process regarding a suit for "damages due to proximity" in 2009. The case is held before the 89<sup>th</sup> Civil Trial Court and the amount claimed is approximately \$ 440,000. On August 24, 2012, the Court granted a motion to dismiss filed by the Company based on the statute of limitations and such court decision was appealed by the plaintiff. The case has been sent to the Court of Appeals and is now awaiting a decision.

As a consequence of the acquisition of shares of Pico y Cabildo S.A. by TGLT S.A., and to secure the outcome of the contingency mentioned above, the former shareholders made a time deposit on behalf of Pico y Cabildo S.A., which will be used solely to pay any obligations arising out of the claim filed against the Company. Consequently, current assets as of March 31, 2017 and December 31, 2016 include \$ 3,079,641 and \$ 3,179,694, respectively, under "cash and cash equivalents", and \$ 3,079,641 and \$ 3,179,694, respectively, in current liabilities under "other accounts payables".

9. Disposal of Monroe's property is restricted due to a purchase option of such real estate delivered to a client as collateral for the payment of the option owned by the client, to resell to the Company a number of functional units acquired. The Board of Directors believes there is a low likelihood that such option will be executed by the client. On November 21, 2016, TGLT requested and the client gave the consent to sell and transfer the Monroe Property to third parties. Likewise, and in the same act, the parties resolved to terminate the agreement, annulling all the obligations derived from the Monroe Property. On the same date, the parties agreed to replace the payment guarantee with the land where the Metra Devoto project is developed. Management of the Company renegotiated the terms and conditions of the modification of the original contract signed with the buyer, and estimates that the transaction will have a favorable result for the Company.

10. As a result of the funding obtained by Maria Río Luján S.A. through the syndicated loan agreement with mortgage guarantee entered into with the Santander Río S.A. and Banco Ciudad de Buenos Aires S.A. and as explained in Note 14, Marina Río Luján S.A. the property on which the project is carried out, with the exception of the Anguilera, and the assignment of the economic rights (including the collection rights) and all other rights of any other nature that correspond to it with or derived from (i) existing sales tickets and, (ii) future sales tickets. The mortgage amount amounts to \$ 527,500,000.

11. As a result of the financing obtained by FDB S.A. through the Constructive Project Financing Contract with mortgage guarantee entered into with Banco Bilbao Vizcaya Argentaria Uruguay S,A (BBVA) and Banco ITAU Uruguay S.A. and as explained in Note 14, the Company levied with real right of mortgage in the first degree of privilege the property of its ownership.

12. In order to guarantee the obligations assumed by the Company as a result of the acquisition of the property where the Astor San Telmo project is being carried out, the Company levied a first mortgage right in favor of H,C, & Asociados Sociedad Anónima, the portion of the property purchased from the latter, The mortgage amount amounts to US \$ 10,500,000.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 33. Litigation

### 33.1. Health and Safety

There are no updates to mention in relation to the financial statements issued as of December 31, 2016.

### 33.2. Labor Claims

There are no updates to mention in relation to the financial statements issued as of December 31, 2016.

### 33.3. Ingeniero Guillermo Milia S.A. (IGM)

- In February 2012, IGM (a company hired for the provision of concrete and masonry services for Forum Puerto Norte urban project) filed an insolvency petition before the Civil and Commercial Trial Court No. 1 in and for the City of Olavarría, in the case "Ingeniero Guillermo Milia S.A. s/Concurso Preventivo,"

Maltería del Puerto and the Company have appeared in court as unsecured creditors, claiming credits for the amount of \$ 9,085,156 and \$ 1,293,689, respectively, which declared as inadmissible by the corresponding judge on September 12, 2012 and December 17, 2014, respectively. The homologated proposal consisted of the withdrawal of 60% of the credit.

As of March 31, 2017 and December 31, 2016, the Company recorded a credit of \$ 1,931,965 and \$ 1,901,601, respectively, which is presented as 'other credits' in current assets,

### 33.4. Project Astor Caballito s/injunctive relief

On November 30, 2015, the Company was notified of the judgment of the first instance, making use of the proposal of the Association of Neighbors, which was appealed on December 3, 2015 by TGLT SA, as did the City Government Of Buenos Aires (GCBA) on December 4, 2015. Both resources were granted. The file was submitted to the Chamber of Litigation and Administrative of the City of Buenos Aires and was filed in Room III of the Law. On May 26, 2016, Chamber III of the Chamber decided to reject the appeals filed by the GCBA and TGLT, confirming the judgment rendered by the Court of First Instance. On June 16, 2016, TGLT filed an appeal of unconstitutionality against the final judgment, as did the GCBA on June 15, 2016. On November 10, 2016, the appeals of unconstitutionality were denied and the 23 Of November 2016 we proceeded to file the corresponding complaint in the Superior Court of Justice of the City of Buenos Aires.

Notwithstanding the agreement in Note 39, the case is still valid.

As it corresponds to an injunctive relief which object is to question the omission of the issuance of an administrative act and to challenge the granting of the authorization to construct to TGLT S.A., in this case file no amount has to be paid.

### 32.5. Venice

As of December 31, 2016, there are no updates to mention in relation to these financial statements, except as detailed below:

- On July 6, 2016, Marina Río Luján filed an appeal to revoke the current precautionary measure. On September 8, 2016, the Federal Court of Appeals of San Martín resolved to automatically suspend the suspension from September 27, 2016. In addition, the ruling of the Court of Appeals also declared the incompetence of the Federal Court to hear in the case and ordered its referral to the Criminal Court of San Isidro. The litigation will continue in the provincial court in criminal matters and there can be no certainty that the precautionary measure will not be reinstated by said court. On September 21, the OPDS issued the certificate of environmental impact. On September 28, we have restarted work on the project. Finally, on December 26, 2016, the Federal Chamber of Criminal Cassation decided not to make use of the extraordinary federal appeal filed by the complaint, confronting the decision dated September 27, 2016 issued by the Federal Court of Appeal of San Martín, whereby it was declared incompetence of the federal justice to continue understanding in the file. At the date of issuance of these financial statements, the case is being settled in a matter of jurisdiction and competence between the federal and provincial courts.

### 33.6. Other claims

The following are updates that occurred during the period relating to "Other claims", For further information, please refer to our financial statements ended December 31, 2016:

- In October 2016, the Company received a lawsuit entitled "Sanchez Francisco and another c / TGLT S.A. S / Notarial Certification". The ownership of the property acquired by the actors by means of a sale ticket related to the "Astor Caballito" project is being claimed, or in its absence, the refund of the sums paid, plus interest (plus damages and losses due to the delay in delivery). The lawsuit was answered in December 2016. An agreement was signed in April 2017. There is no remaining unfinished business.

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## Note 34, Interest in other companies – Acquisitions and transfers

### 34.1 Merger between companies: TGLT S.A. and Green Urban Homes S.A.

On December 2, 2014, TGLT acquired 100% of the shares of the company "Green Urban Homes S.A." (GUHSA). GUHSA had as main asset a building with a total area of 6,227 square meters, located in Buenos Aires City. The purchase price of GUHSA shares by TGLT totaled US \$ 4,800,000, amount paid according to the following plan: (a) US \$ 500,000 on January 6, 2015; (B) US \$ 700,000 on January 5, 2016; (C) US \$ 1,200,000 on January 5, 2017 (on March 31, 2017 an addendum to the contract was made considering an extension of said term, with June 30, 2017 being the new maturity); (D) US \$ 1,200,000 on January 5, 2018 and (e) US \$ 1,200,000 on January 5, 2019. As of the date of issuance of these financial statements, TGLT had canceled US \$ 1,200,000,

At March 31, 2017 and December 31, 2016, the liability for cancellation amounted to \$ 55,404,000 and \$ 57,204,000, respectively, which is disclosed under "other accounts payable" in current liabilities for the sum of \$ 36,936,000 and \$ 19,068,000 and within non-current liabilities in the amount of \$ 18,468,000 and \$ 38,136,000, respectively,

In guarantee of the payment of the outstanding balance of the shares purchase price, GUHSA (as guarantor) has constituted, in favor of the sellers (as creditors) and to their entire satisfaction, a bond as principal payer and with mortgage guarantee in the first degree of privilege on the property and regarding the obligations assumed by TGLT under the Purchase Contract, see Note 32,6.

On March 31, 2015, the Boards of TGLT S.A. And GUHSA approved the Preliminary Merger Commitment, incorporating TGLT as an absorber company, and Green Urban Homes S.A. as an absorbed company. The reasons of the merger focus on the advantages of simplifying the corporate structure of TGLT and GUHSA and taking advantage of the benefits of a centralized management, eliminating the double corporate structure that entails the duplication of costs. The reorganization date was fulfilled on January 1, 2015. On September 25, 2015, the Shareholders' Meetings of both Companies approved the merger by absorption and authorized the subscription of the Definitive Merger Agreement by the Company's Board of Directors.

On July 7, 2016, the CNV approved the merger and on January 19, 2017, the merger and dissolution was approved by the IGJ.

### 34.2 Merger between companies: TGLT S.A. and Canfot S.A.

On September 29, 2016, a share purchase agreement was signed between Kondor Fund, SPC and TGLT S.A., where Kondor sells, transfers, transmits and assigns to the buyer all rights, titles and interests of the shares held by Canfot S.A. free of encumbrances.

The sale price of these shares was agreed in US\$ 2,000,000, according to the following payment plan: US \$ 500,000 seven days after the agreement, US\$ 500,000 as of March 31, 2017, which at the date of these financial statements is under renegotiation, US\$ 500,000 on September 29, 2017 and US\$ 500,000 on March 30, 2018. Each of these is guaranteed with Astor San Telmo and/or Forum Puerto del Buceo,

As of March 31, 2017 and December 31, 2016, the liability of this operation amounted to \$ 23,085,008 and \$ 23,835,000, respectively, which is shown under "Other accounts payable", under current liabilities for \$ 23,085,008 and within non-current liabilities for \$15,890,000 and \$ 7,945,000, respectively.

In addition, a particular condition established that, in the event that TGLT S.A. increases its capital, it must immediately cancel the present obligations.

In parallel, and exercising the purchase option established in the share purchase agreement signed on December 31, 2012, TGLT S.A. bought Juan Carlos Rosetti's total participation in Canfot S.A. at a sale price of \$ 1,326,80 as established in the aforementioned agreement.

Also, on September 30, 2016, TGLT S.A. and Canfot S.A. signed a merger by absorption agreement to be held by TGLT S.A. as the continuing entity, and Canfot S.A. as the one absorbed. The reorganization date occurred on October 1, 2016 on the basis of the before mentioned agreement, Canfot S.A. will be dissolved without liquidation, continuing TGLT S.A. as a legal entity,

The reasons for the merger of the companies are focused, like on the previous merger, on the advantages of simplifying the corporate structure of TGLT S.A. and Canfot S.A. On April 20, 2017, the merger by absorption was approved by the Ordinary Meeting of both Companies, As of the date of these financial statements, the Controlling Agencies approval is still pending,

## Note 35. Risks – financial risk management

The Company is exposed to market, liquidity and credit risks that are inherent to the real estate business, as well as to the financial instruments used to finance real estate projects and for liquidity investments. The Company's management regularly analyzes risks to report to the Board of Directors, and devises risk management strategies and policies. Likewise, it monitors that the practices adopted throughout the Company are consistent with established policies, It also monitors current policies and adapts or modifies them based on market changes and emerging Company needs.

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(figures expressed in Argentine pesos - \$)

## Note 35. Risks – financial risk management (continued)

### 35.1. Market Risks

The activities of the Company are exposed to risks inherent to the real estate development business in Argentina. These include the following:

#### *Risk of increasing construction costs*

Most of our costs are pegged to the fluctuation of construction and material prices and labor rates. However, the Company uses a set of strategies to prevent losses, for example, adjusting the price lists monthly to reflect at least the projected increase of construction costs published by Chamber of Argentine Construction Companies (Cámara Argentina de la Construcción - CAC).

#### *Risks of demand of our products*

Financing for our real estate projects depends mostly on the amount of presales. The demand for our products depends on several external factors. For this reason, the Company Management monitors the pace of sales, which allows project financing. We continuously control our sales speed and we make adjustments to our marketing strategy, including prices and discounts policies, with the objective of ensure the operative financing of our projects. In some cases, we have also adjusted our products in response to the market evolution.

#### *Risk of suppliers' contract default*

The Company thoroughly evaluates the external contractors, both before and during performance of the contract, to reduce the risk of contractual default. The Company also requires insurance policies to cover the mentioned risks,

### 35.2. Financial Risks

#### *Risks related to financing*

TGLT access the capital and credit markets with the objective of obtaining external financing for our projects. Therefore, we maintain permanent relations with the banking community and national and international investors to obtain financing for the projects and also to refinance, if necessary, existing debts.

#### *Risk related to foreign exchange rates*

TGLT develops and sells its products in Argentina and Uruguay and consequently is exposed to risks arising from exchange rate fluctuations.

More specifically, we have debts in foreign currency, explained mainly by the loan granted for the construction of Forum Puerto del Buceo project, developed in Montevideo, Uruguay. In order to minimize the risks associated with exchange rate fluctuations that affect our financial liabilities, the Company has financially hedged between the Argentine peso and the US dollar. The Company does not enter into hedging transactions or with financial derivatives for speculative purposes. We estimate that, if a hypothetical depreciation of 1 peso in the peso - US dollar exchange rate occurs, the difference between our assets and liabilities in foreign currency would have resulted in a positive balance of approximately \$ 14.7 million, impacting in the results of the three-month period ended March 31, 2017.

#### *Risks related to interest rates*

TGLT is exposed to risks related to interest rates in its investment portfolio and in its financial liabilities. Our liabilities, in most of the cases, are tied to a reference interest rate, Private BADLAR. Historically, the BADLAR rate level has been below the CAC index, the one we use to adjust our sales and construction contracts. We estimated that, in case of a hypothetical increase of 100 bps in BADLAR Private Rate, our financial position would have suffered a loss of \$ 0,7 million approximately, and \$ 1,2 million would have been activated, and used in inventory construction for the three-month period ended March 31, 2017.

#### *Risk originated in credits*

The risks originated in credits may arise in cash and cash equivalents, deposits with banks and financial institutions, as well as with credits granted to clients, including other assumed credits and transactions. The Company actively controls the credit reliability of its liquid assets instruments and its counterparts related to derivate and insurance in order to minimize credit risks. Purchase agreements include strong penalties for breach in payment fulfillment, bringing about high costs for our clients and consequently, we do not register a high level of delay or failure in payment.

The Company finances its projects mainly by means of the pre-sale of units. Purchase agreements with our clients include, in general, a payment plan beginning with the agreement subscription and ending with the delivery of the finished product, with installments along the building process. Any irregularity or delay in payment constitutes a risk for project financing.

Credit risk related to the investment of cash and cash equivalent balances is managed directly by the Treasury. The Company maintains deposits in accredited financial entities.

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(figures expressed in Argentine pesos - \$)

## Note 35. Risks – financial risk management (continued)

### 35.2. Financial Risks (continued)

#### *Liquidity risks*

TGLT's financing strategy seeks to preserve adequate financing resources and access to additional liquidity.

Management keeps enough cash and cash equivalents to finance usual levels of transactions and believes that TGLT has adequate access to the market to finance short-term working capital needs.

In the three-month period ended March 31, 2017, the Company used operating cash of \$ 94,6 million, with \$ 191,2 million that was used for the construction of inventory and \$ 175,6 million that originated in the sales collection. In addition, financing of \$ 33,9 million was obtained through two construction loans in Forum Puerto del Buceo and Venice projects and advances on current account, totaling the balance of cash and cash equivalents to \$ 84,7 million as of March 31, 2017.

## Note 36. Financial instruments

During 2016, TGLT SA carried out hedge operations between the Argentinian peso and the US dollar to minimize the risks brought about by exchange rates on its corporate notes in the local market. As of December 31, 2016, these transactions have been settled with no outstanding balance remaining. As of March 31, 2017, no transactions of such nature have been carried out.

## Note 37. Segment information

### 37.1. Introduction

The Company has adopted IFRS 8—Operating Segments, which establishes what are operating segments identified on the bases of internal reports regarding the Company's components regularly reviewed by the Board of Directors, the main operating decision-maker, to allocate resources and assess performance. To conduct its business, both financially and operationally, the Company has established that each of its real estate undertakings represents a business segment: Forum Puerto Norte (FPN), Forum Alcorta (FFA), Forum Puerto del Buceo (FPB), Astor Palermo (ASP), Astor Núñez (ASN), Venice (VEN), Metra Puerto Norte (MPN), Proa (the last two result from the division of Brisario project), Metra Devoto (MDV), Astor San Telmo (AST) and other projects. Likewise, it was the Company's decision to consolidate the less significant projects when explaining the profit and loss, assets and liabilities breakdown, considering them non-reportable segments as per IFRS regulations.

The Company's management uses the indicators summarized in the following sections:

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 37. Segment information (continued)

### 37.2. Information on secured sales and collections

Information in million pesos.

	FPN	FFA	FPB (1)	ASP	ASN	VEN	AST	Others (2)	TOTAL
<b>SALES</b>									
<b>(1) COMMERCIALIZED UNITS</b>									
In the period ended on 31.03.2017	-	1	12	-	3	2	11	6	35
In the period ended on 31.03.2016	2	3	23	3	13	4	-	18	66
Accrued as to 31.03.2017	452	154	250	210	297	314	156	309	2142
Percentage of launched units	100%	100%	74%	100%	100%	67%	36%	60%	62%
<b>(2) POTENCIAL VALUE SALES (PVS)</b>									
(2,a) Total value of launched	426.5	1,121.6	2,361.2	391.2	588.4	1,270.7	1,373.0	1,950.8	9,483.6
(2,b) Total project value	426.5	1,121.6	2,361.2	391.2	588.4	2,497.1	1,373.0	7,905.1	16,664.2
Percentage of launched	100%	100%	100%	100%	100%	51%	100%	27%	57%
<b>(3) SECURED SALES</b>									
In the period ended on 31.03.2017	-	8.7	86.2	-	12.4	5.0	42.8	27.1	182.3
In the period ended on 31.03.2016	-	30.8	22.1	3.3	93.5	46.2	53.5	6.3	255.7
Accrued as to 31.03.2017	426.5	1,107.0	1,478.4	369.8	558.3	591.9	361.4	470.1	5,363.5
Percentage of PVS launched	100%	99%	63%	95%	95%	47%	26%	39%	57%
<b>(4) ADVANCES OF CLIENTS (*)</b>									
In the period ended on 31.03.2017	(2.1)	(38.6)	(74.4)	(15.6)	(118.5)	21.3	(3.2)	1.3	(229.8)
In the period ended on 31.03.2016	0.1	(125.0)	202.4	(3.2)	110.2	61.5	76.7	7.9	330.5
Accrued as to 31.03.2017	2.6	46.3	1,338.2	2.8	328.1	438.0	274.1	247.0	2,677.1
<b>(5) REVENUE PER SALES</b>									
In the period ended on 31.03.2017	-	48.2	142.9	2.5	116.6	-	-	2.9	313.2
In the period ended on 31.03.2016	1.7	166.6	-	6.1	-	-	-	9.0	183.5
Accrued as to 31.03.2017	426.8	1,063.1	288.0	360.8	276.4	-	-	-	2,415.0
<b>(6) SALES RECEIVABLE</b>									
Accrued as to 31.03.2017	0.9	2.3	24.9	0.0	0.1	-	-	0.6	28.8
<b>BALANCE RECEIVABLE (3)</b>									
For secured sales	-	-	183.5	6.3	-	169.4	105.9	363.4	828.3
For total value of launched projects	-	14.6	1,066.2	27.7	30.0	848.2	1,117.5	1,847.0	4,951.4

Note: No external customers representing more than 10% of total secured sales are registered,

(1) Only project developed outside of Argentina (Montevideo, Uruguay).

(2) Includes Metra Puerto Norte, Proa, Metra Devoto and other projects,

(3) The receivable balance is calculated on a cost basis only, without factoring swap revaluations effects in advances of clients,

(\*) Negative values represent delivery of Functional units.

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(figures expressed in Argentine pesos - \$)

## Note 37. Segment information (continued)

### 37.3. Information on Inventory and investment budget

Information in million pesos.

	FPN	FFA	FPB (1)	ASP	ASN	VEN	AST	Others (2)	TOTAL
<b>INVENTORY</b>									
<b>(7) INVENTORY</b>									
As of 31.03.2017 (three-month period)	1.5	(44.9)	(98.4)	(1.9)	(122.0)	-	(4.2)	78.8	(191.0)
Accrued as of 31.12.2016	3.8	107.3	1,582.4	27.1	420.5	504.9	176.1	644.4	3,466.6
Accrued as of 31.03.2017	5.3	62.4	1,484.1	25.2	298.5	383.6	172.0	844.5	3,275.6
Accrued as of 31.03.2017 (net of interests)	5.2	29.9	1,475.9	21.0	218.6	358.0	170.5	844.5	3,123.6
<b>(8) COST OF SOLD PRODUCTS</b>									
In the period ended on 31.03.2017	-	47.5	118.3	2.2	108.2	-	-	0.6	276.7
In the period ended on 31.03.2016	3.1	137.9	-	5.7	-	-	-	1.9	148.6
Accrued as of 31.03.2017	520.6	838.3	118.3	331.5	253.9	-	-	-	2,062.5
Accrued as of 31.03.2017 (net of interests)	501.5	755.5	118.2	271.4	235.1	-	-	-	1,881.7
<b>(9) CONSTRUCTION BUDGET</b>									
Construction Budget	523.9	920.6	1,959.4	356.6	546.1	927.8	1,108.7	1,495.8	7,839.0
Construction Budget (net of interests)	504.7	823.9	1,942.6	300.2	447.4	917.8	1,098.3	1,495.8	7,530.6
Total construction Budget	523.9	920.6	1,959.4	356.6	546.1	1,646.2	1,108.7	5,628.8	12,690.3
Total construction Budget (net of interests)	504.7	823.9	1,942.6	300.2	447.4	1,613.7	1,098.3	5,628.8	12,359.5
<b>BUDGET TO EXECUTE</b>									
Ongoing Projects	-	24.8	663.4	-	39.7	544.2	955.3	1,175.5	3,403.0
Total Projects	-	24.8	663.4	-	39.7	1,195.7	955.3	5,118.1	7,997.0
<b>EXPECTED GROSS PROFIT</b>									
Launched projects	(97.4)	201.0	401.9	34.6	42.2	342.9	264.3	455.1	1,644.6
Percentage of PVS Launched	(22.8%)	17.9%	17.0%	8.8%	7.2%	27.0%	19.2%	23.3%	17% (4)
Launched projects (net of interests)	(78.2)	297.8	418.7	91.0	141.0	352.9	274.8	455.1	1,953.0
Percentage of PVS Launched	(18.3%)	26.5%	17.7%	23.3%	24.0%	27.8%	20.0%	23.3%	21%
Total projects	(97.4)	201.0	401.9	34.6	42.2	850.9	264.3	1,508.9	3,206.5
Percentage of PVS Total	(22.8%)	17.9%	17.0%	8.8%	7.2%	34.1%	19.2%	19.1%	19%
Total projects (net of interests)	(78.2)	297.8	418.7	91.0	141.0	883.4	274.8	2,276.3	4,304.7
Percentage of PVS Total	(18.3%)	26.5%	17.7%	23.3%	24.0%	35.4%	20.0%	28.8%	26%

(1) Considers only the proportional of the inventory accrued corresponding to launched phases of each project.

(2) Includes Astor Caballito, Metra Puerto Norte, Proa, Metra Devoto and other projects.

(3) The budget to execute is calculated based on cost, excluding the effect of foreign exchange rate revaluations and the higher value in inventories.

(4) 19% excluding Forum Puerto Norte.



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(figures expressed in Argentine pesos - \$)

## Note 37. Segment information (continued)

### 37.4. Information on the Income Statement, Assets and Liabilities

Information in millions of pesos.

Fiscal period ended on March 31, 2017	FPN	FFA	FPB	ASP	ASN	VEN	AST	Others (1)	TOTAL
<b>STATEMENT OF OPERATIONS</b>									
Gross income per segment	-	0.7	24.6	0.3	8.5	-	-	2.3	36.5
Gross Margin	-	1.5%	17.2%	12.1%	7.3%	-	-	78.7%	12%
Sales and administrative expenses									(83.1)
Other financial results, net									(20.1)
Other expenses									(0.1)
Loss for the period before income tax									(66.9)
<b>BALANCE SHEET</b>									
<b>ASSETS</b>									
<b>Inventory</b>									
Under construction	-	-	1,196.0	-	22.1	576.4	172.0	651.8	2,618.3
Finished units	5.3	62.4	288.0	25.2	276.4	-	-	-	657.3
Assets per segment	5.3	62.4	1,484.1	25.2	298.5	576.4	172.0	651.8	3,275.6
Accounts and other receivables	0.9	2.3	24.9	0.0	0.1	-	-	0.2	28.4
Goodwill	-	23.9	-	-	9.5	21.5	-	-	54.8
Other current assets									484.3
Other non-current assets									939.6
<b>TOTAL ASSETS</b>									<b>4,782.7</b>
Advances in local and foreign currency	4.2	71.1	1,329.6	10.9	327.8	429.8	283.8	248.3	2,705.0
Short-term financial debt	-	-	300.6	-	-	179.1	-	266.6	745.6
Long-term financial debt	-	-	-	-	-	-	-	13.9	13.9
Other current liabilities									733.3
Other non-current liabilities									238.4
<b>TOTAL LIABILITIES</b>									<b>4,436.9</b>
<b>Fiscal period ended on March 31, 2016</b>									
<b>STATEMENT OF OPERATIONS</b>									
Gross income per segment	(1.4)	28.7	-	0.4	-	-	-	7.1	34.9
Gross Margin	(80.3%)	17.2%	-	7.2%	-	-	-	78.7%	19%
Sales and administrative expenses									(47.6)
Other financial results, net									(17.7)
Other expenses									(0.1)
Loss for the period before income tax									(30.5)
<b>BALANCE SHEET</b>									
<b>ASSETS</b>									
<b>Inventory</b>									
Under construction	-	-	1,582.4	-	420.5	383.6	176.1	765.8	3,328.5
Finished units	3.8	107.3	-	27.1	-	-	-	-	138.2
Assets per segment	3.8	107.3	1,582.4	27.1	420.5	383.6	176.1	765.8	3,466.6
Accounts and other receivables	1.2	7.5	12.3	0.0	0.1	-	-	0.3	21.4
Goodwill	-	49.8	-	-	9.5	21.5	-	-	80.8
Other current assets									413.1
Other non-current assets									992.0
<b>TOTAL ASSETS</b>									<b>4,973.9</b>
Advances in local and foreign currency	4.7	84.9	1,412.6	18.4	446.6	416.7	277.3	245.8	2,907.0
Short-term financial debt	-	-	283.0	-	8.2	134.5	-	168.8	594.6
Long-term financial debt	-	-	-	-	0.7	-	-	122.8	123.6
Other current liabilities									670.9
Other non-current liabilities									276.4
<b>TOTAL LIABILITIES</b>									<b>4,572.4</b>
<b>Fiscal year ended on December 31, 2016</b>									
<b>BALANCE SHEET</b>									
<b>ASSETS</b>									
<b>Inventory</b>									
Under construction	-	-	1,582.4	-	420.5	383.6	176.1	765.8	3,328.5
Finished units	3.8	107.3	-	27.1	-	-	-	-	138.2
Assets per segment	3.8	107.3	1,582.4	27.1	420.5	383.6	176.1	765.8	3,466.6
Accounts and other receivables	1.2	7.5	12.3	0.0	0.1	-	-	0.3	21.4
Goodwill	-	49.8	-	-	9.5	21.5	-	-	80.8
Other current assets									413.1
Other non-current assets									992.0
<b>TOTAL ASSETS</b>									<b>4,973.9</b>
Advances in local and foreign currency	4.7	84.9	1,412.6	18.4	446.6	416.7	277.3	245.8	2,907.0
Short-term financial debt	-	-	283.0	-	8.2	134.5	-	168.8	594.6
Long-term financial debt	-	-	-	-	0.7	-	-	122.8	123.6
Other current liabilities									670.9
Other non-current liabilities									276.4
<b>TOTAL LIABILITIES</b>									<b>4,572.4</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 38. Earnings per share

### Basic and diluted earnings per share

The results and average estimated number of ordinary shares used for calculating basic earnings per share are the following:

	Mar 31, 2017	Mar 31, 2016
Result used for calculating earnings per basic share	(40,228,328)	(24,010,826)
Average estimated number of ordinary shares for purposes of earnings per basic share (all estimations)	70,339,485	70,349,485
Earnings per share	(0.57)	(0.34)

The average estimated number of basic shares was 70,339,485, the same as the average estimated number of diluted shares, as there were no debt securities convertible to shares as of March 31, 2017.

## Note 39. Astor Caballito Termination Agreement

On June 29, 2011, the Company entered into an agreement with IRSA Inversiones y Representaciones S.A. (Hereinafter IRSA), a swap deed, in which IRSA transfers to TGLT S.A. the land located in the street Mandez de Andes between Rojas and Colpayo in the neighborhood of Caballito and TGLT transfers to IRSA built units, in which the Company would develop a real estate project called "Astor Caballito".

On November 30, 2015, the Company was notified of the first instance judgment, admitting the claim of the Association of Neighbors, which was appealed on December 3, 2015 by TGLT SA, as did the Buenos Aires City Government (GCBA) on December 4, 2015. Both appeals were granted. The file was submitted to Contentious and Administrative of Buenos Aires City Court (the "Court") and was filed in Sala III. On May 26, 2016, the Court decided to reject the appeals filed by the GCBA and TGLT, confirming the judgment rendered by the Court of First Instance. On June 16, 2016, TGLT filed a motion of unconstitutionality against the final judgment, as did the GCBA on June 15, 2016. These appeals are pending resolution by the Court, which must resolve on the possible grant of them.

Also, on December 30, 2016, IRSA and TGLT, signed an agreement which established that, considering the aforementioned situation and the time elapsed, it is convenient to grant a termination deed of the exchange, subject to the fulfillment of a series conditions, if these are fulfilled, IRSA will pay to the Company in compensation, the sum of US \$ 3,300,000, to be paid as follows:

- A) The sum of US \$ 300,000 simultaneously with the signing of the Termination Agreement.
- B) The sum of US \$ 2,000,000 18 months after the signature of the same.
- C) The sum of US \$ 1,000,000 within 18 months of the signing of the termination agreement or once TGLT complies with the obligations arising from the exchange signed on December 16, 2010.

In addition to subscribing the termination deed of the exchange, TGLT must return the property (land) and IRSA must receive it free of liens and third party rights over it, And TGLT will have the right to register the amounts described above.

It should be mentioned that at the date of this financial statements, the termination deed had not been signed, and it would be granted within 90 business days from the date TGLT notifies the resolution of the commitments still in force. This condition must be given within 12 months of signing the agreement.

The cost incurred in the property at the date of the Agreement was reclassified to "Other assets" amounting to of \$ 77,090,643, which includes the historical cost of the purchase of the land plus the costs incurred in the construction until the suspension. Such asset is netted of the liability in kind with IRSA, for a value of \$ 51,747,468. At the date of these financial statements there is no other monetary obligation to be paid by TGLT to IRSA. As of March 31, 2017 and December 31, 2016, the net amount is \$ 25,343,162 and \$ 24,779,680, respectively.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 40. Assets and liabilities in foreign currency

	Mar 31, 2017			Dec 31, 2016	
	Class and amount in foreign currency	Exchange rate	Total amount accounted for in pesos	Total amount accounted for in pesos	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents :					
Cash	US\$ 58,475	15.29	894,083	3,162,463	
	\$U 34,937	0.537	18,761	11,821	
			912,844	3,174,284	
Banks	US\$ 1,268,358	15.29	19,407,308	14,217,321	
	\$U 1,215,518	0.537	652,733	77,095	
			20,060,041	14,294,416	
Certificate of deposits	US\$ 816,257	15.39	12,531,382	3,179,694	
Mutual funds	US\$ 250,000	15.29	3,822,493	3,947,492	
Bonds and certificates	US\$ 3,028,450	15.29	46,456,430	47,970,319	
Accounts and other receivables:					
Accounts receivables for sales of units	US\$ 1,836,804	15.29	28,165,867	21,156,283	
Accounts receivables for services rendered	US\$ 24,640	15.29	376,752	6,111	
Allowance for doubtful accounts	US\$ (121,269)	15.29	(1,854,210)	(1,854,210)	
Other receivables:					
Value added Tax	\$U 211,688,974	0.537	113,676,979	118,129,001	
Net Worth Tax	\$U -	0.537	-	1,832,450	
Advance payments to construction suppliers	US\$ 3,508,151	15.29	53,813,118	28,949,070	
	\$U 40,916,466	0.537	21,972,142	101,584	
			75,785,260	29,050,654	
Security deposits	US\$ -	15.29	147,264	152,064	
Accrued insurance	US\$ 109,519	15.29	1,675,792	1,562,200	
	\$U -	0.537	-	412	
			1,675,792	1,562,612	
Expenses to render	US\$ 31,603	15.29	484,790	183,031	
Advance payments for the purchase of real estate properties		15.29	-	29,541,402	
Collectable equipment fund	US\$ 182,789	15.29	2,794,851	6,373,618	
Advance for purchase of property	US\$ 300,000	15.29	4,587,000	-	
Sundry	US\$ 1,364	15.29	20,924	21,606	
Receivables from related parties:					
Receivables for sales of functional units	US\$ 5,723	15.29	87,505	90,367	
Receivables for services rendered	US\$ 27,116	15.29	414,597	-	
<b>Total current assets</b>			<b>310,146,561</b>	<b>278,811,194</b>	
<b>Non current assets</b>					
Other receivables:					
Security deposits	US\$ 45,000	15.29	688,050	710,550	
	\$U 19,082	0.537	10,247	10,407	
			698,297	720,957	
Prepaid insurance	US\$ -	-	-	165,563	
Credits receivable on sales to investment properties	US\$ 1,480,401	15.29	7,831,321	-	
Tax assets:					
Federal Tax	\$U 31,708	0.537	17,027	-	
<b>Total non-current assets</b>			<b>8,546,645</b>	<b>886,520</b>	
<b>Total assets</b>			<b>318,693,206</b>	<b>279,697,714</b>	

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 40. Assets and liabilities in foreign currency (continued)

	Mar 31, 2017			Dec 31, 2016
	Class and amount in foreign currency	Exchange rate	Total amount accounted for in pesos	Total amount accounted for in pesos
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trades payable:				
Suppliers	US\$ 1,895,249	15.39	29,099,828	13,334,281
	\$U 100,871,167	0.537	54,167,817	48,456,586
			83,267,645	61,790,867
Deferred checks	US\$ 736,050	15.39	11,291,007	39,191,170
	\$U 44,280,238	0.537	23,778,488	16,186,880
			35,069,495	55,378,050
Provision for expenses	US\$ 85,870	15.39	1,317,246	1,035,302
Provisions for construction work	US\$ 664,130	15.39	10,211,187	6,920,972
	\$U 28,367,002	0.537	15,233,080	10,433,111
			25,444,267	17,354,083
Insurance payable	US\$ 43,740	15.39	671,875	2,280,467
Contingency fund	US\$ 16,377	15.39	252,036	260,225
Building work permit payable	\$U 32,578,588	0.537	17,494,702	23,575,211
Real estate property purchase payable	US\$ 15,494,790	15.39	238,464,826	246,212,221
Short-term financial debt:				
Mortgage-backed bank borrowings	US\$ 16,494,095	15.39	253,019,422	234,509,146
Short-term financial debt received	US\$ 6,262,482	15.39	96,379,597	85,424,704
Salaries and social security:				
Fees and wages payable	\$U 2,182,765	0.537	1,172,145	1,259,423
Social Security payables	\$U 1,656,890	0.537	144,257	213,000
13 <sup>th</sup> Salary and holidays accrued	\$U 268,635	0.537	889,750	671,237
Tax Liabilities:				
Payable Income tax	\$U 812,477	0.537	436,300	72,310
Other tax burdens:				
Municipal taxes payment plan	US\$ 364,270	15.39	5,606,114	10,129,436
Net worth tax provision	\$U 6,700,210	0.537	3,598,013	-
Withholdings and collections to be deposited	\$U 1,220,832	0.537	655,587	876,760
Outstanding sums due to related parties:				
Borrowings	US\$ 490,164	15.39	7,543,617	-
Provision	US\$ 60,000	15.39	923,400	1,112,300
Other accounts payable:				
Sundry creditors	US\$ 563,638	15.39	8,674,361	8,642,100
Purchase of shares payable	US\$ 3,900,000	15.39	60,021,008	34,958,009
<b>Total current liabilities</b>			<b>841,045,662</b>	<b>785,754,851</b>
<b>Non-current liabilities</b>				
Trades payable:				
Sundry creditors	US\$ 30,630	15.39	471,396	1,687,321
Debt per purchase of shares	US\$ 1,200,000	15.39	18,468,000	46,081,000
<b>Total non-current liabilities</b>			<b>18,939,396</b>	<b>47,768,321</b>
<b>Total liabilities</b>			<b>859,985,058</b>	<b>833,523,172</b>

US\$: United States doll\$, UYU: Uruguayan pesos.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 41, Investment property

As of March 31, 2017 and December 31, 2016, the evolution of investment property is as follows:

	Investment property for capital appreciation (1)	Investment property in construction (2)	Investment property for rent (3)	Total
Investment properties as of January 1, 2017	808,801,000	13,796,887	54,032,688	876,630,575
<b>Plus:</b>				
Acquisitions of the period	-	-	-	-
Transfers from Inventories	-	(256,688)	-	(256,688)
Costs on existing investment properties	-	-	-	-
Fair value adjustments	(30,540,000)	-	(1,336,548)	(31,876,548)
<b>Minus:</b>				
Sales of the period	-	-	-	-
<b>Total investment property as of March 31, 2017</b>	<b>778,261,000</b>	<b>13,540,199</b>	<b>52,696,140</b>	<b>844,497,339</b>

	Investment property for capital appreciation (1)	Investment property in construction (2)	Investment property for rent (3)	Total
Investment properties as of January 1, 2016	34,326,685	11,097,766	-	45,424,451
<b>Plus:</b>				
Acquisitions of the period	-	-	51,393,005	51,393,005
Transfers from inventories	106,994,751	-	-	106,994,751
Costs on existing investment properties	314,972	2,699,121	-	3,014,093
Fair value adjustments	755,255,777	-	2,639,683	757,895,460
<b>Minus:</b>				
Sales of the period	(88,091,185)	-	-	(88,091,185)
<b>Total investment property as of Dec 31, 2016</b>	<b>808,801,000</b>	<b>13,796,887</b>	<b>54,032,688</b>	<b>876,630,575</b>

The investment property related expenses have been recognized in the income statement as follows:

	Mar 31, 2017	Mar 31, 2016
Maintenance and conservation expenses	32,777	-
<b>Total investment property expenses</b>	<b>32,777</b>	<b>-</b>

The Company maintains as Investment Property the following items:

### 1- Investment properties for long-term capital appreciation:

a) In December 2016, the Company's Board of Directors resolved a strategic change in the use of the Company's principal assets in the subsidiary Marian Rio Lujan, which consisted in reducing the saleable area affected by the urban development project to 52,772.70 square meters, ie 21% of the total saleable area and maintain the remaining 199,950 square meters (representing 79%) as a reserve intended to increase its value,

As a result of the aforementioned change, the proportional part of the same included in inventories, measured under IFRS, for a total of \$ 106,994,750 was transferred to the Investment Property heading.

On December 26, 2016 Marina Rio Lujan S.A. was able to make a reliable measurement of this investment at fair value, recognizing the income generated by such measurement in 2016 for an amount of \$ 701,806,250 (impact on income, net of income taxes \$ 456,174,061). The measurement is based on an appraisal made by an independent expert with recognized professional capacity and experience in this category of properties. Likewise, such measurement does not exceed its recoverable value, As of March 31, 2017, an impairment loss of \$ 30,540,000 (\$ 19,851,000 net of taxes) was recognized.

b) On December 23, 2014, TGLT S.A. together with a group of independent investors, and Bayer SA, signed a deed, by means of which, the purchasers acquired from Bayer a real estate, with everything built in it, located in the Belgrano

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 41. Investment property (continued)

### 1- Investment properties for long-term capital appreciation: (continued)

neighborhood of the Autonomous City of Buenos Aires, totaling an area of 10,163 square meters, for a value of US \$ 12,626,261. The proportion by which TGLT participates in this operation and for which it has acquired the Property is 31,66% of the total.

Finally, purchasers may assign all of their rights and obligations to: (i) a trading company in which they are directly entitled to 100% of the share capital of said company; Or (ii) an administration trust. In such cases, the deed transferring ownership and delivery of the possession will be made in favor of the eventual corporation or trustee of the administration trust, as applicable in each case.

On November 25, 2016, the Company subscribed the sale of 11,66% of the ownership interest in the property to Marcelo Gomez Prieto, for a total value of US \$ 3,381,400.

Additionally, on December 20, 2016, the sale of the balance of the acquired interest was agreed in the following proportion: Marcelo Gomez Prieto by 7%, INVEMA S.A. By 6,5% and Claudio León by 6,5%, thus totaling 20% of the stake that still belonged to TGLT S.A., for a total value of US\$ 5,800,000.

Of the total sale price, 29,84% was conditional on obtaining the final disposition of the Buenos Aires City Urban Interpretation Regulator, which was issued by the competent body on March 1, 2017, therefore TGLT SA recognized during the quarter an income from the sale of investment properties in the amount of \$ 43,627,000. Finally, 10,13% of the total sale price is subject to the Registration of Work Plans for the project planned for said property.

Therefore, as of March 31, 2017, the Company has a receivable of \$ 7,831,321, which is disclosed under "other receivables" in the non-current assets line, which does not include the conditional amounts of the transaction.

### 2- Properties under construction

Management of the Company defined the area for the construction of offices for rent which is part of the Proa project in Rosario. Therefore the transfer from inventories was made for the costs destined to the saleable surface of such offices, This investment property is recognized at cost in the face of the impossibility of reliably valuing the same at fair value.

### 3- Rental Properties

The properties correspond to the portion of the land acquired for the development of the Astor San Telmo project, where the right to collect was acquired, by assignment of the existing leases through a lease contract that extends until April 30, 2018. Therefore, until its return, the property is classified as an investment property.

Investment properties for rent are measured at fair value.

## Note 42. Determination of fair value

### A - Financial Instruments per category

The following are financial assets and liabilities per financial instrument category and a reconciliation with the corresponding line shown in the consolidated financial statements.

The financial assets and liabilities as of March 31, 2017 and December 31, 2016 were as follows:

Concept	Financial Assets at their fair value with changes through profit or loss	Depreciated Cost	Investments held to maturity	Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	50,278,923	34,262,255	3,079,641	87,620,819
Other assets	25,343,162	-	-	25,343,162
Accounts receivables	-	28,384,887	-	28,384,887
Other credits	-	365,068,390	-	365,068,390
Receivables from related parties	-	6,551,046	-	6,551,046
<b>Total Assets as of March 31, 2017</b>	<b>75,622,085</b>	<b>434,439,124</b>	<b>3,079,641</b>	<b>513,140,850</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 42. Determination of fair value (continued)

### A - Financial Instruments per category (continued)

Concept	Financial Liabilities at their fair value with changes through profit or loss	Financial Liabilities valued at their depreciation cost	Total
<b>FINANCIAL LIABILITIES</b>			
Accounts payable	-	509,976,055	509,976,055
Financial debt (excluding financial leases Note 43)	-	759,537,423	759,537,423
Other accounts payable	-	96,230,511	96,230,511
<b>Total liabilities as of March 31, 2017</b>	-	<b>1,365,743,989</b>	<b>1,365,743,989</b>

Concept	Financial Assets at their fair value with changes through profit or loss	Depreciated Cost	Investments held to maturity	Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	59,521,372	21,577,048	3,179,694	84,278,114
Accounts receivables	-	21,390,833	-	21,390,833
Other credits	-	328,031,094	-	328,031,094
Receivables from related parties	-	6,398,297	-	6,398,297
<b>Total Assets as of Dec 31, 2016</b>	<b>59,521,372</b>	<b>377,397,272</b>	<b>3,179,694</b>	<b>440,098,338</b>

Concept	Financial Liabilities at their fair value with changes through profit or loss	Financial Liabilities valued at their depreciation cost	Total
<b>FINANCIAL LIABILITIES</b>			
Accounts payable	-	527,542,117	527,542,117
Financial debt	3,802	718,132,622	718,136,424
Other accounts payable	-	91,487,210	91,487,210
<b>Total liabilities as of Dec 31, 2016</b>	<b>3,802</b>	<b>1,337,161,949</b>	<b>1,337,165,751</b>

In the case of sales receivables, other receivable and receivables from related parties, book value is considered to be near the fair value as such credits are substantially short-term.

In the case of accounts payable, financial debt, other accounts payable and intercompany balances, their book value is considered to be near their market value.

#### A. Determination of fair value

The Company has classified assets and liabilities measured at their fair value after their initial recognition in three levels of reasonable values, based on the relevance of the information used to determine them:

Level 1: measurement of reasonable values is derived from quotation prices (not adjusted) in active markets for identical assets or liabilities.

Level 2: the information used to determine the fair values includes: market price of similar instruments in active markets, market price of similar or identical instruments in inactive markets, or models of value determination which use information derived from market information or may be observed with market information.

Level 3: the information used to determine fair values cannot be observed and is significant to determine such values, Such information requires the significant judgment and estimates of Company management.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 42. Determination of fair value (continued)

### B. Determination of fair value (continued)

Assets and liabilities measured at their fair value as of March 31, 2017 and December 31, 2016 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	50,278,923	-	-	50,278,923
Financial instruments	25,343,162	-	-	25,343,162
<b>Totals as of March 31, 2017</b>	<b>75,622,085</b>	-	-	<b>75,622,085</b>
<b>Liabilities</b>				
Other financial liabilities	-	-	-	-
<b>Totals as of March 31, 2017</b>	-	-	-	-
<b>Assets</b>				
Cash and cash equivalents	59,521,372	-	-	59,521,372
<b>Totals as of December 31, 2015</b>	<b>59,521,372</b>	-	-	<b>59,521,372</b>
<b>Liabilities</b>				
Other financial liabilities	3,802	-	-	3,802
<b>Totals as of December 31, 2015</b>	<b>3,802</b>	-	-	<b>3,802</b>

## Note 43. Repetition of credit on minimum presumed income tax

On November 4, 2011, the Federal Public Revenue Administration ("AFIP"), admit the repeating action filed on July 23, 2014 by the Company, confirming the repayment of the credits held for the payment of the Tax on Minimum Presumed Income corresponding to the 2011, 2012 and 2013 periods, for a total amount of \$ 14,749,908, plus interest settlement from the date of commencement of the repayment process until its effective payment.

As of March 31, 2017 and December 31, 2016, the Company has a credit of \$ 17,116,073 and \$ 16,896,855, respectively, which is shown under "Other receivables" under current assets.

During 2016, the proceedings for repeating action were initiated for the taxes paid in the 2014 and 2015 periods.

Since the Income Tax provision and the 2016 fiscal year accounting records of TGLT S.A. reflect the existence of a tax loss carryforward and an accounting loss, the doctrine of the Court is applicable to the inadmissibility of the payment of such tax, according to the recent Judgment "" Diario Perfil S.A. C / AFIP DGI s / Directorate-General for Taxation "(11/02/2014, CSJN).

Therefore, in the financial statements as of March 31, 2017 and December 31, 2016, the corresponding liabilities have not been exposed since the Company will file its annual tax return without showing a payable balance to the tax authorities and will also formally notify the authorities formally of this position.

## Note 44. Irrevocable capital contribution with specific allocation

On September 27, 2016, the shareholder Federico Weil and the Company entered into a proposed letter of commitment of irrevocable capital contribution, with the purpose to subscribe for shares, which was approved by the Board on September 30, 2016.

On September 30, 2016, Federico Weil transferred to the Company the sum of US\$ 490,000. The purpose of the contribution, subject to the approval of the pertinent General Shareholders' Meeting of the Company that resolves the corresponding capital increase, is the future conversion into shares and such funds will be used by the Company specifically and exclusively for the repurchase and/or redemption of existing Brazilian Depositary Receipts ("BDRs") representing common shares of the Company and the subsequent cancellation of the Tier II Sponsored BDRs program, and the balance for working capital.



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 44. Irrevocable capital contribution with specific allocation (continued)

For the purposes of its capitalization, the contribution was converted into pesos at the purchase exchange rate corresponding to the closing of the operations of the Banco de la Nación Argentina from the date of acceptance of the contribution by the Company pursuant to the provisions of the General Resolution of the National Securities Commission No. 622/2013.

At the General Shareholders' Meeting, held on April 20, 2017, such contribution was not accepted by the shareholders, and the Company must refund the contribution following compliance with the creditor opposition regime established by Articles No. 204 and No. 83, Paragraph 3, last paragraph, of the General Law of Corporations No. 19,550, within the term established by such legislation. Therefore, since the 180-day period ended March 31, 2017, the contribution was reclassified as a financial debt, and is shown under "sums owed to related parties", within current liabilities. The sums to be repaid to the acquirer shall accrue interest at a fixed nominal rate of 12% per annum from the date of the closing of the Shareholders' Meeting until the date of its effective repayment. The interest will be payable together with the refund of the contribution amount.

