

# With a minimum conversion of 85%, TGLT would have a manageable cash flow throughout 2019 and 2020 and access to bank credit lines

All figures in USD Mns



	dec-18	jan-19
<b>INITIAL CASH BALANCE</b>	<b>7,2</b>	<b>0,9</b>
Ongoing real estate projects	(1,2)	(1,5)
Cash Flow Catalinas (@ 50%)	(0,1)	(0,1)
Construction cash flow	1,9	0,8
SG&A   Taxes	(0,8)	(0,8)
<b>OPERATING CASH FLOW</b>	<b>(0,2)</b>	<b>(1,6)</b>
2020 Bond	(0,5)	-
<b>FINANCING CASH FLOW</b>	<b>(0,5)</b>	<b>-</b>
Non-Core Asset Sale	19,8	6,3
CAPU Acquisition Payments	(25,4)	(4,0)
<b>CASHFLOW FROM INVESTMENTS</b>	<b>(5,6)</b>	<b>2,3</b>
<b>TOTAL CASH FLOW</b>	<b>(6,3)</b>	<b>0,6</b>
<b>ENDING CASH BALANCE</b>	<b>0,9</b>	<b>1,5</b>

## Figures using 2Q'18 LTM EBITDA for illustrative purposes

### DEBT / RECURRING EBITDA LTM 2Q'18

70%	75%	80%	85%	90%	95%	100%
13,1x	12,3x	11,5x	10,8x	10,0x	9,2x	8,4x

### DEBT / RECURRING EBITDA LTM 2Q'18 (POST CAPU TRANCHE 1)

70%	75%	80%	85%	90%	95%	100%
10,0x	9,3x	8,5x	7,7x	7,0x	6,2x	5,4x

### DEBT / RECURRING EBITDA LTM 2Q'18 (POST CAPU TRANCHE 2)

70%	75%	80%	85%	90%	95%	100%
7,2x	6,4x	5,7x	4,9x	4,1x	3,3x	2,6x

## Key Points

- Short term cash flow marked by the payment of CAPU acquisition first installment in January 2019, mostly funded by sale of non-core asset.
- Tight cash flow profile throughout 2019, not enough to pay Convertible Feb'19 coupon.
- 85% conversion of convertible bond required to address negative net worth and obtain bank credit lines.
- Second installment of CAPU acquisition due in January 2020.
- Senior USD 25M local bond matures in March 2020.
- Finishing ongoing Resi developments.
- Launching CATALINAS and further stages of VENICE.
- Construction business line under a *business as usual* scenario, in line with historical growth. No PPPs or boost in public works considered.
- Reinvesting free cash flow generated by ongoing business to acquire and develop for-lease commercial assets and investing in Resi real estate opportunities, starting mid-2020.

# Net Debt/Equity ratios at different levels of Conversion and FX, assuming conversion in 4Q18

## CONSOLIDATED SHAREHOLDERS' EQUITY (USD M)

	Conversion percentage (assuming conversion as of 4Q18)						
	70%	75%	80%	85%	90%	95%	100%
<b>FX Year end 2018</b>							
38,0	12,8	18,4	24,1	29,7	35,4	41,0	46,7
39,0	10,1	15,7	21,4	27,0	32,6	38,3	43,9
40,0	7,5	13,1	18,8	24,4	30,1	35,7	41,3
42,0	2,7	8,3	14,0	19,6	25,3	30,9	36,5
44,0	(1,7)	3,9	9,6	15,2	20,9	26,5	32,2
46,0	(5,7)	(0,0)	5,6	11,2	16,9	22,5	28,2
48,0	(9,3)	(3,7)	1,9	7,6	13,2	18,9	24,5
50,0	(12,7)	(7,1)	(1,4)	4,2	9,9	15,5	21,2
52,0	(15,8)	(10,2)	(4,5)	1,1	6,8	12,4	18,0