## Note 45. Recognition of leases accounting policy

The acquisition of the property of Astor San Telmo was carried out with the objective of developing a residential complex in most of the area, while a small part of it represents an investment property that generates rental income. The terms of the existing lease contract transferred to us is valued at fair value. This lease agreement is recognized in accordance with paragraph 50 of IAS 17, in a straight-line manner over the term of the contract that will expire in April 2018. The Company has recorded this rental income under "other income and expenses, net", considering that such lease is not a recurring income in the ordinary course of business of the Company as a developer of residential real estate.

## Note 46. Shareholders' Meetings Provisions

At the Extraordinary Shareholders' Meeting held on April 14, 2016, the shareholders approved a capital increase by issuing new shares of the Company to be placed by public subscription to be offered in the Argentine Republic and / or in the External, considering the current context of the Company and the capital markets. The approved increase was up to the sum of \$ 345,000,000 nominal value, that is, from the sum of \$ 70,349,485 to the amount of up to \$ 415,349,485, through the issuance of up to 345,000,000 ordinary shares of \$1 nominal value each and one vote per share, entitled to dividends on equal terms than the rest of the shares outstanding at the time of issuance and with an premium of issuance that will be between a minimum of \$ 13 and a maximum of \$ 24 per share, which will be offered in public subscription in the country and/or abroad. Therefore, the subscription price of the new shares, that is, the nominal value of each share plus its corresponding premium of issuance, will be determined by the Board of Directors or by an officer of the Company in which the Board will delegate that power within the premium of issuance range indicated above. As a result of this capital increase, the shareholders approved the reduction of the term for the exercise of the pre-emptive subscription right and increase for the subscription of the new shares to ten consecutive days, in accordance with the provisions of article 194 of the General Corporation Law for those companies that make public offering of shares.

Also, it was approved in the Shareholders' Meeting a modification of Articles Four (Object), Fifth (Capital), Seventh (Administration and Representation), Ninth (Faculties of the Board of Directors), Tenth (Inspection), Eleventh (Assemblies), Twelfth (Audit Committee), Thirteenth (fiscal year end close) and Fourteenth (Dissolution and Liquidation) of the Bylaws, with the main purpose of adapting it to face a new plan for the development and growth of the Company.

These amendments are registered on August 9, 2016 before the IGI.

On April 20, 2017, the Ordinary and Extraordinary Shareholders' Meeting of the Company approved, among other matters: (i) the capital increase detailed in the first paragraph; (ii) to extend the term of the Global Program of issuance of corporate bonds for a maximum outstanding amount of up to US \$ 50,000,000 (or its equivalent in other currencies) for a period of 5 years; (iii) issue convertible bonds convertible into ordinary shares, with a nominal value of Peso one (\$ 1) each and one vote per share and entitled to dividends under the same conditions as the ordinary shares currently outstanding as of fiscal year in which the right of conversion is exercised, for up to a total amount of US \$ 150,000,000 (US Dollars one hundred and fifty million) or its equivalent in other currencies, in one or more series; (iv) reduce the term for the exercise of the pre-emptive subscription right and increase the subscription of the Convertible Obligations to ten (10) calendar days, in accordance with the provisions of article 194 of Law No. 19,550; and (v) modification and approval of the parameters within which the Board will set the premium of issuance between a minimum of \$ 13 and a maximum of \$ 35 per share.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

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## Note 47. Cancellation of the BDR Program II (Brazilian Depositary Receipts or Custody Certificates)

On July 17, 2016, the Company filed an application for the cancellation of its Brazilian Depositary Receipts (BDR) program and its registration of a foreign issuer of negotiable securities category "A" registered in The Securities Commission of the Federative Republic of Brazil (in Portuguese, Comissão de Valores Mobiliários or "CVM"), and the cancellation of the negotiation of the BDRs in the general panel of BM & FBOVESPA SA - "Securities, Commodities and Futures Exchange" ("BM & FBOVESPA").

On November 17, 2016, TGLT presented the procedure for canceling the program, describing the alternatives approved by the CVM to withdraw the outstanding BDRs of the BM & FBOVESPA, as follows: (a) exchange of BDRs for shares issued by the Company in shares of the Company tradable on the Buenos Aires Stock Exchange (the "BCBA"); Or (b) repurchase up to 2,000 BDRs from the Company with a price per BDR of R \$ 20,00 (twenty reais) for cancellation. In the hypothesis that there was no adhesion of the Holders of the BDRs of the Company in any of the Options mentioned above, a redemption would be made through the Central Depositary of BM & FBOVESPA.

During December 2016, it opted for option (b), therefore, as of March 31, 2017 and December 31, 2016, the Company holds in its portfolio 10,000 treasury shares of Nominal Value \$ 1, The total value paid for these shares was \$ 214,985.

Having completed the repurchase process on January 26, 2017, BM & FBOVESPA issued a statement confirming that there are no more circulating BDRs issued by TGLT S.A. Finally, on February 2, 2017, TGLT was informed of the cancellation of its registration of a foreign issuer of negotiable securities category "A" by CVM.

On April 20, 2017, the Ordinary and Extraordinary Stockholders' Meeting of the Company approved the sale of the 10,000 shares held in the Company's portfolio without making the preferred offer to shareholders, in accordance with Article 67 Of the Capital Markets Law No, 26,831 and in the terms established in article 221 of Law No, 19,550, considering that said number of shares represents 0,014% of the Company's share capital.

## Note 48. General Resolution No, 622 of the CNV

In accordance with the provisions of article 1 of Title IV, Chapter III of General Resolution No, 622 of the CNV, the following are the Notes to the Consolidated Financial Statements that present the information requested by the Resolution in Annex format.

Annex A – Fixed assets	Note 9
Appendix B – Intangible assets	Note 10
Appendix C – Investment in shares	Not applicable
Annex D – Other investments	Not applicable
Annex E – Provisions	Note 19 and 33
Annex F – Cost of goods sold	Note 24
Annex G – Assets and Liabilities in foreign currency	Note 40
Annex H – Ordinary marketing, administrative, and financing expenses	Note 25, 26, and 27

## Note 49. Stock options

At the shareholders' meetings held on October 30, 2009, December 20, 2011, April 30, 2014 and April 16, 2016, a plan to establish options to purchase stock was approved as compensation for certain of our current and future officers and senior employees. As approved by the shareholders, such options carry the right to subscribe for up to a pre-determined number of shares equal to 7% of our current capital stock (i.e., 70,349,485 shares) including the shares issued under these options, subject to any adjustments and to the terms and conditions determined by the board of directors.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2017 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 49. Stock options (continued)

On November 10, 2011 and December 11, 2012 the board of directors approved an incentive plan based on stock options for the benefit of our executives and employees in accordance with the resolutions adopted by the shareholders. The main features and conditions of this plan are, among others:

- i. Purpose: attract and retain the services of exceptionally competent executives and employees, and provide them with an incentive to boost their efforts on our behalf;
- ii. Plan Management: the plan will be managed by the compensation committee, with ample powers to establish the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder;
- iii. Beneficiaries: senior employees;
- iv. Shares subject to the plan: shares subject to the plan may not exceed in the aggregate 7% of our common shares after giving effect to the issuance of shares subject to the plan (on a post-dilution basis);
- v. Vesting and collection of benefits: every option may be exercised on the date to be determined by the compensation committee, as stated in the respective stock option agreement, and in any case, not later than ten years after the date granted. Unless otherwise expressly stated, an option will vest and may be exercised in respect of shares subject to the option at a rate of one fourth per year until the fourth anniversary of the date when granted;
- vi. Form of payment of the price: the price of the shares shall be paid in cash, in Pesos. Issuance of shares subject to the plan will be conditional upon payment to us of the full price of the option by the beneficiary under the plan; and
- vii. Lock-up: shares subscribed under the plan may not be sold, transferred or disposed of by the holders thereof until 180 days after the date of subscription.

The plan will be managed by the compensation committee, whose members are Federico Nicolás Weil, Darío Ezequiel Lizzano and Ralph Faden Reynolds. The compensation committee is responsible for establishing the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder.

As of the date of these financial statements, the compensation committee has not granted any stock options under this plan, as the proceedings to obtain the required CNV consent (File N° 2074/13) for such action have not been completed.

On April 14, 2016, our Shareholders' Meeting approved the issuance of stock options for up to 5% of the number of shares to be issued as a result of this offering, to be granted to officers and employees of our company. At such Shareholders' Meeting, the Shareholders delegated the determination of the terms and conditions for the issuance of such stock options to the Board of Directors.

## Note 50. Negative working capital

As of March 31, 2017, the Company has a negative working capital of \$ 396,326,792. The Shareholders have expressed to Management their intentions and plans to cover working capital needs. Management believes that the funds received and subsequently to be received, will be sufficient to cover the working capital needs and that the business plans together with the support of the shareholders will allow the situation to be reversed.

## Note 51. Information on participation in other companies

The companies in which there is non-controlling interest are:

Entity	Mar 31, 2017	Dec 31, 2016
Marina Río Luján S.A. (MRL)	49,99%	49,99%
Sitia S.A.(SITIA)	5,00%	5,00%

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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## Note 51. Information on participation in other companies (continued)

The summarized financial information of each of them on their assets, liabilities and income for the period/year is presented below.

	Mar 31, 2017	
	MRL	SITIA
Asset	1,277,437,596	3,370,231
<b>Non-controlling participation</b>	638,718,798	168,512
Liability	436,290,110	1,320,179
<b>Non-controlling participation</b>	202,428,689	66,009
Loss for the period	(9,761,064)	(212,044)
<b>Non-controlling participation</b>	(4,880,532)	(10,430)
	Dec 31, 2016	
	MRL	SITIA
Asset	1,236,629,840	3,654,659
<b>Non-controlling participation</b>	618,314,920	128,830
Liability	810,214,131	1,392,563
<b>Non-controlling participation</b>	405,107,066	69,628
Gain for the year	442,647,238	2,262,096
<b>Non-controlling participation</b>	221,323,619	108,104

## Note 52. Approval of the financial statements

These consolidated financial statements as of March 31, 2017 have been approved by the Company's Board of Directors on May 11, 2017.

## Note 53. Subsequent events after March 31, 2017

On April 20, 2017, the Ordinary General Shareholders' Meeting was held. Among other points mentioned in previous notes, the financial statements were approved as of December 31, 2016, and the following reserves were approved: (i) legal reserve in the amount of two hundred and thirty-eight thousand eight hundred and twenty-eight (\$ 238,828) and (ii) optional reserve in the amount of four million five hundred and thirty-seven thousand seven hundred thirty-nine (\$ 4,537,739).

There are no other events or transactions between the closing date of the period and the issuance of these consolidated condensed interim financial statements that may significantly alter the Company's equity and financial condition as of March 31, 2017, or the result of the period ended.

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## **REPORT OF INDEPENDENT AUDITORS ON THE LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Free translation from the original Report issued in Spanish for local purposes, submitted to local Regulator: Comisión Nacional de Valores – CNV. Original Report was tailored to address particular objective of financial statements of issuer)

To the President and Board of Directors of

### **TGLT S.A.**

CUIT N°: 30-70928253-7

Legal Address: Av. Scalabrini Ortiz 3333 - Piso 1°

Autonomous City of Buenos Aires

### **1. REPORT ON THE FINANCIAL STATEMENTS**

We have performed a limited review of the attached condensed interim consolidated financial statements of TGLT S.A. (forwardly mentioned indistinctly as “TGLT S.A.” or the “Entity”) which include (a) the condensed interim consolidated balance sheet as of March 31, 2017, (b) the corresponding condensed interim consolidated statement of operations and comprehensive loss for the three month period then ended, (c) the statement of changes in equity and cash flows for the three month period then ended and (d) the supplementary information included in notes 1 a 53.

The amounts and disclosures corresponding to the fiscal year ended December 31, 2016 and three month period ended March 31, 2016 are an integral part of the previously mentioned condensed interim consolidated financial statements and should only be considered in relation to the current financial statements.

### **2. MANAGEMENT’S RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”), adopted by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (“FACPCE”), as professional accounting standards and incorporated by the Comisión Nacional de Valores (CNV) to their standards, as approved by the International Accounting Standards Board (“IASB”), and thus management is responsible for the preparation and fair presentation of the condensed interim consolidated financial statements previously mentioned in accordance with International Accounting Standard 34 “Interim Financial Information” (NIC 34).

## REPORT OF INDEPENDENT AUDITORS ON THE LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – Continued

### 3. AUDITOR'S RESPONSIBILITY

Our responsibility is to issue a report on the limited review of the previously mentioned financial statements based on our review, which was limited to the application of procedures established in International Standard on Review Engagements ISRE 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, which was adopted as a review standard in Argentina by Technical Resolution N° 33 of FACPE as approved by the International Auditing and Assurance Standards Board (IAASB). This standard requires that the auditor comply with the ethical requirements relevant to an audit of the Entity’s annual financial statements. An interim financial statement review consists of inquiry of those responsible for the preparation of the financial information included in the condensed interim consolidated financial statements and the realization of analytical procedures as well as other review procedures.

In accordance with the International Auditing Standards, the scope of an interim review is substantially less than that of an audit and as a result, an interim review does not allow the assurance that we will have knowledge of all significant issues that could be identified by an audit. Consequently, we do not express an audit opinion on the condensed interim consolidated financial statements.

### 4. CONCLUSION

Based on our review, we have not identified any indications that the condensed interim consolidated financial statements of TGLT S.A. identified in Section 1 are not, in all material respects, prepared in accordance with International Accounting Standard 34.

### 5. EMPHASIS OF MATTERS DISCLOSED IN THE FINANCIAL STATEMENTS

Without modifying our opinion, we would like to emphasize the information included in the following notes to the condensed interim consolidated financial statements:

- i) Note 29: “Income tax and deferred tax expense” where it is reported that the use of tax credits will depend on the realization of business projections which permit its recoverability;
- ii) Note 32.9: “Restricted Assets” which management is currently renegotiating the contractual conditions for the sale of units
- iii) Note 41: “Investment property” where it is reported that management has reclassified certain plots of land as “Investment Property” during the prior year which have no planned development and are held as investments, recognizing a loss in this period, net of taxes, of \$19,851,000; and
- iv) Note 50: “Negative working capital” of \$396,326,792 as of period end, which as described in Note 46 “Shareholders’ meetings provisions”, the Entity is currently evaluating options to increase capital.

City of Buenos Aires, May 11, 2017.



**Adler, Hasenclever & Asociados S.R.L.**  
*Argentine member firm of Grant Thornton International*

TGLT S.A.

## CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos -\$)

	Notes	Dec 31, 2016	Dec 31, 2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	84,278,114	95,073,323
Account receivables	6	21,390,833	31,119,108
Other receivables	7	327,144,574	265,525,202
Receivables from related parties	30	6,398,297	7,952,268
Other assets	39	24,779,680	-
Inventory	8	3,466,637,999	3,105,485,926
<b>Total current assets</b>		<b>3,930,629,497</b>	<b>3,505,155,827</b>
<b>Non-current assets</b>			
Other receivables	7	886,520	829,405
Investment property	41	876,630,575	45,424,451
Property, plant and equipment	9	8,273,916	9,849,355
Intangible assets	10	967,785	1,245,509
Deferred tax assets	11	75,749,069	78,894,319
Goodwill	12	80,752,236	111,445,604
<b>Total non-current assets</b>		<b>1,043,260,101</b>	<b>247,688,643</b>
<b>Total assets</b>		<b>4,973,889,598</b>	<b>3,752,844,470</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	13	525,504,434	408,190,892
Short-term financial debt	14	594,576,664	392,037,742
Salaries and social security	15	15,026,370	19,789,322
Current tax liabilities	16	4,135,987	7,412,394
Other tax burden	17	74,919,680	38,980,268
Outstanding sums due to related parties	30	25,634,359	332,855,202
Advanced payments of clients	18	2,881,315,654	2,200,959,381
Provisions	19	7,628,507	-
Other accounts payables	20	43,718,889	12,428,160
<b>Total current liabilities</b>		<b>4,172,460,544</b>	<b>3,412,653,361</b>
<b>Non-current liabilities</b>			
Accounts payable	13	2,037,683	16,290,850
Long-term financial debt	14	123,559,760	58,717,680
Deferred tax liabilities	29	223,141,466	-
Other tax burden	17	3,481,221	3,120,044
Other accounts payable	20	47,768,321	46,944,000
<b>Total non-current liabilities</b>		<b>399,988,451</b>	<b>125,072,574</b>
<b>Total liabilities</b>		<b>4,572,448,995</b>	<b>3,537,725,935</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent		147,742,168	172,124,894
Equity allocated to the non-controlling interest		253,698,435	42,993,641
<b>Total equity</b>		<b>401,440,603</b>	<b>215,118,535</b>
<b>Total liabilities and equity</b>		<b>4,973,889,598</b>	<b>3,752,844,470</b>

Notes 1 to 54 are an integral part of these financial statements.

TGLT S.A.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

	Notes	Dec 31, 2016	Dec 31, 2015
Revenue from ordinary activities	23	720,324,073	829,008,092
Cost of ordinary activities	24	(660,010,520)	(655,230,877)
<b>Gross profit</b>		<b>60,313,553</b>	<b>173,777,215</b>
Sales expenses	25	(114,191,197)	(75,730,914)
Administrative expenses	26	(112,010,788)	(84,119,234)
Other operative expenses	12	(30,693,369)	-
<b>Operating (loss) / profit</b>		<b>(196,581,801)</b>	<b>13,927,067</b>
Other expenses	10	(573,087)	(383,313)
Financial results			
Exchange difference	27	(5,166,955)	(34,281,821)
Financial income	27	11,028,950	45,117,460
Financial costs	27	(108,654,489)	(82,579,088)
Valuation results at fair value of investment properties	41	757,895,460	-
Other income and expenses, net	28	824,597	198,209
<b>Profit (loss) before tax</b>		<b>458,772,675</b>	<b>(58,001,486)</b>
Income tax (expense) / benefit	29	(232,470,830)	10,378,684
<b>Profit (loss) for the year</b>		<b>226,301,845</b>	<b>(47,622,802)</b>
<b>Other comprehensive income that will be reclassified as gain or loss</b>			
Difference for the conversion of a net investment abroad		(16,596,365)	(20,823,545)
<b>Total of other comprehensive loss</b>		<b>(16,596,365)</b>	<b>(20,823,545)</b>
<b>Total comprehensive profit (loss) for the year</b>		<b>209,705,480</b>	<b>(68,446,347)</b>
<b>Profit (loss) for the year attributable to:</b>			
Equity holders of the parent		4,776,567	(45,076,829)
Non-controlling interest		221,525,278	(2,545,973)
<b>Total profit (loss) for the year</b>		<b>226,301,845</b>	<b>(47,622,802)</b>
<b>Attributable to Equity holders of the parent</b>			
Basic	38	0,07	(0,64)
Diluted	38	0,07	(0,64)
<b>Total comprehensive loss for the year attributable to:</b>			
Equity holders of the parent		(11,819,798)	(65,900,374)
Non-controlling interest		221,525,278	(2,545,973)
<b>Total profit (loss) for the year</b>		<b>209,705,480</b>	<b>(68,446,347)</b>

Notes 1 to 54 are an integral part of these financial statements.



TGLT S.A.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

(figures expressed in Argentine pesos - \$)

Concept	Shareholders' contribution						Reserves			Results	Shareholders' equity allocated to:		
	Share capital	Treasury shares	Premiums of issuance	Irrevocable contribution	Capital Contribution	Total	Transactions between shareholders	Foreign currency translation reserve	Legal reserve	Retained earnings	Equity holders of the parent	Non-controlling interest	Total
Balances as to January 1, 2016	70,349,485	-	378,208,774	-	2,571,110	451,129,369	-	(21,574,400)	4,000	(257,434,075)	172,124,894	42,993,641	215,118,535
Absorption of retained earnings (1)	-	-	(254,858,965)	-	(2,571,110)	(257,430,075)	-	-	(4,000)	257,434,075	-	-	-
Irrevocable contribution (2)	-	-	-	7,452,900	-	7,452,900	-	-	-	-	7,452,900	-	7,452,900
Profit (Loss) for the year	-	-	-	-	-	-	-	-	-	4,776,567	4,776,567	221,525,278	226,301,845
Acquisition of non-controlling share (3)	-	-	-	-	-	-	(19,800,843)	-	-	-	(19,800,843)	(10,820,484)	(30,621,327)
Treasury shares (4)	(10,000)	10,000	-	(214,985)	-	(214,985)	-	-	-	-	(214,895)	-	(214,985)
Other comprehensive loss, net of tax	-	-	-	-	-	-	-	(16,596,365)	-	-	(16,596,365)	-	(16,596,365)
Total comprehensive Profit (loss) for the year	-	-	-	-	-	-	-	(16,596,365)	-	4,776,567	(11,819,798)	221,525,278	209,705,480
Balances as of December 31, 2016	<b>70,339,485</b>	<b>10,000</b>	<b>123,349,809</b>	<b>7,237,915</b>	-	<b>200,937,209</b>	<b>(19,800,843)</b>	<b>(38,170,765)</b>	-	<b>4,776,567</b>	<b>147,742,168</b>	<b>253,698,435</b>	<b>401,440,603</b>

(1) As per the General Ordinary Shareholders' Meeting on April 14, 2016.

(2) On September 30, 2016, the Board of Directors accepted an irrevocable contribution with a specific destination. See Note 45.

(3) Corresponds to the purchase of shares of Canfot S.A. See Note 34.2.

(4) Corresponds to the purchase of BDRs. See Note 48.

Notes 1 to 54 are an integral part of these financial statements.

TGLT S.A.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

(figures expressed in Argentine pesos - \$)

Concept	Shareholders' contribution				Reserves			Results	Shareholders' equity allocated to:		Total
	Share capital	Premiums of issuance	Capital Contribution	Total	Transactions between shareholders	Foreign currency translation reserve	Legal reserve	Retained earnings	Equity holders of the parent	Non-controlling interest	
Balances as to January 1, 2015	70,349,485	378,208,774	8,057,333	456,615,592	(5,486,223)	(750,855)	4,000	(212,357,246)	238,025,268	45,534,614	283,559,882
Application of reserves (1)	-	-	(5,486,223)	(5,486,223)	5,486,223	-	-	-	-	-	-
Sale of non-controlling share (2)	-	-	-	-	-	-	-	-	-	5,000	5,000
Loss for the year	-	-	-	-	-	-	-	(45,076,829)	(45,076,829)	(2,545,973)	(47,622,802)
Other comprehensive loss, net of tax	-	-	-	-	-	(20,823,545)	-	-	(20,823,545)	-	(20,823,545)
Total comprehensive loss for the year	-	-	-	-	-	(20,823,545)	-	(45,076,829)	(65,900,374)	(2,545,973)	(68,446,347)
<b>Balances as of December 31, 2015</b>	<b>70,349,485</b>	<b>378,208,774</b>	<b>2,571,110</b>	<b>451,129,369</b>	-	<b>(21,574,400)</b>	<b>4,000</b>	<b>(257,434,075)</b>	<b>172,124,894</b>	<b>42,993,641</b>	<b>215,118,535</b>

(1) As per the General Ordinary Shareholders' Meeting on April 30, 2015.

(2) For the sale of shares of Sitia S.A.

Notes 1 to 54 enclosed hereto are part of these financial statements.

TGLT S.A.

## CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

	Dec 31, 2016	Dec 31, 2015
<b>Operating activities</b>		
Profit (Loss) for the year	226,301,845	(47,622,802)
<b>Adjustments to obtain the cash flow provided by operating activities</b>		
Deferred income tax expense (benefit)	232,470,830	(10,378,684)
Depreciation of Property, plant and equipment	2,703,347	2,895,640
Impairment of Goodwill	30,693,369	-
Amortization of Intangible assets	573,087	383,313
Income from sales of property, plant and equipment	(3,740,441)	-
Valuation results at fair value investment properties	(757,895,460)	-
Effect of financial statements conversion	(16,596,365)	(20,823,545)
Effect of cash flow conversion	(329,608)	(687,775)
<b>Changes in operating assets and liabilities</b>		
Accounts receivables	9,728,275	(13,098,091)
Other receivables	(30,295,490)	(58,986,323)
Receivables from related parties	1,553,971	2,683,654
Other financial assets	(24,779,680)	-
Inventory	(468,146,824)	(740,284,260)
Tax assets and deferred tax liabilities	(1,963,577)	(17,928,920)
Accounts payable	103,060,375	169,620,787
Accrued salaries and social security	(4,762,952)	8,400,098
Other tax burdens	36,300,589	42,264,702
Outstanding sums with related parties	(307,220,843)	48,942,727
Advanced payments of clients	628,963,268	607,201,709
Provisions	7,628,507	-
Other payable	32,115,050	16,123,136
Tax on Minimum Presumed Income	(7,496,945)	(10,681,076)
<b>Net cash flows used in operating activities</b>	<b>(311,135,672)</b>	<b>(21,975,710)</b>
<b>Investment activities</b>		
Investments not considered as cash	(595,311)	(921,873)
Payments for the purchase of investment property	(2,354,915)	(344,205)
Income from sales of property for investment	56,051,010	-
Payments for the purchase of property, plant and equipment	(3,558,090)	(2,708,824)
Income from sales of property, plant and equipment	6,442,126	-
Payments for the purchase of intangible assets	(237,258)	(592,289)
<b>Net cash flows provided by (used in) investing activities</b>	<b>55,747,562</b>	<b>(4,567,191)</b>
<b>Financing activities</b>		
Proceed for financial debt	267,381,002	66,458,630
Financial instruments	-	(2,138,747)
Sale of non-controlling interest	-	5,000
Transactions between shareholders	(19,800,843)	-
Reduction Non-controlling interest	(10,820,484)	-
Irrevocable contribution	7,452,900	-
Treasury shares purchases	(214,985)	-
<b>Net cash flows provided by financing activities</b>	<b>243,997,590</b>	<b>64,324,883</b>
Net (decrease) increase in cash and cash equivalents	(11,390,520)	37,781,982
Cash and cash equivalents at the beginning of the year	92,488,940	54,706,958
<b>Cash and cash equivalents, at year end (See Note 5)</b>	<b>81,098,420</b>	<b>92,488,940</b>

Notes 1 to 54 are an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 1. Information about the Company

### 1.1. Introduction

TGLT S.A. (hereinafter “the Company”, “TGLT” or “the Corporation”) is a corporation incorporated in Argentina, dedicated to the development of residential real estate. TGLT operates in the main urban centers of Argentina and Uruguay. TGLT was founded in 2005 by Federico Weil, and in 2007 entered into a strategic alliance with PDG Realty S.A. Empreendimentos e Participações (hereinafter “PDG”), one of the main real estate developers in Latin America. In April 2015, PDG sold its shares of TGLT to Bienville Argentina Opportunities Master Fund and PointArgentum Master Fund LP. TGLT initially focused on projects for high income segments of society, and is now gradually extending its offering of products to medium income segments and commercial offices.

TGLT is a developer in the Argentine residential market with a presence in Uruguay. It is currently developing ten projects in high in-demand urban areas in Argentina and Uruguay, each of which are in different phases of the development process, from product design and permissioning to pre-construction, construction and delivery.

In November 2010, the Company conducted an Initial Public Offering (“IPO”) of its shares in Argentina and abroad. Currently, the shares of the Company are listed on the Buenos Aires Stock Exchange. The American Depositary Receipts (ADRs) Level I program, which represents the shares of the Company, are traded on the Over the Counter market in the United States. The Company’s ordinary shares can be converted into or ADRs at a ratio 5:1.

### 1.2. Business Model

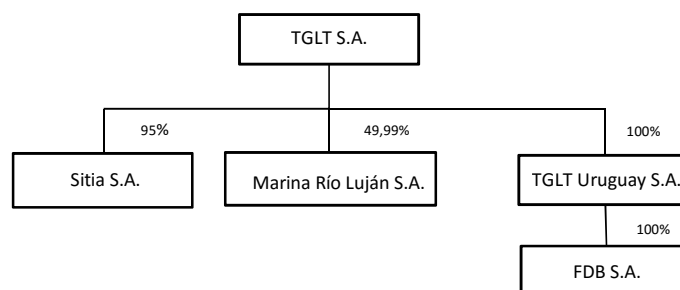
TGLT is focused on the development of residential real estate in Argentina and Uruguay. TGLT’s business model is based on its ability to identify the best plots of land and to build high-quality residential projects. With the support of a team of professionals, the standardization of processes, and the support of management, TGLT believes it has the tools that allow it to continuously launch new projects and to operate a large number of projects simultaneously.

TGLT participates exclusively or substantially in each of the projects it develops, and it is committed to each project aligning with the interests of its shareholders.

The TGLT management team controls and is part of every function performed in connection with real estate development, from the search and acquisition of land, product design, marketing, sales, construction management, purchase of supplies, post-sale services and financial planning, with the counsel of businesses specialized in each development stage. Although the control of these functions and related decisions are made by TGLT, the performance of some tasks, such as architecture and construction, are delegated to specialized companies, which are supervised by TGLT. This business model allows the company to ensure production excellence for each location and segment, ensuring efficient working capital management at all times and allowing the best partner to be chosen for each aspect of development, while maintaining an organizational size that is adaptable to changes in the volume of business.

### 1.3. Company structure

The structure of TGLT and its subsidiaries (hereinafter “the Group”) is shown in the following chart:



The Group carries out the development of its real estate projects by TGLT S.A. or its subsidiaries. TGLT Uruguay S.A. is an investment company in Uruguay, which is a holding company for our projects in Uruguay. FDB S.A. is a company domiciled in Montevideo, Uruguay.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 2. Statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## Note 3. Criteria for Presenting the Consolidated Financial Statements

### 3.1. Criteria for the presentation

The Consolidated Balance Sheets and related Consolidated Statements of Operations and Other Comprehensive Income, Changes in Equity, and Cash Flow as of and for the years ended December 31, 2016 and 2015 have been presented pursuant to the provisions of IFRS as issued by the IASB.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and in accordance with Technical Resolution (RT) 26 of the Argentine Federation of Professional Accounting Councils (FACPCE), as adopted by the City of Buenos Aires Accounting Council (CPCECABA), and as required by the CNV in Argentina for most of public companies. Also, a few additional items required by the General Law of Corporations and /or regulations of the CNV were included. Such information is included in the Notes to these consolidated financial statements only for the purpose of complying with regulatory requirements.

These consolidated financial statements correspond to the twelve month period that began on January 1, 2016 and ended on December 31, 2016. According to IFRS and as required by the U.S. Securities and Exchange Commission for an Emerging Growth Company, the Company presents consolidated accounting information, the Consolidated Statement of Income and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement in comparison with the fiscal year ended December 31, 2015.

The amounts and other information corresponding to the fiscal years ended December 31, 2015 are an integral part of the financial statements mentioned above and are intended to be read only in relation to these financial statements.

The International Accounting Standard 29 (IAS 29) "Financial reporting in hyperinflationary economies", requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy, regardless of whether they are based on the historical cost method or the current cost method, are expressed in terms of the unit of measurement current to date at the end of the reporting period.

Controlling bodies have not been issued on this issue, as of the date of issuance of these financial statements. However, in the reading and analysis of these financial statements, the existence of fluctuations in relevant variables of the economy that occurred in recent years should be considered.

### 3.2. Newly Issued Standards and Interpretations - Issued Standards and Interpretations not yet adopted as to this date

The following is a list of IFRS standards issued, but not yet enforced, as of the issuance date of these financial statements. The list includes only those issued standards which the Company deems applicable in the future.

#### IFRS 9 Financial Instruments (applicable to fiscal years beginning on or after January 1, 2018)

IFRS 9 Financial Instruments was issued in November 2009 and modified in October 2010 and introduces new requirements for the classification and measurement of financial assets and liabilities and for their write-off. IFRS 9 sets forth that all financial assets within IFRS 39 Financial Instruments (recognition and measurement) be measured subsequently at depreciated cost or fair value. Specifically, debt investments kept within the business model whose aim is to collect contractual cash flows, and with contractual cash flows, which are only payments of principal or interest over the current principal, are usually measured at amortized cost at each subsequent period end. All the remaining debt investments or equity are measured at the fair value at the end of subsequent fiscal years.

The most significant effect of IFRS 9 in relation to the classification and measurement of financial liabilities relates to accounting for the changes in the fair value of financial liabilities (marked as financial liabilities at fair value with changes in results) attributable to changes in credit risk of such liabilities.

Specifically, as per IFRS 9, for financial liabilities marked as financial liabilities at fair value with changes in results, the amount of the change in the fair value of that financial liability attributable to the changes in the credit risk of such debt is recognized through other comprehensive results, unless the recognition of the changes in the credit risk of that debt in other comprehensive results gives rise to an accounting unbalance. The changes in the fair value attributable to credit risk of a financial liability are not subsequently re classified as results.

Before IFRS 9, as per IAS 39, the total amount of the change in the fair value of the financial liability measured at fair value with changes in results were recognized in losses and profits.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 3. Criteria for Presenting the Consolidated Financial Statements (continued)

### 3.2. Newly Issued Standards and Interpretations - Issued Standards and Interpretations not yet adopted as to this date (continued)

#### IFRS 9 Financial Instruments (applicable to fiscal years beginning on or after January 1, 2018) (continued)

In November 2013, IASB issued an amendment to IFRS 9 as part of a stage of coverage accounting within the project for financial instruments accounting. The modifications include the withdrawal of the date of enforceability (beginning on January 1, 2015), to provide time to the IASB to finish other aspects of the project. On July 24, 2014, the IASB published the final version of IFRS 9 which includes the classification and measurement, depreciation and coverage accounting of IASB project to replace IAS 39. This version adds a new model of impairment of the expected loss and limited modifications to the classification and measurement of financial assets. The regulation replaces all previous versions of IFRS 9 and is effective for fiscal years beginning on or after January 1, 2018.

Management has stated that said modifications shall be adopted in the Company's financial statements for the fiscal year beginning on January 1, 2018. As of this date, Management has not determined the effect of this modification on the Company's financial statements.

#### IFRS 15 Revenue from contracts with customers (applicable to fiscal years beginning on or after January 1, 2018)

IFRS 15 Revenue per agreements with clients was issued in May 2014 and is applicable to fiscal years beginning on or after January 1, 2018. The regulation specifies how and when revenue should be recognized, as well as the additional information the Company must provide in its financial statements. It also provides a unique five-step model to be applied to agreements with clients.

Management stated that said modifications shall be adopted in the Company's financial statements for the fiscal year beginning on or after January 1, 2018. Management has not determined the potential effects of this modification on the Company's financial statements.

#### IFRS 16 Leases (applicable to fiscal years beginning on or after January 1, 2019).

IFRS 16 Leases was issued in January 2016 and is applicable to fiscal years beginning on or after January 1, 2019. IFRS 16 removes the dual accounting model for leases which makes a distinction between financial lease agreements registered within the income statement, and operating leases for which the recognition of future lease installments is not due. Instead, it adopts a unique model, within the balance sheet, similar to the present financial lease.

## Note 4. Summary of the Main Accounting Policies Applied

### 4.1. Applicable accounting standards

These consolidated financial statements have been prepared using specific measurements required by IFRS for each type of asset, liability, revenue, and expense. The consolidated information attached are presented in pesos (\$), the legal tender of Argentina, prepared on the basis of TGLT S.A.'s accounting entries and its controlled subsidiaries. Preparation of this financial information, for which the Company's Board of Directors is responsible, requires the Board to perform certain accounting estimates and use its judgement when applying certain accounting standards.

### 4.2. Consolidation Criteria

TGLT's consolidated financial statements include financial information from the Company and its controlled subsidiaries.

The financial statements of the controlled subsidiaries (except TGLT Uruguay S.A.) used to prepare the consolidated financial statements were prepared according to other accounting standards. Based on the foregoing paragraph, and for the purposes of applying accounting regulations standardized with TGLT S.A., the standards used by the exclusive or joint controlled subsidiaries and those resulting from the application of Technical Resolution No. 26 (application of the IFRS) were reconciled for the following items: a) total shareholder's equity and b) net Profit / (Loss) for the year (according to the standard applied) and net Profit / (Loss) for the year (according to IFRS), and that amount to the total comprehensive Profit / (Loss) for the year.

The Board of Directors that approved the referred financial statements of the controlled companies were subject to the application of monitoring and confirmation mechanisms at managerial level, which include all significant items with different treatment between the standards used and IFRS, according to the established by the General Resolution No. 611 of the CNV. Therefore, the amounts reported in the individual financial statements of the subsidiaries have been adjusted where a consistent measurement with the accounting policies adopted by TGLT was required.

In the case of TGLT Uruguay S.A. and its subsidiary FDB S.A., the assets and liabilities were converted to Argentine pesos at the exchange rates in effect as of the date of those financial statements. The profit and loss accounts were converted to Argentine pesos at the exchange rates in effect as of the date of those transactions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.2. Consolidation Criteria (continued)

In all cases, the credit and debt and transactions among entities of the consolidated group were eliminated during consolidation. The income resulting from transactions among members of the consolidated group that were not distributed to third parties and included in the final asset balances were eliminated completely. The controlled companies whose financial statements have been included in these consolidated financial statements are the following:

Company	Type of Control	12/31/2016	12/31/2015
Canfot S.A. (1)	Unique	-	91.67%
Marina Río Luján S.A.	Unique	49.99%	49.99%
TGLT Uruguay S.A.	Unique	100.00%	100.00%
SITIA S.A.	Unique	95.00%	95.00%
(1) See Note 34.2.			

Non-controlling interest, presented as part of the shareholder's equity, represent the part of profits or losses and net assets of a subsidiary, which are not owned by TGLT. Management ascribes total other comprehensive income or loss of the subsidiaries to the owners of the controlling company and the non-controlling interest based on their respective shares.

### 4.3. Functional Currency

For the purposes of these consolidated financial statements, the income and balances of each entity are expressed in pesos (legal tender of the Argentine Republic), which is the functional currency (currency of the main economic environment in which a company operates) for all companies with a legal domicile in the Argentine Republic, being the currency in which consolidated financial statements are presented. The functional currency of TGLT S.A. Uruguay and its subsidiary FDB S.A., each located in Uruguay, is the American dollar.

Transactions in currencies other than the entity's functional currency (foreign currency) were recorded using the exchange rates on the dates when the transactions were performed. At the end of each fiscal year reported, the monetary items expressed in foreign currencies were converted using the exchange rates in effect on that date.

The non-monetary items entered at their fair value, expressed in foreign currencies, were reconverted using the exchange rates in effect on the date when the fair value was determined. Non-monetary items calculated in terms of historical costs in foreign currency were not reconverted. The results recorded in other comprehensive income related to foreign exchange translation differences generated by investments in companies with functional currency other than the peso and by the conversion of the financial statements to the presentation currency (pesos), have no effect on the income tax nor in the deferred tax since at the time of their generation such transactions had no impact on the accounting or taxable profit.

### 4.4. Loan Costs

The financial costs incurred through financial debt obtained to directly finance real estate urban projects (undergoing development), are included as part of the cost of such assets, in accordance with the provisions set forth in IAS 23 "Loan Costs". Additionally, for generic financial debt (that is, those not assigned specifically to a particular real estate urban project) the assignment criterion provided for in paragraph 14 of IAS 23 was used. The amount of costs for financial debt capitalized during the fiscal years reported does not exceed the total loan costs incurred during that same fiscal year, respectively. The remaining loan costs are included as profits and losses when they are incurred.

### 4.5. Taxes

The Income Tax expense represents the total current Income Tax, generated by tax losses, and the Deferred Tax, that results from temporary differences between accounting and tax measurements.

### 4.6. Deferred tax assets

The Deferred Tax was recognized for the temporary differences between accounting criteria applied to the assets and liabilities included in the financial statements and their respective tax criteria.

The Deferred Tax Liabilities were generally recognized for all future temporary taxable differences. The deferred tax assets were recognized for all the temporary deductible differences to the extent that it was deemed likely that the entity would have future tax earnings from which to charge these temporary deductible differences. These assets and liabilities were not recognized when the temporary differences were the result of capital gain or of the initial recognition (different from the one generated in a business combinations) of other assets and liabilities in transactions that did not bear on tax earnings or accounting earnings.

Measurement of the Tax Assets and Deferred Tax Liabilities at the end of the each fiscal year being reported reflect the tax consequences of the way in which the entity intends to recover or liquidate the amount of its assets or liabilities in its books.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.6 Deferred tax assets (continued)

Deferred tax Assets were only offset with the Deferred Tax Liabilities when a) the right to compensate them was legally allowed by tax authorities, and b) the tax assets and liabilities result from the relevant Income Tax paid to the same tax authorities and TGLT S.A. had the intention of liquidating its assets and liabilities as net assets and liabilities. Deferred Tax charges were recorded as income or expenses and included in comprehensive income.

### 4.7. Tax on minimum presumed income

The tax on minimum presumed income is complementary to the income tax, since, while the latter taxes the taxable income of each year, the tax on minimum presumed income constitutes a minimum taxation that levies the potential income of certain productive assets year end, at the rate of 1%, in a manner that the tax liability of the Company will agree with the higher of both taxes. However, if the tax on minimum presumed income exceeds in a fiscal year the income tax, such excess may be computed as payment on account of any excess of the income tax on the tax on minimum presumed income that may occur in Any of the following ten years.

### 4.8. Personal Property Tax–Substitute Tax payer

Individuals and foreign entities, as well as undivided estates, whether domiciled or resident in Argentine or abroad are taxed on their personal property at a rate of 0.5% on the value of the shares issued by Argentine entities as of December 31 of each year. The tax is levied on the Argentine issuers of such shares, such as TGLT SA, who act as surrogate taxpayers for the corresponding shareholders, and is based on the value of shares (proportional owner's equity) or on the accounting value of shares derived from the most recent financial statements as of December 31 of each year. In accordance with the Personal Property Tax Law, the Company has the right to claim reimbursement for the tax paid to those shareholders to whom the tax was applied, by means of the reimbursement mechanism that the Company deems convenient (See Note 4.26 Dividend Distribution).

### 4.9. Investment property

Investment property consists of assets developed and maintained to derive rental income, capital appreciation or both and are measured at fair value, with exceptions that are measured at cost value since the fair value cannot be reliably measured, but it's expected that can be measured when the construction is completed.

### 4.10. Property, plant and equipment

Property, plant and equipment (P, P and E) are expressed at the net cost of the cumulative depreciation and the cumulative losses due to impairment, when applicable. This cost includes the cost of replacing part of the P, P and E as well as loan costs incurred due to long term construction projects, if the requirements for their recognition are met. Any other repair and maintenance costs are recognized in the statement of income as they are incurred.

Depreciation is calculated using the straight-line method, applying rates that are sufficient to extinguish their values at the end of the estimated useful life. These useful lives are based on criteria and standards that are reasonable according to the experience of management. For more information regarding the useful lives assigned, please refer to Note 4.23.

Property, plant and equipment components or any significant parts of the same initially recognized are written off when they are sold or when no future financial benefits from its use or sale are expected. Any earnings or losses at the time an asset is written off (calculated as the difference between the net incomes obtained from the sale of the asset and its book value) are included in the Consolidated Statement of Income and Other Comprehensive Income.

The net carrying values, useful lives, and depreciation methods and rates of the assets are checked and adjusted prospectively to the closing date of each fiscal year when necessary. The evolution of P, P and E is presented in Note 9.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.11. Intangible assets

#### 4.11.1 Trademarks and Software

This includes expenses incurred in software acquisition and brand registry. The intangible assets acquired are initially measured at their cost value. Following the initial recognition, they are measured at their cost minus any cumulative amortization and any cumulative loss due to impairment.

Amortization is calculated using the straight-line method, the rate of which is determined based on the useful life assigned to the assets as from the month they are incorporated inclusive. The evolution of intangible assets is included in Note 10.

The amortization period and method for intangible assets with a defined useful life are checked at least at the close of each period reported. The changes in useful life expected or pattern for consumption of the asset expected are recognized upon changing periods or amortization methods, as the case may be, and they are treated as changes in accounting estimates. The amortization expense in intangible assets with defined useful lives is included in the statement of income under the expense category that is consistent with the purpose of the intangible asset in question.

Any gain or loss that results from writing off an intangible asset is calculated as the difference between the net income obtained from the sale and the asset book value, included in the statements of income when the asset is written off.

#### 4.11.2 Software Development

Software development expenses incurred in a specific project are listed as intangible assets when the Company can prove the following:

- The technical feasibility of completing the intangible asset so that it is available for its expected use or sale;
- Its intention of completing the asset and its capacity to use or sell it;
- How the asset will generate future financial benefits;
- The availability of resources for completing the asset; and
- The capacity to perform reliable measurements of disbursements during their development.

After development is initially recognized as an asset, the cost model is applied, which requires that the asset be measured at its cost value minus the cumulative amortization and cumulative losses due to impairment. Amortization of assets begins when development has been completed and the asset is available for use. The asset is amortized throughout the period in which generation of future financial benefits is expected. During the development period, the asset is subject to yearly tests for determining whether there has been impairment. The Board of Directors has been able to verify that these assets meet all requirements of IAS 38 for their capitalization.

### 4.12. Impairment test of Goodwill, Intangible assets and Property, plant and equipment

As a general rule, IAS 36 establishes that at the closing of each year end, management must assess whether there is any indication of the impairment of a non-financial asset. If there is any such indication, or when yearly impairment tests for determining the impairment of assets are required, the recoverable value of such asset is estimated. The recoverable value of an asset is the fair value minus the sale cost, whether it is of an asset or of cash generating unit, and its value in use, whichever is greater, and it is determined for individual assets unless the asset does not generate cash flow substantially independent from other assets or asset groups. When the book value of an asset or of a cash generating unit is greater than its recoverable value, the asset is considered impaired, and its value is reduced to its recoverable value.

When evaluating the value in use, the estimated cash flow is calculated at present value using a "before tax discount rate" that reflects current market assessment of the time value of money and the asset specific risks. To determine the fair value minus the sales cost, recent market transactions, if any, are taken into account. If this type of transaction cannot be identified, the valuation model deemed most appropriate is used.

To determine the impairment in the goodwill resulting from business combinations, such goodwill was distributed among each of the Company's Cash-Generating Units (CGU) that have benefited from business combination synergies. This forces the Company to conduct impairment tests on the CGUs on each date of issuance of financial statements including such CGUs.

Due to the fact that the remaining assets that must undergo the impairment test set forth in IAS 36 are included in any of the CGUs to which goodwill was assigned, the Company must carry out the impairment test on each date on which financial statements are issued, regardless of whether there are indications of impairment. Consequently, creating a procedure for monitoring indications was not necessary, according to the information set forth in IAS 36.

Management bases its calculation of impairment on detailed estimates and prediction calculations conducted separately for each of the Group's CGUs to which individual assets are assigned.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.12. Impairment test of Goodwill, Intangible assets and Property, plant and equipment (continued)

Losses due to impairment of continued transactions, including the impairment of assets, are included in the statement of income under the expense category for the function of the deteriorated asset, except in the case of properties previously revaluated when the revaluation has been included in other comprehensive income. In this case, the impairment is also included in other comprehensive income until reaching any evaluation previously recognized. A loss due to impairment previously recognized is only reverted if there has been a change in the assumptions used for determining the recoverable value of an asset as from the last time the last loss due to impairment has been recognized.

This reversal is limited in such a way that the asset book value does not exceed its recoverable value or exceed the book value determined, net of the respective depreciation, if no loss due to deterioration for the asset has been recognized in previous periods. This reversal is included in the statement of income unless the asset is recognized based on its newly assigned value, in which case the reversal is treated as a revaluation increase. The loss due to impairment recognized to the aim of determining Goodwill is not reverted in any subsequent fiscal year.

From the comparison of the book value of goodwill, intangible assets, and property, plant and equipment identified with their corresponding recoverable amounts, no impairment has been identified.

As of December 31, 2016, there is an accumulated impairment of \$ 28,202,151 corresponding to finished units of Forum Puerto Norte, Forum Alcorta and Astor Palermo projects. See Note 8.

### 4.13. Inventory

Inventory includes urban real estate under development (work-in-process) and completed units ready for sale.

#### 4.13.1 Units under construction

Real estate classified, as inventories are valued at the acquisition and/or construction costs, or at their net realizable value, whichever is lower. The value of the land and improvements, direct costs and general construction expenses, loan costs (when the requirement set forth in IAS 23 are met), and real estate taxes are included in the costs.

Additionally, and as a result of the business combinations performed by the Company, the highest value of the differences in measurement of net assets that can be identified when performing the business combinations are listed under this account. Therefore, the highest inventory value is obtained mainly by comparing the book values and the respective fair values of the main assets owned by the companies incorporated at that time (inventories).

The fair value of net assets identified was obtained from the reports issued by independent professional experts when business combinations occurred.

#### 4.13.2 Finished Units

The units of real estate urban projects are listed as "Finished Units" when the construction process has finished and such units can be delivered or sold. If disbursements are made after construction has been completed, they are recognized as expense as long as they are not part of post-construction costs required for the units to be ready for delivery or sale.

When a functional unit is delivered to the customer, the cost of construction of that unit is recognized, reducing the inventory accordingly. The cost of the inventory property recognized in profit or loss on disposal is determined by considering sales prices less normal gross margin, on a weighted average cost basis, as the Company constructs the units of the multi-unit development simultaneously in the same construction process.

The percentage gross margin is based on the estimated total revenue and estimated total costs for each building calculated as of the date the unit is delivered, considering the buildings already launched and therefore minimizing the use of estimates.