## DEBT / EQUITY PRO FORMA AS OF 4Q18

	Conversion percentage (assuming conversion as of 4Q18)						
	70%	75%	80%	85%	90%	95%	100%
<b>FX Year end 2018</b>							
38,0	9,9x	6,5x	4,6x	3,5x	2,7x	2,2x	1,8x
39,0	12,6x	7,6x	5,2x	3,9x	3,0x	2,3x	1,9x
40,0	16,9x	9,1x	6,0x	4,3x	3,2x	2,5x	2,0x
42,0	47,3x	14,3x	8,0x	5,3x	3,8x	2,9x	2,2x
44,0	n/m	30,2x	11,7x	6,8x	4,6x	3,4x	2,5x
46,0	n/m	n/m	20,0x	9,3x	5,7x	4,0x	2,9x
48,0	n/m	n/m	57,5x	13,8x	7,3x	4,7x	3,3x
50,0	n/m	n/m	n/m	24,7x	9,8x	5,8x	3,9x
52,0	n/m	n/m	n/m	93,6x	14,3x	7,2x	4,5x
<b>TOTAL DEBT</b>	<b>126,7</b>	<b>119,3</b>	<b>111,8</b>	<b>104,3</b>	<b>96,9</b>	<b>89,4</b>	<b>82,0</b>

## DEBT/EQUITY POST CAPU ACQUISITION TRANCHE 1

	Conversion percentage (assuming conversion as of 4Q18)						
	70%	75%	80%	85%	90%	95%	100%
<b>FX Year end 2018</b>							
38,0	7,6x	4,9x	3,4x	2,5x	1,9x	1,5x	1,1x
39,0	9,7x	5,7x	3,9x	2,8x	2,1x	1,6x	1,2x
40,0	13,0x	6,8x	4,4x	3,1x	2,2x	1,7x	1,3x
42,0	36,4x	10,8x	5,9x	3,8x	2,7x	1,9x	1,4x
44,0	n/m	22,8x	8,6x	4,9x	3,2x	2,3x	1,6x
46,0	n/m	n/m	14,7x	6,7x	4,0x	2,7x	1,9x
48,0	n/m	n/m	42,4x	9,9x	5,1x	3,2x	2,1x
50,0	n/m	n/m	n/m	17,7x	6,8x	3,9x	2,5x
52,0	n/m	n/m	n/m	67,2x	10,0x	4,8x	2,9x
<b>TOTAL DEBT</b>	<b>97,3</b>	<b>89,9</b>	<b>82,4</b>	<b>74,9</b>	<b>67,5</b>	<b>60,0</b>	<b>52,6</b>

## DEBT/EQUITY POST CAPU ACQUISITION TRANCHE 2

	Conversion percentage (assuming conversion as of 4Q18)						
	70%	75%	80%	85%	90%	95%	100%
<b>FX Year end 2018</b>							
38,0	5,5x	3,4x	2,3x	1,6x	1,1x	0,8x	0,5x
39,0	6,9x	4,0x	2,6x	1,8x	1,2x	0,8x	0,6x
40,0	9,3x	4,7x	2,9x	1,9x	1,3x	0,9x	0,6x
42,0	26,1x	7,5x	3,9x	2,4x	1,6x	1,1x	0,7x
44,0	n/m	15,8x	5,7x	3,1x	1,9x	1,2x	0,8x
46,0	n/m	n/m	9,8x	4,2x	2,4x	1,4x	0,9x
48,0	n/m	n/m	28,2x	6,2x	3,0x	1,7x	1,0x
50,0	n/m	n/m	n/m	11,2x	4,0x	2,1x	1,2x
52,0	n/m	n/m	n/m	42,5x	5,9x	2,6x	1,4x
<b>TOTAL DEBT</b>	<b>69,8</b>	<b>62,3</b>	<b>54,8</b>	<b>47,4</b>	<b>39,9</b>	<b>32,5</b>	<b>25,0</b>

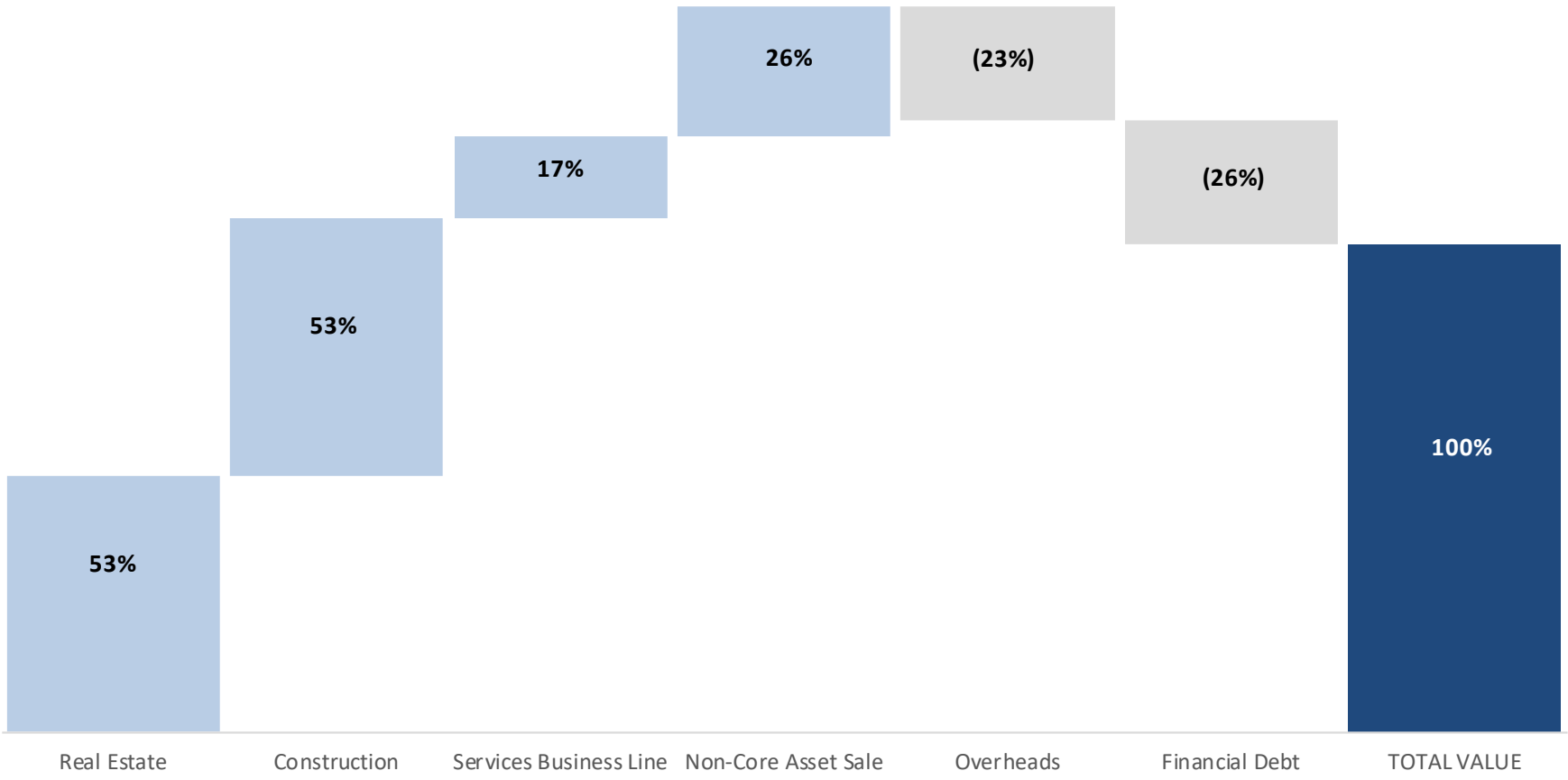
**Note 1:** Total debt considers only corporate debt (i.e. excluding project financing), including CAPU acquisition debt.

**Note 2:** Convertible bond considered in full (USD 149.2M). For accounting purposes, one third of the instrument was recorded as equity (fixed in historical ARS at the time of the transaction).

**Note 3:** All charts with 4Q18 ending Shareholders' equity.

# Source of Value

Base business plan assuming going concern and after conversion of a minimum of 85% of Convertible instrument.