### 4.14. Leases

Pursuant to IAS 17 "Leases", the financial ownership of an asset in a financial lease is transferred to the lessee if the lessee takes on substantially all the risks and rewards of ownership of such leased asset. The related asset is thus recognized at the beginning of the lease at the lower of its fair value, or at the present value of the minimum payments for the lease, established at the beginning of the lease.

As of December 31, 2016, the Company has a finance lease for the acquisition of a generator set, which was acquired to be installed in the Astor Núñez project (Note 43).

All other leases are treated as operating leases. Operating lease payments are expensed on a straight line method based on the lease agreement, and related costs such as maintenance and insurance are expensed when they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.14. Leases (continued)

Leases are classified as operating leases when the lessor does not transfer all risks and benefits inherent to the leased object's ownership to the lessee. Expenses related to operating leases are recognized lineally as expense in each fiscal year under "Lease and Expenses" in the Consolidated Statement of Income and Other Comprehensive Income.

### 4.15. Revenue recognition

Revenue is recognized on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus or commercial reduction provided by the entity.

#### 4.15.1 Sale of Complete Units (Inventory)

Ordinary revenue obtained from the sale of assets was recognized once each and every of the following conditions was met:

- The Company transferred to the buyer significant risks and benefits derived from ownership of the assets.
- The Company did not continue participating in the current management of the assets sold, in matters typically associated with ownership, and it did not maintain actual control over such assets.
- The amount of the regular revenue was calculated reliably.
- It was deemed likely that the Company would receive financial benefits related to the transaction.
- The costs incurred or to be incurred and related to the transaction were calculated reliably.

#### 4.15.2 Services rendered

The revenue in concept of services rendered as per management agreements are recognized in results when the Company has rendered such services, independently of the moment they have been invoiced.

### 4.16. Classification of Entries into Current and Non-current

The Company classifies an asset as a current asset when it meets any of the following criteria:

- a) Its realization is expected, or its sale or consumption is intended within the entity regular operating cycle;
- b) It is maintained primarily for the purposes of trading;
- c) Its realization is expected for the twelve-month period following the balance sheet date; or
- d) It is cash or a cash equivalent not applied to restrictions to being exchanged or used to pay a liability, at least within the twelve-month period following the balance sheet date.

Any other assets are classified as non-current assets.

Additionally, liabilities are listed as current liabilities when they meet any of the following criteria:

- a) Its liquidation is expected during the entity's regular business cycle;
- b) It is maintained primarily for the purposes of trading;
- c) It must be liquidated within the twelve-month period as of the date of the balance sheet; or
- d) The entity is not entitled to unconditionally extend the timeframe for paying the liability for at least the twelve months that follow the date of the balance sheet.

Any other liabilities are classified as non-current liabilities.

Pursuant to the provisions of IAS 1, an entity normal operating cycle is the period between the acquisitions of material assets incorporated in the production process, and the realization of the products as cash or cash equivalents. In the case of development of real estate projects, which are the Company's main line of business, the normal operating cycle is the period between the launch of sales and construction and the delivery of functional units.

### 4.17. Business Combinations

Business combinations registered took place before 2011 and are accounted for using the acquisition method. The consideration obtained as a result of the acquisition was calculated at the estimated fair value (at the date of exchange) of the assets assigned and liabilities incurred or assumed and the equity instruments, except for the tax assets or liabilities, or assets related to agreements entailing benefits for employees that were included and calculated pursuant to IAS 12, "Income Taxes", and IAS 19 "Employee benefits", respectively. The costs associated with the acquisitions were expensed upon being incurred.

### 4.18. Goodwill

These costs result from the restatement of business combinations prior to December 31, 2010. Goodwill is the amount that exceeds the sum of the consideration transferred, the amount of any non-controlling equity interest in the entity acquired, where applicable, and the fair value of the equity interest that the purchaser previously had, where applicable, in the entity in relation to the net amount as of the date of acquisition of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized, but is assessed to determine whether it is necessary to record any impairment at year end. Changes in the ownership interests of a subsidiary are recognized as equity transactions and do not affect the book value of goodwill.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.19. Provisions

Provisions are recognized when the Company is faced with a current obligation (whether legal or implicit) resulting from a past event, and it is probable that the Company will incur costs or expenses to discharge such obligation, and when it was possible to reasonably estimate the amount of the obligation.

The amount listed as a provision is the best estimate of the disbursement required for discharging the current obligation, at the close of the period reported, taking in to account the respective risks and uncertainties. When a provision is calculated using the cash flow estimated for discharging a current obligation, its book value represents the current value of said cash flow.

When recovery of some or all the financial benefits required to cancel an allowance was required, an account receivable was listed as an asset if it was virtually certain that the payment would be received and the amount receivable could be calculated reliably.

Note 33 contains a detailed description of the main claims received by the Company and Note 19 contains the provisions made by Company for litigations and other contingencies.

### 4.20. Financial Instruments

#### 4.20.1 Financial Assets and Liabilities

##### 1) Recognition and Initial Measurement

Financial assets under IAS 39 are classified as financial assets at their fair value through profit or loss, financial debt and accounts payable, receivables, investments held to maturity, financial assets available for sale, or as derivatives assigned as hedge instruments with effective coverage, as applicable. The Company determines how these financial assets are classified when they are initially recognized. All the financial assets and financial liabilities are initially listed at their fair value plus, for financial assets not recognized at their fair value through profit or loss, transaction costs that can be directly ascribed. Purchases or sales of financial assets that require delivery of assets within a term established by a regulation or market agreement (conventional sales agreement) are recognized on the date of the purchase, that is, the date when the Company commits to purchase or sell the asset.

The Company's financial assets and liabilities include cash and short-term investments, trade and other receivables, financial debt, accounts payable, other payables, bank overdrafts and financial instruments.

##### 2) Subsequent Measurement

Financial assets and liabilities are measured subsequently in the following way, depending on their classification:

##### a) Financial Assets and liabilities at fair value with changes through profit or loss

Financial assets and liabilities measured at fair value, with changes in fair value recognized through profit or loss, include both assets and liabilities maintained for the purposes of trading and assets and liabilities designated to be held at fair value when initially recognized by the Company. Financial assets and liabilities are classified as available for sale when they are acquired to be sold or repurchased in the near future. Financial assets at their fair values with changes through profit or loss are recorded in the balance sheet at their fair values, and the changes in this fair value are recognized as income or financial costs in the statement of income.

##### b) Financial debt, accounts receivables and financial debt accruing interests

Financial debt and accounts receivables are non-derivative financial assets and liabilities with fixed or determinable payments that are not listed on an active market. Following their initial recognition, these financial assets and liabilities are measured at their amortized costs by means of the effective interest rate method, minus any impairment. Amortized costs are calculated by contemplating any discount or premium for acquisition, and the commissions or costs that are an integral part of the effective interest rate. Amortization of the effective interest rate is recognized as financial income in the statement of income. The losses resulting from impairment are entered in the statement of income as financial costs

##### c) Investments Held to Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity when the Company has the intention and capacity to maintain them until their maturity date. Following their initial recognition, investments held to maturity are measured at their amortized costs by means of the effective interest rate method, minus any impairment.

#### 4.20.2 Compensation of financial instruments

Financial assets and liabilities are offset so their net value is recorded in the financial statements only if the Company (i) has the current right to legally demand compensation of recognized values; and (ii) has the intention of liquidating them at their net value, or realizing its assets and to settle its liabilities simultaneously.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.21. Commercial and other debts

Commercial debts are initially recognized at their fair value and are later measured at their amortized cost, applying the effective interest rate method.

### 4.22. Equity

Shareholder's equity items were prepared in accordance with the accounting standards in effect as of the date of each transaction. The movements listed under this item were accounted for in accordance with the respective Shareholders' Meeting decisions, legal provisions or regulations although said items would not have existed or would have had different balances had IFRS been applied in the past.

#### 4.22.1. Share Capital

Share capital consists of the shareholders' contributions represented by ordinary shares at their face value.

#### 4.22.2. Premiums of issuance

Premiums of issuance corresponds to the difference (premium) between the amount of the capital contribution and the corresponding face value of the shares issued.

#### 4.22.3. Treasury shares

The "Share capital" account will be debited by the nominal value of the shares acquired, disclosing this value in the "Treasury shares" item. The cost of acquisition of the treasury shares will be debited to the account "Cost of treasury shares", and must be disclosed in equity as part of the capital accounts and after Share Capital, Share Capital adjustment and Issuance of Premiums. This entry will be reversed when shares are disposed.

TGLT S.A. recorded the acquisition cost to the Irrevocable Contribution item of September 30, 2016, which had a specific destination for the purchase of such shares. See Note 45 and 48.

#### 4.22.4. Legal reserve

In accordance with the provisions of Argentine Law No. 19550, the Company has to appropriate to the legal reserve not less than 5% of the sum of net income, prior year adjustments, transfers from other comprehensive income to retained earnings and accumulated losses from previous years, until reaching 20% of the share capital.

#### 4.22.5. Irrevocable contribution

Irrevocable contribution corresponds to shareholders contributions. The General Shareholders' Meeting of the Company that determines the treatment of the contribution may decide to fully or partially capitalize the contribution. Contributions in local currency are at nominal value. The contributions in foreign currency are converted into pesos at the Banco de la Nación Argentina purchase exchange rate of the closing of business on the contribution acceptance date by the Company in accordance with the provisions of the General Resolution of the National Commission of Securities No. 622/2013. See Note 45.

#### 4.22.6. Retained Earnings

Retained earnings includes accumulated gains or losses without a specific appropriation that if positive, could be distributed upon approval at the Shareholders' Meeting, and is not subject to legal restrictions. Retained earnings includes the income from previous fiscal years that was not distributed, amounts transferred from other comprehensive income and adjustments to previous fiscal years as a result of applying new accounting standards.

Additionally, as per the regulations of the Argentine Securities Exchange Commission (CNV), when the net balance of other comprehensive income is positive, it may not be distributed, capitalized or used to absorb accrued losses. If it is negative, there will be a restriction on the distribution of retained earnings for the same amount.

In order to absorb the negative balance of the "retained earnings" account, when applicable, at the closing of the fiscal year to be considered at the Shareholders' Meeting, the balances must be earmarked in the following order:

- a) Reserved earnings (voluntary, statutory and legal, in that order);
- b) Capital Contributions;
- c) Issuance premiums and own share negotiation (when the balance of this account is positive);
- d) Other equity instruments (when it is legal and feasible from a corporate standpoint);
- e) Capital adjustments; and
- f) Share capital.

#### 4.22.7 Non-controlling interest

Non-controlling interest corresponds to the percentage of net assets acquired and the income representative of the rights over the shares that are not owned by Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.23. Judgment, Accounting Estimates and Significant Assumptions

Preparation of the Company's financial statements requires management to apply judgement, accounting estimates and significant assumptions that affect the amounts of income, expenses, assets and liabilities reported and the disclosure of contingent liabilities, as of December 31 of each year reported.

The uncertainty regarding these assumptions and estimates may result in profit and losses that will require a significant adjustment in future periods of the amount of assets or liabilities earmarked and entered into the books.

In the process of applying the Company's accounting policies, management did not make judgments that could have a potentially material effect on the amounts recognized in the consolidated financial statements, except for what was indicated regarding recognition of tax credits.

The main accounting estimates and underlying assumptions included in the Company's consolidated financial statement as of December 31, 2016 are described below. Such estimates and assumptions are periodically reviewed by management. The effects of the reviews of the accounting estimates are recognized in the year in which the estimates are reviewed, whether it is in the current year or in a future year.

a) Estimate of Useful Lives

Below is a description of the periods during which management believes that the assets will no longer be usable or will stop benefiting the Company financially: a) ten years for furniture and fixtures, b) five years for hardware, c) 50 years for real estate properties, d) three years for leasehold improvements in owned properties, e) five years for leasehold improvement in third-party properties, f) five years for installations, g) one year for showrooms, h) ten years for trademarks, i) three years for software, and j) three years for software development.

(1) In order to estimate the useful life of the different showrooms, product launch and estimated time for sales have been taken into account.

Management reviews its estimates upon the useful lives of depreciable or amortizable assets as of the end of each fiscal year, based on the usefulness expected for the assets. The uncertainty of these estimates is related to the technical obsolescence that could change the usefulness of certain assets such as software or technological equipment.

Goodwill has been classified as having an undefined useful life and is subject to impairment analysis.

b) Estimate of the impairment of financial assets

There is impairment when the book value of an asset or cash generating unit exceeds its recoverable amount, which is the fair value minus the sales costs, or its use value, whichever is greater. Calculation of the fair value minus sales costs is based on available information regarding similar sales transactions, performed by independent parties for similar assets, or at observable market prices, minus the incremental costs incurred in transferring ownership of the asset.

Calculation of the use value is based on discounted cash flow model. Cash flow is obtained from the Company's budget of the following years and does not include restructuring activities to which the Company has not yet committed, or significant future investments that could increase the performance of the asset or of the cash-generating unit subject to testing. The recoverable amount is very sensitive to the discount rate used for the discounted cash flow model, and to entries of future funds expected at the growth rate used for the purposes of extrapolation, and therefore, the uncertainty is related to these estimated variables.

c) Taxes

The Company establishes allowances based on reasonable estimates. The amount of said allowances is based on various factors, such as experience with previous tax audits and the different interpretations of tax regulations by the entity subject to the tax and the tax authority in charge. Differences in the interpretation may result in a large number of issues according to the conditions that prevail at the jurisdiction of the financial group entity.

The Deferred Tax Asset that results from tax losses is recognized for all the tax losses not used, provided it is likely that there will be a future tax profit available that can be used to compensate said losses.

Determination of the amount of the Deferred Tax Asset that can be recognized requires a significant level of judgment by the management, based on the timing and level of future tax profit and future tax planning strategies.

Note 29 includes more detailed information on the Corporate Income Tax.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.24. Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits (including short-term time deposits) and highly liquid investments that are easily convertible into cash and are subject to a minimum risk of changing value. Cash and cash equivalents is disclosed in local currency at its par value and in foreign currency converted at the exchange rate in effect at the closing of the applicable year. Foreign exchange rate differences were recorded as part of the period's profits and losses. Financial assets such as mutual funds and commercial paper were classified as "Financial Assets at fair value with changes through profit or loss", considering the nature and purpose established during the initial recognition of these assets. The net earnings or losses for any income obtained resulting from financial assets were recognized in income and classified as finance income in the Consolidated Statement of Income and Other Comprehensive Income.

Certificates of deposit in foreign currency have not been included in the Consolidated Cash Flow Statement as their expiration date extends past ninety days.

### 4.25. Earnings per share

The net income per basic share is calculated by dividing the net income for the year attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, net, if any, of repurchases made. The diluted net income per share is calculated by dividing the net income for the year by the weighted average number of common shares outstanding, and when dilutable, including stock options, are adjusted for the effect of all potentially dilutable shares, such as if they had been converted.

When computing net income per diluted share, the income available to ordinary shareholders, used in calculating the basic earnings per share, is adjusted for those results deriving from the potential conversion into ordinary shares.

The weighted average number of shares outstanding is adjusted to include the number of additional ordinary shares that would have been outstanding if the potentially dilutable ordinary shares were issued. The diluted net income per share is based on the most beneficial conversion rate or strike price for the entire term of the instrument from the holder's perspective. The calculation of net income per diluted share excludes potential ordinary shares if their effect is antidilutable.

At the date of the issuance of these financial statements, TGLT has not issued equity instruments that give rise to potential ordinary shares (also considering the Company's intention to cancel the Stock Benefit Plans through repurchase in the market), therefore the calculation of diluted net income per share matches with the calculation of basic net income per share. See Note 38.

### 4.26. Dividend Distribution

The Company's payable dividends are accounted for as liabilities for the period in which they are approved at the Shareholders' Meeting. As per Argentine regulations, dividends may only be paid with cumulative realized profits and with the liquidity (balance of cash and cash equivalents or other short-term investments) available in the prior year's audited financial statements, issued in accordance with Argentine accounting regulations and the Regulations of the CNV, and approved at the Shareholders' Meeting. The Board of Directors of any Argentine publicly listed company may declare provisional dividends, in which case, the Board members and the members of the Supervisory Committee shall be jointly responsible for the payment of such dividend if retained earnings for the period in which the dividend was declared were not enough to cover the payment of such dividend.

As per the Argentine Corporate Law and TGLT SA bylaws, a legal reserve shall be made of no less than 5% of realized profits and liquidity from the fiscal year's financial statements, up until such reserve is equivalent to 20% of the outstanding share capital. The legal reserve is not available for distribution among the shareholders.

### 4.27. Comparative information

The Company presents the accounting information in a comparative manner. At the time of the issuance of these financial statements, Management of the Company introduced a few changes in the presentation of certain items. The annual financial statements as of December 31, 2015, which are presented for comparative purposes, were modified to include the effect of the aforementioned changes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 5. Cash and cash equivalents

	Notes	Dec 31, 2016	Dec 31, 2015
Cash in local currency		140,912	40,912
Cash in foreign currency	40	3,174,284	55,805
Banks in local currency		3,276,990	4,184,031
Banks in foreign currency	40	14,294,416	14,828,476
Funds to be deposited		690,446	252,026
Time deposits in foreign currency	32.8 / 40	3,179,694	2,584,383
Mutual funds in local currency		7,603,561	6,119,666
Mutual funds in foreign currency	40	3,947,492	6,051,016
Commercial papers in foreign currency	40	47,970,319	60,957,008
<b>Total cash and cash equivalents</b>		<b>84,278,114</b>	<b>95,073,323</b>

In the statement of cash flow, cash and cash equivalents comprise the following:

		Dec 31, 2016	Dec 31, 2015
Total cash and cash equivalents		84,278,114	95,073,323
Certificate of deposits in foreign currency expiring over 90 days	32.8	(3,179,694)	(2,584,383)
<b>Total cash and cash equivalents according to cash flow</b>		<b>81,098,420</b>	<b>92,488,940</b>

## Note 6. Accounts receivables

	Notes	Dec 31, 2016	Dec 31, 2015
Accounts receivables from sales of units in local currency		1,758,599	7,951,718
Accounts receivables from sales of units in foreign currency	40	21,156,283	22,813,020
Accounts receivables from services rendered in local currency		324,050	349,414
Accounts receivables from services rendered in foreign currency	40	6,111	4,956
Allowance for doubtful accounts in foreign currency	40	(1,854,210)	-
<b>Total accounts receivables</b>		<b>21,390,833</b>	<b>31,119,108</b>

The accounts receivable aging is as follows:

	Dec 31, 2016	Dec 31, 2015
Due within		
0 to 90 days	21,390,833	3,907,451
91 to 180 days	-	2,207,508
Past-due		
0 to 90 days	-	25,004,149
<b>Total</b>	<b>21,390,833</b>	<b>31,119,108</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 7. Other receivables

Current	Notes	Dec 31, 2016	Dec 31, 2015
Value added tax in local currency		46,842,382	73,586,655
Value added tax in foreign currency	40	118,129,001	47,722,207
Gross income tax		816,992	3,765,016
Net worth tax in foreign currency	40	1,832,450	3,766,294
Advance payments to construction suppliers in local currency		42,106,269	71,223,281
Advance payments to construction suppliers in foreign currency	40	29,050,654	19,028,705
Security deposits in local currency		267,238	78,000
Security deposits in foreign currency	40	152,064	707,004
Prepaid insurance in local currency		66,851	40,563
Prepaid insurance in foreign currency	40	1,562,612	1,670,925
Loan granted (1)		967,414	1,072,616
Prepayments - in local currency		265,633	626,953
Prepayments - in foreign currency	40	183,031	48,141
Refunds		14,710,075	5,215,463
Refunds from maintenance fees		15,029,020	8,409,063
Rejected checks		18,200	18,200
Receivable for repetition of the Minimum Presumed Income tax	44	16,896,855	-
Receivable from sale of investment properties	40 / 41	29,541,402	-
Receivable for judicial settlement	33.3	1,901,601	8,234,602
Collectable equipment fund in local currency		140,322	194,032
Collectable equipment fund in foreign currency	40	6,373,618	3,332,822
Collectable operating fund		268,382	563,215
Advance payments for real estate property purchases (2)		-	19,673,032
Sundry receivables in local currency		902	1,180,862
Sundry receivables in foreign currency	40	21,606	17,718
Allowance for doubtful accounts on other receivables (1)	33.3	-	(4,650,167)
<b>Sub total other receivables – current</b>		<b>327,144,574</b>	<b>265,525,202</b>
<b>Non-current</b>			
Security deposits in local currency		-	12,300
Security deposits in foreign currency	40	720,957	49,011
Insurance policies to be accrued in foreign currency	40	165,563	-
Loan granted (1)		-	768,094
<b>Sub total other receivables – non-current</b>		<b>886,520</b>	<b>829,405</b>
<b>Total other receivables</b>		<b>328,031,094</b>	<b>266,354,607</b>

### (1) Loan granted by Canfot S.A. to Edenor:

On July 29, 2013 Edenor S.A. requested and Canfot SA (absorbed company on September 30, 2016 (see note 34.2) granted a loan for an amount of \$ 3,072,378 for financing the Forum Alcorta Project. These sums will accrue a compensatory interest to be calculated at the passive rate for 30 day certificates of deposit of the Argentinean National Bank, as of the last day of the month prior to the issuance of each payment. As of the date of issuance of these financial statements, Edenor S.A. has repaid thirty-six out of the forty-eight monthly installments agreed.

### (2) Advance payments for the purchase of real estate properties in foreign currency

On November 30, 2015, the Company booked the purchase a building located in the San Telmo district, south of Buenos Aires City. As form of acceptance the booking, TGLT paid the US\$ 1,200,000 equivalent to \$ 17,400,000. On August 8, 2016, the deed corresponding to the land where the Astor San Telmo project will be developed was signed. On December 1, 2016, the Company paid US \$ 300,000, totaling the amount committed at the time of the booking. As of December 31, 2016, the value of such land is included under inventory in current assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 8. Inventory

	Notes	Dec 31, 2016	Dec 31, 2015
<b>Units under construction</b>			
Astor Caballito	32.2 and 39	-	115,429,796
Astor Núñez	32.4	420,531,324	354,453,825
Astor San Telmo	32.12	176,138,018	1,906,673
Forum Puerto del Buceo	32.11	1,582,428,531	1,071,181,369
Metra Devoto	32.6/9	70,370,938	67,656,250
Metra Puerto Norte	32.5	380,839,015	216,601,290
Proa	32.5	193,185,787	156,426,568
Venice	32.10	504,942,256	402,381,085
Other projects		28,000	-
<b>Finish Units</b>			
Astor Palermo	32.3	35,323,088	292,689,918
Forum Alcorta	32.1	120,201,535	411,620,358
Forum Puerto Norte		10,851,658	16,525,373
<b>Impairment of Finish Units</b>			
Astor Palermo		(8,201,137)	-
Forum Alcorta		(12,936,957)	-
Forum Puerto Norte		(7,064,057)	(1,386,579)
<b>Total inventory</b>		<b>3,466,637,999</b>	<b>3,105,485,926</b>

The finance costs capitalized as of December 31, 2016 and 2015, according IAS 23, represent \$88,419,879 and \$ 60,680,010, respectively. The capitalization rate used for the borrowing was 15.2% and 29.4%, respectively.

## Note 9. Property, plant and equipment

	Furniture and Fixtures	Hardware	Improvements in owned property	Leasehold Improvements in third party properties	Installations	Showrooms	Real Estate Property	Total
<b>Original value</b>								
Balance as of January 1, 2016	1,251,489	1,979,400	353,478	1,919,274	6,174	16,427,233	2,732,142	24,669,190
Acquisitions	233,317	278,381	-	-	-	3,046,392	-	3,558,090
Conversion adjustment	45,086	67,477	-	186,125	-	582,044	-	880,732
Disposals	-	(6,324)	(353,478)	-	-	-	(2,732,142)	(3,091,944)
<b>Total</b>	<b>1,529,892</b>	<b>2,318,934</b>	<b>-</b>	<b>2,105,399</b>	<b>6,174</b>	<b>20,055,669</b>	<b>-</b>	<b>26,016,068</b>
<b>Depreciation and impairment</b>								
Balance as of January 1, 2016	(594,382)	(1,358,521)	(206,261)	(1,521,156)	(6,174)	(11,036,425)	(96,916)	(14,819,835)
Depreciations	(171,391)	(347,103)	(58,913)	(297,685)	-	(1,806,410)	(21,845)	(2,703,347)
Conversion adjustment	(32,615)	(40,487)	-	(163,004)	-	(373,123)	-	(609,229)
Disposals	-	6,324	265,174	-	-	-	118,761	390,259
<b>Total</b>	<b>(798,388)</b>	<b>(1,739,787)</b>	<b>-</b>	<b>(1,981,845)</b>	<b>(6,174)</b>	<b>(13,215,958)</b>	<b>-</b>	<b>(17,742,152)</b>
<b>Net carrying value as of Dec 31, 2016</b>								
	<b>731,504</b>	<b>579,147</b>	<b>-</b>	<b>123,554</b>	<b>-</b>	<b>6,839,711</b>	<b>-</b>	<b>8,273,916</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 9. Property, plant and equipment (continued)

	Furniture and Fixtures	Hardware	Improvements in owned property	Leasehold Improvements in third party properties	Installations	Showrooms	Real Estate Property	Total
Original value								
Balance as of January 1, 2015	1,011,273	1,495,496	334,998	1,408,830	6,174	14,950,551	2,732,142	21,939,464
Acquisitions	171,477	377,619	18,480	217,280	-	1,923,968	-	2,708,824
Conversion adjustment	68,739	106,285	-	293,164	-	915,480	-	1,383,668
Disposals	-	-	-	-	-	(1,362,766)	-	(1,362,766)
<b>Total</b>	<b>1,251,489</b>	<b>1,979,400</b>	<b>353,478</b>	<b>1,919,274</b>	<b>6,174</b>	<b>16,427,233</b>	<b>2,732,142</b>	<b>24,669,190</b>
Depreciation and impairment								
Balance as of January 1, 2015	(420,544)	(1,112,101)	(93,055)	(1,090,178)	(4,944)	(9,746,496)	(44,053)	(12,511,371)
Depreciations	(130,436)	(194,431)	(113,206)	(212,918)	(1,230)	(2,190,556)	(52,863)	(2,895,640)
Conversion adjustment	(43,402)	(51,989)	-	(218,060)	-	(462,139)	-	(775,590)
Disposals	-	-	-	-	-	1,362,766	-	1,362,766
<b>Total</b>	<b>(594,382)</b>	<b>(1,358,521)</b>	<b>(206,261)</b>	<b>(1,521,156)</b>	<b>(6,174)</b>	<b>(11,036,425)</b>	<b>(96,916)</b>	<b>(14,819,835)</b>
<b>Net carrying value as of Dec 31, 2015</b>	<b>657,107</b>	<b>620,879</b>	<b>147,217</b>	<b>398,118</b>	<b>-</b>	<b>5,390,808</b>	<b>2,635,226</b>	<b>9,849,355</b>

## Note 10. Intangible assets

	Software	Software development	Trademarks	Total
Original value				
Balance as of January 1, 2016	715,029	2,555,894	31,828	3,302,751
Acquisitions	-	237,258	-	237,258
Conversion adjustment	95,376	-	3,677	99,053
<b>Total</b>	<b>810,405</b>	<b>2,793,152</b>	<b>35,505</b>	<b>3,639,062</b>
Amortization and impairment				
Balance as of January 1, 2016	(363,987)	(1,674,931)	(18,324)	(2,057,242)
Amortization	(114,554)	(453,310)	(5,223)	(573,087)
Conversion adjustment	(38,450)	-	(2,498)	(40,948)
<b>Total</b>	<b>(516,991)</b>	<b>(2,128,241)</b>	<b>(26,045)</b>	<b>(2,671,277)</b>
<b>Net carrying value as of Dec 31, 2016</b>	<b>293,414</b>	<b>664,911</b>	<b>9,460</b>	<b>967,785</b>

	Software	Software development	Trademarks	Total
Original value				
Balance as of January 1, 2015	464,926	2,091,558	26,037	2,582,521
Acquisitions	127,953	464,336	-	592,289
Conversion adjustment	122,150	-	5,791	127,941
<b>Total</b>	<b>715,029</b>	<b>2,555,894</b>	<b>31,828</b>	<b>3,302,751</b>
Amortization and impairment				
Balance as of January 1, 2015	(279,869)	(1,334,570)	(11,246)	(1,625,685)
Amortization	(39,163)	(340,361)	(3,789)	(383,313)
Conversion adjustment	(44,955)	-	(3,289)	(48,244)
<b>Total</b>	<b>(363,987)</b>	<b>(1,674,931)</b>	<b>(18,324)</b>	<b>(2,057,242)</b>
<b>Net carrying value as of Dec 31, 2015</b>	<b>351,042</b>	<b>880,963</b>	<b>13,504</b>	<b>1,245,509</b>

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## Note 11. Deferred tax assets

	Notes	Dec 31, 2016	Dec 31, 2015
Tax on minimum presumed income		66,790,043	75,419,545
Tax on income		8,959,026	-
Deferred tax	29	-	3,474,774
<b>Total tax assets</b>		<b>75,749,069</b>	<b>78,894,319</b>

## Note 12. Goodwill

	Marina Río Lujan S.A.	Malteria del Puerto S.A.	Pico y Cabildo S.A.	Canfot S.A.	Total
Original value					
Balance as of January 1, 2016	21,487,412	32,095,394	10,558,985	79,399,207	143,540,998
<b>Total</b>	<b>21,487,412</b>	<b>32,095,394</b>	<b>10,558,985</b>	<b>79,399,207</b>	<b>143,540,998</b>
Impairment					
Balance as of January 1, 2016	-	(32,095,394)	-	-	(32,095,394)
Loss due to impairment	-	-	(1,092,468)	(29,600,900)	(30,693,368)
<b>Total</b>	<b>-</b>	<b>(32,095,394)</b>	<b>(1,092,468)</b>	<b>(29,600,900)</b>	<b>(62,788,762)</b>
<b>Net carrying value as of Dec 31, 2016</b>	<b>21,487,412</b>	<b>-</b>	<b>9,466,517</b>	<b>49,798,307</b>	<b>80,752,236</b>

	Marina Río Lujan S.A.	Pico y Cabildo S.A.	Canfot S.A.	Total
Original value				
Balance as of January 1, 2015	21,487,412	10,558,985	79,399,207	111,445,604
<b>Total</b>	<b>21,487,412</b>	<b>10,558,985</b>	<b>79,399,207</b>	<b>111,445,604</b>
Impairment				
Balance as of January 1, 2015	-	-	-	-
Loss due to impairment	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying value as of Dec 31, 2015</b>	<b>21,487,412</b>	<b>10,558,985</b>	<b>79,399,207</b>	<b>111,445,604</b>

## Note 13. Accounts payable

	Notes	Dec 31, 2016	Dec 31, 2015
<b>Current</b>			
Suppliers in local currency		26,822,024	34,124,309
Suppliers in foreign currency	40	61,790,867	36,831,093
Deferred checks in local currency		36,118,890	47,362,918
Deferred checks in foreign currency	40	55,378,050	9,565,836
Provision for expenditure in local currency		5,797,762	2,403,159
Provision for expenditure in foreign currency	40	1,035,302	1,004,075
Provision for construction in local currency		32,354,511	27,357,591
Provision for construction in foreign currency	40	17,354,083	7,071,015
Insurance policies payable in national currency		6,257	43,744
Insurance policies payable in foreign currency	40	2,280,467	1,703,863
Performance bond		-	9,987
Repair fund in local currency		16,518,564	5,682,248
Repair fund in foreign currency	40	260,225	7,088,032
Building permit payable in foreign currency	40	23,575,211	21,978,955
Real estate property purchase payable in foreign currency	40	246,212,221	205,964,067
<b>Subtotal current accounts payable - current</b>		<b>525,504,434</b>	<b>408,190,892</b>
<b>Non-current</b>			
Repair fund in national currency		2,037,683	7,300,350
Repair fund in foreign currency	40	-	209,940
Building permit payable in foreign currency	40	-	8,780,560
<b>Total accounts payable – non-current</b>		<b>2,037,683</b>	<b>16,290,850</b>
<b>Total accounts payable</b>		<b>527,542,117</b>	<b>424,481,742</b>

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## Note 14. Financial debt

Current	Notes	Dec 31, 2016	Dec 31, 2015
Finance lease	43	384,570	-
Short-term financial debt taken in foreign currency	1.2 / 40	85,424,704	109,865,697
Mortgage-backed bank short-term financial debt in local currency	1.1	105,417,887	100,314,642
Mortgage-backed bank short-term financial debt in foreign currency	1.1 / 40	234,509,146	25,729,155
Bank overdrafts	3	32,021,731	23,349,114
Corporate notes in local currency	2	136,818,626	105,467,898
Corporate notes in foreign currency	2 / 40	-	27,311,236
<b>Subtotal current short-term financial debt</b>		<b>594,576,664</b>	<b>392,037,742</b>
<b>Non-current</b>			
Finance lease	43	738,163	-
Corporate notes in local currency	2	122,821,597	58,717,680
<b>Subtotal non-current long-term financial debt</b>		<b>123,559,760</b>	<b>58,717,680</b>
<b>Total financial debt</b>		<b>718,136,424</b>	<b>450,755,422</b>

The following is a breakdown of activity in financial debt:

	Dec 31, 2016	Dec 31, 2015
Opening balance	450,755,422	384,296,792
New financial debt and financing arrangements	1,431,516,888	264,092,973
Accrued interests	122,725,001	174,454,104
Foreign exchange rate variances effect	13,398,481	35,125,631
New bank overdrafts	8,672,617	2,550,657
Payment of principal	(1,220,894,183)	(155,871,042)
Payment of interests	(108,575,695)	(172,015,075)
Corporate Notes swap net of issuance costs	313,023	(82,055,271)
Effect of the conversion of financial statements	20,224,870	176,653
<b>Closing balance</b>	<b>718,136,424</b>	<b>450,755,422</b>

### 1. Financial debt taken

The following is the description of the Company and its subsidiaries' main borrowings with banks or third parties:

#### 1.1 Mortgage-backed bank loans

Bank	Principal available	Maturity	Disbursements received	Partial cancellation	Amount payable			
					Dec 31, 2016		Dec 31, 2015	
					Current	Non-current	Current	Non-current
Hipotecario (a)	30,000,000	(a)	26,124,600	(26.124.600)	-	-	26.909.465	-
Hipotecario (a)	30,000,000	(a)	30,000,000	(30.000.000)	-	-	30.901.295	-
Ciudad de Buenos Aires (b)	71,000,000	(b)	50,844,255	(43.043.691)	7.800.564	-	42.503.882	-
Santander Río y Ciudad de Buenos Aires (c)	260,000,000	(c)	97,617,323	-	97.617.323	-	-	-
<b>Total in local currency</b>					<b>105,417,887</b>	<b>-</b>	<b>100,314,642</b>	<b>-</b>
Hipotecario (a)	12,000,000		9,906,007	(9.906.007)	-	-	25.729.155	-
BBVA (d)	6,937,542		6,937,542	(6.937.542)	-	-	-	-
BBVA (d)	4,556,900		4,556,900	(4.556.900)	-	-	-	-
BBVA (d)	1,152,914		1,152,914	(1.152.914)	-	-	-	-
BBVA (d)	1,207,562		1,207,562	(1.207.562)	-	-	-	-
BBVA (d)	401,589		401,589	(96.223)	4.837.006	-	-	-
BBVA (d)	7,403,639		7,403,639	-	117.273.648	-	-	-
Itaú (d)	2,575,000		2,575,000	(428.135)	34.006.336	-	-	-
Itaú (d)	2,074,819		2,074,819	(2.074.819)	-	-	-	-
Itaú (d)	1,177,253		1,177,253	(634.350)	8.599.597	-	-	-
Itaú (d)	1,157,877		1,157,877	-	18.340.767	-	-	-
Itaú (d)	3,248,219		3,248,219	-	51.451.792	-	-	-
<b>Total in foreign currency</b>					<b>234,509,146</b>	<b>-</b>	<b>25,729,155</b>	<b>-</b>

- a) On August 14, 2015, Banco Hipotecario accepted an offer to cancel the loan in foreign currency held by Canfot SA, with its corresponding refinance, by which the payment of the capital owed of US\$ 7,492,997 was to be paid in five monthly consecutive installments, of which the first maturity date was August 30, 2015. As of December 31, 2016, the balance was fully paid.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 14. Financial debt (continued)

### 1. Financial debt taken (continued)

During the year 2016, payments amounting to \$ 56,124,600 were made. As of December 31, 2016, the loan was fully paid (see Note 32.1).

- b) On May 23, 2013, TGLT entered into a loan agreement with Banco de la Ciudad de Buenos Aires for the amount of \$ 71,000,000 due on May 23, 2016. All sums disbursed by the bank shall accrue, upon cancellation, interest payable in monthly installments at the rate of 23% per annum, which is equivalent to an effective rate of 25.59% per annum. As of December 31, 2016, the amount of \$ 43,043,691 was paid as capital. Subsequent to year end, all capital plus interest has been paid. The cancellation of Astor Nuñez property mortgage is still pending.
- c) On June 3, 2016, Marina Río Lujan S.A. signed jointly with Banco Santander Río S.A. and Banco Ciudad de Buenos Aires S.A. a Syndicated Loan contract for an amount of \$ 260,000,000, which will be used exclusively to finance the construction of the first six buildings of the Las Rías phase of the Venice project. The loan is divided into two tranches. The first tranche is for an amount of \$ 182,000,000 and the second tranche for an amount of \$ 78,000,000. Capital amortizations will operate for tranche I, in six consecutive months beginning May 3, 2017 and ending October 3, 2017, with the totals payable being \$ 22,000,000 for the first two periods, \$ 32,000,000 for the next three and \$ 42,000,000 for the final. For the second tranche, the principal amortization dates will be September 3, 2018, October 3, 2018 and October 31, 2018, for amounts of \$ 10,000,000, \$ 30,000,000 and \$ 38,000,000, respectively. However, in case of not receiving all the funds for each of the tranches, they will be amortized pro rata of the detailed amortization installments. The loan will bear a variable interest rate equal to the private BADLAR, a reference rate published by the Central Bank of Argentina, in addition to a fixed component of 450 basis points.
- d) On December 18, 2015, FDB SA entered into a credit facility of up to US\$ 16,000,000 with Banco Bilbao Viscaya Argentaria Uruguay S.A. (BBVA) and Banco ITAU Uruguay S.A. (ITAU) related to Stages I and III of Forum Puerto del Buceo, under the following conditions:

- Bank participation: partial disbursements to BBVA and ITAU in equal portions (US\$ 8,000,000 each).
- Bank commission fees: equivalent to 1% of the loan maximum amount.
- Requested Term: up to April 30, 2017 for the disbursements request.
- Interest rate: interest shall accrue at a variable rate equivalent to LIBOR of 90 days plus 3 points, per annum, plus taxes thereon, with a minimum rate of 5% per annum.
- Disbursements: as per building progress.
- Amortization of principal and interests: by partial payments as per delivery of units to future purchases, for the amount necessary for cancellation (or novation) of the mortgage of a unit sold.
- Collateral: Before any disbursement, FDB S.A. shall grant a first-degree mortgage in favor of the BBVA and ITAU up to US\$ 16,000,000 of the total units comprising Stages I and III of Forum Puerto del Buceo project.
- Credit assignment: Credit assignment shall be granted as collateral for the participation of BBVA and ITAU in the credit agreement, for the prices pending payment of purchasing commitments in all mortgaged units.

On December 18, 2015, prior to granting the mortgage guarantee, a bridge loan agreement due on May 2, 2016 was entered with BBVA.

On May 17, 2016, a first-grade mortgage guarantee became effective and the syndicated loan was set up, beginning with the disbursements committed by both banks.

According to TGLT S.A. Board of Directors' Minute dated December 15, 2015, the Board of Directors approved the creation of a guarantee of US\$ 3,000,000 in favor of BBVA in guarantee for the granting of loans to FDB S.A.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 14. Financial debt (continued)

### 1.2 Short-term financial debt in foreign currency

Amount in foreign currency						Amount Payable			
						Dec 31, 2016		Dec 31, 2015	
Entity	Loans	Maturity	Disbursement received	Partial cancellation	Annual Rate	Current	Non-current	Current	Non-current
BBVA (a)	2,500,000	03/31/2016	2,500,000	(2,500,000)	6,25%	-	-	-	-
BBVA (a)	1,000,000	03/31/2016	1,000,000	(1,000,000)	1,00%	-	-	-	-
BBVA (a)	3,000,000	05/02/2016	3,000,000	(3,000,000)	4,00%	-	-	-	-
BBVA (a)	2,000,000	05/02/2016	2,000,000	(2,000,000)	1,00%	-	-	25.997.177	-
BBVA (a)	3,990,000	12/07/2016	3,990,000	(3,990,000)	1,00%	-	-	51.864.368	-
BBVA (a)	2,000,000	11/03/2016	2,000,000	(2,000,000)	1,00%	-	-	-	-
Itaú (a)	387,000	05/06/2016	387,000	(387,000)	5,00%	-	-	5.076.784	-
Itaú (a) (I)	8,273,000	12/13/2016	8,273,000	(8,273,000)	2,83%	-	-	-	-
Itaú (a) (I)	(8,272,948)	12/13/2016	(8,272,948)	8,272,948	2,37%	-	-	-	-
Itaú (a)	3,000,000	04/30/2016	3,000,000	(3,000,000)	1,64%	47,650,249	-	-	-
Santander (a)	250,000	09/09/2016	250,000	(250,000)	3,00%	-	-	-	-
Santander (a)	500,000	04/30/2016	500,000	(486,346)	15,20%	851,259	-	-	-
Santander (a) (I)	9,650,000	12/14/2016	9,650,000	(9,650,000)	1,20%	-	-	9.244.530	-
Santander (a) (I)	(9,650,000)	12/14/2016	(9,650,000)	9,650,000	0,65%	-	-	-	-
Individual (b)	2,000,000	12/31/2017	2,000,000	-	15,00%	36,923,196	-	17.682.838	-
<b>Total in foreign currency</b>			<b>36,550,000</b>	<b>(15,613,398)</b>		<b>85,424,704</b>	<b>-</b>	<b>109,865,697</b>	<b>-</b>

a) Loans acquired by FDB S.A.

(I) Loans acquired by FDB S.A. guaranteed by deposits made in financial institutions by TGLT Uruguay S.A.

b) Belongs to a loan requested by Marina Rio Lujan S.A. to the shareholder Marcelo Gomez Prieto.

## 2. Corporate Notes

On December 20, 2011, the Annual Shareholders' Meeting approved the creation of a global program for the issuance of negotiable corporate notes, non-convertible to shares, with short, middle and/or long term maturities, subordinated or unsubordinated, secured or unsecured, as per Law 23576 and amendments (the "CNS") for a maximum amount of up to US 50,000,000 or its equivalent in other currencies at any time.

Different classes or series denominated in United States Dollars or other currencies may be issued and the successive classes and/or series that are amortized may be reissued (the "Program"). The Program will expire on July 12, 2017. Within this term, all thief issuances and re-issuances under this Program must be carried out.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 14. Financial debt (continued)

### 2. Corporate Notes

This is a summary of the main characteristics of each of the Company issuances as from the Program approval up to December 31, 2016.

Class	IV	VI	VII	IX	X	XII
Issuance date	07/03/2013	05/27/2014	05/12/2015	05/12/2015	02/23/2016	07/22/2016
Amount issued	US\$ 7,380,128	\$ 15,842,677	\$ 52,904,443	\$ 57,229,975	\$ 96,828,323	\$ 96,666,666
Amount payable	-	-	-	\$ 56,217,680	\$ 95,454,598	\$ 95,218,904
Currency	Pesos, to the current exchange rate ("dollar-linked")	Pesos	Pesos	Pesos	Pesos	Pesos
Amount payable – current (capital and interests)	-	-	-	\$ 31,146,221	\$ 99,495,447	\$ 6,176,958
Amount payable – non-current (capital and interests)	-	-	-	\$ 27,602,693	-	\$ 95,218,904
Interest rate	3.90%	BADLAR Private + 549 bps	Fixed rate 29%	The highest between: a) 0.90 multiplied by the variation of CAC index; and b) Badlar rate + 600 bps.	BADLAR Private + 550 bps	Badlar rate + 600 bps with the exception that for the first three months, the CN will accrue a minimum rate of 32% nominal annual rate (ANR).
Maturity	07/04/2016	11/29/2016	05/06/2016	05/14/2018	08/23/2017	01/23/2018
Amortization	4 equal consecutive installments, as from 10/05/2015, in the months 27, 30, 33 and 36.	4 equal consecutive installments, as from 02/29/2016, in the months 21, 24, 27 and 30	1 installment at maturity date 05/06/2016	4 equal consecutive installments, as from 08/14/2017, in the months 27, 30, 33 and 36	2 consecutive equal installments, as from 05/23/2017, in the months 15 and 18.	One installment at the 18th month from the issuance and liquidation date
Payment of interests		Quarterly coupon				
Payment of principal		At par				
Rating		BBB as per FIX SCR S.A. Risk Rating Agent				

On May 12, 2015 and February 23, 2016, and as a consequence of the last issuance of corporate notes Classes VII, IX and X, holders of other classes have decided to exchange corporate notes among the different series. Following is a summary of the main characteristics of such exchange:

Exchanged issuance	Exchanged amount	New Issuance		
		Class VII	Class IX	Class X
Class III	\$ 3,000,000	\$ -	\$ 3,000,000	-
Class IV	US\$ 4,609,642	US\$ 1,279,642	US\$ 3,330,000	-
Class V	\$ 23,041,880	\$ 17,691,880	\$ 5,350,000	-
Class VI	\$ 15,842,677	\$ 9,668,535	\$ 6,174,142	-
Class VII	\$ 24,391,758	-	-	\$ 24,391,758

Below we present the amounts payable for each of our corporate notes, classified as current and non-current, in local and foreign currency, as of December 31, 2016 and 2015 and

Class	Dec 31, 2016		Dec 31, 2015	
	Current	Non-current	Current	Non-current
III	-	-	15,146,401	-
VI	-	-	7,730,292	2,500,000
VII	-	-	80,414,888	-
IX	31,146,221	27,602,693	2,176,317	56,217,680
X	99,495,447	-	-	-
XII	6,176,958	95,218,904	-	-
<b>Total in national currency</b>	<b>136,818,626</b>	<b>122,821,597</b>	<b>105,467,898</b>	<b>58,717,680</b>
IV	-	-	27,311,236	-
<b>Total in foreign currency</b>	<b>-</b>	<b>-</b>	<b>27,311,236</b>	<b>-</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 14. Financial debt (continued)

### 3. Bank overdraft agreements

TGLT SA has subscribed the following agreements to operate overdraft with the following Banks: a) HSBC Bank Argentina SA for an amount of \$ 8 million, b) Banco Industrial de Azul for \$ 2 million, c) Banco Galicia for \$ 2 million, d) Banco Supervielle for \$ 8 million, e) Banco Santander for \$ 18 million and f) Banco Patagonia for \$ 5 million.

## Note 15. Salaries and social security

	Notes	Dec 31, 2016	Dec 31, 2015
Wages payable in the local currency		4,355,730	10,679,726
Wages payable in foreign currency	40	1,259,423	1,003,335
Social security contributions payable in local currency		3,631,014	4,251,728
Social security contributions payable in foreign currency	40	213,000	112,338
Provision for 13 <sup>th</sup> salary and holidays in local currency		4,189,967	2,804,205
Provision for 13 <sup>th</sup> salary and holidays in foreign currency	40	671,237	374,035
Board of Directors' fees provision		735,999	563,955
Advances to employees		(30,000)	-
<b>Total salaries and social security</b>		<b>15,026,370</b>	<b>19,789,322</b>

## Note 16. Current tax liabilities

	Notes	Dec 31, 2016	Dec 31, 2015
Tax on minimum presumed income		2,910,290	7,368,579
Income Tax payable in local currency		1,153,387	-
Net Income Tax in foreign currency	40	72,310	43,815
<b>Total current tax liabilities</b>		<b>4,135,987</b>	<b>7,412,394</b>

## Note 17. Other tax burden

	Notes	Dec 31, 2016	Dec 31, 2015
<b>Current</b>			
Gross Income Tax		9,977,111	7,049,302
Value added tax		100,528	-
Provincial Tax Payable		3,303,798	548,796
Municipal Tax Payable		4,302,128	1,678,605
Provincial Tax Payment Plan		2,011,366	1,515,975
Municipal Tax Payment plan in local currency		2,374,852	1,688,324
Municipal Tax Payment plan in foreign currency (1)	40	10,129,436	-
National Tax Provision		4,797,864	-
Net worth Tax		-	851,982
Stamp Tax		32,954,149	23,299,530
Withholdings and earnings to be deposited in local currency		4,091,688	1,626,562
Withholdings and earnings to be deposited in foreign currency	40	876,760	721,192
<b>Subtotal other tax burden - current</b>		<b>74,919,680</b>	<b>38,980,268</b>
<b>Non-current</b>			
Provincial Tax Payment Plan		2,240,102	3,120,044
Municipal Tax Payment Plan		1,241,119	-
<b>Subtotal other tax burden - non-current</b>		<b>3,481,221</b>	<b>3,120,044</b>
<b>Total other tax burden</b>		<b>78,400,901</b>	<b>42,100,312</b>

(1) On April 21, 2016, the Company signed an agreement with the municipality of Rosario to provide economic compensation in exchange for donating land to green spaces, to be paid in 15 monthly and consecutive installments for a total of US \$ 1,366,012, with the first installment expiring in May 2016. At the date of the issuance of these financial statements, 8 installments have been paid.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 18. Advanced payments of clients

	Notes	Dec 31, 2016	Dec 31, 2015
Advanced collections		2,913,570,926	2,232,287,629
Advanced collections from sale of shares		22,470,953	19,385,264
Equipment fund		40,150,869	40,844,480
Operating fund		9,838,205	4,836,602
Value added tax		(104,715,299)	(96,394,594)
<b>Total advanced payments of clients</b>		<b>2,881,315,654</b>	<b>2,200,959,381</b>

## Note 19. Provisions

Current	Notes	Legal Claims (I)	Onerous contracts (II)	Dec 31, 2016	Dec 31, 2015
<b>In local currency</b>					
Balance as of January 1, 2016		-	-	-	-
Increments (III)		2,766,961	3,749,246	6,516,207	-
Recoveries (III)		-	-	-	-
Charge-offs		-	-	-	-
<b>Subtotal of provisions in local currency</b>		<b>2,766,961</b>	<b>3,749,246</b>	<b>6,516,207</b>	
<b>In foreign currency</b>					
Saldos al 1° de enero de 2016		-	-	-	-
Increments (III)		-	1,112,300	1,112,300	-
Recoveries (III)		-	-	-	-
Charge-offs		-	-	-	-
<b>Subtotal of provisions in foreign currency</b>	40	-	<b>1,112,300</b>	<b>1,112,300</b>	
<b>Total provisions</b>		<b>2,766,961</b>	<b>4,861,546</b>	<b>7,628,507</b>	-

(I) Correspond to provisions for legal claims.

(II) Correspond to provisions derived from contractual obligations.

(III) The additions and recoveries are presented in the consolidated statements of comprehensive income under "other income and expenses, net".

## Note 20. Other accounts payables

Current	Notes	Dec 31, 2016	Dec 31, 2015
Sundry creditors in foreign currency	32.8 / 40	8,642,100	2,584,383
Purchase of shares in foreign currency payable	34 / 40	34,958,009	9,128,007
Provision for other claims	33.6	10,769	687,250
Other liabilities		108,011	28,520
<b>Total other accounts payables – current</b>		<b>43,718,889</b>	<b>12,428,160</b>
<b>Non-current</b>			
Other creditors in foreign currency	40	1,687,321	-
Purchase of shares in foreign currency payable	34 / 40	46,081,000	46,944,000
<b>Total other accounts payable – non-current</b>		<b>47,768,321</b>	<b>46,944,000</b>
<b>Total other accounts payable</b>		<b>91,487,210</b>	<b>59,372,160</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 21. Share Capital

The Company's capital is distributed as follows:

Shareholders	Dec 31, 2016		Dec 31, 2015	
	Shares	%	Shares	%
Federico Nicolás Weil	13,806,745	19,6%	13,804,445	19,6%
Bienville Argentina Opportunities Master Fund LP	9,560,830	13,6%	9,560,830	13,6%
PointArgentum Master Fund LP	9,560,830	13,6%	9,560,830	13,6%
Michael Tennenbaum	7,270,318	10,3%	7,270,318	10,3%
IRSA Propiedades Comerciales S.A.	6,671,712	9,5%	6,671,712	9,5%
Serengeti Asset Management	5,008,883	7,1%	5,008,883	7,1%
Other holders of US certificates of deposit representing ordinary shares (ADRs)	15,035,907	21,4%	14,842,587	21,1%
Holders of Brazilian certificates of deposit representing ordinary shares (BDRs)	-	-	335,240	0,5%
TGLT S.A. (1)	10,000	0,01%	-	-
Other holders of ordinary shares	3,424,260	4,89%	3,294,640	4,7%
<b>Total share capital</b>	<b>70,349,485</b>	<b>100%</b>	<b>70,349,485</b>	<b>100%</b>

(1) See Note 48.

## Note 22. Reserves, retained earnings and dividends

### Restriction to distribute Retained Earnings

As stipulated in CNV's rules, in Article 8, when the net balance of other accumulated comprehensive income (difference in net investment conversion abroad) at year or period end is negative, there will be a restriction on the distribution of retained earnings by the same amount.

### Dividends policy

To protect the interests of TGLT's financial creditors, TGLT shall not make or agree to make any kind of dividend payment, whether directly or indirectly, before any scheduled payment of principal, amortization, or other amounts due on the corporate notes or any of its debt subordinated to its corporate notes have been paid.

## Note 23. Revenue for ordinary activities

	Dec 31, 2016	Dec 31, 2015
Revenue from delivery of inventory	700,014,417	818,360,768
Revenue from services rendered	20,309,656	10,647,324
<b>Total revenue for ordinary activity</b>	<b>720,324,073</b>	<b>829,008,092</b>

## Note 24. Cost of ordinary activities

	Dec 31, 2016	Dec 31, 2015
Inventory at start of year	517,660,247	219,909,322
<b>Plus:</b>		
Cost capitalized during the year	276,982,585	950,312,182
Costs of services rendered	3,541,818	2,669,620
<b>Minus:</b>		
Inventory at end of year	(138,174,130)	(517,660,247)
<b>Total cost of ordinary activity</b>	<b>660,010,520</b>	<b>655,230,877</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 25. Sales expenses**

	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>
Wages and social security contributions	10,544,936	9,580,696
Other payroll expenses	460,849	321,668
Rent and maintenance fees	1,044,124	601,434
Professional fees	2,595,282	1,392,000
Taxes, duties and assessments	29,016,449	23,951,585
Transport and per diem	1,008,148	311,546
IT and service expenses	1,083,733	709,252
Depreciation of fixed assets	1,806,410	2,190,556
Office expenses	567,763	411,833
Insurance	138,014	13,137
Advertising expenses	12,687,506	14,455,115
Costs per sales	23,082,890	9,274,036
Consortium expenses	20,712,191	11,476,357
Post sales costs	9,441,239	989,161
Overhead	1,663	52,538
<b>Total sales expenses</b>	<b>114,191,197</b>	<b>75,730,914</b>

**Note 26. Administrative expenses**

	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>
Wages and social security contributions	60,969,249	49,201,613
Other payroll expenses	1,864,499	2,357,660
Rent and utility bills	4,585,338	2,810,031
Professional fees	17,402,307	9,115,617
Directors' fees	3,408,265	2,255,820
Statutory auditing committee fees	1,276,465	893,440
Other expenses	1,965,157	927,660
Taxes, duties and assessments	4,370,410	8,337,130
Transport and per diem	2,363,601	899,086
IT and services expenses	4,104,228	2,767,919
Depreciation of fixed assets	896,937	705,084
Office expenses	3,196,193	2,156,063
Insurance	2,096,132	1,476,136
Investment property maintenance expenses	3,149,655	-
Contractual agreements	362,352	-
Donations	-	215,975
<b>Total administrative expenses</b>	<b>112,010,788</b>	<b>84,119,234</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 27. Financial results

	Profit/ (Loss)	
	Dec 31, 2016	Dec 31, 2015
<b>Foreign exchange difference</b>		
Inflows from foreign exchange differences	71,687,704	89,660,602
Outflows from foreign exchange differences	(76,854,659)	(123,942,423)
<b>Total exchange difference</b>	<b>(5,166,955)</b>	<b>(34,281,821)</b>
<b>Financial income</b>		
Interest	9,225,571	3,956,226
Unrealized income from short-term investments	1,390,835	3,132,621
Income from short-term investments sales	412,544	20,955,214
Income from financial instruments	-	17,073,399
<b>Total financial income</b>	<b>11,028,950</b>	<b>45,117,460</b>
<b>Financial costs</b>		
Interests	(83,084,471)	(63,187,511)
<b>Subtotal interests</b>	<b>(83,084,471)</b>	<b>(63,187,511)</b>
<b>Other financial costs</b>		
Banking expenses	(2,309,112)	(2,573,585)
Results brought about by financial instruments	(1,179,702)	-
Tax on bank debits and credits	(15,396,924)	(12,151,906)
Discounted credits	(1,015,482)	-
Other bad credits	(5,668,798)	(4,666,086)
<b>Subtotal other financial costs</b>	<b>(25,570,018)</b>	<b>(19,391,577)</b>
<b>Total financial costs</b>	<b>(108,654,489)</b>	<b>(82,579,088)</b>

## Note 28. Other income and expenses, net

		Profit/(loss)	
		Dec 31, 2016	Dec 31, 2015
Rental income	46	4,752,087	-
Debt write off		-	(697,493)
Income due to contract termination		769,939	975,021
Income per contract assignment		-	(77,586)
Expense refund		201,181	18,300
Recovery of provision for expenses		5,637,995	-
Sale of property, plant and equipment		3,740,441	-
Legal settlements		(8,054,158)	(1,540,615)
Collections of insurance policies		1,708,941	-
Damages repairs		(7,284,997)	-
Sundry		(646,832)	1,520,582
<b>Total other income and expenses, net</b>		<b>824,597</b>	<b>198,209</b>

## Note 29. Income tax and deferred tax expense

The structure of "Income tax" determined in accordance with IAS 12, which is included in the statement of income as of December 31, 2016 and 2015, is as follows:

	Dic 31, 2016	Dic 31, 2015
Income tax expense	2,809,747	12,315,305
Defect Income tax expense other period	56,772	-
Deferred tax expense	(234,069,669)	(1,936,621)
Valuation allowance for tax on minimum presumed income	(1,267,680)	-
<b>Total Income Tax</b>	<b>(232,470,830)</b>	<b>10,378,684</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 29. Income tax and deferred tax expense (continued)

Deferred tax at the close of the year has been determined on the basis of the temporary difference between accounting and tax-related calculations. The structure of assets and liabilities for Deferred Tax at the close of each period is as follows:

	Dec 31, 2016	Dec 31, 2015
<b>Assets from Deferred Tax</b>		
Carryforward in local currency	210,353,887	256,461,077
Carryforward in foreign currency	12,377,044	12,613,511
Bad credits	-	1,905,030
Property, plant and equipment	2,997,829	3,804,064
Deferred income	52,346,472	15,218,928
<b>Subtotal assets from deferred tax</b>	<b>278,075,232</b>	<b>290,002,610</b>
<b>Deferred Tax liabilities</b>		
Bad credits	(402,307)	-
Short-term investments	(701,052)	(868,420)
Inventory valuation	(141,835,724)	(108,353,798)
Foreign currency valuation	(58,113,443)	(130,715,431)
Financial costs	(34,884,377)	(46,569,039)
Investment property	(265,263,412)	-
Intangible assets	(16,383)	(21,148)
<b>Subtotal liabilities from deferred tax</b>	<b>(501,216,698)</b>	<b>(286,527,836)</b>
<b>Net position of assets/(liabilities) from deferred tax</b>	<b>(223,141,466)</b>	<b>3,474,774</b>

The Company produces projected estimates of its taxable income to determine the extent to which it will be able to use its deferred tax assets within the term of five years in accordance with the Income Tax laws in Argentina and Uruguay, which represents the basis for the recognition of the deferred tax assets. The assumptions, among other factors, that the Company's Management considered in the preparation of these projections include the finalization of the marketing of Forum Alcorta, Astor Palermo and Forum Puerto del Buceo units, the delivery of the units sold during the current year, concluding during the first months of the following year with the all deliveries. On the other hand, the recoverability of the remaining losses will depend on the timely and proper performance of the unit deliveries of the remaining projects. TGLT performs its recognition in accordance with paragraph 34 of IAS 12, which indicates that the tax losses generated by tax returns that are expected to be offset by future taxable income are presented as the amount of taxes expected to be recovered with the loss of taxes for the period, in accordance with paragraph 54 (n) of IAS 1, classified in accordance with IAS 12.

The following is a detailed description of the reconciliation between Income Tax charged to Net income and the expected result from applying the relevant tax rate to the accounting result before taxes:

	Dec 31, 2016	Dec 31, 2015
Income Tax calculated at the current rate for each country	(177,912,044)	17,714,464
Defect in provision of Income tax expense	597,670	(610,021)
Non-deductible expenses	(4,938,397)	(5,963,279)
Assumed interests	(3,097,984)	(1,992,907)
Directors' Fees	(1,003,016)	(767,662)
Intangible assets	(494)	(494)
Donations	-	(12,591)
Inventory	4,192,150	(8,383,287)
Effect of conversion – financial statements	10,232,269	14,220,299
Tax on minimum presumed income valuation allowance	(1,267,681)	(10,776)
Carryforward Depreciation and valuation allowance	(59,273,303)	(3,815,062)
<b>Income tax expense</b>	<b>(232,470,830)</b>	<b>10,378,684</b>

The fiscal carryforward in local and foreign currency accumulated as of December 31, 2016 can be applied until the following dates:

Period	Pesos
	2016
2017	2,689,116
2018	6,322,803
2019	96,119,861
2020	84,846,877
2021	32,752,274
<b>Total</b>	<b>222,730,931</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 30. Related Parties

a) As of December 31, 2016 and 2015, the amounts outstanding with related companies and other related parties, classified as per the nature of the transaction, are as follows:

RECEIVABLES FROM RELATED PARTIES	Notes	Dec 31, 2016	Dec 31, 2015
<b>ACCOUNTS AND OTHER RECEIVABLE</b>			
AGL Capital S.A.		258,986	2,308,410
Individual shareholders in foreign currency	38	90,367	74,056
		349,353	2,382,466
<b>OTHER RECEIVABLES</b>			
Individual shareholders		2,505,432	2,130,741
Other shareholders		3,543,512	3,439,061
		6,048,944	5,569,802
<b>Total receivables from related parties</b>		<b>6,398,297</b>	<b>7,952,268</b>

OUTSTANDING SUMS DUE TO RELATED PARTIES		Dec 31, 2016	Dec 31, 2015
<b>TRADE AND OTHER ACCOUNTS PAYABLES</b>			
IRSA Inversiones y Representaciones S.A.	39	-	35,418,354
		-	35,418,354
<b>ADVANCED PAYMENTS OF CLIENTS</b>			
Alto Palermo S.A.		-	236,645,106
IRSA Inversiones y Representaciones S.A.		-	60,287,590
Directors		3,129,739	504,152
Comisiones y corretaje S.A.		22,504,620	-
		25,634,359	297,436,848
<b>Total outstanding sums due to related parties</b>		<b>25,634,359</b>	<b>332,855,202</b>

b) As of December 31, 2016 and 2015, the most significant operations with related companies and other related parties were as follows:

- Transactions and its effects on cash flows

Related Company	Transaction	Dec 31, 2016	Dec 31, 2015
AGL Capital S.A.	Collections for services rendered	2,246,792	757,996
Directors	Collections from unit sales	2,660,194	3,315,339
Individual Shareholders	Payments on behalf of third parties	(210,094)	117,696
Other shareholders	Payments on behalf of third parties	(253,451)	125,153
<b>Total</b>		<b>4,443,441</b>	<b>4,316,184</b>

- Transactions and its effects on profit & loss

Related Company	Transaction	Dec 31, 2016	Dec 31, 2015
AGL Capital S.A.	Revenue from services rendered	258,986	-
Individual Shareholders	Revenue from unit sales	-	541,837
Individual Shareholders	Financial Income	16,311	26,552
Other shareholders	Bad credits	(733,887)	-
IRSA Inversiones y Representaciones S.A.	Revenue from unit sales	29,292,123	-
Directors and executive managers	Revenue from unit sales	-	3,312,687
Board Members	Fees	(2,189,485)	(2,255,820)
<b>Totals</b>		<b>26,644,048</b>	<b>1,625,256</b>

- Transactions and its effects on balance sheet

Company	Transaction	Dec 31, 2016	Dec 31, 2015
Alto Palermo S.A.	Fair value	204,275,762	-
IRSA Inversiones y Representaciones S.A.	Decrease in fair value	95,705,944	-
<b>Totals</b>		<b>299,981,706</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 30. Related Parties (continued)

c) As of December 31, 2016 and 2015, transactions with key personnel were as detailed below:

	Dec 31, 2016	Dec 31, 2015
Salaries and social security	12,156,960	13,133,481
Social security	2,066,880	2,106,005
<b>Total</b>	<b>14,223,840</b>	<b>15,239,486</b>

On December 13, 2011, the Board of Directors provided that its Senior Management departments, pursuant to Section 270 of the Argentine Corporate Law, are as follows:

- General Management
- Financial Management
- Operations Management
- Human Resources, Technology and Process Management

Thus, TGLT key personnel consist of the persons in charge of these Management Departments (four people). In April 2016, Federico Weil signed an employment contract with the Company. This agreement establishes that Federico Weil will assume the position of CEO (Chief Executive Officer) of TGLT, and will be responsible for the management of TGLT. In the event that the contract terminates without cause, Federico Weil will be entitled to a special payment in the form of compensation equal to twice the indemnity that should be paid under the Labor Contract Law. The agreement includes the following clauses: exclusivity, non-competition and confidentiality by Federico Weil.

## Note 31. Breakdown by maturity of and interests rates on credits, tax assets and debts

a) Classification of credits, tax assets and debt balances according to maturity:

Credits/Tax assets	Dec 31, 2016	Dec 31, 2015
<b>Due within</b>		
Up to 3 months	127,803,190	46,871,856
From 3 to 6 months	6,185,884	23,134,657
From 6 to 9 months	8,087,129	536,514
From 9 to 12 months	24,603,586	840,071
Over 12 months	76,635,589	79,723,724
No specific due date	188,214,109	203,083,870
<b>Past-due</b>		
Up to 3 months	21,606	28,531,003
From 3 to 6 months	-	1,305,540
From 6 to 9 months	-	186,033
From 9 to 12 months	-	88,834
Over 12 months	18,200	18,200
	<b>431,569,293</b>	<b>384,320,302</b>

Debts (except advanced payments of clients)	Dec 31, 2016	Dec 31, 2015
<b>Due within</b>		
Up to 3 months	416,616,890	310,151,923
From 3 to 6 months	168,120,984	146,091,969
From 6 to 9 months	182,818,626	18,822,691
From 9 to 12 months	83,042,492	67,407,239
Over 12 months	399,988,451	125,072,574
No specific due date	270,958,482	333,267,061
<b>Past-due</b>		
Up to 3 months	150,225,598	28,629,152
From 6 to 9 months	11,733,311	141,928
From 9 to 12 months	-	139,787
	<b>1,683,504,834</b>	<b>1,029,724,324</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 31. Breakdown by maturity of and interests rates on credits, tax assets and debts (continued)

b) Credit, tax asset and debt balances accruing interest and otherwise are shown below:

Credits / Tax assets	Dec 31, 2016	Dec 31, 2015
Accruing interests	179,354,568	1,536,188
Non accruing interests	252,214,725	382,784,114
<b>Average nominal annual rate:</b>	<b>15%</b>	<b>8%</b>
Debts (except Advanced payments of clients)	Dec 31, 2016	Dec 31, 2015
Accruing interests	886,688,498	448.353.579
Non accruing interests	796,816,336	581.370.745
<b>Average nominal annual rate:</b>	<b>29%</b>	<b>23%</b>

## Note 32. Restricted assets

1. As a result of the funding obtained by Canfot S.A. by means of two mortgage-backed Construction Project Facility Agreements, entered into with Banco Hipotecario S.A. and as explained in Note 14, Canfot S.A. attached a first-priority mortgage to the real estate on which it is building the "Forum Alcorta" project.

On September 22, 2016, the parties signed the cancellation of the lien on the entire property and on October 11, 2016, it was registered in the Real Estate Registry.

2. To secure the obligations assumed by the Company as a result of its purchase of the property where the "Astor Caballito" project is being developed, the Company furnished a first-priority mortgage in favor of IRSA Inversiones y Representaciones S.A. (hereinafter "IRSA") over said property up to the amount of US\$ 12,750,000 principal, plus corresponding interests, costs and expenses. Additionally, and to secure that operation, the Company furnished a first-priority pledge in favor of IRSA over the shares it holds in Maltería del Puerto S.A. (now merged with Canfot SA, which was subsequently merged with TGLT S.A.).

As a result of the merge and exchange of TGLT shares in Maltería del Puerto SA a first-priority mortgage of 3,571,397 Canfot SA shares was furnished in favor of IRSA.

At the date of the financial statements, Canfot S.A. With TGLT S.A., this situation is under analysis for its treatment in the next Shareholders' Meeting.

3. To secure the obligations assumed by the Company as a result of its purchase of the property where the "Astor Palermo" project is being developed, the Company furnished a first-priority mortgage in favor of Alto Palermo S.A. (hereinafter "APSA") over said property. The mortgaged amount is US\$ 8,143,231.

4. As a consequence of financing obtained by TGLT SA pursuant to the Financing Agreement for the financing of the construction of Astor Núñez with a Banco de la Ciudad de Buenos Aires and as explained in Note 14.1, the Company furnished a first-priority mortgage on the property where the Astor Núñez project is being developed. The cancellation of such mortgage is in process since at the date of the financial statements the liability has been totally canceled.

5. To secure the obligations assumed by the Company as a result of its purchase of the property where the Brisario project created by Proa and Metra Puerto Norte will be developed, the Company furnished a first-priority mortgage in favor of Servicios Portuarios S.A over said property. The mortgaged amount is US\$ 24,000,000.

6. As mentioned in Note 34.1 and to secure obligations assumed by the Company as a result of the acquisition of Green Urban Homes SA where Metra Devoto Project will be developed, the Company furnished a first-priority mortgage on the real estate property purchased in favor of the previous owners of the Company. The mortgaged amount is US\$ 4,800,000 and subsequently in favor of other clients (see Note 32.9).

7. On December 27, 2007, Marinas Río de la Plata SL and Marcelo Gomez Prieto entered into two Stock Pledge Agreements, one in favour of Marcelo Gómez Prieto and the other in favour of Marinas Río de la Plata SL (hereinafter, the "Stock Pledge Agreements"). Pursuant to said agreements, each party granted the other, as security for the fulfilment of the financing obligations by both in connection with Marina Río Luján S.A., a first-priority security interest pursuant to Section No. 580 et seq. of the Code of Commerce of the Argentine Republic, on all the shares issued by Marina Río Lujan S.A. owned by the party who ultimately becomes the Pledger under each of the Stock Pledge Agreements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 32. Restricted assets (continued)

I. The financing policy of Marina Río Luján S.A. will be established by the Board of Directors with a view of attaining the most efficient financial and tax structure for the development of this real estate project. These policies will be implemented substantially in the same condition as would have been obtained in the open market by unrelated third parties.

II. First, Marcelo Gomez Prieto and Marinas Río de la Plata SL, through Marina Río Luján S.A., will try to obtain financing from independent third parties to develop the real estate project of that company. For these purposes, Marina Río Luján S.A. will accept third-party financing on arm's length terms. In the event that such third party financing is not disbursed, each party will provide financing to the other for up to US\$ 4,000,000.

On February 22, 2010, Marcelo Gómez Prieto consented, and the Company agreed, to assume all of the rights and obligations of Marinas Río de la Plata SL and replace it under the Stock Pledge Agreements.

8. As a result of certain demolition activities conducted in September 2006 on the premises of the "Astor Nuñez" urban project, TGLT was served with process regarding a suit for "damages due to proximity" in 2009. The case is held before the 89th Civil Trial Court and the amount claimed is approximately \$ 440,000. On August 24, 2012, the Court granted a motion to dismiss filed by the Company based on the statute of limitations and such court decision was appealed by the plaintiff. The case has been sent to the Court of Appeals and is now awaiting a decision.

As a consequence of the acquisition of shares of Pico y Cabildo S.A. by TGLT S.A., and to secure the outcome of the contingency mentioned above, the former shareholders made a time deposit on behalf of Pico y Cabildo S.A., which will be used solely to pay any obligations arising out of the claim filed against the Company. Therefore, as of December 31, 2016 and 2015, the Company includes in current assets \$3,179,694 and \$ 2,584,383, respectively, under "Cash and cash equivalents", and \$3,179,694 and \$ 2,584,383, respectively, in current liabilities under "Other accounts payables."

9. Disposal of Monroe Real Estate is restricted due to a purchase option of such real estate delivered to a client as collateral for the payment of the option owned by the client, to resell to the Company a number of functional units acquired. On November 21, 2016, TGLT requested and the client provided its consent to sell and transfer the Monroe Property to third parties. Likewise, and in the same act, the parties resolved to terminate the agreement, annulling all the obligations derived from the Monroe Property. On the same date, the parties agreed to replace the payment guarantee with the building where the Metra Devoto project is being developed. Management of the Company is negotiating the modification of the terms and conditions of the original contract signed with the buyer, during November 2015, for the acquisition of units of different projects, which have been replaced for other units during the year. Management of the Company estimates that negotiations with the buyer will finalize within 30 days of issuance of these financial statements and have a favorable result for the Company.

10. As a result of the funding obtained by Maria Río Luján S.A. through the syndicated loan agreement with mortgage guarantee entered into with the Santander Río S.A. and Banco Ciudad de Buenos Aires S.A. and as explained in Note 14, Marina Río Luján S.A. the property on which the project is carried out, with the exception of the Anguilera, and the assignment of the economic rights (including the collection rights) and all other rights of any other nature that correspond to it with or derived from (i) existing sales tickets and, (ii) future sales tickets. The mortgage amount amounts to \$ 527,500,000.

11. As a result of the financing obtained by FDB S.A. through the Constructive Project Financing Contract with mortgage guarantee entered into with Banco Bilbao Vizcaya Argentaria Uruguay S.A (BBVA) and Banco ITAU Uruguay S.A. and as explained in Note 14, the Company levied with real right of mortgage in the first degree of privilege the property of its ownership.

12. In order to guarantee the obligations assumed by the Company as a result of the acquisition of the property where the Astor San Telmo project is being carried out, the Company levied a first mortgage right in favor of H.C. & Asociados Sociedad Anónima, the portion of the property purchased from the latter. The mortgage amount amounts to US \$ 10,500,000.

## Note 33. Litigation

### 33.1. Health and Safety

During the last quarter of the fiscal year 2012 Maltería del Puerto S.A. was summoned three times as joint-and-several guarantor of Constructora Sudamericana S.A. for a subcontractor's alleged violation of safety and health obligations. The company submitted the requisite replies. The Ministry of Labour and Social Security of the Province of Santa Fe has not issued any resolution regarding these proceedings.

As of the date of these financial statements, we cannot determine whether the defendants will be held liable, or if the adverse resolution, if any, will extend to TGLT as the owner of the property. If monetary penalties are imposed, they must be paid, regardless of if an appeal is filed with the Labour Court of Appeals for the Province of Santa Fe.

The Board of Directors of the Company and its legal counsel estimate that the resolution of said claims should not generate significant material losses for the Company. As a result, as of December 31, 2016, no charges have been recognized in relation to this breach.

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## Note 33. Litigation (continued)

### 33.2. Labor Claims

On August 3, 2013, the Company was served, in its capacity as joint-and-several guarantor, with a labor claim. An administrative employee of Ingeniero Milia SA ("IGM") demanded \$ 124,500 from IGM and five other real estate developers, including TGLT. The case was submitted to Labour Court No 3 of the City of Rosario, Santa Fe. On September 10, 2013, the Company submitted the requisite replies. The case is resolved during 2016, and TGLT paid the amount of \$ 5,000.

On October 30, 2013, the Company was served, in its capacity as joint-and-several guarantor, with a labor claim in which a construction worker sued IGM. The case was submitted to Labour Court No 2 of the City of Rosario, Santa Fe, for an amount of \$ 123,513. On November 14, 2013 the Company submitted the requisite replies. The case is currently being examined by the Court.

Maltería del Puerto (now merged with Canfot SA) received a summons for June 25, 2015 related to the demand "MIGUEL; GONZALO JAVIER c/MARMOLES MATO SRL AND OTHER ON PREPARATORY LEGAL PROCEEDINGS" (File No 1864/14). This is a labor claim served to Mármoles Amato Rubén Antonio Amato, Constructora Sudamericana (COSUD) and TGLT SA. As of the date of these financial statements, the amount of the claim expected by the plaintiff is unknown.

The Board of Directors of the Company and its legal counsel estimate that the resolution of the claims described above are not likely to generate significant material losses for the Company. As of December 31, 2016 no charges have been recognized in relation to this matter.

### 33.3. Ingeniero Guillermo Milia S.A. (IGM)

In February 2012, IGM (a company hired for the provision of concrete and masonry services for Forum Puerto Norte urban project) filed an insolvency petition before the Civil and Commercial Trial Court No. 1 in and for the City of Olavarría, in the case "Ingeniero Guillermo Milia S.A. s/Concurso Preventivo."

Maltería del Puerto and the Company have appeared in court as unsecured creditors, claiming credits for the amount of \$ 9,085,156 and \$ 1,293,689, respectively, which declared as admissible by the corresponding judge on September 12, 2012 and December 17, 2014, respectively. The homologated proposal consisted of the withdrawal of 60% of the credit.

As of December 31, 2016 and 2015, the Company recorded a credit of \$ 1,901,601 and \$ 3,584,435, respectively, which is presented as 'other credits' in current assets.

### 33.4. Tax claims

#### Worksite Advertising and Fencing

On July 8, 2011, Dirección General de Rentas (General Revenue Bureau, dependent of the Governmental Administration of Public Revenue of Buenos Aires City) drafted a resolution for the works where the "Forum Alcorta" project is being developed, due to an alleged failure to pay advertisement fees regarding the fencing surrounding the site and alleged failure to pay the fee for occupying the street right-of-way with the fence, understanding that the same had been placed on the street (at a distance of approximately 35 centimeters from the municipal line). On November 3, 2011, Canfot S.A. (merged with TGLT) subscribed to a payment plan for a total amount of \$ 601,800 (including principal and interest), to be paid in 60 monthly instalments.

As of December 31, 2016, the outstanding payable was fully paid. On December 31, 2015, the outstanding payable amounted \$ 103,961 (only capital), disclosed in "other tax burden" under current liabilities.

### 33.5. Astor Caballito building project /Preliminary Injunction

On November 30, 2015, the Company was notified of the judgment of the first instance, making use of the proposal of the Association of Neighbors, which was appealed on December 3, 2015 by TGLT SA, as did the City Government of Buenos Aires (GCBA) on December 4, 2015. Both resources were granted. The file was submitted to the Chamber of Litigation and Administrative of the City of Buenos Aires and was filed in chamber III of the Law. On May 26, 2016, Chamber III of the Chamber decided to reject the appeals filed by the GCBA and TGLT, confirming the judgment rendered by the Court of First Instance. On June 16, 2016, TGLT filed an appeal of unconstitutionality against the final judgment, as did the GCBA on June 15, 2016. On November 10, 2016, the appeals of unconstitutionality were denied and the November 23, 2016 we proceeded to file the corresponding complaint in the Superior Court of Justice of the City of Buenos Aires.

Notwithstanding the agreement in Note 39, the case is still valid.

As it corresponds to an injunctive relief with the objective to question the omission of the issuance of an administrative act and to reject the granting of the construction authorization to TGLT S.A., in this case file no amount has to be paid.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 33. Litigation (continued)

### 33.6. Venice

- On July 1, 2016, the Federal Criminal and Correctional Court of San Isidro No. 1 (the "Federal Court") decided to preventively suspend the construction of the Venice project, until obtaining the environmental impact authorization granted by the Provincial Agency of Sustainable Development of the Province of Buenos Aires (the "OPDS"). The Federal Court made this decision in the context of a general claim against all real estate developments in the area for several breaches, including alleged damages to the environment.

- On July 6, 2016, Marina Río Luján filed an appeal to revoke the current precautionary measure. On September 8, 2016, the Federal Court of Appeals of San Martín resolved to automatically reverse the suspension as of September 27, 2016. In addition, the ruling of the Court of Appeals also declared the incompetence of the Federal Court to rule in the case and ordered its referral to the Criminal Court of San Isidro. The litigation will continue in the provincial court for criminal matters and there can be no certainty that the precautionary measure will not be reinstated by such court. On September 21, the OPDS issued the environmental impact certificate. On September 28, the Company restarted the work on the project. Finally, on December 26, 2016, the Federal Chamber of Criminal Cassation rejected the admission of the extraordinary federal appeal filed by the complainant, filed against the decision dated September 27, 2016 issued by the Federal Court of Appeal of San Martín, whereby it was declared the incompetence of the federal justice to continue being involved in the file.

- Creciente Marcela Araceli and others c / TGLT S.A. and others / autonomous or anticipated precautionary measure: case being processed in the Administrative Court No. 2 of San Isidro. The actors base their claim on the threat that Garrote's neighborhood population will be affected by the Company's work due to the displacement of rainwater. The claim has no known amount. TGLT filed the appeal on November 25, 2014, claiming that it does not own the property (lack of passive legitimization). Management of the Company considers that it has solid defense arguments and that this situation will be resolved favorably in the interests of the Company. To date and although time has elapsed since the beginning, the case is still in the stage of responding the lawsuit and pending resolution of this party's issues on the subject of passive legitimization and competition. The deadline for answering such demand for all sites is suspended until all articulated exceptions are resolved.

### 33.7. Other claims

The following are updates that occurred during the period relating to 'other claims':

- On December 2, 2013 Maltería del Puerto (merged with Canfot SA, which subsequently merged with TGLT S.A.) was notified about a claim before the General Arbitration Court of the Rosario Stock Exchange presented by Víctor Cammarata for breach of contract. The claim relates to an alleged delay in the delivery of the functional unit and lack of under floor heating in the unit. On June 9, 2016, an agreement was signed between Canfot S.A. and Víctor Cammarata in which he was paid \$ 982,491, thus terminating the lawsuit. As a result of this situation, the provision recorded by the Company has been used in the amount of \$ 587,250 and the difference of \$ 395,241 has been recorded to income under "other income and expenses, net."

- On June 25, 2013, TGLT and Maltería del Puerto SA (merged with Canfot S.A., which subsequently merged with TGLT S.A.) initiated an extrajudicial mediation against Aseguradora de Cauces Compañía de Seguros to claim the collection of certain insurance policies or to comply with the requirement of prior mediation for future litigation of impacting net worth. The claim has been initiated as a consequence of IGM's bankruptcy protection filing; IGM abandoned the construction without returning financial advances granted by the Companies and which was subject to the abovementioned insurance policies amongst other costs and damages which caused.

In March 2016, Canfot and Aseguradora de Cauces Compañía de Seguros reached an agreement which consists in the collection of \$1,200,000 in four installments of \$250,000 plus a final installment of \$200,000. As of the date of issuance of these financial statements, the Company has collected all the installments.

As of the date of the financial statements, the claim by TGLT S.A. is pending.

- On December 10, 2015, Canfot SA notified Chubb SA of a claim for the collection of advance policies and performance bonds derived from the contractor NEMA TECNICA SRL's breach of performance. On February 4, 2016, CHUBB responded. As of the date of these financial statements, the case has been pending since September 9, 2016. On November 10, 2016, the parties entered into an agreement whereby Chubb S.A. committed to pay Canfot S.A. the sum of \$ 1,100,000. As of December 31, 2016, this amount has already been paid.

- On July 6, 2016 Canfot S.A. (merged with TGLT S.A.) was notified of a claim against the incident occurred in a functional unit at the Forum Puerto Norte project. The case Garofalo Sierra Sabrina C / Canfot S.A., processed in the District Court in Civil and Commercial of the 17th. Nomination at the city of Rosario. Due to the incident occurred in functional unit 3A of building three at Forum Puerto Norte project at the end of 2015. As of today, the judge has ordered to provide the technical expertise requested by Canfot. At the same time, the plaintiff claims Canfot S.A. to carry on with the payment of the rental agreement until the main claim is resolved, which was resolved favorably by the judge and paid by TGLT. On the other hand, the subpoena of third parties is pending: the construction and the insurance company.

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## Note 33. Litigation (continued)

### 33.7. Other claims (continued)

- On November 14, 2013, Maltería del Puerto S.A. (merged with Canfot SA subsequently merged with TGLT SA) was summoned to a hearing in the Arbitration Court of the Rosario Stock Exchange, within the framework of the documents entitled "Inversora Araberta c / Maltería del Puerto SA s / ". On January 10, 2014 the claim was answer. On August 10, 2015, the Company reached a transactional agreement, which could not be complied with due to the opposition of the other owners of Forum Puerto Norte. At the date of issuance of these financial statements, the case is being processed at the Arbitration Court of the Stock Exchange. Arbitrators have been appointed and the term is running for the plaintiff present its demand.
- On March 12, 2015, the Company filed a claim with Escalum Investment S.A. for the costs and damages derived from the delivery of a damaged container. The sums claimed amount approximately \$ 71,753. In November 2016, a ruling was issued in favor of such demand. The ruling was appealed by the defendant.
- In October 2016, the Company received a lawsuit entitled "Tevez Frutoso Ariel c / Consagas S.A. and other". Mr. Frutoso Tevez states that he began working on May 13, 2014, as a plumber in the Astor Nuñez project. The plaintiff as a result of the direct dismissal by the company Consagas S.A., claims the severance payment derived from the improper registration and payment of the unemployment fund according to law 22.250, as well as the supposed lack of salary payments of whoever was his employer (Consagas S.A.), fines derived from art. 80 LCT and overtime. The lawsuit was responded by TGLT on October 26, 2016. The file is still pending to be opened for the evidence phase.
- In October 2016, the Company received a lawsuit entitled "Sanchez Francisco and another c / TGLT S.A. S / Notarial Certification. " The ownership of the property acquired by the actors by means of a sale ticket related to the "Astor Caballito" project is being claimed, or in its absence, the refund of the sums paid, plus interest (plus damages and losses due to the delay in delivery). The lawsuit was answered in December 2016. The file is still pending to be opened for the evidence phase. TGLT booked a provision based on what it expects to pay for the claim, the balance of such provision is included under "provisions" line item within the Balance Sheet.
- In November 2016, the lawsuit entitled "Bacigalupo Alejandro C / Maltería Del Puerto S.A. S / damages was received. The sum of \$ 123,800 is being claimed for damages in the product unit of the water intake, plus an additional undetermined amount due to psychological damage. The lawsuit was answered on November 9, 2016. The case is to be opened for the evidence phase. No provision was booked.
- In November 2016, the lawsuit entitled Basualdo Marcos Nicolas c / Mareco Mario and others was received. Basualdo claims the severance payment derived from the indirect dismissal in which he alleged the failure to pay salaries and work harassment from his employer. He claimed \$ 305,000. At the hearing held on December 12, 2016, a settlement agreement was reached in the amount of \$ 110,000. As of December 31, 2016, this amount has been accrued and at the date of the financial statements it was totally canceled.
- In December 2016, the Company received a lawsuit entitled "Guido Orlievsky Guido C / TGLT S.A. S / Writing. " The claim involves the property title of the property purchased by the actor by means of a sales agreement related to the "Astor Caballito" project, or in its absence, the refund of the amounts paid, plus interest (all of this plus costs and damages due to the delay in its delivery). The lawsuit was responded in December 2016. The file is to be opened to evidence stage. TGLT booked a provision based on what it expects to pay for the claim, the balance of such provision is included under "provisions".
- Equistica Environmental Defense Asoc Civil c / Ingeconser and Other S / Action Mere Declarativa, Federal Court No. 2 of Rosario City. The unconstitutionality of the ordinance that authorized among other ventures Forum Puerto Norte is being claimed, and specifically it states the project did not respect the Sirga path. A motion was sent to answer the lawsuit, which was carried out on March 3, 2016. Also, the National Government and/or Subsecretary of Navigable Rivers and the province of Santa Fe or secretariat of the Environment are being sued.

## Note 34. Interest in other companies – Acquisitions and transfers

### 34.1. Merger between companies: TGLT S.A. and Green Urban Homes S.A.

On December 2, 2014, TGLT signed a Purchase Agreement by means of which TGLT SA acquired 100% of the shares of "Green Urban Homes SA" (GUHSA). GUHSA's main asset was the ownership of two real estate properties with a total area of 6,227 square meters, in the City of Buenos Aires. The total purchase price of the shares of GUHSA acquired by TGLT SA under this Purchase Agreement was US\$ 4,800,000, payable as follows: (a) US\$ 500,000 on January 6, 2015; (b) US\$ 700,000 on January 5, 2016; (c) US\$ 1,200,000 on January 5, 2017 (On December 23, 2016, an addendum to the contract was made, considering an extension of the maturity date, being the new one on March, 2017); (d) US\$ 1,200,000 on January 5, 2018; and (e) US\$ 1,200,000 on January 5, 2019. As of the date of these financial statements, TGLT has paid US\$ 1,200,000.

As of December 31, 2016 and 2015, the sum to be cancelled amounted to \$ 57,204,000 and \$ 56,072,007, respectively, shown under "other payables" within current liabilities for the amount of \$ 19,068,000 and \$ 9,128,007, respectively, and within the non-current liabilities for the amount of \$ 38,136,000 and \$ 46,944,000, respectively.

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## Note 34. Interest in other companies – Acquisitions and transfers (continued)

### 34.1. Merger between companies: TGLT S.A. and Green Urban Homes S.A. (continued)

To secure the obligations assumed for the payment of the purchase price of shares, GUHSA (as guarantor) furnished a first-priority mortgage in favor of the sellers (as creditors) and at their satisfaction, over said property and regarding the obligations assumed by TGLT under the Purchase Agreement. See Note 32.6.

On March 31, 2015, the Boards of Directors of TGLT S.A. And GUHSA approved the Preliminary Merger Commitment, incorporating TGLT as an absorber company, and Green Urban Homes S.A. as an absorbed company. The reasons of the merger focus on the advantages of simplifying the corporate structure of TGLT and GUHSA and taking advantage of the benefits of a centralized management, eliminating the double corporate structure that entails the duplication of costs. The reorganization date was fulfilled on January 1, 2015. On September 25, 2015, the Shareholders' Meetings of both Companies approved the merger by absorption and authorized the subscription of the Definitive Merger Agreement by the Company's Board of Directors.

On July 7, 2016, the CNV approved the merger and on January 19, 2017, the merger and dissolution was approved by the IGJ.

### 34.2. Merger between companies: TGLT S.A. and Canfot S.A.

On September 29, 2016, a share purchase agreement was signed between Kondor Fund, SPC and TGLT S.A., where Kondor sells, transfers, transmits and assigns to the buyer all rights, titles and interests of the shares held by Canfot S.A. Free of encumbrances.

The sale price of these shares was agreed in US\$ 2,000,000, according to the following payment plan: US \$ 500,000 seven days after the agreement, US\$ 500,000 as of March 31, 2017, which at the date of these financial statements is under renegotiation, US\$ 500,000 on September 29, 2017 and US\$ 500,000 on March 30, 2018. Each of these is guaranteed with Astor San Telmo and/or Forum Puerto del Buceo.

As of December 31, 2016, the liability of this operation amounted to \$ 23,835,000, which is shown under "Other accounts payable", under within current liabilities for \$15,890,000 and non-current liabilities \$ 79,450,000.

In addition, a particular condition established that, in the event that TGLT S.A. increases its capital, it must immediately cancel the present obligations.

In parallel, and exercising the purchase option established in the share purchase agreement signed on December 31, 2012, TGLT S.A. bought Juan Carlos Rosetti's total participation in Canfot S.A. at a sale price of \$ 1,326.80 as established in the aforementioned agreement.

Also, on September 30, 2016, TGLT S.A. and Canfot S.A. signed a merger by absorption agreement to be held by TGLT S.A. as the continuing entity, and Canfot S.A. as the one absorbed. The reorganization date occurred on October 1, 2016 on the basis of the before mentioned agreement. Canfot S.A. will be dissolved without liquidation, continuing TGLT S.A. as a legal entity.

The reasons for the merger of the companies are focus, like on the previous merger, on the advantages of simplifying the corporate structure of TGLT S.A. and Canfot S.A. As of the date of these financial statements, the merger's approval from the Shareholders' Meeting of both companies and also from the Controlling body is still pending.

## Note 35. Risks – financial risk management

The Company is exposed to market, liquidity and credit risks that are inherent to the real estate business, as well as to the financial instruments used to finance real estate projects and for liquidity investments. The Company's management regularly analyzes risks to report to the Board of Directors, and devises risk management strategies and policies. Likewise, it monitors that the practices adopted throughout the Company are consistent with established policies. It also monitors current policies and adapts or modifies them based on market changes and emerging Company needs.

### 35.1. Market Risks

The activities of the Company are expose to risks inherent to the real estate development business in Argentina. These include the following:

#### *Risk of increasing construction costs*

Most of our costs are page to the fluctuation of construction and material prices and labor rates. However, the Company uses a set of strategies to prevent losses, for example, adjusting the price lists monthly to reflect at least the projected increase of construction costs published by Chamber of Argentine Construction Companies (Cámara Argentina de la Construcción - CAC).

#### *Risks of demand of our products*

Financing for our real estate projects depends mostly on the amount of presales. The demand for our products depends on several external factors. For this reason, the Company Management monitors the pace of sales, which allows project financing. We continuously monitor our sales speed and we adjust our marketing strategy, including prices and discounts policies, with the objective of ensure the operative financing of our projects. In some cases, we have also adjusted our products in response to the market evolution.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 35. Risks – financial risk management (continued)

### 35.1. Market Risks (continued)

#### *Risk of suppliers' contract default*

The construction of our projects is carried out by third party contractors. The Company thoroughly evaluates the external contractors, both before and during performance of the contract, to reduce the risk of contractual default. The Company also requires insurance policies to cover the mentioned risks.

### 35.2. Financial Risks

#### *Risks related to financing*

TGLT access the capital and credit markets with the objective of obtaining external financing for our projects. Therefore, we maintain permanent relations with the banking community and national and international investors to obtain financing for the projects and also to refinance, if necessary, existing debts.

#### *Risk related to exchange rates*

TGLT develops and sells its products in Argentina and Uruguay and consequently are expos to risks arising from exchange rate fluctuations.

More specifically, TGLT has debts in foreign currency, mainly explained by the loan granted for the construction of Forum Puerto del Buceo project, developed in Montevideo, Uruguay. In order to minimize the risks associated with exchange rate fluctuations that affect our financial liabilities, the Company has financially hedged between the Argentine peso and the US dollar. The Company does not enter into hedging transactions or with financial derivatives for speculative purposes. We estimate that, if a hypothetical depreciation of 1 peso in the peso - US dollar exchange rate occurs, the difference between our assets and liabilities in foreign currency would have resulted in a negative balance of approximately \$ 22.7 million, which would impact in the results of the year ended December 31, 2016.

#### *Risks related to interest rates*

TGLT is exposed to risks related to interest rates in its investment portfolio and in its financial liabilities. Our liabilities, in most of the cases, are tied to a reference interest rate, Private BADLAR. Historically, the BADLAR rate level has been below the CAC index, the one we use to adjust our sales and construction contracts. We estimated that, in case of a hypothetical increase of 100 bps in BADLAR Private Rate, our financial position would have suffered a loss of \$ 1.2 million approximately, and \$ 1.8 million would have been capitalized, and used in inventory construction for the year ended December 31, 2016.

#### *Risk originated in credits*

The risks originated in credits may arise in cash and cash equivalents, deposits with banks and financial institutions, as well as with credits granted to clients, including other assumed credits and transactions. The Company actively controls the credit reliability of its liquid assets instruments and its counterparts related to derivative and insurance in order to minimize credit risks. Purchase agreements include strong penalties for breach in payment fulfillment, bringing about high costs for our clients and consequently, we do not register a high level of delay or failure in payment.

The Company finances its projects mainly by means of the pre-sale of units. Purchase agreements with our clients include, in general, a payment plan beginning with the agreement subscription and ending with the delivery of the finished product, with installments along the building process. Any irregularity or delay in payment constitutes a risk for project financing.

Credit risk related to the investment of cash and cash equivalent balances is managed directly by the Treasury. The Company maintains deposits in accredited financial entities.

#### *Liquidity risks*

TGLT's financing strategy seeks to preserve adequate financing resources and access to additional liquidity.

Management keeps enough cash and cash equivalents to finance usual levels of transactions and believes that TGLT has adequate access to the market to finance short-term working capital needs.

In the twelve-month period ended December 31, 2016, the Company used operating cash of \$ 184.6 million, with \$ 361.1 million that was use for the construction of inventory and \$ 680.4 million that originated in the sales collection. In addition, financing of \$ 244.4 million was obtained through the emission of Corporates Notes X and XII, and two construction loans in Forum Puerto del Buceo and Venice projects and advances on current account, totaling the balance of cash and cash equivalents to \$ 81.1 million as of December 31, 2016.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 36. Financial instruments

During 2016, TGLT SA carried out hedge between the Argentinian peso and the US dollar to minimize the risks brought about by exchange rates on its corporate notes in the local market. As of December 31, 2016 and 2015, these transactions have been settled with no outstanding balance remaining.

## Note 37. Segment information

### 37.1. Introduction

The Company has adopted IFRS 8—Operating Segments, which provides that operating segments are identified on the bases of internal reports regarding the company components regularly reviewed by the Board of Directors, the main operating decision-maker, to allocate resources and assess performance. To conduct its business, both financially and operationally, the Company has established that each of its real estate undertakings represents a business segment: Forum Puerto Norte (FPN), Forum Alcorta (FFA), Forum Puerto del Buceo (FPB), Astor Palermo (ASP), Astor Núñez (ASN), Venice (VEN), Metra Puerto Norte (MPN), Proa (Being the last two of the project division), Metra Devoto (MDV). Astor San Telmo (AST), among others. Likewise, it has been the Company's decision to consolidate less significant projects within the description of income and assets and liabilities composition, considering them non-reportable segments as per IFRS regulations. Company management uses the indicators summarized in the following sections:

### 37.2. Information on secured sales and collections

Information in million pesos.