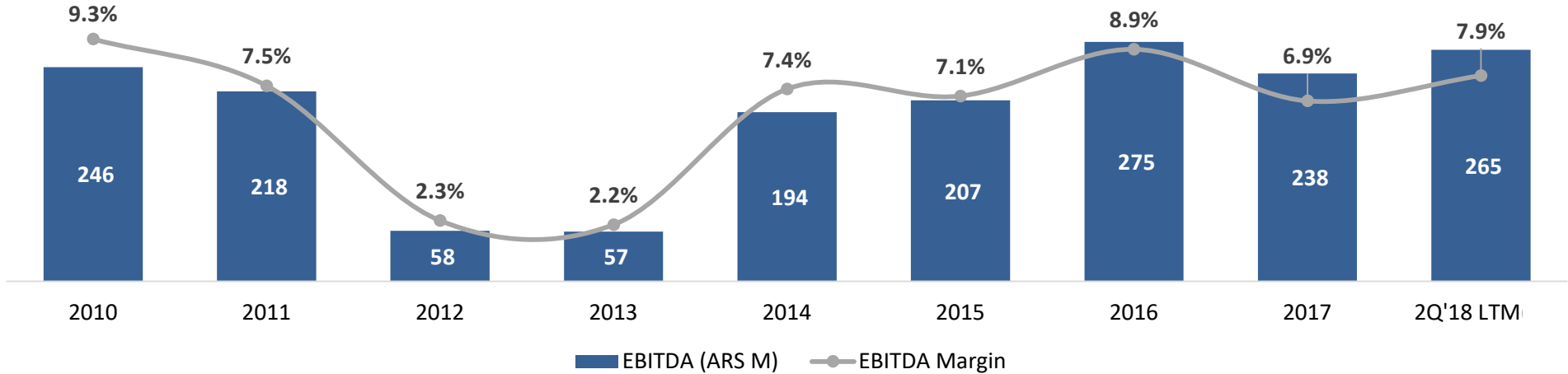


**EBITDA remained positive during economic slowdowns. Average working capital needs remain at low levels. 2Q'18 LTM WK needs affected by contracts' price renegotiations**