	FPN	FFA	FPB (1)	ASP	ASN	VEN	AST	Others (2)	TOTAL
<b>SALES</b>									
<b>(1) COMMERCIALIZED UNITS</b>									
In the quarter ended on 31.12.2016	-	-	10	-	1	2	18	(1)	30
In the quarter ended on 31.12.2015	-	7	6	2	8	18	-	34	75
In the year ended on 31.12.2016	-	7	27	5	46	33	113	14	245
In the year ended on 31.12.2015	2	19	58	15	55	90	-	75	314
Accrued as to 31.12.2016	452	154	238	210	294	312	145	309	2114
Percentage of launched units	100%	100%	70%	100%	99%	67%	33%	60%	62%
<b>(2) POTENCIAL VALUE SALES (PVS)</b>									
(2.a) Total value of launched	426.5	1,137.9	2,449.1	390.3	580.9	1,270.7	1,306.7	1,856.5	9,418.7
(2.b) Total project value	426.5	1,137.9	2,449.1	390.3	580.9	2,396.8	1,306.7	7,589.9	16,278.1
Percentage of launched	100%	100%	100%	100%	100%	53%	100%	27%	58%
<b>(3) SECURED SALES</b>									
In the quarter ended on 31.12.2016	-	5.0	73.3	-	7.9	3.5	65.0	(1.6)	153.0
In the quarter ended on 31.12.2015	-	106.6	54.7	10.9	36.3	33.6	37.0	9.8	288.9
In the year ended on 31.12.2016	-	80.4	224.7	21.7	151.5	74.8	280.7	34.7	868.6
In the year ended on 31.12.2015	2.5	237.0	191.2	50.4	128.4	167.2	37.0	67.6	881.3
Accrued as to 31.12.2016	426.5	1,111.0	1,437.6	383.7	538.4	560.1	318.5	454.2	5,230.1
Percentage of PVS Launched	100%	98%	59%	98%	93%	44%	24%	40%	56%
<b>(4) ADVANCES OF CLIENTS (*)</b>									
In the quarter ended on 31.12.2016	(2.2)	(28.5)	33.1	(337.3)	(17.8)	19.4	42.3	(19.9)	(310.8)
In the quarter ended on 31.12.2015	(2.7)	(12.2)	439.9	(202.6)	57.3	53.4	-	29.3	362.5
In the year ended on 31.12.2016	(6.8)	(241.1)	350.2	(251.8)	113.0	125.9	277.3	41.9	408.6
In the year ended on 31.12.2015	(31.4)	(166.9)	621.3	(194.9)	178.9	154.3	-	50.9	612.2
Accrued as to 31.12.2016	4.7	84.9	1,412.6	18.4	446.6	423.5	277.3	245.8	2,907.0
<b>(5) REVENUE PER SALES</b>									
In the quarter ended on 31.12.2016	(3.4)	0.5	145.1	31.8	92.9	-	-	6.0	272.9
In the quarter ended on 31.12.2015	3.2	120.1	-	61.0	-	-	-	2.3	186.7
In the year ended on 31.12.2016	3.7	346.1	145.1	61.1	144.0	-	-	20.3	720.3
In the year ended on 31.12.2015	38.8	487.4	-	292.2	-	-	-	10.6	829.0
Accrued as to 31.12.2016	424.7	1,019.2	145.1	358.2	156.0	-	-	-	2,103.2
<b>(6) SALES RECEIVABLE</b>									
Accrued as to 31.12.2016	1.2	7.5	12.3	0.0	0.1	-	-	0.3	21.4
<b>BALANCE RECEIVABLE (3)</b>									
For secured sales	0.3	14.4	198.6	7.0	0.0	158.9	65.6	355.2	800.0
For total value of launched projects	0.3	41.3	1,210.1	13.7	42.5	869.5	1,053.7	1,760.5	4,991.6



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## Note 37. Segment information (continued)

### 37.2. Information on secured sales and collections (continued)

**Note:** No external customers representing more than 10% of total insured sales are registered.

(1) Only project developed abroad (Montevideo, Uruguay).

(2) Includes Metra Puerto Norte, Proa, Metra Devoto and other projects.

(3) The receivable balance is calculated on a cost basis only, without factoring swap revaluations effects in advances of clients.

(\*) Negative values represent delivery of functional units.

### 37.3. Information on Inventory and investment budget

	FPN	FFA	FPB (1)	ASP	ASN	VEN	AST	Others (2)	TOTAL
<b>INVENTORY</b>									
<b>(7) INVENTORY</b>									
Variation as of 31.12.2016 (three-month period)	(1.6)	(37.8)	81.9	(336.1)	(15.1)	(153.8)	37.9	80.1	(344.8)
Variation as of 31.12.2016	(11.4)	(304.4)	511.2	(265.6)	66.1	(18.8)	174.2	209.6	361.2
Accrued as of 31.12.2015	15.1	411.6	1,071.2	292.7	354.5	402.4	1.9	556.1	3,105.5
Accrued as of 30.09.2016	5.4	145.1	1,500.5	363.2	435.6	537.4	138.2	685.7	3,811.1
Accrued as of 31.12.2016	3.8	107.3	1,582.4	27.1	420.5	383.6	176.1	765.8	3,466.6
Accrued as of 31.12.2016 (net of interests)	3.7	74.7	1,574.3	22.9	340.6	358.0	174.6	765.8	3,314.7
<b>(8) COST OF SOLD PRODUCTS</b>									
In the three-month period ended on 31.12.2016	(0.0)	5.0	119.2	35.1	85.0	-	-	0.6	244.8
In the three-month period ended on 31.12.2015	8.2	90.0	-	55.6	-	-	-	0.8	154.6
In the year ended on 31.12.2016	14.3	323.9	119.2	69.5	129.5	-	-	3.6	660.0
In the year ended on 31.12.2015	38.1	358.8	-	255.7	-	-	-	2.7	655.2
Accrued as to 31.12.2016	522.1	798.6	119.2	329.2	145.8	-	-	-	1,914.9
Accrued as of 31.12.2016 (net of interests)	503.0	715.8	118.2	271.4	126.9	-	-	-	1,735.4
<b>(9) CONSTRUCTION BUDGET</b>									
Construction Budget	523.9	921.0	2,011.5	356.4	533.7	927.8	1,055.1	1,423.5	7,753.0
Construction Budget (net of interests)	504.7	824.2	1,994.2	303.2	435.0	917.8	1,044.7	1,423.5	7,447.4
Total construction Budget	523.9	921.0	2,011.5	356.4	533.7	1,646.2	1,055.1	5,356.7	12,404.6
Total construction Budget (net of interests)	504.7	824.2	1,994.2	303.2	435.0	1,613.7	1,044.7	5,356.7	12,076.5
<b>BUDGET TO EXECUTE</b>									
Ongoing Projects	-	20.0	616.3	-	31.5	544.2	903.3	1,114.0	3,229.4
Total Projects	-	20.0	616.3	-	31.5	1,195.7	903.3	4,859.1	7,625.9
<b>EXPECTED GROSS PROFIT</b>									
Launched projects	(97.4)	216.9	437.6	34.0	47.2	342.9	251.5	433.1	1,665.7
Percentage of PVS Launched	(22.8%)	19.1%	17.9%	8.7%	8.1%	27.0%	19.2%	23.3%	18% (4)
Launched projects (net of interests)	(78.2)	313.6	454.9	87.1	145.9	352.9	262.0	433.1	1,971.3
Percentage of PVS Launched	(18.3%)	27.6%	18.6%	22.3%	25.1%	27.8%	20.0%	23.3%	21%
Total projects	(97.4)	216.9	437.6	34.0	47.2	750.6	251.5	1,436.0	3,076.3
Percentage of PVS Total	(22.8%)	19.1%	17.9%	8.7%	8.1%	31.3%	19.2%	18.9%	19%
Total projects (net of interests)	(78.2)	313.6	454.9	87.1	145.9	783.1	262.0	2,233.2	4,201.5
Percentage of PVS Total	(18.3%)	27.6%	18.6%	22.3%	25.1%	32.7%	20.0%	29.4%	26%

(1) Considers only the proportional of the inventory accrued corresponding to launched phases of each project.

(2) Includes Metra Puerto Norte, Proa, Metra Devoto and other projects.

(3) The Budget to execute is calculated based on cost, excluding the effect of foreign exchange rate revaluations and the higher value in inventories.

(4) 20% excluding Forum Puerto Norte

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## Note 37. Segment information (continued)

### 37.4. Information on Other Comprehensive Income and Assets and Liabilities

Fiscal year ended on December 31, 2016	FPN	FFA	FPB	ASP	ASN	VEN	AST	Others (1)	TOTAL
<b>STATEMENT OF INCOME (LOSS)</b>									
Gross income per segment (5.C - 8.C)	(10.6)	22.1	25.9	(8.3)	14.5	-	-	16.7	60.3
Gross Margin	(284.3%)	6.4%	-	(13.6%)	10.1%	-	-	82.1%	8%
Commercialization and management expenses									(256.9)
Other financial results and for holding, net									655.9
Other expenses									(0.6)
<b>Result for the year before income tax</b>									<b>458.8</b>
<b>BALANCE SHEET</b>									
<b>ASSETS</b>									
<b>Inventory</b>									
In building process	-	-	1,582.4	-	420.5	383.6	176.1	765.8	3,328.5
Finished units	3.8	107.3	-	27.1	-	-	-	-	138.2
<b>Assets per segment</b>	<b>3.8</b>	<b>107.3</b>	<b>1,582.4</b>	<b>27.1</b>	<b>420.5</b>	<b>383.6</b>	<b>176.1</b>	<b>765.8</b>	<b>3,466.6</b>
Trade and other receivables	1.2	7.5	12.3	0.0	0.1	-	-	0.3	21.4
Goodwill	-	49.8	-	-	9.5	21.5	-	-	80.8
Other current assets									442.6
Other non-current assets									962.5
<b>TOTAL ASSETS</b>									<b>4,973.9</b>
Advances in local and foreign currency	4.7	84.9	1,412.6	18.4	446.6	416.7	277.3	245.8	2,907.0
Short-term financial debt	-	-	283.0	-	8.2	134.5	-	168.8	594.6
Long-term financial debt	-	-	-	-	0.7	-	-	122.8	123.6
Other current liabilities									670.9
Other non-current liabilities									276.4
<b>TOTAL LIABILITIES</b>									<b>4,572.4</b>
<b>Fiscal year ended on December 31, 2015</b>									
<b>STATEMENT OF INCOME (LOSS)</b>									
Gross income per segment (5.C - 8.C)	0.6	128.7	-	36.5	-	-	-	8.0	173.8
Gross Margin	1.6%	26.4%	-	12.5%	-	-	-	74.9%	21%
Commercialization and management expenses									(159.9)
Other financial results and for holding, net									(71.5)
Other expenses									(0.4)
<b>Loss for the year before income tax</b>									<b>(58.0)</b>
<b>BALANCE SHEET</b>									
<b>ASSETS</b>									
<b>Inventory</b>									
In building process	-	-	1,071.2	-	354.5	402.4	1.9	556.1	2,386.0
Finished units	15.1	411.6	-	292.7	-	-	-	-	719.4
<b>Assets per segment</b>	<b>15.1</b>	<b>411.6</b>	<b>1,071.2</b>	<b>292.7</b>	<b>354.5</b>	<b>402.4</b>	<b>1.9</b>	<b>556.1</b>	<b>3,105.5</b>
Trade and other receivables	2.5	25.0	-	3.6	-	-	-	-	31.1
Goodwill	-	79.4	-	-	10.6	21.5	-	-	111.4
Other current assets									368.6
Other non-current assets									136.2
<b>TOTAL ASSETS</b>									<b>3,752.8</b>
Advances in local and foreign currency	11.5	326.0	1,062.4	270.2	333.6	290.8	-	203.8	2,498.4
Short-term financial debt	-	83.5	92.2	-	42.5	17.7	-	156.1	392.0
Long-term financial debt	-	-	-	-	-	-	-	58.7	58.7
Other current liabilities									522.2
Other non-current liabilities									66.4
<b>TOTAL LIABILITIES</b>									<b>3,537.7</b>

(1) Includes Metra Puerto Norte, Proa, Metra Devoto and Other projects.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015

(figures expressed in Argentine pesos - \$)

## Note 38. Earnings per share

### Basic and diluted earnings per share

The results and average estimated number of ordinary shares used for calculating basic earnings per share are the following:

	Dec 31, 2016	Dec 31, 2015
Result used for calculating earnings per basic share	4,848,066	(45,076,829)
Average estimated number of ordinary shares for purposes of earnings per basic share (all estimations)	70,339,485	70,349,485
Earnings per share	<b>0.07</b>	<b>(0.64)</b>

The average estimated number of basic shares was 70,339,485, the same as the average estimated number of diluted shares, as there were no debt securities convertible to shares as of December 31, 2016 and 2015.

## Note 39. Astor Caballito Termination Agreement

On June 29, 2011, the Company entered into an agreement with IRSA Inversiones y Representaciones S.A. (Hereinafter IRSA), a swap deed, in which IRSA transfers to TGLT S.A. the land located in the street Mandez de Andes between Rojas and Colpayo in the neighborhood of Caballito, in which the Company would develop a real estate project called "Astor Caballito".

On November 30, 2015, the Company was notified of the first instance ruling, admitting the claim of the Association of Neighbors, which was appealed on December 3, 2015 by TGLT SA, as did the Buenos Aires City Government (GCBA) on December 4, 2015. Both appeals were granted. The file was submitted to the Contentious and Administrative of Buenos Aires City Court (the "Court") and was filed in Chamber III. On May 26, 2016, the Court decided to reject the appeals filed by the GCBA and TGLT, confirming the judgment rendered by the First Instance Court. On June 16, 2016, TGLT filed a motion of unconstitutionality against the final judgment, as did the GCBA on June 15, 2016. Those appeals filed, are pending of resolution by the chamber, who has to decide the eventual concession of them.

Also, on December 30, 2016, IRSA and TGLT, signed an agreement which established that, considering the aforementioned situation and the time elapsed, it is convenient to grant a termination deed of the exchange, subject to the fulfillment of a series of conditions. If these are fulfilled, IRSA will pay to the Company in compensation, the sum of US \$ 3,300,000, to be paid as follows:

- A) The sum of US \$ 300,000 simultaneously with the signing of the Termination Agreement.
- B) The sum of US \$ 2,000,000 18 months after the signature of the same.
- C) The sum of US \$ 1,000,000 within 18 months of the signing of the termination agreement or once TGLT complies with the obligations arising from the exchange signed on December 16, 2010.

In addition to subscribing the termination deed of the exchange, TGLT must return the property (land) and IRSA must receive it free of liens and third party rights over it and TGLT will have the right to register the amounts described above.

It should be mentioned that at the date of this Prospect, the termination deed is not signed, and it will be granted within 90 business days from the date TGLT notifies the resolution of the commitments still in force. This condition must be given within 12 months of signing the agreement.

The cost incurred in the property at the date of the Agreement was reclassified to "Other assets" for a value of \$ 76,527,162, which includes the historical cost of the purchase of the land plus the costs incurred in the construction until the suspension. Such asset is netted of the liability in kind with IRSA, for a value of \$ 51,747,468. At the date of these financial statements there is no other monetary obligation to be paid by TGLT. As of December 31, 2016, the net amount is \$ 24,779,680.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 40. Assets and liabilities in foreign currency

	Dec 31, 2016			Dec 31, 2015	
	Class and amount in foreign currency	Exchange rate	Total amount accounted for in pesos	Total amount accounted for in pesos	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents :					
Cash	US\$	200,282	15.79	3,162,463	36,007
	\$U	21,891	0.54	11,821	19,798
				3,174,284	55,805
Banks	US\$	898,284	15.79	14,217,321	14,640,305
	\$U	142,768	0.54	77,095	188,171
				14,294,416	14,828,476
Certificate of deposits	US\$	200,107	15.89	3,179,694	2,584,383
Mutual funds	US\$	249,999	15.79	3,947,492	6,051,016
Bonds and titles	US\$	3,028,429	15.79	47,970,319	60,957,008
Accounts and other receivables:					
Debtors per sale of goods	US\$	1,339,853	15.79	21,156,283	22,813,020
Debtors for services rendered	US\$	387	15.79	6,111	4,956
Bad credit provision	US\$	(117,429)	15.79	(1,854,210)	-
Other receivables:					
Value added Tax	\$U	218,757,409	0.54	118,129,001	47,722,207
Net Worth Tax	\$U	3,393,426	0.54	1,832,450	3,766,294
Advance payments to work suppliers	US\$	1,827,713	15.79	28,949,070	17,021,919
	\$U	188,119	0.54	101,584	2,006,786
				29,050,654	19,028,705
Receivables on sales to investment properties	US\$	1,870,893	15.79	29,541,402	-
Security deposits	US\$	9,630	15.79	152,064	707,004
Prepaid insurance	US\$	98,837	15.79	1,562,200	1,634,968
	\$U	763	0.54	412	35,957
				1,562,612	1,670,925
Expenses to be accounted for	US\$	11,555	15.79	183,031	48,141
Collectable fund for equipment	US\$	403,649	15.79	6,373,618	3,332,822
Sundry	US\$	1,364	15.79	21,606	17,718
Receivables from related parties:					
Accounts receivable	US\$	5,723	15.79	90,367	74,056
<b>Total current assets</b>				<b>278,811,194</b>	<b>183,662,536</b>
<b>Non current assets</b>					
Other receivables:					
Security deposits	US\$	45,000	15.79	710,550	-
	\$U	19,272	0.54	10,407	49,011
				720,957	49,011
Insurance to be accrued	US\$	10,485	15.79	165,563	-
<b>Total non-current assets</b>				<b>886,520</b>	<b>49,011</b>
<b>Total assets</b>				<b>279,697,714</b>	<b>183,711,547</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 40. Assets and liabilities in foreign currency (continued)

	Dec 31, 2016			Dec 31, 2015
	Class and amount in foreign currency	Exchange rate	Total amount accounted for in pesos	Total amount accounted for in pesos
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable:				
Suppliers	US\$ 841,171	15.89	13,334,281	9,676,702
	\$U 89,734,419	0.54	48,456,586	27,154,391
			61,790,867	36,831,093
Deferred checks	US\$ 72,576,241	15.89	39,191,170	8,987,989
	\$U 1,021,899	0.54	16,186,880	577,847
			55,378,050	9,565,836
Provision for expenses	US\$ 65,360	15.89	1,035,302	953,414
	\$U -	0.54	-	50,661
			1,035,302	1,004,075
Provisions for construction work	US\$ 436,837	15.89	6,920,972	2,120,916
	\$U 19,320,576	0.54	10,433,111	4,950,099
			17,354,083	7,071,015
Insurance payable	US\$ 143,637	15.89	2,280,467	1,703,863
Contingency fund	US\$ 16,377	15.89	260,225	1,366,080
	\$U -	0.54	-	5,721,952
			260,225	7,088,032
Building work permit payable	\$U 43,657,798	0.54	23,575,211	21,978,955
Real estate property purchase payable	US\$ 15,730,741	15.89	246,212,221	205,964,067
Short-term financial debt:				
Short-term financial debt received	US\$ 5,385,639	15.89	85,424,704	109,865,697
Mortgage-backed bank borrowings	US\$ 14,804,870	15.89	234,509,146	25,729,155
Corporate notes	US\$ -	15.89	-	27,311,236
Salaries and social security:				
Fees and wages payable	\$U 2,332,265	0.54	1,259,423	1,003,335
Social Security payables	\$U 394,444	0.54	213,000	112,338
13 <sup>th</sup> salary and holidays accrued	\$U 1,243,031	0.54	671,237	374,035
Current tax liabilities				
Net Income Tax in foreign currency	\$U 133,907	0.54	72,310	43,815
Other tax burdens:				
Municipal taxes payment plan	US\$ 637,472	15.89	10,129,436	-
Withholdings and collections to be deposited	\$ 1,623,630	0.54	876,760	721,192
Provisions	US\$ 70,000	15.89	1,112,300	-
Other accounts payable:				
Sundry creditors	US\$ 543,870	15.89	8,642,100	2,584,383
Purchase of shares payable	US\$ 2,200,001	15.89	34,958,009	9,128,007
<b>Total current liabilities</b>			<b>785,754,851</b>	<b>468,080,129</b>
<b>Non-current liabilities</b>				
Accounts payable:				
Repair fund	US\$ -	-	-	209,940
Building permit	\$U -	-	-	8,780,560
Other payables:				
Sundry creditors	US\$ 106,188	15.89	1,687,321	-
Purchase of shares payable	US\$ 2,900,000	15.89	46,081,000	46,944,000
<b>Total non-current liabilities</b>			<b>47,768,321</b>	<b>55,934,500</b>
<b>Total liabilities</b>			<b>833,523,172</b>	<b>524,014,629</b>

US\$: United States doll\$. UYU: Uruguayan pesos.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

**Note 41. Investment property**

The Company maintains as Investment Property the following items:

	Investment Property for capital appreciation (1)	Investment property in construction (2)	Investment property for rent (3)	Total
Investment properties as of January 1, 2016	34,326,685	11,097,766	-	45,424,451
<b>Plus:</b>				
Acquisitions of the period	-	-	51,393,005	51,393,005
Transfers from inventories	106,994,751	-	-	106,994,751
Costs on existing investment properties	314,972	2,699,121	-	3,014,093
Fair value adjustments	755,255,777	-	2,639,683	757,895,460
<b>Minus:</b>				
Sales of the period	(88,091,185)	-	-	(88,091,185)
<b>Total investment property as of Dec 31, 2016</b>	<b>808,801,000</b>	<b>13,796,887</b>	<b>54,032,688</b>	<b>876,630,575</b>

	Investment Property for capital appreciation (1)	Investment property in construction (2)	Investment property for rent (3)	Total
Investment properties as of January 1, 2015	-	8,257,381	-	8,257,381
<b>Plus:</b>				
Acquisitions of the period	-	33,208,531	-	33,208,531
Costs on existing investment properties	-	3,958,539	-	3,958,539
<b>Total investment property as of December 31, 2015</b>	<b>-</b>	<b>45,424,451</b>	<b>-</b>	<b>45,424,451</b>

	Dec 31, 2016	Dec 31, 2015
Maintenance and conservation costs	3,149,655	-
<b>Total investment property expenses</b>	<b>3,149,655</b>	<b>-</b>

**1- Investment properties for long-term capital appreciation:**

- a) In December 2016, the Company's Board of Directors resolved a strategic change in the use of the Company's principal assets in the subsidiary Marian Rio Lujan, which consisted in reducing the saleable area affected by the urban development project to 52,772.70 square meters, is 21% of the total saleable area and maintain the remaining 199,950 square meters (representing 79%) as a reserve intended to increase its value.

As a result of the aforementioned change, the proportional part of the same included in inventories, measured under IFRS, for a total of \$ 106,994,750 was transferred to the Investment Property heading.

On December 26, 2016 Marina Rio Lujan S.A. was able to make a reliable measurement of this investment at fair value, recognizing the income generated by such measurement within the current year for an amount of \$ 701,806,250 (impact on income, net of income taxes \$ 456,174,061). The measurement is bas on an appraisal made by an independent expert with recognized professional capacity and experience in this category of properties. Likewise, such measurement does not exceed its recoverable value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 41. Investment property (continued)

### 1- Investment properties for long-term capital appreciation (continued):

- b) On December 23, 2014, TGLT S.A. together with a group of independent investors, and Bayer SA, signed a deed, by means of which, the purchasers acquired from Bayer a real estate, with everything built in it, located in the Belgrano neighborhood of the Autonomous City of Buenos Aires, totaling an area of 10,163 square meters, for a value of US \$ 12,626,261. The proportion by which TGLT participates in this operation and for which it has acquired the Property is 31.66% of the total. Finally, purchasers may assign all of their rights and obligations to: (i) a trading company in which they are directly entitled to 100% of the share capital of said company; Or (ii) an administration trust. In such cases, the deed transferring ownership and delivery of the possession will be made in favor of the eventual corporation or trustee of the administration trust, as applicable in each case.

On November 25, 2016, the Company subscribed the sale of 11.66% of the ownership interest in the property to Marcelo Gomez Prieto, for a total value of US \$ 3,381,400.

Additionally, on December 20, 2016, the sale of the balance of the acquired interest was agreed in the following proportion: Marcelo Gomez Prieto by 7%, INVEMA S.A. by 6.5% and Claudio León by 6.5%, thus totaling 20% of the stake that still belonged to TGLT S.A., for a total value of US\$ 5,800,000.

Of the total sale price, 29.84% was conditional on obtaining the final disposition of the General Directorate of Urban Interpretation of the Government of the City of Buenos Aires, which was issued by the competent body on the 1st of March 2017, Finally, 10.13% of the total sale price is subject to the Registration of Work Plans for the project planned for said property.

Therefore, as of December 31, 2015, the Company has a receivable of \$ 29,541,402, which is shown under "Other receivables" in the current assets line. which does not contain the conditional amounts of the transaction.

### 2- Properties under construction

Management of the Company defined the area for the construction of offices for rent which is part of the Proa project in Rosario. Therefore the transfer from inventories was made for the costs destined to the salable surface of such offices. This investment property is recognized at cost in the face of the impossibility of reliably valuing the same at fair value.

### 3- Rental Properties

These properties correspond to the portion of the land acquired for the development of the Astor San Telmo project, where the right to collect was acquired, by assignment of the existing leases through a lease contract that extends until April 30, 2018. Therefore, until its return, the property is classified as an investment property.

Investment properties for rent are measured at fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 42. Determination of fair value

### A. Financial Instruments per category

The following are financial assets and liabilities per financial instrument category and a reconciliation with the corresponding line shown in the consolidated financial statements.

The financial assets and liabilities as of December 31, 2016 and 2015 were as follows:

Concept	Financial Assets at their fair value with changes through profit or loss	Depreciated Cost	Investments held to maturity	Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	59,521,372	21,577,048	3,179,694	84,278,114
Accounts and other receivable	-	21,390,833	-	21,390,833
Other receivables	-	328,031,094	-	328,031,094
Receivables from related parties	-	6,398,297	-	6,398,297
<b>Total assets as of December 31, 2016</b>	<b>59,521,372</b>	<b>377,397,272</b>	<b>3,179,694</b>	<b>440,098,338</b>

Concept	Financial Liabilities at their fair value with changes through profit or loss	Financial Liabilities valued at their depreciation cost	Total
<b>FINANCIAL LIABILITIES</b>			
Accounts payable	-	527,542,117	527,542,117
Financial debt (excluding financial leasing Note 43)	3,802	718,132,622	718,136,424
Other accounts payable	-	91,487,210	91,487,210
<b>Total liabilities as of December 31, 2016</b>	<b>3,802</b>	<b>1,337,161,949</b>	<b>1,337,165,751</b>

Concept	Financial Assets at their fair value with changes through profit or loss	Depreciated Cost	Investments held to maturity	Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	73,127,690	19,361,250	2,584,383	95,073,323
Accounts and other receivable	-	31,119,108	-	31,119,108
Other receivables	-	266,354,607	-	266,354,607
Receivables from related parties	-	7,952,268	-	7,952,268
<b>Total assets as of December 31, 2015</b>	<b>73,127,690</b>	<b>324,787,233</b>	<b>2,584,383</b>	<b>400,499,306</b>

Concept	Financial Liabilities at their fair value with changes through profit or loss	Financial Liabilities valued at their depreciation cost	Total
<b>FINANCIAL LIABILITIES</b>			
Accounts payable	-	424,481,742	424,481,742
Financial debt	276,076	450,479,346	450,755,422
Other accounts payable	-	59,372,160	59,372,160
Outstanding sums with related parties	-	35,418,354	35,418,354
<b>Total liabilities as of December 31, 2015</b>	<b>276,076</b>	<b>969,751,602</b>	<b>970,027,678</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 42. Determination of fair value (continued)

### A. Financial Instruments per category (continued)

In the case of accounts receivable, other receivable and receivables from related parties, book value is considered to be near the fair value as such credits are substantially short-term.

In the case of trades payable, financial debt, other accounts payable and intercompany balances, their book value is considered to be near their market value.

### B. Determination of fair value

The Company has classified assets and liabilities measured at their reasonable value after their initial recognition in three levels of reasonable values, based on the relevance of the information used to determine them:

Level 1: measurement of reasonable values is derived from quotation prices (not adjusted) in active markets for identical assets or liabilities.

Level 2: the information used to determine the reasonable values includes: market price of similar instruments in active markets, market price of similar or identical instruments in inactive markets, or models of value determination which use information derived from market information or may be observed with market information.

Level 3: the information used to determine reasonable values cannot be observed and is significant to determine such values. Such information requires the significant judgment and estimates of Company management.

Assets and liabilities measured at their fair value as of December 31, 2016 and 2015 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	59,521,372	-	-	59,521,372
<b>Totals as of December 31, 2016</b>	<b>59,521,372</b>	<b>-</b>	<b>-</b>	<b>59,521,372</b>

<b>Liabilities</b>				
Financial instruments	3,802	-	-	3,802
<b>Totals as of December 31, 2016</b>	<b>3,802</b>	<b>-</b>	<b>-</b>	<b>3,802</b>

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	73,127,690	-	-	73,127,690
<b>Totals as of December 31, 2015</b>	<b>73,127,690</b>	<b>-</b>	<b>-</b>	<b>73,127,690</b>

<b>Liabilities</b>				
Financial Instruments	276,076	-	-	276,076
<b>Totals as of December 31, 2015</b>	<b>276,076</b>	<b>-</b>	<b>-</b>	<b>276,076</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

**Note 43. Financial leasing**

The Company maintains a finance lease for the acquisition of a generator set, which was acquired to be installed in the Astor Núñez project.

The acquisition was through a contract with Banco Supervielle, The value of the acquired good was \$ 1,131,705, it has a term of 5 years, in 60 monthly and consecutive installments. The calculated rate is the Badlar rate for fixed-term deposits of 30 to 35 days of more than one million pesos paid by private banks corrected in 3 points, with a minimum annual base rate of 27.19%. Under the terms of this agreement, it is not appropriate to pay contingent income.

The payments to be made are as follows:

	Dec 31, 2016	Dec 31, 2015
Up to 1 year	458,006	-
More than 1 year and no more than 5 years	1,774,106	-
	2,232,112	-
Future financial charges	(1,109,379)	-
<b>Current value of finance lease liabilities</b>	<b>1,122,733</b>	-

The fair value of the financial leasing liabilities are:

	Dec 31, 2016	Dec 31, 2015
Up to 1 year	384,570	-
More than 1 year and no more than 5 years	738,163	-
<b>Fair value of finance lease liabilities</b>	<b>1,122,733</b>	-

The liabilities recognized under this lease transaction are shown under "financial debt" within current and non-current liabilities totaling \$ 384,570 and \$ 783,163, respectively.

**Note 44. Repetition of credit on minimum presumed income tax**

On November 4, 2011, the Federal Public Revenue Administration ("AFIP"), admit the repeating action filed on July 23, 2014 by the Company, confirming the repayment of the credits held for the payment of the Tax on Minimum Presumed Income corresponding to the 2011, 2012 and 2013 periods, for a total amount of \$ 14,749,908, plus interest settlement from the date of commencement of the repayment process until its effective payment.

As of December 31, 2016, the Company has a credit of \$ 16,896,855, which is shown under "Other receivables" under current assets.

During 2016, the proceedings for repeating action were initiated for the taxes paid in the 2014 and 2015 periods.

Since the Income Tax provision and the 2016 fiscal year accounting records of TGLT S.A. reflect the existence of a tax loss carryforward and an accounting loss, the doctrine of the Court is applicable to the inadmissibility of the payment of such tax, according to the recent Judgment "Diario Perfil S.A. C / AFIP DGI s / Directorate-General for Taxation "(11/02/2014, CSJN).

Therefore, in the financial statements as of December 31, 2016, the corresponding liabilities have not been exposed since the Company will file its annual tax return without showing a payable balance to the tax authorities and will also formally notify the authorities formally of this position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 45. Irrevocable capital contribution with specific allocation

On September 27, 2016, the shareholder Federico Weil and the Company entered into a proposed letter of commitment of irrevocable capital contribution, with the purpose to subscribe for shares, which was approved by the Board on September 30, 2016.

On September 30, 2016, Federico Weil transferred to the Company the sum of US\$ 490,000. The purpose of the contribution, subject to the approval of the pertinent General Shareholders' Meeting of the Company that resolves the corresponding capital increase, is the future conversion into shares and such funds will be used by the Company specifically and exclusively for the repurchase and/or redemption of existing Brazilian Depositary Receipts ("BDRs") representing common shares of the Company and the subsequent cancellation of the Tier II Sponsored BDRs program, and the balance for working capital.

For the purposes of its capitalization, the contribution was converted into pesos at the purchase exchange rate corresponding to the closing of the operations of the Banco de la Nación Argentina from the date of acceptance of the contribution by the Company pursuant to the provisions of the General Resolution of the National Securities Commission No. 622/2013.

The General Shareholders' Meeting of the Company that discusses the treatment of the Contribution may decide to capitalize it in whole or in part. In the event of rejection of the Contribution, the Company must refund the Contribution following compliance with the creditors' opposition regime established by articles No. 204 and No. 83, paragraph 3, last paragraph, of the General Corporate Law No. 19,550, in the period laid down by this law. Once the total or partial refund of the Contribution has been approved by the corresponding Shareholders' Meeting of the Company, the amounts to be repaid to the Contributor shall accrue interest at a fixed nominal annual rate of 12% from the closing date of the Meeting until the date of its effective restitution. The interest will be payable together with the refund of the amount of the Contribution.

At the date of issuance of these financial statements this Contribution is pending acceptance from the General Shareholders' Meeting.

## Note 46. Recognition of leases accounting policy

The acquisition of the property of Astor San Telmo was carried out with the objective of developing a residential complex in most of the area, while a small part of it represents an investment property that generates rental income. The terms of the existing lease contract transferred to us is valued at fair value. This lease agreement is recognized in accordance with paragraph 50 of IAS 17, in a straight-line manner over the term of the contract that will expire in April 2018. We have recorded this rental income under "Other income and expenses, net", considering that such lease is not a recurring income in the ordinary course of business of the Company as a developer of residential real estate.

## Note 47. Shareholders' Meetings Provisions – Capital Increase

At the Extraordinary Shareholders' Meeting held on April 14, 2016, the shareholders approved a capital increase by issuing new shares of the Company to be placed by public subscription to be offered in the Argentine Republic and / or in the External, considering the current context of the Company and the capital markets. The approved increase was up to the sum of \$ 345,000,000 nominal value, that is, from the sum of \$ 70,349,485 to the amount of up to \$ 415,349,485, through the issuance of up to 345,000,000 ordinary shares of \$1 nominal value each and one vote per share, entitled to dividends on equal terms than the rest of the shares outstanding at the time of issuance and with an premium of issuance that will be between a minimum of \$ 13 and a maximum of \$ 24 per share, which will be offered in public subscription in the country and/or abroad. Therefore, the subscription price of the new shares, that is, the nominal value of each share plus its corresponding premium of issuance, will be determined by the Board of Directors or by an officer of the Company in which the Board will delegate that power within the premium of issuance range indicated above. As a result of this capital increase, the shareholders approved the reduction of the term for the exercise of the pre-emptive subscription right and increase for the subscription of the new shares to ten consecutive days, in accordance with the provisions of article 194 of the General Corporation Law for those companies that make public offering of shares. Management believes that, if completed successfully, this capital increase will result in an increase in working capital and an improvement in the Company's equity position, also reducing the dependence on external indebtedness that entails high financial costs.

Also, it was approved in the Shareholders' Meeting a modification of Articles Four (Object), Fifth (Capital), Seventh (Administration and Representation), Ninth (Faculties of the Board of Directors), Tenth (Inspection), Eleventh (Assemblies), Twelfth (Audit Committee), Thirteenth (fiscal year end close) and Fourteenth (Dissolution and Liquidation) of the bylaws, with the main purpose of adapting it to face a new plan for the development and growth of the Company.

These amendments were registered on August 9, 2016 before the IGJ.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 48. Cancellation of the BDR Program II (Brazilian Depositary Receipts or Custody Certificates)

On July 7, 2016, the Company filed an application for the cancellation of its Brazilian Depositary Receipts (BDR) program and its registration of a foreign issue of negotiable securities category "A" registered in The Securities Commission of the Federative Republic of Brazil (in Portuguese, Comissão de Valores Mobiliários or "CVM"), and the cancellation of the negotiation of the BDRs in the general panel of BM & FBOVESPA SA - "Securities, Commodities and Futures Exchange" ("BM & FBOVESPA").

On November 17, 2016, TGLT presented the procedure for canceling the program, describing the alternatives approved by the CVM to withdraw the outstanding BDRs of the BM & FBOVESPA, as follows: (a) exchange of BDRs for shares issued by The Company in shares of the Company tradeable on the Buenos Aires Stock Exchange (the "BCBA"); Or (b) repurchase up to 2,000 BDRs from the Company with a price per BDR of R \$ 20.00 (twenty reais) for cancellation. In the hypothesis that there was no adhesion of the Holders of the BDRs of the Company in any of the Options mentioned above, a redemption would be made through the Central Depositary of BM & FBOVESPA.

During December 2016, it opted for option (b), therefore, as of December 31, 2016, the Company holds in its portfolio 10,000 own shares of Nominal Value \$ 1. The total value paid for these shares was \$ 214,985. The Irrevocable Contribution established as of September 30, 2016 with specific allocation to cover the purchase of BDRs was reduced by this amount.

Having completed the repurchase process on January 26, 2017, BM & FBOVESPA issued a statement confirming that there are no more circulating BDRs issued by TGLT S.A. Finally, on February 2, 2017, TGLT was inform of the cancellation of its registration of a foreign issue of negotiable securities category "A" by CVM.

## Note 49. General Resolution No. 622 of the CNV

In accordance with the provisions of article 1 of Title IV, Chapter III of General Resolution No. 622 of the CNV, the following are the Notes to the Consolidated Financial Statements that present the information requested by the Resolution in Annex format.

Annex A - Fixed assets	Note 9
Appendix B - Intangible Assets	Note 10
Appendix C - Investments in shares	Not applicable
Annex D - Other investments	Not applicable
Annex E - Provisions	Not 19 and 33
Annex F - Cost of goods sold	Note 24
Annex G - Assets and Liabilities in foreign currency	Note 40
Annex H - Ordinary marketing, administrative and financing expenses	Note 25, 26 and 27

## Note 50. Stock options

At the shareholders' meetings held on October 30, 2009, December 20, 2011, April 30, 2014 and April 16, 2016, a plan to establish options to purchase stock was approved as compensation for certain of our current and future officers and senior employees. As approved by the shareholders, such options carry the right to subscribe for up to a pre-determined number of shares equal to 7% of our current capital stock (i.e., 70,349,485 shares) including the shares issued under these options, subject to any adjustments and to the terms and conditions determined by the Board of Directors.

On November 10, 2011 and December 11, 2012 the board of directors approved an incentive plan based on stock options for the benefit of our executives and employees in accordance with the resolutions adopted by the shareholders. The main features and conditions of this plan are, among others:

- i. Purpose: attract and retain the services of exceptionally competent executives and employees, and provide them with an incentive to boost their efforts on our behalf;
- ii. Plan Management: the plan will be managed by the compensation committee, with ample powers to establish the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 50. Stock options (continued)

- iii. Beneficiaries: senior employees;
- iv. Shares subject to the plan: shares subject to the plan may not exceed in the aggregate 7% of our common shares after giving effect to the issuance of shares subject to the plan (on a post-dilution basis);
- v. Vesting and collection of benefits: every option may be exercised on the date to be determined by the compensation committee, as stated in the respective stock option agreement, and in any case, not later than ten years after the date granted. Unless otherwise expressly stated, an option will vest and may be exercised in respect of shares subject to the option at a rate of one fourth per year until the fourth anniversary of the date when granted;
- vi. Form of payment of the price: the price of the shares shall be paid in cash, in Argentine Pesos. Issuance of shares subject to the plan will be conditional upon payment to us of the full price of the option by the beneficiary under the plan; and
- vii. Lock-up: shares subscribed under the plan may not be sold, transferred or disposed of by the holders thereof until 180 days after the date of subscription.

The plan will be managed by the compensation committee, whose members are Federico Nicolás Weil, Darío Ezequiel Lizzano and Ralph Faden Reynolds. The compensation committee is responsible for establishing the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder.

As of the date of these financial statements, the compensation committee has not granted any stock options under this plan, as the proceedings to obtain the required CNV consent (File N° 2074/13) for such action have not been completed.

On April 14, 2016, our Shareholders' Meeting approved the issuance of additional stock options for up to 5% of the number of shares to be issued as a result of this offering, to be granted to officers and employees of our company. At such Shareholders' Meeting, the Shareholders delegated the determination of the terms and conditions for the issuance of such stock options to the Board of Directors.

## Note 51. Negative working capital

As of December 31, 2016, the Company has a negative working capital of \$ 241,831,047. The Shareholders have expressed to Management their intentions and plans to cover working capital needs. Management believes that the funds received and subsequently to be received, will be sufficient to cover the working capital needs and that the business plans together with the support of the shareholders will allow the situation to be reversed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 52. Information about participation in other Companies

The companies in which the Company has a non-controlling participation are:

Company	Dec 31, 2016	Dec 31, 2015
Marina Río Luján S.A. (MRL)	49.99%	49.99%
Sitia S.A.(SITIA)	5.00%	5.00%

The following summarizes the assets, liabilities and income for each company:

	Dec 31, 2016		
	MRL	SITIA	
Asset	1,236,629,840	3,654,659	
<b>Non-controlling share</b>	618,314,920	128,830	
Liabilities	810,214,131	1,392,563	
<b>Non-controlling share</b>	405,107,066	69,628	
Income for the period	442,647,238	2,262,096	
<b>Non-controlling share</b>	221,323,619	108,104	
	Dec 31, 2015		
	CANF	MRL	SITIA
Asset	549,866,541	314,638,292	100,000
<b>Non-controlling share</b>	45,803,883	157,319,146	5,000
Liabilities	423,242,929	330,869,821	-
<b>Non-controlling share</b>	35,256,136	165,434,911	-
Income for the period	49,422,173	(14,482,481)	-
<b>Non-controlling share</b>	4,116,867	(7,241,241)	-

Marina Rio Lujan's important operation which had a significant impact on the consolidated financial statements is detailed in Note 41.

## Note 53. Approval of the financial statements

These consolidated financial statements as of December 31, 2016, as they were originally prepared for CNV purposes, were approved by the Company's Board of Directors on March 10, 2017.

## Note 54. Subsequent events

On January 11, 2017, TGLT made an offer to purchase a property for the development of a real estate project located in the town of Vicente Lopez, Buenos Aires Province, Argentina. On February 17, 2017, such offer was accepted through the booking of the property and payment of a deposit of US\$ 300,000.

There are no other events or transactions between the closing date of the period and the issuance of these consolidated condensed interim financial statements that may significantly alter the Company's equity and financial condition as of December 31, 2016, or the year end result.



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## **INDEPENDENT AUDITOR'S REPORT**

(Free translation from the original Report issued in Spanish for local purposes, submitted to local Regulator: Comisión Nacional de Valores – CNV. Original Report was tailored to address particular objective of financial statements of issuer)

To the President and Board of Directors of

### **TGLT S.A.**

Legal Address: Av. Scalabrini Ortiz 3333 - Floor 1°

City of Buenos Aires

## **1. REPORT ON THE FINANCIAL STATEMENTS**

We have audited the attached consolidated financial statements of **TGLT S.A.** and its subsidiaries (as described in note 4.2 to these consolidated financial statements) which comprise the consolidated balance sheet as of December 31, 2016, the corresponding statement of operations and of other comprehensive income, statement of changes in equity and statement of cash flows for the fiscal year then ended and the information included in notes 1 to 54.

The amounts and other information corresponding to the fiscal year ending December 31, 2015 are an integral part of the previously mentioned audited financial statements and therefore should be considered in relation to those financial statements.

## **2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), adopted by the Federación Argentina de Consejos Profesionales de Ciencias Económicas ("FACAPCE"), as approved by the International Accounting Standards Board ("IASB") as professional accounting standards and incorporated by the Comisión Nacional de Valores (CNV) to their standards. Additionally, management is responsible for establishing the internal control necessary to enable preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### 3. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the attached consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing which have been adopted in Argentina by the FACPCE through Technical Resolution N° 32. Those standards require that we comply with the ethical requirements as well as plan and execute the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 4. OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the balance sheet of **TGLT S.A** as of December 31, 2016 and its results of operations, the changes in equity and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

### 5. EMPHASIS OF MATTERS DISCLOSED IN THE FINANCIAL STATEMENTS

Without modifying our opinion, we draw attention to the information included in the following notes to the consolidated financial statements:

- i) Note 29: "Income tax and deferred tax expense" where it is reported that the use of tax credits will depend on the concretion of business projections which permit its recoverability;
- ii) Note 32.9: "Restricted Assets" where management describes they are currently renegotiating the contractual conditions for the sale of certain units;
- iii) Note 41: "Investment Property" where it is reported that management has proceeded to reclassify certain plots of land, whose development is not planned and are held as investments, which were stated at fair value and whose changes in valuation resulted in net income before taxes of \$456,174,061 (Argentine pesos);
- iv) Note 45: "Irrevocable capital contribution with specific allocation", where it is reported that on September 30, 2016, management accepted an irrevocable contribution of \$7,452,900 (Argentine pesos), which should be considered in the next Shareholders Meeting; and
- v) Note 51: "Negative working capital" for an amount of \$241,831,047 (Argentine pesos) as of year-end where, as described in Note 47 "Shareholders meetings provisions", the Entity is currently evaluating options to increase capital.

City of Buenos Aires, March 10, 2017.



**Adler, Hasenclever & Asociados S.R.L.**  
*Argentine member firm of Grant Thornton International*



TGLT S.A.

## CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

	Notes	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	95,073,323	56,369,468
Financial instruments	35	-	4,107,049
Account receivables	6	31,119,108	18,021,017
Other receivables	7	265,525,202	205,277,389
Receivables from related parties	29	7,952,268	10,635,922
Inventory	8	3,116,583,692	2,376,299,432
<b>Total current assets</b>		<b>3,516,253,593</b>	<b>2,670,710,277</b>
<b>Non-current assets</b>			
Other receivables	7	829,405	2,090,895
Investment property under construction	39	34,326,685	33,982,480
Property, plant and equipment	9	9,849,355	9,428,093
Intangible assets	10	1,245,509	956,836
Tax assets	11	344,494,133	316,202,979
Goodwill	12	111,445,604	111,445,604
<b>Total non-current assets</b>		<b>502,190,691</b>	<b>474,106,887</b>
<b>Total assets</b>		<b>4,018,444,284</b>	<b>3,144,817,164</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	13	415,701,182	245,294,477
Short-term financial debt	14	392,037,742	291,379,211
Financial Instruments	35	-	6,245,796
Salaries and social security	15	19,789,322	11,389,224
Current tax liabilities	16	7,412,394	5,854,872
Other tax burden	17	38,980,268	10,110,333
Outstanding sums due to related parties	29	333,973,297	285,030,570
Advanced payments of clients	18	2,199,841,286	1,592,639,577
Other accounts payables	19	12,428,160	6,441,024
<b>Total current Liabilities</b>		<b>3,420,163,651</b>	<b>2,454,385,084</b>
<b>Non-current liabilities</b>			
Accounts payable	13	8,780,560	9,566,478
Long-term financial debt	14	58,717,680	92,917,581
Other tax burden	17	3,120,044	103,961
Other accounts payable	19	46,944,000	36,808,000
Deferred tax liabilities	28	265,599,814	267,476,178
<b>Total non-current liabilities</b>		<b>383,162,098</b>	<b>406,872,198</b>
<b>Total liabilities</b>		<b>3,803,325,749</b>	<b>2,861,257,282</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent		172,124,894	238,025,268
Equity allocated to the non-controlling interest		42,993,641	45,534,614
<b>Total equity</b>		<b>215,118,535</b>	<b>283,559,882</b>
<b>Total liabilities and equity</b>		<b>4,018,444,284</b>	<b>3,144,817,164</b>

Notes 1 to 45 are an integral part of these financial statements.

TGLT S.A.

## CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

	Notes	Dec 31, 2015	Dec 31, 2014
Revenue from ordinary activities	22	829,008,092	415,421,582
Cost of ordinary activities	23	(655,230,877)	(348,677,952)
<b>Gross profit</b>		<b>173,777,215</b>	<b>66,743,630</b>
Sales expenses	24	(75,730,914)	(46,401,344)
Administrative expenses	25	(84,119,234)	(60,663,340)
<b>Operating profit / (loss)</b>		<b>13,927,067</b>	<b>(40,321,054)</b>
Other expenses	10	(383,313)	(450,551)
Financial results			
Exchange difference	26	(34,281,821)	(39,195,073)
Financial income	26	45,117,460	97,366,655
Financial costs	26	(82,579,088)	(40,154,554)
Other income and expenses, net	27	198,209	8,621,645
<b>Loss before tax</b>		<b>(58,001,486)</b>	<b>(14,132,932)</b>
Income tax benefit / (expense)	28	10,378,684	(3,687,354)
<b>Loss for the year</b>		<b>(47,622,802)</b>	<b>(17,820,286)</b>
<b>Other comprehensive income that will be reclassified as gain or loss</b>			
Difference for the conversion of a net investment abroad		(20,823,545)	(672,872)
<b>Total of other comprehensive loss</b>		<b>(20,823,545)</b>	<b>(672,872)</b>
<b>Total comprehensive loss for the year</b>		<b>(68,446,347)</b>	<b>(18,493,158)</b>
<b>Loss for the year attributable to:</b>			
Equity holders of the parent		(45,076,829)	(18,712,938)
Non-controlling interest		(2,545,973)	892,652
<b>Total loss for the year</b>		<b>(47,622,802)</b>	<b>(17,820,286)</b>
<b>Attributable to Equity holders of the parent</b>			
Base	37	(0.64)	(0.27)
Diluted	37	(0.64)	(0.27)
<b>Total comprehensive loss for the year attributable to:</b>			
Equity holders of the parent		(65,900,374)	(19,385,810)
Non-controlling interest		(2,545,973)	892,652
<b>Total loss for the year</b>		<b>(68,446,347)</b>	<b>(18,493,158)</b>

Notes 1 to 45 are an integral part of these financial statements.

TGLT S.A.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

(figures expressed in Argentine pesos - \$)

Concept	Shareholders' contribution			Reserves			Results	Shareholders' equity allocated to:		Total
	Share capital	Premiums of issuance	Capital Contribution	Total	Transactions between shareholders	Foreign currency translation reserve		Legal reserve	Equity holders of the parent	
Balances as to January 1, 2015	70,349,485	378,208,774	8,057,333	456,615,592	(5,486,223)	(750,855)	4,000	238,025,268	45,534,614	283,559,882
Application of reserves (1)	-	-	(5,486,223)	(5,486,223)	5,486,223	-	-	-	-	-
Sale of non-controlling share (2)	-	-	-	-	-	-	-	-	5,000	5,000
Loss for the year	-	-	-	-	-	-	-	(45,076,829)	(2,545,973)	(47,622,802)
Other comprehensive loss, net of tax	-	-	-	-	-	(20,823,545)	-	(20,823,545)	-	(20,823,545)
Total comprehensive loss for the year	-	-	-	-	-	(20,823,545)	-	(45,076,829)	(2,545,973)	(68,446,347)
<b>Balances as of December 31, 2015</b>	<b>70,349,485</b>	<b>378,208,774</b>	<b>2,571,110</b>	<b>451,129,369</b>	-	<b>(21,574,400)</b>	<b>4,000</b>	<b>172,124,894</b>	<b>42,993,641</b>	<b>215,118,535</b>

(1) As per the General Ordinary Shareholders' Meeting on April 30, 2015.

(2) For the sale of shares of Sitia S.A.

Notes 1 to 45 are an integral part of these financial statements.

**TGLT S.A.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

(figures expressed in Argentine pesos - \$)

Concept	Shareholders' Contribution			Reserves			Results	Shareholders' equity allocated to:		Totals
	Share capital	Premiums of issuance	Contribution of capital	Transactions between shareholders	Foreign currency translation reserve	Legal Reserve	Retained earnings	Equity holders of the parent	Non-controlling interest	
Balances as to January 1, 2014	70,349,485	378,208,774	8,057,333	-	(77,983)	4,000	(193,644,308)	262,897,301	39,155,739	302,053,040
Acquisition of non-controlling share (1)	-	-	-	(5,486,223)	-	-	-	(5,486,223)	5,486,223	-
(Loss) / Profit for the year	-	-	-	-	-	-	(18,712,938)	(18,712,938)	892,652	(17,820,286)
Other comprehensive loss, net of tax	-	-	-	-	(672,872)	-	-	(672,872)	-	(672,872)
Total comprehensive (Loss) / Income for the year	-	-	-	-	(672,872)	-	(18,712,938)	(19,385,810)	892,652	(18,493,158)
<b>Balances as of December 31, 2014</b>	<b>70,349,485</b>	<b>378,208,774</b>	<b>8,057,333</b>	<b>(5,486,223)</b>	<b>(750,855)</b>	<b>4,000</b>	<b>(212,357,246)</b>	<b>238,025,268</b>	<b>45,534,614</b>	<b>283,559,882</b>

(1) For the acquisition of shares of Maltería del Puerto S.A.

Notes 1 to 45 enclosed hereto are part of these financial statements.

TGLT S.A.

## CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

	Dec 31, 2015	Dec 31, 2014
<b>Operating activities</b>		
Loss for the year	(47,622,802)	(17,820,286)
<b>Adjustments to obtain the cash flow provided by operating activities</b>		
Deffered income tax expense (benefit)	(10,378,684)	3,687,354
Depreciation of Property, plant and equipment	2,895,640	3,065,883
Amortization of Intangible assets	383,313	450,551
Effect of financial statements conversion	(21,511,320)	(1,066,483)
Gain on advanced payments of clients in foreign currency	-	(38,908,204)
<b>Changes in operating assets and liabilities</b>		
Accounts receivables	(13,098,091)	(9,157,459)
Other receivables	(58,986,323)	(80,869,200)
Receivables from related parties	2,683,654	(2,153,886)
Inventory	(740,284,260)	(506,730,956)
Tax assets and deferred tax liabilities	(7,550,236)	4,642,141
Accounts payable	169,620,787	32,102,097
Accrued salaries and social security	8,400,098	5,072,714
Other tax burdens	31,886,018	3,730,045
Outstanding sums with related parties	48,942,727	43,089,821
Advanced payments of clients	607,201,709	421,560,335
Other payable	16,123,136	39,855,749
Tax on Minimum Presumed Income	(10,681,076)	(12,712,160)
<b>Net cash flows used in operating activities</b>	<b>(21,975,710)</b>	<b>(112,161,944)</b>
<b>Investment activities</b>		
Investments not considered as cash	(921,873)	(408,913)
Payments for the purchase of investment property under construction	(344,205)	(33,982,480)
Payments for the purchase of property, plant and equipment	(2,708,824)	(3,776,610)
Income from sales of property, plant and equipment	-	15,018
Payments for the purchase of intangible assets	(592,289)	(360,724)
<b>Net cash flows used in investing activities</b>	<b>(4,567,191)</b>	<b>(38,513,709)</b>
<b>Financing activities</b>		
Proceed for financial debt (Note 14)	66,458,630	84,453,861
Financial instruments	(2,138,747)	1,061,322
Sale Non-controlling interest	5,000	-
<b>Net cash flows provided by financing activities</b>	<b>64,324,883</b>	<b>85,515,183</b>
Net increase (decrease) in cash and cash equivalents	37,781,982	(65,160,470)
Cash and cash equivalents at the beginning of the commercial year	54,706,958	119,867,428
<b>Cash and cash equivalents, at year end (See Note 5)</b>	<b>92,488,940</b>	<b>54,706,958</b>

Notes 1 to 45 are an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 1. Information about the Company

### 1.1. Introduction

TGLT S.A. (hereinafter “the Company”, “TGLT” or “the Corporation”) is a corporation incorporated in Argentina, dedicated to the development of residential real estate. TGLT operates in the main urban centers of Argentina and Uruguay. TGLT was founded in 2005 by Federico Weil, and in 2007 entered into a strategic alliance with PDG Realty S.A. Empreendimentos e Participações (hereinafter “PDG”), one of the main real estate developers in Latin America. In April 2015, PDG sold its shares of TGLT to Bienville Argentina Opportunities Master Fund and PointArgentum Master Fund LP (See Note 20). TGLT initially focused on projects for high income segments of society, and is now gradually extending its offering of products to medium income segments and commercial offices.

TGLT is a developer in the Argentine residential market with a presence in Uruguay. It is currently developing ten projects in high in-demand urban areas in Argentina and Uruguay, each of which are in different phases of the development process, from product design and permissioning to pre-construction and construction.

In November 2010, the Company conducted an Initial Public Offering (“IPO”) of its shares in Argentina and abroad. Currently, the shares of the Company are listed on the Buenos Aires Stock Exchange and in BM&FBOVESPA of Brazil, by means of Brazilian Depositary Receipts or BDRs. The American Depositary Receipts (ADRs) Level I program, which represents the shares of the Company, are traded on the Over the Counter market, or Pink Sheets. As of December 31, 2015, the Company’s ordinary shares can be converted into BDRs or ADRs at a ratio 5:1.

### 1.2. Business Model

TGLT is focused on the development of residential real estate in Argentina and Uruguay. TGLT’s business model is based on its ability to identify the best plots of land and to build high-quality residential projects. With the support of a team of professionals, the standardization of processes, and the support of management, TGLT believes it has the tools that allow it to continuously launch new projects and to operate a large number of projects simultaneously.

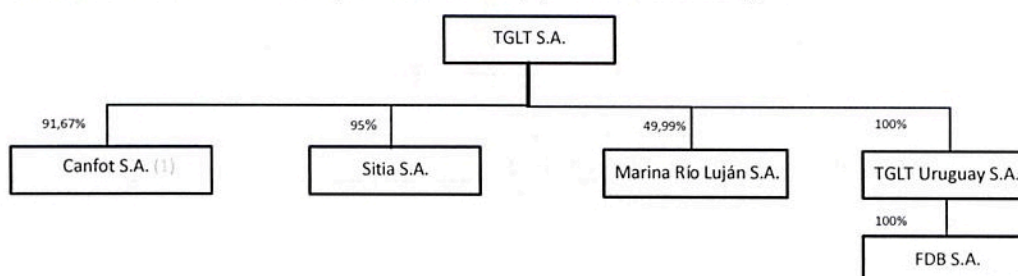
TGLT participates exclusively or substantially in each of the projects it develops, and it is committed to each project aligning with the interests of its shareholders.

The TGLT management team controls and is part of every function performed in connection with real estate development, from the search and acquisition of land, product design, marketing, sales, construction management, purchase of supplies, post-sale services and financial planning, with the counsel of businesses specialized in each development stage. Although the control of these functions and related decisions are made by TGLT, the performance of some tasks, such as architecture and construction, are delegated to specialized companies, which are supervised by TGLT.

The TGLT business model assumes a quick project launch. Once the Company acquires a plot of land, it plans to launch the project or the stages of the project within three to six months.

### 1.3. Company structure

The structure of TGLT and its subsidiaries (hereinafter “the Group”) is shown in the following chart:



The Group carries out the development of its real estate projects by TGLT S.A. or its subsidiaries. TGLT Uruguay S.A. (previously Birzey International S.A.) is an investment company in Uruguay, which is a holding company for our projects in Uruguay. FDB S.A. is a company domiciled in Montevideo, Uruguay.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 1. Information about the Company (continued)

### 1.3. Company structure (continued)

According to assessments made by management, in light of IFRS 10 and 11, the participation of Marina Río Luján S.A. does not meet the definition of joint agreement, as the joint government agreement with Marcelo Gómez Prieto regarding Marina Río Luján S.A.'s relevant activities represents a protective agreement rather than a substantive one. Following IFRS 10 and 11, the Company has excluded the consideration of the aforementioned agreement in testing the control of Marina Río Luján S.A., but instead has based its analysis on: (a) the power implied in the ownership of its stake in Marina Río Luján SA (which confers substantive rights); (b) the Company's exposure to variable returns from its involvement in Marina Río Luján S.A.'s activities; and (c) the ability to use the power that gives the Company the capacity to direct the relevant activities of Marina Río Luján S.A. to affect the Company's performance. Based on this analysis, the Company presents Marina Río Luján S.A. as a subsidiary, consolidating it following the procedures described in IFRS 10.

## Note 2. Statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## Note 3. Criteria for Presenting the Consolidated Financial Statements

### 3.1. Criteria for the presentation

The Consolidated Balance Sheets and related Consolidated Statements of loss and Other Comprehensive loss, Changes in Equity, and Cash Flow as of and for the years ended December 31, 2015 and 2014 have been presented pursuant to the provisions of IFRS as issued by the IASB.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and in accordance with Technical Resolution (RT) 26, amended by RT 29, of the Argentine Federation of Professional Accounting Councils (FACPCE), as adopted by the City of Buenos Aires Accounting Council (CPCECABA), and as required by the CNV in Argentina for most of public companies.

IAS 29 establishes the conditions under which an entity shall restate its financial statements if it is located in an economic environment considered "hyperinflationary". In compliance with the provisions of IAS 29, the management of the Company periodically verifies the evolution of official statistics as well as the general factors of the economic environment in the countries in which the Company operates. It should be mentioned that if the qualitative and / or quantitative characteristics to consider an economy as a hyperinflationary economy set out in paragraph 3 of IAS 29 occur, the restatement of financial statements must be made retroactively from the date of the revaluation used as deemed cost (in the case of companies located in Argentina, since February 2003) or from the acquisition date for assets acquired after that date.

As inflation in Argentina has risen in the past years, management has further assessed the characteristics set out in paragraph 3 of IAS 29, including (i) the quantitative characteristics provided in section (e) "the cumulative inflation rate over three years is approaching, or exceeds, 100%", as well as (ii) the qualitative characteristics contained in paragraphs a) to d) of that paragraph.

On the basis of the analysis made by management and other evidence available at the date of issuance of these consolidated financial statements, management concluded that Argentina does not qualify as a "hyperinflationary" country in terms of IAS 29.

While the CNV required public companies the full implementation of IFRS-as issued by the IASB- from periods beginning on January 1st, 2012, Decree No. 664/03 continues to be in force at the date of issuance of these consolidated financial statements. Through this Decree, the PEN instructed the control authorities – including the CNV- not to accept filings of restated financial statements. This legal restriction is foreseen in the current Regulations of the CNV (Title IV - Chapter III Article 3 - paragraph 1).

Management of the Company believes that the periodic assessment of the macroeconomic environment in Argentina and the possible restatement of financial statements in accordance to IAS 29, represent an element of care and concern for investors, analysts and regulators of capital markets where Argentine companies list their equity and debt securities, because of the significant impact that such restatement might have on their financial position and results of operations, including TGLT.

Management of the Company will continue monitoring the evolution of inflation in Argentina in order to comply with the requirements of IAS 29.

These consolidated financial statements correspond to the twelve month period that began on January 1, 2015 and ended on December 31, 2015. According to IFRS and as required by the U.S. Securities and Exchange Commission for an Emerging Growth Company, the Company presents consolidated accounting information, the Consolidated Statement of Income and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement in comparison with the fiscal year ended December 31, 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 3. Criteria for Presenting the Consolidated Financial Statements (continued)

### 3.2. Newly Issued Standards and Interpretations - Issued Standards and Interpretations not yet adopted as to this date

The following is a list of IFRS standards issued, but not yet enforced, as of the issuance date of these financial statements. The list includes only those issued standards which the Company deems applicable in the future.

#### **IFRS 9 Financial Instruments (applicable to fiscal years beginning on or after January 1, 2018).**

IFRS 9 Financial Instruments was issued in November 2009 and modified in October 2010 and introduces new requirements for the classification and measuring of financial assets and liabilities and for their writing off. IFRS 9 sets forth that all financial assets within IFRS 39 Financial Instruments (recognition and measurement) be measured afterwards at depreciated cost or fair value. Specifically, debt investments kept within the business model whose aim is to cash contractual cash flows, and with contractual cash flows, which are only payments of principal or interest over the current principal, are usually measured at depreciated cost at each subsequent period end. All the remaining debt investments or patrimony are measured at the fair value at the end of subsequent fiscal years.

The most significant effect of IFRS 9 in relation to the classification and measurement of financial liabilities relates to accounting the changes in the fair value of financial liabilities (marked as financial liabilities at fair value with changes in results) attributable to changes in credit risk of such liabilities.

Specifically, as per IFRS 9, for financial liabilities marked as financial liabilities at fair value with changes in results, the amount of the change in the fair value of that financial liability attributable to the changes in the credit risk of such debt is recognized through other comprehensive results, unless the recognition of the changes in the credit risk of that debt in other comprehensive results gives rise to an accounting unbalance. The changes in the fair value attributable to credit risk of a financial liability are not subsequently re classified as results.

Before IFRS 9, as per IAS 39, the total amount of the change in the fair value of the financial liability measured at fair value with changes in results were recognized in losses and profits.

In November 2013, IFRS issued an amendment to IFRS 9 as part of a stage of coverage accounting within the project for financial instruments accounting. The modifications include the withdrawal of the date of enforceability (beginning on January 1, 2015), to provide time to the IASB to finish other aspects of the project. On July 24, 2014, the IASB published the final version of IFRS 9 which includes the classification and measurement, depreciation and coverage accounting of IASB project to replace IAS 39. This version adds a new model of impairment of the expected loss and limited modifications to the classification and measurement of financial assets. The regulation replaces all previous versions of IFRS 9 and is effective for fiscal years beginning on or after January 1, 2018.

Management has stated that said modifications shall be adopted in the Company's financial statements for the fiscal year beginning on January 1, 2018. As of this date, Management has not determined the effect of this modification on the Company's financial statements.

#### **IFRS 15 Revenue from contracts with customers (applicable to fiscal years beginning on or after January 1, 2017)**

IFRS 15 Revenue per agreements with clients was issued in May 2014 and is applicable to fiscal years beginning on or after January 1, 2017. The regulation specifies how and when revenue should be recognized, as well as the additional information the Company must provide in its financial statements. It also provides a unique five-step model to be applied to agreements with clients.

Management stated that said modifications shall be adopted in the Company's financial statements for the fiscal year beginning on or after January 1, 2017. Management is currently assessing the potential effects of this modification on the Company's financial statements.

#### **IFRS 16 Leases (applicable to fiscal years beginning on or after January 1, 2019).**

IFRS 16 Leases was issued in January 2016 and is applicable to fiscal years beginning on or after January 1, 2019. IFRS 16 removes the twofold accounting model for leases which makes a distinction between financial lease agreements registered within the income statement, and operating leases for which the recognition of future lease installments is not due. Instead, it adopts a unique model, within the statement, similar to the present financial lease.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied

### 4.1. Applicable accounting standards

These consolidated financial statements have been prepared using specific measurements required by IFRS for each type of asset, liability, revenue, and expenses. The consolidated reports attached are presented in pesos (\$), the legal tender of Argentina, prepared on the basis of TGLT S.A.'s accounting entries and its controlled subsidiaries. Preparation of this financial report, for which the Company's Board of Directors is responsible, requires the Board to perform certain accounting estimates and use its judgement when applying certain accounting standards.

### 4.2. Consolidation Criteria

TGLT's consolidated financial statements include financial information from the Company and its controlled subsidiaries.

The financial statements of the controlled subsidiaries used to prepare the consolidated financial statements were prepared according to other Argentine accounting standards. Based on the foregoing paragraph, and for the purposes of applying accounting regulations standardized with TGLT S.A., the standards used by the exclusive or joint controlled subsidiaries and those resulting from the application of Technical Resolution No. 26 (application of the IFRS) were reconciled for the following items: a) total shareholder's equity and b) net Profit / (Loss) for the year (according to the standard applied) and net Profit / (Loss) for the year (according to IFRS), and that amount to the total comprehensive Profit / (Loss) for the year.

In the case of TGLT Uruguay S.A. and its subsidiary FDB S.A., the assets and liabilities were converted to Argentine pesos at the exchange rates in effect as of the date of those financial statements. The income accounts were converted to Argentine pesos at the exchange rates in effect as of the date of those transactions.

In all cases, the credit and debt and transactions among entities of the consolidated group were eliminated during consolidation. The income resulting from transactions among members of the consolidated group that were not distributed to third parties and included in the final asset balances were eliminated completely. The controlled companies whose financial statements have been included in these consolidated financial statements are the following:

Company	Type of Control	12/31/2015	12/31/2014
Canfot S.A. (1)	Unique	91.67%	91.67%
Marina Río Luján S.A.	Unique	49.99%	49.99%
TGLT Uruguay S.A.	Unique	100.00%	100.00%
SITIA S.A.	Unique	95.00%	95.00%
Green Urban Homes S.A.(2)	Unique	-	100.00%

(1) Maltería del Puerto S.A. has been merged with Canfot S.A. For more information see Note 33.1.

(2) Green Urban Homes S.A. is a company acquired by TGLT S.A. See Note 33.2.

Non-controlling interest, presented as part of the shareholder's equity, represent the part of profits or losses and net assets of a subsidiary, which are not owned by TGLT. Management ascribes total other comprehensive income or loss of the subsidiaries to the owners of the controlling company and the non-controlling interest based on their respective shares.

### 4.3. Functional Currency

For the purposes of these consolidated financial statements, the income and balances of each entity are expressed in pesos (legal tender of the Argentine Republic), which is the functional currency (currency of the main economic environment in which a company operates) for all companies with a legal domicile in the Argentine Republic, being the currency in which consolidated financial statements are presented. The functional currency of TGLT S.A. Uruguay and its subsidiary FDB S.A., each located in Uruguay, is the American dollar.

Transactions in currencies other than the entity's functional currency (foreign currency) were entered using the exchange rates on the dates when the transactions were performed. At the end of each fiscal year reported, the monetary items expressed in foreign currencies were converted using the exchange rates in effect on that date.

The non-monetary items entered at their fair value, expressed in foreign currencies, were reconverted using the exchange rates in effect on the date when the fair value was determined. Non-monetary items calculated in terms of historical costs in foreign currency were not reconverted.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

### **Note 4. Summary of the Main Accounting Policies Applied (continued)**

#### **4.4. Loan Costs**

The financial costs incurred through financial debt obtained to directly finance real estate urban projects (undergoing development), are included as part of the cost of such assets, in accordance with the provisions set forth in IAS 23 "Loan Costs" Additionally, for generic financial debt (that is, those not assigned specifically to a particular real estate urban project) the assignment criterion provided for in paragraph 14 of IAS 23 was used. The amount of costs for financial debt capitalized during the fiscal years reported does not exceed the total loan costs incurred during that same year and fiscal years, respectively. The remaining loan costs are included as profits and losses when they are incurred.

#### **4.5. Taxes**

The Income Tax expense represents the total current Income Tax, generated by tax losses, and the Deferred Tax, that results from temporary differences between accounting and tax measurements.

#### **4.6. Current Taxes**

The charge for the current tax was based on the tax losses recorded for the fiscal year. The tax income differed from the income reported in the consolidated statement of comprehensive income due to the income or taxable expense or deductible items from other years and due to the items that will never be taxable or deductible.

The current tax charge was calculated using the tax rates approved or substantially approved to the end of the fiscal year reported in countries in which the Group's companies are located. The current taxes were entered as income or expenses and included in the comprehensive income.

#### **4.7. Tax assets**

The Deferred Tax was recognized for the temporary differences between accounting criteria applied to the assets and liabilities included in the financial statements and their respective tax criteria.

The Deferred Tax Liabilities were generally recognized for all future temporary taxable differences. The Tax Assets were recognized for all the temporary deductible differences to the extent that it was deemed likely that the entity would have future tax earnings from which to charge these temporary deductible differences. These assets and liabilities were not recognized when the temporary differences were the result of capital gain or of the initial recognition (different from the one generated in a joint business) of other assets and liabilities in transactions that did not bear on tax earnings or accounting earnings.

Measurement of the Tax Assets and Deferred Tax Liabilities at the end of the each fiscal years being reported reflect the tax consequences of the way in which the entity intends to recover or liquidate the amount of its assets or liabilities in its books.

Tax Assets were only offset with the Deferred Tax Liabilities when a) the right to compensate them was legally allowed by tax authorities, and b) the tax assets and liabilities result from the relevant Income Tax paid to the same tax authorities and TGLT S.A. had the intention of liquidating its assets and liabilities as net assets and liabilities. Deferred Tax charges were recorded as income or expenses and included in comprehensive income.

#### **4.8. Tax on minimum presumed income**

The Tax on Minimum Presumed Income according to the Argentine law is supplementary to the Income Tax. The Tax on Minimum Presumed Income is levied on the amount of certain productive assets with a rate of 1% and any amount paid for this tax can be fully credited against income tax payable in the current period or in any of the following 10 fiscal years.

#### **4.9. Personal Property Tax—Substitute Tax payer**

Individuals and foreign entities, as well as undivided estates, whether domiciled or resident in Argentina or abroad are taxed on their personal property at a rate of 0.5% on the value of the shares issued by Argentine entities as of December 31 of each year. The tax is levied on the Argentine issuers of such shares, such as TGLT SA, who act as surrogate taxpayers for the corresponding shareholders, and is based on the value of shares (proportional owner's equity) or on the accounting value of shares derived from the most recent financial statements as of December 31 of each year. In accordance with the Personal Property Tax Law, the Company has the right to claim reimbursement for the tax paid to those shareholders to whom the tax was applied, by means of the reimbursement mechanism that the Company deems convenient (See Note 4.27 Dividend Distribution).

#### **4.10. Investment property under construction**

Investment property under construction consists of assets developed and kept to be leased in the future. They are valued at their historical cost, as they cannot be currently measured at their fair value accurately, but such value is expected to be measured at the end of the construction process.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.11. Property, plant and equipment

Property, plant and equipment (P, P and E) are expressed at the net cost of the cumulative depreciation and the cumulative losses due to impairment, when applicable. This cost includes the cost of replacing part of the P, P and E as well as loan costs incurred due to long term construction projects, if the requirements for entering them are fulfilled.

Any other repair and maintenance costs are entered in the statement of income as they are incurred.

Depreciation is calculated using the straight-line method, applying rates that are sufficient to extinguish their values at the end of the estimated useful life. These useful lives are based on criteria and standards that are reasonable according to the experience of management. For more information regarding the useful lives assigned, please refer to Note 4.24 (Judgement, Accounting Estimates and Significant Assumptions).

Property, plant and equipment components or any significant parts of the same recognized initially are written off when they are sold or when no future financial benefits from its use or sale are expected. Any earnings or losses at the time an asset is written off (calculated as the difference between the net incomes obtained from the sale of the asset and its book value) are included in the Consolidated Statement of Income and Other Comprehensive Income.

The residual values, useful lives, and depreciation methods and rates of the assets are checked and adjusted prospectively to the closing date of each fiscal year when necessary. The evolution of P, P and E is presented in Note 9.

### 4.12. Intangible assets

#### 4.12.1 Trademarks and Software

This includes expenses incurred in software acquisition and brand registry. The intangible assets acquired are initially measured at their cost value. Following the initial recognition, they are measured at their cost value minus any cumulative amortization and any cumulative loss due to impairment.

Amortization is calculated using the straight-line method, the rate of which is determined based on the useful life assigned to the assets as from the month they are incorporated inclusive. The evolution of intangible assets is included in Note 10.

The amortization period and method for intangible assets with a defined useful life are checked at least at the close of each period reported. The changes in useful life expected or pattern for consumption of the asset expected are recognized upon changing periods or amortization methods, as the case may be, and they are treated as changes in accounting estimates. The amortization expense in intangible assets with defined useful lives is listed in the statement of income under the expense category that is consistent with the purpose of the intangible asset in question.

Any gain or loss that results from writing off an intangible asset is calculated as the difference between the net income obtained from the sale and the asset book value, included in the statements of income when the asset is written off.

#### 4.12.2 Software Development

Research expenses are entered in the books as expenses as they are incurred. Software development expenses incurred in a specific project are listed as intangible assets when the Company can prove the following:

- The technical feasibility of completing the intangible asset so that it is available for its expected use or sale;
- Its intention of completing the asset and its capacity to use or sell it;
- How the asset will generate future financial benefits;
- The availability of resources for completing the asset; and
- The capacity to perform reliable measurements of disbursements during their development.

After development is initially recognized as an asset, the cost model is applied, which requires that the asset be measured at its cost value minus the cumulative amortization and cumulative losses due to impairment. Amortization of assets begins when development has been completed and the asset is available for use. The asset is amortized throughout the period in which generation of future financial benefits is expected. During the development period, the asset is subject to yearly tests for determining whether there has been impairment.

The Board of Directors has been able to verify that these assets meet all requirements of IAS 38 for their capitalization.

### 4.13. Impairment test of Goodwill, Intangible assets and Property, plant and equipment

As a general rule, IAS 36 establishes that at the closing of each year end, management must assess whether there is any indication of the impairment of a non-financial asset. If there is any such indication, or when yearly impairment tests for determining the impairment of assets are required, the recoverable value of such asset is estimated. The recoverable value of an asset is the fair value minus the sale cost, whether it is of an asset or of cash generating unit, and its value in use, whichever is greater, and it is determined for individual assets unless the asset does not generate cash flow substantially independent from other assets or asset groups. When the book value of an asset or of a cash generating unit is greater than its recoverable value, the asset is considered impaired, and its value is reduced to its recoverable value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.13. Impairment test of Goodwill, Intangible assets and Property, plant and equipment (continued)

When evaluating the value in use, the estimated cash flow is calculated at present value using a "before tax discount rate" that reflects current market assessment of the temporary value of money and the asset specific risks. To determine the fair value minus the sales cost, recent market transactions, if any, are taken into account. If this type of transaction cannot be identified, the valuation model deemed most appropriate is used.

To determine the decrease in the goodwill resulting from business combinations, such goodwill was distributed among each of the Company's Cash-Generating Units (CGU) that have benefited from business combination synergies. This forces the Company to conduct impairment tests on the CGUs on each date of issuance of financial statements including such CGUs.

Due to the fact that the remaining assets that must undergo the impairment test set forth in IAS 36 are included in any of the CGUs to which goodwill was assigned, the Company must carry out the impairment test on each date on which financial statements are issued, regardless of whether there are indications of impairment. Consequently, creating a procedure for monitoring indications was not necessary, according to the information set forth in IAS 36.

Management bases its calculation of impairment on detailed estimates and prediction calculations conducted separately for each of the Group's CGUs to which individual assets are assigned.

Losses due to impairment of continued transactions, including the impairment of assets, are included in the statement of income under the expense category for the function of the deteriorated asset, except in the case of properties previously revaluated when the revaluation has been included in other comprehensive income. In this case, the impairment is also included in other comprehensive income until reaching any evaluation previously recognized. A loss due to impairment previously recognized is only reverted if there has been a change in the assumptions used for determining the recoverable value of an asset as from the last time the last loss due to impairment has been recognized.

This reversal is limited in such a way that the asset book value does not exceed its recoverable value or exceed the book value determined, net of the respective depreciation, if no loss due to deterioration for the asset has been recognized in previous periods. This reversal is included in the statement of income unless the asset is recognized based on its newly assigned value, in which case the reversal is treated as a revaluation increase. The loss due to impairment recognized to the aim of determining Goodwill is not reverted in any subsequent fiscal year.

From comparing the book value of goodwill, intangible assets and property, plant and equipment identified with their corresponding recoverable values, no impairment has been identified.

### 4.14. Inventory

Inventory includes urban real estate under development (work-in-process) and completed units ready for sale.

#### 4.14.1 Urban Real Estate Projects

Real estate classified as inventories are valued at the acquisition and/or construction costs, or at their net realizable value, whichever is lower. The value of the land and improvements, direct costs and general construction expenses, loan costs (when the requirement set forth in IAS 23 are met), and real estate taxes are included in the costs.

Additionally, and as a result of the restatement of business combinations (for more information on this topic see Note 4.18 "Business Combinations") performed by the Company, the greatest value of the differences in measurement of net assets that can be identified when performing the referred business combinations are listed under this account. Therefore, the greatest inventory value is obtained mainly by comparing the book values and the respective fair values of the main assets owned by the companies incorporated at that time (inventories).

The fair value of net assets identified was obtained from the reports issued by independent professional experts when business combinations occurred.

#### 4.14.2 Finished Units

The units of real estate urban projects are listed as "Finished Units" when the construction process has finished and such units can be delivered or sold. If disbursements are made after construction has been completed, they are recognized as expense as long as they are not part of post-construction costs required for the units to be ready for conveyance or sale.

IAS 2 indicates that inventories should be measured at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

With respect to inventories, as of December 31, 2015 and December 31, 2014, the accrued impairment was \$ 1,386,579 and \$ 23,811,358, respectively, corresponding to finished units from Forum Puerto Norte project.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.14. Inventory (continued)

At the time a functional unit is delivered to the customer, the cost of construction of that unit is recognized, reducing the inventory accordingly. The cost of the inventory property recognized in profit or loss on disposal is determined by considering sales prices less normal gross margin, on a weighted average cost basis, as the Company constructs the units of the multi-unit development simultaneously in the same construction process.

The percentage gross margin is based on the estimated total revenue and estimated total costs for each building calculated as of the date the unit is delivered, at a time when generally all or a vast majority of the units in such building have been sold and all or a vast majority of the costs associated to the building have been incurred, thereby minimizing the use of estimates.

### 4.15. Leases

Pursuant to IAS 17 "Leases", the financial ownership of an asset in a financial lease is transferred to the lessee if the lessee takes on substantially all the risks and rewards of ownership of such leased asset. The related asset is thus recognized at the beginning of the lease at its fair value, or at the value of the minimum payments for the lease if the latter is a lower amount, established at the beginning of the lease. As of December 31, 2015 and 2014, the Company has not entered into any financial lease agreements.

All other leases are treated as operating leases. Operating lease payments are expensed on a straight line method based on the lease agreement, and related costs such as maintenance and insurance are expensed when they are incurred.

Leases are classified as operating leases when the lessor does not transfer all risks and benefits inherent to the leased object's ownership to the lease. Expenses related to operating leases are recognized lineally as expense in each fiscal year under "Lease and Expenses" in the Consolidated Statement of Income and Other Comprehensive Income.

### 4.16. Revenue recognition

In accordance with the criteria established by IAS 18, revenue from the sale of units is recognized when each of the following conditions are met:

Revenue is recognized on the basis of the fair value of the consideration charged or to be charged, taking into account the estimated amount of any deduction, bonus or commercial reduction provided by the entity.

#### 4.16.1 Sale of Complete Units (Inventory)

Regular revenue obtained from the sale of assets was recognized once each and every of the following conditions was met:

- The Company transferred to the buyer significant risks and benefits derived from ownership of the assets.
- The Company did not continue participating in the current management of the assets sold, in matters typically associated with ownership, and it did not maintain actual control over such assets.
- The amount of the regular revenue was calculated reliably.
- It was deemed likely that the Company would receive financial benefits related to the transaction.
- The costs incurred or to be incurred and related to the transaction were calculated reliably.

#### 4.16.2 Services rendered

The revenue in concept of services rendered as per management agreements are recognized in results when the Company has rendered such services, independently of the moment they have been invoiced.

### 4.17. Classification of Entries into Current and Non-current

The Company classifies an asset as a current asset when it meets any of the following criteria:

- a) Its realization is expected, or its sale or consumption is intended within the entity regular operating cycle;
- b) It is maintained primarily for the purposes of trading;
- c) Its realization is expected for the twelve-month period following the balance sheet date; or
- d) It is cash or a cash equivalent not applied to restrictions to being exchanged or used to pay a liability, at least within the twelve-month period following the balance sheet date.

Any other assets are classified as non-current assets.

Additionally, liabilities are listed as current liabilities when they meet any of the following criteria:

- a) Its liquidation is expected during the entity's regular business cycle;
- b) It is maintained primarily for the purposes of trading;
- c) It must be liquidated within the twelve-month period as of the date of the balance sheet; or
- d) The entity is not entitled to unconditionally extend the timeframe for paying the liability for at least the twelve months that follow the date of the balance sheet.

Any other liabilities are classified as non-current liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

### Note 4. Summary of the Main Accounting Policies Applied (continued)

#### 4.17. Classification of Entries into Current and Non-current (continued)

Pursuant to the provisions of IAS 1, an entity normal operating cycle is the period between the acquisitions of material assets incorporated in the production process, and the realization of the products as cash or cash equivalents. In the case of development of real estate projects, which are the Company's main line of business, the normal operating cycle is the period between the launch of sales and construction and the conveyance of functional units.

#### 4.18. Business Combinations

Business combinations registered took place before 2011 and are accounted for using the acquisition method. The consideration obtained as a result of the acquisition was calculated at the estimated fair value (at the date of exchange) of the assets assigned and liabilities incurred or assumed and the equity instruments, except for the tax assets or liabilities, or assets related to agreements entailing benefits for employees that were included and calculated pursuant to IAS 12, "Income Taxes", and IAS 19 "Employee benefits", respectively. The costs associated with the acquisitions were expensed upon being incurred.

The assets and liabilities adjustments related to fair value with an impact over investments value, included in Inventory, are accounted for as Greater Value of Inventory. Under IFRS, this greater value is only recognized as income when the related revenue is recognized (IAS 2, paragraph 34), with this revenue being recognized pursuant to IAS 18, paragraph 14. Greater Value of Inventory has been accounted for in relation to projects FPN, FFA, VEN and ASN whose land was acquired by means of the acquisition of a legal entity. As of December 31, 2015 and 2014 the entirety of the VEN and ASN greater inventory value that was recorded when said entities were acquired was included in Inventory, as no revenue has yet been recognized for these projects. As of December 31, 2015 and 2014, FPN greater inventory value was consumed 100% and 88%, respectively and FFA greater inventory value was consumed 62% and a 21%, respectively.

#### 4.19. Goodwill

These costs result from the restatement of business combinations prior to December 31, 2010. Goodwill is the amount that exceeds the sum of the consideration transferred, the amount of any non-controlling equity interest in the entity acquired, where applicable, and the fair value of the equity interest that the purchaser previously had, where applicable, in the entity in relation to the net amount as of the date of acquisition of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortized, but is assessed to determine whether it is necessary to record any impairment at the date of each report.

Cash flow projections for each project are conducted quarterly and are submitted to the Board of Directors, which must give final approval. The projection of macroeconomic variables (inflation, exchange rate, interest rate, etc.) is provided by our external advisors in the field. The cash flows are discounted at the weighted average cost of capital of the Company (WAAC).

Changes in the interest in ownership of a subsidiary are recognized as equity transactions and do not affect the book value of goodwill.

#### 4.20. Provisions

Provisions are recognized when the Company is faced with a current obligation (whether legal or implicit) resulting from a past event, and it is probable that the Company will incur costs or expenses to discharge such obligation, and when it was possible to reasonably estimate the amount of the obligation.

The amount listed as a provision is the best estimate of the disbursement required for discharging the current obligation, at the close of the period reported, taking in to account the respective risks and uncertainties. When a provision is calculated using the cash flow estimated for discharging a current obligation, its book value represents the current value of said cash flow.

When recovery of some or all the financial benefits required to cancel an allowance was required, an account receivable was listed as an asset if it was virtually certain that the payment would be received and the amount receivable could be calculated reliably.

Note 32 contains a detailed description of the main claims received by the Company.

#### 4.21. Financial Instruments

##### 4.21.1 Financial Assets and Liabilities

##### 1) Recognition and Initial Measurement

Financial assets under IAS 39 are classified as financial assets at their fair value through profit or loss, financial debt and accounts receivables, investments held to maturity, financial assets available for sale, or as derivatives assigned as hedge instruments with effective coverage, as applicable. The Company determines how these financial assets are classified when they are initially recognized. All the financial assets are initially listed at their fair value plus, for financial assets not recognized at their fair value through profit or loss, transaction costs that can be directly ascribed. Purchases or sale of financial assets that require delivery of assets within a term established by a regulation or market agreement (conventional sales agreement) are entered on the date of the purchase, that is, the date when the Company commits to purchase or sell the asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.21. Financial Instruments (continued)

The Company's financial assets include cash and short-term investments, trade and other receivables, financial debt, and bank overdrafts and unlisted financial instruments.

#### 2) Subsequent Measurement

Financial assets are measured subsequently in the following way, depending on their classification:

- a) Financial Assets at fair value with changes through profit or loss

Financial assets at fair value with changes through profit or loss include the assets maintained for the purposes of trading and the financial assets allotted when initially recognized, and at the fair value with changes through profit or loss. Financial assets are classified as available for sale when they are acquired to be sold or repurchased in the near future. Financial assets at their fair values with changes through profit or loss are entered in the financial statement of income at their fair values, and the changes in this fair value are recognized as income or financial costs in the statement of income.

- b) Financial debt, accounts receivables and financial debt accruing interests

Financial debt and accounts receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Following their initial recognition, these financial assets are measured at their amortized costs by means of the effective interest rate method, minus any impairment. Amortized costs are calculated by contemplating any deduction or goodwill for acquisition, and the commissions or costs that are an integral part of the effective interest rate. Amortization of the effective interest rate is recognized as financial income in the statement of income. The losses resulting from impairment are entered in the statement of income as financial costs

- c) Investments Held to Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held to maturity when the Company has the intention and capacity to maintain them until their maturity date. Following their initial recognition, investments held to maturity are measured at their amortized costs by means of the effective interest rate method, minus any impairment.

#### 4.21.2 Compensation of financial assets and liabilities

Financial assets and liabilities are offset so their net value is recorded in the financial statements only if the Company (i) has the current right to legally demand compensation of recognized values; and (ii) has the intention of cashing them at their net value, or realizing its assets and settle its liabilities simultaneously.

### 4.22. Commercial and other debts

Commercial debts are initially recognized at their fair value and are later measured at their amortized cost, applying the effective interest rate method.

### 4.23. Equity

Shareholder's equity items were prepared in accordance with the accounting standards in effect as of the date of each transaction. The movements listed under this item were accounted for in accordance with the respective Shareholders' Meeting decisions, legal provisions or regulations although said items would not have existed or would have had different balances had IFRS been applied in the past.

#### 4.23.1. Share Capital

Consists of the shareholders' contributions represented by ordinary shares at their face value.

#### 4.23.2. Issuance premium

Corresponds to the difference (premium) between the amount of the capital contribution and the corresponding face value of the shares issued.

#### 4.23.3. Legal reserve

In accordance with the provisions of Argentine Law No. 19550, the Company has to appropriate to the legal reserve not less than 5% of the sum of net income, prior year adjustments, and transfers from other comprehensive income to retained earnings and accumulated losses from previous years, until reaching 20% of the share capital.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

### Note 4. Summary of the Main Accounting Policies Applied (continued)

#### 4.23. Equity (continued)

##### 4.23.4. Retained Earnings

Retained earnings includes accumulated gains or losses without a specific appropriation that if positive, could be distributed upon approval at the Shareholders' Meeting, and is not subject to legal restrictions. Retained earnings includes the income from previous fiscal years that was not distributed, amounts transferred from other comprehensive income and adjustments to previous fiscal years as a result of applying new accounting standards.

Additionally, as per the regulations of the Argentine Securities Exchange Commission (CNV), when the net balance of other comprehensive income is positive, it may not be distributed, capitalized or used to absorb accrued losses. If it is negative, there will be a restriction on the distribution of retained earnings for the same amount.

In order to absorb the negative balance of the "retained earnings" account, when applicable, at the closing of the fiscal year to be considered at the Shareholders' Meeting, the balances must be earmarked in the following order:

- a) Reserved earnings (voluntary, statutory and legal, in that order);
- b) Capital Contributions;
- c) Issuance premiums and own share negotiation (when the balance of this account is positive);
- d) Other equity instruments (when it is legal and feasible from a corporate standpoint);
- e) Capital adjustments; and
- f) Share capital.

##### 4.23.5 Non-controlling interest

Non-controlling interest corresponds to the percentage over net assets acquired and the income representative of the rights over the shares that are not owned by Company.

#### 4.24. Judgment, Accounting Estimates and Significant Assumptions

Preparation of the Company's financial statements requires management to apply judgement, accounting estimates and significant assumptions that affect the amounts of income, expenses, assets and liabilities reported and the disclosure of contingent liabilities, as of December 31 of each year reported.

The uncertainty regarding these assumptions and estimates may result in profit and losses that will require a significant adjustment in future periods of the amount of assets or liabilities earmarked and entered into the books.

In the process of applying the Company's accounting policies, management did not make judgments that could have a potentially material effect on the amounts recognized in the consolidated financial statements, except for what was indicated regarding recognition of tax credits.

The main accounting estimates and underlying assumptions included in the Company's consolidated financial statements as of December 31, 2015 and 2014 are described below. Such estimates and assumptions are periodically reviewed by management. The effects of the reviews of the accounting estimates are recognized in the year in which the estimates are reviewed, whether it is in the current year or in a future year.

##### a) Estimate of Useful Lives

Below is a description of the periods during which management believes that the assets will no longer be usable or will stop benefiting the Company financially: a) ten years for furniture and fixtures, b) five years for hardware, c) 50 years for real estate properties, d) three years for leasehold improvements in owned properties, e) five years for leasehold improvement in third-party properties, f) five years for installations, g) one year for showrooms, h) ten years for trademarks, i) three years for software, and j) three years for software development.

(1) In order to estimate the useful life of the different showrooms, product launch and estimated time for sales have been taken into account.

Management reviews its estimates upon the useful lives of depreciable or amortizable assets as of the end of each fiscal year, based on the usefulness expected for the assets. The uncertainty of these estimates is related to the technical obsolescence that could change the usefulness of certain assets such as software or technological equipment.

Goodwill has been classified as having an undefined useful life and is subject to impairment analysis.

##### b) Estimate of the impairment of non-cash assets

There is impairment when the book value of an asset or cash generating unit exceeds its recoverable amount, which is the fair value minus the sales costs, or its use value, whichever is greater. Calculation of the fair value minus sales costs is based on available information regarding similar sales transactions, performed by independent parties for similar assets, or at observable market prices, minus the incremental costs incurred in transferring ownership of the asset.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 4. Summary of the Main Accounting Policies Applied (continued)

### 4.24. Judgment, Accounting Estimates and Significant Assumptions (continued)

Calculation of the use value is based on discounted cash flow model. Cash flow is obtained from the Company's 10-year budget and does not include restructuring activities to which the Company has not yet committed, or significant future investments that could increase the performance of the asset or of the cash-generating unit subject to testing. The recoverable amount is very sensitive to the discount rate used for the discounted cash flow model, and to entries of future funds expected at the growth rate used for the purposes of extrapolation, and therefore, the uncertainty is related to said estimate variables.

#### c) Taxes

The Company establishes allowances based on reasonable estimates. The amount of said allowances is based on various factors, such as experience with previous tax audits and the different interpretations of tax regulations by the entity subject to the tax and the tax authority in charge. Differences in the interpretation may result in a large number of issues according to the conditions that prevail at the legal address of the financial group entity.

The Deferred Tax Asset that results from tax losses is recognized for all the tax losses not used, provided it is likely that there will be a future tax profit available that can be used to compensate said losses.

Determination of the amount of the Deferred Tax Asset that can be recognized requires a significant level of judgment by the management, based on the timing and level of future tax profit and future tax planning strategies.

Note 28 includes more detailed information on the Corporate Income Tax.

### 4.25. Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits (including short-term time deposits) and highly liquid investments that are easily convertible into cash and are subject to a minimum risk of changing value. Cash and cash equivalents is disclosed in local currency at its par value and in foreign currency converted at the exchange rate in effect at the closing of the applicable year.

Exchange rate differences were recorded as part of the period's profits and losses. Financial assets such as mutual funds and commercial paper were classified as "Financial Assets at fair value with changes through profit or loss", considering the nature and purpose established during the initial recognition of these assets. The net earnings or losses for any income obtained resulting from financial assets were recognized in income and classified as finance income in the Consolidated Statement of Income and Other Comprehensive Income.

Certificates of deposit in foreign currency have not been included in the Consolidated Cash Flow Statement as their expiration date extends past ninety days.

### 4.26. Earnings per share

Net earnings per base share is calculated by dividing the net result for the period attributable to the controlling company shareholders by the average of outstanding ordinary shares during the period, net, if any, of repurchases. Diluted net earnings per share is calculated by dividing the net result for the period by the estimated average number of outstanding ordinary shares.

When computing the diluted earnings per share, the number of shares is adjusted for any potential conversion of ordinary shares. Diluted net earnings per share is based on the conversion rate or period price during the entire term of the instrument. The calculation of diluted earnings per share does not include potential ordinary shares that would not cause any dilution.

As of the date of these financial statements, TGLT SA has not issued any instruments which would result in the issuance of new ordinary shares and hence the estimation of the diluted earnings per share equals the estimation of the basic earnings per share. See Note 37.

### 4.27. Dividend Distribution

The Company's payable dividends are accounted for as liabilities for the period in which they are approved at the Shareholders' Meeting. As per Argentine regulations, dividends may only be paid with cumulative realized profits and with the liquidity (balance of cash and cash equivalents or other short-term investments) available in the prior year's audited financial statements, issued in accordance with Argentine accounting regulations and the Regulations of the CNV, and approved at the Shareholders' Meeting. The Board of Directors of any Argentine publicly listed company may declare provisional dividends, in which case, the Board members and the members of the Supervisory Committee shall be jointly responsible for the payment of such dividend if retained earnings for the period in which the dividend was declared were not enough to cover the payment of such dividend.

As per the Argentine Corporate Law and TGLT SA bylaws, a legal reserve shall be made of no less than 5% of realized profits and liquidity from the fiscal year's financial statements, up until such reserve is equivalent to 20% of the outstanding share capital. The legal reserve is not available for distribution among the shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

### Note 4. Summary of the Main Accounting Policies Applied (continued)

#### 4.27. Dividend Distribution (continued)

As of the date of enforceability of Law 26893, distributed dividends, whether in cash, goods or any other form except free shares, are subject to tax withholding (Tax on Dividends) at a rate of 10% on the value of such dividends, for both Argentine companies and shareholders. The Company withholds and pays this tax on behalf of its shareholders and will cancel this tax paid with any existing or future liabilities with the shareholders on whose behalf the Company has paid those taxes.

#### 4.28. Segment information

The Company has adopted IFRS 8. See Note 36.1.