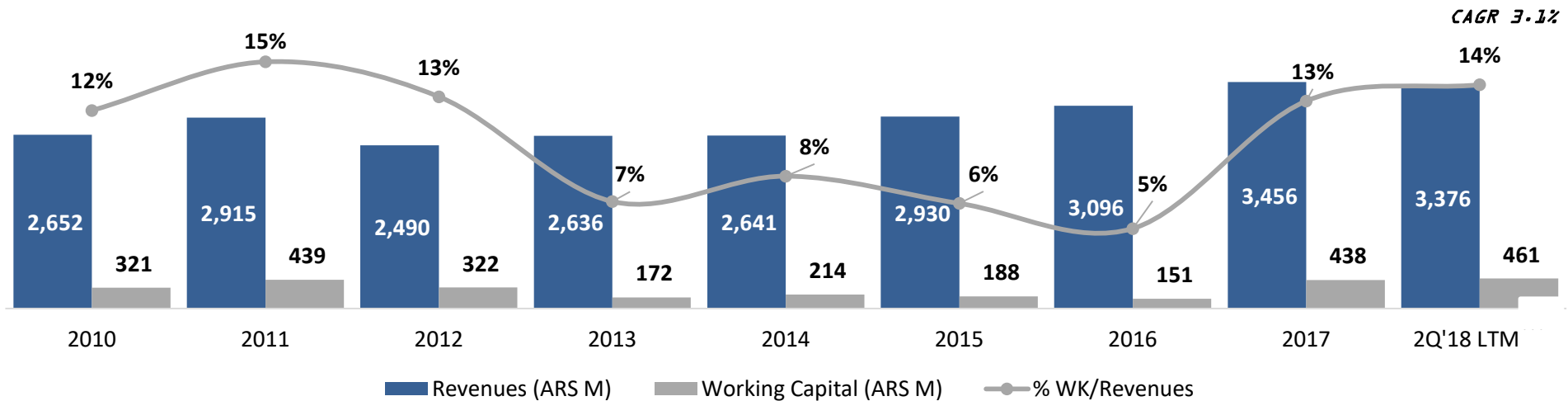


All figures in ARS Mns Constant of Sep'18

**EBITDA and EBITDA Margin**



**Working Capital (WK) and WK as Revenue %**

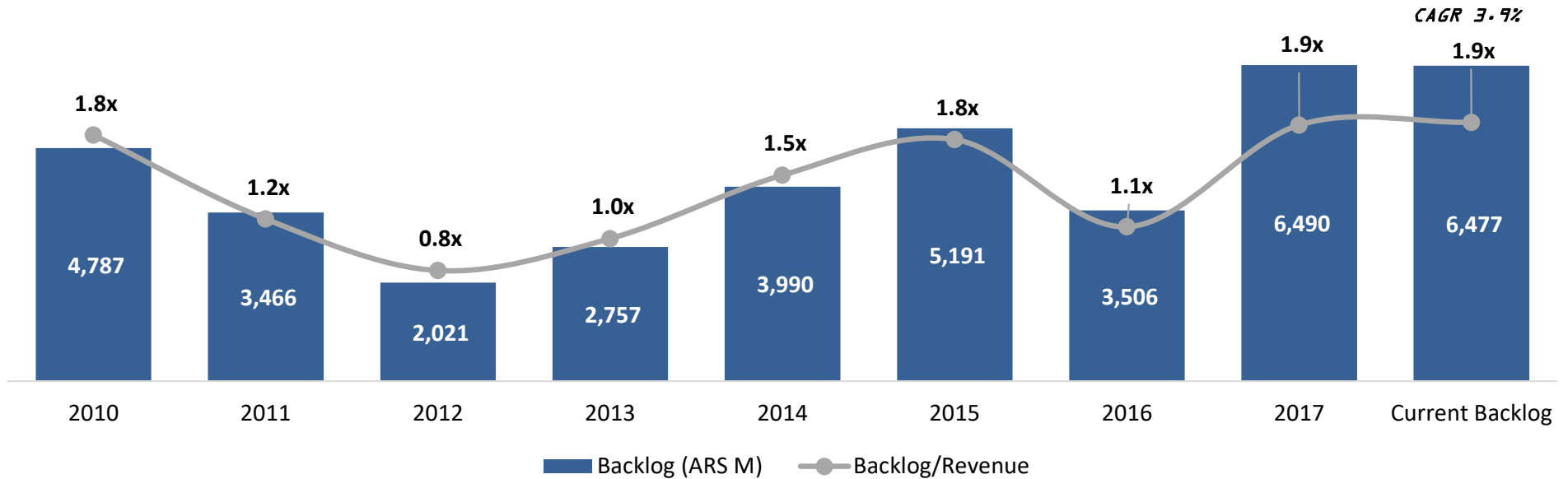




Even in times of economic slowdown, CAPUTO has managed to maintain a healthy backlog providing +12 month visibility. Current backlog is 2x last twelve months revenues

All figures in ARS Mns Constant of Sep 17

Historical Backlog and Backlog/Revenue



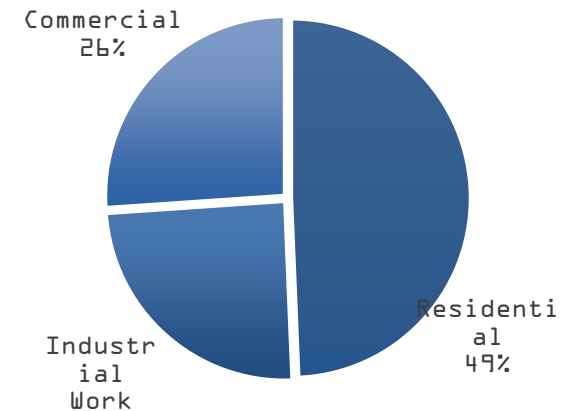
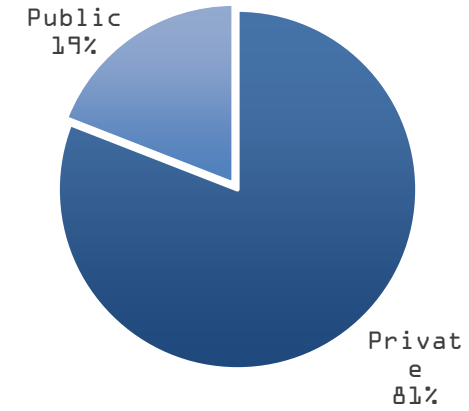
- Backlog mostly concentrated in large-scale private real estate projects, both residential and commercial.
- Low percentage of public works in historical and current backlog (19% of total).
- Backlog with reduced concentration. More than 15 projects with none of them with more than 18% of total.
- Backlog features contracts for large high-end residential developments (Link Towers, Oceana Puerto Madero, Al Río), industrial facilities such as refineries and nuclear plants and a new terminal in Argentina's main airport, among others.
- In the last few years Caputo has widened the scope of doable projects, entering in segments such as Oil & Gas and Nuclear plants.