### Note 5. Cash and cash equivalents

	Notes	Dec 31, 2015	Dec 31, 2014
Cash in local currency		40,912	34,245
Cash in foreign currency	38	55,805	23,149
Banks in local currency		4,206,604	15,078,802
Banks in foreign currency	38	14,805,903	9,918,091
Funds to be deposited		252,026	4,791,537
Time deposits in foreign currency	31.8 and 38	2,584,383	1,662,510
Mutual funds in local currency		6,119,666	3,389,833
Mutual funds in foreign currency	38	6,051,016	15,083,424
Commercial papers in local currency		-	6,387,877
Commercial papers in foreign currency	38	60,957,008	-
<b>Total Cash and cash equivalents</b>		<b>95,073,323</b>	<b>56,369,468</b>

In the statement of cash flow, cash and cash equivalents comprise the following:

	Dec 31, 2015	Dec 31, 2014
Total cash and cash equivalents	95,073,323	56,369,468
Certificate of deposits in foreign currency expiring over 90 days	(2,584,383)	(1,662,510)
<b>Total Cash and Cash equivalents</b>	<b>92,488,940</b>	<b>54,706,958</b>

### Note 6. Accounts receivables

	Notes	Dec 31, 2015	Dec 31, 2014
Accounts receivables from sales of units in local currency		7,951,718	6,770,162
Accounts receivables from sales of units in foreign currency	38	22,813,020	9,074,815
Accounts receivables from sales of services in local currency		349,414	1,281,911
Accounts receivables from sales of services in foreign currency	38	4,956	894,129
<b>Total Accounts receivables</b>		<b>31,119,108</b>	<b>18,021,017</b>

The age of accounts receivable is as follows:

	Dec 31, 2015	Dec 31, 2014
Due within		
0 to 90 days	3,907,451	2,176,040
91 to 180 days	2,207,508	6,215,563
Past-due		
0 to 90 days	25,004,149	9,629,414
<b>Total</b>	<b>31,119,108</b>	<b>18,021,017</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 7. Other receivables (continued)

<b>Current</b>	Notes	<b>Dec 31, 2015</b>	Dec 31, 2014
Value added tax		73,586,655	57,099,287
Value added tax in foreign currency	38	47,722,207	18,554,605
Gross income tax		3,765,016	2,508,370
Net worth tax in foreign currency	38	3,766,294	3,398,159
Taxes receivable in foreign currency	38	-	110,535
Other taxes in foreign currency	38	-	8,300
Advance payments to work suppliers in local currency (1)		79,457,883	109,015,584
Advance payments to work suppliers in foreign currency	38	19,028,705	3,538,542
Security Deposits in local currency		78,000	78,000
Security Deposits in foreign currency	38	707,004	380,700
Insurance policies to be accrued in local currency		40,563	15,732
Insurance policies to be accrued in foreign currency	38	1,670,925	1,129,943
Loan granted (2)		1,072,616	1,021,628
Prepayments - in local currency		626,953	325,065
Prepayments - in foreign currency	38	48,141	-
Refund		5,215,463	1,606,252
Refund from maintenance fees		8,409,063	6,495,471
Other checks – receivable		18,200	91,648
Collectable fund for equipment acquisition in local currency		194,032	289,227
Collectable fund for equipment acquisition in foreign currency	38	3,332,822	1,553,227
Collectable operating fund		563,215	-
Advance payments for the purchase of real estate properties		263,032	263,033
Advance payments for the purchase of real estate properties in foreign currency(3)	38	19,410,000	-
Sundry receivables in local currency		1,180,862	83,045
Sundry receivables in foreign currency	38	17,718	114,766
Minus:			
Bad-debt allowance on other receivables (1)		(4,650,167)	(2,403,730)
<b>Sub Total other receivables – Current</b>		<b>265,525,202</b>	<b>205,277,389</b>
<b>Non-current</b>			
Security deposits in local currency		12,300	21,100
Security deposits in foreign currency	38	49,011	88,264
Insurance policies to be accrued in foreign currency	38	-	445,342
Loan granted (1)		768,094	1,536,189
<b>Sub Total other receivables – Non-current</b>		<b>829,405</b>	<b>2,090,895</b>
<b>Total other receivables</b>		<b>266,354,607</b>	<b>207,368,284</b>

(1) See Note 32.3

(2) Loan granted by Canfot S.A. to Edenor:

On July 29, 2013 Edenor S.A. requested and Canfot SA granted a loan for an amount of \$ 3,072,378 for financing works on the Forum Alcorta Project. These sums will accrue a compensatory interest to be calculated at the passive rate for 30 day certificates of deposit of the Argentinean National Bank, as of the last day of the month prior to the issuance of each payment. As of the date of issuance of these financial statements, Edenor S.A. has repaid twenty-four out of the forty-eight monthly installments agreed.

(3) Advance payments for the purchase of real estate properties in foreign currency

On November 30, 2015, the Company booked the purchase a building located in the San Telmo district, south of Buenos Aires City. As a form of acceptance of the reservation, TGLT paid the equivalent of US\$1.2 million or \$17.4 million, and agrees to pay the balance of \$300,000 on December 1, 2016. At the date of issuance of these financial statements, TGLT is in the process of finalizing the formal instruments of acquisition and deeds.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### Note 8. Inventory

	Notes	Dec 31, 2015	Dec 31, 2014
Forum Alcorta	31.1	-	407,628,792
Forum Alcorta – Finished units	31.1	411,620,358	183,513,258
Astor Caballito	31.2	115,429,796	114,356,845
Astor Palermo	31.3	-	439,647,643
Astor Palermo – Finished units	31.3	292,689,918	-
Forum Puerto del Buceo		1,071,181,369	450,286,233
Astor Núñez	31.4	354,453,825	170,897,440
Venice		402,381,085	227,102,480
Metra Puerto Norte	31.5	209,204,205	161,612,354
Proa	31.5	174,921,419	128,779,458
Metra Devoto	31.6	67,656,250	56,078,865
Other projects		1,906,673	-
Forum Puerto Norte – Finished units		16,525,373	60,207,422
Forum Puerto Norte – Impairment of finished units		(1,386,579)	(23,811,358)
<b>Total Inventory (1)</b>		<b>3,116,583,692</b>	<b>2,376,299,432</b>

(1) The finance costs capitalized as of December 31, 2015 and 2014, according IAS 23, represent \$ 60,680,010 and \$ 139,232,501, respectively. The capitalization rate used for the generics borrowing was 29.4% and 31.1%, respectively.

### Note 9. Property, plant and equipment

	Furniture and Fixtures	Hardware	Improvements in owned property	Leasehold Improvements in third party properties	Installations	Showrooms	Real Estate Property	Total
Original value								
Balance as of January 1, 2015	1,011,273	1,495,496	334,998	1,408,830	6,174	14,950,551	2,732,142	21,939,464
Acquisitions	171,477	377,619	18,480	217,280	-	1,923,968	-	2,708,824
Conversion adjustment	68,739	106,285	-	293,164	-	915,480	-	1,383,668
Decreases	-	-	-	-	-	(1,362,766)	-	(1,362,766)
<b>Total</b>	<b>1,251,489</b>	<b>1,979,400</b>	<b>353,478</b>	<b>1,919,274</b>	<b>6,174</b>	<b>16,427,233</b>	<b>2,732,142</b>	<b>24,669,190</b>
Depreciation and impairment								
Balance as of January 1, 2015	(420,544)	(1,112,101)	(93,055)	(1,090,178)	(4,944)	(9,746,496)	(44,053)	(12,511,371)
Depreciations	(130,436)	(194,431)	(113,206)	(212,918)	(1,230)	(2,190,556)	(52,863)	(2,895,640)
Conversion adjustment	(43,402)	(51,989)	-	(218,060)	-	(462,139)	-	(775,590)
Decreases	-	-	-	-	-	1,362,766	-	1,362,766
<b>Total</b>	<b>(594,382)</b>	<b>(1,358,521)</b>	<b>(206,261)</b>	<b>(1,521,156)</b>	<b>(6,174)</b>	<b>(11,036,425)</b>	<b>(96,916)</b>	<b>(14,819,835)</b>
<b>Net carrying as of Dec 31, 2015</b>	<b>657,107</b>	<b>620,879</b>	<b>147,217</b>	<b>398,118</b>	<b>-</b>	<b>5,390,808</b>	<b>2,635,226</b>	<b>9,849,355</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 AND 2014

(figures expressed in Argentine pesos - \$)

## Note 9. Property, plant and equipment (continued)

	Furniture and Fixtures	Hardware	Improvements in owned property	Leasehold Improvements in third party properties	Installations	Showrooms	Real Estate Property	Total
Original value								
Balance as of January 1, 2014	723,687	1,182,668	-	1,779,823	6,174	14,018,014	-	17,710,366
Acquisitions	31,811	284,728	-	62,620	-	665,309	2,732,142	3,776,610
Conversion adjustment	30,940	37,967	-	131,920	-	267,228	-	468,055
Transferences	224,835	-	334,998	(559,833)	-	-	-	-
Decreases	-	(9,867)	-	(5,700)	-	-	-	(15,567)
<b>Total</b>	<b>1,011,273</b>	<b>1,495,496</b>	<b>334,998</b>	<b>1,408,830</b>	<b>6,174</b>	<b>14,950,551</b>	<b>2,732,142</b>	<b>21,939,464</b>
Depreciation and impairment								
Balance as of January 1, 2014	(293,745)	(864,567)	-	(878,957)	(3,709)	(7,276,025)	-	(9,317,003)
Depreciations	(117,337)	(238,698)	(93,055)	(166,746)	(1,235)	(2,404,759)	(44,053)	(3,065,883)
Conversion adjustment	(9,462)	(9,385)	-	(44,475)	-	(65,712)	-	(129,034)
Decreases	-	549	-	-	-	-	-	549
<b>Total</b>	<b>(420,544)</b>	<b>(1,112,101)</b>	<b>(93,055)</b>	<b>(1,090,178)</b>	<b>(4,944)</b>	<b>(9,746,496)</b>	<b>(44,053)</b>	<b>(12,511,371)</b>
<b>Net carrying as of Dec 31,2014</b>	<b>590,729</b>	<b>383,395</b>	<b>241,943</b>	<b>318,652</b>	<b>1,230</b>	<b>5,204,055</b>	<b>2,688,089</b>	<b>9,428,093</b>

## Note 10. Intangible assets

	Software	Software development	Trademarks	Total
Original value				
Balance as of January 1, 2015	464,926	2,091,558	26,037	2,582,521
Acquisitions	127,953	464,336	-	592,289
Conversion adjustment	122,150	-	5,791	127,941
<b>Total</b>	<b>715,029</b>	<b>2,555,894</b>	<b>31,828</b>	<b>3,302,751</b>
Depreciation and impairment				
Balance as of January 1, 2015	(279,869)	(1,334,570)	(11,246)	(1,625,685)
Depreciations	(39,163)	(340,361)	(3,789)	(383,313)
Conversion adjustment	(44,955)	-	(3,289)	(48,244)
<b>Total</b>	<b>(363,987)</b>	<b>(1,674,931)</b>	<b>(18,324)</b>	<b>(2,057,242)</b>
<b>Net carrying as of Dec 31,2015</b>	<b>351,042</b>	<b>880,963</b>	<b>13,504</b>	<b>1,245,509</b>

	Software	Software development	Trademarks	Total
Original value				
Balance as of January 1, 2014	409,960	1,730,834	23,431	2,164,225
Acquisitions	-	360,724	-	360,724
Conversion adjustment	54,966	-	2,606	57,572
<b>Total</b>	<b>464,926</b>	<b>2,091,558</b>	<b>26,037</b>	<b>2,582,521</b>
Depreciation and impairment				
Balance as of January 1, 2014	(224,748)	(940,284)	(7,120)	(1,172,152)
Depreciations	(52,773)	(394,286)	(3,492)	(450,551)
Conversion adjustment	(2,348)	-	(634)	(2,982)
<b>Total</b>	<b>(279,869)</b>	<b>(1,334,570)</b>	<b>(11,246)</b>	<b>(1,625,685)</b>
<b>Net carrying as of Dec 31,2014</b>	<b>185,057</b>	<b>756,988</b>	<b>14,791</b>	<b>956,836</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 11. Tax assets**

	Notes	Dec 31, 2015	Dec 31, 2014
Tax on minimum presumed income		75,419,545	59,300,357
Tax loss – local source		256,461,077	248,931,054
Foreign net investment loss		12,613,511	7,828,229
Tax loss – foreign source	38	-	143,339
<b>Total Tax assets (*)</b>		<b>344,494,133</b>	<b>316,202,979</b>

(\*) See "Deferred Tax Liabilities" Note 28

Local and foreign source tax losses may be used until the following expiration dates:

Pesos	
Year	Dec 31, 2015
2016	2,867,308
2017	16,335,130
2018	66,008,008
2019	94,552,497
2020	89,311,645
<b>Total</b>	<b>269,074,588</b>

**Note 12. Goodwill**

	Marina Río Lujan S.A.	Pico y Cabildo S.A.	Canfot S.A.	Total
Original value				
Balance as of January 1, 2015	21,487,412	10,558,985	79,399,207	111,445,604
<b>Total</b>	<b>21,487,412</b>	<b>10,558,985</b>	<b>79,399,207</b>	<b>111,445,604</b>
Impairment				
Balance as of January 1, 2015	-	-	-	-
Loss due to impairment	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying as of Dec 31, 2015</b>	<b>21,487,412</b>	<b>10,558,985</b>	<b>79,399,207</b>	<b>111,445,604</b>

	Marina Río Lujan S.A.	Pico y Cabildo S.A.	Canfot S.A.	Total
Original value				
Balance as of January 1, 2014	21,487,412	10,558,985	79,399,207	111,445,604
<b>Total</b>	<b>21,487,412</b>	<b>10,558,985</b>	<b>79,399,207</b>	<b>111,445,604</b>
Impairment				
Balance as of January 1, 2014	-	-	-	-
Loss due to impairment	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net carrying as of Dec 31, 2014</b>	<b>21,487,412</b>	<b>10,558,985</b>	<b>79,399,207</b>	<b>111,445,604</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 13. Accounts payable

Current	Notes	Dec 31, 2015	Dec 31, 2014
Suppliers in local currency		34,124,309	11,754,104
Suppliers in foreign currency	38	36,831,093	11,822,134
Deferred checks in local currency		47,362,918	20,088,626
Deferred checks in foreign currency	38	9,565,836	-
Provision for expenditure in local currency		2,403,159	2,404,499
Provision for expenditure in foreign currency	38	1,004,075	494,196
Provision for works in local currency		27,357,591	33,582,015
Provision for works in foreign currency	38	7,071,015	2,724,893
Insurance policies payable in national currency		43,744	47,869
Insurance policies payable in foreign currency	38	1,703,863	968,552
Performance bond		9,987	169,646
Contingency fund in local currency		12,982,598	6,429,621
Contingency fund in foreign currency	38	7,297,972	2,899,993
Building permit in foreign currency	38	21,978,955	19,272,924
Creditors per purchase of real estate property in foreign currency	38	205,964,067	132,635,405
<b>Subtotal current Accounts payable</b>		<b>415,701,182</b>	<b>245,294,477</b>
<b>Non-current</b>			
Debt per building permit in foreign currency	38	8,780,560	9,566,478
<b>Total Accounts payable – Non-current</b>		<b>8,780,560</b>	<b>9,566,478</b>
<b>Total Accounts payable</b>		<b>424,481,742</b>	<b>254,860,955</b>

## Note 14. Financial debt

Current	Notes	Dec 31, 2015	Dec 31, 2014
Short-term financial debt taken in foreign currency	14.1 and 38	109,865,697	8,624,200
Mortgage-backed bank short-term financial debt in local currency	14.1	100,314,642	58,517,492
Mortgage-backed bank short-term financial debt in foreign currency	14.1 and 38	25,729,155	85,884,333
Bank overdrafts	14.3	23,349,114	20,798,458
Corporate notes in local currency	14.2	105,467,898	100,698,114
Corporate notes in foreign currency	14.2 and 38	27,311,236	16,856,614
<b>Subtotal current Short-term financial debt</b>		<b>392,037,742</b>	<b>291,379,211</b>
<b>Non-current</b>			
Mortgage-backed bank long-term financial debt in local currency	14.1	-	16,443,553
Corporate notes in local currency	14.2	58,717,680	29,933,191
Corporate notes in foreign currency	14.2 and 38	-	46,540,837
<b>Subtotal non-current Long-term financial debt</b>		<b>58,717,680</b>	<b>92,917,581</b>
<b>Total Financial debt</b>		<b>450,755,422</b>	<b>384,296,792</b>

The following is a breakdown of activity in financial debt:

	Dec 31, 2015	Dec 31, 2014
Opening balance	384,296,792	299,842,931
New financial debt and financing arrangements	264,092,973	101,398,291
Accrued interests	174,454,104	60,411,599
Effects of exchange rate variation	35,125,631	41,482,149
New bank overdrafts	2,550,657	1,176,119
Payment of principal	(155,871,042)	(61,805,325)
Payment of interests	(172,015,075)	(58,208,972)
Corporate Notes swap net of issuance costs	(82,055,271)	-
Effect of the conversion of financial statements	176,653	-
<b>Closing balance</b>	<b>450,755,422</b>	<b>384,296,792</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 14. Financial debt (continued)

### 1. Financial debt taken

The following is the description of the Company and its subsidiaries' main borrowings with banks or third parties:

Bank	Principal available	Maturity	Disbursements received	Partial cancellation	Amount payable			
					Dec 31, 2015		Dec 31, 2014	
					Current	Non-current	Current	Non-current
Hipotecario (a)	30,000,000	28/02/2016	26,124,600	-	26,909,465	-	27,190,687	-
Hipotecario (a)	30,000,000	28/02/2016	30,000,000	-	30,901,295	-	31,243,911	-
Ciudad de Buenos Aires (b)	71,000,000	23/05/2016	42,303,447	-	42,503,882	-	82,894	16,443,553
<b>Total in local currency</b>					<b>100,314,642</b>	<b>-</b>	<b>58,517,492</b>	<b>16,443,553</b>
Hipotecario (a)	12,000,000	28/02/2016	9,906,007	(7,963,533)	25,729,155	-	85,884,333	-
<b>Total in foreign currency</b>					<b>25,729,155</b>	<b>-</b>	<b>85,884,333</b>	<b>-</b>

- a) On August 14, 2015, Banco Hipotecario accepted an offer to cancel the loan held by Canfot SA, with its corresponding refinance, by which the payment of the capital owed of US\$ 7,492,997 was to be paid in five monthly consecutive installments, of which the first maturity date was August 30, 2015. As of December 31, 2015 and December 31, 2014, two out of the five scheduled installments are still pending cancellation for the total amount of US\$ 1,942,474, equivalent to \$ 25,329,857 and US\$ 10,033,216 equivalent to \$ 85,884,333, respectively.

For the financial debt in pesos, three monthly consecutive installments with a maturity date of December 30, 2015 have been agreed. The owed capital as of December 31, 2015 and December 31, 2014 was \$ 56,124,600 and \$ 27,190,687, respectively.

Since December 31, 2015 to the date of issuance of these financial statements, the Company has paid interest and capital of \$ 13,157,447, and as of December 31, 2014, the Company has paid \$ 51,850,008.

- b) On May 23, 2013, TGLT entered into a loan agreement with Banco de la Ciudad de Buenos Aires for the amount of \$ 71,000,000. All sums disbursed by the bank shall accrue, upon cancellation, interest payable in monthly installments at the rate of 23% per annum, which is equivalent to an effective rate of 25.59% per annum.

Since December 31, 2015 to the date of issuance these financial statements, the Company has received additional disbursements of \$ 6,643,808 and paid interest of \$ 2,522,508.

Entity	Principal available	Maturity date	Disbursements received	Partial cancellation	Amount payable			
					Dec 31, 2015		Dec 31, 2014	
					Current	Non-current	Current	Non-current
Individual	2,000,000	12/12/2016	1,330,000	-	17,682,838	-	8,624,200	-
Santander	687,500	08/12/2016	687,500	-	9,244,530	-	-	-
Itaú	387,000	31/03/2016	387,000	-	5,076,784	-	-	-
BBVA	3,990,000	07/12/2016	3,990,000	-	51,864,368	-	-	-
BBVA	2,000,000	29/02/2016	2,000,000	-	25,997,177	-	-	-
<b>Total in foreign currency</b>					<b>109,865,697</b>	<b>-</b>	<b>8,624,200</b>	<b>-</b>

On December 18, 2015, FDB SA entered into a credit facility of up to US\$ 16,000,000 with Banco Bilbao Viscaya Argentaria Uruguay S.A. (BBVA) and Banco ITAU Uruguay S.A. (ITAU) related to Stages I and III of Forum Puerto del Buceo, under the following conditions:

- Bank participation: partial disbursements to BBVA and ITAU in equal portions (US\$ 8,000,000 each).
- Bank commission fees: equivalent to 1% of the loan maximum amount.
- Requested Term: up to September 30, 2016 for the disbursements request.
- Interest rate: interest shall accrue at a variable rate equivalent to LIBOR of 90 days plus 3 points, per annum, plus taxes thereon, with a minimum rate of 5% per annum.
- Disbursements: as per building progress.
- Amortization of principal and interests: by partial payments as per delivery of units to future purchases, for the amount necessary for cancellation (or novation) of the mortgage of a unit sold.
- Collateral: Before any disbursement, FDB S.A. shall grant a first-degree mortgage in favor of the BBVA and ITAU of up to US\$ 16,000,000 over the total of units comprising Stages I and III of Forum Puerto del Buceo project.
- Credit assignment: Credit assignment shall be granted as collateral for the participation of BBVA and ITAU in the credit agreement, for the prices pending payment of purchasing commitments in all mortgaged units.

As of the date of issuance of these financial statements, proceedings to enable granting of mortgages are in process, and as a result a bridge loan agreement was entered into between BBVA and TGLT SA on December 18, 2015, under the following conditions:

- Credit to FDB S.A. for a maximum of US\$ 9,000,000.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 14. Financial debt (continued)

-Bank commission fees: US\$ 30,000 (advanced for the building loan).  
 -Requested Term: until February 29, 2016 for the disbursements request.  
 -Interest rate: the interest rate shall be 6.5% per annum.  
 -Collateral: a) Pledge: FDB and/or a third party accepted by BBVA must grant, before any disbursement, a first-degree pledge in favor of BBVA, for a minimum amount equivalent to two thirds of the amount of the disbursement, b) Credit assignment: FDB must grant a credit assignment as collateral for the benefit of BBVA, of the purchase commitment prices of units of Stages I and III of Forum Puerto del Buceo project.  
 -Joint and Several Guarantee: TGLT SA (TGLT Uruguay S.A. controlling company) must grant a joint and several guarantee in favor of BBVA for up to US\$ 3,000,000.  
 -Repayment: against the first disbursement of the credit facility for building described in the first paragraph of this footnote. On December 18, a credit assignment as collateral agreement was entered between BBVA and FDB, as collateral for the fulfillment of all of the obligations arising from the bridge loan, related to units from Stages I and III of Forum Puerto del Buceo project.

On December 15, 2015, the Board of Directors approved a guarantee for the amount of US\$ 3,000,000 in favor of BBVA as collateral for financial debt granted to FDB SA.

As of December 31, 2015, FDB SA received from BBVA US\$ 2,000,000, maturing February 29, 2016, which was renewed as of the date of these financial statements, and additional disbursements were received from BBVA for a total of US\$ 3,000,000.

### 2. Corporate Notes

On December 20, 2011, the creation of a global program for the issuance of negotiable corporate notes, non-convertible to shares, with short, middle and/or long term maturities, subordinated or unsubordinated, secured or unsecured, as per Law 23576 and amendments (the "CNs") for a maximum amount of up to US 50,000,000 or its equivalent in other currencies was approved at the Annual Shareholders' Meeting.

Different classes or series denominated in United States Dollars or other currencies may be issued and the successive classes and/or series that are amortized may be reissued (the "Program"). The Program will expire on July 12, 2017. Within this term, all the issuances and re-issuances under this Program must be carried out.

See Note 43 for subsequent events description.

This is a summary of the main characteristics of each of the Company issuances as from the Program approval up to December 31, 2015.

Class	III	IV	V	VI	VII	IX
Issuance date	3/07/2013	3/07/2013	27/05/2014	27/05/2014	12/05/2015	12/05/2015
Amount issued	\$ 60,320,000	US\$ 7,380,128	\$ 50,300,000	\$ 15,842,677	\$ 77,690,235	\$ 57,229,975
Amount payable	\$ 14,330,000	US\$2,077,865	-	\$ 10,000,000	\$ 77,690,235	\$ 57,229,975
Currency	Pesos	Pesos, to the current exchange rate("dollar-linked")	Pesos	Pesos	Pesos	Pesos
Interest rate	BADLAR Private + 395 bps	3.90%	BADLAR Private + 500 bps	BADLAR Private + 549 bps	Fixed rate 29%	The highest between: a) 0.90 multiplied by the variation of CAC index; and b) Tasa Badlar + 600 bps.
Maturity	04/01/2016	04/07/2016	30/11/2015	29/11/2016	06/05/2016	14/05/2018
Amortization	4 equal consecutive installments, as from 3/04/2015, in the months 21, 24, 27 and 30	4 equal consecutive installments, as from 5/10/2015, in the months 27, 30, 33 and 36	3 equal consecutive installments, as from 29/05/2015, in the months 12, 15 and 18	4 equal consecutive installments, as from 29/02/2016, in the months 21, 24, 27 and 30	1 installment at maturity date 06/05/2016	4 equal consecutive installments, as from 14/08/2017, in the months 27, 30, 33 and 36
Payment of interests	Coupon every 3 months					
Payment of principal	Simultaneous					
Rating	BBB as per FIX SCR S.A. Agente de Calificación de Riesgo					

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 14. Financial debt (continued)

On May 12, 2015 as a consequence of the last issuance of corporate notes Classes VII and IX, holders of other classes have decided to exchange corporate notes among the different series. Following is a summary of the main characteristics of such exchange:

Issuance exchanged	Exchanged amount	New issuance	
		Class VII	Class IX
Class III	\$ 3,000,000	\$	\$ 3,000,000
Class IV	US\$ 4,609,642	US\$	US\$ 3,330,000
Class V	\$ 23,041,880	\$	\$ 5,350,000
Class VI	\$ 15,842,677	\$	\$ 6,174,142

Likewise, Class VI 10,000,000 nominal value were resold in the market.

Below we present the amounts payable for each of our corporate notes, classified as current and non-current, in local and foreign currency, as of December 31, 2015 and 2014:

Class	Amount payable			
	Dec 31, 2015		Dec 31, 2014	
	Current	Non-current	Current	Non-current
III	15,146,401	-	48,939,200	14,278,344
V	-	-	51,293,705	-
VI	7,730,292	2,500,000	465,209	15,654,847
VII	80,414,888	-	-	-
IX	2,176,317	56,217,680	-	-
Corporate notes in local currency	105,467,898	58,717,680	100,698,114	29,933,191
IV	27,311,236	-	16,856,614	46,540,837
Corporate notes in foreign currency	27,311,236	-	16,856,614	46,540,837

On January 4, 2016, TGLT SA cancelled principal and interest corresponding to Class III in pesos and to Class IV in doll\$ for the amounts of \$ 15,310,153 and US\$ 713,047, respectively. Likewise, on February 29, 2016, the Company cancelled principal and interest corresponding to Class VI for the amount of \$ 3,293,475, and interest corresponding to Class VII and VIII for the amount of \$ 10,188,276.

### 3. Bank overdraft agreements

TGLT SA has subscribed the following agreements to operate overdraft with the following Banks: a) HSBC Bank Argentina SA for an amount of \$ 8 million, b) Banco Industrial de Azul for \$ 1.5 million, c) Banco Galicia for 2 million, d) Banco Supervielle for \$ 5 million, e) Banco Santander for \$ 15 million and f) Banco Patagonia for \$ 5 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 15. Salaries and social security

	Notes	Dec 31, 2015	Dec 31, 2014
Wages payable in the local currency		10,679,726	5,735,052
Wages payable in foreign currency	38	1,003,335	162,201
Social security contributions payable in local currency		4,251,728	2,609,977
Social security contributions payable in foreign currency	38	112,338	647,113
Provision for Annual Complementary Salary and holidays in local currency		2,804,205	1,833,582
Provision for Annual Complementary Salary and holidays in foreign currency	38	374,035	316,955
Provision for Board of Directors' fees		563,955	123,000
Staff advances		-	(38,656)
<b>Total Salaries and social security</b>		<b>19,789,322</b>	<b>11,389,224</b>

## Note 16. Current tax liabilities

	Dec 31, 2015	Dec 31, 2014
Tax on minimum presumed income	7,368,579	5,854,872
Net Income Tax in foreign currency	43,815	-
<b>Total Current tax liabilities</b>	<b>7,412,394</b>	<b>5,854,872</b>

## Note 17. Other tax burden

	Notes	Dec 31, 2015	Dec 31, 2014
<b>Current</b>			
Gross Income Tax		7,049,302	1,823,218
Provincial Tax Payable		548,796	760,995
Municipal Tax Payable		1,678,605	934,416
Provincial Tax Payment Plan		1,515,975	968,473
Municipal Tax Payment Plan	32.4.1	1,688,324	101,192
Provision for Municipal Tax		-	1,738,101
Net worth tax		851,982	1,142,922
Stamp Tax		23,299,530	460,293
Net worth tax in foreign currency	38	-	346
Withholdings and earnings to be deposited in local currency		1,626,562	1,862,882
Withholdings and earnings to be deposited in foreign currency	38	721,192	317,495
<b>Subtotal Other tax burden - Current</b>		<b>38,980,268</b>	<b>10,110,333</b>
<b>Non-current</b>			
Municipal Tax Payment Plan		3,120,044	-
Provincial Tax Payment Plan	32.4.1	-	103,961
<b>Subtotal Other tax burden - Non-current</b>		<b>3,120,044</b>	<b>103,961</b>
<b>Total Other tax burden</b>		<b>42,100,312</b>	<b>10,214,294</b>

## Note 18. Advanced payments of clients

	Notes	Dec 31, 2015	Dec 31, 2014
Advanced collections in local currency		1,171,956,748	1,301,233,513
Advanced collections in foreign currency	38	1,059,212,786	365,187,474
Advanced collections per stock sales		19,385,264	10,963,318
Funds applied to equipment in local currency		37,745,625	17,991,574
Funds applied to equipment in foreign currency	38	3,098,855	-
Operating fund in local currency		4,763,364	899,633
Operating fund in foreign currency	38	73,238	-
Value added tax		(96,394,594)	(103,635,935)
<b>Total Advanced Payments of clients</b>		<b>2,199,841,286</b>	<b>1,592,639,577</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### Note 19. Other accounts payables

	Notes	Dec 31, 2015	Dec 31, 2014
<b>Current</b>			
Sundry creditors in foreign currency	31.8 and 38	2,584,383	1,662,510
Debt per the purchase of shares in foreign currency	33.2 and 38	9,128,007	4,280,000
Provision for other claims	32.7	687,250	300,000
Other liabilities		28,520	198,514
<b>Total Other accounts payables – Current</b>		<b>12,428,160</b>	<b>6,441,024</b>
<b>Non-current</b>			
Debt per the purchase of shares in foreign currency	33.2 and 38	46,944,000	36,808,000
<b>Total Other accounts payable – Non current</b>		<b>46,944,000</b>	<b>36,808,000</b>
<b>Total Other accounts payable</b>		<b>59,372,160</b>	<b>43,249,024</b>

### Note 20. Share Capital

The Company's capital is distributed as follows:

Shareholders	Dec 31, 2015		Dec 31, 2014	
	Shares	%	Shares	%
Federico Nicolás Weil	13,804,445	19.6 %	13,796,432	19.6 %
PDG Realty S.A. Empreendimentos e Participações (1)	-	-	19,121,667	27.2 %
Bienville Argentina Opportunities Master Fund LP	9,560,830	13.6 %	-	-
PointArgentum Master Fund LP	9,560,830	13.6 %	-	-
IRSA Propiedades Comerciales S.A.	6,671,712	9.5 %	6,679,423	9.5 %
Serengeti Asset Management	5,008,883	7.1 %	-	-
Other holders of US certificates of deposit representing ordinary shares (ADRs)	17,467,857	24.8 %	20,716,960	29.2 %
Holders of Brazilian certificates of deposit representing ordinary shares (BDRs)	335,240	0.5 %	335,240	0.5 %
Other holders of ordinary shares	7,939,688	11.3 %	9,699,763	13.8 %
<b>Total Capital social</b>	<b>70,349,485</b>	<b>100 %</b>	<b>70,349,485</b>	<b>100 %</b>

- (1) On April 24, 2015, The Company was notified that PDG Realty S.A. Empreendimentos e Participações ("PDG") transferred to each of Bienville Argentina Opportunities Fund and PointArgentum Master Fund LP 13.6% of TGLT SA shares, which together comprised PDG's total share of 27.2 % in TGLT SA., prior to the conversion of ADRs ordinary shares. As a consequence of these transactions, PGD representatives on the Board of Directors and the supervisory committee resigned and were replaced by the representatives of the new investors, approved at the General Ordinary Shareholders' Meeting on April 30, 2015.

### Note 21. Reserves, retained earnings and dividends

#### Dividends policy

To protect the interests of TGLT's financial creditors, TGLT shall not make or agree to make any kind of dividend payment, whether directly or indirectly, before any scheduled payment of principal, amortization, or other amounts due on the corporate notes or any of its debt subordinated to its corporate notes have been paid.

### Note 22. Revenue for ordinary activities

	Dec 31, 2015	Dec 31, 2014
Revenue for delivery of Inventory	818,360,768	405,973,903
Revenue for services rendered	10,647,324	9,447,679
<b>Total Revenue for ordinary activity</b>	<b>829,008,092</b>	<b>415,421,582</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

## Note 23. Cost of ordinary activities

	Dec 31, 2015	Dec 31, 2014
Inventory at start of year	219,909,322	83,775,409
<b>Plus:</b>		
Cost triggered during the year	1,152,101,005	482,557,804
Costs of services rendered	2,669,620	2,254,061
<b>Minus:</b>		
Inventory at end of year	(719,449,070)	(219,909,322)
<b>Total cost of ordinary activity</b>	<b>655,230,877</b>	<b>348,677,952</b>

## Note 24. Sales expenses

	Dec 31, 2015	Dec 31, 2014
Wages and social security contributions	9,580,696	4,776,718
Other payroll expenses	321,668	190,452
Rent and maintenance fees	601,434	1,218,733
Professional fees	342,000	288,000
Taxes, duties and assessments	23,951,585	15,958,767
Transport and per diem	311,546	239,769
IT and service expenses	709,252	420,258
Impairment of fixed assets	2,190,556	2,404,759
Office expenses	411,833	328,547
Insurance	13,137	148,606
Advertising expenses	15,505,115	11,515,789
Costs per sales	9,274,036	5,182,580
Consortium expenses	11,476,357	3,465,136
Post sales costs	989,161	-
Overhead	52,538	263,230
<b>Total sales expenses</b>	<b>75,730,914</b>	<b>46,401,344</b>

## Note 25. Administrative expenses

	Dec 31, 2015	Dec 31, 2014
Wages and social security contributions	49,201,613	36,635,691
Other payroll expenses	2,357,660	1,099,663
Rent and utility bills	2,810,031	2,611,216
Professional fees	9,115,617	9,836,320
Directors' fees	2,255,820	493,915
Statutory auditing committee fees	893,440	418,374
Other expenses	927,660	652,342
Taxes, duties and assessments	8,337,130	1,692,939
Transport and per diem	899,086	995,626
IT and services expenses	2,767,919	2,450,753
Impairment of fixed assets	705,084	661,124
Office expenses	2,156,063	1,946,849
Insurance	1,476,136	1,077,412
Donations	215,975	76,000
Overhead	-	15,116
<b>Total administrative expenses</b>	<b>84,119,234</b>	<b>60,663,340</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

### Note 26. Financial results

	Profit/ (Loss)	
	Dec 31, 2015	Dec 31, 2014
<b>Exchange difference</b>		
Income from exchange differences	89,660,602	73,546,637
Costs from exchange differences	(123,942,423)	(112,741,710)
<b>Total Exchange difference</b>	<b>(34,281,821)</b>	<b>(39,195,073)</b>
<b>Financial income</b>		
Interest	3,956,226	9,211,211
Income from holding short-term investments	3,132,621	30,814,242
Income from sale of short-term investments	20,955,214	6,465,131
Refund of provision advances in foreign currency	-	38,908,204
Income brought about by financial instruments	17,073,399	11,967,867
<b>Total Financial income</b>	<b>45,117,460</b>	<b>97,366,655</b>
<b>Financial costs</b>		
Interests	(63,187,511)	(28,525,306)
<b>Subtotal Interests</b>	<b>(63,187,511)</b>	<b>(28,525,306)</b>
<b>Other Financial costs</b>		
Banking expenses	(2,573,585)	(1,989,476)
Tax on bank debits and credits	(12,151,906)	(9,313,364)
Other bad credits	(4,666,086)	(326,408)
<b>Subtotal Other Financial costs</b>	<b>(19,391,577)</b>	<b>(11,629,248)</b>
<b>Total Financial costs</b>	<b>(82,579,088)</b>	<b>(40,154,554)</b>

### Note 27. Other income and expenses, net

	Profit/(loss)	
	Dec 31, 2015	Dec 31, 2014
Refund of costs	18,300	424,955
Debt relief	(697,493)	(587,859)
Income per contract assignment	(77,586)	-
Income per termination of contract	975,021	-
Recovery provision for expenses	-	2,138,535
Recovery provision net worth tax	-	120,847
Legal settlements	(1,540,615)	-
Sale of property, plant and equipment	-	56,973
Capital gain – Acquisition of Green Urban Homes S.A.	-	4,754,283
Sundry	1,520,582	1,713,911
<b>Total Other income and expenses, net</b>	<b>198,209</b>	<b>8,621,645</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 28. Income tax and deferred tax expense

The structure of "Income tax" determined in accordance with IAS 12, which is shown in the statement of income as of December 31, 2015 and 2014, is as follows:

	Dec 31, 2015	Dec 31, 2014
Income tax expense	12,315,305	88,917,359
Deferred tax expense	(1,936,621)	(92,604,713)
<b>Total Income Tax</b>	<b>10,378,684</b>	<b>(3,687,354)</b>

Deferred Tax at the close of the period or year has been determined on the basis of the temporary difference between accounting and tax-related calculations. The structure of assets and liabilities for Deferred Tax at the close of each period is as follows:

	Dec 31, 2015	Dec 31, 2014
<b>Assets from Deferred Tax</b>		
Bad credits	1,905,030	1,947,753
Property, plant and equipment	3,804,064	1,431,401
Deferred Income	15,218,928	6,060,785
<b>Subtotal assets from Deferred Tax</b>	<b>20,928,022</b>	<b>9,439,939</b>
<b>Deferred Tax liabilities</b>		
Short-term investments	(868,420)	(2,188,493)
Inventory valuation	(108,353,798)	(88,243,737)
Foreign currency valuation	(130,715,431)	(130,959,140)
Financial costs	(46,569,039)	(55,514,238)
Intangible assets	(21,148)	(10,509)
<b>Subtotal liabilities from Deferred Tax</b>	<b>(286,527,836)</b>	<b>(276,916,117)</b>
<b>Net position of assets/(liabilities) from Deferred Tax</b>	<b>(265,599,814)</b>	<b>(267,476,178)</b>

The Company produces projected estimates of its taxable income to determine the extent to which it will be able to use its deferred tax assets within the term of five years in accordance with the Income Tax laws in Argentina and Uruguay, which represents the basis for the recognition of our Deferred tax assets

The following is a detailed description of the reconciliation between Income Tax charged to results and the expected result from applying the relevant tax rate to the accounting result before taxes:

	Dec 31, 2015	Dec 31, 2014
Income Tax calculated at the current rate for each country	17,714,464	(90,211)
Non-deductible expenses	(5,963,279)	(366,499)
Assumed interests	(1,992,907)	(1,005,479)
Directors' Fees	(767,662)	(164,120)
Intangible assets	(494)	(494)
Donations	(12,591)	(23,100)
Effect for fiscal inflation adjustment	-	994,118
Inventory	(8,383,287)	-
Effect of conversion – financial statements	14,220,299	(2,029,354)
Tax loss prescription	(3,825,838)	(685,589)
Defect in provision for Income Tax	(610,021)	(316,626)
<b>Income tax expense</b>	<b>10,378,684</b>	<b>(3,687,354)</b>

## Note 29. Related Parties

a) As of December 31, 2015 and 2014, the amounts outstanding with companies and other related parties, classified as per the nature of the transaction, are as follows:

	Notes	Dec 31, 2015	Dec 31, 2014
<b>RECEIVABLES FROM RELATED PARTIES</b>			
<b>ACCOUNTS AND OTHER RECEIVABLE</b>			
AGL Capital S.A.		2,308,410	2,748,767
Individual shareholders in foreign currency	38	74,056	87,278
		<b>2,382,466</b>	<b>2,836,045</b>
<b>OTHER RECEIVABLE</b>			
Individual shareholders		2,130,741	2,013,045
PDG Realty S.A. Empreendimentos e Participações		-	2,472,925
Other shareholders		3,439,061	3,313,907
		<b>5,569,802</b>	<b>7,799,877</b>
<b>Total receivables from related parties</b>		<b>7,952,268</b>	<b>10,635,922</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 29. Related Parties (continued)

OUTSTANDING SUMS DUE TO RELATED PARTIES	Dec 31, 2015	Dec 31, 2014
<b>TRADE AND OTHER ACCOUNTS PAYABLES</b>		
IRSA Inversiones y Representaciones S.A.	35,418,354	35,418,354
	<b>35,418,354</b>	<b>35,418,354</b>
<b>ADVANCED PAYMENTS OF CLIENTS</b>	<b>Dec 31, 2015</b>	<b>Dec 31, 2014</b>
Individual shareholders	935,600	596,789
Alto Palermo S.A.	236,645,106	187,813,576
IRSA Inversiones y Representaciones S.A.	60,287,590	60,287,590
Directors	686,647	914,261
	298,554,943	249,612,216
<b>Total Outstanding sums due to related parties</b>	<b>333,973,297</b>	<b>285,030,570</b>

b) As of December 31, 2015 and 2014, the most significant operations with companies and other related parties were as follows:

- Effects of transactions on cash flow

Related Company	Transaction	Dec 31, 2015	Dec 31, 2014
PDG Realty S.A. Empreendimentos e Participações	Payments on behalf of third parties	-	400,743
Individual Shareholders	Payments on behalf of third parties	117,696	288,194
Other shareholders	Payments on behalf of third parties	125,153	582,346
AGL Capital S.A.	Collections for services rendered	757,996	-
Individual Shareholders	Collections from advanced payments of clients	975,374	3,121,141
Directors	Collections from advanced payments of clients	3,315,339	-
<b>Total</b>		<b>5,291,558</b>	<b>4,392,424</b>

- Effects of transactions on the income balance

Related Company	Transaction	Dec 31, 2015	Dec 31, 2014
Individual Shareholders	Revenue from unit sales	541,837	23,237,634
Board Members	Revenue from unit sales	3,312,687	-
Individual Shareholders	Financial income	26,552	(715,164)
Board Members	Fees	(2,255,820)	(493,915)
<b>Totals</b>		<b>1,625,256</b>	<b>22,028,555</b>

c) As of December 31, 2015 and 2014, transactions with key personnel were as detailed below:

	Dec 31, 2015	Dec 31, 2014
Short-Term Salaries and social security	13,133,481	8,753,491
Social Security	2,106,005	1,638,568
<b>Total</b>	<b>15,239,486</b>	<b>10,392,059</b>

On December 13, 2011, the Board of Directors provided that its Senior Management departments, pursuant to Section 270 of the Argentine Corporate Law, are as follows:

- General Management
- Financial Management
- Operations Management
- Human Resources, Technology and Process Management

Thus, TGLT key personnel consist of the persons in charge of these Management Departments (four people).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### Note 30. Breakdown by maturity of and interests rates on credits, tax assets and debts

a) Classification of credits, tax assets and debt balances according to maturity:

Credits/Tax assets	Dec 31, 2015	Dec 31, 2014
Due within		
Up to 3 months	46,871,856	86,631,123
From 3 to 6 months	23,134,657	6,938,372
From 6 to 9 months	536,514	377,805
From 9 to 12 months	840,071	742,348
Over 12 months	345,323,538	318,293,874
No specific due date	203,083,870	127,157,696
Past-due		
Up to 3 months	28,531,003	12,086,984
From 3 to 6 months	1,305,540	-
From 6 to 9 months	186,033	-
From 9 to 12 months	88,834	-
Over 12 months	18,200	-
<b>649,920,116</b>	<b>552,228,202</b>	
	<b>Dec 31, 2015</b>	Dec 31, 2014
<b>Debts (except Advanced payments of clients)</b>		
Due within		
Up to 3 months	318,183,007	147,284,459
From 3 to 6 months	146,091,969	33,737,607
From 6 to 9 months	18,822,691	190,489,707
From 9 to 12 months	67,407,239	64,630,152
Over 12 months	382,641,304	410,020,326
No specific due date	333,267,061	171,456,322
Past-due		
Up to 3 months	28,629,152	1,386,916
From 6 to 9 months	141,928	-
From 9 to 12 months	139,787	-
<b>1,295,324,138</b>	<b>1,019,005,489</b>	

b) Credit, tax asset and debt balances accruing interest and otherwise are shown below:

Credits / Tax assets	Dec 31, 2015	Dec 31, 2014
Accruing interests	1,536,188	2,304,282
Non accruing interests	648,383,928	549,923,920
<b>649,920,116</b>	<b>552,228,202</b>	
<b>Average nominal annual rate:</b>	<b>8%</b>	<b>7%</b>
	<b>Dec 31, 2015</b>	Dec 31, 2014
<b>Debts</b>		
Accruing interests	448,353,579	382,435,470
Non accruing interests	846,970,559	636,570,019
<b>1,295,324,138</b>	<b>1,019,005,489</b>	
<b>Average nominal annual rate:</b>	<b>23%</b>	<b>20%</b>

### Note 31. Restricted assets

1. As a result of the funding obtained by Canfot S.A. by means of two mortgage-backed Construction Project Facility Agreements, entered into with Banco Hipotecario S.A. and as explained in Note 14, Canfot S.A. attached a first-priority mortgage to the real estate on which it is building the "Forum Alcorta" project.

As of December 31, 2015 and 2014, the recorded value of the mortgaged property mentioned above totals \$ 411,620,358 and \$ 591,142,050 (including land value and works in progress) and is included under the entry "Inventory" under current assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### Note 31. Restricted assets (continued)

2. To secure the obligations assumed by the Company as a result of its purchase of the property where the "Astor Caballito" project is being developed, the Company furnished a first-priority mortgage in favor of IRSA Inversiones y Representaciones S.A. (hereinafter "IRSA") over said property up to the amount of US\$ 12,750,000 principal, plus corresponding interests, costs and expenses. Additionally, and to secure that operation, the Company furnished a first-priority pledge in favor of IRSA over the shares it holds in Maltería del Puerto S.A (now merged with Canfot SA).

As a result of the merge and exchange of TGLT shares in Maltería del Puerto SA a first-priority mortgage of 3,571,397 Canfot SA shares was furnished in favor of IRSA.

As of December 31, 2015 and 2014, the recorded value of the mortgaged property mentioned above totals \$ 115,429,796 and \$ 114,356,845 (including land value and works in progress), and is included under the entry "Inventory" under current assets.

3. To secure the obligations assumed by the Company as a result of its purchase of the property where the "Astor Palermo" project is being developed, the Company furnished a first-priority mortgage in favor of Alto Palermo S.A. (hereinafter "APSA") over said property. The mortgaged amount is US\$ 8,143,231.

As of December 31, 2015 and 2014, the recorded value of the aforementioned mortgaged property amounts to \$ 292,689,918 and \$ 439,647,643 (including the value of the plot and works in progress) and is included under the entry "Inventory" under the current assets.

4. As a consequence of financing obtained by TGLT SA pursuant to the Financing Agreement for the financing of the construction of Astor Núñez with a Banco de la Ciudad de Buenos Aires and as explained in Note 14.1, the Company furnished a first-priority mortgage on the property where the Astor Núñez project is being developed.

As of December 31, 2015 and 2014 the recorded value of the mortgaged property mentioned above totals \$ 354,453,825 and \$ 170,897,440 (including land value and works in progress), and is included under the entry "Inventory" under current assets.

5. To secure the obligations assumed by the Company as a result of its purchase of the property where the Brisario project created by Proa and Metra Puerto Norte will be developed, the Company furnished a first-priority mortgage in favor of Servicios Portuarios S.A over said property. The mortgaged amount is US\$ 24,000,000.

As of December 31, 2015 and 2014, the outstanding debt was \$ 202,052,068 and \$ 132,635,405, respectively, and is included under "Accounts payables" under non-current liabilities.

As of December 31, 2015 and 2014, the recorded value of the mortgaged property mentioned above totals \$ 384,125,624 and 290,391,812 (including land value and works in progress), and is included under the entry "Inventory" under current assets.

6. As mentioned in Note 33.2 and to secure obligations assumed by the Company as a result of the acquisition of Green Urban Homes SA where Metra Devoto Project will be developed, the Company furnished a first-priority mortgage on the real estate property purchased in favor of the previous owners of the Company. The mortgaged amount is US\$ 4,800,000.

As of December 2015 and 2014, the recorded value of the aforementioned mortgaged property amounts to \$ 67,656,250 and \$ 56,078,865 (including the value of the plot and works in progress) and is included under the entry "Inventory" under the current assets.

7. On December 27, 2007, Marinas Río de la Plata SL and Marcelo Gomez Prieto entered into two Stock Pledge Agreements, one in favour of Marcelo Gómez Prieto and the other in favour of Marinas Río de la Plata SL (hereinafter, the "Stock Pledge Agreements"). Pursuant to said agreements, each party granted the other, as security for the fulfilment of the financing obligations by both in connection with Marina Río Luján S.A., a first-priority security interest pursuant to Section No. 580 et seq. of the Code of Commerce of the Argentine Republic, on all the shares issued by Marina Río Lujan S.A. owned by the party who ultimately becomes the Pledger under each of the Stock Pledge Agreements.

The following is a description of the financing obligations secured under the Stock Pledge Agreements:

I. The financing policy of Marina Río Luján S.A. will be established by the Board of Directors with a view of attaining the most efficient financial and tax structure for the development of this real estate project. These policies will be implemented substantially in the same condition as would have been obtained in the open market by unrelated third parties.

II. First, Marcelo Gomez Prieto and Marinas Río de la Plata SL, through Marina Río Luján S.A., will try to obtain financing from independent third parties to develop the real estate project of that company. For these purposes, Marina Río Luján S.A. will accept third-party financing on arm's length terms. In the event that such third party financing is not disbursed, each party will provide financing to the other for up to US\$ 4,000,000.

On February 22, 2010, Marcelo Gómez Prieto consented, and the Company agreed, to assume all of the rights and obligations of Marinas Río de la Plata SL and replace it under the Stock Pledge Agreements.

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## Note 31. Restricted assets (continued)

8. As a result of certain demolition activities conducted in September 2006 on the premises of the "Astor Nuñez" urban project, Pico y Cabildo S.A. was served with process regarding a suit for "damages due to proximity" in 2009. The case is held before the 89<sup>th</sup> Civil Trial Court and the amount claimed is approximately \$ 440,000.

On August 24, 2012, the Court granted a motion to dismiss filed by the Company based on the statute of limitations and such court decision was appealed by the plaintiff. The case has been sent to the Court of Appeals and is now awaiting a decision.

As a consequence of the acquisition of shares of Pico y Cabildo S.A. by TGLT S.A., and to secure the outcome of the contingency mentioned above, the former shareholders made a time deposit on behalf of Pico y Cabildo S.A., which will be used solely to pay any obligations arising out of the claim filed against the Company.

Consequently, current assets as of December 31, 2015 and 2014 include the sums of \$ 2,584,383 and \$ 1,662,510, respectively, under the entry "Cash and Cash Equivalents", and the sums of \$ 2,584,383 and \$ 1,662,510, respectively, included in current liabilities under the entry "Other accounts payables."

9. Disposal of Monroe Real Estate is restricted due to a purchase option of such real estate delivered to a client as collateral for the payment of the option owned by the client, to resell to the Company a number of functional units acquired. The Board of Directors believes there is a low likelihood that such option will be executed by the client.

## Note 32. Litigation

### 32.1. Health and Safety

During the last quarter of the fiscal year 2013, Maltería del Puerto S.A. was summoned three times as joint-and-several guarantor of Constructora Sudamericana S.A. for a subcontractor's alleged violation of safety and health obligations. The company submitted the requisite replies. The Ministry of Labour and Social Security of the Province of Santa Fe has not issued any resolution regarding these proceedings.

As of the date of these financial statements, we cannot determine whether the defendants will be held liable, or if the adverse resolution, if any, will extend to Maltería del Puerto S.A. as the owner of the property. If monetary penalties are imposed, they must be paid, regardless of if an appeal is filed with the Labour Court of Appeals for the Province of Santa Fe.

The Board of Directors of the Company and its legal counsel estimate that the resolution of said claims should not generate significant material losses for the Company. As a result, as of December 31, 2015, no charges have been recognized in relation to this violation.

### 32.2. Labor Claims

On August 3, 2013, the Company was served, in its capacity as joint-and-several guarantor, with a labor claim. An administrative employee of Ingeniero Milia SA ("IGM") demanded \$ 124,500 from IGM and five other real estate developers, including Maltería del Puerto S.A. The case was submitted to Labour Court No 3 of the City of Rosario, Santa Fe. On September 10, 2013, the Company submitted the requisite replies. The case is currently being examined by the Court.

On October 30, 2013, the Company was served, in its capacity as joint-and-several guarantor, with a labor claim in which a construction worker sued IGM. The case was submitted to Labour Court No 2 of the City of Rosario, Santa Fe, for an amount of \$ 123,513. On November 14, 2013 the Company submitted the requisite replies. The case is currently being examined by the Court.

In August 2014, Maltería del Puerto (now merged with Canfot SA) was served, in its capacity as joint-and-several guarantor, with a labor claim related to an employee of Rubén Bondino SRL. The case was submitted to Labour Court No 4 of the City of Rosario, for an amount of \$ 23,526 plus other items to be judicially determined. On September 30, 2014, the Company submitted the requisite replies. The case is currently being examined by the Court.

On February 6, 2015, Maltería del Puerto (now merged with Canfot SA) received a summons for March 25, 2015 related to the demand "MIGUEL; GONZALO JAVIER c/MARMOLES MATO SRL AND OTHER ON PREPARATORY LEGAL PROCEEDINGS" (File No 1864/14). This is a labor claim served to Mármoles Amato Rubén Antonio Amato, Constructora Sudamericana and Canfot SA. As of the date of these financial statements, the amount of the claim is unknown.

The Board of Directors of the Company and its legal counsel estimate that the resolution of the claims described above are not likely to generate significant material losses for the Company. As a result, as of December 31, 2015 no charges have been recognized in relation to this matter.

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### Note 32. Litigation (continued)

#### 32.3. Ingeniero Guillermo Milia S.A. (IGM)

In February 2012, IGM (a company hired for the provision of concrete and masonry services for Forum Puerto Norte urban project) filed an insolvency petition before the Civil and Commercial Trial Court No. 1 in and for the City of Olavarría, in the case "Ingeniero Guillermo Milia S.A. s/Concurso Preventivo."

Maltería del Puerto and the Company have appeared in court as unsecured creditors, claiming credits for the amount of \$ 9,085,156 and \$ 1,293,689, respectively. On September 12, 2012, the Court disregarded the proof of claims filed by Maltería del Puerto as unsecured creditor and declared its credits inadmissible. For this reason, on October 12th, 2012, Maltería del Puerto filed a motion for review in the proceedings. On December 27, 2012 TGLT S.A. was served notification of the IGM SA commencement of review of its credit. TGLT submitted a reply on February 12, 2013.

On December 17, 2014, the judge declared the credit of Maltería del Puerto S.A. as admissible for the amount of \$ 8,341,910.35.

As of the date of issuance of these financial statements, IGM SA is cancelling 40% of each commercial loan in a ten-installment annual payment plan.

As a consequence of the aforementioned, Canfot SA Board of Directors decided to set up an allowance for the amount of \$ 4,650,167 included under the entry "Other receivables" within the current assets.

#### 32.4. Tax claims

##### 32.4.1. Worksite Advertising and Fencing

On July 8, 2011, Dirección General de Rentas (General Revenue Bureau, dependent of the Governmental Administration of Public Revenue of the City of Buenos Aires) drafted a resolution for the works where "Forum Alcorta" urban project is being developed, due to an alleged failure to pay advertising fees regarding the fencing surrounding the site and alleged failure to pay the fee for occupying the street right-of-way with the fence, understanding that the same had been placed on the street right of way (at a distance of approximately 35 centimeters from the municipal line).

Regarding the fee for occupying the street right-of-way, on November 3, 2011, Canfot S.A. adhered to a payment plan for the total amount of \$ 601.800 (including principal and interest), to be paid in 60 monthly instalments.

As of December 31, 2015 and 2014, the outstanding liability totaled \$ 103,961 and \$ 205,153 (principal only), included in the entry "Other tax burden" under current liabilities totaling \$ 103,961 and \$ 101,192 and under non-current liabilities totaling \$ 103,961 for 2014.

##### 32.5. Astor Palermo building project/Preliminary Injunction

On June 9, 2011, the Court for Administrative and Tax of the Autonomous City of Buenos Aires No. 9, Secretariat No. 18, developed a precautionary measure in the file No. 41,544, called "Asociación Amigos Alto Palermo c / Government of the Autonomous City of Buenos Aires s / Amparo". This measure suspended the construction work of the building fronting on Beruti No. 3351/59 between Bulnes street and Coronel Diaz avenue of Buenos Aires.

On April 26, 2012, the Appeals Chamber decided to reverse the court ruling and have the lifting of the precautionary measure dictated timely, suspending the continuation of work on the "Astor Palermo". On June 30, 2015 the Judge decided to file the proceedings.

##### 32.6. Astor Caballito building project /Preliminary Injunction

On August 14, 2012, the Court of Appeals on Administrative and Tax Matters of the City of Buenos Aires, enforced injunctions in two related proceedings involving the Astor Caballito Project, brought by certain neighbors associations against us questioning the validity of the construction plans. Such injunctions ordered the suspension of construction on the premises of Astor Caballito. We brought actions seeking the revocation of these decisions, which were further denied by the Supreme Court. The evidence discovery period concluded on October 23, 2015, and the proceeding is pending a final decision by the court. The permits for this project may be compromised if the court enforces the injunctions. Our agreements with Inversiones y Representaciones Sociedad Anónima, or IRSA, entered into in connection with the barter acquisition of the property, provide that if the potential size of the project is reduced due to a conflict with the plans, IRSA's right to future units in the project is proportionally reduced.

##### 32.7. Other claims

- On December 2, 2013 Maltería del Puerto (merged with Canfot SA) was notified about a claim before the General Arbitration Tribunal of the Rosario Stock Exchange for breach of contract. The claim relates to an alleged delay in the delivery of the functional unit and lack of under floor heating in the unit. The amount of the claim is \$ 350,000. As of the date of issuance of these financial statements, the claim is in the discovery period.

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## Note 32. Litigation (continued)

### 32.7. Other claims (continued)

- On November 14, 2013, Maltería del Puerto was summoned before the General Arbitration Tribunal of Rosario Stock Exchange as per the claim "Inversora Araberta c/ Maltería del Puerto S.A for Breach of Contract File 3/2013", and the amount claimed is US\$ 500,000. The reason for the claim is the intrinsic distortion of the purchased functional unit. On January 10, 2014 the Company submitted the reply. On August 10, 2015, the Company reached a transactional agreement which could not be satisfied due to the opinion to the contrary of the remaining owners of Forum Puerto Norte. As of December 31, 2015, no charges have been recognized in relation to this matter.
- On June 25, 2013, Maltería del Puerto SA initiated an extrajudicial mediation against Aseguradora de Cauciones Compañía de Seguros to claim the collection of payment under insurance policies in the amount of 823,626, and 823,686, or satisfy the mediation requirement for future claims related to patrimony. On August 13, 2013, the mediation process was finished without the parties having reached an agreement. The claim has been initiated as a consequence of IGM's bankruptcy protection filing. IGM abandoned the construction of Astor Caballito without returning financial advances granted by TGLT SA (the subject of the above-referenced insurance policies claim) among other breaches of the construction contract and other damages to the Company. Considering the status and nature of the proceedings, the claim result is uncertain. As of the date of the issuance date, there is no payable sum nor is it possible to reasonably estimate the amounts that the Company may face if it is not successful in the mediation. In March 2014, the demand was filed and the claim is in the discovery period.
- In August 2014, mediation hearings in relation to the claim Blegger David a/ Maltería del Puerto SA (currently merged with Canfot SA) for damages ended. The reason for the claim is the presence of leakages and breakages in the functional units. The amount claimed is \$ 150,000. As of the date of these financial statements, the claimant will soon file the complaint. Preliminary injunctions have been issued, then appealed and replaced by a caution policy. As of December 31, 2015, no charges have been recognized in relation to this matter.
- In February 2014 Maltería del Puerto SA was served a judicial order related to the claim Abelrik Edgardo Elias a/Maltería del Puerto S.A. f/ Evidence Assurance, before the 4<sup>th</sup> Civil and Commercial Trial Court by which the claimant alleges that Forum Puerto Norte did not meet the conditions to fulfill delivery of his functional unit. The Company replied in March 2014, producing the pertinent documentation. In December 2015, the claimant took possession of the units and committed by written agreement to pay the amount of \$150,000, thus ending the claim.
- On March 12, 2015 the Company filed a claim against Escalum Investment SA for damages derived from the delivery of a broken container. The amount claimed is \$ 71,753. As of the date of these financial statements, the file is open for evidence production. As of December 31, 2015, no charges have been recognized in relation to this matter.
- On December 10, 2015, Canfot SA notified Chubb SA of a claim for the collection of advance policies and performance bonds derived from the contractor NEMA TECNICA SRL's breach of performance. On February 4, 2016, CHUBB delivered a reply. As of the date of these financial statements, the file has not been opened for evidence production.
- On October 10, 2014, the National Executive Power declared by Decree 1762/2014 that the platform named "La Anguilera" in Tigre, Province of Buenos Aires, was a national historical place. On February 2, 2015, the Company filed a motion for reconsideration before the National Executive Power. As per the nature of the administrative proceeding and the present situation of such motion it is not possible to foresee the result of the process. Likewise, there is no amount specified in the claim. The Board of Directors believes that the resolution will be favorable to the Company.
- In the claim "Creciente Marcela Araceli and others vs. TGLT SA and others" neighbors of El Garrote neighborhood – in the proximities of Venice - were affected by the displacement of rain waters during TGLT SA's construction of the Venice development. There is no amount specified in the claim. TGLT SA appealed on November 25, 2014. The Board of Directors believes that TGLT's arguments are strong and that the resolution will be favorable to the Company.

## Note 33. Interest in other companies – Acquisitions and transfers

### 33.1. Merger between companies: Canfot S.A. and Maltería del Puerto S.A.

On June 16, 2014, the Ordinary and Extraordinary General Shareholders' Meeting of Maltería del Puerto S.A. approved a capital increase through the partial capitalization of the irrevocable capital contribution made by TGLT in the amount of \$ 33,427,500. This led to a change in the shareholdings of Maltería del Puerto SA, with TGLT becoming the holder of 99.4% of the shares of Maltería del Puerto SA and Juan Carlos Rosetti becoming the holder of 0.6% of the shares. On the same date, the Boards of Directors of Maltería del Puerto SA and Canfot SA (both TGLT SA controlled companies) approved the Commitment to Merge both companies with Canfot SA as the surviving company and Maltería del Puerto SA ceasing to exist. Such merger was registered with the IGJ on March 30, 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### Note 33. Interest in other companies – Acquisitions and transfers (continued)

#### 33.2. Merger between companies: TGLT S.A. and Green Urban Homes S.A.

On December 2, 2014, TGLT signed a Purchase Agreement by means of which TGLT SA acquired 100% of the shares of “Green Urban Homes SA” (GUHSA). GUHSA’s main asset was the ownership of two real estate properties: (1) a farm house on Mercedes Street between Santo Tomé and Arregui, and (2) a farm house on 4261 Santo Tomé Street, with a total area of 6,227 square meters, in the City of Buenos Aires. The total purchase price of the shares of GUHSA acquired by TGLT SA under this Purchase Agreement was US\$ 4,800,000, payable as follows: (a) US\$ 500,000 on January 6, 2015; (b) US\$ 700,000 on January 5, 2016; (c) US\$ 1,200,000 on January 5, 2017; (d) US\$ 1,200,000 on January 5, 2018; and (e) US\$ 1,200,000 on January 5, 2019.

As of December 31, 2015 and 2014, the sum to be cancelled amounted to \$ 56,072,007 and \$ 41,088,000, respectively, shown under “Other payables” within current liabilities for the amount of \$ 9,128,007 and \$ 4,280,000, respectively, and within the non-current liabilities for the amount of \$ 46,944,000 and \$ 36,808,000, respectively.

To secure the obligations assumed for the payment of the purchase price of shares, GUHSA (as guarantor) furnished a first-priority mortgage in favor of the sellers (as creditors) and at their satisfaction, over said property and regarding the obligations assumed by TGLT under the Purchase Agreement.

On March 31, 2015, the TGLT SA Board of Directors and GUHSA Board of Directors approved the Commitment to Merge, with TGLT as the surviving company and Green Urban Homes SA ceasing to exist. The benefits of this merger are the simplification of TGLT SA and GUHSA’s administrative structure, the benefits of centralized management and the elimination of double administrative structures with its subsequent double costs. The date for the reorganization was January 1, 2015.

On September 25, 2015, the Shareholders’ Meetings of both companies approved the merger and authorized the Company’s Board of Directors to approve the Definitive Merger Agreement. As of the date of these financial statements, the transaction is pending approval from the regulator.

### Note 34. Risks – financial risk management

The Company is exposed to market, liquidity and credit risks that are inherent to the real estate business, as well as to the financial instruments used to finance real estate projects and for liquidity investments. The Company’s management regularly analyzes risks to report to the Board of Directors, and devises risk management strategies and policies. Likewise, it monitors that the practices adopted throughout the Company are consistent with established policies. It also monitors current policies and adapts or modifies them based on market changes and emerging Company needs.

#### 34.1. Market Risks

The activities of the Company are exposed to risks inherent to the real estate development business in Argentina. These include the following:

##### *Risk of increasing construction costs*

Most of our costs are pegged to the fluctuation of construction and material prices and labor rates. However, the Company uses a set of strategies to prevent losses, for example, adjusting the price lists monthly to reflect at least the projected increase of construction costs published by Chamber of Argentine Construction Companies (Cámara Argentina de la Construcción - CAC).

##### *Risks of demand of our products*

Financing for our real estate projects depends mostly on the amount of presales. The demand for our products depends on several external factors. For this reason, the Company Management monitors the pace of sales, which allows project financing.

##### *Risk of suppliers’ contract default*

The Company thoroughly evaluates the contractors, both before and during performance of the contract, to reduce the risk of contractual default.

#### 34.2. Financial Risks

##### *Risks related to financing*

TGLT accesses capital markets to finance additional costs with respect to project construction. FIX SCR SA Agente de Calificación de Riesgo (former Fitch Argentina Calificadora de Riesgo SA) has recently granted the Company a long-term rating of BBB (investment grade).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 34. Risks – financial risk management (continued)

### *Risk related to exchange rates*

TGLT develops and sells its products in Argentina and Uruguay and consequently is exposed to risks arising from exchange rate fluctuations.

In particular, TGLT SA has debts in foreign currencies, such as the mortgaged loan granted by Canfot SA for Forum Alcorta project and corporate notes. Because of this, TGLT SA performed financial coverage transactions between the Argentine peso and the US dollar during this period to minimize the risks related to exchange rates of its financial liabilities.

### *Risks related to interest rates*

TGLT is subject to risks related to interest rates in its investment portfolio and its liabilities. The Company uses a mix of fixed and variable rate debt together with the strategy in its investment portfolio. Periodically, the Company enters into derivative financial agreements with respect to exchange rates and/or interest rates to mitigate the exposure to exchange rate or interest rate changes.

### *Risk originated in credits*

The risks originated in credits may arise in cash and cash equivalents, deposits with banks and financial institutions, as well as with credits granted to clients, including other assumed credits and transactions. The Company actively controls the credit reliability of its liquid assets instruments and its counterparts related to derivate and insurance in order to minimize credit risks. Purchase agreements include strong penalties for breach in payment fulfillment, bringing about high costs for our clients and consequently, we do not register a high level of delay or failure in payment.

The Company finances its projects mainly by means of the pre-sale of units. Purchase agreements with our clients include, in general, a payment plan beginning with the agreement subscription and ending with the delivery of the finished product, with installments along the building process. Any irregularity or delay in payment constitutes a risk for project financing.

Credit risk related to the investment of cash and cash equivalent balances is managed directly by the Treasury. The Company maintains deposits in accredited financial entities.

### *Counterparts' risks*

The credit risk related to the cash and cash equivalents investment is directly managed by the treasury. The Company's policy regarding financial investments is conservative, favoring deposits in financial institutions considered and with excellent ratings, as well as investment funds that hold its portfolio in instruments of very low volatility and high liquidity.

The counterparts' referred to derivatives and cash transactions are limited to high credit quality financial institutions, exclusively whit the qualification "investment grade".

### *Liquidity risks*

TGLT's financing strategy seeks to preserve adequate financing resources and access to additional liquidity. During 2014 and 2015, TGLT has had cash flows derived from transactions as well as bank and capital market financing to finance its transactions.

Management keeps enough cash and cash equivalents to finance usual levels of transactions and believes that TGLT has adequate access to the market to finance short-term working capital needs.

In February, 2016, following the end of the fiscal year ended December 31, 2015, the Company issued corporate notes for an amount of \$ 96,828,323 that will mature in 18 months. The Company expects to receive collections for sales already settled, in installments as possession payments, as well as income from new sales and disbursements from existing short-term financial debt or new debt.

## Note 35. Financial instruments

As of December 31, 2015 and December 31, 2014, the Company and its related parties have carried out the following commercial transactions:

### *- Shown in the Assets:*

TGLT SA carried out transactions between the Argentinian peso and the US dollar to minimize the risks brought about by exchange rates on its corporate notes in the local market.

As of December 31, 2015, these transactions have been cancelled and as of December 31, 2014, the amount is included in "Financial Instruments" amounted to \$ 4,107,049.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(figures expressed in Argentine pesos - \$)

### Note 35. Financial instruments (continued)

- *Shown under Liabilities:*

Through its subsidiary FDB S.A. (Uruguay), the Company performs operations of financial coverage between the US dollar and the Indexed Unit (an account unit in Uruguay updated by inflation) to minimize the risks involved in exchange rates for its Project Forum.

Puerto del Buceo. The Company has performed transactions in which it obtained financial instruments in US doll\$ and has invested such amounts in Letras de Regulación Monetarias denominated in IUs issued by the Central Bank of Uruguay, equaling the maturity dates of both instruments. The Company also has a time deposit in Uruguayan pesos to secure such instruments.

As of December 31, 2015, such instruments have been fully cancelled and as of December 31, 2014, the amount mentioned in the preceding paragraph is included in "Financial Instruments" in the amount of \$ 6,245,796.

### Note 36. Segment information

#### 36.1. Introduction

The Company has adopted IFRS 8—Operating Segments, which provides that operating segments are identified on the bases of internal reports regarding the company components regularly reviewed by the Board of Directors, the main operating decision-maker, to allocate resources and assess performance. To conduct its business, both financially and operationally, the Company has established that each of its real estate undertakings represents a business segment: Forum Puerto Norte (FPN), Forum Alcorta (FFA), Astor Palermo (ASP), Astor Caballito (ASC), Astor Núñez (ASP), Venice (VEN), Forum Puerto del Buceo (FPB), Metra Puerto Norte (MPN), Faca Foster (FAF) (the last two result from the division of an ex FACA project), and Metra Devoto (MDV) among others. Likewise, it has been the Company's decision to consolidate less significant projects within the description of income and assets and liabilities composition, considering them non-reportable segments as per IFRS regulations.

Company management uses the indicators summarized in the following sections:



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## Note 36. Segment information (continued)

### 36.2. Information on secured sales and collections

Information in million pesos.

	FPN	FFA	FPB (1)	ASP	ASN	VEN	Others (2)	TOTAL
<b>SALES</b>								
<b>(1) COMMERCIALIZED UNITS</b>								
In the year ended on 31.12.2015	2	19	58	15	55	90	75	314
In the year ended on 31.12.2014	6	8	43	17	49	45	75	243
Accrued as to 31.12.2015	452	147	214	205	248	279	403	1.948
<b>(2) SECURED SALES</b>								
In the year ended on 31.12.2015	2,5	237,0	191,2	50,4	128,4	167,2	104,6	881,3
In the year ended on 31.12.2014	11,1	92,7	206,4	52,1	83,5	75,0	90,5	611,3
Accrued as to 31.12.2015	432,4	1.014,6	863,2	361,4	403,8	460,3	505,0	4.040,7
<b>(3) ADVANCES OF CLIENTS (*)</b>								
In the year ended on 31.12.2015	(31,4)	(166,9)	621,3	(194,9)	178,9	154,3	50,9	612,2
In the year ended on 31.12.2014	(123,8)	106,3	199,8	123,4	51,0	43,2	83,9	483,8
Accrued as to 31.12.2015	11,5	326,0	1.062,4	270,2	333,6	290,8	203,8	2.498,4
<b>(4) REVENUE PER SALES</b>								
In the year ended on 31.12.2015	38,8	487,4	-	292,2	-	-	10,6	829,0
In the year ended on 31.12.2014	216,6	171,8	-	4,9	12,7	-	9,4	415,4
Accrued as to 31.12.2015	418,7	673,0	-	297,1	12,7	-	-	1.401,5
<b>(5) SALES RECEIVABLE</b>								
Accrued as to 31.12.2015	2,5	25,0	-	3,6	-	-	-	31,1
Accrued as to 31.12.2014	3,2	12,7	-	1,9	-	-	0,1	18,0

Note: there are no external clients representing more than 10% of total secured sales.

(1) The only project developed abroad (Montevideo, Uruguay).

(2) Includes Astor Caballito, Metra Puerto Norte, Proa (former FACA Foster), Metra Devoto and Other projects.

(\*) Negative values represent delivery of Functional units.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 36. Segment information (continued)

### 36.3. Information on Inventory and investment budget

	FPN	FFA	FPB (1)	ASP	ASN	VEN	Others (2)	TOTAL
<b>INVENTORY</b>								
<b>(7) INVENTORY</b>								
Accrued as of 31.12.2014	44,2	591,1	450,3	439,6	170,9	227,1	487,0	2.410,3
Accrued as of 31.12.2015	15,1	411,6	1.071,2	292,7	354,5	402,4	569,1	3.116,6
Accrued as of 31.12.2015 (net of interests)	15,1	368,8	1.071,2	280,0	304,0	391,8	569,1	3.000,1
<b>(8) COST OF SOLD PRODUCTS</b>								
In the year ended on 31.12.2015	38,1	358,8	-	255,7	-	-	2,7	655,2
In the year ended on 31.12.2014	198,0	128,0	-	4,1	16,3	-	2,3	348,7
Accrued as of 31.12.2015	505,0	486,8	-	259,8	16,3	-	-	1.267,9
Accrued as of 31.12.2015 (net of interests)	505,0	431,9	-	222,6	13,8	-	-	1.173,4

(1) It considers only the accrued inventory proportional to the project launched stages.

(2) It includes Astor Caballito, Metra Puerto Norte, Proa, Metra Devoto and Other projects.

### 36.4. Information on the Income Balance, Assets and Liabilities

Fiscal year ended on December 31, 2015	FPN	FFA	FPB	ASP	ASN	VEN	Others (1)	TOTAL
<b>(LOSS) INCOME BALANCE</b>								
Gross income per segment (4.a - 8.a)	0.6	128.7	-	36.5	-	-	8,0	173.8
Gross Margin	1.6%	26.4%	-	12.5%	-	-	74.9%	21%
Commercialization and management expenses	-	-	-	-	-	-	-	(159.9)
Financial interests	-	(31.7)	-	(19.5)	-	-	-	(51.3)
Other financial results and for holding, net	-	-	-	-	-	-	-	(20.3)
Other expenses	-	-	-	-	-	-	-	(0.4)
Loss for the year before income tax	-	-	-	-	-	-	-	(58.0)
<b>FINANCIAL STATEMENT</b>								
<b>ASSETS</b>								
<b>Inventory</b>								
In building process	-	-	1,071.2	-	354.5	402.4	569.1	2,397.1
Finished units	15.1	411.6	-	292.7	-	-	-	719.4
Assets per segment	15.1	411.6	1,071.2	292.7	354.5	402.4	603.4	3,116.6
Trade and other receivables	2.5	25.0	-	3.6	-	-	-	31.1
Goodwill	-	79.4	-	-	10.6	21.5	-	111.4
Other current assets	-	-	-	-	-	-	-	368.6
Other non-current assets	-	-	-	-	-	-	-	390.7
<b>TOTAL ASSETS</b>								<b>4,018.4</b>
Advances in local and foreign currency	18.5	319.1	1,062.4	270.2	333.6	290.8	203.8	2,498.4
Short-term financial debt	-	83.5	92.2	-	42.5	17.7	156.1	392.0
Long-term financial debt	-	-	-	-	-	-	58.7	58.7
Other current liabilities	-	-	-	-	-	-	-	529.7
Other non-current liabilities	-	-	-	-	-	-	-	324.4
<b>TOTAL LIABILITIES</b>								<b>3,803.3</b>
Fiscal year ended on December 31, 2014	FPN	FFA	FPB	ASP	ASN	VEN	Others (1)	TOTAL
<b>(LOSS) INCOME BALANCE</b>								
Gross income per segment (4.a - 8.a)	18.5	43.8	-	0.9	(3.6)	-	7.2	66.7
Gross Margin	8.6%	25.5%	-	17.4%	(28.6%)	-	76.1%	16%
Commercialization and management expenses	-	-	-	-	-	-	-	(107.1)
Financial interests	-	-	-	-	-	-	-	-
Other financial results and for holding, net	-	-	-	-	-	-	-	26.6
Other expenses	-	-	-	-	-	-	-	(0.5)
Loss for the year before income tax	-	-	-	-	-	-	-	(14.1)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## Note 36. Segment information (continued)

### 36.4. Information on the Income Balance, Assets and Liabilities (continued)

Fiscal year ended on December 31, 2014	FPN	FFA	FPB	ASP	ASN	VEN	Others (1)	TOTAL
<b>FINANCIAL STATEMENT</b>								
<b>ASSETS</b>								
<b>Inventory</b>								
In building process		407.6	450.3	439.6	170.9	227.1	494.8	2,190.30
Finished units	36.4	183.5	-	-	-	-	-	219.9
<b>Assets per segment</b>	<b>36.4</b>	<b>591.1</b>	<b>450.3</b>	<b>439.6</b>	<b>170.9</b>	<b>227.1</b>	<b>494.8</b>	<b>2,410.3</b>
Trade and other receivables	3.2	12.7	-	1.9	-	-	0.1	18.0
Capital gain	-	79.4	-	-	10.6	21.5	-	111.4
Other current assets	-	-	-	-	-	-	-	242.4
Other non-current assets	-	-	-	-	-	-	-	328.7
<b>TOTAL ASSETS</b>								<b>3,144.8</b>
Advances in local and foreign currency	42.9	492.9	441.1	421.1	154.7	136.5	153.0	1,842.2
Short-term financial debt	-	152.7	-	-	0.1	8.6	130.0	291.4
Long-term financial debt	-	-	-	-	16.4	-	76.5	92.9
Other current liabilities	-	-	-	-	-	-	-	320.8
Other non-current liabilities	-	-	-	-	-	-	-	314.0
<b>TOTAL LIABILITIES</b>								<b>2,861.3</b>

(2) It includes Astor Caballito, Metra Puerto Norte, Proa, Metra Devoto and Other projects.

## Note 37. Earnings per share

### Basic and diluted earnings per share

The results and average estimated number of ordinary shares used for calculating basic earnings per share are the following:

	Dec 31, 2015	Dec 31, 2014
Result used for calculating earnings per basic share	(45,076,829)	(18,712,938)
Average estimated number of ordinary shares for purposes of earnings per basic share (all estimations)	70,349,485	70,349,485
<b>Earnings per share</b>	<b>(0.64)</b>	<b>(0.27)</b>

The average estimated number of basic shares was 70,349,485, the same as the average estimated number of diluted shares, as there were no debt securities convertible to shares as of December 31, 2015 and 2014.

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**Note 38. Assets and liabilities in foreign currency**

	Dec 31, 2015			Dec 31, 2014
	Class and amount in foreign currency	Exchange rate	Total amount accounted for in pesos	Total amount accounted for in pesos
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents :				
Cash	US\$ 2,772	12.940	36,007	23,149
	UYU 45,618	0.434	19,798	-
			55,805	23,149
Banks	US\$ 1,122,457	12.940	14,572,580	9,378,935
	UYU 537,610	0.434	233,323	539,156
			14,805,903	9,918,091
Certificate of deposits	US\$ 198,188	13.040	2,584,383	1,662,510
Mutual funds	US\$ 467,621	12.940	6,051,016	15,083,424
Bonds and titles	US\$ 4,695,324	12.940	60,957,008	-
Accounts and other receivables:				
Debtors per sale of goods	US\$ 1,762,985	12.940	22,813,020	9,074,815
Debtors for services rendered	US\$ 383	12.940	4,956	894,129
Other receivables:				
Value added Tax	UYU 109,959,032	0.434	47,722,207	18,554,605
Net Worth Tax	UYU 8,678,097	0.434	3,766,294	3,398,159
Refundable Tax credits	UYU -	0.434	-	110,535
Other taxes	UYU -	0.434	-	8,300
Advance payments to work suppliers	US\$ 1,310,627	12.940	17,021,919	81,914
	UYU 4,623,930	0.434	2,006,786	3,456,628
			19,028,705	3,538,542
Security deposits	US\$ 54,600	12.940	707,004	380,700
Insurance to be accrued	US\$ 126,177	12.940	1,634,969	1,107,906
	UYU 82,849	0.434	35,956	22,037
			1,670,925	1,129,943
Expenses to be accounted for	US\$ 3,706	12.940	48,141	-
Collectable fund for equipment	US\$ 257,560	12.940	3,332,822	1,553,227
Advance payments for the purchase of real estate properties	US\$ 1,500,000	12.940	19,410,000	-
Sundry	US\$ 1,364	12.940	17,718	114,766
Receivables from related parties:				
Accounts receivable	US\$ 5,723	12.940	74,056	87,278
<b>Total current assets</b>			<b>203,049,963</b>	<b>65,532,173</b>
<b>Non current assets</b>				
Other receivables:				
Security deposits	US\$ -	12.940	-	81,610
	UYU 112,929	0.434	49,011	6,654
			49,011	88,264
Insurance to be accrued	US\$ -	12.940	-	445,342
Tax assets:				
Federal Tax	UYU -		-	143,339
<b>Total non-current assets</b>			<b>49,011</b>	<b>676,945</b>
<b>Total assets</b>			<b>203,098,974</b>	<b>66,209,118</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 38. Assets and liabilities in foreign currency (continued)

	Dec 31, 2015			Dec 31, 2014	
	Class and amount in foreign currency	Exchange rate	Total amount accounted for in pesos	Total amount accounted for in pesos	
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trades payable:					
Suppliers	US\$ 744,760	13.040	9,676,702	1,717,143	
	UYU 62,567,721	0.434	27,154,391	10,104,991	
			36,831,093	11,822,134	
Deferred checks	US\$ 691,916	13.040	8,987,989	-	
	UYU 1,331,444	0.434	577,847	-	
			9,565,836	-	
Provision for expenses	US\$ 73,396	13.040	953,414	92,990	
	UYU 116,730	0.434	50,661	401,206	
			1,004,075	494,196	
Provisions for works	US\$ 163,273	13.040	2,120,916	482,719	
	UYU 11,405,759	0.434	4,950,099	2,242,174	
			7,071,015	2,724,893	
Insurance payable	US\$ 130,664	13.040	1,703,863	968,552	
Contingency fund	US\$ 121,264	13.040	1,576,024	1,050,259	
	UYU 13,184,221	0.434	5,721,948	1,849,734	
			7,297,972	2,899,993	
Building permit	UYU 50,642,753	0.434	21,978,955	19,272,924	
Creditors per real estate purchase	US\$ 15,794,790	13.040	205,964,067	132,635,405	
Short-term financial debt:					
Short-term financial debt received					
Mortgage-backed bank borrowings	US\$ 8,425,284	13.040	109,865,697	8,624,200	
Corporate notes	US\$ 1,973,095	13.040	25,729,155	85,884,333	
Financial instruments:	US\$ 2,094,420	13.040	27,311,236	16,856,614	
Financial instruments:	US\$ -	13.040	-	245,234,756	
	UYU -	0.434	-	(238,988,960)	
			-	6,245,796	
Salaries and social security:					
Fees and wages payable	UYU 2,311,832	0.434	1,003,335	162,201	
Social Security payables	UYU 258,843	0.434	112,338	647,113	
13 <sup>th</sup> Salary and holidays accrued	UYU 861,832	0.434	374,035	316,955	
Other tax burdens:					
Income Tax					
Withholdings and collections to be deposited	UYU -	0.434	-	346	
	UYU 1,661,733	0.434	721,192	317,495	
Outstanding sums due to related parties:					
Borrowings					
Advanced Payments of clients	US\$ 1,356,046	13.040	17,682,838	8,624,200	
Advanced collections	US\$ 81,540,630	13.040	1,059,212,786	365,187,474	
Funds for equipment acquisition	US\$ 238,557	13.040	3,098,855	-	
Operating fund	US\$ 5,638	13.040	73,238	-	
Other accounts payable:					
Sundry creditors					
Debt per purchase of shares	US\$ 198,189	13.040	2,584,383	1,662,510	
	US\$ 700,001	13.040	9,128,007	4,280,000	
Current tax liabilities					
Net Income Tax in foreign currency	\$U 100,956	0.434	43,815	-	
<b>Total current liabilities</b>			<b>1,548,357,786</b>	<b>669,627,334</b>	

TGLT S.A.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

### Note 38. Assets and liabilities in foreign currency (continued)

LIABILITIES	Dec 31, 2015			Dec 31, 2014		
	Class and amount in foreign currency	Exchange rate	Total amount accounted for	Total amount accounted for		
<b>Non-current liabilities</b>						
Trades payable:						
Building permit	UYU	20,231,705	0.434	8,780,560	9,566,478	
Long-term financial debt:						
Corporate notes	US\$	-	-	-	46,540,837	
Other payables:						
Debt by purchase of shares	US\$	3,600,000	13.040	46,944,000	36,808,000	
<b>Total non-current liabilities</b>					55,724,560	92,915,315
<b>Total liabilities</b>					<b>1,604,082,346</b>	<b>762,542,649</b>

US\$: United States doll\$. UYU: Uruguayan pesos.

### Note 39. Investment in property under construction

On December 23, 2014, TGLT partnered with a group of independent investors and Bayer SA, and signed a Purchase Agreement by which they purchased real property with improvements from Bayer located in Belgrano neighborhood, City of Buenos Aires, on 1300 Monroe Street, 1300 Blanco de Encalada Street and 2400 Miñones Street, with a total area of 10,163 square meters. The value of such property amounts to US\$ 12,626,261. TGLT's share in this real estate acquisition represents 31.36% of the total.

Disposal of Monroe Real Estate is restricted, as mentioned in note 31.9.

As of December 31, 2015 and 2014, investment property under construction was \$ 34,326,685 and \$ 33,982,480, respectively.

### Note 40. Determination of fair value

#### A. Financial Instruments per category

The following are financial assets and liabilities per financial instrument category and a reconciliation with the corresponding line shown in the consolidated financial statements.

The financial assets and liabilities as of December 31, 2015 and 2014 were as follows:

Concept	Financial Liabilities at their fair value with changes through profit or loss	Financial Liabilities valued at their depreciation cost	Total
<b>FINANCIAL LIABILITIES</b>			
Trade and other accounts payables	-	424,481,742	424,481,742
Financial debt	276,076	450,479,346	450,755,422
Other accounts payable	-	59,372,160	59,372,160
Outstanding sums with related parties	-	35,418,354	35,418,354
<b>Total liabilities as of December 31, 2015</b>	<b>276,076</b>	<b>969,751,602</b>	<b>970,027,678</b>

Concept	Financial Assets at their fair value with changes through profit or loss	Depreciated Cost	Investments held to maturity	Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	6,387,877	48,319,081	1,662,510	56,369,468
Financial Instruments	4,107,049	-	-	4,107,049
Accounts and other receivable	-	18,021,017	-	18,021,017
Other credits	-	206,905,689	-	206,905,689
Receivables from related parties	-	11,098,517	-	11,098,517
<b>Total assets as of December 31, 2014</b>	<b>10,494,926</b>	<b>284,344,304</b>	<b>1,662,510</b>	<b>296,501,740</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 40. Determination of fair value (continued)

Concept	Financial Liabilities at their fair value with changes through profit or loss	Financial Liabilities valued at their depreciation cost	Total
<b>FINANCIAL LIABILITIES</b>			
Accounts and other accounts payables	-	254,860,955	254,860,955
Financial debt	-	384,296,792	384,296,792
Financial Instruments	6,245,796	-	6,245,796
Other accounts payable	-	43,249,024	43,249,024
Outstanding sums with related parties	-	35,418,354	35,418,354
<b>Total liabilities as of December 31, 2014</b>	<b>6,245,796</b>	<b>717,825,125</b>	<b>724,070,921</b>

### A. Financial Instruments per category

In the case of Sales receivable, other receivable and receivables from related parties, book value is considered to be near the fair value as such credits are substantially short-term.

In the case of trades payable, financial debt, other accounts payable and intercompany balances, their book value is considered to be near their market value.

### B. Determination of fair value

The Company has classified assets and liabilities measured at their reasonable value after their initial recognition in three levels of reasonable values, based on the relevance of the information used to determine them:

Level 1: measurement of reasonable values is derived from quotation prices (not adjusted) in active markets for identical assets or liabilities.

Level 2: the information used to determine the reasonable values includes: market price of similar instruments in active markets, market price of similar or identical instruments in inactive markets, or models of value determination which use information derived from market information or may be observed with market information.

Level 3: the information used to determine reasonable values cannot be observed and is significant to determine such values. Such information requires the significant judgment and estimates of Company management.

Assets and liabilities measured at their fair value as of December 31, 2015 and 2014 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	60,957,008	-	-	60,957,008
<b>Totals as of December 31, 2015</b>	<b>60,957,008</b>	<b>-</b>	<b>-</b>	<b>60,957,008</b>

#### Liabilities

Financial Instruments

**Totals as of December 31, 2015**

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and cash equivalents	54,706,958	-	-	54,706,958
Financial Instruments	4,107,049	-	-	4,107,049
<b>Totals as of December 31, 2014</b>	<b>58,814,007</b>	<b>-</b>	<b>-</b>	<b>58,814,007</b>
<b>Liabilities</b>				
Financial Instruments	6,245,796	-	-	6,245,796
<b>Totals as of December 31, 2014</b>	<b>6,245,796</b>	<b>-</b>	<b>-</b>	<b>6,245,796</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 41. Information about participation in other Companies

The companies in which the Company has a non-controlling participation are:

Company	Dec 31, 2015	Dec 31, 2014
Canfot S.A. (CANF)	8.33%	8,33%
Marina Río Luján S.A. (MRL)	49.99%	49,99%
Sitia S.A.(SITIA)	5.00%	-

The following summarizes the assets, liabilities and income for each company:

	Dec 31, 2015		
	CANF	MRL	SITIA
Asset	549,866,541	314,638,292	100,000
<b>Non-controlling share</b>	45,803,883	157,319,146	5,000
Liabilities	423,242,929	330,869,821	-
<b>Non-controlling share</b>	35,256,136	165,434,911	-
Income for the period	49,422,173	(14,482,481)	-
<b>Non-controlling share</b>	4,116,867	(7,241,241)	-

	Dec 31, 2014	
	CANF	MRL
Asset	735,443,253	145,223,894
<b>Non-controlling share</b>	61,262,423	72,611,947
Liabilities	658,241,814	146,972,942
<b>Non-controlling share</b>	54,831,543	73,486,471
Income for the period	13,561,480	2,742,814
<b>Non-controlling share</b>	1,129,671	1,371,407

## Note 42. Share Capital Reduction

During the present fiscal period, the Company has incurred significant losses, which, when combined with prior losses, have surpassed 50% of the Company's share capital plus 100% of its reserves. Therefore, section 206 of Law 19550 (Business Organizations) requires the Company to reduce its share capital or restructure its equity.

On March 8, 2016 the Board of Directors called an Extraordinary Shareholders' Meeting to be held on April 14, 2016 with an agenda that includes a proposal for the absorption of accumulated losses.

## Note 43. Stock options

At the shareholders' meetings held on October 30, 2009, December 20, 2011, April 30, 2014 and April 16, 2016, a plan to establish options to purchase stock was approved as compensation for certain of our current and future officers and senior employees. As approved by the shareholders, such options carry the right to subscribe for up to a pre-determined number of shares equal to 7% of our current capital stock (i.e., 70,349,485 shares) including the shares issued under these options, subject to any adjustments and to the terms and conditions determined by the board of directors.

On November 10, 2011 and December 11, 2012 the board of directors approved an incentive plan based on stock options for the benefit of our executives and employees in accordance with the resolutions adopted by the shareholders. The main features and conditions of this plan are, among others:

- i. Purpose: attract and retain the services of exceptionally competent executives and employees, and provide them with an incentive to boost their efforts on our behalf;
- ii. Plan Management: the plan will be managed by the compensation committee, with ample powers to establish the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder;



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 43. Stock options (continued)

- iii. Beneficiaries: senior employees;
- iv. Shares subject to the plan: shares subject to the plan may not exceed in the aggregate 7% of our common shares after giving effect to the issuance of shares subject to the plan (on a post-dilution basis);
- v. Vesting and collection of benefits: every option may be exercised on the date to be determined by the compensation committee, as stated in the respective stock option agreement, and in any case, not later than ten years after the date granted. Unless otherwise expressly stated, an option will vest and may be exercised in respect of shares subject to the option at a rate of one fourth per year until the fourth anniversary of the date when granted;
- vi. Form of payment of the price: the price of the shares shall be paid in cash, in Pesos. Issuance of shares subject to the plan will be conditional upon payment to us of the full price of the option by the beneficiary under the plan; and
- vii. Lock-up: shares subscribed under the plan may not be sold, transferred or disposed of by the holders thereof until 180 days after the date of subscription.

The plan will be managed by the compensation committee, whose members are Federico Nicolás Weil, Darío Ezequiel Lizzano and Ralph Faden Reynolds. The compensation committee is responsible for establishing the final terms and conditions of the documents implementing the plan and the beneficiaries thereunder.

As of the date of these financial statements, the compensation committee has not granted any stock options under this plan, as the proceedings to obtain the required CNV consent (File N° 2074/13) for such action have not been completed.

On April 14, 2016, our Shareholders' Meeting approved the issuance of additional stock options for up to 5% of the number of shares to be issued as a result of this offering, to be granted to officers and employees of our company. At such Shareholders' Meeting, the Shareholders delegated the determination of the terms and conditions for the issuance of such stock options to the Board of Directors.

## Note 44. Subsequent events after December 31, 2015

There have been no events or transactions between the closing date of this period and the issuance of these financial statements significantly modifying the equity of the Company as of December 31, 2015, or the period the income balance ended to such date.

On February 19, 2016, of the Company issued corporate notes for \$ 96,828,323, whose proceeds were received as follows: (a) \$ 72,436,565 in cash and (b) \$ 24,391,758 with Corporate Notes Class VII with a face value of \$ 24,078,735.

On April 12, 2016 the Management of the Company approved the consolidated and individual financial statements of TGLT S.A. prepared following IFRS, in order to be submitted to CNV (local regulator). Those financial statements were the basis for the current consolidated financial statements for 2015 and 2014, to be submitted to the SEC. While the accounting framework, balance sheet and results are the same for both sets of financial statements, there are certain differences at the disclosure level.

On April 14, 2016, shareholders of the Company at the Shareholders' Meeting resolved, among other matters, to (i) absorb the accumulated loss with the account "Premiums of issuance" for \$ 257,434,075, (ii) appoint new board members; (iii) increase the Company's capital stock by \$ 345,000,000, i.e., from \$ 70,349,485 to \$ 415,349,485 through the issuance of \$ 345,000,000 common shares with a share issue premium between \$ 13 and \$ 24 to be offered for subscription in Argentina and/or abroad; (iv) file a registration statement with the SEC and request the listing of the shares on the NYSE or NASDAQ; (v) permit the issuance of stock options of up to 5% of the shares to be issued pursuant to the aforementioned capital increase for the benefit of certain officers and employees; and (vi) approve certain amendments to the Company's By-Laws to conform with recent changes to Argentine regulations such as the new Capital Markets Law and the new Civil and Commercial Code and with certain SEC requirements.

In April 2016, Federico Weil entered into an employment agreement with the Company. The employment agreement provides that Federico Weil shall be the chief executive officer of TGLT, and will be responsible for the management and administrative direction of TGLT. In case of his termination without cause, Federico Weil will be entitled to a special indemnification payment equal to twice the severance payment owed to him under Argentine labor law. The agreement includes exclusivity, non-compete and non-solicitation clauses applicable to Federico Weil.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015 PRESENTED COMPARATIVELY

(figures expressed in Argentine pesos - \$)

## Note 45. Approval of the financial statements

These consolidated financial statements as of December 31, 2015 and 2014 have been approved by the Company's Board of Directors on April 12, 2016, and Management approved an update to Note 44 as of April 26, 2016.



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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

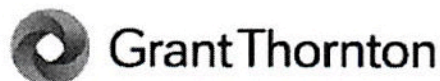
Board of Directors and Shareholders  
**TGLT S.A.**

We have audited the accompanying consolidated balance sheets of **TGLT S.A.**, an Argentine corporation, and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of loss and other comprehensive loss, changes in equity, and cash flow for each of the two years in the period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and the International Standards on Auditing as adopted by the Argentine Technical Resolution N° 32 issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine accounting regulator). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **TGLT S.A.** and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2015 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Adler, Hasenclever & Asociados S.R.L.  
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April 27, 2016



**ISSUER**

**TGLT S.A.**

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