**Backlog with reduced concentration, currently featuring over 15 projects with none of them accounting for more than 18% of total. Recently signed 4 new contracts worth over ARS 2.1B, including one with a direct real estate competitor**



*All figures in ARS Constant of Sep*

PROJECT	COMITENT	TYPE	ARS M	PROGRESS
Concepción Live Art Work	Private	Residential	1.127,6	18,5%
Terminal Ezeiza - AA2000	Private	Commercial	1.027,9	0,4%
Oceana Puerto Madero	Private	Residential	752,3	2,3%
CNEA - Reactor	Public	Industrial Work	665,1	51,1%
OM Recoleta	Private	Residential	588,0	19,2%
Sanatorio Itoiz	Private	Commercial	536,0	14,9%
Nucleoeléctrica Argentina (N.A.S.A)	Public	Industrial Work	511,0	37,3%
Hotel IQ- SLS Lux	Private	Residential	352,0	68,7%
Papelera del Plata	Private	Industrial Work	267,0	0,0%
The Link Towers	Private	Residential	141,8	66,6%
Axion Energy Refinery	Private	Industrial Work	115,3	88,2%
Harbour Tower	Private	Residential	110,2	68,4%
Swiss Medical Nordelta	Private	Commercial	84,4	1,6%
OM Botánico	Private	Residential	78,7	20,3%
Al Río Tower 1	Private	Residential	44,2	88,6%
Conseccionaria Lexus	Private	Commercial	40,2	41,3%
Toyota Argentina	Private	Industrial Work	13,0	73,4%
Others	n/a	n/a	22,7	n/a
<b>TOTAL ARS M</b>			<b>6.477,5</b>	



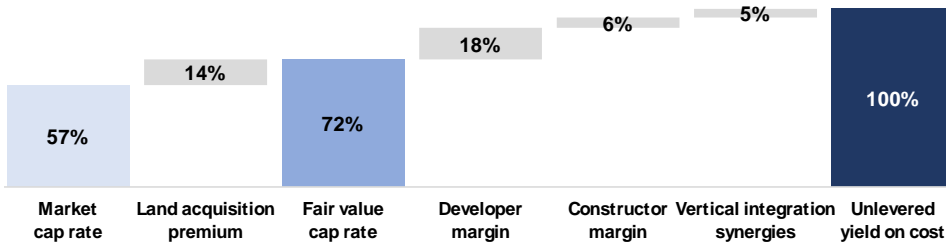
# Completing existing Resi projects, launch Catalinas (high-end mixed-uses) and allocate proceeds to transition to developing for-lease office spaces



## Office development and lease

### Strategy

- Class A buildings in BA top business districts are scarce.
  - Adds a **steady source** Cash flows and EBITDA
  - Captures asset appreciation from **cap rate compression** (decreasing EMBI spread) and lease rate expansion (REER appreciation).
  - **Easier to construct** than residences, while dealing with few, institutional clients.
- A new office brand can **lever on Caputo's +80-year experience** which includes the construction of many iconic towers in BA.



## Opportunistic residential plays

### Strategy

- **Mid-high** segment only, where TGLT has been successful:
  - **Low complexity** in terms of designs, approvals, infrastructure, phasing and business cycle (30 months from breaking ground).
  - Local investors demand increases in times of turmoil as **safe heaven**, and final users demand in times expansion.
  - **Does not require mortgage financing**, but could be boosted by availability of mortgages if market develops.
- In-house construction accelerates execution and reduces risk of construction cost overruns.
- Limit JV partner risk by either fully controlling the project or providing developer services.

### Targets

- Location: **BA Metropolitan Area**
- Size: 10K to 15K sellable sqm blocks
- Land partially paid in swap
- **Easy infrastructure. No building retrofit**
- Selling prices: 2.5K-5K USD/sqm
- Gross margin: 20%-30%